

UNCORRECTED PROOF ISSUE

**Friday 7 December 2018 - House of Assembly - Government Businesses Scrutiny Committee-
TT-Line Company Pty Ltd**

HOUSE OF ASSEMBLY

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE

Friday 7 December 2018

MEMBERS

Mr Hidding (Deputy Chair)
Mr O'Byrne
Ms O'Connor
Mr Shelton (Chair)

SUBSTITUTE MEMBERS

Ms Butler
Dr Broad

IN ATTENDANCE

Hon Jeremy Rockliff MP, Minister for Infrastructure

Ministerial Office

Mr Vince Taskunas, Acting Chief of Staff
Mr Adam Foster, Infrastructure Adviser

TT-Line Company Pty Ltd

Mr Michael Grainger, Chairman
Mr Bernard Dwyer, Chief Executive Officer
Ms Kym Sayers, Chief Financial Officer
Mr Kevin Maynard, Company Secretary

The committee met at 9 a.m.

CHAIR (Chair) - Welcome minister, Chair and CEO of TT-Line and the other officers.

I need to remind you that we will have a morning tea break, only a quick break, at 11 a.m. We finish at 11 a.m., this is a two-hour session, so we will have a quick break when we finish for the committee members. We have been having a few issues with microphones so when you are asking

questions can you speak into the microphones. It is a bit difficult if you lean back in your seats and have that space between you and the microphones. For the benefit of *Hansard* could you speak into the microphones. They are set up so that you can speak into them. People have a tendency to move them around a little bit so if you could leave them where they are and also when you are shuffling papers, clicking folders and moving glasses around that also echoes into the microphones. If you could be aware of that please.

Minister, I will allow you to introduce the officers you have at the table and, of course, an opening statement. Thankyou.

Mr ROCKLIFF - Thank you very much, Chair. At the table we have our Chair, Michael Grainger, the CEO Bernard Dwyer and our CFO, Kym Sayers. Welcome to everyone.

I have a short opening statement and I will kick off in what was likely the most significant announcement for TT-Line company in its long history of operating on Bass Strait and at the same time a significant infrastructure announcement for the Tasmanian Government on 3 May 2018.

TT-Line announced that it had signed a contract with European shipbuilder, Flensburger Schiffbau-Gesellschaft, otherwise known as FSG from now on, to construct two new roll-on roll-off ships to replace the current *Spirit of Tasmania* vessels. The contract is worth approximately €219 million for each vessel. Work commenced immediately after the contract was signed to facilitate delivery to commence operations on Bass Strait in 2021. The final design specification is to provide for 212-metre long vessels that will accommodate 1800 passengers and up to 600 passenger vehicles and be able to carry increased freight volumes when compared with the current *Spirit of Tasmania* vessels. The Tasmanian Government, and I am advised that the TT-Line board, are very pleased with the outcome in terms of the contract as negotiated by TT-Line after signing a letter of intent in the 2017 calendar year. The company reports the work is on track and progressing to a detailed plan.

On broader performance matters, TT-Line reported record revenues of \$244.6 million in 2017-18. This result helped the company achieve a pre-tax profit of \$63.4 million and an after tax profit of \$44.4 million. The number of sailings increased to 859 including 156 day sailings, the highest number of day sailings since 2004 when the company was operating three vessels.

The vessels completed a 100 per cent completion rate during the reporting period. Passenger numbers increased by 3 per cent to 448 764 and freight volumes were the highest on record at 105 208 20-foot equivalent units. More than 69 per cent of people who travelled on the *Spirit of Tasmania* in 2017-18 were from mainland Australia and nearly 90 per cent travelled with a vehicle.

Both vessels celebrated their 20th birthdays in February and March respectively; 20 years is an important milestone in any ship's life cycle.

TT-Line has been a supporter of Tasmanian organisations with charities and businesses for as long as it has operated in the state. It has donated about \$150 000 worth of contra travel to community-based initiatives. Importantly, in a retail and hospitality context, 90 per cent of wine and 80 per cent of food served onboard the vessels in the last financial year was sourced from Tasmania. I also thank TT-Line for the work they've done to assist our farmers who were supporting their fellow farmers on the mainland during some very difficult drought conditions.

Ms O'CONNOR - Hear, hear.

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Mr ROCKLIFF - From a brand perspective, independent research found that the brand remained strong. In 2017-18 the company delivered 12 major campaigns across television, radio, press, cinemas and outdoor billboards. As noted earlier, it has been a highly profitable and exciting year for TT-Line. I congratulate the chairman, Mike Grainger, Bernard, the CEO, and all the management team and TT-Line employees for what is an outstanding effort in delivering these results. Thank you.

Mr O'BYRNE - I will start by saying congratulations on the year. They were a beautiful set of numbers for the state and it indicates that Labor's decision to purchase the two ferries and to support your work over many years. So, congratulations on the year.

It's important that we actually deal with a couple of key issues that have been front of mind of the Tasmanian community. I'll talk about the new vessels at a later point.

Minister, could you update the committee on the progress and the outcome of the investigation around the death of the ponies on the *Spirit of Tasmania*? Unfortunately, there's been a lack of information coming to the community and that flows through to people's confidence in the vessels. Ultimately it is important that the Tasmanian community knows that the vessels are able to carry animals across Bass Strait. The lack of information coming from the Government has undermined the confidence of the community in TT-Line's capacity and I'm seeking to get some update from yourself on that, please.

Mr ROCKLIFF - Thank you, Mr O'Byrne. I know this is an important issue for all the members on this committee, and indeed the entire Tasmanian community. Ever since the incident happened the community wants to see a full and proper investigation; some light to be shed on exactly what happened, and to ensure that something of this nature cannot happen again.

You would appreciate that I am not able to provide any details. The matter has been under investigation -

Ms O'CONNOR - Many, many months, minister. Nine months now, is that right?

Mr ROCKLIFF - It's been - yes, approaching nine months, Ms O'Connor. I'm sure you would appreciate that process is very important here. If we are to get to the bottom of this and to ensure this never happens again, and to ensure that those responsible are held accountable, then process is very important, both in terms of the investigation and the legal processes. This is a legal matter now, and I'm not able to comment any further than that.

I invite the chair to say a few words from the perspective of TT-Line.

Mr GRAINGER - Certainly, thank you, minister. First and foremost, if anyone has evidence that those horses passed away onboard the ships we would like to see it. We haven't been informed formally, or otherwise, that those animals actually died onboard the ships.

Ms O'CONNOR - Mr Grainger, this is the first we've heard that they might have died not on the ship.

Mr GRAINGER - Well, we don't know. There's been no official statement that those animals, whilst tragic, passed away on the ships.

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Mr O'BYRNE - The person involved is taking, as you say, minister, some legal action. He's been very clear about his views, and TT-Line has been public about defending its position. Why can't you comment further and update the committee on the steps taken by the Government to resolve this? It's becoming - unfortunately, the secrecy around the reports, it's 'Ponygate' really. If there's nothing to hide, if TT-Line has done all the right things, why don't you defend the TT-Line in its efforts to continue their business without this cloud of controversy over the top of them?

Mr ROCKLIFF - Because, very clearly, an investigation has to take place. Processes are very important here. Legal matters are before us at this present time so I'm not able to comment due to the legal situation.

Mr O'BYRNE - Could TT-Line update the committee on their investigation and the steps they have taken to ensure that they have done all the right things as the Chair has said he is able to.

Mr GRAINGER - I am happy to do that.

Certainly, our internal investigation has not revealed that the company is at fault but it is before the courts. We will vigorously defend this court action. We have had some discussions with DPIPWE and, to our knowledge, there is nothing that the company has done wrong. We carry horses almost every trip; there has not been a problem. We believe this is a one-off event. As I said earlier, no-one told us that the horses passed away onboard the ship. Until that is ascertained, we can't say anything.

We know there has been damage to our brand over this and we are not too happy about that. However, because it is before the courts, we are unable to comment. It would be foolish for us to comment as it may be revealed that the horses passed away before they boarded the ship or after they left the ship. We do not know. I cannot add to what the minister has said.

Mr O'BYRNE - Minister, given that a long time has elapsed since the deaths, surely the department and all of its resources would be applying their work to this. So why can't the Government be clearer about its view of what happened?

Mr ROCKLIFF - First, I go to your previous question and reject the allegation of secrecy. No-one is being secretive here; this is about proper process. Over the last four years there have been some incidents in the transport of animals across Bass Strait, which has resulted in deaths of animals. That is tragic. The previous investigation took some time to make sure that it is a very thorough process. While I understand the frustration that many in the community have expressed to me about the length time since the tragic incident earlier this year you, and I believe all Tasmanians would appreciate, that process here is paramount if we are to ensure to that we have a full understanding of what happened and a full accountability as a result of what happened.

Mr O'BYRNE - No-one disagrees with having appropriate process but unfortunately there is a cloud over the Government Business Enterprise which is very important to the Tasmanian economy.

Mr ROCKLIFF - I would not put it that way at all; I do not believe there is a cloud over any Tasmanian business.

Mr O'BYRNE - The point is that they need your help to clear it up.

Mr ROCKLIFF - Of course we want a resolution to this and we must let process take its place.

Mr O'BYRNE - Which vessel was it?

Mr DWYER - I will have to come back to you on that.

Mr O'BYRNE - If you can, that would be important.

Mr ROCKLIFF - I have been advised that it was vessel 1, which carries horses almost every single day.

Mr O'BYRNE - Thank you.

Mr GRAINGER - They are sister ships and are identical vessels in every respect.

Mr O'BYRNE - I know that.

Mr HIDDING - And horses go over and win races so they are in good order, obviously.

Mr O'BYRNE - All the more important to clear it up then.

Ms O'CONNOR - Minister, has the TT-Line taken any advice, for example, from the Animal Welfare Advisory Committee about conditions for animals transported on the vessels?

Mr GRAINGER - There are regulations that the company needs to adhere to. We are well and truly in line with those regulations. They are minimum standards, as most maritime regulations are. We, without doubt unequivocally, comply with those regulations. Unequivocally.

Ms O'CONNOR - Minister, this might be a question Mr Grainger can answer. In the TT-Line's conditions of carriage, there is a clause on liability and risk, which states -

With the exception of consumer guarantees, we exclude any liability for loss, death or personal injury incurred as a result of, or in connection with, our negligence.

Is that a standard non-acceptance of liability clause in contracts for vessels that transport animals?

Mr GRAINGER - I do not know.

Ms O'CONNOR - The question relates to the Government and its business enterprises being model corporations. Given the huge level of public concern about these horses - and no-one is laying any blame here - I think some people would be surprised to see that TT Line as a Tasmanian business entity is not prepared to be held liable for loss, death or personal injury incurred as a result of the company's own negligence.

Mr HIDDING - Who says the company was negligent?

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Ms O'CONNOR - We are not talking about the specific situation with the polo ponies, but as we have looked into this issue we have found this clause in the conditions of carriage. For example, the person who owned the polo ponies takes the ponies on the vessels. As you have said there is a question about when the animals died but this does not take away from the fact that even if TT-Line has been found to be negligent, there is a clause there in the conditions of carriage that means that you are not held responsible.

Mr GRAINGER - Have you compared that clause to any other shipping company or airlines, for example?

Ms O'CONNOR - No, that is why I asked the question. Is that a standard application of responsibility clause?

Mr GRAINGER - I do not know, I cannot answer that.

Ms O'CONNOR - Is there anyone at the table who can answer?

Mr DWYER - That has been a condition for a very long time. I will have to check with the Company Secretary who has been here a lot longer. I will have to go back and have a look at it.

Ms O'CONNOR - Thank you. So, it is standard then for the TT-Line to let people know when they are transporting livestock on the vessel that even if the company has been negligent it accepts no responsibility.

Mr DWYER - That is a condition of carriage, yes.

Ms O'CONNOR - Do you think that is reasonable, minister.

Mr ROCKLIFF - There are many animals transported by TT-Line regularly, without incident. The incident that we are now referring to is tragic and under investigation. Legal proceedings will get to the bottom of exactly what happened and who is accountable.

Ms O'CONNOR - My question relates to the company for which you are responsible not apparently under any circumstances accepting liability or responsibility, for example, death or injury to animals, even if the company is at fault.

Mr ROCKLIFF - The company has a very good record when it comes to the transport of animals.

Ms O'CONNOR - That is not the question.

Mr ROCKLIFF - With respect, the company has a very good record when it comes to the transport of animals.

Ms O'CONNOR - Even if its record was broken, even if it is found to be responsible because of conditions in the hold, for example, the conditions of carriage clause says that they will not accept liability for the company's negligence.

Mr HIDDING - As you have said, it is a standard clause.

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Ms O'CONNOR - But this a government business shipping line.

Mr HIDDING - It is a corporation

Ms O'CONNOR - Remember, the TT-Line is essentially our highway across Bass Strait in many ways. It is not the same as any private freight or shipping company; it is a government-owned enterprise.

Mr HIDDING - You cannot sue the government for something that happens on the Midland Highway.

Ms O'CONNOR - You should be able potentially sue a company if it has been negligent.

Mr HIDDING - You cannot because the law says you cannot. It is a standard disclaimer, which I assume will be tested in the courts.

Ms O'CONNOR - What level of monitoring does DPIPWE undertake of animals, either on the vessel or departing the vessel?

Mr DWYER - We regularly test the airflow movements on the ships because it is not just for animals, which are very important. I have crew on those decks and the company is passionate about safety so we are regularly monitoring what is happening on those ships. We comply with AMPSA, which is the regulatory body we need to operate under and which supplies us with a licence to operate every day.

Ms O'CONNOR - Has TT-Line implemented the amendments to the Tasmanian Animal Welfare Guidelines for the transfer of livestock on Bass Strait, as recommended by the Animal Welfare Advisory Committee in March 2014?

Mr ROCKLIFF - I will have to come back to you on that.

Ms O'CONNOR - It is transfer of all livestock on Bass Strait.

Mr O'BYRNE - Is the autopsy report able to be released? When is that going to be released?

Mr ROCKLIFF - I will have to take that on notice because it is not part of my responsibility, Mr O'Byrne, as you would appreciate. We await the outcome of the investigation and no doubt a number of details will be released to the public so they have a true understanding of what happened.

Mr O'BYRNE - How many animals have passed away over the last five years? You say it is a one-off but I am sure there are other examples from time to time.

Mr DWYER - In the past five years I cannot remember any incidents of animals passing away. Certainly this is tragic, as the chairman and minister have said, and it has affected a lot of us

Mr O'BYRNE - You touched on the atmospheric testing, and in regard to AMPSA I understand the regulations and conditions around that. In terms of workers and the work health and safety obligations of the company, have you released the atmospheric testing to the health and safety reps on board?

Mr DWYER - It has been released to the unions and the MUA as well.

Mr O'BYRNE - You have released all the atmospheric testing?

Mr DWYER - As far as I am aware, yes.

Mr O'BYRNE - What does that say, what is it saying?

Mr DWYER - We are well under the requirement that is required for safety on those vessels.

Ms O'CONNOR - For diesel particulates?

Mr DWYER - Particulates, yes, as well as carbon monoxide.

Mr O'BYRNE - Through your investigation, there are no other potential issues for workers on board from the atmospheric testing in terms of particulates?

Mr DWYER - No.

Ms O'CONNOR - Mr O'Byrne asked a question earlier about animal deaths on the vessel over a broad period of five years. Is it possible to provide a breakdown to the committee of any incidents, including death and injury of animals year by year over the past going back to 2014 when these new guidelines were to have been implemented?

Mr ROCKLIFF - If you would like me to investigate that and provide that level of detail I would be more than happy to take that on notice.

Ms O'CONNOR - Thank you, minister.

CHAIR - At this point I will just remind the committee and the minister what the procedure is on questions on notice. It has been agreed and everybody on the committee understands that they write that question out, it goes to the secretary and, minister, you need to check each one off at the end of the session. I need to make that point so there is no confusion at the end of whether a question has or has not been taken on notice.

Ms O'CONNOR - Thanks, Chair. I accept what Mr Dwyer has said. I know no-one at the company would feel anything but awful about all of this, so I am certainly not sitting here to try to pin blame.

In terms of the question that Mr O'Byrne asked, is there regular monitoring of air quality in the hold, for every vessel and every crossing? Is there a device inside that gives you an easy reading for particulates, carbon monoxide and those other things that will build up around a big engine area?

Mr DWYER - It doesn't actually build up around a big engine area -

Ms O'CONNOR - It goes somewhere.

Mr DWYER - There are huge exhaust fans and airflow, so there's not monitoring on every sailing but there are logs of fans and their movement on every sailing.

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Ms O'CONNOR - The infrastructure is there to make sure that particulates are moving through, but there's not a regular monitoring of air quality on the vessel in the hold, where animals and people work?

Mr DWYER - Not on every sailing. It isn't needed on every sailing because of the airflow, also bearing in mind that when vehicles are loaded everything is then turned off. There is nothing other than potentially the electric reefers and things that are used for refrigeration of product coming out of Tasmania. There are no truck or car movements once the ship is locked up.

Mr GRAINGER - If I can just add to that, the company regularly does air quality checks and has done for 20 years. Well before the incident with the horses, air checks were done. There's been discussion amongst stevedores and crew, but it is not required to be done every voyage because nothing changes.

Ms O'CONNOR - Yes, except given that there are living beings there, including workers and at times animals that are being transported, has any consideration been given to some sort of relatively easily installed device or something that could help you monitor quality, or is TT-Line so confident that particulates are not an issue in the freight area that you haven't put that monitor in place?

Mr GRAINGER - The testing that is done on a regular basis - and I don't know how regular it is, whether it is once a year - has determined that the air quality is very, very good. It is well below the acceptable standard of particulate, I think they call it. When the ship is full, a worst-case scenario would be some refrigeration vehicles that need to have a generator going to keep the refrigeration going, and we've measured that as a worst-case scenario and we're still well below the requirements.

Ms O'CONNOR - So you're absolutely confident, Mr Grainger and Mr Dwyer - and this is my last on this line of questioning for now - and TT-Line is absolutely confident that the conditions in the hold of the vessel where the ponies were stored did not contribute to their deaths?

Mr GRAINGER - Yes.

Mr O'BYRNE - Have there been any changes in your procedures since the event? Obviously each event creates a review and you assess all of your processes. Have there been any changes to your processes since that event?

Mr DWYER - We haven't changed any of our major processes. The processes we have for loading and operations on the vessel haven't shown to be deficient in any way.

Mr O'BYRNE - So no changes to major processes, but have there been any minor tweaks?

Mr DWYER - Not that I'm aware of, Mr O'Byrne, certainly nothing in relation to the process we normally operate under.

Mr O'BYRNE - Minister, to lift the cloud on this, when will the Government be more open with their investigation and their reviews - to lift the cloud off TT-Line?

Mr ROCKLIFF - Again, I reject there's a cloud over TT-Line, first. Second, when the process takes its place, the Tasmanian people and everyone will be fully aware of the details, but we have

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to let that process take its place. I'm not able to give a timeframe. What is most important is the process.

Mr O'BYRNE - We're heading into the summer season and I'm not sure if TT-Line is continuing the sponsorship of the Barnbougle event, which was obviously when the deaths happened last year. These are significant concerns not only for the travelling public, for Tasmanians and people who want to move to Tasmania and bring their animals down, it is reliant on the Government to support a GBE business doing its work. You cannot have an open-ended process here. There are serious questions that needs to be answered and the secrecy from the Government, whether you say it is not or is, people are saying what is going on? You have all the resources of government, get on with it.

Mr ROCKLIFF - Mr O'Byrne, I can understand your words in crafting a headline for a media release but this is a very serious issue, an issue that does need to be thoroughly investigated and proper process has to take its place.

Mr HIDDING - Like scientists.

Mr O'BYRNE - Thanks, that is a great intervention. Science is smart people with labs and coats.

Mr HIDDING - A slightly higher level than you, sitting around this table making stuff up.

Mr O'BYRNE - If you want to be on the other side of the table you sort it out internally.

Mr HIDDING - These are scientists who are doing due process.

Mr O'BYRNE - I am asking questions of the minister.

Mr ROCKLIFF - It is difficult for the Government to intervene and put a time line on when an investigation should take place. That might impact on the investigation.

Mr O'BYRNE - Is it a priority for the Government to resolve this?

Mr ROCKLIFF - I am sure it is priority for all those involved in the investigation to thoroughly examine every aspect of what went wrong and to ensure the public is fully informed in the most timely manner. It is most important the process is very thorough and takes place where there is no stone left unturned. I am sure you would appreciate that.

Mr O'BYRNE - With the new vessels and the commissioning and the work that will be done to get them on the Strait, what opportunities are there for local content and local businesses, manufacturing and a whole range of opportunities for jobs in Tasmania to be created by the new vessels?

Mr ROCKLIFF - Considerable, and I outlined some figures in my opening statement about the very good work TT-Line does as a Tasmanian company in supporting local producers which is a very high percentage of local content. I thank TT-Line very much for that. With other aspects of the building of the ship, Michael, would you like to comment?

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Mr GRAINGER - The company has a policy of giving priority to local suppliers and local providers. We are very serious about that policy. Whatever we can get done in Tasmania and/or Australia for the new vessels, we will get done. There is a myriad of things that cannot be done in this state or in the country. We have been asked the question -why couldn't the ships be built in Australia - and that is just not possible. The company's policy is that we will support Tasmanian suppliers and providers wherever we can, and we do.

Mr O'BYRNE - You have done the work on the new vessels. What does that look like now?

Mr GRAINGER - In terms of?

Mr O'BYRNE - What roles, jobs or what investment from Tasmanian companies would we see as a part of the commissioning of the new vessels?

Mr GRAINGER - It is an ongoing process. The shipyard has not even cut steel yet. That would be determined down the track.

Mr O'BYRNE - Which areas do you perceive them to be?

Mr GRAINGER - We are using Tasmanian timbers in the veneers. Using Tasmanian furniture on the ships, mattresses, and things like that. Wherever the company can use Tasmanian, we will.

Mr ROCKLIFF - Maximising local content in the outfitting of new builds where the products are able to meet international marine classification standards.

Mr O'BYRNE - Thank you, minister.

Mr ROCKLIFF - Just backing up the chairman.

Mr O'BYRNE - I appreciate that. What is the staff turnover of TT-Line at the moment?

Mr DWYER - It is very low, Mr O'Byrne. We do not have a high staff turnover at all. I do not know how to answer that in number terms.

Mr O'BYRNE - In terms of your key core staff, what is the turnover in staff at the moment? Is it 10 per cent, is it 5 per cent, 1 per cent?

Mr DWYER - It would be very low, single digits.

Mr ROCKLIFF - If you would like us to put that on notice I am sure we could get that. It has been answered in a broad sense but I understand that the staff are very happy.

Mr GRAINGER - There has been a culture change, even since you were minister of the company. Really at Bernard's insistence of making sure that everyone was happy; there are programs in place for all employees, management included. The culture has changed a lot, I have to say, certainly since my time being involved with the company. Staff turnover is low; staff morale is very high across the board. We get reminded of that on a regular basis. For a company that employs something like 450 people we should be very proud of the status of the employees.

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Mr O'BYRNE - How do you measure that? Obviously there is anecdotal stuff and we all hear that. Do you do a staff survey? Could you share that with the committee?

Mr DWYER - We do not do a staff survey as such but we work with our people every day, every shift. If there are any issues in our business at all from the staff or crew I will guarantee you I would know within the day that there is an issue on the ships or on shore itself. There is no actual survey that is done but our low turnover speaks for itself.

Mr GRAINGER - There are a number of committees within the company which are chaired by various employees of the company that deal with various aspects of the company. Safety committees, continuous improvement committees, marketing committees, and they deal with their respective areas.

Ms O'CONNOR - Minister, has the Department of Primary Industries, Parks, Water and the Environment's animal welfare inspectorate undertaken an inspection of the ship since the deaths of the ponies?

Mr GRAINGER - Yes.

Ms O'CONNOR - When was that taken? Was that immediately after the deaths?

Mr GRAINGER - There has been a number of inspections, a number of discussions and a number of meetings since that incident.

Ms O'CONNOR - That was with DPIPWE's animal welfare inspectorate team?

Mr GRAINGER - Correct. Lloyd Klumpp has been involved with it.

Ms O'CONNOR - Has Mr Klumpp provided advice to TT-Line about conditions in the hold and has it provided a view on whether or not the ship contributed to the deaths of those ponies?

Mr GRAINGER - No.

Ms O'CONNOR - Does TT-Line management or the board have anything before it in writing from DPIPWE about the incident?

Mr DWYER - In relation to fault with the TT-Line?

Ms O'CONNOR - The deaths of the ponies.

Mr DWYER - No, we don't.

Ms O'CONNOR - Has that been sought?

Mr DWYER - We are continually talking with DPIPWE and are very interested when the report will be released so we can talk publicly once it is not before the courts.

Ms O'CONNOR - Thanks, Mr Dwyer. I am trying to understand what level of investigation to date has been undertaken by DPIPWE and whether TT-Line's defence to the court case is based

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on some advice, whether it be formal or informal, from the animal welfare inspectorate within DPIPWE.

Mr DWYER - The investigations that we have are from AMSA and a range of organisations that have come and done inspections, and continue to do inspections.

Mr ROCKLIFF - Ms O'Connor, I am advised that DPIPWE has provided results of investigations to the DPP and this is now a matter, as you would appreciate, for the DPP.

Ms O'CONNOR - Okay. Can you outline the court case here? My understanding was that it is a civil matter where the owner of the ponies is taking legal action against TT-Line in the Supreme Court of Victoria. Is there a suggestion that charges might be laid by the DPP?

Mr ROCKLIFF - I cannot comment on any legal matters of that nature.

Ms O'CONNOR - Your predecessor as minister has tried to be helpful here at the table.

Mr HIDDING - I just point out that the DPP also handles civil matters for the Crown. His office would handle any such case in the first instance against the Government.

Ms O'CONNOR - Thank you, Mr Hidding.

Minister, the primary industries animal welfare section of your former agency, DPIPWE, has provided some advice on the incident and the conditions in the vessel to the Director of Public Prosecutions.

Mr ROCKLIFF - That is my understanding.

Ms O'CONNOR - But that advice has not to date gone to TT-Line's management or board?

Mr ROCKLIFF - Correct.

Ms O'CONNOR - Is there a reason that TT-Line wouldn't be privy to that advice? Wouldn't you like to see it, Mr Grainger?

Mr GRAINGER - We are confident that the company is not at fault because of the testing we have done internally. As Bernard suggested earlier, we've also had AMSA, the Australian Maritime Safety Authority, do significant tests on board the vessel. Nothing has indicated that there is a problem, but it's such a delicate matter that is before the court we'd be mad to make a comment on it. Why would we do that when it's before the court?

Ms O'CONNOR - Mad to make a comment on the specifics of the incident, but by your statement, Mr Grainger, the company is certain it is not at fault.

Mr GRAINGER - Unless there's something we don't know.

Ms O'CONNOR - Okay, but you don't know what DPIPWE's advice to the DPP is?

Mr GRAINGER - No, we don't.

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Ms O'CONNOR - Minister, can you give the committee - even in broad terms - an understanding of the advice from the animal welfare people?

Mr ROCKLIFF - I am not able to provide that information, Ms O'Connor.

Ms O'CONNOR - Presumably if the advice has gone to the DPP it's a complete investigation on DPIPWE's part?

Mr ROCKLIFF - I'd have to take advice on whether it's complete. I'm not aware of that.

Ms O'CONNOR - Okay, because as you recall, when we've asked questions about this matter in parliament, your predecessor as minister, Ms Courtney, said the investigation was ongoing. There has been no information released, publicly or in parliament, about the status of the investigation, or any findings of DPIPWE, which is a government agency. Are you confirming here today that the DPIPWE investigation is complete now?

Mr ROCKLIFF - I'm not the minister for primary industries anymore. All I can say is that I've been advised that DPIPWE has put forward the information to the DPP. That would be a question for the minister.

Ms O'CONNOR - It's an exercise in futility, we've found.

CHAIR - Nevertheless, it is a legal issue now.

Ms O'CONNOR - She's not quite as frank in her answers as you are.

CHAIR - Ms O'Connor, you're allowed to ask the question but the minister has said it's in the court, so I need to move on.

Ms O'CONNOR - I understand that it's in the court but there's a government agency involved in the investigation. I think it's important we clarify that the investigation is complete and with the DPP.

CHAIR - That may be the case, but from the Chair's point of view you've thoroughly investigated it. I do need to move on. Ms Butler has the next question.

Ms BUTLER - Minister, I have a question around the legal costs associated with this civil case. How much has it cost to date, as a government, how much has it cost the TT-Line as a GBE, and what is the actual amount that the organisation is suing for?

Mr DWYER - The costs associated with the legal action won't be a cost to TT-Line. That is covered under our PI insurance so there's no actual cost to the company in relation to the legal advice. I might just ask the question of my company secretary. We are looking up that figure in the documents.

CHAIR - We will come back to that. When the answer comes in I will provide the opportunity for it to come back to the table.

Ms BUTLER - To clarify the tragic incident with the ponies, was that was on *Spirit II*?

Ms O'CONNOR - *Spirit I*.

Mr GRAINGER - I want to make clear again that we don't know if it was on the *Spirit*; no-one has officially told us that it was on the *Spirit*. It annoys me that we have to put up with this brand damage when no-one has officially said it was on the ship.

Ms BUTLER - I will rephrase my question. The incident where ponies were deceased happened either prior, post or during travel; we are not sure. What is the previous name of the *Spirit I* boat? Was that Fast Ferry III or Fast Ferry IV?

Mr GRAINGER - It wasn't Fast Ferry, it was *Superfast III* and *IV*.

Mr DWYER - We have *Superfast III* and *IV* but I can't remember which way the numbering went.

Mr O'BYRNE - Surely that would be straight on the tip of the tongue.

Ms BUTLER - So *Superfast IV* is *Spirit of Tasmania I*. Thank you. You will get the legal amounts back to me?

Mr DWYER - Yes.

Mr O'BYRNE - In the documents in terms of staff, a senior staff member, Pat Guarino, who left in August 2017 received a payment of \$761 000, which was made up of leave of 12 months, redundancy of \$348 000, notice period of \$44 000, a vehicle of \$38 000, and superannuation of \$20 000. Could you update the committee on the nature of that departure given his role and history?

Mr GRAINGER - Mr Guarino had been with the company for 30 years and was paid what he was entitled to, not a penny more, not a penny less. The majority of the payment, as you have just highlighted, was annual leave and long service leave. While the senior management team numbers have increased no additional employees have been hired so the structure is now a flatter design in keeping with contemporary management practices. It was a large payout but that is what he was entitled to.

Mr O'BYRNE - There are a number of questions within this. Regarding his leave of 12 months, there is a government policy which effectively says that public servants can't accrue more than 100 days leave. How can a senior staff member accrue 12 months' worth of leave? We understand you are not a public servant but the Government usually sets the policies around staffing and the 2 per cent wages cap and those -

Mr GRAINGER - Not necessarily with state-owned companies, they don't.

Mr O'BYRNE - I understand that, but there are pretty clear directions.

Mr GRAINGER - Admittedly, the company has now changed policies so annual leave can't be accrued. That policy was changed a while ago. Unfortunately, in Mr Guarino's day they were allowed to accrue annual leave.

Mr O'BYRNE - It's a massive liability, though, isn't it?

UNCORRECTED PROOF ISSUE

Mr GRAINGER - It was a massive liability up until about 12 months ago and it is on our balance sheet, on our financial statements. There is no argument that it was a big payout, we knew that, but that's what he was entitled to at the time.

Mr O'BYRNE - When you say 'entitled', how was he 'entitled' to a redundancy?

Mr DWYER - Under his contract.

Mr O'BYRNE - A redundancy is a specific industrial term where the position is no longer required.

Mr DWYER - Or in the company anymore - correct.

Mr O'BYRNE - You're going to have to give more, seriously, that is not enough. We need to know. This is a \$348 000 redundancy payment for a person who was there for a long time. I know intimately the work that he did, and is still being required to be done in terms of managing freight and managing the work. How is that a redundancy?

Mr DWYER - Mr Guarino was the chief operating officer. There is not a chief operating officer of the company anymore. We have reviewed and restructured the company so we have a much flatter senior management team. There is no longer the hierarchy that used to be in TT-Line and that role is not required anymore.

Mr O'BYRNE - I understand the name of the role, but the role that he was required to do is still being performed by people on board. So, there is not less work. I understand the title but you know the test is not the title; the test is the work that is performed. How can you justify \$348 000 of taxpayers money' being made in a redundancy for an employee whose work is still required by the company?

Mr DWYER - The work is still being done within the company. The results of the company in the last 12 months show that we are being more efficient in what we do within the company.

Mr O'BYRNE - How is a \$38 000 vehicle a part of a redundancy?

Mr DWYER - It was in his contract. His vehicle was part of his package. We had no need for the vehicle, so we let that vehicle go with him.

Mr O'BYRNE - How long was his contract for? Was he a permanent employee, or was he on a five-year term?

Mr DWYER - He was a permanent employee.

Mr O'BYRNE - A permanent employee. You still have not explained how someone whose work is still being required by the company has been, at the beginning of the financial year, paid close to \$800 000, including leave entitlements I understand: a \$348 000 redundancy; 44 000 in notice; nearly \$40 000 for a car; and \$20 000 for super. How is that a reasonable outcome for the company? Notwithstanding the quality of the person; it is not about him, it is about the figure.

UNCORRECTED PROOF ISSUE

Mr DWYER - The performance of the company over the last 12 months has been much more efficient. A restructure of the company was warranted so that the amount of work performed was performed with the number of people currently in the company.

Mr GRAINGER - What might help is that Mr Guarino's role has now been spread amongst senior management, so there is more than one person doing his work. Two or three managers now take responsibility for various aspects of the company. There has been a restructure so that roles and responsibilities have changed.

Mr O'BYRNE - I do not accept it is a redundancy. Explain to me why the redundancy payment is justified, if there is a restructure of the company, if the work is still required.

Minister, back in 2014 the Treasurer, Mr Gutwein, told parliament that he had written to all GBEs and state-owned companies asking for a stop to excessive golden handshakes. How do you defend a payment such as this - close to \$800 000 of taxpayers' money - being spent on this kind of decision?

Mr ROCKLIFF - It is consistent with his entitlements. In my understanding, the person you refer to was a long-standing employee of around 30 years with TT-Line. That is a long time to be with a company. He provided very good service. The contract is the contract and that was the entitlement.

Mr O'BYRNE - He is a permanent employee; he is not on a contract so you do not have to pay out his contract. Do other public servants get access to this kind of payment?

Mr ROCKLIFF - As the Chair has explained, TT-Line is different. Clearly this was an entitlement.

Mr GRAINGER - Not a public servant.

Mr O'BYRNE - Regardless of Mr Gutwein's letter in 2014 this is, in my view and I think in the view of the community, an excessive payout. What other options could you have investigated to avoid such a large payout?

Mr DWYER - The company's performance over the last 12 months is showing that we are becoming more and more efficient in what we do and how we work.

Ms O'CONNOR - I am not sure they are related, with respect, Mr Dwyer.

Mr DWYER - Our job is to make the company more efficient. Our return on assets increased and that is one of the mechanisms.

Mr O'BYRNE - Avoiding an \$800 000 payout could have been good.

Ms O'CONNOR - Earlier we were discussing conditions of carriage for TT-Line and for companies and individuals that transport items, freight or livestock on the vessels. The liability and risk provision says:

Any liability for loss, death or personal injury incurred as a result of, or in connection with, our negligence.

UNCORRECTED PROOF ISSUE

So, TT-Line will not at any point accept liability, even if it is negligence on the part of the company. Mr Grainger suggested we look at other private companies. Two of the freight companies that we've looked at - Qantas Freight and Virgin Freight - have nothing like that provision.

Mr GRAINGER - You mean for livestock?

Ms O'CONNOR - For transporting animals. Indeed, with Qantas the only provision there is - [TBC]

The carrier will not be liable for any loss, damage or expense arising from death due to natural causes or death or injury of any animal caused by the conduct or acts of the animal itself, or of other animals including, but not limited, to biting, kicking, goring or smothering.

Qantas, the national carrier, does not have within its conditions of carriage this absolute denial of any liability in the event of negligence being proven.

Virgin has limitations on liability that state - [TBC]

We are not liable to limit our obligations to you under Australian Consumer Law, the conventions or other applicable laws to the extent that we are permitted to limit our liability to you under applicable laws.

In 19.1 to their conditions of carriage as of July this year, they talk about the negligence of the customer.

It is a government business entity, and as far as we can tell, this provision is quite extraordinary; under no circumstances does TT-Line accept liability even if it is found to be negligent.

Mr GRAINGER - That would be determined by a court, wouldn't it?

Ms O'CONNOR - It is probably going to be determined by a court in this instance. That circumstance aside, you have quite an extraordinary provision in your conditions of carriage.

Mr Grainger, you can shrug. In the Greens' view, government should be a model corporation when government involves itself in corporations. We know that in so many ways TT-Line is - I'm not taking that away from TT-Line. But you would have to agree that these conditions of carriage are quite something.

Mr GRAINGER - I am shrugging because I am not a lawyer.

Ms O'CONNOR - Through the minister, can you commit to engaging with TT-Line and its management on these conditions of carriage? In purely corporate fairness terms that you have conditions of carriage denying any liability even if the company is found to be negligent is quite extraordinary.

Mr ROCKLIFF - A condition of carriage that I understand has been in place for a very long time.

UNCORRECTED PROOF ISSUE

Ms O'CONNOR - That does not make it right or fair.

Mr ROCKLIFF - Including when you were in government.

Ms O'CONNOR - You can try that. We were in government five years ago now. I was not the minister for TT-Line; I am sitting next to the former minister for the TT-Line. Actually, I am sandwiched between three ministers for the TT-Line.

This is a matter of being a model government business. TT-Line is able to not accept liability even if it is negligent under the conditions of its carriage in a way that Qantas and Virgin don't expect, demand or try on with their customers.

Mr GRAINGER - Are you suggesting that we should get legal advice on that?

Ms O'CONNOR - I'm sure you got legal advice on it because lawyers wrote it. I'm suggesting that if you compare it to other freight companies -

Mr GRAINGER - Airlines?

Ms O'CONNOR - Airlines, shipping lines, road transport -

Mr GRAINGER - You haven't compared it to shipping lines.

Ms O'CONNOR - Mr Grainger, you asked us to go away and compare it with some other commercial freight operations. We've done that. TT-Line's conditions of carriage have been found to be wanting, compared with Qantas' and Virgin's conditions of carriage where they don't seek to avoid liability if it is negligence on their part that causes damage, injury or death. I am suggesting that these conditions of carriage might need to be looked at to make sure they are not only commercially reasonable but they stand up to the fairness scrutiny test.

Mr GRAINGER - So you are asking us to get legal advice?

Ms O'CONNOR - No, I am saying -

Mr GRAINGER - Who else can give us advice on those terms of carriage?

Ms O'CONNOR - I am asking that these conditions of carriage be looked at and maybe you have lawyers who wrote this and if you want to get a lawyer on to it that is -

Mr GRAINGER - Who else can we get, Ms O'Connor?

Ms O'CONNOR - The board should have the capacity to look at the conditions of carriage with some legal advice and make a determination about whether or not they are contemporary, whether they are best practice in commercial terms, and whether or not a government business -

CHAIR - Ms O'Connor, it is somewhat of a statement. Have you got a question?

Ms O'CONNOR - Thanks, Chair. Mr Grainger is actually provoking explanation of our position which I should be able to give.

UNCORRECTED PROOF ISSUE

CHAIR - That is fine but as chair I need to convey to you your job is to ask questions.

Ms O'CONNOR - Thank you, Mr Shelton. This is a matter of significant public interest because what the conditions of carriage say to customers is even if the company is at fault it won't accept liability.

CHAIR - Do you have a question? If you don't have a question -

Ms O'CONNOR - My question to the minister is, do you believe it is reasonable for the shipping company for which you are responsible to have a clause in its conditions of carriage that states it will not accept any liability for loss, death or personal injury even if it has been negligent?

Mr ROCKLIFF - As I say, it is a standard -

Ms O'CONNOR - It is not. We have established it is not.

CHAIR - Order, Ms O'Connor.

Mr ROCKLIFF - It has been in place for quite a considerable time, as I am advised. Your previous question was would I as minister engage with TT Line on -

Ms O'CONNOR - You need to review that clause.

Mr ROCKLIFF - Ms O'Connor, I don't doubt this will be the last time that you question me on this particular matter and so of course I will.

Ms O'CONNOR - Hang on, you mean you doubt it won't be the last time I question you on this particular matter, no I just want *Hansard* to make sure you are not.

Mr ROCKLIFF - Of course we will be having a discussion about it. But it has been a long-standing clause and can I say that with respect to the original matter which this question has arisen TT-Line take enormous responsibility for the transport of freight -

Ms O'CONNOR - No-one is taking that away from TT-Line, but if negligence is found they won't accept liability.

CHAIR - Order, Ms O'Connor, you have put the question. Please allow the minister to answer it.

Mr ROCKLIFF - and have a tremendous record with respect to that. There is a process underway into the tragic event earlier this year. That is all I am able to provide the committee.

Ms O'CONNOR - Okay. In terms of compare and contrast, Virgin talks about the negligence of the customer -

CHAIR - Order Ms O'Connor. Again, I have allowed a lot of leniency. Mr Hidding has indicated -

Ms O'CONNOR - You never have a crack at Mr O'Byrne when he interjects and keeps asking questions.

Mr O'BYRNE - Oh, come on.

Ms O'CONNOR - No, it is not about you. It is about a different set of standards at the table, Mr O'Byrne. Every year.

Mr HIDDING - Minister, the TT-Line has been characterised in the past as being a single service operator on the Strait and therefore has no competition. Clearly, it has competition and that is from the airlines. With the new ships coming on line in a few years there is going to be capacity on the ships - and there is of course still capacity in the off months. Could you, or the company, explain to the committee how the competitiveness of the fare structure of the TT-Line, at the moment, the *Spirits*, competes with the airlines?

Mr ROCKLIFF - Thank you, Mr Hidding for that question. While air and ferry travel are not necessarily directly comparable, TT-Line acknowledges that it is important that its fares are competitive with other transport options, including airlines flying to Tasmania.

Ms O'CONNOR - Like Qantas and Virgin?

Mr ROCKLIFF - Looking at departure dates during the 2018 calendar year, comparing travel to and from Hobart and Launceston for airlines and travel to and from Devonport for the *Spirit of Tasmania*, the following results were recorded. Inbound, one adult fare, TT-Line is on average \$48 more expensive than the cheapest airline and \$34 cheaper than the dearest airline. Outbound, one adult fare, TT-Line is on average \$55 more expensive than the cheapest airline and \$13 cheaper than the dearest airline. Inbound, two adults and two children, TT-Line is on average \$47 more expensive than the cheapest airline and \$278 cheaper than the dearest airline. Outbound, two adults and two children, TT-Line is on average \$67 more expensive than the cheapest airline and \$206 cheaper than the dearest airline. Further, the average price paid per passenger who travelled on the *Spirit of Tasmania* in 2017-18 increased by 2 per cent on the 2016 price.

By ensuring the fares are affordable and competitive, particularly for families, TT-Line is helping to increase the number of visitors to our state and also making it cheaper and easier for Tasmanians who use the ferry service for work and holiday journeys.

I thank you very much for the question, Mr Hidding, and I thank TT-Line for their very competitive fare structure.

Ms O'CONNOR - Not so competitive conditions of carriage, are they?

CHAIR - Order, Ms O'Connor. You wonder why the chair has to pull you up all the time, Ms O'Connor.

Ms O'CONNOR - No, I don't really.

CHAIR - The evidence is there.

Mr O'BYRNE - Minister, the Government has a 2 per cent wages policy. I understand various GBEs have been informed of that policy. Does that policy apply to the TT-Line?

UNCORRECTED PROOF ISSUE

Mr ROCKLIFF - The Government remains committed, Mr O'Byrne, to ensuring negotiated wage outcomes are sustainable and affordable. The Government expects businesses to be cognisant of the Government's public sector wage policy. Individual enterprise agreements are a matter for the respective businesses. The Government notes that in some cases, wage increases above the cap level have been agreed to where there are clear off-setting productivity gains. Allowing for off-setting productivity gains against increases above the cap level is consistent with the Government's wages policy. The Government's wages policy provides for the total cost of salary increases, allowances and any other employment conditions for all industrial agreements to be no greater than 2 per cent per annum.

Consistent with this policy, Mr O'Byrne, in the 2018-19 Budget and forward Estimates provide for wage indexation of 2 per cent per annum. Given the level of cost of living increases in Tasmania, the level of increases being provided in other jurisdictions, the current level of public sector wages and other wage increments available to many public servants, a wages policy based on a 2 per cent increase in the absence of productivity increases is considered reasonable. I repeat, allowing for off-setting productivity gains against increases above the cap level is consistent with the Government's wages policy.

Mr O'BYRNE - Yes, I received the memo. What was the wage increase for TT-Line this year for staff?

Mr DWYER - There is a recent negotiation that is before Fair Work for ratification. I am not sure if I can release if it is still in front of Fair Work.

Mr O'BYRNE - It would be in the public domain. If it has gone to Fair Work, then you have voted and agreed. What is the figure?

Mr DWYER - For the first year of the agreement it is 2.45 per cent and 2.95 per cent for the three years thereafter.

Mr O'BYRNE - Just under 3 per cent each year for the next three years? And the productivity gains?

Mr DWYER - The productivity gains, as you alluded to earlier, Mr O'Byrne -

Mr O'BYRNE - I didn't, the minister did.

Mr DWYER - Sorry, if I can finish. You alluded to earlier, the big annual leave that is sitting in our balance sheet. Our crew has agreed to some conditions that will allow us to draw that liability down over a quicker time.

Mr GRAINGER - It is very good result with the EBA.

Mr O'BYRNE - Given the context of seafaring wages. But still, it is above the 2 per cent, isn't it? It is an acknowledgement you want to value your staff and pay them appropriately.

Mr GRAINGER - It has come back from 6 per cent.

Mr DWYER - Between 6 and 7 per cent.

Mr ROCKLIFF - A clear offset in terms of -

Mr O'BYRNE - No, managing annual leave is not an offset -

Members interjecting.

CHAIR - Mr O'Byrne, your job at the table is to ask the minister questions. If you don't have another question I'll go to Ms O'Connor.

Mr O'BYRNE - What were the annual wage increases for the executive team?

Mr DWYER - It was 2.5 per cent, on average.

Mr O'BYRNE - And the average payment of bonuses, how much?

Mr DWYER - I'd have to look at that. I don't know off the top of my head.

Mr ROCKLIFF - We can access that information for you through the annual report, just to clarify those figures. Any other questions, Mr O'Byrne?

Mr O'BYRNE - Yes, there's a series of questions but I'll start on them. How would you value freight as a part of your new business?

Mr GRAINGER - Very important.

Mr O'BYRNE - Excellent. What percentage of the income does freight make up?

Mr DWYER - Around 40 per cent.

Mr O'BYRNE - So it's a key part of your income. Is the board aware of proposed legislation before the federal parliament that could open up Bass Strait to foreign flagships carrying domestic freight across Bass Strait?

Mr DWYER - Yes.

Mr O'BYRNE - Is the board aware that guarantees have been sought from the federal government that Bass Strait will be protected from foreign flagships, but none has been given?

Mr GRAINGER - Yes.

Mr O'BYRNE - Has the board undertaken any modelling on the potential impact of foreign flagships operating on Bass Strait?

Mr GRAINGER - No. Foreign flagships have operated on Bass Strait in the past.

Mr O'BYRNE - But not now?

Mr GRAINGER - No, but they have done and they had minimal impact. It was different freight to what we carry.

UNCORRECTED PROOF ISSUE

Mr O'BYRNE - Well, it's all freight. There's roll-on, roll-off, there's trailers, so I understand the context, but having foreign flagships on Bass Strait would have a significant impact potentially.

Mr GRAINGER - Potentially, but we certainly haven't seen that in the past.

Mr O'BYRNE - When were they on there in terms of Bass Strait from Devonport or Burnie to Melbourne?

Mr GRAINGER - Certainly when you were minister. Two or three years ago there was a service from Bell Bay to Melbourne.

Mr O'BYRNE - That was a Swire, was it?

Mr GRAINGER - It could have been Swire. The main freight component of TT-Line is that last-on, first-off niche-type freight market, so unless someone competed directly with that - I wouldn't have thought so, and we have discussed it at board level.

Mr O'BYRNE - You have discussed it?

Mr GRAINGER - Yes, and we don't believe there is any real threat in the near future.

Mr O'BYRNE - Have you got any modelling you could provide the committee in terms of the potential risk?

Mr GRAINGER - No.

Ms O'CONNOR - Minister, as I understand it, TT-Line operates 18 poker machines on each *Spirit* vessel, which seems to escape a mention in the hospitality section of the annual report. Is there a reason that poker machines aren't mentioned in the annual report?

Mr DWYER - No overt reason, no. It's not a large percentage of our revenue.

Ms O'CONNOR - What is the revenue gained by TT-Line from those machines on average each year? If you can't do the average, Mr Dwyer, even in the past year?

Mr DWYER - Can I take that on notice? I'm happy to supply the figure.

Ms O'CONNOR - It's not detailed in the annual report, the revenue from poker machines?

Mr DWYER - It's not material, but it's not shown as a separate line item in the annual report.

Ms O'CONNOR - Minister, do you think poker machines are the best way to maximise and sell the Tasmanian brand as it is through the rest of the hospitality sector in Tasmania? Do you think poker machines on the vessel are a good introduction to Tasmania?

Mr ROCKLIFF - I'm not sure they are an introduction to Tasmania.

Ms O'CONNOR - For people who get on the vessel.

UNCORRECTED PROOF ISSUE

Mr ROCKLIFF - The fact that they're on the vessel as a billboard to Tasmania, I would reject that. I think TT-Line more generally is a very good billboard and introduction to Tasmania for the service it provides its passengers.

Ms O'CONNOR - But a government business is making money from poker machines. Do you think that is appropriate?

Mr ROCKLIFF - Poker machines have been on the *Spirits* for some time, as I understand it, and it is part of the offering for passengers on the ships.

Ms O'CONNOR - Sure, but the company is not proud enough of it to detail it in the annual report or break it out as an income stream.

Mr HIDDING interjecting.

Ms O'CONNOR - So is it just grouped into hospitality income? It's very different.

Mr HIDDING interjecting.

Ms O'CONNOR - Previous minister, let me speak to the current minister. I meant the previous previous minister - thank you, Mr O'Byrne.

Minister, in 2008 North Melbourne became the first AFL club to exit the poker machine industry. In 2016 North Melbourne made a strong, proud statement that they were pokies-free, and reiterated their commitment at the beginning of October this year celebrating a decade of being pokies-free, and in fact named and shamed other AFL clubs who are still earning revenue from gambling addiction. Through their sponsorship arrangements with TT-Line, which is home to a total of 36 Federal Group-owned poker machines -

Mr GRAINGER - No.

Ms O'CONNOR - No? So they are owned by the TT-Line? Sorry, I did know that.

Mr ROCKLIFF - Can we just clarify that, please? Admirals.

Ms O'CONNOR - Okay, thank you for the correction. They are owned by the Admirals Group. Really in effect, minister, North Melbourne is receiving funds from poker machines, aren't they?

Mr ROCKLIFF - No, I wouldn't have thought so.

Ms O'CONNOR - If you break it down, in the TT-Line sponsorship deal with North Melbourne which, despite our repeated efforts to have some information provided to the public about has been denied to us across this table, there is a sponsorship agreement -

Mr GRAINGER - Can I clarify that? That is just not true.

Ms O'CONNOR - We have asked at Estimates in previous years about the nature of the sponsorship agreement and how much is involved and we have been denied that information.

UNCORRECTED PROOF ISSUE

Mr GRAINGER - That is not true.

Ms O'CONNOR - What information have we been provided with, Mr Grainger?

Mr GRAINGER - You have been provided with every information. We went in camera last year and discussed the contract.

Ms O'CONNOR - Mr Grainger, with respect, that was not in the House of Assembly GBE hearings, it was the upper House, and because it was in camera that information was not made public. We have asked across the Estimates table a number of times since the deal was agreed to about the nature of that deal. The House of Assembly has not been provided with that information, so what I said is true.

Mr HIDDING - The parliament was provided with numbers and those briefed publicly said it was a very good deal indeed for the state.

Ms O'CONNOR - So someone said it's a really good deal, but we have asked at the GBE table and never been provided with that information. What we are trying to establish here is that a sum of money sponsors the North Melbourne Football Club, TT-Line earns revenue from poker machines, ipso facto TT-Line is contributing poker machine money to North Melbourne.

Mr ROCKLIFF - That is a very long bow.

Ms O'CONNOR - Do you think so? Why don't we talk about some details of the North Melbourne deal which is allegedly commercial-in-confidence, even though there are no other competitors?

Mr GRAINGER - It's not allegedly commercial-in-confidence. It is commercial-in-confidence.

Ms O'CONNOR - Why?

Mr HIDDING - Because they wouldn't do business with Tasmania if every deal was splattered all over the newspaper.

Ms O'CONNOR - What competition was there for that deal?

Mr GRAINGER - It is a contract between TT-Line, North Melbourne and the AFL. It is that simple. It is a commercial-in-confidence contract, which is why we went in camera to discuss it with the upper House. Parliament provided us with a letter after that in camera session saying, 'Thank you, there are no further requirements for us, you have given us all the information we need', and it is a parliamentary document unless I am mistaken.

Ms O'CONNOR - The Legislative Council provided TT-Line with that letter. That in camera evidence was not made available to the other House. Parliament is two Houses, so half of parliament still does not know what the deal is and the people of Tasmania have no idea what the deal is.

Mr ROCKLIFF - It is commercial-in-confidence.

UNCORRECTED PROOF ISSUE

Ms O'CONNOR - Commercial-in-confidence, again. Ultimately, it is only public money that funds TT-Line.

Mr O'BYRNE - A question on the pensioner offering for Tasmania. How many do you offer per sailing?

Mr DWYER - There are 75 pensioners per sailing on a p.m. and a.m. season.

Mr O'BYRNE - That is per day; that is two vessels.

Mr DWYER - Per sailing.

Mr O'BYRNE - Per sailing. The day and the night so 75 across the day -

Mr DWYER - No, times two.

Mr ROCKLIFF - It is 75 per vessel.

Mr O'BYRNE - What's the value of the discount?

Mr HIDDING - It is generally booked out miles in advance, I take it.

Mr O'BYRNE - My understanding is that you are 18 months booked out on the pensioner discount. Is that right?

Mr DWYER - I would be surprised if it was 18 months booked out.

Mr O'BYRNE - Could you clarify that, please?

Mr DWYER - It would take a bit of time to do that. We would have to go through our booking system to do that.

Mr O'BYRNE - Can you take that on notice?

Mr ROCKLIFF - Yes.

Mr O'BYRNE - Is that possible?

Mr ROCKLIFF - Yes, I believe it is possible.

Mr O'BYRNE - How far you are booked out would be great.

Given that the previous minister had it raised with him a number of times, given the great performance of the company, is there any thought for Tasmanians to extend the pensioner discount?

Mr DWYER - Extending? Increasing per sailing?

Mr O'BYRNE - Opening up more spots, given it is booked out so far. Our intel is that it's 18 months but we stand to be corrected on that. We all know it is booked out a while. Would you consider extending it?

Mr DWYER - We are not considering extending it at this stage. Over 10 per cent of our bookings are pension fares. We still need to make sure we are operating viably and profitably to pay for the new vessels.

Mr O'BYRNE - What is the total value of the pensioner discount, not to the individual but to the company? You would calculate each year that you have provided x amount of pensioner discounts at certain periods. You would have to have a value of that. What would be the value?

Mr DWYER - We can find out.

Mr O'BYRNE - There are two questions then. What is the actual value to the individual? I know you have stepped up -

Mr DWYER - That changes per sailing, as you are aware.

Mr O'BYRNE - That changes per sailing, so that would be good.

Mr ROCKLIFF - Are you asking for that to be on notice, Mr O'Byrne?

Mr O'BYRNE - If you could get it to us that would be great. If you cannot get it before 11 a.m., can we put it on notice?

Mr DWYER - We need to put it on notice because we have to look at our system. I do not know the system for bookings.

Ms O'CONNOR - Minister, I want to ask some questions about biosecurity inspections coming off the vessel in Tasmania. Is it possible to get information on how many biosecurity inspections are conducted as the vessels dock? Is every *Spirit* that docks inspected by biosecurity officers?

Mr ROCKLIFF - Thank you for the question. As you appreciate, maintaining Tasmania's biosecurity is very important to maintain Tasmania's relative pest- and disease-free status and to ensuring Tasmanian products achieve premium pricing. TT-Line takes its role in protecting Tasmania's biosecurity very seriously.

The offshore screening and checking of the *Spirits of Tasmania* passengers and vehicles as part of TT-Lines Melbourne check-in process was successfully continued in 2018 with no major issues, in accordance with agreed audit and training schedules. I think it has been in place since towards the end of 2014.

I, as minister for primary industries and the former infrastructure minister launched that partnership between TT-Line and Biosecurity Tasmania which has resulted as in many tonnes of fruit and quarantine-risk material not entering Tasmania shore.

Ms O'CONNOR - Who does the Victorian-based inspections?

Mr ROCKLIFF - Is the question: who inspects in Victoria?

Ms O'CONNOR - In Victoria.

UNCORRECTED PROOF ISSUE

Mr DWYER - In Victoria, it is a combination of my staff and Wilson Security, who are trained by our staff and also by Biosecurity Tasmania. There is also regular quality assurance and retesting and making sure that our standards are maintained.

Mr HIDDING - They are great ambassadors for Tasmania.

Ms O'CONNOR - Thank you, Mr Hidding.

Mr ROCKLIFF - At the end of October for this calendar year, TT-Line's offshore screening processes screened 102 000 passengers and vehicles, 6533 dogs and 3425 other animals. This has resulted in the seizure of over 10.3 tonnes of quarantine-risk material and referred 2766 passengers and vehicles to Biosecurity Tasmania for further inspection.

The relationship between BT and TT-Line remains very strong. There is a high level of cooperation between employees of both organisations, ensuring the success of the initiative. During September 2018, an independent audit of the offshore screening process occurred. TT-Line is currently awaiting the findings and audit report from Biosecurity Tasmania. Passengers on board the *Spirit of Tasmania* vessels are continuing to experience an efficient and streamlined discharge from exit from TT-Line's Devonport terminal as they drive off the vessel and start their holiday trip or return back to their residences.

The point there was that not only do you seize the quarantine-risk material off Tasmania's shore, which protects our relative pest- and disease-free status, but those entering Tasmania have a smoother entry and are not held up when they begin their fantastic journey around our island.

Ms O'CONNOR - The point of quarantine inspection in your mind and in the company's mind is where we prevent materials from coming into Tasmania is Victoria?

Mr HIDDING - It still happens.

Ms O'CONNOR - Off the back of the last thing the current minister said.

Mr ROCKLIFF - The bulk of the risk is offshore. It is seized offshore and inspected offshore.

Ms O'CONNOR - Are Biosecurity Tasmania officers present as people disembark in Devonport?

Mr ROCKLIFF - I will take that on notice. My understanding is that there is. There are random inspections. The bulk of the risk is accounted for at the Port of Melbourne. I stand to be corrected but my understanding is that there are random inspections from then on. Is that correct?

Mr DWYER - If I may pick that up, the minister is accurate; the majority is done in Melbourne but there are also Biosecurity inspectors on every discharge in Devonport.

Ms O'CONNOR - With sniffer dogs?

Mr DWYER - There are sniffer dogs, but I can't say that they are there every day.

Mr O'BYRNE - And not always for fruit.

Mr DWYER - Not always for fruit.

Ms O'CONNOR - I was going to ask about drug seizures coming off the *Spirit*.

Mr DWYER - I see the sniffer dogs more in the foot passenger egress off the ship.

Ms O'CONNOR - They are drug sniffer dogs, and fruit sniffer dogs?

Mr DWYER - Whatever Biosecurity uses, yes.

Ms O'CONNOR - Then there is the law enforcement aspect of disembarkation.

Mr DWYER - That is right.

Ms O'CONNOR - There are two questions here. Is the kind of biosecurity-risk materials coming in primarily fruit? Is there any information on the number of drug seizures and what types of drugs people are seeking to transport over Bass Strait?

Mr ROCKLIFF - From my previous role as the former former minister for primary industries, the majority of quarantine-risk material would be fruit. That is my understanding.

Mr O'BYRNE - Is it still referred to as the 'drug-sniffer highway'?

Ms O'CONNOR - Isn't that Mr Hidding's statement?

Mr HIDDING - That finished when I became minister.

Ms O'CONNOR - You shut down the drug super highway.

Mr ROCKLIFF - I will have to take the second part of your question on notice.

Ms O'CONNOR - You've deferred the second part of the question to Mr Dwyer?

Mr ROCKLIFF - It is a law enforcement matter.

Ms O'CONNOR - Does TT-Line keep any information on drug seizures or is that all with Tasmania Police?

Mr DWYER - That is all with the police, both Victorian and Tasmanian.

Ms O'CONNOR - But TT-Line is aware that it is an issue.

Mr DWYER - We work with all the law enforcement agencies.

Mr GRAINGER - You are saying it is an issue, I am just shaking my head. We work very closely with Tasmania Police, Victoria Police, the Federal Police and ASIO on a regular basis. We do as they ask. They control the private information, we don't, and we work very closely with all those agencies.

Ms O'CONNOR - That's good. What is ASIO's interest in the operations of the *Spirits*?

Mr GRAINGER - How would you know?

Ms O'CONNOR - Well, that's right. So there is no information on the record.

Mr O'BYRNE - How many security personnel are employed by TT Line directly?

Mr DWYER - On the vessels?

Mr O'BYRNE - On the vessels and on-shore at Melbourne and Devonport.

Mr DWYER - From a security point of view we are talking around the 40 mark.

Mr O'BYRNE - How many are engaged through a contactor?

Mr DWYER - All the security officers on board are our own crew. It is only the security officers on-shore that are through a contractor.

Mr O'BYRNE - Who is that?

Mr DWYER - Wilson Security.

Mr O'BYRNE - You may or may not be able to answer this, but how many positive searches for illegal drugs have there been in the last year on the vessels, not as people move on and off, but how many have you actually discovered on the vessels?

Mr DWYER - I can't answer that off the top of my head.

Mr O'BYRNE - Any in the last 12 months?

Mr DWYER - Not that I'm aware of, but there are other operations that happen on our vessels that I can't talk about.

Mr O'BYRNE - I understand that.

Mr DWYER - Obviously they are statistics that the agencies would have.

Mr O'BYRNE - But as a matter of course, because they become public when they come before the courts, you would keep a record of those seizures, wouldn't you?

Mr DWYER - No, I wouldn't have visibility of any seizures that the law enforcement agencies made.

Mr O'BYRNE - No, in terms of matters that go before the court and TT Line are essentially a part of the action.

Mr DWYER - No.

UNCORRECTED PROOF ISSUE

Mr O'BYRNE - So you don't keep that and are not aware if there are people being caught on board with drugs?

Mr GRAINGER - We wouldn't get involved with matters before the court -

Mr O'BYRNE - I understand you wouldn't be involved with the matters but you would be aware if there were seizures on board.

Mr DWYER - How? Not always.

Mr O'BYRNE - But for some you would. This is a very important question to me because the previous minister was very clear in opposition around calling it a 'drug superhighway'. I never accepted that, necessarily. I understand people are working hard but through the air and through various ways drugs are transported around the country. It is important to know that you are aware of that and there is an acknowledgement and transparency around that for the people of Tasmania to know that justice is seen to be done in some respect.

Mr DWYER - Absolutely. I am very nervous about answering anything operational with Victoria Police, Tasmania Police and how we operate.

Mr O'BYRNE - I understand there is an element of security and secrecy that needs to occur to ensure that convictions are successful. I am not asking to compromise any legal process, but surely there would be a record of seizures where those matters are before the courts.

Mr DWYER - That would be with Victoria Police and Tasmania Police.

Mr O'BYRNE - So you don't keep a record of that.

Mr DWYER - No.

Mr O'BYRNE - That is remarkable.

Mr GRAINGER - For what purpose would we keep a record?

Mr O'BYRNE - If it is going up or if it is going down, if your security is working or not, if your relationship with the various police organisations, state, federal and international, are working.

Ms O'CONNOR - Did they in your day, former former former minister?

Mr O'BYRNE - I'm not going to disclose matters that were briefed to me in these sorts of matters. As a minister you get access to a whole range of information, but from memory we had conversations around these matters, absolutely.

In terms of staff employed by TT-Line, what is the percentage of staff employed and based out of Melbourne compared to Tasmania?

Mr DWYER - We will take that on notice. I am confident that over 60 per cent is Tasmanian-based residential, but I need to check that.

Mr O'BYRNE - And your executive team?

Mr DWYER - The executive team has now increased to almost 50 per cent Tasmania-based.

Mr O'BYRNE - What role is based in Melbourne?

Mr DWYER - The only roles in Melbourne are our marketing manager, our human resource manager, our freight sales manager, and port operations.

Mr O'BYRNE - Is there a view to any of those roles being moved to Tasmania for Tasmanians?

Mr DWYER - Actually the port operations manager is Tasmanian but he happens to live in Melbourne. We have made strides, as you would be aware, to employ Tasmanians, and that will continue to be a focus.

Mr O'BYRNE - With a function like HR - and again I'm not meaning individuals - surely given if you are striving to have as many TT-Line employees on-island that could be a role that could quite easily be performed out of Tasmania, as an example?

Mr DWYER - And easily out of Victoria. We need to make sure we have some senior managers in Melbourne because half of our passengers and crew are there every day. We still need to have that balance.

Ms O'CONNOR - Two years ago at GBEs TT-Line outlined some measures, such as scrubbing, to reduce bunker fuel emissions of the *Spirits* while they're in port. Is it possible to have an update on these processes since the last GBEs?

Mr ROCKLIFF - I can do that.

Ms O'CONNOR - Also some advice on whether the new vessels will comply with the stricter EU bunker fuel standards, which are in place to protect human health on the recommendations of the World Health Organisation.

Mr GRAINGER - It is actually international regulations, not EU.

Ms O'CONNOR - It's now international, yes, but it is in practice all across the EU.

Mr GRAINGER - It's still being implemented.

Ms O'CONNOR - And in Sydney Harbour?

Mr GRAINGER - I don't know about Sydney, I'm only familiar with the international regulations. Bernard has recently joined the board of an international organisation of which there is a subcommittee on emissions and pollution standards and he's on that committee as well. We have a Tasmanian sitting on this international committee that is regulating all of this and we're very proud of that.

Ms O'CONNOR - Well, we should be, and you should be.

Mr ROCKLIFF - The International Maritime Convention for the Prevention of Pollution from Ships, or MARPOL, is an international maritime requirement to which Australia is a signatory. The International Maritime Organisation, IMO, has certified amendments to the convention, which will take effect from 1 January 2020. These amendments primarily affect nitrogen oxide limits from main engines and the sulphur content of marine fuel oils. Nitrogen oxide requirements do not affect the *Spirit of Tasmania I* and *II* due to the age of the engines and would only take effect should there be a major conversion of the existing engines. The pending sulphur oxide limits will affect the TT-Line vessels. For global shipping, the sulphur cap will be reduced from 1 January 2020 from 3.5 per cent to 0.5 per cent. Currently the majority of commercial vessels burn cheap, heavy residual fuel oil, as do *Spirit I* and *II* -

Ms O'CONNOR - And every cruise ship that docks in Hobart.

CHAIR - Order.

Mr ROCKLIFF - however few refineries are capable of refining residual fuel oil to meet the new sulphur requirements. To meet the new requirements several options exist for compliance. Following investigations, TT-Line's current vessels will ensure compliance by switching their fuel from heavy fuel oil to marine gas oil. In meeting the new requirements TT-Line has contracted the supply of marine gas oil from October 2019. It is undertaking substantial projects to facilitate the fuel oil changeover which includes boiler conversions, undertaking substantial trials with marine gas oil, introducing main engine and auxiliary engine fuel oil coolers and progressively undertaking the cleaning of fuel oil tanks. These are important initiatives to ensure that TT-Line operates in an environmentally friendly manner and fully complies with all relevant regulations. TT-Line expects the changeover to lower sulphur marine gas oil to occur in October and November next year. The new ships, however, Bernard will be -

Ms O'CONNOR - It would be really good to get an update on that, yes.

Mr DWYER - The question I remember very clearly two years ago in relation to emissions and we have been looking at this very closely. We were talking about scrubbers that you have alluded to as well. Our investigations have shown that scrubbers around the world are not the most efficient and they will meet the 0.5 but they will only just meet the 0.5. The company has made the decision not to go with scrubbers, to change the components of our engines to run marine gas oil. From 1 January 2020 it is anticipated it will be 10 parts per million which is 0.00001 so it is well under the 0.5 from 1 January 2020, current vessels.

We have taken the same approach with the new vessels. The new vessels will be marine gas oil dual fuel engines. The same, we are well under the 0.5 and if Australia enters into an EC like Sydney has alluded to 0.1 not the 0.5 we will be well within that 0.1 as well.

Ms O'CONNOR - Thank you for that, Mr Dwyer.

Mr GRAINGER - It is good news, isn't it?

Ms O'CONNOR - Yes, it is really good news. You have noted emissions are reported to the national greenhouse accounts. At the same time does the company notify emissions to the EPA down here? Is that part of the process?

Mr DWYER - Certainly from a greenhouse -

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Ms O'CONNOR - Under EMCA there is also a set of provisions.

Mr DWYER - Also we have had EPA in Victoria monitoring at Station Pier and the reason for that is there are other ships as well at Station Pier other than TT-Line. That has been of interest. I think I answered that last time, we do not monitor in Devonport at this stage.

Ms O'CONNOR - What is the cost to the company of the conversion of the engine components to take the marine gas and the LNG?

Mr DWYER - We are talking circa \$300 000 to \$400 000 per vessel to do that conversion ready for 1 January 2020.

Ms O'CONNOR - Where can that work be done?

Mr DWYER - That work is being done on the run.

Ms O'CONNOR - We do not have to park the ships somewhere to get it done?

Mr DWYER - No. Some of it is done when we are in dry dock in Sydney. We have already completed some of that work with the *Spirit of Tasmania I* when it was in Sydney but most of it has to be done on the run. We cannot afford to take the vessels out of service.

Ms O'CONNOR - Will the vessels be more efficient to run, cheaper to run, once that work is done?

Mr DWYER - Unfortunately they will not be cheaper to run. The fuel is more expensive. It is not the heavy fuel.

Ms O'CONNOR - That is the price you pay for being a good environmental citizen, Mr Dwyer.

Mr DWYER - I have to say the board and the company are very passionate about it.

Mr O'BYRNE - It is not a price, it is an investment, surely.

Ms O'CONNOR - That is really good to hear, thank you.

Mr O'BYRNE - Minister, how many free or discounted trips on TT-Line were provided to Government ministers and/or their staff?

Mr ROCKLIFF - None to me and none to the previous minister. I am not aware of anyone else.

Mr O'BYRNE - So that is a 'no', none? That is definitely not?

Mr ROCKLIFF - My advice is no, definitely not.

Mr O'BYRNE - Okay, but TT-Line directors?

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Mr DWYER - TT-Line directors as part of the provision, I think it is one sailing a year that they are entitled to.

Mr O'BYRNE - One sailing a year. They get a discount or a freebie?

Mr DWYER - It is free of charge.

Mr O'BYRNE - And the executive staff as well. Does that apply to them?

Mr DWYER - I travel almost every week and I do not pay, Mr O'Byrne, because I am at work. From an executive point that is part of our work.

Mr O'BYRNE - I appreciate that. What is your policy about engaging apprentices and trainees and have you one?

Mr DWYER - We are in the process, Mr O'Byrne. We had trainee IRs, I think, at a point in time. Now we have a good deal of IRs, we do not need trainee IRs. We need to be careful. We are looking at trainees at the deck officer level at the moment. I am not sure if they are called trainees but along that line.

Mr O'BYRNE - There are no other trainees across any other functional role?

Mr DWYER - No.

Mr O'BYRNE - You do not engage a group training provider and you do not engage apprentices or trainees?

Mr DWYER - Not that I am aware of. We have a very stable workforce.

Mr O'BYRNE - Yes, but as a good Tasmanian company, providing opportunities for young kids on the coast.

Mr DWYER - Absolutely.

Mr O'BYRNE - But you do not at the moment?

Mr DWYER - Not at the moment.

Mr O'BYRNE - Are you looking at that?

Mr DWYER - We continually look at it. One of the biggest risks to our business going forward, as to all businesses, is employees and qualified employees, especially in the maritime industry in Australia. We are consistently and constantly looking at that.

Mr O'BYRNE - In terms of contractors and the work provided from time to time when issues arise or regular maintenance or regular activities, what is the split in the spend for Tasmanian-based companies as opposed to Victorian-based companies?

Mr DWYER - We have that in the annual report.

Mr O'BYRNE - Can you talk it through?

Mr GRAINGER - You have the annual report in front of you and I think it is in there.

Mr O'BYRNE - You have consultancies. It is not consultancies but these are regular contracted work you get in to do various bits and pieces. As a Tasmanian-based company, it would be important to support Tasmanian businesses. It would be good to get an understanding of the cost of that and how much goes to Victorian companies compared to Tasmanian companies?

Mr DWYER - It would not just be Victorian companies because it is specialised in Australia, so it is wherever we can get that specialised.

Mr O'BYRNE - Let us say the mainland.

Mr DWYER - We are in the middle of a tender process at the moment, that I cannot go into, for the maintenance of equipment and facilities within TT-Line.

Mr O'BYRNE - That is out to tender and who is currently providing that?

Mr DWYER - It depends which section of the maintenance you are talking about. There is a whole range on maintenance.

Mr O'BYRNE - A range of tenders?

Mr DWYER - I am only talking about one tender at the moment.

Mr O'BYRNE - Is that tender provided by a Victorian or a Tasmanian company?

Mr DWYER - At the moment that is provided by a Victorian company.

Mr O'BYRNE - What is the value of that?

Mr DWYER - I would have to come back to you on that, Mr O'Byrne.

Mr HIDDING - It was advertised about a month ago.

Mr DWYER - I am happy to take that notice.

Mr O'BYRNE - Minister, can we put that on notice that we will get a breakdown of those costs in terms of contractors coming in and doing the work and the tenders between mainland-based and Tasmanian-based companies?

Mr ROCKLIFF - Between the mainland and Tasmania?

Mr O'BYRNE - That is a 'yes' because sometimes they check *Hansard* and if you don't not answer -

Mr ROCKLIFF - Yes.

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Ms O'CONNOR - I will briefly go back to the polo ponies. Are any livestock or animals checked when they go onto the vessel into the hold or during their time in the hold by anyone from TT-Line, Biosecurity Tasmania or DPIPWE?

Mr DWYER - Operationally, once the ship is underway, the general public is not allowed below deck due to maritime security. We have our crew doing their watches around the decks.

Ms O'CONNOR - Thank you, Mr Dwyer. Do those watches around the decks include around the areas where animals are held?

Mr DWYER - All areas of the decks.

Ms O'CONNOR - TT-Line staff are checking on the animals?

Mr DWYER - They are checking the decks. We do not go into vehicles or we do not go into horse floats, as most horse or livestock owners would not want us to do that, to disrupt.

Ms O'CONNOR - Okay. To be clear, in the case of the ponies, would there have been any TT-Line or Biosecurity Tasmania or DIPIPWE staff looking at those animals before they were put on the vessel? Any check on what is in the float?

Mr DWYER - Not by TT-Line crew, no.

Ms O'CONNOR - So a person can take animals onto the TT-Line for transport to Victoria or Tasmania and those animals at no point are checked by TT-Line or DIPIPWE staff?

Mr DWYER - Other than the number. I just want to be really careful. This matter is in front of the court so I need to be careful here, but we don't check the animals themselves, no.

Ms O'CONNOR - When you say other than the number, does that mean TT-Line staff do a head count of the animals as they come in? Do they visually sight them?

Mr DWYER - There is a consignment note to say how many horses and horse floats and that is the consignment note we sign off on.

Ms O'CONNOR - So TT-Line staff will have a consignment note that says x number of horses are in this vehicle and there is no checking that the consignment note aligns with the reality of how many horses are in the vehicle, or even if they're alive?

Mr DWYER - I would have to double check on exactly minute by minute what is done. I don't know off the top of my head.

Ms O'CONNOR - It does sound like neither TT-Line nor DIPIPWE staff check on any animals before they get on to the vessel or during the passage.

Mr DWYER - I said we do our normal watches around the deck but we don't go into vehicles to check animals.

Ms O'CONNOR - If there is any possibility to get this information before the committee winds up that could be a bit difficult so we might put it on notice if the minister will accept that. What we

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are trying to ascertain here is that if a consignment note from a customer says they have x number of animals in their vehicle, TT-Line doesn't make sure that the consignment note matches the number of animals in the vehicles.

Mr DWYER - I want to be very clear on what our process is, so I would rather come back and make sure it is very accurate for you.

Ms O'CONNOR - Okay, but is it correct to assume then that it is not standard operating practice for TT-Line to check on animals before they get on the vessel or during the passage or to make sure the consignment note matches -

Mr HIDDING - You're deliberately trying to intervene in that court case. It is very clear what you're up to. You're trying to prejudice a court case against the people of Tasmania. That is exactly what you are up to.

Ms O'CONNOR - That is such a slur. We are trying to work out the practices of animals being transported on the vessel. Sit here and slur me at the table, Mr Hidding, but -

Mr HIDDING - You've only got this one particular matter -

CHAIR - Order, Mr Hidding and Ms O'Connor. Mr Hidding has the next question.

Ms O'CONNOR - We are just trying to ascertain what happens with animals and what responsibility the TT-Line has.

Mr ROCKLIFF - You have to appreciate that the CEO needs to be very mindful that there are legal proceedings. We can take the question on notice with respect to processes and procedures on the matter you are talking about, if you would like.

Ms O'CONNOR - I am not just talking about the specific incident. It is the practice of how animals transported on the vessels are checked or inspected.

Mr ROCKLIFF - You are dog whistling, with respect. We are more than happy to outline some procedures for you when it comes to those animals, largely horses, and -

Ms O'CONNOR - It could be any livestock or pets.

Mr ROCKLIFF - Dog, pets. Well, there is no sheep transported on them.

Ms O'CONNOR - No, that's another company.

Mr ROCKLIFF - They are not a livestock carrier; I will make that clear. We will take that on notice and detail the procedures for you.

Ms O'CONNOR - Okay, so if I put a question on notice that says 'does TT-Line staff inspect animals before or during the passage', does that reconcile with what you believe the question would be?

Mr GRAINGER - If I can maybe help you -

Ms O'CONNOR - That would be good.

Mr GRAINGER - We will try our best. There will be some circumstances where it is impossible to check because our staff wouldn't be going into a truck full of horses, for example. That is just not possible. There would be occasions where you couldn't see what livestock was in a truck or a kennel, for example, without opening the door, or having a look in a trailer-kennel if it was dogs, for example. I think with the regular deck visits the crew makes they are looking for anything unusual in their rounds. That's not just with animals, that's with all types of vehicles, so they are keeping their eyes open for anything unusual. That only answers part of your question, I understand that. You will also appreciate that the crew are not veterinarians or specialists but they are tasked with walking around the decks on a regular basis while the vessel is underway to make sure things seem in order.

Ms O'CONNOR - Thank you, Mr Grainger.

Mr HIDDING - TT-Line is rightly recognised as having a very high customer focus. What initiatives has TT-Line recently undertaken to improve the customer experience for passengers?

Mr ROCKLIFF - Mr Hidding, the *Spirit of Tasmania* is a customer-centric business, as has been clearly outlined in the annual report, and one of its clear objectives is to deliver on its brand promise of exceptional passenger service. The focus on passenger services ensures that TT-Line passengers enjoy a positive experience from the moment they book, when they are sailing, and to the moment they disembark at their destination.

TT-Line's customer initiative project commenced in July 2016 and sees each passenger sent a survey after they have completed their sailing. TT-Line responds within 12 hours to every survey that has identified an issue. These surveys have allowed TT-Line to capture immediate feedback on the sailing experience. The survey results give the company an opportunity to improve its services over a variety of areas based on valued customer feedback.

Over the last 12 months TT-Line has taken the opportunity to action the feedback provided by its passengers through the surveys and some of the new initiatives launched on the basis of this feedback include having a mobile coffee van present in the marshalling area at Devonport; a new buffet service with unlimited plate refills; improved signage throughout the passenger decks on board the vessels; and updating the TT-Line website to include special requests - for example, lower bunk allocation.

In addition to the above initiatives, TT-Line has a number of projects to improve the passenger experience which are still in their trial stages, including alternative cleaning products to assist with the bathroom scupper smell; a 'welcome on board' card; wine and chocolates in all deluxe cabins; and introduction of more variety of dining options outside.

In the 12 months from November 2017 to October 2018, a total of 195 168 surveys seeking feedback were emailed to passengers who travelled on board the vessels. The average response rate was 15.5 per cent, with 29 934 responses to the survey received. The customer satisfaction score averaged over the same 12-month period is an exceptional 92.3 per cent. Feedback from customers indicates that areas to potentially improve on are loading and unloading, passenger recliners, and dining options, as an example. TT-Line will continue to examine ways to improve and strengthen the passenger experience across all aspects of the business to maintain and build on its exceptional customer satisfaction rate.

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Dr BROAD - The TFGA has called for more transparency in the application of fuel surcharges for freight transport. How is TT-Line's surcharge calculated and when is it applied?

Ms SAYERS - I don't have the specifics of the model in front of me in how we apply it. On the first of the month our freight clients are advised as to what the surcharge percentage is going to be, and that is based on the fuel price for the preceding month, so we adjust it monthly based on fuel prices. The model we implement to determine that percentage is not a one-for-one, so if we get a dollar increase in fuel we don't increase the fuel surcharge by a dollar, it is a sliding scale.

Dr BROAD - How does that surcharge compare with the broader industry?

Mr DWYER - In relation to shipping, it's well within other shippers. We are all buying fuel from the same source.

Mr GRAINGER - There is only one source of fuel.

Mr DWYER - One refiner.

Mr O'BYRNE - Sometimes when we talk about fares, it is averaged out over the year and we know there is an up and a down. What is the cost of a normal day sail or an overnight sailing in January compared to May or July? What would be the difference in cost?

CHAIR - That would be a very good question if we had more time to answer it. The time for the examination of TT-Line has now concluded.

The committee suspended at 11.01 a.m.