

# Election 2018:

## Latrobe Valley Policy Priorities

### ENSURE A JUST AND FAIR TRANSITION TO A SUSTAINABLE VICTORIAN SOCIETY AND ECONOMY

The Latrobe Valley has a long history of powering Victoria and, with the right support, it can continue that role using clean, renewable energy.

The impacts of climate change and the benefits of renewable energy are not automatically evenly spread across our society. Throughout the world, people working in the coal and gas industries, and the communities surrounding them, face serious economic and employment challenges when the transition to clean energy is poorly managed. However there are opportunities open to the Latrobe Valley to lead the way in clean technologies and sustainable industries of the future, benefiting working people and families.

Communities in the Latrobe Valley have borne the brunt of local air pollution for decades, with much higher rates of cancer and respiratory ailments than average.<sup>1</sup> The towns face higher levels of unemployment than the state average and have elements of entrenched social disadvantage.<sup>2</sup> Without a transition plan and support to diversify the local economy, the inevitable retirement of coal-burning power stations risks exacerbating these problems.

From the perspective of needing to tackle global warming, the transition to a clean energy system needs to be fast, but it also needs to be fair. This is why Environment Victoria is calling for a 'Just Transition', working side-by-side with community groups, unions and local residents to make it happen.

#### What do we mean by a 'Just Transition'?

The term 'Just Transition' comes from the labour movement and was first used by Canadian union activist Brian Kohler in the 1990s as part of



Community rally to build sustainable livelihoods in the Latrobe Valley, organised by Earthworker.

a movement-wide effort to reconcile union imperatives of protecting decent jobs and conditions for their members with the need to protect the environment. Kohler said, "The real choice is not Jobs or the Environment. It is both or neither."<sup>3</sup>

To us, a Just Transition involves crafting shared visions and inclusive processes to empower workers, communities and industries to move together towards a fairer and more sustainable future. Central to this approach is collaboration between community, industry, workers, environment groups and government to develop processes and policies capable of addressing the twin challenges of climate change and growing economic inequality.

#### Delivering a Just Transition for the Latrobe Valley

While communities across Victoria will be affected by the transition away from polluting technologies, none are more

immediately impacted than the Latrobe Valley.

The people of the Latrobe Valley have been experiencing transition since the coal power stations were first privatised in the 1990s. The region has a living memory of ongoing job cuts and poorly managed change.

Hazelwood's closure last year was an inflection point which raised Just Transitions to the national agenda and saw the biggest-ever worker and community transition package delivered in Australia in the wake of a power station closure. The creation of the Latrobe Valley Authority, along with other interventions in the region, has seen an overall increase in jobs and investment.<sup>4</sup> These policies, together with a history of gutsy community organising and social resilience, present a strong base to build from as the Latrobe Valley continues to diversify its economy.

# FOUR POLICY RECOMMENDATIONS FOR THE LATROBE VALLEY

Environment Victoria has developed the following policies based on years of working alongside Latrobe Valley community organisations.<sup>5</sup> We believe that these interventions will help promote economic transition and enable the Latrobe Valley to thrive as Victoria shifts to cleaner energy technologies.

## 1. RESERVE 500 MW OF NEW RENEWABLE ENERGY FOR THE LATROBE VALLEY

The Latrobe Valley has a proud history of powering Victoria. To capitalise on existing network infrastructure and local engineering skills, 500MW of Victoria's Renewable Energy Target<sup>6</sup> (approximately 10 percent) should be reserved exclusively for projects that will bring renewable jobs and investment to the Latrobe Valley and surrounds.

Given that the VRET has been estimated by Ernst & Young to create 9800 jobs across the state if it brought on-line, 5100 MW of new renewable

energy projects, a 500 MW VRET carve-out for the Latrobe Valley could create roughly 950 jobs.<sup>7</sup>

## 2. EXPAND ENERGY EFFICIENCY PROGRAMS ACROSS GIPPSLAND

**2a. 14 000 homes:** In the last two years, the government has committed to upgrade up to 1000 homes in the Latrobe Valley.<sup>8</sup> This program can be significantly scaled up to deliver a comprehensive retrofit program for the Gippsland region. The priority for this program would be to provide fully funded upgrades for the 14,000

most vulnerable households in the Gippsland region, such as public housing tenants, low-income earners and those suffering energy hardship. Not only would this provide immediate and permanent bill savings for those households, it would create hundreds of local jobs in a range of trades. For example by sourcing solar hot water systems from the Earthworker factory in Morwell.

**2b. Virtual power plant:** A virtual power plant in Victoria would provide vulnerable households with rooftop solar, battery storage and energy efficiency. This would be funded through a partnership between government and retailers that delivers

Credit: Gippsland Solar



upgrades at no upfront cost to households, cutting bills for decades. The stored energy in the batteries would be drawn upon by retailers at times of peak demand, reducing wholesale costs across Victoria. The scheme should initially target households on low incomes and experiencing energy hardship before being opened up to all Victorians. The 3,015 social housing properties in Gippsland should be among the first to benefit from this project.

### 3. MAKE THE LATROBE VALLEY AUTHORITY PERMANENT & EXPAND ITS MANDATE

The Latrobe Valley Authority (LVA) plays an important role in helping workers from Hazelwood power station while supporting new businesses and community facilities. However, the challenges facing the Valley will not be solved within the current four-year life of the LVA. It is widely accepted that the closure of the remaining coal-burning power stations is inevitable, and that it may happen sooner than the companies are currently saying (as was the case with Hazelwood). This means there will be a longer-term need for transition planning and support.

To provide this long-term approach, the Latrobe Valley Authority should become a permanent statutory authority that has a mandate beyond its current limited role of coordination – it should be empowered to manage the planning, budgeting and implementation of major government programs within the Valley.

Since the Latrobe Valley Authority was established last year it has overseen:

- a worker transfer scheme aiming to place 150 Hazelwood workers into jobs at other power stations
- a worker transition service, providing support for Hazelwood workers and their families
- a scheme enabling local businesses to hire and train unemployed people who live in the Latrobe Valley
- a program to retrofit 1000 homes with energy efficiency upgrades and solar

- plans to upgrade the Gippsland rail line, creating 400 jobs.

To ensure that future challenges are dealt with proactively and fairly, the Authority should be turned into a permanent statutory authority with reliable funding, capable of facilitating transition in the Valley over the next ten years.

### 4. ENSURE THE THREE MINES IN THE LATROBE VALLEY ARE REHABILITATED IN LINE WITH COMMUNITY EXPECTATIONS

Engie has promised to make sure the Hazelwood mine rehabilitation is “safe, stable and sustainable”<sup>9</sup> but the details are unlikely to meet community expectations. There are many unanswered questions about how the mines will be fully rehabilitated, such as where the water will be sourced to convert mines into full pit lakes, what the downstream impacts of this might be, and what guarantees can be made about water quality. Moreover, it is yet to be established whether pit lakes are the community’s preference, with some local groups pointing to overseas examples where mines have been transformed into important cultural and tourist attractions.

While the increased mine rehabilitation bonds have helped ensure the community won’t be left with the clean-up costs, regulations surrounding mine rehabilitation are under-developed and should be updated to ensure the highest degree of environmental safety. For example, instead of extending mining licences to cover the post-closure period, the government should develop fit-for-purpose instruments such as a dedicated licence for mine rehabilitation.

### 5. NO FALSE SOLUTIONS

Environment Victoria will work to oppose any investment in projects that delay or disrupt a just transition for the Latrobe Valley. We will also work to protect the strong environmental and social protections that the community has fought for and seek to enhance

these protections wherever possible. This includes defending against efforts to weaken mine rehabilitation bonds or regulations or lower coal royalties.

It is clear that the world is moving towards a clean energy future. It is therefore disingenuous and economically unsound to waste the Latrobe Valley’s time by promising to develop unviable, polluting projects. We will work on developing and supporting the real resources in the Latrobe Valley – the people and their skills – not what’s under the ground.

We invite members of the Latrobe Valley community to give us their feedback on these priorities. You can share your ideas for supporting a just transition in the region by emailing Cat Nadel at [c.nadel@environmentvictoria.org.au](mailto:c.nadel@environmentvictoria.org.au)

### ENDNOTES

1. Jordan Ward and Mick Power, Harvard Kennedy School of Government and Environment Victoria, 2015. ‘Cleaning up Victoria’s Power Sector: the full social cost of Hazelwood power station’. Link: <https://environmentvictoria.org.au/2015/02/24/cleaning-victorias-power-sector-full-social-cost-hazelwood-power-station/>
2. Investor Group on Climate Change, 2017. ‘Coal, Carbon and The Community’, p.25. Link: <https://igcc.org.au/wp-content/uploads/2016/04/Coal-Carbon-and-Community.pdf>
3. Kohler, B, 1996. ‘Sustainable development: a labor view – The real choice is not jobs or environment. It is both or neither.’ Presentation at the Persistent Organic Pollutants Conference, 5 Dec., Chicago, IL. Link: <http://www.sdearthtimes.com/et0597/et0597s4.html>
4. <http://www.latrobevalleyexpress.com.au/story/5285695/job-numbers-up-mp/>
5. For an example of this work, please see Environment Victoria’s 2016 report ‘Life After Coal: Pathways to a just and sustainable transition for the Latrobe Valley’. Link: <https://environmentvictoria.org.au/2016/10/12/life-coal-report/>
6. <https://environmentvictoria.org.au/2017/09/19/clean-energy-boom-victorian-renewable-energy-target-means-victoria/>
7. Ernst & Young, Department of Land, Water and Planning, 2017. ‘Modelling of the Victorian renewable energy target scheme scenarios’. < [https://www.energy.vic.gov.au/\\_data/assets/pdf\\_file/0021/83091/EY-modelling-report-VRET.pdf](https://www.energy.vic.gov.au/_data/assets/pdf_file/0021/83091/EY-modelling-report-VRET.pdf) >
8. <https://lva.vic.gov.au/latrobe-valley-home-energy-upgrade/>
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