

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into the closure of the Hazelwood and Yallourn Power Stations

Melbourne—Wednesday, 16 March 2022

MEMBERS

Mr Enver Erdogan—Chair

Mr Bernie Finn—Deputy Chair

Mr Rodney Barton

Mr Mark Gepp

Mrs Bev McArthur

Mr Tim Quilty

Mr Lee Tarlamis

PARTICIPATING MEMBERS

Dr Matthew Bach

Ms Melina Bath

Dr Catherine Cumming

Mr David Davis

Mr David Limbrick

Ms Wendy Lovell

Mr Andy Meddick

Mr Craig Ondarchie

Mr Gordon Rich-Phillips

Ms Harriet Shing

Ms Kaushaliya Vaghela

Ms Sheena Watt

WITNESSES (*via videoconference*)

Ms Beth Jones, Chief Executive Officer, Regional Development Victoria, and Deputy Secretary, Rural and Regional Victoria,

Ms Jane Burton, Executive Director, Earth Resources Policy and Programs, Forestry, Resources and Climate Change, and

Mr Anthony Hurst, Executive Director, Earth Resources Regulation, Forestry, Resources and Climate Change, Department of Jobs, Precincts and Regions; and

Emeritus Professor Rae Mackay, Chair of the Board, Mine Land Rehabilitation Authority.

The CHAIR: The Economy and Infrastructure Committee public hearing for the Inquiry into the Closure of the Hazelwood and Yallourn Power Stations continues.

I wish to acknowledge the traditional owners of the land, and I pay my respects to their elders past, present and emerging.

My name is Enver Erdogan, and I am Chair of the committee. I would like to introduce my fellow committee members present today: Ms Melina Bath and Ms Harriet Shing.

To all witnesses giving evidence, evidence taken at this hearing is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during the hearings is protected by law. However, any comment repeated outside the hearing may not be protected. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded, and you will be provided with a proof of the evidence transcript following today's hearing. Ultimately transcripts will be made public and put on the committee website.

We welcome opening comments and ask that they be kept to a maximum of 10 to 15 minutes to ensure we have plenty of time for discussion. We have today Ms Beth Jones, Chief Executive Officer, Regional Development Victoria, and Deputy Secretary, Rural and Regional Victoria; Ms Jane Burton, Executive Director, Earth Resources Policy and Programs, Forestry, Resources and Climate Change; Mr Anthony Hurst, Executive Director, Earth Resources Regulation; and also Emeritus Professor Rae Mackay, Chair of the Board, Mine Land Rehabilitation Authority. Over to you, witnesses. Who would like to begin?

Prof. MACKAY: That is a good question. Beth, did you want to go first, or do you want me to launch?

Ms JONES: I am happy to launch. Thank you very much. I would also like to begin by acknowledging the traditional owners of the lands which we are gathered on. I am here on the lands of the Wadawurrung people, and I know that much of the work we are focusing on today happens on the land of the Gunaikurnai people. I pay my respects to elders past, present and emerging and recognise their continuing connection to the land and waterways of Victoria's regions.

Thank you very much for the opportunity to present to the committee. I am really proud to work for the communities of rural and regional Victoria, alongside the many committed regional development officers that we have in DJPR. I have been the secretary of Rural and Regional Victoria group as well as the Chief Executive Officer for Regional Development Victoria since June 2019, and prior to that I was an executive for a number of years in Agriculture Victoria. I have always lived and worked in regional Victoria and have a deep understanding of the issues and opportunities faced by regional communities and feel very privileged to work on them.

Of all the regions Gippsland and the Latrobe Valley have faced many challenges. We know what a substantial economic and social shock it was for the valley when Hazelwood closed in 2017. The community has also been through other upheavals: the 2009 Black Saturday bushfires, the 2014 Hazelwood mine fire, bushfires in 2019–20, drought, recent extreme weather events and of course the COVID-19 pandemic.

Within this context I am lucky enough to manage two great agencies who serve the Latrobe Valley and the Gippsland region more widely: RDV Gippsland and the LVA. RDV Gippsland and the LVA have helped lead

economic recovery from many of these events I just spoke about, working with industry, local communities and across government to build a stronger economy and a better future for the people of the Latrobe Valley and broader Gippsland region. I know that our teams are out there every day listening to and working with communities and businesses to build on the region's strengths as its communities and economies continually change. And we know the magnitude of this task. Economic data has been highlighting for some time in the Latrobe Valley that the disadvantage from past events remains. RDV and the LVA are on the ground with communities. We hear firsthand the difficulties that are still faced by some parts of our community. RDV and the LVA work closely together and have distinct but complementary roles.

RDV is the lead agency responsible for economic and community development across regional Victoria. RDV supports growth through a range of mechanisms including the Regional Jobs and Infrastructure Fund that is designed to deliver place-based jobs, planning and infrastructure investment. RDV also supports regional partnerships and the Regional Development Australia Gippsland committee to grow and strengthen the economic resilience of the region.

The LVA is the key transition agency for the region—a truly place-based approach. A lot of the discussions in this inquiry have focused on the closure of the Hazelwood and Yallourn power stations and the impact that this has had and will continue to have on the people and the economy of the valley as we move away from coal-fired power stations towards new industries and opportunities. This is a community in transition, and helping the community through this transition is the speciality of the LVA. The LVA is focused on supporting the valley's long-term and economic diversification that will provide sustainable business and employment opportunities and broader community prosperity as the region moves to a future beyond coal-fired power generation. It is also the lead agency delivering fit-for-purpose worker transition services to impacted workers and their families.

The LVA and RDV are working together to deliver a collaborative, place-based approach to regional development in the Gippsland region, and this collaborative approach, supported by the Latrobe Valley community following the closure of Hazelwood, has contributed to softening the associated impacts. The two agencies work together to deliver much of the \$266 million Latrobe Valley support package, including support for business growth, supply chain transition and major projects. This joint work has contributed to more than 4000 jobs through combined programs and the construction of major projects in the valley, including the Gippsland Hi-Tech Precinct and innovation centre in Morwell, the Gippsland Regional Aquatic Centre and the Latrobe GovHub. LVA and the RDV continue to identify future economic, employment, social and environmental opportunities in the valley, and it is great to see the range of innovative sector development and investment attraction opportunities that teams are working on with stakeholders in the community.

In pursuing economic diversification the LVA and RDV work hand in hand with the people of the valley to assist the region with transition, to help prepare for the closure of Yallourn in 2028 and to help build a prosperous and sustainable future for the community. A priority for my teams, through RDV and the LVA, is to pursue strategic growth opportunities identified through the evidence base provided in the regional economic development strategy, which is currently being developed for Gippsland. The REDS is evidence based. It brings together detailed analyses of the socio-economic context, the deep understanding of local priorities and aspirations and insights on drivers of change. It identifies strategic directions that will drive future economic growth and employment opportunities in the region, and these growth sectors include food and fibre, new energy, health and wellbeing, tourism and advanced manufacturing.

Aligned to this the RDV and the LVA will continue to partner with industry, government, education providers and the community to maximise opportunities for economic diversification, growth and the creation of quality long-term jobs. We have got every reason to be optimistic about the future of the Latrobe Valley in Gippsland. There is good momentum, and the tone of conversations is really around opportunity. RDV and LVA staff are working on the ground with the community in place and across government in the areas that we know will make the biggest difference. I am proud of what these teams have achieved and their deep commitment to working together with the community every step of the way. Thank you.

The CHAIR: Thank you for that, Ms Jones. Professor Mackay, would you like to add a few words to that contribution?

Prof. MACKAY: Yes. Would it be possible to just share a short PowerPoint?

The CHAIR: Yes, of course.

Visual presentation.

Prof. MACKAY: Okay. Thank you very much. I will probably be somewhat different in the way that I present. I am just going to give a few introductory remarks around mine rehabilitation. Some of them, I think, will be familiar to you, but I thought it was worth pointing out just where mine rehabilitation sits within the broader scheme of development and transition in the region. Effectively we have been mining in the Latrobe Valley for a long period of time, and we have made quite substantial changes to large areas of the Latrobe Valley. Mine rehabilitation is about taking those areas that we have altered and transitioning them to the next land use, and that could be a variety of land uses. We have discrete groups that have very significant contributions to make in each of the areas. The mine operators are involved in the financing, planning and construction of the landforms and in setting the scene for the land uses there. Obviously the government has a very strong role in relation to policy approvals and regulation. But tacked onto that of course are the community, and the community are really there to drive the expectations for mine rehabilitation and the outcomes that we have and to drive a vision for the region.

The role of my group, the Mine Land Rehabilitation Authority, during the processes of rehabilitation is to monitor and to facilitate the planning and the implementation of rehabilitation but also to work with the community and with all stakeholders in relation to engagement and provide assurance to everyone, including the government, that the work of rehabilitation is progressing in the right direction and is delivering on its expected outcome. Post rehabilitation the authority's role is to monitor and to manage rehabilitated land. And the reason for that is that there are likely to be residual risks that are attributable to that land, and we want to minimise those as much as possible, but if we cannot minimise them we need to be able to manage them. The MLRA has been established to deliver on that role.

Prior to becoming part of the MLRA of course I was the mine rehabilitation commissioner for the Latrobe Valley, and I thought I would just dig out some of the community preferences that were elicited over the three-year period of being the commissioner. It is quite important because the community wants an attractive and productive rehabilitated landscape. They need that as well as it being safe, stable and sustainable. They are very clear that they do not want mine rehabilitation to impact adversely on the region and in particular on downstream water bodies and water users if water was to be used for rehabilitation. They are very clear that they want public accessibility to the land. The land at the moment is in private ownership, so there will obviously be an interest in transitioning further from that towards a wider ownership condition. They do not want to close out the opportunity for future coal development, and of significant concern in rehabilitation was that that might happen. It should not happen, but they are concerned that future coal development is something that they would like to see there. They also want to see all of this happen really quite quickly, and they want to be able to celebrate the region's history.

Those are all very important community aspirations, but they do not all come with compatibility in terms of scope and requirements. Getting things done quickly may not be possible because of availability of resources et cetera. And for that reason it is really important that we understand that we have three mines in this region that are some of the largest in the world. The mining void areas cover more than 40 square kilometres. The land area that is going to become available when the licences are relinquished is more than 135 square kilometres. Mining has introduced instabilities and it has introduced fire risks, and control of those has been essential throughout the whole of the mining program. As we go into the future, rehabilitation means that we must ensure that ground control continues into the future and that fire management continues into the future, but we need to minimise the requirement to undertake that as an active management process. We want as far as possible to make this a passive management process.

For that reason the mine operators have for a long period of time, not just recently, been very committed to final landforms which effectively use water as the stabilising medium for the landscape. That also helps in terms of other future potential uses, but it comes with the downside that it requires a significant volume of water to be taken from a water source going into the future. The key point here is that even if we at looked at water as a rehabilitation source, the time lines that we are talking about for rehabilitation of the three mines are very long. We are not talking about a quick transition here; we are talking about a multidecadal transition. That means short-term wins in economic terms are about the rehabilitation processes and not about the outcomes in terms of future land uses. If we looked at all sorts of alternative ways of potentially rehabilitating these landforms, the indicative timeline I put up here does not change that much. We may be able to bring forward completion of rehabilitation at Hazelwood to 2040, but we may not as well, and we may have to extend beyond. These are significantly long periods of time.

The reason they are significantly long periods of time is because we do not have that much water in the Latrobe Valley. If we want to speed up the process, we need alternative water. We need to recognise that water resources in the Latrobe Valley are likely to change. Climate change is being recognised. The features of climate change in terms of a more dynamic climate and weather systems, the features of potentially reducing available water, are all present in the Latrobe Valley, and they are things that we need to manage and manage carefully going forwards. It is really critical that we do that. If we look at water security in this area, we could find ourselves very short of water very quickly if the drier end of the climate scenarios actually comes to fruition. Of course we could see ourselves go the other way and actually become wetter. We are in a very uncertain and unsure environment at the present time.

The context for the region is that over the last 20-plus years we have had a history of damaging ground movements and fires. We have had plans which have been in place for quite a long time that would use lake forms to solve those issues, but there is a recognition, and this came out of the fire inquiry in 2015, that local water resources are at significant risk from climate change impacts. Alongside that, the community has a strong advocacy for using water not for rehabilitation but for alternative water uses, and if water is to be used for rehabilitation, they do not want those alternative water uses to be degraded or prevented from occurring. So at the moment we are in the process of carrying out—continually—wideranging options assessments to see how we can actually finalise the rehabilitation of the area. We have new regulations in the pipeline that are improving the way in which we manage rehabilitation going forwards, but a key outcome of this is that we still have uncertainty of outcomes, and there are still future risks that remain around mine rehabilitation. The community is concerned about that, the mine operators are concerned about that and the government is concerned about that, and it will be necessary for us to actually move fairly quickly to reduce that uncertainty, to reduce the future risks and to lead to positive outcomes.

It seems the energy market is creating a very dynamic workspace within which we are working now in terms of transition. There are significant environmental and socio-economic complexities involved in transitioning mine land in the Latrobe Valley. At the moment our current focus is on landform and less on land use, though this should change, and the Mine Land Rehabilitation Authority aims to be at the forefront of making that transition. The timeline for rehabilitation is likely to be long—I would stress probably very long—but nevertheless a shared community vision for the future is essential. It is not going to be easy, but we do see that the role of the MLRA is to help the community build that shared vision and to move forward. If we get the transition right, the long-term value for the region of the rehabilitated lands will be substantial, both for the region and the state. Thank you.

The CHAIR: Thank you very much, Professor Mackay, for that quite comprehensive presentation. It is very helpful to, I guess, get the setting and an explanation. I really appreciate the community feedback you shared earlier as well. It was an interesting insight into what the community is saying in terms of what they would like to see. On that note, I might pass on to Ms Bath to kick off our discussion with the panel. Thank you.

Ms BATH: Thank you, Chair, and thank you, everyone, for being here today. I am sure you all have very busy days, but this, as you would all well agree, is a really important topic in an important region that is heading through transition, and the issues need to be addressed seriously. My first one will go to Ms Jones in relation to RDV and the submission that was presented to this inquiry. Indeed we have heard the figures in relation to job creation. Now, part of an effective transition, and effective finances and spending, is around job creation. Your document mentions 4000 jobs—you have stated that today—and it breaks down to various entities, but what we are seeing is that small area labour market unemployment for Latrobe city, the LGA, is back up at 8.1 per cent. Those are the most recent figures. So there is a disparity between the stated value of jobs and the actual unemployment for Latrobe city. Now, that encompasses, as you know, Churchill, Moe, Morwell, Traralgon and Yallourn, and that is the epicentre of where we have lost the jobs. I believe the community deserves to have some transparency about those stated jobs, where the funding has gone and particularly if those jobs are ongoing, because at the moment it is not being reflected in the unemployment figures.

Ms JONES: Thanks, Ms Bath, for your question, and I certainly understand what you are asking me. I will start with your observation about the employment rates and then come back to the question in relation to are the jobs ongoing. What I can do is talk to the data since 2016. Whichever data source you use, whether it is the ABS small area labour market data or the broader ABS SA4 data, the unemployment rate has fallen. I will point to the time between 2016 and 2019 in particular, Ms Bath, because that was when the Hazelwood power station closure happened, and then we observed the impacts of the pandemic, when all bets were off in terms of what was attributed to what. If I can point to 2016–19, we know that the unemployment rate more than halved in that time, from 11.2 per cent that it was in December 2016 to 5.3 per cent in March 2020. If you use the small area

labour market figures for the Latrobe Valley LGA, that is what you get. If you use the ABS broader data, it reduced from 7.9 per cent in 2016 to 3.7 per cent in 2019. Then of course COVID happened, and we all know what sort of disarray that created for unemployment rates not just in the valley but in quite a range of places around Victoria, Australia and indeed globally.

The other thing I would point to, Ms Bath, is that another measure would be that in 2016 there were 121 000 jobs in the region and currently, as at January 2022 there are nearly 126 000 jobs, so we have seen an increase in jobs in the region since 2016 to today of close to 4700 jobs. By my reading I think there are plenty of statistics that can demonstrate clearly in terms of indicators of employment and jobs in the region.

To your question around are they ongoing, no, not all of them would be. I cannot give you the breakdown of that. I would need to take that on notice, Ms Bath, noting that we of course do not track every single individual job, and it is obviously, as you would know, a very dynamic space. But what I would say just in closing too is that we invest in the jobs, we also invest in indirect outcomes. The investment we make is part of a strengthening of the economy, of building capability and of a whole range of settings that sit around employment growth opportunities for the region.

Ms BATH: Thank you, Ms Jones. I could point to, in that small market data, comparisons between Geelong, Ballarat and Bendigo, but all of those still went through the COVID pandemic, which was significant and devastating. But unemployment in that local government area did not peak like we have seen in the valley. It was somewhat frustrating, if I can be honest, when Mr Buckingham said that the LVA will not be putting out a new report, as it did in 2019 and it was ‘Take the submission that was presented’ by your department, because I think people need to see transparency. In reality there needs to be business confidence that jobs are here or are being produced with investment, and I take the Latrobe Valley Industry and Infrastructure Fund, which was through 2010 to 2014—you may be familiar with that; it was under the Liberals and Nationals. There was a fund, and it was relatively small by comparison. But there was an acquittal—and it is a public document—of funds invested, and there were co-contributions between local businesses and government funding. So there were co-contributions, and businesses certainly put in the bulk of it. But there was an acquittal and jobs available from that. Now, I am not saying that each and every one of those is ongoing, but I think ratepayers, taxpayers and Latrobe Valley residents do need to see where their money is going and whether it is effective. I would like you, if you are able, and I think the community would really appreciate—and deserve—having an unpacking of those sorts of funds that you have put down and where those jobs are. That is my first request.

Ms JONES: Thanks, Ms Bath. I will note your request, yes.

Ms BATH: Thank you. The other part that I want to unpack, and I am paraphrasing a number of people who have presented, would be some communications from the Latrobe City Council and the Committee for Gippsland. They have raised some comments around the need for removal of silos and better working relationships between government agencies and the duplications of conversations or applications. What would you do to better streamline? We have just heard Peter Montgomery from Morwell Hydraulic & Pneumatic talking about the effort that it takes for a small business or an industry owner—and a substantial player—to engage with government departments.

Ms JONES: Thanks for your questions, Ms Bath. I will just comment on the first one and then come back to the second one. I agree with you entirely in terms of the importance of transparency around what is being delivered and what has been acquired for the spending of funds. What I would say is, yes, you are absolutely right in that there was a report released in 2019. The normal channels through which the LVA was reporting back its progress during 2019–20 were a bit disrupted by COVID, so some of the normal community forums and the face-to-face approach which the LVA sees as important in the way it communicates with community could not happen. That did change the trajectory of how the normal conversations happened with communities, so I absolutely concede that.

Having said that, in 2021, at the end of last year, there was an open webinar with the community and a whole series of stakeholder briefings that were absolutely focused, Ms Bath, on what is being delivered by the LVA, what is coming up and certainly getting feedback and information from the community and stakeholders around what is important moving forward. Since then too we have also made sure that the website for the LVA is updated with materials that reflect some of that information, but I certainly take your point that where we can provide additional information and make sure that that information is clearly accessible on websites I can certainly take that away.

In terms of your second lot of questions around silos and the many players and how do you navigate and what would I say in relation to that, that is a huge focus of the LVA and the RDV in working together. I talked at the start in my opening statement around the separate but complementary roles that they have. But that does take work in terms of working through the roles and how we work together, and there is a significant amount of time spent in gathering other stakeholders and players in the region around the table to work through issues and to coordinate. And I think that is absolutely strengthened in recent times. I think some of the ways in which we have been able to engage through COVID, whilst we are all Teamsed-out a little bit and Zoomed-out a little bit, I think it has opened a whole new dimension to engagement, and I would observe there has been some really good building of relationships and streamlining of what you might call previously silos. So that continues to be an absolute focus of both my CEO for the LVA and also Regional Development Victoria regional director Sara, who you have also heard from.

As recently as two weeks ago they had a planning session around this year, what is their role, how they are working together, where are the interfaces and how they are working with stakeholders, so I can only assure you, Ms Bath, that that continues to be an absolute focus, and we see a really important role for both agencies in working across government to make sure that those dots get joined and those opportunities get realised. I would point to things like the business concierge services in each of the six local governments in the region as different initiatives for helping businesses and stakeholders trying to navigate how to find the right people to talk to about information and opportunities. I think that needs to continue to be a focus, Ms Bath. We can always do things better, but it is certainly something that remains an absolute priority for both of my teams moving forward.

Ms BATH: Thank you, Ms Jones. I might change tack and ask some other questions, and Chair, if there is time I will swing back around.

The CHAIR: Sure.

Ms BATH: It is great to have you here with us from far away, Rae, because you have an enormous volume of knowledge in relation to the geotechnical expertise that is the conundrum of our rehabilitation of the mines. I know when we had our last public hearing here a couple of weeks ago Mr Erdogan, Mr Barton and I took the opportunity to go out and have a look at Hazelwood and look at the quantum of the mine pit there. I think, if I can be blunt, it was mind-blowing to see for people who have not experienced the size of the void and the conundrum. Water is the elephant in the corner, but it still needs to be addressed. There will be people who have different opinions about what to do with the mine, but ultimately the township of Morwell needs to be safe and sustainable. I would like you to unpack more about the conflicting issue around water—the conflicting need—the importance of agriculture and how you are going to single-handedly provide the solution. And I say that tongue in cheek.

Prof. MACKAY: Thank you, Ms Bath. Yes, single-handedly I definitely will not be doing that. I am definitely going to be relying on a very large number of other people to actually provide all of the relevant information to deliver the right answer. You are absolutely right: water is the elephant in the room, and in particular local water sources. Local water sources, if we go back 25 years, were effectively in good order. We had significant volumes of water, the water was coming in relatively evenly paced and we would have been able to actually complete rehabilitation with few risks. Because the local water sources are at risk of declining going forwards, there is a question mark about whether enough water can be provided into the pits going forwards to actually allow the rehabilitation to be completed with what are called full pit lakes. In other words, you bring the water level up practically to the same level as the rivers that run alongside the mine. It is fair to say that all the evidence at the moment is that if you can do that, that is the most safe, stable and sustainable landform—well, the most safe and stable. Sustainability becomes an interesting question, because if you have to keep adding water to maintain the water level in a pit, then of course you have to have a source of water to be able to do that.

We need to look at a number of things. One is whether there is another way to rehabilitate the mine without the use of significant volumes of water, and the calculations to date are not promising. The costs attributable to creating a safe, stable and sustainable landform without water are very high. The volumes of rock and earth that you would need are very large, and the costs of moving those are very significant. It is unlikely that you would be able to have enough material locally to be able to do that. So the first trade-off of whether or not you can do this without water—it feels at the moment that that is a very unlikely scenario because of the costs involved. If we are going to then go with water, then the question is: how much water? That calculation is still to be done. We still need to work towards deciding how high the water level needs to be to achieve the level of stability

that is desirable whilst minimising that water level—in other words, taking it to the lowest water level that you can whilst achieving the outcome that you need.

Now, that raises an interesting question. We know that as we lower the water level down the risks of ground movements get higher, the risks of coal becoming re-exposed and fire become higher. So the question is: what is an acceptable level of risk in terms of fire risks and in terms of ground instability risks for these pits? That calculation is still being done, and it is not just a calculation; it is a calculation that has to be done by community, government and the mine operators collectively, together, to come to an agreement on what is an acceptable risk going forwards. There also needs to be a question around: what is an acceptable level of long-term management and maintenance that will be permissible for these pits? And again that is a question which needs to be raised within community, within our government and within the mine operators, because they are all going to be responsible for this going forwards. We need to come up with a clear understanding about what is acceptable.

Other states have developed policies in relation to residual risks, and they have mechanisms for financing or at least insuring against unacceptable residual risks. Victoria needs to go that way. It needs to actually work on a residual risk policy, it needs to work on understanding what those risks are and it needs to be able to communicate them effectively to the community so the community understand what they are going to receive.

Ms BATH: Can I interrupt you and just ask: what is another jurisdiction that you think has reasonable legislation on risk policy?

Prof. MACKAY: Queensland have been working on this for a while, and they have been implementing residual risk assessments. It is still an open question as to whether they have got it exactly right, but we will be meeting with the new commissioner for mine rehabilitation in Queensland shortly, and we will be getting to the bottom of exactly how well they have delivered this process.

Ms BATH: Thank you. Chair, it might be useful if there were some documentation that could come to us. Rae, if that becomes available—

Prof. MACKAY: Very happy to supply that; yes, very happy to supply that.

Ms BATH: Thank you.

The CHAIR: That would be very helpful. Ms Bath, I might ask a few questions and we can come back to you following that, because we have got Rae and we are on a good angle here, and it is very important and it has been coming up quite a bit at all our hearings—the issue of being able to access coal for potential future use. A number of presentations we have had from witnesses have raised that issue, and I noticed it was also in your presentation, from the community feedback. How does that align with the goal for rehabilitating the mines, because obviously one of the proposals—it may not necessarily be feasible, but it seems to be the popular option—is about covering the mines with water or filling them with water? How can the rehabilitation of the mines be done, or is it possible to be done with ensuring future access to the coal as well, because we have heard a lot of proposals about other uses for coal potentially?

Prof. MACKAY: I am going to put a personal view here, all right, so I hope that is acceptable.

The CHAIR: You have extensive experience in this field, so of course.

Prof. MACKAY: My current view is that the mines have become so large that rehabilitating them has become really complex. Keeping them open to allow future mining of coal from within the existing mining voids, I think, is probably not a particularly valuable option going forwards. So if we do not have a use for a mine, let us rehabilitate it. Let us move it forward. There is a substantial volume of coal that is readily accessible across the region. It would not be impractical to develop a new mine. So if there is a clear demand for coal, potentially not at the same rate that we currently mine coal for thermal power generation but maybe slightly less, then a new mine becomes potentially a possible solution. There are two advantages of a new mine, from my point of view. There is not the legacy cost attributable to the existing mines, and there is the possibility of actually designing the mine with rehabilitation in mind. These mines were designed with rehabilitation in mind, but the world moved on faster than the changes in the approach to rehabilitation there, so I think we have an opportunity. If we want to go for an additional mine, we can do that. Now, how easy that is to do within Victoria is an interesting question, but I think it is feasible. I do not think it is going to be appropriate to fill a mine with water and then go, ‘Oh gosh, we’d like to continue to mine in that existing mine’, and then empty

that mine out. I think that would be a complex and time-consuming and genuinely unproductive way of actually continuing coal usage in the Latrobe Valley.

The CHAIR: Thank you for that. I guess you have answered the question I have put. It is an interesting take on the future, but it is an answer. It was a query and an issue I was looking to tease out because of the different proposals being put.

How soon are we looking at—what kinds of time frames about what is going on, final plans and actions on the way? We have talked about and we have heard from a number of people about the potential benefits. Has there been a lot of cost-benefit analysis already done in this space? What I am hearing is, and as Ms Bath has touched on after visiting and seeing how large and enormous a task this is—it is gigantic—the cost seems quite significant. Are there different options and proposals that the Mine Land Rehabilitation Authority will look at putting to governments—state or federal or a number of local governments—as potential options? Because I am guessing with each potential option there are significant different cost points, and in the end I am guessing a significant amount will be public expenditure on what we are looking to acquire. Are there potential other, better uses of those funds in the region? That is the issue that I can foresee, that significant expenditure.

Prof. MACKAY: I think the first thing is that the Mine Land Rehabilitation Authority is not the manager of rehabilitation of the mines. As I said right at the beginning, the mine operators have responsibility for rehabilitating their mines. Government has a responsibility for policy and regulation and approvals, and so that is important. Hazelwood mine, in advocating for a full pit lake, have done a conceptual master plan about how the land might be developed and how the water might be developed. They have produced an economic assessment, and they have demonstrated that there are good economic returns from the land uses that are operating. They do not look at it from the point of view of recovering the costs of rehabilitation. In other words, the costs of rehabilitation are a function of the mining in the first place, so effectively the product that they produce should have generated the wealth necessary to carry out the rehabilitation rather than the rehabilitation having to be costed by future economic value.

The CHAIR: I understand that policy point, but I am also trying to think outside it. There is a generational cost there, the generation that benefited from it and the future generations who will pay for the past benefits of it. So the future generations will pay the cost of benefits that, I guess, were received by previous generations. Is that the cost shifting between generations then?

Prof. MACKAY: There is a cost between generations. It is not that particular cost, in my opinion. A mine operator, if they have sorted the rehabilitation out appropriately, will meet the costs of rehabilitation from their past wealth creation, so they will not be putting an impost on the future. Now, there is a question mark over if there is not enough water and water is the only rehabilitation option whether there needs to be additional money provided to allow this to happen. In other words, we do not want the mine operators to default. We want the mine operators to continue, but if they cannot meet the total costs of rehabilitation, then there is a question mark about whether or not the state needs to actually contribute.

Now, that is not something the Mine Land Rehabilitation Authority can get involved in: asking that question about who pays. Where it is important is that if you go into the future, the future costs of land management should be met by the economic value of the land, so there should not be a continual tax on the population to be able to maintain the land as it is at the present time. At that point the Mine Land Rehabilitation Authority becomes very interested in the calculations that are done in that space. But before we get that far, we really do need to be able to agree on the landform, because if we cannot agree on the landform, the land uses become very difficult to actually define. The land uses are going to be controlled by the landform. They are going to be controlled by the stability of the landform. They are going to be controlled by the type of landform that it is. So until we have the landform agreed on, land uses cannot be really resolved going forward. But if we can minimise the instabilities, minimise the amount of effort needed to manage the land going forward, then one would anticipate that the land that is made available for future uses can become very productive in a whole range of ways.

These are very large areas of land. They are not just going to be for agriculture. They are not just going to be there as recreational parks. But they can be used for industrial development. They can be used for urban development. They can be used for intensive agriculture and other forms of economic generation in this area. These are all possible. They can equally be used for further power generation—renewable power generation on these land areas should be potentially very viable. So the opportunity to really produce a very valuable future is

there, but we will not get there if we do not agree on what the landform is and how to actually deliver that landform.

The CHAIR: No. Thank you, Mr Mackay. I think that was a very succinct answer to a very difficult and evolving policy space. Obviously this is new, but part of me feels that eventually there is going to be a significant probably potential burden on future generations, Rae, of the population to pay for this work effectively on private lands. I can see that is the way it is taking shape.

Prof. MACKAY: I would seriously like to believe that that is not the case. I do believe we should all be working to make sure that that is not the case. There is going to be a burden in terms of it is going to take a long time to do, but once it is done then the burden should not be seen as a negative. The outcome should be a positive outcome.

The CHAIR: Thank you. And obviously when you are planning for such long decisions the policy framework being consistent for decades to come is obviously tricky as well to navigate.

Prof. MACKAY: Absolutely.

The CHAIR: Yes. Some of the operators in this space have told us that with the closures that have happened they had planned for a certain time frame and the dates kept changing. Effectively it was brought forward in their instance, and it had an impact on them. But it is an important discussion that we do have.

I want to ask a question to DJPR actually on a different angle I have here. Maybe, Beth, this might be one for you. We have talked a lot about collaboration between different departments or levels of government throughout these hearings, and I just wanted to know what support or collaboration DJPR has had or received from the federal government in managing the coal exit, particularly given Victoria's large contribution to the AEMO. Have you had much federal cooperation and support in this space?

Ms JONES: I might defer—I think Jane is probably better placed to answer your question just as someone from the resources portfolio given it is quite specific about government investment into the sector. So I think Jane is probably best placed for that question, if I may.

Ms BURTON: Thanks for that. Sorry, could I ask you to just repeat that question one more time? My sound just cut out right at the critical time.

The CHAIR: Of course. What support or collaboration has the Department of Jobs, Precincts and Regions received from the federal government in managing a coal exit, particularly given Victoria's large contribution to the AEMO?

Ms BURTON: Thank you for that question. I guess we do collaborate with the commonwealth on a number of areas, probably not necessarily in terms of a coal exit but more in terms of certainly the CarbonNet project. You might have seen that they recently contributed funding towards the CarbonNet project, and they have been a co-funder of that project, I guess, from the beginning. So I think that the areas that we do continue to work with the commonwealth on are perhaps exploring new low emissions opportunities for brown coal that are consistent with the Victorian government's brown coal statement. That is certainly an area for collaboration. Like I said, in relation to the CarbonNet project they were a co-funder. They have recently announced additional funding, and they do participate in governance committees around delivery of that project.

The CHAIR: Thank you for that. I might actually pass back to Ms Bath, because I think she had a few additional questions. Ms Bath, over to you.

Ms BATH: Thank you. I have got many, but I will go if I can to you, Ms Burton, because it is a topic that we regularly hear about: the concern from some sectors of the community that the hydrogen project will not work, it is not viable, not able to get to commercialisation, and particularly because CCS or use—carbon capture and utilisation as well—is a no-goer. So I would like you to unpack that in a short space of time if you can—the capability and the potential risks but also the successes.

Ms BURTON: Thanks for the question, Ms Bath. I guess, firstly, in terms of the hydrogen project, I do understand that you did have a presentation from representatives of the Hydrogen Energy Supply Chain project.

Ms BATH: From J-Power, yes.

Ms BURTON: J-Power, yes. I guess that is their project, but all I can do is provide advice that that pilot plant has recently completed its activities and successfully completed them in that it was able to gasify brown coal to produce hydrogen and ship it to Japan, so I guess that technology was proven throughout that pilot project.

In terms of CarbonNet, which would be essential for any commercial hydrogen project, that project has been around for a long time. It has been around 10 or 12 years. It has been co-funded by the commonwealth and the state, as I have said. It has done very, very extensive characterisation of storage sites, which is incredibly important to make sure that the storage is secure. That work has been completed. Not only has it been peer reviewed, it has been internationally peer reviewed, and we have great confidence in the characteristics of the offshore sites. Now we are moving into the regulatory approval space, so this year there will be movements underway to see the regulatory approvals commence, which is looking towards the EES, the EIS, the pipelines and all of the things that need to occur prior to the project proceeding.

I guess, just to emphasise, there have been 27 facilities built around the world over the past 45 years, so it is a proven technology. It is the first of its kind for Victoria, but I guess it is not the first of its kind for the rest of the world, with about 40 million tonnes of CO₂ being captured annually. If you refer to the Global CCS report—they do an annual report that tells you the state of where things are at around the world—I think there are around 135 more projects in development, so this is an area that is becoming quite well known and being operationalised around the world.

Ms BATH: Thank you. Tremendous. And our geology is very well suited to accept carbon in storage.

Ms BURTON: That is correct. It is.

Ms BATH: And following on from you just talking about environment effects statements, what do we need to tell government, noting that you are from a government department? What do we as parliamentarians in this inquiry need to tell government about how the ride can be smoothed and what the impediments are and what needs to be removed from those blockers that would slow things down, noting that we are on a tight time frame? If we have got Yallourn closing in 2028, there need to be other sources, as we have heard, of reliable, affordable electricity and energy supply for our state.

Ms BURTON: I guess the regulatory approvals pathway is one in which shortcuts that are not really available to us. You know, it is really important that we do fully understand any potential environmental impacts that are associated with a project of this nature. We are working very hard to make sure we will identify what those are and be very clear, and also we are working really closely with the community to have them understand what this project is all about. We have done that for the last few years. To that end, we have had a community reference group with councillors and council officers from Wellington and Latrobe city councils and also community members on it. I think it is really important that we continue the dialogue and have community understand what this project is all about. But I think in terms of the regulatory approvals there are certainly very clear pathways that we, being government, cannot dance around or ignore. We just have to follow the rules like everybody else, and that is what we are doing.

Ms BATH: Thanks. And nor was I suggesting that you would cut corners in any way. I guess I am seeking to underline the importance of efficiencies, with the loss by 2028 of 1450 megawatts out of the system and a need for energy replacement, so it was not about that.

Ms BURTON: Noted, yes.

Ms BATH: Not a problem. If I could, Chair, move to Mr Hurst. We have heard from Australian Carbon Innovation, and we have heard them speak about the potential for the use of carbon as a resource. We also heard from Mr Buckingham from the Latrobe Valley Authority. When I asked him about any grant programs, he suggested that that would be something that the Latrobe Valley Authority would not feel sits comfortably. He said the place to go would be Earth Resources.

One of the things that ACI and the gentlemen from ACI, Mr Davey and Mr Morvell, spoke about is the need for seed funding from where you take it from and also the test tube, or the scientific basis, through the valley of death to commercialisation. Very few projects get up, and there is a reason behind that, but seed funding is very important. So I need to understand, and I think the community would be interested: does Earth Resources have grants funding, or was that a handball to nowhere?

Mr HURST: Thanks, Ms Bath. Look, as the regulator my role is very much to regulate the safety and sustainability requirements for any mining, petroleum or quarrying operations around the state. In terms of grant funding for activities that promote resource development and/or resource planning activities, that is more one for Jane Burton as my counterpart in the policy and legislative framework. Please do not assume that to be a handball, but there is a very clear and reasonable separation between resource planning and development, particularly economic development, and the impartiality of mine regulation to give that public confidence and government confidence in the robustness of the way we maintain public safety.

Ms BATH: Over to you, Ms Burton.

Ms BURTON: Okay. Thank you for that. We do not have a specific grants program per se. There has been programs in the past, but currently there is no specific grants program for low-emissions coal use or anything associated. But there are other government departmental grants programs that could be applied and have been in the past. So I think there are pathways, and we would continue to encourage anybody that has a project that they think is worthy of government consideration to come, in the first instance, to either ourselves or RDV and have that conversation. We will see if there is any direction or any particular program that we could see if they meet those guidelines. Always happy to have those conversations, and we do have them on a regular basis.

Ms BATH: Following up from that—thank you, Ms Burton—if you could potentially, the ones that are current or the ones that are on the landscape for the next forward estimates, we will say, that would be useful, because in the ultimate we are talking about creating jobs in the valley. One of those aspects—just one, not the silver bullet—is about using a resource. We also know with the war overseas, with Russia invading Ukraine, the issue around urea supply—fertiliser supply—is paramount, because I believe that we will see shortages, so anything, through all due process, to see if there is any available funding for seed funding.

Ms BURTON: Yes, thank you. We are happy to have those conversations, and, as I said, we regularly do, with anyone who comes our way. We are in discussions with many of those entities.

The CHAIR: Mr Hurst, did you have anything to add? I just noticed your hand is up on the screen.

Mr HURST: Yes, thank you, Mr Erdogan. I should have also mentioned Beth Jones might have been able to add something from the Latrobe Valley Authority perspective on grants for economic development activities. Thank you.

Ms JONES: Yes. Thanks, Anthony. Ms Bath, to your question, I think from an RDV and an LVA point of view, the government released its statement on the future uses of brown coal in 2017, which puts pretty clear, in the context of a low-emissions environment, how coal can be used into the future, and it really is a case-by-case assessment of how projects align with that. Like any opportunity, as Jane said, we pathway them into places like RDV who can work with Jane's crew or anyone else around the place to look at what some of the potential funding opportunities might be for different things, but I think the alignment to the statement on the future uses of brown coal is the important part of the consideration given that is current policy. But, yes, I just wanted to provide that clarification in relation to RDV, and I am also not aware of an immediate grant program, but that would be something that we would look into.

Ms BATH: Thank you. I note that they were very cognisant of the coal policy, and they were speaking about low to zero—trending to zero—emissions and zero emissions in their output. Ms Jones, RDV is a funding organisation of GROW?

Ms JONES: Yes, that is correct. We do provide funding to GROW in parts of the state, and the LVA provides funding to GROW in Gippsland.

Ms BATH: Okay. And is it correct that—this may be one on notice—there has been a sum of around \$4 million that has been spent on consultants outside of the region to advise GROW and its members how to 'grow' their business and industry?

The CHAIR: Ms Bath, is this really relevant to the terms of reference? I am just trying to look at how it is relevant to this. It seems to be more of a question for PAEC.

Ms BATH: Well, if the Latrobe Valley Authority is funding that, and the procurement policy around GROW is around shopping local, in effect, I am just interested to understand what would be the advantage and

why there would be such money spent outside on consultants. It might be something that Ms Jones might like to take on notice.

Ms JONES: Ms Bath, I will have to take that on notice, I am sorry. It is just a level of detail that I do not have at the top of my mind or in front of me, so I would need to take that away.

Ms BATH: Thank you very much.

The CHAIR: Thank you, Ms Bath. Do you have any more questions, Ms Bath?

Ms BATH: Look, I think one of the things that we have heard, as I said, from council and the like is the need for collaboration. I know the Latrobe City Council has had a Latrobe city transition task force, and it had representations from the federal government, the federal opposition and the state opposition. We did not have any state government members at that. Is that something that would have been advised by RDV, or is that a separate entity of engagement?

Ms JONES: What I would say, Ms Bath, is we are already very engaged with Latrobe City Council and the range of other councils in the region through a whole range of mechanisms. Are we on every forum? No. But what I would be saying to you is that there is a very heavy level of engagement, particularly with Latrobe city but also with Baw Baw, Wellington and CEOs of shires and mayors and staff right across the state. We are very much in support of collaborative approaches, as I spoke to you about before. Between RDV and the LVA I do not think a week would go past where they are not having regular conversations with the people sitting around those tables.

Ms BATH: As you say, and accepted, I just found it most interesting that this task force was established and then there was no representation there from peak government members or a government body. I am just perplexed at why that would be.

Ms JONES: As I said to you, I would need to find out in what way invitations or whatnot were forwarded to be a part of that; I would need to just take that away. But as I said, both RDV and the LVA are collaborating in a whole range of ways and forums right across the region with all the stakeholders that you have outlined and have an absolute commitment to doing so.

Ms BATH: Thank you. I guess, Chair, finally, I would just reiterate the request for some transparency and clear vision around project costs. Naturally if they are commercial in confidence, I am not seeking those, but I think the community would benefit from knowing moneys spent through LVA and RDV—this \$266 million—where that money has gone to projects, what jobs have been in various parts of that and particularly how many are ongoing. I take the point around 4000, but how many are ongoing, because the ongoing jobs actually mean that people can stay and live in our region and bring up their children and have a very successful life. I think that should be the outcome of any government bureaucracy or other.

The CHAIR: Ms Bath, just to confirm, you are seeking a bit of a breakdown of where that money has been spent and the link to the job creation in the region. Is that what you are—

Ms BATH: And therefore if there have been jobs that have ceased, then identify them. So if there has been a construction project, certainly to identify those jobs and any subsequent jobs that creates. If they are not ongoing, it needs to be stated. Thank you.

The CHAIR: It is probably one for Ms Jones, if she can get as much information as possible to us on notice, because obviously there is a bit of a body of work involved in doing that. But if you could provide obviously as much information as you can, that would be very helpful.

On that note, I do note that we have had quite a robust discussion. It has been very helpful. To Rae, Jane, Anthony and Beth as well, I want to thank you all for taking time out of your busy schedules—especially Rae, all the way from London; you have been very helpful. Also the detailed submission that has already been made—I enjoyed the read. It will assist us in our deliberations and our inquiry going forward. Hopefully we can come up with some recommendations for government to consider that will help all the stakeholders locally and help the region. Thank you all for being with us today. It has been a pleasure.

Witnesses withdrew.