

SYNERGY — PREMIER COAL SUPPLY CONTRACT

27. Dr D.J. HONEY to the Minister for Energy:

Yesterday, the minister answered some questions on notice, asked by my colleague Hon Dr Steve Thomas in the Legislative Council, about New South Wales coal being delivered to Collie. Further to those questions, I ask the following.

- (1) Will any more coal be imported from New South Wales this year; and, if so, how much more coal does the minister estimate will be required to be imported?
- (2) How long did it take to unload both ships at Bunbury port from the first ship docking to the second ship being completely unloaded?
- (3) Why is it taking so long to transport material to Collie?
- (4) Is Synergy paying the contracted price to Premier Coal for this coal or is it paying market rates?

Mr W.J. JOHNSTON replied:

- (1)–(4) In respect of the price, I have publicly said on a number of occasions, both in this chamber and the media, that the cost of the coal is the market price—that is, the international market price. I was asked about this on ABC TV live and I pointed out that unlike the New South Wales government, which is complaining that other governments are not doing things to solve their energy problems, we are just getting on and solving the problem. Premier Coal is owned by Yancoal in China. Yancoal Australia is majority owned by Yancoal but they are different companies. Premier Coal is buying coal from Yancoal Australia. Synergy is not buying any coal on the east coast. Yancoal is contracted to deliver that coal to the Muja and Collie stockpiles. That means that the transport and all those matters are dealt with by Premier Coal. I have neither interest nor oversight. The reason that I say I have no interest is because the only thing I care about is the delivery of coal to the stockpile. When we decided to go down this pathway in September last year, Premier Coal had not been delivering its contracted volumes and we were nervous that it would continue to not deliver its contracted volumes. We took two actions. The first was to arrange for the Collie coal-fired power station to be switched off for a longer period than it would have been anyway, reminding the member that it was switched off three months, or 12 weeks, when it would have been switched off for six weeks in any case just because of the operation of the market in Western Australia. That saved coal and, of course, we also used the Muja stations after we used some of the gas stations to save coal; plus, Premier delivered its contracted volumes, plus or minus a little bit, every week from October to December so by the time we got to Christmas, we had built up our stockpile to a very reasonable level. It is pleasing to say that with the extra 100 000 tonnes, we are in a very good position. If Premier Coal was to short deliver this year—we do not think it will—we will be fine for next summer as well.

I want to congratulate Synergy's leadership and workforce for their hard work in managing the coal supply this year so diligently. It shows the depth of talent of the Synergy leadership and workforce. The fact that it is a government-owned enterprise meant that we were able to take these actions. If we had followed the lead of the Liberal Party, which intended to break Synergy into two parts and sell it, we would not have been able to have such a successful outcome. The challenge when we watch what is happening at Bluewaters shows the benefit that we get from having a state-owned enterprise in the generation system.