

## Jasmine Smits

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**From:** Matthew Jeffries  
**Sent:** Tuesday, 5 March 2013 4:08 PM  
**To:** Gerard Benedet  
**Cc:** Larine Statham  
**Subject:** Fw: Operations Division Review - proposed timeframes  
**Attachments:** Operations Division Review - proposed timeframes.PDF

I understand that Stanwell will provide a media release to Cathy Border.

Stanwell has informed Deb and the Mayor.

I will send through more info as I receive.

Kind regards  
Matt

----- Original Message -----

**From:** Merritt, Jay [mailto:Jay.Merritt@stanwell.com]  
**Sent:** Tuesday, March 05, 2013 04:05 PM E. Australia Standard Time  
**To:** Matthew Jeffries  
**Cc:** Mc Mahon, Stephanie Contrary to Public Interest  
**Subject:** Operations Division Review - proposed timeframes

Hi Matt

Time frames as discussed.

Cheers

Jay

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**Stanwell – Operations Division Review  
Proposed timing of reviews at each site**

The table below shows the proposed timetable for the review process at each site.

	Swanbank Power Station	Mica Creek Power Station	Tarong power stations	Stanwell Power Station	Barron Gorge and Kareeya Hydros
Discussions and workshops to identify ideas and begin to develop what is needed.	To May 2013	Aug 2012 to Feb 2013	To May 2013	To May 2013	To April 2013
When we would be likely to decide if we are making changes	May - June 2013	April - May 2013	June - July 2013	June - July 2013	May – June 2013
Consultation with affected employees if a preliminary decision is made					
Possible timing to implement changes	July - August 2013	August 2013 – May 2014	September 2013 – March 2014	August – October 2013	July – August 2013

Note: The **Meandu Mine** management team will continue to progress the Meandu Mine Plan and mine cost optimisation to deliver lowest cost fuel.

## Jasmine Smits

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**From:** Gerard Benedet  
**Sent:** Tuesday, 5 March 2013 4:33 PM  
**To:** Deb Frecklington  
**Subject:** FW: Media Release - Generation Division Review - 4 March 2013  
**Attachments:** Media Release - Generation Division Review - 4 March 2013.DOC.doc

FYI



**Gerard Benedet**  
Chief of Staff  
Office of the Hon. Tim Nicholls MP | Treasurer and Minister for Trade

Phone: 07 3224 6900 | Fax: 07 3211 0122 | Mobile: **Contrary to Public Interest**  
Executive Building | 100 George Street | Brisbane | QLD 4000  
GPO Box 611 | Brisbane | QLD 4001  
Great State. Great Opportunity.

**From:** Matthew Jeffries  
**Sent:** Tuesday, 5 March 2013 4:08 PM  
**To:** Gerard Benedet; Larine Statham  
**Subject:** Fw: Media Release - Generation Division Review - 4 March 2013

**From:** Merritt, Jay [<mailto:Jay.Merritt@stanwell.com>]  
**Sent:** Tuesday, March 05, 2013 04:06 PM E. Australia Standard Time  
**To:** Matthew Jeffries  
**Subject:** Media Release - Generation Division Review - 4 March 2013

Matt

If asked by media, here's what we'll say.

Cheers

Jay

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## media release

5 March 2013

### Stanwell to review operations of its power stations

Stanwell Corporation Limited (Stanwell) today announced a major review across all of its generation and mining sites.

The review aims to identify \$40 million in cost reductions that will assist with returning Stanwell's core business of electricity generation to profitability.

The review, which will consider the work processes and resourcing requirements at each of our operating sites, will be led by Stanwell's Chief Operating Officer, Wayne Collins.

"Last year Stanwell's generation business made a loss due to low wholesale electricity prices which are being driven by an oversupply of generation combined with falling demand," Mr Collins said.

"With this imbalance forecast to continue for some time, it is vital for the sustainability of our business to look for cost reductions whilst not impacting on the electricity Stanwell produces for Queensland.

"We will be reviewing our site operations over the coming months and we will progressively make decisions on the improvements necessary on a site by site basis," Mr Collins said.

#### Media Enquiries

Jay Merritt  
Corporate Communication Manager  
3228 4121  
[jay.merritt@stanwell.com](mailto:jay.merritt@stanwell.com)

#### Background

Stanwell Corporation is Queensland's largest power generator, with the installed capacity to supply more than 45 per cent of the state's peak power needs.

Established on 1 July 2011 and owned by the Queensland Government, Stanwell is the owner and operator of:

- 1460 MW Stanwell Power Station (coal) near Rockhampton
- 1400 MW Tarong Power Station (coal) in the South Burnett
- 443 MW Tarong North Power Station (super-critical coal) in the South Burnett
- 385 MW Swanbank E Power Station (gas) near Ipswich
- 304.7 MW Mica Creek Power Station (gas) near Mount Isa (not connected to the NEM)
- 86.4 MW Kareeya Power Station (hydro) in Far North Queensland

- 66 MW Barron Gorge Power Station (hydro) in Far North Queensland
- 34 MW Mackay Power Station (gas) in Central Queensland
- 7.3 MW Koombooloomba Power Station (hydro) in Far North Queensland
- 4.3 MW Wivenhoe Small (hydro) located at Wivenhoe Dam

Stanwell owns Meandu Mine, which has the capacity to supply up to seven million tonnes of coal a year to the adjacent Tarong power stations.

It has a coal supply agreement with Wesfarmers Resources' Curragh Mine that includes the sharing of revenue from coal exports.

Stanwell is an active competitor in the National Electricity Market (NEM). The Corporation sells electricity into the NEM spot market pool and provides ancillary services to the Australian Energy Market Operator to ensure the secure and reliable supply of electricity throughout Queensland.

Stanwell employs nearly 1000 people across its various sites.

RTI RELEASES

## Jasmine Smits

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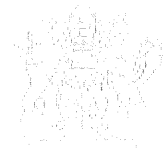
**From:** kassia.rouw@treasury.qld.gov.au  
**Sent:** Tuesday, 23 July 2013 3:42 PM  
**To:** Gerard Benedet  
**Subject:** Fw: Ministerial Note - SPS Operations review - 23 July 2013  
**Attachments:** Ministerial Note - SPS Operations review - 23 July 2013.DOCX

Gerard - FYI.

-----  
Kind regards,

Kassia Rouw  
Senior Departmental Liaison Officer  
Office of the Treasurer and Minister for Trade  
Queensland Government

Phone: (07) 303 51932  
Mobile: **Contrary to Public Interest**  
Fax: (07) 3211 0122  
Email: [kassia.rouw@treasury.qld.gov.au](mailto:kassia.rouw@treasury.qld.gov.au)



----- Forwarded by Kassia Rouw/TO/QTreasury on 23/07/2013 03:41 PM -----

From: "Merritt, Jay" <Jay.Merritt@stanwell.com>  
To: "Fuller Simon (Simon.Fuller@dews.qld.gov.au)" <Simon.Fuller@dews.qld.gov.au>, "andrew.burnett@dews.qld.gov.au" <andrew.burnett@dews.qld.gov.au>, "paul.connolly@dews.qld.gov.au" <paul.connolly@dews.qld.gov.au>, "Deborah.Jakins@treasury.qld.gov.au" <Deborah.Jakins@treasury.qld.gov.au>, "michael.mamczur@treasury.qld.gov.au" <michael.mamczur@treasury.qld.gov.au>, "kassia.rouw@treasury.qld.gov.au" <kassia.rouw@treasury.qld.gov.au>, "Van Breda, Richard" <Richard.VanBreda@treasury.qld.gov.au>, "Collins, David" <David.Collins@treasury.qld.gov.au>, "Wayne" <Wayne@treasury.qld.gov.au>, "Gregg, Jenny" <Jenny.Gregg@treasury.qld.gov.au>, "O'Rourke, Michael" <Michael.O'Rourke@treasury.qld.gov.au>, "David, Phil" <Phil.David@treasury.qld.gov.au>, "Buckle, Karen" <Karen.Buckle@treasury.qld.gov.au>, "Cook, Denise" <Denise.Cook@treasury.qld.gov.au>, "Mc Mahon, Stephanie" <Stephanie.McMahon@treasury.qld.gov.au>, "Kelly, Rebecca" <Rebecca.Kelly@treasury.qld.gov.au>, "Carev, John" <John.Carev@treasury.qld.gov.au>, "David, Phil" <Phil.David@treasury.qld.gov.au>, "Perry, Brad" <Brad.Perry@treasury.qld.gov.au>, "Reynolds, Todd" <Todd.Reynolds@treasury.qld.gov.au>, "Byrnes, Rachel" <Rachel.Byrnes@treasury.qld.gov.au>  
Date: 23/07/2013 03:23 PM  
Subject: Ministerial Note - SPS Operations review - 23 July 2013

Dear All

Please find attached a Ministerial Note regarding Stanwell's upcoming operations review of Stanwell Power Station.

Regards

Jay Merritt  
Corporate Communication Manager  
Community and Stakeholder Engagement  
mobile 0437 830 578 direct +61 7 3228 4121  
Level 13, 42 Albert Street, Brisbane  
GPO Box 800, Brisbane, QLD 4001 stanwell.com

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RTI RELEASE

**Ministerial Advisory Note**

Date: 23 July 2013

**Prepared for Shareholding Ministers' offices**

Subject: Generation Operations Review – Stanwell Power Station

Reference: 13/38522

Attachments: One

**BACKGROUND**

On 4 March 2013 Stanwell Corporation Limited (Stanwell) advised shareholding Ministers that it was commencing a major review of its Operations Division, looking at the workforce structure and work practices across all of its generation and mining sites (Ministerial Note 13/10179).

The review has been made necessary by the difficult wholesale electricity market and the need to restore our generation business to profitability. Stanwell provided a further update (Ministerial Note 13/30904) on 19 June 2013 outlining timeframes for announcements of preliminary decisions at each site. In addition, Stanwell has provided briefings to representatives from both the Commercial Monitoring Unit of Treasury and the Department of Energy and Water Supply, the most recent being on 12 July 2013.

Stanwell has recently confirmed a workforce reduction at Mica Creek Power Station in Mount Isa, and has made preliminary decisions to reduce the workforces at Swanbank Power Station near Ipswich, at Tarong and Tarong North power stations in the South Burnett, and at its hydro power stations near Tully and Cairns.

**ISSUE**

Stanwell will announce its preliminary decision for Stanwell Power Station, near Rockhampton, on 30 July 2013. The decision will potentially result in Stanwell Power Station's workforce being reduced from 156 to 127 full time equivalent roles (29 roles). Ten of the proposed affected 29 roles are currently vacant.

Through the proposed reduction of roles and other cost-reduction initiatives at Stanwell Power Station, Stanwell expects to achieve an annual saving of approximately \$6.2 million, with the full benefits expected to be achieved in 2014/15.

Following the announcement of its preliminary decision on 30 July 2013, the process timetable will be as follows:

Dates	Detail
30 July	Preliminary decision announced
30 July to 9 August	Consultation with employees and unions.
30 July to 16 August	Calls for expressions of interest for voluntary redundancies
12 to 20 August	Stanwell considers employee and union feedback



Dates	Detail
21 August	Final decision announced
21 to 27 August	Affected employees consider voluntary redundancy or redeployment
2 September - onwards	Stanwell commences implementation of new workforce plan

Stanwell plans to proactively brief key community stakeholders to ensure they are aware of the reasons for its decision. Communication documents attached outline Stanwell's key messages, actions for communicating with key community stakeholders and draft media release (issued proactively to local media and reactively to metropolitan media).

Stanwell will continue to keep Commercial Monitoring and the Department of Energy and Water Supply advised of the Operations review process.

In light of Stanwell's decision to reduce employee roles across its generation sites in response to its Operations Review, Stanwell has decided to suspend the intake of apprentices and trainees for 2014. Stanwell will continue to meet its commitments to the 49 current trainees and apprentices it employs across its sites.

## RECOMMENDATION

Shareholding Ministers note that:

- Stanwell will announce its preliminary decision regarding the resourcing and restructure of the Stanwell Power Station site on 30 July 2013 and this will potentially result in that workforce being reduced by as many as 29 roles;
- Through the proposed reduction of roles and other cost initiatives at Stanwell Power Station, Stanwell Corporation expects to achieve an annual saving of approximately \$6.2 million with the full benefits expected to be achieved in 2014/15; and
- Stanwell will proactively brief a range of community stakeholders to ensure they are aware of Stanwell's decisions and the rationale behind them – as detailed in the attached communication material.
- In light of Stanwell's Operations Review to reduce employees' roles across its generation sites, Stanwell will suspend its 2014 intake of apprentices and trainees.

**RICHARD VAN BREDA**  
**CHIEF EXECUTIVE OFFICER**

Contrary to Public Interest

## Operations Review – Stanwell Power Station Stakeholder Communication Plan

### **1. Stanwell Corporation, owner of Stanwell Power Station, has announced changes to the site's workforce as part of a review of its Operations Division.**

- Stanwell outlined the changes to power station employees today, including a possible reduction of 29 positions. Ten of the proposed affected roles are currently vacant.
- The changes are necessary to reduce costs for Stanwell Corporation, which is making an unsustainable loss on power generation due to the lowest wholesale electricity prices in a decade.
- The mismatch between an oversupplied generation market and falling demand is expected to continue for at least another two to three years. It will continue to result in low wholesale electricity prices.
- Stanwell advised its employees at its sites throughout Queensland in March this year that it had begun a review of its Operations Division with a target of making annual savings of around \$40 million.
- The review will reduce annual costs at Stanwell Power Station site by \$6.2 million and assist in returning Stanwell's power generation business to profitability.

### **2. As part of this preliminary decision, Stanwell will consult with employees and unions over the next two weeks and make a final decision on future workforce size and team structures by 21 August.**

- Stanwell has commenced consultation with employees and unions as required under its Enterprise Agreement.
- It also has commenced an Expression of Interest process for employees interested in a voluntary redundancy.
- There will be no forced redundancies.
- Stanwell is committed to Central Queensland over the long term, but our operations must be commercially viable.

### **3. Stanwell is encouraging employees and unions to provide feedback during the consultation period.**

- Subject to the outcomes of this consultation, affected employees will then receive a letter and be invited to a meeting to discuss the proposed impact on their role, why their role is affected, and the process for voluntary redundancy or redeployment options.
- After responding to all feedback and making a final decision on the workforce plan by 21 August, Stanwell will again meet with affected employees to advise of the final decision about their position and outline the voluntary redundancy and redeployment options available.
- It is also likely that there will be a need to make further changes to fine tune the workforce and organisational structure once the initial changes are implemented, and after a range of plant storage and improvement activities have been completed and we have gained experience with the new arrangement.

## Days prior to announcement

Communication activity	Stakeholder	Timing
<b>Shareholder briefing</b> Ministerial Note issued (Jay Merritt)	Treasurer Minister for Energy and Water Supply	23 July
<b>Shareholder briefing</b> Phone call to DEWS and Commercial Monitoring (Jay Merritt) as follow-up to Ministerial Note	DEWS Commercial Monitoring	23 July
<b>Stakeholder briefing</b> Phone calls to Member for Mirani, Ted Malone, and Member for Keppel, Bruce Young	Ted Malone Bruce Young	29 July
<b>Shareholding briefing</b> Jay Merritt to liaise with SHMs' offices regarding Stanwell's communication approach	Matt Jeffries Jeff Sommerfeld	29 July
<b>Stakeholder briefing</b> Mayor Margaret Strelow briefed by site management	Margaret Strelow	29 July
<b>Management pre-briefing</b> Brief site management on the preliminary decision and process, including their role in communicating with their teams	Site management	29 July (AM)

## Day of announcement 10 July 2013

Communication activity	Stakeholder	Timing
<p><b>Site briefings for day workers in separate sessions (led by Site Manager/Transition Manager)</b></p> <ul style="list-style-type: none"> <li>• Outline preliminary decision, process in detail, how workforce will be consulted, process for communication with employees, support available, immediate next steps</li> <li>• Respond to initial questions</li> </ul>	All site employees	30 July
<p><b>Stakeholder briefing</b></p> <p>Brief other Central Queensland key opinion leaders</p>	Chambers of Commerce etc	30 July
<p><b>Stakeholder briefing</b></p> <p>Briefing for local media (Jay Merritt)</p> <p>Distribute media release to local media</p> <p>Issue media release to metropolitan and national media <i>on request only</i> (Jay Merritt)</p>	Morning Bulletin, ABC radio, TVs, Hot FM, etc	30 July
<p><b>CEO update</b></p> <p>Update on the Stanwell decision and next steps process, included as part of ongoing Operations Review communication</p>	All Stanwell employees	30 July Mid-afternoon

(To be issued proactively to local media and reactively to metropolitan media)

## Stanwell outlines changes to power station's workforce

30 July 2013

Stanwell Corporation, owner of Stanwell Power Station 22 kms west of Rockhampton, today announced a preliminary decision to reduce the size of the site's workforce as part of a review of its Operations Division.

Stanwell Power Station Site Manager Brad Perry outlined the proposed changes to power station employees today, including a reduction of up to 29 positions (10 of which are currently vacant).

The proposed changes are necessary to reduce costs for Stanwell Corporation, which is making an unsustainable loss on power generation due to some of the lowest wholesale electricity prices in a decade.

Stanwell announced on 5 March this year that it was reviewing its largest division, Operations, which is responsible for electricity generation and the care of plant at Stanwell's power stations across Queensland.

The review aims to improve the profitability of Stanwell's core business of power generation.

Mr Perry said Stanwell commenced consultation on its proposal with employees and unions from today, as required under its Enterprise Agreement and that feedback would be considered prior to making a final decision.

There will be no forced redundancies.

Queensland has an oversupply of electricity generation capacity that is forecast to continue for at least another two to three years.

Mr Perry said Stanwell had to change the way it operated to survive as a business, so it could continue to employ Central Queenslanders and generate power for the State.

### Media Enquiries

Jay Merritt

Portfolio Communication Manager

(07) 3228 4121 or 0437 830 578

[Jay.Merritt@stanwell.com](mailto:Jay.Merritt@stanwell.com)

**Jasmine Smits**

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**From:** kassia.rouw@treasury.qld.gov.au  
**Sent:** Monday, 29 July 2013 9:28 AM  
**To:** Gerard Benedet  
**Subject:** Fw: Ministerial Note - SPS Operations review - 23 July 2013  
**Attachments:** Ministerial Note - Generation Operations Review - HSE and Asset Strategy and Projects - July 2013.docx

Gerard - FYI.

-----  
Kind regards,

Kassia Rouw  
Senior Departmental Liaison Officer  
Office of the Treasurer and Minister for Trade  
Queensland Government

Phone: (07) 303 51932  
Mobile: **Contrary to Public Interest**  
Fax: (07) 3211 0122  
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----- Forwarded by Kassia Rouw/TO/QTreasury on 29/07/2013 09:27 AM -----

From: "Kelly, Rebecca" <[Rebecca.KELLY@stanwell.com](mailto:Rebecca.KELLY@stanwell.com)>  
To: "Fuller Simon ([Simon.Fuller@dews.qld.gov.au](mailto:Simon.Fuller@dews.qld.gov.au))" <[Simon.Fuller@dews.qld.gov.au](mailto:Simon.Fuller@dews.qld.gov.au)>, "[andrew.burnett@dews.qld.gov.au](mailto:andrew.burnett@dews.qld.gov.au)" <[andrew.burnett@dews.qld.gov.au](mailto:andrew.burnett@dews.qld.gov.au)>, "[paul.connolly@dews.qld.gov.au](mailto:paul.connolly@dews.qld.gov.au)" <[paul.connolly@dews.qld.gov.au](mailto:paul.connolly@dews.qld.gov.au)>, "[Deborah.Jakins@treasury.qld.gov.au](mailto:Deborah.Jakins@treasury.qld.gov.au)" <[Deborah.Jakins@treasury.qld.gov.au](mailto:Deborah.Jakins@treasury.qld.gov.au)>, "[michael.mamczur@treasury.qld.gov.au](mailto:michael.mamczur@treasury.qld.gov.au)" <[michael.mamczur@treasury.qld.gov.au](mailto:michael.mamczur@treasury.qld.gov.au)>, "[kassia.rouw@treasury.qld.gov.au](mailto:kassia.rouw@treasury.qld.gov.au)" <[kassia.rouw@treasury.qld.gov.au](mailto:kassia.rouw@treasury.qld.gov.au)>, "[Van Breda, Richard](mailto:Van Breda, Richard)" <[Van Breda, Richard](mailto:Van Breda, Richard)>, "[Collins, Wayne](mailto:Collins, Wayne)" <[Collins, Wayne](mailto:Collins, Wayne)>, "[Gregg, Jenny](mailto:Gregg, Jenny)" <[Gregg, Jenny](mailto:Gregg, Jenny)>, "[O'Rourke, Michael](mailto:O'Rourke, Michael)" <[O'Rourke, Michael](mailto:O'Rourke, Michael)>, "[Michael.O'Rourke@stanwell.com](mailto:Michael.O'Rourke@stanwell.com)" <[Michael.O'Rourke@stanwell.com](mailto:Michael.O'Rourke@stanwell.com)>, "[Buckley, Karen](mailto:Buckley, Karen)" <[Buckley, Karen](mailto:Buckley, Karen)>, "[Cook, Denise](mailto:Cook, Denise)" <[Cook, Denise](mailto:Cook, Denise)>, "[Mc Mahon, Stephanie](mailto:Mc Mahon, Stephanie)" <[Mc Mahon, Stephanie](mailto:Mc Mahon, Stephanie)>, "[Reynolds, Todd](mailto:Reynolds, Todd)" <[Reynolds, Todd](mailto:Reynolds, Todd)>, "[Byrnes, Rachel](mailto:Byrnes, Rachel)" <[Byrnes, Rachel](mailto:Byrnes, Rachel)>, "[Merritt, Jay](mailto:Merritt, Jay)" <[Jay.Merritt@stanwell.com](mailto:Jay.Merritt@stanwell.com)>, "[Gilbar, Ian](mailto:Gilbar, Ian)" <[Gilbar, Ian](mailto:Gilbar, Ian)>, "[Hooper, Trevor](mailto:Hooper, Trevor)" <[Hooper, Trevor](mailto:Hooper, Trevor)>  
Cc: "Tracy, Sue" <[Tracy, Sue](mailto:Tracy, Sue)>, "[kassia.rouw@treasury.qld.gov.au](mailto:kassia.rouw@treasury.qld.gov.au)" <[kassia.rouw@treasury.qld.gov.au](mailto:kassia.rouw@treasury.qld.gov.au)>, "[Van Breda, Richard](mailto:Van Breda, Richard)" <[Van Breda, Richard](mailto:Van Breda, Richard)>, "[Collins, Wayne](mailto:Collins, Wayne)" <[Collins, Wayne](mailto:Collins, Wayne)>, "[Gregg, Jenny](mailto:Gregg, Jenny)" <[Gregg, Jenny](mailto:Gregg, Jenny)>, "[O'Rourke, Michael](mailto:O'Rourke, Michael)" <[O'Rourke, Michael](mailto:O'Rourke, Michael)>, "[Michael.O'Rourke@stanwell.com](mailto:Michael.O'Rourke@stanwell.com)" <[Michael.O'Rourke@stanwell.com](mailto:Michael.O'Rourke@stanwell.com)>, "[Buckley, Karen](mailto:Buckley, Karen)" <[Buckley, Karen](mailto:Buckley, Karen)>, "[Cook, Denise](mailto:Cook, Denise)" <[Cook, Denise](mailto:Cook, Denise)>, "[Mc Mahon, Stephanie](mailto:Mc Mahon, Stephanie)" <[Mc Mahon, Stephanie](mailto:Mc Mahon, Stephanie)>, "[Reynolds, Todd](mailto:Reynolds, Todd)" <[Reynolds, Todd](mailto:Reynolds, Todd)>, "[Byrnes, Rachel](mailto:Byrnes, Rachel)" <[Byrnes, Rachel](mailto:Byrnes, Rachel)>, "[Merritt, Jay](mailto:Merritt, Jay)" <[Jay.Merritt@stanwell.com](mailto:Jay.Merritt@stanwell.com)>, "[Gilbar, Ian](mailto:Gilbar, Ian)" <[Gilbar, Ian](mailto:Gilbar, Ian)>, "[Hooper, Trevor](mailto:Hooper, Trevor)" <[Hooper, Trevor](mailto:Hooper, Trevor)>  
**Contrary to Public Interest** "Collins, Wayne" **Contrary to Public Interest** "Gregg, Jenny" **Contrary to Public Interest** "O'Rourke, Michael" **Contrary to Public Interest** "Mc Mahon, Stephanie" **Contrary to Public Interest** "Reynolds, Todd" **Contrary to Public Interest** "Byrnes, Rachel" **Contrary to Public Interest** "Merritt, Jay" **Contrary to Public Interest** "Gilbar, Ian" **Contrary to Public Interest** "Hooper, Trevor"

Date: 29/07/2013 09:20 AM  
Subject: Ministerial Note - SPS Operations review - 23 July 2013

Dear All

Please find attached a Ministerial Note regarding Stanwell's operations review of the Health, Safety, Environment and Services Team and the Asset Strategy and Projects Team.

Regards

Rebecca Kelly  
Corporate Communication Manager  
Community and Stakeholder Engagement

**Contrary to Public Interest**

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RTI RELEASED

## Ministerial Advisory Note

Date: 29 July 2013

### Prepared for Shareholding Ministers' offices

**Subject:** Generation Operations Review – Health, Safety, Environment and Services / Asset Strategy and Projects

**Reference:** 13/38102

**Attachments:** Nil

### BACKGROUND

On 4 March 2013, Stanwell advised shareholding Ministers that it was commencing a major review of workforce structure and work practices across its generation and mining sites (Ministerial Note 13/10179).

The review has been made necessary by the difficult wholesale electricity market and the need to restore the generation business to profitability. Stanwell provided a further update (Ministerial Note 13/30904) on 19 June 2013, outlining timeframes for announcements of preliminary decisions at each site. Stanwell has also provided briefings to representatives from both the Commercial Monitoring unit of Treasury and the Department of Energy and Water Supplies. The most recent was on 12 July 2013.

### ISSUE

Stanwell has recently commenced reviews of the following teams:

- Health, Safety, Environment and Services; and
- Asset Strategy and Projects.

These two teams are comprised of both corporate office and site based personnel.

Details of proposed workforce changes within each team are:

- Health, Safety, Environment and Services – Proposed changes are expected to be announced in late July, with implementation from early September. **Contrary to Public Interest**
- Asset Strategy and Projects – Proposed changes are expected to be announced in late July, with implementation in August. **Contrary to Public Interest**



Given the scope of the proposed workforce plan changes, there is limited potential to generate interest from external stakeholders. Consequently, no proactive stakeholder engagement activities are planned.

Stanwell will continue to keep the Commercial Monitoring department of Treasury and the Department of Energy and Water Supply advised of the Operations Review process.

## RECOMMENDATION

Shareholding Ministers note that:

- Stanwell has commenced reviews into the Health, Safety, Environment and Services team and the Asset Strategy and Projects team. **Contrary to Public Interest**  
**Contrary to Public Interest**
- **Contrary to Public Interest**
- Stanwell will continue to keep its shareholding offices updated on progress of its Operations Review.

**RICHARD VAN BREDA**  
**CHIEF EXECUTIVE OFFICER**

**Contrary to Public Interest**

## Jasmine Smits

---

**From:** Matthew Jeffries  
**Sent:** Thursday, 20 June 2013 4:31 PM  
**To:** Deb Frecklington  
**Cc:** Maree Lacey  
**Subject:** FW: Stanwell Operational Restructure Employee Consultation and Stakeholder Engagement

**Attachments:** Out of scope  
Out of scope  
TY\_OGOC\_n428959\_TRY-03239  
\_Treasurer\_BN\_Stanwell\_Generation\_Operations\_Restructure.PDF; Ministerial Note - Review of Generation Division - 4 March 2013.DOCX; Ministerial Note 13 30904 - Operations Review consultation process for generation and mining sites - 18 June 2013.DOCX; TY\_OGOC\_n430066\_TRY-03392  
\_Treasurer\_BN\_Stanwell\_Categories\_of\_Workforce\_Reduction.PDF

FYI



**Matthew Jeffries**  
Senior Advisor  
Office of the Hon. Tim Nicholls MP | Treasurer and Minister for Trade  
Phone: 07 3239 0833 | Fax: 07 3211 0122 | Mobile: **Contrary to Public Interest**  
Executive Building | 100 George Street | Brisbane | QLD 4000  
GPO Box 611 | Brisbane | QLD 4001  
**Great State. Great Opportunity.**

**From:** [kassia.rouw@treasury.qld.gov.au](mailto:kassia.rouw@treasury.qld.gov.au) [mailto:[kassia.rouw@treasury.qld.gov.au](mailto:kassia.rouw@treasury.qld.gov.au)]  
**Sent:** Thursday, 20 June 2013 4:16 PM  
**To:** Matthew Jeffries  
**Subject:** Fw: Stanwell Operational Restructure Employee Consultation and Stakeholder Engagement

Matt - FYI.

---

Kind regards,

Kassia Rouw  
Senior Departmental Liaison Officer  
Office of the Treasurer and Minister for Trade  
Queensland Government

Phone: (07) 303 51932  
Mobile: **Contrary to Public Interest**  
Fax: (07) 3211 0122  
Email: [kassia.rouw@treasury.qld.gov.au](mailto:kassia.rouw@treasury.qld.gov.au)

----- Forwarded by Kassia Rouw/TO/QTreasury on 20/06/2013 04:15 PM -----

**From:** Stuart Bushett/OGOC/QTreasury  
**To:** Kassia Rouw/TO/QTreasury@QTreasury,  
**Cc:** Michael Mamczur/OGOC/QTreasury@QTreasury, Pauline Elliott/OGOC/QTreasury@QTreasury, Deborah Jakins/OGOC/QTreasury@QTreasury

Kassia

You received yesterday afternoon a briefing note from Stanwell Corporation Limited outlining the consultation plan for the next phase of the Operations Review. For the power stations other than the hydros (no change) and Mica Creek (already done) this will commence on Tuesday, 26 June 2013 at Swanbank Power Station. Stanwell do not intend a broad external stakeholder consultation with regards to Swanbank with a press release to be issued on the day (draft attached) and a phone call to the Mayor (Counsellor Paul Pisasale) being the only proposed external consultation.

Stanwell have also provided indicative numbers of employees impacted as follows. Please note that this is extremely sensitive and is not fixed due to the requirement to consult.

- Swanbank - A possible reduction in 10 positions reducing the work force to 48 (from 58)
- Tarong - A possible reduction of a further 60 positions reducing the power station work force to 230 (from 290). Note that the mine workforce will remain the same in the short term (not Stanwell employees) with a decision to drop a further shift to be made later this year once stockpile is back to required levels and a decision has been made on a revised mine plan.
- Stanwell Power Station - A possible reduction in 20 positions reducing the work force to 166 (from 186)

I have also included Stanwell's initial Advisory Note on the Operations Review, our briefing note in response to this (TRY-03239) and a summary of the previous job reductions (TRY-03392).

Early next week I will send you the proposed consultation plan for the Tarong power stations and Stanwell Power Station. This is due to commence in about two weeks.

Regards

Stuart  
**Stuart Bushett**  
Principal Treasury Analyst  
Commercial Monitoring  
Queensland Treasury and Trade  
[stuart.bushett@treasury.qld.gov.au](mailto:stuart.bushett@treasury.qld.gov.au)  
Phone: 07 3035 1896  
Fax: 07 3224 6457

**Draft Press Release**

**Operations Restructure Commercial Monitoring Brief (March 2013)**

**Stanwell Advice Operations Restructure (March 2013)**

**Stanwell Advice Operations Restructure Consultation (June 2013)**

**Commercial Monitoring Advice on previous workforce reductions (March 2013)**

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RTI RELEASE

RTI RELEASE

RTI RELEASE

## BRIEFING NOTE - FOR INFORMATION

FROM	Queensland Treasury and Trade		
FOR	Treasurer and Minister for Trade		
SUBJECT	Stanwell Generation Operations Review		
Contact Officer:	Debbie Jakins, Commercial Monitoring Ph:3035 1917	Record No: <b>TRY-03239</b>	Date: 28 February 2013
Requested by:	N/A	Date Approval Required By: N/A	

### PURPOSE

1. To advise you that Stanwell Corporation Limited (Stanwell) will be undertaking a restructure of its generation operations commencing the first week of March 2013.

### BACKGROUND

2. In August 2012, Stanwell commenced a Corporate Review which involved a comprehensive review of its structure, projects and expenditure. The Corporate Review resulted in the closure of 107 corporate positions.
3. Further, Stanwell closed 64 positions at Tarong Power Station (TPS) following the cold storage of two units at the end of 2012. Of these positions, one affected employee opted for redeployment with the remaining affected employees agreeing to take a voluntary redundancy.
4. As at the end of January 2013, Stanwell had 879.42 Full Time Equivalent Positions (FTE). This includes most, but not all of the corporate and TPS redundancies given that some of the employees which have been made redundant have chosen to utilise their leave balances. Subsequently there are a small number of employees whose redundancies have not yet taken effect and continue to be included in Stanwell's FTE numbers.

### ISSUES

5. Stanwell has recently advised at officer level that it has identified areas across the generation operations where further labour reductions can occur. Further, that the Operations Review will commence in the first week of March 2013 with announcements made to staff on the general nature of the changes that will be occurring.
6. **Contrary to Public Interest**  
**Contrary to Public Interest** The generation operations where these reductions are targeted to occur are outlined below.

**Contrary to Public Interest**

Contrary to Public Interest

FINANCIAL IMPLICATIONS

Contrary to Public Interest

- 17. The aim of the Operations Review is to significantly reduce fixed costs within the Corporation against the background of continued pressure on the revenue side of the business. However, Stanwell has not yet quantified the labour savings expected to be achieved through the Operations Review.

Helen Gluer

Under Treasurer Date 4/13/2013

*Pauline Elliott*  
 - Can you please  
 send a copy of  
 this to Joe Marks  
 for info

Noted

Comments (back to Department/further action - if applicable)

*However the time given to myself & Asst-Mgr to deal with this is totally unacceptable. What ~~was~~ were people thinking? No indication of communication plan or other common issues.*

*Thanks Helen 4/13/13*

*Tim Tuttle 11/13/13*

Name:	*Action Officer/Author:	Team Leader	INIT	A/Director:	INIT	A/AUT:	INIT	OUT	INIT
Debbie Jakins	Commercial Monitoring	Commercial Monitoring		Michael Mamczur		Pauline Elliott		Gary Ward	
303 51917	303	303		303 51920		303 51904		303 51936	
28/2/13		1 1		28/12/13		28/12/13		4/13/13	

Insert EDocs No428959



## Ministerial Advisory Note

Date: 4 March 2013

### Prepared for Shareholding Ministers' offices

Subject: Review of Generation Division

Reference: 13/10179

Attachments: none

**Commercial in confidence and not for further distribution without the written consent of Stanwell Corporation Limited. This document is exempt from further disclosure pursuant to section 17 and schedule 2 of the *Right to Information Act 2009 (Qld)*.**

### BACKGROUND

The Queensland electricity market is significantly oversupplied. Electricity demand has remained subdued over the past two years and the latest forecasts by the Australian Energy Market Operator suggest low demand growth for the next five years. Wholesale electricity prices are at similar levels to those in 2001 and vertically integrated competitors are increasingly dominant.

As a result of all these factors, average wholesale electricity prices have decreased for the past four consecutive years and are now at a 12 year low; well below Stanwell's long run average cost (the average cost to the business to produce each MWh, over the life of the portfolio).

In response to the poor market conditions, Stanwell undertook two major initiatives in 2012 to take costs out of the business. The initiatives were:

- **Corporate Review:** *Contrary to Public Interest*  
*Contrary to Public Interest*

*Out of scope*

### ISSUE

Despite these initiatives being implemented and costs tracking in line with expectations, the electricity market has proved more challenging than originally expected. Therefore further cost reform is required to assist the generation business to return to profitability.

In response, Stanwell is now commencing a major review of the workforce structure and work practices across its generation and mining sites. The objective is to reduce fixed operations costs by \$40 million annually to assist with returning Stanwell's core business of electricity generation to profitability.

Given Stanwell's diverse plant portfolio and the current market requirements of the portfolio, Stanwell is prepared to accept more operational risk. In light of this, site management will lead the review at each site on how to reduce costs and improve operations.

The reviews at each site will:

- look at how to use technology better to manage plant and operational risk and be more efficient
- critically examine all the work that is done to find areas where we can do less
- improve operations and maintenance work processes to reduce waste and increase productivity.

No decision has been taken about changes to the workforce at the respective sites, but the review we will look at the structure, skills mix and size of each site team, the use of contractors and how to further cut spending in line with the changes to working practices.

If a change that will affect a team is identified, Stanwell will commence a consultation process in line with its site Enterprise Agreement.

Stanwell's Executive Leadership Team will travel to each site over the next two weeks to outline the Operations Division Review, discuss specific timeframes and listen to employee feedback.

## RECOMMENDATION

Shareholding Ministers note that:

- in response to continuing poor wholesale electricity prices, Stanwell will shortly commence a review of its Generation Operations Division
- the review will focus on workforce structure and work practices across Stanwell's generation and mining sites
- the objective of the review is to reduce operations costs by \$40 million annually to assist with returning Stanwell's core business of electricity generation to profitability
- progress updates will be provided regularly.

**RICHARD VAN BREDA**  
**CHIEF EXECUTIVE OFFICER**  
Stanwell Corporation Limited

Contrary to Public Interest

## Ministerial Advisory Note

Date: 19 June 2013

### Prepared for Shareholding Ministers' offices

Subject: Generation Operations Review Consultation process

Reference: 13/30904

Attachments: none

**Commercial in confidence and not for further distribution without the written consent of Stanwell Corporation Limited. This document is exempt from further disclosure pursuant to section 17 and schedule 2 of the *Right to Information Act 2009 (Qld)*.**

### BACKGROUND

In response to the continued subdued conditions in the Queensland electricity market, Stanwell advised shareholding Ministers that it was commencing a major review of the workforce structure and work practices across its generation and mining sites on 4 March 2013 (Ministerial Note 13/10179).

This review will require a major change to work practices and procedures and the overall approach to operational and maintenance risk philosophies. Accordingly, the benefits from this review will ultimately be realised over a number of years from 2013/14. The detail supporting these benefits will become better defined as the review progresses.

### ISSUE

Over the past three months, site management have been undertaking reviews of their respective sites with a remit to:

- look at how to use technology better to manage plant and operational risk and be more efficient
- critically examine all the work that is done to find areas where we can find efficiencies
- improve operations and maintenance work processes to reduce waste and increase productivity.

In designing future workforce plans, management have taken into account the structure, skills mix and size of each site team, the use of contractors and how to further reduce spending in line with the changes to work practices.

On 27 May 2013 Stanwell announced its proposed workforce structure at Mica Creek Power Station, to enable commercially viable operation and maintenance of the site from May 2014 onwards.

Proposed workforce plans at Stanwell's other generation sites are in the process of being finalised and will be communicated by site management at their respective sites over the next six weeks as follows:

- 26 June 2013 – Swanbank Power Station
- \*Early to mid July – Tarong power stations and northern hydros

- \*Early August - Stanwell Power Station
- \*Late July/early August – Corporate office operational functions including asset strategy and projects, and health, safety, environment and services.

*(\*Stanwell will advise Commercial Monitoring and DEWS of dates for consultation when they are confirmed.)*

If the revised workforce plans result in a reduction of roles or major change that impacts employees, Stanwell will commence a consultation process with employees and unions, as required under site enterprise agreements. Where appropriate, Stanwell will call for expressions of interest for voluntary redundancies, which will run in parallel with the consultation process.

Employees in roles that have been identified as no longer being required will be offered either a voluntary redundancy or placed in a redeployment pool if they do not accept a voluntary redundancy.

Stanwell will prepare stakeholder communication plans for sites that will be affected by major changes to the workforce plan. This will ensure that key local community members (local MPs, mayors, business leaders) are advised of the impact at their local site and understand Stanwell's rationale for the change to the workforce plan.

## RECOMMENDATION

Shareholding Ministers note that:

- in response to continuing poor wholesale electricity prices, Stanwell commenced a review of its Generation Operations Division to achieve further expenditure savings. This will assist with returning Stanwell's core business of electricity generation to profitability;
- over the next six weeks, management will communicate proposed workforce changes to their respective sites and commence consultation processes as required by site enterprise agreements;
- affected employees in roles that have been identified as no longer being required in the workforce plan will be offered voluntary redundancies. If they do not accept a voluntary redundancy, they will be placed in a redeployment pool;
- Stanwell will prepare stakeholder communication plans to ensure key local community members (local MPs, mayors, business leaders) are advised of the impact at their respective site and understand Stanwell's rationale for the change to the workforce plan.

**RICHARD VAN BREDA**  
**CHIEF EXECUTIVE OFFICER**

Contrary to Public Interest

## BRIEFING NOTE - FOR INFORMATION

FROM	Queensland Treasury and Trade		
FOR	Treasurer and Minister for Trade		
SUBJECT	Stanwell Corporation Limited – Employee Numbers		
Contact Officer:	Debbie Jakins, Commercial Monitoring Ph:3035 1917	Record No: TRY-03392	Date: 19 March 2013
Requested by:	N/A	Date Approval Required By: N/A	

### PURPOSE

1. To inform you of employee reductions which have occurred at Stanwell Corporation Limited (Stanwell) since the restructure of the Queensland Government owned corporations Generators.

### BACKGROUND

2. The Queensland Government-owned Generators were restructured on 1 July 2011 with the Tarong and Tarong North power stations and related assets, liabilities and staff transferred from Tarong Energy Corporation to Stanwell.


### ISSUES

Out of scope

6. Stanwell has advised it has also commenced an Operations Review with the objective to reduce fixed operations costs by \$40 million annually (TRY-03239). As part of this review,

Contrary to Public Interest

8. Operational site visits by Stanwell's Executive Leadership Team commenced in early March 2013 to make announcements regarding the Operations Review to staff.

  
 Helen Gluer  
 Under Treasurer Date 2/13/2013

Noted

Comments (back to Department/further action - if applicable)

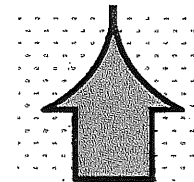
*See attached*

Reject  
 Employee numbers  
 do not add up (AH.)  
 compared to previous  
 BN. Thanks.

Name:	*Action Officer/Author:	Team Leader	INIT	Director:	INIT	AUT:	INIT	OUT
Debbie Jakins				Michael Mamyur		Pauline Elliott		
Branch/Division:	Commercial Monitoring	Commercial Monitoring		Commercial Monitoring		Commercial Monitoring		
Telephone:	303 51917	303		303 51920		303 51904		303 51936
Date:		1 1		19/3/13		19/3/13		20/3/2013

Edocs: 430066

RTI RELEASE



## Jasmine Smits

---

**From:** Larine Statham  
**Sent:** Wednesday, 10 October 2012 5:38 PM  
**To:** Deb Frecklington  
**Cc:** Kirk Stubbs  
**Subject:** RE: Press release  
**Attachments:** Deb Stanwell.doc

**Importance:** High

Hi Deb,

Matt and Stanwell are happy with the attached...

Just waiting for approval from you and Treasurer.

We'll probably send it out to your local media at about 10.30am tomorrow.

Cheers, Larine.

-----Original Message-----

**From:** Deb Frecklington  
**Sent:** Wednesday, 10 October 2012 5:01 PM  
**To:** Larine Statham  
**Subject:** Press release

Contrary to Public Interest

you can email the draft if that helps.

Deb

Sent from my iPhone



## Jasmine Smits

---

**From:** Kirk Stubbs  
**Sent:** Tuesday, 26 March 2013 9:14 AM  
**To:** Deb Frecklington  
**Subject:** Stanwell  
**Attachments:** TY\_OGOC\_n430066\_TRY-03392\_Treasurer\_BN\_Stanwell\_Categories\_of\_Workforce\_Reduction.DOC

Deb,

Please find attached for your information a copy of a briefing note to the Treasurer in relation to Stanwell's workforce reduction.

Regards

Kirk

RTI RELEASES

## BRIEFING NOTE - FOR INFORMATION

<b>FROM</b>	Queensland Treasury and Trade		
<b>FOR</b>	Treasurer and Minister for Trade		
<b>SUBJECT</b>	Stanwell Corporation Limited – Employee Numbers		
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Contrary to Public Interest

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**Helen Gluer**

**Under Treasurer** Date / /

Noted

**Comments (back to Department/further action - if applicable)**


RTI RELEASE

	<b>*Action Officer/Author:</b>	Team Leader	INIT	Director:	INIT	AUT:	INIT	OUT	INIT
Name:	Debbie Jakins			Michael Mamczur		Pauline Elliott		Gary Ward	
Branch/Division:	Commercial Monitoring			Commercial Monitoring		Commercial Monitoring			
Telephone:	303 51917			303 51920		303 51904		303 51936	
Date:			/ /		/ /		/ /		/ /

Edocs: 430066

RTI RELEASE