



Briefing paper on the Victorian Government's Upper House Inquiry into the closure of the Hazelwood and Yallourn power stations

The Gippsland Climate Change Network strongly supports the Government's pledge to reduce the state's emissions to net-zero emissions by 2050.

As stated in the Victorian Climate Change Strategy 2021 "With over two-thirds of Victoria's emissions coming from the energy sector, renewable energy provides the largest opportunity to cut our emissions." We understand that the coal fired power plants based in the Latrobe Valley are most affected by this shift to a low carbon economy and encourage the efforts from the State Government to support workers through this necessary transition.

The Latrobe Valleys transition from an economy grounded in the coal fired power stations comes at a time of significant disruption to the energy sector. As explained in the Rethinking Energy 2020-2030 Report by FutureX "We are on the cusp of the fastest, deepest, most profound disruption of the energy sector in over a century. Like most disruptions, this one is being driven by the convergence of several key technologies whose costs and capabilities have been improving on consistent and predictable trajectories – namely, solar photovoltaic power, wind power, and lithium-ion battery energy storage".

The GCCN therefore welcomes the inquiry into the closure of Hazelwood and Yallourn Power Stations and wishes to make the following observations on the terms of reference.

Impact of the closure of the Hazelwood Power Station on the economy and jobs of the Latrobe Valley, and the success or otherwise of economic recovery efforts to date

The closure of the Hazelwood Power Station has had a profound and disruptive effect on the economy of the Latrobe Valley and of Gippsland more broadly. The short notice of closure of the Hazelwood Power Station did not allow time to plan for job losses. Consequently, the Latrobe Valley saw an increase in unemployment and stress on business and the community. Demand for social services, financial and employment services and mental health support rose. Business suffered and the need for a diversified economy was obvious. These lessons need to be kept in mind during future closures.

Gippsland is bearing the brunt of Victoria's transition to a cleaner future both socially and economically and it needs considerable attention and resources to be directed to its future.

There have been some successes and a few failures with the economic recovery efforts however we encourage the Government to continue to pursue a local approach to finding solutions.

The Victorian Council of Social Services (VCOSS) Submission to the 2016 Federal Inquiry into the retirement of coal fired power stations (2) demonstrated that place-based approaches can bring together community members, community organisations, businesses, governments, and public services such as schools and health centres, to solve local problems and build on local strengths. They can empower people to develop and drive innovative community solutions, and successfully integrate them over time. And they can help build stronger communities, better equipped to overcome entrenched poverty and disadvantage.



Despite this understanding, we see too many decisions being taken outside of the Latrobe Valley without the understanding of local issues. We strongly support the Government consulting with the local community including the Latrobe City Council to find local solutions.

Too often it is said that our large amounts of coal are the Latrobe Valleys biggest asset and solutions have advanced new industries based on coal extraction and processing using carbon capture and storage to hide the inevitable emissions. We believe that spending vast amounts of money on coal conversion connected to an expensive, untried solution for at best a temporary solution is a pathway to nowhere. Why not simply invest in totally renewable solutions to begin with?

Real transition away from coal provides opportunities for the Gippsland region which has existing infrastructure and resources compatible with new energy solutions. The transition to a low carbon energy sector can also provide opportunities to diversify Gippsland's economy and stimulate growth in the renewable energy, energy efficiency, geothermal, bioenergy including green hydrogen sectors which will provide significant employment opportunities.

It is natural to expect some pathways not to succeed and our economic recovery will need courage by Governments to stay the course.

Expected economic impacts of the proposed closure of Yallourn Power Station in 2028 and options the State Government can pursue to offset the loss of more than 1,000 direct jobs from the plant, as well as associated contractors.

We have seven years to put adequate planning and action in place to ensure a smooth transition for the workers and the Latrobe Valley community.

We believe there are extraordinary benefits of the new energy system as explained by leading economist Ross Garnaut in his trip to the Latrobe Valley in 2020 "The fog of Australian Politics on climate Change has obscured a fateful reality: Australia has the potential to be an economic superpower of the future post-carbon world".

The existing regional heavy industry skills associated with power generation provide significant opportunity to develop an advanced manufacturing sector with the ability to adopt new technologies and innovative processes, produce specialised products (e.g. for wind and solar farms) and strengthen supply chains across the economy.

There are significant opportunities and cost savings associated with the proximity to existing power infrastructure and high voltage powerlines which would be beneficial for the establishment of renewable energy parks and multi-use sites.

There is also a skilled labour resource that can be redeployed to renewable energy options with training ensuring that the transition is fostering local jobs by increasing local expertise and addressing the negative wellbeing impacts on communities from closing traditional energy generation facilities and associated job losses.

We believe Governments need to pursue a positive plan for the transition of workers displaced from these industries; such opportunities are highlighted by the Gippsland Renewable Energy Zone and should feature:



- Infrastructure to support connecting the Star of the South Offshore wind Farm and the Gippsland Energy Park to the Latrobe Valley grid.
- The development of new training courses locally in renewable industries.
- Creating Megawatt scale floating solar on mine sites,
- Hydrogen production from renewable sources.
- Investment in Community Energy Hubs
- Geothermal energy
- Delburn Wind Farm
- Demolition and rehabilitation of mining sites
- Bioenergy hubs capturing the agricultural strength of the region including bio crops growing near disused mine sites

We must recognise that it is not only direct employees who are affected, and that there is a need to encourage employment and training in a wide range of activities from business to the arts, health and innovation. By spreading the base of the economy, the risk of future economic challenges is reduced.

Support of the Latrobe Valley Authority (LVA) to help the region transition, in light of the decline of funding made available to the LVA over successive State Budgets

The creation of the Latrobe Valley Authority was essential to assist with worker employment and retraining after the Hazelwood closure. Local employment and businesses were supported by creating demand for services, such as upgrades of sporting facilities, development of Morwell HiTech Precinct, Latrobe Regional Aquatic Centre and the Latrobe Performing Arts Centre. Some other ventures were less than successful and perhaps greater scrutiny could have been applied if it were not for the speed with which alternative employment had to be created. It has since evolved into being a leader of new initiatives throughout Gippsland.

We support the ongoing work of the Latrobe Valley Authority with a guaranteed source of funding which can provide ancillary services beyond local government's financial ability and a direct line to decision makers. As we have outlined, this is a crucial time for our development and we need a locally based authority whose remit and capability are to lead us through this change.

The Latrobe Valley Authority has pursued a local approach seeking to imbed project workers in key authorities to support their development and the incubation of new ideas. It has Adopted a bold EU initiative called "Smart Specialisation" which seeks to provide guidance to decision making featuring an industry, education, community and government link to new directions. These pursuits take time and while not all projects will be successful we strongly support the need for continued and improved funding for the LVA.

We see this Upper House Inquiry as an opportunity to reinforce the positive progress amongst stakeholders and to emphasise the need to support local people through this transition. We would be happy to provide further information or speak to the submission if required.



References

1. <https://www.rethinkx.com/energy-lcoe>
2. <https://vcoss.org.au/analysis/2016/11/help-latrobe/>
3. Ross Garnaut 'Super-power' Australia's low-carbon opportunity