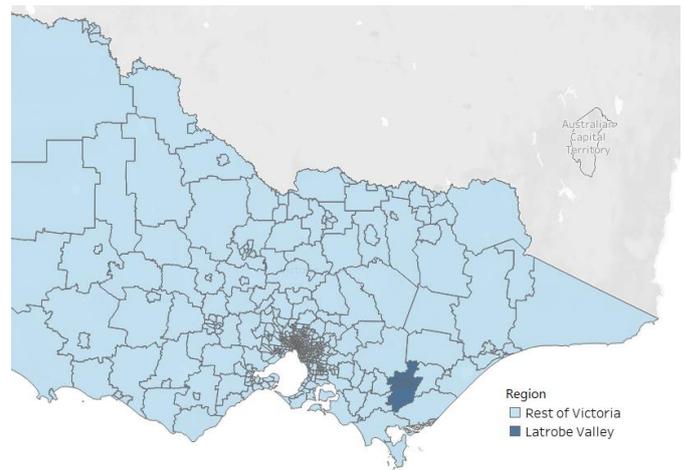


# Regional transition analysis Latrobe Valley

## Research Summary

The Latrobe Valley is one of Victoria's most important industrial centres, historically anchored by its role as the state's energy hub. It is well placed to leverage its resource base, energy infrastructure, agricultural sector and proximity to Melbourne to generate jobs aligned with its skilled industrial workforce.



## Key Findings from analysis

1. Key opportunities include providing engineering and support services to the renewable energy industry, food and fibre production and processing leveraging Gippsland's agricultural base, and intermodal freight, cold-chain logistics and low-carbon freight hubs.
2. Latrobe Valley's workforce is expected to grow over the next 25 years under each of the three transition scenarios considered, growing anywhere between 18% to 39% over the next 25 years
3. The high rates of vocational education are a key strength for the fossil fuel workforce, and position them well to move into utilities, construction and renewables projects as power stations and coal mines close.
4. While there appears to be demand within the region to enable these workers to move to new employment, there are a number of challenges which will need to be overcome. Successful transition will depend on coordinated transition supports from government and industry, and leveraging recent investments in education and training facilities to provide flexible reskilling opportunities.

# Investment potential

There are several promising areas for industrial expansion in the Latrobe Valley, building on the comparative advantage of the region. Growth in these sectors would help diversify the economy and support job creation, in addition to the expected natural growth of the region.



## Clean energy supply chain

Latrobe's proximity, industrial land, and deep engineering base position it as the onshore hub for operations, maintenance, and heavy engineering services for clean energy developments such as offshore wind in Gippsland and diversification into geothermal, large scale battery storage and bioenergy from agricultural and forestry bi-products.



## Food and fibre

Latrobe's proximity to Gippsland's agricultural heartland (dairy, meat, and horticulture) positions it as a natural hub for food and fibre product manufacturing. With industrial land, strong utilities access, and transport connections, Latrobe can support value-added processing, packaging, and cold-chain logistics that strengthen the region's export profile.



## Transport and logistics

The Gippsland Logistics and Manufacturing Precinct (GLAMP) in Morwell positions Latrobe as a potential regional freight and logistics hub, strategically located between Gippsland's food and fibre producers and metropolitan export markets.

Opportunities include intermodal freight consolidation, cold-chain logistics, and low-carbon freight solutions such as hydrogen or EV depots.

## Key investment opportunities

The region has a range of other potential investment opportunities which can build off its skilled industrial workforce and established training institutions. The following table provides a high level analysis of some of these opportunities.

Project type	Lead Times*	Job Contribution	Policy	Comparative Advantage	Average Rating**	Description
Offshore wind farms	Long Term	4.00	5.00	5.00	4.67	Strong coastal wind resources and legacy grid infrastructure. Broad policy support.
Food and fibre product manufacturing	Short Term	2.00	5.00	5.00	4.00	Established agricultural base in Gippsland region supports expansion. Existing precinct.
Transport and logistics	Medium Term	4.00	4.00	4.00	4.00	Road and rail links connect to Melbourne and Gippsland ports. Planned precinct.
Carbon capture and storage (CCS)	Long Term	5.00	4.00	3.00	4.00	Suitable geology for CO2 storage near Loy Yang. Currently limited projects outside of CarbonNet.
Hydrogen	Medium Term	5.00	3.00	3.00	3.67	Planned pilot projects planned and proximity to upcoming generation projects. However, projects not focused on green hydrogen and Latrobe not designated as a hydrogen hub.
Energy from waste facilities	Long Term	4.00	4.00	3.00	3.67	Existing industrial land and local waste but community concerns, policy and feedstock barriers
Renewables component manufacturing	Short Term	5.00	3.00	3.00	3.67	Potential local content requirements for nearby OSW projects. Little existing industry.
Circular economy manufacturing	Short Term	1.00	5.00	4.00	3.33	Industrial base can enable recycling and material recovery ventures.
Defence maintenance/sustainment	Short Term	5.00	2.00	3.00	3.33	Upcoming Aerospace Technology Precinct but limited direct industry presence to date.
Urea and ammonia production	Short Term	4.00	3.00	3.00	3.33	Applicability as fertiliser input for surrounding region, but limited policy support.
LCLFs, biofuels and biochemicals from waste streams	Medium Term	3.00	4.00	3.00	3.33	Strong forestry residues and agricultural waste feedstocks.
Defence manufacturing	Short Term	3.00	3.00	3.00	3.00	Upcoming Aerospace Technology Precinct but limited direct industry presence to date.
Solar farms	Medium Term	1.00	5.00	3.00	3.00	Good grid access and existing projects, but few employment opportunities.
Battery energy storage systems (BESS)	Medium Term	1.00	4.00	4.00	3.00	Strong applicability based on grid integration and generation projects.
Green metals	Medium Term	3.00	3.00	2.00	2.67	Few notable mineral deposits in the region aside from coal.
Geothermal heating and power	Long Term	2.00	2.00	4.00	2.67	High comparative advantage due to existing aquifer, but limited applications to date.
Mine rehabilitation	N/A	3.00	1.00	4.00	2.67	Extensive coal mines will require rehabilitation, but little discussion in policy.
Onshore wind farms	Long Term	1.00	4.00	2.00	2.33	Several onshore farms planned, but substantially smaller than planned OSW projects.
Minerals processing	Short Term	2.00	3.00	1.00	2.00	Some mineral sands resources present, but little utilisation to date.
Data centres	Short Term	1.00	2.00	2.00	1.67	Largely unviable because distance from metro demand creates latency disadvantages, despite ample water and energy reserves; limited long-term jobs contribution beyond construction.
Pumped hydro energy storage	Long Term	2.00	1.00	1.00	1.33	Limited topography.

\*Note that lead times are not considered when deriving a project type's rating or the subsequent prioritisation. Details and categorisation are retained here for illustrative purposes.

\*\*Additional detail on methodology to derive scores is present in report appendices.

Key opportunities

Weakest 1 2 3 4 5 Strongest

# Economic change

Traditional industries in Latrobe Valley are in gradual decline, with industrial and retail employment easing as a share of the workforce, though considerable opportunities exist in renewable energy under scenarios where there is strong renewable deployment in the region.

Latrobe Valley’s workforce is expected to continue shifting towards public services, expand in the currently underrepresented business services sector and increase the role of transport and warehousing, underpinned by a few key projects currently in development.

The expansion of the transport and warehousing industry alongside the rollout of renewables to 2035 is expected to support strong jobs growth. Unlocking industrial investment opportunities outlined in the Regional Investment Analysis will support additional industrial job growth.

## Worker transition

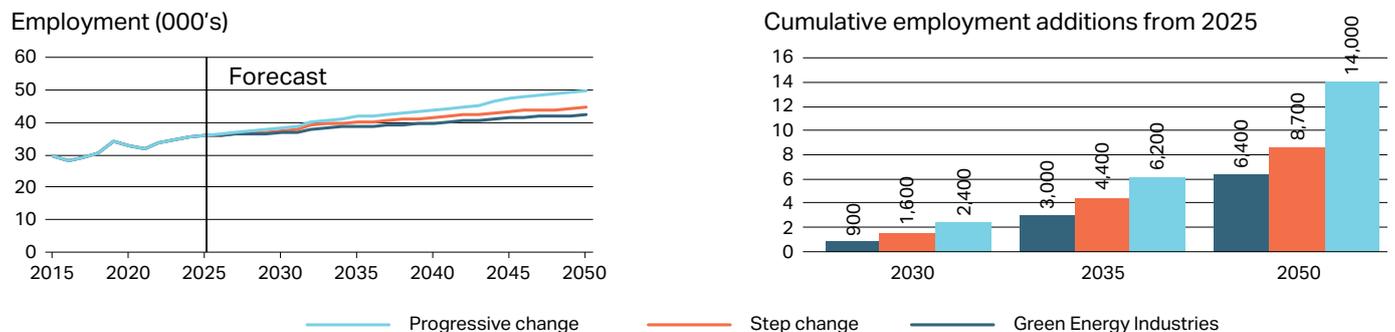
There are an estimated 1,250 fossil fuel workers in the Latrobe Valley spread evenly between coal mining and fossil fuel electricity generation, making up approximately 3% of the region’s workforce in 2025. The fossil fuel workforce is heavily concentrated around technicians & trade workers (43.7%), machinery operators & drivers (16.0%), clerical & administrative workers (14.3%), and labourers (11.7%). They tend to skew older, with approximately 50% falling between the ages of 45-64, and are primarily male (84.5%).

Workers have high rates of vocational education with the potential to underpin industrial investment in the region with a deep skills base in engineering, trades, and plant operations. Approximately 74% are in highly specialized roles with skillsets closely linked to the electricity generation or coal mining sector, with 26% in back office or transferable on-site functions.

Regional employment demand for similar roles is expected to grow steadily over the forecast period. Demand from industrial sectors is relatively muted in the near-term, but post 2030, demand is forecast to pick up in industrial sectors which provide opportunities for fossil fuel workers. Priority areas identified in the Regional Investment Analysis present potential growth opportunities which leverage off the skills set of for fossil fuel workers. The widespread presence of office roles across all industries present a viable pathway for back office staff within the fossil fuel sector.

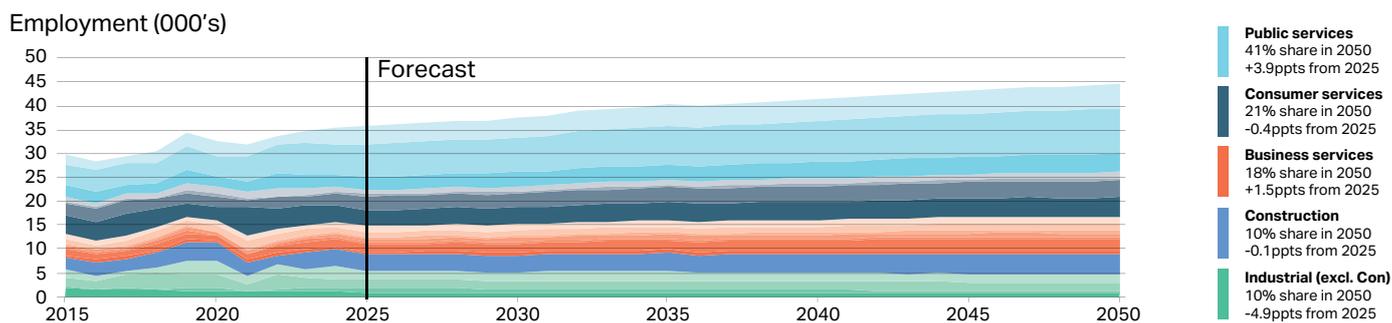
Where reskilling is required, a strong presence of VET facilities in the region, alongside recent investments to expand capacity, will support workers to be effectively retrained. This includes TAFE Gippsland’s recent investment in a new Clean Energy Centre offering courses in onshore and offshore wind, hybrid and electric vehicle servicing and smart-grid technologies. Federation University’s recent establishment of the Centre for New Energy Transition Research and the industry supported Asia Pacific Renewable Energy Training Centre Gippsland will further strengthen renewable energy training and research.

## Latrobe Valley workforce outlook by scenario



Source: Oxford Economics based on AEMO scenarios

## Latrobe Valley employment make-up under Step Change



Source: Oxford Economics based on AEMO scenarios

Public services includes Health, Education & Public Administration & Safety.

Consumer services includes Retail Trade, Accommodation & Food Services, Arts & Recreation and Other Services.

Business Services includes Wholesale Trade, Transport & Warehousing, Information & Media, Financial Services, Property Services, Professional Services and Administration Services.

Industrials excluding Construction includes Agriculture, Mining, Manufacturing & Electricity, Gas, Water & Waste Services.

Note: Employment figures are rounded to the nearest hundred

## About the research

The Authority engaged Oxford Economics Australia (OEA) to understand potential opportunities and transition pathways over the next 25 years in three of the Authority's priority regions in Central Queensland, the Hunter and the Latrobe Valley.

The project methodology used three scenarios from the Australian Energy Market Operator's (AEMO) 2025 Draft Inputs, Assumptions and Scenarios Report focused on achieving net zero emissions by 2050. These scenarios (Progressive, Step Change and Green Energy Industries) were scaled to a regional level taking into account the contribution of industries to regional economic activity and employment, regional employment rates and population demographics (eg age, education profile, migration flows), drawing on national publicly available data sets; ABS census, ABS labour force data, and state government population projections.

The research also explored potential opportunities to leverage the industrial capabilities of the regions to drive further economic growth and job creation, and potential career transition options for fossil-fuel workers. The findings provide a point in time analysis.

Findings from the research will be validated by NZEA with regional stakeholders. This analysis is one of many inputs to building the Authority's understanding of likely transition dynamics in priority regions, alongside ongoing engagement with regional stakeholders, other commissioned and internal analyses and consultation across Commonwealth and State governments.

## Further information

If you are interested in finding out more about the Latrobe Valley region, visit our current priority regions page. [netzero.gov.au/latrobe](https://netzero.gov.au/latrobe)

