



PARLIAMENT OF TASMANIA

Legislative Council

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# GOVERNMENT BUSINESSES SCRUTINY COMMITTEE 'B' 2012

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## Report with Minutes of Proceedings

Members of the Committee:

Hon Ivan Dean MLC  
Hon Kerry Finch MLC  
Hon Mike Gaffney MLC  
Hon Tony Mulder MLC  
Hon Tania Rattray MLC (Chair)  
Hon Adriana Taylor MLC

**LEGISLATIVE COUNCIL  
GOVERNMENT BUSINESSES SCRUTINY COMMITTEE "B"**

***MINUTES***

***Thursday, 6 December 2012***

At 9.00 am in Committee Room No 1, Parliament House, Hobart.

**Present:** Mr *Dean*, Mr *Finch*, Mr *Gaffney*, Mr *Mulder*, and Ms *Rattray*.

**In attendance:** Mr Stuart Wright

**METRO TASMANIA PTY LTD**

The following witnesses appeared before the Committee:

**Hon Nick McKim**, Minister for Sustainable Transport and Alternative Energy

**Mr Ron Ward**, Chairman

**Ms Heather Haselgrove**, Chief Executive Officer

Mrs *Taylor* took her seat at 9.04 am

The Minister provided a brief overview and the Committee proceeded to questions.

Mrs *Taylor* left the meeting at 10.11 am

Mrs *Taylor* took her seat at 10.13 am

The Committee suspended at 10.29 am.

The Committee resumed at 10.43 am.

Mr *Dean* left the meeting at 10.47 am

Mr *Gaffney* took his seat at 10.48 am

Mr *Dean* took his seat at 10.49 am

The Committee noted the following major points of evidence. The reader should refer to the Hansard transcript from the Hearing, Metro Tasmania's Annual Report for 2011-12 and the Special Report of the Report of the Auditor-General No.3 of 2012-13 for further information:

**Financial**

- Metro earned \$35.39 million in service contracts in the year to provide bus services to Launceston, Hobart and Burnie;
- Ticketing fares were noted at \$11.13 million for the year;

- Metro continued to limit fare increases to no more than inflation levels, which continued to be significantly below the maximum price increases determined by the Economic Regulator in Tasmania;
- There was a loss of \$421,000 (before tax) and of \$296,000 after tax;
- Metro had an operating cash flow position of \$5.28 million;
- There was \$4.47 million in capital expenditure for the year, including the purchase of 7 new low floor buses;
- There was a 1.4 per cent decline in passenger numbers (10,397,063 boardings);
- 55 per cent of journeys were made using a Greencard;
- The Auditor-General has noted in his most recent report that<sup>1</sup>
  - *In the short to medium term, Metro may have to curtail its bus replacements, generate additional cash from operations, borrow or seek additional support from Government;*
  - *Metro had to curtail its bus replacement program in 2011-12;*
  - *Will need to generate additional cash to meet its short term obligations;*
  - *Metro continued to receive \$3.25 million in additional funding from the State to improve its bus fleet, assist with its long term capital replacement program and fund other passenger growth initiatives.*

## Services

- There has been a change of focus to Metro providing a rapid transport corridor service;
- The Minister noted the following initiatives to attract increased patronage:
  - Low-fare weekend during February;
  - Timetable upgrades;
  - The use of social media alerts for passengers;
  - The completion of the Greater Hobart Passenger Network Transport Plan to provide integrated transport services (yet to be implemented);
  - High frequency services on the main road corridor between 7am and 7pm;
  - Improved access for people with disabilities;
  - A website travel planner;
  - Metro is working on improving bus connectivity on the North West Coast in consultation with the Cradle-Coast Authority;
  - Metro has made a funding application to the Commonwealth Government to introduce real-time bus information. The estimated cost is \$2.5 million.
  - Metro is continuing to work with the West Tamar Council to find a solution to the ongoing access problems for Metro buses to the Windsor Community Precinct.

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<sup>1</sup> Special Report of the Report of the Auditor-General No.3 of 2012-13, p. 126-131

## **Human Resources**

- Negotiations have commenced with the Rail, Tram and Bus Union in relation to the next enterprise agreement for bus drivers;
- Metro has reviewed its occupational health and safety policies associated with weight limitations for their plant and equipment, which has included bus seats, as well as ladders in their engineering workshops.
- Metro confirmed a process has been put in place in response to the need to enforce a weight limitation on bus seats:
  - In order to support affected drivers to reduce their weight, Metro has introduced a program for bus drivers who self-select to assist them to reduce their weight to within the required limited;
  - The program includes support from medical practitioners, dieticians, gym facilities and trainers;
  - The program has a 6 month duration upon entry and has had limited employees join;
  - The program will change next year to enable Metro to commence identifying relevant drivers to enter the program.

## **Corporate**

- Metro continues to fund Tasmania Police services based at its Springfield depot (approximately \$300,000 per annum);
- Unlike regional services which are subject to a contestable tender process, the Government and Minister do not support a competitive tender process to operate metropolitan bus services in Tasmania;
- Metro is considering the introduction of gas fuelled buses to its fleet and the establishment of a refuelling depot at Springfield;
- The Minister noted the following initiatives to attract increased patronage:
  - Major event partnerships;
  - The establishment of a new Metro shop in Hobart;
  - Stakeholder engagement programs (particularly with Local Government);

## **Additional Information Requested**

1. The percentage of the Tasmanian population that uses public transport in Tasmania and the percentage that uses public transport in greater Hobart
2. The terms of the Bothwell contract for the delivery of bus services by O'Driscoll Coaches
3. The formula to determine whether a bus service is viable and will therefore continue to be supported by the Government
4. A copy of the consultant report that assessed the cost of gas versus diesel bus purchases for Metro
5. Timeframe for lost/damaged Greencards to be replaced

6. An update on the deployment of bike racks on Metro Tasmania buses
7. 'Family Friendly Travel' - The cost saving arising from the program ceasing and how many families have been affected.

### **Recommendations**

#### **The Committee recommends that:**

- Metro continue reviewing their strategies to improve their bus patronage and services in light of their declining passenger numbers;
- Metro continue to review strategies to constrain their costs, including the frequency of low demand services;
- Metro continue to review their occupational health and safety policies and continue to provide appropriate support to affected employees;
- Metro continue to work with the West Tamar Council on a resolution to the current access restrictions for Metro buses to the Windsor Community Precinct.

The witnesses withdrew at 12.03 pm

The meeting was suspended at 12.03 pm

The meeting resumed at 1.40 pm

#### **Stakeholder Meetings:**

The Committee met informally with stakeholders.

*Mrs Taylor* took her seat at 1.45 pm

*Mr Dean* left the meeting at 1.48 pm

*Mr Dean* took his seat at 1.56 pm

*Mr Mulder* left the meeting at 3.00 pm

*Mr Dean* left the meeting at 3.20 pm

*Mr Mulder* took his seat at 3.26 pm

The stakeholder meetings concluded at 3.32 pm

#### **Confirmation of Minutes:**

The Minutes of the meeting held on Wednesday, 5 December 2012 were confirmed as a true and accurate record.

The Committee resolved to schedule a meeting at 9 am on Friday 14 December 2012 for the purpose of reviewing the draft report. In the event that that Legislative Council is sitting on that day, the meeting will be in Hobart or if the Legislative Council is not sitting, via teleconference for northern Members.

The meeting was suspended at 3.40 pm.

**LEGISLATIVE COUNCIL  
GOVERNMENT BUSINESSES SCRUTINY COMMITTEE "B"**

***MINUTES***

***Friday, 7 December 2012***

At 9.00 am in Committee Room No 2, Parliament House, Hobart.

**Present:** *Mr Dean, Mr Finch, Mr Gaffney, Mr Mulder, Mrs Taylor and Ms Rattray.*

**In attendance:** Mr Stuart Wright

**PORT ARTHUR HISTORIC SITE MANAGEMENT AUTHORITY**

The following witnesses appeared before the Committee:

**Hon Brian Wightman**, Minister for Environment, Parks and Heritage

**Dr Barry Jones**, Chairman

**Mr Stephen Large**, Chief Executive Officer

**Dr Jane Harrington**, Director, Conservation and Infrastructure

*Mr Mulder* left the meeting at 9.47 am

*Mr Mulder* took his seat at 9.50 am

The Committee noted the following major points of evidence. The reader should refer to the Hansard transcript from the hearing, the Port Arthur Historic Site Management Authority Annual Report for 2011-12 and the Special Report of the Report of the Auditor-General No.3 of 2012-13 for further information:

**Financial**

- The Port Arthur Historic Site Management Authority (PAHSMA) assumed full management responsibility for the Cascades Female Factory site in January 2012. Major works have commenced on the site since the transfer was completed;
- PAHSMA was also the recipient of a land transfer at Port Arthur from the Department of Primary Industries, Parks, Water and the Environment (DPIPWE) during the reporting year;
- The transfer of the Cascades and Port Arthur assets (non-monetary grants) of \$3.928 million, was reported as part of PAHSMA's revenue for the year;
- In the absence of this asset contribution amount, PAHSMA would have reported an operating loss of \$348,000, which was more than double the loss from operations for the previous reporting year;
- There was a 10% decrease in visitor numbers for the reporting year, with entrance fee revenue declining by 8.5%;

- PAHSMA noted that it had been a difficult trading year given the current downturn in the domestic tourism sector;
- The penitentiary at Port Arthur requires approximately \$6 million in urgent structural works:
  - The Government provided \$500,000 towards conservation works during the year;
  - It is likely that PAHSMA will establish a conservation fund to raise additional funds for the works.
- PAHSMA is currently in the process of valuing its heritage assets in line with previous advice from the Auditor-General. PAHSMA noted that it is an expensive process and will take some years to complete;
- PAHSMA is making a loss on food at the Port Arthur site but believes it is important to provide food services at off peak times as a service to its visitors.
- In the last 3 years PAHSMA has experienced significant losses in their food and merchandising services (\$726,553 for the reporting year).

### **Corporate**

- Port Arthur, the Coal Mines and the Cascades Female Factory historic sites were included as three of the 11 sites in the Australian Convict Sites World Heritage listing;
- An informal working relationship has been established with the Museum of Old and New Art;
- There is insufficient top-end visitor accommodation on the Tasman Peninsula to support longer stays by visitors.

### **Services**

- New products have been introduced including
  - A Coal Mines tour;
  - Transforming the Visiting Magistrates House to a conference centre;
  - A new night time experience at Port Arthur.
- Consideration is being given by the Government and PAHSMA to appropriate ways for the 1996 massacre to be better commemorated and recognised on site.

### **Additional Information Requested**

1. Food and beverage revenue and expenditure for the last 5 financial years
2. Ferry revenue for the 2011 and 2012 financial years

## **Recommendations**

### **The Committee recommends that:**

- PAHSMA undertake a review of their food and merchandising service to address the increasing losses for the provision of these services;
- PAHSMA undertake further work with relevant stakeholders to more effectively link PAHSMA sites to other heritage sites in Tasmania, through initiatives including shared marketing activities;
- PAHSMA urgently establish a foundation and strategies to raise funding for the emergency restoration work required at the Port Arthur historic site penitentiary precinct, and seek additional funding for the project from the State and Commonwealth Governments as appropriate;
- PAHSMA take a lead role in coordinating the reestablishment of Eaglehawk Neck as the gateway to the Tasman Peninsula.

The witnesses withdrew at 10.37 am

The meeting was suspended at 10.37 am



## **MOTOR ACCIDENT INSURANCE BOARD**

The meeting resumed at 11.01 am

**Present:** Mr *Gaffney*, Mr *Mulder*, Mrs *Taylor* and Ms *Rattray*.

The following witnesses appeared before the Committee:

**Hon David O'Byrne**, Minister for Infrastructure

**Mr Don Challan**, Chairman

**Mr Peter Roche**, Chief Executive Officer

**Mr Simon Monk**, Ministerial Adviser

*Mr Finch* took his seat at 11.02 am

*Mr Dean* took his seat at 11.02 am

The Committee noted the following major points of evidence and refers the reader to the Hansard transcript from the hearing, the Motor Accident Insurance Board Annual Report for 2011-12 and the Special Report of the Report of the Auditor-General No.3 of 2012-13 for further information:

### **Financial**

- MAIB had a difficult trading year and recorded an operating loss of \$43.6 million and an underwriting loss of \$57 million;
- Investment returns also declined sharply to \$23 million, which was insufficient to cover the underwriting loss;
- The solvency ratio was 18.6%, which was below the target range of 20-25%;
- The dividend returned to Government for the year was \$20.24 million and is estimated to decline to \$6.1 million for the next year;
- The claims frequency continued to decline to 5.77 claims per 1000 vehicles;
- The Office of the Economic Regulator will be reviewing MAIB's premiums during 2013;
- MAIB has only had one premium increase since 2004;
- MAIB continues to fund the Road Safety Advisory Council for a total of \$3.5 million per annum. Some of the funding is used to employ 16 Police Officers, equipment and associated road safety programs;
- MAIB has also funded the Injury Prevention and Management Foundation through 1 per cent gross of premiums;
- The duty paid on MAIB premiums is directed into the State's consolidated revenue rather than being retained by MAIB directly;
- Board fees rose significantly following a review by Government in 2010, which according to the Minister, took into account the sizing of the organisation and recognised its dual role in insurance activities as well as fund management.
  - Chairman – 43% increase to \$71,462;
  - Board Members – 40% increase to \$33,913.

**Additional Information Requested**

1. Total cost for the Board to operate (total expenses)
2. What was the percentage increase in remuneration for the Chair of the Board following the appointment of the current Chair?
3. Statistics supporting the statement contained on page 11 of the current Annual Report that the Metro Night Rider Bus 'was well patronised and is pivotal in the reduction of alcohol related accidents.'

**Tabled Document**

1. Board Director Remuneration summary

The witnesses withdrew at 12.15 pm

**OTHER BUSINESS:**

**Resolved,** That –

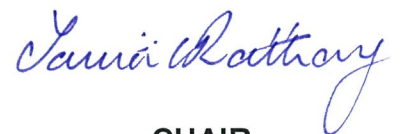
- The Secretary prepare a draft report for Members to consider.

At 12.15 pm the Committee adjourned until 9am on 14 December 2012.

**DATE**

18th. DEC. 2012.

**CONFIRMED**



**CHAIR**