



Star of the South

Submission: Inquiry into the closure of the Hazelwood and Yallourn power stations

29 October 2021

About Star of the South

Star of the South is Australia’s first offshore wind project. It has the potential to power nearly 20 per cent of Victoria’s electricity needs while creating thousands of jobs and long-term investment in the Gippsland region. It is backed by Copenhagen Infrastructure Partners (CIP), one of the world’s largest clean energy investors. The project is currently in the environmental assessment phase and aims to start construction in the middle of the decade, generating full power by 2030 (subject to financial investment decision).

Offshore wind is one of the fastest-growing renewable energy technologies globally, helping to transition energy systems to a consistent and reliable form of renewable power while creating new jobs and economic investment in regional areas around the world.

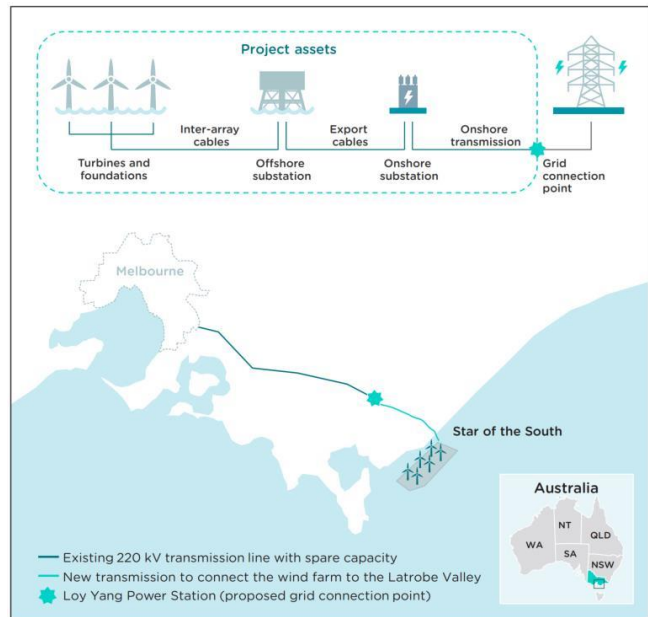


Figure 1 – Star of the South’s proposed location

Our submission

We welcome the opportunity to make this submission to the Legislative Council’s Economy and Infrastructure Committee regarding the impact of power station closures on Gippsland and the Latrobe Valley.

We note the specific objective from the Terms of Reference regarding economic impacts (referenced below) so have structured our submission around the unique opportunity offshore wind presents to offset the loss of jobs and supply contracts when Yallourn closes in mid-2028.

b) expected economic impacts of the proposed closure of Yallourn Power Station in 2028 and options the State Government can pursue to offset the loss of more than 1,000 direct jobs from the plant, as well as associated contractors.

Our feedback is informed by several years of deep community and stakeholder engagement in Gippsland to inform Star of the South’s development and to ensure economic opportunities for the region are prioritised in Australia’s emerging offshore wind sector.

In addition, we have conducted socio-economic modelling and commenced preliminary local content investigations to better understand the potential economic benefits of an offshore wind project in Gippsland.

Our commitment to support Gippsland jobs and economic opportunities



Latrobe Valley coal worker and offshore wind advocate Tony Wolfe

Star of the South is committed to working with Latrobe Valley and Gippsland communities to maximise local employment and economic opportunities. We have already established an office in Gippsland, employing local workers and investing development expenditure into the region's economy through our 'buy local' approach.

We are engaging with the Latrobe Valley Authority, Regional Development Victoria, the Committee for Gippsland, GROW Gippsland, TAFE Gippsland, Federation University and the Gippsland Trades and Labour Council to map out opportunities and to share knowledge about the skills and training requirements required for a new offshore wind sector.

There is a strong commitment from all parties to drive these initiatives, but several of these bodies are reliant on ongoing funding and/or grant opportunities to resource such activities.

Training and skills

Offshore wind offers a unique transition pathway for workers in declining sectors such as offshore oil and gas and coal. There are several international precedents and success stories, with Australia's opportunity highlighted in the Blue Economy CRC's report into *Offshore Wind Energy in Australia*.¹

The report brought together expertise from CSIRO, Saitec Offshore, Institute for Sustainable Futures, University of Technology Sydney, Maritime Union Australia along with contributions from the Electrical Trades Union, Australian Manufacturing Workers' Union and Australian Council of Trade Unions, representing a broad cross section of industry, government and academic perspectives.

It found "*offshore wind energy could play a significant role in a 'just transition' for oil, gas and coal workers*" and recommended that "*skills training and labour market programs should be developed to support oil, gas and coal workers to gain employment and skills in offshore wind energy.*"

We are working directly with EnergyAustralia on skills mapping and transition opportunities for the Yallourn workforce. We are committed to working together to share knowledge and map opportunities for coal workers and supply contractors. However, this opportunity will also require timely support from government and local training institutions to ensure there are pathways into the sector to enable a smooth transition.

¹ Blue Economy Cooperative Research Centre (Blue Economy CRC), *Offshore Wind Energy in Australia*, Final Project Report, July 2021 www.blueeconomycrc.com.au/projects/offshore-wind-potentialaustralia/

Gippsland's economic opportunity to become the home of offshore wind

The Victorian Government's *Climate Change Strategy*, *International Investment Strategy* and the *Latrobe Valley New Energy Jobs and Investment Prospectus* all identify offshore wind as a positive technology for meeting the State's decarbonisation, energy supply and economic goals.

In addition, a bipartisan report into the Offshore Electricity Infrastructure Bill from the Australian Senate's Environment and Communications Legislation Committee² noted "*the significant economic, social and environmental opportunities that will be promoted through the Bill*"....and the Committee "*agrees it is important for the framework to be enacted as soon as possible, to create industry certainty, sufficient lead time for complex project design and financing, and workforce delivery in alignment with forecast closure of current energy assets.*"

When setting up new industries, there is typically a 'first-mover' advantage for states and regions that attract the foundation projects.

Gippsland has a strong offshore wind resource, but interest is also growing around Australia's coastline in places like New South Wales, which offers attractive supporting infrastructure in the Port of Newcastle and proximity to the Illawarra's supply chain capabilities.



It is therefore important that work continues on policy developments and supporting infrastructure that position Gippsland as an attractive place to invest, enabling the region to capitalise on the 'first mover' economic advantage of a new offshore wind industry.

Jobs could be supported across several industries during the construction phase, including civil construction, local manufacturing, supply and apprentices. The long-term jobs during the operational phase offers the potential to re-invigorate the Gippsland region with jobs, tourists, new local businesses, and could strengthen the region for decades to come.

Preliminary economic modelling by Accenture found Star of the South is estimated to deliver:

- around \$8.7 billion in investment in Victoria over its lifetime
- including an estimated \$6.4 billion direct boost to Gippsland's economy
- and wider economic benefits worth more than \$10.4 billion for the state (Gross Valued Added)

² The Senate Environment and Communications Legislation Committee, *Report into Offshore Electricity Infrastructure Bill 2021 [Provisions] and Offshore Electricity Infrastructure (Regulatory Levies) Bill 2021 [Provisions]*, October 2021, [https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024801/toc_pdf/OffshoreElectricityInfrastructureBill2021\[Provisions\]andOffshoreElectricityInfrastructure\(RegulatoryLevies\)Bill2021\[Provisions\].pdf;fileType=application%2Fpdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024801/toc_pdf/OffshoreElectricityInfrastructureBill2021[Provisions]andOffshoreElectricityInfrastructure(RegulatoryLevies)Bill2021[Provisions].pdf;fileType=application%2Fpdf)

- around 2,000 direct jobs in Victoria over its lifetime
- including 760 Gippsland jobs during construction and 200 ongoing local jobs once it's up and running.

Star of the South has established an Industry Capability Network (ICN) Gateway to enable suppliers to register their interest in working with Star of the South. We currently have over 70 expressions of interest in the Gippsland area specialising in different areas of the supply chain including electrical equipment, steel and transport. Many of these entities support the existing coal industry. Star of the South has also recently hired an Industry Development Manager who oversees and prioritises the development of a brand new local offshore wind industry.

Recommendations

1. Ongoing funding and dedicated support for Gippsland's economic transformation

We have been working with Gippsland's government, community and industry leaders on initiatives such as an energy vision for the region, potential skills/training pathways for offshore wind, supply chain mapping and social procurement planning. We recommend ongoing funding and support for bodies such as the Latrobe Valley Authority, Regional Development Victoria, the Committee for Gippsland, GROW Gippsland and local councils and shires to continue this important work.

2. Engage with industry on job and supply chain opportunities in the clean economy

We understand the Victorian Government has established a new Victorian Skills Authority, Clean Economy Jobs and Skills Taskforce and a \$6 million Clean Economy Workforce Capacity Building Fund. We recommend engagement with industry and regional stakeholders so that Gippsland is prioritised in future planning and funding opportunities, particularly on the opportunity to upskill in the roles required for an offshore wind sector.

3. Accelerate the development of Victoria's offshore wind sector to offset the loss of power supply, jobs and supply contracts from Yallourn's closure in mid-2028

Offshore wind projects have long lead times – this is especially true of new markets where no offshore wind projects have previously been built before (such as in Australia). Star of the South has the potential to be operating by the end of the decade, but regulatory and other policy developments (such as investment in supporting infrastructure) must keep pace to support these timeframes. We understand the Victorian Government is developing an Offshore Wind Sector Strategy and recommend this work continues in step with industry to ensure positive and timely outcomes in the wake of more power station closures in the Latrobe Valley, starting with Yallourn in mid-2028.

Thank you for the opportunity to make a submission. We look forward to following the outcomes of this inquiry and would be pleased to participate in any further discussions on this matter.