

Submission to the Victorian Parliament's Economy and Infrastructure Committee
INQUIRY INTO THE CLOSURE OF THE HAZELWOOD AND YALLOURN POWER STATIONS

Advance Morwell

Advance Morwell commends the Victorian Parliament's Economy and Infrastructure Committee for establishing this important Inquiry into the closure of the Hazelwood and Yallourn Power Stations.

The Latrobe Valley in south-east Victoria has a long and proud history of brown coal mining and power generation. Its abundant brown coal resource has powered the region and Victoria for the best part of the last century, providing affordable and reliable electricity and underpinning the state's economic growth and prosperity.

Increasing renewable energy generation and the urgent need to meet national and international emissions reduction targets, coupled with the ageing nature of the Latrobe Valley's brown coal-fired power generators will ultimately see the retirement of these assets in the years ahead.

The closure of the Hazelwood Brown Coal Mine and Power Station in March 2017 and the projected closures of EnergyAustralia's Yallourn and AGL's Loy Yang assets in 2028 and 2048 respectively present one of the most significant challenges to the Latrobe Valley in its history.

The transition to a carbon-constrained economy will have undeniable impacts to the local economy and community. The safe, secure and well-paying jobs that the sector has provided to generations of Latrobe Valley families are slowly fading.

There is an urgent need to plan for this transition to ensure that the Latrobe Valley, which has contributed so much to the state's economic growth, continues to prosper in the decades ahead.

THE NEED FOR APPROPRIATE PLANNING AND A CLEAR TRANSITION STRATEGY

The word 'transition' is one that is familiar to most within the region. For years it has been bandied about in discussions and planning for the closure of the region's brown coal-fired power stations. Despite these ongoing discussions, a long-term strategy for the Latrobe Valley's economic transition with bipartisan political support at all levels of government is yet to be developed.

Instead, we've seen short-term transition strategies and plans prepared by specific interest groups that have failed to capture the views and aspirations of all key stakeholders or consult them in their development. While a number of these have contained valuable ideas and proposals worthy of further exploration and consideration, they have failed to provide a long-term vision for the future of the region that all stakeholders are able to subscribe to and unite around and have not progressed.

The approximately five months' notice provided ahead of the closure of the Hazelwood Power Station only highlighted the lack of a meaningful transition plan for the region. In response, various levels of government stepped in with short-term, rapid-fire reactionary efforts that delivered some benefit and ought to be commended. While the region has benefited from the significant capital spend (particularly on arts and sporting facilities), these facilities are either now largely completed, or approaching completion, and do not provide consistent and substantial ongoing employment. The short-term, sugar hit offered by these projects is mostly gone.

Programs delivered in response to the Hazelwood closure will be unable to be replicated in the years ahead as the local brown coal mining and power generation sector continues to contract. Efforts to transition workers from Hazelwood to other power stations and mines in the region have offered a short-term fix but will be harder to replicate in the event of Yallourn's closure (with only one viable asset remaining to transfer affected workers) and impossible to replicate at the projected time of Loy Yang's closure. These efforts are Band-Aid solutions that don't deliver the real economic diversification that is needed.

In addition, a number programs and initiatives in response to Hazelwood's closure have been largely focussed on community capacity building. They lack the economic grunt to make a long-term difference to the region.

Despite these lessons learnt, there still appears to be limited to no long-term planning for certain similar closures in the coming decades. At the very least, if this planning is occurring, it does not seem to be occurring in a manner which is visible to the local community, and in which it can participate.

What's needed is a long-term (decades) strategy to support the region's economic transition and diversification. This strategy is one that should set politics aside for the benefit of the local community. It should have bipartisan political support at all levels of government (i.e. federal, state and local) and be developed in consultation with all key stakeholders. This includes the local industry, social and environmental groups, and most importantly the local community as ultimately it has the most to gain or lose from the closure of the region's brown coal-fired power stations and mines.

Only a long-term transition strategy that invites all stakeholders to the table to participate in its development will succeed in delivering meaningful and lasting change within the region. It must provide a long-term vision for transition within the Latrobe Valley, along with action plans (such as every five years) for key activities and goals to be achieved within that timeframe. Importantly, it must be subject to regular review and be adaptable to changing circumstances including earlier than anticipated closure, changes in climate/emissions reduction policies at the state/national level, etc.

EMPOWERMENT AT A LOCAL LEVEL

Rather than establish new government agencies, we must recognise the unique skills and experience that already exists within the region and empower these individuals and groups to take a leading role in planning for the region's transition.

The Committee for Gippsland is well placed to lead the development of the abovementioned strategy. It has the skills and experience to deliver this important work and is respected by a diverse range of stakeholders within the region.

It has the capacity and capability to bring together all of the relevant parties to have input in the development of this strategy and create a vision for the region's future where locals can see their own views and aspirations reflected.

Importantly, it understands the lessons learnt from previous transition planning efforts and can draw on these to ensure that past mistakes are not repeated.

TRANSITION PROVIDES OPPORTUNITIES

While it is undeniable that the region faces many challenges in the years ahead, there are also significant opportunities.

However, only with appropriate planning and a long-term strategy for the region's transition will these opportunities be realised.

SECURING EXISTING INDUSTRIES AND UTILISING THE REGION'S ASSETS

With the impending closure of the Latrobe Valley's brown coal-fired power stations and mines, every effort must be taken to secure the region's other large major employers.

The long-term future of Opal Australian Paper, which employs close to 1,000 Latrobe Valley locals, remains under a cloud, with concerns the Victorian Government's decision to end native timber logging will result in a major supply shortfall.

The only way to ensure the future of this significant employer within the region is to guarantee access to adequate and affordable supplies of appropriate timber. This will require a coordinated effort and must remain an ongoing priority area in the months and years ahead.

In addition, we must also capitalise on the region's strengths and underutilised assets. The Latrobe Valley's electricity transmission infrastructure offers it a comparative advantage when it comes to the production of renewable energy. In addition, it also has a skilled workforce that would be able to support the development of such projects and opportunities must be explored to leverage this advantage and attract renewable energy generation proponents to the region.

The Latrobe Regional Airport's facilities make it well placed to support the relocation of existing, metropolitan-based aeronautics businesses and industries. As well as being able to support aeronautics businesses and industries, this facility also has proven capacity to double as a regional passenger hub servicing Albury, Canberra and Sydney. With rapidly increasing population growth in Melbourne's south-east corridor and growing traffic congestion, Latrobe Regional Airport has the potential to provide a more viable alternative to Tullamarine to those living in the outer south-east of Melbourne.

SUPPORTING NEW INDUSTRIES AND RETAIL DEVELOPMENT

In addition to securing existing industries, priority must also be given to identifying and securing new industries for the region. The region must move away from, or at the very least evolve, its traditional focus on mining and power generation industries and establish a skills base to service, and job opportunities within rapidly growing industries.

These include the education, health, agriculture and technology sectors. There is already some good work underway in these areas and the Latrobe Valley has a number of advantages in progressing these.

TAFE Gippsland and Churchill's Federation University campus are uniquely positioned to deliver courses that respond directly to the needs of these growing sectors. Being locally based, these institutions understand the challenges and opportunities that exist within these areas and can produce job-ready graduates with the skills to address these.

The retail sector within the region is also strong, but a huge market potential exists for a ‘factory outlet’ style facility, which would service the greater Gippsland area as well as leveraging existing traffic flows along the eastern corridor.

THE NEED FOR ADEQUATE SUPPORT SERVICES

While planning for the region’s economic diversification must remain a top priority, so too must the provision of adequate support services.

The privatisation of the State Electricity Commission of Victoria (SECV) in the mid to late 1990s and the more recent closure of Hazelwood have demonstrated the major social change that contraction of major industries and employers can create.

While a long-term strategic plan can help in foreseeing and mitigating these impacts, that alone is unlikely to alleviate them entirely. Social support services (including financial and career planning) as well as education support services (such as reskilling and retraining) will be needed to assist local workers affected by these closures and help them transition into new roles elsewhere, or reskill to enter new careers.

MINE REHABILITATION OFFERS THE POTENTIAL FOR NEW REGIONAL ASSETS

The rehabilitation of the Latrobe Valley’s three brown coal mines provides the opportunity to leave a lasting positive legacy for the region. Advance Morwell support the mine operators’ current plans to rehabilitate the mines by filling them with water to create pit lakes.

This has the potential to offer both recreational opportunities to the local community and tourism opportunities to attract visitors from outside the region.

In addition, successfully delivering this rehabilitation option will offer unparalleled low-density residential and rural lifestyle development opportunities within commuting distance to Melbourne.

At a time when demand for land for housing and urban development is high and hybrid working arrangements are seeing individuals and families retreat from major cities to regional areas within commuting distance from Melbourne, the Latrobe Valley has the potential to offer a unique value proposition unrivalled by the rest of Victoria.

SUPPORTING DEVELOPMENT THROUGH APPROPRIATE LAND USE PLANNING

Comparatively affordable housing and close proximity to Melbourne make the Latrobe Valley suitable for a diverse range of lifestyle options.

Latrobe City is also one of the few places in Victoria with the Industrial 2 Zoned land to the north and south of Morwell. This land is well buffered with access to national highways, rail networks, energy, water and local labour force, providing opportunities for a long-term and dedicated home for large format/heavy industry investment.

Over the last decade, a number of urban and other development opportunities have been lost due to prohibitive and no longer fit-for-purpose coal protection overlays. While there is a need to retain some of these overlays to preserve access to select, high-value coal reserves to support potential future low-emissions coal development opportunities; a number of these overlays are redundant and ought to be removed.

TRANSPORT CONNECTIONS

Improving the region's transport infrastructure is a key enabler in attracting new industries to the region and promoting population growth.

The combination of affordable housing and a rail network that could provide fast and reliable access to Melbourne within one hour would make the region an attractive proposition to new businesses, or existing businesses looking to relocate to a low-cost base locale with good connectivity to a major city.

Liveability and connectivity within the Gippsland region could be further enhanced by the construction of the Traralgon Bypass, improving access to East Gippsland and removing significant through traffic from the Traralgon township. Construction of the bypass would also provide a short-term economic stimulus to the region.

CLOSING COMMENTS

Advance Morwell thanks the Victorian Parliament's Economy and Infrastructure Committee for consideration of this submission.

With appropriate long-term planning there is bright future ahead for the Latrobe Valley.

This submission provides Advance Morwell's views as to what the key priority areas should be in planning for and realising this bright future.

If you have any questions regarding this submission, or wish to discuss the contents of it further, please don't hesitate to contact Graeme Sennett, Vice-Chair of Advance Morwell on 0417 509 149.