



PARLIAMENT OF TASMANIA

TRANSCRIPT

HOUSE OF ASSEMBLY

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE

Tasmanian Networks Pty Ltd

Tuesday 25 November 2025

MEMBERS

Ms Burnet (Chair)
Mr Rob Fairs (Deputy Chair) (absent)
Mr Mark Shelton
Mr Vica Bayley
Ms Kristie Johnston
Mr Marcus Vermey (Deputy Chair)
Mr Dean Winter

OTHER PARTICIPATING MEMBERS

Mr Carlo Di Falco
Mr Craig Garland
Ms Janie Finlay
Ms Anita Dow

WITNESSES IN ATTENDANCE

Hon. Nick Duigan MP, Minister for Energy and Renewables

Tasmanian Networks Pty Ltd

Seán McGoldrick
CEO, Tasmanian Networks Pty Ltd

Roger Gill
Chair, Tasmanian Networks Pty Ltd

Chantal Hopwood
Executive Governance

Michael Westenberg
Executive Finance and Regulation

Renee Anderson
Executive People and Stakeholder

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Tasmanian Networks Pty Ltd

CHAIR - Before we begin, I am in receipt of the following correspondence from the Speaker:

Dear Chair,

In accordance with the provisions of the resolution appointing the Government Businesses Scrutiny Committee, paragraph 3, I hereby nominate Mr Mark Shelton MP as a substantive member of the Committee in substitute for Mr Rob Fairs MP for 25 November 2025. As Mr Fairs is also the Deputy Chair of the Committee, I advise that Mr Marcus Vermey MP will substitute as Deputy Chair for 25 November 2025.

Yours sincerely,

Honourable Jacquie Petrusma MP
Speaker

CHAIR - I welcome minister Duigan and CEO to the committee today and also, it is the scrutiny of Tasmanian Networks and this will now begin. Minister, welcome, and to staff of TasNetworks along with others at the table. The time for scrutiny is two-and-a-quarter hours, but we've started slightly late, five minutes late, so that's slightly reduced. Any time for a break cannot be made up. Members would be familiar with the practice of seeking additional information which must be agreed to be taken by the minister or the chair of the board and the questions handed in writing to the secretary, which is Scott at the minute. I invite the minister to introduce any other persons at the table, which is a lot, including names and positions. I also invite you, minister, to make an opening statement.

Mr DUGAN - Thank you, Chair, and yes, we have all bases covered today. To my far left: Chantal Hopwood, executive governance; Michael Westenberg, executive finance and regulation; my chief of staff, Amanda Lovell; to my right, Chair Roger Gill; to his right, CEO Dr Seán McGoldrick; and Renee Anderson, Executive People and Stakeholder. It is great to be here with you all today to talk about the work of TasNetworks in their very important role delivering power to the people of Tasmania.

I'd thank the board and the executive and all of the staff at the business for what they do day in and day out, often in very challenging conditions so that we all can turn on the lights with confidence, and this has been no more obvious than in this past year, responding to a storm event having an unprecedented impact on the network. An enormous effort went into getting the network repaired and household power back online and it's worth noting a couple of those key figures: 47,000 customers lost power during the highest peak of the outages and overall, 200,000 connections were restored. We'd also like to thank first responders for their tireless efforts through that time including, of course, TasNetworks staff working around the clock to reconnect that power.

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There was another storm again in October this year and I'm sure TasNetworks will be able to outline today what has been done to implement learnings on its response and recovery approach. With project Marinus now proceeding to construction, TasNetworks has a significant role in Tasmania's energy future; in particular, the North West Transmission Developments are of strategic importance to Tasmania's energy future as a contingent project to Marinus Link. The board of TasNetworks is responsible for overseeing delivery of the NWTD and there will be a strong reporting and assurance obligation to keep government informed. I'm working closely with the board of TasNetworks to ensure we have that strong governance.

Members would be aware of \$191 million being included in the 2025-26 Budget for the government's expected equity contribution toward stage 1 of the North West TD, and it's important to note that that project will be funded by an estimated 84 per cent of concessional debt from the Clean Energy Finance Corporation, with those benefits passed to consumers. Through negotiations during the final stages of the FID for project Marinus, we have seen a commitment of \$346 million from the Commonwealth Government to TasNetworks, further lowering transmission cost to customers by around \$15 million per year. We have also committed to ensuring direct transmission-connected customers, which include our major industrials, will not bear higher transmission costs from Project Marinus.

Network charges make up around 40 per cent of customer power bills, and TasNetworks continues to look for ways to be more efficient and effective and also faces scrutiny by the Australian Energy Regulator to ensure its costs are prudent and efficient. There is much ahead of us, much to do and with those few words I would pass to the chair to say a few opening remarks.

Mr GILL - Thank you, minister. We're very pleased to be here with this committee to discuss the operations of our transmission distribution business here in Tasmania. We recognise that our business is here to serve Tasmanians, and in 2025 we believe we're giving strong support in challenging times to our community. We're providing more and more a direct say for customers in the way that we set our priorities. We have just established two new groups: a customer advisory group and a stakeholder advisory group, and we consult with them even at board level, to understand and get strong feedback from our customers and our community.

Those groups have independent leadership and they're helping us gain much-increased understanding; in particular, we recognise that affordability is still our customer's biggest concern, especially as the inflationary years have passed and rolled through. Our network charges account for about 40 per cent of a typical household or small business power bill. While we believe over the last decade we've had a good record at reducing our network charges, in more recent times the inflationary pressures have impacted us: in particular, rising network insurance costs, storm and bushfire issues, cybersecurity costs and in particular interest rates as we've seen interest cycles roll through - they're currently weighing on power costs now.

Whilst we are working hard to efficiently deliver what Tasmanians need, we're ensuring that we don't do things that they don't want and we're getting ready for what is a much-changed energy future. We believe there's nothing more important than safety when you're dealing with our technology, and that's safety for both our people and for customers, and we believe we are doing well in that regard. We're recognised among our contracting community as leading the charge for

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quality in safety. Now, the minister mentioned storms: while nothing's quite matched the very challenging storms we had in 2025, we did confront a very big storm in early October this year. That storm disrupted power to some 20,000 customers. We were able to restore power to the vast majority quite quickly. We had everyone back in a couple of days, which we think was an outstanding effort by our people.

No incident response is perfect, or ever will be, but the improvements we've taken from the government's Edwards network outage review and our own post-incident review of that big storm in 2025, we think we're in strong display in October; in particular, the issue that we learned from that was communication. We were helping people to understand when the restoration would occur and as a result of that, we surveyed a large number of customers and we got really comforting, strong feedback that our performance had improved and that we take great satisfaction from.

As you know, we will be starting to build the North West Transmission Developments early next year once we've achieved financial close, and this will address our members statement of expectations, which has requested that TasNetworks undertake this development. It will be our role to bring that project in on time and on budget, which we're gearing up for as we speak.

CHAIR - I'm conscious of time, because we did start late. Could you wrap up so that we can get on with questions, please?

Mr GILL - Sure. We're very happy to take questions about the north-west development in general, our capital investment program in general, and we will hand it back to the committee.

Ms FINLAY - There's a plethora of opportunities for us to prosecute all sorts of things around TasNetworks' energy systems; we do that a lot, and I'm trusting my colleagues on the committee to dive deep into north-west transmission and other things. We talk a lot about our transmission, and I'm interested in distribution. What's the estimate of how many pole assets TasNetworks have under your responsibility that are not on an asset register, in the distribution network?

Mr DUIGAN - Thanks. I think that's one that we would have at the table in the room.

Mr GILL - Fortunately, we've got a very large array of our team here, so we can answer such detailed questions. I will throw to the CEO, if you're able to give that one?

Mr McGOLDRICK - For sure. I will start by saying that we have 233,000 poles in our network. It's quite an extensive distribution network. Those are mostly wooden poles, although we do have concrete fibre and concrete poles as well. We've built up a database of those poles, and over time, we're improving the accuracy of that database. We crosscheck using a number of different techniques, including, of course, inspection by our asset inspectors, but also aerial photography and LiDAR that we use. We've created a digital twin of our assets and the network, which allows us to crosscheck our systems.

We purge through our systems reasonably regularly, but there's always the case with such a large number of poles that there can be confusion, and there may be poles that have slipped

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through. When we find those, we put them, of course, into our database. A number of years ago, we did a big serious flush-through of our assets. I believe we found of the order of 60 poles that were mislabelled. They were labelled as Telstra poles where they were actually our poles, so we corrected that. In estimate terms, it's a very, very small percentage that may be unaccounted for out there, but of course, we've systems and processes to check and to try and address that issue when we find them.

Ms FINLAY - There's not an ongoing program or project around finding classes of poles that might have come across into your responsibility, like Telstra poles for instance? So, pretty much, for the best available technology and inspections, of the 233,000 poles in your responsibility, other than a small number, under 60, like a small, small number, you're fairly confident that you've got all of the poles?

Mr McGOLDRICK - Yes, we are confident. Of course, that's not all the electric poles on island, wooden poles, or otherwise.

Ms FINLAY - Just the ones that you're responsible for.

Mr McGOLDRICK - Correct. Exactly.

Ms FINLAY - Thank you, because I thought it might have been a bigger number. So then, of all of the poles in your responsibility, what percentage of poles wouldn't have been audited or inspected, say, in the last three years?

Mr McGOLDRICK - We have a regular inspection cycle of all of our assets, including the wooden poles. We have both visual inspection and actual inspections where we touch or drill or examine assets. There's a regular cycle -

Ms FINLAY - What is the required cycle?

Mr McGOLDRICK - If I could just hand over to give some of the detail.

Ms ANDERSON - Yes, just to that - it's a five-yearly cycle.

Ms FINLAY - And that's on each of the different classification of pole? Whether they're wooden, you talked about composite and other more modern types of poles. All poles are on a five-year cycle?

Ms ANDERSON - Five-yearly cycle specific to the wooden pole fleet, as the CEO, said, particularly around the visual inspection and the drilling. We will just have to get the cycle for the composite or the concrete poles, the actual -

Ms FINLAY - If you could, that would be great. Thank you. Through you, minister.

Mr BAYLEY - My question is to the chair: chair, there's a lot of contentious things around the Marinus Link project and there's plenty of red flags in the whole-of-state business case, but

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one thing that isn't contended is the increase in transmission charges. The whole-of-state business case said:

Based on modelling undertaken by TasNetworks for the whole-of-state business case, Tasmanian electricity consumers can expect to pay higher transmission network prices arising from the cost to build Marinus Link and the associated North West Transmission Developments.

That's a statement that is accepted. I have it that annually it'll be around \$154 million that Tasmanian consumers will pay across domestic consumers, business, major industrials. Can you talk us through the modelling that you have done, table it if possible, and talk us through what is allocated to each of those customer segments: major industrials, business and domestic customers?

Mr GILL - A lot of effort's gone in during the development process of Marinus and for the north-west development to keep our impact on the Tasmanian community as low as possible. In fact, the charter that we operate with, the prime purpose of TasNetworks, our prime objective is lowest possible prices. Obviously, with regard to sustainability of the business. This has been a big issue. Issues like getting concessionary finance, the split between the Tasmanian-Victorian allocation to pay for these things has been a large issue. I will hand to our team to give you the exact numbers.

Mr WESTENBERG - In relation to the revenue and how that's split up, we have been focusing on providing prices at a customer level, so, a pricing impact. That is still being influenced by a couple of factors. Number one being the concessionary finance arrangements with the Clean Energy Finance Corporation. Whilst those have been agreed for the contingent project, application No. 1 or early works, it hasn't yet been finalised for the construction phase, that is still ongoing.

The second component of the pricing impacts relates to modelling that we're undertaking at the moment and continue to do. We have papers going again to the board this month in relation to finding the right balance in early years around the cash flow impacts on TasNetworks and the customers.

In relation to indicative prices, we've provided a range for residential customers in the vicinity of around \$27-\$45 of an increase in 2031-32. That is an increase based on, again, a range of concessionary situations and also 2031-32 is the year we feel would represent the major investments in that. Obviously, that doesn't take into account any reduction in energy prices that we may see through the operation of Marinus Link.

CHAIR - You're just talking about the north-west?

Mr WESTENBERG - Yes, just talking about the north-west.

Mr DUIGAN - Chair, if I may, because that is an important part of Project Marinus. While a new transmission build will see an increase in transmission cost, in totality, we expect to see - and all the modelling shows - a corresponding downward movement in wholesale energy prices.

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Mr BAYLEY - I'm sure we'll get to that, minister. Chair, my question wasn't answered, sorry. I put the figure of \$154 million increase annually for Tasmanian customers and Mr Westenberg has given me the residential component of that. Can you confirm it's \$154 million a year that's been modelled so far? And what's the business and the major industrial component of that?

Mr WESTENBERG - I will need to check, through the Chair, on the \$154 million in revenue for you and come back to you shortly on that.

In relation to other components, I think I'd refer to the minister in relation to impacts on transmission customers and statements that the minister's made in relation to policy positions on that.

Mr BAYLEY - And in terms of that modelling, is it public and are you able to table it for the committee's purposes?

Mr WESTENBERG - The last lot of modelling that was public was through what we provided for the whole-of-state business case.

Mr BAYLEY - That's in the whole-of-business case? I couldn't see it.

Mr WESTENBERG - It has improved considerably.

Mr BAYLEY - It's not an attachment to that though, is it?

Mr WESTENBERG - No, it's not.

Mr BAYLEY - It's just what's reported in there.

Mr WESTENBERG - Yes, it is. We will continue to model probably up till February before the financial close. I'd have to check if we can provide that modelling. It is quite detailed.

Mr BAYLEY - Can you take that on notice? Is that being taken on notice? The other segments of the community -

Mr DUIGAN - We will have a look to see what can be done.

Mr BAYLEY - And then also the business and the major industrials.

Mr DUIGAN - We will have a look. And I've made, and the government has made policy commitments that will be considered around shielding our major industrials from increased transmission costs directly related to Project Marinus.

Mr BAYLEY - Chair. With respect, have a look? Does that mean take it on notice?

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Mr DUIGAN - As I say, we will see what is available to be released. If what's in the whole-of-state business case is the latest public information, then that will be the latest public information.

Mr GARLAND - How many of the 300 property owners directly impacted by the North West Transmission Developments have not agreed to give TasNetworks an easement over their property?

Mr DUIGAN - Noting that this is a dynamic number and these conversations are ongoing, I will hand to the CEO to give us the most up-to-date information there.

Mr McGOLDRICK - I'm going to structure this in terms of private and public landowners, so there's no confusion. We're dealing with 271 private landowners and 10 public landowners and we're in negotiation with all of them. In terms of the public landowners, we have secured options agreements with seven of the 10 and we're in negotiation with the remaining three and that will continue through these weeks. With respect to the 271 private landowners, 96 per cent of them have granted access to their property, 83 per cent have signed option agreements with us and we are working still with 17 per cent of them. Of that 17 per cent, about 13 per cent we're in active negotiation on. I would predict that we will reach a situation where about 96 per cent of the private landowners will and all of the public land owners will sign up in due course.

Mr GARLAND - What is the deadline for those property owners to do this?

Mr McGOLDRICK - The real deadline is that we need to get into the field to start construction and we have been working with landowners since 2021. We've a number of different phases to this; 1 December coming up is an important phase because that's the deadline for the strategic benefit payment that private landowners, but not public will benefit from. We're hopeful to get as many people as possible signed up by 1 December, but early in the new year is when we have very significant time in terms of making sure, we're ready for construction. These months are quite critical.

Mr Di FALCO - Minister, the north-west transmission lines are causing unrest with landowners and farmers. I've met quite a few over the last month. Can you outline what the proposed closest tower to somebody's residence and what are the minimum safety requirements?

Mr DUIGAN - I acknowledge that this has been - and these things probably always are - when we're putting transmission the landscape, the North West Transmission Development is, broadly and in a major part, an augmentation of an existing transmission line. I think 95 per cent of the route already hosts transmission. I, too, have met various landholders over the time and have heard encouraging stories and good results where the number of towers has been decreased, and the alignment of towers has been made better for farming operations and those sorts of things. As for the proximity of a tower and the safety envelope around that, I would ask someone in the business to make that level of detail.

Mr McGOLDRICK - I will be able to give you some details, but we may need to find out some more for you. It's important to bear in mind that this is a development that stretches over 130 km. As the minister said, all but a few kilometres are what we call brownfield and they're on

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existing easements. So, we're either taking down existing towers and replacing them with different towers or slightly widening the existing easements and putting towers adjacent, so there's a mixture of those things along the route.

We always endeavour to keep a distance away from property. Since 2021, there has been detailed work going on in routing the transmission line to minimise the impact on both landowners, and the general public and resources generally. We try to get the least impactful route. We have been working with 96 per cent of those landowners since that time; adjusting the alignment, adjusting the tower positions or placing towers on fences so that it interferes less with the primary purpose of the land, which is mostly agriculture. We're working very, very hard on that. We will get you the closest tower, but we've always tried to route away from any developments, any housing or, indeed, farming buildings where we can. If we have to alter those things, compensation is paid, and we would do so with the agreement of the landlord.

Mr SHELTON - Minister, both yourself and the chair mentioned the seriousness of the storm events that we had this year. In fact, they were that serious that the state and federal governments announced disaster relief or a national disaster. From any of these storm events, there's always reviews and learnings that can be taken from them. Can you please provide an update on what changes TasNetworks has made as a result of the storm review, and how successful they've been in their implementation?

Mr DUIGAN - Thank you, Mr Shelton. Obviously, at the head of this question, I would extend my thanks, and I think probably all of our thanks to those people who go out into those challenging circumstances and rough weather - whether it was police, fire, SES or, indeed, TasNetworks staff. Over the course of the storm, as I've mentioned, 200,000 customers were without power supply, some of which were the same customers with multiple outages as the weather fronts continued. That was the strange aspect of that storm, or unusual aspect.

When you have an event like that, it gives you the opportunity to pause and reflect, and through the advocacy of Mr Garland, at least two reviews were conducted into that storm event. One was TasNetwork's own review, which it did as a matter of course, and there was the independent review. That review provided some pretty valuable insights and recommendations to strengthen Tasmania's energy resilience and emergency response capabilities, with the majority of its recommendations applying to TasNetworks. I am pleased to report that TasNetworks is already seeing improvements as a result of implementing changes.

During the recent storms in October, storm-specific customer satisfaction (CSAT) was incredibly strong, with a score of 7.84, and an ease of interaction score of 7.98 - both above our targets of 7.7 and 7.8 respectively, and significantly higher than the CSAT score of 5.68 seen through the storm event the year previous. I think it's a really important step forward and a meaningful step change. Anything further on that one, chair?

Mr GILL - The most exposed issue is our distribution network. We have 15,000 km of distribution network in Tasmania, and that storm event was a 1-in-25-year type event. We didn't get our communications done as well as we would like with customers. People were frustrated that they didn't know when the power was coming back on, or how long was going to be off for. I think that was the big takeaway for the board in the two reviews that were undertaken, and as the minister

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said, we were very pleased that we have strengthened that significantly during the period post 2024.

I will let Seán talk a bit more about it, because it is our core reason for being, is to keep our reliability up.

CHAIR - That's all very well, but it's a very long response. I wonder if we could go to the next question, please?

Ms FINLAY - Minister, through you, of the 233,000 poles in the distribution network, how many aren't audited within the five-year period?

Mr McGOLDRICK - We inspect, the phrase we would use would be inspect. We would inspect poles, all of them on that five-year cycle. Some of them require just a visual, some as I said we would test and drill, but across all of our work programs - every year we have a program of work and that is at the heart of our program of work to go ahead and do those inspections. We have dedicated asset inspector who go, our crews visit sites all the time. We go through that cycle in five years.

Ms FINLAY - You're confident that all the poles are always audited to standard?

Mr McGOLDRICK - Poles inspected and we try to make sure that our inspection techniques are modern. We've improved those over time as well. We are dealing, in the main, with a natural product in wood in those poles and there are invariable environmental conditions out there as well that can impact those poles. We have very knowledgeable inspectors, and we are members of various different professional organisations that we learn from, and we inspect all of those and we improve our techniques.

Ms FINLAY - What are the minimum standards that would see a pole fail an inspection and need to be replaced?

Mr McGOLDRICK - There's a range of different concerns that might cause a pole to fail. The most obvious things are like a split on the pole or if the pole is leaning or if there is evidence of degradation or when we do the inspection using our drill kit, if it shows a percentage of non-good wood. We have a technique where we drill and we ultrasound. We also used to use tap and test, but nowadays we use more drills, and it gives a certain percentage of good wood in a pole. If that falls below a certain level, then that pole would be condemned. Then we would replace that pole and we would declare it as a fault and we would replace that then with the next available crew.

Ms FINLAY - And the time from identifying a faulty pole with an inspection to a program of work to have them replaced. Is there a minimum standard to replacing a pole that fails inspection?

Mr McGOLDRICK - It depends on what has failed. Some poles we band and reinforce, or we stay them and that will give them an extension of life. Some poles will fail, but they are

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sufficiently good still that we would put them into our ordinary program of work, some of the defects that we find are a failure immediately and we would then indicate them as a fault, and they would be replaced then with the fault crew. That would be within a couple of days they we would go out and replace.

Ms FINLAY - How many poles within the five-year inspection cycle fail? So, not being identified as not meeting the minimum standards, but that have failed without taking outside storm events - so in a non-storm environment - how many poles have failed in the TasNetworks system that have been within the inspection period but not identified for immediate replacement?

Mr McGOLDRICK - Just so I understand your question, in the ordinary course of the year when we inspect -

Ms FINLAY - Regular weather events.

Mr McGOLDRICK - Regular events, leaving storms aside, how many poles fail, is that your question?

Ms FINLAY - Yes.

Mr McGOLDRICK - Okay, we can get you an average on that. Do you have the number?

Ms ANDERSON - We do have some information on that. Our current failure rate of wood poles, and this is in high numbers, so bear with me, but is around 0.75 in 10,000 over the five years, that's the number of inspections.

Ms FINLAY - Sorry, what are you telling, number of inspections?

Ms ANDERSON - The failure rate is 0.75 in 10,000.

Ms FINLAY - They fail the minimum standard when they're being inspected.

Ms ANDERSON - Yes.

Ms FINLAY - So my question is -

CHAIR - Last question.

Ms FINLAY - This is the question, though. Not in inspections, but what's the failure rate of poles within their inspected timeframe, that they're not being inspected and you identify a fault that they don't meet the minimum standard, but poles that fail. For instance, recently in Legana, there's a pole that fell over. I know that safety is important. What I'm trying to understand is the risk to the teams at TasNetworks and what is the community risk about the current integrity of the pole network in the distribution network for TasNetworks. That's what I'm trying to understand.

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Mr McGOLDRICK - Occasionally we do have poles that fail, and of course, each one of those that happens we do a detailed investigation about it. Those investigations help us then improve our techniques. It's a relatively rare event, perhaps one or two a year, but we can get the exact number.

Mr WESTENBERG - We can provide that information for you. You're talking about unassisted pole failures -

Ms FINLAY - That's the language?

Mr WESTENBERG - That's the language. In 2024, we had 20 unassisted pole failures, which is higher than the preceding couple of years, but also when we benchmark TasNetworks, that works through, I think, in one in 20,000 poles as an unassisted pole failure rate. What we've been doing is a lot of research on how does that compare with our peer group, and we're well within the average of that.

Ms FINLAY - Have you got the last five years there?

CHAIR - We will move on. You have asked a lot of questions.

Ms FINLAY - Well, it's the question that I asked wasn't answered and there is an answer here. Could you table the chart of unassisted pole failures?

Mr DUIGAN - We are happy for that.

Ms FINLAY - Thank you.

Mr BAYLEY - I'd like to go back to the Chair and keep exploring the increase in transmission charges in relation to Marinus Link and the North West Transmission Developments. The revenue-sharing agreement between the Tasmanian, Victorian and federal governments are really clear. It says that based on the advice of TasNetworks and AEMO, Marinus Link has forecast an increase - and I quote - 'an increase of approximately \$47 in transmission charges for a typical residential customer in Tasmania.' I note Mr Westenberg's evidence there before was \$27 to \$45.

Again, I want to ask about small business and major industrials, but also, talk me through the difference between the figures that Mr Westenberg gave, the figures in the Marinus Link's revenue proposal, and I guess, what's expected with this future modelling that is still being undertaken?

Mr GILL - Before I get to Michael to go into that - we've got the revenue-sharing arrangement which applies to Marinus Link, and that's the Marinus Link component. Then, of course, we've got the North West Transmission Developments, which we have strong concessional finance in behind. We also have support from the federal government to reduce our overall asset base by over some \$340 million to get costs down. So, we've been working pretty hard to get these numbers as low as possible.

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Mr BAYLEY - Just to be clear, then: in terms of that Marinus Link revenue proposal from late last year, that increase in approximately \$47 in transmission charges - that's just for the Marinus Link component, not the North West Transmission component?

Ms HOPWOOD - Just clarifying what you're quoting from, sorry?

Mr BAYLEY - I am quoting from the Marinus Link revenue proposal from late last year. It is the Revenue Proposal Stage 1, part B (Construction Cost) submission to the Australian Energy Regulator and it highlights a \$47 increase in typical residential customer based on TasNetworks' advice. Page 80.

Ms HOPWOOD - Yes, that does sound like the Marinus Link proposal. That's for Marinus Link cost recovery.

Mr BAYLEY - That's right. The question is, is that just Marinus Link? We heard from Mr Westenberg before \$27 to \$45; this says \$47. What's the discrepancy, and what's to be added there for North West Transmission Developments? Because I hear that that's Marinus Link only.

Mr DUIGAN - If I may, I think it's very important that we don't get out of sequence and out of whack. There are a lot of numbers floating around; it's important that we're addressing the numbers. The North West Transmission Developments is a known entity with a cost of -

Mr BAYLEY - Minister, I've asked if you're willing to table the modelling. That would resolve it for us.

Mr DUIGAN - Indeed, with a P50 cost that's been part of its CPA2 submission and there are a number of things that have been applied to the North West Transmission Developments which will bring down its cost and it's important that we are comparing apples with apples. That said, I would -

Mr BAYLEY - With respect, that's my question. I've heard some evidence from Mr Westenberg, there's something in this revenue proposal that's different, that doesn't include North West Transmission Developments. I'm just trying to get some clarity. You're welcome to table whatever you have to give us all clarity, but I completely acknowledge there are figures flying around everywhere and to be honest, minister, few people believe them when they come from the government that is.

Mr DUIGAN - Well, we are very happy with our numbers and as I say with the North West Transmission Developments, it's a relatively known entity, it's a transmission augmentation. We think it will cost \$1.1 billion. We have a number of offsets against it. We would expect to know and understand what that would cost in terms of our -

Mr BAYLEY - Transmission charges.

Mr DUIGAN - customers. Yes.

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Mr BAYLEY - Yes. So, to the question, Chair.

Mr GILL - I'm very happy to give some overlay and then let Michael pick up those detailed numbers. A really important thing to remember about what we have to comply with is the Australian regulatory framework. The primary role of the Australian regulator is to keep an eye on customer benefits, making sure that customers are benefiting from all the transmission developments around the country. This, equally, has been heavily scrutinised. We are just in the process of putting forward to the Australian regulator the final cost of the North West Transmission Developments, so they can again review that and that includes the household and small business impacts.

Mr WESTENBERG - We're still just working through that previous number, through the minister, that you requested. However, you did ask a question about what the discrepancy is, why are there differences. As I said previously, one of the factors we need to lock down is the concessionality of what we're providing and that is done through a concessional finance agreement that will be signed between ourselves and the Clean Energy Finance Corporation that provides the level of discount. That is quite detailed. We're still working through that. That should be finished as I said, by February.

In addition to that - the grant of \$346 million - we are working now with the regulator on the exact mechanism within the regulatory framework to provide that and the concessionality. Previously numbers that would have been provided in a whole-of-state business case - I believe that was prior to the announcement of the grant - would not have included that sort of modelling, so we need to provide that once that's all finalised.

Mr BAYLEY - At a higher level again, for the Chair, in terms of the North West Transmission Developments' impact on TasNetworks' overall financial position and its ability to pay dividends to the Tasmanian government, over the next 20 years, let's say - and then perhaps for the next 20 after that - what's your assessment of your investment and commitment to that project and your ability therefore to pay dividends to Tasmania?

Mr GILL - As I said earlier, this Statement of Expectations which we have from the government, provides very clearly that the major driver for us is lowest possible prices. Your questions are right on the issues that we worry about in how do we keep those prices very low?

Mr BAYLEY - But at the same time, you've been told to do a development.

Mr GILL - Correct. At the same time, in that document on the North West Transmission Developments -

Mr BAYLEY - That's right.

Mr GILL - which we also believe - and it has been proven that during its revenue test - had a net benefit for all of Marinus Project, North West TD, plus Marinus of \$3 billion net benefit, net after costs, the majority which -

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Mr BAYLEY - To Tasmanians?

Mr GILL - To Australia.

Mr BAYLEY - Your charter is for Tasmanians, so obviously that's the line of questioning.

Mr GILL - Correct. I'm just giving you the envelope around why this project is of value to everybody, and it's shared clearly between the rest of the NEM and Tasmanians. The majority of that benefit comes in stage 1, which is the first project we're moving from.

If we then look ahead - given this is a strongly economically beneficial project - if you look at the program of both the debt that will go with it, the concessional financing that comes with it, which is, you know very substantial. We're very confident that that will enable our business to go along with modest profitability.

This is not going to be a company which has excessive profitability going forward, because we want to keep prices as low as possible for our customers. That will see us return into the future to profitability of around the \$30 to \$50 million in NPAT range. Last year we had only \$8 million-ish profitability, which was affected substantially by two major events - one was the storm and two was a new enterprise agreement that's been established. That won't be a continuation of the profitability that you would see coming out of us, but I would say that's what -

Mr BAYLEY - When do you expect that return to the 30? You expect to return to that when

CHAIR - Mr Bayley, last question because we need to move on.

Mr GILL - Somewhere between 30 and 50 - I would expect that that's where we'd be in the decade ahead.

Mr GARLAND - Of those easements that haven't been signed up or won't be signed up, will TasNetworks be requesting the minister to sign off on compulsory acquisition for those remaining easements?

Mr DUIGAN - I think we certainly have a job ahead of us, and we have something to build at some point, as has been described. We want the best possible outcome for everybody in that space, and that's why I think we've been working so hard on a very - I would describe it as - fair and reasonable compensation package. It's contemporary, it lines up and in fact in my view, potentially exceeds what's been made available in other states, given the infrastructure that we're building is smaller than what is being built on the mainland. I would just encourage those people to talk to us to get the best possible outcome that they can, between now and when construction will commence.

Mr GARLAND - If they don't sign, you will be have them compulsory acquired?

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Mr DUIGAN - Nobody wants to - we don't want to acquire any land; we will need easements though. That's probably the fact of the matter.

Ms JOHNSTON - Chair, it was revealed in the budget Estimates last week that electricity infrastructure such as the wire and substations to enable the operation of the proposed Macquarie Point stadium were not included in the stadium costs and will be paid for by TasNetworks. Can you inform the committee what assessments TasNetworks have undertaken, and cost estimates provided of electricity infrastructure required to support the stadium? How much of the stadium electricity infrastructure add to the average household bills in high network charges, please?

Mr GILL - I will pass this one to Seán, because we have done quite a lot of work on this one.

Mr McGOLDRICK - Sure. Just like any project requiring electrical load, we engage through the development process of that project and TasNetworks has many different connections in any given year, big and small. At this point, we have a project team that have been engaging with the stadium precinct, and the outline plans for it. That's aligned with TasWater and other people as well who've been engaging in that project team. We're still trying to determine the size of the electrical load, and that has been under a lot of discussion. It's at the very, very early stages, so we don't have any information as yet about the cost.

We haven't even entered design stage yet, so it's probably what's known as technically 'pre-feed', it's very much front-end, even before front-end. I'm unable to provide you with that level of detail at this moment. That's something that progressively over these coming years will be developed, and we will then take the necessary steps to design and to deliver the electrical component of this stadium project. I don't have any detailed figures - none are available at this point in time.

Mr SHELTON - Minister, as poles are my business, it's pretty crucial that TasNetworks are investing in maintenance and upgrades of their physical assets. Ms Finlay has been down that path with a couple of questions. This is even more essential when you consider some of the wild weather we've seen so far this spring with some serious storms as you mentioned before. As an aside, poles just don't fall over.

Ms FINLAY - Apparently the unassisted pole.

Mr SHELTON - Unassisted, but they typically sit up in the wind and when you string a wire on them and the wind blows then there's a certain pressure on them. When that pressure is greater than the pole can stand then they do fall over. Can you please outline what sort of asset management plans TasNetworks has in place and what future-proofing they do they are doing?

Mr DUIGAN - Mr Shelton, I appreciate the question and obviously we have had some discussion here. It's important to recognise that there is significant ongoing investment year-on-year to keep the network reliable, functional, safe and through the course of last financial year, I think \$275 million was the investment. It's no small thing to keep the network in a serviceable

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state and a lot of that's vegetation management. I would pass to the business to provide a little bit more detail in terms of those things that haven't already been mentioned.

Mr GILL - I will bring everybody back to the regulatory overlay within which we operate. We have to go to the regulator to get the revenue that we are allowed to charge to customers. We have to forecast five years ahead and in that five years we have to figure out how much capital we're going to need in order to maintain these assets. Asset management is a big deal inside our business pretty obviously and we are really conscious of public safety, the issues that we're dealing with when you have 15,000 kilometres of distribution and over 3000 kilometres of transmission. Being able to forecast it means you have to really understand it. I will pass to Seán to talk a bit about that, and the regulator puts a lot of effort into trying to understand, do we understand what we're doing? Is the money that we're asking for excessive or appropriate, and that we believe is our core capabilities.

Mr McGOLDRICK - We're always trading safety, reliability and affordability and trying to make the best equation of that. Last year we spent \$272.2 million into our network. We have quite an extensive network serving over 300,000 customers. As the chair mentioned, 15,000 kilometres of distribution lines, 3500 kilometres of transmission lines and that is a vital asset economically for the state. We treat very carefully, and we inspect it regularly.

Our inspection methodologies, our asset management practises, we regularly benchmark against the industry worldwide. We're a member of a number of peak bodies where we share information and collaborate in making sure that we have the best up-to-date information that we can take from around the world where we are a member of CIGRE the high voltage organisation. Locally here in Australia we are members of the Electricity Networks Association on various different committees. We share that information, we bring those modern techniques, and we spend that money wisely. It's about making sure that we get the best bang for our bucks and keep those assets safe and reliable at an acceptable cost. That's our focus. It's quite important that we continue to make sure that we get the best out of that existing asset and extend it and improve its capability where necessary, also in an efficient way.

Ms FINLAY - That's the segway to the question about, and I'm not sure, did a chart get tabled before around the unassisted pole failings?

Ms HOPWOOD - We don't have a hard copy.

Ms FINLAY - Okay. I will put a question on our notice, then. If I can just give some more context to the ask, so if it is something that you don't provide, that's online, could you outline for me the number of unassisted pole failures each year for the last 10 years, and of that with the investigations that you've done after the pole failings, what number of poles were timber or new poles, like you called them composite or other technologies? How many of those poles were in fact inspected in the five years that they were required to be inspected? How many of those poles - I think the CEO used the word 'banded', which I'm assuming visually means this way, but often poles have something that they're supported that way - how many of the poles failed above - when a pole is supported, whatever the up-ways thing is called - failed above that moment?

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To understand, you used the word 'managing the assets with an acceptable cost', and I'm interested whether with the competing pressures of creating the lowest possible price and returning dividends to the state - which is the line of questioning Mr Bayley has been asking. Of course, you're deep in a chapter of capital expenditure and investment - is it included already in a report of unassisted pole failings? Could you table along with that chart a report that shows the outcomes of your investigations post-pole failure?

Ms HOPWOOD - I can provide the stats for the last five years; I've got those and noting that we will need to provide further details. For the unassisted pole failures in 2021 was four; 2022, also four; 2023, eight; 2024, 20; and 2025, 20 as well.

Ms FINLAY - Interesting that the number is increasing; has the investigations and contemplation for the risk, given that there is a responsibility to keep both the team members and the public safe around the increasing event of unassisted pole failures?

Mr WESTENBERG - Through the minister, there's quite a few questions in that that we will need to give you a breakdown; but certainly, there's been a group set up within the business for a period of time now to look at unassisted pole failures, with a number of recommendations. One of the things that you need to look at is the age of the poles. As you've seen before in previous years, occasionally there will be peaks, so it could be that those poles were put in at a certain point in time.

Ms FINLAY - If you're inspecting poles every five years and the age of the pole is greater than five, you would imagine the inspection rotation will pick that up?

Mr WESTENBERG - Certainly, but as the age of the pole gets older - we are talking about assets that generally last 50-plus years - so as the age of the poles get older, that risk does increase. One of the key findings that the group has found and also since implemented, is TasNetworks was one of the first companies to use an electronic IMT drill, which drills a 2.5 millimetre hole through the pole, instead of what a lot of other network businesses did, which was a large hole. That produces an electronic signature both for the hardness of the pole and the composition. What we've done is looked at changing the parameters of the drill and the test, so we have made some changes to that, and that's already started over the last couple of months to tighten up the parameter.

Ms FINLAY - Just recently?

Mr WESTENBERG - Just recently. Yes, that's correct.

Ms FINLAY - It is a front-of-mind issue for TasNetworks?

Mr WESTENBERG - Absolutely correct, as well as looking at - my understanding with the other poles, that we've only had the one composite pole fail; the assessment was made was that that was brought down due to a tree falling down on other assets and the asset actually pulling the pole down, as opposed to -

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Ms FINLAY - The specifications of the poles I'm interested in - that might be the one that was close to home.

Mr WESTENBERG - It may have been, I think we've only had one recently.

Mr McGOLDRICK - I'd be happy to give detail on that.

Ms FINLAY - My understanding is that these poles are highly specified to withstand serious storm events and also other related infrastructure impacts. I suppose then, I'm going to have a big question on notice, but particularly with this new pole, a pole that failed below its specifications, so it should have been able to withhold -

Mr McGOLDRICK - It did not fail below its specifications. That pole is what we call a titan pole, which is a concrete-spun fibre pole, and we put those in critical locations.

Ms FINLAY - Out of interest, was this is Bass?

Mr McGOLDRICK - It was in Legana.

Ms FINLAY - We're talking about the same thing, that's all.

Mr McGOLDRICK - Yes, for sure. It was outside a pharmacy in Legana.

Ms FINLAY - Hence the line of questioning around public and team safety.

Mr McGOLDRICK - This happened around the storm event that occurred. What occurred was that pole did not fail, but adjacent poles failed because, as Michael has said, a tree came down in the storm. The combined effect of the wind, which was of the order of 140 kilometres an hour, and the mechanical load of the conductor pulling down literally twisted the pole. It didn't fail unassisted; it was very much an assisted failure. It held up to specification, but when adjacent structures failed because of a tree coming down, it was -

Ms FINLAY - It held up on all its specifications?

Mr McGOLDRICK - Our inspection shows that pole performed to spec, but it failed because of adjacent pole failures that failed as a result of a tree coming down. So it was a ripple effect, a sequence of effects, but it did meet its specifications. We're confident that that type of pole performs mechanically, if you will. It stands up to wind speeds in excess - and we've specified wind speeds - in excess of 148 kilometres an hour. It's supposed to resist that, and we have also tested it with respect to bushfire as well, so it's a good product.

Ms FINLAY - What if they're required to withstand the mechanical reference that you made. My questioning has been more about non-wind events, which is what I'm interested in, which we've been talking about, but this one was in a wind event. With climate resilience we're going to be needing to make sure our assets are able to withstand wind events which will require multiple

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failures along a line. What is the mechanical expectation of those poles? You use the word mechanical, and I'm not sure that's right, but the torque or the pressure, or the whatever.

Mr McGOLDRICK - We are very conscious of climate change of course and the impact it's having on our assets. We're seeking to make our assets more resilient to climate.

Ms FINLAY - What's the unit of measure of the mechanical expectation of the poles?

Mr McGOLDRICK - Just before I get to that detail, we've arranged different options in terms of making our assets more resilient. Certainly, putting in titan poles is one of those, but we also put in a covered conductor so that it is more resistant to vegetation blowing in. We occasionally have a mechanical failure because of a large tree coming in from out of easement, but it's more typically in climate events, and certainly the storm event of October 2024, it was wind-blown vegetation from outside of the easement that was the major cause of failure and the way we were dealing with that is we are putting in a covered conductor on our assets that is more resistant to that. So, that's the approach we're taking, but it's going to take a number of different efforts, both in equipment and in resilience generally, to make sure that we're more resistant to climate events.

Ms FINLAY - You mentioned that it performed due to its specification -

CHAIR - We are going to move on.

Ms FINLAY - You didn't tell me what the specification was.

CHAIR - We will move on because you have had quite a lot of questions.

Mr McGOLDRICK - I'll be happy to give you that specification. I don't have it to hand right now.

Mr BAYLEY - My question is to the chair. Just to confirm, my understanding of the latest cost estimate of the North West Transmission Developments was \$950 million. Your 31 October 2025 North West Transmission Developments stage 1 construction application had a figure of \$970.9 million; but I think I just heard, could you confirm that you just said it was now estimated at \$1.1 billion?

Mr GILL - \$1.122 billion is the net capex which is net of Australian government grants, or \$1.138 billion is the gross capex with a grant on top of that. We've been working pretty hard to get that number as tight as we can get it and we've done it in a two-stage process. We firstly went in for some \$170-ish million, \$151 million with the Australian Energy Regulator to do our early works design. We've engaged GenusPlus Group, the contractor, who is now designing that such that out of that work we can get a tighter estimate of what the project will cost rather than just speculating on the number. As a result of that we are now putting forward this current estimate. We think we're really honing this down to a much more robust estimate.

Mr BAYLEY - \$1.138 billion.

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Mr GILL - Well, \$1.122 billion because we've got a grant.

Mr BAYLEY - And can I just ask, there's the 31 October document that says it is still in the realm of \$950 million; when was that figure landed upon, has it been made public and when did you advise government of it?

Mr WESTENBERG - Minister, if I could just clarify. If you're talking about 31 October this year, that's what we call our CPA 2 application for construction, at \$970 million. That number has been there for a period of time, but I just wanted to clarify, it wasn't CPA 1. The \$1.122 billion, as we said, is a combination of the early works and the construction together.

Mr BAYLEY - So what used to be \$950 million is now 1.1 -

Mr WESTENBERG - \$950 million was back in, I believe, March -

Mr BAYLEY - It's still in the whole-of-state business case for Marinus.

Mr WESTENBERG - Marinus combined?

Mr BAYLEY - The whole-of-state business case.

Mr WESTENBERG - Yes -

Mr DUIGAN - I think that's probably a fair assessment.

Mr BAYLEY - But it's now 1.13, or 1.12.

Mr WESTENBERG - 1.112.

Mr BAYLEY - When was that figure landed on, and when did you notify government about it?

Mr GILL - As Michael said, that's the combination of that early works submission plus now the construction submission. As we said, that's now public. It's now gone to the energy regulator, which you can look up on their website, and that was -

Mr BAYLEY - Have you made a public statement about that at all, that the north-west transmission project has now increased in cost by 16 per cent, from \$950 million to \$1.138 billion?

Mr DUIGAN - Certainly in the FID assessment document, which you would have seen, has those -

Mr BAYLEY - With respect, a public statement: has there been a public statement from either you, minister, or from TasNetworks? Have you put out a media release?

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Mr DUIGAN - That is a publicly-available statement that has those numbers in it. Those numbers were the basis upon which the government made a positive FID, supported by positive FIDs taken by TasNetworks and by Marinus Link, but those numbers were there prior to FID.

Mr BAYLEY - The whole-of-state business case still talked about \$950 million -

Mr DUIGAN - Indeed, but the whole-of-state business case was a point-in-time piece of work done in 2024, toward the middle -

Mr BAYLEY - Minister, can I ask you directly: have you made a public statement in any way, shape or form, in parliament or by media release or by social media, that this project has blown out by 16 per cent?

Mr DUIGAN - I don't accept that characterisation. I have spoken publicly many times about this, and -

Mr BAYLEY - As a \$950 million project?

Mr DUIGAN - I would need to check that, but certainly it's not a number that I am avoiding.

Mr Di FALCO - Minister, when was the last systems upgrade for early-fault detection technology, and what new investment in technology is occurring to ensure that we minimise the risk of incidents causing bushfires and other power outages?

Mr DUIGAN - That's a good question, thank you, Mr Di Falco. I will defer to the experts shortly, but I would point to particularly work that's being done around some of those more rural feeders - you know, the Waterhouse Road, into New Norfolk and places like that - where you have those long feeders, the Tasman Peninsula as well - and work that is being done to provide some resilience around those, given they are long stretches of distribution that go in through heavily-wooded areas, I believe it's an area of particular focus, but with that said, I will pass to the chair or the CEO.

Mr GILL - Thank you for the question. Bushfire risk is a really big issue for TasNetworks to be concerned about. First of all, by making sure that the vegetation easements are cleared, we spend a large proportion of our annual operating costs clearing vegetation. You could in fact consider that we're more a vegetation manager than we are an electrical provider because it's such a large concern across the network, both to avoid damage but also to avoid bushfire risk. Every year as we enter the summer season, our alert on bushfire risk goes up substantially. So, we've done a lot; we've connected in over many years with the Victorians, who are equally attuned to bushfire risk. I will let Séan pick up on some of the technologies and ideas that we're using in order to minimise bushfire risk.

Mr McGOLDRICK - So first of all, in general terms we constantly monitor our electric system. We've a system control and data-acquisition network, basically telecommunications that operate at very fast speed that monitor the continuity of our network. If a fault occurs it becomes instantly visible to people in our control centre. That allows us to monitor the reliability of our

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network. It's a very modern system with modern platforms and protection devices. It's what's known as a secondary system. The primary system transfers the energy, the secondary system is essentially a telecommunications network that monitors the network and if there's any loss of supply, that becomes instantly available and we can switch to an alternate route in many cases, especially on the transmission system. That's the general philosophy we have in common with many power networks around the world. That allows us to have the extremely high availability, safely, of our power system and electricity that we all enjoy here in Tasmania. We continually invest in that. We invest in the technology. We invest in the platform, the software and we invest in training of our staff. That's critical for our reliability and safety.

With respect specifically to bushfire, we are members of various different peak bodies who share our concern on bushfire, and we're always looking for different ways to monitor bushfire and to make sure that we are resilient in that regard. One of the latest efforts we've been involved in is the Disaster SMART Tasmanian Communities effort, where we used the LiDAR map of the vegetation and topography, especially around Hobart. We worked with various different sensors, moisture sensors, smoke detectors, temperature sensors that are dotted around the Hobart region, and we link this together into a network that allows us to monitor for not just an event of a bushfire, but increasing risk that this might occur. Once we detect that the risk is above a certain level, there's additional measures we can take to inhibit any potential bushfire caused from electricity assets. It's an area of research that we're also working on with UTAS and other academic providers around the nation. It's quite important for safety and reliability, two of our core responsibilities that we have a modern network that serves us reliably but also safely.

Mr GARLAND - Have there been any private landowners who are set to host new or upgraded transmission towers or lines on their property as part of the North West Transmission Developments TPC permit, where there has been no contact achieved, either by phone, in writing or in person by TasNetworks, and if so, how many are involved with it?

Mr Mc GOLDRICK - To the best of my, my knowledge, Mr Garland, we have contacted everybody along the route, all of the landowners. We've used a variety of different methods, both in person and also telecommunication, but also written communication. We've written out to everybody. The vast majority of people have acknowledged that and have worked with us. As I've mentioned, 96 per cent of the private landowners and all of the public landowners have given us access to properties so that we can work on. There's a small number of 4 per cent who have not, but we have endeavoured and continue to endeavour to reach out to them, and I would ask them to please respond to us, please come and talk to us because we're very happy to engage to make sure we get the best result for everybody.

Mr SHELTON - Minister, the north-west transmission line has been talked about a fair bit today, and it's a key component of Project Marinus and a huge infrastructure project being undertaken in Tasmania. Noting this, can you please outline what governance structure is in place within the project to ensure a strong delivery?

Mr DUGAN - Thank you. It is an important question because the NWTD is where Marinus Link plugs in and gives us the ability to bring energy onto the island and send energy out, which is the key consideration. My job is to ensure that the roles and responsibilities are clear, and that

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those involved in delivering project Marinus are aware of what they are accountable for, and fit-for-purpose governance and oversight of the project is absolutely paramount. Some of this was outlined in the FID assessment document and I would encourage members who haven't had a good look at that to do so, because it does address a number of these things in detail.

In addition, we have had Wise Lord & Ferguson examine interagency roles and responsibilities, escalation protocols and integration between Marinus Link and the North West Transmission Developments. As I committed in Estimates last week, we will be sharing the Project Marinus governance framework in coming months. However, for the NWTD specifically, TasNetworks is the accountable delivery authority, and perhaps may have something to say on that matter.

Mr GILL - Those of us who have been involved in billion-dollar projects in the past know that yes, team one gets your financial closed[TBC?] position done, but then team two is needed to execute it. In the development process we've had a great, strong team there but, equally, execution is always a major challenge, there are many variables that you have to confront.

We just appointed a new project director, who is a Tasmanian resident, in fact, who will be overseeing the execution of this project. As well as executing it, he's making sure that stakeholders are transparently aware of what we're doing, how the project is going - that's obviously a feature of issues within the Tasmanian environment these days. For that we have great levels, we go all the way from the federal government, Victorian government, Tasmanian government and the Tasmanian community; understanding what's going on when you have a project running 130 km along the north-west of Tasmania, everyone is going to be seeing what's going on.

I will just pass to Chantal, to perhaps give us an idea of how sophisticated this governance process is, as a result.

Ms HOPWOOD - We operate a multitier governance framework for the north-west, which includes multiple tiers of reporting. We report to shareholding ministers, ReCFIT, Treasury and TasNetworks' board. We also have a range of steering committees aligned to the same structure as Project Marinus to ensure alignment across risk, delivery, procurement and landholder relationships as well. That's currently - and as we lead into construction, as Roger noted, we are reviewing our governance structures and they will be further refined.

Ms FINLAY - You talked about the importance of investing in infrastructure upgrades in asset management, and we've talked about the pressure on dividends going forward. Are you having internal conversations, minister? Are you having conversations within government and are there conversations between you, as shareholder minister, and/or within TasNetworks about reprofiling dividend-expectational demands, given that you're in a very heavy capital program at the moment? You said for the two reasons a lower profit reported where you can run your dividends off in the last financial year. What's the current conversation on expectations for dividends, given your core purpose is lowest possible price, and also this massive capital program?

Mr DUIGAN - From a government perspective - the ministerial charter is I think reasonably clear; though I do note the point you are making there, that there is tension between those two

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things, but I don't think that's a bad thing. As we would contemplate this very large capital investment through the North West Transmission Developments and the returns back to TN on that particular piece of infrastructure, it's designed to be a low-cost to customer piece of infrastructure. TasNetworks will see a lower rate of return on that piece of infrastructure, than they would otherwise. Certainly, that's the core narrative for Project Marinus.

This is a project being delivered by three governments at the lowest possible price to the end consumer - for the highest possible benefit at the lowest possible cost. If this was being delivered by the private market, the cost would be substantially higher because there wouldn't be that concessional financing, FFA grants and things of that nature. There is a tension, and we talk often about the operational costs of TN and keeping a lid on these things and we have an expectation that they run the business as a business, but we want to deliver a fair and equitable power price for Tasmanian customers. There is that tension. If the chair has anything he would like to say about conversations that occur within the business and how you manage that tension.

Mr GILL - Minister, that's very much the conversation we've had about this project, which drives - remembering the statement of expectations really is only 24 October when we moved from sustainable financing into the future. This is a strong overlay and we've had a lot of dialogue about what went into this state of our expectations. We were doing toing and froing between us, myself and the minister about this, so that we clearly understand from the board's point of view what is required. That then flows through to our modelling that goes to Treasury, looking ahead our own strategic plans that go out 10 years ahead of us, so that we understand where this goes.

Ms FINLAY - The specific question, then, is: what have you changed? How's that profile, that dividend consideration profile changed, given the change of ministerial direction?

Mr GILL - Remembering also, that even though - you mentioned we're going into a large capital spend. Equally, that capital spend because it's subjected to the regulatory regime in the country, comes with revenue. So it's not unfettered where there's a lot more money going out. It will come with a rate of return overseen by the Australian regulator. That keeps customers closely at heart.

Then you have the government's expectation on doing that. As I said before, we are not going be a business that's looking for super profits. We are a business that's going to go for modest returns, maximising the benefit to the community of Tasmania because we understand who we're owned by and that's clearly in both our charter and the expectations of what we do, and that's where we will sit.

Ms FINLAY - Minister, can you remind me, there's the Marinus Link, but there's Project Marinus and North West Transmission is part of Project Marinus? Can you remind me why it is that North West Transmission isn't fully funded and Tasmanians are bearing the cost of that? Given that we've just, and I have heard it publicly said before - given that it's been reinforced to the committee that the costs are now up at 1.1 or more and could potentially grow, what protects and buffers Tasmanians from the growth in that cost? And, remind me, why wasn't it advocated that North West Transmission, as part of Project Marinus, be covered in the same way that the Marinus Link is?

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Mr DUGAN - Through my time in this role, I have strenuously advocated for the Australian Government to have more of a role in the North West Transmission Developments and we've seen that through the application of the \$346 million grant, which will bring down that cost.

It's important, though, to recognise that the North West Transmission Developments is an on-island augmentation of Tasmania's transmission assets. It is, at the end of the day, an investment in Tasmania and it will have a number of benefits to our state. It is a great enabler of further generation and load in the state of Tasmania. I take your point, but I would argue that this is good for us and there is a reason that we would seek to do this.

Ms FINLAY - In that answer, the reference to the \$346 million, can you explain to me how and where it's treated in the financials?

Mr DUGAN - It's a grant to TasNetworks, which comes off the RAD -

Ms FINLAY - Where do I find that at the moment?

Mr WESTENBERG - Where do you find it? It's not in the financials at this stage because the grant is future looking. It won't be applicable to TasNetworks until around, I think, 2029.

CHAIR - Last question, Ms Finlay.

Ms FINLAY - So, that's not held in some sort of contingency or future it won't present itself in the books until then? Our forward Estimates go out beyond there though, don't they?

CHAIR - I thought that was the last question, but anyway.

Ms FINLAY - It was the same question. I'm just wondering when I'll see it in the financials.

Mr DUGAN - It would go to TasNetworks. I'm not sure that you see it in -

Mr WESTENBERG - Once the specifics of that grant and the mechanism under the AER is locked down, it will be part of the revenue and the pricing for the North West Transmission Developments as well as what TasNetworks would do with that grant. As an example, we would pay down debt, but we also at the same time will lose revenue, because our regulatory asset base will be reduced by the \$346 million.

Mr DUGAN - And I will just say that the FFA grant website has the details.

Ms FINLAY - Sure. I just wasn't sure where I could see it in our documentation.

Mr BAYLEY - I want to go to dividends as well. I'm not sure whether it's to the minister or the chair, but the Budget and the forward Estimates has got \$13.9 million in this Budget going up to \$60 million, effectively, across the forward Estimates in dividends, tax and rate equivalent income from TasNetworks. Obviously, noting that TasNetworks doesn't expect to return a dividend in the current year because of the storm events we were discussing earlier. I'm interested

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in the calculation of those projections across the forward Estimates in terms of factoring in other natural-disaster-related shocks to your finances and what sort of contingency planning has been done going forward? Obviously, under a changing climate - whether it be flood, fire or storm, these are going to be the new normal. So, how do you factor that into your dividend calculations?

Mr GILL - Your comment about climate change is a big issue for us. We have a very large footprint on the island as we've talked for much of this discussion; it's about what the climate does to the asset capability that we have. When we next go to the Regulator in 2029 where we try to forecast the first five years of 2030, we're going to have to have a good understanding of what those climatic effects will be and there's a base amount which we are able to convince the Regulator to allocate on an annual basis, which is in the order of around \$4 million-ish a year to cover those sort of events.

Mr BAYLEY - Base costs?

Mr GILL - That's minor storm impacts which we will handle.

Mr BAYLEY - \$4 million.

Mr GILL - We don't ask the Regulator to allow us to get more money from the customer, put it away in a piggy-bank for a stormy year. We essentially keep the prices as low as possible, and we then manage our way through the five-year cycle.

The issue that we had in 2024 was a one-in-25-years event, so we're not charging people for those events. We wait until an event like that was to happen and in this particular instance last year, we subsequently went back and said to the Regulator, 'Look, there is a very substantial cost in reparations after that event, and we've sought additional capacity to get more revenue from our customers over the long haul to cover that particular event. So, what you see in the numbers is the base case without major -

Mr BAYLEY - Base case with a \$4 million shock.

Mr GILL - With a \$4 million shock, not a \$20 million shock. That's how we deal with it. So, from time to time, we will either take the hit ourselves and dividends will go down or we will go to the Regulator and say, we really need more money from our customer base, we need to charge for it.' Last year was the first time TasNetworks went back to the regulator and said, 'We can't wear it, otherwise we will essentially wear a lower return because we want to try to manage this lowest possible prices approach.'

Mr BAYLEY - Quickly, I want to go back to Marinus and understand the budget implications. This is to you, minister. The whole-of-state business case - and I think in Estimates last year we talked about the \$103.5 million to make TasNetworks whole for your previous investments in that development. The whole-of-state business case talks about a post-FID equity contribution totalling \$106 million for Marinus Link Pty Ltd may be required from Tasmania. I note the Budget has equity investments in Marinus Link Pty Ltd of \$69.1 million across the forward Estimates - so 2026-27, 2027-28, 2028-29, and indeed 2025. Can you just talk us through

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those figures? I'm just struggling to understand. What I was told last year was, we've put in \$103 million, that's it, we're not going to have to put in anything more. There's now a \$106 million figure and then this \$276 million-plus figure in the budget

Mr DUIGAN - You may recall that, as of last year, we were a 17.5 per cent equity holder in Marinus Link and that \$103.5 million that you mentioned was recognition of - was money that had been spent by TasNetworks, when it was the sole proprietor of Marinus Link. When it became a tripartite organisation, that 103 was recognised as equity already committed by Tasmania. Through the renegotiation just ahead of the FID decision, we negotiated with the Commonwealth to cap Tasmania's equity position at \$103.5 million, which would see overtime, as further equity calls were made, our level of equity reduce but no further equity be committed from Tasmania. Those equity calls would be met by the Commonwealth and by Victoria, so for Marinus Link, no further equity. Importantly, we retain a number of reserve rights and a seat at the board, but no further equity. For the North West Transmission Development, I think originally in the previous budget that didn't pass, there was \$198 million in that -

Mr BAYLEY - 191 this year.

Mr DUIGAN - 191 this year, which represents the 16 per cent equity required for the build-out.

Mr BAYLEY - Sorry, what then is the \$69.1 million annually across the forward Estimates for Marinus Link Pty Ltd in the Budget? Other equity investments as at June 30.

Mr DUIGAN - Very good question.

Ms HOPWOOD - What page?

Mr BAYLEY - Page 187, on budget paper 1.

Mr DUIGAN - Let me get that for you - whether that's a split of the 191 -

Mr BAYLEY - No, it doesn't seem to add up, in that context. Maybe, could you take it on notice?

Mr DUIGAN - Yes, we will find that.

Ms JOHNSTON - Chair, the Auditor-General's report recently queried executive payouts to TasNetworks' executives in particular and noted that in 2025 there was \$946,000 in executive payout termination benefits and in the previous year \$1.4 million. That's a significant amount of money. The annual report of TasNetworks says it complied with guidelines, with exception of two variations, confidentiality and termination provisions contained in executive contracts. What exactly were the noncompliant clauses and who approved them? Did the Treasurer approve any variations of the standard executives' contract terms, and has TasNetworks amended executive contract templates, so that the breach does not reoccur?

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Mr GILL - The background to this is the very substantial transformation program that TasNetworks has been undertaking over the last three years, where we've substantially reduced the non-field staff and there's been a great deal of reorganisation, including at the executive level of the company. The primary purpose of that is to get ourselves match fit, so that we're ready to take on these activities that we've been discussing this morning.

In that process, we've come across a number of legacy contracts that have been in place as the electricity industry in Tasmania has evolved from Hydro Tasmania, through the disaggregation process and then, ultimately, to us. Those legacy arrangements are now completed. We don't have those contracts anymore. I will let our executive people give you some of the precise detail that you asked for about those.

Ms ANDERSON - Through you, minister, and as the chair mentioned, we did inherit a number of legacy contracts, which had preserved entitlements that had been accrued over a number of years. We no longer have any of those entitlements left in our existing contracts. In terms of the termination and confidentiality clauses, they're not a breach of the government REM guidelines, it's just from a commercial perspective - sometimes our confidentiality and termination clauses are a little bit different to what would perhaps be in a State Service contract. Those contracts have all been drafted by external legal people, and they are reviewed as part of our annual audit process and approved through our people and remuneration committee, and they are all standard contracts now.

Ms JOHNSTON - So those concerns raised by the Auditor-General shouldn't occur again?

Ms ANDERSON - No.

Mr Di FALCO - What's the height of the tallest new transmission towers compared to the existing infrastructure? What is the viability of underground transmission lines versus towers? Has this been explored?

Mr DUIGAN - Thank you. For exact detail on the height of the new towers, I will pass to the business.

Certainly, undergrounding is one of those topics that comes up fairly regularly, particularly when you're talking to landholders. It is, as I am advised, a great deal more expensive - in the realm of eight times more expensive, I think I have been told. I know there are a number of opinions about that, but it is substantially more expensive and doesn't come without its own set of challenges for landowners either. It's certainly not a matter of 'bury it and forget' about a 220 kV transmission line. It is a substantial impact on a piece of land either way.

In terms of height of our new transmission towers - I guess you're talking mostly about the North West TD? Séan, I'm sure, would have that level of detail.

Mr McGOLDRICK - Minister, we're just getting the exact height for the tallest tower that we've planned at the moment. That, of course, is part of our submission to the TPC. I want to

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explain why we have taller towers, as well. I think it's important for people to realise, and there are some benefits.

The taller towers, first of all, are high voltage - 220,000 volts - so, we have minimum ground clearance. It can be higher than the low-voltage distribution network, and is higher than the 110 kV and so on system that people would be familiar with. Of necessity for safety, they have to be higher.

We also have an advantage there, because it allows us to span. We've created some taller towers replacing existing infrastructure that allows us to minimise the number of structures. We have worked very hard with landowners to position those structures but also to remove existing structures and to minimise the number of structures. We've reduced - again, one of the team will give the figure in a moment - but we've reduced the number of structures. So, while they are taller and certainly they will be more visible, it has an advantage in that is to reduce number of structures.

We will be happy to give you the number of structures reduced and, indeed, the height.

Mr WESTENBERG - We will get back to you on that.

Mr McGOLDRICK - Yes, they're both coming.

Mr DUIGAN - Chair, just before - to interrupt Mr Shelton, I believe we do have the answer to Mr Bayley's question around that line in the budget. Oh, the earlier questions - I beg your pardon.

Ms HOPWOOD - I have a response in respect to when we made a public announcement of the change to the costs of Project Marinus in its totality. There was a press release on 11 July 2025; it was a joint between Project Marinus and the North West Transmission. It outlined the costs to North West TD of the \$1.1 billion as we discussed before, and it also provided an update in terms of what we have calculated for the net benefit of that project.

We did a release of the regulatory investment test for transmission and noted that with the increase in cost to both North West Transmission and Marinus, there's still a \$3 billion net benefit associated with that project. So, that was outlined at that point in time.

Mr BAYLEY - Thank you.

Mr SHELTON - Minister, you mentioned the \$346 million through the grant for the North West Transmission Developments from the federal government, which will be administered through the Clean Energy Finance Corporation. Can you please explain how that works and how those benefits will flow through to the customer?

Mr DUIGAN - Thank you, Mr Shelton. Yes, I can. I can do it, but there's probably someone who can do it more succinctly and accurately than I can.

Essentially, it is an amount of money that is applied to the asset base that TasNetworks hold, that then lowers the amount that TasNetworks needs to recoup from its asset base. As I'm advised,

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that would be a circa \$15 million in 2024 dollars, a \$15-million reduction in the amount of cost that would need to be recovered from customers ongoing for the life of the asset.

Happy to have someone else have a crack at that?

Mr WESTENBERG - If I could just clarify that question - because we do have the \$346 million grant, which obviously the minister's just answered. That is separate to the concessional finance agreements put in place with the Clean Energy Finance Corporation.

There will, in the end, be two mechanisms. Both of those will be with the AER and their role is to ensure the facilitation of that concessionality is appropriately provided back to the Tasmanian community.

Ms FINLAY - Minister, I want to go to the policy around direct connected customers and the no-paying of the transmission increases. In your introduction you spoke about that. Is that a concrete position, do you have a published policy paper on that, and what will it require in terms of instruments to implement?

Mr DUIGAN - Look, it's a policy position that we have and we have made those commitments. No impacts as a result of Project Marinus and that's the position of the government. We've also committed to a pricing review across the broader pricing landscape for energy in Tasmania, noting that there are a number of things that will be different in a post-Marinus world. We understand that there is a little bit of time to elapse between now and then and we will come to a better understanding of what those things might look like as various projects crystallise in the state. But those are the two policy positions that we've committed to on the result of taking a positive FID for Project Marinus.

Ms FINLAY - And beyond the statement that you made around that policy position, have you got a more sophisticated published document around that? I suppose I'm, no?

Mr DUIGAN - No, it's a piece of work that we need to do and what the mechanism will be to derive those offsets because there will be a level of mitigation provided to those businesses.

Ms FINLAY - I'm interested, as an example, with the early works on the North West Transmission Developments part of Project Marinus. They're real now so how will you apply that policy to that, to those early works?

Mr DUIGAN - Well, that's something that we need to deal with and are aware of those cost impacts that will be starting to flow in a relatively short period of time.

Ms FINLAY - So, when will you deal with that?

Mr DUIGAN - It's work that we're doing.

Ms FINLAY - This is actually an exchange of questions and answers for clarity so the early works on North West Transmission Developments are real.

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Mr DUIGAN - Yep.

Ms FINLAY - The policy commitment, you said, is real?

Mr DUIGAN - Yep.

Ms FINLAY - By what time period do you expect that you will have a concrete published position on how that transmission offset will work, and for how long, how will that work?

Mr DUIGAN - As I say, that's a piece of work that is being done through consultation with TN, through work with ReCFIT and we will have more to say on that, but both of those positions are known -

Ms FINLAY - So, no direct customer will experience any increase as a result of the early works of North West Transmission Developments?

Mr DUIGAN - We have made commitments around direct connected transmission customers being shielded from the impacts of Project Marinus.

Ms FINLAY - Can I ask the question in a different way?

CHAIR - No, we'll move on.

Mr BAYLEY - Chair, thank you. On the back of Mr Shelton's question around the grant and the \$15 million reduction in revenue, or the need to recover revenue, can I just go back to where I started in terms of the cost to Tasmanians of the North West Transmission Developments and Marinus Link projects? That \$15 million reduction takes the \$120 million allowable revenue for TasNetworks down to \$105 million. Is that correct? So, to recover from the Tasmanian customer for North West Transmission Developments, it will be \$105 million a year, taking into account that \$15 million reduction.

Mr WESTENBERG - Just coming back to you with those numbers in revenue terms, it is

Mr BAYLEY - Revenue terms - just for those listening and for the benefit of the *Hansard* - revenue terms for TasNetworks is cost to the Tasmanian customer. Is that correct?

Mr WESTENBERG - That's correct. Thank you.

Mr DUIGAN - Thank you, and I have here.

Mr BAYLEY - Sorry, minister, the figures were just about to come, I think.

Mr WESTENBERG - It just depends on what year you're talking about for a start. Is it over the average life of the project that you're looking at?

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Mr BAYLEY - Over the 60 years. Yes.

Mr WESTENBERG - All I can probably give you are best estimates at this point is in 31-32, we estimate that to only be around \$25 million in revenue increase. I don't have it for the rest of the project at this point, but it's not something that increases dramatically over time, but it does obviously increase over time.

Mr BAYLEY - It's been assessed by the regulator at \$120 million is the allowable revenue you can charge for Northwest Transmission Developments; that's not the case?

Mr WESTENBERG - No. We haven't had a determination yet from the regulator in relation to what -

Mr BAYLEY - Again, just coming back to the start - the cable component, the Marinus Link component of it that you would need to charge Tasmanians, or revenue that you would earn?

Mr WESTENBERG - We don't have any modelling, sorry, I don't have the numbers for the Marinus Link. As our role, if we were appointed as the coordinating network service provider, we would need to pass on appropriate costs from Marinus, whatever they are, as well as potentially Basslink if it becomes regulated.

Ms HOPWOOD - I will just add, the revenue component for Marinus Link as it stands, is currently being assessed by the Australian Energy Regulator, at the moment.

Mr DUIGAN - Thank you. Mr Bayley, yes, I believe the number you referred to back in the budget paper is booking the final element of the \$103.5 million spent as equity. That is, the full \$103 million was fully recognised at FID. However, if that's not a correct reading of the budget papers, I will update the committee in writing, but I confirm that there will be no further funding toward the construction of Marinus Link from the Tasmanian government, beyond the \$103 million already spent.

Mr BAYLEY - Thank you. Just for clarity, what I'm seeking is clarity on what's on page 187 of budget paper 1 - \$69.1 million a year across the forward Estimates, including this year.

Mr DUIGAN - It's a one-off recognition of equity, as I'm advised.

Mr BAYLEY - Meaning a financial payment by Tasmania, or is this an accounting 'figment'?

Mr DUIGAN - I believe it is an accounting fig -

Ms FINLAY - You're not going to use the word 'figment', are you minister?

Mr DUIGAN - Yes. An accounting treatment.

Mr BAYLEY - Treatment. Fair enough.

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Mr DUIGAN - I believe, but -

Mr BAYLEY - If you have any explanation, that something in writing would be appreciated, in terms of what exactly it means.

Mr DUIGAN - Yes.

Mr BAYLEY - I appreciate that.

Mr DUIGAN - I'm surprised I haven't had that question before.

Mr GARLAND - The FID assessment report says that:

Forecast losses for TasNetworks from the Northwest Transmission Developments can be reduced by passing on less of the concessional financing benefit to customers, or via increased revenue recovery in the early stages of the project. Both of which will increase power bills.

The FID assessment report recommended these options be reviewed in the lead up to financial close in February to understand the impact on customers of improving the outcome for a future government. What can you tell us about whether TasNetworks will be pursuing either of those options?

Mr DUIGAN - Well, certainly from the Energy portfolio, it is our expectation that the concessional nature of the arrangements is passed through to customers. But in terms of where TasNetworks finds itself in all of this, I'm happy to pass to the chair.

Mr GILL - Thank you. Remembering that financial close now for us - so we went from the decision to move forward, that then initiated Marinus, the project. However, the financial close for us is March next year, because we wanted to work hard on getting this total capital cost nailed down, so we understood exactly what the impact would be.

Following up on the question that you've just developed, we're in the process now of finalising those - our modelling continues, but we are obligated to pass through the concessional findings from [inaudible] to customers. We won't be keeping those benefits in-house, they are for customers, that's how it was negotiated, that's the arrangement and that's part of the regulator's oversight that ensures us doing that.

I will pass to Michael, because he is doing some of the modelling on this, to give you a bit of a sense of just where we are at on that. We are not fully completed, and it hasn't come back to the board yet for the final sign-off.

Mr WESTENBERG - As we mentioned before, and as the chair mentioned, we are obligated once the concessional mechanism is fully locked in, we will submit a concessional finance agreement to the AER as we have done for the CPA 1 early works, and we will be held to that. The AER's role is to facilitate that concessionality. In relation to those two points that you

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raised, the challenge and the work that we've been doing leading up to our financial investment decision is to find the right balance between negative cash flows in the early years and the price that the Tasmanian community can or should be able to pay for that.

We are looking at that to ensure that the that balance is correct and, as the chair has rightly pointed out with our statement of expectations, that information will go to the board and they will make an assessment on the range of returns. Those range of returns will still be substantially less than any commercial return and ensuring the CFC are very clear in their contractual work, that all of the benefits of the low-debt loan is passed on to the Tasmanian community. It's just in relation to the depreciation in early years and those impacts that we need to balance up.

Mr GARLAND - You talked about the greenfield, is it correct that the greenfield lines are between East Cam and Highclere and Stowport to Heybridge, and that this represents about 11 to 12 per cent of the of the total length of stage 1?

Mr DUIGAN - Again, I will pass to the CEO for that level of detail. That's certainly not in line with advice that has been given to me in terms of the quantum of greenfield.

Mr McGOLDRICK - I'm happy to let you know that, in stage 1, we have three kilometres of greenfield build. All the rest is replacing existing ageing infrastructure and, in fact, what we are doing is not only replacing the ageing infrastructure, reducing the number of structures, but also we are reducing the total number of easements down to 15 per cent, but that's all the brownfield work. The pure greenfield work is only 3 kilometres of the 130 kilometres of the route, so it's a very minor part relative to many other infrastructure developments you would see elsewhere in the country.

Mr GARLAND - Thank you.

Mr SHELTON - Along with the last question, which went towards what benefits for the consumers are out there, the renewable energy industry provides a lot of opportunities and benefits for Tasmanians as a whole. As part of sharing these benefits, our governments made an election commitment to develop a renewable energy community benefit scheme. With major works planned by TasNetworks in the coming years, what actions are they taking to align with our government's intent to see the benefits of renewable energy projects felt by the communities that host that infrastructure.

Mr DUIGAN - Thank you, Mr Shelton. It's an ever-more pressing question I think, how we better share and distribute the benefits and the impacts of our energy build-out. I would certainly point to the compensation and other payments being made, say for example, to landholders along the North West Transmission Developments route, excluding everything else, the amount of compensation flowing into that region of Tasmania is very substantial. You know, tens and tens of millions of dollars.

By no other mechanism other than fair and reasonable compensation, people will share in the benefits of renewable energy, but I'm happy to pass to Séan to further fill that one out.

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Mr McGOLDRICK - In terms of compensation, we estimate at the moment that landowners will share \$71 million-worth of *Land Acquisition Act 1993* payments, as they are entitled to. Strategic benefit payments will total a further \$38 million, so that's a very substantial compensation for those farmers and landowners who sign up by 1 December and the community, the wider community, will benefit to the tune of \$10 million over the coming years where we have co-designed with the community a benefit-sharing scheme that will impact the wider community beyond land owners, so that they can see benefit from this project in their region.

Mr SHELTON - Okay. You mentioned land acquisition and the minister has said easement acquisition, and so I think it is a little bit, from a community point of view, when we talk about land acquisition, it actually isn't.

Mr DUIGAN - No, that's exactly right. We are not interested in acquiring anyone's land; we simply need an easement through it in order to place the towers.

Mr McGOLDRICK - I'm sorry for misleading. I was referring to the LAA act of 1993. That's the heads of compensation.

Mr DUIGAN - That's the mechanism by which the compensation is derived.

Ms FINLAY - Thanks for clarifying, minister, around the early works for North West Transmission. I'm interested in the lift in transmission as a result of Basslink, when that becomes regulated, and I am wondering whether your policy sits across that increase in transmission to direct-connected customers as well.

Mr DUIGAN - I certainly haven't made the same sort of commitment around Basslink, though I understand, should Basslink become regulated - which is certainly the position supported by the government because for all of its life - Tasmania and Tasmanians have borne all of the cost of Basslink and so the current proposal which would see Basslink regulated, would see 75 per cent of the costs borne by Victorian customers, and we think that's more than fair and reasonable; in fact, I would like to see it higher than that, but anyway, we are where we are and indeed, there are likely to be transmission impacts with that. We're not entirely sure of the exact quantum because of the regulatory process that we are going through, but it would be fair to say there would be transmission impacts because of that decision specifically.

Ms FINLAY - The first question is, specifically, will your policy -

Mr DUIGAN - I think I said that it doesn't extend to that.

Ms FINLAY - So it's a no?

Mr DUIGAN - Certainly, at this stage, it's not something you'd put a line through, but the Marinus policy position has been made specifically to Project Marinus and hasn't included Basslink regulation at this point.

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Ms DOW - Thank you. Minister, I'm wondering if you can explain the treatment of the transmission that is being upgraded as a result of the Northern Midlands solar farm and how that compares to the treatment for the North West Transmission Developments stage 1 upgrades? One, how are you treating those upgrades; and two, whether the same strategic benefit payments and other associated supports are coming with that? That's the first part of the question. The second question is: what are you as a government doing to support the Northern Midlands solar farm with the cost of transmission to ensure that the project gets up and delivered?

Mr DUIGAN - Thank you. I'm very happy, because there is a level of detail in that, but a first point I would make: strategic benefits payments are only applicable to projects which are contained within the ISP, the integrated system plan, so at this stage this would be external to the application of strategic benefit payments, and I think we probably need to be a bit clear-eyed about how deep we go with that because it adds cost, and I believe TasRex has been dealing with its land owners in terms of getting its project to the network. Obviously the government is supportive of the project. We are supportive of the fact that Hydro has partnered with TasRex to provide a PPA for that and obviously TasNetworks has been instrumental in the conversation of how we bring it to market and -

Ms FINLAY - I'm interested in that: the treatment of the transmission and then the support for the transmission to them.

Mr GILL - And remembering, of course, that we are subject to the national electricity rules, which are formulated for such - right across the country, new generation coming into the grid, and so, I will pass to Séan in relation to those rules, of which he is an expert.

Mr McGOLDRICK - And I am, but I am conscious of an even greater expert at the end of the table who has been dealing directly with the TasRex team and trying to bring this to market, Chantal.

Ms HOPWOOD - Okay, thank you. TasRex is developing a 288-megawatt solar farm, as you noted, and they are currently facilitating negotiations with land owners, as noted, and it will not be subject to strategic benefit payments, that's not part of the optimal development path under the ISP. As for the transmission aspects itself, we're looking to have the existing Palmerston-Avoca 110 kV circuit, and we will have a dedicated new 220 kV service for that connection to Palmerston. We have a current line there that is in our prescribed asset base, which is paid for by the general customer base. It is coming towards end of life, so, our support for this project is bringing forward the present value of the future cost of replacing that. It's only the incremental cost our customers will pay; that will assist TasRex in developing that line for connection, and we have in-principle agreement of that approach with TasRex and we are currently working through the commercial arrangements. We are very cognisant of the February financial close date and really conscious of ensuring that these arrangements are in place to support connection.

Mr WESTENBERG - Through the minister: I will just add that the investment that Chantal just mentioned will be covered through our normal transmission capital allowance.

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Mr BAYLEY - My question is to the Chair. Chair, in relation to north-west transmission line, we've had advocacy from some land owners that have raised concerns that known endangered and threatened species on their properties haven't been properly detected by the environmental assessors that you've engaged. For the purpose of the committee, are you able to table the full list of Tasmanian and EPBC-listed species that have been identified along the line and where they have been identified?

Mr GILL - In the broad, our organisation across Tasmania is very focused on managing issues in relation to, in particular, endangered species. Eagles come to mind, are front of mind for the business across the whole.

Mr BAYLEY - In terms of interactions.

Mr GILL - Correct. So as a subset of our new planning arrangements we've got a lot of capability inside the business and we extend out to a number of other organisations to help us on this. I'll pass to Seán in relation to what we've got in our planning solutions.

Mr McGOLDRICK - For sure, and of course that's in our planning submission that we made to the TPC that was on public exhibition. We're engaging currently with the TPC to make sure that we get our permits in a timely fashion. It will then become a matter for the federal approvals, but they've aligned their processes. We've been engaging on country on this matter for the last four years. If any landowner is aware of any endangered species that we have not put into our submission, we'd be more than interested to hear about that. I believe that that's unlikely, but it's not impossible of course. But our sole goal here would be to minimise and mitigate any impact on any endangered species so information is key in that regard. I'd ask those land owners to contact us directly so that we can deal with that matter as quickly as possible.

Mr BAYLEY - So what's on the record in terms of the planning commission application is up to date in terms of Tasmanian species and EPBC-listed species, effectively to come?

Mr McGOLDRICK - Yes, that we have detected, but landowners know their land better than anybody else and I'd be very open to listening to that. I'd please encourage them to reach out to us.

Mr BAYLEY - Thank you, and Chair, a follow-up in relation to Ms Johnston's questions around termination payments: we understand that there was a new company strategy in 2022 and you've had new contracts being signed. Obviously, the Auditor-General raised some concerns. What looked concerning, and I quote:

TasNetworks has the highest single termination payment: \$711,000.
TasNetworks had the highest average termination payment: \$296,500.

I'm just interested in what the different is in your contracts compared to other GBEs that provide for these large termination payments? And as Chair, and perhaps through the minister, do you find

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this concerning that there are payments being paid to executives that seem out of line with other government businesses?

Mr DUIGAN - Certainly, from my perspective we are very focused on the efficient running of the business and would see executive remuneration very much part of that. I note that the particular set of circumstances we're dealing with here does include something of an outlier and a legacy contract which has a very large number attributed to it, but to speak more broadly and about the current circumstance, perhaps the business could provide some detail there.

Mr GILL - Thank you, and we recognise that they are large payments, but they do recognise a very long service in the electricity supply industry and partly it came from when, back in 1998 or so, when we desegregated the Hydro-Electric Commission then, many of the redundancy provisions rolled through from one organisation to another organisation, and they have translated into those individuals being inside TasNetworks when we had gone through a restructuring process and we therefore had to honour those obligations which were the sort of contracted obligations. We were the ones that dealt to that but we can, as we have assured you before, those legacy provisions are not part of the ongoing arrangements in our organisation. They were a part of that disaggregation process that had occurred here back in the 90s.

Mr BAYLEY - And just in relation to oversight, the audit office was very clear in noting the results and it said that their audit:

... raises significant questions as to the level of variation in key management personnel contracts in relation to the calculation of termination payments and the level of oversight in the development and approval of these contracts.

Can you outline the level of oversight that there was in the development of those contracts and what there is ongoing with new contracts?

Mr GILL - We have within our organisation two committees of the board: one audit and risk committee and one people and culture committee, and it's that people and culture committee that I am also a member of that directly oversees the remuneration policy, the structure of contracts, all of that is inside that subcommittee. So we spend a lot of time at the detail level working through that. These particular matters were something that I took oversight of personally and so I'm aware of the arrangements. In particular, what I can say is those legacy arrangements aren't part of the contractual position that's going forward and I might get people in executive to just clarify any details that I might have not dug down into.

Ms ANDERSON - Outside of those legacy-preserved entitlements, we now have a more contemporary executive contract template. That's been drafted by an external lawyer and it gets approved through our people and remuneration committee as part of their charter. A number of those contracts were also reviewed as part of our annual audit process, particularly given those legacy entitlements that were in place.

Mr BAYLEY - It's a standard contract, is it, now?

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Ms ANDERSON - It is, yes.

Mr BAYLEY - Are you able to table a version of it?

Ms ANDERSON - Yes.

Mr GARLAND - Now that you've found a head contractor to do the North West Transmission Developments, can you confirm how many people will be employed in the construction phase and what percentage will be fly in, fly out?

Mr GILL - Thank you for the question. Yes, and that contractor is Genus, who is doing all this preliminary design work and we are spending a lot of time working with them. We do have a sort of minimum expectations and as a result of the design, we're now getting a better understanding of just who will be required, the sort of expertise that we need to build it, and I will pass to Seán because he has the numbers there.

Mr Mc GOLDRICK - Thank you for the question. So we are very happy to have appointed Genus as our contractor, and we have an engagement plan with them in terms of local content. So in terms of - and you will forgive me, but I need to structure the question to give an accurate answer - so Genus direct labour, so that's employed directly by Genus, there will be between 100 and 110 people, so I am giving you numbers of a slight range because we are obviously working through the detailed plan for the construction phase, which is the major employer, so direct labour employed by Genus, 100-110 people; of that direct labour, 30-40 is our estimate for Tasmanian employees.

In terms of the supply chain, if you will, indirect, so subcontractors working for Genus, in terms of the Genus indirect supply chain at peak, we expect between 250-260 people to be working on the project and on average we expect between 100-140 people to be working. So, it will peak and then there will be an average. Of Tasmanian content, we expect a peak between 225-234 of those 250-260, so the vast majority, and on average between 90-126 of the 100-140: so again, a significant average. We had set minimum targets for both direct employment and indirect employment in our engagement plan that was part of the procurement process, and those have been well exceeded. That's a forecast basis. We will be keeping a close eye on this, because it's part of our commitment to the local community, part of the benefit to the local community. They've well exceeded those minimums that we've set and I'm happy to say that we're comfortable with the plan that's been put in front of us now.

Mr DUGAN - Chair, as we near the end, I believe TasNetworks has some further information in relation to Ms Finlay's question on poles and Mr di Falco's question on towers.

Ms ANDERSON - Through you, minister: we can table the chart of the unassisted pole failures. So the total number -

CHAIR - Sorry, but perhaps you can provide that at another time. We've finished the time for scrutiny. The time has expired. Before we finish, I'd like to thank everybody for your

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attendance, for guests but also committee members. We will take a break now and return at 2.00 p.m. with Aurora Energy.

The committee suspended from 1.00 p.m. to 2.00 p.m.