

Latrobe City Council Submission

Directions for a Latrobe Valley Transition Discussion Paper



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Submission- Directions for a Latrobe Valley Transition- Discussion Paper

Latrobe City is made up of four major urban centres: Churchill, Moe/Newborough, Morwell and Traralgon, with smaller townships of Boolarra, Glengarry, Toongabbie, Tyers, Traralgon South, Yallourn North, and Yinnar. With a population of close to 80,000, the beautiful and highly productive Latrobe Valley is located at the gateway to Gippsland in the South East corner of the state of Victoria.

Transformation not just transition....

Latrobe City is operating in a rapidly changing economic landscape. Population growth, technology advances, the ageing workforce, globalisation and a future low carbon economy present both challenges and opportunities for Latrobe City. Latrobe City Council's submission is predicated on our low carbon policy position and the extensive work and community engagement that we have undertaken since 2009. Council has engaged with over 1000 members of our community as well as business and industry in order to facilitate a smooth transition to a low carbon future.

Latrobe City Council Policy Context

Latrobe City Council on behalf of our community has identified its vision and key themes which will shape the future of our City. Our Council Plan 2011-2015 recognises a range of local and nationally significant issues and emerging opportunities and provides our response to them. The four key themes are:

- Gippsland's Regional City- strengthening our profile.
- Positioned for a Low Carbon Future- advancing industry and innovation.
- An active, connected and caring community- supporting all.
- Attract, retain, support- enhancing opportunity, learning and lifestyles.

Positioning Latrobe City for a Low Carbon Emission Future (2010)

Latrobe City Council has developed a policy that will assist our community to successfully transition to a low carbon future. The development of *Positioning Latrobe City Council for a Low Carbon Emission Future (2010)* (included as attachment 1) has allowed Council to identify the expected implications of Government greenhouse gas emission mitigation policies on the City. The policy proposes transition arrangements, including interventions and support mechanisms, to enable Latrobe City to optimise its transition.

Securing Our Future

Council has recently completed the development of *Securing Our Future- Low Carbon Transitional Immediate Opportunities* (included as attachment 2). The development and release of *Securing Our Future* signifies Council's progress in leading the way in considering the impact of a low carbon future on our economy and community. The key directions contained within *Securing Our Future* are:

- Employment Generation - diversifying the economy.
- Economic development - infrastructure enabling job creation.
- Brown coal- leveraging jobs from the resource.
- Advocacy- government to government support and support for our community.
- Gippsland's Regional City - a destination of choice.

Latrobe City Council Submission

Latrobe City Council welcomes the opportunity to provide a submission to the *Directions for a Latrobe Valley Transition- Discussion Paper*. Council notes and appreciates the engagement of both the Victorian and Australian Governments in facing the significant challenges of transitioning to low carbon future. Latrobe City Council is broadly supportive of the directions that have been proposed.

Council and our community are ready to ensure that engagement and consultation translate into actions and real 'on the ground support'. Council is unwavering in its view that a successful transition relies on proactive transitional assistance from the Australian Government in the area of sustainable employment creation ahead of the transition.

Council's view is that the Directions Paper has a business as usual context and has been developed by looking at the future through the lens of today. The transition to a low carbon future is going to require innovative solutions and ideas; the Directions Paper needs to inform concrete proposals that will create real jobs. Page 7 of the Directions Paper states that *"the scope of the LVTC's task is focussed on the economic issues faced by the region's major industry and small businesses, and what pre-emptive actions can undertake or support..."*. Council notes the Directions Paper does not provide pre-emptive actions that will provide employment opportunities ahead of the transition. Council urges to Victorian and Australian Government to immediately commence transitional support in a range of areas to ensure community confidence.

Council acknowledges:

- The partnership approach between the Victorian and Australian Governments with local government to the issue of low carbon transition in the Latrobe Valley.
- The significant level of resource allocated by the Victorian and Australian Governments to develop a strong evidence base on which to base the final Latrobe Valley Industry & Employment Roadmap.

- Council's own involvement through representation on the Mayoral Reference Committee, Latrobe Valley Transition Committee and the Senior Officers Group.

This submission provides:

- an overview of Latrobe City Council's low carbon policy context.
- responses to the issues for discussion.
- general feedback, including projects and initiatives that will facilitate a successful transition, on aspects of the discussion paper.

Issues for Discussion

How will these challenges and opportunities affect your business, industry sector or community?

Community & Business Impacts

Latrobe City has been identified as a community likely to be exposed to significant structural adjustment pressures as a result of the introduction of greenhouse gas mitigation schemes. It is anticipated that the introduction of the Clean Energy Package will decrease the competitiveness of the brown coal fired generators located within the Latrobe Valley, which would then impact on the local economy and employment growth. A study by Compelling Economics, commissioned by Council in late 2008, shows that electricity generation accounts for around 21% of Latrobe City's Gross Regional Product and reinforced that the sector is the backbone of the local economy. Employment in Latrobe City is heavily reliant upon the income obtained from electricity generation and coal mining activities, with about 3,100 (or 11%) jobs linked directly to these sectors (ABS 2006 Census data). The Compelling Economics work also showed that for every 10 jobs in the electricity sector an additional 8 jobs were sustained in the local economy.

A successful transition to a low carbon future is critical to Latrobe City as the area currently supplies over 90% of Victoria's electricity generation requirements and extensive electricity distribution infrastructure links the existing generation facilities to Melbourne. The low cost electricity generated in the Latrobe Valley from brown coal resources has contributed to Victoria's, and indeed Australia's, economic prosperity over the last 90 years. However, the high moisture content of brown coal means that the greenhouse gas emissions currently produced using existing technology are high relative to other forms of electricity generation. Conservative figures commissioned by Council show that 2000 mega watts closed in our community will result in the loss of more than 2000 jobs. Latrobe City Council has been preparing for this change since 2009 through the development of a comprehensive strategy and plan to assist our community and economy to transition smoothly to a low carbon future. In more recent times Council has formalised a list of projects for funding and assistance that will create immediate jobs to replace those lost through the contract for closure process. Council has worked tirelessly to inform the

community as to what is expected to occur and to advocate for a smooth transition where our economy is not adversely and disproportionately impacted.

An influence and key driver of Council's work to date in the area of transition has been the lessons learned from the privatisation of the former State Electricity Commission of Victoria. The downstream impacts of privatisation were significant and included negative social impacts such as poor burden of disease outcomes, mental health impacts and unfortunate increase in the rate of suicide. The post privatisation era saw long periods of poor investment in community infrastructure and planning. These impacts are still fresh in the minds of many of our community as they face the transition to a low carbon future. A key challenge for Latrobe City is the Clean Energy Package could compound the existing level of social disadvantage that is present in Latrobe City. Low skilled workers and low income households could be disproportionately affected.

Community & Business Opportunities

Our community is seeing the opportunity for change and is preparing to work through a process of economic diversification. Opportunities in areas such as small business innovation, the aviation industry, continued confidence and growth in the property market and retail sector are being leveraged on. The continued identification and exploration of employment creations and opportunities are forefront in the minds of Council and our community.

Impact on Latrobe City Council Operations

The Clean Energy Future Plan and the contract for closure process is expected to impact on the operations of Council and subsequently our community through number of unexpected costs in the following areas:

- Legal advice and consultancy services (energy and mining advice, environmental groundwater, water, property).
- Service impacts through increased demands on areas such as Business Development and Community Development.
- Lost revenue from payments in lieu of rates resulting in reduction or reprioritisation of services.
- Public Relations Advice and Support.
- Lobbying and Advocacy Support.

Council has a responsibility to ensure our community is adequately represented in the issues that both the introduction of the Clean Energy Package and the contract for closure process create. The timing and extent of the impact on our community is likely to vary and depending on which generators are selected for closure through the contract for closure process and the impact on the life of the remaining generators.

Council's annual budget is approximately \$100 million. Council receives over \$7 million in rates from the local power generators each year. Additionally, the generators contribute over \$50,000 in direct sponsorship of Council programs such as the Latrobe Regional Gallery public education program. The three generators that have applied for compensation under the Contract for Closure scheme pay almost \$3.5 million per year in lieu of rates: In addition, most of the generators make significant contributions to community and sporting groups and related activities through sponsorships, donations and in kind support. To replace the lost rate revenue would result in an increase of approximately 7% additional to the average annual 5% increase that currently occurs, therefore placing a significant additional burden on rate payers. Considering the impact that the Clean Energy Package is expected to have on the Latrobe Valley our ratepayers may not be in a position to be able to absorb additional rate increases which would ultimately lead to a decrease in the services that Council is able to deliver.

Are there other issues that you think will affect the future diversification and growth of the Latrobe Valley economy?

Proactive Assistance

The key to a successful transition for Latrobe City is undoubtedly proactive transitional assistance in partnership with a positive, active and passionate community. Following the privatisation of the electricity sector in the 1990s, the Latrobe Valley faced substantial adjustment issues and experienced severe economic decline. Although assistance was ultimately provided through the Latrobe Valley Ministerial Taskforce process it was not employment related assistance. The provision of this assistance earlier in the transition would likely have reduced the economic and social impact and shortened the transition period.

Latrobe City Council believes it is essential that Victorian and Australian Government support be delivered early in the transition period. This support needs to be delivered in the following areas:

- *Employment Generation*- diversifying the economy.
- *Economic development*- infrastructure enabling job creation.
- *Brown coal*- leveraging jobs from the resource.
- *Advocacy*- government to government support and support for our community.
- *Gippsland's Regional City*- building on liveability and investment in community infrastructure to make Latrobe City a destination of choice.

The challenge today for Council is that the full impacts of a carbon constrained future are not yet known. Council's firm view is that the responsibility for solving our future employment problem, a problem created by a change in government policy, rests with the Commonwealth and State governments and under no circumstances, will Council allow this responsibility to be avoided. However, Council understands our role as the local

elected representative body is to independently work to assist the transition process through the development of employment proposals for Commonwealth and State funding.

Are these appropriate strategic directions for supporting the growth and diversification of the Latrobe Valley's economy?

The six proposed strategic directions are consistent with two of the three themes that underpin *Positioning Latrobe City Council for a Low Carbon Emission Future*. The themes are:

- *Pursuing and Realising Opportunities* (consistent).
- *Contingency Planning* (not consistent- refer response to “Are there additional or alternate themes or proposals that should be incorporated in the LVTC’s advice to government?” below).
- *Working Together* (consistent).

The proposed strategic directions are also consistent with four of the five key themes of *Securing Our Future*. The key themes contained within *Securing Our Future* are:

- *Employment Generation* - diversifying the economy (consistent).
- *Economic Development* - infrastructure enabling job creation (consistent).
- *Brown Coal* - leveraging jobs from the resource (consistent).
- *Advocacy*- government to government support and support for our community (consistent).
- *Gippsland's Regional City* - a destination of choice (not consistent- refer response to “Are there additional or alternate themes or proposals that should be incorporated in the LVTC’s advice to government?” below).

Latrobe City Council Response to Six Strategic Directions

Council’s response to each strategic direction below is underpinned by a substantial evidence base - *Economic Sustainability Strategy* (2011), *Positioning Latrobe City for a Low Carbon Emission Future* (2010), *Latrobe City Council Plan 2011-15*, *Gippsland Regional Plan 2010*, *Gippsland Logistics Precinct Project Plan* (2011), *Securing Our Future* (2011).

Council notes that in order for six strategic directions to contribute to a low carbon transition they each clearly require a range of short, medium and long term clear actions. ***It is imperative that these actions are owned by a responsible agency, organisation or department that is resourced for delivery.*** Many of the associated suggested actions are large pieces of work and the Directions Paper provides no guidance as to who would drive and deliver any of the actions and what level of funding and resourcing might be made available.

1. *Transitioning business and workers – workers and businesses affected by the economic transition have employment and business opportunities.*

Latrobe City Council broadly supports this direction and associated suggested actions.

However, Council cautions against a strong focus on small business development for displaced workers as the loss of 2000 jobs, as expected by contract for closure, in our economy is likely to decrease disposable income significantly. Reduced consumption in the region will lower demand for the goods and services of new micro and home based businesses.

Council recommends that the following action be supported to achieve this key direction.

1.1 *Social Impact Analysis*

Context

Both Victorian and Australian governments are undertaking a range of related studies focussing on what structural adjustment might be required in the Latrobe Valley in the future as the economy changes. Latrobe City Council is of the view that it is necessary to undertake a targeted social impact analysis (SIA) of the Latrobe Valley to identify how our community will be impacted by changes to our economy brought on by a price on carbon and the Contract for Closure scheme. For this reason, Council has commissioned a project brief that will be used to inform a future SIA of the Latrobe Valley.

The project brief will contain advice about what a full SIA is likely to cost and early indication has already been provided of between \$250, 000 and \$300,000 for what will be a substantial piece of work. Victorian and Australian Government support is vital in order to complete the full SIA.

2. *Skilling the Valley – education provision and local industry needs are better aligned, and participation in training and higher education increases in line with future industry demands for skills.*

Latrobe City Council supports this direction and associated suggested actions. Council recommends that this direction include a focus on decreasing the time lag between new industries identifying educational and training requirements and the ability of educational institutions to meet those needs.

The Latrobe Valley has an excellent track record in vocational training for our young people. Council also strongly recommends that there is a focus on apprentices in the

Latrobe Valley. This focus should include a review of the apprenticeship system to consider and develop innovative trade training models such as those where an apprentice's education is not reliant on securing a host employer.

3. *Infrastructure for growth – infrastructure to support industry growth and diversification is planned and coordinated by government and industry.*

Latrobe City Council supports this direction and associated suggested actions. Council recommends that the following three actions be supported to achieve this key direction. The actions relate to Latrobe City's three key employment zones which are vital to the future prosperity and growth for the municipality and the broader Latrobe Valley region.

3.1 *Heavy Industry Site Redevelopment*

Context

The former Lurgi site is located on Tramway Road in Morwell. The plant was decommissioned in 1969 and has remained unused. Council has worked with the Victorian Government Property Group for regarding the release of this 26.3 hectare site to the market.

Action

The provision of appropriate infrastructure on this site and its release would accelerate the development of this key industrial precinct. Progression of the project by the Victorian Government would provide infrastructure to remainder of the site, and enable marketing of serviced sites which would attract jobs to the Latrobe Valley.

Government Funding Sought: \$5 million (100+ new jobs estimated)

3.2 Gippsland Logistics Precinct

Context

Latrobe City is Gippsland's industrial heart and has a number of large potential rail users seeking to utilise rail to freight product to Port. This project will facilitate the transport by rail of 29,950 x 60 foot containers in the short term and 20,000 tonnes per annum in bulk materials. Over the long term this would increase to 44,950 x 60 foot containers and 80,000 tonnes per annum in bulk materials.

Action

The provision of infrastructure on the site to support the development of the precinct.

Funding Sought: \$10 million (150+ new jobs estimated)

3.3 Latrobe Regional Airport

Context

Funding to facilitate the growth of the Latrobe Regional Airport as an aerospace industry centre and expand regional opportunities.

Action

Funding and support to further develop the Latrobe Regional Airport to attract aviation related businesses including aerospace industries.

(100+ new jobs estimated)

4. Strengthening innovation and competitiveness – businesses are supported to increase their competitiveness and drive innovation.

Latrobe City Council supports this direction and associated suggested actions. This direction is consistent with Council's Economic Sustainability Strategy (2011) which is the framework by which Council works with our community to cultivate sustainable economic development. Council recommends that the following four actions be supported to achieve this key direction.

4.1 Gippsland Climate Change & Adaptation Project

The Gippsland Climate Change Impacts and Adaptation Study will create a vision for the Gippsland agriculture and forestry sectors to capitalise on the opportunities posed by the transition to a low carbon society and economy. The information and decision-support tools generated in this project will underpin, and guide, high-level strategic planning and infrastructure investment across the region. It will also enable communities to capitalise on the business opportunities, and manage the risks, posed by climate change and other drivers of change. The project contributes directly to several of the strategic directions, including: 1) Transitioning business and workers (by identifying new agribusiness development opportunities over a 50+ year time horizon); 2) Infrastructure for growth (by determining the infrastructure requirements associated with different regional development scenarios and minimising the risks of stranded assets); 4) Strengthening innovation and competitiveness (by providing the region with first-mover advantage on climate change adaptation); 5) Attracting and facilitating investment and trade (by focussing international attention on Gippsland's regional development strategies).

The project receives core funding from the GLGN of \$120,000 per year for two years in 2012/13 and 2013/14, and has applied to the RDA Gippsland for \$130,000 per year for two years. An additional \$50,000 per year for two years is required.

4.2 Carbon Assist

Funding of \$450,000 is sought for the employment by Latrobe City Council for two full time "Carbon Assist" officers over three years to provide updates on the roll out of government funding, training on energy and carbon management and to assist in identifying and capturing opportunities from the Clean Energy Package. The carbon assist officers would work closely with both the community and local businesses.

Funding Sought- \$450,000

4.3 *Contract for Closure*

A commitment is sought to ensure that there is a focus on economic and regional development as a part of the Contract for Closure Negotiations. The future of the 'works areas' of the plants/mines proposed for closure must be included in the purchase plan. The works areas and surrounding land must be used for employment creation.

Contracts must also include a local content component to ensure local firms could benefit from such large scale projects and consideration of a community component to replace vital sponsorship dollars currently provided by generators.

4.4 *Opportunities for Low Carbon Growth in Gippsland*

Support for the implementation of *Opportunities for Low Carbon Growth in Gippsland*- this initiative would save the region almost \$100 m annually by 2020, while reducing emissions by 1.5 million tonnes per year. Businesses in the region could save approximately \$82 million each year by improving energy efficiency and reducing fuel use.

5. Attracting and facilitating investment – existing businesses are supported to expand and new businesses are assisted to locate in the Latrobe Valley.

Latrobe City Council supports this direction and associated suggested actions. Council recommends that the following nine actions need to be also included to achieve this key direction.

5.1 Latrobe Valley Industry & Infrastructure Fund

Context

Council understands that the Victorian Government has received fewer applications than anticipated for this \$10 million fund.

Action

A renewed commitment by the Victorian Government to increase the awareness of the fund and to provide assistance to local firms to access the fund is sought. This increased commitment would include increased marketing and communication of the fund, increased guideline flexibility and increased access by local firms to departmental staff in the region. This would ensure 100% take up of the available funds.

5.2 Brown Coal & Energy Research

Context

The Latrobe Valley hosts one of the world's largest deposits of brown coal. Latrobe City Council supports the balanced and sustainable use of brown coal as an energy source and will work with researchers and government agencies to support low emissions coal technology research efforts and to encourage the development of pilot plants and research facilities in the Latrobe Valley. Areas for research focus including geothermal, carbon capture and storage and the conversion of Co2 to algae.

Action

Latrobe City implores both State and Federal Governments to link funding of research grants to location of research facilities in Latrobe City. Council also seeks a commitment to funding for the development of the Centre for Sustainable Industries at Monash University Gippsland Campus.

5.3 *Brown Coal Projects*

Context

There are many proposed projects that are dependent on Latrobe Valley brown coal and are valued at billions of dollars that are not shovel ready. There is reluctance by all levels of government to pick winners however the encouragement of Government funding for trial plants using new brown coal technologies is a key priority. The brown coal resource located within the Latrobe Valley is enormous and represents hundreds of years of supply. The resource is the focus of potential investment and development from companies world wide.

Action

Whilst Latrobe City Council does not have a formal position on the brown coal projects outlined in *Securing Our Future* we do seek direct Government support for brown coal related project proponents to expedite projects and subsequently employment.

5.4 *Investment Attraction & Facilitation*

Context

Latrobe City is operating in a rapidly changing economic landscape. Population growth, technology advances, the ageing workforce, globalisation and a future low carbon economy present both challenges and opportunities for Latrobe City. Opportunities identified through Council's Economic Sustainability Strategy include low emission and renewable energy technologies, food processing facilities, shared services, alternative coal use, soil carbon programs and business tourism and events.

Action

Invest Australia and Invest Victoria to prioritise the Latrobe Valley as the number one investment location in Australia for a period of five years for all relevant and appropriate in-bound investment opportunities.

5.5 Accelerated Business Growth Program

Context

The Latrobe Valley is home to a large number of highly successful firms operating in sectors such as food production, advanced manufacturing and forestry, timber and paper. Growing these firms is vital to the further diversification of our economy.

Action

The development of an Accelerated Business Growth Program- a business development program for up to fifteen high performing businesses located in the Latrobe Valley. This initiative would be developed by the three local government areas of the Latrobe Valley in partnership with relevant Victorian and Australian Government Departments. It will assist businesses to expand and to increase employment.

5.6 Clean Energy Package Education

Context

Our community is seeing the opportunity for change and is preparing to work through a process of economic diversification. Opportunities in areas such as small business innovation, the aviation industry, continued confidence and growth in the property market and retail sector are being leveraged on. *Carbon Assist Officers*- The proposed model is similar to that used to manage the GST transition process and Latrobe City could potentially support an early pilot of the concept prior to a broader roll-out of the scheme. The Carbon Assist positions could focus specifically on households, community groups, and small to medium enterprises.

Action

Funding of \$450,000 over three years is sought for two full time “Carbon Assist” positions over three years, and located in the Latrobe City Council offices to provide support for businesses and to engage with our community.

5.7 *Fostering Innovation*

Context

Council has identified the key role that it will play in delivering strategic business development activities that aim to enhance growth in employment by retaining businesses in Latrobe City and maximising opportunities for expansion and new investment. Harnessing our local and international business networks, Latrobe City Council will assist new and existing businesses to expand and invest in Latrobe City by providing information and data to support decision-making, brokering partnerships and building business capacity. A key to business development is the fostering of innovation.

Action

Funding to increase support for local firms in the area of innovation- fostering and supporting innovation will assist local firms to grow. This support needs to be targeted at small to medium enterprises and adequately funded and resourced.

5.8 *Building the Investment Brand*

Context

A strong, progressive and recognised Latrobe City investment brand that emphasises the liveability of the Latrobe Valley is imperative. The Latrobe Valley is home to a large number of highly successful firms operating in sectors such as food production, advanced manufacturing and forestry, timber and paper. These successful firms produce world class goods and services yet are not always readily identified as being located in the Latrobe Valley. Examples Major industry sectors: power generation (85% of Victoria's power needs), pulp and paper, engineering and fabrication. Other industry sectors: ICT, food processing, manufacturing, timber processing, waste processing and government services. Major companies include: power generators, Australian Paper (reflex paper), GippsAero (GA8 Airvan), Lion National Foods (260 million tubs of Yoplait yoghurt annually), Lyndale Poultry (62.5 million eggs produced annually), Australia's largest fish farm (3.5 million goldfish annually), timber products, fine food and wine.

Action

Support for the development of a sophisticated industry capability statement for the Latrobe Valley which highlights the success and growth of individual firms and showcases the competitive advantages of the Latrobe Valley.

5.9 *Replacement of 2000 jobs*

Context

Conservative figures commissioned by Council show that 2000 mega watts closed in our community will result in the loss of more than 2000 jobs. The consumption impact alone caused by the loss of 2000 jobs would equate to a loss of \$125 million per annum from our economy.

Latrobe City Council has been preparing for this change since 2009 through the development of a comprehensive strategy and plan to assist our community and economy to transition smoothly to a low carbon future. In more recent times Council has formalised a list of projects for funding and assistance that will create immediate jobs to replace those lost through the contract for closure process. Council has worked tirelessly to inform the community as to what is expected to occur and to advocate for a smooth transition where our economy is not adversely and disproportionately impacted.

Council and our community are ready to ensure that engagement and consultation translate into actions and real 'on the ground support'. Council is unwavering in its view that a successful transition relies on proactive transitional assistance from the Australian Government in the area of sustainable employment creation ahead of the transition.

Action

Development of a \$70 million Jobs Fund to replace the 2000 jobs that are expected to be lost through contract for closure. This fund is to be flexible and will represent the Australian Governments contribution to the Latrobe Valley Advantage Fund and will be used for employment creation.

6. Working together – government, business, unions and other regional stakeholders work cooperatively to diversify and grow the region's economy.

Latrobe City Council supports this direction and associated suggested actions. Council provides the following commentary and additional actions.

Latrobe City Council over the last three years has sought to form strong partnerships with State and Federal Government so that collectively the three levels of Government can contribute to a smooth and successful transition to a low carbon economy in Latrobe City and the Gippsland region. Latrobe City Council recognises that the scope of the task to transition to a low carbon emissions future is far beyond the capacity of Council acting alone. While Latrobe City Council supports the efforts at a national level to address climate change through the mitigation of carbon emissions, we are also keen to see our economy; community and the broader region continue to prosper. Latrobe City Council is of the view that, with the appropriate transition mechanisms in place, climate change mitigation, economic growth and regional development can be achieved.

Latrobe City Council supports a vast range of initiatives and projects underway within the Gippsland Region and works closely with the Australian and Victorian Governments, the Gippsland Local Government Network, Gippsland Trades and Labour Council, Regional Development Australia Gippsland, Monash University Gippsland, GippsTAFE, Gippsland Climate Change Network, RMIT and many, many others. Council's role is well defined through our adopted policy.

Council submits that both the Victorian and Australian Governments need to clearly articulate their respective roles in the context of the Latrobe Valley Industry and Employment Roadmap. These roles need to articulate the initiatives and actions that both levels of Government will undertake to create sustainable employment in the Latrobe Valley. To date the effort and resource has been directed at evidence gathering and evaluation. This has meant that the development of genuine partnerships to deliver actions has been difficult.

The associated actions suggested in page 19 of the discussion paper require appropriate regional resourcing. Many of the governance structures within the Latrobe Valley are not resourced to provide and implement regional information or to deliver regional projects. The structure is far ahead of the provision of resource and it often falls to local government to fill the void between regionalism and localism. The Gippsland Regional Development Australia Committee appears well placed to undertake a range of Gippsland or Latrobe Valley initiatives but may require an increased level of dedicated resource to undertake the activities that the Committee deems relevant and appropriate.

Are there additional or alternate themes or proposals that should be incorporated in the LVTC's advice to government?

An additional theme for incorporation is one of liveability. Investing in the liveability of the Latrobe Valley is fundamental. It is fundamental for three main reasons and these are:

1. Liveable cities that boast world class infrastructure attract population. Council has worked with many multi national firms looking for Greenfield sites to set up operations over the last 15 years and understands that liveability for workers is an important criterion in investment attraction.
2. Victoria's regional centres have a key role to play in accommodating Victoria's population growth which is expected to increase from 5.5 million in 2011 to 7.4 million in 2026. The Victorian Government has already identified Victoria's regions as an opportunity to support growth and accommodate a larger share of population growth. It is projected that regional Victoria will grow by 600,000 by 2036. With thoughtful and integrated planning, this population growth could provide significant opportunities for Latrobe City and the broader area of the Latrobe Valley to enlarge its population and diversify its economic base.
3. The provision of recreation, retail, entertainment and transport facilities and infrastructure positively impact the liveability of our region. Latrobe City is a vibrant and diverse community. Council understands the benefits of ensuring that the changing needs and aspirations of our diverse community are met by providing facilities, services and opportunities that promote an inclusive and connected community. Council currently has a program of planned upgrades of recreational and community facilities and will continue to work to implement these improvements throughout the transition period. In enhancing infrastructure and services, it is vital to continue to plan strategically and to implement strategies and planning schemes that support development while maintaining a unique regional lifestyle.

Council recommends that the following four actions need be supported to achieve an additional direction of Liveability (Direction 7)-

7.1 *Well Planned Communities*

Context

Over 800 hectares of undeveloped land have recently been released in Latrobe City for residential development. This is the largest single land release in Gippsland since World War II and will assist in meeting the current demand for residential land. Council seeks support to assist planning for urban growth, particularly in large urban growth corridors around the main towns that formed part of the 800 hectare land release.

Action

This support would include funding or the provision of additional resources for the preparation of development plans and development contribution plans. This support would also include funding for the future provision of key shared infrastructure. Development plans and development contribution plans provide an excellent opportunity to co-ordinate the need for social services, key shared pieces of infrastructure and connected open spaces. Development contribution plans provide the ability for council and the community establish a framework whereby key shared infrastructure costs identified in a develop plan can be levied. Both plans are an essential ingredient for well planned communities.

7.2 *Moe Civic Precinct Project*

Context

This urban renewal project will deliver significant beneficial change to the Moe Activity Centre and rail precinct. The project will see the creation of a civic precinct comprising of a library learning hub and will provide much needed high quality public realm improvements for the town centre. Adjacent to this building is the civic plaza which is designed as a multipurpose public place, this will feature a café breakout area and a broad ranging youth designated space, as well as family picnic and play areas. The project once implemented will provide the Moe community with a safe, attractive, vibrant town centre.

Action

The Moe Civic Precinct Project is an innovative response to increase social connectivity and offer a facility that will allow for leading edge service provision. It is a significant program of new public infrastructure development within the Moe Activity Centre that will act as a catalyst for investment and development and will provide a world class civic space that encourages social inclusion and community participation.

Total Project Cost: \$25 million. Government Funding Sought: \$20 million

7.3 Latrobe Performing Arts & Convention Centre

Context

With the Latrobe Valley economy in transition, it has been recognised that arts and creativity will play a critical role in identifying and responding to new opportunities and thereby delivering stronger social and economic dividends.

Action

The capabilities and capacities of existing performing arts facilities in Latrobe City are no longer adequate to meet the demands or expectations of the community and the needs performing arts touring groups and companies. Latrobe City does not have a convention centre large enough to accommodate the ever increasing market demand. A new Performing Arts and Convention Centre will attract inbound performances and events which will deliver enhanced liveability outcomes for the region. The facility will contribute to economic activity within the Gippsland region and the arts sector by creating opportunities to extend intra and inter state tours etc. A feasibility study undertaken by Latrobe City Council has identified an opportunity to develop a new complex at Kernot Hall in Morwell which will meet expectations and the demand for performing arts and convention activities.

Total Project Cost: \$15 million Government Funding Sought: \$12 million.

7.4 Gippsland Regional Indoor Aquatic Facility

Context

A recent feasibility study completed by Latrobe City Council has identified the need and viability for a major swimming event venue. This project will allow local athletes and recreational participant's access to a state of the art aquatic and leisure facility. The facility would become the major hub for swimming in Gippsland. It would be designed to attract and host regional, state and national events, thus making a significant contribution to the local economy. The project provides a unique opportunity for the project to be best practice in relation to environmental sustainability. This is due to the location of the facility in being in close proximity to underground reserves which will allow for the pool hall and water to be heated using geothermal technology. This energy source is being built into current designs and the Latrobe Valley has been identified as one of the few regions in Australia where this type of innovation could be implemented.

Action

This \$30 m project will provide Gippsland with its first indoor fifty metre aquatic facility and associated health and leisure infrastructure. It would include other facilities such as a hydrotherapy pool, program pool, and gymnasium and fitness rooms. Total Project Cost: \$30 million. Government Funding Sought: \$25 million.

Discussion Paper Feedback

Discussion Paper	Comments
<p><i>Introduction (p. 7)</i> <i>The discussion paper considers existing regional local government economic development strategies, and analysis and recommendations made in concurrent economic planning strategies in Gippsland. The latter includes the Gippsland Tertiary Education Plan (Nov 2011), the Gippsland Region Sustainable Water Strategy (September 2011) and Gippsland Integrated Land Use Plan, and Victorian Brown Coal Roadmap.</i></p>	<p>Council appreciates the need for the discussion paper to contain contemporary references/information but notes that without access to draft reports such as the Brown Coal Roadmap it is difficult to provide comment.</p>
<p><i>Overview of Latrobe Valley's Economy (p.11)</i> <i>Sectors projected to decline in GRP contribution include electricity and coal mining, and education and training. While forecasting shows a decline in education and training that reflects a continuing slow-down in national and state growth in this sector, other research indicates the sector will actually grow in the medium term. Sector contributions to employment-Industry sectors projected to experience strong employment growth to 2031 include:</i></p> <ul style="list-style-type: none"> • agriculture; • retail trade; • exploration and mining services; • food manufacturing; • construction; • health care and social assistance; and • transport logistics. <p><i>Sectors projected to experience employment decline include wood and paper manufacturing, electricity and coal mining, and education and training.</i></p>	<p>Seek clarification on “education and training” and whether it will decline or grow- analysis on GRP and contribution to employment for the sector appear to be “at odds”.</p> <p>Clarification sought on rationale for decline in wood and paper manufacturing employment decline. Is the projection a decline in employment growth or a decline in employment? Does the projection include proposed investments by Australian Paper?</p> <p>Clarification sought on the rationale for retail trade growth and construction in the face of declining employment in electricity and coal mining. Is the growth based on assumed population growth and if so what are the assumptions behind average earnings and multiplier spend of the increased population.</p>
<p><i>Clean Energy Future Plan (page 12) The Commonwealth Government's Clean Energy Future plan also provides opportunities to help grow and diversify the economy through investment in research, development, demonstration, and commercialising alternative</i></p>	<p>Opportunity to seek further support and assistance from the Australian Government to ensure a strong uptake of opportunities. This support might include funding for coordination of submissions and applications</p>

<p>energy sources and low-pollution technologies. Support for new technologies and practices will help attract new regional investment and support jobs growth. This support includes the Clean Technology Program, the Carbon Farming Initiative and other land sector measures.</p>	<p>to ensure that the Latrobe Valley is resourced to pursue opportunities under the Clean Energy package.</p> <p>In particular, supporting new technologies to progress to demonstration scale in the Latrobe Valley will be vital to realising long term benefits.</p>
<p><i>Contract for Closure (Page 12) The Commonwealth Government's 'Contract for Closure' may directly impact Latrobe Valley's brown coal-fired generators. The process describes targeted and phased closures, potentially affecting direct jobs in generator companies, permanent contract jobs as well as casual employment.</i></p> <p><i>Notable downstream impacts may also occur due to the concentrated loss of high income jobs, the loss of energy sector companies as major purchasers of local services and goods, and other flow-on effects which reduce business and investor confidence.</i></p> <p><i>Effects will be most pronounced in Latrobe City but close ties between Latrobe City's industry base and the residents and businesses located in Baw Baw and Wellington mean the Latrobe Valley could be more widely affected.</i></p> <p><i>Nonetheless, uncertainty surrounding the extent and pace of changes in the Latrobe Valley further emphasises the importance of establishing effective mechanisms to manage future changes in the region's economy and workforce.</i></p>	<p>2000 megawatts lost from Latrobe City represents approximately 2000 jobs that need to be replaced. Concern that the discussion paper understates the potential impact on our economy.</p> <p>Range of assistance required:</p> <ul style="list-style-type: none"> • Community education/awareness on contract for closure and clear agreed implications • Community/industry engagement to develop a plan post 1 July to ensure detailed planning and funding for site remediation work, loss of rates, opportunity for focus on economic and regional development through site remediation and other issues. • Joint government oversight committee to examine issues/detail that will arise from contract for closure.
<p><i>Other Economic Influences (page 13) Population in the Latrobe Valley is projected to grow by 10% to 2026, from its present 162,675 to just over 178,500.</i></p> <ul style="list-style-type: none"> - <i>Baw Baw is one of the fastest growing regional areas in Victoria and is forecast to continue growing at a rate above the State average;</i> - <i>Latrobe City's population is expected to increase steadily at a rate below the State average, with particularly strong growth forecast for Traralgon; and</i> - <i>Wellington's population is forecast to be relatively stable, with some fluctuation in different townships</i> 	<p>Recommend current population for each local government area is included. State comparison analysis is absent for WSC yet included for BBSC and LCC. Recommend that LCC projected growth rate of 1% be stated as well as the state average projected growth rate. Note Traralgon SLA growth rate is predicted to be 55% of the 1% growth rate.</p>
<p>Comparative Advantages of the Latrobe Valley- P.14 Access to Melbourne</p>	<p>Note that the passenger rail access to Melbourne is good but currently there is limited freight access as there is no open access intermodal freight terminal.</p>
<p>Challenges for regional industry and employment growth (page 15) Transport</p>	

<p>infrastructure -These include improving freight capacity on the Gippsland rail line, rail and road connectivity with Melbourne's port and airports, more efficient logistics and freight handling, and better intra-regional public transport links that improve access across major town centres and with key regional services such as Monash University at Churchill. The region will benefit from proposed enhancements to the Dandenong rail corridor however consideration will need to be given to the region's connection with the expanded Port Hastings. An effective intermodal hub will improve freight handling but rail gauge differences have the potential to limit access to the national rail network.</p>	<p>The Gippsland Logistics Precinct project should be referenced in this section. Council is currently seeking to attract private sector interest in the establishment and operation of the Gippsland Logistics Precinct. The GLP will provide rail freight access to the Port of Melbourne and the Port of Geelong.</p> <p>Council also notes that there are currently no Victorian Government proposals to deliver or even to plan for rail connectivity to the Port of Hastings from Gippsland.</p>
<p><i>Challenges for regional industry and employment growth (page 16)</i> <i>School retention rates in Gippsland are significantly lower than in metropolitan regions, with year 7 to year 12 apparent retention at 70.5%. This is well below the Victorian average of 85.6%.</i></p>	<p>Comparison to regional Victorian average (60.6%) should also be considered. Latrobe City has a Year 12 or Equivalent retention rate of 56.9% which is slightly lower than regional Victorian average. However trades based training outcomes are better than other regions.</p>
<p><i>Opportunities to attract new industry and employment (page 17)</i> Bioenergy</p>	<p>Council questions this opportunity based on information that the Victorian Government is currently exploring outer eastern suburbs of Melbourne as the new location for this type of activity.</p>
<p><i>Opportunities to attract new industry and employment (page 18)</i> Alternative uses for coal</p> <p><i>New technologies are evolving that enable alternative uses for brown coal. These include developing exportable dried coal as a fuel source, liquid fuels for transport and aviation, fertilisers and methanol.</i></p>	<p>Council seeks direct Government support for brown coal related project proponents to expedite projects and subsequently employment in the Latrobe Valley.</p> <p>A key challenge for our community and the broader region is to better understand the range of proposed coal projects and where they sit in the investment pipeline and the challenges that each project faces i.e transport & logistics, access to the resource, cost of doing business in a carbon constrained economy, proving technology. Building community understanding/engagement is key in retaining social license as outlined in the Comparative Advantages of the Latrobe Valley section of the discussion paper.</p>
<p>Opportunities for agriculture and food production (page 18)</p>	<p>It would be useful to reference the DPI Climate Change and</p>

The Latrobe Valley and broader Gippsland region is set to become an increasingly important centre for agricultural production. The region's high annual rainfall, temperate climate and highly productive soils make it particularly conducive to agricultural production, particularly around its existing strengths in dairy, meat, vegetable and aquaculture. Further economic opportunities are likely from developments in more intensive production, higher value products and expansion of on-farm and off-farm production. This includes potential expansion of the regions food processing sector.

Adaptation work which highlights the region's competitive advantage under climate change.

Other Opportunities

Advancing aviation and defence (page 19). The Latrobe Valley has a regional airport at Morwell and advanced manufacturing capacity in aeronautics. East Sale has a Royal Australian Air Force base which is also the location of several specialist training schools. The Department of Defence is seeking approval to proceed with redeveloping the current site. A separate review is examining the potential to secure a permanent Defence Pilot Training School at the Sale RAAF base through the Federal Defence Department Project Air 5428.

The Latrobe Regional Airport to be referenced in full i.e. not just as a "regional airport". Aviation and aerospace manufacturing strengths across the Latrobe Valley are likely to drive economic growth through construction activity and ongoing employment in the short to medium term.