

COLLIE COAL (GRIFFIN) AGREEMENT AMENDMENT BILL 2023

Second Reading

Resumed from 15 June.

DR D.J. HONEY (Cottesloe) [1.26 pm]: I indicate at the outset that the opposition will support this bill, but I will make a contribution to the debate on it. The Collie Coal (Griffin) Agreement Act 1979 is due to end on 30 June 2024. The former Premier entered into an agreement with the Griffin Coal Mining Company on 4 May 2023 to extend the agreement act to 30 June 2024. The agreement also provides for an option of a further one-year extension to 30 June 2025. Of course, Parliament must ratify the new agreement through the passage of this amendment bill. The government has made it clear that the bill has to be supported because the absence of the extension of the agreement could result in the cessation of mining by Griffin by 30 June 2023, and I will talk a little bit about the importance of that. Quite clearly, that is not something that we on this side of the house want to see happen. Obviously, that is a primary reason that we are supporting the bill.

The problems at Griffin Coal have been known for some time. If I have a concern about the government's action in this matter, it is that although this agreement has come forward, what other work has been carried out with Griffin to try to keep it going? I will talk a little bit about the money that the government is paying to keep it operating, but what was done before then? Griffin is required to submit five-year mine plans, so I am interested to know whether that has been the case and that those plans have in fact been submitted and approved as required under the original agreement. The concern for everyone in this place, and I am certain for the Premier in his capacity as the minister responsible for state development, is that we keep this operation running for a good period. It would be good to understand how we have got to this point. There is an option for an extension. I hope that the receivers in this case do not see this as an option to kick the can down the road in coming up with further plans for the continuation of this important mine.

As members in this place would know, we are in a reasonably perilous situation with the transition to renewables, which has put pressure on the Collie coal-fired power stations because they are operating in a mode that they do not normally operate in. The Bluewaters coal-fired power station runs pretty well continuously, putting power in the grid. The Synergy stations swing much more. Bluewaters 1 and 2 have 434-megawatt capacity credits in the system, so it can provide up to that much power.

Over the past 12 months, around two-terawatt hours of power has gone into the system, which is a massive amount of energy. It has continuously averaged about 234 megawatts over that 12-year period. It has pretty well been continuous other than some maintenance activities, averaging around 200 to 300 megawatts. That is absolutely critical not only for the stability of our power network, but also to ensure that the lights do not go out. Unusually, we have recently had cloudy days with no wind. Coming back to Parliament last week after the two-week break, we effectively had a week of very limited sun, with almost no wind coming into the system. Only a very small amount of power fed into the grid. As an aside, I might say that no battery on earth could have covered that period. All the coal-fired stations that can operate, including the Bluewater stations, are absolutely pivotal.

Griffin entered into the state agreement in 1979 for a period of 21 years, with an option of a further 21 years. The notes to the current act indicate that the agreement option exercised in November 2002 will expire this year, in 2023. As outlined in the second reading speech when this bill was introduced into the upper house, without this immediate extension, it is considered that the agreement will expire on 30 June 2023.

On top of the government reaching an agreement to introduce this bill into Parliament to allow the receivers to come up with additional mine plans and to keep these operations running, the government has now put in \$23.2 million of taxpayers' money to keep this mine going. I do not disagree that the government has to do everything it possibly can to keep the mine going for the reasons I outlined but it is an eye-watering sum of money. I know the government has a surplus at the moment, but we all know that that money could be used for other purposes. It would be interesting to know whether the government has on the horizon how much more money will be spent to keep that operation going.

There is some history to this agreement. Obviously, Griffin Coal was a company of Ric Stowe's, a very prominent businessperson in Western Australia. It was used to provide coal to government power stations. In the early 2000s, in the midst of a commodity boom, Griffin decided to become a power generator, with the development of the Bluewater power stations. It means that the stations are quite nice and new. That was a critical decision for his company because it involved massive borrowings. Unfortunately for the company, that did not work out. Griffin ceased bidding to provide coal to the Synergy stations, or at least to the government coal stations, whether contracted by Synergy then or not; they might have been contracted by Western Power at that stage. Nevertheless, it did not continue that contract. Those expectations for Bluewaters were not fulfilled and the company collapsed. Ultimately, it was put into receivership and Lanco bought that operation. I think it might have had some aspirations for coal exports as well as continuing to run that station. Interestingly, India has a heavy demand for coal. It has limited coal

supplies of its own. In any case, those plans, if they were afoot, came to nought. The Bluewaters power station was bought by Japanese interests. Lanco paid a high price for that mine. It was funded with debt, with a company that was already carrying significant debt. Since that change of ownership, both the coalmining company and the energy companies have experienced further deterioration in business decisions and outlook. The Bluewaters power plant has been written down to a book value of zero, although, as I pointed out, it is a relatively modern asset. Effectively, that asset has no book value. Clearly, the business projections that were originally used were too optimistic.

Obviously, we have seen a rapid acceleration of renewables and a preference for renewables in the government network. Both sides of politics have done that; it is not something that sits at the foot of this government. Both sides have been keen to see that transition to renewables. Obviously, that has put further pressure on it. Bluewaters is obviously a major customer, but South32 also uses coal to power its refinery. Until it can transition to gas, that is absolutely pivotal. That is a major exporter for our state. Its alumina exports provide critical income for the state. There are real issues in getting additional capacity in the gas pipeline to cope with the transition to coal. That is a real challenge for everyone. I am sure the member for Collie-Preston and others want to see that refinery running for another 60 years if possible. We will have to deal with this issue. In the meantime, we need Griffin to keep mining. That is important.

I do not intend to drag this out; it is a pretty straightforward bill. I have some questions of the Premier; Minister for State and Industry Development. I will go through these in a little detail. Section 21(2) of the original agreement act states that the term of any coalmining lease shall be for a period of 21 years. Section 33, “Variation”, empowers a minister to vary all or any provisions of the agreement. Section 34 of the agreement act, “Power to extend periods”, empowers the minister to extend or vary any date in the agreement at the request of the company. Presumably, that is the power that is being used here.

Is there any reason the company is not seeking a longer extension? At least in this case the receiver is acting on behalf of the company; it is not seeking a further 21-year extension. Why is it looking at such a short period of time? I am also interested in what the government expects to see in the next couple of years. Are we looking at the extension of coal supply for only the next couple of years? The government has indicated that by at least 2029, it will cease purchasing any power from other coal-fired power stations. Really, that is only Bluewaters. That contract will cease by then. I have said in this place in other debates that I am genuinely concerned about the ability to make the transition, not for the ordinary sunny, windy day but in weather like we have seen recently, doing without these stations is enormously hard. What does the government hope to see and what sort of period is it looking at? I guess this bill does not hinge on it, but the Premier has an opportunity to outline what the government has done to try to get these issues resolved and to ensure that we keep seeing the extension of coal supply under this agreement.

The government’s oversight of the agreement exists to ensure that the company meets its supply obligations to its customers. Has the government issued any notices to Griffin Coal to demand that it fulfil its obligations, as envisaged by clause 36(1) of the agreement? As I have also mentioned, clause 14 of the initial agreement requires the company to provide the minister with a detailed mine plan at five-year intervals. I am interested to know whether that was done and whether a current plan goes beyond this period. As I have mentioned before, I went down to Collie a couple of months ago and spoke to a range of stakeholders. It was put to me by people who I think are in a position to know—that is, people who work in the mines—that a degree of high-grading had been going on. In other words, the company had made a decision to preferentially mine out high-grade seams, but that was one of the things that had compromised the ability of Griffin Coal to have an effective long-term mine plan. If the company was not sticking to its original mine plan, was the government informed?

I take it that the government is doing everything that it can to keep this important mine running so that we can keep the lights on. If Bluewaters power station were to shut down tomorrow, that would represent a major problem for the stability of our network and present all sorts of challenges for us. Hopefully, the government is successful and something does come out of this agreement, and that we see a plan that sees Griffin mining coal and the Bluewaters power station continuing to run for a number of years.

MS J.L. HANNS (Collie–Preston — Parliamentary Secretary) [1.41 pm]: I also rise to make a contribution to the second reading debate on the Collie Coal (Griffin) Agreement Amendment Bill 2023. In terms of this bill, the extension of the contract with Griffin Coal Mining Company is incredibly important as we have two transitions running side by side in Collie. One is the transition of the energy system and the other is the transition of the workers. Both are incredibly important. My focus today will be on the transition of the workforce and the amazing work this government is doing to support that transition for the Collie community.

Since the resignation of our former Premier, Hon Mark McGowan, my office has been inundated with messages from people who have asked me to pass on the community’s thanks to the former Premier for his support of Collie. There is no better time to do that than today and to have that recorded in *Hansard*. As I said, scores of people have contacted my office, asking me to acknowledge the former Premier’s deep personal commitment to Collie and to ensuring that the community is well supported by the government. New industries will be developed within Collie

so that families who have lived in Collie and worked in the coalmines for generations can continue to live and work there in new industries for generations to come.

Quite a few people specifically mentioned the former Premier's deep personal commitment to Collie. The former Premier travelled to Collie with the Minister for Energy and the former member for Collie–Preston to personally announce the first raft of closures, I think in 2018. The Premier personally delivered that message to the workforce, and that was incredibly well received by workers. In fact, in June last year—12 months ago—when the more widespread closures were announced, the Premier again travelled to Collie with the minister and me, and we stepped the workforce through what those closures would look like and the government's transition plan. That was probably the most challenging day I have had in the office since 2021. I was in the room with the former Premier and the minister to announce those closures, knowing that my husband was also in the room and being informed about what was happening and about the future for Collie. I wanted to take the opportunity to have recorded in *Hansard* my community's thanks to the former Premier for his personal and deep commitment to Collie and the transition.

I know that our new Premier is just as committed to that transition. In fact, if the Premier does not mind me rehashing this, during the first conversation we had, the Premier said, "Let's keep cracking on with all things Collie." That demonstrates both the new Premier's commitment to what we are trying to achieve in Collie and that this is a very important piece of work for the state and this government. I thank both the former Premier and the current Premier for their ongoing support for Collie.

In terms of my contribution today, as I said, two transitions are running side by side in Collie. The first is the transition of the energy system and the second is the transition of the workforce. I will not speak very much about the energy system because my focus will be on the workforce. I also want to preface my comments by saying that all these changes are occurring because the government is preparing the local economy in Collie for what is going to happen, regardless of what the government may or may not do with the energy system. The uptake of rooftop solar in Western Australia has been incredibly high, and that has created issues with the operations of the coal-fired power stations. It would be remiss of the government to just move on with the intention of maintaining those systems when industries are making decisions for themselves about transitioning away from coal. What the government is really trying to do is to futureproof my local community and the local economy, both within Collie and also more broadly across the south west. I again thank the government for its commitment to doing those things.

I also thank the member for Cottesloe for visiting Collie. It is unfortunate that I could not catch up with him for a cuppa while he was down, but I am glad to see that he is taking an interest in Collie. I thank the member for Cottesloe for his support for this bill. The member understands that it is incredibly important, and I thank him for that.

I will just run through a couple of facts. As previously mentioned, Griffin Coal supplies coal to the privately owned Bluewaters power station, which provides generation capacity for the south west interconnected system and South32's Worsley alumina refinery. I want to pick up on that point by looking at the number of workers at each of those entities. Griffin Coal has 350 workers, one of whom is my research officer's husband; we do not have to spread our tentacles too far across the Collie community to find someone who will be impacted by the changes within the workforce. In addition, there are approximately 60 workers at Bluewaters power station and 1 200 full-time workers at South32. That is the reason the government is committed to sustaining Griffin's operations for the short to medium term. Those numbers are staggering because that is just the number of workers impacted by the operations of Griffin Coal. That is a significant number without even talking about the impact of Synergy and the coal-fired power stations that it manages, being the Collie and Muja power stations. There is no reason for us to doubt why it is important that the ongoing operation of Griffin Coal be supported.

I want to talk more broadly about the government's support for Collie and the transition.

In saying that, I would like to give a very big thankyou to all the members of the Collie Just Transition Working Group. I apologise that I mention it just about every time I get on my feet but I am very passionate about this. The Collie Just Transition Working Group is an outstanding group of people who are members of the local community and who are absolutely committed to ensuring that Collie has a just transition. They are supported by the work of very dedicated public servants who are also committed to achieving this outcome for the community. The unions and the local industries also form part of the Collie Just Transition Working Group. The group has been in operation for approximately six years. I have to say a huge thank you to that group of people. They push the just transition agenda on a daily basis in our community and highlight the really important issues around the ongoing opportunities for both long-term workers and also new workers entering the workforce, including students who graduate from Collie Senior High School. They are the future workforce of Collie. We must make sure that we have industries so that, as I said, there is employment in Collie for generations to come, just like there has been for the last 125 years from coal mining.

Across the energy generation and coal mining sector in Collie—I take South32 out of that because it is an alumina refinery—there are 1 300 jobs in addition to the 1 200 jobs from Worsley that exist in that sector. I have mentioned previously, and I always declare, just in case people are unsure, that my husband is a coal power station operator.

He is employed at Muja power station. We are an example of what families in my community are experiencing in the transition.

The government's announcement last year of an additional \$547 million for the Collie transition package that was tied to the announcement of the closures of the coal-fired power stations was provided to support jobs within the region. I note that approximately half the workforce that will be impacted by the transition live in Collie itself. The other half of the workforce live in the other part of my electorate, which is Preston. That ranges from places as far south as bordering the member for Vasse's electorate in Capel. I think we have a shared boundary in the Shire of Capel. The northern boundary is Australind, which is a shared boundary with Murray–Wellington. I do not mean this in a derogatory fashion, but it is sort of a doughnut around the City of Bunbury. That gives members a picture of the electorate of Collie–Preston. We are absolutely committed to achieving a just transition for Collie. The package is for Collie, but it is also for the south west more broadly. We have people who live very close to the town of Collie but reside in Murray–Wellington in the Preston part of my electorate and in the City of Bunbury. The reach of the workforce around the industry that has been in Collie for many, many years is incredibly important to the south west. The workforce is obviously central to the package that the government announced last year.

I want to run through a couple of examples of things that have been vital to the work of the Collie Just Transition Working Group and the community transition more broadly. The first example I will talk about today is the Collie Jobs and Skills Centre. With the support of the Minister for Training, that work is ongoing. The Collie Jobs and Skills Centre has been set up so that any person in the community, whether they are a transitioning worker, a school leaver or a stay-at-home parent with home responsibilities who wants to return to work, are given the opportunity to look at what training and job opportunities there are for them in the Collie region. I am a little bit time-poor these days, and my son needed some assistance writing a résumé for his first job. He is applying for a job at Coles. The jobs and skills centre gave him incredible support in coming up with his very first résumé. Normally, mum would help with things like that but that could not happen this time. They are examples of the various ways the jobs and skills centre can support young people and people more broadly in the community. The cost of the assistance package for the jobs and skills centre is about \$16.9 million for the programs to be delivered and for the establishment of the centre itself.

The other example I wanted to highlight today is the ongoing support from this government for the establishment of new industries. I want to talk very briefly about the number of funds that have been made available for businesses and specifically to attract new businesses to Collie. We have a number of opportunities for people to invest in and grow their business or perhaps set up a new business anywhere from very, very small businesses of one or two people through to opportunities to attract new industries employing hundreds and hundreds of workers. Every job that we create in Collie matters. My electorate office advertised for an office cleaner because we had a vacancy. I advertised that on the jobs hubs board at the jobs and skills centre and was very happy to see that a number of people were looking for opportunities in my electorate office to do a couple of hours a week cleaning. People are at various stages of their lives in our community. A number of people applied for that role who want two or three hours work while they are raising young children and fitting in around their husband's shift roster and those types of things. We will take any and every job in Collie because every job matters and every job that we create matters.

I turn now to the Collie Futures small grants program. I want to mention a couple of grant recipients that have received money out of that program. The program is managed by the Minister for Regional Development's agency, the South West Development Commission. I thank the SWDC because there is a huge amount of work to do, given the incredible interest in people establishing new businesses in Collie. Today, I want to highlight a couple of opportunities that have come out of that fund. Initially, we started it in 2018 when Hon Mick Murray was the local member. At that time, we were looking for opportunities that supported the growth of hospitality and tourism in those very early stages when we were not working to time lines for the just transition. Some of the things that were funded through the small grants program that have created a really unique offering for hospitality and tourism in Collie are businesses like TraaVerse, which is a trails, tracks and adventure provider. Simone from TraaVerse can take people out to hire kayaks and stand-up paddle boards to head out to various lakes around Collie. Obviously, Lake Kepwari is a great example of that. TraaVerse gives people the experience of undertaking tourism-related tours within Collie. Outback Horse Trails was also funded through the small grants program. That was the expansion of a successful business that was originally located in Margaret River that set up a satellite operation in Collie. That business takes people on horse trails through the beautiful outdoors in Collie and they can also stop at the local winery and finish up with lunch. That is a fabulous opportunity.

[Member's time extended.]

Ms J.L. HANNS: There are so many businesses to mention that I am trying to narrow my focus, but I do not think many people know about the Living Legacy Forest. That was an idea from Hon Mick Murray. The legacy forest expansion project provides that when people pass away, they can ask for their ashes to be buried within the forest precinct and a tree is dedicated in memoriam to the person in the family who has passed away. It is a unique

experience. I can say that a hell of a lot of trees have been planted there since it was established recently. It is incredibly popular.

Mr H.T. Jones: They do one-offs!

Ms J.L. HANNS: Yes, they do one-offs. Thank you, member for Darling Range, for your interjection.

In terms of some of the broader tourism opportunities that have been set up out of the funds for Collie, I would like to talk very briefly about the biggest dam mural in the world! I say that in Collie we go big or we go home because we are soon to be the home of the big battery.

The SPEAKER: I am personally disappointed not to see Mick Murray on that mural—larger than life!

Debate interrupted, pursuant to standing orders.

[Continued on page 3066.]