

Extract from Hansard

[ASSEMBLY COMMITTEES A AND B SUPPLEMENTARY INFORMATION — Thursday, 26 May 2016]

p700b-701a

Mr Bill Johnston; Mr Ben Wyatt; Mr Fran Logan

Synergy —

[Supplementary Information No B37.]

Question: Mr W.J. Johnston asked: What is the explanation for the \$81 million increase in the gap between the receivables in 2013–14 and 2014–15?

Answer: The year on year movement in the difference is \$66 million, not \$81 million.

\$81 million is the difference between trade and other receivables for the corporation and the group in financial year 2013-14.

The inter-group receivables relates solely to Vinalco. They increased in 2014-15 as a result of the reversal of a \$77 million provision for impairment.

[Supplementary Information No B38.]

Question: Mr W.J. Johnston asked: How many hours of work did the Synergy chairman put into doing the report on Horizon Power?

Answer: Between mid-January and mid-August 2015 it is estimated that Mr L.G. Rowe spent 58 hours, or approximately 1.9 hours per week, on chairing the committee preparing this report.

[Supplementary Information No B39.]

Question: Mr B.S. Wyatt asked: How much did Synergy pay to sponsor the Committee for Economic Development of Australia event on 1 December last year at which the chairman of Synergy gave a speech and how many Synergy employees attended?

Answer: Synergy paid for two senior staff to attend the event. Thirteen Synergy staff attended following invitations from third parties, or as part of the sponsorship of the event. Synergy did not pay for the additional employees to attend the event.

[Supplementary Information No B40.]

Question: Mr F.M. Logan asked: What is the total amount lent to Premier Coal Ltd so far in accordance with the convertible loan agreement, and when does that convertible loan agreement expire?

Answer: The current balance of the loan (principal + accrued interest) as at 30 April 2016 is \$6,577,838.

The expected total amount of the loan is commercial in confidence.

The principle ceases to accrue on 30 June 2021.

[Supplementary Information No B41.]

Question: Mr F.M. Logan asked: Is the term of the loan under the Premier Coal contract directly related to the length of the actual coal contract or is it for a shorter time?

Answer: : Synergy has a right to convert the loan into a 25 per cent equity stake in Premier Coal Ltd, anytime or mandatorily on 29 June 2030 (this date is directly related to the length of the Coal Supply Agreement).

[Supplementary Information No B42.]

Question: Mr W.J. Johnston asked: How much of the savings from Synergy’s business efficiency program are made up from recurrent expenditure and how much is saved from investing and sustainment expenditure?

Answer: Through the development phase of Synergy’s business efficiency program there has been a minor re-profiling of the benefits schedule from that included in the 2015-16 budget papers, however this does not impact on totals.

BEP Savings (\$M)	2015-16	2016-17	2017-18	2018-19	2019-20	Total
SBF 2015-16 (originally submitted)	50.0	100.0	150.0	150.0	150.0	600.0
SBF 2016-17 (re-profiled)	87.2	103.0	112.0	145.8	152.0	600.0

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Movement	37.20	3.00	-38.00	-4.20	2.00	0.00
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In terms of major categories the following breakdown has been provided by Synergy.

BEP Benefits (\$M)	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Revenue	9.7	8.5	8.5	8.5	8.5	43.7
Costs of goods sold/direct costs	12.9	14.8	14.8	14.8	14.8	72.1
Overheads	38.8	63.7	84.2	84.2	84.2	355.1
Finance & Tax	6.8	7.2	4.5	3.8	3.1	25.4
Capital	19.0	8.8	0.0	34.5	24.1	86.4
Other	0.0	0.0	0.0	0.0	17.3	17.3
Total	87.2	103.0	112.0	145.8	152.0	600.0