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THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS
MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON
THURSDAY 5 FEBRUARY 2026.

TT-LINE QUARTERLY UPDATE

The Committee met at 9:01 am.

CHAIR (Ms Forrest) - Welcome back after summer break, Minister. It's good to have you back in good health. Thank you also for your team appearing before the Public Accounts Committee inquiry into the ongoing progress with *Spirit III* and the new *Spirit* vessels for TT-Line.

I will ask you to introduce the members of your team at the table and then ask them to do the statutory declaration for us. I understand you're going to make an opening presentation, but you may wish to make some opening comments to start with, perhaps. I will leave it with you and then we will go to questions after that.

Mr VINCENT - Thank you, Chair. On my right, I have Craig Limkin and Ben Moloney; and on my left, TT-Line chair Ken Kanofski and CEO Chris Carbone; and project manager - easiest way to describe the many hats you wear - Paul Kirkwood.

Mr KENNETH JOHN KANOFSKI, CHAIR, **Mr CHRISTOPHER DAVID CARBONE**, CEO, **Mr PAUL LAWRENCE KIRKWOOD**, PROJECT MANAGER, TT-LINE; **Mr CRAIG ANTHONY LIMKIN**, SECRETARY, and **Mr BENJAMIN LUKE MOLONEY**, PROJECT ASSURANCE, DEPARTMENT OF STATE GROWTH, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Thanks. Just before we start, I understand you have some confidential information you wish to share with the Committee. We will try to do that in one block so we can then go into camera and come back out. Whoever's presenting that, you can indicate that when you get there.

Mr VINCENT - Thank you, Chair. Certainly, the Chair, Ken, will indicate a few things like that during the day. I'm not sure of the time that we would probably need in camera, but we did discuss probably 20 minutes to half an hour, but you will be the best judge to work that out as we work through what we need to do.

Thanks for the opportunity to be here. I welcome the chance to come along. Since taking this role on a few months ago, it has been a very exciting journey, and I'm confident that things have turned a corner and we're moving in the right direction. For that reason, I probably do not need to make any other opening statement, other than to pass to Ken to cover off on a few things as an opening statement.

Mr KANOFSKI - Thanks, Minister. I'm pleased to report to the Committee that the vessel replacement and Berth 3 Devonport project remains on target for the first commercial sailings of the *Spirit of Tasmania IV* and *V* in October 2026. We're also on target to deliver the Berth 3 project within the revised budget of \$493 million.

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The *Spirit of Tasmania IV* is at anchor in Geelong. We continue to be in discussions with several Victorian ports with a view to bringing the vessel to a berth. There are likely to be substantial cost savings if we achieve this. There is no suitable berth available in Tasmania.

The *Spirit of Tasmania V* is in Leith [Scotland] and will make the journey to Australia. We're looking to mobilise *Spirit of Tasmania V* in March 2026. We don't have a final date yet, but that's the plan. It's approximately a two-month journey and then we will be here at the end of cruise season for fitting out. We're not completely certain yet - it's a logistical question about whether she comes first to Victoria and then to Tasmania or just comes straight to Tasmania. That's really about availability of Berths and fit-out logistics.

CHAIR - The fit-out will be done in Tasmania?

Mr KANOFSKI - The fit-out will be done in Tasmania.

Spirit of Tasmania I and *II* continue to provide great service across Bass Strait. They are also for sale.

At Berth 3, the Committee will have seen on Monday [2 February 2026] that the site is progressing very quickly. The arrival of the gantry from China on 29 January 2026 marks a major milestone for the project. The gantry is currently being unloaded and will be fitted out and assembled over the next few months. A terminal building is also progressing at pace, with a slab poured around a week ago.

Much of our attention is now turning to operational readiness planning, which is proceeding ... The projects are a far cry from the project we first described to you as a new board, and as a recovery team with Paul in late 2024.

As the Minister said, we've got some things in camera. We've got a presentation from Paul in open Committee. My suggestion, through you, Chair, is that we do that now. We've got three things to deal with in camera. We're really in your hands. The timing doesn't really matter - we can either do it at the start or do it at the end.

CHAIR - We can go in and out too. If you think it's more, in terms of providing contemporary evidence, it may be better to do it that way, but let's see how we go and maybe see what Paul thinks if he's presenting it.

Mr KANOFSKI - Yes. Paul's presentation has an element, so he will present now in open. His presentation also has an element of in camera as well, where we will talk about some of the commercially sensitive parts of the project.

Mr KIRKWOOD - I would appreciate it. It's going to be on the TV screen at the end, so hopefully everybody can see the images, but they are available and we will provide these to the Committee as well.

As Ken said, we wanted to give a short, really concise presentation to bring the Committee up to speed for those who weren't able to attend on Monday, to bring the Committee up to date on where we are with the project, and why we're getting increasingly confident that we will be delivering this for first sailings in October [2026].

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What we can say - and this is to echo Ken's opening statement - we are intending, or on target, to complete all the construction works at the end of September [2026]. That's well on track. That allows us to hand the terminal over to the TT-Line operational team to get it ready for first sailings in October [2026]. We are increasingly confident that those two dates will be met. The project is well within the \$493 million budget. We will take the Committee through those numbers in more detail in the in camera session at the end, but they won't be part of this presentation as we stand today.

What I'm going to do is walk through each of the main areas of the site. Now, the Committee will have seen these areas as we walked around on Monday, but not all of the Committee could attend. I'm going to split the site up into five or six sections and just run through where we are on each, and hopefully that will give you some confidence of where we're at.

As Ken said, the gantry was our last major risk - the area of the project that we really needed to see complete, or at least get into Devonport, to give us that clear run home. The gantry has been built in China. As you see with the image on the left, by building it in China we were able to fully assemble that gantry and test-fit it, have any modifications made before the gantry was disassembled, taken back indoors, sandblasted and painted, before being loaded on the *BBC Coral*, which is a specific charter vessel just for this. It brought it directly from the fabrication yard in China directly into Devonport, and it arrived late on 28 January 2026 into Devonport. There was a short delay in offloading, because we had to go through the biosecurity and quarantine approval process with the Commonwealth. That clearance was given on Monday evening and offloading commenced on Tuesday [3 February 2026]. We expect it to take around about 10 days, maybe up to 14, to offload - these are these are big units that are being offloaded.

I know there's been some concern about the fact it was made in China, and what we can say is we did have an independent verification team based inside the factory for the whole duration of the build. They were able to inspect all welds, all painting, all quality, all safety. They were also able to sample all of the steel and bring that steel back to Australia, where it was tested in Australian laboratories to ensure that it was compliant with all Australian standards. I think the Committee can be assured that the construction of this gantry has been done to the highest standards that we would expect. I think we can be confident.

CHAIR - Just on that, Paul, before you go off that, one of the other concerns that members of the public have raised is that, surely, we could have built this in Australia. Could we have?

Mr KIRKWOOD - Happy to answer that one. We did explore - going back into March and April last year [2025], we were in discussion with Australian fabrication yards both here and in mainland Australia. Each of these units, the gantry is significantly larger than the Geelong gantry by some two-and-a-half times in weight. The components that people will see moving around now, the smaller components, are maybe 12 metres square by 10 metres high, and weigh 200-250 tonnes. We simply can't move them by road. They have to be moved by ship. We don't have a fabrication yard at a shipyard in this country, and we could only find that facility offshore. Even if we were to find somewhere in Victoria or Tasmania that could build them, we couldn't physically get them to Devonport. The selection of offshore manufacture was entirely technical: it wasn't a cost-based decision.

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CHAIR - Was that because of the limitations of road transport?

Mr KIRKWOOD - Because of the limitations of road transport. The largest section of this gantry is 25 metres square. That's wider than a four-lane highway and weighs over 320 tonnes, plus the moving equipment. There is simply no facility or no means by which you could move that from anywhere but a shipyard manufacturing location.

I will touch on the marine works. The marine works cover everything that you need in order to load the vessel and berth the vessel. This is going well. The area that caused us all of the headaches or the difficulty from the start of the project, which is the marine piling, is complete, and the wharf infrastructure, the guide fender, the dolphins and all of the mooring equipment that has to go in, that is underway. That will be completed by July [2026] this year. The ramp - what we call the fixed-shore ramp, which is the big loading ramp - is currently on schedule to be completed in May [2026], but I think we may actually bring that in earlier.

This work is going well, and now we are out of the piling, I think we're pretty comfortable that this will be delivered ahead of program.

CHAIR - Who is delivering this work?

Mr KIRKWOOD - BMD are the primary contractor for this, but the marine works is a subcontractor of BMD, which is Fitzgerald Construction, and the fixed-shore ramp is being built by BridgePro. They're all performing well, so we're very comfortable.

I will touch on the fender upgrade to the C48 wharf. That's being carried out by TasPorts under our coordination and cooperation, and we meet with TasPorts on a weekly basis to manage that project. At this point in time, they're intending to conduct that work in April-May [2026], though much of that work is actually being constructed off-site and will just simply be installed in April-May [2026].

CHAIR - In Tasmania?

Mr KIRKWOOD - Yes, it is. I will just say, on the fabrication, we have used local Tasmanian steel providers as much as possible. The piling that you see on this image here was all produced in Tasmania. All of the marine piles were made here.

Freight yards: again, for anybody that came to the site on Monday, you will see that the freight yards are largely complete. This is the most advanced area of the site. We are, at the moment, just finalising the entrance and exit to the site for the freight yard and building the freight offices. But the actual freight yards themselves with the asphalt and concrete works, that's complete. There are even streetlights up now and the cabling is going in, so this area is pretty complete.

Passenger boarding: this is the area of the site that customers coming to the *Spirit* in a car will be most familiar with. You enter the site, you go through ticket booths, you go through quarantine and biosecurity, and then you park up in passenger lanes waiting to board. This area of the site, although it still looks on the image as a work in progress, was always intended to be one of the later parts of the site completed because this is the area of the site we needed in order to provide the logistical area for the marine works. Now the heavy marine works are nearing completion, this area of the site is now handed back to the contractors to complete.

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Again, we expect - this isn't particularly complicated work and the work underground and all of the sub-grade work is complete - so we expect to see these areas finished in June or July of this year.

Passenger terminal: this is on a different part of the site, being completed by VOS. They're well underway and, as Ken said, the ground floor slab was poured about a week ago. It's out of the ground now and some of the large components, like the Tasmanian timber frame, that's in manufacture off site and will be coming to the site in April [2026] to stand up. That will be a big milestone for when that happens.

CHAIR - Where is that being constructed?

Mr KIRKWOOD - It's being constructed by VOS. It's a Tasmanian timber frame building.

CHAIR - Are they sourcing the timber from local suppliers here?

Mr KIRKWOOD - Yes, they are. Correct. At this point in time, we are hoping to have the terminal handed over sometime in early August, although we're predicting a 30 August [2026] completion. And the intent is to give it over to TT-Line to begin their operational readiness at the whole site.

CHAIR - In terms of all the IT infrastructure that has to go into that building and the security of those things, whose job is that? Is that in the VOS contract?

Mr KIRKWOOD - No, it isn't. This really talks to this slide. Across this site, we have, overall, seven contractors. BMD is the largest contractor by value but there are seven contractors on this site. We've got to get all of those contractors together and turn this into an operational facility. As you talk to the IT, security controls, all of these things touch on every single part of this site and they cut across every single construction activity - every single separate contractor. We've taken that work back in-house as part of the T3 team, so we will, after taking possession of each of these site areas off the contractors, be going back in to install security, install IT, do the integrated testing and integrated commissioning, turning this from seven construction projects into an integrated terminal building. That work will happen from August through September [2026], with our intention to be able to hand the site over to Chris and his team at the end of September so that he can then turn this into an operational building, an operational facility by the end of October [2026].

CHAIR - You will need different people to do that. Different people do IT and security than the people who build the gantry.

Mr KIRKWOOD - Well, yes, we do need different people, but those people are already engaged and part of the T3 team. We have a dedicated IT and security team inside our team, so that's already been planned for.

That concludes the public section. There are some other slides with more detail, but we will take those in camera if we can.

CHAIR - I think it will be helpful to go through the costs and that now, and then we can come back out.

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Mr KANOFSKI - It will be more integrated, I think, if we go to it now.

CHAIR - For anyone who may be watching, we are going to go in camera now, which means the feed will stop. Roughly how long do you think we will be, Paul?

Mr KIRKWOOD - Five minutes.

CHAIR - In five or ten minutes, we will be back online, so if you want to continue to watch, just keep watching and we will come back online shortly.

The Committee suspended from 9:18 am to 9:41 am.

The Committee resumed at 9:42 am.

CHAIR - Thanks for that. We have some things we want to follow up on from that information in camera, acknowledging that the confidential nature of what you provided will remain confidential with the Committee.

Back to our discussion: Bec asked a question about the agreement for lease for the Devonport Berth. Did you want to ask anything in the public session on that now?

Ms THOMAS - Perhaps if we could just have an update on where the agreement for lease is at, please?

Mr KANOFSKI - There have been extensive negotiations over the last several months. Mr Carbone has been leading those on behalf of TT-Line, and we've reached agreement at that officer level. That agreement needs to be ratified by both boards, but all commercial matters are settled between the two entities - subject to both boards approving.

Ms THOMAS - You expect sign-off to be in the next couple of months?

Mr KANOFSKI - In the next couple of months, yes.

CHAIR - Roger, you had a question for the Minister?

Mr JAENSCH - I did. I had an earlier question as well regarding the -

CHAIR - Let's just deal with the AFL one at the minute, and the dealings with TasPorts.

Mr JAENSCH - Okay. I wanted to ask the Minister for a statement of his assessment, or confidence, regarding matters where there has been, in the past, misunderstanding or disagreement between the boards of TT-Line and TasPorts regarding certain aspects of the project. We're now hearing positive reports that matters are being resolved or are in agreement between the organisations. You sit in the room with both boards and both organisations, and I'll just give you the opportunity to give a statement regarding how you see that relationship, given the historical context of this project?

Mr VINCENT - Yes, I think we've seen a big change in that area, Mr Jaensch, since the changes with both CEOs and both boards. I feel very confident in discussions that I have with

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both organisations, separately and together, and also at CEO level and board level, chair level, that those communications are progressing very well. They are both reporting that very sensible conversations are taking place. There's been no indication that anything other than that's been happening.

Mr JAENSCH - You're not getting conflicting reports coming up from the different organisations? That's great.

Mr VINCENT - Definitely not. Definitely no conflict or anything other than cooperation to achieve the end result.

CHAIR - How often are you meeting the boards or the representatives together and separately?

Mr VINCENT - We have weekly communication, but we have our regular fortnightly meetings and regular monthly meetings, and if anything pops up we are still in communication through the office, as required, on a daily basis if needed, so that communication is pretty close. Both chairs will ring me if they need to update me on anything outside of those regular meetings.

CHAIR - Do you get written reports at those meetings?

Mr VINCENT - No, we have agendas for those reports that we work through all the time, and cover off on a lot of the different purchases, yes.

CHAIR - Are there records kept from that? You don't just keep it in your head?

Mr VINCENT - I have regular visits on site from both sides, from TT-Line and TasPorts.

Mr KANOFSKI - If I could add a couple of things to that as well. There's a whole-of-government oversight committee for the Berth that is chaired by Mr Limkin. Both TT-Line and TasPorts attend and report at that Committee. Mr Carbone and the Acting CEO of TasPorts have had the day-to-day carriage of the negotiation and settlement of all the issues, but the Chair of TasPorts and myself certainly have had discussions and talked about the principles we both saw as being important in that settlement, and the spirit of the negotiations. We've stayed in touch through the process to make sure that it's proceeding in a way that we're happy with.

CHAIR - How often does that Committee meet?

Mr LIMKIN - Through you, Minister. The Committee now meets monthly. It's gone from weekly to fortnightly to monthly. Depending on if there is an issue, we will obviously change the cadence of the Committee. At this stage, there is no issue so they are meeting monthly. The minutes out of those meetings are then provided to the Infrastructure Delivery Cabinet Committee so that Ministers are formally briefed. If there are any matters that come out of that meeting, I pick them up with the Minister as part of my regular fortnightly Webex.

Mr WINTER - Minister, it was just said that the relationship is being - around the acting CEO of TasPorts - it was reported that Mr Donald wasn't finishing until March [2026]. Has he finished his tenure earlier than was announced?

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Mr VINCENT - No, it wasn't acting. That's only just moved into place with acting. He's on leave.

Mr WINTER - He's been on leave - he's still in the position of acting CEO just in the normal course of - thank you.

CHAIR - Do you anticipate that Committee will meet more frequently coming closer to commissioning?

Mr LIMKIN - Through you, Minister. The Committee has started looking at commissioning and, you know, operational readiness. At this stage, the first major discussion is this month, February, on operational readiness. We will make an assessment on whether we need to. The preliminary reports we've been receiving both from TasPorts and TT-Line and collectively, that is all progressing well.

Mr JAENSCH - We had some discussions in the last part of the meeting regarding the timeline for delivery of the projects and the confidence levels that you have, all risks being considered - known and unplanned ones. We note that in the past, sometimes things like windy weather have made it difficult with your construction. Sometimes in the past we've had the Mersey River in flood conditions and things like that. Could you give us some examples of the types of unplanned events that are factored into your thinking about delivery by the end of October [2026], as has been announced?

Mr KANOFSKI - I might let the project director talk to that. He's in a position to talk to that in more detail.

Mr KIRKWOOD - Of course, the risks you talked to - the river, the weather - they're all factored into all of the contractors' programs and planning, and each of the contractors carries their own contingency to cover for those events. At a project team level, the risks we are focusing on at the moment, they can be quite technical and quite specific. The rock bag installation on behalf of TasPorts is very complex - it's under the water; it has to be surveyed after each rock bag. This is something that we as a team put additional resources on to manage. When you're dealing with anything in the river or under water, it always carries its own risk, but we put the mitigations in place.

As we look forward, the team is focused now on the process to stand the gantry up. Again, that has been mitigated, and this is what we try and do with each of these risks is to plan ahead and mitigate. We have already stood the gantry up in China. The contractor who will do it here is the same contractor that managed it in Geelong.

This is the risk mitigation work that we do, but we do have an active risk register. The risk team and the risk Committee on the project meets every week. The risk register is updated with each of the contractors every week and the mitigation plans are put in place every single week for those issues. It's an infrastructure project. We can never say never for things going wrong, but at this point in time we have a pretty good handle on it.

Mr JAENSCH - In the past, some of the things that have been alluded to have had to do with the supply chain for materials and equipment both for the vessels as well as for some of the other equipment. Are our risks contained to the site now, or are there external things that

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are beyond our control to do with, you know, global events or changes in the market? Are we past some of those now?

Mr KIRKWOOD - I can speak for the site. I will let Chris Carbone talk to anything with the vessels. From a site point of view, all of the major components are now here. The gantry, the link spans, the mooring units, the power supply kit - everything that we need as part of that global supply chain is now here.

CHAIR - The security IT requirements?

Mr KIRKWOOD - Those contracts are being let in the next week to 10 days, but again, we're not sourcing anything that has a long supply chain. It's standard equipment. From a supply chain point of view, no, we're pretty comfortable now that we have everything we need to do.

Mr JAENSCH - That's good. Thank you.

CHAIR - We did have a discussion in camera about some of the priority risks - if you could go through those. We did say that there should probably be a public discussion, so if you could list those priority risks - maybe Paul, in charge of the project? That one, yes.

Mr KIRKWOOD - These are the priority risks that are the focus of the Terminal 3 team at the moment - the gantry and offloading lay-down process, which is active at the moment.

CHAIR - How long will that take?

Mr KIRKWOOD - It started on Tuesday morning [3 Februray 2026] and the contractor is saying around about seven days.

CHAIR - As I understand from when we visited last week, the ship has to move off the berth and turn around and come back in.

Mr KIRKWOOD - It does. That will happen. That's the last piece of equipment to come off the ship, so everything else will be offloaded first. They managed to move two of the components on the first day while they were learning how to do it. We don't envisage any significant issues arising with the rest of the components coming off.

CHAIR - You've laid it down in the order that it needs to be constructed?

Mr KIRKWOOD - Yes, we have, but we have some very large equipment that can move it around if we haven't.

The gantry installation we've touched on - we've built it before, we have the contractor that knows how to put these things together, so again, that is something we're planning for. It's something that we have in our weekly discussions with the contractor, planning ahead for that work to happen. That will begin, I believe, around April/May [2026] when we will start to move those pieces into position.

Scour protection is just a complicated piece of work. These are the rock bags that have been talked about. Each rock bag has to be surveyed and we're dealing with things that happen underwater, so it's an ongoing risk for us.

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The installation of the fenders - these are the modified fenders to the existing wharf. This is work being carried out by TasPorts. We have it on our priority risk list because we're not managing it, but we are working on a weekly basis with TasPorts, monitoring progress and working through the logistics of that piece of work.

CHAIR - TT-Line are paying for that?

Mr KIRKWOOD - Yes, TT-Line are paying for that work.

The final two go really towards turning this from a construction project into an operational site - the link span and the mooring system. The link span is the moving bridges that connect the gantry to the vessel that people will drive across in trucks or cars. They all have to be installed and commissioned to the vessel. When we do that process we will be using one of the new *Spirits* to do that work, but that will happen quite late in the project.

CHAIR - How long do you expect the *Spirits* to be in the river doing the commissioning but not operating as a ferry service?

Mr KIRKWOOD - It's hours. When we -

CHAIR - How many weeks will you be doing that process? The reason I ask is that a lot of people will see the shiny, new ships in the river and think, 'Oh, we're ready to go', but it's actually not operating as a ferry yet.

Mr KIRKWOOD - It isn't very long. To give some context, when we did this commissioning process at Geelong it was two visits for about two hours a visit. It's not very long. The ships will come in, do what they need to do, and leave straight away.

The final piece is where the real focus of the team is at the moment, which is the handover and completion - turning it from the seven construction projects into an integrated site and all of the work we need to do to make this an operational terminal, changing it from construction to operation.

CHAIR - I'm happy to make an inquiry about that. I'm not sure if the people online can hear it, but there's construction work going on above us. It might make it hard for Hansard, I'm not sure. We might see if they could just hold that off.

Roger asked a question about some of the unplanned risks. These are your priority risks. The weather can obviously be one, and high winds too - I don't know whether that could delay the construction of the terminal building. They'd be pretty big sheets of iron, I imagine, going on that.

Mr KIRKWOOD - The terminal building I would be less concerned about. For us, in terms of wind, the standing up of the gantry when we're moving by crane units weighing 200 or 300 tonnes means we have a lot of contingency in the erection sequence of that gantry to cater for that. This is Devonport, so it's going to be windy at some point. We have to plan ahead for that.

CHAIR - There was one point you had to lay the crane down because of the wind.

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Mr KIRKWOOD – Yes: that happens not infrequently. That's not an unusual occurrence.

Mr JAENSCH - I don't think with this questioning we're looking for anything in particular. What we're doing is reflecting a history where there's been a whole lot of false starts and a whole lot of supposedly unanticipated turns of events, which have meant that we haven't been able to meet budgets and timeframes. I think our job is to give the parliament and the public confidence through our questioning that those risks are fewer and fewer as we get the moving parts on site, and more and more controlled as we go. I'm just looking for your assurance regarding that and something that we can take confidence in that we don't end up with another missed target.

CHAIR - It's unlikely there will be any surprises?

Mr KANOFSKI - How I would describe it, and I talked in this Committee before about this - is the fact that when Mr Kirkwood took this project over and when this new board and management team first came to it, this project didn't have what I would call the normal checks and balances at that time. It didn't have the normal control systems and risk management processes that I would naturally expect to see on a project of this scale and complexity. It does have all of those now.

Yes, unexpected things can happen, but we've got processes in place. We have contingency allowances which allow for both known risks and the completely uncontrollables, like weather and wars and supply chain issues and pandemics and all of those sorts of things which you simply can't control.

Mr JAENSCH - We would seem to be less exposed to those now -

Mr KANOFSKI - Absolutely. The fact that we have all of the major componentry here in Devonport now clearly reduces your supply chains. Previously, the last time we were here, we talked about the risk with the gantry, because the gantry had to be fabricated, then shipped, it had to clear customs in Australia and do all of those sorts of things. All of those things have the potential to go wrong. Thankfully, they didn't. The journey was delightfully boring and the process -

CHAIR - They cleared customs in Devonport. Can you just explain that, because that's not a usual process?

Mr KANOFSKI - We got agreement from the Australian Government authorities to use Devonport as the port of entry. That was a significant benefit to us. There were times earlier in this project where it was talked about that we'd have to go to another port, offload, clear customs and load up again.

CHAIR - Why do you have to offload? We talked about this on site.

Mr KANOFSKI - From a biosecurity perspective, and all of the other border control mechanisms, the equipment has to be inspected by inspectors -

CHAIR - Off the ship?

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Mr KANOFSKI - Yes, generally speaking, off the ship. We and our contractors worked a lot with the Commonwealth authorities to put in place a process to manage that efficiently in Devonport so that we didn't waste two weeks going somewhere else and then coming here. Yes, Devonport is not a normal first port of entry for cargo into Australia.

CHAIR - That worked well?

Mr KANOFSKI - I will let Mr Kirkwood talk about it, but I think it went pretty well.

CHAIR - We saw it in action when we were there, actually.

Mr KIRKWOOD - To provide some context, quite a lot of work had to be done to make this a first port of entry, including setting up security compounds around the site. The process, and getting the approvals from Commonwealth departments like the Department of Agriculture, Fisheries and Forestry (DAFF), requires a lot of work to be done. If it's being done for the first time in a port like Devonport and it's not a normal port of entry where the processes are well understood, it takes a couple more days to go through that and more site inspections by DAFF. Biosecurity Tasmania were also involved in those inspections to make sure that the port is ready and capable of handling the customs clearance that needed to happen. It went through very quickly.

CHAIR - What was the cost of that? I understand there's costs of not doing it. I'm just interested in whether there was a cost incurred by TT-Line for that.

Mr KIRKWOOD - No, it's part of the fixed price of the contractors.

Mr JAENSCH - Chair, can I ask another follow-up question again regarding those risks?

CHAIR - Dean, is your question on risks?

Mr WINTER - I'm trying to move off. We've only got an hour to go.

Mr JAENSCH - Previously there's been another risk associated with procurement and and contracting, or changes in the circumstances of a supplier falling over or them having their own issues?

Mr KIRKWOOD - In terms of risk of a supplier falling over, I would think that's very remote from where we are at the moment. In terms of the future, we still have a small number of contracts still to let. IT and security, as I said in the closed session, have just been tendered and those tender recommendations will be going to the board to allow us to execute those contracts.

Again, they are household names. They are large companies. They are not companies I would be concerned about falling over. But we still have the commissioning contracts to let, but they're in progress at the moment.

Mr WINTER - If it's okay with you, Chair, I want to move on to some other topics. Swinging right back to the start on the mooring of the *Spirit IV*, or we're at *Spirit IV* at the moment, and going back to your media that you did last week, I want to ask some follow-up questions based on what was reported.

PUBLIC

It was reported that the cost now of leaving *Spirit IV* in Victoria is around \$900,000 per month or a little bit less. It was also reported in the same article that the cost of it being in Hobart late last year was around \$1 million a month. Can you explain the decision-making process for why we would have - I know that it can't be where it was at the moment because there's cruise ships there. But if you're looking to move it, why is it not an option to bring it back to Hobart over the winter months, where presumably you are paying higher costs there to TasPorts, potentially, and it may be cheaper?

Mr KANOFSKI - No. I think this is the piece. When we quote those numbers for the total cost, that's the total variable cost of having the vessel at a particular port. And there's really three main parts to that. There is a crew number that you are required to have on the ship, and that varies depending on the nature of the berth and the nature of where the vessel is berthed. There's fuel. If you are, for example, *Spirit 5* is on a locked berth in Leith. It's not subject to weather at all, as opposed to *Spirit 4*, which is sitting out in the bay in Geelong. In high winds, we burn a lot of fuel to keep the ship in its right position. Then there are port fees. The port fees are commercial-in-confidence at the insistence of the ports. We won't report the exact port fees that we're paying in various ports. That's part of the commercial agreements we signed with the ports. The thing I would say though is, when we talk about something like the \$900,000 a month in Geelong, the port fees are a very small proportion of that. The variability in port fees has almost no impact on the overall cost. You know, it could be 6 to 12 per cent of the total costs kind of thing.

Mr WINTER - But 12 per cent of \$1 million is \$120,000.

Mr KANOFSKI - What I'm saying, though, is that the key factor for Hobart is that it's an active berth and that we need quite a lot of crew, and that's why it's more expensive to have it in Hobart.

Mr WINTER - There was a commitment made from Government before your time that TasPorts wouldn't be charging TT-Line at all if it was to berth the new ships in Tasmania. It doesn't sound like that's actually happened. From a taxpayer perspective, I think people would see the idea of TT-Line paying TasPorts, and that being included in the metrics of where you leave the ships, as being a bit silly because it's just one GBE¹ paying another.

Mr KANOFSKI - What I would say is it's not enough to move the dial in terms of where the most cost-effective place of keeping the ship is. Yes, we are paying port fees to TasPorts. As I said, they are commercial-in-confidence. But what I can tell you is even if they were zero, it would make no difference to where the less or the most expensive place to keep the vessel is.

Mr WINTER - You spoke at the start of this about potentially moving *Spirit IV* at the moment to a different location or a different Berth. What are the options you're considering at the moment?

Mr KANOFSKI - I can't go into the options. We're in discussion with various ports.

CHAIR - In Victoria?

¹ Government Business Enterprise

PUBLIC

Mr KANOFSKI - In Victoria, yes.

Mr WINTER - Isolated to Victoria?

Mr KANOFSKI - Yes. The discussions we're having are all with Victorian ports. I can certainly confirm that, but I'm not prepared to talk more broadly.

Mr WINTER - There's also been some fanfare about being able to book on the new *Spirits*, which is really good and really exciting. I wanted to understand the dates in which you're taking bookings for those new *Spirits*. Do they line up with that October date next year? Or what date are those bookings actually available?

Mr CARBONE - I've taken bookings on the new *Spirits* from 31 October 2026. They're the first -

CHAIR - How are the bookings looking?

Mr CARBONE - Looking positive, so certainly up on the same ... our current ships.

CHAIR - Up on passengers?

Mr CARBONE - Up on passengers. What we've done is we've put the existing levels of inventory on sale for the new ships. As we've previously explained, in April, May [2026], once the gantry is fully in place, we'll release the remaining inventory on the new ships.

Mr WINTER - So that, potentially, allowing bookings for earlier than 31 October [2026]?

Mr CARBONE - Additional passengers on sailings from 31 October, not earlier.

Mr WINTER - Yes.

CHAIR - You're only booking under the current capacity?

Mr WINTER - If I'm booking the *Spirits* for 31 October [2026], thinking that it's going to be the new *Spirits*, there's no actual guarantee of that because you only release the extra availability once you're confident it will be the new boats? Is that right?

Mr CARBONE - We're very confident we'll be sailing on 31 October [2026] on our new vessels.

Mr WINTER - But it's not guaranteed, per se.

Mr EDMUNDS - If someone's clamouring to be on the *Spirit* on 1 November [2026] because they think they're going to be on the new ones, it's not actually a guarantee yet until we see those extra tickets released? Is that fair comment?

Mr CARBONE - I think it's fair to say it's not a guarantee, but we certainly do expect to be sailing on our new vessels on 31 October [2026].

PUBLIC

Mr WINTER - Are there any price rises as part of that?

Mr CARBONE - No, no.

Mr WINTER - Have you done any work around prices going forward, given that they're new ships and the level of debt you will be carrying?

Mr CARBONE - There's no plans for price rises. We operate in a competitive market. I think we've outlined numerous times it's a very contested market when it comes to freight and certainly from the passenger side of things, there's opportunities for people to fly and rent cars. But there's no planned price increases at all.

CHAIR - I'm sure the airlines are concerned about that at the moment, the price of fares across Australia.

Mr WINTER - I want to follow a different line, around the finances, Chair. But if anyone wants to ask any other questions on that?

CHAIR - Just before we go there, we did talk about safety in the confidential section. I'd like you to share that slide, if you can, Paul, and talk briefly about reportable incidents.

Mr EDMUND - Maybe while that's getting set up, I've got another question on what we were talking about before. It did take a little bit of time and effort to get that figure about how much it was costing to keep the *Spirit* in Geelong. I note when the Minister was asked -

CHAIR - You go, you're right, Luke.

Mr EDMUND - Okay, cool. You said that the figure was commercial-in-confidence and then about two days later, I think you said, the figure was revealed. Considering that the only element of that fee has just been revealed to be a very small amount, was the whole reason why it couldn't be released was because it was commercial-in-confidence? I wonder why, Minister, that line was run when, clearly, there was no concern from anybody about that headline figure coming out.

Mr VINCENT - The figure that's still there, I think that's fair to say is an indicative figure that includes a lot of different moving parts. The fuel can vary between weather conditions and where it's moving ...

Mr EDMUND - the comment that it was commercial-in-confidence is what I'm asking about.

Mr VINCENT - Yes, and a part of that has been commercial-in-confidence because you can work it back. That was the Chair's option of stating the figure that he did.

Mr EDMUND - Yes, because I guess that's what we were talking about earlier. We're lauding the change in culture of TasPorts and TT-Line, and being transparent in the way you've presented today but when we go to government for an answer it's sort of same old, same old. It would be good to get a commitment that when pretty simple questions that the organisations are happy to have on the public record perhaps government could buy into that same ethos.

PUBLIC

Mr VINCENT - I would answer that by saying we've been very open about all the different components of lease, and of the components of the difference in staffing, depending on whether it was a wharf in Hobart or anywhere else, or at anchor. There are also various parts of a working port that I'd have to get Chris or Ken to explain, but there a lot of different moving compartments. I think we've always tried to be as open as we can be about those costs that make up the figure. CEO, would you like to add to that?

Mr CARBONE - We do have some existing arrangements that are commercial-in-confidence. We were asked numerous questions, as you'd appreciate. One of them was what is the lease cost of the existing Geelong lease. That is commercial-in-confidence, as an example, given that that port has numerous other customers. We will be as transparent as we can possibly be when it comes to breaking down such charges.

Mr WINTER - *Spirits I and II*, you mentioned at the start, are for sale. Can you take the Committee through the process and when the process started? I know that because of commercial-in-confidence you're not going to say how much you want for it, but I believe the current book value is around \$50 million each. Can you take us through that?

Mr KANOFSKI - I will start and then hand to Mr Carbone to talk you through more detail, but in essence, we have appointed a specialist broker. There's only one or two globally in that kind of field.

Mr WINTER - Who's the broker?

Mr KANOFSKI - Clarksons. We've appointed a broker and it's their job to take the ferries to market and find a buyer for them. As you say, we're not going to talk about how we're marketing them and what price we're marketing them at, but yes, you're correct, the book value is about \$50 million each in Australian dollars. Mr Carbone, do you want to talk a little bit more about the process of when it started and those sorts of things?

Mr CARBONE - Late last year we assembled a team within TT-Line to form a Committee. We issued an RFP² and went to market and had numerous responses from different brokers. That Committee selected Clarksons as our exclusive broker for the sale of the vessels. That process has been in place now for a number of months. We have a subCommittee of the leadership team that includes our CFO, our company secretary and our head of procurement. They meet Clarksons on a very regular basis, including meeting most weeks.

Mr WINTER - Are you presumably open to a leaseback arrangement where the sale goes through ahead of time and you lease the ship back from the new owner? Is that a likely outcome, or what direction do you think this is likely to head in, in terms of the timing of the sale?

Mr CARBONE - We have had some interest in the vessel. Obviously, it's a competitive market and there's other -

Mr WINTER - You said vessel. Is it vessel or vessels?

² Request for Proposal

PUBLIC

Mr CARBONE - Vessels. It's a competitive market. There are other vessels available for sale at the moment, so we're certainly working with the broker to try to sell our vessels. We are open to sale and leaseback, but clearly the preferred position would be a straight sale.

Mr WINTER - What's the risk that we end up with two extra ships Berthed somewhere that we don't actually need? Is that a real risk and, if so, how do we mitigate against that?

Mr CARBONE - While I'd say it's a risk, I think I'm comfortable that we started the process early. We've started the process effectively more than 12 months out from changeover.

Mr WINTER - Okay, thank you.

CHAIR - We will go to the safety matter and then move on.

Mr KIRKWOOD - A question was asked about safety. In terms of safety on the site, we have had, I think it's fair to say, a good safety culture on the site and a low level of incidents. We report safety metrics with an abundance of caution. All minor instances, whether it be a trip, a stubbed toe, a cut finger, all of these things get recorded in our system.

I think the important ones to pull out are the reportable incidents. These are matters that will be reported to the authorities. On safety, again, out of an abundance of caution, we have had five reportable incidents. Those incidents have been looked at by WorkSafe and didn't result in an investigation or any actions or notices being given. From an environmental point of view, we haven't had any incidents that required reporting, so overall, safety performance and culture on the site I think has been pretty good.

CHAIR - Thanks for that. I think it's helpful to have that information on the public record.

Mr WINTER - I want to go to the finances. I know we've been through this a lot, late last year was a glut of hearings, but I'm sure things have moved on since then. I will ask a few questions and perhaps you can give me an outline of where things are and when things might have changed. We heard in various hearings last year that there was a recapitalisation plan that needed to be produced. There was also a statement of corporate intent which Treasury told us they were expecting in February. There's also the question about when you were going to draw down on that additional \$400 million or more funding. Can you take us through those components and anything else you think might be of interest?

Mr KANOFSKI - I will start at the end in that we've still not drawn down on any of the additional \$400 million. We're likely to start to draw down some of that probably in March [2026], I think. It depends on pace of payments, particularly around Berth 3, because that's obviously our big capital outflow. At this point, we still have headroom in what I call the old borrowing limit. That process is happening. As we forecast in the process of preparing a plan for consideration by government, that plan is well advanced, it's not with government at this point in time. In camera, we will give a little more detail about the process for that, but at a high level we're on track to deliver a plan with options.

Mr WINTER - Is that plan the recapitalisation plan or corporate intent?

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Mr KANOFSKI - It's essentially our long-term financial plan and it will be delivered as part of the budget process.

Mr WINTER - Is that the same as the corporate plan?

Mr KANOFSKI - No. I will let Mr Carbone talk to the dates on the corporate plan, but they are separate, but related. We will have one set of financial modelling with various options in it. That financial modelling will support a proposal to government about the financial sustainability of the business and government will consider that. That same set of modelling will support our normal statement of corporate intent process.

Generally, what happens is we're required to produce two documents: one is a statement of corporate intent and the other is a corporate plan. The statement of corporate intent is a public document and necessarily excludes information that's commercial-in-confidence. The corporate plan is a more detailed version of the statement of corporate intent, which is commercial-in-confidence and provides detail that supports the things in the public domain. All of these processes are happening simultaneously, if you like -

CHAIR - Just on that point, has the \$70 million provided in the Budget been provided to the Company?

Mr KANOFSKI - Correct, it has.

CHAIR - That probably would have reduced the need to use the borrowing.

Mr KANOFSKI - That, in part, obviously. The moving parts of why we haven't drawn any debt - well, any of the new debt - because I think we originally forecast that we'd start to draw down in about October [2025] last year. The principal ... is we have a \$74.5 million equity injection, which we used instead of debt. The second is that from a cash flow perspective, the business has been performing slightly better than we had forecast back when we were talking about a September-October [2026] drawing. That has meant we haven't had to draw on any of the additional borrowings at this point in time. I will let Mr Carbone talk about the statement of corporate intent and corporate plan timing.

Mr CARBONE - Thank you. The board-approved draft of the actual corporate plan and the statement of corporate intent are both due to the shareholding Ministers on 31 March [2026] and we're on track to deliver those.

Mr WINTER - Sorry, the board has approved the statement of corporate intent?

Mr CARBONE - Once the board approves them we're on track to submit them to the shareholding Ministers by 31 March [2026].

Mr WINTER - When Treasury gave evidence in December [2025] last year to this inquiry, Mr Swain said, 'We've asked it' - 'it' being TT-Line - 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 in the following year in the normal time frame. At what point did that change?

PUBLIC

Mr CARBONE - My understanding is that all GBEs are required to submit by 31 March [2026], and we're part of that process.

CHAIR - All GBEs aren't under quite the same financial pressure that TT-Line is. I think that was Treasury's point that Dean read.

Mr LIMKIN - Through you, Minister, the Department of State Growth and Treasury are actively engaged with TT-Line on these matters. On both the recapitalisation and the corporate plan, Mr Swain and I met with Mr Carbone and Mr Kanofski and their advisers last week and went through it. We continue to work collaboratively on that and we will do that. I don't want to talk for Treasury, but I feel that I am getting sufficient information to be able to provide advice to government at this stage, and will be able to do so when we get closer to receiving the final reports.

Mr WINTER - This proposal that is being put to Government, will that include a request for a further equity injection?

Mr KANOFSKI - I'm not going to speculate on what's in it. It's for consideration by Cabinet, so I'm not going to speculate on what's in it. There will be a number of options in it.

Mr WINTER - It seems a bit inevitable, though, doesn't it, that you're going to need a larger equity injection, looking at the financials? I don't get to see anywhere near the detail that you do, but this feels inevitable that there's going to be further support.

Mr KANOFSKI - As I said, I'm just not going to speculate on something that will be submitted to Government for consideration by Cabinet. My understanding, through you, Minister, is the Minister has offered a confidential briefing when the information is complete.

CHAIR - Is that the corporate plan, or is that the long-term financial plan?

Mr KANOFSKI - They're kind of all one and the same, in the sense that the financial position that underpins the submission to government is the same financial position that will underpin the corporate plan. There's been an offer made to provide a confidential briefing on that once it's been submitted and received by Government, so I'm not going to speculate on its contents.

Mr WINTER - There was some criticism from, I believe, Treasury and the Auditor-General about the previous board's corporate planning and the numbers - I think that potentially even yourself, and I won't put words in your mouth, but about the figures. I think the word used was 'ambitious'. Have you completed the modelling that would underpin that new financial plan. If not, when are you expecting to have those numbers finalised?

Mr KANOFSKI - I will take the first bit of the question first. Certainly, we, as a board - I can't speak for Treasury or for anyone else - but certainly we, as a board, when we were required to submit a corporate plan in the normal timeframe last year - and bearing in mind we'd been in the chair two months. We said, when we submitted that plan, here it is, but it's based on all of the assumptions of the previous board and previous management. They're not our assumptions. We just haven't had sufficient time to deal with the matter in a rigorous way.

PUBLIC

Within a couple of months of that, the board had formed the view that we wanted to relook at those financial forecasts from the ground up. We were concerned about some elements of the financial forecasts. That's when we first commissioned some independent work to have a look at the financial forecasts. That work is ongoing. It's very close to being complete, and again in camera, we'll give some view on the process from here, but the work is well advanced and is very close to complete.

Do you recall in September-October [2025] last year we re-baselined the first two years? We re-baselined out to FY28. We've been tracking against that on a month-by-month basis. I'm pleased to say we're actually tracking slightly ahead of that re-baselined number, which is also helping with the debt drawdown. We now will have longer-term modelling. We've engaged independent experts not only to help with the modelling, but to help with the inputs into that modelling, including things like passenger demand and those sorts of factors. We're doing what I would describe as a very rigorous process. You know, it's probably taken a bit longer than we would've liked, but at the end of the day it has to be done so that Government, and ultimately the public, can have confidence that we're going to stand behind the numbers.

Mr WINTER - How well-founded would you say those numbers in that 2025 corporate plan were?

Mr KANOFSKI - I don't really want to comment on how well-founded. What I can say is the board -

CHAIR - The current board?

Mr KANOFSKI - The current board, in middle to late last year, formed a view that we would like to do our own numbers from scratch.

Mr WINTER - The reason I ask the question is, when I was reviewing, in preparation for this, the correspondence between yourself and the Auditor-General you referenced, or your legal representative referenced, that corporate plan and talked about the corporate plan, saying:

The corporate plan provided to the Treasurer and Deputy Premier on 30 April 2025 set out in pages 54 and 55 details high/base/low case scenarios for the repayment of then projected levels of debt and projected repayment dates.

It goes on, and then it says:

The assumptions as to the availability of funding to enable the meeting of projected indebtedness set out in the scenarios have been proven and well-founded.

It appears that the legal representative is stating the argument around this insolvency matter that the numbers in the corporate plan were fine and are actually well-founded. Yet, yourself and the board seem to have a lack of confidence in those numbers, and the same lack of confidence that the Auditor-General found when he essentially thought you were insolvent. I'm trying to marry these two things up, where on the one hand, you're relying on those numbers

PUBLIC

in the corporate plan in 2025, and on the other hand, you don't seem to have any confidence in them. Can you comment on that?

Mr KANOFSKI - What I would say is the board formed a view that it wanted to redo the numbers from scratch so that we could stand behind those numbers and we were confident in their construction from the ground up.

Mr WINTER - Would you agree that the legal representative has used these corporate plan numbers as part of the defence as to why you are solvent?

Mr KANOFSKI - Well, the letter speaks for itself, as I say, yet there are a number of factors to be considered in the solvency issue. The solvency issue doesn't turn on one particular issue or one particular statement, so -

Mr WINTER - Has there been any follow-up from ASIC in relation to the referral that you and the board -

Mr KANOFSKI - No.

Mr WINTER - They've had no correspondence at all in relation to that?

Mr KANOFSKI - No.

Mr WINTER - Minister, there's obviously a huge impasse here that's unprecedented in my time around here, that the Auditor-General has a view that this company is insolvent, the board has a different view. It's been well canvassed, the two arguments. How have you satisfied yourself that the business is solvent?

Mr VINCENT - Look, very much so with the people we have in place now and what they've been able to pass on to us in Government and Treasury, that they are in a position. Some of that, people can have conjecture about it, but the systems we've got in place now, which will come out during March [2026] - and we've offered the briefing to the Committee here - is an important part of that process to fully understand all those numbers involved and to work through it.

I'm very comfortable with what the CEO and the board have been doing, along with State Growth and Treasury, to make sure that difference of opinion will culminate in a financial plan that we will all understand about what's needed to go forward, to make sure that all that solvency is a past issue and that we can get on with the future.

Mr WINTER - You're saying that your intent is that through the budget process, and next year's audit, that's how this solvency issue will be resolved?

Mr VINCENT - Well, we've already sought other opinions, other than the Auditor-General's report, and we're comfortable with that at this point in time. We've made sure that there are funds there to continue operation.

Mr WINTER - Is that the TT-Line board seeking that opinion, or has the Government sought its own opinion separate to TT-Line?

PUBLIC

Mr VINCENT - No, the Government was happy with the opinions, the legal opinions and financial opinions, that the board had received, and the other processes in place that are there by board we are comfortable with. We are making sure that it progresses in a way that will culminate with a sensible outcome during March [2026] for the budget.

Mr WINTER - We've received the letter from the legal representative, but to my knowledge, we haven't received the actual advice that's being relied upon, because it's commercial-in-confidence. Have you seen that advice?

Mr VINCENT - Those are a matter for board and a letter for board. I don't know if Ken would like to –

Mr KANOFSKI - Yeah. So, we don't intend to release the privileged and confidential legal advice.

Mr WINTER - Has the Government received it?

Mr KANOFSKI - The Shareholding Ministers have been briefed on it.

Mr WINTER - Have they seen the advice?

Mr KANOFSKI - Yes.

Mr WINTER - They've both seen the advice and have a copy of the advice?

Mr KANOFSKI - They've seen the advice. But I think we need to be clear here: the matter of solvency is a matter for the board to determine; it's not a matter for the shareholders to determine. The shareholders have been meticulous in making sure that they allow the board to do the job that is the board's job, and that's how that's occurred.

We won't release the advice, as you can imagine. The Auditor-General took the step of making a report to ASIC. From a director's point of view, directors have a strong interest in this issue. And I think you'd appreciate that the directors need to be afforded the normal principle of their legal advice being privileged.

Mr WINTER - I'm not asking - at this point anyway, to be given a copy of the advice. I'm asking: we're in this mess because Ministers believed what boards of GBEs told them. I think it's pretty clear from our interim inquiry that what the board was telling former Ministers wasn't true. Just to be clear, there's no evidence you've done that. In fact, I think from what we heard earlier, around the project in particular, it's been a much better process. I want to make sure that our Ministers have got access to, and have satisfied themselves in this case, that the business is solvent. I think I know the answer now, but I want to be 100 per cent sure. So, Minister, you have seen the advice, you've got a copy of the advice that the board received in relation to the solvency of TT-Line?

Mr VINCENT - I have not seen that advice. But what I have received, both Shareholder Ministers received a briefing from the legal expertise that they had before Christmas - I can't remember the exact date, I will check on that for you - which laid out the process and where they felt it was comfortable.

PUBLIC

Mr WINTER - Have you been briefed by the Auditor-General in relation to the solvency of the business?

Mr VINCENT - No, I have not. Only through the letters received and the updates from the board.

Mr WINTER - Can you explain why the Government is intent on accepting the advice from a legal firm on the mainland over and above the advice from the Tasmanian Auditor-General?

Mr VINCENT - Well, when you receive advice from any party it is open to discussion and further advice. We sought further advice on that because that was not the position of the board. The board worked through a very detailed process with high-level legal advice, and have come up with the position they are in now.

As we are working through a complete process, I am extremely comfortable that we are moving towards understanding the picture completely and having a plan going forward. So, I'm very comfortable with the process that the board has been going through. They are very professional people. They have their own reputations on the line. And the information flow has been ... from all points of the process at this stage that I and my fellow Shareholder Minister are comfortable with that process.

Mr WINTER - Are you comfortable with the fact that part of the defence of the solvency of TT-Line is the reliance on the numbers in the 2025 corporate plan, which I think everyone's agreed now were wrong?

Mr VINCENT - I think anything like that will come out in amongst the new figures. I should imagine that you have to work to the numbers you know and the numbers you have at any given time. And then we have seen where both the CEO and the board have said: 'Well, look, we're going to review all this'. And that's the proper process to go through in my opinion, and that's what they are going through. And I'm comfortable with that process totally at the moment. The information flow has been fantastic, and it will come to light ...

Mr WINTER - Do you think you should have got a briefing from the Auditor-General, though? I mean, this is very serious.

Mr VINCENT - I think the figures and the interpretation of the Auditor-General is what it is. We stepped on from that and we're continuing to work through it.

Mr WINTER - Are you aware that the Auditor-General commissioned a team of four to six people, went through an audit of this, then took it through his own process where his deputy auditors checked and confirmed the numbers before he formed his own view, and then referred - I mean, it's very serious and he's gone through a very rigorous process to get to this point. Surely, it's worth at least being briefed by him to understand this very serious matter.

Mr VINCENT - I think the process that he put forward was clear. We have questioned that, both as a board and Ministers. As I've said several times, the process that we're going through now, I'm extremely comfortable will produce something that we all understand and we can do something with.

PUBLIC

CHAIR - You disagree with his report?

Mr VINCENT - The board disagrees with the report.

CHAIR - What about you, though? That was the question Dean was progressing.

Mr VINCENT - We touched on it a moment ago that the solvency is a matter for the board to decide and, as Shareholder Ministers, we took that -

CHAIR - You're acting on our behalf, though. As all of Tasmanians, we own it.

Mr VINCENT - We're acting on advice, and I have said all through the process that I am comfortable with the information we've been given. We questioned with the board and went through those processes when that became available. And we're happy with the systems put in place now to re-examine all those numbers. Plus, the fact that our further advice was different to what the Auditor-General came up with.

CHAIR - This is for the board. What interaction have you had with the Auditor-General since that time?

Mr KANOFSKI - We just recently re-engaged with the Auditor-General with regard to this year's coming audit. Mr Carbone and I, and the acting Chief Financial Officer met with the Auditor-General and his people in January [2026]. We've signed off on the scope of the upcoming audit. We've agreed to some information exchange protocols. We're -

CHAIR - Will this report, the state corporate plan, be provided to the Auditor-General?

Mr KANOFSKI - All of the numbers that support - we need to be a bit careful about what's Cabinet in-confidence and what's not. But what I would say is, all of the numbers will be provided to the Auditor-General so that the Auditor-General can form his opinion.

CHAIR - When will they be provided to the Auditor-General?

Mr KANOFSKI - I can't -

CHAIR - Roughly? I'm not asking for any specific date here.

Mr KANOFSKI - I'm not sure when particularly he's scheduled to look at it. He's broken his audit up into timeframes in which they will look at various things. I don't think we have a timeframe yet when he said he will - I mean, clearly he will look at the issue of going concern and solvency. It's clearly a key audit matter.

CHAIR - He would do that with every company, I would imagine.

Mr KANOFSKI - He would. I just don't recall exactly when in the scheduling he's set aside to deal with that. I don't know whether we even know that at this point in time.

Mr CARBONE - No, we don't have a date, although we do have three more meetings scheduled with the Auditor-General between now and the sign-off of our accounts in mid-August [2026].

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Mr KANOFSKI - Clearly, it is a key audit matter, and clearly we will provide the Auditor-General with all of the financial information that we have, and the basis for it. And then he will quite rightly make his own independent assessment.

Mr EDMUNDS - I just want to clear something up. There's two pieces of evidence we've heard this morning that I don't think marry up, at least according to my notes. With regards to the legal advice about the insolvency, what I heard was that you said the Minister had seen that advice. But then when the Minister was asked if he'd seen the advice, he said he hadn't. I understand that a briefing has occurred, but I'm unclear why the two pieces of sworn evidence from both of you don't match up. Has the Minister seen the advice or not?

Mr KANOFSKI - Sorry, it was my mistake. He's been briefed. He was briefed in detail on the advice. He doesn't have a copy of the advice. Sorry, that was my mistake.

Mr EDMUNDS - But you said he'd seen the advice.

Mr KANOFSKI - He'd been briefed on it by the lawyers.

Mr EDMUNDS - But hadn't seen it?

Mr KANOFSKI - Yes.

CHAIR - Is it the same with the Treasurer?

Mr KANOFSKI - Yes. They were briefed, I think, together. I wasn't there, but they were briefed together, I think. My apologies for that. That was some kind of loose language. What I would say is he's familiar with the content of the advice because he has had a detailed briefing from the lawyers.

Mr WINTER - In terms of the financials going forward, you mentioned earlier that cash flow was a little better, that the company has been performing a little better, which is good news. What's your forecast financial result for this financial year?

Mr KANOFSKI - I'd have to defer to Mr Carbone for the detail. What I can say, though, is, yes, the business is performing slightly better than the forecast we did last year. I'm not pretending this is going, that the current result is going to be a very pleasant. I think we've already talked about the fact that we have four ships and only two of them are in service and earning revenue, and there are substantial holding costs involved in those ships. With the best will in the world, the operational changeover will cost a lot of money because it just does, and we obviously have a pretty hefty interest bill, so we will make a substantial loss after tax from an accounting perspective for the financial year. Mr Carbone?

Mr CARBONE - We will take that on notice.

Mr KANOFSKI - Yes, we will take it on notice and give you the forecast.

Mr WINTER - In terms of that interest bill, as I understand it from all of the briefings we've had and all the things we've viewed, some of the interest at least was being capitalised

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and wasn't being shown. Are you able to talk a little bit to the components or the amount of interest that's being capitalised and what's not?

Mr KANOFSKI - Yes. I will let Mr Carbone talk in more detail, but from an accounting perspective, and it's purely about how the way the accounting standards treats it, up to a certain point in a project you can capitalise the interest into the asset value and therefore the interest doesn't go through your profit and loss statement at that point in time. It still goes through your profit and loss statement because obviously the asset value goes up and it goes through as depreciation. It still hits the bottom line of the business; it just hits it in a different timeframe.

CHAIR - They will both hit for the new vessels. Is that the question you're asking?

Mr KANOFSKI - I will let Mr Carbone talk about the point at which we do and don't capitalise interest on the vessels.

Mr CARBONE - We've stopped capitalising interest against *Spirit IV*. We're still capitalising interest against *Spirit V*. That capitalisation process will stop once the vessel is in Tasmanian waters and had its final fit-out. Obviously, given the Terminal 3 project won't be completed until October 2026, we're still capitalising interest. We're certainly happy to provide transparently the breakdown of capitalised interest against each of the two vessels and Terminal 3 ...

Mr KANOFSKI - For clarity, I just want to state that when we talk about \$493 million for Berth 3, that is the capital cost: it does not include capitalised interest. The financing of an infrastructure project is separate from its construction, so that's pretty normal to adjust the actual cost, not the interest cost.

Mr WINTER - Just one final one, Chair. Back to the advice. It's now clear that Minister Vincent hasn't seen the advice you're relying on around solvency. Has Treasurer Abetz seen the advice?

Mr KANOFSKI - Because I wasn't there, my understanding - and the Minister might help me - is that they were briefed by our lawyers together.

Mr WINTER - But he hasn't seen the advice? Neither Shareholder Minister has seen the advice?

Mr KANOFSKI - No, they were briefed on the advice. Sorry, my apologies for my language earlier.

Mr WINTER - No, we understand.

CHAIR - We will write to you about the breakdown and the capitalised interest to date.

Mr CARBONE - Yes.

Mr KANOFSKI - Yes, we are happy to provide that.

CHAIR - Just before we go into camera again, can I ask if there's any other thing about the vessels? For example, I understand that hull strengthening hasn't been done on *Spirit V* yet.

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Mr KANOFSKI - We need further hull strengthening on both vessels. The design for that's being completed in Finland currently. We know what we need done. We're now getting detailed design done. The work will be done. At one point we talked about potentially doing *Spirit V* in Leith, but given the timeframes that's highly unlikely now. We will do it when we're in Australian waters.

CHAIR - Where will it be done in Australian waters? Not Tasmania?

Mr KANOFSKI - That's to be determined, but given the vessels are likely to spend more time in Victoria in the interim period, it's highly likely they will be done in Victoria.

CHAIR - Yes.

Mr CARBONE - We expect to finalise the steel designs within the next two weeks for the hull strengthening. Once we have those final designs, we will issue an RFP. We've identified at least three Australian contractors, including Tasmanian contractors, that can complete that work, so those tender outcomes will determine where the hull strengthening will be done.

CHAIR - It was raised with me by a member of the public that there was some concern about the paint being suitable and not needing further painting being done to the vessels.

Mr CARBONE - I'm not aware that the vessels require any further painting other than routine.

CHAIR - There's nothing else we need to know about the vessels that hasn't been disclosed?

Mr KANOFSKI - Not to our knowledge.

CHAIR - If there are no other questions we will go into camera. We will come back out to wrap up the session, but we will now go into camera to further discuss the planning for the financial matters. Stop the broadcast.

The Committee suspended from 10.46 a.m. to 10.58 a.m.

CHAIR - Thanks for that. We appreciate the information that's been provided both in public and private sessions. The private *Hansard* will remain confidential to the Committee. The public session will be published in due course. Thank you for your appearance today. We have further hearings scheduled with you later on. It may be that when we get close to commission, we will need to have additional ones too because it's going to be a pretty critical timeframe, obviously. We will work with the Committee and with you, Minister, and the board to ensure that we can find a mutually agreeable time. We will write to you with a couple of questions on notice.

Thank you for your time today. Did you want to make any closing comments, Minister?

Mr VINCENT - No. Thank you, Chair. We look forward to presenting some more detail to you when it becomes available towards the end of March [2026].

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CHAIR - Thank you.

The witnesses withdrew.

The Committee suspended from 11:00 am to 11:30 am.