

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into the Closure of the Hazelwood and Yallourn Power Stations

Traralgon—Wednesday, 24 November 2021

MEMBERS

Mr Enver Erdogan—Chair

Mr Bernie Finn—Deputy Chair

Mr Rodney Barton

Mr Mark Gepp

Mrs Bev McArthur

Mr Tim Quilty

Mr Lee Tarlamis

PARTICIPATING MEMBERS

Dr Matthew Bach

Ms Melina Bath

Dr Catherine Cumming

Mr David Davis

Mr David Limbrick

Ms Wendy Lovell

Mr Andy Meddick

Mr Craig Ondarchie

Mr Gordon Rich-Phillips

Ms Harriet Shing

Ms Kaushaliya Vaghela

Ms Sheena Watt

WITNESSES

Mr Geoff Dyke, Victorian District Secretary, and

Mr Mark Richards, Victorian District Vice-President, Mining and Energy Division, Construction, Forestry, Maritime, Mining and Energy Union.

The CHAIR: The Economy and Infrastructure Committee public hearing for the Inquiry into the Closure of the Hazelwood and Yallourn Power Stations continues.

I wish to begin by acknowledging the traditional owners of the land, and I pay my respects to their elders past, present and emerging. I wish to welcome any members of the public that are watching.

My name is Enver Erdogan, and I am Chair of the committee. I would like to introduce my fellow committee members present now: Mr Rod Barton, Ms Melina Bath, Mr Lee Tarlamis and Mr Andy Meddick.

To witnesses giving evidence: all evidence given at this hearing is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during the hearing is protected by law; however, any comment repeated outside of the hearing may not be protected. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded and you will be provided with a transcript following today's hearing. Ultimately transcripts will be made public and put on the committee's website.

We welcome your opening comments but ask that they be kept to a maximum of 10 minutes to allow plenty of time for discussion with the committee and questions. Could you both please state your name and position for the record, for the Hansard team, and then start your presentation. Over to you, Geoff and Mark.

Mr DYKE: Geoff Dyke, CFMEU, Mining and Energy Division, Victorian District branch Secretary.

Mr RICHARDS: Mark Richards, Victorian District Vice-President for the CFMEU, Mining and Energy Division, Victoria.

The CHAIR: Thank you. Over to you.

Mr DYKE: Okay. Look, we have done an assessment of the impacts of closure of Yallourn and Hazelwood power stations. In Victoria that is a dispatchable power loss of around 3060 megawatts. It is a huge reduction in power system synchronous inertia. It is a huge reduction in system reactive power control, and higher power prices are likely as dispatchable gas replaces coal. These things lead to a more expensive, less reliable electricity grid for Victorian consumers and industry energy users.

Within the Latrobe Valley the two stations would cause job losses of 2600 jobs: 1150 direct jobs—we estimate 750 at Hazelwood and 400 at Yallourn in the Latrobe Valley—and 1450 indirect jobs lost in the Latrobe Valley through industrial consumption multipliers. The figure we obtained was for the Committee for Gippsland in one of their previous reports, and a consultant provided that to them. An estimated \$310 million to \$370 million of wage income would be lost in the Latrobe Valley: \$173 million to \$230 million in direct wages lost and \$138 million for indirect job losses. The Latrobe Valley population is likely to decline by up to 5870 people, based on 2.26 persons per household, which is again from the Committee for Gippsland and the bureau of statistics. These things cause the Latrobe Valley community economic and social decline.

We see that there are various opportunities for the Latrobe Valley. If I kick off with renewables and battery storage, looking at what has been announced around the Latrobe Valley and the Gippsland region, 2375 megawatts of renewables and 540 megawatt hours of batteries would only create about 14 direct jobs in the Latrobe Valley. We estimate the Energy Australia 340-megawatt-hour battery would create two jobs on an ongoing basis, AGL's 200-megawatt-hour battery another two jobs, the 300-megawatt Delburn wind farm five jobs and the 75-megawatt Toongabbie Frasers solar farm five jobs. The Star of the South 2000-megawatt offshore wind farm claims to have 200 ongoing jobs, but they are all outside the Latrobe Valley.

With the renewable system power is not dispatchable and energy storage is insufficient in the Latrobe Valley for what is being proposed. Greenhouse gas intensity is near zero but still higher than nuclear and it requires additional gas or diesel firming and synchronous condensers for inertia and voltage control, so there are additional expenses to that that are not in the capital cost. There is an opportunity to repurpose sites with combined-cycle gas turbines. If we built 2770 megawatts of combined-cycle gas turbine, that would create about 87 direct ongoing jobs. The power would be dispatchable, but its energy cost would be the most expensive option. Greenhouse gas intensity is still 0.4 tonnes per megawatt hour of CO₂ equivalent with gas, so it does not achieve net zero by 2050.

If we were to repurpose sites with small modular nuclear reactors, 2770 megawatts of small modular reactors would create 810 direct, well-paying, ongoing jobs. About 1600 jobs in the Latrobe Valley would be required for construction over a decade. The construction jobs would add an estimated \$240 million per year to the region in income. The power is dispatchable and cost competitive with coal. It has the lowest greenhouse gas intensity of any energy source—it is even lower than renewables, because more materials go into building renewables, and more energy—and it provides secure, reliable, low-cost power to Victoria.

The other opportunity is coal to hydrogen with carbon capture and storage. There is the potential to make 225 000 tonnes of hydrogen per year. It has the potential to decarbonise transport. The cost of making hydrogen with coal is only 40 per cent of the cost of making it with renewables, so it is two and a half times as cheap and there are near-zero greenhouse gas emissions with carbon capture and storage. With carbon capture and storage, if a pipeline is developed for that industry, we could attract new carbon-intensive industries to the Latrobe Valley, for example cement manufacture, and store their CO₂ in Bass Strait. Carbon capture and storage would allow the build of new high-efficiency coal-fired power plants with minimal greenhouse gas emissions. With the coal plants we have got here, the most efficient is about 33 per cent. The latest design of coal plants is about 46 or 47 per cent efficient, so it is about 50 per cent more efficient. And coal to hydrogen could lead to thousands of new Latrobe Valley jobs being created. So I guess that is the key gist of it.

There are two other things I just want to touch on. There are two issues we see with the industry transitioning. One is the inequity of redundancy payments to workers. For some workers we have negotiated four weeks pay for each year of service, with various caps. Other workers are only entitled to three weeks redundancy pay for each year of service, with a lower cap. So, for example, at Yallourn power station they have various weeks per year of service, but it is capped at 130 weeks; the Yallourn mine is capped at 52 weeks.

Mr RICHARDS: Sixty.

Mr DYKE: Sixty weeks, sorry. I stand corrected. And it is three weeks for each year of service, whereas in the station it is four to six weeks, so it is quite a difference. Then the people on the gatehouse in security and that, they have only got the NES, so their maximum is like 16 weeks redundancy. So there is a big disparity between the different employers on site on the closure, and we think there should be an industry standard. If you are going to close down an industry, everyone should be on an equal footing. So that is one thing.

The other thing was the worker transition scheme that we trialled for Hazelwood. That was partially successful. We got 90 young employees jobs at the newer power stations and retired 90 workers. Our data suggests that we could have transferred up to 200 workers, or over 200 workers, and the scheme promised to transfer 150. But we believe that that scheme was undermined by a lack of enthusiasm or participation by the generators. So for example, with the new workers that some of the companies had taken on, only 50 per cent of the new workers were Hazelwood workers, even though they already had the power station skills and mining skills. The other 50 per cent came from other regions, which you would imagine would not have the same degree of brown coal mining skills or power station operations. So we think that that scheme is a great idea if you are in an industry that is the spiralling down, but it needs better regulation and it needs some sort of control and coordination to be properly managed to get the maximum benefit. That is basically it.

Mr RICHARDS: I will just add a little bit to what Geoff said. In terms of the worker transfer scheme—I will be up-front about it—if we did not get the support from the state government for the \$266 million, we would have all landed flat on our faces, so I would definitely like to thank, I think, the likes of—she is not here at the moment—Harriet Shing for the considerable efforts in getting that funding. There are no real complaints from me, except that sometimes it felt the money was spent a bit further out, because it is always hard to create new industries. You cannot just invent them. But I would say that it would be great to have a bit more focus on

replacement industry jobs from the industry that is closing down, not just community-based funding or community-focused funding. That is the first thing.

The problem, I think, is we did not get any federal government funds to match. That to me is an absolute power of disappointment from where I sit, because the \$266 million was great to get again, but it would have been good if we had more money to fund new industries. Going back to the worker transfer scheme—and I am not too sure of the time we got here—

The CHAIR: No, that's fine.

Mr RICHARDS: the one concern I had was there was a lack of participation from the generators, and one comment I will make is that EnergyAustralia was the first to put their hand up to talk about joining that scheme but the last to actually sign. Now, there is a problem there in that I believe personally legislation needs to be created, that essentially, for want of a better summary—not to suggest how to fix it—I would say that if you have a redundant group of workers in an industry, anyone within that industry should be recruiting or hiring from that group. Now, whether you need to market test if there is a failure, number one you need an independent person throughout those interview processes. I for one was one of those people that applied for it—went to every job, got to the final few and never once got the job. But that might well be due to my background in pushing for redundancies. So it definitely needs some legislation around that, focusing maybe on a pooled redundancy. I think those are probably the main two points, rather than labouring on about some other things.

Look, with financial assistance federally, matched funding or something like that would be great, and obviously the de facto standard of a redundancy across the industry for all people in that industry, not just those—I mean, they have already been robbed of four years of promised work. 2032 has been cut now to 2028, and for all we know the markets may change and it may potentially close sooner; who knows. So if market forces determine that, we would like to ensure that our workers are still paid until that 2028 after already being robbed of four years. That is probably, I think, enough.

The CHAIR: Yes. No, that is a very good overview, and I would like first to express my appreciation that you have given us the feedback that you were happy with some of the transition payments that the state government did provide—they were helpful—and that it was disappointing to you that the federal government did not contribute any funds to that. But that is going to be my question. So what I am leading to as my first question is: can you just explain why it is important to retrain and skill workers and why it is important for their families experiencing this kind of transition—like, why are these payments so crucial?

Mr RICHARDS: I would just say—I will let Geoff probably finish this question—I do not think it is specifically about finding funding for retraining. Some of our people are the most highly trained in the industry. What they need is industry replacement jobs or jobs that fit in with their current skill set. So if there was a skills audit that clearly defined they could fly an aeroplane, then maybe we would need an aeroplane industry here. We do know that coal to hydrogen is an absolute exact fit: it is a chemical process, we are process workers, and we have got miners that are miners. So they pair up quite well. Geoff, you might want to add to that.

Mr DYKE: Yes, look, the power industry is a process industry. So chemical processing, oil to gas—they are all complementary industries. Manufacturing is not a complementary industry to our workers for their skill set. So those types of heavy industry, if you could attract them to the Latrobe Valley, are sort of what would really reduce the impact, I guess. And that is why, say, if you could get cement manufacturing and carbon capture and storage and bring some of those industries in—you know, it is a process industry, so it would transfer people to like-for-like jobs, if you like, almost.

The CHAIR: I think that was going back to my point. I mean, you have kind of answered a question I had that I was going to ask. Like I say, you agree that there needs to be government intervention, and that is what you called for, Mark. So you are kind of saying there needs to be legislation and government intervention, like how the Latrobe Valley Authority was set up, where the government proactively has to engage and be involved in creating or assisting in that transition, or what you suggested, which was some kind of independent umpire in some circumstances where you feel people are being overlooked for opportunities.

Mr RICHARDS: I do believe we need an LVA equivalent. I do think they need some strong legislation to help them enable some of the things that need to happen. In terms of manufacturing, which does not fit our

workers particularly, in terms of when Yallourn shuts, when Hazelwood was operating there were eight units—so eight boilers and turbines. Yallourn has got four. So when you drop those amounts of overhauls, you end up with less workers having shuts available to them. So when Yallourn shuts, there will be four units there, and as Geoff and I were discussing earlier, with Yallourn's closure they probably have more maintenance work than both Loy Yang A and Loy Yang B put together, because they are an older plant. So that is going to lose. So in terms of manufacturing jobs, say, for example, if we had a brand new electric vehicle facility funded by federal support, that might well fill that need for those fitters.

The CHAIR: Okay. Yes, I understand. On that note I might pass over to my fellow committee members. Mr Barton to go first, and then we will go to Melina, and then to Andy and then Lee. Yes?

Mr BARTON: Thank you. I do not know whether you can explain to us a little bit more about the various types of work—not the skill set of the workers but the contractor workers. How many people who are not protected by an award or those sorts of things within the organisation are going to lose their jobs and end up with nothing?

Mr DYKE: Yes, I think we touched on it in the submission. There are a lot of supply chain contractors, and they might be a local engineering, boilermaker-type company that supplies materials and labour to the station. And they are supplying, you know, heavy materials, heavy manufacturing, and they are going to be greatly impacted by the closure, because, you know, the alternatives—like, where else are they going to do that heavy industrial manufacturing? So yes, we touched on the supply industries and assistance for those companies to perhaps transition to other industries where they can supply stuff.

Mr RICHARDS: One thing in terms of the numbers—it is a bit hard to know, because when Yallourn had the last shut recently, I cannot remember how many months it ran for, but there were about a thousand workers there.

Mr DYKE: There were 600 contractors, yes, on top of the—

Mr RICHARDS: So these things come in ebbs and flows, but sometimes those people might work here and then they might disappear somewhere else to work elsewhere in the meantime. And some of the mining stuff is seasonal due to the weather, so even the mine rehab cannot happen all year round. They get rained out and have to shut down, so in some ways it is seasonal.

Mr DYKE: Yes. We have not touched on the casual jobs in our job losses, we have focused on the permanent jobs. But as Mark said, at the Yallourn recent outage that ran for nearly three months, you know, 600 contractors, significant works. I think they had an outage at Loy Yang A recently. It was 20-something days, and they had 300 contractors.

Mr RICHARDS: That loss of generation income for the valley is not included in terms of Geoff's submission, I believe.

Mr BARTON: We know there has been a bit of work about supporting older workers, but I think most people understand and know that once you turn 55 the chance of you getting another job is almost zero. What is the union's experience around that? Could you tell us?

Mr RICHARDS: I can give them my experience.

Mr DYKE: Well, look, obviously—and this is where the redundancy comes in—if you have only got 16 weeks under the NES, you cannot push it out too far, but if you have got, say one to two years redundancy, if you are 58, you might make it to 60 and you can retire early. But you are dead right, people over 55 are in a really bad spot. They have got a fair bit of experience. If you have a worker transition scheme, they could go to another station and they could work for 10 years. They have got a lot of experience behind them and knowledge.

The CHAIR: Yes, but going back to what Mr Barton is asking, have you noticed a trend where some of those workers are being not prioritised in rehiring, let us put it that way?

Mr RICHARDS: Older workers pushed out?

The CHAIR: Yes. Do you have any anecdotal experience where you have noticed that they are hiring younger people?

Mr RICHARDS: I can tell you—I will not mention them, but a mining company has made comments to their staff along the lines of, ‘It’s a young man’s game’. That job—they put a young person on that, as in, ‘It’s a strong, hard job’. So when you hear comments like that I would not want to go making much more than that.

Mr BARTON: They say that to me in Parliament, mate.

Mr RICHARDS: You are not pulling hoses and pulling your back, I would hope.

Mr BARTON: But I still go in there every day.

Mr DYKE: Look, obviously as the industry downsizes they get a bit more picky and choosier about who they pick, and the older workers are the ones who are going to miss out on that. The reality is there is virtually no-one working in the industry that has got a disability. In fact we have had to rescue people that were employed under the SECV. The company have targeted them to try and get them out of the company. We have had to actually have a full-on crack at them to keep that person’s job. I saw one bloke; he is an older guy. He had worked there for 30 years, and they wanted him to do these reports. He could not read and write, because he had dyslexia or something. They wanted to terminate him instead of giving him alternative duties or whatever. He had been working there for 30 years; he could obviously do the job. That has become more common as the industry has wound down.

Mr RICHARDS: Part of the other problem too is that when you train people to transfer stations, even with the knowledge they have got they still have to learn exactly where the nut is for that wheel and where the steering wheel bolts are or whatever it may be in terms of the car analogy. The company has spent quite a lot of time training them. It is essentially a couple of years until they are 100 per cent up to speed, so companies do not want to hire someone that is going to disappear off the books in 5 to 10 years potentially. That would be what I would suggest.

In terms of my age, I was 47 when I was made redundant at Hazelwood, and since then I have had a couple of different employers—2½ days a week for a year or so and then two days a week since. So from then until now that is the most I have had. I can pick up a job if I move over to Queensland or New South Wales, as a lot of my co-workers have. And by the way, when they have moved there, for example those that went to Liddell power station, they were promised—I believe it is in writing—that they will get a transfer to Bayswater when Liddell closes. So other states are looking at it and doing something similar. Obviously Victoria’s transfer scheme was the first one in Australia, but as I said, we need some legislation to make sure there is a stick, not just a carrot, for these big multinational companies, let us be honest.

The CHAIR: Yes. Very good question, Mr Barton. I might pass over to Ms Bath.

Ms BATH: Thanks, Chair. Thanks for coming in today, gentlemen. You are always a fount of knowledge and expertise. Just looking at the last Latrobe Valley Authority report that I can see, which is the one from 2019, \$20 million for the worker transition scheme was spent. You have said it was 90 jobs and there were supposed to be 150, so it is a 60 per cent success rate, we will say. But doing the maths on that, that equates to about \$222 000 per job out of that scheme.

Mr DYKE: No. The \$20 million was what the state government budgeted, but they spent—

Mr RICHARDS: Nine million dollars or \$11 million?

Mr DYKE: No, it was about \$6 million or something, so it was way less. They budgeted \$20 million and spent about \$6 million.

Ms BATH: That opens the question then: if they spent the \$6 million but they only got a 60 per cent strike rate, what else could have been done with that budgeted \$20 million that was not spent? I guess that is something to consider.

Mr DYKE: One of the things when Hazelwood shut—there was a lot of retraining. I do not know whether you are aware, but they had ex-Hazelwood workers and were training them in asbestos removal because the

place was going to get demolished. So they trained them in asbestos removal, and then they let the tenders to Delta to demolish the place and they let tenders to other companies. So a company came up from Melbourne, brought a whole crew of asbestos workers and removed the asbestos while the Hazelwood blokes that were trained in asbestos removal were still sitting there unemployed. So retraining is only any good if you are going to get a job out of it or if it is going to be worthwhile to you. Just doing retraining for the sake of retraining is worthless. And a lot of our members have got that many skills it is not funny. I would actually question how you retrain someone like that. I will use myself as an example: I have got a heavy truck licence, a forklift licence, boom lift, scaffolder, rigger, dogger, an electrical disconnect-reconnect licence, a gas test licence, an engineering degree, a business degree in accounting and management and a certificate of mechanical design in drafting. What are you going to train me in? I want a job. If I lose a job, I want a job, you know.

Ms BATH: Geoff, can I go to Mark too. You went through the worker transition scheme retraining. What did you do, and what happened to that job that did not eventuate?

Mr RICHARDS: Basically when the training was available I made sure I put my hand up for what I could. I picked up a heavy truck licence, I think, from memory. I did pick up one that did not eventuate, and that was the rail induction card. That was expected to kick off a couple of years later potentially. I think the licensing expired at three years, so that was just a case of timing. When you come back to the transition of jobs and creating new jobs, you do not necessarily want to create the new jobs before the old jobs disappear or you have got a whole new group of workers taking them. You need to have these ready to kick off once the place closes. So for example, if Yallourn was to close in 2028 and you had another industry, it would be nice to have that start in 2028 plus a couple of days or weeks, not prior, otherwise you will get imports taking the jobs. I think a couple came from New South Wales for Loy Yang and Yallourn.

Ms BATH: Thank you. Mark, to your point, I had people in my office quite frustrated that they were doing patient transfer skills—so we will say ambulance but not—and a number of them went through and there were not the jobs there at the end of it. So they were just cycling around for too limited jobs, but still they were able to do that upskilling. Do they move away in order to get that job? They did not wish to. That is one point.

We heard some of the small labour market job figures that have been out—unemployment figures—and the Latrobe City Council CEO related some of those figures: around 8.2 per cent unemployment in the Latrobe Valley; Morwell is high; Moe and Newborough are high; and then Traralgon and Churchill are lower, I guess by demographics. I guess my question relates to: can we afford to lose more jobs? The native timber industry is slated to close by 2030 and step down in 2024. Can we afford to lose more jobs, noting that we are now creeping back up in terms of our unemployment rate in Latrobe Valley?

Mr RICHARDS: The timber industry is not our area, so I would not speak on behalf of the timber industry. What I would say is that I do know that—what were the figures that you quoted?

Ms BATH: The total valley, Latrobe City Council LGA, is about 8.2 per cent, and of that Morwell's rate is about 14.8 per cent.

Mr RICHARDS: Look, in all honesty, we do not ever want to lose more jobs. I am not sure what you are targeting, but what I would say is I know Morwell when Hazelwood was closed was about 20.2 per cent, just for Morwell, for that one town. That has been improved, I think. What did you say? Eight or 14 per cent?

Ms BATH: 14.8 per cent at the moment.

Mr RICHARDS: Yes, so it is definitely an improvement, but they are not necessarily our job areas potentially. We need new industries that match our—

Mr DYKE: Yes, look, I will speak—Mark will not speak to timber. I think it is a disgrace to shut down the timber industry. I will be blunt. We have 7.1 million hectares of native forest, we have got some of the best timber in the world, and we are importing timber and we are putting timber workers out of work. I just think it is disgraceful. And in terms of jobs, unemployment figures, eight point whatever per cent, that does not recognise people that have not got the hours that they want to work, so it is a bit fudged. I will give you an example. My son is a qualified boilermaker. He had a lot of difficulty getting an apprenticeship, could not get one in the Latrobe Valley and had to go out to Mirboo North to get an apprenticeship with a small engineering firm. He has had casual work. He has just booked a flight to Queensland. He is going to go up to Queensland to

work because there is not enough work down here. So people are leaving the area because there is not enough work. There is a lot of work up in Queensland in the area that he is going to, so they are just leaving. People leave. If there are no jobs here, people will leave.

Mr RICHARDS: I would suggest with Australian Paper—I know there is a program to put their waste to energy. Everyone I know is fully supportive of it. The issue is obviously the timing. I am not sure when that will happen, but that is something I think Australian Paper would be quite proud to have kick off. I know there was a bioenergy group looking at stuff, and we have done new training, so we see that as part of the future. We need to go forward. And then there was supposed to be a barramundi farm out the back, but obviously—

Ms SHING: Aquaculture, yes.

Mr RICHARDS: Aquaculture. But these things again go back to timing. Let us say, for instance, someone invented a brand new coal power station with zero emissions. There is no point building one now. You would have to shut the other one down to have people transfer to it, so that is a key point not to be missed. Whatever industry there is needs to be timed.

Ms BATH: Thank you.

The CHAIR: Thank you for that. I might pass over to Mr Meddick for the next question.

Mr MEDDICK: Thank you, Chair. Thank you, Mark. I want to revisit something if I can, just something Mr Barton touched on, which is about the contractor situation. In another lifetime I did quality assurance for refractory companies, and I have been on site and did a bit of work at B and also some petrochem, so I know what the surge capacity is like when you have got a shut on. You have got a lot of workers on site, but I also know that post that you do have contractors who have full-time contracts to supply what are essentially casual workers, and they can work for many, many years, sometimes decades, in a casual situation at the one site, and so in essence they become quasi full-time employees. I was concerned when I read in your submission that these workers received far less satisfactory redundancy payouts and super payouts in the settlements when the negotiations were going on. I just want to ask the one question. In terms of what for me then is a just outcome for these workers, does the overall scheme need to be revisited and an equalisation formula applied that will deliver them a far better short term? I know it is a short-term economic outcome because it will just give them a better payout, but at least that is something while all these other things are still at play—retraining, different jobs et cetera. I just want to hold onto that one thing and see if there is something better that can be done for them.

Mr DYKE: Yes. The redundancy payment is really important because that gives people the financial capacity to wait it out a little bit, do retraining, look for other jobs and all that sort of stuff—restructure their finances, whatever they have got to do. So that is why it is important that it is equitable and you do not have one bloke getting 16 weeks and the other bloke getting two years. It is just not right. You are dead right. I work out at B station, and we had a labour hire bloke that had been out there I think for 13 years. It is ridiculous really. You would regard him as a full-time employee. Even at, say, Yallourn, RTL run the mine and they have been here for 20—longer than 20 years—probably 25 years running the mine. They are an alliance contractor with EnergyAustralia. They are virtually the same thing. EnergyAustralia controls their purse strings and their budgets and everything, but they got three weeks redundancy and up in the station they got four to six for each year of service.

Mr MEDDICK: So they pick up the skilled workforce, with none of the responsibility basically.

Mr DYKE: No, that is it.

Mr RICHARDS: There is another issue, Andy, and that is that towards the end of the power station operations a lot of jobs that would normally get programmed will stretch out to the closure date, so they will do a lot less maintenance towards the end. They will do the minimum safety stuff. So even if you calculate the redundancy for casuals, you would need to take into it the fact that it is not the last 12 months because they might have zero working hours in some of those months.

Mr MEDDICK: And I find it particularly disconcerting that you have got trained people on site with asbestos removal who then lost their jobs, and yet a contractor can come in and do exactly the same work. To

my mind there surely should have been some mechanism that ensured that those who had the job on site previously are the ones that get used for that. And then sure, if there is a shortfall, then take it up with a casual workforce or a contractor workforce, because that is really in broad terms across the country and across the world what a casual workforce was there for to begin with it. It was there to supplement a full-time workforce when there were fluctuations or need.

Mr RICHARDS: Zero disagreement from us. What I would say is very important to know is that—I just lost my train of thought actually—

Ms SHING: It will come to you.

Mr RICHARDS: It will come to me. Give me a minute.

Mr MEDDICK: Feel free to come back to it, if you like, Chair, and move on to someone else to ask a question.

The CHAIR: If it does come back, just intervene. Mr Tarlamis.

Mr TARLAMIS: Yes, I was just interested if you could tell us a little bit more about the Australian first transition program. You spoke a little bit about that earlier, that you were instrumental in leading, working with the Trades and Labour Council, and your involvement and engagement with the Latrobe Valley Authority—the relationship you have got with them and how you have worked with them.

Mr DYKE: Yes. Look, initially obviously when the scheme was first developed, there was a lot of difficulty because we had to negotiate with different private companies. I will be frank, some of them do not like us. One locked our blokes out for 100 days, so they do not like us much, and one terminated our enterprise agreement, so they do not like us. It was pretty hard going from our perspective. The Latrobe Valley Authority at the start started off really enthusiastic. We were getting updates on numbers of people transferred, but then it sort of fell away. One thing that the scheme lost is if you put in place a new scheme and that, it is very important to capture the actual data so that you can look back and say, ‘Well, what can we do to improve that scheme to make it better next time?’. I would have to say that the Latrobe Valley Authority failed in that area a little bit. They did not fully capture the data and highlight key areas for improvement—

Ms SHING: Which data are you talking about, sorry?

Mr DYKE: Like even the number of workers transferred and how many people found work and all that. We got statements like, ‘Everyone got a job’. Well, I know that they have not. They have gone from full-time jobs to doing casual shutdown work and they have not got a job. We did not actually get any—the scheme aimed to redeploy 150 people; it redeployed 90. There was no explanation why they fell 60 short, and the 150 was their minimum target; it was not their maximum. I just think that in terms of capturing the data and what could have been done better, there was a lost opportunity there, because if we want to put something in place for Yallourn, we want to learn from the mistakes of the previous scheme, and we want really clear data to be able to do that, not just innuendo and rumour.

Mr TARLAMIS: When you say the minimum target of 150, whose target was that? Was that a target by the parties to the agreement?

Mr DYKE: Yes, it was a memorandum of understanding between the generators and the union and the government.

Mr TARLAMIS: So that was not the Latrobe Valley Authority’s target?

Mr DYKE: No. No, I am not blaming them. They did not set that target. That was the government, the generators and the unions.

Mr RICHARDS: And just for Harriet’s sake, because I know Harriet missed part of the original conversation, what I mentioned earlier, Harriet, was the \$266 million funds to help kick it all off and how we did not get federal support with that.

Ms SHING: Well, we got \$43-point-something million.

Mr RICHARDS: I do not call that support when you look at what the state put in. But the thing about that—what I was highlighting when you were away, Harriet—is that my concern with all that and the failure was not LVA; it is purely around the lack of legislation to compel the generators to act in this. Now, Geoff would have the numbers on the tip of his tongue, I am sure, about how, when we were getting transfers, the company was downsizing in the background. I will name that company: it was AGL, and they are one of the biggest ones in that industry. So to me that is where the failure is. I will go back to that traditional comment: the carrot and the stick. There was plenty of carrot to help them cooperate and there was no stick, and unfortunately we do not want to see that repeated. And we need an independent person involved in the process.

Mr DYKE: Yes. At AGL we do not represent the whole workforce, but we dropped about 30 to 50 members. They were using the scheme to retire workers and not filling the spots. Well, I would regard that as abuse of the scheme because the scheme is designed to transfer workers. If you are using the scheme to retire a worker and not replace them—admittedly when they did not replace them they did not get the government funding, just to be clear on that. So they did not get government funding when they did it, but they basically used the same scheme to downsize, which is a corruption of the scheme in my view.

Mr MEDDICK: Is that where you were referring to: could this hole have been filled if the government funding in Victoria had been matched by federal funding? It might have been able to take up that shortfall.

Mr RICHARDS: Funding certainly oils the wheels that need it when you are dealing with these companies. They were making something close to a billion dollars at the time. I do not think any form of government supports the big carrot for them. It is publicity, cooperation—anything they may or may not want, whether it is reductions in emissions or—

Mr DYKE: In fairness, we did not use the full \$20 million the state government allocated.

Mr MEDDICK: So this is about being seen to be a good corporate citizen.

Mr DYKE: Yes, you know what I mean. The state government had more money available, but it did not get utilised because the generators were not making the transfers happen. So that is why it did not get utilised.

Mr RICHARDS: So that is why I do not see the LVA as a failure. As I said, the only thing I would say is it did not seem to be as industry focused as we would have liked, but you cannot invent industries overnight. That is the problem.

The CHAIR: I will pass over to Ms Shing to ask a question, if that—Mr Tarlamis, do you—

Ms SHING: Sorry, I am going to be quick because—

The CHAIR: Our normal time is up.

Ms SHING: Yes, that is right. I apologise for time getting away from us. One of the things that has come out in your evidence and submission and also in the materials provided by others is this inherent tension between a privatised environment on the one hand and government's capacity to reach in and to encourage but not compel solutions. This is where I am keen to understand the extent to which privatisation has affected the ability for governments to assist in transition, whether that is the state or indeed the commonwealth, given that companies will make decisions in the interests of their own priorities and that that then has an impact, for example, on the worker transfer scheme and, for example, on the way in which processes and I suppose government presence like the Latrobe Valley Authority can operate. If you could just speak to that, that would be great.

Mr RICHARDS: I can give a quick one before Geoff does. I would say that in the old days—and when I say the old days, before Yallourn W was there—there was Yallourn E station. I went through the place when it was operating; they still had parts of D there. So I got hold of the old documents from the State Electricity Commission, and they essentially transferred people from station to station. It was generically done. To those that wanted to retire they would sort of say, 'Can you do this project? Then we'll let you go', and others would get the job. So we had this in process while it was a publicly owned asset. After Jeff Kennett privatised it, basically it was gone. There was no intercooperation, there was no cross-training, there were no visits to other sites. So I think that is what we have lost. I think companies would be a lot more interested in participating in a

future transition scheme, because originally they had concerns that the workers might not work out. From everything I have heard, every worker that was transferred over has been basically a delight in terms of operating the plan. I mean, Geoff knows; he works with some of them.

Mr DYKE: Look, some of the companies that were reluctant—I work at Loy Yang B, as I said earlier. The blokes that we picked up from Hazelwood were superbly keen and enthusiastic, and the company actually got a bit of a shock. They thought they were going to get these discarded workers, and these workers that came across were highly skilled and enthusiastic and actually added a bit of life into the place. Hopefully that learning will go forward and help.

I agree with you, Harriet; it is hard to blame the government. They are private companies and they are operating in the free market. It is very difficult. The only thing I will say is that all these companies have to pay coal royalties, they have to pay rates and they have to get EPA approval and various other things that the government does control. It is a matter of persuading them, I would say. What I would suggest is that the government has got the ability and the tools to persuade some of these companies to be better corporate citizens.

Ms SHING: Are you saying there should be subsidies for the industry beyond what has already been in place?

Mr DYKE: I guess when we negotiate an enterprise agreement we persuade companies to our point of view. What I am saying is that government has got a lot of tools at its disposal to persuade the generators to be good corporate citizens, and if they use—

Ms SHING: But putting aside corporate citizenry, as far as the worker transfer scheme is concerned, it is at \$22 million. Is that not a persuasive tool around trying to bring the parties together in a privatised environment to the extent the government can intervene?

Mr DYKE: Look, it was. It was fantastic—do not get me wrong.

Ms SHING: That is okay; I am just trying to clarify.

Mr DYKE: And we did not even use all of it. Only \$6 million I think got used. But it is really the commitment from the company to actually participate genuinely and try and make the thing work. They want managerial prerogative—‘I do what I want. No-one tells me what to do’ and all this sort of stuff. You have to persuade them. The government has got enough tools to put their rates up. If they are not going to care about the Latrobe Valley, triple their rates. If they are not going to care about whatever Victoria, triple the coal royalties. They understand dollars and cents. It is just a matter of leaning on them. That is my opinion.

Ms SHING: But would you say the LVA has had a role to play in that?

Mr DYKE: No.

The CHAIR: I think Mark has got a response as well. Mr Richards?

Mr RICHARDS: What I would suggest, Harriet, is that what the government did was great. What was missing was some legislative stick to make sure that the companies have to participate genuinely and an independent person involved in the process.

Ms SHING: Beyond the memorandum of understanding.

Mr RICHARDS: Absolutely beyond that. It needs legislation, I think, to force them to be part of a deal with the redundancy pool of workers. They are an industry, they have got a redundant group within that industry and there needs to be some compulsion to ensure they must pick from there. And if that fails, then it needs market testing of some description.

Mr DYKE: But the memorandum of understanding—when they did not meet the targets, what were the repercussions? There were no repercussions. So at least enter into a contract so you can sue them or something—I do not know.

The CHAIR: Thank you, Geoff, and thank you, Mark. Like I said, I really enjoyed the discussion. I know you are passionate and you are I guess representing people who are on the front line of this economic transition that is taking place in our state and the region—

Mr RICHARDS: On the coalface, so to say.

The CHAIR: Yes, the coalface. I was going to say on the front line, but that is right. You are doing a fantastic job obviously in trying circumstances, so I really appreciate it. Thank you for your submission and the presentation and the discussion. It has been very passionate and very informative to all committee members and will help us going forward. If we have any additional questions coming out afterwards—because there have been different focus points by different members—are you happy for us to reach out if need be?

Mr RICHARDS: Yes, certainly. The thing I could not remember, I still cannot remember the details, but it was in relation to casuals and what happens at downsizing towards the end. I think the last time they were included as part of the participation agreement but there was a clause there about a time frame, and because the company had liened off they were not there to be part of that process. Where we were lucky was that the LVA and the Gippsland Trades and Labour Council managed to at least get them some training that was freed up a little bit outside of probably the memorandum of agreement.

The CHAIR: Thank you. On that point the committee will now take a short break before our next witness.

Witnesses withdrew.