

Legislative Council Economy and Infrastructure Committee
Inquiry into the Closure of the Hazelwood and Yallourn Power
Stations

Latrobe City Council Submission

July 2021



For any enquiries about this submission, please contact:

Steven Piasente

Chief Executive Officer

Tel: 1300 367 700

Email: Steven.Piasente@latrobe.vic.gov.au



Introduction

Latrobe City Council welcomes the opportunity to provide its submission to the *Inquiry into the Closure of the Hazelwood and Yallourn Power Stations* currently being conducted by the Victorian Parliament's Legislative Council Economy and Infrastructure Committee.

Latrobe City Council representatives would be available to attend and provide further evidence at a Public Hearing in relation to this Inquiry.

Latrobe City is one of Victoria's four major regional cities, less than two hours from Melbourne. It is home to approximately 75,000 people; the Gippsland regional population exceeds 260,000 people. Latrobe City is resource rich with abundant forests, rich agricultural land, water resources and large deposits of brown coal. Latrobe City is home to 5,000 businesses and currently around 32,000 jobs. Its Gross Regional Product (GRP) is over \$5.6 billion per annum.

This region is a significant centre of Victoria's energy industry that currently produces more than 50% of the baseload electricity for the entire state of Victoria. The low-cost electricity generated from the Latrobe Valley's extensive brown coal resources has contributed to the Victoria's economic prosperity for nearly the past 100 years.

As a result of our long history of electricity generation, the region hosts an extensive electricity distribution infrastructure that connects to the existing generation facilities in Melbourne and broader Victoria. Not surprisingly, historically this sector has dominated the economic profile of the Latrobe City, with employment and economic prosperity of the region relying heavily upon electricity generation.

Latrobe City has been undergoing structural transition for many years, following the Hazelwood Power Station and Mine closures in 2017 and the subsequent significant investment in the region by the Victorian and Commonwealth Governments. Recently, Energy Australia announced the closure of the Yallourn Power Station and Mine in 2028. With the anticipated future closure of Loy Yang A Power Station and associated Mine by 2048, our region and its economic and employment trajectory continue to be profoundly impacted.

Latrobe City Council's Submission to the Inquiry

This Latrobe City Council Submission addresses the Terms of Reference of this Inquiry as follows;

(a) Impact of the closure of the Hazelwood Power Station on the economy and jobs of the Latrobe Valley, and the success or otherwise of economic recovery efforts to date;

The closure of the Hazelwood Power Station and associated Mine in March 2017 resulted in approximately 750 direct and 300 indirect job losses in the region, a decrease of \$1,220 million in output, reduction of \$255 million in demand for intermediate goods and services, and consumption effects reduced by \$103 million. Overall, the closure resulted in a decrease in total regional output of more than \$1,580 million. It is estimated that the loss of Latrobe City's gross regional product from the closure of the Hazelwood Power Station and Mine was close to \$340 million. These impacts are still deeply felt across our community and our economy.

There is a need to ensure that these structural changes to our economy do not further exacerbate the many forms of disadvantage present in Latrobe City, and the region is not disproportionately affected by job losses. As at September 2020, the average unemployment in Latrobe City was 6.2%, with Morwell experiencing the highest level of unemployment at 11.5%. As such, parts of the region continue to face significant pressures from unemployment and under-employment.¹

The Government made a notable and immediate contribution to Latrobe City through a comprehensive package of funded initiatives after the closure of the Hazelwood Power Station and associated Mine was announced in November 2016. These measures included the creation of the Latrobe Valley Economic Growth Zone and Latrobe Valley Authority (LVA) and associated funding of \$266 million. There have been further major infrastructure investments including Latrobe Regional Hospital Stage 3, coupled with funding support for major social capital projects such as Latrobe Creative Precinct, Gippsland High-Tech Precinct (which has morphed into a Call Centre), Latrobe Health Innovation Zone and Gippsland Regional Aquatics Centre.

While these projects have been beneficial for the community and brought about improvements in community liveability, knowledge capital, cultural and recreational outcomes, Latrobe City Council has had concerns about the limited consultation with Council and the local community post-closure of the Hazelwood Power Station and associated Mine,

¹ Small Area Labour Markets September Quarter 2020

and the lack of a measured, structured and inclusive transition planning with the focus on the region's employment and economic growth. Council as representatives of the local community were not at the table when decisions about programs and funding were being made.

The focus on liveability projects, while welcome to deliver positive outcomes for the community, have placed increased operational costs on Council which did not seem to be considered when the State Government were developing a program of initiatives. They also have not created ongoing jobs and employment for the region to replace the jobs lost. A co-design approach with Council and the community to transition and economic diversification may have identified these gaps and issues.

Post-closure of the Hazelwood Power Station and associated Mine, Latrobe City Council has advocated for Government's support for a planned and structured transition from the region's traditional industries to a more diversified economy. This has strongly aligned with Council's advocacy for priority transition projects as outlined in the Strength Led Transition Plan that was adopted by Council shortly after the closure announcement in December 2016.

The Strength-Led Transition Plan 2016 aims to deliver a new vision of a strong and prosperous Regional City in the midst of the transition. At the core of this transformation is a strong need to drive the region's employment and economic growth through diversification of its economic base. This is to ensure that Latrobe City will not be disproportionately affected by the structural changes currently occurring in the Australian energy sector.

Four key focus areas of the Strength Led Transition included;

- Expanding Latrobe Regional Hospital
- Relocating a Victorian Government Department
- Improving our Rail to connect community to jobs
- Securing Victoria's Energy Future in Latrobe City

Council acknowledges upgrades and expansion of Latrobe Regional Hospital and the Gov Hub project, however improvements to rail have been delayed and yet to be realised with no plans for a dedicated rail line to Melbourne to help improve efficiencies and speed of the service.

In relation to securing Victoria's Energy Future, Latrobe City is ideally placed to embrace emerging new industries and leading-edge innovation to stabilise and grow the region's and Australia's economy in the midst of the energy sector transition. These opportunities are driven by the existing strengths and competitive advantages that the region has to offer due its long-standing history as the hub of Victoria's power generation.

The State Government's recent Renewable Energy Zone's Directions paper has been a missed opportunity to capitalise on existing electricity transmission infrastructure with no immediate projects for upgrades to transmission infrastructure only one project identified for roll out in stage 2.

The Victorian Government delivered many direct support programs in the aftermath of the closure of the Hazelwood Power Station and associated Mine e.g. a Worker Transition Service and the Supply Chain Transition and Diversification program, that provided support for Hazelwood and Carter Holt Harvey employees and their families and contractors with transitioning into new jobs, access to new markets, access to training, personal and financial counselling or to move into retirement. However, without sufficient published data, there has been significant community doubt as to the effectiveness of some of these programs.

In accordance with the Latrobe Valley Community Report: *Transitioning to a strong future* (November 2016 – November 2019), 80% (730) of affected Hazelwood workers registered with the Worker Transition Service and 84% (135) of former Carter Holt Harvey employees. The service provided support for more than 100 family members of affected workers, including counselling and financial support. Workers were supported to obtain more than 2000 qualifications. As a result of the service, 90 Hazelwood workers had found ongoing employment and 74% of former Hazelwood workforce were employed or not looking for work, including retirement at the end of the reporting period (November 2019). Overall, more than 1,400 workers and their families had been offered support services.²

The Worker Transfer Scheme facilitated employment of Hazelwood workers into jobs created through early retirement at other power generators in Latrobe Valley. 90 Hazelwood workers have found ongoing employment through this scheme.³

The Back to Work Scheme Up provided up to \$9000 funding per worker for businesses who employ and train unemployed people who live in the Latrobe Valley. 1245 payments had been made (1017 full time, 228 part time roles) by the end of the reporting period.⁴

Additionally, the Latrobe Valley Business and Industry Capability Fund provided small grants for start ups and micro businesses. The Community and Facility Fund provided financial support for community infrastructure projects such as refurbishment of local scout halls, and supported almost 50 local events. There were many other programs that provided significant community benefit in the immediate aftermath of the closure of Hazelwood Power Station and associated Mine. The Council would like to acknowledge the Government for the provision of this assistance.

² Latrobe Valley Community Report: *Transitioning to a strong future* (November 2016 – November 2019)

³ Latrobe Valley Community Report: *Transitioning to a strong future* (November 2016 – November 2019)

⁴ Latrobe Valley Community Report: *Transitioning to a strong future* (November 2016 – November 2019)

However, the real concern for Council is the risk of the energy sector workforce moving from what was full time highly skilled employment to casual work and lower paying jobs. As the Victorian Government has previously stated casualisation is a serious problem across the state's workforce and we see it as becoming a major issue in the Latrobe Valley. Along with this concern is the view that although construction jobs that have resulted from the recent large infrastructure projects are beneficial to our region's economy, they mostly do not create long term employment. The Council believes that these concerns have not thus far been adequately addressed by the Victorian Government.

Expected economic impacts of the proposed closure of Yallourn Power Station in 2028 and options the State Government can pursue to offset the loss of more than 1,000 direct jobs from the plant, as well as associated contractors;

The Yallourn Power Station and associated Mine that are scheduled to close in 2028 employs more than 500 permanent workers on site plus many more in the associated supply chain. During some years, for three to four months, the Yallourn workforce increases to 1000 when major unit outages are undertaken, along with four yearly integrity maintenance works adding an extra 150-200 workers. Each Yallourn worker is estimated to generate an additional four to five jobs in the Latrobe Valley. In addition, at any given time, Yallourn has at least 15 apprentices on site. The Yallourn Power Station and associated Mine contracts with over 240 small businesses and contributes over \$25 million in royalties and \$3 million in payroll tax to the state of Victoria annually.⁵

The AGL Loy Yang A Power Station and associated Mine and nearby Alinta Loy Yang B Power Station, on the other hand, have licences expiring by 2048. The AGL Loy Yang A employs approximately 600 FTE and 300 contractors, and is estimated to contribute millions of dollars every week to the local community through procurement, labour and the hiring of contractors.⁶ At 30 June 2020, Loy Yang B employed 162 people⁷ as well as estimated up to 50 contractors.⁸ Loy Yang B's total FY20 economic value distributed was approximately \$339 million, including the value generated through suppliers, employees, financiers, owners and the Government.⁹ As there was (correctly) with Yallourn, there is considerable industry and community speculation that environmental pressure will result in both Loy Yang Power Stations closing well before scheduled.

⁵ EnergyAustralia: Yallourn Factsheet, March 2021

⁶ AGL Loy Yang Mine Sustainability Report 2017 - 2018

⁷ Latrobe Valley Power Loy Yang B Power Station Sustainability Report FY20

⁸ The contractor numbers can vary; e.g. an additional 500 contractors were engaged during the major upgrade of Unit 2 in April and May 2019; Latrobe Valley Power Loy Yang B Power Station Sustainability Report FY19

⁹ Latrobe Valley Power Loy Yang B Power Station Sustainability Report FY20

Clearly, the contraction of the coal and electricity industry in Latrobe City has had, and is expected to have, a significant disruptive impact on the productivity, economic and social outcomes across our community.

At the core of Latrobe City's transition is a strong need to drive the region's employment and economic diversification, given that Latrobe City has borne, and is expected to continue to bare, a significant economic cost of the structural change currently occurring in Australia's energy sector through the power station and mine closures.

To this end, Latrobe City Council has proposed the establishment of the Latrobe City Transition Task Force as a governance structure for bi-partisan support from all levels of Government to collaborate on the transition package for Latrobe City that will inform priority investments into the region, primarily to stimulate the diversified economy and to create jobs. The Task Force is expected to have a role in determining a staged approach, with imminent projects for short-term job stimulus as well as supporting investment to deliver long-term economic benefits.

It is proposed that the immediate task for the Task Force to identify immediate and future directions for the economy of Latrobe City, with the emphasis on employment, replacing the jobs to be lost from the impending closure of the region's traditional industries.

Latrobe City's Strength-Led Transitioning process and recently adopted Investment Roadmap have provided a solid mandate for Council to support and embrace emerging new industries and leading-edge innovation to stabilise and grow the region's economy and employment in the midst of the profound energy sector change. These opportunities are driven by the existing strengths and competitive advantages that the region has to offer.

Latrobe City has a distinct competitive advantage and a strong pro-business environment, and offers new investors and industries significant benefits such as:

1. a highly skilled labour force and engineering excellence;
2. strong transport infrastructure connectivity to Melbourne and regional markets, including strong road and rail transport links, and established ports;
3. established electricity transmission and generation infrastructure;
4. locally based educational institutions;
5. affordable land prices, and relatively low rents and wages compared to the Victorian and national average.

Latrobe City Council adopted an Investment Roadmap in December 2020 that provides solutions to the Government in relation to attracting investment and creating jobs in Latrobe City and implementing Victorian Government strategies, policies and commitments in the Gippsland region. This document demonstrates that Latrobe City is investment ready, with a

focus on Industry Led Skills and Training, Advanced Manufacturing, Regional and Rural Health, and Circular Economy.

Industry Led Skills and Training

Latrobe City is in transition to a more diversified economy, coupled with changes driven through the growth industries including Food and Fibre, Health, Advanced Manufacturing, New Energy and Health. The growth of these industries is also affected by trends such as automation, globalisation and leveraging flexible employment arrangements.

The Gippsland Hi-Tech Precinct is intended as a centre for research, business incubation, new product development, start-up support, and education and training to support the growth of local industry and help in playing an important role in investment attraction by supporting the expansion of the region's growth sectors. However, it is disappointing that this centre is now used predominately as a commercial Call Centre.

This is an optimal time to capitalise on these changes to ensure that Latrobe City's workforce continues to have the skills that match immediate and future industry needs. TAFE Gippsland and Federation University already instill industry skills and capabilities in their students through partnerships and skill uplift programs. Expansion of these initiatives will continue to strengthen the future workforce.

Advanced Manufacturing

Latrobe City has a large manufacturing base, and our skilled workforce continues to drive innovation and improvement of processes to world's best practice. The workforce has contributed to building the nation with the rollout of road projects, establishment of power generation facilities as well as water, rail and gas projects. A network of business services offers expertise in the design and development of specialist equipment for the mining, paper and pulp industries, aerospace and other key sectors. Our workforce understands heavy industry fabrication requirements from start to finish - from commissioning of specialist equipment to the provision of assistance and service to better manage equipment fatigue.

Latrobe City's existing skills and assets provide a strong foundation for creating a competitive edge in advanced manufacturing in the following key sectors:

Defence Engineering

Latrobe City is renowned for its engineering excellence due to heavy industries prominent in the region. These include brown coal powered electricity generation, open cut mining operations, oil and gas exploration and extraction, pulp and paper manufacturing, as well as agribusiness and associated industries.

As the region's economic base is diversified, defence has emerged as an industry that has the potential to drive the region's economic growth. Latrobe City has the engineering capacity,

experience and skills built over generations which position it well to leverage defence opportunities both nationally and internationally.

Aside from notable transferrable business and human capital skills, the region hosts significant infrastructure assets such as rail, heavy road access routes, large industrial sites suitable for heavy defence engineering, as well as available appropriately zoned industrial land. Furthermore, the closure of Hazelwood Power Station and associated Mine in March 2017 resulted in a significant available skilled workforce in manufacturing and engineering.

Latrobe City Council has engaged the Australian Defence Alliance (ADA) (formerly Australia Industry Defence Network Vic) to deliver a number of initiatives aimed to strengthen local industry's understanding of the opportunities in the defence supply chain. The ADA assisted Council in the development of the Latrobe Valley Defence Alliance Profile that has been established to showcase the world-class engineering and manufacturing capability of the Latrobe Valley's industry. Latrobe City Council continues to work with industry to demonstrate this capability in order to enter global defence supply chains.

Food and fibre

Given its geographical position with integrated transport and access to export markets, reliable and plentiful water and electricity supply, and a stable workforce, Latrobe City is ideally positioned for food processing facilities.

The global growth, including the discerning Asian middle class expected to rise to over 3 billion people by 2030 is driving the increased demand for food. Intensive agriculture and horticulture are seen as the way forward, creating opportunities for new business. Latrobe City's proximity to Melbourne and the fast growing economies of Asia maximises the opportunity to respond to the increased demand for quality food products. Factors which contribute to the favourable investment of intensive agribusiness include proximity to global markets, affordable land, stable workforce, and existing industry.

Latrobe City is an important commercial food hub for the wider Gippsland region. As an example of centralised processing, Bega (formerly Lion), one of Australia's largest food and beverage producers has established a state of the art dairy processing plant in Latrobe City. Federation University, located in Churchill, is also an enabler to attract, retain and develop skilled workforce to operate in the food manufacturing value chain.

Building on Gippsland's highly productive dairy, meat, horticulture and vegetable production industries, which have significant processing and value adding potential, the Latrobe City's Food Manufacturing Precinct provides for a high quality 'modern' industrial development to cater for larger, high amenity, low density, manufacturing industries to meet growing national and global demand for Gippsland's quality produce.

Latrobe City Council thanks the Victorian Government for its \$10 million investment in the Latrobe City Food Manufacturing Precinct in the Victorian State Budget 2021-22. This investment will deliver a notable boost to our region's employment with up to 1700 jobs once fully operational, assist in the diversification of our economic base and build our economic resilience through enabling further investment in our food and fibre sector.

Regional and Rural Health

The health sector is the largest employer in the region and is growing steadily. The aging demographics are likely to drive further demand for qualified employees in the health and aged care sectors.

Latrobe City is a centre for health services to the broader Gippsland region through Latrobe Regional Hospital, Maryvale Private Hospital, Latrobe Community Health Services and numerous medical providers. The region has an extensive range of specialist services including pathology, aged care, palliative care, community health, cancer support, immunisation, disability services, home care, physiotherapy, parenting, paediatric, child and adolescent services.

Gippsland's health sector will benefit largely from the proposed advanced manufacturing activities in Latrobe City. Key health supplies will be able to be manufactured locally, with the ability to scale up in times of great need. Specialised training in regional and rural health skills will be built upon through targeted health workforce development and new education and training programmes. The existing focus on developing additional health training facilities in Latrobe City will go hand in hand with this initiative.

In response to this growing workforce demand in the health sector, Federation University launched a new Occupational Therapy degree in 2020, with 25 new students joining the programme in its first year. This year the University will launch a Bachelor of Physiotherapy. Federation University intends to further respond to regional skills shortages in the health sector and will establish new Allied Health facilities at the Churchill campus, along with undertaking future planning to develop a Community Health Hub and Centre of Excellence. The Victorian Government's support for these initiatives would be welcomed, and is necessary to provide pathways for regional students and to address the decline in rural health opportunities since the departure of Monash University from the region.

Circular Economy

Sustainable development will be underpinned by a circular economy model for business. Geothermal, materials recovery, recycling and harnessing renewables and hydrogen opportunities will all be pertinent in developing this model within Latrobe City.

Recyclables

Gippsland requires the establishment of a regional resource recovery facility to improve product quality and quantity; and attract new markets, job creation and investment in our region. This is a key opportunity for the Gippsland region to secure regional jobs within a future circular economy. Gippsland is well placed to be leaders of the circular economy; we have an accessible workforce and current expertise in reprocessing of green waste, plastics, cardboard and paper. This facility would improve recycling and local reprocessing of paper and cardboard, plastics and glass and with this to improve the quality of materials for reprocessing and remanufacturing. Latrobe City's industry precincts are well placed to accommodate this industry.

The establishment of the Gippsland materials recovery facility in Latrobe City is supported by a number of state and regional policies including Recycling Victoria – A New Economy, State-wide Waste and Resource Recovery Infrastructure Plan (SWIRRP), Gippsland Waste and Resource Recovery Implementation Plan 2017, Gippsland Regional Plan (2020-2025), Latrobe Planning Scheme - Clause 21.07-8, Industrial and Employment Strategy (2019) (Latrobe City Council), as well as Infrastructure Victoria.

Geothermal

Latrobe City has a unique natural, world class resource that currently is largely unused: 70-degree water, insulated through the coal layer in the Latrobe Valley, is at a very accessible depth. The water/heat can be used for various sectors, including greenhouse heating, and district heating to spa use (visitor economy).

The development of these new industries could be greatly accelerated through the transfer of international experience and knowledge and its adaption to local geological and economic conditions.

The time is right to re-examine the potential for geothermal power generation in Gippsland and the wider Australian landscape.

The Gippsland Regional Aquatic Centre is the first public aquatic facility in Victoria to incorporate a geothermal heating system.

Renewables

Latrobe City Council recognises the importance of renewable energy projects in supporting diversification of electricity production and manufacturing in Latrobe City.

Council is in-principle supportive of renewable energy projects provided that they meet our community's expectation for best practice standards. Council has also called on the Victorian Government to work collaboratively to undertake planning and identify best locations for this infrastructure.

There are currently a number of solar and wind energy projects proposed for the Latrobe Valley and this trend is only expected to continue, with potential investors looking to capitalise on the suitable rural and industrial zoned land.

Given the extensive electricity distribution infrastructure that connects the existing power generation facilities in the Latrobe Valley to Melbourne and broader Victoria, Latrobe City is well placed to support renewable technology projects.

As stated above, the State Government's recent Renewable Energy Zone's Directions paper has been a missed opportunity to capitalise on existing electricity transmission infrastructure with no immediate projects for upgrades to transmission infrastructure only one project identified for roll out in stage 2.

Hydrogen and carbon-based opportunities

Latrobe Valley's brown coal represents a significant resource which could be utilised for production of a range of value-added commodities manufactured through various low emission technologies. As part of its economic diversification, Latrobe City Council strongly supports research and development on low emission technologies and alternative uses of carbon from brown coal, including hydrogen.

Latrobe City Council acknowledges that hydrogen provides a significant emerging economic opportunity not only for this region and Victoria but also for Australia. Given the vast brown coal reserves present in the Latrobe Valley, Council believes that hydrogen from Latrobe Valley brown coal could drive the transitioning of the Australian energy sector, while supporting the region's new diversifying economic structures and economic growth.

Latrobe City Council is highly supportive of the Hydrogen Energy Supply Chain (HESC) trial project that intends to produce liquefied hydrogen from Latrobe Valley's brown coal which would be subsequently transported to Japan to be used in fuel cell electric vehicles and for power generation. Council recognises the Victorian Government's endorsement of this project.

Initiatives such the HESC could provide further economic development and job creation opportunities through safe production and transport of clean hydrogen from the Latrobe Valley to Japan. Latrobe City Council calls on all levels of Government to collaborate in the provision of a supportive policy and regulatory environment to attract and enable commercial 'green and 'brown' hydrogen production and export industry in benefit not only of this transitioning region but the whole of Australia.

Simultaneously, the CarbonNet project is investigating the potential for establishing a commercial-scale carbon capture and storage (CCS) network in the Latrobe Valley, a technology that would be required for a large-scale low emission production of hydrogen from brown coal.

Latrobe Valley brown coal represents a significant resource which could also be potentially utilised for the production of a wide range of value-added products utilising various technologies. Latrobe City Council believes that Carbon Capture and Utilisation (CCU) could provide significant product manufacturing opportunities.

The CO₂, as source of carbon, has the potential to be leveraged as a valuable 'raw material' and a component in the manufacture of a range of products such as fertilisers, chemicals, liquid fuels, carbons and agricultural products, potentially reducing the demand on the use of finite oil and gas resources. Additionally, carbon captured can be applied to manufacture of consumer products, including synthetic surface sports arenas, mattresses and upholstered furniture.

There could be a range of anticipated beneficial impacts on the local economy if carbon-based projects were developed, commercialised and delivered. Such benefits would be expected to be at least equivalent to the economic benefits from coal fired power generation.

Furthermore, opportunities exist to reduce electricity transmission losses and generate new employment in the region through co-location of intensive energy users with energy generation facilities. Latrobe City is also ready to embrace opportunities to become a biomanufacturing hub, reducing Victoria's waste to produce electricity.

Other opportunities

Investment in Gippsland Logistics Precinct

There are significant opportunities to boost economic growth and jobs in the region through further investment in the Gippsland Logistics Precinct. Latrobe City will be looking to continue its partnership with the Government to deliver the next stage of this project.

The development of the Gippsland Logistics Precinct (GLP) presents a unique opportunity for Latrobe City Council to establish an 'open access' intermodal freight terminal (GIFT) to meet the logistic needs of the Gippsland region. The purpose of this project is to facilitate economic development through the creation of a fully serviced intermodal industrial precinct, and provision of serviced industrial land with road and rail-based connectivity; and to create construction jobs in the region through the development and promotion of enabling infrastructure, supporting industry growth and more new local jobs.

The additional funding support of \$19 million would enable the activation of Stage 2 of this project, and Stage 3 would facilitate an open access intermodal freight terminal including rail siding and site development. This infrastructure would benefit and support Victoria's \$21 billion supply chain and logistics sector and create 300-500 ongoing jobs.

Activating the Latrobe Regional Airport

The Airport Development Plan (ADP) for Latrobe Regional Airport provides clear direction on the development of the airport over the next 20 year period.

Following the recent upgraded pavement strength of the LRA runways, taxiways and aprons, LRA is now able to accommodate significantly larger aircraft than before. There are further significant plans to develop the airport to facilitate freight, niche passenger services, higher education, flight training and emergency services.

The airport development will specifically support and enable growth of the aviation sector in the region by improving efficiencies for industry and providing new investment and job creation opportunities. Latrobe City Council has identified four distinct projects that are in alignment with the Airport Development Plan that could provide for the immediate activation of the airport and generate at least 50 jobs. Rapid expansion of employment at our Airport is currently hindered as the only commercial aircraft manufacturing facility in Australia (located at Latrobe City) is currently closed awaiting sale by its multinational owner.

Centre for Australian Automotive Futures (CAAF)

There are opportunities for Latrobe City to lead the advancement of automotive innovation through the proposed Centre for Australian Automotive Futures (CAAF).

The CAAF is designed to be an innovation centre for future automotive technologies and renewable energy, whilst retaining its original concept for hosting motorsport and events. To progress the project, Council committed \$60,000 for the first stage of the business case and \$1.2 million is required for business case stage 2.

The CAAF would serve as a centre for research and education, technology and innovation, and commercialisation aspects of automotive technology development, alongside attracting tourism and visitors to the region. The aim is to combine emerging technologies such as renewable energy power (electric, hydrogen), future mobility technologies including connected and autonomous vehicles, and manufacture of materials for automotive equipment and parts, into one purpose-built venue. The Centre will encompass research, development and commercialisation activities. It will have education, training and test-bed facilities onsite for industry and the development community.

The Centre will partner with government, universities, vocational training, research organisations and, importantly, industry and investors. These partners will include national and international organisations. In addition, the Centre will provide facilities and tracks for motorsport such as Formula E as well as petrol powered vehicles; driver education; and automotive company and Centre partner activities. There will be onsite accommodation, event areas and areas for commercial development and business.

Removing Redundant Coal Protection Overlays

For many years, Council has advocated for historical coal protection overlays that have applied to large areas of industry zones land in Latrobe City to be removed. The Department of Jobs Precinct and Regions (DJPR) commenced Coal Protection Provision Review in 2018. Some overlays south of Morwell were removed in 2018, while the redundant coal overlays, Morwell North West and Area H remain.

Council is also concerned that the Review has not significantly progressed in 2020. Therefore, Council Officers requested an update on 7 April 2021 from DJPR in particular status of the review and directions on Area H and Morwell North West area. Council has received early advice that the removal of these overlays is not expected as part of the current Review.

Latrobe City Council will continue to participate in the Review and to advocate for the removal of these coal overlays. The coal overlays continue to hamper investment in as much that investors need to have certainty about the land they wish to invest in. Currently, the lengthy delays in attempting to remove the overlay on parcels of land is dissuading investment. This is also compounded by the uncertainty of the removal being granted. This is particularly challenging given the imminent need to reboot our economy post-COVID.

Therefore, Latrobe City Council is calling on the Victorian Government to re-consider its position in relation to the Area H and Morwell North West overlays, and release publicly the Coal Policy Review alongside the exhibition of a relevant Planning Scheme Amendment so that appropriate planning controls can be put in place to support further development of this land.

Unlocking Infrastructure Barriers

Targeted intervention is urgently required to deliver strategic investment in enabling utility services and infrastructure in the region. This issue is evidenced by a number of residential growth and new industry investment opportunities that have 'stalled' due to limited capacity or availability of necessary infrastructure. This issue remains a significant impediment to Latrobe City continuing to grow and diversify our economic base as one of Victoria's four major Regional Cities. Recognising the critical nature of this issue, Latrobe City Council has for many years advocated for the Victorian Government of the establishment of alternative funding and regulatory arrangements to address these infrastructure barriers so as to unlock the region's economic growth and job generation potential.

(b) Success or otherwise of the Latrobe Valley Authority (LVA) to help the region transition, in light of the decline of funding made available to the LVA over successive State Budgets;

As its immediate response after the closure of the Hazelwood Power Station and associated Mine was announced, the State Government established a \$266 million Latrobe Valley Support Package.

As part of this Package, Latrobe Valley Authority (LVA) was established by the Victorian Government to support the region's worker transition e.g through the Worker Transition Service that connects workers and their families to skills development, training, information and personal support. This has enabled them to take up new employment opportunities, start their own business or move into retirement.

LVA also provided support for impacted businesses through the establishment of the Economic Growth Zone, the establishment of a Business Supply Chain diversification program and the provision of planning and grants support. LVA has also been delivering other programs such as the Latrobe Valley Business and Industry Capability Fund. This was a very successful program providing small grants (up to \$25k) to 400 start ups and micro businesses. In addition, major community infrastructure and events were funded (some major projects included GovHub, Hi-Tech Precinct, Gippsland Regional Aquatics Centre and Traralgon Sports Stadium).

While these programs have undoubtedly benefitted some of our workers and community, there is considerable community doubt that the initial aims were achieved. A few weeks' work on industry maintenance 'shuts' is not seen as replacement for secure well paid work. We strongly believe that worker and business support should continue in light of the planned Yallourn closure. However, it is suggested that these programs be reviewed and refocused in line with the suggestions in this submission.

Latrobe City Council believes that Government investment needs also be directed into industries and meaningful projects that have the potential of contributing to our economy and generating large numbers of highly skilled well paid jobs. Council believes that post-closure of the Hazelwood Power Station and associated Mine an opportunity was missed to support Latrobe City's economy due to focus on liveability projects and events.

As stated earlier, Latrobe City Council has had concerns about the limited consultation with Council and the local community in the aftermath of the closure of the Hazelwood Power Station and associated Mine, and the lack of a measured, structured and inclusive transition planning with the focus on the region's employment and economic growth. Council as representatives of the local community were not at the table when decisions about programs and funding were being made. An illustration of the Latrobe Valley Authority's (LVA) failure to

fully consult with Council is the consultant's report on Latrobe City's Infrastructure Requirements that was commissioned by LVA in 2018. This report has not been made available to Council and as a result Council is having to engage consultants for a similar report in 2021.

Additionally, there are many opportunities that have not been capitalised on to date to build a stronger economy such as low emissions technologies from coal using CCS, carbon utilisation, urea plants and removal of coal protection overlays. LVA support to progress these opportunities would be welcomed.

Recommendations

That the Victorian Government

- consult closely with Latrobe City Council and the community in relation to any future Government measures to aid the region's economic transitioning;
- engage with Latrobe City Council and the community in discussions for measured and structured transition planning through the Latrobe City Transition Task Force;
- invest and provide support for our key industries to facilitate economic and job growth in Latrobe City, including low emission technologies from brown coal such as 'brown hydrogen' and manufacture of a range of products such as fertilisers, through carbon capture, utilisation and storage (CCUS);
- remove redundant coal protection overlays in Morwell North West and Area H to support further development of this land for diverse industries and housing development in areas such as Morwell, constrained by Coal Reserves;
- deliver targeted intervention in strategic investment in enabling utility services and infrastructure in the region particularly in employment precincts in Latrobe City.