LATROBE CITY COUNCIL

Federal Budget Submission

2026





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Introduction

Latrobe City Council welcomes the opportunity to present its 2026/27 Federal Budget Submission and outline the strategic investments required to support Australia's most structurally affected regional economy from the closure of traditional industries including coal-fired power generation.

Located in the heart of Gippsland, Latrobe City has powered Victoria and its industries for generations. As confirmed closures of long-standing energy assets approach, our region is navigating economic uncertainty, uneven labour market conditions and escalating infrastructure requirements. At the same time, Latrobe City presents one of Australia's most significant nation-building opportunities: a region primed with industrial capacity, a skilled workforce, affordable land, direct access to the energy grid, and established education and aviation infrastructure, all ready to be leveraged for future growth.

Latrobe City is well positioned to lead the creation of new industries in aviation, defence, advanced manufacturing, food manufacturing and renewable energy supply chains, including transmission grid infrastructure. However, the scale of change underway requires targeted national investment settings to support economic revitalisation, unlock catalytic infrastructure, and accelerate job creation. Without intervention, Latrobe risks losing private capital, capability and workforce potential to regions with more favourable investment conditions.

This submission outlines a coordinated package of initiatives that deliver both immediate economic stimulus and long-term structural benefit.

These include:

- further investment in the Latrobe Aerospace Technology Precinct to lead nationally significant Advanced Air Mobility research, testing and commercialisation;
- a Latrobe Region Economic Support Package to de-risk investment, activate industry and drive workforce participation;
- an Infrastructure Activation Fund to unlock industrial and residential precincts, attract private capital and deliver enabling infrastructure;
- flood recovery investment to rehouse displaced community organisations and restore participation opportunities;
- tourism and liveability projects, including the Inter-Township Trail Network and Moe Revitalisation Stage 3; and
- major enabling infrastructure, including the Traralgon Bypass.

These priorities are not aspirational or speculative. They are practical, costed and execution-ready projects that:

- diversify Latrobe City's economy;
- unlock nationally strategic industrial land;
- accelerate innovation and sovereign supply chain capability;
- grow local employment and workforce retention; and
- enhance liveability, tourism potential and regional connectivity.

Council looks forward to working with the both levels of government to progress these investments and ensure Latrobe City continues to contribute strongly to Victoria's prosperity, national industry capability and Australia's clean-energy future.



Our Priorities

Economic Support Package



Infrastructure Activation Fund



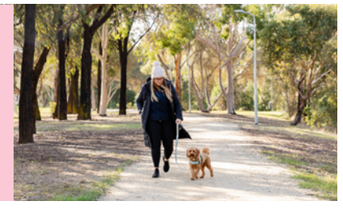
Advanced Air Mobility



Traralgon Flood Recovery Project – Glenview Park Multi-Use Pavilion



Inter-Township Trail Network



Moe Revitalisation Project – Stage 3



Traralgon Bypass

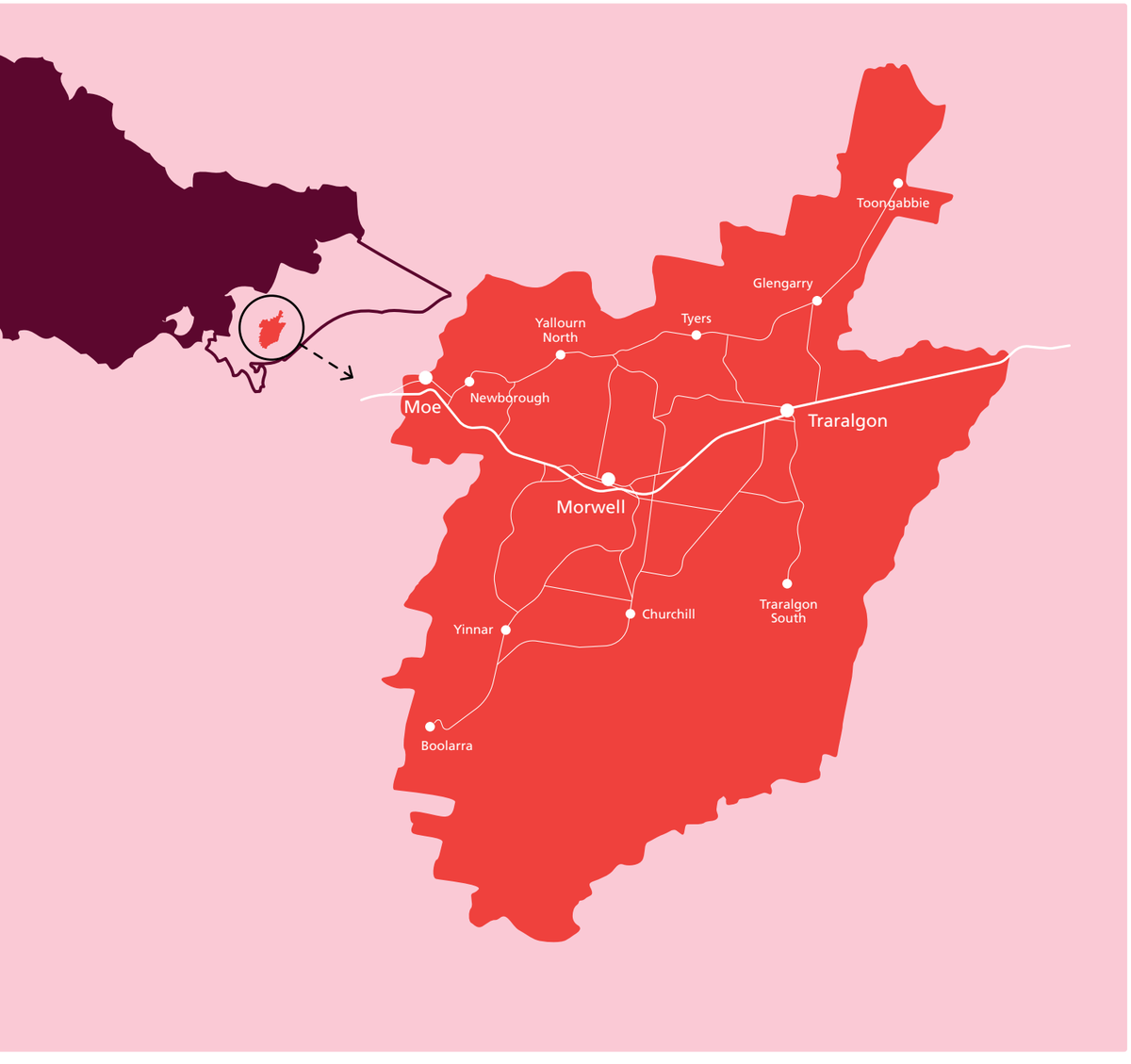


Latrobe City Snapshot and Profile

Latrobe City is Victoria's eastern Regional City and Gippsland's primary service centre and employment hub, providing retail, entertainment, education, government and health services to the region.

Latrobe City is located an hour and half drive east of Melbourne covering an area of 1,425 square kilometres situated between the Strzelecki Ranges to the south and the Great Dividing Range to the north.

The city is made up of four major towns; Churchill, Moe/Newborough, Morwell and Traralgon; and seven rural townships of Boolarra, Glengarry, Toongabbie, Tyers, Traralgon South, Yallourn North and Yinnar.



78,845 POPULATION TOTAL

48.9% Male

51.1% Female

POPULATION BY AGE

17.8% 0-14yrs

61% 15-64yrs

21.2% 65+yrs

OCCUPIED PRIVATE DWELLINGS

37.4% Owned outright

33.7% Owned with a mortgage

25.4% Rented

EMPLOYED LABOUR FORCE

34,411

TRAVEL TO MELBOURNE

100 MIN Drive to Melbourne

≈ **2** HRS Train to Melbourne

25 Early education centres

5 Maternal and child health centres

$7.65b GROSS REGIONAL PRODUCT

6 Senior citizen centres

4 Libraries

28 Primary schools

3 Specialist schools

2 Council run outdoor pools

3 Council run indoor pools

9 Secondary schools

3 TAFE campuses

8 Skate parks

132 Playgrounds
Council is responsible for maintaining

1 Monash University School of Rural Health

1 University

Economic Support Package

The Ask

Council seeks State and Federal Government investment to establish a Latrobe Region Economic Support Package that will:

- **Introduce targeted industry attraction measures** including tax offsets, accelerated depreciation, local procurement requirements, renewable supply chain targets and minimum local employment quotas to incentivise private investment and ensure regional benefit; and
- **Establish an Infrastructure Activation Fund** to unlock industrial precincts, deliver enabling infrastructure upfront, accelerate business investment and provide immediate economic stimulus.

Latrobe City is entering a defining period of economic change, driven by major shifts in energy generation and government policy direction. As Victoria's only designated transition region, Latrobe City possesses unique capability, strategic location advantages and an existing industrial base that can be leveraged to drive new industry growth. However, targeted national investment settings are required to fully realise this opportunity.

To support this, Latrobe City Council is calling on the Federal government to establish a Latrobe Regional Economic Support Package as part of the Federal Budget. This will include a place-based reform initiative combining direct investment, incentives and structural economic levers to accelerate local prosperity.

The package would comprise two new integrated components and build on the existing support offerings for workforce transition already established under the Net Zero Economy Authority:

Industry activation and tax incentives

This stream would deploy targeted incentives such as accelerated depreciation, payroll tax credits, procurement preferences, and investment offsets to attract and scale businesses within Latrobe City particularly those operating in priority sectors including aviation, defence, advanced manufacturing, food production, and renewable energy supply chains, including grid transmission infrastructure.

Australia has successfully applied similar investment-offset mechanisms through programs such as the R&D Tax Incentive, the Modern Manufacturing Initiative, and Clean Energy Finance Corporation capital programs. These demonstrate that investment offsets are a proven instrument for unlocking private capital, reducing establishment risk, and accelerating industry development.

To further encourage long-term investment, reduced or deferred capital gains obligations would be offered to investors who reinvest proceeds into Latrobe-based enterprises, industrial precincts and clean technology projects locally. These settings would incentivise patient capital, support business expansion and drive sustained regional economic growth.

To maximise regional benefit, this stream would embed local content requirements, renewable supply chain targets, and minimum local employment quotas tied to government-supported projects and contracts.

These settings would reduce establishment risk, attract capital, and ensure investment translates into local jobs and capability building.

Example of how industry activation and tax incentives could operate in practice

For instance, under the Industry Activation Stream, a defence or aviation technology manufacturer seeking to establish operations in Latrobe City could access:

- **An investment offset** covering a percentage of upfront capital expenditure for plant, equipment and facility development.
- **Accelerated depreciation** allowing businesses in the region to write off eligible assets in the first year, reducing establishment risk and freeing capital for reinvestment.
- **Payroll tax credits and wage subsidies** tied to employing local workers, apprentices and graduates, ensuring workforce participation benefits are retained within the region.
- **Local procurement preferences and supply chain requirements** incentivising companies to source from local food manufacturers, engineering firms, logistics operators and renewable energy suppliers where capability exists.
- **Capital gains concessions** for investors who reinvest proceeds into Latrobe-based innovation precincts or clean technology facilities, encouraging patient capital and business scaling.



Infrastructure Activation Fund

The Ask

Council seeks State and Federal government investment to:

- Establish an **Infrastructure Activation Fund** as a key component of the Economic Support Package, enabling upfront delivery of essential services to unlock industrial precincts, stimulate investment, and support business and employment growth in Latrobe City.

Latrobe City Council is calling on both state and Federal governments to establish a dedicated Infrastructure Activation Fund as a core component of the Economic Support Package proposed within this Federal Budget Submission. This mechanism is vital to overcoming the barriers preventing trunk infrastructure delivery across key industrial and residential precincts and would act as targeted economic stimulus for our community who is experiencing significant structural change.

Our industrial capability is well evidenced through established precincts, including industrial Zone 2 land tailored for large-scale manufacturing and energy projects. The success of the Gippsland Manufacturing and Logistics Precinct demonstrates what Latrobe can achieve when serviced land and enabling infrastructure are available attracting private capital, strengthening regional supply chains and generating long-term local employment.

Despite this potential, activation of major industrial estates is being constrained by the high upfront cost of delivering trunk infrastructure, including sewerage, electricity, gas, drainage and arterial road connections. Without early provision of these services, suitably zoned land remains idle, investment timelines stall and economic opportunities flow to competing jurisdictions.

The proposed Infrastructure Activation Fund responds directly to this constraint by:

- enabling upfront delivery of critical services;
- unlocking industrial precincts for immediate investment;
- unlocking residential precincts to support population growth and workforce;
- accelerating advanced manufacturing and emerging energy sectors;
- stimulating job creation and construction activity; and
- generating ongoing return as developers replenish the fund as lots reach market.

Council has already completed the necessary planning scheme amendments to ensure both industrial and residential land is zoned and ready for development, with multiple sites poised for activation once infrastructure barriers are removed.

As outlined in the introduction to this submission, Latrobe City is managing major economic pressures associated with energy asset closures, labour market instability and uncertain investment timing. Unlocking land represents one of the most effective stimulus levers available providing immediate construction work, accelerating business expansion, diversifying industry, and creating pathways for displaced workers.

For these reasons, Council strongly advocates that the Infrastructure Activation Fund be included as a central component of the broader Economic Support Package. It will not only unlock industrial and housing development but will act as critical stimulus at a time when Latrobe City needs it most to stabilise its economy, grow employment and secure future industry activity.



Advanced Air Mobility

The Ask

Council is seeking State and Federal investment of $15 million to:

- **$10 million to develop the Latrobe Aerospace Technology Precinct**, a purpose-built AAM Research and Development Facility to house startups, manufacturers, and researchers.
- **$5 million to extend the airport taxiway** to unlock zoned commercial land for aviation manufacturing.

Latrobe City Council is calling on both state and federal governments to invest in the development of the Latrobe Aerospace Technology Precinct (LATP).

Trialling since 2024 at Latrobe Regional Airport, the Latrobe Aerospace Technology Precinct (LATP) represents Australia's first purpose-built environment for advanced aerospace research, testing and market validation in Advanced Air Mobility (AAM) and sustainable aviation technologies. Delivered in partnership with Invest Victoria and supported by Swinburne University of Technology and NOVA Systems, the precinct has demonstrated strong early industry demand and technical capability. However, as a trial-phase facility, current infrastructure, regulatory and capability constraints are limiting the precinct's ability to scale, attract major private investment and progress technologies through to flight certification. Targeted government support is now required to transition LATP from trial to full operational capability, unlocking significant domestic and international investment and positioning Latrobe as a national hub for zero-emissions aviation.

National economic analysis reinforces the case for investment. A Deloitte Access Economics report estimates that Australia's drone and AAM sectors will generate $14.5 billion in economic benefit and sustain 5,500 jobs annually over the next two decades. This demonstrates that targeted investment in emerging aviation industries is a logical strategy to help offset job losses from traditional sectors and build new employment pathways for Latrobe City.

With sustainable aviation, decarbonisation, sovereign capability and "Future Made in Australia" manufacturing priorities now embedded in national policy, Council stands ready to facilitate and accelerate investment aligned with these agendas. LATP provides a practical delivery pathway for these objectives by creating a platform for new industry formation, skills development and employment pathways, technology commercialisation, as well as revitalise, service and connect regional communities.

To realise this opportunity, Council is seeking government support to deliver a dedicated AAM facility that will enable small-scale manufacturing, research and development, testing capability, and a launch platform for startups, commercial operators and education providers. The facility will also serve as a catalyst for new industry clusters in battery technology, hydrogen aviation, supply chain logistics and autonomous systems, sectors expressly supported under national policy frameworks for innovation, emissions reduction and sovereign capability building. LATP can scale to enable industry-aligned manufacturing, helping retain critical skills and capability within the region.

Latrobe Regional Airport is uniquely positioned to serve as Australia's hub for Advanced Air Mobility. However, without the enabling infrastructure required to support new aviation technologies, Latrobe risks losing private investment, research partnerships, innovation activity and high-value jobs to better equipped jurisdictions.

Concept designs and cost planning are already completed, and Council is now progressing a detailed business case to demonstrate the economic impact, industry demand and commercial viability of the project.

Council is committed to working with state and federal governments to bring this nationally significant initiative to fruition, one that strengthens regional resilience, supports job creation, anchors new industry formation and advances Australia's aviation technology, sovereign manufacturing and zero-emissions capability goals.



Traralgon Flood Recovery Project – Glenview Park Multi-Use Pavilion

The Ask

Council seeks State and Federal Government investment of $15 million to:

- **Construct a contemporary multi-use pavilion** at Glenview Park, providing permanent facilities for clubs displaced by the 2021 Traralgon flood.

Latrobe City Council is seeking Federal Government co-investment to deliver a new Multi-Use Pavilion at Glenview Park, in partnership with the Victorian Government and Council.

In June 2021, Latrobe City experienced one of the most severe flooding events in its history. Traralgon Creek peaked at almost six metres, exceeding major flood levels by 1.5 metres and affecting more than 100 buildings. This was the largest flooding of Traralgon Creek in living memory and caused extensive infrastructure loss, including the destruction of community and sporting facilities at the Traralgon Recreation Reserve. Long-standing user groups including football, netball, boxing, and roller derby clubs were displaced and continue to operate from temporary or off-site venues.

While the Victorian State Government has committed $4.75 million to rebuild facilities at the Traralgon Recreation Reserve, the scale of displacement requires an additional facility to ensure all affected users can return to suitable, permanent infrastructure. Glenview Park has been identified as the appropriate site to accommodate these groups and restore the participation capacity lost through the disaster.

Council has completed design and planning for a contemporary multi-use pavilion at Glenview Park incorporating a roller derby arena, dodgeball courts, children's play space, non-gendered changerooms, social gathering spaces and flexible community amenities. This facility will deliver year-round access, participation opportunity and community cohesion for multiple clubs and users.

With Federal Government partnership, the Glenview Park Multi-Use Pavilion will:

- return displaced community clubs to appropriate permanent facilities;
- strengthen participation, belonging and wellbeing;
- support new sport and recreation opportunities for regional communities;
- enhance local resilience and recovery following disaster impact; and
- provide a high-quality regional asset that serves multiple generations.

The project is shovel-ready, with detailed design completed and a clear delivery pathway in place. Federal funding will allow construction to commence and ensure Latrobe City's flood-affected clubs and communities regain access to the facilities they urgently need.



Inter-Township Trail Network

The Ask

Council is seeking State and Federal Government investment of $43 million to deliver the Inter-Township Trail Network, comprising:

- **$3 million for detailed design, approvals and mine-interface planning**, enabling shovel-ready delivery across all trail sections and ensuring alignment with rehabilitation and safety requirements; and
- **$40 million for construction**, prioritising the Traralgon CBD connection and staged delivery of the broader network.

As Latrobe City navigates economic transformation, the role of tourism in shaping our future prosperity has never been more critical. Diversifying beyond our traditional industrial base is essential to securing long-term resilience, and visitor economy growth represents one of the most immediate and scalable opportunities for the region.

Latrobe City's natural assets expansive bushland, waterfalls, lakes, mountain ranges and national parks position us to become a leading destination for nature-based, cycling and experience-driven tourism. Yet, despite increasing demand for regional adventure tourism, our capacity to capture this market remains constrained. Trails are fragmented, access is limited by mine rehabilitation areas, and there is no integrated network linking townships, attractions and transport nodes. Without targeted investment, Latrobe City risks losing visitor activity and economic benefit to regions that are actively investing in cycling and outdoor recreation.

To address this gap, Latrobe City Council is calling for Federal Government support to deliver an Inter-Township Trail Network (ITTN) this is a transformative walking and cycling corridor that will connect communities, enhance liveability, attract visitors and boost tourism spending across the municipality and wider Gippsland.

The ITTN will link townships through a fully connected network of rail trails and shared paths, accessible by train and suitable for all abilities.
Key linkages include:

- Boolarra to Morwell via Yinnar and Churchill
- Gippsland Plains Rail Trail to Traralgon CBD
- Morwell to Moe via Haunted Hills Mountain Bike Park
- Traralgon to Traralgon South

By incorporating signature experiences such as Haunted Hills and leveraging rail heritage, the network will offer compelling recreational and tourism products ranging from family-friendly rides to advanced off-road mountain biking. This will strengthen Latrobe City's role as a gateway destination and support businesses including accommodation providers, hospitality venues, tour operators, event organisers and outdoor retailers.

This investment will unlock a new visitor economy sector for our community, diversify regional employment, grow tourism revenue and enhance liveability aligning with national priorities for regional development, active transport, economic transition and community wellbeing.



Moe Revitalisation Project – Stage 3

The Ask

Council is seeking $7.5 million from the Federal Government to:

Complete detailed design and construction of Stage 3 of the Moe Revitalisation Project.

Latrobe City Council is seeking Federal Government investment to deliver Stage 3 of the Moe Revitalisation Project, a transformative precinct initiative designed to strengthen local identity, stimulate economic activity and uplift community pride.

Moe is a diverse and growing township with a strong mix of residential, commercial, industrial and community assets. Home to active sports clubs, schools, major employers, inclusive events and a vibrant small business community, Moe is a great place to live, work and participate. Council has long recognised the untapped potential within the town centre and has developed a comprehensive revitalisation program to enhance amenity, improve access and activate public space.

Stages 1 and 2 of the projects have already delivered visible improvements and set a new benchmark for the town's presentation and functionality. Stage 3 builds on this momentum, targeting high-impact upgrades that will enhance the visitor experience, improve connectivity and provide modern infrastructure to support business growth and civic activity.

Council is progressing plans to deliver a shared-use zone, new commuter parking, street beautification works and lighting upgrades along Moore Street, creating a safer, more attractive and more connected destination for residents, traders and visitors. The project will provide a flexible civic space capable of supporting events, outdoor trading, community gathering and improved mobility for pedestrians, cyclists and commuters.

The Moe Revitalisation Project aligns strongly with national and state priorities for regional liveability, town-centre activation, place-based renewal and community wellbeing. Investment in this precinct will unlock local economic uplift, enhance amenity and participation and build confidence for further private and public investment.

Stage 3 will deliver:

- Redevelopment of Moore Street, including a shared-use civic zone;
- Construction of a commuter car park to improve access and support business and transport connectivity; and
- Beautification works and lighting upgrades to enhance safety, walkability and town presentation.

Council stands ready to progress this project with the support of Federal Government investment and continue the transformation of Moe into a thriving, liveable and confident regional centre.



Traralgon Bypass

The Ask

Council is seeking State and Federal investment to:

- **Progress delivery of the Traralgon Bypass**, including renewed planning, approvals, design and construction to move this long-standing priority toward implementation.

Latrobe City Council is seeking State and Federal investment to progress delivery of the Traralgon Bypass, a long-identified infrastructure priority that will ease traffic congestion, improve road safety and support economic growth across Gippsland. Traralgon is the largest urban centre within a road freight dependent region and requires an efficient transport route that directs heavy vehicles and through traffic away from the township. This is essential to protect safety in built-up areas, support road freight movement and unlock opportunities for CBD revitalisation and growth.

The bypass has been recognised as a critical need for more than twenty years. In the early 2000s, VicRoads undertook extensive planning work including route design, land use analysis, environmental assessment and economic and cultural heritage studies. This early work resulted in the formal inclusion of the preferred corridor in the Latrobe Planning Scheme in 2009, confirming its long-term strategic importance. The Victorian State Government further acknowledged this need with a $1.4-million commitment to detailed planning in 2017.

Regional Roads Victoria subsequently advanced route investigations, interchange options and community engagement. These studies assessed economic, environmental, social and traffic implications and confirmed the value of the project. Planning momentum slowed due to concerns about proximity to the Loy Yang mine and potential implications for rehabilitation. With the mine's closure now confirmed for 2035, both levels of government are now in a position to revisit and progress this vital transport project with a much clearer view of future land-use outcomes.

Crucially, the Traralgon Bypass plays a vital role in the region's economic future by supporting a road freight network that underpins Gippsland's primary industries, manufacturing, supply chains and tourism. Heavy vehicle movements through Traralgon's town centre constrain efficiency, damage local roads and create safety challenges. Diverting road freight and long-haul traffic onto a dedicated corridor will reduce travel delays, lower transport costs for industry, improve reliability for road freight operators and boost productivity across the regional economy. It will also enhance the attractiveness of the town centre for business, visitors and residents by removing congestion and improving amenity.

The Traralgon Bypass is the highest regional infrastructure priority identified in the Gippsland Freight Infrastructure Master Plan commissioned by Regional Development Australia. It directly supports regional industry, improves efficiency along the Princes Highway corridor, enables safer and more reliable travel movements and strengthens connections between communities. It will also support tourism, housing development and local business visibility by easing traffic pressure in the town centre.

Latrobe City Council is confident that investment in the Traralgon Bypass aligns with Federal Government priorities focused on productivity, supply chain resilience, regional connectivity and economic transition. Advancing the project from planning toward delivery will unlock long-standing regional benefits and support Gippsland's ongoing growth and competitiveness.



LATROBE CITY COUNCIL

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Service Centres & Libraries

Morwell

Corporate Headquarters
141 Commercial Road, Morwell

Morwell Library
63-65 Elgin Street, Morwell

Moe

Moe Service Centre and Library
1-29 George Street, Moe

Traralgon

Traralgon Service Centre and Library
34-38 Kay Street, Traralgon

Churchill

Churchill Community Hub
9-11 Philip Parade, Churchill

To obtain this information in languages other than English, or in other formats, please contact Latrobe City Council on 1300 367 700.

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