

## Senate Economics References Committee Hearing into Regional Inequality in Australia

Submission from:

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### **My Introduction**

I am 59 years of age and have lived in the Latrobe Valley region all my life. I am married and have 3 children who are aged 22, 24 and 27. I currently work full-time at the Loy Yang B power station, as an Operator/Technician, and part-time as the CFMMEU's, Mining & Energy Division, Victorian District Branch Secretary. My formal qualifications include a Bachelor of Business degree and a Bachelor of Mechanical Engineering degree.

### **1. Experiences of Individual Unequal Outcomes and Access to Opportunity**

#### **Tertiary Education**

- **Access to Universities**

Locally Federation University has a limited range of courses available, so many tertiary education students are forced to attend University in Melbourne for degree level study. Many of these students who attend university in Melbourne never return to our region after their studies are complete and this is contributing significantly to our regional youth population loss. Also regional parents often bear a greater cost to send their children to university in terms of transport and accommodation; when compared to city parents, whose children can easily commute to their local university from home each day.

#### **Health Services**

- **Lack of General Practitioners and Specialists**

There is a severe lack of regional GP's when compared to those in the city areas and regional patients are denied the opportunity to have their own doctor because an appointment with your regular GP can often take up to a week; which is impractical if you are sick. Likewise, access to medical specialists is severely limited in regional areas and appointments with visiting specialists can take up to several months. My personal experience with medical appointments is that this is not the case within the city areas.

- **Hospital Emergency waiting times**

On the past six occasions I have attended our regional hospitals with family members, the emergency department waiting times have been between five (5) to twelve (12) hours. This is dysfunctional and a disgrace. While I have been waiting I have observed many patients leaving without treatment, after becoming disillusioned. In contrast, on each occasion in the city that I have attended hospital emergency departments, waiting times have generally been around 5 to 10 minutes. Our family now attends Melbourne hospital emergency departments; whenever possible, despite the 1-1/2 hour drive because it is quicker to get treatment and the treatment received is often superior.

### **Employment Opportunities**

- **Apprenticeships/Traineeships**

Despite the Latrobe Valley region being home to some substantial heavy industry there are virtually no job opportunities for our young people. The three major power stations (~1000 employees), two major open cut coal mines (~320 employees) and the largest paper mill in the southern hemisphere (~1000 employees) only employ a very small number of apprentices or trainees each year. Melbourne by contrast has a diverse range of industry that provides many job opportunities for young people, hence many of our regional youth end up migrating to the cities for work.

- **Power Industry Privatisation**

During privatisation in the early 1990's, the Latrobe Valley region shed around 9,000 direct jobs within the power industry. The impact of this was twenty years of zero employment growth within the industry, which is evident in the CFMMEU membership age demographics. Privatisation not only decimated the power industry but also the Latrobe Valley regional economy with the economic impact flowed through to local business, causing many to close and shed further indirect jobs. As a result the Latrobe Valley regional economy has been severely depressed for decades, with some towns being the most social disadvantaged in Victoria.

While the Latrobe Valley suffered all the detriments of privatisation, the State of Victoria enjoyed the \$22 billion revenue that it received from the sale of power assets at the time. I don't believe any of the \$22 billion flowed back to the Latrobe Valley.

High regional unemployment also negatively impacts people with disabilities leaving them no chance of ever gaining employment in an overly competitive regional job market but they are unable to move without losing their family support network. One of my daughters is in this position.

- **Corporate disregard of Regional Communities**

Despite many years of downsizing and efficiency gains, greedy power generators continue to pursue obscene profit at the expense of our regional community. While our region has recently been going through a jobs crisis, with the closure of Hazelwood power station and Carter, Holt, Harvey timber mill (~1,000 jobs lost), AGL, used a well-intended State government worker transfer scheme as a tool to downsize its workforce through early retirements. This was despite the closure of its competitor, Hazelwood, kicking its profit for wholesale electricity by an estimated \$1.5 billion per annum.

Energy Australia was not much different, insisting that its participation in the State government worker transfer scheme being dependant on unions agreeing to lower wage increases during Enterprise bargaining. Once EnergyAustralia got what they wanted, they employed only half of their promised number of ex-Hazelwood workers.

The power generators have an extremely negative impact on our regional Latrobe Valley landscape and environment. Examples include: the Morwell Mine fire (which burned for 45 days), the Morwell Mine rehabilitation and the likelihood of it draining regional water resources, the Morwell and Latrobe Rivers both collapsing into the Yallourn Mine, the Princess Highway closed to traffic for several months due to Morwell Mine subsidence,

asbestos waste dumps, fly-ash waste dumps, and fugitive coal dust and harmful air emissions. While our region suffers all of these detriments of their operations, surprisingly enough these companies see no social obligation in return towards our region.

When the Morwell Mine fire was burning, and gassing Morwell residents with its fumes, ENGIE even came out and told the Victorian public not to worry because their production and electricity supplies were not affected. This statement was aimed at appeasing the city population and sent a message that the negative effects on the local regional population didn't matter.

This lack of social responsibility towards our regional population is not helped by State government who appear to pander to these power generation companies by discounting their council rates through legislation, charging them prices for water 1/100<sup>th</sup> of those of domestic users and imposing lax EPA licence limits by world standards, even though these companies are immensely profitable and amongst some of Australia's biggest tax evaders.

- **Government Climate Action**

There are still about 1,300 high paying jobs within the local Latrobe Valley power industry, which helps to sustain our region's remnant economic prosperity; however, there is currently no bipartisan climate policy in Australia. My assessment is that all these jobs are under serious threat from politic decisions made by climate ideologists who lack any technical and economic credibility.

AEMO has declared a future looming shortage of dispatchable power within the grid and an influx of problematic variable generation, yet this message falls continues to fall on deaf ears, despite the South Australian State blackout (2016), the Tasmanian energy crisis (2016) and brownouts due to summer power shortages in Victoria (2019) with more forecast in 2020.

AEMO's short-term solution to power shortfalls is to pay industry to shut down during peak periods to reduce power consumption. For example: in January 2019 AEMO paid industry \$10 million to shut down in order to reduce power demand by 920MW. Unfortunately they were still 260MW short of power to customers and hence the 2019 summer brownouts. This practice of industry shutdown is likely to further damage regional economies because although industrial companies get paid to shut down there is no guarantee that their workers will.

- **Political Control of our Region's Sustainable Timber Industry**

Victoria has considerable amounts of native forests and has had a sustainable timber industry for well over a hundred years, which has provided a great benefit to regional workers and their communities. Unfortunately the State government, based in Melbourne, has recently made a political decision to close down this industry in order to appease city based environmental activists. This is typical of the city centric policy making that has severely damaged regional areas and continues to do so. Sustainable harvesting of timber provides jobs and hardwood to manufacture into paper and furniture.

Most so called “old growth” forest is actually regrowth from previous logging or fires. When these city activists “lock up” the Victorian native forests, supposedly to save the environment, we end up importing timber from the Indonesian rain forests and Asian made paper. On top of this, city based decisions cut costs and fail to maintain fire breaks, forest roads or perform enough controlled “burns”. Disingenuously most of this “locked up” forest will be lost in the future through uncontrolled bush fires. These fires will also affect regional air quality and health.

- **Bias within the Victorian Electricity Market**

While new alternative industries are often touted as being the solution to the Latrobe Valley’s economic woes over the past 30 years, none have ever been forthcoming. One of the reasons for this is that electricity policy makes electricity artificially cheaper in Melbourne rather than close to where it is made. This is because the National Electricity Market (NEM) requires all generator to sell into the grid and electricity is priced from the nearest “node”. Unfortunately, the NEM has determined that the nearest designated “node” is Melbourne and not the Latrobe Valley HV switchyards, even though this would make more sense.

This is another city biased political decision not based on technical reality and it means that industry located in the Latrobe Valley would have to pay an extra 6% in power costs for transmission lines losses compared to Melbourne, even though there are none, and industry located in Melbourne would pay zero in line losses even though there are a 3% loss.

### **Population Growth**

- **Latrobe Valley Population Stagnation**

While our neighbouring Baw Baw shire continues to grow at 5% per annum, the Latrobe City Shire’s population has been stagnant for decades. Back in 1991 there was a reported 75,254 residents living within the Latrobe City Shire. Council’s latest report states that are currently 75,211 residents living in the Latrobe City Shire. Therefore there has been virtually zero population growth in the Latrobe City Shire for over 30 years! Over the same period Melbourne was reported to grown from a population of about 3 Million to 4.5 Million (a 50% increase).

Without population growth, regional areas have no increased demand for services, so job growth stagnates and young people continue to migrate out of our region in order to find work. Interestingly, overseas immigration to the Latrobe Valley region is also very low, despite the relatively cheap housing when compared to Melbourne. This is no doubt a consequence of limited infrastructure, public transport and other services; not to mention the obvious, a lack of regional job opportunities.

### **Transport**

- **Reliance on private transport**

The Latrobe Valley does have public transport in the form of trains and buses, but they are quite limited. For example, although the Latrobe valley is the same distance from Melbourne as Ballarat, a train trip to Melbourne takes 30 minutes longer. Likewise, local buses only pickup and drop off at limited locations. For example: there are no buses that run to any of the major power stations, so private transport is a necessity in order to maintain a job there.

The Victorian Department of Transport creates well meaning licensing laws but they often neglect equity. For example: if somebody in Melbourne loses their licence they merely swap to public transport to get to and from work; whereas, for somebody living in a regional community a loss of their licence generally means a loss of their employment.

Likewise, the reliance on private transport in regional areas disproportionately affects those with disabilities by disadvantaging them in attending social functions, visiting friends or gaining employment when compared to their city counterparts.

### **Regional Planning Imbalances**

- **Government Promotion of Traralgon over Neighbouring Towns**

Development in and around Traralgon has been actively promoted by government over neighbouring towns; such as Moe and Morwell. While Traralgon has prospered, these neighbouring towns are amongst some of the most disadvantaged in Victoria. Examples include: Moe and Morwell both having the Princess Highway bypassed, whereas Traralgon has not, and the closure of Moe public hospital to be replaced by one on the outskirts of Traralgon. The Latrobe Valley Hospital is the region's largest employer, so this political relocation severely impacted Moe's population and economy by shifting jobs and their economic benefits to Traralgon.

The fallout of this biased regional planning has seen Moe and Morwell both experience very high crime rates, drug use and generational unemployment, well beyond that experienced in other Victorian regions. The unemployment rates between these towns compared to Traralgon tells the story quite clearly; i.e. According to a Latrobe Valley Express Newspaper article of April 2018; Morwell's unemployment rate was 15.6%, Moe's unemployment rate 12.1%, while Traralgon's unemployment rate was only 6%.

Cheap housing has also seen government departments relocate many people on welfare from Melbourne to the Latrobe Valley, which has also acted to unfairly increase the Latrobe Valley social issues and problems.

## **2. Policy Settings That Could Address Inequality Between Regions**

- **Spread Regional Development Equitably across a Region**

Stop the biased regional planning in promoting Traralgon's development at the expense of neighbouring towns. For a region to prosper, development needs to be spread sensibly across the region in order to avoid pockets of social and economic dysfunction.

- **Agree on a Bi-partisan Climate Policy**

The transition of Australia's electricity grid from coal to renewables is fast becoming a train wreck guided by fools and climate zealots. There needs to be proper consideration of the engineering, economic and social aspects of this transition, not just the climatic impacts. We need to prevent electricity blackouts, industry disruption, closures and industry moving offshore if we are to prevent regional job losses and unaffordable electricity. Privatisation, which promised cheap and reliable power has failed in Australia and governments must take a more pro-active role to ensure we maintain a first world power grid.

Nuclear power must be a real government consideration if we are to move to zero greenhouse gas emissions, as well as the hydrogen from coal industry development proposed within the Latrobe Valley with a pilot plant currently being constructed.

- **Decentralisation Policy**

The government needs to promote decentralisation of government departments and services in order to better balance growth of population in the regions with that of the major cities. One benefit of this is that this would ease city infrastructure stress and the economic benefits would flow into the regional centres to increase their liveability and ability to support new immigrants who currently congregate in Melbourne.

It is plainly ridiculous that half of Australia's population live in Sydney and Melbourne, while the rest of our continent is largely empty and undeveloped. The Government also needs to financially support new regional industries to relocate to regional areas, who can provide some competitive advantage in return.

- **Legislate Compulsory Apprentice/Trainee numbers**

Major industry needs to have set mandatory government ratios for apprentices/trainees so that our shortage of skilled labour is addressed and so that regional youth are guaranteed of a start in life.

- **Relocate NEM Electricity Grid Node**

The distortion of the AEMO node location being set as Melbourne should be removed to reflect the real cost of transmission line losses and to encourage industry to locate closer to the source of power supply. This will eliminate energy waste through power line losses, as well as encouraging industry to regional areas like the Latrobe Valley.

- **Remove Council Rate Discounting**

The state government has legislated so the power generators don't have to pay full rateable value, based on capital improvement. This needs to be revisited as power companies only take from the local community and put nothing significant back in. Increased local council rate revenue would be better used to build local infrastructure in order to attract migrants and new industries to our region.

- **Redirect % of State Coal Royalties back**

Like council rates, some of the power generator coal mining royalties should be redirected back into the Latrobe Valley community to build infrastructure and increase liveability. This is only fair because our regional community is directly impacted by mining activities, such as fugitive coal dust and the Morwell mine fire. Why should all the financial benefit from our region flow to Melbourne and not some of it back to us?

- **Rail Link Improvement to Melbourne**

For new industry to be able to relocate to the Latrobe Valley there must be good public transport for workers to commute, as well as for the transport of goods. The current rail link is good but it could be much better and quicker to Melbourne. Rail duplication and dedicated tracks to the Latrobe Valley would be a solution, along with buying high speed Euro style trains.

- **Water pricing equity – industrial/domestic**

Local water rates for residents are some of the most expensive in the state. Domestic users pay some of the highest rates for water in the State at \$2/kl; whereas, power generators who use 80% of the region's water pay only 2 cents/kl. How is this fair when tax payers paid for the water infrastructure, yet those who generally don't pay any tax are the beneficiaries?

- **Water equity – city/region**

Melbourne Water has built the Thompson Dam in our region's water catchment and redirects our water to Melbourne's water supply. While tax payers funded the building of this dam, the loss of water flow through our region to the Gippsland Lakes impacts our environment.

Likewise, the closure of the forests around the dam negatively affects our access, as does the ban on fishing and boating. To put this into perspective you are allowed to fish in Newlyn Reservoir in the western District's region, which is a direct water supply, yet you aren't allowed to fish in the Thompson Dam, which is only a reservoir top-up supply. This is a loss of amenity that could see a major regional economic benefit through visiting trout fisherman and associated tourism; if fishing and boating were permitted. A reversal of the "lock up" of the Thompson Dam to our region should be reconsidered.

Likewise, Melbourne Water pays no royalties for the water that is taken from our regional catchment. A water royalty should be paid to our regional water authorities by Melbourne Water to lower the price of our local water rates.

- **Stop relocating Melbourne's social problems to the Latrobe Valley**

The Latrobe Valley region deserves better than having social welfare recipients relocated there because of our cheaper housing because this unfairly magnifies our region's considerable existing social problems.

- **Reduce Stress on Regional GP's**

Stop employers wasting regional GP's limited time by demanding medical certificates for sick leave. This is really a trust issue, where employers shift the cost of their distrust onto their workers and the health system. Employers would rethink this practice, if they had to pay for the cost of these GP visits.

Stop the practice of having to get repeat prescriptions for lifelong illnesses, such as epilepsy medication, heart medication, blood pressure medication, etc.; when an annual review conducted by the patients treating doctor would suffice.

- **Audit Regional Hospital Emergency Department Performance**

Regional hospital emergency departments should be required to meet minimum performance standards. Audits should be conducted that not only consider the patient experience but perhaps hospital staff 'time-in-motion' studies. The aim should be to identify and implement efficiency improvements to make a real difference to patients, with measurable outcomes.

### **3. Lack of Regional Self-Determination**

- **City Based Decision Making**

The current electoral boundary system in Australia has created many more electorates located in the major cities and suburbs than in regional areas. Elected politicians make decisions and policies directly impacting on the regions yet their electorates bear little detriment, i.e. they have “no skin in the game”.

For example: The recent Victorian State government’s decision to end logging in native forests was made by politicians in Melbourne who appear to be cheered on by extreme, green latte sipping city slickers. It didn’t matter that the current timber industry in Gippsland is currently sustainable and operates in the Gippsland regions and National best interest. The forestry and timber workers jobs that will be lost; and their regional communities who will be devastated, are not located in the city electorates of those politicians who made this decision. Likewise, when the forest burns due to increased bushfires it is not the city electorates whose properties are threatened or their health through choking smoke.

This is a flawed political system where those who are making decisions are remote and oblivious to the decision’s outcomes. I am not sure what the answer is but political decisions affecting regional areas need to be shifted to those who live within the region concerned. Arguable, the current flawed political system has also seen disproportional scarce resources directed to the major cities, to the direct detriment of regional development. How else could Melbourne and Sydney end up housing about 10 million Australians out of a population of 25 million?