

# UNCORRECTED PROOF ISSUE

**Friday 7 December 2018 - House of Assembly - Government Businesses Scrutiny Committee -  
Tasmanian Ports Corporation 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 Dow

## **IN ATTENDANCE**

**Hon. Jeremy Rockliff MP**, Minister for Infrastructure

**Ministerial Office**

**Mr Vince Taskunas**, Acting Chief of Staff

**Mr Adam Foster**, Infrastructure Adviser

**Tasmanian Ports Corporation Pty Ltd**

**Mr Stephen Bradford**, Chairman

**Mr Anthony Donald**, Acting Chief Executive Officer

**Mr Geoff Duggan**, Chief Financial Officer

**The committee resumed at 11.06 a.m.**

**CHAIR** (Mr Shelton) - Welcome. It is a 1 hour 54 minute deliberation into TasPorts. We conclude at 1 p.m. sharp. Over to you minister, if you wouldn't mind for the introductions of the officers at the table and a short opening statement.

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**Mr ROCKLIFF** - Thank you very much, Chair, thank you members. With me is Mr Stephen Bradford, the Chairman of TasPorts, Anthony Donald is the Acting CEO, and Geoff Duggan is the CFO.

The TasPorts story over the last three years has been a positive one for the company and for the state. In 2017-18, for the third year in a row, TasPorts has delivered a net profit of \$5.8 million following a trade profit of \$9 million. While part of this can be attributed to the strong Tasmanian economy, TasPorts planning, leadership and plain hard work are significant contributing factors to the results as noted.

Further, the TasPorts Chair, Mr Bradford, states in his annual report message that TasPorts is now on a very firm financial footing following the three years of profit growth. TasPorts has progressed its Port Master Plan during the year covered in the last financial year annual report. It is an important piece of work, not only because Tasmania has always been a maritime state and has relied on sea trade, but because it will guide investment worth more than \$200 million in the state's ports over the next 15 years for the ultimate benefit of the state, its economy and the businesses that are based here.

In summary the master plan sets out to ensure that the state's port facilities meet future demands, have the necessary ability to attract new business and provide enhanced opportunities for TasPort customers and the broader industry that rely on the ports for their businesses to thrive. The outcomes will include: increased capacity at Burnie; major investment for Devonport that will deliver improved infrastructure to accommodate the new *Spirits of Tasmania* vessels; development of Bell Bay; and upgrade of facilities in Hobart, including a new Antarctic logistics facility.

This year also saw an important milestone for King Island shipping, with the introduction of the new \$10 million *John Diegan* vessel into service operated by TasPorts subsidiary Bass Island Line. Compared to the previous vessel, *The Investigator 2*, the *John Diegan* has increased deck space, increased weight capacity, increased container capacity and faster running speed. The new vessel is operating on an expanded route, moving from a trans-shipment service from Devonport to a weekly service linking Geelong in Victoria, Grassy on King Island and mainland Tasmania at no increase in freight rates.

The *John Diegan* also played a vital role in transporting hay donations from Tasmanian farms to the mainland, at no cost, to help assist with the drought. I acknowledge the contributions of TasPorts, Bass Island Line, Geelong Port and give my sincere thanks to all Tasmanian farmers and businesses that made donations.

Cruise ship visits continue to be a positive news story for the ports and the Tasmanian economy. In short, TasPorts is a strong and active supporter of the cruise ship industry and ship visits across the state. During 2017-18, there were 125 cruise ships visits received. These ships carried more than 345 000 passengers and crew. Ship numbers have increased from 54 vessels in 2012, an increase of more than 130 per cent. This year saw the first cruise ship visit to Beauty Point in five years after TasPorts invested about \$4 million over four years to upgrade facilities to accommodate such a visit.

On the logistics side of the business, total freight volumes across Tasmania grew by 7 per cent to more than 15 million tonnes. At Bell Bay, containerised exports increased by nearly 60 per cent. At Burnie, the bulk-log export trade grew by 10 per cent to more than 500 000 tonnes and 1.45 million tonnes of product was exported through the Burnie Chip Export Terminal. Devonport

also enjoyed solid growth in container movements. They comprised nearly half of total container movements across Tasmania. These Devonport numbers are expected to increase further in the future following TT-Line's announcement that it has signed a letter of intent to acquire two new purpose-built vessels to replace the current *Spirit of Tasmania* fleet.

TasPorts also continued its program to grow and renew its fleet of tugs, pilot boats and work boats that benefit customers. Hobart's towage fleet and pilot vessel fleet were boosted with the acquisition of new vessels. Investment in fleet renewal totalled about \$5.8 million for the year and there are now 36 vessels in the TasPort's fleet.

TasPorts also completed \$27.3 million of community-asset program during the year. This money has been allocated to more than 80 projects over five years. The marquee project was the Strahan Wharf rebuild completed in the reporting period. TasPorts has invested about \$6.5 million at Strahan in various projects. Works were also conducted at its inspection head this year that improved the safety and reliability of wharf infrastructure.

In congratulating the TasPorts' board, management team and all employees for past financial year's results and performance, it is timely to reflect on the contribution of former CEO, Mr Paul Weedon. Mr Weedon retired in September 2018 after eight years with the organisation. He made a significant and important contribution during this time, leaving TasPorts in a very strong position. Mr Weedon oversaw the modernisation of TasPorts entire fleet and accelerated the successful integration of Tasmania's four port companies into a single, high-functioning statewide company. On behalf of the Government, I acknowledge the hard work and dedication of Mr Weedon, as I am sure the former ministers at the table would also do, as TasPorts' CEO. I wish him all the best for the future. Mr Anthony Donald, who is here today is acting CEO while a search for a permanent replacement is undertaken.

In closing I acknowledge the hard work and leadership of the TasPorts' board, its Chair, senior executive and employees for another strong year of growth across the business, for investing in the infrastructure needed to support Tasmanian exports, Tasmanian jobs and a local economy.

**Mr O'BYRNE** - Minister, I thank you for the opening statement. I also acknowledge the record of TasPorts over many years.

How far was Mr Weedon into his contract?

**Mr BRADFORD** - Approximately 80 per cent.

**Mr O'BYRNE** - How long did he have to run on his contract then?

**Mr BRADFORD** - To clarify the 80 per cent, his contract ended in February 2020.

**Mr O'BYRNE** - From September 2018, it basically had close to two years to run. Did Mr Weedon receive a payout?

**Mr BRADFORD** - Not in the financial year under report. His final payment was in accordance with his contract.

**Mr O'BYRNE** - He received a payout. What was that payout?

**Mr BRADFORD** - That will be declared in the next annual report.

**Mr O'BYRNE** - I understand that. You have an opportunity to answer the question now though. Are you able to answer the question?

**Mr BRADFORD** - I do not have the exact figure. I could take the question on notice.

**Mr ROCKLIFF** - We can take that on notice, Mr O'Byrne.

**Mr O'BYRNE** - He received a payout on his contract, a sum to be clarified. That casts doubt over the exit of Mr Weedon. The media said that he retired. You said he retired but if he received a payout as per his contract that indicates other outcomes.

**Mr HIDDING** - The contract that was entered into when you were minister.

**CHAIR** - Order, the question is to the minister, please.

**Mr O'BYRNE** - The question is that when someone retires they retire. You have undertaken to give information but if there is a payout which is not consistent with a simple retirement that would indicate that something else has happened. Could you inform the committee?

**Mr BRADFORD** - Through you, Chair, I would assume because I have only read a few that most contracts for GBE CEOs and senior staff contemplate, on signing, the termination or continuance of that contract. Mr Weedon did a significant job over eight years for TasPorts and was the best CEO in the history of TasPorts, arguably, a significant achievement. In thinking about the future, he retired at the time when he had completed the very significant strategic planning on the master plans. The requirements of the organisation going forward are for implementation of a very significant capital infrastructure program. That is what the board is paid for, to look forward not to look back.

**Mr O'BYRNE** - I understand that and there are transition options available to boards to manage changeovers of CEOs moving toward the end of the contract. It seems to me by your answer that Mr Weedon left a significant period of time before he was due to finish his contract and he has received a payout from TasPorts. That would indicate that it is not simply just a retirement.

**Mr BRADFORD** - It is consistent with his contract.

**Mr O'BYRNE** - In a previous hearing this morning we had another example of a significant amount of money - we know the figure of \$800 000 - was provided to an employee of TT-Line. It seems to be large amounts of money are given to people as a golden handshake. This is taxpayers' money.

I am not casting any shadow across the work of Mr Weedon. I was there when he was appointed. I worked with him for three-and-a-half years and I have the highest regard for him as an individual and as a professional. It is not a reflection on him; it is a reflection on the decision-making of the organisation that employed the CEO.

**Mr HIDDING** - Do you recall the contract details?

**Mr O'BYRNE** - Usually at the end of contracts people finish up. If I was asking -

**Mr HIDDING** - It was your contract.

**Mr O'BYRNE** - You are not the minister. I am asking the minister and TasPorts. In coming into government in 2014, your treasurer said these golden handshakes must stop. Yet, minister, on your watch now this is the second. You had one at TT-Line this morning of close to \$800 000 of taxpayers' money and a sum which is undisclosed which we will find out - and I take that on notice. On the face of it a large amount of money has been paid to Mr Weedon, a payout of contract. What is happening on your watch around these golden handshakes?

**Mr ROCKLIFF** - Mr O'Byrne you are playing politics with people's entitlements.

**Mr O'BYRNE** - I am asking questions around taxpayers' money.

**CHAIR** - Order, Mr O'Byrne you have put the question.

**Mr ROCKLIFF** - Surely with your background you would appreciate that people are entitled to be paid what they are entitled to.

**Mr O'BYRNE** - Absolutely, I am not saying they are not, but there is a difference between a retirement or someone departing in a very different way.

**Mr ROCKLIFF** - That is a question for the chair, an operational question, with respect.

**Mr BRADFORD** - Through you, Chair, it is also important to abide by people's contracts, which we did. If you look at the broader picture of TasPorts and its financial performance the decision the board also made was Mr Donald is acting in the role until we contemplate a replacement in the new year. In his previous role is Mr Casey, doing an excellent job, who also acting in his role. I don't think you will find a major net impact on our performance in regards to paying Mr Weedon his legal entitlements. We wish him well he did a fantastic job for TasPorts.

**Mr O'BYRNE** - Before the committee finishes this morning will we get the figure of that payout? You said you would take it on notice. It should be something you could find quite easily.

**Mr ROCKLIFF** - We can take that on notice, but I just want to reinforce the point that during Mr Weedon's eight years - of which you were there for four years - he accelerated the successful integration of TasPorts -

**Mr O'BYRNE** - This is not a reflection on Mr Weedon.

**Mr ROCKLIFF** - into a single high-functioning statewide company following the amalgamation of Tasmania's four port companies in 2006 -

**Mr O'BYRNE** - Excuse me, your adviser if he wants to be at the table and seek the call he is more than welcome to.

**CHAIR** - Order. Mr O'Byrne you have put a question. The minister is entitled to answer it how he wishes and through that process can expect not to be interjected on.

**Ms O'CONNOR** - By his own advisers as well, Chair?

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**Mr ROCKLIFF** - steered TasPorts to profitability and put the company on track to double revenue by 2022-23; set TasPorts on a strategic sustainable growth pathway for a 30-year vision, TasPorts 2043; and a port master plan will guide investment of more than \$200 million over the next 15 years.

We modernised the TasPorts fleet investing \$20 million in three new state-of-the-art pilot cutters and five modern tugs to substantially upgrade marine services for port customers across Tasmania. We facilitated 130 per cent growth in the cruise ship industry in Tasmania over the past five years through substantial investment in port infrastructure, especially in Burnie and Hobart.

**Mr O'BYRNE** - If he was so good why was he paid out early?

**Mr ROCKLIFF** - He did exceptional service to TasPorts and the Tasmanian community but in terms of Mr Weedon's employment that is a matter for the chair.

**Mr O'BYRNE** - Employment responsibility is two-way. You have an obligation to fulfil contracts but the person as an employee has an obligation to do the work. He has fallen short significantly on his contract and there has been a payout. I want to clarify that you will let us know by the end of this hearing what that figure is.

**Mr ROCKLIFF** - I will take the question on notice, Mr O'Byrne.

**Mr O'BYRNE** - You cannot get that within two hours?

**Mr HIDDING** - It will be your figure because that is what you built. You agreed, you were the minister.

**CHAIR** - Order.

**Mr O'BYRNE** - They see out their term.

**Mr HIDDING** - Unless it says otherwise.

**CHAIR** - The minister has committed to take it on notice when that information is available. We will move on to Ms O'Connor.

**Ms O'CONNOR** - Minister, I am interested in discussing the log pile on Macquarie Wharf which is referred to on page 20 of the annual report. Is it possible for TasPorts or yourself to confirm the source of that timber? Is it all SFM, or is some of it residual Majestic Timbers product?

**Mr ROCKLIFF** - It sounds like a question for the Minister for Resources, with respect.

**Ms O'CONNOR** - It is sitting on TasPorts' apron. It is in the annual report. For example, it details that 80 containers of logs are exported a fortnight and by my rough calculation that is \$56 000 to the taxpayer under the Commonwealth Freight Equalisation Scheme, \$700 a container.

**Mr HIDDING** - That is if they achieve it. That is if they transport it under the rules. You make that stuff up about federal -

**CHAIR** - Order, order.

**Ms O'CONNOR** - It says it is 80 containers a fortnight.

**Mr ROCKLIFF** - I have information for the committee, Chair. Southern Export Terminals provides a highly productive and cost-efficient export option for logs from nearby Southern Timber Resources. Since the start of operation in January 2017 SET has experienced steady growth in both bulk log exports and containerised log exports and moved 82 000 tonnes of log exports during the 2017-18 financial year and expanded its operation from one customer to four.

**Ms O'CONNOR** - Are you able to detail who the four customers are please, minister, or the chair or the acting CEO?

**Mr DONALD** - We can find that information out in this period.

**Ms O'CONNOR** - During the course of the hearing? Thank you, that would be good.

**Mr DONALD** - The existing four customers?

**Ms O'CONNOR** - The existing four customers and is it possible to have confirmation of the quantity of containerised logs that leave from the SET?

**Mr DONALD** - At present it is zero. During the period of last financial year, we can provide that information.

**Ms O'CONNOR** - Okay. Are you saying then that - why is it zero?

**Mr DONALD** - We took a decision to introduce a change to the way in which methyl bromide was applied. The treatment of logs within Hobart has gone through a significant change with the introduction of recapture technology. The industry was exporting logs through containerised means. We invested heavily in some mobile infrastructure to recapture the fumigant in a very safe manner to ensure the safety of not only the port users but anyone within the immediate vicinity. We made that infrastructure and equipment available at no additional cost to any of the customers during a transition period. We have then provided some attractive commercial rates as a forward-looking projection to make that equipment and infrastructure an operation available to the industry. The industry has self-selected to return to bulk-log movements as opposed to containerised movements. We have recently seen a change and the reduction in containerised log movements out of Hobart.

**Ms O'CONNOR** - What instigated the change to the practices in the use of methyl bromide?

**Mr ROCKLIFF** - Thank you for the question. TasPorts take its responsibilities relating to the safety and environmental management very seriously. TasPorts board made a decision in April 2018 -

**Ms O'CONNOR** - Was that before or after I wrote the letter to the former CEO, Paul Weedon, on 10 April 2018?

**Mr ROCKLIFF** - I am advised, Ms O'Connor, the decision was made in April 2018 to move beyond legislative compliance and have a mandated introduction of methyl bromide recapture

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technology use at the port facilities from October 2018. Changes in policy were effective as of July 2018, allowing a transition period until October this year where customers had access to TasPorts' recapture technology free of charge.

All softwoods container packing orders from Southern Export Terminals have been cancelled. SET will not be fumigating containers or using TasPorts' recapture equipment as a result of this cancellation. As such, TasPorts' methyl bromide recapture technology has been moved to Bell Bay with specific forest products and cube, consolidating the new containerised log business at Bell Bay. However, as expected, the container log operation will move from the port to private lands to avoid the use of recapture technology.

**Ms O'CONNOR** - Thank you, minister.

It is very interesting to hear that TasPorts made the change in April this year. On 10 April this year, I wrote to the then CEO about concerns that had been raised with the Greens relating to the application of methyl bromide to logs that were shipped, then exported, and the concerns about workers' safety of being habitually exposed. I noted in the letter that it is an endocrine disruptor and chronic exposure is dangerous to human health. Was it on the basis of those concerns that TasPorts changed its practice in relation to methyl bromide application?

**Mr BRADFORD** - I am not aware of the letter you wrote to the corporation, Ms O'Connor. Perhaps I should have been. The board's deliberations on methyl bromide commenced early in 2018. It is emerging technology. It is not common in ports in Australasia but the board felt it was important. My ageing memory does not get the dates exactly right.

**Mr HIDDING** - Claim credit anyway. You should.

**Ms O'CONNOR** - You know that is not my style.

I am trying to ascertain what the shift was, as it is a quite significant shift in practice, and whether that will be applied to TasPorts' other operations. Or is the application of methyl bromide confined only to containerised exports?

**Mr BRADFORD** - It is to do with containerised exports of logs. I think TasPorts is now mandatorily required to use the recapture technology. I am not claiming the credit either. The board drove the change because we thought, in terms of the whole community, it was the right thing to do.

**Ms O'CONNOR** - Yes, that is right.

**Mr BRADFORD** - We do not resile from that. I apologise for not having seen your letter.

**Ms O'CONNOR** - Can we have confirmation that the question will be answered about the four customers?

**Mr HIDDING** - Minister, the Ports Master Plan was many years in the making. As we heard, it was very big job for Mr Weedon to deliver and he did so. How will that plan guide investment in our ports over the next 15 years?

**Mr ROCKLIFF** - Thank you very much, Mr Hidding.

Towards the end of the financial year the TasPorts board approved the Ports Master Plan, which was then launched in August of this year. The plan will guide \$200 million in port infrastructure improvements over the next 15 years, ensuring port facilities meet future demand as the Tasmanian economy continues to grow.

With more than 99 per cent of the state's freight coming and going by sea, ports are one of our most important infrastructure assets. The plan will ensure that Tasmania's port facilities meet future demands, attract new business and provide the best value for customers. The Ports Master Plan delivers a coordinated, statewide vision for the future of Tasmania's ports and greater capacity and capability at Bell Bay, Burnie, Devonport and Hobart. The plan will improve trade links with national and international destinations. It will meet increase in demand, support economic growth and improve berthing capacity and facilitate major long-term investments in the state.

At the Port of Burnie, TasPorts will invest around \$80 million to deliver a significant increase in capacity at Tasmania's primary container port. TasPorts is working with the Toll Group to deliver ramp upgrades, dredging and wharf extension and bring increase sea freight capacity to the city to accommodate Toll's new, larger Bass Strait container and cargo vessels.

At Devonport, TasPorts will invest around \$60 million to extend berthing facilities for passengers and container freight and to boost trade through the port. This will lead to the extension of berthing facilities for TT-Line and SeaRoad to support the introduction of their larger vessels, including the new *Spirit of Tasmania* vessels due to arrive in 2021.

In Hobart, TasPorts will invest \$60 million to update Hobart's valuable working port facilities, which will sustain Tasmania's growing trades and tourism sectors. The master plan will see the development of a new Antarctic logistics facility at Macquarie Wharf No. 6 to accommodate Antarctic operations, and support the Australian Antarctic Division's new icebreaker RSV *Nuyina* which will replace the *Aurora Australis* in mid-2020.

At Bell Bay, TasPorts will invest some \$10 million to improve berthing capacity and optimise port facilities to cater for future growth. This will include upgrading Bell Bay's No. 6 berth and terminal to improve port facilities for the forestry sector. Bell Bay will emerge as the state's primary northern fuel port.

While the Ports Master Plan focuses on Tasmania's four main ports, TasPorts will also continue to maintain and upgrade and develop the community and regional ports it manages around the state. Over the past five years, TasPorts has invested some \$30 million in improving these facilities to ensure they continue to serve the needs of local businesses and the communities, and is working with regional stakeholders to update regional and community port infrastructure plans over the coming months. Priority ports in this case include Stanley, Currie and Grassy.

**Mr O'BYRNE** - Minister, how many senior staff have left the organisation during this financial year?

**Mr ROCKLIFF** - Mr O'Byrne, in terms of the 2017-18 financial year?

**Mr DONALD** - I think it's one in the previous financial year.

**Ms O'CONNOR** - Would that be Mr Weedon?

**Mr DONALD** - No, that was this financial year.

**Mr O'BYRNE** - How many senior staff have left recently?

**Mr DONALD** - From 1 July to now? That would be one with Mr Weedon. When you say senior staff?

**Mr O'BYRNE** - General managers. We understand there's been some turnover in your team.

**Mr DONALD** - Two, including Mr Weedon, that I'm aware of.

**Mr O'BYRNE** - Two? What are the costs of that?

**Mr ROCKLIFF** - We're happy to take those costs on notice. But to be clear, are you asking about senior staff?

**Mr O'BYRNE** - General managers, comms managers - senior exec team people. Communications managers, etc.

**Mr BRADFORD** - You're asking who have been paid up until today? We'll have to take that on notice.

**Mr O'BYRNE** - These are senior staff. In previous GBEs - for example, Hydro yesterday came back within 15 to 20 minutes. They made a quick call and got information back to the committee. It is not plausible to say that within two hours you can't identify the separation payment for Mr Weedon and for senior staff.

**Mr ROCKLIFF** - I haven't said that. I've said put it on notice and we'll do what we can.

**Mr BRADFORD** - By way of clarification, Chair, one component of Mr Weedon's payment would include consideration of his incentive payment. The board has not contemplated that yet.

**Mr O'BYRNE** - That is still a matter for you to report on. You can put that little bit of information out, but not the other bit, so we need to see it in context. Can you confirm that the Hobart harbour master has recently tendered his resignation?

**Mr DONALD** - That would be news to me.

**Mr HIDDING** - He has now by the sound of it.

**Mr BRADFORD** - I would clarify. I don't think we have a Hobart harbour master.

**Mr DONALD** - That's correct. We have a TasPorts harbour master.

**Mr O'BYRNE** - Sorry, TasPorts harbour master.

**Mr DONALD** - Certainly I haven't been made aware that that is the case.

**Mr O'BYRNE** - Have you had a turnover in harbour master staff recently?

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**Mr DONALD** - We have had some turnover in that role. I wouldn't say it is high turnover.

**Mr O'BYRNE** - Is this your fourth in four years?

**Mr DONALD** - No, I don't believe so.

**Mr O'BYRNE** - Could you inform the committee of how many you've had in the last four years?

**Mr DONALD** - Mr David Willett is our third, I think, harbour master in four years.

**Mr DUGGAN** - There was Charles Black.

**Mr DONALD** - Charles Black who sadly passed away recently.

**Mr O'BYRNE** - That's a high turnover.

**Mr ROCKLIFF** - As you see we've got different circumstances as to why that turnover would be.

**Mr O'BYRNE** - I'm not referring - I mean, Charles was the backup.

**Mr ROCKLIFF** - I'm happy not to personalise this, but if there is information you are seeking then we can find that information out, so we can get the accurate figures for you.

**Mr O'BYRNE** - Let's be clear: you will get us the figures on Mr Weedon -

**Mr ROCKLIFF** - Let's be clear, you will put it on notice.

**Mr O'BYRNE** - No, I'm asking for it. It is a single figure. In other GBE hearings we had Hydro yesterday who made a call and they were telling us when the dams were spilling and the date. This is a significant figure. This is a matter of public interest and it is not unreasonable for you to provide that answer.

**Mr ROCKLIFF** - As I say, we will endeavour to provide the answer, but I suggest that you put it on notice in case we're not able to access that information within the next 90 minutes.

**Mr HIDDING** - You are rewriting the Hydro thing. You were certain the dams were spilling and they came back and said they had nothing to do with that.

**Mr O'BYRNE** - No, they gave us the dates. They actually went back, but the point is they provided information -

**CHAIR** - Order. We're not here for you to argue amongst yourselves. We're here to -

**Mr ROCKLIFF** - I'm not arguing at all; I'm happy to provide the information.

**CHAIR** - I'm saying to the committee members, the deliberation is to examine the financial year ending for that 12-month period.

**Mr ROCKLIFF** - That is true, so technically the question is out of order, but it is in the public interest.

**CHAIR** - As the information is outside.

**Mr O'BYRNE** - That's right. These are matters of interest and we get one opportunity a year.

**CHAIR** - Mr O'Byrne, do you have another question for the minister?

**Mr O'BYRNE** - Yes, I do. Pilots are a key component of port operations around the state. Can you confirm that for a period next year Bell Bay will just have the one pilot?

**Mr DONALD** - That is not the case.

**Mr O'BYRNE** - Not the case. So how many pilots will there be?

**Mr DONALD** - There will be an appropriate number of pilots to satisfy the requirements that we commit to in accordance with the MAST deed. Whether or not that is two, three or four remains to be seen. They are highly-skilled, highly-trained and highly-capable staff members of our organisation and we treat them with that respect. The shipping frequency is an important consideration that attributes to the number of pilots that we require.

**Mr O'BYRNE** - For Bell Bay -

**Mr DONALD** - We would certainly not plan to have one pilot.

**Mr O'BYRNE** - For Bell Bay what would be the number?

**Mr DONALD** - Currently it is three.

**Mr O'BYRNE** - That is consistent with the MAST deed?

**Mr DONALD** - No, the MAST deed says that TasPorts will provide pilotage - the provision of pilotage. It doesn't mandate a particular number. An appropriate number that would be considered reasonable to effect a 24/7 shipping service for the state.

**Mr O'BYRNE** - A minimum of two would be an appropriate figure?

**Ms O'CONNOR** - Minister, is TasPorts owed any money by Majestic Timbers?

**Mr BRADFORD** - No.

**Ms O'CONNOR** - Has there been any discussion between Majestic Timbers and TasPorts about their ongoing use of the port facility there?

**Mr DONALD** - I believe there has been. I expect that there would be.

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**Ms O'CONNOR** - Mr Donald, you believe that Majestic Timbers has been talking to TasPorts. Can you confirm that so we have a record? I know you probably cannot do that right now. It's so that we have an accurate record.

**Mr DONALD** - We have hundreds of customers and we treat them all with respect and interest. Any potential, any current customer of ours, we deal with a high degree of importance.

**Ms O'CONNOR** - We are getting regular calls from constituents and people who live around Hobart about the size of the woodpile. There is a view that it's growing. What is the volume of that woodpile at the moment? What's the future of it? Is there a concern that it may also be a fire risk which is a matter that has been raised with us?

**Mr DONALD** - The current volume in the yard is approximately 30 000 tonnes of timber. I think we have a ship at berth today; those ships can generally take up to 18 000 tonnes per ship. Our objective is to increase the throughput of timber through the yard, not to increase the volume and quantity of products sitting in the yard. When TasPorts responded to the industry requests to provide the southern export terminal or a terminal that we then informed our delivery of the joint venture with Qube Ports to deliver the Southern Export Terminal, it was based on a presumption of a very highly-efficient terminal with an objective around throughput. It is not the objective of TasPorts and Southern Export Terminal to have a terminal which is a storage facility.

**Ms O'CONNOR** - I am sure that is true.

**Mr DONALD** - All ports around the world would have the same objective and constraints. The particular area where Southern Export Terminal is residing is quite constrained and we would like to see continued throughput, perhaps greater than what we've seen today; substantially greater.

**Ms O'CONNOR** - Fire risk management?

**Mr DONALD** - We have appropriate fire controls in place that are regularly monitored and tested.

**Ms O'CONNOR** - Thank you.

**Mr BRADFORD** - With the operation and concept of SET, it's going rather well. Our disappointment remains in turnover of throughput. And we are somewhat captured by the arrival of vessels - there is one today and one is coming very soon thereafter. It's generally working well; we would just like more throughput.

**Ms O'CONNOR** - Sure. Minister, has TasPorts entered into any agreements or memoranda of understanding with other companies or government agencies in other countries?

**Mr BRADFORD** - None that I can recall.

**Ms O'CONNOR** - Has any interest been expressed in TasPorts infrastructure, owning or utilising it by any foreign company or entity of a foreign company?

**Mr BRADFORD** - By way of clarification, you are asking whether another entity has sought to acquire some of TasPorts' assets, land or facilities?

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**Ms O'CONNOR** - Yes.

**Mr BRADFORD** - The short answer is, no.

**Ms O'CONNOR** - When we sat at the Budget Estimates table with the Coordinator-General, there was some discussion about marketing access to TasPorts facilities in the north of the state, potentially during the trade mission to Asia?

**Mr BRADFORD** - Yes, that is marketing the availability of TasPorts facilities for shipping lines and other to use the facilities, not to own them. We would like more through points on every berth we own.

**Ms O'CONNOR** - Did anything come as a result of the trade mission in relation to TasPorts' operations?

**Mr DONALD** - Not with that regard. What resulted from the trade mission that I am aware of was a successful relationship with the Chinese Antarctic program and the commitment to attend the Port of Hobart twice per annum.

**Ms O'CONNOR** - I have a final question to it. Could I please ask it?

**CHAIR** - You always have another question. With Mr O'Byrne's agreeance I will allow you to ask one more and then we will move on.

**Ms O'CONNOR** - Has TasPorts entered into any discussions or negotiations around long-term lease of TasPorts facilities in Tasmania with any foreign company?

**Mr DONALD** - We have had discussions with a number of organisations, none of which have yielded anything further than discussions.

**Ms O'CONNOR** - In relation to?

**Mr HIDDING** - Investment in port areas.

**Mr O'BYRNE** - In terms of Swire Shipping pulling out of Hobart, is one of the major reasons they pulled out because you only offered a common user berth, not a specific berth for them to lay up?

**Mr DONALD** - No, not that I am aware of.

**Mr O'BYRNE** - What did you offer them in terms of berthing arrangements?

**Mr DONALD** - It is a common user berthing arrangement. For clarification, they were the sole provider of a container service to Hobart and enjoyed availability of berthing space and terminal area through their relationship with Qube.

**Mr O'BYRNE** - In their renegotiation or decision to either stay or go, did they raise with you the issue around only being offered a common user berth?

## UNCORRECTED PROOF ISSUE

**Mr BRADFORD** - It would have been an extraordinary request and decision to grant exclusive use for such an infrequent caller. Granting exclusive use is a very serious issue for a port and common user for those that are used infrequently is usually the way to go, otherwise you tie up valuable parcels of the GBE's land for one potential operator. A good example would be the SeaRoad and Toll services. They have exclusive use and so they should.

**Mr O'BYRNE** - In terms of the MAST deed, have there been any breaches of operation?

**Mr ROCKLIFF** - The MAST deed?

**Mr O'BYRNE** - You operate under a deed from MAST. Have there been any breaches or any issues with compliance?

**Mr DONALD** - There has been a non-conformance is perhaps the way I would describe it.

**Mr O'BYRNE** - What's the difference between a breach and a non-conformance?

**Mr DONALD** - I think a breach would be a fundamental non-delivery of an obligation.

**Mr O'BYRNE** - What is a non-conformance, then?

**Mr DONALD** - It would be associated with the provision of pilotage services. We had an occasion a number of months ago when one of our pilots was involved in a motor vehicle accident. He was on a bicycle and sadly injured, and we had another pilot in that particular area interstate for personal leave, perhaps a funeral. Don't quote me on that last bit.

**Mr O'BYRNE** - You are on *Hansard*.

**Mr DONALD** - No, I am being honest.

**Mr O'BYRNE** - That is what we ask, that is good. That goes back to my earlier question about having enough pilots at Bell Bay. You have had a non-conformance and a pilot is a fundamental role within safety on the water and moving vessels around. It is a breach/non-conformance. Isn't not having enough pilots significant?

**Mr DONALD** - It is a significant risk for the organisation if we are not able to provide sufficient pilots, yes. I might just clarify the non-conformance. Non-conformance really arises through the lack of formal notification to MAST in advance of the inability of TasPorts to provide an appropriate number of pilots.

**Mr BRADFORD** - It is a failure to specifically advise. The MAST deed is a critical agreement between the Crown and TasPorts. It governs marine safety in the island at all the ports and we take it very seriously. You would expect MAST to do frequent audits of that and express their view and the chairs meet and talk about the issues because it is a critical safety issue and piloting is critical. We take it very seriously, so the board reviews the audit reports and the responses.

**Mr O'BYRNE** - The breach was non-reporting that you were not able to provide. Not being able to provide a core function is a significant concern.

## UNCORRECTED PROOF ISSUE

**Mr BRADFORD** - It is a non-conformance. If we talk to our customers and said, 'Do you want to staff pilotage to have an absolute guarantee there never will be an hour of non-performance?', they would support our actions.

**Mr O'BYRNE** - But it's part of the deed, isn't it? It is part of the deed to provide -

**Mr BRADFORD** - It is part of the deed to report to MAST when we are unable to provide continuous service and when there is a short number of hours. I think Anthony said -

**Mr DONALD** - I think it was perhaps 12 hours.

**Mr O'BYRNE** - A 12-hour period?

**Mr BRADFORD** - Yes, in a year.

**Mr O'BYRNE** - That is what we aware of. Are there any other breaches of the deed? That is the only breach?

**Mr DONALD** - Yes, the only non-conformance.

**Mr HIDDING** - I want to ask about the community asset program. I think TasPorts is the benchmark for GBEs and a previous minister set them up so that the non-commercial assets of the company are separated out and that is called the community asset program, therefore the funding challenge is quite separate to the commercial funding challenge. What outcomes have been achieved under that to invest in community and regional ports?

**Mr ROCKLIFF** - TasPorts has recently completed its five-year community asset program and the focus was on renewing port infrastructure at the key sites of Sullivans Cove in Hobart, Strahan, Inspection Head and Stanley. The project was jointly funded by TasPorts and the state Government. The total project cost was some \$27.3 million and TasPorts contributed some \$9.8 million on top of the Government's support of \$17.5 million.

The project's scope was developed during the program and as asset conditions were further understood the program was refined and adjusted to ensure the best value for money, with priority given to assets in the worst condition. The program saw successful completion of over 80 projects statewide over the five-year period and the program met its project aims on time and on budget. Those aims were to maintain and repair important community assets for the benefit of safety of local communities; improve community access; provide additional commercial opportunities for the local community and TasPorts; and achieve an increase in commercial returns with rentals to reflect a fair market value of the assets to provide additional funds for future investment by the company.

The program has been very successful and has delivered benefits to communities living around our ports in Stanley, Inspection Head, Strahan and Hobart. The program's largest project was the Strahan main wharf rebuild which was completed last financial year. Over \$6.5 million has been invested in projects in Strahan, making it the largest in the community assets program, and these upgrades have provided the Strahan community with useable infrastructure for the next five decades.

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Other projects carried out during the program include upgrading services and improving the safety and reliability of infrastructure at the Inspection Head wharf; the refurbishment of Finger Piers at Stanley and the removal of the roro tower; and a build for retaining the wharf wall. At Hobart there was the Murray Street Pier remediation, bearings replacement and associated works undertaken at Victoria Dock and bridge, and the Franklin Wharf rebuild. Thank you for the question, Mr Hidding, it is a very successful program.

**Ms O'CONNOR** - I am trying to establish whether there is any risk of Tasmania's ports being in the situation Darwin's port is in?

**Mr ROCKLIFF** - In terms of being sold?

**Ms O'CONNOR** - A 99-year lease to a Chinese-owned company, much to the alarm of security agencies and the then Obama administration.

**Mr ROCKLIFF** - Sorry?

**Ms O'CONNOR** - The Obama administration, when the deal was signed, was blindsided because Australia had not told the Americans, our greatest ally, that we were signing up to One Belt One Road. Given there has been a One Belt One Road memorandum of understanding negotiated now with the Victorian Labor government, I am trying to ascertain whether there has been any approach to the Tasmanian Government about being part of the OBOR initiative.

**Mr ROCKLIFF** - Not to my knowledge. The answer in terms of selling or leasing any port infrastructure in Tasmania is no, absolutely not.

**Ms O'CONNOR** - Good, thank you very much. In terms of the new Antarctic precinct, what is the nature of that negotiation and where is it at the moment? What role does TasPorts play in the new Antarctic precinct?

**Mr BRADFORD** - I will pass to Mr Donald, who is leading that project and visited China recently with the Premier on that topic.

**Ms O'CONNOR** - Did you take along that esky of Antarctic ice?

**Mr DONALD** - No, I did not.

**Ms O'CONNOR** - Someone else on the delegation did, though, didn't they?

**Mr DONALD** - Perhaps so. The focus for TasPorts remains the provision of infrastructure for the new AAD vessel. That is associated with Mac 6. We are also seeking to upgrade Mac 5 to provide what will be common user facilities for other visiting nations with respect to the provision of Antarctic science and research. We are well progressed with concept designs for those upgrades. We recently completed some very thorough investigation of the existing infrastructure assets to ascertain their value in determining whether or not we can rehabilitate or need to demolish and completely replace that infrastructure.

**Ms O'CONNOR** - How many nations operating in Antarctica are using our port facilities?

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**Mr DONALD** - In future I would like to think there would be three to four perhaps. It would be a great outcome.

**Ms O'CONNOR** - Is TasPorts a party to the MOU between Tasmania and the Chinese Antarctic agency?

**Mr DONALD** - Not that I am aware of but I would have to take that on notice.

**Ms O'CONNOR** - On the delegation, what was TasPort's role in engaging with China's Antarctic agency about the facilities that would be available in Hobart?

**Mr DONALD** - Our role was to describe the outcomes of our port masterplan and the opportunity that exists with the provision of wharf infrastructure and back-up warehousing facilities to support Antarctic science and research. It is very infrastructure-orientated. We described the draught, the depth of the water and the proximity of the wharf infrastructure to the availability of warehousing facilities at the back of the wharf.

**Mr BRADFORD** - And the availability of appropriately trained pilots and towage crews to service their vessels.

**Ms O'CONNOR** - Is TasPorts aware that officers on Chinese Antarctic vessels are actually also officers of the People's Liberation Army Navy, or PLAN, according to academics, for example, who work at the University of Canterbury?

**Mr HIDDING** - This is barely a question suitable for the staff of TasPorts.

**Ms O'CONNOR** - But there is an intersection between the use of the port and security, and whether or not you have military agents of the Chinese government parked in Antarctic vessels in our port.

**CHAIR** - Order, it should be a question to the minister.

**Ms O'CONNOR** - Okay, I will ask the minister: are you concerned, minister, that PLAN officers are on Chinese Antarctic vessels? It has been described as a matter of great concern by security agencies and academics such as Professor Anne-Marie Brady of the University of Canterbury about the intersection between Chinese Antarctic endeavours and their navy's objectives strategically.

**Mr ROCKLIFF** - Ms O'Connor, it is hardly a question for the financial year 2017-18.

**Ms O'CONNOR** - If we are parking Chinese Antarctic vessels that have military officers of a totalitarian regime in the Port of Hobart -

**Mr HIDDING** - So you say.

**Ms O'CONNOR** - Actually, as members of the Chinese community living in Hobart have confirmed, as has Professor Anne-Marie Brady.

**Mr ROCKLIFF** - I've answered that.

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - Whilst you said that you're not selling assets, you are selling Elizabeth Street Pier.

**Mr ROCKLIFF** - In the context of Ms O'Connor's question.

**Mr O'BYRNE** - Elizabeth Street Pier is not an asset of TasPorts? I understand the context -

**Ms O'CONNOR** - Is it a TasPorts asset?

**Mr O'BYRNE** - Could you clarify what is actually for sale on that pier? Is it the entire pier?

**Mr BRADFORD** - I think TasPorts owns 13 per cent of Elizabeth Street Pier.

**Mr DONALD** - A very small percentage.

**Mr O'BYRNE** - Do you have responsibility for the apron?

**Mr DONALD** - Yes, I believe so. Perhaps more the focus for our role is the wharf face for the ability to berth vessels, but there is what I would describe as a unique arrangement where we have responsibility for a particular depth of the pavement on the apron, which wouldn't perhaps constitute the full depth of the deck. It is quite a unique arrangement.

**Mr O'BYRNE** - Yes, it sounds unique. There has been an issue around the wharves with concrete cancer and remediation. That is an asset. When you say you own 13 per cent -

**Mr DONALD** - That is approximate.

**Mr O'BYRNE** - Are you part of a joint venture?

**Mr DONALD** - No, it's not a joint venture; it's a tenancing contract.

**Mr DUGGAN** - There are two issues. There is the ownership of the infrastructure and then there is the corporate around the tenancies and so forth.

**Mr O'BYRNE** - You own the infrastructure.

**Mr DUGGAN** - We own a share of the corporate entity in terms of the businesses and the leasehold, which is separate to the infrastructure.

**Mr O'BYRNE** - Of that 13 per cent you derive an income stream?

**Mr DONALD** - Yes.

**Mr O'BYRNE** - So is that what the Government has effectively put up for sale?

**Mr DONALD** - No, not to my knowledge.

**Ms O'CONNOR** - It's the infrastructure.

**Mr O'BYRNE** - The infrastructure is up for sale?

**Mr DONALD** - That's our understanding.

**Mr DUGGAN** - It is our understanding that the Government's share of the infrastructure is or may be offered for sale. The board is not aware of whether our approximately 13 per cent is part of that. It is not a major part of TasPorts' assets. It was a decision of previous governments on this unique arrangement and it is unresolved.

**Mr O'BYRNE** - The Government made an announcement that they are going to get a big cash windfall from the sale of the Elizabeth Street Pier - that is how they have termed it - for Macquarie Point redevelopment, et cetera, but the TasPorts board is unaware of the exact detail of what is up for sale and what is not for sale. Is that right?

**Mr BRADFORD** - Correct.

**Mr O'BYRNE** - Minister, could you clarify that for us?

**Mr ROCKLIFF** - I'm happy to take a question on notice in terms of -

**Mr HIDDING** - It is a matter for the Minister for State Growth.

**Mr ROCKLIFF** - It is a matter for the Minister for State Growth. If you have a question around exact percentages and the like I'm happy to take that question on notice.

**Ms O'CONNOR** - It should be part of your responsibility; it is part of our port infrastructure.

**Mr ROCKLIFF** - I recognise the responsibility, but it is the Minister for State Growth's responsibility in terms of that particular sale.

**Mr O'BYRNE** - Is it your understanding then that in your portfolio responsibility for Tas Ports you will still have responsibility for the wharf, the apron and the infrastructure underneath the commercial asset?

**Mr ROCKLIFF** - Yes, as I'm advised, that's my understanding.

**Mr O'BYRNE** - What's the annual maintenance on the pier?

**Mr DONALD** - We'd have to take that on notice.

**Mr O'BYRNE** - Is the pier in the schedule for upgrade?

**Mr DONALD** - Within the past 12 months some investigation and inspections have been undertaken. Given its age, I expect that it will require some significant maintenance.

**Mr O'BYRNE** - In terms of the implications of the sale, does that therefore compromise your plans, your revenue to fund the infrastructure maintenance? Given that you are still seem to be in the dark about the Government's plans, does that change your strategy?

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**Mr DONALD** - Our role is not necessarily to fund and undertake the rehabilitation or maintenance of the entire structure. We have a financial obligation that is attributable to our ownership percentage in terms of the mechanics of the management.

**Mr O'BYRNE** - I understand the corporate stuff. But, that sits on something, doesn't it? It sits on the wharf and the apron that you have to maintain. So, it seems that there's will be a significant cost. We all know about the concrete cancer, the year by year, budget by budget remediation of the Hobart Wharf, all the way from Princes Wharf around to Wharf 6. We know there's been ongoing maintenance. Elizabeth Street Pier has not been done; it is to be done yet you are still unaware as to what is the nature of the sale by the Government, what's in and what's out?

**Mr DONALD** - I wouldn't go as far as saying we are unaware. I imagine there are various options available in how that transaction may take place. Our role is to maintain the top 100 ml of the deck. We regularly look at that. Whilst it appears to be aged, we wouldn't have it on an imminent repair and maintenance program for the top.

**Mr O'BYRNE** - For the top 100 ml?

**Mr DONALD** - For the top. Given my knowledge of the balance of the wharf infrastructure around Hobart generally, I expect the other part of the wharf would require some maintenance.

**Mr O'BYRNE** - Who's responsibility is that?

**Mr DONALD** - That would fall to the owner, in Treasury.

**Mr O'BYRNE** - Treasury?

**Ms O'CONNOR** - It's the Crown. It's there on the list.

Through you, minister, when did TasPorts first find out about the plan to sell Elizabeth Street Pier? Was it when it was announced in the media, or had there been some discussions with the Crown or State Growth before then?

**Mr DONALD** - There had been some discussions over a number of months, perhaps even 12 months around the future, but it wasn't until around the timing of the media announcement that we had any formal engagement.

**Ms O'CONNOR** - To be clear, was it at the time of the media announcement that TasPorts was informed it was the Government's intention to sell the Elizabeth Street Pier?

**Mr DONALD** - Yes.

**Ms O'CONNOR** - Thank you. Are you aware whether the sale of Elizabeth Street Pier was precipitated by an unsolicited bid from any entity?

**Mr DONALD** - No, I would not be aware.

**Ms O'CONNOR** - Following TasPorts learning in the media that a property it owned a portion of would be sold, what was the discussion between TasPorts and State Growth or Treasury?

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**Mr DONALD** - They are ongoing.

**Ms O'CONNOR** - Ongoing discussions?

**Mr O'BYRNE** - Yes, ongoing discussions.

**Ms O'CONNOR** - Is TasPorts able to feed into what sale process it is? Is it an expressions of interest process or a tender process? Are you aware of what sort of process the sale would take?

**Mr DONALD** - No, I'm not.

**Ms O'CONNOR** - So, you haven't yet had any advice from Treasury or State Growth on this?

**Mr DONALD** - I understand that there are some formal advice and/or instructions coming but at this point I haven't read anything yet. There have been a number of interactions between officers.

**Mr O'BYRNE** - How is it possible that TasPorts was not aware of the sale prior to its being made public?

**CHAIR** - I never gave the call to Mr O'Byrne.

**Ms O'CONNOR** - I'm doing my best here.

**Members** interjecting.

**Ms O'CONNOR** - I know it's not half and half, but it's not four to one either.

**CHAIR** - It's not and it isn't.

**Ms O'CONNOR** - Has TasPorts had any assessment done of the value of Elizabeth Street Pier and what its share might be worth?

**Mr DONALD** - We regularly track the value of all our infrastructure assets. I don't know off the top of my head what that may be.

**Mr DUGGAN** - To put Elizabeth Street Pier into context, it is not an active port asset in terms of the commercial trading ports.

**Mr O'BYRNE** - It is still an asset of TasPorts.

**Mr DUGGAN** - It is still a part of TasPorts. As I understand it, it has notionally been on the market for quite some time so the news didn't come as a surprise to us.

**Ms O'CONNOR** - Notionally on the market?

**Mr DUGGAN** - It has been talked about as being an asset potentially for sale for quite some time.

**Ms O'CONNOR** - Not in public circles.

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**Mr DUGGAN** - Our ambition is not being left with a liability with regard to that asset. In a negotiation there would be due diligence on any buyer's part on the asset's state and a full awareness of any maintenance liability they may take on with that asset. On the corporate side, it is not unusual for assets to be sold with tenancies already on it. That revenue stream would continue for the life of the agreements that are in place.

**Ms O'CONNOR** - The separation of ownership of the Elizabeth Street Pier.

I have the LIST, the Land Information System Tasmania, here. It shows the two owners, TasPorts and the Crown. Is that the same arrangement for other parts of the port, or is this a unique arrangement for Elizabeth Street Pier? If we pulled up the LIST for the aprons further up the river where, for instance, the cruise ships berth, what is the division of ownership between the Crown and TasPorts.

**Mr DUGGAN** - It is all TasPorts.

**Ms O'CONNOR** - It is 100 per cent TasPorts?

**Mr BRADFORD** - The typical structure is that TasPorts would own 100 per cent of the assets. This, by dint of history and previous arrangements, has us having a minor shareholding.

**Mr O'BYRNE** - My question is to the minister. I wasn't around when this decision was made. Why did the Government use a GBE called Businesses to Facilitate Trade when it has no experience in operating a shipping service? Another GBE's core business is providing a shipping service, TT-Line. Why has TasPorts been tasked with providing the King Island service and not TT-Line, for example? Can you explain that?

**Mr ROCKLIFF** - The community was quite rightly demanding security in their shipping arrangements. It was within TasPorts' ability to step in and support King Island and TasPorts' subsidiary, Bass Island Line, which is providing a very safe and reliable shipping service for the King Island community. A month or so ago I met with the King Island Shipping Group, a passionate group of individuals representing many areas of the island. I have met with them on a number of occasions over the last few years, particularly when they felt an insecurity around the consistency of service. Last time I met with them, they were largely very pleased in comparison previously expressed concerns. We continue to communicate with the King Island Shipping Group. Bass Island Line started operating in April 2017.

**Mr HIDDING** - How is the new ship, the *John Duigan*, going?

**Mr ROCKLIFF** - It is going well, which reflects why the King Island Shipping Group appear to be quite pleased with progress of the *John Duigan*. The Bass Island Line currently operates between King Island, Devonport and Geelong. In May 2018 the new vessel *John Duigan* commenced service and included a Geelong stop in the weekly schedule.

The Bass Island Line was set up following a request by the state Government after the withdrawal of the previous service provider and limited private sector commercial interest. Bass Island Line and the new ship the *John Duigan* has been responsive to business and community needs. In the last financial year, the Bass Island Line completed 74 voyages, moved 590 containers including 240 containers or 6000 tonnes of fertiliser, completed 14 livestock sailings out of Grassy

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to mainland Tasmania and shipped 4700 head of cattle. The new vessel, *John Duigan*, is much bigger -

**Mr O'BYRNE** - I understand that but you have not explained why you are getting TasPorts to run the service, because they are a port authority, as opposed to the TT-Line or another shipper.

**Mr ROCKLIFF** - Very clearly it was felt by government at the time, and still is, that TasPorts was in the best position to quickly provide a reliable service. The *John Duigan* is much bigger and faster than the vessel it replaced, *Investigator II*, which was an interim, very short-term solution. It was not ideal, we recognised that, but under the circumstances it did a very good job. The *John Duigan* has 83 per cent increased deck space, 120 per cent increase in weight capacity, 90 per cent increase in container capacity and 20 per cent increase in running speed, from 10 knots to 12 knots.

The vessel has improved sea state handling in the Bass Strait, helping to improve the reliability of the service. The *John Duigan* sails between Geelong, Devonport and Grassy and has been successful in achieving its weekly schedule. The schedule was designed to be able to absorb delays due to inclement weather or operational needs while still maintaining a weekly service. The *John Duigan* is owned by Bass Island Line. The name came about as a competition in the local King Island school. I was very pleased to present a student with a certificate of congratulations for naming the *John Duigan*. It is owned by Bass Island Line and provides great continuity of service because it cannot be recalled by the vessel owners, as can happen with a chartered boat, for example, and Bass Island Line has maintained freight rates at the same level as the previous shipping service provider and *Investigator II*.

**Mr BRADFORD** - It is important, minister, to add that the previous minister, Mr Hidding, was aware that both Mr Weedon and I had significant experience in the running and management of shipping lines, albeit my own experience might have been some moons ago.

**Mr O'BYRNE** - Is it currently being crewed by Polaris Marine?

**Mr BRADFORD** - Yes.

**Mr O'BYRNE** - So if TasPorts is the appropriate body to run the shipping line, why have they contracted out the management and crewing of the vessel to a mainland firm? Was a Tasmanian firm considered?

**Mr DONALD** - It was an operational decision.

**Mr BRADFORD** - At the time, because of the failure by the private sector to provide the King Island service, the minister was required to find an alternative service. After the only tenderer failed to have requisite finance -

**Mr O'BYRNE** - We had a similar circumstance with Flinders Island and we found a way through.

**CHAIR** - Order, Mr O'Byrne, you are interjecting.

**Mr BRADFORD** - The decision was made to ask TasPorts to operate the King Island service. We expeditiously engaged a charter vessel that would sensibly be crewed and managed by a contract arrangement rather than permanent employees because this is a business in the process of the

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change. When we selected the *John Duigan* it was built for Tasmania and the current arrangement continues until Mr Donald considers that we should have an alternative arrangement.

**Mr O'BYRNE** - Did you seek advice from your marine pilots on the suitability of the vessel you currently have on the line?

**Mr DONALD** - Yes, we did.

**Mr O'BYRNE** - Is it their view that, due to a whole range of issues with the vessel and the kind of weather it deals with, this is not an appropriate vessel for King Island?

**Mr DONALD** - No, that is not the case. We also sought the view of our current harbourmaster and our manager of marine fleet who are very experienced in understanding the vessels and their movements around the world. If you were starting from scratch and purely delivering the most ideal ship, you would go with something significantly larger and it would cost significantly more. When our objective is to deliver an efficient cost-effective solution for King Island, it strikes a very good balance.

**Mr O'BYRNE** - It's highly weather-dependent, though, in its ability to -

**Mr DONALD** - Not so much more than the existing Bass Strait trade operators. We do experience weather delays. Its maximum speed is 12 knots. Bass Strait is very challenging waters.

**Mr ROCKLIFF** - It is not unusual for there to be concerns about King Island shipping. SeaRoad Mersey also experienced that.

**Mr O'BYRNE** - But there was a commitment from the Government at the time of the announcement of the service that it would not be weather-dependent.

**Mr ROCKLIFF** - Well, to maximise that, absolutely, as much as possible.

**Mr O'BYRNE** - How many Tasmanians are employed on the *John Duigan*?

**Mr DONALD** - I will have to take that on notice.

**Mr O'BYRNE** - Is it intended that the vessel do the triangulation between King Island, Victoria and Tasmania and maintain that?

**Mr DONALD** - Yes.

**Mr BRADFORD** - The vessel was designed sensibly to be a roll-on, roll-off vessel which is consistent with Grassy and the most efficient stevedoring arrangements. We patiently await the delivery of a ramp in Geelong.

**Mr O'BYRNE** - Is that ramp funded by the Tasmanian Government?

**Mr DONALD** - There would be a commercial arrangement in place with the Port of Geelong to effect that.

**Mr O'BYRNE** - How much would that be?

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**Mr DONALD** - We are still working through the finer details of costings.

**Mr O'BYRNE** - When will it be ready?

**Mr DONALD** - I would like to think it would have been ready a number of months ago.

**Mr O'BYRNE** - That's great.

**Mr BRADFORD** - We remain very patient. Its approval through the regulatory process in Victoria has been a bit tedious.

**Mr O'BYRNE** - By March, July or the end of next year?

**Mr DONALD** - I would say as soon as possible.

**Mr O'BYRNE** - That doesn't help the committee.

**Mr ROCKLIFF** - The hold-up is not due to TasPorts. It is a regulatory matter, as I understand it, with the state government but it doesn't prohibit freight going on and off the vessel; it is now lifted by a crane.

**Mr BRADFORD** - It is effectively serviced, it's just less efficient and more costly than the manner in which we propose to operate it. 'Patient' is a strong word.

**Mr O'BYRNE** - You have no idea when it's going to be completed?

**Mr ROCKLIFF** - We have regulatory processes we have to work through. As soon as possible is the answer. We recognise that it will be more efficient once the infrastructure is completed and we're working on -

**Mr O'BYRNE** - Who is paying for the crane?

**Mr BRADFORD** - TasPorts through Bass Island Line.

**Mr O'BYRNE** - How much is that?

**Mr DUGGAN** - I think I know the number but I will take it on notice at the risk of getting it wrong.

**Mr DONALD** - It is substantially more than the costs associated with the roll-on, roll-off. There is absolutely no interest for TasPorts or Bass Island Line to continue with the current arrangement and, as the chairman said, to say we are being patient is perhaps a polite way of describing our activity. We are extremely agitated and frustrated by the time it has taken to get a ramp. TasPorts was able to deliver a ramp in Devonport within a six-week period, albeit with slightly different government approval processes, but nonetheless we would expect and appreciate some prompt response from our colleagues in Geelong.

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**Mr ROCKLIFF** - That includes the Victorian Department of Environment, Land, Water and Planning, where we require the approvals from. Once those approvals have been completed, it is the expectation that construction will take some 12 weeks.

**Ms O'CONNOR** - Minister, TasPorts operates statewide. How many of TasPorts' facilities are able to host cruise ships?

**Mr DONALD** - How many ports?

**Ms O'CONNOR** - We know there are plenty of cruise ship visits to Hobart but there are other locations around the state.

**Mr DONALD** - Burnie is a very important part of our cruise network.

**Ms O'CONNOR** - Are cruise ships currently going to either of the Bass Strait islands and using TasPorts' facilities?

**Mr DONALD** - Not to berth at any of the wharf infrastructure. I think there have been some ad hoc visits and the use of tenders to move passengers. Last January we had a visit of an expedition cruise vessel to Inspection Head. There is another one planned for later this year. We are challenged with the condition of the infrastructure at Inspection Head and this year we will be using tenders to disembark the passengers.

**Ms O'CONNOR** - What is the total annual revenue in the past financial year from cruise ships, parking and using TasPorts facilities?

**Mr ROCKLIFF** - While we are accessing that information, I can inform the committee that cruise ship visits create more than 390 direct and indirect jobs and add more than \$57 million to the state's economy. Ten per cent of international cruise ship visitors return to Tasmania for a longer stay with a 21 per cent in international tourists. The role of TasPorts in delivering sustainable tourism growth continues to deliver strong benefits to the state. Recognising this, TasPorts has invested \$10 million since 2013 in cruise infrastructure around Tasmania to ensure the safety of visiting cruise passengers and crew.

Earlier this year, Beauty Point saw the first cruise ship visit in five years as the result of investment of \$4 million over four years to upgrade facilities to accommodate the addition of cruise ship visits. TasPorts also plays a key role in the sustainable management of the sector and practically working to prevent destination overcrowding.

The number of cruise ship visits has jumped from 54 calls in 2013-14, to 125 in 2017-18. That is 131 per cent increase. TasPorts works very -

**Ms O'CONNOR** - Do you believe that is sustainable, minister?

**Mr ROCKLIFF** - On that very point, Ms O'Connor, TasPorts works very closely with cruise lines, the Government and local stakeholders to sustainably grow cruise ship -

**Ms O'CONNOR** - You said that with conviction and it was good to hear.

**Mr ROCKLIFF** - Thank you.

**Ms O'CONNOR** - I would love to know what your understanding of the word is.

**Mr HIDDING** - It just rolled on the tongue.

**Ms O'CONNOR** - It did, didn't it? Like he knew what it meant. Say 'climate change'.

**Mr ROCKLIFF** - Sustainably grow cruise shipping to attract cruise vessels that are appropriate to Tasmania's ports and regional locations. TasPorts offers incentives to expedition cruise ships to encourage growth of the valuable section of the market and the cruise industry has been extremely positive for Tasmania. TasPorts is working hard to ensure its sustainable growth.

**Ms O'CONNOR** - Thank you, minister and back to the question. If we had 125 cruise ships berthing in Hobart, is that correct, in the past year, what is the revenue to TasPorts?

**Mr DONALD** - To TasPorts that would be highly commercially sensitive information. That is commercial-in-confidence.

**Ms O'CONNOR** - With the greatest of respect, we are not asking for what a single corporate entity pays to TasPorts. We are asking for the quantum that TasPorts earns from all cruise ships that berth in TasPorts' facilities.

**Mr HIDDING** - Then you divide them up and start disrupting the marketplace.

**Ms O'CONNOR** - Sorry, is there another island called Tasmania that is competing for this market?

**Mr HIDDING** - There are a lot of other ports.

**CHAIR** - Order. There has been a question put and I do not know if it was completely answered or not before we go onto the next one.

**Ms O'CONNOR** - I am very concerned that commercial-in-confidence is being used in a manner that is not appropriate, where information about the revenue to TasPorts from cruise ship berthing - not identifying any particular company - is being hidden behind commercial-in-confidence. I cannot see the commercial-in-confidence argument.

**Mr DUGGAN** - There is a range of services that cruise ships pay for in terms of port charges and they are all available in our schedule of port charges. They pay for pilotage, they pay tonnage rates, they pay for towage, and they pay for access to the wharf. They pay for the infrastructure that we have built at Macq 2 but it is not our practice to disclose individual industry or individual customer revenue streams.

**Ms O'CONNOR** - Thank you, Mr Duggan. If I asked you what revenue TasPorts earned by sector of user, whether it be freight vessels or Antarctic vessels or cruise ships, TasPorts would not provide that information on the basis of commercial-in-confidence? Is that correct?

**Mr DUGGAN** - Prima facie, yes, and without consent of the users.

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**CHAIR** - Order, through the chair please. Committee members can ask the minister or the chair questions, not directly to the officers.

**Ms O'CONNOR** - Thank you. Minister, through you, can you detail to the committee why it is a matter of commercial-in-confidence that revenue obtained by a state corporation from users of state assets is commercial-in-confidence?

**Mr ROCKLIFF** - As I have indicated before -

**Ms O'CONNOR** - No, you have never said anything about this before.

**Mr ROCKLIFF** - cruise ships create more than 390 direct and indirect jobs -

**Ms O'CONNOR** - No, no. Mr Rockliff, don't.

**Mr ROCKLIFF** - and provide some \$57 million to the Tasmanian economy.

**Ms O'CONNOR** - The question is why it should be commercial-in-confidence that a state-owned corporation -

**Mr ROCKLIFF** - Any agreement between the cruise ships, any contracts are commercial-in-confidence.

**Ms O'CONNOR** - But we are not talking about - we are not saying how much did Princess Lines give TasPorts in the past year. We are asking, what is the revenue to TasPorts from the cruise ship industry?

**Mr HIDDING** - Yes, then you break that down by the number of visits and you have blown the commerciality of the entire business.

**Ms O'CONNOR** - Sorry, where is the commercial-in-confidence?

**Mr HIDDING** - This is ridiculous.

**Ms O'CONNOR** - It is not ridiculous. What we are trying to ascertain here, Mr Hidding, it might not matter to you whether the people of Tasmania get a fair price for the use of their facilities but it matters to the Greens. Why is it commercial-in-confidence? I would like the minister to explain why this is commercial-in-confidence? That is a very reasonable question. State-owned wharf, state-owned company.

**Mr ROCKLIFF** - I am very mindful of commercial-in-confidence and indeed the contracts so I accept your questioning, Ms O'Connor, but I am very mindful of the commercial-in-confidence arrangements between TasPorts and indeed -

**Ms O'CONNOR** - We are not asking for any breach of that. What we are asking for is how much revenue did TasPorts receive from cruise ship berthing in the past financial year?

**Mr ROCKLIFF** - I think I heard some discussion around a question of sector by sector you were talking about?

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**Ms O'CONNOR** - I was seeking clarification if you are going to hide behind commercial-in-confidence on cruise ships.

**Mr ROCKLIFF** - I do not hide behind things. I will take advice on what information we can make available to the committee when it comes to that information in terms of sector by sector.

**Mr BRADFORD** - A cruise ship is not a single entity. There are various sizes, shapes, numbers of passengers, their own revenue generating ability and a range of international companies who compete for that. To provide it, in our opinion, why we make it commercial-in-confidence is you give an advantage to each of those lines to see what other lines are paying to the - ...

**Ms O'CONNOR** - But that is not what we are asking for.

**Mr BRADFORD** - But they can by deduction work out.

**Ms O'CONNOR** - No, they cannot if all the ships are a different size and use different amounts of the wharf space, with respect.

**Mr BRADFORD** - With respect, if they have one piece of information which is what they are paying.

**Ms O'CONNOR** - But we are not asking for any individual company to be identified. It is the quantum of the revenue. I understand the reluctance and it makes me worry that we are charging too little.

**Mr O'BYRNE** - I want to clarify around the *John Duigan*. I understand the decision was made in the second half of last year on the *Duigan* decision and in your answer you said -

**Mr ROCKLIFF** - Sorry, Mr O'Byrne. To have a *John Duigan* or the contract?

**Mr O'BYRNE** - With the vessel. The decision on the vessel was made last year. You mentioned in your answer that it was the current harbour master who provided advice. Didn't he start in February of this year, do I have that right?

**Mr DONALD** - Yes, that is correct, so I stand corrected.

**Mr O'BYRNE** - Did the previous harbourmaster provide the advice?

**Mr BRADFORD** - That would have been through Charles Black.

**Mr O'BYRNE** - Charles Black provided that advice, okay. In terms of the investigation around the decision, was this vessel in Malaysia or Taiwan?

**Mr BRADFORD** - Malaysia.

**Mr O'BYRNE** - What are the costs associated with checking that vessel out and making a decision on it? Did you go and see the vessel?

**Mr BRADFORD** - There were a number of visits to the vessel made to inspect and determine its appropriateness and the credentials of the ship-building yard.

**Mr O'BYRNE** - What was the cost of that?

**Mr DONALD** - Of the visits?

**Mr O'BYRNE** - Yes. It is in the reporting year -

**Mr DUGGAN** - The capital cost of the vessel delivered to Tasmania?

**Mr O'BYRNE** - No, just the visits to Malaysia.

**Mr ROCKLIFF** - We may have to take that on notice.

**Mr DUGGAN** - I think that was disclosed in the annual report.

**Mr O'BYRNE** - You are going to take something in the annual report on notice? I couldn't see it so could you inform the committee where it is, please?

**Mr DUGGAN** - Let me have a look and you can keep talking.

**Mr O'BYRNE** - Sorry, I thought you were writing it down as taking it on notice.

**Mr DUGGAN** - We want to do both.

**Mr O'BYRNE** - We've asked a lot of times for information and it's always, 'We're not sure, we'll take it on notice.' This is your one chance a year to provide this information to us and with the greatest respect, so far this performance has not been flash. You are not providing the information and are taking everything on notice.

**Mr ROCKLIFF** - That's not true.

**Mr O'BYRNE** - It's absolutely true. It is absolute rubbish. I would never have stood for this.

**Ms O'CONNOR** - We still need to find out which four companies are involved in the woodchip pile or the log pile.

**Mr O'BYRNE** - They didn't even know that Elizabeth Pier was for sale.

**Mr HIDDING** - We're not finished yet, there is time to give it to you still.

**CHAIR** - Order.

**Mr DONALD** - If I may, I have the answer to the question regarding the four customers of Southern Export Terminals.

**Ms O'CONNOR** - Thank you.

**Mr DONALD** - They are Pacific Forest Products, Reliance Forest Fibre, Springwood Resources and Kang Xin.

## UNCORRECTED PROOF ISSUE

**Mr BRADFORD** - If I could answer the question Mr O'Byrne asked earlier about the total payment for Mr Weedon, it included an in lieu of notice payment of \$188 000 gross, plus his entitled long service leave and annual leave.

**Mr O'BYRNE** - What was the total package?

**Mr BRADFORD** - It was \$322 000, of which \$134 000 was his normal entitlements through accrued annual leave and long service leave.

**Mr O'BYRNE** - What was the separate payment for? Could you identify that.

**Mr BRADFORD** - It was \$188 000.

**Mr O'BYRNE** - When someone retires and doesn't see out their contract, how is \$188 000 acceptable?

**Mr BRADFORD** - It is totally consistent with the spirit and intent of the original contract that was signed.

**Mr O'BYRNE** - The spirit and intent. That is different to legal -

**Mr BRADFORD** - That's what the contract said.

**Mr O'BYRNE** - Could you explain what would happen if he just saw out his contract? Would he just be paid at the end of the contract?

**Mr BRADFORD** - If he had seen out his contract until February 2020 he would have worked every month and been paid for it, plus his accrued annual leave and long service leave.

**Mr O'BYRNE** - I understand that, but he has made the decision to retire -

**Mr BRADFORD** - The decision was made to retire.

**Mr O'BYRNE** - So it wasn't his decision?

**Mr BRADFORD** - Given that this affects an individual, in looking at what is required for TasPorts going forward and given that he did an outstanding job in implementing processes over eight years, the board considers that what is intended in the masterplan is for a very strong leadership role in infrastructure provision and development.

**Mr O'BYRNE** - I completely understand that. I am not casting any aspersions on Mr Weedon, I have worked closely with him, but it is clear from what you just said that you sacked him and paid him out \$188 000 of taxpayer money. Is that right?

**Mr BRADFORD** - I think that is a very unreasonable way of looking at it.

**Mr O'BYRNE** - Has any other worker got the opportunity to get a large package when clearly there was an issue between the future of the organisation and his ongoing role? That is what has happened, based on your answer.

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**Mr BRADFORD** - It depends on their contractual arrangements with the organisation. For a senior executive, even though I'd signed the contract, I would not regard the quantum as large.

**Mr O'BYRNE** - So you wouldn't consider \$188 000 a payment that's in the spirit of a contract. He had a period to run on his contract and it's pretty clear that you may have said that he should resign. Let's be clear about it, that was the legal entitlement once you made the decision to terminate his contract. Was that the payment?

**Mr BRADFORD** - Yes.

**Mr O'BYRNE** - You made the decision to terminate the CEO and you've cost the Tasmanian taxpayers \$188 000 for the pleasure.

**Mr HIDDING** - A parting of ways.

**Mr O'BYRNE** - A parting of ways? You can call it whatever you want.

**Mr HIDDING** - You are using sledgehammer words.

**Mr O'BYRNE** - Minister, what's your view on this?

**Mr ROCKLIFF** - It is an operational matter for the board.

**Mr O'BYRNE** - You've got a press release from Mr Gutwein in 2014 saying golden handshakes wouldn't happen. It happened to TT-Line, and now it's happened here. You've painted it up as a retirement -

**CHAIR** - Mr O'Byrne, do you have a question?

**Mr O'BYRNE** - How can you sit there and say you were acting responsibly when you didn't have to pay \$188 000? You glowingly praise the man, which we support, yet you've basically terminated him and the Tasmanian taxpayer has to pay for the pleasure.

**Mr ROCKLIFF** - That is not the right terminology and we've explained through the TT-Line estimates, and indeed the estimates here today with Tas Ports with respect to the contracts.

**Mr O'BYRNE** - Minister, in the press release that came out you've misled the Tasmania people. It said, 'Paul Weedon has advised the Government of his intention to retire this September'. The evidence is very different to the fact that the board made a decision to terminate his employment and is paying him out \$188 000 for the pleasure. It's our money. This is outrageous. Don't say it's one thing when it's something else.

**Mr ROCKLIFF** - It is consistent with his contract, and the chair has explained that.

**Mr O'BYRNE** - Consistent with his contract when you terminate him? Don't say you are retiring someone when you're terminating them.

**Mr BRADFORD** - I think, Mr O'Byrne, the word 'terminate' was raised by yourself.

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**Mr O'BYRNE** - How else would you say it? Was the obligation to pay him \$188 000 because he made the decision to retire?

**Mr BRADFORD** - Organisations' chairs and CEOs frequently discuss the future in terms of their employment relationships and the strategic nature of the role. It doesn't surprise me and most people that when the board made a decision to discuss with the CEO an earlier termination of his contract than was intended by the original contract but allowed for under the terms of that contract, we would announce it appropriately.

**Mr O'BYRNE** - It is not uncommon for boards and chairs and CEOs to have that conversation, but let's be clear, you said he retired. With the greatest respect, this is not your money. This is the Tasmanian taxpayers' money. There is a responsibility for you as a GBE chair to make sure you are completely open and transparent with the Tasmanian community. This is an outrageous -

**CHAIR** - Order. Mr O'Byrne, this is a statement.

**Mr O'BYRNE** - for you to mislead the Tasmanian people by saying he retired is not correct because you said in your answer that you terminated him.

**Mr BRADFORD** - No, I did not say that.

**Mr O'BYRNE** - By absolute design that's what you've done, and the Tasmanian taxpayer has to pick up the deal because you don't want to work with him anymore.

**CHAIR** - Order. Mr Hidding?

**Mr HIDDING** - Mr Bradford is one of the most experienced port CEOs and directors in Australasia. One measure of a responsible corporation is the number of injuries in the previous year to the workforce. I note this annual report achieved a 34 per cent decrease in injuries. That is an excellent result. Could you explain to the committee how that was achieved?

**Mr ROCKLIFF** - Tas Ports has remained firmly committed to its safety culture throughout the years, delivering improved results across the company. Hazard identification and injury management initiatives delivered a 20 per cent increase in hazard reporting and, as you correctly noted, a 34 per cent decrease in injuries compared to the last financial year. There were improvements in risk management, including the development of effective risk mitigation solutions for existing and new operational risks. TasPorts continues the rollout of its care factor initiative, a cognitive behaviour-based safety program, right across the business. The ongoing aim is to ensure everyone is equipped to have a positive impact on safety, performance and culture. Progressive improvements also continued to be made in workplace hazard inspections, safety interventions and timely responses to emergency and crisis situations. TasPorts also implemented a new crisis and emergency management framework to deliver an efficient and effective response to emergency and crisis situations.

This year TasPorts finalised a five-year integrated safety and environmental strategy which defines four key objectives. The first one of those is to achieve a fit-for-purpose risk and compliance program which meets regulatory obligations and best practice standards and a better culture of prevention and care. Three, prioritise environmental sustainability in the business. Four, enhance communication and engagement related to safety and sustainability. Chair, TasPorts has now commenced working through a number of initiatives to support the achievement of these

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objectives with a particular focus on technological solutions that will assist the organisation to manage risk and compliance.

Thank you for that question, Mr Hidding.

**CHAIR** - I will remind the committee that we are now into our last 15 minutes so I will only allow a couple of questions each and then move on so that we have a decent rotation.

**Ms O'CONNOR** - Minister, I am seeking some clarification on terminology. Did the former CEO decide to retire, or did the board decide to retire the former CEO?

**Mr ROCKLIFF** - That is an operational matter.

**Ms O'CONNOR** - It is not, minister. You have put out a media release which we saw a short time ago in which you make a statement as minister that Mr Weedon has announced his retirement.

**Mr ROCKLIFF** - That is what I was advised.

**Ms O'CONNOR** - Is that the truth?

**Mr ROCKLIFF** - That is what I was advised.

**Mr BRADFORD** - Mr Weedon announced publicly his intention to retire, which is his right to do. You would expect in mature organisations that discussions would occur between chairs and CEOs. I think this is a very reasonable way of approaching it. Under the approach Mr O'Byrne is suggesting perhaps we should ask the next CEO to work out the notice period.

**Ms O'CONNOR** - Sure. My question here is actually not to you or the board. It is a minister who has made a public statement about the departure of a long-time CEO from TasPorts and announced it as a retirement when it has become clear it was not entirely Mr Weedon's decision to retire.

**Mr ROCKLIFF** - With respect, the statement I stand by because that is exactly the statement that I was advised.

**Mr O'BYRNE** - This is taxpayers' money.

**Mr ROCKLIFF** - It is part of a contract, Mr O'Byrne, and I was advised of the arrangements around the former CEO in terms of retirement.

**Ms O'CONNOR** - Sometimes when you are a minister it is best not to, isn't it? It was not plausible to deny liability.

**CHAIR** - Another question, Ms O'Connor.

**Ms O'CONNOR** - So that we can be really clear about what has happened given the very large payout that Mr Weedon received, acknowledging it was made of numerous composite parts, did Mr Weedon decide to retire or was he asked to leave early?

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**Mr BRADFORD** - There was a discussion, Ms O'Connor, through you, Chair, between myself and the CEO to express the views of the board reflecting the leadership we wanted to have for the organisation going forward. That is a normal discussion.

**Ms O'CONNOR** - Mr Weedon did not make a decision to retire of his own volition.

**CHAIR** - Ms O'Connor, I informed you that you would only have a couple of questions. You have had three. Ms Dow has her hand up so I need to fair about this. It is probably down the same line, however as Chair, I need to be fair.

**Ms O'CONNOR** - I did just ask only three questions but good on you, Chair, that is fine.

**CHAIR** - I indicated you would only get a couple.

**Ms O'CONNOR** - Point of order, Chair. Dr Broad is in the back row here. I ask you to pull him into line. He is not at the table, he is not entitled to interject. It is now the third time he has done it, and I have shut my mouth but it is entirely inappropriate. If he wants to interject he can sit at the table.

**CHAIR** - I was not aware of what Dr Broad was saying. From where I was, he could have been giving you some wonderful advice, Ms O'Connor.

**Ms O'CONNOR** - It started half an hour ago but it is not appropriate.

**Ms DOW** - I would like to draw the committee's attention to the Burnie Port. I would like confirmation around the memorandum of understanding with DP World and whether you can confirm that has fallen through and is now complete and the reasons for that?

**Mr BRADFORD** - It did not fall through; it expired through the passage of time.

**Mr DONALD** - The MOU between our two organisations expired on 21 October this year. We worked very closely for a period, perhaps more vigorously in the first 24 to 30 months than in the latter part of that period in understanding and investigating the feasibility of then working together to deliver an international container terminal to Burnie. It is TasPorts intention and commitment to continue to investigate that opportunity and we see it would deliver great results for the state.

**Ms DOW** - Given that has expired, rather than fallen through, what implication does that have for the funding that is laid out in the master plan? The investment that is outlined there, will that still be as is in that master plan or is that contingent on the investment of DP World?

**Mr DONALD** - That was not contingent on DP World's investment. That was the extent to which TasPorts investment was designed to support an international container terminal and whether that be through DP World or someone else, that commitment remains.

**Ms DOW** - The master plan does not have any distinct time lines or give any reassurance around confirmation of that funding available for those capital improvements. Are these time lines set out? You talked about upgrading of other facilities such as Grassy, being ancillary to the master plan, and the work of TasPorts now in implementing that master plan. Are there time frames that have been set down? It is a master plan, 'pie in the sky' proposal for investment across the state but

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it would be good to have an understanding of the time lines around that investment at each of those ports outlined in the plan.

**Mr DONALD** - A relatively dynamic environment exists. What is contained within our port master plan are projects we believe deliver great value for TasPorts and the broader state. However, we believe they are achievable in terms of delivery within a 15-year planning horizon. If we could click our fingers I am sure we would like all of them delivered within a two to three-year period enabling us to move onto other larger projects perhaps.

A number of the projects require the support of the industry, private sector investment and arrangements, such as the ones we were investigating with DP World in the operation of a terminal. It requires ongoing diligence and activity from our management team to interact with organisations to understand the opportunities. We need to continue to investigate and prepare appropriate business cases in accordance with the governance of our organisation and through the board.

We are committed to delivering all the projects within the plan. Do we have a detailed Gantt Chart and cash flow of each of all those projects within a 15-year planning horizon? No, we do not. We are very confident that we will deliver each of them, or go very close within that 15-year planning horizon.

In investigating and analysing the development and preparation of the port master plan, you can expect there were tens of projects more at each port location that were assessed and identified. Some of them were perhaps discarded within half an hour or an hour's time; some of them required some further investigation and analysis of trade and volume forecasts.

**Ms DOW** - What consultation was undertaken in the preparation of the master plan?

**Mr DONALD** - We engaged with every known stakeholder within every port location. It was perhaps more of a commercial approach to a port master plan than a community-based one. We had representations from each of the councils in the development of each of the plans in each of the ports. There has been particular focus on the four main ports, but nonetheless we have engaged with the municipalities around all the outer ports, of which there are seven. It is a considerable undertaking.

**Mr HIDDING** - Could the minister please provide greater details about the increase in container shipping as an indicator of the Tasmania economy and in the movement of container shipping through TasPorts?

**Mr ROCKLIFF** - Growth in TasPorts container freight shipments continues to grow from strength to strength, recording a 12 per cent increase from the state in 2017-18. Total import and export 24 equivalent units for the state have grown from 468 600 TEUs in 2015-16 to 530 268 in 2017-18. Bell Bay recorded a 60 per cent increase in container exports over the last financial year growing from 14 800 in 2016-17 to 28 800 in 2017-18.

International shipping services Maersk Line and Mediterranean Shipping Company both operated out of Bell Bay to international markets via Asia with a total of 91 vessels in 2017-18. At the Port of Burnie, while container volumes decreased marginally by 0.4 per cent, it still makes up 45 per cent of the state's total container movements.

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The Port of Devonport also had a good growth of 19.7 per cent in the last financial year, with container shipments growing from 209 103 in 2016-17 to 250 258 in 2017-18. The Port of Hobart recorded a 344 per cent increase in containers due to the consolidation of Swire Shipping. The port also saw an increase in containerised log movements through Southern Export Terminals. This sustained growth in freight volumes across TasPorts business reflects the strength of Tasmania's economy and TasPorts continuing efforts to provide its customers with a high quality, very efficient service.

**Ms O'CONNOR** - We were having a discussion earlier about the revenue that TasPorts secures from cruise ships or any other vessels or sector that uses TasPorts facilities. Are you aware that the New South Wales government has implemented a full transparency process for maximum fees and charges for cruise ships in Sydney Harbour? Why should Tasmania be any different?

**Mr ROCKLIFF** - No-one is saying there shouldn't be transparency; we are talking about commercial-in-confidence. I have said I take advice on a per sector breakdown and I am happy to do so.

**Ms O'CONNOR** - Is TasPorts able to tell us what the maximum fee for a cruise ship in a TasPorts facility? What is the highest we charge a cruise ship to park for a day?

**Mr DONALD** - That would be dependent on a range of matters, including how long it is there for, how much water they consume.

**Mr BRADFORD** - Through you, Chair, drawing a link through the Sydney Harbour publication of pricing, the highlight is that the traditional pricing that ports engage in, including TasPorts, has been replaced by per passenger charts. TasPorts is not in that space; there is a vast difference. Therefore, you can work out the economics between a small ship per passenger and a large ship per passenger. TasPorts is based on size, number of passengers, the provision of pilots, towage if used - it is not a black and white comparison.

**Ms O'CONNOR** - I hear you. It is interesting to see the difference in approach between Sydney ports and TasPorts. Sydney ports is committed to transparency in its pricing, which means you would have a very good idea of what revenue the Port Authority New South Wales would secure for the cruise ships parked in Sydney ports.

**Mr BRADFORD** - Because of the enormous controversy and opposition by the cruise lines to a per passenger charge. Leading the horse to water took some time.

**Ms O'CONNOR** - Right, but there is a contrast in the transparency of the arrangements between here and New South Wales, which is disappointing.

**Mr O'BYRNE** - Minister, I understand -

**CHAIR** - Unfortunately, Mr O'Byrne, it is now 1 p.m. I inform the committee that the time for examination of the GBE of TasPorts has concluded. I will allow the minister 30 seconds to thank officers at the table.

**Mr ROCKLIFF** - I thank officers at the table very much for their work today and over the past 12 months. I thank the members for their questions as well.

# UNCORRECTED PROOF ISSUE

**The committee suspended at 1.01 p.m.**