

PUBLIC

THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON FRIDAY 12 DECEMBER 2025

INQUIRY INTO THE TT-LINE *SPIRITS* PROJECT

The Committee met at 9:06 am.

CHAIR (Ms Forrest) - Welcome, Treasurer and Gary, to the table for our public hearing into the extension of borrowings for TT-Line, particularly focusing around that period of decision-making during the caretaker period. We have had Mr Swain here as the Chair of TASCORP and we were unable to get his views as the Secretary of Treasury at that point because he was in his other role.

I apologise to you for the delay. We had some IT issues.

Treasurer, if you could introduce Gary at the table and ask him to do the statutory declaration, and if you'd like to make some opening statements, you're welcome to. Otherwise, we will just go to questions, whichever you prefer.

Mr ABETZ - Chair, we can go straight to questions, but first, Gary Swain, Secretary of Treasury and Finance.

Mr GARY JOHN SWAIN, SECRETARY, DEPARTMENT OF TREASURY AND FINANCE, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Thank you. As we're focusing particularly on the decision-making during the caretaker period - acknowledging that you weren't the Treasurer at the time, and one would hope that the Secretary can assist because he was the secretary at the time - the caretaker conventions require that decisions that could be avoided should be avoided.

TASCORP, when they appeared before the Committee, stated that TT-Line had not drawn down on the additional borrowings at that time and the facility was not immediately required, and that was confirmed by Mr Kanofski at a subsequent hearing as well. Why was the decision to extend the guarantee not deferred until after the election when a new government and a new treasurer was in place?

Mr SWAIN - Just picking up from the TASCORP position that there was advice provided by TASCORP that had intended to extend the borrowing limit subject to requesting a new treasurer issue a guarantee extension. Then, immediately after that, I actually went on leave and Mr James Craigie was the Acting Secretary, but I have the detail of that period.

There was a letter from TT-Line on 25 July [2025] to the Treasurer at the time requesting that the guarantee be extended.

CHAIR - The guarantee for -

Mr SWAIN - The guarantee for the TASCORP borrowings. The letter from TASCORP had suggested that TASCORP had approved the borrowing subject to a guarantee extension

PUBLIC

but indicating that that would be a request to an incoming government. Then after that, TT-Line wrote to the Treasurer on 25 July [2025] providing some additional information and requesting that that guarantee was increased at that time.

There was advice from Treasury on 25 July [2005] to the Treasurer in relation to TT-Line's letter and discussions that had occurred with TT-Line that essentially responded to TT-Line's request for the guarantee to be increased at that time.

CHAIR - Why was that? What was the rationale for that? Initially it was said that it would be when the new incoming treasurer comes in, so what changed?

Mr SWAIN - What changed was TT-Line indicating to the Treasurer that that guarantee needed to be extended earlier. Originally, TT-Line had believed that they would not need the guarantee or to draw on the borrowings until at least September or October [2025]. Then, I think, after the interactions relating - sorry, let me just go back. TT-Line got its own advisers on Board and started its own work in relation to its financial position, and that had, in part, been required by its interactions with TASCORP, but it had started that work. Then the Auditor-General started to look at his obligations in relation to advising ASIC, if he had any solvency concerns. That all culminated in TT-Line deciding that it might need that guarantee and access to borrowings earlier than originally had been thought, which prompted it to write to the Treasurer, which prompted the Treasurer to get advice from Treasury to then issue the guarantee during the caretaker period, which is what occurred.

I understand that the Treasury advice included advice that we were in caretaker and that the Treasurer, Mr Barnett at the time, did have some discussions with the Labor Opposition around that issue.

Mr WINTER - He told the Labor opposition after he'd already done it, is how it happened.

Mr SWAIN - I don't know the detail of that.

CHAIR - Is there a record of that - when the decisions were made and when the Opposition was informed? Because this is important caretaker conventions we're talking about here.

Mr SWAIN - I believe the Treasurer was informed on 26 of - sorry, that the Opposition discussion happened on 26 July [2025], but I wasn't party to that discussion.

CHAIR - But is there a record of it?

Mr SWAIN - That would be a question for the Treasurer's office, so Treasury was not involved in that briefing to the Opposition.

CHAIR - Treasurer, can you find that information out for us? One would think there would be something, some paper trail of some sort, of the interaction with the Leader of the Opposition at the time.

Mr ABETZ - I will take it on notice and see what can be provided.

PUBLIC

Mr SWAIN - I believe it was the morning of 26 July [2025]. But I'm not sure.

CHAIR - If that was the case, 25 July [2025] was when the decision was made to guarantee the borrowings. Yes?

Mr SWAIN - Yes.

CHAIR - But the Leader of the Opposition wasn't notified of that until the next day. Is that correct?

Mr WINTER - Mr Willie at the time.

CHAIR - Oh, sorry, Mr Willie, was it? It's the Shadow Treasurer, sorry.

Mr SWAIN - Treasury provided advice on the 25th and I'm just trying to see when the - no, it was on the 26th that the treasurer approved, so it was the same day as the discussion with Mr Willie, I believe.

Mr ABETZ - I think, and I stand to be corrected, but in the recesses of my mind, I think the discussion occurred at 10:00 am on the 26th -

CHAIR - Between who?

Mr ABETZ - Between Treasurer Barnett and Shadow Treasurer Willie, I think. If that needs to be corrected, I will come back to you as quickly as possible.

CHAIR - We would just like to see a paper trail of this. Will there not be some record? We were operating in caretaker period. We've had a lot of decisions about this whole project made in caretaker period. Hopefully we won't have another lot of decisions made in caretaker period again before the boats are delivered. I'm just trying to get a clear paper trail of what happened in regard to that matter before I go back to asking Mr Swain about the advice again.

Mr ABETZ - Yes.

Mr SWAIN - I have that same time.

Mr ABETZ - You have that same time? I don't know why, but I've got it in my mind now. Whether there's a diary note, as I understand, it was a conversation over the telephone so it wasn't via email.

CHAIR - Perhaps we could confirm.

Mr ABETZ - I don't think -

Mr WINTER - It was a phone call.

Mr ABETZ - Yes, it was a phone call. Thank you, Mr Winter.

PUBLIC

CHAIR - Just going back, you talked about TT-Line having originally said they didn't need to draw down on the additional borrowings. They had some headroom in their borrowings already.

Mr SWAIN - Yes. The existing limit wasn't fully drawn down at that time and it was really about their expected cash flow primarily around the capital project, the Berth 3 project, and what that was going to do on top of their business-as-usual cash requirements. They had originally believed that they would be okay through to September-October [2025].

CHAIR - Without the additional borrowings?

Mr SWAIN - Yes. In terms of the Board's internal deliberations around solvency and going concern, they knew that they had a borrowing extension subject to a guarantee. They knew that the Government had been -

CHAIR - That's on 25 July [2025]?

Mr SWAIN - Yes. They had that knowledge in terms of their going concern, solvency -

CHAIR - They are two different things. Going concern and solvency are two different things. Let's be clear. Which were they relying on?

Mr SWAIN - Both those - any considerations they made in relation to either of those issues would have been informed by the knowledge that TASCORP had indicated a willingness to loan subject to a guarantee. So, they knew that, but then there was also the practicality of running the business and what their cashflow looked like. So, I'm just seeing if there's any other relevant facts here. No, sorry, I have nothing to add.

CHAIR - Maybe if I can just put a bit more of a sequence in and see if we can find - I'm just trying to understand the things that changed, that warranted the decision to be made during the caretaker period. So, just to step this through from what you've said: from the evidence we've heard previously, the TASCORP Board, on 24 June 2025, approved - I think it was June.

Mr SWAIN - Yes, it was.

CHAIR - Or July, the TASCORP decision?

Mr WINTER - That was 24 June [2025].

CHAIR - Yes, 24 June [2025], approved a temporary increase in TT-Line's borrowing limit from \$1.035 billion to \$1.445 billion, conditional on an increase in the Treasurer's guarantee. Then TASCORP's letter to the then-Treasurer Barnett was sent on 25 June 2025. The Treasurer's guarantee was then approved on 26 July 2025, a month later, but still during the caretaker period. So, TASCORP has now twice approved temporary borrowing increases. Previously there was a waiver of the covenant acceleration rights, and now a temporary limit increase to October 2026, but I believe that's been further extended out now to 2027.

Mr SWAIN - Technically, I can't answer that question.

PUBLIC

CHAIR - But that may not be the case - sorry, that's a TASCORP decision. Let's just stick with the - October 2026 is the evidence we have, rather than permanent increases citing sustainability concerns. I am just asking: what advice did Treasury provide to the Treasurer - Mr Barnett at the time - between 25 June and 26 July [2025] regarding this decision?

Mr SWAIN - Alright. So, after the TASCORP letter on 25 June [2025], the Treasurer forwarded a request to Treasury for advice. Treasury contacted TASCORP on 26 June [2025] to get some relevant information and documentation. There was a further conversation between Treasury and TT-Line's CEO on 9 July [20025] around the advice Treasury received, the copy of the TASCORP advice. There was a meeting between the then-Treasurer Barnett and the Chair on 10 July [2025].

CHAIR - What was the purpose of that meeting then? I am just trying to find out when things changed here.

Mr SWAIN - Yes. I'm trying to just go through some of this and pull out relevant bits. At that discussion on 10 July [2025], as I've got it here, it was still thought that there would be no need for the debt until September [2025], to use and access the higher debt limit until September: then there was an initial discussion with the Auditor-General in relation to TT-Line's solvency at officer level with Treasury in mid-July, 15 July [2025]. At a meeting subsequently between the Auditor-General and Treasury on 18 July [2025] - and at that time, the Acting Secretary advised the Treasurer of the Auditor-General's concern.

CHAIR - And the response to that?

Mr SWAIN - I'm just trying to piece it together, Chair. On 21 July [2025], the Auditor-General contacted the Chair of TT-Line. I'm just trying to give you the full chronology.

CHAIR - Who contacted the Chair?

Mr SWAIN - The Auditor-General.

Mr WINTER - The Auditor-General contacted the Chair of TT-Line: is that right?

Mr SWAIN - Yes. He was working through his own process and presumably by this stage he was considering their accounts, and as part of that, he had a conversation with the TT-Line Chair, which would be quite normal, but that prompted the Chair of TT-Line to contact the Treasurer.

CHAIR - What date?

Mr SWAIN - That was around 21 July. At that time, it's understood that the TT-Line Chair verbally indicated a desire to get the guarantee increased.

CHAIR - Why?

Mr SWAIN - Well, I'm assuming it's a combination of - I think separate to this - this is really a question for TT-Line, but I believe they had separately been considering their own position in terms of things like accepting new bookings and whether that was appropriate in all the circumstances.

PUBLIC

CHAIR - For the new vessels, you mean, or new bookings at all?

Mr SWAIN - Well, bookings are a form of effectively taking on another obligation.

CHAIR - Yes, but you also take the money in at the same time.

Mr SWAIN - No.

CHAIR - You might just need to pay it back.

Mr SWAIN - Yes, that's right, that's if you put it in trust or an escrow. This is very difficult because of the two-hat thing, so the conversations that happened with TASCORP were in April and May [2025] leading up to a Board decision in June [2025], but they would have required a whole range of financial information to be provided by TT-Line, which in turn had them thinking in detail about their financial position and timing. That then translated into this monitoring very closely of their position, I believe, through that June and July period and somewhere in that process, the Auditor-General started his own unrelated consideration of -

CHAIR - It's not unrelated: it's the assessment of the company's financial performance at the end of the financial year.

Mr SWAIN - Well, assessment of their accounts.

CHAIR - Yes. That's his job.

Mr SWAIN - Yes, but you've gone through with others that the solvency decision was the directors of TT-Line's responsibility. He had a separate corporations law obligation to advise if he had a reasonable suspicion, I believe is the correct wording, but the director's duties were different. They had to have a reasonable belief that they would be able to pay their debts as and when they fell due. Clearly, this is a business that had significant financial concerns, and we've talked about that before - that that's hardly surprising when they were recapitalising pretty much all their major assets in at one time. That conversation, back to the steps, was 21 July [2025], and that culminated then in TT-Line writing to the Treasurer on 25 July [2025] formally seeking the increase in that guarantee. That triggered advice from Treasury, who'd been involved in discussions with TT-Line and the Auditor-General over this period. On 25 July [2025], the Treasury advice and then, as we got to before, the guarantee borrowing limit was approved on 26 July [2025].

Mr WINTER - What time did that occur on 26 July [2025]?

Mr SWAIN - I don't know that.

Mr WINTER - Just going back to the caretaker issues: Mr Willie receives a phone call from Treasury.

Mr ABETZ - Can you just bear with us? Some further information -

PUBLIC

Mr SWAIN - I beg your pardon, when I made a reference to the Treasurer before, it was actually incorrect. It was a meeting between the then-Minister Abetz, as Minister for Transport, with the Chair on 10 July [2025].

CHAIR - The Chair of TT-Line?

Mr SWAIN - Sorry, I made a reference before to the Treasurer meeting with the Chair on 10 July [2025]. It was actually not the Treasurer; it was the Minister in his former capacity as the Minister for Transport. I am correcting the record on that.

Mr WINTER - Going back to the timeline, you've committed to coming back to telling us earlier on notice what time the decision was made around the borrowing limit on 26 July [2025]. My information is that Mr Willie spoke to then-Treasurer Barnett, at 12:26 pm on 26 July [2025, and over the phone Minister Barnett informed Mr Willie that he had already increased TT-Line's borrowing limit from \$990 million to a bit over \$1.4 billion, then a media release went out from the Government at 1:47 pm.

It appears that, rather than consulting with the Opposition, what Minister Barnett did was telling what he'd already done. If I go to the caretaker conventions, it's pretty -

Mr ABETZ - I understand the letter signed by the former Treasurer was signed after the phone call.

Mr WINTER - But he's made the decision. He told him what he'd already done.

Mr ABETZ - In his mind, but not officially, because if you have -

CHAIR - That's splitting hairs.

Mr ABETZ - No, it's not - because if you have decided not to make a decision, you wouldn't bother ringing the Shadow [Treasurer], would you? So, it's not splitting hairs. This is the normal way, and I've done it - I don't know how often - in various capacities, propositions put to you during caretaker: if you decide not to act on it, you don't bother telling your counterpart. If you do decide to make a positive decision, such as in this case, that is when you make the call before you sign.

Mr WINTER - You can consider that consultation informing the Opposition after the decision's been made.

Mr ABETZ - Caretaker, as I understand it, does not require agreement from the Opposition -

Mr WINTER - No, it doesn't. It's interesting you say that, because we went through this with Project Marinus, where the Premier pretended for days on end that he required the Opposition to sign up to his Marinus deal. He even told the Prime Minister, Federal Minister for Energy that he required the sign-off of the Tasmanian Labor opposition completely falsely, knowing exactly what he was doing - and yet here you are, the Treasurer, telling us the truth that it was never required.

If I go to 4.3 of the caretaker conventions, though, it does say:

PUBLIC

If it is not possible to defer a commitment until after the caretaker period for legal, commercial or other reasons, the minister, after agreement with the Premier, should consult the relevant Opposition spokesperson regarding the commitment.

Do you consider that the caretaker conventions were upheld on this occasion?

Mr ABETZ - Yes, I do, but at the end of the day -

Mr WINTER - How is it consultation to inform the opposition what is already occurring?

Mr ABETZ - But at the end of the day, it's not for me to make that determination as to whether the caretaker conventions had been abided by. That's my view or opinion, but I'm no arbiter of that.

CHAIR - Whose job is that?

Mr ABETZ - Look, with conventions, it is ultimately for public consideration of the public to determine whether or not that has been upheld. That is the nature of conventions. It is, if I might say, if we want to go bouncing backwards and forwards, the convention would have been, much as I respect her, the former Speaker of the House to vote against the no-confidence motion, given an equality of votes.

CHAIR - I think we're getting off track here a little bit.

Mr ABETZ - Isn't it interesting *now* we're getting off the track, but when it came to Marinus, we weren't going off the track?

CHAIR - No, it was related to the caretaker convention.

Mr ABETZ - But, look, that is the nature of conventions.

Mr WINTER - We're talking about the caretaker conventions here, and the line of questioning from the Chair earlier was around the caretaker conventions. It just feels like you made the caretaker convention whatever you wanted it to be at the time.

You've already referenced one occasion where the Government decided that it absolutely was essential that they got the Opposition to sign off on the decision. On the one hand, in this case, with the TT-Line, you just called the Opposition to tell them what you're already doing. How are these things consistent?

Mr ABETZ - That's your commentary. I'm here to answer, as is the Secretary, to deal with issues with the TT-Line, and not in relation to Marinus or other conventions that you might like to talk about.

Mr WINTER - Chair, if you're okay for me to go back to something you raised earlier, it was the question around - you mentioned, Mr Swain, that TT-Line considered not taking bookings. Can you go a little further into that?

Mr SWAIN - What I was trying to talk to was the process that it had been going through was requiring it to think carefully about its own financial position, and I did have some discussions with the Chair through that period, and I understand it was considering carefully whether it could meet its obligations as they fell, also remembering that this was a new Board, so they had only been in play for six months.

Mr WINTER - What specific period is this that we're referencing here?

Mr SWAIN - The interactions with TT-Line and TASCORP were happening through April and May [2025] leading up to the decision by the TASCORP Board in June [2025]. At that point, the Board would have been in play for about four months, a pretty new Board. They were looking at - because I was separately involved with the Assurance Committee looking at the berth - they had separately been looking at the project, how it was organised, how it was going to be delivered, what the timeframes for payments looked like through all of that period. They were very concerned about the financial position of the business, and TASCORP giving a fixed-term borrowing increase was also an indication - because that's not the normal practice of TASCORP - that the business was suffering some financial difficulties.

Mr WINTER - Did TT-Line make that representation that without the extension of credit they could potentially not be able to take bookings?

Mr SWAIN - They were considering their ability to take on any new liability, which they properly should have been.

Mr WINTER - Or obligation: for example, bookings.

Mr SWAIN - For example, bookings: for example, payments under the projects, the capital project. They would have been going through that in detail as a Board and it was a particularly awkward period because the Board, going through that lending request process in April and May [2025] was in an unscriptable series of events that then coincided with a surprise election. The normal interactions between the Board and the shareholders were not as straightforward during that period, but that was the period in which they had concluded that they needed to increase their borrowing.

Mr WINTER - Minister, were you aware at the time that TT-Line was needing to consider whether it could continue to take bookings?

Mr ABETZ - I am appearing here as Treasurer and at that time I was not Treasurer.

Mr WINTER - We can call you back as the former Minister for Transport if you want to come back again, but it will be easier if you just answer the questions today.

CHAIR - You were Minister for Transport at the time and in that capacity, was that ever raised with you because surely you as a shareholder minister, they're saying that was pretty fundamental to their operation?

Mr ABETZ - It's also fundamental to operations that you delineate between the roles one has, just as the Secretary says. He might wear a hat with TASCORP, but he's appearing here as Secretary of Treasury. I'm appearing here as Treasurer.

PUBLIC

Mr WINTER - I don't think this answer passes the pub test, Minister. There's this pretty simple question: were you aware that TT-Line was needing to consider whether it could take future bookings?

Mr ABETZ - I'm not going to answer questions in another portfolio area.

CHAIR - But you were Minister for Transport at the time as a shareholder minister.

Mr ABETZ - Suffice to say, the Secretary has already indicated to you that he misspoke in relation to the discussion between the Chair and the then Treasurer was in fact the then Transport Minister, which was me. So, I think you have a bit of a hint that there may have been discussions, but we have to delineate that between in what capacity I'm appearing here.

Mr WINTER - We've been given a role by the House of Assembly, and we take it very seriously. We're trying to find out exactly what happened over this period of time. You're sitting across the table from us. We know you know the answer. I think it's a fairly straightforward question. Were you aware that TT-Line was having to consider not taking future bookings?

Mr ABETZ - Yes, but you know that if you were to ask that question in the House of Assembly, it'd be ruled out of order.

CHAIR - Can I just jump in there?

Mr ABETZ - If you try to ask me a question during Question Time about my previous role as Minister for Transport, you know it would be ruled out of order.

CHAIR - We're not in the House now, Treasurer. Can I just jump in here? This is a Parliamentary Committee that's looking back, trying to understand what happened and why. The players at the time have changed and that could have happened regardless of the election or not. There could have been a ministerial reshuffle or anything. It wasn't just the election that could have caused that change of ministers, et cetera.

I think it's a fair question to ask about your knowledge of around that time, particularly as you were a shareholder minister. Mr Kanofski has said - we've had him a few times recently in various forums, I can't recall whether it was in GBE scrutiny or when he appeared in some other capacity, but he did talk about one of the options would have been to stop building the berth, which is clearly not a good option, either.

What I'm trying to find out, and I think Mr Winter is the same, is to understand what actually led to this change, because what we had heard was that they had enough headroom in their current borrowings until September [2025]. There was a concern raised by the Auditor-General, but I'd say also by TASCORP, because when we look back to the information provided from TASCORP, it was becoming apparent there were challenges.

Minister, in your role when you were the Minister for Infrastructure during this period, were you aware of these very real challenges and what options were being considered?

Mr ABETZ - If you want me to appear again, more than happy to if the conventions and other things allow, but I would need to inform myself from my Transport portfolio as to the

PUBLIC

details and have the Secretary of [Department of State Growth] DSG assisting. DSG would have been involved. With respect, I came here as Treasurer and am happy to answer questions as Treasurer.

Mr SWAIN - I am worried that I've sent us perhaps down a blind alley.

I had a range of conversations with the Chair over this period, and what I was trying to express was, I think, the new Board, which was getting up to speed with the detail of the financial position of this business, we're properly considering all potential future liabilities that they might take on, as they should have been. I was using that specific example just as a demonstration that they were doing that properly.

CHAIR - What I was asking was: what changed? I will read this question I've got here for you.

I'm interested in what changed that they believe they had enough headroom in their current borrowings, \$900 million, to needing it during caretaker period, because there was a clear statement that they believed they had enough headroom in their current borrowings that didn't require this during the caretaker period.

In a previous hearing for this Committee, we received evidence in March [2025] that in March 2025 TT-Line's financial position was deteriorating. TASCORP's May 2025 review identified long-term concerns - solvency concerns. Then the caretaker period was during June-July [2025]. Okay, so there was some knowledge before caretaker.

How much earlier was Treasury aware that TT-Line required, or were likely to require, the additional borrowings beyond what their current borrowings were, of just over a billion dollars? I will start with that one first because I'm also interested and will come back to the likely equity injection that would be required. I will come back to that one, and the Government decisions that were made before as well as during the caretaker period, acknowledging this is not the Treasurer who was the treasurer at the time. So, it's really the Secretary who will need to respond to these.

Are TASCORP aware or had raised some, I will call it concern because I think it was called concern in our previous evidence, about the long-term solvency issues with TT-Line?

How much earlier was Treasury aware that they required additional borrowings beyond that time when they said they had enough headroom to last till September, October [2025]?

Mr SWAIN - I'm just trying to find it. I think it was understood for some time before July [2025] that they would need at some point an uplift, but the timing of it came forward.

So, just through our normal corporate planning process, we will provide periodic advice to the Treasurer of the day and in that advice, I know that we had flagged that they were under financial pressure as a business.

I've just got a note here that the first major change that I can put my finger on is the uplifted estimate of the cost of the berth project, which I believe was indicated in April [2025].

PUBLIC

CHAIR - But even with that, as I understand it, Mr Kanofski held the view that they had enough headroom in their current borrowings not to need - even after that was known, the increase - up to \$930 million or something, from memory, the berth cost.

Mr SWAIN - How TT-Line came to a view that it needed to accelerate access, I ultimately can't answer: that's a TT-Line decision, but -

CHAIR - But you were providing advice. Treasury was providing advice to the then-Treasurer about this, because otherwise he would not have made the decision to extend the borrowings and offer that - or to guarantee those borrowings - guarantee TASCORP.

Mr SWAIN - I mean, I think if I step away from, try to focus on the specific dates, it had been known through that leading into 2025 that the business was challenged, that the project cost was likely to blow out. That was confirmed, I think, in April [2025]. An orderly process of seeking an uplift in debt was occurring, and there was a budget process that was underway that was all unexpectedly disrupted by an election that nobody foresaw.

How TT-Line then - now, I'm speculating - but would have been going through its own - getting its own advice - I know it was getting its own advice from experts regarding its own financial position, while also running a very big project that was effectively - if I can put it being sort of - everything was being run over again by the Board and checking the arrangements and the timing and the contractual position et cetera, and all of that was happening - it was just a coincidence of timing.

Normally, if that had happened when there was no election, presumably it would have just been a 'We've done some further work on our financials to find that we think we need to access this borrowing earlier than we thought, for these reasons'. The problem here was everybody was trying to navigate caretaker and an election that nobody foresaw.

CHAIR - When was Treasury aware of the likely need for the equity injection to achieve financial sustainability?

Mr SWAIN - The equity injection, I think, was indicated - TT-Line had indicated in its communication with Treasury through the normal corporate planning process - so, in the second quarter of 2025 - that that might be likely, and I had had conversations with the Chair, in June [2025], that that might be likely -

CHAIR - In addition to the extension of borrowings, they also raised at that time a need for an equity injection?

Mr SWAIN - That it would be likely. In all the circumstances, what I could say to the Chair was that I would be advising an incoming treasurer that an equity payment should be considered with a budget to be brought down post the election - which is obviously as much as I could say, because I couldn't speak for a Treasurer's decision or the Parliament's decision in relation to that budget.

That put the Chair, who's getting as we go a deeper understanding of their own financials, running a big project in real time - everybody was trying to do their best not to make big decisions during caretaker, but, ultimately, TT-Line formed the view that they needed to access

those borrowings or might need to earlier, which then prompted a bring-forward of that guarantee decision.

CHAIR - The TASCORP Chair told the Committee that without the borrowing increase, TT-Line would be very challenged and potentially face a solvency challenge within 12 months - the definition of 'insolvency' being an inability to pay your debts as and when they fall due. Did Treasury advise the Treasurer that TT-Line risked technical insolvency without the additional borrowings?

Mr SWAIN - The solvency decision is the Board's: Treasury doesn't give solvency advice. It does give advice when it believes a business is in financial difficulty, and it will give advice around potential need for a capital restructure including equity payments. We did do that to the incoming Government.

CHAIR - To the incoming Treasurer you gave that advice, not to the then-caretaker Minister, if you like? Not that that's an actual term, I don't think.

Mr SWAIN - We certainly gave it, as an incoming advice, that an equity payment should be considered as a priority for TT-Line in the budget process. We had previously indicated, through the corporate planning process, that TT-Line was facing significant financial difficulty and there might be action required.

CHAIR - In your view, then, without that equity injection there was a risk of insolvency or a risk of being unable to pay their debts when they fell due?

Mr SWAIN - I'm trying to keep the roles separate. The fact that TASCORP issued a fixed-term borrowing uplift meant it was not comfortable issuing an uplift of borrowings for a longer period. The fact that the Auditor-General had formed the view that he had and the fact that the Chair of TT-Line had had conversations with me as the Secretary of Treasury about the financial challenges facing the business, all meant that we were aware that TT-Line was facing some challenges and that action would be likely.

CHAIR - I was referring specifically to the equity injection that you were then providing advice to the incoming Treasurer on: did that advice include the fact that if this was not provided in the budget, there was a risk of the company being unable to meet its debts as and when they fell due?

Mr SWAIN - I've got a note here. We raised concerns in the advice of 25 July [2025] in relation to TT-Line's solvency position. We didn't form a view on it, but raised concerns.

Mr WINTER - Is that TASCORP or Treasury?

Mr SWAIN - Treasury.

Mr WINTER - Because TASCORP also wrote on the same day.

Mr SWAIN - No, that was the month before, this is 25 July [2025] I'm talking about.

Mr WINTER - Okay.

PUBLIC

Mr SWAIN - If I can just abstract from the dates for a minute: TT-Line had got its solvency and financial advisers on Board by this stage. They were working through a process that they had indicated would take some months.

CHAIR - When did they get them involved?

Mr SWAIN - I think they got them involved in June [2025]. I think it was concurrent pretty much with the Auditor-General raising concerns with the Chair, so they had pretty much immediately sought that additional advice, which is, again, an appropriate thing to do, but that was going to take about three months, they thought at that time - I think it actually took a bit longer - to work through that advice. That was going to conclude after - this was all highly uncertain. As Treasury, we didn't know when an incoming government would want to bring down a budget, but making our best guess of when they would want to do that, we knew that the budget numbers would be finalised before that work was going to be concluded. So, our advice to an incoming -

CHAIR - Before their work with the TT-Line Board was going to be concluded?

Mr SWAIN - Yes. The TT-Line Board would not be able to provide that advice to their shareholders in advance of the budget numbers being finalised. With all the information that we had at hand, which was imperfect, we advised the incoming government that it should make an equity payment in this Budget and may need to do more in a subsequent budget, but that was not clear. So, the amount in this Budget should be enough to send a strong signal to the company that their financial position would be addressed, but no more than was necessary, given the aim of improving the budget position. Also, Treasury will generally give advice to the Treasurer to say the Government's equity is scarce, and there is the option for a business, if the business is not doing well financially, they can not pay a dividend, so they can not pay a return on equity. If they have debt, they have to pay interest on debt. So, Treasury's position would be as long as they're within acceptable debt-equity ratios, they should not have excess equity, because that doesn't place discipline on the business to really think about what obligations they take on. Effectively, the interest is being paid by the State if it's borrowing in relation to the equity.

We were trying to find an amount which sent a strong signal to the business that the shareholder would take their financial capacity concerns seriously, but not provide equity in excess of what they needed in the absence of perfect information, because the work that TT-Line needed to do was partway through, and since I saw you in my last capacity - sorry, in Estimates, I mean, not in TASCORP - we have actually had a meeting between TT-Line, TASCORP and Treasury to talk about the progress of that work, and I'm expecting that we will receive more information from TT-Line in January [2026] in relation to that work, which will then allow us to form a view and provide some advice to the Treasurer in the lead-up to the next budget.

CHAIR - I do note that TASCORP, back in May [2025] - the Board - had noted significant concerns regarding the company's long-term solvency, and in June [2025] it concluded the borrowing level sought was not sustainable over the longer term: that May [2025] was before the election, and one was assuming things were going along as normal because there was no election predicted or expected, so what assessment did Treasury undertake? I'm sure there were regular meetings with TASCORP's Chair and CEO, probably,

PUBLIC

with the then-treasurer Barnett at the time: what assessment did Treasury undertake after that May [2025] concern was raised by the TASCORP Board?

Mr SWAIN - It's very hard for me to answer that without -

CHAIR - This is why there's a problem and a bit of conflict here -

Mr SWAIN - The TASCORP Board did not make a decision until June [2025]. I'm obviously aware there were deliberations before June [2025], but they did not result in advice being provided -

CHAIR - Until June [2025].

Mr SWAIN - until June [2025].

CHAIR - This is where the conflict becomes problematic of holding two positions. I would have thought that if there was genuine concern from our State-owned lender - Treasurer, this is for you - that the lender has identified a government business in financial difficulty, or emerging financial difficulty, would you expect, as the shareholder minister, that you would get advice from that GBE at that time, or would you think it's fine to wait another month to report on this? If it was apparent in May [2025], would you expect some notification?

Mr SWAIN - Can I add one more thing before your answer, Chair, with your indulgence? I have just received a note and I believe it is very relevant.

CHAIR - Yes.

Mr SWAIN - The corporate plan that was submitted by TT-Line in April [2025] did not request equity or flag it, and at that time, TT-Line had assumed it could pay its debt by 2042, based on the revenue assumptions -

CHAIR - Which were optimistic and that corporate plan was withdrawn because it wasn't realistic.

Mr SWAIN - Yes, but I'm going back to what was known at that time.

CHAIR - Right.

Mr SWAIN - That would have been what Treasury would have given advice to the then-Treasurer on, the corporate plan as submitted in April [2025]. Meanwhile, we had these other conversations happening in May and June [2025].

Mr WINTER - The notes I have here from all of the hearings, that TASCORP received in early April [2025] the draft corporate plan: are you referencing the draft corporate plan, or was there later a corporate plan that was submitted?

Mr SWAIN - No. The corporate plan was submitted in April [2025] and that was then withdrawn, I believe, in October [2025]. Yes.

CHAIR - When was it withdrawn?

PUBLIC

Mr SWAIN - I believe it was 15 October , and it was a draft, because it's a draft until it's signed by the Minister.

Mr WINTER - Thank you.

CHAIR - Can I go back to that question to the Treasurer?

Mr ABETZ - I apologise, can you repeat it?

CHAIR - You weren't concentrating.

Mr ABETZ - I was, but other things have intervened.

CHAIR - Would you expect advice from your business that you're responsible for, TASCORP, if they identified that one of our significant GBEs with a lot on their plate was in financial difficulty, would you expect to get that advice in a pretty timely manner, like right away?

Mr ABETZ - As a question of principle, the answer to that, of course, is yes.

CHAIR - So, in this case it didn't happen. Is that a concern?

Mr ABETZ - I wasn't Treasurer. This is what I'm saying, as a matter of principle, yes, but I can't answer to the specifics.

CHAIR - It's a bit hard. You almost need two hats. We probably need Gary split in half. Put Heath there beside him and you on the other side, because this makes it really hard to follow the daisy chain, but is there a reason why there wouldn't have been information provided to Treasury and the then-Treasurer about this at the time, when clearly TASCORP has obligations under the Act?¹

Mr SWAIN - Yes.

Ms FORREST - That is, to act responsibly and a whole heap of other things which you'd absolutely expect from a company such as that. When you see one of your borrowers getting themselves into a bit of trouble financially, wouldn't that warrant notifying the shareholder pretty much straightaway?

Mr SWAIN - Yes, and TASCORP has monthly meetings, typically with the Treasurer after the Board meeting to talk about relevant events.

CHAIR - So, it didn't happen after the May Board meeting, though, while we weren't in caretaker period.

Mr SWAIN - I wasn't the Chair in May [2025]: I was the Chair from 1 June [2025].

¹ See *Tasmanian Public Finance Corporation Act 1985*

PUBLIC

Ms FORREST - What date was the May Board meeting?

Mr SWAIN - I think it was in something like the third week, around the 20th: I'd have to check that.

CHAIR - Anyway, this is like *The Comedy of Errors*, isn't it? Like everything is building up to a lack of process, like the Treasurer says he'd expect to be notified right away: we then have a change of the Chair, but the CEO was still the same.

Mr SWAIN - I don't think so. I think the processes that you would expect to have been followed, were followed. The draft corporate plan was provided: advice on that corporate plan was provided and considered. Separately, there was a request to TASCORP for a borrowing increase. That triggered a process that took a couple of months, because that is a detailed process that requires a full review of the financials of the business. As soon as that review was completed, advice was provided, and in between, there was an election and a change of view from TT-Line in relation to urgency. That then led to a decision earlier than expected, but it was still the same decision, just effectively brought forward by a month.

CHAIR - TASCORP indicated that TT-Line is forecast to breach the material adverse change covenant, a 10 per cent reduction in net assets in any year and as well as all their other covenants: if TT-Line's equity position deteriorates to the point where the State, as sole shareholders, is required to provide capital support, what's the maximum exposure Treasury's modelled on this question? Do we have any idea about the exposure that the State could face?

Mr SWAIN - There's two things there in practice: there's the guarantee. The guarantee guarantees the entirety of the debt.

CHAIR - It guarantees TASCORP.

Mr SWAIN - TASCORP, yes.

CHAIR - It doesn't guarantee TT-Line.

Mr SWAIN - No, it does not, but by entering into a guarantee, the Crown is effectively taking on that, but -

CHAIR - That's the point.

Mr SWAIN - Yes, but that's the case for a number of businesses.

CHAIR - But not everyone else is in so much of a pickle.

Mr SWAIN - No. The extent of that full exposure will be informed by the work that TT-Line is doing now.

CHAIR - So, there hasn't been any modelling done by Treasury or any sort of ballpark consideration of how much we could be up for, to stop them going under?

Mr SWAIN - We will do that in response to the advice that I'm expecting to get in January [2026]. We don't have the inputs to do that assessment yet.

Mr WINTER - I just wanted to go to - at the last hearing we spoke to Mr Swain, who was at that point the Chair of TASCORP. In that - and you've touched on this a little bit today - we talked about the equity injection that TT-Line was seeking and Treasury's advice around that. I asked about the amount that was being sought as an equity injection, and you said, 'That's a matter I think I can't answer with this hat on.' Are you able to go to the specifics around what level of equity injection Treasury believed would be required back during this period?

Mr SWAIN - We effectively didn't have - as I said, we didn't really have good information. We had had some indications from the business that it would be seeking \$100 million, but, as I said, we would typically take the view that you don't want to put excess equity into the business. Looking at the other pressures on the budget and other calls for equity from other businesses, we recommended a lesser amount than that, which was \$74.5 million. The intent there was to send a strong signal, which is what we recommended to the Treasurer, and it was ultimately accepted, to send a strong signal that the Government would act and has acted at the earliest opportunity.

We weren't trying to get the number right; we were trying to alleviate some immediate pressure and send a signal to the Board that it would get some support at the earliest opportunity - i.e., rather than waiting until the next year's budget, which was obviously problematic because the next year's budget would have been too close to the cessation of the TASCORP temporary lending period, and without an equity uplift, the budget, if TT-Line came back to TASCORP and asked for that term to be extended, there really wouldn't be -

CHAIR - Which they have. According to Mr Kanofski, they've asked to push that out to 2027.

Mr SWAIN - I'm not here in that capacity - but yes, I understand from that, there has been -

CHAIR - Mr Kanofski said that, so I think it's pretty much - yes.

Mr SWAIN - But, effectively, TASCORP would have been considering the same financial information as it had under its original decision in the absence of an equity uplift. So, the equity uplift that's in the budget, once the budget gets royal assent, can be considered by TASCORP in relation to that request.

Mr WINTER - In providing that advice to the Treasurer around the level of equity injection that would be required, how much, if any advice do you take from the Auditor-General in his view when you're providing that advice?

Mr SWAIN - With due respect to the Auditor-General, who plays a very important role, we don't on those matters. That's not his role to advise Treasury on its policy advice in relation to the business.

Mr WINTER - Has the Auditor-General provided -

Mr SWAIN - I mean, I meet with the Auditor-General regularly and would be interested in his views, but we don't formally seek his advice in forming policy.

PUBLIC

Mr WINTER - I understand you said you haven't sought his advice. Has he given a view to Treasury in relation to what needs to happen for TT-Line to be solvent?

Mr SWAIN - We haven't had that discussion. I obviously know of his views around solvency. I suppose I see it a little - I think everybody has played the part that they should have played in relation to their responsibilities. It has just been made very awkward by the timing of the election and the budget. I mean, if you didn't have those things, you didn't have caretaker, the facts of this wouldn't have changed.

CHAIR - The reality is that if we hadn't had the election and the budget had passed, this would have occurred subsequent to that budget passing and that budget - that one that is now is a collector's item - had nothing, no equity in it. We would have had to probably have a supplementary appropriation bill to provide equity to TT-Line. Is that right?

Mr SWAIN - That's right. Yes, because that budget, the one that never progressed -

CHAIR - The one that's a collector's item now.

Mr SWAIN - the numbers for that would have been settled a couple of months before the budget, which was well before these events. It would have been before the corporate plan was submitted, that's now been withdrawn. So, there was no flag at that time for equity. That all happened after. So, you're right, I imagine it would have been a supplementary appropriation discussion.

Mr WINTER - In terms of that draft corporate plan that was provided, I understand it's provided to Treasury, provided to TASCORP to inform at least partly the basis of the decision to grant TT-Line the additional line of credit.

Given that that corporate plan is now being withdrawn, where does that leave things? On the one hand, we've been told that corporate plan, the numbers within it were relied upon in order to approve the increase in the loan facility. On the other hand, we've now heard that it's being withdrawn. Does that give Treasury or TASCORP any issues in terms of the advice they relied upon to grant the loan?

Mr SWAIN - Again, I shouldn't be talking for TASCORP. I do know - I think I can say with what Treasury have - and I can tell you that TASCORP will examine all the information in front of them and ask questions around different scenarios and what would happen if assumptions did not occur. There's quite a process around assessing the borrowing extension. It's not just taking at face value the information initially provided.

Coming back to that, we had an initial meeting on 5 December [2025], I think, three-way between TASCORP, TT-Line and Treasury, which was really getting organised to consider the additional information that we are expecting from TT-Line in January [2026]. The purpose of the meeting was not to blur the lines between Treasury and TASCORP. The purpose was to have a coordinated work program where it was agreed that TT-Line and TASCORP would do this over the next couple of months, and TT-Line and Treasury would do a range of other actions over the same period, and that those things needed to be cognisant of the 2026-27 Budget timeline.

PUBLIC

Mr WINTER - Do you have a requirement for when TT-Line needs to produce a new corporate plan?

Mr SWAIN - We have asked it to provide us with an updated statement of corporate intent by February at the latest, which is again to inform the budget process, and then to deliver its corporate plan for the following year in the normal timeframe.

Mr WINTER - Statement of corporate intent - is that different to a corporate plan?

Mr SWAIN - The corporate plan is a three-year view going ahead, which is updated each year. The statement of corporate intent is the performance agreement between the government and the business for that year, including a range of financial metrics and a range of non-financial -

CHAIR - Which is published, isn't it? The statement of corporate intent is a public document?

Mr SWAIN - Yes, I believe.

CHAIR - The corporate plans is not?

Mr SWAIN - No, that's right. Given we're so late in the year, it seems a little futile to be asking for another corporate plan when there are a couple months of the year to go, but we need the statement of corporate intent to have a clear understanding of financial performance.

CHAIR - Can you send that to the Committee as soon as it's available?

Mr SWAIN - Is that public?

CHAIR - It may be public, but just -

Mr SWAIN - I think it would have to be signed first by the ministers. It has no standing until it's signed.

CHAIR - Well, it won't be made public until it's signed. Just so the Committee has a copy and are aware of it. We will put that in the notice for questions.

Mr SWAIN - I'm not wanting to take away from the seriousness of all of this, but I think we need to keep in mind this is an entirely new Board. When this was all happening, when that corporate plan that was now subsequently drawn was submitted -

CHAIR - Who prepared the previous corporate plan?

Mr SWAIN - That would have been worked out by the business, and probably months before it was submitted drafts would have been considered, so an incoming -

CHAIR - Are you talking about the previous Board?

PUBLIC

Mr SWAIN - Yes, it would have been started definitely by the previous Board and probably finalised by the new Board, but they would have been two to three months into their tenure, and their primary focus I think at that time would have been on sorting out Berth 3.

CHAIR - Can I ask then, we know the state's carrying a lot of debt in the General Government debt (GGS), but also when you look at the Public Non-Financial Corporations (PNFC), there's quite a lot in the whole total State sector. Has any modelling been done by Treasury to understand the impact of TT-Line's additional borrowings on this total state debt net trajectory?

Mr SWAIN - We are looking at that globally at the moment, not from an individual business perspective, but more from the totality of State debt position in relation to the credit rating decisions of last week and we're having a look at both GGS debt increase and the level of debt across all the PNFCs and what that would mean for the State's credit rating and interest payments.

CHAIR - So, you're doing some modelling as a global thing then?

Mr SWAIN - I'm not necessarily saying 'modelling'. We're thinking about that issue in relation to the fiscal strategy because the issue with PNFC debt apart from the fact, as you know, the rating agencies take that debt into consideration -

CHAIR - As they should because there is a lot of it there.

Mr SWAIN - If large projects blow over, there's an increase in infrastructure cost above what was planned at the time, as evidenced by this discussion, that can translate into equity requests from the GGS sector, so we're having a look at the PNFC debt both from a total debt perspective and a risk perspective on additional equity requests.

CHAIR - In a recent agreement which you were party to with Mr Harriss in relation to the stadium decision, there was a part of that said to remove I think \$500 million or thereabouts from the PNFCs. TT-Line obviously can't, unless you just give them \$500 million, which could be one solution, but then that would surely appear as debt on the GGS. You can't pull it out of nowhere unless you have a hollow log that no one knows about, so how are you going to achieve that? TT-Line can't take on anymore; you have to give them equity rather than more debt, so how's that going to work?

Mr ABETZ - We will work our way through that in due course. It wasn't only specific to TT-Line, but all the borrowings of our GBEs, so we will work our way through that.

CHAIR - Effectively, to achieve that commitment, you could give TT-Line \$500 million which will get rid of their additional debt, or you take from TASCORP to give back to TASCORP with a little paper transaction there. Notionally, that means that the debt then sits with the Government and the GGS, not on TASCORP or TT-Line's records, and that would be fixed. You'd be carrying additional debt in the GGS to do that. Is that something that's being considered to shore up TT-Line but also to meet that commitment?

Mr ABETZ - That is all hypothetical and those details have not been considered.

PUBLIC

Can I quickly add that in the discussion we had before, the new CEO of TT-Line actually started on 12 May [2025] with the draft corporate plan, et cetera being presented. We had a new Board and then a new CEO coming in.

Mr SWAIN - Treasurer, if I could add, after that there was also a new CFO.

Mr ABETZ - Yes. The new CEO appointed a new CFO.

CHAIR - Treasurer, is it possible to then get copies of the correspondence between TASCORP and Treasury, and Treasury and TT-Line regarding the increase of the borrowing limit?

Mr ABETZ - I will take that on notice.

Mr SWAIN - TASCORP letters have already been provided.

CHAIR - But there's the other side of the coin we couldn't get. The Treasury communication back, and the communication on this matter with TT-Line and Treasury.

Mr SWAIN - I'm not sure there's been communication from Treasury outside of verbal and meetings because what we've tended to do is give advice to the Treasurer who then may have written to TT-Line as opposed to Treasury writing to -

CHAIR - Okay. So, can we have the communication between the Treasurer, who was acting in caretaker period?

Mr ABETZ - I will take that on notice: see what can be provided.

CHAIR - And the meeting notes. If there wasn't formal communication, there would be meeting notes regarding these meetings.

Mr ABETZ - I will see what is available and whether it's appropriate to release them.

Mr WINTER - Treasurer, how tenable is it that TT-Line continues to operate whilst the Auditor-General has formed a view that it's likely insolvent? How long can this situation continue for?

Mr ABETZ - It will continue and we are backing in the TT-Line. The Premier said it, I've said it, we will continue to say it for one simple reason: it's a fundamentally important part of Tasmania's infrastructure.

As we speak, the new CEO and the Board are going through an exercise of - what's the terminology I'm looking for?

Mr SWAIN - A full cost review?

Mr ABETZ - Yes, full cost review, a financial review of the TT-Line, and once that has been undertaken, that information will be provided and then we will be able to make further decisions. As we know, once the berth is finished, we will be in a position then to sell off the existing *Spirits I* and *II* and they will then be replaced by *IV* and *V*. Lots of things happening,

but at the end of the day a Tasmanian economy without the TT-Line would not be a very good economy.

Mr WINTER - Yet we heard earlier that TT-Line was close to not accepting bookings. Quite extraordinary.

Mr ABETZ - I think that was more - and they can speak for themselves - but more like the academic exercise of doing a full root-and-branch assessment of what was occurring given there was a brand-new Board, new CEO, and after the new CEO a new CFO. There's been substantial change, a brand-new Board, a brand-new CEO, and they went through doing what one would expect and hope, namely a full root-and-branch assessment of the business.

Mr WINTER - Yet this Board and these directors have been referred to ASIC by the Auditor-General. Have there been any further actions from ASIC that you're aware of in relation to this solvency issue?

Mr ABETZ - No, I'm not aware of any, and I speculate that the role of directors is to determine solvency and, with respect, not the Auditor-General. They have two separate statutory roles, or under statute separate roles, and the Auditor-General has expressed a view and the body of men and women that make up the TT-Line Board are exceptionally professional, exceptionally experienced, and I'm sure they wouldn't want to trash their reputation and future employability, if I can use that term, to sit on other Boards by trading with an insolvent company.

Mr WINTER - I'm equally sure that the Auditor-General of Tasmania, a 40-year veteran of auditing, veteran of the Australian Audit Office, Victorian Audit Office and now the appointed Auditor-General of Tasmania doesn't want to trash his reputation either. Yet here we are in this impasse where we have the Auditor-General making referrals of your Board, a new Board, to ASIC. The question, again, that you haven't answered, is: how tenable is it to continue where we have this impasse between the Auditor-General and his views and you and the TT-Line Board that are apparently not happy with his advice and have gone and got other advice?

Mr ABETZ - As is the wont, there are in these matters' different views. Back in the day you might appeal the decision, a one-judge decision who happened to be the Chief Justice and on appeal, the Chief Justice's opinion gets overturned. Does that mean that you have no confidence in the Chief Justice? Absolutely not. What it means is that different people have different roles in the scheme of things, and different decisions are made by different people. At the end of the day you have to look at the responsibilities and under corporate law it is the directors and they are unanimously of the opinion that they are not trading in an insolvent company.

If they were, they would all be facing potentially quite stiff penalties and I think their future employability as directors would be severely prejudiced, to put it mildly. So different people, different conclusions, but at the end of the day TT-Line will continue to operate because it has to.

Mr WINTER - Has the Auditor-General provided a view to Government or TT-Line in relation to what he would need to see change in order to change his view on the solvency or otherwise or going concern, I should say?

Mr ABETZ - Not to my knowledge, I don't think. If I have to correct that answer, I will.

Mr WINTER - The other components of this, we've talked a lot about solvency. We haven't, and as the Chair raised earlier, there's a distinction between going concern and insolvency. You talked earlier, I don't want to put words in your mouth, Mr Swain, but talked about if Treasury doesn't form a view about solvency but might provide some advice around some concerns. In the same way as can you talk about the going concern, whether Treasury that you're aware of, had concerns about whether TT-Line was a going concern?

Mr ABETZ - It is the same answer essentially. Because there's judgment involved in both cases, that's why we wouldn't. We have accounting capacity where we could form a view but at law it's not our role, so we will form a general view around the financial stress that a business is under, but not a specific view around going concern or insolvency.

Mr WINTER - During this period, what concerns did the Auditor-General provide around going concern as distinct from solvency?

Mr SWAIN - As I've said, we had discussions with him. I'm not sure he's provided any specific material in relation to that and he's under no obligation to. He has to consider the financial reports and whether he will sign them off, qualified or unqualified, and then he has a specific obligation to ASIC in relation to of corporate law company. As you don't fully understand, he's independent, doesn't report to Treasury.

Mr WINTER - During this period of time, though, when you moved forward the decision to provide the guarantee on the loan on 25-26 July [2025], did that satisfy the Auditor-General around going concern?

Mr SWAIN - We didn't seek to do that. As I've said, Treasury had existing concerns from our interactions with the business and the corporate planning process regarding the business was subject to some financial hardship. Common sense would tell you that because of the recapitalisation all at once. I guess the Auditor-General's actions confirmed that view, but we didn't seek his advice on what might change his opinion because ultimately I think that goes beyond his role and I think if we were going to seek that kind of advice, we would seek it as we are doing, we would seek it from the TT-Line Board.

Mr WINTER - In relation to the Auditor-General's concerns, he pointed out that TT-Line's assertion that the debt guarantee provides comfort to the company in his view was inaccurate.

The guarantee benefits TASCORP, as you've rightly pointed out to us in the past, Mr Swain, not TT-Line.

Can you clarify, Treasurer, the Government's position on how this guarantee operates and whether it provides meaningful security to TT-Line's ability to meet its financial obligations?

Mr ABETZ - At the end of the day, however we seek to slice and dice this, the Government will back in TT-Line because it is so fundamentally important to our producers,

to our tourism operators and indeed the social fabric of our society, enabling people to come and go across Bass Strait.

I'm comfortable the TT-Line will continue to exist because it's an absolutely high priority. As I've said before, I assume that would be the view of every single parliamentarian, irrespective of the colour or hue in the Tasmanian parliament that the TT-Line needs to continue. What we want is the most efficient and customer-focused TT-Line and as we speak that is what the new Board, new CEO, new CFO are doing an undertaking to try to make it the as effective as it possibly can be.

Mr WINTER - I think in the same way, every member would want to see TT-Line be solvent and there'd be no doubt about that. Yet there's significant doubt about the solvency of the company.

Mr ABETZ - If I may quickly. This is possibly good academic exercise on which people can write a thesis or an essay for some university degree, but at the end of the day TT-Line will not fail because it cannot fail and the Government will back it in.

Mr WINTER - That being said, we still have the Auditor-General of Tasmania who is of the view that it's not solvent. The concern I've got, and the reason I ask you about how tenable this is going forward is because I can't see there's been no evidence provided so far -

Mr ABETZ - If I can correct you - not correct you but, sure, that's the Auditor-General's view that under Corporations Law that assessment is a duty of the directors, not of an Auditor-General. So it is the duty of the directors under Corporations Law and each and every one of those individual directors have come to that conclusion with a wealth of corporate experience that if you stacked it all up, you'd have to say, well, that is pretty impressive.

Mr WINTER - Yet we've heard evidence, and you were sitting there as the Auditor-General explained, you had an audit team of six work on this, that after they formed their view, they went through their own internal processes where the Deputy Auditor had a look at it. They go through an entire process, a large office full of experienced auditors who came to the conclusion that they have.

The question is about how tenable this is? At this point in time, there's no evidence that I've heard from Government around how it's actually going to resolve this. There's no number given around what equity injection would be provided. There's no certainty going forward that we can end this impasse from the Auditor-General and the TT-Line Board.

Unless you can provide that, can you actually outline what the pathway forward here is?

Mr ABETZ - The TT-Line is going to continue to operate. As we speak, the ferries continue to ply the waters of Bass Strait. With due respect, irrespective of the views of the Auditor-General, that will continue.

Talk about insolvency, unfortunately, does create potentially a lack of confidence in the market and it is exceptionally unhelpful for the TT-Line and Tasmania's producers, tourism industry and our economy generally, to have this talk or suggestion that somehow TT-Line is insolvent, because in the public's eye what that means is - are we sure that TT-Line can continue

PUBLIC

to operate across Bass Strait? I'm giving you the assurance that this Government and I am sure any other Government would ensure the TT-Line continues to trade.

Mr WINTER - I am sorry it is inconvenient that the Auditor-General's made this decision, but that's reality and unfortunately for you it might not suit you, but people are going to talk about it.

Mr ABETZ - He hasn't made a decision. He has offered an opinion - an opinion which is repudiated by six highly - six, seven? How many directors on the Board? Anyway, whatever the number is -

Mr WINTER - Frankly, irrespective of whether it's six or seven, we've got the same problem.

Mr ABETZ - Highly credentialled individuals who actually bear the responsibility for this decision-making, not the Auditor-General. They bear the decision-making on this, and I am sure they won't trash their reputations by trading with an insolvent company.

If it's a capital injection or borrowings, whatever it might be, TT-Line will continue - but as I said before, the Board, CEO, CFO - they are doing a full root-and-branch assessment of the operation to make sure it runs as effectively as possible. Until such time as after that is done and we've got that assessment, that is when I think we are better informed to be able to make decisions about future equity injections or whatever might be needed.

Mr WINTER - We've all had a lot of committee hearings over the last few weeks, Treasurer. I wasn't at this committee, but I understand that TT-Line cited expert external advice around insolvency. Have you actually seen the advice that they're relying upon around insolvency?

Mr ABETZ - No, but I've had a verbal briefing.

Mr WINTER - Right. At this point in time, you're relying on the Board. Have you sought to receive the advice that they're relying upon?

Mr ABETZ - No, I haven't. I have full confidence in the Board. They are going about their tasks exceptionally well and professionally. With the new appointments in the managerial echelons of TT-Line as well, when we come through this, it will be a completely different outfit than previously existed.

Mr WINTER - Chair, this may have been requested in another committee as well, but for the purposes of the Public Accounts Committee, is the Public Accounts Committee able to get access to that advice?

Mr ABETZ - I would doubt it, because it was private advice.

CHAIR - No, it was tabled publicly in our Committee.

Mr ABETZ - Sorry, which advice are we talking about?

CHAIR - The GBE A Committee. They tabled the advice.

Mr ABETZ - Which advice?

CHAIR - The legal advice - or are you talking about something else?

Mr WINTER - No, the legal advice in relation to the solvency that they were - yes.

CHAIR - Yes.

Mr WINTER - Okay. We've got it through another forum, have we?

CHAIR - We would be able to access it, probably, but it was provided in public session.

Mr ABETZ - Right. I understand a letter was tabled, not the actual advice -

CHAIR - Oh, the letter. Yes.

Mr ABETZ - But, that said, straying into another area that I can't really speak about as Treasurer.

CHAIR - We can write to TT-Line about that.

Mr WINTER - Yes, it would be good - and even if, Chair, we could formally receive it as part of this Committee, the same advice, just so we can bring all the access to the information in the same place.

CHAIR - And correspondence, yes.

If we go off that - again, it was at GBE scrutiny when our Committee looked at this. It was pretty clear for me that the company was taking all reasonable steps to prevent the company from making a payment that could put them into more difficulty, that they've taken all the steps that they could have taken - that's what they're doing at the moment; they're going through the process - which essentially is a defence under the *Corporations Act 1990* for the safe harbour provisions.

Do you understand whether or not the company is relying on the safe harbour provisions of the *Corporations Act 1990*? You talked about 'this is the duty of the directors,' and I agree it is, but the provision's section 588 - I think it's FG(a) and FG(b) - provide information about the safe harbour provisions. Is that your understanding of what they're using?

Mr ABETZ - I don't have an understanding of that, and I would not seek to assert that. That would be a matter for the TT-Line to answer.

CHAIR - Well, if you look at what the defence is against insolvency or having the issues for directors, the defence is to be proved that the person took all reasonable steps to prevent the company from making the payment. These are the payments like taking bookings or whatever it might be, and take the steps needed to get the company into a better position, effectively. That's not the exact wording from the Act, but that's what they're doing, isn't it? They're producing a new statement of corporate intent.

PUBLIC

Mr ABETZ - They're doing a root and branch reassessment of things, as I understand it, but they can provide you with specific details and whether they had that in mind. It's never been raised with me to the best of my knowledge that they're doing this root and branch assessment so they can run a defence under that part of the *Corporations Act*.

Mr SWAIN - I can't comment directly on that, but I have previously looked at those provisions. My understanding is what they set out is what a responsible Board should be doing. I would expect -

CHAIR - When they're relying on the safe harbour provisions?

Mr SWAIN - They're things they should be doing when a business is under financial duress. I'm not commenting on whether that's the case. I would expect a business that is taking expert advice to be aware of those provisions, but in essence, they say the business should be considering what obligations they take on and the adequacy of their financial planning and their forecasts and whether they've done scenario work they should have done. They're all the things you would expect a Board to do.

Mr ABETZ - Yes, regardless of those provisions, one would expect a Board in this situation to be undertaking that which they are.

Mr JAENSCH - If they weren't, this Committee would rightfully be asking why they hadn't taken action. Why they hadn't acted with urgency. I find the line of questioning a bit circular and self-serving here. Somehow it seems that we're being critical of the Government and of TT-Line for taking action, and we would be critical if they hadn't been taken action.

CHAIR - We're going to finish the line of questions. I agree, they should be doing those things and they are. They've a new Board, new CEO come in and undertaking this work. The issue as I see it here - and you talk about the directors' responsibilities and duties here - is to use that as a defence. We have an Auditor-General backed by all the AASB standards and you have an audit office that's gone through this, as Mr Winter outlined, who says regardless of that and regardless of the government guarantee, regardless of the equity injection that's provided in this Budget that's just passed our House, they are still insolvent. Yes, it's his opinion based on that.

In order to protect themselves, they do these certain things which you should, but in order to rely on the safe harbour provisions, you have to have to declare that you are insolvent. What's going on is what you'd expect them to do with an opinion of insolvency reported to ASIC, which we understand, the Premier confirmed that - and here we are.

It seems that we're talking from two different song sheets here, and neither acknowledging the other. Is that concerning for you, Treasurer? It is a really serious matter we're talking about and we're not trivialising or being circular. I'm trying to understand what your understanding is of this.

Mr ABETZ - First of all, in relation to Mr Jaensch's comments, I think he's quite right, because we'd be damned if we did and we are being damned if we don't. I think we can all be agreed that the exercise that the TT-Line is undertaking as we speak is a good exercise, needs to be undertaken and I trust we all wish them well in achieving as good an outcome as possible.

PUBLIC

Can I also quickly indicate, if I may, Chair, that I have been advised that I'm clear to say that the TT-Line Chair has advised that at no point has TT-Line considered ceasing ticket sales. I'm not sure where that has come from, but I've just -

CHAIR - From your Secretary.

Mr ABETZ - Sorry, where the assertion that TT-Line was not going to continue.

Mr WINTER - If it is insolvent, it can't take on new liabilities, that's why.

CHAIR - That's right. That's the reason.

Mr WINTER - It's come from the accusation that it is insolvent.

Mr ABETZ - It is not insolvent and the assertion was made that TT-Line was considering that and I just want to make sure -

Mr WINTER - If it is insolvent, it can't take on -

Mr ABETZ - Why do you seek to dance and exercise some happiness about the fact that you can use the term -

Mr WINTER - Do I seem happy about this?

Mr ABETZ - insolvent for a company that is providing an absolutely essential service to our State. It is going through difficulties. It is getting through those difficulties and I would have thought you might be cheering them on, championing them and saying, 'Good luck, good work, do everything you can and we are backing you through this process'. Instead, nearly every second question you've got to slip the word 'insolvency' in to try to prejudice their future.

Mr WINTER - The Auditor-General of Tasmania has formed the view that TT-Line is insolvent. I'm part of the Public Accounts Committee and I've got an obligation to ask questions about this. I'm not happy about it. I know you're not happy about it. None of us are happy about the situation. It is a disgrace what's happened. But here we are trying to find out the truth.

Mr ABETZ - But why don't you back in the people who actually have responsibility in this space and it ain't the Auditor-General, with respect. It is the directors of the company and they unanimously have said they are not trading whilst insolvent. So why is it that you continually seek to champion the opinion of somebody who does not have direct responsibility in this space, as opposed -

Mr WINTER - Well he does have -

Mr ABETZ - No. Under the Corporations Law the people who have to make this decision - and if they make the wrong decision there is a huge penalty that applies to them both reputationally but also by way of conviction and fines. Therefore, with respect to the Auditor-General, they wouldn't be doing that willy-nilly saying, 'Well, with respect we disagree with you'. They know their duties under the Corporations Law and those opinions of that body of men and women is one that I fully support.

PUBLIC

Mr WINTER - The idea that the Public Accounts Committee shouldn't be sitting here asking questions about whether TT-Line is solvent when the Auditor-General of Tasmania has formed a view that it is, is ridiculous. So, I will continue to ask questions.

Mr ABETZ - Look, you can -

Mr WINTER - Why wouldn't I?

Mr ABETZ - but you completely continue on the false narrative that his decision is the correct one when under law it is the directors of the company who need to make that decision and determination.

CHAIR - Let's just separate this out, Treasurer. The Auditor-General has an important job to do -

Mr ABETZ - He does.

CHAIR - which he's done, and he's issued his opinion based on all the evidence and facts that he had. Now it's up to the Board to respond. We don't want them to go under, and we've heard your comment that they won't go under because the Government will prop them up. It's a sad situation we find ourselves in when we have to do that.

Mr ABETZ - Absolutely. I fully agree.

CHAIR - We do. So, in terms of what that might look like - and I know we're going to go back to the whole thing where they're reworking the statement of corporate intent rather than a corporate plan at this point - but given that the State's already in significant deficit, Treasurer, with deteriorating fiscal measures, have you as Treasurer looked at the opportunity cost of the equity injection that has already been provided and is going to be needed further - and it's as plain as the nose on your face - and what other capital priorities are going to have to be foregone or deferred or whatever to enable this? We know how important this company is and it's going to require intervention. So, what -

Mr ABETZ - It has already received intervention and my hunch is it will require further intervention. What that further intervention looks like will be largely informed by the findings of the review that's currently being undertaken by Board and management.

CHAIR - I know this is speculative because the next budget is not until May [2026], if they needed further assistance prior to that - and we don't know because this work has not been done yet - could we be looking at a further capital injection or equity injection before the Budget?

Mr ABETZ - It's a hypothetical question and as I am wont to say with these things - because you never completely close the gate - I will never say never. But, at this stage there has been there no suggestion made to me that there will need to be a further capital injection before 21 May [2026] next year.

CHAIR - Equity injection, I think.

Mr ABETZ - What did I say?

PUBLIC

CHAIR - Capital. I made the same mistake myself.

Mr ABETZ - My apologies, thank you. I correct the record, 'equity injection', before the Budget on 21 May [2026].

CHAIR - Treasurer, can we expect to see in the budget papers in May 2026 - because it will have all the information by then? It will be provided in January, February [2026] -

Mr ABETZ - I would suspect so, yes.

CHAIR - To see the full extent of the equity injections required, noting that the ships, if all goes according to plan, won't come online until the end of 2026. Then they still have to sell the old vessels or the current vessels and still make good of Berth 1, that has to occur, all within, I understand, the current budget for Berth 3. But then, we're relying on it coming in on budget, it may or may not, but particularly if it didn't, can we be assured that it won't be just the one-off, but this is what we think, this will be what the company needs to keep it trading solvently and into the future, all those things considered?

Mr ABETZ - I like the wording 'to keep it trading solvently', as I assert and the directors assert that it is trading solvently.

CHAIR - I'm saying 'keep it'.

Mr ABETZ - Yes, that's why I like the wording, and it will keep trading solvently and that which is needed to be done will be done. I can't really say what that is until we know.

CHAIR - I'm asking you what it is. My question was: can we expect to see in the Budget the full extent of the support that will be required? Imagine, as the Chair of TASCORP told us, the recommendation would be potentially equity investments over a period of years, not all at once, but the decision was made in this year's Budget to give them a smaller amount than what they wanted, \$74 million as opposed to \$100 million.

Mr ABETZ - \$74.5 million.

CHAIR - Yes. When the Chair made it clear that he'd asked for \$100 million, the decision was not to give him that much. So clearly, there's going to need to be more because that's only going to tide them over in this short term. That was made pretty clear.

Mr SWAIN - The information base will be significantly improved by the time the budget numbers are locked down, but there'll still be some uncertainties. The future sale values of the boats - I know that TT-Line is getting expert advice on that, but they won't have transacted that.

The Berth 3 project -

CHAIR - They are a few years older now than when they first looked at the price they might get for them.

Mr ABETZ - Albeit the cost of shipbuilding now is a lot higher than it used to be, but how that impacts on the market price, I've got no idea.

PUBLIC

Mr SWAIN - Like any big capital project, you've got dual risks. You've got the risk of going over your funding envelope, but you've also got contingency built into the project. As they get further through the project towards the anticipated delivery date, which I think is till October [2026] next year, they may not need all that contingency. So, we won't know everything.

Also, we know that there's other capacity coming online in terms of freight in the state, and there'll be commercial competition around that market share.

We won't know everything by this next Budget, but we will have a better picture than we've got right now. I think it would be courageous to say you will have the information to deal with it entirely. We just don't know that yet, but we will have a much better information base than we do now and certainly than we did leading into this Budget.

CHAIR - That will be clear in the Budget, what you do know?

Mr ABETZ - Yes, that we will.

Mr SWAIN - We would go through, Treasurer if I may, the normal process of considering what goes into the risk sections of Budget Paper No. 1.

Mr WINTER - Treasurer, 12 months ago you provided a list of local content as a response to a motion in the House of Assembly. They were calling you to list local content spending to date for the new *Spirits*. You provided that. You included in it engines produced by Wärtsilä.

Mr ABETZ - Chair, can I indicate that was in a former role. I appear here as Treasurer.

Mr WINTER - Well, the question is, do you still stand by the information you provided to the House including that Wärtsilä was local content.

Mr ABETZ - You know you can't ask that question in the House, nor is it appropriate to ask it here.

Mr WINTER - The question is around the local content spending commitment of up to \$100 million. We heard from the Chair of TT-Line at an early hearing of this Committee who outlined that in his view and I have it here:

I will say that \$60 million of that, let's call that \$100 million, is for equipment that was built in Finland, ordered by an Australian company.

That's the Chair of TT-Line saying that \$60 million of the \$100 million that you claimed as local benefits was produced in Finland. Do you accept that the Government has not achieved its \$100 million-worth of local content as part of this project?

Mr ABETZ - You are tempting me to respond, but I am here as Treasurer, not as former Transport Minister. However, speaking hypothetically for a moment, you might imagine that I didn't personally go through the accounts. Therefore, I may, hypothetically speaking, have been relying on advice from previous individuals. I have been on the record previously as to

PUBLIC

the chalk and cheese between Boards and CEOs of TT-Line, but all that, Chair, I trust you understand is me speaking hypothetically.

Mr WINTER - The list you provided included an item called 'main engines made by Wärtsilä Australia Pty Ltd'. Did you believe that they are made in Australia?

Mr ABETZ - I was provided advice but once again I'm not going to respond.

Mr WINTER - It took a cursory look at this list to realise that it was not local content. What we weren't provided at the time was with the amount and it turns out what we were provided with by TT-Line is that \$60 million, 60 per cent of the total amount, was the engines produced in Finland.

Mr ABETZ - That was in a former capacity. I appear here as Treasurer. As I said before -

Mr WINTER - Who gets held accountable for providing misleading information to the House then if it's not you? Is anyone accountable in this Government?

Mr ABETZ - Yes, we are accountable and you're very much aware of somebody resigning in relation to events around the TT-Line. On reflection, and if I might say, the latest PAC report did not seek to lay any of the blame at the former minister, which, I must say, was very right, proper, decent and, on all the evidence, correct. Mr Ferguson's reputation has been substantially enhanced by that report.

But one relies, in general terms, on advice provided, and if that advice is substantially suboptimal, then decisions need to be made. We have a brand new Board, brand new CEO and huge changes are being made.

CHAIR - Thanks, Treasurer and Gary. Very well. We will write to you with those few follow-up questions. Is there anything you wanted to add before we wrap up?

Mr ABETZ - No, thank you. If we don't meet before, happy Christmas to you all.

The witnesses withdrew.

The Committee adjourned at 10:55 am.