



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESS SCRUTINY COMMITTEE A

TasNetworks Pty Ltd

Thursday 2 December 2021

MEMBERS

Hon Nick Duigan MLC
Hon Ruth Forrest MLC (Chair)
Hon Mike Gaffney MLC (Deputy Chair)
Hon Sarah Lovell MLC
Hon Dr Bastian Seidel MLC
Hon Meg Webb MLC

OTHER PARTICIPATING MEMBERS

WITNESSES IN ATTENDANCE

Hon. Guy Barnett MHA, Minister for Energy and Emissions Reduction, Minister for Primary Industries and Water, Minister for Resources, Minister for Trade, and Minister for Veterans Affairs

Mr Roger Gill, Chair, TasNetworks.

Mr Seán McGoldrick, CEO, TasNetworks.

Mr Ross Burridge, General Manager Strategy, Finance and Business Services, TasNetworks.

Ms Bess Clark, General Manager, Marinus Link.

The committee resumed at 12.59 p.m.

CHAIR - Welcome back, minister, for round two with TasNetworks. I invite you to introduce the members of your team at the table and then you may feel like making a very brief introductory statement. We have only two hours and a lot to get through.

I ask members on this side of the table to ask succinct questions where possible and to please have direct and succinct answers from your side.

Mr BARNETT - Thanks very much, Madam Chair. It's a pleasure to be here. I'll firstly introduce Roger Gill, the new chair of TasNetworks and I congratulate Roger on his appointment, and also note he's president of the International Hydropower Association. He has terrific experience and background. Seán McGoldrick is CEO and this is his first time at this table. Ross Burrige, General Manager Strategy, Finance and Business Services, and Bess Clark, CEO of Marinus Link.

It's been another significant year for TasNetworks. They've been doing a diligent and a forward-thinking response to the transition to new and renewable forms of energy generation. As the jurisdictional planner, it's TasNetworks' responsibility to ensure Tasmania's electricity supply remains reliable and affordable. Despite pressure to accommodate such major change, TasNetworks has continued to drive efficiencies and plan Tasmania's future network in ways that place downward pressure on the cost of living for all Tasmanians.

They've again remained focused on customers' needs and I commend them for this. TasNetworks began working with hydrogen production proponents this year and continue to receive increasing inquiries for wind farm connections across Tasmania. Their work with all proponents aims to intelligently connect projects into the power system, minimise the impact on local land owners and the environment and maximise benefits to local communities.

The business has also been progressing the Marinus project and recently awarded contracts for the important marine engineering surveys. Importantly, disruptions caused by the COVID-19 pandemic have not affected the security or reliability of Tasmania's energy supply. TasNetworks successfully adapted its operations without jeopardising the safety of its people and its community but, of course, it has been a challenge and continues to be so.

The safety of TasNetworks' people remains a priority. They've committed to implementing new approaches to health and safety to uplift their maturity in these areas and this continues in terms of the investment in hazard identification training programs and the purchase of 98 new automated defibrillators. They should be commended for that. The new defibrillators will be a great asset to the broader community, as TasNetworks plans to fit them into all heavy fleet vehicles. Their commitment to safety is proven further through their youth education partnerships and electricity safety campaigns.

Their customers are increasingly satisfied with their interactions with TasNetworks' employees. This year, TasNetworks saw a significant reduction in complaints, a number that's been trending downwards over the past four years. At the same time, customer satisfaction measurements have been trending upwards, showing that many customers find TasNetworks helpful and easy to deal with.

Finally, I place on record my thanks, on behalf of the Government, to the retiring TasNetworks chair, Dr Dan Norton. Dr Norton has been a significant contributor to public life in Tasmania over many decades, not just in this role as chair of TasNetworks but across a whole range of government departments, agencies and energy businesses. He's held in very high regard in Tasmania and still is. I know that many around this table would have worked with Dan Norton in the past years and decades, and would have benefitted from his wisdom and wise counsel over that period of time.

We wish him all the best in those future endeavours, and I look forward to continuing to work with him and to seek his counsel and feedback from time to time. Thank you, Madam Chair.

I will pass to our new chairman.

Mr GILL - Thank you, minister, and I appreciate you making comments about our past chairman, Dr Dan Norton. I'm sure the committee has seen Dan's report which looks to the future, some of the very large and challenging issues that we see ahead of us. My comments will be the highlights of the report, and take as read the future opportunities.

Since TasNetworks was established to bring together transmission and distribution in this state, we have seen the benefits in an operating sense. This year we delivered a slightly above expectation profit of \$16.9 million. It's important to look at the profitability of our business over a multi-year period because we get our revenue determination spread across years. Notwithstanding, we were pleased to see this increase and the ability to deliver \$26.7 million in dividends to shareholders for the 18 previous years performance, which resulted in a 1.7 per cent return on equity - slightly above target.

We are very conscious of keeping prices down. Keeping prices down for the community is a balance between that and profitability. That's the balance we work with the shareholder and with the community to understand that low prices are valuable - but so is an effective return on our business.

That means that we've got network distribution charges down by something like 5.2 per cent for most Tasmanians and we think that's a pretty good effort in an environment where prices are being pushed to the upside.

One of the really large projects I'm sure we will talk about this morning is Project Marinus and in June 2021 we released our project assessment conclusions report and wholesale pricing report. There's a lot of information in that with independent data that we think demonstrates that Marinus satisfies the renewal investment test for transmission, that it's technically and economically feasible, and will deliver significant positive net economic benefits to the NEM. I'm sure during the session I can elaborate on why I think unlocking Tasmania's renewable capabilities for the NEM is a very important matter.

We also recognise that we rely on community support for what we do. We want to make sure that the projects that we proceed with are supported by the majority of Tasmanians and we will continue with the consultation. Consultation is the number one issue if you're developing large infrastructure projects that span multiple impacts, particularly on land owners, so consultation is a prime activity of ours which we are doing in both Tasmania and in Victoria.

Equally, we need a committed workforce. We have seen a 67 per cent engagement score with our employees but we're always working to listen to our employees to see how that can continue to grow. Businesses under Seán's leadership will not stop at ensuring that we keep working with a committed workforce to deliver good prices for Tasmania and these big investments that Dan has outlined in the report.

Again, our infrastructure spans lots of the Tasmanian landscape so having a reconciliation action plan launched this year with our Tasmanian Aboriginal community was a really important milestone for stakeholder relationships of ours. I'm pretty proud that our organisation has stepped up to do that.

Environmentally we have had lots of challenges, as any big organisation does that sets up infrastructure, and the threatened bird life question has been on our minds for quite a long time. A significant activity occurred again in the year gone to reduce by some 16 per cent the number of impacts from birds.

Going forward, electric vehicles by 2030 are expected to be a very significant component of our community and delivering for electric vehicles is a network, a grid. I've been saying to the minister that it is actually the decade of the grid. The sorts of things that you've seen described in our report, Looking Forward - the issues that we will be confronting in energy resources, the EVs, that will be a real important thing. Tasmanians ought to be comfortable that you've got a very strong organisation here setting us up well for that future.

We are looking to develop a strategy which will include some 25 per cent of our own fleet as electric vehicles by 2024, leading the way. There's a lot of learning to be done in this for us all.

We have one subsidiary in particular, subsidiary 42-24 - telecommunications, energy, IT services and data services that we've separated off from our businesses as a subsidiary but, of course, with strong oversight from our board in order to get some growth and outcomes in that area.

Finally, as you would have read in the report, Looking Forward to 2030, we're focused on a number of things. Safety which we've had great results in the past. That will continue to be a focus for us not only internally but for the community. Resilience for the changes that are coming up, the ability to stay the course. That's going to be very important. Efficiency - as we see downward pressures on our revenue stream, we will need to respond to that so efficiency will continue to be highly regarded by the board.

The renewable energy discussions are one that we're all aware of and the growth that goes with that will also be discussed today. They were the highlights. I think you've got an organisation in very good shape to tackle those in the future and we look forward to your questions.

CHAIR - Thanks, minister. The opening comments that have been made both by yourself and by Mr Gill, we've been told by the Government that AEMO has indicated that Marinus is critical to the future, and that was referred to by Mr Gill. Is the AEMO role, or that of the Australian Energy Market Commission (AEMC) to investigate and assess the best way forward? Or do they respond to the varying plans of all states and all private operators who

form part of the NEM to try and find a workable solution? I am trying to understand the chicken and egg here.

Mr BARNETT - The AEMC is an independent entity. Its jurisdictional plan, specifically for Victoria, has identified Marinus Link - both 750 megawatt cables, 1500 megawatts in total - as actionable projects as part of their integrated system plan. That is updated every year or two. The next one will have another draft report later this month. We are looking forward to that. What it means when they identify both links, as actionable projects, is that they see that as a key ingredient to the success of the National Electricity Market. We have had further independent advice to say that Marinus Link will deliver downward pressure on electricity prices across the National Electricity Market and we are very pleased with where we are at. It is always hard to predict the future, but we do know that there will be further demand on what is called dispatchable electricity going forward and up to 26 000 megawatts by 2040. Tasmania is in a very good position to provide access to affordable, reliable and clean electricity across Marinus Link and it is going to plan, to date.

CHAIR - I am trying to get the chicken and egg here. Can you point me to any information that would show me that there has been an assessment by AEMO or AEMC which says Marinus was crucial to the nation's infrastructure, before the decision by Government or TasNetworks to push for a second interconnector?

Mr BARNETT - Yes, we can. We can point to the integrated system plan which is released and updated on a regular basis by AEMC, an independent entity that provides that advice -

CHAIR - Which version of that are you referring to?

Mr BARNETT - The most recent version.

CHAIR - No. I am talking about before that. I have looked and read most of that. I am talking about assessment by AEMO or AEMC that said that Marinus was crucial to the nation's infrastructure - before the Government was out there talking about Marinus as an option.

Mr BARNETT - Well, AEMO reviews changes and transitions in the National Electricity Market on an ongoing basis. They provide updates to the market on an ongoing basis.

CHAIR - I understand that.

Mr BARNETT - They have assessed the need for Marinus Link in the past, now and in future reports there will be further assessments of the merit of Marinus Link. To assist the committee, I am more than happy for either the chair or the CEO to assist.

Mr McGOLDRICK - In a moment I will hand you to my colleague, Bess Clark, who is right in the middle of all of this.

From an AEMO point of view, the integrated system plan has been ongoing for a few years and they refresh it regularly. As the minister has said, it is an independent document. How it is constructed is that AEMO works with each of the jurisdictional planners - every jurisdiction in the NEM has an allocated jurisdiction planner. That is TasNetworks for

Tasmania. AEMO itself is that for Victoria, and then there are various other bodies typically transmission network service providers around the NEM, who work cooperatively with the AEMO staff to come up with the most efficient pathway for the development of the overall power system here on the eastern part.

CHAIR - My question is, can you point me to the document where AEMO indicated that another interconnector was necessary, before the Tasmanian Government or TasNetworks put this forward?

Mr McGOLDRICK - It is TasNetwork's job to indicate this, and we have indicated it as our role as jurisdictional planner on a number of occasions in the past and AEMO has taken that suggestion, studied it and have confirmed that is the correct development path, not just for Tasmania, but for the whole of the power system. Their independent analysis has been published every year, either in a full form every two years or an interstitial form, and for the last number of cycles it has put its money on Marinus.

CHAIR - When was the first edition of that?

Mr BARNETT - Ms Clark is the CEO for Marinus Link.

Ms CLARK - The first ISP was the result of a recommendation of the Finkel Review. Finkel could see Australian was moving quickly to cleaner energy and there needed to be an orderly development of the National Electricity Market, including identification of renewable energy zones, the efficient transmission to connect those to the backbone network and also to interconnect the backbone network. We had been working with AEMO, who is the Victorian planner on Marinus Link, and as part of their first ISP they included Marinus in it. We have been working with AEMO preceding the first ISP, which was a result of the Finkel Review. Dr. John Tamberlyn had been working with AEMO prior to that and recognised with a fast-moving market there could well be a need for Marinus, including if there was greater interconnection between South Australia and New South Wales which is also occurring. There has been a long history.

CHAIR - What year was this?

Ms CLARK - The first ISP draft was 2019.

CHAIR - Not that long ago.

Ms CLARK - The first ISP included Marinus because it was recognised Tasmania had fantastic renewable energy sites. It was recognised we had fantastic hydro and pumped hydro resources and we had also been working with AEMO as Victorian planner on early regulatory investment test analysis.

Mr BARNETT - I wonder if the chair could assist the committee?

Mr GILL - I will put my International Hydropower hat on and that organisation represents one third of global hydro power in every region of the world. It is clear that governments across the world are racing to catch up with how they are going to manage in a decarbonised world. Everyone is trying to figure out, how do I store energy so at night time we do not all have major problems?

CHAIR - We will come to that in a minute.

Mr GILL - If you see where Australia is at in relation to the ISP, we spent years without central planning, and thank goodness we got back to a simple view of what is possible for the period ahead so we get an orderly investment. It is quite clear Tasmania's deep storage, as one part of the storage the minister recognised was necessary by 2040, is a key ingredient and as a result, this is on the table and makes great sense.

CHAIR - Following on from that, I want a series of questions seeking to understand the direct revenue benefits from Marinus for TasNetworks. I am not so interested in the costs at the moment because they are easier to find. I want to understand more about the expected revenue. I know there is some information around Marinus Link, it states, 'the proposed interconnector known as Marinus Link is a 1500-megawatt capacity undersea cable'. (tbc)

What will be the TasNetworks' returns to government as a result of this? In the Public Accounts Committee, we spoke to Tony Ferrall about the Fiscal Sustainability Report and he said Treasury had not done any modelling about the direct benefits of Marinus to the general government. Clearly, Treasury has not done any modelling on this or they hadn't when he put out the 2020-21 Fiscal Sustainability Report.

You are smiling, minister, about that. Do you disagree?

Mr BARNETT - I am happy to respond when you have concluded.

CHAIR - I would assume if Treasury has not done that, your department, TasNetworks or someone would have done some modelling on the expected revenues. How will the demand for Marinus services result in Marinus Link making profits, which presumably will find some way back through dividends to the state?

Mr BARNETT - Thank you for the question. The CEO and/or Bess Clark can respond in further detail. At high level, the revenue investment test which is required and essential to pass that test for any major transmission development to proceed in Australia. TasNetworks has met that test. Regarding the revenue investment test referred to by the Chair, I would like either the CEO or perhaps Bess Clark to respond in terms of the revenue benefits that flow and then, of course, through to TasNetworks.

CHAIR - And the modelling that has been done for that.

Mr McGOLDRICK - I want to separate a couple of things here prior to handing over to Bess. TasNetworks will be responsible for developing the on-island AC assets associated with the link, essentially to receive the power on-island or to bring the power to the link. The revenue we get for that is calculated through as a regulated asset. So it's the same as any of the rest of our assets. We have a capital value and we get a return on that capital that's regulated by the AER. That's the revenue that we will get from those assets. That's part and parcel of the overall link.

The overall link also has a subsea connection, hence, HVDC converters and so on. That part is currently being discussed - how that will progress and what sort of a model, whether it would be a regulated model or anything else. That's the subject of some discussion at the

moment. It's not likely that TasNetworks will fully or completely own that; it may be owned by some other party.

If that is a regulated asset, that party will also apply for what's known as a regulated asset base and then will get a return through the regulator. If it's unregulated, it will be a different recovery model - what's commonly called a merchant model. That's for somebody else to determine. As TasNetworks, we will be getting revenue associated with the use of our on-island assets that service that interconnector.

CHAIR - Then if we own the cable, for example?

Mr McGOLDRICK - If it was a regulated model, it would be exactly the same but the asset would have a value that's recognised by the AER, audited and recognised by the AER. It's put into a regulatory asset base and then we get a return for the life of that asset. That's constantly monitored by the AER.

CHAIR - I understand that, yes.

Mr McGOLDRICK - Yes. I will hand over to Bess.

Ms CLARK - I don't have much more to add. We've certainly done the revenue calculations and, as Seán says, for regulated services they're built up from making sure you recover your operating costs, recover the underlying investment and the asset and then get a return on your investment. The rate of return will be a function of the costs of capital at the time which will be a function. We have various scenarios for that which our modelling assesses.

The total revenue is in the order of \$200-odd million a year across the north-west and Marinus Link but the actual cost of capital is a function - I think the present weight is in the order of 5 per cent - of the underlying asset value. As Seán said, it will be a function of the cost of capital set by the national regulator and the underlying asset value.

CHAIR - Sure. Minister, can you please provide that modelling to the committee?

Mr BARNETT - Let's just check in terms of the modelling that the Chair is referring to, if you have access to that or are you referring to the revenue investment test modelling?

Ms CLARK - The regulatory investment test is ultimately an underlying cost model and then in our business case assessment, we have done a revenue model as well so we have both of those.

CHAIR - I'm asking for those, minister.

Mr BARNETT - Are you able - let's just check. Through the CEO?

Ms CLARK - We could source that data. I don't have it to hand.

Mr McGOLDRICK - Obviously we don't have that data. It's quite a complicated piece of work but it is available. I would also point the Chair to the fact that the regulatory investment test and all of the submissions about that are publicly available through the AER.

CHAIR - Yes, I understand that.

Mr McGOLDRICK - That contains a great deal of the work. The detailed modelling behind it is a multi-year model which is quite huge but we could certainly provide a summary of that, part and parcel of what we provided to the AER and their consultants who examined this.

CHAIR - I'm particularly interested in the revenue that we generated on that. I mean, the costs, obviously -

Mr BARNETT - We can assist the committee with the information that the CEO has referred to, to the best of their ability to get that together as soon as possible.

CHAIR - I asked how TasNetworks assessed the likely demand for Marinus and who exactly will use it? How was that assessed?

Mr BARNETT - I think that's best for the CEO and/or the Marinus Link CEO to respond.

Mr McGOLDRICK - Part and parcel of the modelling that occurs through the integrated system plan carried out, not by us, but by AEMO, they look at the utilisation of the assets. They look at generation patterns and in particular they look at the impact that interconnectors, including Marinus, have on the overall price of electricity. That is why it is an integrated system plan.

In doing so, they model that for many years with different generation scenarios, and they have a few scenarios in the integrated system plan, every publication.

During that, it can show directly the impact with Marinus Link and without Marinus Link. When they do those studies, it demonstrates the very positive impact that Marinus Link has on overall pool price throughout the entire NEM. Everywhere from Queensland to South Australia and every jurisdiction in between benefits by lower pool prices - as a result, lower cost in energy. That is the manner in which they decide if it is a good investment for the whole of the power system. That is a summary of it and I would like to hand to Bess for some further details.

Ms CLARK - Further to Seán's response, both AEMO and TasNetworks fully undertook our RIT-T modelling. We consider a whole range of different scenarios for the future, so, where new generation could site, what load outlook there is under different scenarios and we then do what I call sensitivities on top the base scenarios. So, AEMO consulted widely on the scenarios about the evolution of the National Electricity Market. We did modelling and because we have access to, for example, Hydro Tasmania's data in more granular detail, we did our own modelling for our RIT-T. The thing that was really pleasing was that AEMO modelling gave broadly the same outcomes. Really it showed that in all future scenarios and the sensitivities that were modelled, as Seán said, a world with Marinus Link provided greater benefits to the energy market and to energy prices than a world without it. We assessed a full suite of futures effectively.

CHAIR - Minister, Bess mentions that they have access to Hydro Tasmania information. So, were the patterns of imports and exports over Basslink considered as part of that assessment and the process, and over what period?

PUBLIC

Mr BARNETT - Thanks for the question, I will have check with either the CEO or -

Mr McGOLDRICK - I will give an initial answer and pass over to Bess. Basslink is a functioning interconnector. It is fully taken into account in the existing models of AEMO and in the integrated system plan. It is fully part of the modelling that is carried out and then the incremental impact of Marinus Link is assessed. So, it is not a question of, it's one or the other, one is there already and it will continue, the other -

CHAIR - You do have access to the imports and exports?

Mr McGOLDRICK - The imports and exports are a matter of record.

CHAIR - They weren't in a previous hearing.

Ms CLARK - The data we are looking at for the RIT-T, you are looking at the cost model and both ourselves and AEMO do a similar model that basically says that for every dispatch interval in the national market what's the lowest cost combination of generation to meet customer load. In that, the model - which needs super computers to run - is assessing all the available generation and transmission that can move the generation, what's the most efficient generation mix for that dispatch interval. So, we use the Hydro data for that and then the wholesale price modelling, which is done by a company called FTI Consulting, is based on what is called 'Bertrand pricing'. Basically this is saying that generators acting rationally will try to cover their marginal costs of generating but bid as high as they can while still being dispatched. It is a model that is using expected bidding behaviour for every generator, not just Hydro, to say which generators will be dispatched and at what price.

CHAIR - The question I had was about the imports and exports of energy by Basslink as an indication of the likely benefit and use. The minister and Bess indicated they had access to some of that data. Do you know the actual value of the imports and exports Hydro have on which to base your own assessments?

Mr BARNETT - If I could pass to the chair to contribute on this question?

CHAIR - I will come back to that question if I might, chair.

Mr GILL - It is a very important question and I will go to it. What we are planning for is a completely new power system in Australia. From 2030 on, we are going to start seeing lots of fossil closing down in Australia. Today's actions are not the ones we are planning for. What we have to set up for, as jurisdictional planners and as AEMO does, is try to figure out what will happen in the 2030s. The fear of course, is there won't be enough dispatchable generation available. The ISP of 2020 says they need up to 19 000 megawatts. Tasmania is 2500 megawatts and 19 000 megawatts of dispatchable energy. Of course, we would ultimately like all that to be renewable and not gas fired.

That is the world we are trying to cater for and it is a pretty new world. The challenge of the super computer discussions we have been having is, how do you put assumptions in that world, not in the world we have today - and is one of the big challenges we have.

CHAIR - I am asking was the information provided by Hydro of benefit in terms of the value of imports and exports? That is a question I am trying to get to the bottom of here.

Mr BARNETT - Thanks for the question. I will pass to the CEO.

Mr McGOLDRICK - We do not consider or model for any individual generator. When we are looking at this we are looking at generation patterns and how the assets would be beneficial overall in terms of making sure the least cost generation gets dispatched and people get the overall lowest power price. As we indicated earlier, when you are forward casting this what you have to do is make a set of assumptions about generation patterns. That is made by AEMO on a rational basis they have consulted on. That will include different categories of generation such as hydro, wind, fossil fuel and so on and they will know the retirement dates, the productivity of these units and then they figure out how a new asset will impact on that ability to dispatch the lowest cost generation to market.

CHAIR - I will come to the future in a minute. Back to my question; was the import and export value over Basslink considered in informing how the modelling has been done, and on what basis the information from Hydro has been used?

Mr McGOLDRICK - The patterns of the past on the interconnector that exists right now, and Hydro patterns, were fully part of the analysis that would have set the scenarios that AEMO decided to run.

CHAIR - Okay, stop there then. Did you actually know the dollar value of the imports and exports that Hydro have been using over Basslink for the last 10 or more years?

Mr McGOLDRICK - This sort of analysis is not concerned necessarily with that dollar value, but the volumes and the dispatch price generally. It is not a matter to do with how much -

CHAIR - The reason I am asking this is because we did not get a clear answer on whether Basslink is actually profitable overall and what level of profit. In terms of, if you are going to put another interconnector in, in spite of all the reasons why you might do that, if we have not proved up one particular one in terms of profitability, how can we be sure we are not repeating the past?

Mr McGOLDRICK - What is proposed currently for Marinus Link is a different type of model than exists for Basslink. It has been developed and is in the integrated system plan as an open-access regulated link, a fundamentally different model. All I can say is the analysis that was carried out with Basslink already in the studies indicated that Marinus Link would have a very important impact on the pool price throughout the NEM. That resulted in lower power prices for everybody and a faster transition to clean energy on the whole. I would like, through the minister, to pass to our CEO for further comment.

Ms CLARK - The models we have from Hydro are really about what capacity is available, generation output and then we use the assumptions AEMO has from its research and analysis that informs the cost. The RIT-T model is a cost model. It is saying what is the efficient dispatch cost of resources in the national electricity market. As Seán said, we are not looking at particular generators and their profitability, but the cost is assumed to be a cost that allows generators to make a reasonable return on their investments. That is our model and a different set of data than I think you are alluding to. It is saying, what is the least cost solution for customers in the national electricity market? Then the pricing model we do is saying, what would you expect a rational generator to bid into the market to be able to get a good return, a

reasonable return on their investments? They are both modelled data based on heavily-consulted data sets.

Dr SEIDEL - A point of clarification, because I may not have understood the CEO of Marinus Link, minister, the modelling is done by FTI Consulting?

Mr BARNETT - Bess, if you could clarify FTI Consulting's project work for Marinus Link?

Ms CLARK - FTI Consulting did the wholesale energy pricing modelling, which is about the energy costs to customers in the national electricity market. Ernst and Young then did the TasNetworks regulatory investment test modelling, which is that whole of national electricity market cost modelling. AEMO has conducted its own modelling and based its inputs on a whole range of other models, for example, from the CSIRO on things like outlook for battery costs, outlook for pumped hydro costs in various jurisdictions et cetera. FTI is the wholesale price modelling.

Dr SEIDEL - FTI Consulting is not listed as a consultancy in the current annual reports, so is the modelling FTI a few years old then or when was the last time you obtained modelling or services from FTI?

Ms CLARK - FTI was treated as a contracted service to Project Marinus and did do work in the last financial year.

Dr SEIDEL - The consultancies listed in the annual report are about \$50 000. The volume of the value for FTI was less than \$50 000 for the last financial year.

Mr BARNETT - I will just pass to the CEO and/or Bess Clark in terms of the FTI consultant.

Mr McGOLDRICK - Sorry, I would like to hand it to Ross Burridge.

Mr BURRIDGE - The differentiations between a consultant as the terms of contract are, the definition being that a consultant advises advice we would not normally employ in the business. We could have hired a number of employees to undertake the FTI modelling, but we contracted that in as a service to actually run the model, rather than take advice on the model. That is the differentiation between a consultant and contractor.

CHAIR - Where does the expense for that then sit?

Ms CLARK - I am just taking that on notice to get the data.

Dr SEIDEL - Again, minister, it is only consultancies listed, what is the rationale then to only list consultancies, rather than contractors in the annual report, considering there would be substantial contractors offering services to TasNetworks?

Mr BARNETT - Thanks for the question, I will pass to the CEO or officers at the table.

Mr McGOLDRICK - Indeed, I would like to pass to Ross, if I could.

PUBLIC

Mr BURRIDGE - I will give you an example, Zinfra, is a contract to us. We use Zinfra extensively to undertake line work and they are not in there because they are providing a contracted service. I am pretty certain the guidelines about annual reports are for consultants, of advice into the business, rather than actually undertaking line work in the business. When I mean line work, I do not mean on the lines, I mean work we could undertake by expanding our workforce. We do not do that, because we do not resource our business up to a peak body because we are not always at peak load in terms of storms et cetera so we use contractors to balance the difference between the base load and the peak load. That is why we have contractors separately.

CHAIR - Based on the peak load not of energy, it is about the work that needs to be done, I assume.

Mr BURRIDGE - I am talking about a major storm or bushfire. To get the power back on, we call on contractors to help us with that.

Mr McGOLDRICK - Contractors are typically, in the sense of a contractor like FTI, a highly-specialised service that we use for a short but intense period of work that we wouldn't have the wherewithal to keep busy or the expertise to train the people.

CHAIR - I am not suggesting that; we are trying to understand where the costs are.

Dr SEIDEL - I am not suggesting that either because this is a specialised service and I would imagine it requires ongoing work and updated work with regards to modelling. The question is, why has it not been listed in the annual report? I understand that you use contractors. The follow up question would be, what is the dollar value that the contract work actually was in the last year? Do you anticipate that contractual work to continue almost indefinitely, knowing that FTI seems to be the main multinational service organisation that offers that modelling?

Mr BARNETT - It quite a comprehensive question. I know there are a number of contractors that are working for TasNetworks so you might want to respond, CEO?

Mr McGOLDRICK - Just to be absolutely clear, FTI are certainly very good in the field and not the only party. At other times, I have used other consultancies and I have also used FTI. They are very good at what they do and in terms of the cost in 2021 we had expenditure of \$524 000 with FTI providing the services of modelling. That is detailed economic modelling that informs our approach to RIT-Ts and also our advocacy for the project.

CHAIR - Going back to 2031, minister, which is where we are looking, it seems almost certain that Marinus Link will be regulated from the comments that have been made. Is that the case? Yes, or a no?

Mr BARNETT - I am happy to respond to the question. A regulated link has many advantages in getting, I won't say a guarantee, but a very clear understanding of the return on the asset base. I think it is fair to say that it is a preferred model. However, there are other models and the CEO has referred to the merchant link and Basslink is a merchant link. We need to take the pros and cons of the various models into account as we discuss and negotiate these matters with the federal government.

PUBLIC

CHAIR - My question is, and I said earlier that it is likely to be a regulated link. Is that the case? Has a decision been made on that?

Mr BARNETT - As I say, it is a preferred model. A decision has not been made finally, no.

CHAIR - We don't know yet then. We will move on to how many employees do you anticipate Marinus will need and how many will be in Tassie?

Mr BARNETT - How many employees will work for Marinus Link? Was that the question?

CHAIR - Now and into the future, yes. What is the expected employment numbers?

Mr BARNETT - In terms of the overall project or benefits to Tasmania. Can you clarify the question?

CHAIR - No, Marinus Link direct, directly related to Marinus Link.

Mr BARNETT - Now?

CHAIR - Now and in the future.

Mr BARNETT - I am getting clarity on the question because there are many jobs that flow from Marinus Link in both Tasmania and Victoria and in the overall benefits for unlocking our renewable energy developments.

CHAIR - I am interested in the Tasmanian jobs.

Mr BARNETT - In terms of Marinus Link, now and into the future, I will pass to the CEO.

Mr McGOLDRICK - We have a number of people working on the development phase of the project at the moment. A project of this nature has many different phases. We are right at the development phase of the project. It will then have to go into construction, commissioning and operations and each one of these phases of a project has different skills sets and different numbers that will be employed. For example, at peak construction we would see that there would be directly and indirectly more than 1400 different jobs here on-island associated with Marinus Link, the project. I will pass to Bess in a moment to say how many people we've actually working directly right now on Marinus Link but that will be a relatively small number.

Similarly, when we're commissioning, there will be a number of very highly skilled but relatively small number of people working on the commissioning. Finally, in the operations, you will again have a core number that will be on-island here and potentially in Victoria that will be running the facility, that will be carrying out not just its operation but its ongoing maintenance and making sure the integrity and safety of the asset is good. That will be, yet again, a different number.

CHAIR - You must have done some modelling on this. This is what I'm asking for.

PUBLIC

Mr McGOLDRICK - Yes. If I could, first of all, hand to Bess to indicate how many people we've currently working on Marinus Link.

Ms CLARK - On the Marinus Link project, we currently have 44 employees and 18 contracted employees who fill organisation chart roles so that's a 62 head count at the moment. We currently have 23 vacancies and about half of those vacancies are in Victoria because we're looking to establish a Victorian presence in Gippsland. However, of that existing employee number, all but about six are based in Tasmania.

CHAIR - Okay. Is it intended that Marinus Link will pay payroll tax in Tasmania for the Tasmanian employees?

Mr McGOLDRICK - Certainly for the current employees who are working in Tasmania, we will be paying payroll tax in Tasmania. In the future, anybody who is working on-island will be paying payroll tax and then, as the operation matures and you have different people employed in different phases of the project, depending on where they're actually working, they will pay the relevant payroll tax in that jurisdiction. I will hand to Ross for clarification on that.

Mr BURRIDGE - I can answer the question quickly, Seán. Depending, of course, on the payroll tax thresholds for liability to pay. If they are domiciled in Tasmania and they meet the thresholds, they will be paying payroll tax.

CHAIR - I imagine if you look at the numbers, if there's 14 000 people being employed on the construction phase, then -

Mr BARNETT - It's 1400.

CHAIR - Sorry, 1400, and they're in Tasmania, you said. There was going to be 1400 in Victoria as well. They won't be paying payroll tax in Tasmania, will they?

Mr BARNETT - What happens in Victoria is obviously relevant to Victoria and whatever the threshold applies in Victoria. Let's just -

CHAIR - But that will go to Victoria.

Mr BARNETT - I will check with the CEO or if Ross would like to explain it.

Mr BURRIDGE - I can't recall the thresholds at the moment off the top of my head but certainly, as we stand right now, we pay payroll tax on the employees that Bess has outlined.

CHAIR - It's going to get bigger.

Mr BURRIDGE - It's going to get bigger.

CHAIR - Yes. How much funding has been received to date to support Marinus and how much of that is state and how much is federal funds?

Mr BARNETT - We're going through the design and approval phase for Marinus Link, as the CEO has indicated. That progresses through to 2024 to financial investment decision.

PUBLIC

Regarding the breakdown of the federal and state funding, we can advise that it's fully funded through the financial investment decision by both the state and federal governments.

We've received the \$56 million payment from the federal government already, for which we're very grateful. The MOU between the two governments acknowledges that. The MOU also acknowledges that the governments will jointly provide a further \$132.9 million; \$39 million from the Tasmanian Government and \$93.9 million from the Australian Government. I will see if the CEO wanted to add to that unless that summarises it clearly.

Mr McGOLDRICK - I have nothing to add, minister.

CHAIR - That's the total funding received to date. It's \$56 million from the Commonwealth initially and \$93.9 million from the Commonwealth since. Correct?

Mr BARNETT - In accordance with the MOU, the Federal Government has paid \$56 million and the governments would jointly provide a further \$132.9 million, \$39 million from the state Government and \$93.9 million from the federal government.

CHAIR - Has any of the \$93.9 million been provided yet?

Mr BARNETT - I will clarify with the CEO.

Mr McGOLDRICK - I'd like to allocate that to Bess please.

Ms CLARK - Can I clarify the question, sorry?

CHAIR - The minister said that \$56 million has been provided from the Commonwealth - we already have that - and then there's an MOU that requires the Commonwealth to provide \$93.9 million. Has that been provided yet, in part or in full?

Ms CLARK - No. To date the project has been funded through the \$56 million grant funding that's been received for the design and approval space.

CHAIR - Okay. When are you expecting to get the \$93.9 million, minister?

Mr BARNETT - As and when required, to meet the terms and conditions of the agreement through to 2024.

CHAIR - Okay. There's none provided yet of that bit?

Mr BARNETT - It's all in accordance with those agreements to ensure that we continue the work through the financial investment decision and there are various decision gates in terms of performance requirements, KPIs, you'd call them.

CHAIR - I'm asking if any of that has already been provided - \$93.9 million?

Mr BARNETT - I think Bess Clark has answered that question. Does she want to add to that?

CHAIR - No, she hasn't.

PUBLIC

Ms CLARK - We have been using the \$56 million from the Commonwealth and the state contribution.

CHAIR - With the \$56 million and the agreed \$93.9 million to come as and when required, is that quarantined from the CGCs assessment of our GST?

Mr BARNETT - That's clearly my understanding and that's confirmed by those officers at the table.

CHAIR - Okay. Any future funding that might be needed, that will also be sought, that it will be quarantined?

Mr BARNETT - Future arrangements will be made as and when at the time and we'll always do what's in Tasmania's best interest.

CHAIR - I want to explain the importance of this question, minister, because if it's not we end up with another Royal Hobart Hospital situation where we have our GST clawed back; and we're having enough trouble with that as it is. We're going to get to a cliff around the same as this is likely to get started. It is a very important question to be sure about, that any future funds that are needed from the Commonwealth are quarantined because it benefits more than Tasmania.

Mr BARNETT - That's right. We appreciate your comments and observations and take them on board. We'll always do what's best for Tasmania.

CHAIR - You don't need to confirm that is quarantined? You're confident it is?

Mr BARNETT - No, that's the advice I've received.

Mr DUIGAN - I have a question on Marinus and the many steps that need to be undertaken to bring this project about. I wonder if the minister might talk to us about the awarding of the marine engineering survey contract for Marinus.

Mr BARNETT - Yes, that's very good news and I alluded to this in my introductory remarks. A 1500-megawatt capacity under sea and underground electricity connection - Tassie to Victoria - 255 kilometres under sea, high voltage, direct current and also 90 kilometres underground cable as well in Victoria.

I'm pleased to advise that the Australian company, MMA Offshore has been awarded that \$5.5 million contract to carry out underwater engineering. Geotechnical surveys are required to refine the cable route. The expert crew of an 87-metre survey ship, *Tek-Ocean Spirit* will be based from Burnie for the duration of the 39-day survey program, with crew from Tasmania, Victoria and Western Australia. The survey will commence in January 2022, next month.

The awarding of this tender is another important step in progressing this vital and important project. The survey will be conducted at approximately 110 sites across the proposed Marinus undersea route between Heybridge in north-west Tasmania and Waratah Bay in South Gippsland, Victoria, at a sea depth of up to 80 metres. The proposed high-voltage, direct current (HVDC) converter station for Marinus Link is at the old Tioxide site at Heybridge on the north-west coast. Local residents will be able to observe this vessel doing survey work

offshore over the summer period. Marinus Link is key to unlocking Tasmania's deep storage and increasing our reliability and the need for dispatchable electricity into the national electricity market, keeping power prices as low as possible and delivering a cleaner planet.

Along with the energy price savings and reduced emissions, Marinus will create 2800 jobs in both Tasmania and Victoria directly, and will attract millions of dollars of new investment in Tasmania, unlocking a pipeline of renewable energy development opportunities for Tasmania. It is an exciting prospect, and I am pleased to provide the committee with an update about that marine engineering survey today.

Mr GAFFNEY - Minister, as you would know, not everybody is in support of every project the Government puts forward, whichever government it is. The recent analysis by Professor Bruce Mountain from the Victorian University in November 2021 raises some issues and there is one paragraph here I would like some of your people to comment on. He said,

Finally, contemporary developments in Victoria since our last report provide confidence that battery storage capacity will be built and operational in Victoria long before Marinus Link and "Battery of the Nation" developments in Tasmania are close to operational. For example, in the 12 months since our report was published, the Victoria Big Battery (300 MW/400 MWh) was announced it would be commissioned soon. Another 300 MW/1400 MWh battery in Victoria has been announced for commissioning at Jeeralang by 2026. In addition to these, since our report was released there are now four more grid-scale batteries with aggregate capacity of 1,150 MW/3500 MWh ...

It goes on -

With the evidence that has come to light in the year since our previous report, we now feel able to conclude that not only does Marinus Link have no chance of completing with battery alternatives but that if Hydro Tasmania develops pumped hydro capacity in Tasmania it is very likely that, like Snowy 2.0, it will not be viable not least because it will be rarely used.

The professor from the Victorian Energy Policy Centre has come up with this report saying they don't believe that Marinus is going to do what it is supposed to do. On this side of the table and for Tasmania, we have to say that TasNetworks gets a couple of mentions on this report. Do you have a response, or is there going to be a larger response from TasNetworks, about some of the issues that Professor Mountain and the Victorian Energy Policy Centre have raised? I think it is really important.

Mr BARNETT - Thanks for the question. It is excellent to have the opportunity to respond yet again to Professor Mountain and his criticisms of the Marinus Link project because they have been on the record for many years, and more recently as you have indicated. The view of the Government is that there will be a need for both, going forward. I have mentioned the need for up to 26 000 megawatts of dispatchable energy in the future; so yes, pumped hydro and Tasmania as a Battery of the Nation is in a pivotable position to provide that support; and of course, Snowy 2.0 and batteries. There will be a need for batteries. There will be a need for deep storage, which Tasmania can deliver on. The CEO and chair can elucidate in more detail

but one, two hours or even more of that deep storage - for 12 hours, 24 hours. Tasmania has what the rest of the nation needs and desires and we can meet that need going forward.

I will pass to the chair and the CEO to respond to those criticisms, which are quite familiar to the Government and to TasNetworks.

Mr GILL - I guess everybody in the world is grappling with how they will cope with 2030 plus? How do they cope with a world without readily despatchable energy from fossil fuels. Batteries will play an important role, there is absolutely no doubt. At the household level they will play an important role, in the goods scale they will play an important role. We have discussed 300 megawatt batteries, 100 megawatt batteries, but there are three phases of storage we think we are going to need post 2030.

Shallow storage - and these are words coming out of the inroads system report but it is pretty well globally viewed that shallow storage batteries are absolutely a very sensible solution. Then you get medium storage - 6 hours, 8 hours. This is where the pump storage starts to play its value. We have it in Tasmania, but you will also have it across the rest of Australia. Then you get to this issue of deep storage. It is the most difficult one to provide. If you want a week of energy you want to provide because it is not blowing or sunny, what are you going to do?

Luckily, Australia was endowed with a twentieth century asset - Snowy - and the big storages here in Hydro Tasmania. Of the whole shape of energy the minister suggested we need, Snowy and Tasmania can probably provide three and a half to four gigawatts of that, up to 20 gigawatts that's going to be necessary. That is the deep storage capacity. Batteries will pay a great front end in the one hour, two hours, but would you want to sail into 2030 without the ability to go beyond one day to back-up your system? That is what the AEMO team has been grappling with.

It is what people are grappling with in just about every country in the world at the moment. We are taking advantage of an asset built in the twentieth century that will not be something you would build again to get a week's storage; the economics of that would not stack up very well in batteries. Who is going to have enough batteries to get you through a week; they will be early discharged in the system because people will just use them. Whereas you can see big reservoirs and you can put controls around how they are used - kept for a cloudy or windless day.

We can look at detailed economics and detailed modelling, but modelling is only as good as the way you think about the problem. Many different people have different views around models. This gentleman has one view of the model; AEMO have another view of the model; but our judgment is batteries plus deep storage and pump storage is going to be the way of the future.

Mr GAFFNEY - Thank you.

Mr BARNETT - The independent assessor, AEMO, sees Marinus Link as integral to the future of the national electricity market. It is an actionable project, both cables, not just our word; it is the independent assessor and also others' assessments.

Mr McGOLDRICK - To emphasise, it is not a question of either/or; we need both and 'we' being all Australia needs both. I would like to emphasise Marinus Link is an interconnector and agnostic. It does not matter whether it is wind or hydro coming or batteries discharging, that is exchanging, its purpose is to interconnect to make sure the power will be at that portion of the system where it is needed. That is sometimes forgotten. It seemed to be useful for one technology or another.

It is agnostic in terms of technology. It is required to keep the whole show on the road in terms of the power system. Certainly, it is a very narrow analysis the Victorian Policy Institute has taken on board. We need all of these new technologies and technologies we do not even envisage will be arriving when Marinus Link is still a reality. We are putting an asset in the ground and under the sea that is going to be there for 60, 70 years. There will be new waves of technology and it will be equally useable for those technologies, as it will be for deep storage, batteries or wind energy.

CHAIR - To follow on with the battery question, how does TasNetworks view the reported termination by AEMC will impact on the operators of storage in the NEM - batteries, pumped hydro, et cetera the likely benefit of operators for transmission facilities? There is a Renew Economy paper by Giles Parkinson also reported in the *Guardian*, just to read briefly from that:

... Australia is anxiously awaiting the next decision by the market rule-maker, with fears that the imposition of new network fees could effectively kill the market for big batteries and pumped hydro storage projects.

Which obviously will be a concern here minister.

The final ruling to be made by the Australian Energy Market Commission this week is part of a package of new and revised rules that were first unveiled back in July, mostly to clarify how battery storage units are classified in the grid, and their role when combined with wind and solar facilities.

I understand there is going to be potentially a charge for charging and discharging, a network charge, if you like. There have been a lot of people come out opposing this. I also understand from my research in this area, the coal fired generators are looking at putting in significant battery storage to try and maximise their returns, knowing at the middle of the day is likely to be a negative price in the NEM. Night time is probably going to be a higher price. What is your view if they are trying to transition, remove their bit of their risk from relying on coal generation, to put batteries in? Then this is whacked on.

Mr BARNETT - Thanks very much for the question and the opportunity to respond. The views that are clear from the state Government are consistent with those of TasNetworks, which are consistent with those of AEMO, which is the independent entity and jurisdictional planner on the mainland. With the regular reviews of the integrated system plan, which puts Marinus Link front and centre when it comes to the future of the National Electricity Market, everybody accepts that fossil fuels are declining in their use and the rate of that decline appears to be increasing, rather than decreasing. In addition, not only are those views strongly held at our level, but also Infrastructure Australia have identified Marinus Link as a priority project. It has been identified as a priority infrastructure project by the federal government.

CHAIR - I just want to talk about that decision that is contested.

Mr BARNETT - I wanted to give some context on the views, not just one of two people. Whatever you do at any time with respect to any project, there will always be critics, but we have a lot of support and I am indicating the level of support at a federal level, Infrastructure Australia, Prime Minister, Minister for Energy and like.

Mr McGOLDRICK - Thank you, minister. First of all, as a network service provider I welcome anybody who, in a regulatory sense, indicates I should get paid a fee for traffic on my network, because after all that is how we recover our costs. This is a regulatory decision some time in the making. It is a very considered decision by the AMC. Nonetheless, perceptive journalists like Giles Parkinson will, you know, pull up the corners of this and it is a controversial decision. There is no doubt about it. Essentially, there is only one way to go with this, you either do it or you do not do it. The regulator has taken on board various submissions and they have made a decision in that regard and we will cope with that and will adjust.

CHAIR - They have or they have not, did you say?

Mr McGOLDRICK - I believe they have made a decision. With respect to coal fire power stations and those so-called brown field sites, using batteries is an intelligent use of an existing asset -

CHAIR - No, I am not disputing that.

Mr McGOLDRICK - and a connection already there and going to be part and parcel of how technology changes morph over the coming years, as we all cope with a tsunami of renewable energy. Essentially, this is a regulatory decision that needed to be made and we will take it into account.

CHAIR - What is the decision that has been made? To implement it or not? I am not clear on this.

Mr McGOLDRICK - To implement it, as I understand it.

Ms CLARK - Yes, so, they have issued a final report which has considered the issue, and they have said:

The analysis and recommendations in the final report should be helpful to policy makers and market participants as the energy storage sector develops
(tbc)

My understanding is they issued a final report that will inform future advice.

CHAIR - If you read further through this article it says:

The technology needs market volatility but its returns will be eaten away by the imposition of these new network fees.

PUBLIC

This was acknowledged by AEMO, which says there should be a "clear exemption" for storage devices on load - when they charge or pump.

So this is going to impact on the financial viability of Battery of the Nation, isn't it?

Mr BARNETT - Well I think the CEO has responded -

CHAIR - No, no, I'm asking you minister, he's not doing Battery of the Nation, you are and Hydro, but this decision will have a negative financial impact on Battery of the Nation?

Mr BARNETT - As I've said earlier, we have plans for Marinus Link, Battery of the Nation and renewable hydrogen. We're backing that in and the CEO has made a view, expressed a view, which I'm referring to -

CHAIR - As a network operator -

Mr BARNETT - which needs to be taken into account and we will take it into account. That's why we've got these people at the table to advise the Government accordingly.

CHAIR - So, you don't have a view on the impact on this new charge on projects like Battery of the Nation and other storage that we might build on-island, acknowledging that Victoria is building a lot at the moment, battery storage?

Mr BARNETT - In Victoria?

CHAIR - I said they are doing it. I said we may build storage on this island too, I don't know, but in terms of what the implication will have for Tasmania -

Mr BARNETT - Well plans for Battery of the Nation relate to Hydro Tasmania, but I'm happy to answer the question. Lake Cethana has been identified as the preferred site -

CHAIR - No, I'm interested in the fee.

Mr BARNETT - Well there's more work to be done. Hydro Tasmania, you could have asked them earlier, but if they were here they would say there is more to be done -

CHAIR - It was on the list. I'll put it on the list for later.

Mr BARNETT - For sure, but we're taking into account all of those decisions that have been made and there's a lot of transition going on across the National Electricity Market. We'll take all of that into account and we'll continue to do so. We have to adapt, as there is quick and lots of movement in the National Electricity Market -

CHAIR - Thanks minister, I'll go to Sarah with the next question, thank you. We're off the question.

Ms LOVELL - Minister, I'd like to move onto a separate matter now, you'd be aware that the CEPU conducted a survey recently of some of their members and workers of TasNetworks about mental health. More than 70 per cent of the respondents to that survey revealed that their mental health had declined since they'd begun working for the company.

More than 65 per cent of respondents said their mental health is impacting their ability to work and over 65 per cent said they would not feel comfortable disclosing a mental health issue to the company. These results are clearly quite concerning. So, my first question is whether those results came as a surprise to you, or to the company, or whether those types of issues had been raised before this survey had been conducted?

Mr BARNETT - Thanks for the question. Certainly as a government we take these matters very seriously. We take that into account. A range of surveys have been undertaken by TasNetworks and I referred to at least some of those with the improved shifts in culture and engagement since that first survey in 2014. Over that seven-year period there's been significant positive shift in the two constructive styles of achievement and self-actualising, as I am advised, in culture and engagement. Certainly, there is a more constructive culture now than when it was commenced in 2014.

Ms LOVELL - Sorry, minister, if I may just interrupt you. This survey was conducted in September this year, or the results were published in September this year. So that's the survey -

Mr BARNETT - I'm painting the context. I appreciate the question, that's why I'm painting the context since 2014. There were a range of surveys undertaken then through to 2021. You're referring to the more recent one. There has been a transition and there has been a change and I'll ask the CEO to respond in detail.

Mr McGOLDRICK - Thank you, minister. I certainly appreciate the CEPU sharing that information with the company. It was a survey of some 160 of their members in TasNetworks. Subsequent to that survey and the sharing I had a face-to-face meeting with the CEPU, among other unions, on this topic. It's one that we share concern on. It's not that we are in any way opposed to it. I'd say that we carry out surveys and we have certain findings and they are not misaligned with the findings we see in the CEPU. Maybe the emphasis is a little different and perhaps people will share a little bit more freely in the CEPU survey than they will in the TasNetwork survey.

So, we take all of these things into account. After that sharing of information and a joint concern, we have held listening sessions throughout the state to learn more from team members in relation to what is in those surveys. Further to that, we have met network key union officials, and the relationship remains constructive. It is something we are jointly working on. I might say that people in TasNetworks have been working incredibly hard and under quite trying circumstances, given the impact of COVID-19 and the various lockdowns but also the impact that has on the supply chain and indeed their families and all the jurisdictions here in Australia.

Everybody has been working under a lot of pressure so we have been attempting to find a way to alleviate that pressure, to respect the workforce and thank them for what they have achieved in these difficult times. I am incredibly proud of what I see here in TasNetworks and what they have done, but it does sometimes come at a cost. It is about recognising that, making sure we have the right fatigue management, we have the right EAP services in place for people who may be going through a tough time. This is something that we find good alignment with, particularly with the CEPU, and I thank them for raising this and doing so in such a constructive manner as well.

Ms LOVELL - Thank you. Minister, I have heard the CEO talk about some listening sessions that have taken place in the EAP and a couple of other measures. Specifically, what other steps have been taken to address some of these concerns that were raised through this survey?

Mr BARNETT - Thanks very much for the question. As a government, we take it very seriously. The mental health and wellbeing of all our employees across the government is important, particularly at TasNetworks. The CEO has responded in part to that and I will just see if the CEO can add to that earlier answer.

Mr McGOLDRICK - This is going to be a continual focus of us as a business. It is not something you can just pick up and let go, you have to be consistent about this. We are very determined to make sure that we have the right channels available to people, both through their managers and the managers' managers but also to their fellow colleagues so they can share problems and we can get to the root of trying to solve some of these issues.

It is going to take a lot of time and effort and we are very committed to that as a management team to make sure that that happens.

CHAIR - Minister, the Auditor-General mentioned TasNetworks on page 44 of this report. TasNetworks was looking at a potential breach of its lending governance. TasNetworks negotiated to address that, and it appears from the Auditor-General's note, that TasNetworks were lamenting the lack of inflation which affects the assets value of its regulated asset base. It seems to suggest that TasNetworks borrows as much as it can, depending on the security value of its assets. That is determined by the AER.

So, if TasNetworks needs to borrow to undertake any further capital investment or upgrades, particular like a north-west line or anything to do with Marinus or anything else, how's that going to go? If we look at the debt to equity ratio or the gearing ratio, the target is less than 66.7 and it is actually 66.6, so just got a tick on that. Just interested in how you are going to manage the debt?

Mr BARNETT - As the chair indicated in his opening remarks, we had a very good, strong, positive financial performance in this financial year that we are discussing today, above budget. For the detail of the question, I will pass to the CEO.

Mr McGOLDRICK - I will, in turn, pass to Ross Burridge in a moment but just first of all to say that I am very comfortable with our debt to equity ratio where it is. We are not very heavily geared as a utility. We have great assets and we have a very steady stream of income. We are a regulated business. It is very manageable in that regard. To the specifics of the debt governance and the ratio, I will hand over to Ross.

Mr BURRIDGE - It is important to know we borrow through the Tasmanian Public Finance Corporation and we are the biggest borrower for TASCORP. We have a very close working relationship with TASCORP because we need them and they need us, because they are going to the market with new placements. We can help them provide volume around their market placements which assists them greatly in being able to tap the market for new debt.

Given the strength in that relationship, you have mentioned the gearing ratio piece, that was a point in time measure we used to have with TASCORP. Every year we provide

TASCORP with our corporate plan and we ask them to assess us on a credit basis and assess a level of debt we can cover. You can see in the report there we have a head room now of \$150 million, because they have set a cap at \$2.2 billion for us. That has been in consultation with us because the point in time measure did not work because we had a whole year of cycle of cash flows. We would have times when our cash would be paid out more than we were receiving. The example being the 31 December each year we pay our dividends out. We are paying the dividend out half way through a year when we have another six months of cash still to collect. The timing was not working with us, we did not breach it and went to TASCORP.

CHAIR - You used borrowings to pay that at that point?

Mr BURRIDGE - We would declare a dividend and it is paid in arrears. We have already got the cash but we do not hold cash in investment, because we are better off just paying our debt down. In terms of a cost to debt basis you will get more from having less debt than we will from having money in the bank. We try and run a zero cash balance and just top up our daily cash for our working capital borrowing through TASCORP. It is the most economic and sensible way to do it.

We have already got the money we are paying the dividend out, but when it comes to the dividend we redraw the cash we have paid off the debt and repay our dividends and other obligations around that time because it was an off cycle in our cash flows and paying a full cash flow for a previous year with only half the year's cash flow coming in to December, that gearing ratio is getting tight. Rather than breach it, we went to TASCORP and said, this timing is having a concern for us, yes, we had the problem with the inflation on assets last year. Because the CPI was so low given the impact of COVID-19 we were in a bit of a squeeze, but we did not breach it. We went to TASCORP and said, let us work at a proactive solution to this problem. We are a good credit to TASCORP. They will lend to us.

CHAIR - You are the best customer.

Mr BURRIDGE - We are, we are a regulated business. That is our regulated debt, if we have an unregulated investment and we do have from time to time, like the Granville Harbour connection on the west coast of Tasmania which is about \$30 million. We will take that business case our board signs off and say to TASCORP, this is our business case which has a return on it, can you add that to the debt count, and they will. They will take the business case, assess that and make an addition to our debt.

The success of a TASCORP relationship is our good interaction we have. Yes, we are a regulated business, we are a very good credit risk.

CHAIR - I am not suggesting that it is a problem. I am saying it is pretty close to the line there and if you need to borrow more than you might have to go and talk to your good friends at TASCORP again.

Mr BURRIDGE - That is our target, now we have that debt capped we can borrow up to \$2.2 billion.

Mr BARNETT - The chair might assist in an additional comment.

Mr GILL - When the board looks at the suite of risks, probably one well down the pack is the refinancing list because we are so well supported in Tasmania by TASCORP. If we were going out every year to refinance through the banking sector, this would be a major issue. Secondly, sitting at somewhere about in the 60s for your debt position is prudent because we have seen interest periods which have been much more concerning. Right now, this is a comfortable position for the organisation to be in especially when it has got such strong revenue flows. We have a suite running out for five years ahead of us. Those levers are pretty solid and firm, yes.

CHAIR - I will come to your other risks later.

Mr GILL - Pumping up a specific number is a question, but if you had 70 per cent debt equity profile that still would be a pretty strong business. The ability to keep us monitoring it carefully is wise, so we have a level at 66, but the overall risk profile.

CHAIR - 66.7.

Mr GILL - Yes, the overall position of the business from a financing point of view is solid.

Ms LOVELL - Minister, I have some questions about meter replacements and in particular I understand there are some 20 000 boards around the state containing asbestos. We have had some concerns raised with the committee about those boards and work being undertaken on them. What steps have been taken to ensure contractors are undertaking that work safely and households are not put at risk in that process?

Mr BARNETT - Thanks for the question. As the chair indicated in his opening remarks, safety in the workplace is a top priority and that is the case, but on an operational matter I will refer to the CEO.

Mr GILL - This is a worldwide problem. Everywhere is replacing meters. Like many jurisdictions, asbestos-infused material was used for its fire-retardant purposes on meter boards. As a material it is fine unless you disturb it, unless it breaks, unless you start screwing into it, then it becomes a dangerous material. We are keen to make sure contractors working on our behalf, working with Tas Metering who we work with in this regard, are dealing with this prudently. We are putting in place a new contract with Tas Metering where any of these boards to be replaced are not to be interfered with in terms of loosening screws or screw and cap and foam, any of those work methods. The boards are to be entirely replaced, removed entirely, disposed of prudently in the interim, until Tas Metering gets its own disposal licences through our disposal licence. We have an asbestos disposal licence and put those provisions in place. There is no longer an individual screwing by contractors working on our behalf through this new contract. It is a much better way to do things. It is possibly a bit more interfering for a householder, but safer overall and best practice. That is what we are going to do. That new contract will be in place in the coming months. Up until then I have put interim arrangements in place where directly right now all work has ceased with respect to cup and form or glue and screw as it is called and we are now actively replacing individual boards with new material not in any way infused with asbestos.

Ms LOVELL - Can I confirm that instruction has been given to contractors now?

Mr GILL - Yes, it has.

CHAIR - I want to come back to the question of risk for TasNetworks. We have discussed the financial risk aspect. Regarding the security of the network and how you assess the risk of that with particularly, things like bushfire and the need to replace all sorts of things that can be damaged by bushfires that belong to TasNetwork. Can you talk to me about that risk, how you manage it, how the insurance works on that and what is the risk appetite?

Mr BARNETT - Thank you. I know there are some very focused members around this table that can speak to risk and insurance and related matters.

Mr McGOLDRICK - In a moment I will hand to my colleague, Ross, on insurance matters but from a practical operational point of view, bushfire mitigation is our number one risk. We would be impacted heavily by a bushfire with our assets being destroyed in certain areas as happened in the past. We work hard to make sure our assets do not cause a bushfire. To show you the level of concentration on this from an operational point of view, every year in the lead up to bushfire season we have a program of vegetation management to remove high-risk vegetation in areas where, if a fire were to occur, it would be very impactful. We also examine our assets, tackle any defects, and are retrofitting new equipment on lines where we believe there would be higher risk.

We carry out a full suite analysis from a vegetation point of view and an asset point of view about where the risks are, and then every year we've a bushfire mitigation approach. Last week I was out around the Sorell and Richmond area examining the work that has been carried out for this bushfire season.

There's a tremendous operational concentration not just through contractors that we employ to remove vegetation - and we spend millions and millions of dollars every year just to do that - but also on the asset side, to make sure our asset is in really good condition so that we're less likely to cause a bushfire.

From an insurance and modelling point of view, there's a tremendous amount of work in that area too and I will hand over to Ross to give some details of that.

Mr BURRIDGE - Apart from the traditional business insurances like workers compensation, et cetera, TasNetworks has two main insurance policies - our property cover and our liability cover. Property cover is for damage to our assets; we don't insure poles and wires. In fact, there's only one entity in Australia - Powerlink, with some of their transmission lines - that insures poles and wires.

CHAIR - Including your big high voltage transmission lines? They're not covered?

Mr BURRIDGE - Yes. In 1996 there was an event in Montreal called the Montreal Ice Storm which took out 26 kilometres of transmission lines. That killed the market for insurance of power infrastructure. However, in my history in both Hydro and TasNetworks I've only ever known a major outage on a transmission line once, and that was in the north-west when a tower was pulled over by a farmer's plough; and we had that up and going in eight hours.

CHAIR - Do you still like to tell the tale of that person?

Mr BURRIDGE - Apparently, yes. It's just not justifiable in its costs; but to mitigate that, we have several ways of switching the network around and we have lots of spares. If a big transmission line does go down we can jury rig that up to get that going again, just by using wooden poles, et cetera, and then have the -

CHAIR - I suppose it's essentially a self-insurance arrangement on the poles and wires.

Mr BURRIDGE - On the property but our big substations, like Creek Road and Lindisfarne and Waddamana, they're all insured. The insured value is \$220 million. We insure that, and we insure that roughly fifty-fifty between London and Australia; purely on a capacity sense. Our big policy is our liability policy, which is our infrastructure causing a bushfire that then causes damage to others.

Traditionally, we've bought \$750 million worth of cover. This year it expires on 30 September. We bought \$550 million, because the price above that was not economic to justify. The bushfire modelling that Seán talked about, the cost of the premium was way greater than the economic cost of taking that exposure.

Happily, though, most entities around Australia have also reduced their insurance cover just because of availability. Liability, or insurance generally, get their income from two main streams - insurance premiums and investment income. With interest rates so low, there's no investment income and there have been some major wildfires around the world, and in Australia too, which have caused considerable claims.

We've insured for \$550 million. We're fully insured at \$550 million, unlike some other entities, other peers of ours. Our other peers have been looking at increases in their premium of 25 to 30 per cent. This year we renewed it at four per cent increase. We had an outstanding renewal -

CHAIR - What's the cost of the insurance? You talked about that level of insurance you've got.

Mr BURRIDGE - About \$4 million in total for all those policies.

Mr DUIGAN - I'm interested in TasNetworks and the role it has to play in electric cars, making electric cars easier. A lot of people talk about it, a lot of people are interested, a lot of people would take the plunge; but I guess an electric car is only as good as the network you've got to charge it on. I understand there are private providers that would provide charging but what role does TasNetworks have to play?

CHAIR - To use our network.

Mr DUIGAN - Yes. Is there a role?

Mr BARNETT - I know the chair touched on it in the opening remarks; and of course, in responding to climate change and with Tasmania leading with our zero net emission target in five or six of the last seven years, and then our target legislated through to 2030 - the plan that has been recently introduced into parliament. From 1 July 2021, the parliament approved changes to the Duties Act 2001, meaning Tasmanians pay no stamp duty when they purchase

an electric vehicle. It reduces the purchase cost of an electric vehicle by around \$2000 on average, helping more Tasmanians to switch to that renewable energy powered vehicle.

In the future, more Tasmanians will return home in the evening and expect to plug in their vehicles for charging. TasNetworks has a plan and I'm pleased to advise they're already accounting for this and are assuming there will be more electric vehicles, as the chair indicated. It's Government policy that by 2030, Government cars will be electric; and there's an assumption that electric vehicles will be roughly a quarter of the global vehicle sales by 2030. They're working on that assumption. Tasmania is ideally suited to benefit from the transition to electric vehicles with our clean, low-cost and reliable renewable energy.

TasNetworks is developing an electric vehicle strategy, as the CEO indicated in the opening remarks. It's prepared the energy network and is committing to increase these in its own light fleet by 25 per cent, by 2024; so, moving quite swiftly in that regard over coming years. TasNetworks are running trials, along with other industry stakeholders, to maximise the efficiency of their current infrastructure by investigating smart solutions. Their preparations have already begun, so that Tasmanians can have confidence to invest in electric vehicles and be supported by our clean energy network. I note, in passing, that Aurora Energy is also very supportive of this approach and are very proactive as well.

CHAIR - To follow-up about the network upgrades that might be needed, this is something that I raised probably 10 years ago with TasNetworks who seemed to think it was a long way off. It probably wasn't even 10 years ago. What I heard then, and I have continued to hear it in recent years, is that the network is not able to cope with all this draw down when you get home from work, and with the majority of people getting home at similar times. Is that still the assessment of TasNetworks of the network and what will need to happen?

Mr BARNETT - That's best answered by the CEO, but as a Government we are absolutely rolling out our fast charge stations and investing significantly in those fast charge stations around the state.

CHAIR - I'm talking about the strength of the network?

Mr BARNETT - Fast charge stations fit in neatly with the network. Regarding the network, the CEO would best be able to respond to that question.

Mr McGOLDRICK - We have an annual planning report which we publish, it's part of our obligation as jurisdictional planner for Tasmania in the NEM. It looks 10 years ahead and we include all sorts of things on our transmission and distribution networks and electric vehicles (EVs) are certainly one of the things that of significant interest to us.

The existing distribution network is coping well, but just as we've spent an appropriate amount of time today talking about the larger end of the network in Marinus Link, and other developments and what a revolution that's going on there with renewable energy, there is an equally compelling revolution going on at the distribution end. EV is one of those things, but also the penetration of photovoltaic and other technologies; batteries at a community level, and batteries at a household level. Our whole network, over the coming years, will need to be reinvested and reimagined and that's something that we fully take into account in our annual planning report. Previously, distribution networks were a sit and forget, dumb, one-way network. Now they are two-way flow networks, and EV are just one of those things that we're

having to cope with. We are certainly looking forward to prudently investing in that network or cooperating in trials on this matter, specifically on EVs with a range of different network service providers throughout Australia. We are working cooperatively with regulators about how it is best to invest, when do you invest and what do you invest in on this new network that is developing.

One of the things that I see happening, particularly in urban settings in coming years, in various different suburbs, is many families will transition to having at least one EV, and that will be charging at home. For a variety of reasons, we're also including safety, reliability and contemplating undergrounding some of the urban networks that aren't currently undergrounded. That will give us an extra capacity lift when we do that because you may as well put in one size cable as a bigger size cable as the core incremental costs are very little.

When we look at undergrounding, we look at taking into account futureproofing that network for EVs because they are coming.

CHAIR - Are there any particular areas of the network that are more urgent than others in getting them to a point that they need to have upgrades sooner rather than later in this area?

Mr McGOLDRICK - No, we do not have a concern at the moment with respect to EVs. There are some parts of our network that are underperforming, but they are more in rural areas that are afflicted by storms and poor weather generally. I worry more about those than networks associated with EVs.

CHAIR - Can I talk about wind farm connections, particularly the proposed wind farms in Circular Head for Robbins Island and Western Plains. This question is for you, minister. I understand that New South Wales has recently legislated for a model where the proponent is required to put a much greater overlay to consider social licence, visual impact and other aspects. You have talked about your renewable energy zone but that doesn't go anywhere near what New South Wales has done. Are you considering something like that to inform the renewable energy rollout?

Mr BARNETT - Thanks very much for the question. It's a good one. We have released the renewable energy coordination framework draft some time ago. A lot of work has been put into finalisation of the framework for the future and that is based on feedback from the community, from key stakeholders, not just in Circular Head but around the state.

The new agency Renewables, Climate and Future Industries Tasmania (ReCFIT), headed by Anton Voss, which is based on a decision by the Premier and myself at budget time, looks at this across the community and across governments. The agency is carefully assessing the terms and conditions for that framework and that will guide the rollout of wind energy and other renewable energy developments across the state.

CHAIR - Are you considering legislation like New South Wales has brought in just recently? A Liberal government up there too.

Mr BARNETT - Yes, we are looking at all of the options around Australia. The New South Wales reforms in recent weeks, and we want to do something that is best for Tasmania. TasNetworks actually has good advice and experience in this regard which has been made available to ReCFIT and to the Government. We appreciate that and we will take that on board.

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in terms of our renewable energy zones. We are blessed in Tasmania, as I mentioned earlier, natural assets of access to water and wind. World-class wind and water resources, Roaring Forties, so, yes, all those matters will be taken into account and further decisions will be made about that in the not too distant future.

CHAIR - In regard to legislative change, potentially?

Mr BARNETT - In regard to the framework for the future.

CHAIR - Are you considering legislative change along the lines of what New South Wales has done?

Mr BARNETT - We will be considering what is best for the state and whether that's via legislation, regulation or via a framework which will be made available, that has not been decided.

CHAIR - Do you think social licence is an important thing in any new project, whether it be the north-west transmission line area, Robbins Island and Western Plains wind farms?

Mr BARNETT - Thanks for the question. I have been consistent about this as minister for Energy and Emissions Reduction and on behalf of the Government, that community engagement is a priority. Engaging with the local community, consulting with them and I have put this not just in writing but directly to all the major renewable energy proponents including the wind energy proponents. They know that this Government has that as a top priority. Getting feedback from the local community is very important.

Ms WEBB - A quick follow-up on the Renewable Energy Coordination Framework, given that it was consulted on quite some time back, I think consultation closed back on 3 March, what is the time line for that to be finalised and then released?

Mr BARNETT - As I say, the not too distant future.

Ms WEBB - Is that one month or three months or six months?

Mr BARNETT - I am not going to put a date on it. That is why I have advised that a lot of time and thought has been put into this. We have received that feedback. We are continuing to get feedback, taking into account what happens in other jurisdictions, as the Chair has indicated. We have to do what is right for Tasmania with our three renewable energy zones.

I should emphasise as I touched on in my opening remarks, the Bass Strait is likewise now deemed as a high prospectivity area for wind energy. That is not just my say so, it is an independent report released in recent months. I draw that to your attention, and the Blue Economy CRC has a specific role to play in that regard. They are looking at marine farming and marine engineering and renewable energy offshore, which specifically relates to wind energy in particular, not to mention renewable hydrogen and the use of it offshore. That should all be noted.

Ms WEBB - Are there any particular milestones or notable dates that you need to have this framework completed by or that you are waiting for in order to complete it?

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Mr BARNETT - I don't think there is any particular milestone that we are waiting for.

Ms WEBB - No particular date that you have to have it done by in order to inform a particular next step?

Mr BARNETT - No. On behalf of the Government and renewable energy proponents, we are wanting to make that available as soon possible. It is very much under active consideration at the moment.

CHAIR - Going back to the Western Plains proposal at the moment and TasNetworks' role in that in terms of what work is likely to be undertaken by TasNetworks, this has been quite a contentious project in view of the proximity to Stanley township and to the Nut itself, and other historic sites like Highfield. We know that Epuron, the proponent, has a history of getting DAs through, on-selling them and then the actual plan for the particular turbine numbers or size is changed and the community has no consultation about that.

You can understand the community's concern around that. I would hope, minister.

I understand some of the contracts proposed to landholders over whose land the transmission line would need to go, has TasNetworks named in that almost as a proponent. I understand that TasNetworks can be the contractor that builds the line; they can potentially own it. I am trying to get some clarity about this as to what is TasNetworks' role in this, particularly in view of the great concern in the community, not about renewable energy, but certainly about this particular wind farm?

Mr BARNETT - Thank you for the question and I will ask the CEO to respond.

Mr McGOLDRICK - First of all I can say that as Tasmania's transmission network service provider, we have an obligation to work with all developers seeking to connect to our backbone network. That is our so-called regulated business. They will arrive at our doorstep and require connection to our backbone network. Under the national electricity rules, we have certain standards and we have a process and we are obliged to connect if everybody meets those standards and follows through on the process.

With respect to the Western Plains, we remain in discussion with Epuron about progressing the regulated connection to the transmission network, as we are obliged to do. Epuron has also expressed an interest in engaging TasNetworks to build, own and operate their cable but no agreement has been reached at this stage. I am aware that in various notices that they give out to landowners we were named. That was not something that had to do with an agreement. There is no agreement, we have not reached any agreement.

CHAIR - So that was news to you when you were informed of that?

Mr McGOLDRICK - That was something that was, how shall I put this, more to do with our regulated role in the way it was quoted but it was landowners that were considering the cable across. That is not something that we have agreed to. We have not reached any agreement to put in place a connection and in an unregulated sense from the wind farm to our backbone assets. We are, however, as obliged, progressing the regulated portion.

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CHAIR - The backbone asset being the cable that goes into Port Latta, further up? When you talk about your backbone asset where are we talking about?

Mr McGOLDRICK - That would be at Port Latta.

CHAIR - It is from Port Latta to Western Plains gate, basically.

Mr McGOLDRICK - That is unregulated portion. No agreement has been reached. That can be put out to competition. Epuron would decide and they would run a procurement event and we could participate or decide not to participate and ultimately then they would award that contract as an unregulated piece of business to ourselves or somebody else.

With respect to the regulated connection, at or around Port Latta where we can actually hook into our network, that is something I am obliged to do.

CHAIR - I understand that, I am not so worried about that end. I am talking about the other end. Minister, does that concern you that TasNetworks has been put into a contract, presented to landowners as if TasNetworks were a party to this?

Mr BARNETT - I think the CEO has explained it quite well.

CHAIR - I am asking you, minister, are you concerned that that would be the case. For all intents and purposes, and I have seen one of these contracts, as you probably not be surprised to know, that clearly name-up TasNetworks as if they are building, owning. It is not clear about that aspect of it. This is a company that seeks the approval of the community, a social licence in our community to construct a wind farm and has a history of onselling them to a company that puts up bigger turbines. Are you concerned about that?

Mr BARNETT - If I can have the opportunity to respond and to advise that I think the CEO has outlined it very clearly that TasNetworks have an obligation at Port Latta. Once it gets to the network between there and Western Plains or in and around Stanley that is a matter for Epuron. They are entitled to talk to TasNetworks or other entities that may or may not wish to construct that transmission line. That is a matter for Epuron.

As I said earlier, I made it clear to Epuron and to other wind farm proponents that they must engage with the local community and they must consult. This is a top priority for our Government, we have made it very clear and that should be done in an open, honest and transparent way.

CHAIR - I appreciate that Sean's explanation around that process is very helpful. I am sure the community will be pleased to read the *Hansard*. Minister, will you take any action then, in terms of further communication with Epuron to say this potentially has been misleading? In terms of the community's social licence that you said you respect and you have encouraged them to participate in.

Mr BARNETT - Yes, of course I will take into account what is said in the public arena. Also, if I am provided evidence of information that has been provided to landowners or members of the community which is not accurate or needs to be clarified, absolutely, whether it be myself or local members such as yourself. I am more than happy to have ongoing liaison and contact with yourself, Madam Chair, and other local members up there in respect to these

particular matters. We are very engaged and want to remain engaged with the community so that they can be confident in the process.

Mr McGOLDRICK - I have clarified this directly with members of the local community. On 10 November -

CHAIR - One has been trying to ring me. I've been too busy in this place to return the call.

Mr McGOLDRICK - On 10 November I sat down with representatives of the Respect Stanley Peninsula and No Wind Turbines group and I explained exactly as I've explained now what had occurred and what we were doing and what we were not doing. We've provided that because there was a level of concern, because they reached out to us, because we are really passionate ourselves as infrastructure developers about doing it correctly with community and under the minister's direction to do it with full social licence. I sat down and explained the complications of this matter and the fine legalities of it and exactly what we were doing and what we were not doing at the moment. That happened on 10 November.

Mr BARNETT - Just to confirm what the CEO said, it's an important matter. The CEO has met with those representatives. I've previously met with them, as I think you know, Madam Chair, and any information that may not be accurate, certainly I'm absolutely willing to look into it.

CHAIR - I want to talk about the north-west transmission line if we get a chance.

Mr DUIGAN - If you want to go with the north-west transmission line, mine is not about that.

CHAIR - Just to get some more detail about where the north-west transmission line is at, I notice the mitigation against bushfires meant the majority of the Staverton to Hampshire line is through Forico land, which is bush or forestry plantation. So right for the igniting. It's a pretty brave move. I know they were the most amenable private landowner to work with. Can we have an update on the progress, the priority areas, et cetera?

Mr McGOLDRICK - We're happy to work with Forico and other large landholders to try to sensitively route our new assets, particularly our greenfield assets. It's great to be working with a really professional forestry management business who know when routing our assets, when we agree to route our assets, strict management has to take place about what can be grown and what can't be grown and distances and the width of the easement.

We are both very aware of any risk that there might be and we mitigate those risks by careful management of the easements, careful routing and making sure that our assets are in extremely good condition so that any risk is minimal. Forico have excellent processes themselves. They are a knowledgeable party to discuss issues with, so I look forward to progressing that and ultimately routing some of our assets on their land.

We work with private and public landowners, large and small. They host our assets for 60, 70 years so we work closely with them. It's not something that we just set and forget, just build and leave. We're actively managing that landscape with their help, trying to ensure that we minimise not just things like bushfire but any impact on their primary production, on the

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primary purpose as landowners for having that land, be that forestry, be that agriculture, be that animal husbandry. We have to work closely and, as I said, delighted to be working with as professional a company as Forico in that regard.

CHAIR - With regard to the northern line, the Sheffield to Stowport - no, it's the Heybridge bit.

Mr BARNETT - Sheffield to Heybridge?

CHAIR - Yes, Heybridge and then on to Burnie. That's through the existing corridor but you have to widen that substantially, as I understand it, to fit in the new assets.

Mr McGOLDRICK - When we are constructing the various elements of the north-west TD, there are parts of it that are greenfield that will be new routes. Other parts, the majority, we try to use some elements of our existing easements, the reason being that we want to, again, minimise the impact on the landscape and make the best use of our existing easements.

In some instances we will be building alongside existing assets. In some instances, we will be building alongside the existing assets and then retiring some of those assets. It's a combination of techniques to try and minimise the impact for the community.

CHAIR - Don't you need a wider corridor -

Mr McGOLDRICK - In some instances we do. In some instances, we're giving back land when we build alongside and then retire and then we'll narrow the easement instead of widening it. In some instances, we will need a slightly wider corridor; in some instances, we're giving back substantial elements and widths of easement because we will no longer need them.

CHAIR - Did you have a quick one, Nick?

Mr DUIGAN - Yes, to follow up on some of the work that TasNetworks does in the community, away from the core business, with particular reference to St John Ambulance. You touched on it earlier, minister.

Mr BARNETT - Yes, thanks for the question. I did touch on it in my opening remarks, regarding health and safety in the community and super-charging that safety with almost 100 new defibrillators. Our partnership with St John Ambulance to put 98 automated external defibrillators into its fleet vehicles is very good news. Those are significant and important fleet vehicles. Members of the TasNetworks team will need training as those defibrillators are rolled out. I understand it's going to be an Australia first, for an energy distributor like TasNetworks, and I congratulate them on that. I believe the TasNetworks ambition to save lives will be greatly appreciated by the community and by their workforce.

Safety has been a top priority. I have regular meetings with the board and post board meetings and they are always focussed on safety and managing those risks and those dangers. The defibrillator roll-out is another great step forward for TasNetworks. The CEO might want to add to that.

Mr McGOLDRICK - I'm particularly passionate about this. Our workers work in very remote areas and under challenging conditions, so this was one thing that is going to be really

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helpful for them to not worry that if they're out of touch, or they're tens and tens of kilometres away from any emergency help; they will be first responders themselves. Each team will be trained in this regard, but also it's 100 extra mobile defibrillators out in the community, so of course we hope it will be useful for the community as well. The driver for this is those crews that are out there in all weathers, at all times of day and night and an incident might happen; and they now have an ability to provide first response. That's particularly important.

CHAIR - Thanks minister. We'll call it quits it that. Thanks.

Mr BARNETT - I thank the committee. I also thank those at the table for your support, particularly the new chair, and the CEO.

The committee suspended.