



Latrobe City ABN 92 472 314 133
Telephone 1300 367 700
Facsimile (03) 5128 5672
TTY (NRS) 133 677
Post to PO Box 264 Morwell 3840
Email Address latrobe@latrobe.vic.gov.au
Internet www.latrobe.vic.gov.au
AUSDOC DX217733 Morwell

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Senate Finance and Public Administration Committees
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Committee Secretariat

INQUIRY INTO GOVERNMENT PROCUREMENT PROCEDURES – PAPER PROCUREMENT

On behalf of the Latrobe City Council I wish to make a submission to the inquiry for Commonwealth Procurement Procedures – paper procurement. In particular this submission will focus on the impact of procurement connected policies, with a particular reference to the ICT Sustainability Plan and the National Waste Policy, on securing manufacturing investment and jobs in the paper sector.

Latrobe City is recognised as one of Victoria's four major regional centres and is the States' only eastern regional centre. The largest population centre in the Gippsland region, Latrobe City acts as the regional headquarters for Government agencies and private operators including banks and insurance companies. Less than two hours' drive east of Melbourne, Latrobe City is home to approximately 74,000 people. Latrobe City's 1,426 square kilometres encompasses four urban centres of Churchill, Moe-Newborough, Morwell and Traralgon and seven smaller townships including Glengarry, Tyers, Toongabbie, Yinnar, Boolarra, Traralgon South and Yallourn North.

With a Gross Regional Product (GRP) of approximately \$4.1 billion, Latrobe City makes a significant contribution to the Victorian economy. Latrobe City is also home to the states electricity generation industry, contributing in excess of 90 per cent of Victoria's energy requirements.

The broader Gippsland Region is rich in natural resources including forestry, highly fertile land for agriculture, relatively high rainfall, natural gas and brown coal. Gippsland's natural environment and climate are very conducive to natural resource based industries, in particular agriculture, forestry and energy production.

Latrobe City is home to Australian Paper, Australia's largest integrated pulp and paper mill, Carter Holt Harvey, Hancock Victorian Plantations, logging transport and forestry service providers and around 30,000 hectares of timber plantation is located within the municipality.

Latrobe City Council recognises the fundamental importance of Australian Paper to the community of Latrobe City and the Victorian economy. The company is one of the regions largest employers and has demonstrated a proud history of investment into the local economy since commencement of the Maryvale Mill in 1937.

Latrobe's Forestry, Wood and Paper sector employs over 1,000 people (directly), accounts for approximately \$265 M of economic output and around \$180 M value add to the industry. For every 100 jobs in the sector in Latrobe it is estimated that a direct output of \$66.04 M is generated and the indirect industrial effects in terms of local purchases of goods and services support a further 61 jobs.

Latrobe City Council is in support of Australian Paper's endeavours to ensure the use of Australian made paper products in local and national businesses. Council currently procures 100 per cent recycled REFLEX paper in our operations and it is our intention this will continue to ensure we support our local industry and one of our major employers.

The 100 per cent recycled paper policy, introduced as part of the Information and Communication Technology Sustainability Plan (2010-2015) mandated that by 30 June 2015, all government office paper would be 100% recycled. The move to abandon this Plan is consistent with a recommendation by the Abbott government's Commission of Audit.

Council is concerned that the abandonment of this Plan is having a major impact on Australian Paper. Australian Paper is Latrobe City's largest private sector employer. The company has recently completed commissioning of the \$90 Million de-inking plant and was planning on expanding its workforce by 250 jobs. Should the Plan not be reinstated these jobs cannot be realised.

It is the view of Latrobe City Council that all levels of government should do what is possible to ensure the long term sustainability of the Australian Paper Maryvale Mill. The current Australian Government position provides no incentive for further investment in the Maryvale Plant, and undermines government efforts to retain a key regional employer.

Yours sincerely

BRUCE CONNOLLY
Manager Economic Development