LATROBE CITY COUNCIL

Latrobe City Council's Submission to:

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

August 2025



Introduction

Latrobe City Council welcomes the opportunity to provide additional feedback on AGL's application for a new bulk water entitlement, for Loy Yang as part of the consultation process led by the Department of Energy, Environment and Climate Action (DEECA).

Council extends its thanks to the Minister and departmental representatives for meeting with the Mayor and Deputy Mayor during our recent delegation to State Parliament. We appreciate the willingness to engage and consider our initial feedback on the bulk water entitlement application.

In that submission, Council raised several key concerns, whether the use of water for mine rehabilitation represents the highest and best economic use of the resource, and whether the cumulative impacts of water use across multiple mine rehabilitation projects are being adequately assessed.

As DECCA are aware, this matter is significant given that the rehabilitation of Latrobe City's mine sites represents one of the most consequential post-industrial transformations in Victoria's history and as such, Council remains committed to ensuring that long-term environmental, social, and economic outcomes for the Latrobe community are prioritised and protected throughout this process.

Council acknowledges and supports the Minister's recent proposal to apply a fee to bulk water entitlements and welcomes the need for a pricing mechanism that reflects its broader significance to the region.

While this submission specifically addresses AGL's application, Council reiterates that water allocation decisions cannot be made in isolation from the broader context of mine rehabilitation. The method, volume, and timing of water use are intrinsically linked to rehabilitation models, and decisions made in this area will have long-term implications for regional planning, land use, and community outcomes.

Recommendation 1: Establish a Latrobe City Economic Support Package

Council supports the Victorian State Government's recommendation that if additional water allocations are granted, water pricing mechanisms must accurately reflect the true costs of water use. This includes considering environmental impacts, infrastructure burdens, and social implications.

While the Council continues to advocate for all alternative mine rehabilitation options to be thoroughly explored and publicly assessed before proceeding with the proposed pit-lake models, Council acknowledges that the pit-lake approach may ultimately be pursued. In that case, Council encourages the Victorian State Government to introduce a bulk water entitlement fee. This fee should encapsulate the full costs associated with water use, including:

- Environmental impacts;
- Infrastructure needs; and
- Social and economic implications for the region.

While Council hasn't developed a position on what the cost of that water fee should be, Council supports a fair and transparent pricing framework and recommends that all revenue generated from bulk water entitlements imposed on mining providers be ring-fenced and allocated to a dedicated Latrobe City Economic Support Package. This package should fund initiatives that deliver measurable benefits to the Latrobe City community, especially in areas such as supporting business capabilities, attracting investment, and promoting industry growth. This approach ensures that if a public resource like water is redirected for rehabilitation purposes, there is a direct and measurable benefit to the public, particularly regarding economic resilience and long-term regional renewal.

Council maintains the position that the mining operators need to fund the costs associated with mine rehabilitation; therefore, Council does not support using additional water use charges for these

purposes. Instead, Council proposes the creation of a Latrobe City Economic Support Package that would be partially funded by revenue collected through water usage charges. Based on AGL's projected water use at a rate of **$260/ML**, this fund could generate approximately **$9.3 million** annually. Over 30 years, this would result in a total investment of **$279 million** in the Latrobe City economy.

Modelled after the Collie Industrial Transition Fund in Western Australia, the Latrobe Fund would be designed to promote long-term job creation and economic development. It would focus on:

- Attracting new industries that align with regional strengths;
- Developing project-ready industrial land and infrastructure;
- Providing business grants and incentives that foster employment and innovation; and
- Investing in trunk infrastructure to activate greenfield employment precincts.

These initiatives remain key priorities for Council. A collaborative approach between government and the private sector is critical to achieving economic diversification.

It is proposed that a governance structure be established to oversee the fund, including representatives from all three levels of government, with robust eligibility criteria in place.

As part of the Economic Support Package and in addition to the direct funding proposals outlined above, Council strongly advocates for targeted economic reforms and policy measures to attract and accelerate private sector investment in the Latrobe City area. While the concept of a Special Economic Zone (SEZ) was initially explored in response to the closure of the Hazelwood, Council believes the current economic context makes it both timely and appropriate to revisit and advance this proposal.

Special Economic Zones are designed to stimulate economic activity by offering targeted incentives such as land tax concessions, reduced payroll tax rates, streamlined planning processes, and regulatory flexibility that make regions more attractive for business investment. For Latrobe City, these measures could significantly boost investor confidence, support the transition to a diversified economy, and help generate sustainable long-term employment.

Council sees such policy-driven initiatives as essential complements to direct funding, ensuring that government efforts not only provide short-term stimulus but also create the conditions for enduring economic growth. A coordinated approach where all levels of government work closely with the private sector is vital to unlocking the region’s full potential.

While the Council acknowledges that, under normal circumstances, bulk water allocation fees are typically reserved for water infrastructure projects, Council respectfully requests that the Victorian State Government consider an exception in this case. Given the exceptional circumstances of mine rehabilitation and its significant impact on the community, a more flexible approach to funding allocation is warranted to support both environmental restoration and regional economic development.

Recommendation 2: Further Investigate the Cumulative Impacts of Water

Council acknowledges and appreciates the significant work undertaken by DEECA in responding to the bulk water entitlement application. The constructive engagement between Council officers and departmental staff has been welcomed, particularly the discussion regarding the work undertaken on the cumulative impacts of water. However, at the time of writing this submission, Council has not yet been able to fully interpret the complex technical information provided.

To support informed and responsible decision-making in the best interests of the community and environment, Council respectfully seeks continued collaboration with DEECA to strengthen its understanding of cumulative water impacts particularly in the context of mine rehabilitation. Ongoing dialogue will be essential for Council to effectively assess and respond to the water applications presented by mining providers.

Council reiterates its previously stated concerns regarding water allocation and management. In particular, Council stresses the need for a transparent process that fully accounts for the cumulative

impacts of water use across the region. At present, Council remains concerned that the current approach may not provide adequate oversight or assurance to the community.

To address this, Council recommends that further work be undertaken by the mining providers to enhance the Cumulative Impact Assessment, through the Environmental Effects Statement (EES) processes. Council also identified as part of the Hazlewood EES that there appears to be gap regarding how water will be prioritised during times of scarcity. Currently, there is no clear framework outlining how competing water needs will be assessed or which projects will be prioritised when resources are limited.

Given the scale of mine rehabilitation and the growing pressure on water resources due to climate change, drought conditions, and increased competition, a coordinated, integrated approach is essential.

Conclusion

Council thanks DEECA for the opportunity to provide feedback on AGL's application for a new bulk water entitlement for Loy Yang Mine and respectfully requests a written response to the recommendations outlined in this submission.

Council looks forward to ongoing collaboration with DEECA to ensure the use of water for mine rehabilitation is undertaken in a manner that is responsible, safe, and environmentally sustainable - delivering long term benefits for the Latrobe City community.

Council remains committed to working in partnership with government, industry, and the community to ensure that mine rehabilitation efforts contribute meaningfully to environmental restoration, economic diversification, and the long-term resilience of the region.

Please feel free to contact Latrobe City Council's Senior Strategy and Advocacy Advisor Shae Hansen on Shae.Hansen@latrobe.vic.gov.au or 0459 847 411, should you wish to discuss any of the content outlined in this submission in greater detail.

Yours Sincerely

Steven Piasente
CEO