

Victorian government response

Legislative Council Economy and Infrastructure Committee inquiry into the closure of the Hazelwood and Yallourn power stations

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it.

We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

DEECA is committed to genuinely partnering with Victorian Traditional Owners and Victoria's Aboriginal community to progress their aspirations.



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Victorian Government Response to LCEIC Report Recommendations

This response has been prepared in accordance with the Guidelines for Victorian Government Submissions and Responses to Inquiries.

The following key sets out the five categories of response, which are consistent with the Guidelines.

Key	
Support in full	All elements of the recommendations are supported.
Support in part	Some elements of the recommendations are supported.
Support in principle	The Victorian Government generally supports the intent or merit of the policy underlying the recommendations but, does not necessarily support the method for achieving the policy.
Under review	Further analysis is required for the Victorian Government to determine its position.
Not support	The Victorian Government does not support the recommendation.

No.	Recommendation	Type of response	Response
1	<p>That the Victorian Government continue to work with EnergyAustralia — including via the Latrobe Valley Authority—to undertake consultations with impacted workers, businesses and communities to determine the impact of the closure of the Yallourn mine and power station.</p> <p>Future Victorian and Commonwealth Government support for affected workers, businesses, and communities should be tailored to meet current and future needs, including as they relate to long-term transition and development.</p>	Support in full	<p>The Victorian Government will continue to work closely with EnergyAustralia on planning and early intervention activities for Yallourn’s workforce, supply chain transition and the broader community in 2023 and beyond. The Department of Jobs, Skills, Industry and Regions (DJSIR), which includes the Latrobe Valley Authority (LVA), in collaboration other parts of government, is working to create employment opportunities across Gippsland and support the transition of Latrobe Valley workers, their families and the community through industry closure events over the next decade. DJSIR (including the LVA) works closely with government, business, industry, education, and the community across Gippsland to deliver projects, programs, and services to support the region and set it up for a strong future. The scope and focus of LVA programs have varied over time as the region has moved through different stages of the transition process. Examples of LVA programs include providing targeted support to impacted workers, businesses, and communities in the lead up to and following industry closure events.</p> <p>In particular, the LVA <i>Worker Transition Service</i> (WTS) has connected workers and their families to the right services by providing skills, training, information and personal support to pursue new employment opportunities or start their own business. The WTS is operating in conjunction with other efforts in the region including EnergyAustralia’s \$10 million <i>Power your Future Program</i> (announced November 2022) to ensure that training and support are available for Yallourn employees and their families, contractors, and supply chain businesses. Importantly the WTS will support impacted casual and contract workers who work at Yallourn, including those who work both at Yallourn and at the other coal-fired power stations in the Latrobe Valley when required.</p> <p>The Victorian Government provided a further \$7.2 million in the 2023-24 Budget to continue the LVA’s operations, supporting the management of economic transition in the Latrobe Valley and Gippsland.</p>

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		<p>Funding was also provided for the Ladder Step-Up program to provide employment support for young people and for delivery of the Inclusive Employment Program by the Gippsland Trades and Labour Council.</p> <p>The Victorian Government's work in Gippsland will be informed by the forthcoming <i>Latrobe Valley and Gippsland Transition Plan</i> (the Transition Plan). The LVA is engaging with a broad range of community, business, not for profit, industry and government stakeholders to develop the Transition Plan and understand the region's key priorities and aspirations for a prosperous and inclusive Gippsland in 2035. Engagements with the region have included public consultations and the release of a <i>Discussion Paper</i> and draft Transition Plan and in early 2023. The Transition Plan will identify priorities in economic diversification and employment growth, with a strong focus on workers and businesses affected by the closure of coal-fired power stations in the Latrobe Valley and other industry transition across Gippsland.</p> <p>Transition in the region will also be supported by collaboration with the Australian Government's <i>Net Zero Authority</i>. Announced in the 2023-24 Australian Budget and currently being established, the <i>Net Zero Authority</i> will support transitioning regions, with a focus on the Latrobe Valley and Gippsland already identified.</p> <p>Long-term transition and development in the region will also be supported by the re-establishment of Victoria's State Electricity Commission (SEC), which will be based in Morwell and will facilitate future opportunities for impacted workers while also driving Victoria's transition to renewable energy. The Victorian Government is acutely aware of the need to understand the long-term skills and jobs needed to support this broader transition, including in the Latrobe Valley and Gippsland, and work is ongoing to plan for new energy jobs and workforce development.</p> <p>The LVA's work is also complemented by several Victorian Government initiatives, including state-wide renewable energy and emissions reduction targets and investments in Renewable Energy and Offshore Wind Zones in Gippsland that will directly support economic transition in the region.</p> <p>The Victorian Government will also work with AGL to understand potential workforce and supply chain impacts of the closure of the Loy Yang A power station by 2035 (announced subsequently to the release of the Inquiry's final report).</p>
<p>2 That the Latrobe Valley Authority, in partnership with other agencies and Departments within the Victorian Government (including but not necessarily limited to Regional Development Victoria and the Department of Jobs, Precincts and Regions), consolidate an analysis of the outcomes of the Worker Transition Service, and the ways in which this work can apply to future worker transition supports. This analysis should include the extent to which affected workers' needs and priorities have been, or are able to be, met.</p>	<p>Support in full</p>	<p>The LVA is committed to regularly reviewing and evaluating the outcomes of the <i>Worker Transition Service</i> (WTS) and the ways that it can be applied to support future worker transitions and industry closure events. The WTS has enabled a close partnership with Regional Development Victoria (RDV), TAFE Gippsland Skills and Jobs Centre, Gippsland Trades and Labour Council, Workways, Gippsland Employment Skills and Training, Jobs Victoria, and Australian Government service providers.</p> <p>The WTS has supported over 1,400 people impacted by industry closures including the closure of the Hazelwood power station and mine, through connecting workers and their families to services including skills, training, career advice, assisting to navigate through the broad range of services and personal and mental health support.</p> <p>The LVA is continuing to learn from the closure of Hazelwood and is incorporating these lessons into WTS program responses for Yallourn and other industries experiencing transition. The LVA will continue to share information about the outcomes associated with the WTS model with the operators of coal-fired power stations in the Latrobe Valley and other parts of government.</p>

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		<p>The Victorian Government provided a further \$7.2 million in the 2023-24 Budget to continue the LVA's operations, supporting the management of economic transition in the Latrobe Valley and Gippsland. Funding was also provided for the Ladder Step-Up program to provide employment support for young people and for delivery of the Inclusive Employment Program by the Gippsland Trades and Labour Council.</p>
<p>3 That the Victorian Government continue to work with EnergyAustralia to:</p> <ul style="list-style-type: none"> • identify businesses across the supply chain in advance of Yallourn's closure • provide support to help these businesses adapt to the closure and, where possible, employ new workers. 	<p>Support in principle</p>	<p>The Victorian Government will continue to work with EnergyAustralia and other partners in the Latrobe Valley and Gippsland to identify supply chain impacts before the closure of the Yallourn power station and mine.</p> <p>More broadly, the Victorian Government will continue to partner with local government to support businesses and workers across the region. This includes, for example, the LVA's support for the continued delivery of a <i>Business Support Service</i> in partnership with Gippsland's six local governments to provide free tailored information and advice to local business.</p> <p>The LVA works closely with EnergyAustralia on several programs including the WTS and GROW Gippsland (Growing Regional Opportunities for Work) that aim to strengthen social and economic outcomes and increase job opportunities through maximising local procurement spend in Gippsland.</p> <p>Future economic and employment opportunities will emerge from investment in renewable energy and other priority industries outlined in the <i>Gippsland Regional Economic Development Strategy</i> (REDS) including health and allied care, food and fibre, tourism, and advanced manufacturing. The Victorian Government is supporting these emerging future growth industries by collaborating with industry, education providers, all levels of government, and the community to better understand the depth and diversity of these opportunities in Gippsland.</p>
<p>4 That the Victorian Government—including via the Latrobe Valley Authority—continue to work with industry and training providers, including EnergyAustralia, to:</p> <ul style="list-style-type: none"> • identify and support job creation opportunities in new and existing industries that are aligned with the skills, expertise and capabilities of enterprises equipped to provide new opportunities in the lead-up to, and following the closure of, the Yallourn mine and power station. • ensure that, as occurred through the Worker Transition Service and the Latrobe Valley Authority's partnerships with industry and Councils, training and support opportunities are available for workers to develop the skills needed to fill new employment opportunities, including in priority industries, and for 	<p>Support in full</p>	<p>The Victorian Government, led by DJSIR (including RDV and the LVA), is working to establish the foundations for Gippsland's long-term prosperity and economic transformation in the lead up to and following industry closure events. DJSIR and other Victorian departments and agencies provide funding and deliver programs to support a long-term strategic focus on innovation and competitive advantage in the region to drive new employment growth and prosperity.</p> <p>The Victorian Government will continue to work with industry and education and training providers in the Latrobe Valley and Gippsland to identify and support job creation opportunities that are aligned with identified future growth industries in the lead-up to and following the closure of the Yallourn power station and mine and Loy Yang A.</p> <p>The LVA has been partnering with education providers and industry in Gippsland to understand current and future workforce requirements. Several region-specific reports have been commissioned by the LVA in recent years including the <i>Gippsland Future Health and Community Services Workforce Report</i>, the <i>Gippsland Regional Labour Force Participation Report</i> and the <i>Gippsland Energy Skills Mapping Report</i>, which have helped inform the Victorian Government about the levels of training and reskilling that will be required for current and future energy workers in the region, including Yallourn workers.</p> <p>The reports commissioned by the LVA complement the <i>Victorian Skills Plan</i> (the Skills Plan) that was released by the Victorian Government in August 2022. The Skills Plan provides a comprehensive overview of Victoria's labour market and the immediate challenges and opportunities. The Skills Plan provides a regional skills snapshot for each of Victoria's regions and identifies the need for 12,900 new workers in Gippsland by 2025. The Skills Plan is based on data and analysis and extensive stakeholder insights and</p>

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		<p>businesses to develop and implement transition plans that enable new jobs to be created.</p> <p>aims to join up skills and training with jobs in metropolitan and regional settings to deliver needs for industry and workers to create high quality employment opportunities.</p> <p>The Victorian Government provided a further \$7.2 million in the 2023-24 Budget to continue the LVA's operations, supporting the management of economic transition in the Latrobe Valley and Gippsland. Funding was also provided for the Ladder Step-Up program to provide employment support for young people and for delivery of the Inclusive Employment Program by the Gippsland Trades and Labour Council.</p> <p>The LVA's work will be supported by the Victorian Government's <i>Clean Economy Workforce Development Strategy 2023-2033</i>, which is a 10-year planning and investment framework to prepare the state's workforce for a net zero future. It provides a foundation for the training pathways needed to meet the growing demand for skills as Victoria moves towards net-zero emissions by 2045.</p> <p>The Victorian Government has also committed to significant investment in new energy skills through the \$170 million Building Better TAFE Fund, which includes a \$50 million TAFE Clean Energy Fund, and will support the establishment of a Clean Energy Centre at TAFE Gippsland in Morwell in its first set of investments.</p> <p>To achieve the actions identified in the Skills Plan, the Victorian Government will partner with the Australian Government, local governments, industry, employers, unions, and training and education providers to address priorities in skills provision, reforming the training and skills sector, and to enable workers and industry to make informed skilling and career choices.</p>
<p>5 That the Victorian Government publish an outline of the functions of the Latrobe Valley Authority and Regional Development Victoria respectively, including how they relate to other parts of the Victorian public sector, other levels of government and industry.</p>	<p>Support in principle</p>	<p>The Victorian Government, through DJSIR, will publish an outline of the functions of the Latrobe Valley Authority (LVA) and Regional Development Victoria (RDV).</p> <p>The LVA and RDV Gippsland work together with other parts of government to support the Latrobe Valley and Gippsland region.</p> <p>The LVA was established by the Victorian Government in November 2016 to manage and coordinate both the immediate response and long-term transition support for the region following the abrupt closure of Hazelwood. The LVA was given a clear mandate by the Victorian Government to do things differently.</p> <p>The LVA works with the community and key stakeholders in business, the education sector and government to help build regional capacity and capability and improve economic outcomes. The LVA supports the diversification of the region's economy with a specific focus on the region's identified future growth industries including new energy health and allied care, food and fibre, tourism, and advanced manufacturing.</p> <p>Key functions of RDV are set out in the <i>Regional Development Victoria Act 2002</i> (the RDV Act), including the administration of Victoria's <i>Regional Jobs and Infrastructure Fund</i>, which leverages private sector investment to support the growth and diversification of regional economies, population growth, and liveability improvements. RDV also coordinates the <i>Gippsland Regional Partnership</i> and <i>Regional Development Australia – Gippsland Committee</i> to deliver evidence-based advice to the Victorian and Commonwealth governments.</p>

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<p>6 That the Victorian Government publish information relating to job creation involving the Latrobe Valley Authority's work as it relates to business and industry in the Latrobe Valley and across the Gippsland region more broadly. This information where possible should include detail aligned with other methods of data collection in the Australian Bureau of Statistics, Commonwealth and Victorian Government modelling and reporting methodologies, including the sectors, modes and duration of employment. Information about the mode, duration, and sector of direct and indirect work in the operation of the Hazelwood and Yallourn mines and power stations should also be published to enable meaningful comparisons where relevant.</p>	<p>Support in principle</p>	<p>The Victorian Government through DJSIR and other agencies and departments (including the LVA) provides the policy settings to support and facilitate strong and sustainable employment growth across regional Victoria, including Gippsland.</p> <p>Tracking the long-term outcomes of individual jobs is costly, resource intensive and may have privacy implications. Accordingly, the Victorian Government will consider publishing information about job creation associated with the LVA's work on the LVA or DJSIR website (or both).</p> <p>Since 2016, the LVA has delivered initiatives and programs to support job creation across the Latrobe Valley and Gippsland. For example, the LVA and Solar Victoria have recently secured funding of \$2.9 million from Jobs Victoria to develop training and employment opportunities for people in the new energy sector in Gippsland. The project will see the LVA and Solar Victoria work with service providers, training providers, employers, and the community to create jobs in Gippsland by 2024 and deliver pilot programs to access jobs in the new energy economy.</p> <p>The LVA is committed to monitoring and evaluating its programs and projects to provide clarity and support for partners and community to understand the scope and impact of the LVA's work in the region.</p>
<p>7 That the Latrobe Valley Authority list its performance indicators on its website, including continuing to define its future role in terms of funding decisions and how it will enhance economic and social strengths.</p>	<p>Support in principle</p>	<p>The LVA delivers on the priorities outlined in the <i>Ministerial Statement of Expectation</i> (the Statement) made by the Minister for Regional Development. The Statement outlines the Victorian Government's expectations of the LVA between 1 January 2022 and 30 June 2023. The Statement can be accessed on the LVA's website.</p> <p>The LVA will similarly publish any future performance indicators on its website to support the continuing definition of its role in supporting and promoting sustainable economic development and prosperity across the Latrobe Valley and Gippsland.</p>
<p>8 That the Latrobe Valley Authority identify gaps in community awareness of its work and continue to address these gaps or misunderstandings by promoting its work, including as it relates to the 2022–23 Victorian State Budget's allocation of \$7.5 million to continue and evolve its work on transition and development for the Latrobe Valley Region, including through the development of a long-term plan for transition and development across the Latrobe Valley region that builds on work already done.</p>	<p>Support in full</p>	<p>The LVA will review and identify gaps in community awareness of its work. Where possible, the LVA will continue to promote the outcomes associated with its work, including programs delivered jointly with regional partners as the region continues its transition.</p> <p>The LVA is uniquely placed to engage with the Latrobe Valley and Gippsland community through its place-based operations and will continue to operate an open-door policy in Morwell and listen to the community to understand what matters to them.</p> <p>The 2022-23 Victorian Budget provided \$7.5 million to the LVA to work on transition and development activities for the Latrobe Valley and Gippsland. This comprises:</p> <ul style="list-style-type: none"> • Staffing and operations (\$6.067 million in 2022-23 only) – to support continued employment of 32 LVA staff and cover core operational costs. • LVA program delivery (\$1.48 million in 2022-23 only) <ul style="list-style-type: none"> ○ Business Concierge Service (\$0.35 million) ○ Ladder Step Up Program (\$0.42 million) ○ Inclusive Employment and Workforce Transition Project (\$0.36 million) ○ Development of a Regional Transition Plan and updated LVA Evaluation (\$0.35 million).

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		<p>The LVA has led the development of a Transition Plan for the region. The Transition Plan will set out a high-level vision, along with goals and guiding principles for a successful transition. The LVA is engaging with a wide range of stakeholders from the community, business, industry, and government to understand their priorities and aspirations for a prosperous and inclusive Gippsland in 2035.</p>
<p>9 That the Latrobe Valley Authority identify and publish a timeline for its work to develop and implement localised transition and development across the Latrobe Valley, and the benchmarks against which it will operate.</p>	<p>Support in full</p>	<p>Timelines for the delivery of the LVA's work are guided by the Minister for Regional Development's <i>Ministerial Statement of Expectation</i> (the Statement), as well as by specific delivery timeframes set out in the 2022-23 Victorian Budget. The Statement outlines the Victorian Government's expectations of the LVA covering the period 1 January 2022 to 30 June 2023 and is published on the LVA website. The Statement outlines the Victorian Government's expectations of the LVA to contribute to growing the economy of Gippsland by creating jobs, building thriving places and regions, and supporting inclusive communities.</p> <p>The Statement lists the following priorities for the LVA until 30 June 2023:</p> <ul style="list-style-type: none"> • Regional development and industry and worker transition • Partnerships and collaboration • Transition plan • Support for broader transition across the state including forestry. • Reporting and resources.
<p>10 That the Victorian Government develop a residual risks policy for the mines at Hazelwood and Yallourn. The policy should address risks associated with ground instability and fire.</p>	<p>Support in principle</p>	<p>The residual risks, including those associated with ground stability and fire, that relate to the operation, closure and rehabilitation of the Latrobe Valley mines are being addressed at a local and regional level through complementary initiatives and programs, including:</p> <ul style="list-style-type: none"> • The Latrobe Valley Regional Rehabilitation Strategy (LVRRS) which provides guidance to the mine licensees, government, the community and other key stakeholders on issues that need to be considered in planning for and undertaking rehabilitation of the Latrobe Valley's three brown coal mines. • Statutory obligations, duties and powers established by the declared mine regime under the <i>Mineral Resources (Sustainable Development) Act 1990</i> and its subordinate regulations, which enable government, declared mine operators (the Latrobe Valley mine licensees), the community and other stakeholders to make decisions relating to declared mine land and the risks and liability of those sites. • Measures for financial assurance to rehabilitate and maintain sites, including rehabilitation bonds, the mine stability levy and the proposed trailing liabilities scheme which seeks to strengthen financial safeguards against impacts of operator insolvency as announced by the Government in May 2022. Additionally, the Declared Mine Fund will cover post-closure management and monitoring costs of declared mine land transferred to the Mine Land Rehabilitation Authority. • The Environment Effects Statement (EES) process, under the <i>Environment Effects Act 1978</i>, which can enable the referral and assessment of rehabilitation proposals and operations that may have a significant effect on the environment. The EES process involves public consultation and the appointment of a Technical Reference Group to advise on the technical adequacy of the proposed EES, including the adequacy of rehabilitation plans in managing risks associated with ground stability and fire. An EES process is already underway for the Hazelwood mine rehabilitation project.

