

Cr White declared an interest that is not a conflict of interest in respect to the following item.

14. CITY DEVELOPMENT

14.1 Submission to Victorian Heritage Council - Morwell Power Station and Briquette Factories

General Manager

City Development

For Information

EXECUTIVE SUMMARY

The Morwell Power Station and Briquette Factories are located at 412 Commercial Road, Morwell and until 2014 were used to produce electricity and briquettes by Energy Brix. HRL Limited, the site owner under the name Energy Brix, was placed into voluntary administration in 2015.

On 26 May 2017, the Executive Director of Heritage Victoria made a recommendation to the Heritage Council to include the Morwell Power Station and Briquette Factories as a Heritage Place on the Victorian Heritage Register (VHR). The recommendation was made following an Interim Protection Order issued by Heritage Victoria preventing demolition of the buildings.

HRL Limited is planning to sell the site with the buildings demolished and the site remediated. It is not intending to object to the VHR listing and will apply for demolition of the buildings once the heritage listing process is completed. It should be noted that the listing of the buildings does not prohibit them from being demolished but adds another step in the process.

There is a concern that should the buildings be listed and the application to demolish them be unsuccessful, that the landowner is likely to allow the site to become derelict. This is likely to impact Council resources as time would be spent dealing with enquiries from the public about the state of the site and Council's Municipal Building Surveyor may have to engage in enforcement action to make the site safe. There may be public pressure to take over the site into the future.

Council has the opportunity to make a submission to the Heritage Council regarding the recommended listing on the VHR. Whilst submissions should be confined to whether the place is of cultural heritage significance, it is considered that the future of the site should also be raised as this has the ability to impact on Council operations if demolition of the site is not permitted.

RECOMMENDATION

That Council:

1. Endorse the submission to Heritage Council Victoria regarding the recommendation to include in the Victorian Heritage Register the Morwell Power Station and Briquette Factories at 412 Commercial Road, Morwell.

MOTION

Moved: Cr Middlemiss

Seconded: Cr Harriman

That Council:

- 1. Advises Heritage Victoria that it has no objection to the listing of MB&P as a Heritage Place on the Victorian Heritage Register subject to the buildings and surrounds being maintained in a safe condition for public access and being retasked for community use rather than be abandoned;**
- 2. Advises Heritage Victoria, Latrobe Valley Authority and the State and Federal governments that such an outcome is beyond the resources of this council;**
- 3. Submits the (currently draft) submission tabled tonight to the Victorian Heritage Council as an indication of council's concerns regarding possible retention of the MB&P buildings without purpose or adequate financial support. The recommendation to be modified to tie council's objection to such an outcome; and**
- 4. Call on Heritage Victoria to immediately respond to council's 2010 request for assistance in conducting a Heritage study of the Victorian electricity generation Industry.**

For Crs White, Middlemiss, Harriman, Gibson, Howe and Clancey

Against: Crs O'Callaghan, McFarlane and Law

CARRIED

DECLARATION OF INTERESTS

Officers preparing this report have declared they do not have a conflict of interest in this matter under the provisions of the *Local Government Act 1989*.

DISCUSSION

In March 2017, a local resident nominated the Morwell Power Station and Briquette factories at 412 Commercial Road, Morwell for inclusion on the Victorian Heritage Register. In response an Interim Protection Order (IPO) was issued by Heritage Victoria to prevent the buildings from being demolished. The IPO was in force for 60 days from 27 March until 26 May 2017. The IPO covered the power station and briquette factories, the spur line off the main regional railway line, the briquette storage and ash pit area, and Power Works Community Museum.

On 26 May 2017, the Executive Director of Heritage Victoria made a recommendation to the Heritage Council to include the Morwell Power Station and Briquette Factories as a Heritage Place on the VHR. The spur line, the briquette storage and ash pit area, and Power Works Community Museum were not included in the recommendation.

See the Assessment of Cultural Heritage Significance and Executive Director Recommendations to the Heritage Council which is an attachment to this report.

Inclusion on the VHR means the heritage place is:

- *Considered to be of special cultural heritage significance to the State of Victoria*
- *Legally protected to help ensure it survives for future generations to appreciate*
- *Eligible for financial assistance from the Heritage fund*

Council has the opportunity to make a submission to Heritage Victoria regarding the inclusion of the Morwell Power Station and Briquette Factories on the VHR. The submission must be made by Monday 24 July 2017. In accordance with section 38(3) of the Heritage Act 1995, a submission must relate only to the issue of whether or not a place or object is of cultural heritage significance or any recommendations regarding permit exemptions. Matters regarding the future use and maintenance of the site can be included in a submission but the Heritage Council is not bound to take those matters into consideration in its decision.

History of the Site

The Morwell Power Station and Briquette Factories were constructed between 1949 and 1959 by the State Electricity Commission of Victoria (SECV). The Heritage Victoria Statement of Cultural Heritage Significance describes it as follows:

It "is a large industrial complex located approximately two kilometres south east from the Morwell Railway Station and includes a power station, two briquette factories, coal transportation systems, storage areas and ancillary buildings. Buildings are constructed using a variety of different methods and materials. The layout of the place is informed by the processes of power generation and the manufacture of briquettes, with coal conveyed into the place from the west, and distributed to either the Power Station or the Briquette Factories. Output in the form of electricity or briquettes occurs at the eastern side of the site."

Heritage Victoria has assessed the site as being significant for the following reasons:

The Morwell Power Station and Briquette Factories is historically significant as the centrepiece of the Victorian Government's post-WWII strategy to revitalise Victoria's economic growth through the development of the Latrobe Valley by the State Electricity Commission of Victoria (SECV) into the state's principal power and energy producing region. Built between 1949 and 1959, it was the second of Victoria's large scale power stations (the first being the Yallourn Power Station which started powering Melbourne in 1924). With the demolition of Old Yallourn between 1995 and 1999, Morwell is now the earliest surviving large-scale power station designed to provide electricity to the state electricity network. The Morwell Power Station and Briquette Factories site has remained largely intact since the 1950s and demonstrates the processes of brown coal electricity generation and briquette production which underpinned Victoria's postwar industrialization...

The Morwell Power Station and Briquette Factories is rare for containing the only remaining, intact assemblage of briquetting machinery from the mid-twentieth century in Victoria. The boilers used in the production of electricity at the Morwell Power Station are rare examples of water tube boilers which have been specifically adapted for the burning of brown coal...

The Morwell Power Station and Briquette Factories is a highly intact example of a mid-twentieth century power station and briquetting factory. It contains buildings and machinery which demonstrate the 'start to finish' production phases related to brown coal electricity generation and transmission, and briquette manufacture. Few substantial alterations have been made since the 1950s and the place demonstrates a high level of integrity, allowing a strong understanding of the industrial processes for which the place was built..."

Existing Planning Controls

The area that has been identified for inclusion on the Victorian Heritage Register is zoned Special Use Zone Schedule 1 – Brown Coal (SUZ1). The purpose of the zone is:

- *To provide for brown coal mining and associated uses*
- *To provide for electricity generation and associated uses*
- *To provide for interim and non-urban uses which protect brown coal resources and to discourage the use or development of land incompatible with future brown coal mining and industry*

The northern tip of the identified heritage area is partly covered by the Environmental Significance Overlay Schedule 1 – Urban Buffer (ESO1). The purpose of the overlay is to provide a buffer between urban settlements and the coal resources areas.

The identified area is also partly subject to the Land Subject to Inundation Overlay (LSIO) and Floodway Overlay (FO) along the area's eastern boundary. These overlays identify areas of flooding and inundation. The site is not largely affected by the LSIO and FO.

Current Heritage Study and Overlays

The Latrobe City Heritage Study 2010 identified the site as one of a number of power generation and brown coal sites to be considered for a heritage overlay as it is a key place associated with power generation. However this was not translated into a heritage overlay for the site with the recommendation that:

Latrobe City Council writes to Heritage Victoria seeking assistance in the preparation of a heritage study of electricity generation in Victoria. This study would be similar to the recent state-wide studies commissioned by Heritage Victoria for places associated with the provision of water supply and for coal mining and may include:

- *A thematic/contextual history of electricity generation in Victoria.*
- *A list of places of potential heritage significance – Appendix A.2.2 provides a list of some of the key places identified by this Study.*
- *Identification of places with high priority for detailed assessment.*

It is understood that this work was not undertaken. The former Yallourn Power Station Administrative Building was the only structure associated with the power stations and coal mines in Latrobe that is subject to the Heritage Overlay in the Latrobe Planning Scheme (the Scheme) to date.

What is the difference between being included as a Heritage Place in the Victorian Heritage Register and being subject to a heritage overlay in the Latrobe Planning Scheme?

Heritage Victoria administers the Heritage Act 1995. The purpose of the Heritage Act is:

- (a) *to provide for the protection and conservation of places and objects of cultural heritage significance and the registration of such places and objects; and*
- (b) *to establish a Heritage Council; and*
- (c) *to establish a Victorian Heritage Register.*

A property is included as a Heritage Place on the VHR when it is of historical significance to the State of Victoria. When a property is included as a Heritage Place on the VHR, Heritage Victoria is responsible for, among other things, assessing permit applications from landowners for modifications including demolition, of the heritage place. Heritage Victoria is therefore also responsible for ensuring compliance with the Heritage Act.

The Heritage Overlay in the Latrobe Planning Scheme applies to places that are of local historical significance. Landowners of places subject to the heritage overlay must apply to Council for a planning permit for modifications including demolition of the place. Places listed on the VHR are identified in the overlay in the Scheme but the overlay schedule advises of their inclusion on the VHR and applicants are directed to Heritage Victoria accordingly. Council is responsible for ensuring compliance with the Latrobe Planning Scheme including the heritage overlay.

How is a property assessed to be included on the Victorian Heritage Register?

To be included on the Victorian Heritage Register, the place is assessed against a number of tests as set out in *The Victorian Heritage Register Criteria and Thresholds Guidelines (2014)*. The following criteria are assessed:

Criterion A - Importance to the course, or pattern, of Victoria's cultural history.

Criterion B - Possession of uncommon, rare or endangered aspects of Victoria's cultural history.

Criterion C - Potential to yield information that will contribute to an understanding of Victoria's cultural history.

Criterion D - Importance in demonstrating the principal characteristics of a class of cultural places and objects.

Criterion E - Importance in exhibiting particular aesthetic characteristics.

Criterion F - Importance in demonstrating a high degree of creative or technical achievement at a particular period.

Criterion G - Strong or special association with a particular community or cultural group for social, cultural or spiritual reasons. This includes the significance of a place to indigenous people as part of their continuing and developing cultural traditions.

Criterion H - Special association with the life or works of a person, or group of persons, of importance in Victoria's history.

The Morwell Power Station and Briquette Factories was assessed as having satisfied Criteria A, B and D. See attached Assessment of Cultural Heritage Significance and Executive Director Recommendations to the Heritage Council for further details.

What is Heritage Victoria's registration process?

Once a place is nominated for inclusion on the Victorian Heritage Register and the Executive Director, Heritage Victoria recommends it be included in the Heritage Register, 60 days notice is given for interested parties to make a submission supporting or objecting to the nomination. If no submissions are received, the Heritage Council makes a decision to include, partly include or not include the place in the Register. If submission(s) are received, a registration hearing must be held if a 'person with a real and substantial interest in the place' (as defined in the Heritage Act 1995) requests a hearing. If this does not occur the Heritage Council can decide if a hearing is required or not. Following a hearing, the Heritage Council makes a decision to include, include part or not include the place in the Heritage Register. It may also make a recommendation that the place be considered to be included in the local planning scheme in the heritage overlay.

What does registration mean?

When a place is included on the Victorian Heritage Register, it cannot be altered in any way without authorisation from Heritage Victoria. Therefore if the landowner wants to alter or demolish all or part of the heritage place, Heritage Victoria approval is required.

What are the views of the land owner?

The owner of the site, HRL Limited, has been placed into administration. Advice from the company's General Manager Energy Brix Remediation is that it is currently costing \$80,000 a month to ensure the site is maintained and is safe. The site remains closed due to safety risks due to the large amount of hazardous material including asbestos and the risk of falling debris from the derelict buildings. It is understood that HRL Limited do not object to the inclusion of the buildings on the Heritage Register as it is its intention to apply for a demolition permit once the process is completed. If a demolition permit is granted by Heritage Victoria if the site is included on VHR, the cost of demolition and remediation works would be around \$80 million and would occur over two years.

If the site is included on the VHR and a demolition permit is not granted, the administrator has no direction to spend creditors' money on recovering the site and the site is likely to become derelict.

It is noted that a turbine panel from the site has already been relocated to PowerWorks and photographs and 3D imaging will be undertaken should the buildings be demolished. However HRL Limited has no further interest beyond these actions in preserving the heritage values of the site.

It is further noted that HRL Limited placed a notice in the Latrobe Valley Express on 12 June 2017 which advised of the release of a tender for the demolition and removal of the structures associated with the power station facilities on the Energy Brix site. It states "*the work is planned to commence once current site heritage listing processes are complete*".

Council's Heritage Advisor's views

Council's Heritage Advisor believes the power station and briquette factories is clearly a place of State significance and worthy of inclusion on the VHR. He has

advised that the preparation of a detailed Conservation Management Plan (CMP) is likely to assist in finding a suitable direction for the site. He has stated the following:

The purpose of a CMP is to determine how a heritage place may be managed. It identifies opportunities and constraints arising not only from significance, but also from all other management considerations such as condition of buildings, ownership, land zoning, etc. It can identify what extent of change may be permitted, and when and how demolition may be permitted. Whilst it may not specify particular uses, it will usually identify the principles that should inform suitable new uses if the old use is no longer viable.

He did not suggest that Council commission a CMP. Instead he recommended the following course of action:

I think the issue of future management and the preparation of a CMP is something that should be pursued by other means - I am aware that following the planned closure of Hazelwood the State Government has made funding available for projects within the Valley. I believe Council should pursue the State Government for funding to guide to the future development and re-use of this complex.

He also advised that a submission to the Heritage Council at this stage should relate only to whether the place or object is of cultural heritage significance or to the recommended extent of registration or permit policy/permit exemptions. He stated that while this does not preclude Council from raising other issues, such as future management, the Heritage Council is not bound to take those matters into consideration.

Future of the site

There are concerns around a potential lack of maintenance of the buildings and plant if the buildings remain on site and an economically viable use is not identified for the site in a timely manner. The site has the potential to fall into a state of dilapidation and become a haven for anti-social behaviour given its size and industrial location.

Structural dilapidation or illegal occupation such as squatters are a possibility and could result in life safety concerns and the need for Council's Building Surveyor to expend resources on enforcement action. The owner would also be required to expend resources on security measures or works.

The potential to find an alternative use for the site is limited given the site's location in an industrial zone in a regional area. Heritage Victoria's publication *Adaptive Reuse of Industrial Heritage: Opportunities and Challenges* (2013) provides examples of the way industrial buildings can be converted to a new use while respecting the heritage value of the site. This allows heritage buildings to be given new life rather than freezing them in a moment in time. Whilst this has been successful mainly in major cities the report acknowledges that "*location and land value also have a large effect on the viability of different kinds of reuse...*" (p. 11) and "*Nonetheless adaptive reuse can be an expensive proposition, especially if sites are contaminated or structures are unsound. In these situations the economic viability of reuse is affected by the value of the property, by land value and other economic contexts. These economic considerations can have a major impact on the viability of one type of reuse over another. It is also important to factor in ongoing maintenance costs to budgets.*" (p. 15)

It is considered that this is the case for the Morwell Power Station and Briquette Factories. The current owner is not concerned with the maintenance of the buildings, and it is unlikely that the buildings would be reused for other purposes given the contaminants and dangerous materials such as asbestos on the site, as well as the additional cost to convert the buildings to an alternative use. Location and land value also play a major part with the location generally unattractive for alternative uses such as offices or apartments.

How is Council affected?

If the site is registered and demolition is not granted, the owner has stated that the site is likely to be left to fall into a state of disrepair. Should this occur, it is envisaged that Council resources would be spent on dealing with calls from the public about the state of the site, involvement of Council's Building Surveyor undertaking enforcement action to make the buildings safe, liaising with Heritage Victoria regarding actions the landowner must take to maintain the buildings so that their conservation value is not threatened, and potential political pressure to purchase and maintain the buildings into the future.

Next Steps

Council has the opportunity to make a submission to the Heritage Council regarding the recommendations by Executive Direction of Heritage Victoria to include the power station and briquette factories on the VHR. Whilst submissions at this point should relate only to whether the place is of cultural heritage significance, it is considered that the future management of the site should also be raised as this has the ability to impact on Council resources into the future.

A draft 'Latrobe City Council Submission to the Heritage Council' has been prepared by Council officers and is attached for Council's consideration.

STAKEHOLDER CONSULTATION

Discussions have been undertaken with HRL Limited, Heritage Victoria, and David Helms Heritage (heritage advisor) in order to gain a better understanding of the proposal as well as internal Council departments including the Building Department and the Property and Statutory Services Department.

Heritage Victoria has undertaken consultation by placing a notice regarding the Executive Director's recommendation in the Herald Sun, and receiving submissions.

FINANCIAL AND RESOURCE IMPLICATIONS

Should the buildings be included on the VHR and demolition of the buildings not be permitted by Heritage Victoria, Council resources may be impacted upon dealing with a derelict site as outlined above. This could range from community enquiries and enforcement action under the Building Act 1993 to taking over the management of the site into the future.

RISK IMPLICATIONS

There is a risk to Council if a submission is not made to the Heritage Council that highlights the potential impacts on Council resources if the buildings are included on the VHR.

CONCLUSION

Based on Council's heritage advice, it is acknowledged that the Morwell Power Station and Briquette Factories are of State heritage significance. However the retention of the buildings is considered to be impractical by the current owners. Should the buildings be listed on the VHR and the owners are unsuccessful in obtaining a demolition permit as is their intent, there is a concern that this is highly likely to impact Council resources. This has the potential to culminate in Council taking over management of the site into the future.

A submission to the Heritage Council regarding the recommended listing of the buildings the VHR has been prepared by Council officers. Whilst submissions should be confined to whether the place is of cultural heritage significance, it is considered that the future of the site should also be raised as this has the ability to impact on Council resources if demolition of the buildings is not permitted.

SUPPORTING DOCUMENTS

Nil

Attachments

- 1↓ . Latrobe City Council submission to Heritage Council
- 2↓ . Executive Report-Morwell-Power Station-Recommendation

14.1

Submission to Victorian Heritage Council - Morwell Power Station and Briquette Factories

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Latrobe City Council

Draft Registration Submission to Heritage Council Victoria

Morwell Power Station & Briquette Factories



July 2017

Introduction

Latrobe City Council (Council) appreciates the opportunity to make a submission to Heritage Council Victoria regarding the Executive Director of Heritage Victoria's recommendation to the Heritage Council to include the Morwell Power Station and Briquette Factories as a Heritage Place on the Victorian Heritage Register (VHR). Whilst Council agrees that the site has special cultural significance to the State of Victoria, it is concerned about the ongoing maintenance and management of the site into the future and therefore objects to the site being placed on the VHR.

Heritage Significance

The Latrobe City Heritage Study 2010 identified the site as one of a number of power generation and brown coal sites to be considered for a heritage overlay as it is a key place associated with power generation. However this was not translated into a heritage overlay for the site with the recommendation by the authors that:

Latrobe City Council writes to Heritage Victoria seeking assistance in the preparation of a heritage study of electricity generation in Victoria. This study would be similar to the recent state-wide studies commissioned by Heritage Victoria for places associated with the provision of water supply and for coal mining and may include:

- *A thematic/contextual history of electricity generation in Victoria.*
- *A list of places of potential heritage significance – Appendix A.2.2 provides a list of some of the key places identified by this Study.*
- *Identification of places with high priority for detailed assessment.*

This work has not been undertaken to date. The former Yallourn Power Station Administrative Building was the only structure associated with the power stations and coal mines in Latrobe that is subject to the Heritage Overlay in the Latrobe Planning Scheme. Nevertheless, Council is supportive of the Executive Director's recommendation to include the Morwell Power Station and Briquette Factories on the VHR as they are clearly of State cultural heritage significance with regard to power generation and its associated societal changes in Victoria.

The Future of the Site

At present the site is closed due to safety risks associated with the large amount of hazardous material including asbestos and the risk of falling debris from the derelict buildings. It is understood that the owner, HRL Limited, is under administration and does not object to the inclusion of the buildings on the VHR as it is its intention to apply for a demolition permit once the process is completed. If the site is included on the VHR and a demolition permit is not granted, the administrator has no direction to spend creditors' money on recovering the site and the site is likely to become derelict.

It is noted that a turbine panel from the site has already been relocated to PowerWorks and photographs and 3D imaging may be undertaken should the buildings be demolished. However HRL Limited has no further interest beyond these actions in preserving the heritage values of the site.

The lack of concern by the owner for the ongoing safeguarding and upkeep of the site if registered and demolition is not permitted raises safety concerns if an economically viable use is not identified for the site in a timely manner. The site has the potential to fall into a state of dilapidation and become a haven for anti-social behaviour given its size and industrial location.

Structural dilapidation or illegal occupation such as squatters are a possibility and could result in life safety concerns and the need for Council's Building Surveyor to expend resources on enforcement action. The owner would also be required to expend resources on security measures or works.

The potential to find an alternative use for the site is limited given the site's location in an industrial zone in a regional area. Heritage Victoria's publication *Adaptive Reuse of Industrial Heritage: Opportunities and Challenges* (2013) provides examples of the way industrial buildings can be converted to a new use while respecting the heritage value of the site. Whilst this has been successful mainly in major cities the report acknowledges that "*location and land value also have a large effect on the viability of different kinds of reuse...*" (p. 11) and

"Nonetheless adaptive reuse can be an expensive proposition, especially if sites are contaminated or structures are unsound. In these situations the economic viability of reuse is affected by the value of the property, by land value and other economic contexts. These economic considerations can have a major impact on the viability of one type of reuse over another. It is also important to factor in ongoing maintenance costs to budgets." (p. 15)

It is considered that this is the case for the Morwell Power Station and Briquette Factories. The current owner is not concerned with the maintenance of the buildings, and it is unlikely that the buildings would be reused for other purposes given the contaminants and dangerous materials such as asbestos on the site, as well as the additional cost to convert the buildings to an alternative use. Location and land value also play a major part with the location generally unattractive for alternative uses such as offices or apartments.

If the site is registered and demolition is not granted, it is envisaged that Council resources would be spent on dealing with calls from the public about the state of the site, involvement of Council's Building Surveyor undertaking enforcement action to make the buildings safe, liaising with Heritage Victoria regarding actions the landowner must take to maintain the buildings so that their conservation value is not threatened, and potential political pressure to purchase and maintain the buildings into the future which would put Council in a problematic and challenging situation. Council does not have the resources for such an undertaking. It is on this basis that Council objects to the site being included on the VHR.

Conclusion

Council recognises that the Morwell Power Station and Briquette Factories have State cultural heritage significance. However Council is concerned about the future of the site and the impact it may have on Council operations. The retention of the buildings is considered to be impractical by the current owners. Should the buildings be listed on the VHR and the owners are unsuccessful in obtaining a demolition permit as is their intent, there is a concern that this is highly likely to impact Council resources. This has the potential to culminate in Council taking over management of the site into the future, an undertaking which Council is not and will not be in a position to consider. Council therefore objects to the Morwell Power Station and Briquette Factories being included on the VHR. Council also requests an opportunity to be heard by the Heritage Council Registrations Committee in relation to its submission.