



PARLIAMENT OF TASMANIA

TRANSCRIPT

HOUSE OF ASSEMBLY

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE

Tasmanian Networks Pty Ltd

Tuesday 3 December 2024

MEMBERS

Mr Street (Chair);
Mr Behrakis MP (Deputy Chair);
Mr O'Byrne MP;
Mr Willie MP;
Mr Winter MP; and
Dr Woodruff MP

OTHER PARTICIPATING MEMBERS

Mr Bayley MP;
Ms Finlay MP;
Mr Jenner MP; and
Mr Garland MP

WITNESSES IN ATTENDANCE

Hon. Nick Duigan MLC, Minister for Energy and Renewables, Minister for Sports and Events, Minister for Parks

Roger Gill, Chair

Sean McGoldrick, Chief Executive Officer

Michael Westenberg, Executive Finance and Regulation

Renee Anderson, Executive People and Stakeholder

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The committee met at 11.33 a.m.

CHAIR (Mr Street) - I welcome the minister and the staff of TasNetworks, along with the others at the table. The time for scrutiny is two hours and fifteen minutes. Any time for a break can't be made up. Members would be familiar with the practice of seeking additional information, which must be agreed to by the minister or the Chair and then provided to the secretary in writing. I invite the minister to introduce any other persons at the table, including names and positions, and then to make a brief opening statement.

Mr DUIGAN - Thank you, Chair. Seated with me at the table are Roger Gill, chair of TasNetworks; Sean McGoldrick, Chief Executive Officer of TasNetworks; Michael Westenberg, Executive Finance and Regulation; and down the end is Renee Anderson, Executive People and Stakeholder. To my right is my Chief of Staff, Elise Burke, who won't be taking questions. Thank you for the opportunity to appear with TasNetworks at the GBE scrutiny hearing for the 2023-24 financial year.

Firstly, can I thank the board, executive, and employees of TasNetworks for the work they do, day-in, day-out so that Tasmanians can be confident that they will have power when they need, and all that they need. TasNetworks plays a vital role in our government's ambitious energy agenda. As our energy generation increases to support our growing economy, our network will also need to expand to move more electricity from generators to customers. TasNetworks has continued to support the government's energy agenda through Project Marinus. The North West Transmission Developments are of strategic importance to Tasmania's energy future as a contingent project to Marinus Link, and this will be done in a sensible staged approach to align with Marinus Link stage 1 and potentially stage 2.

During the 2023-24 financial year, Marinus Link transferred from TasNetworks to a new, tripartite ownership arrangement between the Australian, Victorian and Tasmanian governments. Through the new ownership arrangement we've been able to lower risk to Tasmania, lower our financial exposure to capital costs and any cost overruns, and ensure the Commonwealth and Victoria are paying a fair share for a nationally significant piece of infrastructure which also benefits them.

Our government's Strong Plan for 2030 commits \$50 million to underwrite the construction of the Burnie to Hampshire Hills line if required. We understand how important this line is for proponents and we remain committed to our promise that what needs to be built will be built.

A core part of TasNetworks' business is maintaining the existing network. The storms that lashed the state in late August this year proved how important this maintenance and restoration work is and I'd like to take this opportunity to thank those who worked tirelessly to get Tasmania back online. While TasNetworks has confronted other storms in recent years, these were unprecedented in living memory. During the outages, 47,000 customers lost power and 200,000 Tasmanians needed their power restored at some stage through the storms. Today, we have commenced an independent review of TasNetworks' response to the severe storm event consistent with the motion brought to the House by Mr Garland MP, who's with us here today. Mr Rhys Edwards will be leading this review, drawing on his strong background in governance, energy policy, leadership and policy development.

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Network charges make up around 40 per cent of customer power bills, so TasNetworks is helping by keeping lower power prices affordable for Tasmanians by continuing to look for ways to be more efficient and effective. A key part of that has been TasNetworks' transformation program, which is now in its second year. To date, \$69.4 million in benefits have been realised, with \$140.3 million to be achieved over the remaining 2.5 years. I would now like to hand to the chair for some opening remarks.

Mr GILL - Thank you, minister. I want to emphasise to the committee that it's very clear in TasNetworks that we are here to serve Tasmanians. Our core mission is supplying Tasmanians with safe, clean, reliable and affordable energy and there's a very compelling story, we believe, behind that mission. We serve Tasmanians when our people respond 24/7 in virtually any conditions that are safe enough to restore customers' power. We rushed to serve and protect Tasmanians when our field crews and contractors restored power to almost 200,000 Tasmanians affected by unprecedented storm damages that the minister mentioned.

We serve Tasmania's prosperity by connecting new housing and connecting commercial, industrial projects that underpin our economy and put Tasmanians in good, sustainable work. We support local businesses by procuring about two-thirds of our goods and services from fellow Tasmanians. We served Tasmania's living standards in 2023-24 by posting a modest adjusted after-tax profit of \$15.4 million and returning almost \$12 million to Tasmanians as dividends.

We protected Tasmania's lifestyle and livelihoods by investing \$280 million into our network in 2023-24 to boost safety and reliability, which was a slight increase on the year before. We serve Tasmania's future by transforming and streamlining our business to get efficiencies and save over \$200 million over the next five years, keeping as much downward pressure as we can on prices. In 2023-24, we realised \$20 million of those savings across our business.

We consider we protect Tasmania's finances by striking an enterprise agreement that supports and rewards our people better than ever before, while helping to keep power prices as low as possible. We serve future generations of Tasmanians by being at the forefront of efforts to double our island's clean energy in coming decades as the business is responsible for building the North West Transmission Developments that will underpin clean energy and the Marinus Link which it depends upon. Those results and future ambitions are built on hard work, careful management and always focusing on affordability for our customers.

TasNetworks employs about 1000 Tasmanians across the state, with major work depots at Cambridge, Rocherlea and Devonport and smaller depots at Burnie, Scottsdale, New Norfolk and St Marys. We are a truly statewide business with touchpoints in every community. We are very appreciative of the effort our people make to rise to the challenges that arise in those jurisdictions and we appreciate the opportunity to appear before you today.

Ms FINLAY - Not surprisingly, the proposed privatisation model that's been getting some discussion recently will be the first question. The minister recently sat in the Energy Matters committee and indicated that the first he was aware of this single delivery model was on 5 November, as I understand it. He has shared with us his diary in terms of meetings that occurred with TasNetworks in advance of that time that he found out. The charter, which is only relatively new, indicates that members must be kept informed immediately in writing of any matters that might have significance with stakeholder relations, as an example, or anything

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that the government might be required to comment on. I am wondering under what provisions it was considered that the minister didn't need to know about the changes as proposed to the contractors in Tasmania.

Mr DUIGAN - I'll take the first part of that question where you infer that the procurement process is some form of privatisation, and I take this opportunity to reject that assertion absolutely. This is a market-sounding procurement exercise for the same amount of work -

Ms FINLAY - My question goes, minister, as to why you were kept out of the process.

CHAIR - Ms Finlay, please.

Mr DUIGAN - That's fine, but I need to highlight that that is not what is seeking to be done in this instance. That is very important and I will happily allow the chair to answer the rest of your question.

Mr GILL - I'll sort of put a strategic lens over all this. The statement of expectations we've just agreed with government very firmly sets as the principal purpose of TasNetworks to achieve the lowest possible prices. In order to achieve lowest possible prices, we're working very hard on our \$200-million expense line. Part of that process requires us to uncover issues that we think we can get improvements in, and one of those is the longstanding panel arrangements -

Ms FINLAY - My question is actually about meetings and information to the minister as much as the decision itself. I outlined some dates and information, and requirements in the expectation about providing that information. I'm wondering why the minister was hidden or shielded from the process.

CHAIR - That's the only time I'm going to allow you to interrupt the chair while he's answering the question, Ms Finlay. You get to ask the questions; they get to answer them and you can then -

Ms FINLAY - My question was why was the minister not informed? If the chair could answer that question, I'd appreciate it.

Mr GILL - Thank you for the question. As I was saying, essentially, we are driving to take the longstanding approach of a panel of support from tier-1 consultants, and -

Ms FINLAY - Not my question, chair.

CHAIR - Ms Finlay, you can ask an additional question after this when the chair has finished.

Mr DUIGAN - In terms of the cadence of my meetings with TasNetworks, I think we have provided that information, and I am sure, Ms Finlay, you would agree there is a regular and very consistent contact between myself and the board and senior management of TasNetworks, as we have set out in our statement of expectations. That was the case before now and will be into the future. In terms of a particular procurement process and the way the businesses would seek to engage in that state, I would say that that is a relatively operational

matter and not typically the sort of strategic things that would come up necessarily in post board meetings and things of that nature, but happy for you to -

Ms FINLAY - I am going to ask the question again as my first question, if I can, Chair. The question is that the statement of expectations requires that members like yourself are kept informed on anything to do with stakeholder relations. I'd say that 80 contractors and 100 people online would frame stakeholder relations. It says that they should be immediately kept informed, particularly in writing, on anything the government might be required to comment on.

I find it quite unbelievable that nobody expected that the minister would want to or need to comment on such a significant change. Given that you interjected, minister - I was going to refrain earlier on from asking the question - did the organisation see that the minister was either irrelevant, incompetent or would get in the way of the process? What I want to know is why was the minister not informed of what is, significantly, a change in the operations at TasNetworks?

Mr GILL - I was trying to bring across the view that this is very much an operational matter. Adjusting from one procurement arrangement to another we see very much as an operational matter. We do have very regular briefings with the minister. Of course, it was brought to the minister's attention, but as part of the cadence of our business. There's a long way to run with this. We are simply exploring the arrangements. This matter won't be resolved for six months into 2025, so there's a long way to go with it.

Mr BAYLEY - It's a good line of questioning. I'm interested in when TasNetworks made the decision to embark on this single contractor model. When did you actually decide that this is something you wanted to do?

Mr GILL - Okay, the business would have gone through a lot of assessment itself, brought it to the board - I'd have to quickly look at which particular board meeting - but it was only relatively recently that the board then accepted that we should go further and pursue this delivery partner model, which of course would include all the Buy Tasmanian policy compliances.

Mr BAYLEY - Can I ask you to take that on notice, then, if you're prepared to?

Mr GILL - Yes, we can just find out which board - sure, certainly.

Mr BAYLEY - That when the board made the decision - because I'm really interested in your -

CHAIR - You need to provide that in writing if it's to be taken on notice, Mr Bayley.

Mr McGOLDRICK - I think I can clarify the matter. It was at the October board meeting.

Mr BAYLEY - October - what dates was that?

Mr GILL - We were in the third week of October.

Mr BAYLEY - Thank you, the reason is I guess I -

Mr GILL - It would've been 21 October.

Mr BAYLEY - The reason I ask is because, from my perspective, I don't think this is operational at all, and the fact that it has gone to the board probably indicates that. The subsequently-announced governance GBE reform draft plan specifically names up TasNetworks in relation to unprecedented infrastructure investments. It talks about things such as the communication - time lines of information flows from the business to the government, the increasing potential for competition within the private sector, raising competitive neutrality concerns and other issues.

I'm interested in the timing of your decision in the context of the timing of the government's GBE reform process, because it looks like, at face value, TasNetworks was trying to get ahead of the GBE reform process by deciding on locking in and expediting a process to lock in this single contractor model.

Mr GILL - We've been working on transforming this business now for two years, as I said in my opening statement. We're looking to cut our expenses over five years by \$200 million. In order to get lowest possible prices for Tasmania, we have to work really hard on our own internal processes and the focus with which we apply our business. The sort of support that we get from all the great contractors that we have needs to be as efficient and effective as possible.

This was a mechanism to look for more efficiency and effectiveness. This is a continuing pattern. This is certainly not a one-off. The minister would be - has been well-appraised of all the hard work we've done to get TasNetworks as focused as we can in order to deliver for the Tasmanian community lowest possible prices.

Mr BAYLEY - To the minister, you've announced that you've intervened and paused this tender and are announcing the review. Can you tell us exactly what operational areas are going to be included in that review? How do you see that review playing out? What sort of information is it going to bring to the public's attention?

Mr DUIGAN - The review is very near to being complete, as I'm aware. My decision to intervene in this particular process I think was informed by some discussions with private energy, electricity contractors in the state, and representations that they were making. I thought it was worthwhile to just pause - not for a long period of time - and have some questions around how fit for purpose this particular procurement process was, and were there any probity issues around that.

I requested ReCFIT to undertake an independent review of the procurement approach. ReCFIT commissioned independent procurement and project assurance consultant Ben Guidera Consulting and Transvalue Partners to evaluate the process TasNetworks went through before announcing its proposed delivery partner model. The review has looked at the probity of the process and assessed the impacts of the proposed model, both for TasNetworks and for Tasmanian businesses.

I would be very keen to share as much as I can with the committee today. The consultants are engaged with a range of staff in TasNetworks, as well as contractors and industry

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representatives. The consultants delivered initial findings by the end of November. I have asked for an executive summary of this report to be made public as soon as possible. If it is available from my department during this hearing, I will table it.

I have also asked my secretary, as the accountable authority for Gateway Reviews, to progress an active disclosure of the full report to the committee once it is finalised. I have been provided with a short overview ahead of providing the executive summary. I'm happy to summarise the outcomes as follows:

- The decisions made through the process were sound with good understanding of probity risks.
- The proposed delivery partner model is appropriate. This model will continue to provide opportunity for local subcontractors regardless of the tier-1 delivery partner selected, and will not impact on the internal works workforce within TasNetworks.
- The external works program is expected to grow by around \$15 million per annum, and this ongoing program requires locally-based jobs.
- The communication and engagement plan could have been better and recommendations have been made on changes to implement in the future.

These are:

- Stakeholder engagement and communication plan using clear and consistent message for internal and external stakeholders;
- Refresh of the EOI material to remove jargon and use straightforward terms;
- Continue to undertake targeted consultations; and
- One of the main drivers centres around work volume, which is small relative to packages on the mainland - splitting this between multiple contractors - goes into other areas.

So those are essentially the highlights of the report.

Mr BAYLEY - Are you able to table the terms of reference for the inquiry for the review?

Mr DUIGAN - I believe they're part of the executive summary, so broadly, yes.

Mr O'BYRNE - In your opening statement, you referred to how important your staff are to you. At a scrutiny hearing last year, your CEO responded to a psychosocial risk survey that was undertaken at that time with concerns about the outcome. He said:

When we got the results, I took some time to reflect. It's not so much the power of the statistics, but the power of the comments that were in the survey really struck me. At stages I was thinking, is this really the workplace that I'm in charge of here? What is happening and why is this happening? You're in a bit of a shock, first of all, and then you go, what can we do about it?

What can we do about it? Do you think the answer would be creating a very aggressive and divisive enterprise bargaining agreement process with your staff and dividing the staff? Do you think that's the answer to that question?

Mr DUIGAN - In the opening portion of your question you referenced the psychosocial work that TasNetworks did and the CEO's response to some of that work. I make the point that TasNetworks has been very forward leaning in that space - one of the few large businesses to lean heavily into psychosocial and understand what those risks are to the business. In some ways they need to be congratulated for doing that work. I will pass to the chair or the CEO for the substantive part of your question.

Mr GILL - Thanks for the question. I'll let Sean respond to his comments of last year. It is important to note that the psychosocial analysis process is very contemporary. We're very pleased that we've embarked on it early, because it is good to understand exactly where your organisation is so that we can then start putting in complementary responses to that, which has been a feature of all of 2024. I will hand to Sean for his comments, because he made the original ones.

Mr McGOLDRICK - We've taken a number of measures through the year to address the findings of the survey, including putting together a psychosocial risk collaborative group from a cross-section of the workforce. It's our chief consultative mechanism we have to advise on controls and to road-test the initiatives we have been taking through the year, and to channel ideas through a central point. We have come up with a number of different initiatives through the year. Probably most importantly, we've also done an external gap analysis with respect to the new ISO 45003 standard for managing psychosocial risks, that was conducted independently by consultant DMV. They found that 23 of the 28 clauses were assessed to show strong alignment with the standards. So, I believe we've made substantial progress in the year, in this area. I'd like to hand to Renee Anderson to give some more detail on what we've actually done through the year.

Ms ANDERSON - We've rolled out a number of initiatives, mental-health first-aid training, 'call it out' training, and negative behaviours training, so all of our people understand how to identify those, and call them out, and raise them through the appropriate channel. We've rolled out psychosocial leadership training, so all our leaders from frontline to executives and then board have gone through or will go through a session on how to manage and respond to psychosocial risk in the workplace and psychosocial hazards.

We will be conducting another full survey probably around October-November next year. That was the advice from the independent consultants who did the first work with us: you need to give yourself some time before conducting another survey. We continue to work with the

collaborative group. As Sean said, they're made up predominantly of people on the ground in our teams around the state to provide ideas as to how we improve and address some of those psychosocial hazards.

Mr O'BYRNE - With respect, the question wasn't answered. I was asking about the enterprise bargaining agreement and the aggressive and divisive approach that you took that resulted in barely a whisper of an approval for that agreement on a forced ballot. Surely, if you're concerned about the staff morale, which essentially is what we're talking about, why would you undertake such an aggressive and divisive negotiation process?

Mr McGOLDRICK - Our objective through the EA process was to reach an agreement and I'm happy to report that we did reach an agreement with our staff.

Mr O'BYRNE - 52.2 per cent in favour? Not a ringing endorsement, is it?

CHAIR - Mr O'Byrne, I am asking you not to interject.

Mr McGOLDRICK - So, I was - I'm happy to report that we did reach an agreement with our staff. We had months of negotiations; we had over 30 different listening sessions. We modified our offer on three different occasions and we moved substantially and that was well-received by the majority of staff, who voted in favour of the agreement.

Mr O'BYRNE - 50.2 per cent.

Mr McGOLDRICK - I'm happy to report that, of the 914 people who were covered by the agreement, 899 participated in the vote - a very high participation rate. Four hundred and fifty-nine voted for the agreement, and 440 against. That's an absolute majority and it's something we are now moving forward to get ratified in Fair Work, which I hope will be accomplished this week, and move forward and implement the agreement, which remunerates our people better than ever before, addresses some issues that they had raised with us with where we have moved and does not take any conditions away from them.

I think it's a big improvement for people in the business that has been negotiated fairly. We engaged over several months and we went to a vote. That vote came out positive and we have reached an agreement.

Ms FINLAY - Reflecting on the previous answers, you committed to tabling the interim report. It will be material to the questions asked today. You said that it would be available today in this session. I'm wondering if you can table the interim findings.

Mr DUIGAN - I have it here. It gives me great pleasure to table TasNetwork's Delivery Partner Model Independent Review executive summary. I am happy to table that.

Ms FINLAY - Thank you.

Mr DUIGAN - I would note that it doesn't necessarily capture the terms of reference and I would be happy to provide those separately.

Ms FINLAY - And table them?

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Mr DUIGAN - Yes, and table them.

Ms FINLAY - Thank you. I'm interested, it's the executive summary, is there a reason the balance of the report can't be tabled? It was the initial findings you mentioned that you were going to table, not just the executive summary.

Mr DUIGAN - Look, I believe it is relatively hot off the press. I was quite keen for that to occur, but I understand there is some final work that was happening. I was not able to table the report today, but it is my intention to provide it publicly as soon as it is available for me to do so.

Ms FINLAY - Okay, thank you. I am interested in how you maintain that the reason people have shielded you from the decision about the single-delivery model is because it was operational. And, chair, as you would appreciate, something that's elevated to board level is often those more strategic and governance issues. The board meeting that happened on 21 October where you have said in your own words today is a continuous pattern of work seeking to take \$200 million out of the operational -

CHAIR - Question, Ms Finlay?

Ms FINLAY - - pressures of the company. My question is, when are board papers distributed? How far in advance of a board meeting are board papers distributed?

Mr GILL - Seven days.

Ms FINLAY - So the board papers for that meeting would have been distributed before the most recent meeting with the minister. I am going to be persistent with these questions because it is beyond me to understand how a decision taken by the organisation to not inform the minister of an event that has now caused ministerial intervention - how that decision was made. Who would make the decision not to share that information with the minister?

Mr GILL - There was no decision to not share.

Ms FINLAY - Well, how, when you required -

Mr GILL - No such decision was made. We made a decision on what we believe was an operational matter, which had a long way to run. A long way to run.

Ms FINLAY - But it has been two years in -

CHAIR - Ms Finlay.

Mr GILL - That particular - in the two-hundred-million, there are some 18 -

Mr McGOLDRICK - Seventeen.

Mr GILL - - major activities.

Ms FINLAY - How many of those projects is the minister not aware of? Of the 18?

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Mr GILL - The minister has been apprised of the transformation process, has seen many of those -

Ms FINLAY - Of all those projects?

Mr GILL - The key one, of course, was the -

Ms FINLAY - Except the -

CHAIR - Ms Finlay, if you interject again, you will be asked to leave. Do you understand? You get to ask the question. The chair is answering the question. Please do not interject while he's answering the question. It's extremely rude.

Mr WESTENBERG - Sorry, chair, if I could just clarify the board papers, if I could? We did have the paper tabled October, however, we had a prior paper tabled in May with the original options analysis of the work. Then in October, we also added in some of the transmission work. There were two papers, one in May and one in October. Just to clarify that position.

Ms FINLAY - Thank you for the clarification.

Mr McGOLDRICK - If I could just also explain about the transformation program. Seventeen different initiatives. The second most important initiative -

Ms FINLAY - May I clarify, chair, is it 17 or 18?

Mr McGOLDRICK - Seventeen. Of the second most important initiative in terms of benefits and savings was a reform of our procurement policy. We have been working through procurement for the last two years, altering different aspects of the supply chain and how we procure things. It arrived at the next point in that procurement reform, which was to do with how we use our contractors for externally delivered work. Those large tier-one contractors. We use contractors both large and small. This was to do with the large contractors.

Currently, we have a panel arrangement, which has been in place since 2016. That was in need of re-tendering and reform because it isn't a modern contract and it wasn't delivering the certainty of work that the contractors needed and the efficiencies that we needed. That was scoped out in terms of a project to move forward to a more modern procurement basis.

Frankly, the volume of work that we give out to the market, which is pretty static, isn't sufficient to keep three contractors going on this island. Therefore, it was determined that the best thing to do would be to have a single contractor that had a certainty of program into the future, so that we could get the best price and they could invest on the island, invest in equipment, resources, depots on the island to help us deliver that program because they ensure it into the future. So that was the intention, that was what the initiative was about, and we brought that forward for board approval before we implemented it.

We were at the very early stages of implementation, which was consultation with the industry and affected parties, and it was during that consultation that the controversy arose. I believe that controversy was misplaced because this is a pretty regular and normal thing to do

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in terms of a utility of our nature and scale, trying to procure services at a better price, better quality, better delivery time.

We have a long way to go in this, as the chairman has said, because we still have expressions of interest to get out, we still have a request for proposals to get out, we have evaluation to do and then make an award, should the minister indicate that is how he wants to progress on the basis of the assessment that has been now carried out.

Ms FINLAY - Just to recap, of the 17 projects that are part of this transition -

Mr McGOLDRICK - Transformation program.

Ms FINLAY - transformation, thank you, the second most important was the way you look at this contracting arrangements.

Mr McGOLDRICK - Not this one, but generally across all procurement of services in the business. This particular procurement event, or what we were trying to launch as a procurement event, is only one small part of the overall procurement reform.

Ms FINLAY - Yes, of which procurement reform is the second most important in that suite of projects. I don't know if you're able to table it, but could you outline the 17 projects as part of that transformation?

Mr McGOLDRICK - We are on record on a number of occasions explaining the transformation program, but I'm happy to give you the list of the 17 different initiatives and table those. The vast majority of those have actually been delivered. There's still a couple of them in motion, including procurement, because it's a large initiative with many different aspects to it.

Ms FINLAY - Of those 17 projects as part of that transformation, how many wouldn't have been brought to the attention of the minister?

Mr McGOLDRICK - The minister and the minister's staff have been apprised of the transformation program multiple times over the last couple of years, including what those initiatives are.

Ms FINLAY - As an important follow-up question, has the minister been previously apprised at the point that the board papers went to the board in May, or when the board papers went to the board in October, of this particular project?

Mr McGOLDRICK - That's something that as part of our overall consultation we were going to do, as our consultation with the industry was at the very start of this process.

Ms FINLAY - Sorry, that wasn't my question. My question is, was the minister previously advised, in alignment with the board papers being distributed to the board in May, of this procurement process?

Mr McGOLDRICK - Not in that particular detail.

CHAIR - I'm going to move on to Mr Bayley.

Mr BAYLEY - With respect to this process I hear you say it's the start of the process, but I think it was a very rapid process, you would have to agree. The briefing details and the timelines through which you were going to progress this process was pretty quick.

As well as the employee issues and concerns around TasNetworks' own staff and what happens to them, one of the key concerns in this space with all GBEs is obviously privatisation, whether it's of services or assets. I want to explore this now, but particularly joint ventures.

The notion of joint ownership that was articulated in the briefing paper raised a lot of concerns because it is a concern. In the government's own GBE review process it outlined concerns regarding the level of oversight, accountability and control of government business subsidiaries and joint ventures. I'd invite you to explain to us or unpack this. I think the words joint ownership was the language you used. What is a joint ownership model and why are you looking at doing that as a platform for joint ownership and investment?

Mr DUIGAN - I think I would lean into the answer I gave before. The review of this process does mention the fact that some confusing language has been used. I agree it did give some stakeholders the impression that was not intended. Words matter and you need to be careful with what you say. I think that's been identified in the review of this particular process, but I would perhaps ask Sean or the chair to unpack what's actually intended to work.

Mr McGOLDRICK - For sure, and I must apologise for using that phrase in what was a PowerPoint briefing that had some detail behind it and a lot of discussion. All that discussion and detail explained that it was joint ownership of the work program. This is not joint ownership of assets. This is not joint ownership of a business or a company. This is joint ownership of a work program.

Unfortunately, the existing contract is not as modern as it could be. One of the things that gives rise to is if there was a small change, a variation in the delivery schedule or the necessary elements of the work program, as can happen from time to time, that resulted in variation requests and a different view of how to schedule things and how to pay for things.

In a more modern contract, the idea is that you have joint ownership of the program, so you commit to a program of work and if there is a small change in either the timing or the nature of what you're trying to deliver, everybody cooperates and it doesn't necessarily result in a variation request or extra funds having to flow to the contractor. It's a more adult approach to working together. It is truly joint ownership of the program. Of course if there is a large variation and a big change or additional work put in, the agreement would have clauses to deal with that, but it is truly joint ownership of the work program to the benefit of Tasmanians in order to drive down costs and make sure that the delivery schedules are kept tight.

It has nothing to do with privatisation. We have no mandate to privatise anything. There was no intention to do that. This is simply about procuring more efficiently and in a modern context work that we give out and have always given out to the market. There is no impact on the work we deliver internally. We have a certain percentage of work that we deliver ourselves and then there is work that we give out to the market, both for smaller and larger contractors. If the procurement goes ahead and we arrive at this new contract, it will be a more efficient way to do things. It will not change the percentage of work that we do externally or internally, or indeed between large contractors and smaller contractors.

Mr BAYLEY - I'm glad to hear that; that will give comfort to a lot of people. You can forgive the concerns around the joint ownership model and that language and I accept you're saying now that it's clunky language.

TasNetworks, through 42-24, has established a joint venture, Virtual Tas, to do a range of works that used to be contracted out and could have been contracted out, so it's fair to say that there are people who are a little twitchy about some of this, and we have constituents coming to us raising questions about Virtual TAS. That business is obviously on a smaller scale than something that would go to a single-tier contractor, but it is nonetheless potentially displacing local operators. Can you tell us about the work Virtual TAS has does and how and why the decision was made to effectively establish a joint venture to do that survey and monitoring work that Virtual Tas does?

Mr McGOLDRICK - First of all, 42-24 is our unregulated arm that sells extra capacity on our telecommunications network and provides data centres and some related IT services. It's a small profitable business. We set it up separately, as we were required to do for ringfencing reasons. That was set up a number of years ago. It's an ongoing business.

With respect to Virtual TAS, one of the things that we would like to do for the benefit of us as infrastructure developers and owners - linear infrastructure across all of the island - is we would like to have a lot more accurate data in terms of the geospatial data where our assets are located throughout the island.

We saw the opportunity to create what's known as a wide area digital twin. Because we have assets all over the island and other infrastructure providers have assets all over the island, there was no whole-of-island approach to recovery of data. Certain digital data is kept and captured for small, little parts of the island or small, individual asset owners, but it's not across the whole island.

As a more efficient way of doing this, we entered the joint venture and incorporated that with one of the leading providers in this area of this technology. We worked cooperatively together to create a wide area digital twin of the island. We've drawn a number of captures over the last few years of the whole of the island so that we can make that data available to a wide range of infrastructure owners, both private and public, so that they can then make the best use of that information.

That's the intention behind the joint venture. It's very different from individual smaller providers using lidar. We use wide-area capture, fixed wing across the whole island, through a number of campaigns. It's quite an undertaking but valuable information.

Mr BAYLEY - You're saying it's not a service that the private sector and established providers of monitoring and surveillance could provide?

Mr McGOLDRICK - Not at this scale and not at this quality of data.

Mr JENNER - Obviously climate change has huge impacts on us. In Tasmania, electricity infrastructure is vulnerable to extreme weather events.

Given the increase in frequency in the extreme weather events across Tasmania, such as the severe winds earlier this year up north that left many homes without power for days, and the bushfires similarly that have disrupted power down at Dunalley and the Neck, where they were out of power for months, has TasNetworks considered the long-term benefits of transcending to underground power lines?

Whilst the initial cost, I appreciate, is much higher, this approach could be more sustainable and cost effective in mitigating power disruptions over time. Furthermore, is there a strategy that you've looked at, or will you be looking at any sort of strategy to make your network a bit more resilient against climate change?

Mr GILL - I might just start off. Clearly, any organisation needs to be focused very much on the impacts of climate change on it. As we saw this year, a one-in-20 year event hit the island and was pretty challenging for us and for the community - so challenging that typically in a year we would get three major independent event days a year. We are well geared up to do that. On this occasion we had eight major event days, several of them simultaneous. That's an example of the sort of thing that we do need to learn from in our own response to it. We've done a lot of work in understanding how well we responded and what we need to improve going forward.

It does undoubtedly bring in the question of the asset resilience of our network, and progressively we will continue to look at ways to do it. Certainly, the undergrounding issue at the moment is a very expensive one, but we're already embarking on community batteries - those sorts of things that help with power isolation.

If you look across networks nationally and internationally, huge amounts of work are going into this sector. I think you'll see TasNetworks progressively evolve on this, remembering that cost equally is a really important matter for us.

I'll hand to the chief executive, who's an absolute expert in this matter.

Mr McGOLDRICK - We are technology neutral. If it makes sense, we will underground assets in areas where it makes sense. The fact of the matter is we've a large asset above ground at the moment. We've 230,000 poles above ground. Undergrounding all the assets associated with the distribution system - the transmission system is very resilient, but occasionally the distribution system in a large storm can, in local areas, sit down. We have to be quick at restoring that, and we're generally very good.

During the storm recently our crews worked incredibly hard and very efficiently to restore services. Quite often it wasn't the actual physical work of restoring the electricity that delayed things, it was flooding and road access, and it was just very difficult to get into the area to assess, make safe, and restore.

Generally, overhead services can be restored quite quickly. Underground services, while they are more resilient to storms and climate change, if they do have a fault, which can happen, it takes much longer to actually restore them. We're trying to balance our existing asset overhead - future assets that we build, we make a decision is it overhead or underground - the additional cost associated with that, and then how we might be able to respond in a fault. It's a balance of these things.

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As I said, we're technology neutral. As costs come down, we certainly look more and more about how we would underground in areas where you can underground. In many areas, unfortunately you can't, because of rock, car systems, flooding and so on. We will make the appropriate choice at the appropriate time.

Mr JENNER - My question was about the fire, it was more to do with - we obviously have fires quite regularly here, more so maybe than storms, and of course they wipe out every pole. Then you have to replace the whole system. I guess that's what I was getting at. I don't need an answer, it's just an observation that I'd like -

Mr McGOLDRICK - We have measures installing new fireproof mesh on wooden poles, replacing wooden poles with other materials, that we're progressively doing as well in areas that are prone to bushfire. We've done that a lot over the year.

Mr O'BYRNE - My question's back in relation to the enterprise agreement. You made a reference in your response before that it was a high return rate. It's an extraordinarily high return rate. Even in the most engaged workplaces that is extraordinarily high. It indicates potentially something else is going on. Can you confirm two things for me? Were you notified whenever an employee lodged their vote? Not how they voted, but lodged their vote? And can you confirm that middle level managers not covered by the agreement were offered a 2 per cent wage increase if there was a yes vote achieved?

Mr McGOLDRICK - Renee, could you answer about the mid-level managers in that regard, please?

Ms ANDERSON - Sure. No, that's not true. One of the commitments we made to our band 6 to 8 leaders, who historically have not had the level of annual increases that EA-covered employees have, is that for the life of this agreement, they would be afforded the same increases that the EA-covered employees were afforded. They were provided a 5 per cent salary increase in July, which is when their annual salary increase cycle is. The additional 2 per cent is to make up the seven which was offered in the first year of the EA.

Mr O'BYRNE - Right. So, if I have an email which indicates that there was a 2 per cent wage increase offered to band 6 to 8 employees if there's a yes vote, how is that not an offer of 2 per cent if the yes vote gets up?

Ms ANDERSON - The link to the EA was what ultimately will get approved in the EA. That extra 2 per cent would only be paid to those employees if the EA was approved with that same amount. If it was a lesser amount or a different amount that finally got approved through the EA, then that would go and pass through to those leaders. It was more contingent on the outcome of when the final EA got approved.

Mr O'BYRNE - You understand what I'm getting at here. You have a highly contested enterprise agreement. You have middle level managers who are being promised a 2 per cent extra if there's a yes vote. You have an extraordinarily high number of people voting - even in the most engaged workplaces, it's way above the odds, and you get notified every time someone votes. This is a pretty - you can understand the optics on that, can't you? Surely?

Mr McGOLDRICK - So, what I would say is that, after the EA vote had concluded, we did a survey of the people who participated in the vote. One of the things that was commented

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upon was how excellent and thorough the communication was with the broad workforce. That was a feature that I believe drove the high participation rate.

There was a lot of interest, there was a lot of engagement. As I mentioned, we went to over 30 different listening sessions. We had a long engagement, people were genuinely interested, and they took the time to participate in the process and vote. So, that's what drove, I believe, the high engagement rate. People did consider the issues, there were lots of questions back and forth through various different channels, and the effort we made as a business to reach out to our employees, to listen to them, to engage with them, to modify the conditions that we offered, was also part of why people were so engaged and why it got across the line in terms of accepting.

That's something that I think the negotiation team can be very proud of. They kept an open channel and still are doing that today, keeping our people apprised of how the ratification and Fair Work is going and where the implementation of the agreement is in terms of time.

Mr O'BYRNE - Will you release that survey? You said you've had a post-vote survey.

Ms ANDERSON - We already have, so that's been shared with our team members.

Mr O'BYRNE - So, all staff have seen the full survey and the full responses?

Ms ANDERSON - They've all had access to the survey, yes, and the responses.

Mr O'BYRNE - Okay, so you haven't confirmed about just the voting, so you were notified every time a person voted, is that right? Can you just confirm that you were notified every time an employee registered a vote?

Mr McGOLDRICK - No, I was not.

Mr O'BYRNE - No, not you. No, the company, your team. So, every time someone lodged their vote - not how they voted, but that they had voted, you had a running list of who had voted. Is that true?

Ms ANDERSON - No, so we didn't know who had voted, but the system that we use does show you the level of participation, so how many votes have come in, but not who has voted nor how those individuals voted.

Ms FINLAY - So, after a couple of years of working towards these transformation projects, seeking to reduce operational expenditure by around \$200 million over the years ahead with a range of 17 projects, there was an options paper sent to the board in May. Did the options paper include the procurement element of the transformation, and did the options paper consider a single-delivery partner model?

Mr McGOLDRICK - So, the board paper that was presented was uniquely about procurement and about this single procurement moving from a multiple tier-one set of contracts towards a single tier-one vendor, that was the nature of the board paper -

Ms FINLAY - In May?

Mr McGOLDRICK - In May, I believe. Am I correct, Michael?

Mr WESTENBERG - That's what I've been told.

Ms FINLAY - Thank you. The reason I asked that is, you mentioned that in the online presentation, the PowerPoint where it was presented, I think there are about 80 contractors online, maybe about 100 people, and you said there was some concerns raised around that. I note that in the minister's meetings with TasNetworks, there were a number of meetings since the board paper that went to the board on the twenty-first. This meeting happened on 23 October and the minister met with TasNetworks on 28 October, on 31 October.

I still don't understand how concerns being raised about a significant change to the structure of procurement are not raised with the minister. I go back to my very first question, is it because you think the minister is irrelevant in these decisions? It can't be an operational issue because it's gone to the board, therefore, it's governance or strategic. There was significant concern by stakeholders raised in that meeting. The charter expects that concerns are brought to the attention of the minister. When was the minister first apprised that there would be consideration of a single-partner delivery model?

Mr WESTENBERG - I can answer a couple of those questions. There weren't concerns raised during the consultation meeting with vendors. It was afterwards, sometimes afterwards, so there was a delay of a few days before we received information and, obviously, it came out in the media that there was concerns around the delivery partner model.

We came away from those meetings relatively positive. We've been engaging with those vendors for some time.

Just again, to be really clear, the current vendor that we deal with in this area - 98 per cent of all spend goes through two vendors. They're the people that we've been engaging with. They're the people who have been talking to us about the current model not working and how we provide a better model to ensure that we can get investment in Tasmania, also maintaining a workforce in Tasmania that allows us to get that outcome for both better commercial outcome and how we flex for things like storms, et cetera.

Those vendors are very separate to work that we do with what we call our authorised service providers, which is about \$50 million of work that goes through small electricians and service providers. That is a totally different contract.

As far as including the minister in our understanding, when we did a risk analysis on this, we were looking at three or four vendors and that was the work that was underway, not the other piece around the concerns raised with the small electricians.

Ms FINLAY - As an organisation, how often do you bring together the 80 or so contractors that were on the presentation for this information? How often would that happen?

Mr WESTENBERG - I'm not sure about the 80. We actually meet with our key vendors monthly, if they are a key vendor.

Ms FINLAY - More specifically, how often would you put all 80 of your other contractors together in a presentation about things that are happening at TasNetworks?

Mr WESTENBERG - We've done it from time to time in relation to certain events such as safety - when we have a safety upgrade, when we have certain aspects that we want to update our vendors on. This particular one drew more attention than probably most.

Mr BAYLEY - The report that you've just tabled, minister, identifies, not surprisingly, that the primary impact of the new model will be on reduced work for incumbents who are not successful. It names up Zinfra, Genus, PowerLinesTas and Service Stream.

In the context of the rhetorical and/or potentially formed up policy around Tasmania first and business for Tasmanians first, how are you going to engage in this conversation going forward to ensure that the decisions that TasNetworks make are in the best interest of driving down prices, as we've heard, but are also in the best interest of Tasmania full stop, which includes contractors and others who have been employed over time and who will be done out of work in the context of this model, and, as the report says, may exit the market. There are opportunities to pursue other work, but they may exit the market. That's a bad outcome, isn't it?

Mr DUIGAN - Thank you, I appreciate the question. My expectation, as minister, is that our government business enterprises will work for the betterment of Tasmania, be that delivering, in this case, lower power prices, which we all want to see and are invested in, and running the business efficiently, but also, as you outlined in your question, being a good corporate citizen and engaging well and fairly with counterparties in the business community in Tasmania. I would expect the business to take that opportunity very seriously.

What doesn't change, in fact, as I think the chair has probably mentioned, is the amount of work being allocated to tier-1 providers, noting that there is currently a panel of three, as I understand it, that will be taken down to one. That doesn't change. That amount of work will be there. There may be some room for growth. I suspect we would need all of those people which are currently engaged in delivering that work to continue to deliver that work. That would be my expectation.

I won't speak to great levels of detail, but there may be a level of transfer among those businesses. I don't know the answer to that. To your point more generally, I would expect our GBEs to be good counterparties in the business community, be honest brokers, and be providing the necessary information to the market so the market can go forward with some certainty.

I think it's very important that we all understand that the amount of work that TasNetworks would seek to be doing internally and, again, sharing with the smaller electrical contractors in the state, is not going anywhere.

Mr BAYLEY - I'll come back to that. I think I've heard you explain this model as being the most efficient and delivering efficiencies and so forth. What modelling have you done in terms of the impact it will have on TasNetworks' contribution to power prices?

Mr McGOLDRICK - I want to clarify one thing, which is that this procurement is also subject to the policy with respect to local procurement. As we appoint a tier 1 vendor, as we have already on our panel, there is an expectation that there is an amount of local procurement through that contract so it's not sourced from the mainland. These are businesses that establish

here and with a greater certainty of work into the future, they will have a stronger establishment here. They will be employing local contractors themselves, local labour, so it will be local content. In fact, I think 63 per cent of our entire spend last year was local content and that will continue and I believe will grow because we will be spending more money in future years. I expect local content to continue. It is a necessary part of the evaluation. It is policy and we will continue to insist that there is good local content procured by the tier 1 vendors in delivering this work. Absolutely, this will continue and I see it growing.

Mr GARLAND - I want to ask about your statement of corporate intent for this financial year in comparison to last financial year. In the statement of corporate intent recently published for this financial year, your shareholder dividend projection has tripled when compared to the same period last year and this projection is maintained over the following three years. For example, in 2026-27, last year you were projecting a profit of \$18.4 million and you're now projecting \$61.7 million. What has changed to create such a significant growth, a tripling in your expected shareholder dividend, in comparison to what you were projecting last year?

Mr DUIGAN - Thank you, and while we are waiting for the CEO to speak to that question, Chair, I would like to table the transformation initiative status list for the business.

Mr McGOLDRICK - With respect to your question, Mr Garland, I'm going to ask our executive of finance, Michael Westenberg, to answer.

Mr WESTENBERG - As you'd be aware, we've recently gone through the regulatory determination which sets our trajectory for the next five years, which I think we talked about in this session last year. That sets our prices. We have had to maintain prices for five years. There is an element of increased revenue. Some of that revenue we elected to defer, particularly for this year as part of the work we did with our customer engagement panel through the regulatory determination and setting a price path of minimised impact to the Tasmanian community. That's one factor.

The second factor would be as our transformation program continues to work its way through the \$200 million worth of benefits that we've committed to, that would reflect in the bottom-line contributions for our profitability. The other fact is as you go out into later years, you'd also see increases in revenue associated with other investments such as if we progress with the North West Transmission Developments, we put in a contingent project application that sees us to seek revenue recovery for that component only up until financial investment decision subject to a positive whole-of-state business case. That has revenue that flows forward into our profit numbers, so there's a combination of both revenue and maintaining lower expenses as we move through. There is an element in some of our corporate plans should we receive successful contribution to unregulated investments. That is a component we can do providing we follow ringfencing guidelines, so if there are new components such as wind farms or solar farms that connect to the network as well as having our obligations to connect them to the regulatory network, we have the opportunity to bid for unregulated work, which we have done in the past for a number of wind farms. We've also done that successfully with our peer GBEs such as TasWater, where we've built new infrastructure for them. That also increases our revenue and profitability.

Mr BEHRAKIS - Minister, bushfires can be a big risk to Tasmanian communities, especially regional communities during bushfire season in summer and power lines can often be a big factor in that. Can you outline what TasNetworks' approach is to reducing bushfire

risk and mitigating that risk from power lines and protecting our environmental values during the bushfire season?

Mr DUIGAN - I appreciate the question. We are all aware of the devastating impact bushfires can have on our communities and our networks in regional areas. Bushfires can decimate networks and leave affected areas without basic power supply when they're most vulnerable. I am pleased to report that TasNetworks takes its responsibility to mitigate and manage bushfire risk seriously. As we all know, electrical assets and vegetation don't mix well and TasNetworks invest about \$17 million in vegetation clearing and management each year to help prevent outages and reduce the risk of bushfire. Success on this front is the bushfire that never happens because TasNetworks has worked quietly in the background to protect their partners and communities.

TasNetworks' annual bushfire cut has just been completed ahead of summer. The business has invested \$5 million into clearing about 11,500 spans of high-risk power lines since April, and more than 15 contractor crews have contributed to that effort. This is essential work in clearing around power lines to reduce the threat of fire start. In many cases it also helps to minimise the impact of vegetation falling across power lines during storms, and we don't need to be reminded of that.

Another way TasNetworks is supporting local communities to manage bushfire risk is by boosting local bushfire prevention. One example is in the Derwent Valley by supporting the Derwent Catchment Project. TasNetworks is investing \$80,000 to improve land and waterway conditions in the Derwent catchment in and around TasNetworks' power network infrastructure, and the work includes weed management, revegetation and waterway restoration. There are 16 high-value sites that extend from Molesworth, Boyer and Tea Tree through to the Central Highlands to Poatina, Tarraleah and Waddamana.

As a state-owned business, Tasmanians expect TasNetworks to care for and protect the things they love, including Tasmania's special and beautiful places. I appreciate the question and thank for business for the work that it does.

Mr O'BYRNE - My question goes back to the enterprise agreement. There was an offer put on the table of a \$6000 cash bonus to each staff member to vote in favour of the agreement. I think that is costed out at \$5.45 million, not a small amount. My understanding was that there was a \$2000 offer on the table and in the last weeks of negotiations, without people asking for it, there was an offer on the table for \$6000. Could you explain why you've gone from \$2000 to \$6000 and what were the thoughts behind the \$6000?

Mr McGOLDRICK - I'm happy to take the question. One of the things I indicated earlier that I'm very passionate about is that we listened long and hard to our people during the EBA extended negotiations. We had submissions from union representatives, independent bargaining representatives and indeed from a range of different individuals that we talked to. One of the key issues that was on the table in the bargaining and in the statement of claims was that our people felt that because of the high-interest rate environment and inflation environment that occurred in the latter years of the previous EBA, they felt they had lost out because they were at a particular ceiling in terms of their remuneration. Our efforts with respect to putting a lump sum of the table were to do entirely with redressing that balance. That was one of the key requests that was made of us in bargaining and it is something that we work through as a negotiating team, putting together a balance of wage increases, other terms and conditions,

other terms and conditions that we changed, and then redressing that balance through a lump sum.

With respect, our initial offer was, as you said, Mr O'Byrne, was \$2000. That, when we were through three different attempts to bring this forward and to negotiate, we modified our position on a range of different issues, including that lump sum, because it was felt by the counterparts that we're negotiating with that it was not sufficient and did not redress the balance. So, we took that away. We reflected upon it as a business and we upped our offer in that regard. It was entirely at the request of people who felt that this was something to necessarily bring our staff back to a level playing field because of the high inflationary environment in the previous years.

Mr O'BYRNE - I've heard a lot of stuff at the table, but that's the biggest load of rubbish I've ever heard. It was designed to swamp the vote, wasn't it? It was essentially to get a whole range of people voting for an agreement. You barely got 50 per cent - 50.2. It was designed to swamp the vote to stop those blue-collar workers out on the roads connecting - and, the blue-collar workers, who are, on their evidence and their facts, underpaid. It wasn't designed to deal with historical - because people who start today will still get that \$6000, won't they? It's absolute garbage.

CHAIR - Mr O'Byrne, I need you to frame it as a question or we will move on.

Mr O'BYRNE - Was that \$6000 offer that nobody asked for at the negotiations designed to swamp the vote? I'm talking to the CEO.

Mr DUIGAN - Thank you, and, with respect, I think that the CEO has provided an answer, but I would ask the chair to potentially add some more value.

Mr GILL - I can assure you, Mr O'Byrne, that that was exactly the thinking behind it. I sat in the boardroom, I adjudicated over the boardroom decisions on this, and they were very much the thoughts in the mind of all the board members when that was done.

Mr O'BYRNE - That's an absolute disgrace.

Ms FINLAY - I'd like to turn our attention to Basslink and the likelihood that come 1 July that it will become a regulated asset and that will make some changes to transmission costs across Tasmania, to mums and dads, to small businesses, to the MIs. I am wondering if you can share with the committee the work that you've done in preparation for that date and, in the likelihood that that occurs, what those instances of increase of transmission costs will be across the different sectors?

Mr DUIGAN - Thanks Ms Finlay, I think it's important, given this is a new - I know we have covered this to some extent in a previous one. I would, for an audience that may be new to our proceedings today, make the point that this is a live discussion between APA, the owners of Basslink, and the Australian Energy Regulator at this stage, and no decision on the regulation -

Ms FINLAY - I was clear in my question that no decision has been made.

Mr DUIGAN - - or otherwise of Basslink has been made at this point.

Ms FINLAY - You'll be doing the work though in preparation for that I imagine.

Mr McGOLDRICK - What I would say is we're an active participant in that regulatory submission process for a decision. We were hoping to get a decision on this matter last week. As I understand, it has not come forward yet as a decision. My assessment of this is the following. I'm happy to have APA as an asset owner. They were good asset owner. That's a vital connection and they do a good job in maintaining that connection and keeping it available for the use of Tasmanians. As regional operator here in the island, it's vital that we have that interconnection operating and, indeed, I would say further inter connection because it makes the island more secure from a power system point of view.

I'm also happy that it should move away from being a merchant link to being an open-access link. I think that's more suitable for the national electricity market we operate in. I'm in favour of that. However, the real discussion piece and the real consideration the regulator has to make is, what value has that asset in terms of a rateable asset base as a base? I would take the viewpoint that we have to be very careful about the value we put on that asset and that has been a matter of some debate and submissions from many, many parties, both off and on island. The other thing that we have to be very, very careful about, and we have a view on is, what is the percentage share of that cost between Victoria and ourselves. Those are, as the minister said, live matters that we have made submissions on in the public domain. I'm very strong that yes, it's good to have this asset owner because they're a professional asset owner and they're doing an excellent job. Yes, it is important that it's moved towards being an open access link. No, I don't agree with the valuation that's been put in there in the moment and I want to make sure that we're not saddled with too many costs for that asset, and that's about the percentage share between ourselves and Victoria, all live issues.

Ms FINLAY - Based on that and given that their live issues, there would be a worst-case and a best-case scenario for those outcomes. Can you share with the committee what the worst-and best-case outcome would be of an increased percentage seen on transmission as a result?

Mr McGOLDRICK - I'm not in a position to do so at the moment, but I will ask Michael Westenburg, who also looks after the regulatory area, if he wants to make any further comment.

Mr WESTENBERG - The only comments I'd make is that, number one, we put a number of submissions in to the AER in relation to this, so that would be our views. The second part is more operational in that in addition to all of that work, there is a number of protection schemes that operate within the network that are highly critical to TasNetworks' network, Hydro Tasmania and particularly the major industrials. We have been doing as much work as we can in the background to understand the impacts of those changes and ensuring that again they are considered as part of the pricing.

Ms FINLAY - Can you provide some certainty to the committee that agreement on those arrangements and understanding of those arrangements will be seamless at the point that that happens in terms of those protections?

Mr WESTENBERG - For us, I guess we need to get the decision first to understand when that is and the timelines. I think APA were originally looking at June. They are extremely tight timelines. I think electrically they will be -

Ms FINLAY - The risk to Tasmania if it's not seamless would be significant.

Mr McGOLDRICK - Yes. Operationally I have no concerns. I think all parties are very understanding of that, but APA, ourselves as the regional operator, TasNetworks and Hydro Tasmania. Everybody's aligned with respect to the operational and power system security aspects here. It's just a debate about economics and price, as you've indicated, and that is a very live issue at the moment.

Mr BAYLEY - Going to employment, how many apprenticeships were offered by TasNetworks in 2024 and how does this compare to the last five years, let's say?

Ms ANDERSON - We have 40 apprentices currently on the TasNetworks books and I will get the final number for you. I think last year we employed 11 and it's been between nine and 11 for the last three or four years, actually probably even preceding that. Generally we have about 40 in the business at any one point in time and the numbers are also very dependent on ensuring they get the proper supervision, mentoring and support from people out in the field, but we've had a pretty regular intake of between nine and 11 each year.

Mr BAYLEY - Has it been consistent across the different types of apprenticeships?

Ms ANDERSON - Yes, it changes a little bit depending on really what we're seeing from a demand perspective in the market. For example, in this last couple of years we've focused heavily on live line distribution workers as opposed to a mix of distribution, live line and electricians, but really we look at what the market's doing, what our long-term workforce plan is, what the demographics are of our employees who might be retiring and what kind of skill sets we're losing out of the business, which helps us then shape the mix of skills that we bring in from an apprentice perspective.

Mr BAYLEY - I couldn't see it in the annual report anywhere. Do you publish this data anywhere in terms of succession and workforce planning and how you're managing the workforce?

Ms ANDERSON - It's probably not in the annual report. It's certainly something that we share internally a lot with our teams and team leaders particularly and is something that we'd be happy to share, but it's probably not in any of the formal public reports.

Mr McGOLDRICK - We also share it peak body to peak body in that we are a member of the Energy Networks Association, but also the Australian Power Institute, where Renee is on the board. The intent of the Australian Power Institute is to make sure that we're all recruiting the right numbers, the right calibre, the right quality and training people appropriately for apprenticeships and graduate engineers. We work closely across the industry to align our programs.

Mr BAYLEY - With respect to internal staff and the tier 1 contracting model we've been discussing at length, you've given some assurances here today, which are very welcome, around not including any of your field crews or any internal TasNetworks staff. With respect, how do you give effect to that? Is there a way you or the minister can lock those assurances in, because staff change, circumstances change, ministers change, and that commitment could change. Is there anything that can be done that locks down that commitment of TasNetworks, which is

very welcome and I think will be welcomed by many people across the state, so that it is durable beyond the current board and the current executive and, indeed, the current minister?

Mr GILL - When you're running a corporation and you want to keep prices as low as possible, you need to have as many levers at your disposal to manage it, and locking something down for the rest of time would be, I think, challenging. We've just been through part of the transformation process which has seen a significant number of full-time equivalent reductions in our workplace, which means TasNetworks is focusing up on just the important things to do for Tasmanians. That's a judgment we've had to make.

What will happen in relation to the procurement model, is that inside our business, our processes also need to change. We need to be able to provide better forward advice to our contractors as to when projects are needed. Part of the issue in this delivery model is to improve the chain all the way from us deciding to do something through to them actually doing it, so there is a lot of interconnection between the two parties.

Mr BAYLEY - Chair, can I have another one on this line of questioning, if I may?

CHAIR - One more.

Mr BAYLEY - Because, I mean, look, because the chair I think just perhaps undid some of the confidence that may have been built on because of our previous answers. Can you tell us what are the full-time equivalent statistics at the moment, today, 2024, compared to last year and, say, five years ago?

Mr McGOLDRICK - Just to add also to the chair's answer, we do have a flexible delivery model. We use our internal resources, we use external resources and I'm very confident that's the correct way to do business, but let me state for the record that our first choice is always to try and do the work internally that we can. We do that for a number of reasons, first of all, our people are known and trusted in the community. They have the skills, they have the local knowledge, they have the training. We absolutely try and deliver our work program internally, but there are certain skills that we don't have. There are certain parts of work that are not as steady and quite volatile, that we bring in contractors to use, but our first port of call is always our internal staff.

At certain times during storms, you just have no choice, you have to use a wider range of resources and I'm happy to report that our flexible delivery money model allows that, but the first port of call is always our in-house staff and that's why we have apprentices, that's why we're refreshing, that's why we have a training school. That's why we train our own people up. So that's absolutely the first port of call, with respect to the transformation we've gone through in the reduction, actually, the analysis that we carried out found that the field force was resourced correctly for the level of work that we were doing and all of the reductions in full-time equivalents where we have reduced net about- we're always recruiting people and people are leaving its part and all run the business, but net, we've reduced by about 77 staff, none of those have been in the field.

All of them have been from the executive team, right the way down through management because that's where we have focused in terms of getting more efficient.

Mr BAYLEY - To which management?

Mr McGOLDRICK - Right the way down through all the management.

Mr BAYLEY - Thank you.

Mr O'BYRNE - Back to the enterprise agreement, you've used essentially \$5.5 million of taxpayer's money to swamp the vote, out of 899 people that did vote, if 10 people had voted a different way, the result would have been different. This is not a ringing endorsement of your approach. Last year, you were wringing your hands about the safety and the morale of your staff. Surely, and in many examples across the country, when you don't get a majority, a convincing majority, companies make the decision not to be belligerent, but actually go back and say, well, 50.3 per cent, 10 people out of 900, it's not really a ringing endorsement. Let's go back to the table. Did you at any stage think that it would be reasonable, when very close to half of your staff have rejected the offer from TasNetworks, to go back to the table to see if you could actually try and form some sort of consensus in the interest of morale?

Mr McGOLDRICK - I'm very happy that the vote got up.

Mr O'BYRNE - Are you happy with that?

Mr McGOLDRICK - We have work to do, of course, which we have already started. There are things that we can do to improve our offering. We are working on those cooperatively with all of the representatives in the business. I think it's important to realise that people voted for this agreement, and while it was a small majority, always in the history of TasNetworks, enterprise agreements have been passed by a small majority. It's one of those things -

Mr O'BYRNE - And that's a virtue, is it?

Mr McGOLDRICK - That's not a virtue, that is a reality. I'm just saying that this particular employment agreement, negotiation and vote were no different than many others that we have seen in this business, and indeed that we're seeing around the National Electricity Market at the moment. We are one of the few businesses that got a vote and got our agreement accepted on the first ask. I believe that was because we listened very carefully to our employees, we negotiated fairly, we engaged with them, we modified our offer, and we worked cooperatively to get an agreement. We have the agreement. I'm very hopeful that that will be ratified in the coming days by Fair Work. Then we will move forward and implement the agreement. That doesn't mean that engagement with our employees stops. That doesn't mean that we won't change the way we do things inside the business. That's continually evolving. We will be engaging every day through the next years until we reach a point where we have to negotiate another agreement. That's just part of the cycle in our industry.

Mr O'BYRNE - Why didn't you consider splitting the agreements in a number of organisations, when you have different cohorts of workers based on skills? Happens in the public sector, happens in the private sector. Why didn't you acknowledge that a particular part of your workforce had a particular set of issues that could be dealt with by a separate agreement, where you didn't have to put \$6000 on the table for every staff member to swamp the vote? Why didn't you consider splitting the agreement?

Mr McGOLDRICK - I believe, as a business, our customers view us as one entity. They view us as TasNetworks. We deliver -

Mr O'BYRNE - This is not a marketing thing.

Mr McGOLDRICK - for the power system and for our customers as one group. We are one business. We are better together, and therefore, I passionately believe it is better to have one employment agreement - with different schedules that cover different particular issues for different types of workers, which we do - but I passionately believe that it is the right thing to have one employment agreement. I also suggest that that is not uncommon in the rest of our industry.

Ms FINLAY - Earlier, you mentioned the consideration for early works that has been submitted to the regulator. I'm just wanting to understand, similarly to the question that I asked around Basslink, but you were not in a position to provide any information. With this one you have made the submission. I'm wanting to understand the impact of the increase of transmission costs on retail customers, small businesses and the major industrials.

Mr McGOLDRICK - I will hand to Mr Westenberg shortly. Just to say that our strategy is to put in for early works so that we can have recovery of that and we can get on and get better cost estimates, and progress then through another submission through an accurate submission for our construction phase. It's a deliberate strategy to split. The vast majority of the cost will be in the second phase. This first phase -

Ms FINLAY - But there still will be - yeah.

Mr McGOLDRICK - is very necessary. There is cost, and we'll talk about that, but it's very necessary to get better definition on the greater expense.

Ms FINLAY - Not questioning the process, just wanting to understand the impact.

Mr WESTENBERG - I will have to confirm - you're wanting to know the price impact of just the CPA 1 application, is that correct?

Ms FINLAY - At this stage, yes. Well, I was keen on understanding what you had modelled the price impacts to be on the Basslink - that wasn't necessarily forthcoming - even within a range. Yes, for this early works.

Mr WESTENBERG - I will get back to you in a moment on those. What we've done with the CPA 1 application, there are a couple of elements to it. One, when we put the application in, it is subject to deep concessional finance arrangements by the CEFC. We haven't got those yet, so when we've been talking to the customers - and you will have to excuse me, but most of my contract has been with the major industrials, so we've been talking specifically around their price changes - we've provided them with the price change with no concessional finance, and then we've had to provide them with a range of what it may be once we have the signed agreement with the Clean Energy Finance Corporation.

I'll check for you in a moment and we'll come back to you with the price elements, noting that what we can provide is obviously just a network charge, which is one component of the pricing and doesn't take into account any savings in the wholesale energy pricing -

Ms FINLAY - That may or may not come across. I have a particular interest that there are layers of the cake that are building now. There will be the layer of increased transmission once Basslink becomes regulated. There will be the layer with these early works; I get that that is a portion of the overall works. There'll be the layer when Marinus comes on. There are a lot of increases in transmission that are building over time, and that puts pressure on in the future when it arrives as prices will increase to that point that there may or may not be a benefit from Marinus on prices. I'm interested in that.

The other piece that I'm interested in to do with transmission is the status of your conversations with landowners under the transmission project, predominantly being represented by TasFarmers. As I understand it, there's a significant gap between the position of TasNetworks and TasFarmers in terms of what would be reasonable for that strategic benefit payment. I'm wondering if you can outline to the committee your thoughts, not about your position nor of TasFarmers' position, but what you're going to do to find agreement on those.

Mr DUIGAN - I will make some opening comments that I have regular updates from TasNetworks. Staff are out in the field and doing this work in the North West Transmission -

Ms FINLAY - You get regular updates on everything, except that other one.

Mr DUIGAN - Well, it is a delicate piece of work. It is, because you're asking people to host infrastructure, but we're also needing to deliver these things, as you've outlined, for a cost that is reasonable for our consumers, large and small here in Tasmania. There is work that's been going on for a long period of time. It's sensitive work. It's gentle - I hope - work, and we would seek to find a place that we all can land.

Ms FINLAY - But it does need to be work that gets to an outcome.

Mr DUIGAN - Yes, it does.

Ms FINLAY - That's where I'm interested, given you find yourselves poles apart, what is going to happen to bring that together to a reasonable position?

Mr GILL - You're quite right. A very important matter in relation to building any transmission infrastructure is the connection with the community underneath, and in particular the farming community in Tasmania. We've had a pretty long set of discussions to get to a point, but we haven't been able to get fully connected. I will let Sean perhaps outline some of that background.

Mr McGOLDRICK - Your question is in two parts, so I'll start with the landowner first of all. I can report that on stage one of the North West TD, we're actively engaged with all of the landowners there. Each landowner has an individual land agent that works through the concerns they have. They can vary from the location of the towers on the site to when the work might be carried out with respect to their own production on the farm. A range of different issues are dealt with delicately.

Compensation is, of course, a primary issue, and it's important to realise there are two different elements of compensation here. There's the *Land Acquisition Act*, which indeed for most landowners is the predominant amount of money that they'll get in terms of compensation. Then there's the strategic benefit payment.

In terms of impact on their produce and their production cycle and what we have to pay in terms of getting an easement across the land, that's governed by the *Land Acquisition Act*. We are working directly with landowners to make them offers to calculate the amount of money that they would receive as compensation, should they host the infrastructure. That's progressing. A number of parties have had those offers and indeed some have accepted those offers. That's in progress and will continue for a number of years.

With respect to the strategic benefit payments, we have been negotiating with TasFarmers on this matter. We've had offer and counteroffer go back and forth. That process will continue. Indeed, I'm meeting next week with TasFarmers again, with the president and CEO, to sit down and try and progress this. We are a large way apart, but we've had a good engagement and we're looking at different options that might move this forward. As the chair said, it is a delicate matter.

I would just like to make the point that the strategic benefit payment, important though it is, is not as important as getting the land acquisition compensation correct and the access correct.

Ms FINLAY - However, to farmers, it is important. Are you empowered by the board to have a counter position? Are you empowered to actually move from the position that you're in in those conversations that you have with TasFarmers next week with the CEO and chair?

Mr McGOLDRICK - We have a negotiating range, as prudent in these situations, and we're working on that.

Mr DUIGAN - I think it's probably fair to say that while strategic benefit payments are part of the TasNetworks statement of expectation to continue those negotiations, ultimately the final decision will be made by the government.

Mr McGOLDRICK - If I could just answer the second part of your question, which is to do with the accumulating costs of the different elements associated with the transition that we're going through in this country towards a renewable and clean energy source.

Yes, there are lots of transmission costs that are going to come in, but it's important to understand that each one of those elements has gone through a rigorous economic cost-benefit analysis carried out by the Australian Energy Regulator and indeed certain elements by the Australian Energy Market Operator. It's the so-called RIT-T test. If it doesn't have a positive benefit, it will not progress. This is a very important step. The North West TD as part of Project Marinus has passed that step.

Ms FINLAY - Stage 1?

Mr McGOLDRICK - Stage 1. There will be benefits associated with that. That's checked every so often. That continues to be checked. What I can say is that the North West TD Stage 1 and Project Marinus Link in total is positive in terms of economics. There are also a range of different improvements for us as a regional operator here to have that extra interconnection.

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Whatever costs, there are benefits that have been independently verified. It's important to bear that in mind.

Ms FINLAY - Are you able to share with the committee the current -

CHAIR - I'm going to move on, Ms Finlay, to Mr Bayley.

Mr BAYLEY - On the North West Transmission project, I'm just keen to understand what contracts have been entered into and the value of those contracts.

Mr GILL - Getting contractors for large projects in the transmission game is a pretty challenging matter, because in the rest of the country, everyone wants to build projects at the moment. We've been in the process of getting our major construction contract negotiated over some time. We are close to the point of resolving that, but we haven't finally resolved it. I'll let Sean elaborate a bit further, but we'd hope to be able to get this sorted by Christmas and then we'll be able to outline it all.

Mr McGOLDRICK - We've had a very thorough and patient procurement event around signing up a head contractor to work with us to deliver this infrastructure for the North West TD Stage 1.

I thank all of the participants in that. We've had a lot of process, a lot of probity, a lot of negotiations. I'm hopeful that, as the chairman has said, we will be in a position to announce who that head contractor is and sign a contract in that regard prior to year end.

It's an important step. We have to secure that. All things will then flow from that. We have some long lead time items that are subject to the regulatory submission, CPA 1, that we talked about earlier. If we get that approval, we will then be able to go into the market to procure some equipment, get some factory slots in different parts of the world, get some key equipment and secure that. That would be the next step.

Then we would do some detailed Geotech, and we'll have some procurement associated with that so that we can sharpen up the price, and then we go into the construction phase. But the next key procurement event in order would be first of all the head contractor, hopefully by year end, and then long lead time items, which we'll be securing sometime between now and mid next year.

Mr BAYLEY - How much have you spent on the project to date?

Mr McGOLDRICK - In terms of the spend on the development phase of the project?

Mr WESTENBERG - Overall, the CPA1 application - we're looking for \$151 million, which includes our spend to date, which I'll validate in a minute, right up until the period of financial investment decision and starting construction.

Mr McGOLDRICK - Including long lead time items.

Mr WESTENBERG - I believe it's been around \$50 million to \$60 million. I'll just check on that. The CPA1 application and the impact of that on customer pricing for the next four years is about 0.4 per cent for that component.

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Mr BAYLEY - Can you say that again? what was that?

Mr McGOLDRICK - The impact of the CPA1 costs on the price is 0.4 per cent.

Mr WESTENBERG - Average over four years.

Mr BAYLEY - Just on that, in terms of the actual sticking points is it fair to say that the negotiation with farmers that Ms Finlay was interrogating earlier is the main sticking point still in terms of route selection and land?

Mr McGOLDRICK - It's an important element to get right, but I wouldn't say it's a main sticking point. This is all about landowners and working closely with landowners, and making sure they're comfortable to host our assets. I think another critical issue will be getting the necessary permits and approvals in terms of the environmental approvals. That's a big step.

Yes, it's about strategic benefit payment. Yes, it's very much about landowners and getting them comfortable, but it's also about getting environmental approvals. Then of course you're into the construction phase.

Mr DUIGAN - If I may, the timing element - the contingent nature of Marinus Link and of course the North West Transmission Developments being delivered in a timely way so that they work together - is very important in everybody's thinking. There are some timelines that need to be considered and factored in as we look to potentially deliver the project along its delivery timeline, should we go through the gateway to final investment.

Mr GARLAND - The 115-kilometre transmission line planned for Robbins Island to Hampshire Hills - what is the current cost estimate on that?

Mr McGOLDRICK - That's not a regulated asset. It's an asset that the proponent can put out to tender, and we may or may not bid on that if it comes out. I don't have a current cost on that.

Mr GARLAND - Right. ACEN have expressed interest in funding it as a designated network asset. Is that correct? They're hoping you'll manage it and seek other parties to offset the cost. Is that correct?

Mr McGOLDRICK - As part of the normal development of the power system, an unregulated asset of that nature, built as a DNA, if other parties then wish to connect, can become a regulated asset and part of our core network. Absolutely, if that occurs, we would be the natural party to operate that and maintain it, but as yet there is no such asset. There is a proponent who wishes to connect.

We will connect the regulated part of that asset at Hampshire Hills, for example, when they make a connection application, but how they get to Hampshire Hills is up to them and at their cost. If subsequently other parties use that, then it will become a regulated asset and we'll operate and maintain it.

Mr O'BYRNE - I just want to take you back to June of this year where there was an extended blackout in Launceston, and hopefully you can clarify this for me. Obviously, this

was during the time that there was protected industrial action going on, and my understanding was that it was a massive fault because of a switching incident. My understanding was when the blackout occurred, you fast-tracked a number of contractors to get accredited to do the work and, in part, it's alleged that because of the lack of training, procedures were not followed and the blackout was extended and it exacerbated the problem with the fault. Did you fast-track accreditation of contractors at that time and did that have an impact on the extension of the blackout in the CBD of Launceston?

Mr McGOLDRICK - I'm happy to take that question. Just to make sure we're talking about the same event, I believe the event you were mentioning, which is to do with the stadium and around there and indeed the university precinct, was in August?

Mr O'BYRNE - Okay.

Mr McGOLDRICK - If we're aligned on that, let me assure the committee that we are a certified training organisation and we have appropriate qualified personnel who train all contractors operating on the electricity system here on the island. We needed to train up people because of a lack of available switching operators and we did so correctly and prudently and they were fully trained people who were operating the system. What occurred was an asset failure, it was not to do with the switching operations, which were followed correctly, but the fact was that we were in a very fragile stage at that time because of a number of outages and because some of the industrial action that was taken didn't put back the outages at that time in a timely way. We did train up some contractors who went in and worked very professionally and did their job, but there was an asset failure; it was an older asset.

We recovered from that in due course and the self-same operators worked on that and recovered it and we got the power back to the CBD, the stadium and, most importantly, the university so the students could get back into their accommodation in as timely a fashion as possible. I'm happy to report that I'm comfortable with the qualifications of those operators and their professionalism.

Mr BEHRAKIS - Minister, can you and your team please outline how TasNetworks is bringing community batteries to Tasmania and how they can benefit Tasmanians?

Mr DUIGAN - Thank you, Mr Behrakis. I know this is a pretty topical subject these days and rightly so. Community batteries are an exciting development in green technology. They store electricity from multiple premises on the low voltage distribution network and they can store surplus electricity that's generated from rooftop solar, allowing that stored power to be used at other more convenient times. Community batteries have several benefits, including reducing emissions by allowing clean solar to be stored locally, not wasted; allowing solar energy to be stored and used when the sun isn't shining; supporting the growth uptake of rooftop solar panel installations, potentially providing a local backup when part of the network is affected by an outage; and helping TasNetworks reduce some network operating costs, thereby reducing the overall electricity cost for Tasmanians.

TasNetworks currently plans to install eight community batteries across Tasmania with capacity ranging from 250 up to 400 kilowatt hours. The first two batteries will be installed in Shorewell Park in Burnie and Glebe Hill in Howrah and I believe are progressing well. They are expected to be installed and operating by April. Noting there are another six the CEO might have more detail to add to that in terms of how those particular installations are going.

Mr McGOLDRICK - Thank you, minister. There is good progress on the two. With respect to the further six, we're deep in community engagement and planning approvals for those. A preferred battery supplier has been identified through an open tender process and we're also preparing a tender process for the operator. The first three of those six further batteries are expected to be installed and operating by July of next year, with the remaining three running up until the end of 2025.

Mr DUIGAN - Interesting developments.

Ms FINLAY - Following on from the questions from Mr Bayley earlier, is there any truth to the suggestion that one of the unsuccessful contractors for the single delivery partner process would have been able to secure the project on the transmission line? It's been suggested to me that, as an outcome in the documentation, it says that people are going to obviously miss out and they might leave the market or might have other impediments and it's been suggested to me that the cure for that other significant entity is that they would be successful on the other tender.

Mr GOLDRICK - I say very clearly that these things are absolutely separate. With respect to who, if we go forward with procurement for a single tier 1 tender or contractor, might eventuate out of that is a decision in the future. We have not even begun that process yet. With respect to the procurement of a head contractor for the North West TD stage 1, that's something that is live in procurement at the moment. I don't wish to talk any more about that; an announcement will be made in due course, but these are very separate processes.

Ms FINLAY - The strategic benefit project process has been raised by TasFarmers, but a particular farmer has raised an issue with me that I've heard on repeat. He's an irrigator on the north-west coast who irrigates his potatoes and he needs to get power to his irrigator. He submits a process for connection with a certain number of weeks in advance and a quote is provided and the expectation is that making that application with the quote payment upfront being provided is an agreement on the project that will be delivered. He ordered his irrigator from America. It's come and has been put together and installed and all he needs now is the power connection but there's been indications of delays. I hear this quite often, that now we've got an irrigator on the north-west coast running his irrigator by diesel because the connection isn't provided or isn't ready to be provided. It takes longer to get an irrigator from America here installed and put together than it does to create the connection, but he said specifically on his issue that the TasNetworks infrastructure is one metre outside his fence line and this has caused the problem that he now has to either put a private pole on his property because there is a concern around -

CHAIR - Sorry, Ms Finlay, I need a question.

Ms FINLAY - My question is, and I hear this repeatedly, for a one-metre underground line to connect an irrigator to a TasNetworks piece of infrastructure, what is the government doing to ensure that these sorts of concerns don't delay clean energy to irrigators on the north-west coast? It appears to me it's got something to do with nobody taking responsibility, whether it be state council or TasNetworks and the Dial Before You Dig responsibility for those short sections of line. It doesn't seem reasonable to me that we'd be duplicating infrastructure to provide a simple solution. What will we be doing about that, minister?

Mr DUIGAN - This is one that I am aware of and I think you are right. I've heard it less so in that context, but more in the context of someone seeking to go underground under a nature strip or a footpath. I understand in certain circumstances it's about council providing the sign-off for that to occur. I don't want to see a pole one metre from another pole. I don't think that's a reasonable outcome and it's my expectation that we will find our way through this. I will ask the CEO perhaps to provide some context around it, but from the government's perspective, I don't think it's reasonable and we need to find a way through it.

Mr McGOLDRICK - This was brought to my attention last week and it's something that we're now actively engaged between electrical contractors, ourselves and councils to try to resolve. The issue is how we put those assets into what used to be called Dial Before You Dig to make sure that they're safely logged. They're not our assets, so we shouldn't put them in. They're not the council's assets, typically. The individual whose assets they are, who are typically households or farmers, are not expert in this area, so we're trying to resolve this and we're going to work cooperatively to find a reasonable resolution. It is not reasonable to expect private landowners to work through Dial Before You Dig and get that done. It's not reasonable to have infrastructure just put up for the sake of infrastructure so it's a matter that we're trying to resolve.

Ms FINLAY - It sounds like we're all talking about the same person, but in the event that we're not, I might put them in contact with you so that they don't have to put up their own private power pole.

Mr DUIGAN - I was going to say that, if you wouldn't mind passing that person on to me, we'll seek to resolve.

Mr BAYLEY - Can I just ask about raptors?

Mr McGOLDRICK - Yes.

Mr BAYLEY - I know TasNetworks has done significant work over years, including with community advocates around raptor protection and so forth. Can I ask, I guess the outset, what recorded number of raptor deaths you've had in the last year, and can it be broken down in species, what level of detail you have there?

Mr McGOLDRICK - Yes, we have that in detail. I'll hand to Renee to answer in a second, but just to say, happy to report there has been a 40 per cent reduction in the number of raptor deaths this year. However, I'd caution in that this is a volatile statistic, and it does depend on reporting and a range of different things, which is why we monitor it over multiple years. Happy to give the exact numbers.

Ms ANDERSON - We had 11 threatened bird species impacted by our power line infrastructure last year. This is broken down to eight wedge-tailed eagles, one white-bellied sea eagle, and two grey goshawks.

Mr BAYLEY - Across the network, how many flappers were installed over 2024? What commitments have you got going forward in relation to insulation of flappers and the perches on top of poles and other mitigation devices?

Ms ANDERSON - I don't have the flapper numbers, but I can say that we did mitigate 140 kilometres of line in the last 12 months. So far, that's around 600 kilometres of the whole distribution network that we have mitigation on. That covers, as you've said, flappers, perches, and also our new delta positioning where the wires are positioned further apart so that birds don't strike their wings on the wires. We've actually introduced that into our construction manual as part of a normal way that we will now construct poles going forward.

We do take most of our mitigation planning off our high-risk bird strike models. We have modelling around the state that tells us where mating pairs are, where there are high numbers of threatened species, and that's where we focus our efforts. We also have a commitment within a certain timeframe if there is an incident that is on an unmitigated part of the line that we will respond to that within a number of days to ensure that we have mitigation on those parts of the line.

Mr BAYLEY - Going forward, what level of commitment have you got to the same level of rollout - is it sort of similar? What are you doing in terms of working with community advocates and experts?

Ms ANDERSON - We have a commitment of at least \$4 million over the next five years to continue our mitigation work. We actually have our own internal target that we would like to see a 25 per cent real and ongoing reduction in bird strikes by 2032.

We have a number of partnerships, and particularly this year we entered into two three-year term partnerships with Bonorong Wildlife Sanctuary. We support their critical care team. If a raptor is injured, it gets taken to Bonorong, and that team provides help, assistance and veterinary care to those raptors. Also a three-year partnership with the Tasmanian Wildlife Hospital in Forth. They've started to build their own specific raptor recovery facility there.

We also engage closely with the university. We participate in a number of community activities in terms of counting the number of raptors that we have, particularly wedge-tailed eagles, in this state, to really help us try and get, for the state, a better understanding of population numbers. Also the TMAG museum and art gallery, we have a close relationship with them in terms of raptor recovery and also statistics on raptor deaths.

Mr BAYLEY - And those two reduction -

CHAIR - Sorry, I'm going to move on. Mr O'Byrne for one question.

Mr O'BYRNE - Can I do a double-barrel? Back to the blackouts in Launceston, the information that I've been provided is that a normal induction for accreditation and induction for that task is a week-long course with a logbook and some supervision over a period of time. The information that I've been provided is that that was a process that was not used, that there was more of a recognition of prior learning process, which was an exception to the rule, that you've not done that before. As a part of that, could you provide the committee information about how much, if any, compensation that was paid from TasNetworks to those that were affected by the blackout?

Mr McGOLDRICK - In terms of -

CHAIR - Interesting finish to the question, but okay.

Mr McGOLDRICK - In terms of compensation for the blackout, I'm not sure that the duration of that blackout met - subject to correction - our guaranteed service level payment threshold. Not quite sure about that. That would be the compensation that we paid out.

With respect to the process that was gone through, a recognition of prior learning was taken into account in this case. That is an absolutely legitimate way to qualify somebody to work. We had people who were familiar with our network, indeed had worked in our network and worked with TasNetworks previously, they had substantial prior learning that was verified independently by the trainers. Then they worked through the remaining parts of the certification process and were duly certified, as we're entitled to do as a registered training organisation of some note in the state. We worked to make sure that those people were correctly trained and familiar with our assets, which they were.

Mr O'BYRNE - Is that the first time you've done that? The use of an RPL process as opposed to the normal standard induction and accreditation?

Mr McGOLDRICK - Look, I can't speak to every occasion because TasNetworks is in business for over 10 years. What I can say is that in many jurisdictions, other jurisdictions I've worked in, I have previously used this process myself. It is not uncommon.

Mr GARLAND - I recently went down to Raptor Refuge at Kettering. What assistance do you give them, if any at all, with dealing with these birds that are affected by your transmission lines? Because he seems to be struggling for funding and needs a bit of a leg up. He had eight or ten wedgies there, two or three goshawks, quite a range of birds. I'm just wondering, do you work actively with him and help him or fund him in any way to do the work he does?

Mr McGOLDRICK - Look, excellent work carried out by Raptor Refuge. Over a number of years, we did invest heavily in sponsoring Raptor Refuge. It frankly was time then to move on, to bring other facilities up to the mark in this regard.

I'd just like to commend the work that's carried out by Raptor Refuge and indeed by the Tasmanian Wildlife Hospital in Forth and by Bonorong. These are notable elements in our attempts to improve our interaction with the raptors throughout the island, an iconic species that we're determined to protect as best we can.

Over a number of years, we had a relationship. We don't currently have a relationship. We're now investing in Bonorong in the south and the Tasmanian Wildlife Hospital in Forth in the north.

Ms FINLAY - The overall conversation that's happening with government around GBE reform, I'm just wanting to get an insight into the current conversations and the process that you're considering internally around that. Also, whether there are any conversations internally around exit strategies from public ownership, any privatisation conversations more generally, and what role the government has called on you to participate in with the GBE reform.

Mr DUIGAN - I'll make a quick statement. As government, no direction around privatisation or investment have been made to TasNetworks.

Ms FINLAY - More generally in the GBE reform process?

Mr GILL - I can assure you that we're not contemplating any privatisation issues. We've got many other things to worry about.

In relation to the GBE reform process, probably the biggest thing that has happened this year for us is really an agreement on the new statement of expectations. The last time this was done was seven years ago. It's really had a good working over. I'm very comfortable with where it's landed. It's a good guiding document for us, I hope for the next five years plus. I can assure you that the board has that document very much at its fore.

We've been through the document that has been prepared on general GBE reforms. My view is that much of it is already happening in inside TasNetworks. Issues like reporting monthly - we already report monthly. I know you've raised some issues today, but I can assure you that the level of communication between us and the minister - it was a personal issue of mine and I've worked very hard to ensure that issues are brought to the minister's attention, despite the matters that have been raised today.

I think that, all those matters, I see TasNetworks as being very well ahead with any of the issues that are being raised. TasNetworks is obviously very comfortable to discuss them because, at the end of the day, the shareholder is the shareholder and we are there for the shareholder who represent Tasmanians.

CHAIR - I'm going to go to Mr Bayley for one.

Mr BAYLEY - One?

CHAIR - One.

Mr BAYLEY - One. Okay, thank you. I want to ask about 42-24. It has a great website, it's offering some interesting products like dark fibre wavelength, you know, FWaaS. I am interested in knowing how that is going. How many people are taking up this kind of product offering, and what's the annual turnover of 42-24 as a standalone entity and compared to expenditure, is it making a profit for the business more broadly?

Mr McGOLDRICK - I'm happy to report it is making a profit. Before I hand over to Mr Westenberg for the detail on that, just to say 42-24 is subsidiary ring-fence business, but it is very much part of our corporate family -

Mr BAYLEY - Can you just explain what that you mean by that in terms of ring-fence, and I think you also described it as earlier as the unregulated arm?

Mr McGOLDRICK - Yes.

Mr BAYLEY - Can you just unpack that for us?

Mr McGOLDRICK - We have telecommunications, and TasNetworks, for its own purposes, keeping the power system safe and reliable, has telecommunication circuits, fibre, wraparound and various different other radio signals and so on that it uses to control the power network. That system itself, we have 30 plus people working on it. We have, you know,

hundreds of kilometres of assets. We have 16 hilltop stations, so we've quite a telecommunications infrastructure and a telecommunications licence.

Mr BAYLEY - To deal with your network, that manages the network only?

Mr McGOLDRICK - To deal with our network, exactly. Now, that has extra capacity on it. The intention is that we take that extra capacity and offer it to the market and make a profit doing so, but also provide a service to Tasmanians in a niche in the market. That is 42-24's job. It has to be unregulated because we are not allowed to charge the customers who pay for electricity for that unregulated service. So, it is unregulated, it has a separate licence, it sells the excess capacity, that's why it's called unregulated.

It's ring-fenced because the regulator, the Australian Energy Regulator, insists that we keep these things separate and apart.

Mr BAYLEY - So, he doesn't have to look at it, he doesn't consider it at all?

Mr McGOLDRICK - No cross-subsidisation, yes. In terms of profit, if I could just -

Mr WESTENBERG - Certainly, so the revenue target for 42-24 this year is just under \$20 million, and the profit target's \$1.69 million. They're on track for their revenue target and are currently over-forecast for their profit target. It is really important to note that, as part of our strategic review earlier this year, we relooked at 42-24 and really focused in on the core of utilising TasNetwork's current assets. You'll find a reduction, probably in past years of revenue, but an increase in profitability, very much aligned with feedback on ensuring that we focus on the core and we leverage the infrastructure that TasNetworks already has.

Ms FINLAY - You just answered the question that I was going to ask, that being was there not an adverse finding on 42-24's participation in market activity in terms of its competition? Is that review -

Mr WESTENBERG - I wasn't aware of an adverse finding. Obviously, anytime, with looking at a unregulated space or a commercial area, we are always conscious of the community and other businesses in that area. We had previously looked at some areas such as cybersecurity and IT infrastructure, where we focused really on leveraging what TasNetworks' current infrastructure has.

Ms FINLAY - Yes, okay, and that wasn't as a result of any external reporting?

Mr GILL - No. Essentially, when we looked at the business, we have so many other things we want to do. This is an area that we felt needed to be very tight and so that's what we did. We simplified it.

Ms FINLAY - Okay, interesting.

Mr BAYLEY - Can I ask, in terms of outward facing, what are some of the projects - do the public see any projects that it's working on? What are the sort of products that it's offering?

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Mr McGOLDRICK - We regularly bid competitively for projects. One of the projects that would be notable in the last while and out in the public domain is we're improving the fibre connectivity on the West Coast into Tullah. Michael, would you?

Mr WESTENBERG - Yes, that's part of the Regional Connectivity Program, which is an Australian government initiative.

CHAIR - Sorry, but the time for scrutiny has expired as it's 1.45 p.m.. Thank you all for your attendance. We'll take a break and return for the next session at 2.45 p.m. with TasPorts.

The witnesses withdrew.

The committee suspended at 1.45 p.m.