THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON FRIDAY 7 AUGUST 2026

INQUIRY INTO THE TT-LINE SPIRITS PROJECT

The Committee met at 9:34 am.

CHAIR (Ms Forrest) - Thanks to Ken and your team for appearing before the Public Accounts Committee (PAC) for our ongoing scrutiny of the delivery of the TT-Line vessels' berth and ongoing operational financial performance, et cetera. I do note that we have a new face at the table, or faces. I'll get you to introduce your team and then I will ask you all to take the statutory declaration and then we can get straight into your opening presentation and questions.

Mr KANOFSKI - Yes, we've got Chris Carbone; Paul Kirkwood; Mick, the harbourmaster; Luke Curtain; and we have Ben Moloney.

Mr KENNETH KANOFSKI, CHAIR, Mr CHRISTOPHER CARBONE, CEO, and Mr PAUL KIRKWOOD, PROJECT MANAGER, TT-LINE; Mr ANDREW WALL, HARBOUR MASTER, TASPORTS; Mr LUKE CURTAIN; and Mr BENJAMIN MOLONEY, PROJECT ASSURANCE, DEPARTMENT OF STATE GROWTH WERE CALLED, MADE THE STATUTORY DECLARATION, AND WERE EXAMINED

CHAIR - Just for the benefit of the new members, perhaps, Ken, I might just remind them that everything you say is covered by parliamentary privilege while you're before the Committee. That may not extend beyond the hearing. It has been the practice of this Committee where there's been confidential information to be shared with the Committee that's sensitive for a particular reason, we're happy to consider going into in camera: otherwise it's all public. That request would need to be made, but otherwise everything is in public session, will be transcribed and potentially form part of our reporting. Just so you're aware of that.

A witness - All understood. Thank you.

CHAIR - Thank you. Over to you, Ken.

Mr KANOFSKI - Thanks, Chair. I think rather than make an opening statement, I think we'd just like to go straight into an update on the project, if that's okay. Are we going to share that on the screen?

Mr CURTAIN - Yep. Just trying to connect to the internet. Apologies.

CHAIR - Is it easier if you send it to Simon, our Secretary?

Mr CURTAIN - We shouldn't be too far away.

CHAIR - Ken, you can start, if you like, and I'm sure the slides will catch up.

Mr KANOFSKI - Yes, I will. Chair and Committee, I'm very pleased to report at a high level that we are absolutely on target for first commercial sailings of *Spirit IV* and *Spirit V* on

31 October 2026. We expect construction to be fully complete in September 2026. Commissioning is starting about now, essentially. The building activity will start to kind of wind down, obviously, because the major items of build will be complete. A lot of work still to do, though, in terms of systems and IT and training of staff and testing and things like that. We'll talk a little bit later about some of the testing activities in a bit more detail. But we are absolutely on target and we are within the $493 million project cost, which was the revised budget for the project.

Chris and Paul will take us through a bit more detail, but that's the overview. We might crack on while we -

Mr KIRKWOOD - The presentation is very picture based, so it's useful to get it on the screen. In terms of the costs, as with previous presentations, there's an in camera session we'd like to take you through, where we can talk in more detail about costs and some of the other issues that we've typically covered in camera. But what we'd like to do is take you through the whole of the project: current construction status, commissioning status, and then Chris will talk a little bit about the vessels themselves and the operational readiness.

If you could go to slide 4, please. The main news, and I think when we were here before PAC last time we announced that the gantry was nearing completion. The gantry is now complete. This is the whole of the gantry structure. All of the linkspan structures on Decks 3, 5 and 7 are now in, with all of the hydraulics attached, and they're going through their commissioning processes at the moment. This is ahead of the first vessel testing to happen later in August. As you can see from the images on the screen, the linkspan structure, which is the huge structure that we've been talking about, the highest-risk component of the site, is now complete, which is a major milestone for the project.

CHAIR - I assume you'll get to when the first vessel is scheduled for a test.

Mr KIRKWOOD - We will do. Building the tension before that happens.

In terms of the marine work, again, this work is now all complete, as you can see, and again, getting ready ahead of the first vessels coming in for testing. So, the fixed shore ramp, the ramp which leads up to the gantries, all complete. The marine works themselves, which is the various marine structures - the fender structures, the guide dolphin structures - all of the fendering systems are now in and complete. Mooring dolphins, which we need for the lines, are all in.

On the wharfs themselves, the automated mooring units are in and commissioned. Again, they would be finally commissioned when the vessel comes in, and the work that we were doing in conjunction with TasPorts to install the new fenders, which are part of the whole strengthening piece of work, all of those fenders are now in as well and complete.

CHAIR - Do you have the total cost of that?

Mr KIRKWOOD - We haven't got the very final cost, but it is well within the $9 million. We are significantly below the $9 million, but the final costs will come out in the next couple of weeks now that the work is complete. The work only completed this week, so the final costs will be added up shortly. So, all of the marine structures are now done and the marine contractor is demobilising from site.

Mr CARBONE - Maybe for clarity, the $9 million included the hull strengthening, which I'll talk to on a coming slide.

Mr KIRKWOOD - In terms of some of the landside works, we'll take you through each of these. This is the freight yard area. The freight yard area is complete. For those that came to site, you know that we have the site huts and site accommodation on this area - that is starting to demobilise and will be removed from site towards the end of August [2026], first week of September [2026]. That's the last piece of work we need to do to demobilise, and then we can finish the line marking. All of the entrances and exits and the freight buildings are largely complete. The entrances are complete. The freight building is very nearly complete. Once that's complete, the entire freight operation is ready for the internal works, the IT and the commissioning that we need to do.

Throughout the site, there are a number of ancillary buildings. These deal with the operational aspects of the site. We have the inbound and outbound security and biosecurity bays, we have ticket booths, stevedores' and operational buildings, even down to motorcycle shelters. All of these works are nearing completion, again. The physical structures will be complete on 14 August [2026]. They then get handed over, and some of the early works are already happening around IT fit-out, communications, digital systems. These are works which were retained by TT-Line to do themselves that can only really be started once the buildings are weather-tight. That work is now underway and will, again, be completed by mid to late September as part of the operational handover of that site.

CHAIR - In regards to the motorcycle shelters, obviously, they're to stop the rain coming onto motorcycles when they're parked there, but it is open to the west.

Mr KIRKWOOD - Yes.

CHAIR - And most of the prevailing weather there, as we saw the other day, comes in from the west.

Mr KIRKWOOD - Comes in from the west.

CHAIR - So do you think it's going to be adequate, or is it going to need some further protection from the weather?

Mr KIRKWOOD - I think we'll have to see in operation whether or not we need to do more later. At the moment, don't know. We'll have to see.

CHAIR - Someone from the north-west coast knows how the westerly rain can just blow straight in under there.

Mr KIRKWOOD - Okay. Passenger boarding - this area came together quite quickly. As you see, the passenger boarding area is, for all intents and purposes, complete apart from those final few things we need to do around the ticketing booth and the biosecurity building. The marshalling lanes are all complete. Line marking is now in. The entrances to the site, passenger vehicle entrances into the site and all of the marshalling works that we need to do, that is all now complete and ready for operations.

Then we come to the terminal. The terminal building, which is a separate contract being undertaken by Vos Construction. This, again, will be completed by the third week of August [2026]. This then gets handed over to the IT fit-out. The communications, the digital, the security fit-out - all of the work we need to do to take it from a terminal building into an operational facility - that has already started but will continue past the completion of the building. For those that came around the other day, you see that this is coming together very well. It's an impressive building. It is a very nice building and the use of the Tasmanian timbers inside is particularly striking, so it's going to be a good building.

CHAIR - So, the fit-out and the IT and security and everything is all within the budget? That will continue for a bit?

Mr KIRKWOOD - Yes, it's all costed. As part of the process we went through maybe 12 months ago - dividing up scope between contractors and renegotiating contracts -there were certain packages we felt it was prudent to keep within TT-Line's control. That's critical things like IT, security systems, data, voice communications, those sorts of things. They're integrated across the whole site. So, when you have multiple contractors working on a site and you have an integrated system, it makes more sense to keep those as a single package under TT-Line. That's the process we undertook.

Mr CARBONE - For the avoidance of doubt, it's all within the $493 million project budget.

Mr KIRKWOOD - Yes. In terms of terminal commissioning: I've touched on this a couple of times. Our commissioning process is a layered approach to commissioning. Areas of the site, such as the gantry, the freight yards, are all going through a physical commissioning where we run, for instance, the linkspan structures through their full range of operation. We test them in all scenarios without the vessel. This is a normal commissioning process. That's happening progressively between now and the middle of September [2026], when those areas of the site will be handed over by the contractors. We then have a second stage of commissioning, which is the IT systems digital security. This is everything from how the gates open and lock, who controls fob swipe card access, what goes on the digital screens, all of the operational digital aspects. They will follow on between August and September and at the end of September, we'll hand the site over to TT-Line's operational team. Then they will take it forward into operational commissioning. You'll see a progressive handover of the site through September from construction and construction-type commissioning into operational commissioning in October [2026].

Mr CARBONE - As you might appreciate, we have literally hundreds of milestones that we're tracking for our operational readiness program. What we've tried to do here is put onto a single slide some of those key activities. I guess we start with the land-side training. That's for the people that operate the current terminal, which will move down from Terminal 1 to Terminal 3. Then we have crew training and we have Mick the Harbour Master here today who can assist with this, but as an example, last week at Pivot Maritime up on the Tamar, we had the team from TasPorts, from TT-Line, with safe harbours doing simulations of the upcoming berths in the river. I want to stress that that training is a combination of TT-Line, TasPorts, and third parties as well. If appropriate, I might get Mick just to elaborate on some of that training.

Mr WALL - Thank you, Chris. To the Committee, the training involved not only the physical simulator testing for the ship in the port - which we knew in advance would fit, it will fit, it will be able to swing, it will be able to berth. The training around the crew team setup, similar to an aircraft cockpit, where you have a captain and a co-pilot. The bridge team itself, at a minimum for the *Spirits*, will consist of four people nominally on any given day. It was about developing the systems, improving the system, sorry, which already exists on the current TT-Line vessels to meet the minimum requirements for coming in on the new tonnage into a new berth. Given the knowledge they already have around the local conditions - the local conditions of tides, the local conditions of wind - was just testing the models and also the simulator testing around the people, which I'm pleased to announce they have passed in every respect. So, I'm extremely happy with the testing regime which is being undertaken at the moment. The first teams have gone through that training already. The second teams will be in by the time we have the second operational test for *Spirit V* coming in. Again, for the Committee, I'm happy to back up everything that Chris has said. So, the training was very good.

CHAIR - So, presumably some of the - or all of, perhaps - the current ships' operators of various titles, were in that training?

Mr WALL - That's correct.

CHAIR - How many are on the current vessels when - you said you've got four on the -

Mr CARBONE - Chair, the team that has come off *Spirit I* and *II* and undertaken the training will not go back to the old vessels. I guess everyone likes an aviation analogy: so, if they've moved off a 737 to an Airbus -

CHAIR - A380.

Mr CARBONE - Yep - you don't go back and switch aircraft, and it's the same with these ships. So, the team that have come off *I* and *II* have now gone through their training, will continue to train on *IV* and *V* and that's part of the training regime.

CHAIR - Who's skippering, if you like, or captaining, or whatever the correct maritime terminology is, for the current vessels that we're using now?

Mr CARBONE - We've got a sufficient team to crew all four vessels at the moment.

CHAIR - Right. So, what happens to those guys or people that are currently sailing the current vessels?

Mr CARBONE - So, we've got a number of team that are transitioning to retirement, we've got a couple of people that have come out of retirement to captain the vessels.

CHAIR - The current ones?

Mr CARBONE - Current ones. It's a combination all the way through the workforce.

In terms of local fit-out, many of you would have seen *Spirit V* down here in Hobart and pleased to report, simultaneously whilst we held the Dark Mofo events, we completed the fit-out on board the top of the ship in the hotel.

In terms of the engineering works, I'll talk to that on the next slide around the hull strengthening. Then, again, we've got a lot of detail coming up in subsequent slides around the actual live testing program in the week before we go live.

If we move to the next slide: the hull strengthening. So, the hull strengthening for *Spirit IV* was completed in Williamstown. We've got some images there on screen of the finished product. Right at the moment we've got *Spirit V* in Williamstown undergoing similar works. You might appreciate from earlier PAC hearings that *Spirit V* already had some works undertaken on it in Finland, and so this is a smaller task. As you'll see from the images, it's really simply adding more horizontal pieces of steel across the small section of the ship.

In terms of the key milestones on the next slide, and I might get, again, the harbourmaster to talk to this because it is subject to weather conditions, but at the moment we have a plan to bring *Spirit IV* into Devonport to do that critical testing of the infrastructure. That's scheduled for 23-24 August [2026]. I might pass to Mick at this point because it is subject to weather conditions for the trial itself.

Mr WALL - Thank you, Chris. The vessel, currently being in Melbourne, as we know: we'll be looking at the weather in advance. We can look seven days in advance obviously with the Bureau of Meteorology tools that we use. We've put some minimum - sorry, I beg your pardon, maximum wind speeds on the first vessel trip in. So, with all the simulator testing and everything we've done, the vessel can handle winds up to the same as the existing vessels. So, the manoeuvrability and everything -

CHAIR - Which is? What's the wind speed?

Mr WALL - I cap it at 40 knots. So, 30 knots you assess and 40 knots, forget it, to be quite blunt - stay outside and wait until the wind drops. For this, being a once-in-a-generational trip, we will make sure that everything meets the maximums or the minimums, for that matter, before committing to depart the vessel from Melbourne.

CHAIR - What's the wind speed maximum you will allow for the test?

Mr WALL - We're using 20 knots.

CHAIR - 20 knots.

Mr WALL - Yeah.

Mr CARBONE - So, for the avoidance of doubt, this is for the initial test.

Mr WINTER - Yeah, we understand.

CHAIR - Yes, I understand that.

Mr WALL - I'm confident that the testing shows that we can do it in wind speeds greater than that; however, just to be prudent and doing all the due diligence that we need to do, we're going to limit the wind speed for 20 knots for the arrival. We will have on board the team which we had in Legana at Pivot Marine last week that we talked to. The bridge team has done the training. We will have a licensed marine pilot on board, and myself for that matter, and we will be coming alongside, swinging in the basin, berthing starboard side to the facility. Again, that will allow the testing there of the mooring system which will be in use at the berth, testing of the mooring lines as well, just as a contingency, and also all the testing for the ramps, which I think has already been discussed.

CHAIR - Will you be driving something heavy across it like a fully-loaded truck or something? Are you getting to that rodeo?

Mr WALL - If I may, just on the departure as well, it will be arriving on a Sunday. The SeaRoad vessel which will normally sit at No. 2 East Berth, will layover as part of their normal operations as they do in Devonport. So, *Spirit IV* will come in after that vessel berths, safely berth, they will do the testing, and we intend departing 1400 on Monday, the following day, to clear for a departure as well, and then be able for the SeaRoad vessel to depart safely as well.

CHAIR - Just on that then, in terms of the interaction between both those vessels, this - weather dependent to come in the first place. Can the SeaRoad vessel leave while the *Spirit* is tied up?

Mr WALL - I've declared that only if No. 1 East is empty, so therefore - we've already discussed, as you say, the last few years with TT-Line specifically around the size of the new tonnage. So, 2 East and even the new tonnage for SeaRoad vessels which is coming in, so, they're at 2 East, the new vessels are at 3 East, the *Spirit* vessels. That's all part of the testing and agreed already, that if there is a delay to SPOT IV at No. 3 East, the vessel, which is the *Spirit of Tasmania* vessel at No. 1 East, will depart the berth, vacate the berth, give SeaRoad time and space to leave.

CHAIR - So it may disrupt the current *Spirit*s schedule?

Mr WALL - On the Monday, it wouldn't disrupt the schedule, sorry, because it would be moving of an afternoon, letting SeaRoad sail, coming back in and they will still have enough time to load prior to departure.

Mr CARBONE - So, again, for the avoidance of doubt, there shouldn't be any disruption to existing TT-Line services or SeaRoad.

Mr EDMUNDS - As part of the testing, are there full sort of - like empty practice runs and how many for each?

CHAIR - It's what he's getting too, Luke, I think.

Mr EDMUNDS - Okay, cool. I can see what's up there, but I was interested in the total number. If that's coming, that's cool.

Mr CARBONE - Thank you for the question. I might step through it in sequence and try and answer that. Once we test *Spirit IV*, then a number of weeks later - currently scheduled for September 27 and 28 - we will do the same thing for *Spirit V,* notwithstanding the identical nature of the ships. We then move to the farewell sailings of *Spirit*s *I* and *II.* You will notice that *Spirit II* continues to sail for an extra day, and that's simply to reposition the vessel into its storage location in Victoria.

CHAIR - Which is?

Mr CARBONE - Which will be at Williamstown, prior to it being sold and disposed. In relation to the question around the live trials, what we've got booked between the 24th and the 30th is 11 sailings. Those 11 sailings are in effect the test sailings. They will have on board freight. They will not have public onboard or paid sailings, but certainly we will have a number of team members and potentially tourism industry participants participating on those sailings, and that's really the full testing of the end-to-end of the vessels.

Mr EDMUNDS - Those 11, is that 11 for each?

Mr CARBONE - No, it's 11 combined during that seven-day period for the new vessels.

Mr EDMUNDS - Five from one and six from the other.

Mr CARBONE - So, then, we've also got the first commercial sailings, and we've got those scheduled for departures on the evening of 31 October [2026]. That's the high-level plan. If it may please the Chair, I would like to move to some more detail around the commissioning and then those sailings: in terms of the operational commissioning that's coming up on 23 and 24 August [2026], we put together this visual to try and articulate what will actually happen while the ship is in berth. We've got the automated mooring units, these are the six large suction units that berths the ship against the wharf. Again, that sort of technology allows us to reduce the number of mooring lines, which again the harbourmaster can talk to. We have a TasWater connection which may not be understood by a lot of people, but we actually use Tasmanian water on the ships for drinking, for showers, but also for ballast we actually use fresh water in our ships, which is not the case in a lot of vessels that use salt water, so that connection will be tested.

We also have the ship-to-shore power which we spoke about in previous hearings which, again, is a great initiative to reduce our carbon emissions and turn off those generators when the ships are at port; and then we have the link span. Again, Paul might be better versed to talk to it, but think of it as the bridges, if you like, between the gantry itself and the ships, because as part of this commissioning, we will have vehicles going on and off between the ramp, the gantry, the link span and the ship. We will have trucks, we will have trailers, we will have caravans, we will have cars and that's all part of the normal commissioning. We've actually done this now on five separate occasions in Geelong and we should expect there to be some minor realignment, as we found with Geelong. This is all very much normal and part of the commissioning process.

I might then talk on the next slide a little to the live trials. Again, to further elaborate, we've put together this slide just to kind of show you that we will do full integrated end-to-end testing. That will include simulating having actual people arrive at the terminal, checking in, security screening. We will then have people boarding the vessels. We've obviously got some new really exciting on-board experiences with the new vessels such as kennels, so we will test those, recliners, we will certainly have all the restaurants and bars opening and tested, and then of course, on the other end will be working through that disembarkation process. We will do that, in very plain English, 11 times over that week. That concludes the presentation. We certainly do have some slides we'd like to present in camera around the detailed financials, but also, Chair, I'm happy to take questions now.

CHAIR - From my perspective, it would be good to have some of your financial position and expectations in a public session. I'm not sure of the easiest way to go about that. If we go in camera and then we agree on what can be made public, or whether we start and we see how we go.

Mr KANOFSKI - Yes. Why don't we go into camera and we will present it, and then if there are bits of it you would like to be made public, we can make a decision on that.

Mr CARBONE - Chair, per the -

Mr KANOFSKI - This is financial performance of the project: not the company.

CHAIR - Well, we're interested in the company too.

Mr KANOFSKI - Okay, well, why don't we, yes - in your hands.

CHAIR - What can you tell us in a public session?

Mr KANOFSKI - About the project?

CHAIR - Yes.

Mr KANOFSKI - It's on budget.

Mr CARBONE - It's on time, it's on budget.

CHAIR - So, there's not much else to say about that. It's really about the financial performance of the entity, of the company. Yes?

Mr KANOFSKI - Yes.

CHAIR - Does anyone have any questions, then, about the project, about anything you want to ask now?

Mr WINTER - I just wanted to say: we're very pleased to be in this position after everything that has happened. It has been a disaster up until the point where things have certainly got to a point where we're looking forward to later this month seeing a ship: so congratulations on the work that has been done in the last 12 months in particular.

Mr CARBONE - Thank you.

Mr KANOFSKI - Thank you.

CHAIR - Again, I will ask a couple of questions, but we can discuss these further in camera. We did discuss at a previous hearing, and some of this was in camera, so I'm not asking you to reveal stuff that we can't at this point, but in terms of the new corporate plan, I know this is a statement of corporate intent and there are no numbers in it: is the new final corporate plan finalised and what stage is that at?

Mr KANOFSKI - It's very close to finalised. We received just in the last couple of days feedback from ministers, which is really to add some further KPIs and make a couple of other minor adjustments and then, as soon as that work is complete, we will publish the statement of corporate intent.

CHAIR - Right, but that won't have any numbers in it? Won't have any forecasts?

Mr KANOFSKI - Well, no, the statement of corporate intent does, it just doesn't have them at the same level of detail as the corporate plan. But it will have forecasts in it, absolutely.

CHAIR - Okay, so if you could let us know when that's published, so I don't have to keep checking your website, and perhaps send a copy to the Secretary.

Mr KANOFSKI - Will do.

CHAIR - Okay.

Mr CARBONE - We really welcome the feedback, so, in essence, we've been asked for some additional measures and we think that'll provide an even greater level of transparency around on-time performance and other service measures.

CHAIR - So in terms of your financial performance in the last year - obviously, we're a number of weeks past the end of the financial year - what indication can you give of how you've gone against your projections for the last financial year?

Mr KANOFSKI - I might start at a very high level and I'll talk about cash operating performance at this stage, because we're still finalising end-year, sort of non-cash adjustments and things of that nature. In terms of the revised forecast that we have been operating to since October - new financial year, we are tracking ahead of that position. So, if we look at the new forecast that we put together, we are tracking in ahead of that in terms of performance. So, our earnings before interest, taxes, depreciation, and amortisation (EBITDA) performance is better than what is in that forecast.

Mr CARBONE - Further to the Chairman's comments, at an EBITDA level we tracked ahead of that forecast. I think given we are mid-audit, and we're working constructively with the Auditor General, it wouldn't be appropriate to comment. But certainly from a management accounting point of view-

Mr KANOFSKI - I probably should have prefaced that: at a management accounts level, which is really a monthly performance, we finished the year ahead of that new forecast.

CHAIR - In terms of the revaluing of the new vessels - because as soon as they're finished construction they need to be revalued - what impact will that have? That'll flow through into this year's financial reporting?

Mr KANOFSKI - Yes.

CHAIR - Can you tell us what impact that will have?

Mr KANOFSKI - Not yet. We're working through that at the moment. So, it will be in this year's financials.

Mr CARBONE - For the avoidance of doubt, they'll be reflected in the accounts ending 30 June 2026.

Mr KANOFSKI - Yes, this year's account.

CHAIR - So we'll see the revaluation of those new vessels?

Mr KANOFSKI - Yes.

Mr CARBONE - Yes. We have a process of valuing vessels, taking the midpoint of two independent valuations, and that's certainly been historically how the vessels have been valued. So, we have independent valuations that will support the accounts for both *Spirit I* and *II*, and *IV* and *V*.

CHAIR - Okay. So that will all be provided to the Auditor-General.

Mr CARBONE - Absolutely.

CHAIR - Have the existing vessels been sold?

Mr KANOFSKI - The answer is no. We have really quite strong interest in the existing vessels, but they haven't yet been sold. Chris, you're dealing with it, though.

Mr CARBONE - I meet several times a week with our broker, which is Clarksons. There's been, I think it's fair to say, significant interest in the vessels. Certainly, we've had a number of parties conduct inspections, either directly or via agents on their behalf. Certainly, we've had a number of engineering assessments of the vessels.

CHAIR - So, you said they've been revalued too?

Mr KANOFSKI - Yes, although, ultimately, there's a sale price. So, the revaluation of them in the accounts, to the extent they're not sold by the time the accounts are finished, which is unlikely now, because -

CHAIR - Well, the end of the financial year is finished, so you haven't sold them.

Mr CARBONE - As at 30 June [2026], they've been classified as assets held for sale.

Mr KANOFSKI - They'll be held at whatever the independent valuer says, but then ultimately the market price will be the market price when we sell.

CHAIR - That's right, but it will appear in your financials as the value held for sale. That's the only thing you're selling?

Mr CARBONE - We are planning to sell *Spirit*s *I* and *II* and at the moment there are no other assets.

Mr KANOFSKI - There are no other assets for sale.

CHAIR - Okay. Going back to the project: Terminal 1, where current berthing of the *Spirit*s occurs, have you reached an agreement with TasPorts about what you need to do there before handover?

Mr CARBONE - Look, really pleasingly, at the end of the last financial year we reached a commercial agreement with TasPorts and in the most very plain English, it resolved all outstanding commercial matters. So, credit to the TasPorts team and the TT-Line team. We worked together and all outstanding commercials have been resolved.

When it comes to the Terminal 1, we've had a couple of site walks already. Those site walks have included representatives of SeaRoad, TT-Line and TasPorts, because we think working constructively is the best thing. Why I want to highlight that is there's theoretically things that we could demolish at T1, but if TasPorts and SeaRoad can repurpose them, we think that's in everyone's best interests. What I'd say is we're really close to finalising the demolition plan for Terminal 1, and certainly that cost is included within the $493 million project budget.

CHAIR - So, has the timeline for that been pushed out because of this ongoing negotiation with TasPorts?

Mr CARBONE - Not at all. This is just, I guess, taking what's a legal document and constructively working together to get the best outcome.

CHAIR - What is the expected date of handover of Terminal 1 to, I assume, TasPorts it goes to initially?

Mr CARBONE - Look, at the highest level, if I simplify it, we've got six months to kind of finalise those demolition plans, conduct work -

CHAIR - Six months from?

Mr CARBONE - From go live. So, six months from 1 November [2026]. Then there's another - not sure it's appropriate, I've talked to the TasPorts arrangements with another party, but in essence we would expect to hand back the site within 12 months.

CHAIR - Any other questions. Dean?

Mr WINTER - I was going to get onto the corporate plan and those sorts of issues. Does anyone have anything on your line of questioning?

CHAIR - See how we go. Might be some stuff that needs to be in camera.

Mr WINTER - We've asked several of you - you guys have been frequent flyers here at Committees in recent times, and we've also had Estimates during the year. I just really want to get to the bottom of what's going on with the corporate planning process. Under section 39 of the *Government Business Enterprises Act* [*1995* (Tas)], you're required to submit annually revised corporate plans well ahead of time. Have you received anything from the Treasurer to allow you to have not submitted or not have completed the corporate planning process at this point? I know you've submitted something, but there's nothing approved.

Mr KANOFSKI - My understanding, and Chris might correct me if I'm wrong, but my understanding is the guidelines say that the corporate plan ought to be finalised by the end of August.

Mr WINTER - So, the corporate plan is to:

> The board must provide a draft of the Corporate Plan to the Portfolio Minister and Treasurer no later than 60 days before the day in which the Corporate Plan will take effect. The Portfolio Minister and the Treasurer may authorise the board to provide a draft of the Corporate Plan by a day that is later than the day.

So, I'm just wondering if the Portfolio Minister has given you -

Mr KANOFSKI - No, I think we met that date, is my understanding.

Mr WINTER - What date did you submit the documents?

Mr KANOFSKI - Do we have the date when we submitted?

Mr CARBONE - 31 March [2026].

Mr KANOFSKI - 31 March. Okay.

Mr WINTER - 31 March and it's still not finalised. What are the issues that are -

Mr KANOFSKI - Well, it's been subject to review. We received feedback from shareholding ministers, like, just literally in the last couple of days. I mean, what happens with the corporate plan is it goes and it gets reviewed by Treasury, and anyone else the ministers want to review it. It's kind of in their court at that point in time.

CHAIR - Was it also provided to the Auditor-General at this point or is that after?

Mr KANOFSKI - No, we have provided the draft to the Auditor-General, including all the modelling that supports it. So, we provide it obviously saying it's a draft, it's not approved yet, but here it is. I think we did some briefings with Treasury, we've answered questions, we've been through that process. So, it's really, from our perspective, we submit it on time, we participate in whatever way Treasury and/or others want us to in terms of answering questions, but ultimately it's in their gift to approve it.

Mr CARBONE - I think for transparency, we did receive the feedback, and the feedback was largely, if I was to summarise, that they requested additional financial and non-financial measures. So, that was received -

Mr KANOFSKI - As in performance measures, not measures as in things to do: measures as in things to report on.

Mr WINTER - I'm pleased to hear that they're doing that, given the history of the project. The corporate plan though, remind me - is there an actual existing corporate plan that TT-Line is working to or is there currently no plan?

Mr KANOFSKI - Yeah, so we submitted a - and the CEO can talk to the detail of this, but we received an approval to submit a kind of interim corporate plan, if you like, that didn't have any forecasts in it. That is on foot and approved.

Mr WINTER - So, the interim plan without finance – we've now submitted on 31 March [2026]. We're into August. When do you expect that you'll have the corporate plan approved?

Mr KANOFSKI - As soon as we complete the things that we've been asked to complete, it will be approved.

Mr WINTER - They're still waiting for you to come back with some information?

Mr KANOFSKI - No. They've approved it subject to us completing that, which we expect to do quite quickly.

Mr WINTER - When do you think we'll have a corporate plan for -

Mr KANOFSKI - Quite quickly.

Mr WINTER - It's not really a date.

Mr KANOFSKI - I'm not going to give you a date. We need to work through - we got the feedback yesterday. We'll go through that process.

CHAIR - It seems like a long period, between 31 March being provided to the shareholder ministers and to the Auditor-General. I don't know whether he provided any feedback or not, maybe you could address that? Did he provide feedback? Also, why has it taken so long for the government to provide feedback?

Mr KANOFSKI - I'm sorry, you will have to ask the Government, Chair.

CHAIR - I will.

Mr KANOFSKI - I can only talk to what we do, and that's what we do.

CHAIR - You didn't get feedback from the ministers until very recently? Is that you're telling me?

Mr KANOFSKI - My understanding is, is that this is actually very normal, all right?, in terms of timeframes.

CHAIR - We have a company that's had a really bad history here, Ken.

Mr KANOFSKI - I understand that, but you'd have to direct that question to ministers. We received the feedback.

CHAIR - When did you receive the feedback?

Mr KANOFSKI - I think it was yesterday or the day before, dated 5 August [2026].

CHAIR - Going back to Dean's point here, the current corporate plan you're working to doesn't have projections. It's safe to presume, then, that this corporate plan will have the projections in it?

Mr KANOFSKI - Correct.

CHAIR - We know that you had to withdraw the previous corporate plan. What are the fundamental differences between the corporate plan that was withdrawn and this corporate plan?

Mr KANOFSKI - Numerous, is how I would describe it. I think when we were here last in this room - I'm not sure in what capacity, but I've talked about the fact that we went right back to scratch with the financial projections of the business. We built them up with the help of external financial advice. We've built them up from scratch. It's a very different document and, I would hasten to add, probably a very different level of rigour that's gone into those forecasts than what was in the previous corporate plan.

CHAIR - If we can't talk about it here, we'll take it in camera. But in terms of the forecast, what level of debt are you forecasting, knowing that there's - there's two questions, I guess. One is how much of the $410 million of additional borrowings that were taken on that fall due in October this year have been drawn down?

Mr KANOFSKI - What I can say in open - and we can provide some more detail in camera, is we have no debt falling due in October this year. So, we've drawn no debt that is due in October this year.

CHAIR - So the $410 million can be repaid to TASCORP?

Mr KANOFSKI - No. We have drawn down some debt that is due in October 2027, but that debt is subject to a process that we have in place in terms of renegotiation.

CHAIR - With TASCORP?

Mr KANOFSKI - With TASCORP. But we have no debt falling due in October 2026.

CHAIR - So, the additional $410 million debt provision that was agreed to during the caretaker period hasn't been drawn down at all. Is that what you're saying?

Mr KANOFSKI - No. It was split into two tranches. We subsequently, after we received the initial approval, we asked - because we looked at the timing of when we would be submitting things to government and when budgets would be done, and things like that, we asked TASCORP if we could extend the 2026 date to 2027. What they did was they agreed to extend the date on half of the $410 million.

CHAIR - So, that's the $200 million in the budget for this year? That's to pay the part down, the half of that, is that right?

Mr KANOFSKI - Well, look, I mean, it's all - whether you say this money does this or this money does that, it's all part of the overall financing strategy.

CHAIR - I understand it's all in the same bucket. Okay, so let me put the question differently then, Ken. At the end of this financial year and the end of next financial year, what do you project your - well, you'll know what your debt level is now in this financial year, subject to audit, et cetera. But for the next financial year, what are your projections?

Mr KANOFSKI - I won't give you the - because the corporate plan is not yet - the statement of corporate intent is not yet public, I won't give you the exact number in public. But what I can say is we are forecasting debt to peak in 2028, and it'll peak somewhere around the old debt limit, not the 1.4 [$billion] -

CHAIR - 1.1 [$billion]?

Mr KANOFSKI - Somewhere around that number. I'm happy to provide some more information in camera, but that's our expectation.

CHAIR - What assumptions underpin that?

Mr KANOFSKI - Well, a whole range of assumptions underpin that. I mean, our financial forecasts are based on a reasonable expectation about sales, a reasonable expectation about costs, a reasonable expectation on the completion of Berth 3, and things like that, a reasonable expectation that we will be in operation on 31 October [2026], a reasonable expectation that we'll sell the ships. So, all of those -

CHAIR - But you have done other scenario modelling when things don't go according to plan?

Mr KANOFSKI - Absolutely. What I would say is, from our perspective, what we say is it's a kind of middle-level forecast. So, our view is there's just as much chance we will beat it, as not hit it, if that makes sense. So, it's not an aggressive forecast, but it's not a particularly -

CHAIR - Conservative one?

Mr KANOFSKI - Conservative one either. It's a middle-of-the-road forecast. It's what we expect. It is our best estimate of what we expect to happen.

I mean, all businesses are subject to a whole range of factors. I mean, all I can say is that the numbers, the forecasts that we've had and had in place - the new forecast we've had in place since October 2025 to 30 June 2026, on an operating management accounts basis, we have outperformed those.

Mr WINTER - You've got $200 million due this year as an equity injection. Have you received that?

Mr KANOFSKI - Not yet. It's imminent, though, is my understanding.

Mr CARBONE - Expected in the coming weeks.

Mr WINTER - We've heard evidence that you've been in breach of your Master Loan Facility Agreement interest coverage and leverage ratio covenants with TASCORP. Are you still in breach of those covenants?

Mr KANOFSKI - Yes, I believe so. That information has been provided to TASCORP.

Mr WINTER - Does the $200 million equity injection drastically change that, or will you still be in breach of your loan covenants?

Mr CARBONE - We'll still be in breach.

Mr WINTER - What's the rectification for that? What's the plan?

Mr CARBONE - I think the rectification process, quite simply, is that we'll renegotiate the terms of our debt facilities with TASCORP.

CHAIR - Before October 2027?

Mr KANOFSKI - Before October 2026.

Mr CARBONE - Correct.

Mr WINTER - I'm just trying to understand how that could happen. Presumably you'd need a Treasurer's guarantee or something like that because TASCORP typically doesn't like its clients being in breach of those, I'm sure. Are you talking about negotiating away or negotiating down some of those requirements of interest coverage and for the interest and leverage ratio covenants?

Mr CARBONE - I think what I'd say quite simply is that the debt profile we have today was based on plans from a number of years ago that included paying off the debt within seven years. Quite simply, the debt was structured around that. We need to simply sit around the table with TASCORP - we've already started that process, to what I'd call in non-accounting language reprofile the debt to put -

CHAIR - Extend out the repayment period?

Mr CARBONE - That's right, to more in line with the asset life, which is what you typically expect.

CHAIR - If you do it in terms of considering the asset life, surely you need to have a period where you're not still repaying debt while you're planning for new vessel replacement? Surely there needs to be a period of profitability there?

Mr KANOFSKI - And there is. The current forecast shows a period at the end -

CHAIR - At the end of what?

Mr KANOFSKI - At the end of the useful life of the vessel. The debt will be paid off before the end of the useful life of the vessels.

Mr CARBONE - Chair, I wasn't suggesting that the debt matches exactly the useful life.

CHAIR - You're not going to extend it out for 30 years?

Mr CARBONE - No, it's certainly a profile -

CHAIR - Someone could have thought that, though, from what you said.

Mr CARBONE - True, Chair. I guess what I'm saying is that seven years is clearly too short. But again, we'll work constructively with TASCORP to put in place an appropriate profile because, obviously, depending on the period in which we take the debt, that has implications of the interest rate and the basis points.

CHAIR - According to information received in the budget process, the $200 million this year is to deal with some of the debt challenge, as well as other costs. The subsequent two years committed to were to basically pay interest. Is that how you see it?

Mr KANOFSKI - Yes, I mean, in the very broadest terms, what I would say, and I think I've said this before, is that the $200 million allows us to complete Berth 3 without growing the debt substantially, because otherwise the debt would have grown substantially over this coming 12 months as we complete Berth 3. The $102 million per annum will start to make some reductions in debt over those three years.

CHAIR - So, predominantly, it'll be used to pay interest on the debt?

Mr KANOFSKI - Yes, certainly the interest - I can't recall the exact interest bill, but yes is the answer to that. But our projections show - and our statement of corporate intent will actually show this, that we expect the debt to, as I said, peak in 2028 -

CHAIR - But beyond that period?

Mr KANOFSKI - And then start to gradually go down. What our forecasting shows is that as we get the benefit of a full year of operation of the new vessels without having to own and crew two other vessels - and, of course, long-term assets benefit over time from inflation essentially. And because the asset is sunken - probably bad terminology for a shipping company.

CHAIR - That would be dreadful.

Mr KANOFSKI - But you've effectively paid your capital upfront and then the business operates over a long period of time.

CHAIR - I appreciate that, Ken. What I'm trying to get to here is that there's a significant interest repayment that will be required for a number of years beyond 2028.

Mr KANOFSKI - Absolutely.

CHAIR - So, are we likely to see further calls for financial assistance from the Government?

Mr KANOFSKI - Clearly, no set of forecasts is guaranteed. It is not our expectation that we will require additional assistance from the Government. That's not our expectation.

CHAIR - Beyond the current - ?

Mr KANOFSKI - Beyond what's been currently -

CHAIR - Put in the Budget?

Mr KANOFSKI - Approved in this year's Budget and foreshadowed in future budgets.

But, clearly, we will continue to monitor the situation and we'll report to the Government and we'll report publicly on what our financial position is. But it is not our expectation - we think it would be a logical thing to do a review in a couple of years time, once we've got some operational experience of what happened with the new vessels and what the cost base looks like. We've obviously got our cost out program as well. And that would be an appropriate time to regather and regroup, and have a look at the financial position of the business.

But to be clear, our expectation and our forecast is that we will not require further assistance based on our current forecasts, which we regard as reasonable middle-level forecasts.

Mr WINTER - Back to the master loan agreement, is it still just the interest coverage and leverage ratio covenants that are in breach, or have other covenants being breached?

Mr CARBONE - Can I take it on notice? But my understanding is, it's the two.

Mr WINTER - Sure. It's a pretty unusual set of circumstances we're in here. We publicly understand now that you're in breach of covenants with TASCORP. How does this align with the Board's view to you, Mr Kanofski, of your solvency? You're in breach of loan covenants. You haven't got a pathway that we can see for that to change. Is the Board still confident that it's solvent?

Mr KANOFSKI - Well, I think we have got a pathway for it to change. That's the first thing to say. We are in discussions with TASCORP and we believe we'll be able to restructure the debt, which is a normal corporate activity, can I say, for organisations that are going through a challenging period. The business is solvent. It's always been solvent. It's been solvent every day.

CHAIR - But it is economically dependent on the Government at the moment.

Mr KANOFSKI - Absolutely. We required $506 million.

CHAIR - Will you report that in your annual report as an economic dependency?

Mr KANOFSKI - Whilst I'm not going to speculate on what's in the annual report but -

CHAIR - One would hope so.

Mr KANOFSKI - But we will make appropriate disclosures, the directors will make appropriate disclosures in the annual report.

CHAIR - Doesn't AASB 101 require you to report economic dependencies?

Mr KANOFSKI - As I said, we'll make appropriate disclosures. I'm not going to tell you what the disclosure is because we need to do it and we need to go through the audit process. It will be there when we publish our annual report. It will be very clear. We will make a directors' declaration which will make very clear the position of the business.

Can I say it has always been the reasonable expectation of the directors, which is why we went through this methodical process. We went through a methodical process of: ensure that you've sorted out the short term, ensure that you've sorted out the medium term and then sort out the long term. It has always been our reasonable expectation that we would be able to go through that process and come out with a financially sustainable position. To be frank, I think that reasonable expectation so far has been met at every step. I think that bears out the confidence that the directors have had.

Mr WINTER - What's the current level of debt you're holding from TASCORP?

Mr KANOFSKI - We'd have to take the exact figure on notice.

Mr WINTER - Will you be seeking an extension? You talked about a reprofiling on the time. What about the actual amount that you're holding? Will you be seeking further funding?

Mr KANOFSKI - We certainly won't be seeking. Currently we have approval up to $1.4 billion. We won't be seeking $1.4 billion in the -

Mr WINTER - You'll be seeking less?

Mr KANOFSKI - We will be seeking less than that.

Mr WINTER - At least [$]200 [million] less, because that's the amount you're planning to repay?

Mr KANOFSKI - I would probably be happy to talk about it in camera, but it will be somewhere around the old debt ceiling. It will be the new debt ceiling.

Mr WINTER - Which is 1.1 [$ billion]?

Mr KANOFSKI - Somewhere around.

Mr CARBONE - I want to stress we've still got work to do with TASCORP to work through the process.

Ms THOMAS - At the last hearing, you gave us an update on the fuel surcharge. I know things have moved on since that time, and there's been public reporting. But for the purposes of gathering evidence at this hearing, can you give us an update on the fuel surcharge, where it's at now and what impact it had on the business?

Mr KANOFSKI - I will let the CEO talk to the detail of the numbers. At a broad statement, I would say we have recovered substantial money with the fuel surcharge. We haven't recovered the full additional cost, but we've recovered a substantial amount of money.

We continue to monitor whether the fuel surcharge is appropriate. Obviously, as you would know, a few weeks ago we probably had a different view of where fuel prices were than we have today. This is the challenge, right? This is the environment that we're working in. Did you want to talk about the numbers?

Mr CARBONE - Yes. It might be helpful if we just tabled the letter that we provided to the shareholding ministers on 5 August [2026]. That will transparently show in the same format we had in prior months the surcharge and then the shortfall versus that. But at a cumulative level, $3.03 million is the cumulative shortfall between the fuel levy and the increase in expenditure.

Mr KANOFSKI - Importantly though, what I'd say is that from an overall financial perspective, despite this and despite - we had some softening of sales when the war first started. Some of that softening has recovered and we continue to trade ahead overall of the forecast that we made back in October [2025] when we put in place the new - so despite the shortfall and despite the potential softening of sales we experienced for a period of time, we continue now which I think goes to the robustness of the forecasting process and the fact that it's not super aggressive because despite those headwinds, we're ahead of forecast on our management account.

Mr CARBONE - I think we continue to commit as we did upfront that it would be a temporary measure, subject to reassessment.

CHAIR - Why did you decide to run the $50 fare? Some unfortunate report that come up with the voice-to-text that said it was an 'End of an "error" sale', rather than 'End of an "era" sale', apparently?

Mr KANOFSKI - Typically, we're in a competitive market. Winter is the sort-of slow season for tourism more generally and we, obviously, look at what people's alternatives are in terms of airfares and hiring cars and the like. It's not unusual for TT-Line historically to run discounted fares during the low season in order to try and encourage volume. What I would say is, the fuel levy, which is a 15 per cent levy, applies equally to the discounted fare as it did, but it's 15 per cent of the discounted fare. It's not related to the fuel levy: it's related to our normal market activity, which is we try and generate more volume in winter.

Mr CARBONE - What I can elaborate on is that the recent sale's been highly effective. It's driven considerable numbers both in July and certainly forward bookings in August and September. It sits nicely with Tourism Tas's 'come down in winter' campaigns. I guess what I'd say is: we have operational activity right throughout the year. We've historically had Black Friday sales at 50 per cent and 30 per cent. We've had numerous campaigns. Last year we had 'bring your car for free'.

Certainly, what I would say, though, is that the take-up rate for the recent $50 campaign's been highly successful. In fact, we've had a lot of compliments from the industry that's seeing the benefit of those increased numbers in winter.

Mr EDMUNDS - Just on those, and obviously I'll be someone who, aside from some grey nomads and probably some people at this table, Googles the *Spirit of Tasmania* quite a bit. The algorithms sent me into the 'End of an Era Sale' so I've clicked and had a bit of a play on the website seeing the $50 fare. Through my abilities, I haven't been able to book a return or look at a return trip that would cost much less than $300.

I understand this promotion finishes this weekend, and you talk about big uptake but I'm interested as I was able to see some fares out of Devonport to Geelong were $50 but to come back it was a minimum of $210, I think, according to website. I understand it's dynamic pricing, so perhaps you could comment on that, but I'm also interested in: of these sales, how many people actually got over and back from either port for $50 each way?

Mr CARBONE - I can provide that information on notice transparently. I guess the challenge is the promotion is still in market, but I'm happy to revert.

What I would say is we did put a finite amount of inventory on the special at those $50 fares on the sailings, and obviously late into the campaign we saw very strong uptake in the first few days and in fact a week of that campaign. If I could take it on notice, but I am very happy to transparently provide it, but what I would say is the campaign is still running -

Mr EDMUNDS - As of this morning, and I'll stand to be corrected, but I couldn't see a way to get back from Victoria for less than $200.

Mr KANOFSKI - We're not trying to hide the fact that, like all commercial businesses, if we run a sale, we run it on a finite amount of inventory. That's normal commercial practice.

Mr CARBONE - I'd like to add, though, I think we've tried to demonstrate that we are trying to drive those passenger numbers and we're certainly pleased that we finished last year with the higher passenger count than we did the year before and we know how important it is to drive passengers to Tasmania as part of the visitor economy and particularly in winter.

Ms THOMAS - How are bookings comparing with forecasts and are bookings for the new ships meeting expectation?

Mr CARBONE - Yes, certainly from a planning point of view, we have the wet testing or the commissioning, as we called out, coming up on 23 and 24 August [2026]. Once the gantry's been successfully commissioned, we'll then put the balance of the inventory on sale with some promotional activity around that. We'll see a significant uptake once all that imagery becomes available.

Ms THOMAS - But people aren't booking all -

Mr KANOFSKI - At the moment, we're only selling inventory to the capacity of the old ships. But we will put the balance of the inventory on sale after the wet testing.

Ms THOMAS - How are those bookings - current bookings - tracking?

Mr CARBONE - I'd say they're solid. Certainly, we've seen varying months, certainly when the Iran issues first surfaced, we saw a drop-off and certainly in recent weeks we've seen a pickup in confidence and then I guess if you pick the last week when again we saw fuel prices spike, we've seen a slight decrease. It's certainly been - the overall pricing of retail fuel is a large factor in confidence.

Ms THOMAS - Last hearing, I think we talked about freight also remaining down. I think it was around 14 per cent. What are we seeing now or since that time? Has anything changed? Has freight recovered or has competition increased or forecasts being met in terms of freight?

Mr CARBONE - It's a highly competitive market. We've seen a similar performance to what we reported last time in the freight sector.

CHAIR - How do you intend to try and improve that, because that's obviously one of the big selling points of the new vessels? They have significant additional freight capacity. It is a competitive market.

Mr KANOFSKI - I think - most of that question we'd probably seek to take in-camera. We don't really want to talk about our commercial strategy in an open meeting.

CHAIR - Sure.

Mr KANOFSKI - In a highly competitive market.

CHAIR - Is there anything else you want to ask in open session?

Mr WINTER - I was just going to follow up on the fuel surcharge. Is that the continuation of that levy modelled into future years, or is there an expectation?

Mr KANOFSKI - No. The assumption in the modelling for long term was that if there were spikes in pricing of fuel, then it would be recovered by something similar to this. It's not modelled for future years, but the continuation of the cost is -

Mr WINTER - Because it's cost neutral.

Mr KANOFSKI - Yes. We had to make a decision about how to model this thing. We said we'll model fuel prices for what we think the long-term position will be to the extent it's different from that in any particular year. Then we'll deal with that with some sort of pricing.

Mr WINTER - There was more news about the Strait of Hormuz last night. I'm not going to try and follow it closely as it seems to be moving, but what's the current plan with the surcharge? Is there any period of time that you're going to remove it?

Mr KANOFSKI - It's under constant review.

CHAIR - Same with the Strait of Hormuz, I would say.

Mr KANOFSKI - As I said, when we were sitting talking about it three weeks ago, we were probably in a different position than we are today. It is a judgment call for us. It's not a simple equation for us because it plays into the price, which has a potential impact on demand. There are a lot of moving parts, and we were very considered when we put it on and we want to be considered when we take it off, but it is our ambition to take it off as soon as it is practical.

Mr WINTER - I think we ask this question every time, as well, is that the new ships on their opening day, are those spots on the new ships now fully open to book? Or are you still at that reduced booking?

Mr KANOFSKI - No. We're still at the reduced. After the wet testing is complete, at some stage after that, coupled with some promotion, we will put them on sale.

Mr CARBONE - What I would stress is there is still availability on a number of sailings, notwithstanding we haven't put the full capacity on some.

Ms THOMAS - I have another question. At the last hearing we talked about the independent gateway review and at that time it hadn't been completed. Can you tell us now that it has been completed and what assurance rating it received and whether any recommendations that were made have now been implemented?

Mr MOLONEY - At the time of the last hearing, we just recently completed the third project assurance review on the project, and that review identified no recommendations for improvement. So, that's certainly a very good outcome for the project. You'd have to say, based on my experience, probably only, say, the top 5 per cent performing projects would receive a project assurance review without recommendations for improvement. So, it was a good outcome, and I think that's reflective of the fact that the team has really taken on board the feedback from the previous reviews and had worked very hard to deliver the project successfully.

The Committee might recall the - you could call it project recovery team, led by Paul Kirkwood - came on board pretty well at the end of 2024. We had the first review at that time, undertaken in December [2024], and a number of recommendations were made there. Those were addressed. Then in the second review that was undertaken in the subsequent year, I think it was August [2025] the subsequent year, had a much smaller number of recommendations, and those have been addressed. In camera, I propose to table the action plan, which notes that all recommendations from the first two reviews have been addressed and resolved, and, as mentioned before, there are no further recommendations to be addressed at this time.

Because the focus of the previous quality assurance review included the commissioning phase and it was timed specifically so that, were there any recommendations, they could be implemented and the improvements could be made before the company reached the stage that they are at the moment. So, it included, at that time, the testing and commissioning and handover processes that have been described today and the operational readiness for berthing. As mentioned before, there were no recommendations for improvement, so now the company's proceeding through that.

We would anticipate that after the project has been fully commissioned and operational and it's been in place for a suitable period of time and operations are stabilised, we could then undertake a final closeout project assurance review to see whether or not the outcomes have been realised through the project.

CHAIR - Can I just ask where the *Spirit*s *II*, *IV* and *V* are now, currently? One's in Williamstown, is it?

Mr KANOFSKI - Uh-huh. *Spirit V* is in Williamstown and *IV* is at Station Pier.

CHAIR - Why's it at the Station Pier?

Mr KANOFSKI - That was the most cost-effective place. We clearly wanted both ships at berth rather than at anchor and that was the most cost-effective place.

CHAIR - A friend of mine reported it was there, so I thought I'd ask why it was there. I just wanted an update on the full holding costs of these two vessels.

Mr KANOFSKI - I think we'll take it on notice and we'll provide you with detail rather than speculate on numbers.

CHAIR - And breakdown by location, if you wouldn't mind, would be helpful. Okay, we'll do that. Luke?

Mr EDMUNDS - I just had a real quick one on the government business reforms bill that's going through Parliament. Has TT-Line made a submission to that process?

Mr KANOFSKI - No.

Mr EDMUNDS - How do you see your role in that process going forward? Do you expect to be consulted?

Mr KANOFSKI - Well, I think we were consulted as part of the process. I think all of the GBEs were consulted. I don't think we made any comments at all. I don't think - we didn't comment on anything, did we?

Mr CARBONE - Don't believe so.

Mr KANOFSKI - That's my understanding. Yes, I mean, obviously if and when it becomes law, then we'll comply with it like everybody else.

Mr EDMUNDS - So, there was no engagement around some of the - and obviously this predates people at the table - but around some of the issues that have happened in the past, and learnings that you'd made over the last couple of years weren't provided through to that process? Or not formally?

Mr KANOFSKI - I think the people who were doing that were aware of the lessons learnt from this process, but I don't -

CHAIR - They were responding to them, actually.

Mr KANOFSKI - From my perspective, though, I don't think we were actively involved in that process, and you probably wouldn't expect us to be, you know, from the point of view that we're the regulated, not the regulator, in that sense. But we were appropriately consulted, as you'd expect to be, on 'this is what is proposed to happen - do you have any comments?'

Mr WINTER - Just to go back on one of the other hearings that we've had earlier this year, to follow up, one was with the Auditor-General, who was asked about the ASIC concerns.

It was outlined by the Premier in Parliament that the Auditor-General had referred TT-Line to ASIC. Have you had any further correspondence or any correspondence at all from ASIC since that time?

Mr KANOFSKI - No.

Mr WINTER - The Auditor-General, Mr Thompson, also spoke about further correspondence, and Ms Lovell asked: 'Has there been any problems with getting that information' - this is information in relation to audit - 'or is that normal that you're still waiting for documentation?' This is on 1 June [2026].

Mr Thompson said that, 'It's not normal and we've made a number of requests, that have been initially declined, to provide information.'

Can you explain to the Committee why you were -

Mr KANOFSKI - Yes. So, the only documents that have not been provided is our specific legal advice.

Mr WINTER - Around your solvency? Right.

Mr KANOFSKI - That was requested. We've declined to provide that and we will continue to decline that. Our view is that it's not relevant to the audit and also that we're not compelled to do so and it would be prejudicial to our interests.

CHAIR - There's differing views on that, I might say.

Mr KANOFSKI - I understand that.

CHAIR - And different legal opinions, including from Treasury.

Mr KANOFSKI - I understand that. So, we provided all of the modelling that supported both the corporate plan and the equity position. We provided the draft corporate plan. The only thing that we haven't provided to the Auditor-General is our specific legal advice.

Mr WINTER - So on that day on 1 June this year, was that the only piece of advice the Auditor-General was -

Mr KANOFSKI - The other thing that was outstanding at that time was the presentation pack, I think.

CHAIR - What's the presentation pack?

Mr KANOFSKI - The same presentation pack that you saw here in camera.

Mr WINTER - That was in relation to the solvency?

Mr KANOFSKI - No, to equity injection. Our view on that was it was Cabinet-in-confidence, so it was a question for the Government. Then the Treasury decided to release it, so we released it at the same time. In other words, we didn't think it was our gift to give.

Mr WINTER - So, the Auditor, presumably, is going through a similar process to what happened last year and as part of that process he's asked for your advice around your solvency. You've just outlined that you won't release that. Can you explain to the Committee why you wouldn't release it to the Auditor?

Mr KANOFSKI - Because the whole concept of legal professional privilege is so that you don't prejudice the interests of the company, and in this case, the directors as well. I think you'd understand, in circumstances where actual allegations have been made, then it is reasonable for directors and the company to keep its legal advice privileged and confidential. That is the nature of legal advice.

Mr WINTER - The issue I have is that you're a very important company to Tasmania's economy, publicly owned, and we're in a circumstance where it feels like we're in an impasse where we have the Auditor-General of Tasmania who's given an opinion that you're insolvent, you're saying that you're not, and it doesn't appear there's any way to break this impasse.

Mr KANOFSKI - Sorry, but us providing him our advice won't change that. His assessment is his assessment. It's not our assessment - it's his. That's an independent judgment he forms, having reviewed all of the information. Someone else's opinion on that, in my view, is actually quite irrelevant to informing that view. It's someone else's view. He's forming his own view.

CHAIR - So you're not saying he was wrong - you're saying he's formed his view and he's entitled to do so: he's got a statutory responsibility and he made a determination that the company was insolvent at a particular point?

Mr KANOFSKI - Well, he doesn't make a determination. Can I just -

CHAIR - Sorry, he made an audit finding.

Mr KANOFSKI - This is important. This is important because I've heard this loose language before that the Auditor-General has 'determined'. The Auditor-General does not determine solvency. The Auditor-General has to review the going concern assumption in the business, and last year we got an unqualified audit report on a set of financial statements that were prepared on the basis of a going concern. The directors presented it on the basis of a going concern, and we received an unqualified audit report. Separately to that, the Auditor-General formed a view on solvency, okay? In my understanding, he's not required to form that view, but he's entitled to.

Mr WINTER - He's obligated under the *Corporations Act* to report it though, isn't he?

Mr KANOFSKI - I guess he's got to form some view in order to be able to test that theory. But to say that the Auditor-General 'has determined' is just actually not correct. It's an opinion.

Mr WINTER - Was the increase in -

CHAIR - He has formed the opinion? That's the language, is it?

Mr KANOFSKI -Yeah, he's formed that opinion. And that's fine. I don't have any problem with him forming that opinion. We respectfully disagree with that opinion.

Mr WINTER - Was the increase in the loan facility required for TT-Line to be audited as being a going concern?

Mr KANOFSKI - Certainly we needed cashflow, which is not unusual. I think I've given evidence in this Committee before.

Mr WINTER - Was that the Auditor-General's requirement that you went and got that?

Mr KANOFSKI - No, it wasn't the Auditor-General's requirement. We went and got an increase in the debt limit because we needed the cash in order to complete Berth 3.

CHAIR - You also got $75 million. It was really around the $75 million, wasn't it?

Mr KANOFSKI - Sorry, yes, and we got it. Sorry, I thought that -

Mr WINTER - If I recall correctly, before the election, TT-Line provided advice that it didn't require an increase -

Mr KANOFSKI - In the debt limit?

Mr WINTER - In its debt limit. Then not too long afterwards, it was quite a quick process in which -

Mr KANOFSKI - Yeah, no. And I've explained -

Mr WINTER - And so, the assumption has been - and perhaps it has only been an assumption, is that the Auditor-General was driving that.

Mr KANOFSKI - No, not at all.

Mr WINTER - What changed for that to happen?

Mr KANOFSKI - What happened was that we had been discussing with the Government - and I've given evidence on this before, so I'll give the same evidence.

Mr WINTER - I think we're all in the same boat. We've had a lot of these.

Mr KANOFSKI - We had discussions with the Government. We were already in discussions with the Government in the lead-up to the election. The election, as you know, was called relatively quickly. We formed a view, and our advice was, we said, look - what we said was, 'We need this by the time we sign our accounts'. This was the directors saying, 'We need this by the time we sign -

CHAIR - We need a capital injection or the extension of the borrowing?

Mr KANOFSKI - No, no. We needed the extension of the borrowing. The capital injection came later. 'We need this by the time we sign our account.' On the timing of the election, that looked reasonable that caretaker would be finished by that time, so the discussion was, we think we can wait until after the end of caretaker.

Our independent financial advisers said, 'Look, we would be more comfortable, and we think it would be prudent for you to get it earlier than that because you don't want to be in a circumstance where you're getting very, very close to the point.' We took that advice and we changed our advice to government, and they acted accordingly.

CHAIR - And TASCORP required certain undertakings in all of that?

Mr KANOFSKI - Correct. All those undertakings have been met, and the process we go through -

Then with the subsequent equity injection, the $74.8 million, I think, $75 million, we formed an assessment. This was subsequent to the debt thing. I think we've moved on six months after that. It was about when we started to reprofile that modelling and we got a pretty solid view of the next two years early on because that was our initial view. And we went, 'We would be more comfortable if we got equity rather than drawing down some of that debt'. So, we asked for $100 million. We got $75 million. We were able to work with that.

It was really about being financially prudent at both those steps. It was about doing what you'd expect us to do, which is consider all the circumstances and say, 'Are we being financially prudent here?' So, it was a very logical process.

Mr WINTER - Did the Auditor-General attempt to compel TT-Line to provide the legal advice?

Mr KANOFSKI - He has written to us, requiring us to provide it, and we've written back respectfully saying that we're not going to.

Mr WINTER - What's the current status?

Mr KANOFSKI - That's the current status.

Mr WINTER - Okay. It seems we will be stuck on this issue for quite a while.

I understand there's industrial action plans this weekend around ports. Is that correct? If so, what's the impact likely to be on TT-Line?

Mr CARBONE - I think if it's appropriate, I might ask the Harbour Master to comment. Otherwise, at this stage we understand there is industrial action planned. I guess at a high level we're working with TasPorts to try and mitigate any impact. TT-Line at the moment is having our own EBA[1] negotiations, but this relates specifically to TasPorts and their union.

Mr WINTER - Any information you're able to provide?

[1] Enterprise Bargaining Agreement

Mr WALL - All the shipping movements will be assessed in the same fashion that they do on any other given day. Where the minimums can't be met, they won't happen. As far as impact on any vessels in the Port of Devonport, we have alternative contingencies in place to make sure that every vessel is assessed in the normal fashion, and any delays will be promulgated in a good early time to any effect on the ships. But I do not envisage at this point in time, as we sit here today, at 11 o'clock on Friday, I don't envisage any delays to shipping over the weekend.

Mr CARBONE - We're certainly monitoring it and, as a TasPorts customer, mindful of any implications it might have.

Mr WINTER - Will TT-Line be reporting any termination payments as part of its 2025-2026 financials?

Mr CARBONE - Yes, we will.

Mr WINTER - Are you able to tell the Committee the amount and the number of terminations that have occurred?

Mr CARBONE - No. I am happy to talk to it in camera, but certainly we're still working through our annual accounts and, as part of that, there's a clear section where we identify those.

Mr WINTER - How many terminations have there been?

Mr CARBONE - Under the Treasury guidelines, there's been four listed as terminations, but they include genuine resignations where people were paid out their annual leave and long service leave, and they get reported under the requirements as a termination.

Mr WINTER - What positions have been subject to those termination plans?

Mr CARBONE - I think we take that in camera please. But we'll happily share this when we publish our annual accounts.

Mr WINTER - It will come out in the annual reports, obviously. Given that they will be public soon enough anyway, can you give the positions that have been terminated?

Mr CARBONE - No.

Mr KANOFSKI - We are happy to do it in camera for the moment, and then when the annual report comes out, it'll be in the annual report.

Mr CARBONE - We're very happy to provide detail in camera around the circumstances of those.

CHAIR - We might finish the public part of the hearing and ask that we stop the broadcast.

The Committee adjourned at 11:02 am.