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26 November 2024

Hon Ruth Forrest MLC
Chair of the Joint Select Committee on Energy Matters
Independent Member for Murchison

Via email: energymatters@parliament.tas.gov.au

Dear Ms Forrest

Thank you for the opportunity to give evidence at the hearings of the Joint Select Committee on Energy Matters on 13 November 2024. Please find my responses below to the Committee's request for further information.

1. *Could you please provide further information on TasNetworks move to a delivery partner model, or joint ownership of works model, and detail how it is different to the TasNetworks current approach to contracting services?*

TasNetworks currently use a 'panel model' to deliver a proportion of their work via contractors. This is currently shared between three contractors. TasNetworks has advised that this arrangement is no longer commercially or operationally efficient. The three current contractors have also raised concerns that the current arrangements make it difficult to operate on behalf of TasNetworks as they are allocated work in a way that is unpredictable, difficult to resource and challenging to deliver efficiently.

TasNetworks has been working towards a Delivery Partner model involves delivering the same volume of work via a single contractor. In implementing a Delivery Partner model, TasNetworks has advised it is seeking to realise the following benefits:

- Improved commercial outcomes by consolidating the program of this contracted work and securing better rates.
- Growing on-island contractor capability and capacity to support the program of work and potential projects.
- Securing critical delivery resources at a time of high competition in industry.

2. *Could you please provide further information on how the move to a delivery partner model, or joint ownership of works model, will impact on:*

a. *Tier 1 contractors;*

The existing panel arrangement (current approach) comprises three contractors.

In moving to a Delivery Partner model, TasNetworks intends to move to working with a single contractor to undertake the services currently supplied under the existing panel arrangement.

The single contractor will be selected through a competitive tendering process.

b. *Small to medium contractors; and*

TasNetworks has advised that all standing agreements (typically with small to medium contractors) with suppliers that typically work side-by-side with TasNetworks employees (termed 'internally delivered work') remain in place.

c. *TasNetworks employees*

There is no change to TasNetworks' frontline workforce employee numbers associated with the proposed move to a Delivery Partner model.

3. *Could you please provide the relevant TasNetworks request for tender document, in whole or in part, in relation to the new contracting model? This may be provided on a confidential basis for the Committee to consider.*

The tender documentation is held by TasNetworks. Please seek this documentation from TasNetworks directly.

4. *Will the delivery partner or joint ownership of works model result in joint ownership of TasNetworks or will TasNetworks be entering into a joint venture, or privatising the operational arm of TasNetworks?*

The Delivery Partner model will not result in joint ownership of TasNetworks or its assets and it will not privatise the operational arm of TasNetworks.

5. *When were you, as the relevant Minister, briefed by, or informed of, TasNetworks tender process for a new contracting model?*

I was made aware of the proposed change of contracting model on 5 November 2024.

6. *Could you please provide the dates on which you have met with TasNetworks representatives in the two months prior to 13 November 2024?*

I met with TasNetworks representatives on the following dates between 13 September and 13 November 2024:

- 01 October 2024
- 07 October 2024
- 09 October 2024
- 16 October 2024
- 28 October 2024
- 31 October 2024
- 11 November 2024

7. *What asset is owned, and by which entity, in a delivery partner or joint ownership of works model, including after completion of work or works pursuant to this model?*

There will be no change to TasNetworks asset ownership associated with the move to a Delivery Partner model.

To further update the Committee, an independent review of TasNetworks' procurement approach has been initiated. The review will look at the probity of process and assess the impacts of the proposed model (both for TasNetworks and Tasmanian businesses).

I trust this provides you with the information you were seeking.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dugan', with a stylized flourish at the end.

Hon Nick Dugan MLC
Minister Energy and Renewables