

# TRANSCRIPT

## LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

### **Inquiry into the closure of the Hazelwood and Yallourn Power Stations**

Melbourne—Wednesday, 16 March 2022

#### **MEMBERS**

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Mr Bernie Finn—Deputy Chair

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Mr Andy Meddick

Mr Craig Ondarchie

Mr Gordon Rich-Phillips

Ms Harriet Shing

Ms Kaushaliya Vaghela

Ms Sheena Watt



**WITNESS** (*via videoconference*)

Mr Peter Montgomery, Managing Director, Hydraulic & Pneumatic Pty Ltd.

**The CHAIR:** I declare open the Economy and Infrastructure Committee's public hearing for the Inquiry into the Closure of the Hazelwood and Yallourn Power Stations.

I wish to begin by acknowledging the traditional owners of the land, and I pay my respects to their elders past, present and emerging.

My name is Enver Erdogan, and I am the Chair of the committee. I am joined by my fellow committee members Ms Melina Bath and Ms Harriet Shing.

All evidence taken at this hearing is protected by parliamentary privilege, as provided by the *Constitution Act* and further subject to provisions of the Legislative Council's standing orders. Therefore the information you provide during the hearing is protected by law; however, any comment repeated outside 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. You will be provided with a proof version of the transcript following the 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. If you have any technical difficulties at any stage, please disconnect and contact the committee staff using the contacts you have been provided.

On that note, Peter, I might ask you to state your full name and the organisation you are representing and then to get into your presentation. Over to you. Thank you.

**Mr MONTGOMERY:** Thank you. My name is Peter Montgomery, and I am the owner of Hydraulic & Pneumatic Pty Ltd. We are a specialist engineering company in the field of fluid power. We deliver engineering services and products to the power generation, mining, pulp and paper, timber, oil and gas and food industries. Should I continue with my statement?

**The CHAIR:** Thank you for that, Peter. Yes, you can just start with your opening presentation or statement.

**Mr MONTGOMERY:** Okay. Our Morwell branch has operated here for 45 years, 32 under current ownership, and it now serves as our head office, heavy workshop, system build and site services centre. Recently we have established a facility in Keysborough, Melbourne, and this is for the integration of new technology and new product development, and it now serves as our engineering design, hydraulic pump build centre and warehouse. The business currently employs 22 persons, and these are comprised of mechanical engineers, product application engineers, trades technicians, apprentices, and administrative and sales staff.

The business was heavily impacted by the closure of Hazelwood, this occurring effectively without notice and many years short of advice given prior. Effectively it translated into a loss of 23 per cent of our then current turnover and in direct deliveries to the Hazelwood mine, Hazelwood power and other second-tier customers that we supported here. The closure was executed without any actionable transition plan and without any tangible support in place or offered at either state or federal level. There was no new industry either established or in development regionally presenting any new immediate opportunity for transitional consideration. Considering the state government was aware from 2010 of the pending closure that was approaching, it does in my view reflect poorly that no actionable plan for support for reliant business was held or apparently under consideration. It was evident with the closure that the government held no understanding of the impact this carried for the individual trading viability of those affected or what the real costs would be with recovery here—if indeed this would be possible.

I am here for the opportunity of identification of transitional costs which are yet to be identified and then to be carried. The Hazelwood supply chain transition program—there was no identification as to where any transition could be directed at a regional, state or wider level. The closure already of other industries in the region involving manufacturing has already removed other opportunities; this is with the progressive closure of the native timber industry, exiting of Carter Holt Harvey, a moratorium on gas exploration and the run-down of

offshore oil and gas. The regional impact is now further compacted by an earlier closure date now predicted for the Yallourn, as recently given.

My observation, what I want to identify, is that before any existing industry or manufacturer is shut down a new industry and manufacturer actually needs to be in place or in advanced development for any transition of skills and resources to actually occur. For impacted businesses that is where opportunity exists. To achieve transition substantial new capital investment is required as well as employee wage support and relief during the identified period of transition along with business cost relief for the same. These can consist of payroll tax, stamp duty, rates concessions, power rebates, cash grants, apprentice cost reimbursement and reskilling and training costs, to name some. Additional access to low- or zero-cost loans for capital investment is also required, joint government cooperation perhaps and providing GST relief. We see from the current COVID experience that all these points were identified as critical in providing necessary and meaningful support for business during the period. Here our experience was that assistance packages were effective and meaningful at both state and federal levels.

Small and medium business is the backbone of the Australian economy, in my view. It is both innovative and resilient, and it underpins the nation's prosperity. It deserves to be respected and assisted where necessary at a level meeting the circumstance when required, not only to preserve it but to enable it to prosper and grow for the benefit of all. Neither existing nor new industry can survive without the resources and skills this holds and the opportunities it brings with the skills and diverse capability carried. When industry is closed and local manufacturing lost, driving a reliance on products from overseas, we cannot gain from this. Perhaps the outcome from COVID and now the impact that we see with the Ukraine conflict underlining our lack of self-sufficiency and reliance on foreign manufacture and industry for so much will now more clearly identify this, with government at all levels reassessing and realigning for outcome and national interests and perhaps not for political objective or ideology. Thank you. That is pretty much what I have to say there.

**The CHAIR:** Thank you very much, Peter, for sharing that with the committee, especially your lived experience with the challenges caused by the Hazelwood closure and what your business went through, and also for sharing some of the work that Hydraulic & Pneumatic Pty Ltd is doing in terms of trying to keep manufacturing and other work here in Victoria—across our state. I really appreciate that. I know that Ms Bath has a number of questions, so I might pass to her to kick off, then to Ms Shing and then I will probably take the last few questions if that is okay. Ms Bath, would you like to start?

**Ms BATH:** Thank you, Chair. I am on and ready to go. Thanks very much. And thanks for your presentation, Mr Montgomery. You mentioned that the loss of Hazelwood saw a 23 per cent, I think it was, loss in your business revenue, so you obviously had ongoing contracts to supply engineering works into the mine or around it. What did that translate to in terms of funds—so 23 per cent, what did that mean as a hit to your work generation?

**Mr MONTGOMERY:** Effectively in dollar terms it equated for us—and bear in mind we are only a small business—to about \$1.2 million in loss of income. This was related to contracts and works we had in process such as modernisation of control panels and our involvement in and looking to supply equipment into the new overland conveyor system where they were planning to open a new coalface prior to closure, which was obviously abandoned.

**Ms BATH:** Thank you. I do recall a few years ago seeing in the media that you either sought or received a Latrobe Valley Authority grant. I think—and correct me—it was about \$25 000 for a consultant. Did you? And can you unpack the process of that, how effective it was and what it achieved? One of the reasons for our being here is to assess the movements of the Latrobe Valley Authority and assess the impact, positive or negative, on businesses.

**Mr MONTGOMERY:** Yes. We were successful. I think it was consideration later given to impact of the short-notice closure of Hazelwood the state government initiated a plan for business transition funding. We applied for a grant there, and in fact I think we were successful. The value of that grant was about \$71 000; \$16 000 of that went immediately to the medium in terms of conducting and establishing the qualification for the grant. The balance was available for investment into looking to provide avenues to develop new opportunity in business. Of course the issue that we had there initially was that we were already in a position of reduced financial capability as a result of loss of income immediately arising. Of course one of the conditions of the grant was that first we had to fund the investment and this would be later reimbursed on completion. In our experience—we had a very unpleasant experience. I think the mediator worked well, but unfortunately the

referral we were put for actioning the development of websites, digital marketing and product brochure development failed miserably and was never, ever delivered.

The impact of that was that we were in a position which made it necessary for us to apply for redirection for funding. This was a very lengthy process, bearing in mind that the completion date intended and required to have any effect for us was the end of 2018. It took us until mid 2019 before we could actually get some level of approval for redirection of funding. Then we went through a lengthy process, and eventually, in terms of getting a completion, for very little result, we received final reimbursement I think in late 2019. By that time any opportunity to take advantage or have any benefit was lost. But I think even more what we learned from the experience is that because of the relatively very low value of the grant and the complexity in terms of development, it actually drew more and more on our resources, which were already stressed, and required considerably more investment, both in terms of human resources and cost associated, to even action to the unsatisfactory outcome that we had. In the end my view was, unfortunately for both the government in its provision and us in taking it up, we would have both been better off if we had not have done it. It provided nothing for us apart from further distress and complication for the period.

**Ms BATH:** Mr Montgomery, can you unpack that a little bit? The initial funding—did you say it was \$16 000 for consultants, or to establish the consultant stream? And then you said that the initial direction that you went in in terms of digital marketing failed. We need to learn and understand why. Were you advised in a direction that really was not applicable to your industry or your business? Can you drill down a little bit further into the outcome?

**Mr MONTGOMERY:** Okay. It took us into a field where we carry no expertise, obviously, because we are going into website development and also product development in terms of coming up with a new product which we could offer to the market and a broader market, and the quantum of cost, it was discovered, was much greater. In fact the investment which we have carried to date is probably around about \$250 000 on that same channel, which we have borne and carried ourselves to get some level of success and position. The consultant involved as the medium obviously was paid for his services, and that was, as I mentioned before, a component of the overall grant, which I think equated to a figure of \$16 000. The balance left a figure of \$51 000, I think it was, which was then directed into various stages of investment where we went through the process of delivery. We are involved with engineered product in a specialist area, and when you look to carry this out to the avenues of website development and digital marketing, the people where we were directed and which were available in the market carry no knowledge of this and therefore failed. They were unable to integrate, they were unable to understand and in fact just about anything that they did do we had to actually do for them and they just framed it and re-presented it in terms of what they offered. It offered no solution, and it carried no advancement other than the knowledge and the position we already carried in the end.

**Ms BATH:** So rather than add value to your business it in effect cost you in the vicinity of \$200 000, something in that space. Is that what I heard?

**Mr MONTGOMERY:** Yes. I mentioned the figure there in terms of what the eventual cost was to get a satisfactory outcome in terms of our own business redeployment, and that has been affected. The cost which we could least afford—and at the time when we could least afford it also—was really the utilisation of resources that we needed to be directed into other areas of our existing expertise and the development of opportunities we saw with our established customer base, at least to try and recover. So that there, in terms of direct cost—if you related it to wages and fixed overheads and relative to the grant—was probably in the order of about \$80 000 or \$90 000, which we virtually lost or we wore as a cost without any result in that component. The figure of \$250 000 I gave you is what we have later invested to arrive with a result that we anticipated or desired in the first instance, and we have carried all of that cost. In fact we continue with it today with digital development marketing, new product development and so forth, which is represented as part of the overall investment we have made in the establishment of the engineering facility which we now carry for development of technology and new products associated.

**Ms BATH:** Chair, if I could just have one more line of questioning, thank you. You have been a business in Morwell yourself for over 30 years. You have a significant footprint in the area. You have respect and integrity in the area. What do you want to see from a state government in terms of investments? So I am flipping—we have dealt with LVA now—to a positive. What do you want to see in terms of investment in this region? What can state government do to support growth of businesses or attract new businesses?

**Mr MONTGOMERY:** That is a very good question. I think it applies at different levels as well. Personally I am quite concerned by the motivation and the impact of the closure of the native timber industry. This removes considerable opportunity with a number of our customers involved in the timber industry, in terms of harvesting and milling and transport.

**Ms BATH:** So that will have a negative impact on your business—is that what you are saying?

**Mr MONTGOMERY:** Absolutely. I think you only have to have a look at the distressed state that those remaining operators are in at the moment. We have got I think a significant moratorium on access to logging coupes. We have got a court case which has been actioned by other groups against the continuance of logging. I think the current figure in terms of what the expected harvest of native timber out of the region is is half of what the entitlement is simply because there is access denied to the operators, to the companies. You know, I hear stories of individual companies selling their trucks simply to pay wages because they are going broke. I do not see how this contributes anything to either the individual or the state in terms of its sustainable industries. Logging to me is a sustainable industry. It is a renewable resource. It needs to be properly managed and it needs to take in the considerations which we all respect in terms of the environmental situations, but why would you close it? Every country in the world can manage a logging system or a timber industry on a sustainable basis. It staggers me why we cannot.

**Ms BATH:** Thank you very much, and I agree with you on that score wholeheartedly. The closure of Yallourn is 2028. We have had AGL in this inquiry speaking about their closure date between 2040 and 2045. As an engineering business, what do you need to see in terms of investment and support, we will say, or investment and policy, from state government?

**Mr MONTGOMERY:** Well, I think if we look at it on a regional basis of Morwell, it is really about whether there is a viable utilisation of the energy resource we have there. When you look at the lignite, the brown coal area there, it is one of the largest energy reserves in the world, not just in Australia. There is the potential, and we see it at a state and a federal level, where there is continuing action towards the investigation of the viability of establishment of hydrogen as a fuel source, which is a clean fuel source. I know from some level of involvement we already have the product there that is extremely suitable for conversion. It is a matter for all hydrogen processed whether it is commercially viable in terms of cost per unit or kilojoule. I think for the valley we need to have development of an industry such as a hydrogen industry, which includes the aspects of mining conversion, by-product utilisation for other manufacture that would lead to an export industry—utilisation, whether that be an LNG conversion plant, pipeline shipping associated with that through to the wider region out to Western Port or somewhere else like that. They are available resources. Or else we need to find something which has substance of a similar scale to preserve business, particularly at a private level.

**Ms BATH:** Is the hydrogen industry one that your industry would be able to have a resource market to be engaged with and to increase or to grow your business?

**Mr MONTGOMERY:** Absolutely. I mean, this is part of where our investment goes and our identification of opportunity is—the utilisation of new technology. It is a matter of coming in alongside energy opportunities and other opportunity and manufacturing which may develop here in Victoria and nationally. We have already been involved. We were involved in the pilot plant. I mean, that was a significant investment which is just coming to a close and an exercise—a \$680 million investment—which I think state and federal governments invested in and others, just utilising the Kawasaki technology. That has been successful.

I think we are all aware that there was an initial export of hydrogen to Japan. Countries like Japan which will be dependent in future for hydrogen have already made a commitment to seeing this as their clean fuel source for sustainable energy in the future; whether it comes from coal in places like the Latrobe Valley or it comes from another process by conversion of water or green hydrogen is yet to be seen—or a combination of both. But whichever way it goes, if we cannot do it out of the utilisation of the energy resource we have then we certainly need to get engaged with the alternatives for hydrogen, whether you call it green or whatever in the future. That is one you can identify.

I think the re-establishment of gas exploration and re-establishing a level of self-sufficiency for that and also for all the land gas are necessary. We cannot operate without these products. You know, the timber industry needs to be preserved at a sustainable level. We need to encourage companies such as Nippon Paper with Australian Paper to make investment. They have a mooted investment plan for power generation of \$600 million. I do not see it progressing at this stage. There are associated spin-off industries for barramundi farming and that, I

believe. But we need the utilisation of our resources, both natural and fossil, for that to progress. You can shut it down. I do not see it as an option. I would be very happy to hear it if there is one.

**The CHAIR:** Thank you, Mr Montgomery. I might move on to Ms Shing, because I know she has been patiently waiting as well to ask a few questions. Thank you for sharing your thoughts on that. Ms Shing, over to you.

**Ms SHING:** Thank you, Chair. Thanks, Mr Montgomery, for attending to provide your evidence today and for the submission that you have put into this inquiry. I want to pick up on a number of things that you have talked about with Ms Bath in relation to what it is that the valley needs and how it is that this might be achieved. When you talk about the industries that we need, how do you propose that that should be attracted or indeed supported to not only come to life but to be made viable and sustainable into the long term? What is the process to your mind and who are the players to your mind that are central to this happening?

**Mr MONTGOMERY:** That is a multifaceted question—and also the answer. Whether the subject gets discussed, such as hydrogen, which does offer a real opportunity, the process—I mean, it is the same for anything. It has to be a viable operation. Now, for it to be viable it has to have access to the base resource, which in this case is the lignite, the brown coal, and it needs to be a process that produces a product which is commercially acceptable in price and also in reliability of supply. Now, the testing—

**Ms SHING:** What do you mean by ‘we’? What do you mean by ‘We need to do this work’? Are you talking about government subsidies? Are you talking about ongoing investment from the public sector into the private realm? Are you talking about work that goes beyond the economic growth zone that the valley has been declared to be? Because there are a whole lot of, I suppose, presumptions in what it is that you have said about where we want to head to in the valley, where we are now and what transition looks like. I am just wondering what you think the level of support should be from state and indeed commonwealth governments—I will get to the commonwealth in a moment.

**Mr MONTGOMERY:** Well, I think that you have to put it into various stages. So first of all you need to have technology which is identified that can be applied—that is already being done. The second—

**Ms SHING:** You mean the Kawasaki and hydrogen energy supply chain work?

**Mr MONTGOMERY:** Well, yes. I mean, the process has been proven. We know that it can be successfully done. The evaluation at the next stage was to put it into a trial and a pilot plan. Now, to do that, that would require a multiple investment. It also needs recognition in terms of potential both at state and federal levels, and I believe both state and federal governments contributed significantly to the cost of that \$680 million project—

**Ms SHING:** \$50 million each—so it was \$100 million total shared between the state and commonwealth governments.

**Mr MONTGOMERY:** Yes. And I believe the total cost was \$680 million.

**Ms SHING:** From private industry and from Kawasaki. But you are talking about a subsidy of about 18 per cent in total of the cost for this particular project from state and federal levels.

**Mr MONTGOMERY:** Yes. I mean, that is stage 2. So that trial has been a three-year trial, both in terms of putting it into place and our conclusion. I know it has concluded because we have been involved in a project that supplied equipment into that project. We developed and designed and built the hydraulic power pack which controlled the cone crusher for the pulverisation of the coal, and we supplied high-temperature valving and the controls for the process downstream. We worked with Kawasaki industries on that, and we have an understanding. Now, I do not know and we are not privy to the outcome in terms of the viability, the success and the potential for expansion. But that will become with stage 3. So for stage 3, if it this to proceed, really requires the commitment of private industry and a discussion at all-governmental level to decide what is necessary in terms of commitment to get this off the ground where it provides benefit both at state level for production and at national level for export, and the benefits that brings in royalties and jobs and so forth.

At the lower level, for companies such as us, it is not an easy thing to transition your skills into a new industry. Hydrogen presents a lot of challenges in terms of its handling. It is a bit like nuclear—there are a number of things that you have to be well qualified in and hold expertise in so that you can be in an effective position to contribute in terms of services and build. So you need to associate, and this is where we have invested

technology now, and we are in discussion already with a major multinational which has hydrogen products where we are looking to get involved. The next stage for us will be to be involved in training.

The question really that you are asking is: what do we need? This is a high cost. We have to have the ability to transfer. It costs us money to send people off for skilling, maybe overseas for training. We then need special equipment, so we need to invest in capital equipment and tooling. Then we need to invest in facility, and that has to be adequate to meet the quantum of opportunity that we can deliver.

**Ms SHING:** So when you talk about the support that is needed—I am just thinking to the economic facilitation fund and I am thinking to the process of transition and planning—you say that it was a waste of time. And yet isn't that precisely the conversation that we are wanting business to have around how to transition to what you have actually just acknowledged is a new opportunity for you and that you have also just acknowledged has been something that has delivered you business and delivered you opportunities where previously they were not there? I am trying to unpack that a little bit from what you have said in your evidence initially and said in your submission and what you are now appearing to say, which is that there are new opportunities for you to transition from the work that you have traditionally done to what you are now, in stage 2 of the Kawasaki project, as supported by both levels of government, in a position to pursue and perhaps expand upon.

**Mr MONTGOMERY:** I do not think that is quite what I said. The identification is one which we made. We had already made identification and identified the necessity for transition and that relative to, say, Hazelwood. We were given a closure date for Hazelwood of 2027, and we were investigating and looking at how we can find and identify opportunities relative to the skill set we have and the investment that we have with capital equipment to capitalise and develop the business out towards that. We had planned, as I think I mentioned in my original submission, the quantum of costs and transfer that we have invested as a small company—the \$3 million that we have invested towards transition and development of new opportunity was already identified. But it was identified to be carried over a period to 2027, not to get a phone call in December 2016 saying that the power station is closing on 1 March next year. You know, I struggle a little bit to understand why a company that was investing in opening up a new coalface to provide the coal necessary for power conversion in a period of 12 months went to a position of instant closure. I am sure there are aspects, such as the \$250 million royalty tax that was put on the miners and that down there, which had some level of impact.

**Ms SHING:** Well, I might just pull you up there because that was in fact the volume of the subsidy that had existed as compared to other states. So it is not actually, I think, accurate, to couch this in terms of a royalty that was imposed that constituted a disadvantage when compared with other parts of the country; it was removal of a subsidy that had existed until that particular point in time.

I might also just take you to the fact that we are talking about the interface between public and private sector investment and the fact that it was Mitsui and Engie that made that decision and made the decision to provide a six-month notice period. Again, the LVA has worked really closely with Yallourn to extract the longest notice period of any foreshadowed closure anywhere in Australia. That is the sort of thing that the LVA is doing. Now, the work that goes into transition is in fact about moving away from that sole determination upon private sector interests into partnerships and into collaborations to identify new opportunities. You said that you have not gotten anything substantive—you said, 'without any tangible support from state or federal governments'—but then you went on to talk about the support that you have accessed and the transition work that you are undertaking. The fact that there are payroll and business supports accessible that have actually demonstrated significant investment within the valley says that we need to do things differently across the board for different businesses. So what does that look like for you as we move away from reliance upon two or three major employers and operators within the coal-fired power component of the industry through to the other things? You mentioned aquaculture and you have mentioned use of biomass and other by-products. These are precisely the sorts of things that the LVA is working to attract. So how do we fit what you are saying into what is actually happening that you have referred to in your evidence today?

**Mr MONTGOMERY:** It is quite easy, I think, from a higher level, from a governmental level or from the highest business level, to identify that there are particular grants and there are particular subsidies which are available, but when you put it into the quantum of value to a small business—to what that amount actually is, the process involved to access it and the value in terms of the support and the conditions attached to it—for small business it is not a very practical pathway, I can assure you. I have been in business for 45 years—

**Ms SHING:** Why isn't it practical? Can you just expand on where the impracticability arises?

**Mr MONTGOMERY:** It takes away key personnel who are required for your core business—the day-to-day business, the business that you already hold—in terms of application and support and delivery, and that has a cost. Now, it has a double cost, because it has a direct cost in terms of the wages, salaries and overheads which are associated with that, but then you also have to consider that we rely upon establishing a pipeline for delivery of business, and in engineering quite often this pipeline is two, three, four, five years. So for what we put in today, we do not get a return next month, we do not get a return in three months or next year. It comes down. If you stop, if you have a distraction and you lose the input, the in-feed, into that pipeline, then it leaves a void, and that void falls down to a loss and that loss then impacts the business. So we have to be very careful in terms of what resources we have, both in terms of human resource and where we direct our own capital investment, to have any opportunity of return. The investment we are making now has no guarantee of return; it will rely upon our ability to develop a product and deliver it at an acceptable price.

**Ms SHING:** Isn't there always an at-risk component of it, though? Like, aren't you always in fact subject to some component of risk? That is the nature of sunk costs and investment in any business, isn't it?

**Mr MONTGOMERY:** Of course you are, but we understand that, and that is why we choose wisely when we make it.

**Ms SHING:** Yes. So would it be fair to say that if you had access to, I suppose, that tailored and personalised support, and you have spoken about that to some extent within the grant process that you got—you say that it was not worth what you ended up investing by way of time to get that benefit, but putting that to one side—if you had tailored support and up-to-date information which goes to the time frames that you have expressed real concern with this morning, and then connections to services and a central point then to direct inquiries as well as being kept up to date on new opportunities, would that sort of thing help you in terms of what those longer term pipelines of opportunity for expansion and transition look like?

**Mr MONTGOMERY:** Yes, of course. What assists businesses such as ours is we invest strongly. We invest in human resources. I believe in creating jobs and opportunities for people and I believe in private enterprise, but it is very difficult at any level. There are lots of opportunities, for example, within state government for us. We are developing product solutions and things which still offer advantage and that, but to access the departments and the individuals who are the decision-makers is not an easy process. There is no specific guideline for level of introduction to present your product for opportunity. I know that you can say, 'Well, there is', but there isn't. Nobody comes to us. No-one has come to us and said, 'Look, you're an engineering company. Do you have something that you think you might be able to offer?'.

**Ms SHING:** But isn't it about businesses going out and looking for business rather than an expectation that people will come to you? I mean, that is part of the business development model, isn't it?

**Mr MONTGOMERY:** Yes, it is, and it has been a great environment in the last two years to do that, hasn't it. We have been blooming well locked down. The investment we have made is to look for a wider footprint, to have a more diverse opportunity. We recognise that industry has changed and technology changes. We have not been able to get out of the state.

**Ms SHING:** So one of the things that I will take you to, though, is the fact that you have just agreed that that level of support, information, connections and a central point of contact and information about new opportunities are things that would help you. That is precisely what the business support service has been doing across Baw Baw, Latrobe and Wellington shire councils. That has actually been facilitated by the LVA. So have you accessed that support service at all?

**Mr MONTGOMERY:** We have not found anything—but yes, we do access. We do look, but we have not found any meaningful channelling or opportunity which is really presented. Most of the—

**Ms SHING:** Have you accessed that concierge and business support service through those three councils that is available?

**Mr MONTGOMERY:** I am not sure, to be quite honest. I would have to take that on notice. I can check it out, but we do look for opportunity.

**Ms SHING:** That is something that I would probably take back to what a number of other witnesses have talked about in the course of this inquiry, that the support is there for the purposes of what they have said, but they need help in actually being able to be directed towards it, and so to that end I think that that is a

conversation that is very much worth having. I think you have touched on something that is really valuable there. But I would like to ask you, to pick up on the initial funds—so there was \$266 million spread across a variety of different initiatives from a state level, and across the board since 2014 there has been more than \$2 billion invested by the state government—what do you think the commonwealth needs to do, because you have talked about no tangible support from either state or federal governments, but we are probably going to have to disagree on that point. But what does the federal government need to do to provide you with beyond the remittance of GST relief that you have flagged, support for those opportunities not just onshore but as an export offering as well? What do you want to see from the federal government?

**Mr MONTGOMERY:** I think the thing which we have already seen from the federal government and has been significant in supporting our business plan and development has been the instant asset write-off. I think that has been very significant. It has enabled us to make investments. We have made very considerable investments—over a million dollars in capital—

**Ms SHING:** So that is tangible support from the federal government, then?

**Mr MONTGOMERY:** Absolutely.

**Ms SHING:** So you agree that you have had that support. You also agree that, despite the fact that your assessment of the grant is pretty scathing, you have had support from the state government and that you have had access to various programs, despite the fact that you have not known about them, and that is a communications issue and a marketing issue. I want to—

**Mr MONTGOMERY:** No, it is not.

**Ms SHING:** Sorry?

**Mr MONTGOMERY:** Excuse me, but it is not. It is a matter of utilisation of resources, and I have made that point before. We do not have a large department for running around and looking any more than we do with IT. We outsource a number of things. Our skills are specific. And I have mentioned before, the utilisation and chasing of grants, the time process and the value of them—it just has not been available. You talk about—

**Ms SHING:** But that is precisely what the business concierge service is intended to cut through. Again I am coming back to how we can improve the work of the LVA. This is not a comment on you, it is a comment on how state government can in fact get better at the level of support that is provided and what it looks like, for example, to provide payroll tax relief and to provide access to rent relief and to provide access to subsidies for new workers—you talked about the importance of creating jobs. These are the sorts of things which the commonwealth and the state can partner on, but it is then about making people aware of how to access that support and, to my mind, streamlining access to that support. That is in fact what I am trying to get an understanding of. It is not a reflection on your resources, it is not a reflection on your business model; I am trying to understand how it is that we can make sure that you, as other small to medium enterprises have done, can access the sort of support that is going to make a tangible difference to you. And to that end I think you have talked about deficiencies with the LVA, but you have also said that they need to be more significantly funded. What does that funding look like—this is, I think, in your submission—in terms of success? What is success measured by as far as the Latrobe Valley Authority goes as we look towards the transition that will be occurring because of Yallourn and as we look at the notice period that will be coming forward for Loy Yang?

**Mr MONTGOMERY:** It depends what you identify as transition. Are you talking about the transition of existing skills—

**Ms SHING:** Both. All of these things—transition and growth and development.

**Mr MONTGOMERY:** or are you talking about the transition into like industry? Are you talking about the closure of a particular industry and the possibility of transitioning particular skills into other areas into the public sector?

**Ms SHING:** All of those things, because transition is a jigsaw, as we are all realising. Sorry, Chair, just to tidy that off: I am keen to understand what success looks like as far as the LVA's role goes in the Latrobe Valley—to you, Mr Montgomery.

**Mr MONTGOMERY:** I think that question is just too broad. That is a generalisation. The only thing I can identify is that I feel that the LVA is significantly underfunded, and I believe that the breadth of their direction of resource is limited. It is too narrow.

**Ms SHING:** So you would like to see more of that?

**Mr MONTGOMERY:** Of course we would like to see more of that, but we would need it in a meaningful way. But then you come back and say I am scathing of the LVA. I am not scathing of the LVA—

**Ms SHING:** Well, you have talked about rorts, and you have made a lot of allegations in your submission.

**Mr MONTGOMERY:** Not against the LVA, against the providers we were directed to.

**Ms SHING:** Okay. All right. Let us leave it there. I will let your submission rest. Thanks, Chair.

**The CHAIR:** Ms Shing, Mr Montgomery, I think we have run out of time for our hearing in terms of your evidence. I have actually found the challenging but respectful discussion quite insightful, and I think it is important to how the different levels of government work with local businesses in the area. I think a common theme we have heard at the hearings is that we would like to see more local procurement and more opportunities for local businesses that already exist and give them opportunities, especially where they have lost out from the transition. I found it very insightful to see your perspective in the way these agencies operate, the level of support and how it has impacted your business, so I want to thank you, Mr Montgomery, again, for your appearance today. And I want to thank Ms Bath and Ms Shing as well because they had already asked all the questions I had. On that note, it has been a pleasure to have you. Your evidence will be assisting the committee in its deliberations going forward.

**Ms SHING:** Thanks, Mr Montgomery.

**Mr MONTGOMERY:** Thank you very much, Chair. Thank you, Harriet, and thank you, Melina. I do think the last comment you made in terms of government procurement and the opportunity to get introduced to that supply chain would be quite significant. We have something to offer, but it is a very difficult thing to get access to, I can assure you.

**Ms SHING:** That is really helpful. Thanks, Mr Montgomery. I really appreciate that final comment. It is great.

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

**Witness withdrew.**