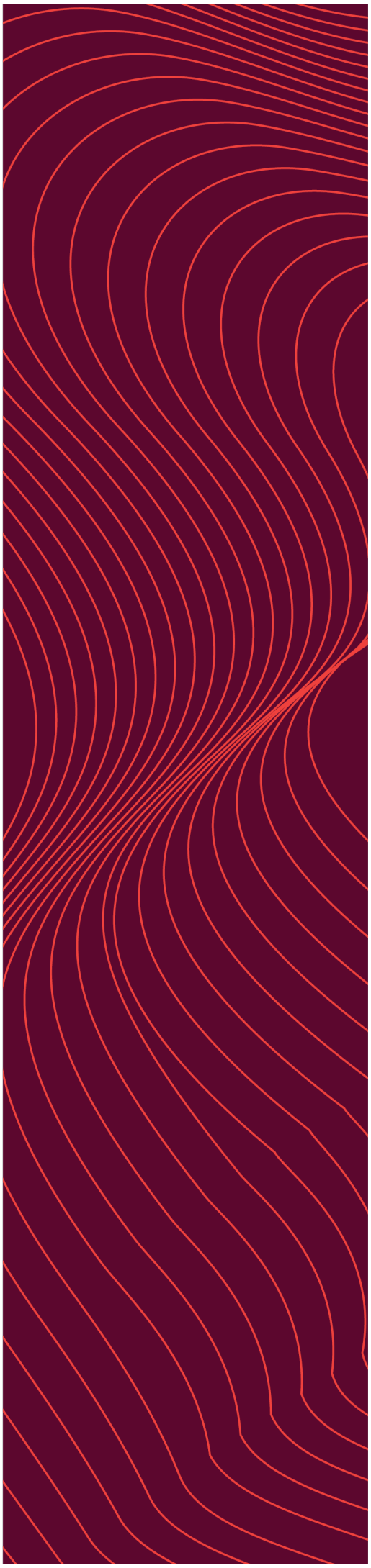
LATROBE CITY COUNCIL

Latrobe City Council's Submission to:

Engage Victoria's – Potential Water Access for Yallourn Coal Mine Rehabilitation

July 2026



Introduction

Latrobe City Council welcomes the opportunity to provide a submission on EnergyAustralia Yallourn's applications for a new bulk water entitlement for mine rehabilitation and amendments to its existing power generation bulk entitlement.

Council recognises the importance of ensuring the safe, stable and sustainable rehabilitation of the Yallourn Mine and acknowledges that decisions regarding water access form an important part of responsible long-term water management planning. Council also appreciates the continued engagement by the Department of Energy, Environment and Climate Action (DEECA) throughout this consultation.

This submission builds upon Council's previous submission regarding AGL's application for a mine rehabilitation bulk water entitlement. Council continues to support the key recommendations made in that submission, including the need for transparent water pricing, further consideration of cumulative water impacts across all three declared coal mines located within Latrobe City, consideration of future competing water demands from other potential large-scale water users across the region and ensuring long-term benefits are delivered to the Latrobe City community that has powered Victoria for generations.

Council welcomes the Victorian Government's December 2025 commitment that revenue generated through water access charges will be returned to Latrobe Valley and Gippsland communities and families. While this represents an important policy commitment, Council remains concerned that there is currently no certainty that the municipality of 80,000 residents, hosting all three declared coal mines - and will continue living alongside their rehabilitation for decades will receive lasting and proportionate benefits from that investment. Council considers greater transparency and place-based investment commitments essential to ensure the communities bearing the greatest impacts are not overlooked.

The importance of this consultation extends well beyond water allocation. Latrobe City is already managing the cumulative economic impacts of Victoria's transition to a Net Zero Economy while continuing to serve as Gippsland's primary service centre and employment hub. Supporting 38,950 local jobs and generating more than $8 billion in Gross Regional Product annually, decisions regarding mine rehabilitation have implications not only for Latrobe City's future, but for the broader regional economy that relies upon it. The outcomes of these decisions will also have implications for key community assets and future growth areas, including Lake Narracan, where significant residential development is planned and where the lake's ongoing environmental, recreational and amenity values will play an important role in supporting future population growth and community liveability.

In addition, Council believes several matters require further consideration before a new bulk water entitlement is granted.

Recommendation 1: Continue the water pricing framework and establish transparent regional investment arrangements

Council reiterates its support for applying an appropriate pricing mechanism to water used for mine rehabilitation.

Water is a valuable public resource. Where significant volumes of water are allocated for commercial mine rehabilitation purposes, pricing arrangements should appropriately recognise the environmental, economic and social value of that resource while ensuring mining operators remain responsible for the costs associated with rehabilitation.

Latrobe City is the only municipality in Australia to host all three of a State's declared brown coal mines and the power stations they supplied. Including the largest open cut brown coal mine in Australia, Loy Yang. All located within approximately 30 kilometres of one another, these nationally significant mines form one of the world's largest known deposits of brown coal.

Unlike several other Australian energy transition regions, Latrobe City currently does not have a dedicated long-term State or Commonwealth transition funded package specifically designed to

support the municipality through the closures of its coal mines and power stations, despite powering Victoria for more than a century and is now experiencing the cumulative impacts of successive coal-fired power station closures.

Latrobe City is home to all three of Victoria's declared coal mines and the power stations they supplied. The municipality will continue managing the social, economic and land-use impacts of mine rehabilitation for decades to come.

Beyond hosting the rehabilitation of Victoria's declared coal mines, Latrobe City continues to provide the majority of the region's higher-order employment, health, education, government, retail and professional services. Maintaining a strong and resilient local economy is therefore critical not only for Latrobe City residents, but for communities across Gippsland that rely on these services every day.

These impacts are already being experienced. Successive power station closures have reduced employment, investment confidence and industrial activity, while placing increased importance on attracting new industries and supporting business growth. The municipality continues to manage this transition while maintaining almost 39,000 local jobs and serves as Gippsland's primary employment and service centre.

While Council supports investment across the broader Latrobe Valley and Gippsland, it seeks assurance that revenue generated from water access charges will deliver tangible and measurable benefits to the communities most directly affected, ensuring the Latrobe City community is not left to manage the long-term economic, social and environmental impacts of rehabilitation without an equivalent and fair investment in its future.

Council therefore recommends the Victorian Government:

- prioritise economic diversification, investment attraction and enabling infrastructure within Latrobe City; and
- ensure investment reflects the scale and duration of impacts experienced by the Latrobe City community.
- publish a transparent framework outlining how water access revenue will be distributed;
- establish governance and reporting arrangements for expenditure;

Recommendation 2: Continue assessing the cumulative impacts of water use

Council continues to support the recommendations contained within its previous submission regarding cumulative water impacts.

The rehabilitation of Victoria's coal mines represents one of the largest water allocation exercises ever undertaken in the Australia's history

Collectively, current rehabilitation proposals require approximately 2,354 gigalitres of water that is more than four times the water volume of Sydney Harbour. Yallourn W alone is expected to require around 630 gigalitres throughout rehabilitation.

The scale of water required for rehabilitation reinforces the significance of these decisions. Water allocation will influence land use, future investment opportunities and economic development outcomes within Latrobe City for generations. As Gippsland's principal employment and service centre, ensuring these decisions are made with a full understanding of their cumulative impacts is critical to the long-term prosperity of both Latrobe City and the broader region.

In considering cumulative impacts, it is also important that assessment extends beyond mine rehabilitation projects alone to include other potential large-scale water users that may emerge across the region. This includes industries such as data centres and other water-intensive developments that may seek to establish in Gippsland as part of Victoria's economic transition. Understanding the combined water demands of current and future users will be critical to ensuring that long-term water allocation decisions do not inadvertently constrain future investment opportunities, economic diversification or regional growth.

Given the unprecedented scale of these water requirements, Council continues to recommend that cumulative impacts across all mine rehabilitation projects be assessed transparently rather than considering each project in isolation.

Council also reiterates its previous request for greater clarity regarding how water availability and competing demands will be managed during periods of drought, reduced inflows or changing climatic conditions.

Recommendation 3: Provide certainty regarding the long-term management of Lake Narracan

Lake Narracan remains an important recreational, environmental and water management asset for the Latrobe City community.

The long-term management of Lake Narracan is also intrinsically linked to the future growth of Latrobe City. Land immediately south of the lake is identified for substantial residential development, with the Lake Narracan Precinct Structure Plan expected to deliver approximately 3,800 residential lots and provide housing for almost 9,000 future residents at full development. The precinct has been planned to capitalise on the amenity, environmental and recreational values of Lake Narracan, making the lake a defining feature of the area's long-term liveability and attractiveness.

Development within the precinct is already progressing, with numerous planning permits having been issued and more than $65 million in infrastructure investment planned to unlock future growth. Given the scale of this investment and the significant population growth anticipated in the area, it is essential that the long-term health, functionality and amenity of Lake Narracan are preserved and protected as part of any water entitlement and mine rehabilitation decisions.

Council understands that storage management costs for Lake Narracan are currently shared proportionately between entitlement holders and notes that AGL's recently approved bulk entitlement requires the company to continue contributing towards these costs throughout mine rehabilitation. Council further notes that EnergyAustralia has applied for similar rights associated with Lake Narracan inflows and storage.

While Council appreciates DEECA's advice regarding these arrangements, further clarity would provide greater confidence to the community regarding the lake's long-term management.

In particular, Council seeks clarification regarding:

- how future operational water levels within Lake Narracan will be maintained throughout decades of mine rehabilitation;
- how any future requirements for supplementary water to maintain rehabilitation lakes have been considered;
- who would be responsible for funding any future water requirements associated with rehabilitation;
- how changing climate conditions and reduced inflows have been incorporated into long-term planning;
- how recreational, environmental and community values associated with Lake Narracan will continue to be protected; and
- how the long-term amenity, landscape and liveability values of Lake Narracan that underpin existing and future residential communities, including the Lake Narracan Precinct Structure Plan area, will be maintained and protected.

Providing greater transparency around these matters will help assure the community that the long-term management arrangements for Lake Narracan remain robust throughout the rehabilitation period.

Conclusion

As the municipality hosting all three of Victoria's declared coal mines, Latrobe City will continue managing the economic, environmental and social impacts of mine rehabilitation long after electricity generation has ceased. Ensuring water access arrangements deliver both responsible environmental outcomes and lasting environmental and economic benefits presents a unique opportunity to support the long-term resilience of Victoria's largest regional energy transition. Council looks forward to continuing to work collaboratively with the Victorian Government to realise that opportunity.

Council welcomes the Victorian Government's commitment to apply a pricing framework to mine rehabilitation water and to return resulting revenue to local communities. Council also appreciates the ongoing engagement undertaken by DEECA throughout this process.

However, given the unprecedented scale of mine rehabilitation within Latrobe City, Council believes further work is required to provide greater certainty regarding the long-term allocation of water access revenue, the cumulative impacts of water extraction across all rehabilitation projects and future competing water demands, and the future management of important regional assets such as Lake Narracan, whose ongoing environmental, recreational and amenity values are integral to the success of the Lake Narracan Precinct Structure Plan and the municipality's future growth.

Please contact Latrobe City Council's Senior Strategy and Advocacy Advisor Kate Cumming on Kate.Cumming@latrobe.vic.gov.au or 0409 327 314, should you wish to discuss any of the content outlined in this submission in greater detail.

Council looks forward to continuing to work collaboratively with the Victorian Government to ensure mine rehabilitation delivers safe environmental outcomes while also supporting the long-term economic resilience and prosperity of the Latrobe City community.

Yours Sincerely



Steven Piasente
Chief Executive Assistant