



Submission - Jobs for the future in Regional areas

The Committee for Gippsland acknowledge this important program of work and thanks the select committee for the work it will be undertaking in order to report on jobs for the future in regional areas.

The Committee for Gippsland is a not for profit member-based organisation who advocates on behalf of its members. Committee for Gippsland is exploring 'whole of region' strategies, identifying barriers and challenges, and determining the opportunities that will unlock the region's potential.

Committee for Gippsland membership has grown to over 100 members representing all geographic regions of Gippsland and industry sectors that operate at a local, state, national and international level.

Our membership includes small to medium businesses, sole traders, community organisations, education providers through to large ASX listed companies presenting a broad and diverse independent voice for Gippsland.

We aim to facilitate discussion among our member organisations and develop strong lines of communication with government, as well as fostering solid commercial and industry connections.

Thank you for considering our submission.

Jane Oakley
Chief Executive Officer
Committee for Gippsland

6 September 2019



On 31 July 2019, the Senate resolved to establish a Select Committee into the Jobs for the Future in Regional Areas. The committee will inquire and report on the following matters:

New industries and employment opportunities that can be created in the regions;

Gippsland offers an abundance of natural resources which presents new and emerging market opportunities. The region has a long-term supply of brown coal and recognises its potential to generate a new range of energy production options dependent on commercialising carbon capture storage technology. Further government intervention is required to facilitate new markets for brown coal. The region is committed to exploring new market opportunities for brown coal including but not limited to, the production of hydrogen, carbon fibre, fertiliser etc.

The above opportunity will be dependent on the ability to commercialise carbon capture and storage technology. The CarbonNet Project (CarbonNet) is investigating the potential for establishing a commercial-scale (CCS) network. The network would bring together multiple carbon dioxide (CO₂) capture projects in Victoria's Latrobe Valley, transporting CO₂ via a shared pipeline and injecting it into deep underground, offshore storage sites in Bass Strait. Defining the commercial structure and underlying principles to attract private sector investment is a key focus of this stage of the project.

The region is well placed to leverage waste and resource recovery. Australian Paper is progressing plans for a \$600m investment to commission the first Victorian EfW plant. The region also has organic re-processing capability with potential to grow given access to increased volumes. There is private sector appetite to invest in recycling sorting facilities given a commercially sound contract commitment. The region is well placed to manage toxic waste products such as asbestos with a dedicated facility managed in a controlled environment - expansion is required of this facility to manage increased volumes from across Victoria. Gippsland's access to freight will be another complementary access point - Australian Paper currently rail freight their products from Maryvale to the Melbourne ports. As freight train returns to the Maryvale plant there will be capacity to transport a large waste volume from Melbourne for processing in the new EfW proposed plant.

Health continues to play a major role in regional areas. Gippsland's growth particularly in the west will see growing demand leading to the build of a new hospital and expansion of the regional bespoke (health tertiary) model. Investment in the smaller hospital networks throughout Gippsland will deliver significant scope capability.

Given the scale of the Gippsland region and the geographic diversity of its population, it's essential to develop a regional medical and healthcare plan that optimises use of the resources, expertise and skills-base of the diverse public, community and private health services across the region.



There has been discussion for years about improving integration and maximising resources including acknowledgment of opportunities to better utilise the private sector.

The strategic goal and tactical implementation must be to drive collaboration between established and new health services to better integrate and optimise healthcare delivery in Gippsland, with the active participation of all levels of government.

There are a number of ways these services could be better utilised, integrated into the existing health network, and supported by federal, state and local government by:

- Funding capital upgrades of key facilities such as operating theatres used for public patient treatment
- Engagement in specific public funded projects utilising their proven specific medical/health skills, in conjunction with major public hospitals
- Providing access to public health sector upskilling and training services for staff who implement public funded treatment
- Underpinning funding for undertaking low-level care in-home/community care previously managed under government programs

Health and wellbeing is recognised as a significant growth sector presenting future jobs opportunities for Gippsland.

Another significant growth sector for regional locations is education and training. Federation University (Gippsland) is working with key partners and stakeholders to deliver the Bairnsdale Education Hub, which will improve access to higher education for remote students. The University is also working closely with stakeholders to establish a hub in Wonthaggi.

The University is working closely with industry and businesses to develop a suite of professional skills courses (micro-credentialing) in key areas of industry in the sector growth areas including: agrifood, tourism and energy.

Regional University access in Gippsland (Churchill) is important, improved transport connections to the Churchill campus and other education hubs is vital in terms of bus connections and timetabling along with rail connectivity and alignment which will drive greater participation leading to improved employment outcomes.

Federation University recognise a strong role for the University in terms of supporting the transition of the Latrobe Valley and the Gippsland region. Building its research capacity within regional development studies and workforce development is a key area of focus.

This capacity building will derive several future jobs not only within the higher education sector but more broadly as the region embraces innovation, collaboration and leadership underpinned by a strong independent evidence base.

Food and fibre contribute approximately \$7b per annum to Gippsland Regional domestic product. There are significant growth opportunities particularly in value adding the supply chain. Gippsland is renowned for production of high-quality produce however we tend to sell to markets early in the



supply chain, which is deemed a missed opportunity. Building industry capacity and providing the right environment offering unskilled and skilled workforce is required to value added further along the supply chain.

The number of existing jobs in regional areas in clean energy technology and ecological services and their future significance;

Gippsland's Latrobe Valley has commenced its transition from traditional energy generation and whilst it transitions to renewable forms of energy production there will be a period where the state is dependent on the LV generators for base load power supply.

Across Gippsland we are seeing a number of renewable energy organisations such as: Gippsland Solar (50 EFT); East Gippsland Solar; G-Store; Sunplus Solar; Star of the South (Australia's first offshore wind farm) ; Wind farms - Toora; Bald Hills; Wonthaggi; Hancock Victoria Plantations allocating section of plantation (80 hectares) to wind farm Delburn.

Australian Carbon Innovation (ACI) is located in the Latrobe Valley and seeks to actively support the development of new opportunities to create products and technologies for a low-emissions future using Australia's undervalued raw materials, such as bituminous coal and lignite, biomass wastes, paper making waste lignin, used car tyres, waste plastics, power station fly ash, and captured carbon dioxide emissions. ACI is guiding the development of new carbon-based opportunities in a wide range of industry sectors, including agriculture, construction, fuels and chemicals, bioplastics, renewable energy, transport, food processing and medical diagnostics.

The commercialisation of carbon capture and storage technology is the key to unlocking carbon innovation. The CarbonNet Project (CarbonNet) is investigating the potential for establishing a commercial-scale (CCS) network. The network would bring together multiple carbon dioxide (CO₂) capture projects in Victoria's Latrobe Valley, transporting CO₂ via a shared pipeline and injecting it into deep underground, offshore storage sites in Bass Strait. Defining the commercial structure and underlying principles to attract private sector investment is a key focus of this stage of the project.

Gippsland power generators are committed to transitioning in a planned and managed way to renewable energy solutions and have expressed a commitment to the region and willingness to invest. Admittedly renewable solutions (pumped hydro-gas-wind-solar-battery) will not have the quantity of jobs (high paying skilled) compared with our traditional energy sector but it will be an important mix of future jobs for Gippsland. Importantly we must be able to diversify encouraging the expansion and diversification from our existing business and industry base whilst leveraging our unique value proposition to secure new and emerging sector investment. Government support in terms of research and enabling policy (decentralisation) would facilitate sustainable outcomes for regions.



Lessons learned from structural adjustments in the automotive, manufacturing and forestry industries and energy privatisation and their impact on labour markets and local economies;

The Latrobe Valley has experienced declining economic and social outcomes since privatisation of the energy sector in the mid 90's. Communities of the Latrobe Valley had defined themselves primarily on the back of the State Electricity Commission Victoria (SECV) providing a very compelling circular economy. The ongoing structural adjustment continues to have profound long term cultural and wellbeing impact.

Recent reporting findings by Dr Birrell found the benefits of restructuring Victoria's power industry went to electricity consumers, mostly based in Melbourne, while the pains of the restructure were felt in the Latrobe Valley. The report found the number of people employed in the power industry dropped from about 11,000 in the late 1980s to about 2,600 in 2001. Dr Birrell also found about nine per cent of the region's residents left between 1991 and 1996. The rationalisation and privatisation of the state's power industry in the 1990s resulted in thousands of jobs being lost, business closures, a drop in house prices and an exodus of people. An analysis of Census and school enrolment figures shows the region is still dealing with the aftereffects.

Victorian Department of Education figures show the total number of primary and secondary students in the Latrobe City municipality dropped from 15,301 in 1990 to 11,392 in 2018.

Gippsland has experienced at the same time structural change to forestry with many small rural towns relying on this industry. There are fewer jobs in this sector with the consolidation of forestry in native forests with 94% locked up in parks and reserves leaving 6% available to harvest sustainably across Victoria.

Transition needs long term planning, shared investment, government intervention and enabling policy. Some of the areas that have held back investment and growth include unnecessary red tape; centralisation of government and multinational procurement; difficulty navigating planning policy.

Of interest to Gippsland is the results of government intervention and investment in response to the closure of Hazelwood Power station and mine. There has been significant investment in sporting and community infrastructure however if we are unable to attract and retain population and investment such assets may become stranded (placing significant burden on local government and community to maintain).

We encourage government action through well designed public investments and effective policy reform to support a more diversified economy remains centrally important.



The importance of long-term planning to support the diversification of supply chain industries and local economies;

Committee for Gippsland supports the notion of long-term planning to support diversification of supply chain and local economies to provide economic sustainability. The region has not had enough time to plan and transition which has had long term economic and social implications which are difficult to recover from. There is an opportunity to improve engagement with private sector to inform and assist with transition - government could help facilitate and coordinate a regional connected transition providing the right environment for industry to invest and get on with being productive and profitable.

There are many examples where SME have been negatively impacted by the introduction of state-based contracts (centralised procurement) which has excluded them from government procurement opportunities. Regional government agencies use to procure locally however this has long stopped with them being bound by centralised procurement practices, unless there is an emergency then the regional agencies have stepped outside the centralised process and engage regional suppliers.

In many cases, it is not commercially viable for a SME to participate in government and multi-nationals tendering processes. In many cases, SME's find the accreditation and compliance requirements beyond their capability and levels of affordability. Regional SME would typically find themselves part of the supply chain in sub-contracting arrangements (working for a primary contractor) which adds another layer of cost and reduced margins.

More consideration must be given towards a multi-dimensional program which includes building the procurement capacity of SME (such as the GROW regional programs) however this takes time and therefore alternative revenue sources need to fill that void as part of the transition. Committee for Gippsland would encourage review of the following:

- Local procurement reclassification to facilitate regional growth;
- Re-constructing tenders so that low risk components (goods and services) can be regionally procured (eliminating the need to go through a tendering process);
- Government panel contracts (HPV) – Redefine the scope of products; goods and services to be included. The current scope is pushing regional supply change industries further away from procuring services to government.
- Collaborative regional industry approaches – Collective regional capability can successfully respond to a major tender (again this forms part of the GROW program is our understanding).



Another example where Government procurement contracts are limiting to regional SME's growth:

A recruitment company in the Latrobe Valley is a Tier 2 supplier on the SPC (State Purchase Contract) for Government recruitment, managing recruitment relationships across Gippsland via four Master Vendor recruitment companies – Hays, Dixon, Adecco and Randstad. This contract dictates that a vacancy must be released to the master vendors first, who then pass on to their tier 2 providers should they see fit.

This means that any Government recruitment requirements in Gippsland, only get serviced by local Gippsland agencies when these national master vendors see fit. The preference would be for contacts within Gippsland Government positions contact the recruitment agency directly, but they are directed to go through the master vendor.

As part of a managed transition it would be empowering for a local recruitment organisation if the management of Government recruitment stayed local (in the region) unless they were specialist roles that the local provider cannot service. Another key component comes back to tracking regional gaps and developing a plan to build capacity for future opportunities.

All this regional offshoring means less future job opportunities and presents a significant risk to retention of jobs.

Measures to guide the transition into new industries and employment, including:

- community infrastructure to attract investment and job creation;
- the need for a public authority to manage the transition;
- meaningful community consultation to guide the transition; and
- the role of vocational education providers, including TAFE, in enabling reskilling and retraining;

Committee for Gippsland is seeking to coordinate investment across Gippsland providing the vital role of directing new and existing investment to the right channels within Government and connecting likeminded industry for collaborative investment opportunities. The Committee for Gippsland offers regional industry expertise and knowledge to potential investors. Working with local and state government we believe we can coordinate regional investment engagement. The regions must continue to define their comparative advantage and target investment opportunities. Australian and Victorian government support in terms of economic and social modelling, engagement facilitation, building investment knowledge, investing in enabling infrastructure and services.

Regional transition plan which identifies comparative advantage; workforce skills now and future in alignment with growth and new and emerging sectors. It requires defined measurable indicators at the regional/ local level that can inform over time transition to identified sectors over defined



periods (i.e. short-medium-long) fostering job creation, and economic development in the new areas of growth and sustainable development.

These indicators will need measure progress over a variety of different regions with different starting positions, regional assets and national and industrial contexts and be able to track progress regional performance over time, demonstrating progress on transition to growth and new sectors and providing input into policy development at the regional level to accelerate this transition.

Regions exist with an established industrial structure. In the case of Gippsland (in particular the Latrobe Valley) this will change and evolve over time and therefore the research need is to highlight ways in which this evolution may be adjusted and supported to maximize the opportunities that transition to growth and new sectors can generate.

Community infrastructure is important to attract people to live in regional areas. Gippsland and its elongated geography require us to think smart in terms of how we attract population and meet their expectations. Supporting economic diversification and liveability are vital. Government investment must continue in enabling infrastructure improving connectivity such as: Education – Higher Education through to Secondary and Primary schools; Digital technology; Road and Rail; Health – Hospitals; Housing – affordability; Water security and Arts and Culture.

The Latrobe Valley Authority has played an important and valued role in the management of the Latrobe Valley transition. The learnings from the closure of Hazelwood Power station and mine must be leveraged to define the role of government; community; business and industry and other key stakeholders. Further work is required to understand opportunities for public-private partnerships. Industry plays a more significant role in the transition to a sustainable economy. Government perform a key role in transition in areas such as: Funding economic and scientific modelling to identify potential pathways; through government actions provide investment certainty; invest in sustainable infrastructure; work collaboratively across all tiers of government and industry; social acceptance longitudinal research investment and through strategic leadership and its policy and regulatory decisions provide an environment that maximises societal value.

Meaningful community engagement must be undertaken early by trusted advisors (people who are leaders within the region). Engaging community early to identify issues and providing the community with the opportunity to explore solutions will build trust and understanding.

The role of vocational education providers (reskilling and retraining) is vital to an effective transition. Federation University has several recommendations in response to the Australian Government's 'National Regional, Rural and Remote Tertiary Education Strategy' (Committee for Gippsland recommends you refer to Federation University's submission for further information). Committee for Gippsland supports the recommendations as presented by Federation University. The University recognise the strong role it plays in supporting the transition of the Latrobe Valley and the Gippsland region. Building our research capacity within regional development studies and workforce development would be a key area of focus.



Funding to support further work integrated learning and industry placement

This is a fundamental part of successful transition into the workplace. It is important TAFE and University continue to work closely with industry to understand future workforce skills and curriculum alignment.

Federation University's industry placement program has been very successful over several years.

The continued engagement with industry to promote the program and align the needs of future workforce will ensure its continued relevance.

A recent industry engagement session with TAFE highlighted the following opportunities:

- Policy certainty (Strengthening Skills – Expert Review of Australia's Vocational Education and Training System) – TAFE alignment with Higher Education. Grattan institute report supported in terms of the important role TAFE performs for young men (and low ATAR scores). Young women with a low ATAR score can still get into health and other commonly studied programs (not always the options for young men).
- Universities taking students with 50-60 ATAR but experiencing high dropout rates
- Connectivity – Offer training flexibly
- Current and future job needs (training must meet) – The industry is heavily aligned to transitioning to Service based industry (other industry needs to be addressed and included)
- Training for learners to be personalised, flexible and innovative
- Contemporary facilities and learning approaches.
- Micro-credentials like skill sets (further work required by the sector to identify training needs and delivery)
- Work ready workforce - T shape graduate (depth and breadth of expertise)
- Enterprise skills - comms; digital literacy; problem solving; team work; critical thinking; creativity; financial literacy and presentation skills. Discipline and technical skills - specific to task, role or industry
- VET – To keep a focus on core trade skills and basics
- Pathways for traditional trades (quality needs to be higher to avoid erosion of skills).

These programs are particularly important to address poor levels of aspiration typically experienced in regional areas. More work is required to take place at schools to raise awareness of career opportunities and provide role models. A more collaborative model linking all tiers of education and training will further strengthen performance in regional areas – Gippsland has a few examples where this is working well and future plans.

The Hi-Tech Precinct Gippsland is a regional initiative to encourage growing businesses and current industry participants to stimulate new technologies, products and services through innovation. The HTPG is both a physical and a virtual project. The precinct seeks to establish new economic networks around sectors of critical mass and capability in the Gippsland region, while at the same time leveraging economic capacity to create innovative outcomes to support economic growth.