



# **LATROBE CITY COUNCIL**

**SUPPLEMENTARY AGENDA FOR THE  
ORDINARY COUNCIL MEETING**

**TO BE HELD IN NAMBUR WARIGA MEETING ROOM  
CORPORATE HEADQUARTERS, MORWELL  
AT 6.00 PM ON  
14 NOVEMBER 2016**

**CM492**

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# **URGENT BUSINESS**

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*Business may be admitted to the meeting as urgent business in accordance with clause 26 of the Meeting Procedure Local Law by resolution of the Council, if it relates to a matter which has arisen since distribution of the agenda and:*

1. *cannot safely or conveniently be deferred until the next Ordinary meeting;  
or*
2. *involves a matter of urgent community concern.*

**URGENT BUSINESS**

**RECOMMENDATION**

**That Council, in accordance with section 26 of the Meeting Procedure Local Law, admits the following item of urgent business:**

**18.1 A Strength Led Transition Document**

**18. URGENT BUSINESS**

**18.1 A STRENGTH LED TRANSITION DOCUMENT**

**General Manager**

**Community Services**

**For Decision**

**PURPOSE**

The purpose of this report is to present to Council the discussion draft of the document '*A Strength Led Transition – A community aspiration for a strong, sustainable and prosperous future*' and to secure 'in principle support'.

**EXECUTIVE SUMMARY**

In May 2016, Council adopted a new economic development strategy, Latrobe City Council Economic Development Strategy 2016-2020. The key strategies contained within this document focus on three key strategic areas; education and training, branding and image, and investment attraction. Since its adoption, Council has been implementing the actions contained within this document.

In addition to Council's Economic Development Strategy 2016-2020 Council has also been working on the development of an economic diversification and transition document, currently entitled (working title) '*A Strength Led Transition – A community aspiration for a strong, sustainable and prosperous future.*'

The document '*A Strength Led Transition*' is designed to complement and contemporise Council's transition approach as discussed in the 2010 document '*Positioning Latrobe City for a Low Carbon Emissions Future*' and the further work '*Securing Our Future*' produced in 2013.

On 21 July 2016, Latrobe City Council held a Community Conversation entitled, '*Securing Our Economic Future*'. More than 100 community members attended this forum and shared their thoughts, ideas and aspirations with Council for an economic transition which would provide dignity to those who would no longer be employed in the power station sector, build hope for the future and create optimism for young people in our community.

The Community Conversation was a positive event which harnessed the collective effort and creativity of our community.

Following the Community Conversation, Council held an Industry Think Tank, attended by a range of business and industry stakeholders.

The outcomes of the Community Conversation and the Industry Think Tank are combined with work undertaken by Council in the implementation of its Economic Development Strategy. This amalgam of effort is now contained in the draft document, '*A Strength Led Transition.*'

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Upon entering the caretaker period, Council has been unable to continue community engagement work in this space due to the provisions of the *Local Government Act 1989*.

Council's caretaker period officially ended on the 22 October 2016 and a new Council was declared on 31 October 2016.

On the 3 November 2016, Engie, as the owner of the Hazelwood Power Station, announced that it would complete closure of the Hazelwood Power Station by the end of March 2017. The Plant employs 750 people with 450 direct employees and 300 contractors.

The company has said that around 250 workers will remain at the power station between 2017 and 2023.

With the announcement of closure now confirmed, the need for Council to finalise the transition and diversification document is now urgent.

Prior to and since the announcement, Council has repeatedly stated the need for the community of Latrobe City to be at the epicentre of any structural, socio-economic transition and diversification.

As a Council, we acknowledge that a successful transition and diversification of our economy can only be achieved when all levels of government work generously with the impacted community.

The Latrobe City community is a remarkable asset. It is Council's intention to harness the thoughts, innovations and ideas of our community and to ensure that the voice of our community is heard in all transition and diversification discussions and at all levels of government.

Our community and strengths based document 'A Strength Led Transition' seeks to demonstrate the passion and determination of our community. It details a transition and diversification approach in six key domain areas being: wellbeing, community connectedness, building economic resilience, community liveability, economic growth and education.

Our objectives in developing this document are to galvanise our community to fight for what it deserves and to position Latrobe City Council as the lead in a bipartisan transition for the Latrobe City community.

'In principal support' is sought for the draft document, 'A Strength Led Transition' to enhance Council's continued proactive engagement and advocacy with State and Federal Governments to secure a dignified, strengths based economic transition and diversification outcome for our community.

### RECOMMENDATION

**That Council gives 'in principle support' for the discussion draft of the document 'A Strength Led Transition – A community aspiration for a strong, sustainable and prosperous future.'**

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### **DECLARATION OF INTEREST**

No officer declared a conflict of interest under the *Local Government Act 1989* in the preparation of this report.

### **STRATEGIC FRAMEWORK**

This report is consistent with Latrobe 2026: The Community Vision for Latrobe Valley and the Latrobe City Council Plan 2013-2017.

#### Latrobe 2026: The Community Vision for Latrobe Valley

*Strategic Objectives:*

- *Actively pursue long term economic prosperity for Latrobe City, one of Victoria's four major regional cities.*
- *Actively pursue further diversification of business and industry in the municipality.*
- *Actively pursue and support long term job security and the creation of new employment opportunities in Latrobe City.*

#### Latrobe City Council Plan 2013 - 2017

##### Theme and Objectives

*Theme 1: Job creation and economic sustainability*

*Strategic Direction – Work in partnership with business, industry and government to create new jobs and investment in Latrobe City.*

### **BACKGROUND**

Latrobe City is one of Victoria's four major regional cities, less than two hours' drive from Melbourne. It is known for excellence in engineering capability, education and health care and as a cultural and commercial centre for Gippsland. It also produces most of Victoria's electricity from its extensive brown coal resource and is home to a highly skilled workforce.

In 2010, Council adopted a policy 'Positioning Latrobe City for a Low Emission Future', which was the first of its kind in Australia. This important policy set the scene for Council's proactive approach to creating economic growth and moving towards a low carbon economy.

Securing our Future was produced in 2013 to complement the transition policy and set out a series of immediate asks from the State and Federal Governments to assist the region create real and sustainable jobs. The document also provided a report card to the community and provided a way for Council and the community to celebrate local successes. Most of the initiatives detailed in the document have been implemented and completed.

In May 2016 Council adopted its new economic development strategy, Latrobe City Council Economic Development Strategy 2016-2020. The strategy seeks to reposition the municipality as the Engineering Capital of Australia.

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Council is working with the community to deliver a vision and transition which will give the community confidence and which is grounded to some extent in community led action. This is the first time that Council has sought to develop a transition and diversification document in partnership with the community.

The announcement on the 3 November 2016, that the Hazelwood Power Station would close in March 2017, with a small number of staff remaining on site to remediate the mine, was not entirely unexpected. However the timing of the announcement and the speed at which closure would occur was a shock to the community.

Prior to the announcement, Council had already commenced the development of an economic diversification and transition document, currently entitled (working title) 'A Strength Led Transition – A community aspiration for a strong, sustainable and prosperous future.'

This document was developed following a Transition and Diversification Communications and Advocacy Briefing provided to Council on 6 June 2016.

Initial plans were to develop this document through a range of business and community engagement activities, the first of which was held on the 21 July 2016 – a community conversation; the second of which was held on the 27 July 2016 – an industry think tank entitled 'Securing Our Economic Future.'

While Council still remains committed to the continued engagement and co-design approach there is a pressing need to have a draft document which has 'in principle support' to enable an escalation in the advocacy lobbying activities following the announcement on the 3 November 2016.

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). Furthermore, an additional 8 jobs were found to be sustained in the local economy for every 10 jobs in the electricity sector (Compelling Economics 2008).

Therefore, there are approximately 2,500 additional jobs sustained due to electricity sector activities giving a total of 5,600 (approximately 20%) jobs related to the sector.

The argument of an immediate escalation of our advocacy and engagement with the State and Federal Governments is compelling.

'A Strength Led Transition' will be an evolving document in recognition of the dynamic and ever changing nature of any transition.



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### **KEY POINTS/ISSUES**

A Strength Led Transition – A community aspiration for a strong, sustainable and prosperous future' had six key funding domains. These are:

- Wellness
- Community connectedness
- Building economic resilience
- Community Liveability
- Economic growth
- Education

While there are a range of stakeholders and lobby groups positioning themselves to represent a successful transition for the Latrobe Valley, Council has one unique point of difference in that it is the only entity in the transition and diversification space which has already engaged with the community and has the commitment to continue to engage with the community.

A range of the opportunities identified in the document are the brainchild of our community and have emerged as a result of the community conversation and the business and industry think tank.

Council has and continues to advocate for a central role for our community in the development of any plan to move forward.

Council has also advocated that the epicentre of any transition efforts must be firmly located in the Latrobe City municipality and has welcomed the State Government's establishment of the Latrobe Valley Authority.

While Council acknowledges that residents of other municipalities travel to the Latrobe City for work, 100% of those jobs are located in Latrobe City.

### **RISK IMPLICATIONS**

Risk has been considered as part of this report and it is considered to be consistent with the Risk Management framework.

A failure to secure economic sustainability is a key strategic risk issue for Latrobe City Council. This risk acknowledges the important role of the power generators in the economic foundation of Latrobe City and the considerable contribution that these generators make to the rates income of the municipality.

On average, \$7.98 million is contributed by six power generation facilities in lieu of rates in accordance with the Electricity Industry Act 2000. Each in lieu of rates contribution is based on the generating output of each site.

Of the six power generation facilities five are reliant on brown coal as their major source of generation and one is a gas fired facility. The brown coal facilities are serviced by 3 main open cut mines, all of which are located within the boundary of Latrobe City Council.

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The State Government has published its position in relation to transitioning away from fossil fuel based power generation, which will likely impact on the residents of Latrobe City Council at some point in the future through the closure of generation facilities.

It is acknowledged that a full closure of Hazelwood Power Station will remove a significant amount from Latrobe City's annual income. A failure to build economic capacity and secure a sustainable source of income in a rates capped environment will have significant issues for Latrobe City, its residents and ratepayers.

### **FINANCIAL AND RESOURCES IMPLICATIONS**

There are no immediate financial or resourcing implications in giving 'in-principle support' to the document 'A Strengths Led Transition'.

### **INTERNAL/EXTERNAL CONSULTATION**

*Engagement Method Used:*

To date Council has commenced a collaborative discussion with its community regarding the development of a community vision for its economic transition and diversification. Council's collaborative work will continue once 'in-principle support' has been secured.

It is intended that a second Community Conversation will be held in the coming weeks.

### **OPTIONS**

In considering the provision of 'in-principle support' for the document 'A Strength Led Transition – A community aspiration for a strong, sustainable and prosperous future', Council has the following option:

- Provide 'in-principle support'
- Not provide 'in-principle support'
- Seek further development to the report prior to the provision of 'in-principle support'.

### **CONCLUSION**

The announcement by Engie on the 3 November 2016 to commence a full closure of the Hazelwood Power Station has immediately placed some 750 jobs in Latrobe City at risk.

As a Council, we understand that a successful transition and diversification of our economy can only be achieved when all levels of government work generously with the impacted community.

The Latrobe City community is a remarkable asset. It is Council's intention to harness the thoughts, innovations and ideas of our community and to ensure that the voice of our community is heard in all transition and diversification discussions and at all levels of government.

Our community and strengths based document 'A Strength Led Transition' seeks to demonstrate the passion and determination of our community. It

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details a transition and diversification approach in six key domain areas being: wellbeing, community connectedness, building economic resilience, community liveability, economic growth and education.

Our objectives in developing this document are to galvanise our community to fight for what it deserves and to position Latrobe City Council as the lead in a bipartisan transition for the Latrobe City community.

'In principal support' is sought for the draft document, 'A Strength Led Transition' to enhance Council's continued proactive engagement and advocacy with State and Federal Governments to secure a dignified, strengths based economic transition and diversification outcome for our community.

**Attachments**  
Nil