



**Submission to Victoria's Draft 30-Year
Infrastructure Strategy undertaken by Infrastructure Victoria
Prepared by: Committee for Gippsland
26 February 2021**

Executive Summary

The Committee for Gippsland (C4G) welcomes the opportunity to provide input and feedback into the review of Victoria's 30-year Infrastructure Strategy (*launched back in December 2016*).

On behalf of our members, C4G engaged independent consultants to determine the economic implications of structural adjustment to Gippsland's traditional primary industry that have shaped our competitive advantage and economic value. Using the region's competitive and comparative advantages, this report (Gippsland Future Directions) has set about identifying replacement opportunities and the economic framework required to unlock the region's potential and grow the standard of living for all residents.

Broadly, C4G believes that enabling infrastructure will drive growth in the region. The region's ability to activate growth sectors such as: tourism, advanced manufacturing, new energy, higher education, agriculture and others, depends on an infrastructure base that presents safe and efficient routes to market.

The ACIL Allen Consulting report to Infrastructure Victoria back in July 2019 highlights the infrastructure investment opportunities and constraints. Gippsland Future Directions has gone further into defining the constraints and the necessary action required by Government to open regional economies. Overly restrictive and complicated land and building development rules and approval processes, are stifling investment and growth in regions. An independent economic study commissioned by C4G in 2020 determined approximately 91 per cent of Gippsland's land was allocated to agriculture, forestry and protected nature resources, leaving 9 per cent of the land for all other economic activity.

The Committee for Gippsland has an agenda of regionalisation that requires work in the following areas, and should be considered within the 30-year plan, including:



- Government investment in social infrastructure and services;
- Promote the Gippsland region's high-quality education assets and services;
- Quality digital connectivity enabling workforce mobility and productivity;
- Development of a regional relocation scheme;
- Investment opportunities that offer high paying skilled jobs increasing Gippsland's standard of living;
- Build new and update existing transport infrastructure structure;
- Foster and cultivate an investment ready environment; and
- The construction of new built environments to house populations and businesses in high-growth regional centres with supporting transport and social infrastructure.

Regional Victoria is well positioned to accommodate population growth and investment, and by simplifying land and building development rules and approval processes this will provide investor confidence. Our independent review (Gippsland Future Directions) suggests a 5 per cent reduction in land development constraints on agriculture could increase annual Gross Regional Product (GRP) by \$1.8b (1.5 per cent). Something this region greatly needs as we face consolidation of our traditional industries of energy and mining (forestry and fisheries).

Research shows health and associated services play a key role in attracting population to regions. A priority that continues for our members is the investment in a new hospital for West Gippsland, which is further outlined in response to the 30-year plan below.

Gippsland's GDP has remained stable with little to no growth over the past decade but appears to be showing signs of growth in recent measures however this is likely a short-term response to the high number of public infrastructure projects currently under construction across Gippsland.

Overview of the Gippsland Region

Gippsland is a diverse and resource driven region. It is 4.2 million hectares in size, with a population of 283,039 people. By 2026, this is forecast to grow to over 300,000 people. With an average travel time of around 90 minutes from Melbourne, Gippsland is serviced by freeway and V/Line rail. It is one of Victoria's eight key regional growth areas, along with Ballarat, Geelong and Bendigo. The region produces 60 per cent of Victoria's electricity, 70 per cent of Victoria's gas (40 per



cent of Eastern Australia's domestic gas), around 23 per cent of Australia's milk output, and about 26 per cent of Victoria's beef production.

Mining and agriculture are primary industries and a key driver of a vibrant supply chain however, in Gippsland energy production is a large driver of economic activity due to the high concentration of power generators in the region. Gippsland has a reasonably well diversified economy with health care and social assistance, education, tourism, and public administration being the largest areas of economic activity which may be an outcome of government spending in response to closures.

When you consider the investment made by Gippsland power stations, year in year out, they play a significant role in the region's economic performance and it will take a considered strategy of industry investment, social license, and government intervention (policy, regulation, and investment) to replace this economic stimulus. Yallourn power station is the next planned closure with 500 permanent jobs and significant crews (up to 500 workers) during scheduled maintenance at an investment of \$70million per event (each unit has a major upgrade every 4-6 years) and an annual operating cost exceeding \$200million.

The region has a vibrant tourism industry, from small bed and breakfasts and wineries to the largest inland lakes system in the southern hemisphere. It also includes Phillip Island and the Phillip Island Nature Park, which are not only a national icon, but an international draw card attracting millions of international visitors to Victoria each year.

The region is positioning itself to transition away from geothermal power production and embracing its new clean energy technologies. Local investment continues in solar energy and the region's wind competitive advantage is likely to secure Australia's first offshore windfarm.

The Committee implores the Victorian State Government and Infrastructure Victoria through the 30-year plan to establish clear policy and regulation that will encourage investment, progressing the commercialisation of alternative uses for brown coal, providing new market opportunities and replacement industries, diversifying the regional economy and most important confirming the region's pathway to a sustainable future.

Gippsland's export potential is strong particularly considering the scale of heavy industry opportunities. Such developments present a significant economic opportunity for the region, which needs a strong infrastructure base, including the



continued development of the Port of Hastings and road and rail freight investment, to be fully realised.

In response to discussion questions raised by the Draft 30-year Infrastructure Strategy, the Committee for Gippsland provides the following feedback. The Committee would welcome the opportunity to expand on these areas, should you require.

Build new hospital capacity

West Gippsland Healthcare Group play a key role as a sub-regional provider and is currently the third largest in the state behind Warrnambool and Wangaratta. West Gippsland is experiencing significant population growth and recognised as one of the fastest and quickest growing municipalities in Victoria situated to the east of Melbourne.

While the Committee for Gippsland is supportive of aligning social infrastructure with better service delivery and building new hospital capacity as outlined in draft recommendation 74, there is no mention of the fast growing south east corridor through to West Gippsland and the significance of a new West Gippsland Hospital.

As already mentioned, the West Gippsland Hospital is in one of Victoria's fastest growing regional municipalities, demand has doubled since 2014-15 placing duress on the West Gippsland hospital infrastructure and workforce unable to keep pace with demand and growth.

The current pandemic has highlighted the important role that sub-regional providers play and the importance of this project for Gippsland and its growing population.

With population increasing and residential development underway, when considering new hospital capacity prioritising the West Gippsland region in line with the outer northern and western suburbs should be considered in the 30-year plan.

How can the Victorian Government support the transition to low and zero emissions vehicles?

Identified at draft recommendation 1, that within the next five years, a requirement that all new public transport buses and coaches, and government vehicle fleets, to transition to appropriate zero emissions vehicles where available. To assist this objective the Victorian Government can look to incentivising zero emission freight



vehicles and develop design standards and payment principles for charging infrastructure.

Low emission technology in public transport is already evident in Gippsland with one local bus company already using a mix of hybrid vehicles in their fleet, with plans to increase this capacity.

In order to further support this priority, the Committee for Gippsland encourages the Victorian State Government to complement this focus with further support and development of clean energy technologies through the long-term support of programs such as the National Energy Resources Australia's regional hydrogen clusters, with one being developed in the Gippsland region.

As well as investing in low and zero emissions vehicles, the continued investment in rail infrastructure will not only improve service and reliability, therefore attracting passenger and freight growth, but will also contribute to lower emissions.

In order to further support a transition to low and zero-emissions vehicles the Victorian State Government is encouraged to review and commence planning in terms of establishing a network of re-fuelling or re-charging stations.

With the Gippsland Regional Hydrogen Cluster currently in development, there is potential in Gippsland for the Government to support and facilitate the development of hydrogen powered freight vehicles. At a regional level this should be a priority.

How can the Victorian State Government best support the development of Renewable Energy Zones (REZ)?

From a Gippsland perspective, support by the Victorian State Government can be provided through investment and clarity within planning and developing the last mile transmission to connect Gippsland's REZ with the national grid. As outlined in draft recommendation 2, the Victorian State Government can assist by progressing relevant design and approvals processes for a range of transformative energy generation infrastructure.

As outlined in draft recommendation 3, the Committee for Gippsland supports the proposal to identify and coordinate the development of Renewable Energy Zones, but with a focus on Gippsland that has historically been the power source for the Victorian economy and households. Gippsland has the energy infrastructure, transmission connections and the skilled workforce to be considered a priority through the Renewable Energy Zones.



The Victorian State Government must undertake any prioritisation of the Renewable Energy Zones with direct consultation and consideration of traditional energy communities and local industry. This is highlighted in the Latrobe Valley, and wider Gippsland, where a transition of a skilled workforce and supported communities should be central.

All levels of Government should invest in building community awareness and education of Renewable Energy Zones by providing long term social licence for clean energy technologies, including solar, wind and hydro while supporting the potential for localised hydrogen production and CCS technology.

By working with the regions, such as Gippsland, the Victorian State Government can assist in developing localised investment prospectus in order to attract further clean energy investment. Significant investment is required by Government to enable Victoria's first offshore windfarm to be constructed and connected to the electricity grid.

What other actions should be taken to improve energy efficiency in existing buildings?

Identified in the Draft IV 30-year plan over 80% of households are connected to the gas network, and the Committee for Gippsland recognises natural gas as an important transition fuel. In the meantime, significant investment is required by Government to progress the development of clean energy technologies.

As outlined in draft recommendation 8, allowing time to examine the viability of hydrogen will reduce the risk of making pivotal decisions too early to retire or repurpose the network. This needs to be reflected with clear policy and Government support for the potential of the hydrogen industry in Australia, but particularly within Gippsland.

The Committee also encourages Government to continue its investment in Carbon Capture and Storage with the understanding that the answer doesn't lie in one form of energy and that our clean energy future will be dependent on range of fuel types.

Enhancing market access and productivity

Outlined in section 4.1 regional Victoria's long distances mean infrastructure plays a critical role in improving physical and digital connections between businesses and markets, allowing regional industries to better compete locally and globally. The Committee for Gippsland supports draft recommendations 77 and 79 to provide



ongoing funding towards road and bridges maintenance as well as regional rail freight maintenance.

In order to further understand the challenges and opportunities regarding Gippsland's freight infrastructure, Committee for Gippsland is seeking funding from the Victorian and Commonwealth Governments to refresh the Gippsland Freight and Infrastructure Masterplan. As identified back in 2013, in the original Gippsland Freight and Infrastructure Masterplan, issues that remain a priority include:

- a. Vehicle productivity: industry seeks more widespread access for larger vehicles, particularly on the secondary road network but also on the rail system where train lengths are limited.
- b. Rail Freight: industry sees the potential benefit in using rail, provided it is at the right price, its efficient and has the desired capacity.
- c. Townships: Freight issues are concentrated at townships, which are impacting amenity causing congestion and safety concerns.
- d. Maintaining the asset: the existing assets are declining in performance because of maintenance gaps. The quality and extent of road maintenance is not meeting industry's needs and imposes higher costs on business.
- e. Exports: Export opportunities need new infrastructure such as better freight connections to the Port of Melbourne, and the development of the Port of Hastings.
- f. Information: increasing use of information technology could enable new strategies to optimise vehicles and demonstrate compliance with freight regulation.

Building on these areas of feedback to the 30-year plan, the Committee for Gippsland urges the following options to be considered in the short-term:

- a. Rail Infrastructure – Improve freight and passenger capability East of Traralgon. In addition, the Committee requests that Government allocate funding to commission a detailed report to determine how to unlock the bottleneck between Dandenong and South Yarra (on completion of the tunnel).
- b. Bairnsdale intermodal facility – To facilitate the movement of heavy industry materials safely reducing the carbon footprint and leave a long-term legacy for East Gippsland. The Committee regards this enabling infrastructure as a mechanism to secure future investment.
- c. Traralgon Bypass: Traralgon is the largest city in Gippsland without a highway bypass. As freight volumes grow, it is becoming an increasing point of delay



and the amenity impacts on the township are worsening. A bypass route has been set aside but development of the full bypass is a long-term initiative. In the short term, small improvements to truck movements through Traralgon, such as altering to highway roundabouts and priorities of high-value freight movements, could be examined.

- d. Increased funding support for local road investment: This would include a more consistent and performance-based standard of maintenance to reliably improve access. There would be preventative and rapid response maintenance of roadside vegetation to avoid road closures and damage to vehicles and loads from overhanging branches. Increased funding across this area would also improve minor access blackspots and intersections.
- e. South Gippsland Highway Upgrade: Ultimately a dual carriageway could be developed between Lang Lang and Leongatha to provide better access to the Ports of Melbourne and Hastings for food processing manufacturers and those in the agricultural sector in South Gippsland.

What other evidence exists on the benefits of greater freight connectivity?

The Committee for Gippsland is a strong supporter of priority being placed on major road infrastructure-routes that ensure the region's competitiveness by allowing business and industry to access both domestic and international markets efficiently and quickly. There are significant routes to market across Gippsland that are important to the long-term prosperity of business and industry.

The Victorian State Government is again to be encouraged towards refreshing the Gippsland Freight and Infrastructure Masterplan. The Masterplan will identify existing and emerging key routes, barriers, and opportunities to unlock further export and growth opportunity and will make a positive contribution to future reviews and updates of the 30-year plan.

The Committee for Gippsland is a strong advocate for improving freight chains to the export market, including through the Port of Melbourne and while is supportive of optimising capacity at this port under draft recommendation 24, highlights the potential for greater consideration of the Port of Hastings.

There are charges for freight that is cross docked through the depot at the Port of Melbourne and delivered on a tray truck. Congestion issues across Melbourne are significantly adding to cost pressures throughout the supply chain. For Gippsland businesses they are required to pay tail-gate charges, another cost impost on business.



It should also be noted that feedback from local businesses carrying freight to the Port of Melbourne is that transport arrangements have improved due to better time slotting. Further feedback from Committee for Gippsland members is that freight to the Port of Melbourne continues to be far more cost and time effective using road transport compared to the road/rail combination through the Latrobe Valley.

A third major airport in Cardinia Shire and the development of the Port of Hastings are key projects that would improve Gippsland's freight supply chains. Gippsland has enormous potential as a producer of Australia's cleanest and greenest primary produce and these projects will increase Gippsland and Victoria's potential.

The Port of Hastings is considered as a major export opportunity for Gippsland. While the Committee for Gippsland aspires for it to be developed as a bulk and container port, the current bulk opportunities that it presents are significant. Livestock can be imported from interstate to be processed at local meat processing businesses, and there are opportunities for concrete to be imported, and coal products and wood chips to be exported.

The Committee for Gippsland encourages the inclusion of the Port of Hastings and a third airport in the Cardinia Shire as freight priorities to be included in the 30-year plan, as is the Bay West Port Option under draft recommendation 25.

Meeting the growing demand for access to economic activity in central Melbourne.

Gippsland residents, particularly those in the Latrobe Valley and West Gippsland continue to travel into Melbourne for employment.

The Committee for Gippsland is also of the strong view that Gippsland V/Line passengers should not be forced to disembark at Pakenham and board a metro train, to continue their travel into Melbourne. The Committee for Gippsland is particularly keen to see the planning and eventual construction of the fourth line to unlock congestion which is causing poor service outcomes and a tremendous amount of travel time for Gippslanders keeping them away from home and family.

Are there other ways the Victorian Government can improve digital connectivity in Victoria's regions?

The Committee for Gippsland is highly supportive of draft recommendation 80 that in order to continue to address Gippsland's digital connectivity gaps the Government is encouraged to continue delivering regional digital connectivity improvements and review the need for further government investment.



As outlined in the 30-year plan, digital access is increasingly an alternative to direct contact and the primary means of conducting business and delivering services, especially in rural areas. The COVID-19 pandemic has highlighted the importance of reliable, high speed internet in contemporary society, accelerating the use of digital substitutes for work, education, service delivery and social connections.

Mobile coverage is a significant problem throughout regional Victoria, including Gippsland. Poor mobile coverage is identified as particular problems near tourist attractions, along transport corridors, and in smaller settlements and farming areas.

After experiencing disastrous bushfires in 2020, a key focus for Gippsland digital connectivity relates to not only extending network coverage but also in improving the reliability of the telecommunication infrastructure.

While improving Gippsland's digital connectivity infrastructure remains a priority for the Committee for Gippsland, not only in ensuring that the infrastructure is available during times of emergency, bushfires and floods, but is vital in order to support a region growing in reliance on working and being educated remotely, while being connected with Melbourne, broader Victoria and beyond.

By improving and building capacity within Gippsland's telecommunications infrastructure, social connectedness and employment opportunities that a greater connected region will have. The Committee for Gippsland welcomes Infrastructure Victoria's continued focus on improving the region's telecommunications through draft recommendation 86 that priority should be given to high emergency risk areas, road and rail routes, population centres, tourist attractions and areas of agriculture and other economic activity.

The Victorian State Government can improve digital connectivity in Gippsland, whether that be through facilitating and supporting private and public investment opportunities, subsidised programs enabling regional businesses to access high speed broadband, or through providing R&D investment in new technological solutions that can address regional landscapes and opportunities.

In terms of addressing shortfalls of digital connectivity both in times of emergency and in destinations reliant on the visitor economy the mobile black-spot program (in partnership with the Commonwealth Government) has proven to be a success in helping to address digital connectivity gaps.



Regional SME organisations may not necessarily have their own inhouse IT expertise and sourcing these skills can be costly, time consuming and technically confusing. The Victorian State Government may consider working with ICT organisations to deliver shared platforms targeted at reducing cost and simplifying digital connectivity solutions for the end user.

It is essential that when Government is looking at improving outcomes for regional communities, whether it be health, education or economic outcomes, that improving digital connectivity and access is part of the process.

What more might help develop tourism infrastructure in Victoria's regions?

As identified in the 30-year strategy, across Australia, nature-based tourism has been an area of particularly strong growth, emerging as an important motivator for travel. Locally in the Gippsland region, nature-based tourism includes the Gippsland Lakes, Wilsons Promontory, Phillip Island and the Bass Coast through to the mountains in the north. The Committee for Gippsland is supportive of promoting the region to visitors and developing infrastructure that will support nature-based tourism identified in draft recommendation 82 that will see a Victorian nature-based tourism strategy developed to guide industry development and prioritise further investments.

To complement the nature-based tourism strategy a third major airport for Victoria would be best situated in Cardinia Shire, where it would be able to service an immediate catchment of Melbourne's southeast and the Gippsland region out-bound but also receive travellers inbound.

For passengers travelling from East Gippsland and the Latrobe Valley, the opportunity to drive to a local airport in Cardinia Shire would represent a major travel time saving (and further reduce congestion on the Melbourne road network). For tourists looking to visit Phillip Island Nature Park or Mt Baw Baw Alpine resort, and activate new tourism infrastructure including the Metung Hot Springs and Omeo MTB, an airport in the south east of Melbourne would not only bring these attractions closer, but present opportunities for further overnight stays in the region and increased local expenditure.

As a priority, the Committee for Gippsland encourage Infrastructure Victoria through the 30-year plan and Victorian State Government to begin the process to progressing site reservation planning and investment necessary to undertake the development of a south eastern airport in the Cardinia Shire.



Supporting and creating private and public partnerships to invest in the tourism sector while ensuring enabling infrastructure is available to activate the regional tourism sector is vital. This is particularly important in a post-COVID19 recovery. Reducing and removing red tape associated with planning approval process should also be streamlined to assist with this process.

Conclusion

The Committee for Gippsland greatly appreciates the opportunity to provide this input into the draft 30-Year Infrastructure Strategy and we welcome you to meet with our members to further progress Victoria's 30-year Infrastructure Strategy.

Please do not hesitate to contact the Committee for Gippsland should you require further discussion.

Yours sincerely

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Committee for Gippsland