

## **PUBLIC**

### **THE LEGISLATIVE COUNCIL SELECT COMMITTEE INQUIRY INTO PV FORTESCUE MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART ON WEDNESDAY 11 JULY 2012.**

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**Mr MICHAEL HUNN** WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** (Mr Dean) - Welcome to our hearing. This is an open meeting, a public session and the information will be recorded by our Hansard, but if at any stage throughout the questioning process or your giving evidence you feel there is a matter you would like to give in camera, you can ask that the committee accept the evidence in that form and the committee would consider it. Whilst you are in this committee you have parliamentary privilege in anything you say, but if you go outside this meeting and repeat or make statements in relation to it you are not protected at all. Having said that, are you aware of the terms of reference that have been circulated?

**Mr HUNN** - Yes.

**CHAIR** - This committee commenced some time ago. I think 24 November 2010 was our first meeting and there has been a substantial delay because of a civil action that you would have been aware of, between Sabre Marine and the state of Tasmania. That has now been finalised and so it was applicable to defer the meeting at that stage in fairness to all parties and we are now recommencing after that process has concluded. With your employment, what is your position currently?

**Mr HUNN** - I work part-time at Marine and Safety Tasmania and as a private consultant.

**CHAIR** - Sticking within our terms of reference, I will leave it open at this stage to let you tell us what your part was in the process in relation to the new *Fortescue*, as it became known - the design of the boat, your position in that and how that changed later on to the Department of Police and Emergency Management. I would ask you to go through that first of all and then we will open it up to questioning by committee members.

**Mr HUNN** - Initially I was approached by Leon Darko from the department, who said they were looking at getting a new boat built; they had got some funding to get a new boat built to replace the *Freycinet*.

**CHAIR** - Where were you employed at the time?

**Mr HUNN** - As a consultant. I was also working for Sabre Marine on the design of two Victorian Coast Guard boats. When Leon contacted me, I said, 'They are building some boats out at Sabre, do you want to have a look at those and see if they would be anything like what you want?'. He and some other members of the police force came and had a look and said, 'Yes, we would like something like that but a bit bigger and with some different requirements.' I then put in a general arrangement drawing, gave that to Leon and then he entered into discussions with Sabre, I believe, to work out how much the boat would cost.

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**CHAIR** - Who was Leon with?

**Mr HUNN** - With the police. He was dealing with procurement. There was a bit of coming and going with the similar vessel requirement, so that the police could piggy-back on the back of the coast guard contract. My involvement with that was just listing what I thought were similarities and differences between the vessels. Eventually it was decided that they could piggy-back on the back of that contract. Then we started the process of designing and building the vessel.

When the contract was signed with Sabre or just before that, I was asked whether I could become an employee of the department.

**CHAIR** - At what stage was that?

**Mr HUNN** - That was just before the contract was signed with Sabre, not long before. I said I do not mind whom I am working for, I can work for Sabre and I can work for you, as long as you pay me, it does not make any difference to me.

**Mr HARRISS** - Michael, who extended that invitation for you to become an employee of the department?

**Mr HUNN** - That was initially Leon Darko and I think Inspector Paine.

**Mrs TAYLOR** - Did they give you a reason as to why?

**Mr HUNN** - No. Basically, it really did not affect me all that much because I would still be doing exactly the same thing.

**Mr WILKINSON** - Mike, I suppose what you were saying is, you did not mind who was employing you as long as they were paying you money for the work that you did? Is that fair?

**Mr HUNN** - Yes.

**Mr WILKINSON** - Did you have any conversation at all with them as to why you would be employed with the police force as opposed to just being a normal consultant?

**Mr HUNN** - Not really. I just said, 'If that is the way you want to do it and if you can do it, that is fine'.

**Mr WILKINSON** - But did they give you any reason as to why they did that?

**Mr HUNN** - No.

**Mr WILKINSON** - Did you ask them why you were suddenly a policeman?

**Mr HUNN** - I do not recall asking them for a particular reason. At the time I was more interested in getting on with the work.

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**Mrs TAYLOR** - Was it just to get the boat built and operational or was it permanent?

**Mr HUNN** - No, it was just during the construction of the boat.

**Mrs TAYLOR** - Was it a contract or full-time employment? I guess they gave you a letter of offer or something, did they?

**Mr HUNN** - Yes.

**CHAIR** - I guess I have a copy.

**Mr HUNN** - Is that 1 July 2007?

**CHAIR** - That is the copy that we have. I will table that.

**Mr HUNN** - Whatever it said on that letter, it was for the duration of the construction and the commissioning of the vessel.

**CHAIR** - Going down that track, did it not surprise you and you were at this stage working for Sabre Marine, you said, and as a consultant and you are obviously a private consultant, is that right?

**Mr HUNN** - Yes.

**CHAIR** - But employed by Sabre Marine at this stage as well?

**Mr HUNN** - Yes, as part of the contractual arrangement with the coast guard.

**CHAIR** - With the coast guard vessel. You were contracted to them in relation to the coast guard vessels?

**Mr HUNN** - Yes, because that was a design-and-construct contract. It was cleaner basically to have a design-and-construct contract just with one party and not have an independent person involved with that.

**CHAIR** - Would that have been similar with the police vessel? It would have been cleaner to have remained with Sabre Marine in that position rather than move across to DP&EM? What difference does it make?

**Mr HUNN** - That is the way the contract was written. It was written as a design-and-construct contract, so the initial assumption - and I believe it was Sabre's assumption at the time - was that it would be the same as the coastguard contract, design and construct, in which case it would have been easier for me to remain working for Sabre for the police boat contract. That was how we envisaged it was going to happen.

**CHAIR** - There was some indication given at some stage through the correspondence I have that it may have been through insurance of a higher quality and that there was an improvement in that position if you moved across to DP&EM; is that right or not?

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**Mr HUNN** - It didn't make any difference. The coastguard contract was covered by Sabre's insurance so if it had been left as a design and construct contract then it would have been covered by Sabre.

**CHAIR** - As to the discussions, you have said Leon Darko and you think Inspector Ross Paine were involved in that, but were any other persons within the police service involved? Did you have discussions with anybody else in the police service about the reasons as to why you should be with DPEM?

**Mr HUNN** - I don't recall any. I think I talked to Commissioner Johnston, but nothing specific about that particular aspect, and then the HR people and so on who organised the contract.

**Mrs TAYLOR** - I want to apologise a bit to Michael because we sound like we are trying to get some detail out of him and obviously, as you say, it wasn't an issue for you. It didn't matter who paid you as long as you had the job. For us, the difficulty is trying to work out why on earth the police department thought it was important to employ you rather than, as you say, have that continuing contract as you did with the coastguard vessels. It is just a bit of a puzzle to us.

**Mr HUNN** - Looking back on it, yes, I don't know why they did it, but at the time it didn't really affect me particularly.

**Mrs TAYLOR** - Did you continue working for Sabre Marine as well at the same time because you still had the coastguard job to complete, did you not?

**Mr HUNN** - I'm not sure whether that was completed then or not. I don't have the dates when the coastguard contract finished, sorry.

**Mr WILKINSON** - How many boats were there with the coastguard?

**Mr HUNN** - Two.

**Mr WILKINSON** - They are up and running now?

**Mr HUNN** - Yes.

**Mr WILKINSON** - Can I ask the names of those boats?

**Mr HUNN** - One is called the *Helen Handbury*, Rupert Murdoch's sister, and the other is called *CG16*.

**Mr WILKINSON** - And they are running out of where?

**Mr HUNN** - One is in Portland and one is in Warrnambool in Victoria - I cannot remember which one is where.

**CHAIR** - You said that there was sufficient similarities in those coastguard vessels and what the police wanted to piggyback off the same documentation. Obviously there were

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significant differences as well, so what were the significant differences between the police vessel, the design of it, and those coastguard vessels?

**Mr HUNN** - Basically the size was different; obviously the police vessel was slightly bigger. The similarity was that it was the same hull shape, just enlarged, so it's based on the same initial design. Other than that, it's different. It has different engines, different drive systems, different superstructure and different fit-out. Personally, I didn't think this was sufficiently similar to do it.

**CHAIR** - That was my next question to you, so you're answering that now. They are not similar in many respects and probably in more ways than they are similar, I would have thought, from what we've been told.

**Mr HUNN** - The real similarity is they are both the same shape, but one's bigger.

**CHAIR** - And I guess they're all made of aluminium.

**Mr HUNN** - Yes.

**Mr WILKINSON** - So they are the only real similarities, I gather, same shape and made of aluminium?

**Mr HUNN** - I guess similar functions so far as search and rescue would be concerned, but the police vessel obviously has more accommodation because they are planning to go on longer voyages.

**Mr WILKINSON** - But a similar function would be as a result of the boat as opposed to the boat itself? In other words, you could say a rowboat has a similar function to do search and rescue if necessary. I'm just looking at the actual similarities they have. I take it we're looking at the shape, the actual structure being aluminium, but there was no similarity with the motor, the fit-out, or the engine?

**Mr HUNN** - No. The coastguard boats had jet drives rather than shark propellers.

**Mr WILKINSON** - As a result of those differences, did that cause the problems that were ultimately seen with the *Fortescue* - in other words, because it wasn't a jet-driven boat?

**Mr HUNN** - No, that didn't make much difference. I have used that hull shape for approximately 20 boats of various sizes and configurations.

**Mrs TAYLOR** - A similar size to the *Fortescue*?

**Mr HUNN** - Six have been a similar size to the *Fortescue* - with propellers, shark drives. Some of them have jets and some have outboards, but they all work reasonably much the same.

**Mrs TAYLOR** - For the same purpose? I don't mean in terms of the job they did but in the requirements in how far they had to go and how fast they may need to go?

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**Mr HUNN** - The speed was generally about the same in each case. The range and so on was different. Some of them are pilot boats that don't need to go very far, some of them are fish farm work boats that go out and wander around for the day.

**Mrs TAYLOR** - That was one of the issues, wasn't it, in the end, the range the boat had to go and therefore it needed to put extra fuel tanks on?

**Mr HUNN** - Yes.

**Mrs TAYLOR** - Is that what compromised the range it could go?

**Mr HUNN** - No, I don't think so. I think what really compromised the range was the engines, which I suspect were too big.

**Mrs TAYLOR** - Did you recommend the engines?

**Mr HUNN** - No. The police decided to purchase them on their own.

**Mrs TAYLOR** - Would you know who they used for advice as to what engines to get? They have appointed you as the marine architect.

**CHAIR** - And you were the designer.

**Mrs TAYLOR** - It says your duties are to provide technical expertise, so one presumes you would know about that.

**Mr HUNN** - I was working with another naval architect and we were preparing a comparison between three different engines, I think, but before that was presented to the department we were notified that the engines had already been purchased.

**Mrs TAYLOR** - So neither you nor the naval architect you were working with had a say in what engines were purchased in the first place?

**Mr HUNN** - The ones that were purchased were one of the ones we were looking at, but we hadn't make a final decision.

**Mrs TAYLOR** - Okay, you hadn't made a recommendation yet.

**Mr HUNN** - No, we hadn't made a recommendation at that stage and I think, if you look at the contract that was signed, the engines aren't nominated as being a particular sort, because that had not been decided at that stage.

**Mrs TAYLOR** - Would you have recommended those engines?

**Mr HUNN** - I don't know that because -

**Mrs TAYLOR** - You don't know that because you hadn't done it.

**Mr HUNN** - We just went with what we had because they had purchased the engines. The engines were on the way from Caterpillar so we had to go with those.

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**CHAIR** - Did you question that decision of Tasmania Police? You were employed by Tasmania Police at that stage. Did you question that?

**Mr HUNN** - I probably said, 'Why did you do that?', but it was done.

**CHAIR** - Do you know who in the department decided that would be the way it should go?

**Mr HUNN** - I believe it was Constable Craig Crawford who actually ordered them, but whether he made the decision or someone else did I am not aware.

**CHAIR** - As to the problems there have been with the boat since it was completed and since it has been in a working position, what is your opinion as to what went wrong?

**Mr HUNN** - The last time I had any contact with the department regarding the boat was a meeting with Inspector Brett Smith and a couple of others where Brett Smith told me they had had some vibration problems and that he was going to get Alan Muir, a naval architect up north, to have a look at it and give them some suggestions to improve the matter. At that stage I said to Brett Smith that it sounded to me as if there was some problem with the engine mounts and, if possible, could he let me see the engine mounts so I could find out if there was a problem with them, but that never happened. After that I believe Alan Muir recommended hard-mounting the engine, just bolting them solidly to the hull rather than on rubber mounts, and I believe that would cause considerable vibration and noise, because when the boat was originally trialled it was actually very quiet and there was very little vibration.

**Mr WILKINSON** - Obviously I think I know the answer to this question, but did you foresee any problems with the boat when you trialled it as a result of your not having any say as to which engine should have been put in?

**Mr HUNN** - Only the range problem.

**Mr WILKINSON** - Yes, the range as to how far offshore it could go because of the lack of fuel tanks to cover that distance?

**Mr HUNN** - Just lack of fuel, yes, but it could have considerably more range, it just depends how fast you go. I personally wouldn't really like to be going flat-out for hours at a time.

**Mr WILKINSON** - Why is that?

**Mr HUNN** - It just gets a bit wearing. The boat is capable of doing it, but the fuel consumption varies dramatically depending on the speed, and also depending on the weight. I think the *Fortescue* carries about 3.5 tonnes of fuel when it is full, so as you use up the fuel you need less power to keep the boat going at the same speed, so looking at the fuel consumption initially when you take off with full tanks it would be quite a lot higher than it would be when you come back with empty tanks. It is a complex calculation. It is not straightforward.

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**Mr WILKINSON** - But I suppose as a search and rescue vessel, that vessel should be allowed to go at speed in order to get to a ship that is experiencing problems as quickly as possible.

**Mr HUNN** - Sure, yes.

**Mr WILKINSON** - So therefore it should be able to use top speed to get to the place it has to be as quickly as possible.

**Mr HUNN** - Yes, that's true, but then it doesn't necessarily need to come back as quickly, so it is an operational thing, the range.

**Mr WILKINSON** - It has been in the press as to the problems with the boat and now they're saying it just can't be used. Does that surprise you?

**Mr HUNN** - It doesn't surprise me that they're saying it but I don't believe it.

**Mr WILKINSON** - So it doesn't surprise you, why not?

**Mr HUNN** - The attitude towards the boat all along has been very negative.

**Mrs TAYLOR** - From the police?

**Mr HUNN** - Yes.

**Mr WILKINSON** - From the time when it first went in the water?

**Mr HUNN** - No, before it was even built.

**Mr WILKINSON** - Why is that?

**Mr HUNN** - I have no idea. It's a very negative attitude and I'm very disappointed.

**Mrs TAYLOR** - From whom in the police?

**Mr HUNN** - Anonymous people. In all the newspaper reports, and so on, it is never attributed to anybody in particular.

**Mr WILKINSON** - What have they been saying about it?

**Mr HUNN** - Basically that it wouldn't work, that it wouldn't do what it was meant to do, wasn't satisfactory, too noisy, all sorts of things.

**Mr WILKINSON** - And that was even whilst it was being built?

**Mr HUNN** - Yes.

**Mr WILKINSON** - Was there ever any effort to get a second opinion to see whether it could do the work that you said it could do?



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**Mr HUNN** - Yes, there was another naval architect, Mr Guy Anderson, who was employed by the police to assist them and double-check on what was being done.

**Mr WILKINSON** - And it was to your knowledge Guy Anderson's feedback to the police that 'It will do the job that it's required to do'.

**Mr HUNN** - Yes, as far as I know.

**Mr WILKINSON** - So there was your advice and Guy Anderson's advice but you say there were still negative reports coming back from the police even with two people involved with the design and building of it?

**Mr HUNN** - Yes.

**Mr WILKINSON** - As I understand it, the real problem was because of the vibration in testing, is that right?

**Mr HUNN** - We didn't have any vibration problems when we did the builder's trials. The boat then, because contract variations needed to be sorted out, sat around for maybe six months.

**Mr WILKINSON** - What were the contract variations?

**Mr HUNN** - As far as I understand, the variations changed it from a design-and-construct contract to just a construction construct because the police were employing me directly. So the contract was still written as a design-and-construct contract and that had to be revised.

**Mr WILKINSON** - But that had nothing to do with the boat itself, it was only in relation to your employment.

**Mr HUNN** - That was just a contractual thing and the boat wasn't able to be handed over to the police until that contract variation was sorted out, and that took considerable time.

**Mr WILKINSON** - So the boat was already finished and ready to go?

**Mr HUNN** - Yes.

**Mr WILKINSON** - But it wasn't able to be handed over because the contract wasn't in place at the time, and that contract was the contract employing you with -

**Mr HUNN** - It was a contract between Sabre Marine and the department.

**CHAIR** - The original contract was between Sabre Marine and the Tasmania Police, is that it?

**Mr HUNN** - Yes.

**Mrs TAYLOR** - To design and construct.

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**CHAIR** - Design and construct.

**Mr HUNN** - Yes.

**CHAIR** - You are saying that that contract was then revised.

**Mr HUNN** - Yes, but it wasn't revised until the boat was completed.

**Mrs TAYLOR** - So by that time you had obviously been employed by the police?

**Mr HUNN** - Yes.

**CHAIR** - Who revised it? The police department or did you?

**Mr HUNN** - I had nothing to do with it.

**CHAIR** - Who revised it?

**Mr HUNN** - The police department.

**CHAIR** - What did the revised contract identify with?

**Mr HUNN** - Just that it was a construction contract rather than a design-and-construction contract.

**Mrs TAYLOR** - Because you were employed by the police as the architect?

**Mr HUNN** - Yes.

**Mr WILKINSON** - Do you know who was behind the change from the initial design and construct as opposed to just the construct simpliciter?

**Mr HUNN** - Not really, I'm not sure. I'm not really sure why they decided to employ me as that decision basically made the change in the contract. I don't know whether they thought of that at the time.

**Mrs TAYLOR** - It would have been an interesting situation, though, with Sabre Marine who thought they had a contract to design and construct. One presumes there would have been a price for the contract to design and construct.

**Mr HUNN** - I assume so, yes.

**CHAIR** - The boat is built under that original contract, the design-and-build contract. It was actually built and when it was finished the revised contract came into being?

**Mr HUNN** - Yes.

**Mrs TAYLOR** - It could not be handed over until the contract was revised, that contractual arrangements were changed?

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**Mr HUNN** - Yes.

**Mr WILKINSON** - Was there a change at all to the money paid as a result of the change from design and construct to just plain construct?

**Mr HUNN** - I do not know.

**Mrs TAYLOR** - I suppose that was point of my question because one would imagine there would have been a price for design and construct.

**CHAIR** - What were the ramifications of it?

**Mr HUNN** - I am not sure when Sabre were advised before they signed the contract of the arrangement of me being employed by the police, so their price would have reflected that.

**Mrs TAYLOR** - The design bit was never taken out of the contract at the time, obviously.

**Mr HUNN** - That was not taken out of the contract, no. It was still in the contract but there was not a cost for it. The contract did not reflect the reality.

**Mr WILKINSON** - Getting back to the boat itself then, there had to be some alterations made. Do you know why the alterations had to be made and do you believe they were appropriate alterations?

**Mr HUNN** - We did make some alterations after the trial in the boat, which was fitting a spray rail to the bow of the boat to stop water coming up the side of the boat. That was a fairly minor modification. Funnily enough, the other 18 or so boats that took the same hull shape have not had that problem. I think it was because the boat was too nicely finished. It was so smooth that the water could flow over it whereas the other ones were a bit more rough and ready and it was a weld that stopped it from happening. That was done and that seemed to work fine. After that, I was not involved in any more modifications. I am not fully aware of what modifications have been done. I do know that the motors are now hard-mounted. I believe there are some other changes but I am not sure what they are.

**Mr WILKINSON** - Am I right in saying there were extra modifications to the fuel tank as well in order to allow the vessel to go further afield than what it normally can?

**Mr HUNN** - I believe so but I do not know the details.

**Mr WILKINSON** - If you modify anything it must have some effect upon the performance of the boat in itself. If you build a boat and you design a boat to a specific standard, then you believe that boat is going to perform to a specific standard. If then the design is changed because, let us say a motor which is heavier and fuel tanks which are heavier et cetera, then that is going to affect the performance of the boat. Am I right in saying that or is that too simple?

**Mr HUNN** - No. Just about anything you do will affect the performance of the boat and it might affect it positively or negatively.

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**Mr WILKINSON** - Do you think that had an effect upon the boat now being in the position that it is in?

**Mr HUNN** - I believe that the power of the engines causes significant noise and vibration problems, which is what I said at the time. I believe that a lot of the criticism is because of noise and vibration.

**Mr WILKINSON** - Does it cause any difference to safety at all? In other words, the more vibration, does that put the boat under more stress which could mean that if it goes further afield it could cause a problem?

**Mr HUNN** - It could cause a structural problem long-term. But long-term problems, not immediate problems, just fatigue problems.

**Mrs TAYLOR** - Some time ago, when I asked you about the engines, you said that you did not have in a hand in choosing the engines. The question I asked you beforehand was: what was the problem with the boat? You said you think one of the problems with the boat was the engines not being the most suitable engines for the vessel.

**Mr HUNN** - I think the range problem.

**Mrs TAYLOR** - Were the engines too big?

**Mr HUNN** - Yes, I think so. I did some similar-sized boats subsequent to this one which had smaller engines and basically achieved the same speed and the same performance. It was not necessary to have such large engines, I did not think.

**Mr WILKINSON** - Am I right in saying that you have designed boats exactly to the same design but with a smaller engine than the *Fortescue* had and those boats have had no problems?

**Mr HUNN** - Same hull shape. They were fitted out as pilot boats for the Panama Canal.

**Mrs TAYLOR** - Smaller?

**Mr HUNN** - No, same size.

**Mrs TAYLOR** - Same size, same hull shape?

**Mr HUNN** - Yes, but smaller engines and a different layout because they were pilot boats not patrol boats.

**Mr WILKINSON** - Forgetting about the engines, does a different layout affect the weight?

**Mr HUNN** - It does if you put more -

**Mr WILKINSON** - And therefore performance as well?

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**Mr HUNN** - Yes, it does; anything that affects the weight affects the performance. We were very careful when building the *Fortescue* to make that accommodation fit-out, for instance, as light as possible. It's all very lightweight composite materials and so forth to keep the weight down. The overall weight was more or less what it was calculated to be, taking into account the fact that the engines -

**Mrs TAYLOR** - The engines were obviously heavier but also bigger, so you needed more fuel to do the same job.

**Mr HUNN** - Yes, but once we knew which engines were to be installed, the rest was calculated on that basis.

**Mr WILKINSON** - Would you feel happy designing the same boat now, knowing what you have experienced as a result of the history with the *Fortescue*, but with a smaller engine? Do you believe it would still be able to do the work it had to do if it had a smaller engine than the one that is in there now?

**Mr HUNN** - I believe it probably could, yes, because the subsequent boats built in South America were very similar in performance but with considerably smaller engines.

**Mr HARRISS** - With regard to project management of the vessel, who oversaw the manufacture of the vessel? Was it just that Sabre manufactured in accordance with your design or did they engage anybody else to satisfy themselves that your design was robust? With project management, are you aware of anybody within the police department who may have been coordinating the manufacture of the vessel?

**Mr HUNN** - The project management, I guess, would have been Leon Darko. When the boat was being built there would have been construction surveys done by Marine and Safety. That is the standard way to make sure the construction is up to standard.

**Mr HARRISS** - Are you aware as to whether Sabre engaged its own naval architect? That sometimes occurs with the manufacture of any product.

**Mr HUNN** - Not as far as I know it didn't.

**Mr HARRISS** - You indicated that the trial of the vessel went fairly well. Where was the trial conducted? Was that conducted in wide waters or sheltered waters?

**Mr HUNN** - Both - from Sabre out at Prince of Wales Bay and I think we ended up down near the bottom of Bruny Island and out in Storm Bay.

**Mr HARRISS** - During those trials, as you've already indicated, there was no indication of excessive vibration or spray?

**Mr HUNN** - That was why the spray rail was fitted. Once that was fitted we did another set of trials and we didn't have any problems. I went down below and watched TV.

**Mr HARRISS** - You'd be aware from media reports that there have been significant amounts of ballast added to the vessel since it's been on the water?

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**Mr HUNN** - There was some ballast added at the request of Inspector Paine because when the boat was originally launched it had a slight bow-down trim - that was deliberate because having the centre of gravity of the boat further forward enables it to get up on the transition from displacement speed to planing speed without going through too much of a trim angle. You see lots of boats going around and creating a huge wave because they can't get onto the fully-planing position. That was the reason to keep the centre of gravity forward. Inspector Paine wanted to get it more level so it looked better when it was in the wharf, so there was some ballast added for that, but a fairly small amount.

**Mr WILKINSON** - Were you ever consulted as to those modifications which were made?

**Mr HUNN** - That modification I was consulted about and I checked to make sure it wouldn't adversely affect the vessel. Obviously the extra weight would reduce the performance a little bit, but it wasn't all that much.

**Mrs TAYLOR** - And it didn't affect the planing?

**Mr HUNN** - No. It is usually quite difficult to get the centre of gravity far enough forward. Usually with this sort of boat it ends up too far back, so we consciously made sure that we got that in the correct place, but that didn't affect the performance too much, it was a minimal amount of extra weight. It wasn't necessary for the performance of the boat; it was a visual thing.

**Mrs TAYLOR** - It didn't adversely affect the performance?

**Mr HUNN** - No, we checked before doing it that it wouldn't adversely affect the performance.

**CHAIR** - But from your point of view it would have been better without it?

**Mr HUNN** - From my point of view it wasn't necessary.

**Mr HARRISS** - Are you aware of any other modifications which have been made to the boat?

**Mr HUNN** - The only one I'm aware of is the change to the mounting of the engines. There are other modifications I've heard rumours about, but I haven't been consulted at all about anything.

**Mr HARRISS** - Are you aware of what those are?

**Mr HUNN** - I believe that the exhausts have been modified. I don't know why. I did read something about an extra tank being installed, but I'm not sure where it was. As I said, I've had actually no contact regarding any of those modifications since the boat was handed over to the police.

**Mr HARRISS** - Given that you've had no contact and no request for input of your expertise, are you aware as to whether the police have sought advice from other naval architects as to the modifications?

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**Mr HUNN** - I believe they received advice from Alan Muir.

**Mr HARRISS** - But you don't know?

**Mr HUNN** - I know that Alan Muir wrote a report regarding the boat and made some recommendations, and I think the change to the engine mounts was part of that, but any subsequent modifications I'm not aware of who organised them.

**Mr HARRISS** - Have you seen that report from Mr Muir?

**Mr HUNN** - Yes.

**Mr HARRISS** - What is your view about the report?

**Mr HUNN** - I think there are some items in there that are probably not correct, but they might be just Alan's opinion rather than mine, but there are some things in there that I think are incorrect.

**Mr HARRISS** - Could you refer to those in specifics, please?

**Mr HUNN** - Yes, there is one comment about the hull shape. I think Alan said something like it looked like it was a jet boat hull shape because of the flat triangular piece at the stern of the boat. That is completely wrong, it is not; that is there to improve the performance of the vessel as it goes from displacement speed to planing speed. There is a comment there that the boat has a similar configuration and it is there for a reason. It is at the top of the right-hand column. This one here where it says 'pads', that is the feature he is talking about. It is quite common and it has nothing to do with a jet boat.

One of the other ones I think is something to do with the bow shape. Here is a reference from a book by a well-known powerboat designer that explains why the bow shape is done like it is.

**CHAIR** - While that is being handed around, as the designer of that boat, you say you were never given the option to have a look at the Muir report and make any comment on it?

**Mr HUNN** - No, I got a copy of it eventually.

**CHAIR** - You got a copy of the report but you were not given any opportunity to comment on the matters that were raised in that report?

**Mr HUNN** - No, not to the police department. I think I made some comments to the Auditor-General's inquiry, but that was a long time afterwards.

**Mrs TAYLOR** - Do you remember the date of that report?

**Mr HUNN** - Alan Muir's report?

**Mrs TAYLOR** - Yes.

## **PUBLIC**

**Mr HUNN** - No, I am sorry.

**Mrs TAYLOR** - You were no longer employed by the police by that time?

**Mr HUNN** - That is correct.

**Mrs TAYLOR** - Do you recall when you ceased employment with them? I presume it was on completion of the contract.

**Mr HUNN** - It looks like it was around about 28 May 2008, because that is the last timesheet I gave them.

**Mrs TAYLOR** - The contract said it was till 24 June 2008, so I guess that fits in with that.

**Mr HUNN** - Yes.

**Mrs TAYLOR** - So when was the vessel actually handed over then? Do you remember the date of that?

**Mr HUNN** - The only thing I have here is the trialling on Friday 22 May 2009. There was a meeting between Inspector Paine, myself and Sabre Marine Engineering to agree on the contract trials for acceptance.

**Mrs TAYLOR** - So that is a year after you finished working for them?

**Mr HUNN** - Yes. After that trial the boat was then handed over to the department.

**Mrs TAYLOR** - When was it completed? I think you told us it was about six months after it was actually completed before it was handed over. I suppose what I am asking is was it completed after you actually stopped working for them?

**Mr HUNN** - No, it was completed before, I think. I'm pretty sure. I would have sent them the bill otherwise.

**Mr HARRISS** - Because that was part of the contractual arrangement, wasn't it, that you would be engaged by Tasmania Police until the completion of the vessel and the launching of it?

**Mr HUNN** - Yes, that was what the contract said.

**Mrs TAYLOR** - Except there were dates in it.

**Mr HUNN** - There were dates in it, yes.

**Mrs TAYLOR** - It was a fixed-term contract until 24 June 2008, so either that had to be extended or it was completed by then.

**Mr HUNN** - Yes, that is probably why. I do not have the date it was actually launched.



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**Mrs TAYLOR** - Because you have just told us it was a year later when you were doing the final trials before the acceptance, so it wouldn't have been handed over until after that, yes?

**Mr HUNN** - That is correct.

**Mrs TAYLOR** - It is obviously a year at least. At least it is a year after I presume you stopped working for them.

**Mr HUNN** - After I finished working for the police, yes. This meeting was 22 May 2009 to agree the protocol for the trial.

**Mrs TAYLOR** - So the trials hadn't even been held then, obviously?

**Mr HUNN** - No.

**Mrs TAYLOR** - That was agreement of the protocol.

**Mr HUNN** - Yes.

**CHAIR** - As a result of your being employed by Tasmania Police, were you compromised in any way in relation to the design and the overseeing of the project?

**Mr HUNN** - Given a free hand, I would have done some things differently, but because of the police involvement they did not necessarily go along with what I thought would have been a better thing to do.

**CHAIR** - My next question was going to be was there unreasonable, in your view, interference because of your employment with the police service by police personnel?

**Mr HUNN** - No, I don't think so. In fact, I'm not even sure that they knew I was employed by the police.

**CHAIR** - I was going to ask a question on the way the contract is drawn. It says that your appointment was a fixed-term position of marine architect for the period 25 June 2007 to 24 June 2008 inclusive on a casual, as-required basis during the commissioning of the replacement vessel. How did that work? Did they call on you to come in and say you are required to do something?

**Mr HUNN** - Basically I did what I needed to do for the design and construction of the vessel and then sent in a timesheet saying how many hours I'd worked that week.

**CHAIR** - So with the construction of the vessel you would have spent a lot of time at Sabre Marine; is that right?

**Mr HUNN** - I spent a lot of time in my office drawing things and spent a reasonable amount of time at Sabre Marine, but by no means full time.

**Mr WILKINSON** - At that stage how many boats had you designed? You've been around for a while. Can you hazard a guess as to how many you have designed?

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**Mr HUNN** - I think it is up near 100.

**Mr WILKINSON** - And similar to this? In other words, the same approximate size and the same approximate use?

**Mr HUNN** - No, that would have been the first patrol boat.

**Mr WILKINSON** - But you have been doing other patrol boats for Portland?

**Mr HUNN** - Yes, that's right, we did the other ones for Portland and Warrnambool. Prior to this one we did one pilot boat which is similar. A lot of the other boats are fish farm boats, so they are very basic and this was probably the most elaborate, if you like.

**Mr WILKINSON** - Have you had any significant problems with any of the other boats you have designed?

**Mr HUNN** - Nothing significant, no, nothing that would stop them doing what they were meant to do.

**Mrs TAYLOR** - In answer to a previous question about what you would have done differently if you hadn't been employed by the police you said yes, there were some things you would have done differently.

**Mr HUNN** - Only some minor things really, like I wouldn't put an oven in the galley, I would have used a microwave convection oven and things like that that would have saved a bit of space and so on. It was mainly to do with the fit-out of the boat. The department wasn't all that interested in the construction or structure of the boat and it was only when it got to the fitting-out stage where they could see something.

**Mrs TAYLOR** - Except for the engines.

**Mr HUNN** - Apart from the engines, yes.

**CHAIR** - They seem to be a big part of the issue, the engines.

**Mr WILKINSON** - Was this a Kingston hull?

**Mr HUNN** - No, that is somebody else's brand name.

**Mr WILKINSON** - Yes, but the same type of hull as the Kingston hull?

**Mr HUNN** - Yes, it is the flat piece on the stern that Alan referred to as a jet boat design feature, which it isn't, and that hull has the same feature. Many boats have it. That one has it and that is outboard powered. It is just there to make the boat go from slow speed to high speed without getting excessive trim angle, which means you cannot see out the front sort of thing.

**Mr WILKINSON** - In other words, you're not going along the corridor vertically.

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**Mr HUNN** - Yes, that's right. That's what it's for.

**CHAIR** - Can I just change the topic? What involvement did you have with MAST throughout this process?

**Mr HUNN** - I'd been working part-time at MAST for several years.

**CHAIR** - And in relation to this vessel, *Fortescue*?

**Mr HUNN** - Basically, because I only worked there part-time, I operate as a consultant the rest of the time, so if I design a vessel that is built in Tasmania, MAST will get someone else to look it at rather than me. Normally I would look at the plans and so on that come in for vessels to be built and put the stamp of approval on them if I agree with them. But in the case of vessels that I design outside of MAST, somebody else does the assessment of the plans. In this case, it was Alan Muir who did the assessment of the plans.

**CHAIR** - At the time of the design and construction of this vessel that we are talking about, did you have a part-time position with MAST then?

**Mr HUNN** - Yes.

**CHAIR** - You were responsible for the design while working with Sabre Marine. You were then employed by Tasmania Police and you are not really sure why and you still have an involvement as an employee with MAST at the moment?

**Mr HUNN** - Yes, also the Maritime College, if you really want to know.

**CHAIR** - I just raise the question of conflicts of interests and so on.

**Mr HUNN** - That is exactly why, if I design a vessel that is going to be built in Tasmania, I do not have anything to do with any plan approvals or any instruction approvals or anything. MAST give that to someone else to do.

**CHAIR** - What happened in this instance?

**Mr HUNN** - Exactly that, somebody else did the approvals and the surveys and so on.

**CHAIR** - That was in MAST?

**Mr HUNN** - Yes.

**CHAIR** - Do you know who it was?

**Mr HUNN** - The plans were sent to Alan Muir who ploughed through them to check to make sure they were satisfactory. The surveys were done by I think Chris Wells, who is a contract surveyor of MAST.

**CHAIR** - Employee of MAST?

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**Mr HUNN** - Yes. But as far as my role with MAST is concerned, I did not have any involvement with this vessel through MAST.

**CHAIR** - Through their surveying and all the other operations that they have to take on?

**Mr HUNN** - That is right.

**Mr WILKINSON** - Did you speak with any members of the government at all, any ministers?

**Mr HUNN** - No.

**Mr WILKINSON** - Let's say, the Minister for Police did not have any conversation with you at all in relation to the vessel, either before or during the construction stage?

**Mr HUNN** - Who was the Minister for Police at the time - Mr Llewellyn?

**CHAIR** - Mr Llewellyn would have been at the time, I think.

**Mr HUNN** - I do recall, I think he came out for the initial inspection at Sabre when they looked at the coast guard boats and I am pretty sure he was there when the boat was launched. But other than that, there was no involvement.

**Mr WILKINSON** - Was he dealing with you at all?

**Mr HUNN** - No.

**Mr WILKINSON** - Anybody from government at all? They were behind the scenes, I suppose, because it was mainly you and the police, is that right?

**Mr HUNN** - That is correct.

**CHAIR** - What discussions or conversations did you have with other police, the marine police that would have been responsible for manning this vessel?

**Mr HUNN** - I had discussions with Inspector Paine and Constable Crawford. They were the only members of the marine police that I spoke to. Constable Crawford was basically put in charge as far as the police were concerned.

**CHAIR** - To your knowledge, did the other operational police, in the main, have access to Sabre Marine where the boat was being constructed?

**Mr HUNN** - I think they did, yes. I think that a lot of them came out just to have a sticky-beak.

**Mrs TAYLOR** - Do you have any idea why there was police resistance to the vessel from the beginning? I presume this was a vessel that police wanted. They wanted a replacement for the force.

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**Mr HUNN** - Yes, they did. They had wanted a replacement for many years. I do not know why there was any -

**Mrs TAYLOR** - One would think that they would be welcoming it. They would be looking and saying, 'Oh, isn't this fantastic' - I do not understand why they would not have been positive about it rather than negative.

**Mr HUNN** - No, I couldn't understand it.

**CHAIR** - On that point, you were employed by Tasmania Police and, with that happening, did you decide or determine that maybe you should be talking to someone about the negativity you were hearing and the publicity it was being given? Did you go to the commissioner or the deputy commissioner?

**Mr HUNN** - I spoke to Leon Darko about it a couple of times after items had appeared in the press. I spoke to Inspector Paine after I'd heard one of the water police people making comments about the vessel. I didn't go to the commissioner because there was a revolving door of commissioners at the time.

**CHAIR** - Did anything happen as a result of that?

**Mr HUNN** - No, not really.

**Mrs TAYLOR** - And that was before the vessel was even launched?

**Mr HUNN** - Yes.

**Mrs TAYLOR** - It doesn't make sense to me.

**Mr HUNN** - No, it doesn't make sense to me either.

**Mrs TAYLOR** - I don't understand either how the decision was made as to what engines to buy when the naval architect and you yourself were preparing a report on three vessels.

**Mr HUNN** - That threw me a bit, too. The only thing I could think of at the time was that they wanted to buy something before the end of the financial year.

**Mrs TAYLOR** - They were paying you and the naval architect to do a report on three kinds of engines, to try to decide which was the best engine for the vessel, and then before you had even presented the report they made a decision about which engines to buy. Somebody must have given them that advice, so where did they get that advice from?

**Mr HUNN** - I don't know. There are a limited number of engines that could be used; they had to be a certain horsepower and so on. Because of servicing and so on, there were only a couple of brands they wanted to use because you can get them serviced easily in Tasmania, but within those constraints there were still a few choices, which was why we were doing that report - it has an effect on the whole vessel.

**Mrs TAYLOR** - One would think from looking at it from the outside that even if somebody said, 'Let's buy them before the end of the financial year, let's buy them now', they would

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surely have run their plan past the people they were employing to help them make a decision. Even if they wanted to do that and said, 'I think this is what we should buy and we need to do it in a hurry', wouldn't they have asked you?

**Mr HUNN** - You would have expected them to, but no, not at all.

**Mrs TAYLOR** - Nor the naval architect?

**Mr HUNN** - No.

**Mr HARRISS** - Where did the motors for the vessel come from?

**Mr HUNN** - Caterpillar.

**Mr HARRISS** - I recall from some documentation the committee has that there was some assessment of other engines that would have used less fuel.

**Mr HUNN** - That was in the report I just gave you.

**Mr HARRISS** - There was Cummins, Caterpillar.

**Mr HUNN** - Yes. Obviously if the engine is slightly smaller it has less power so there are other ramifications - the propeller shaft doesn't have to be as big. It wasn't just a matter of looking at the fuel usage, it was also the impact on the overall weight.

**Mr HARRISS** - Yes, the matters you referred to earlier.

**Mr HUNN** - Yes.

**Mr HARRISS** - I am trying to join a few dots for my own edification. At the onset at the consideration of the project, I understand that Sabre Marine were prepared to have you covered under their professional indemnity insurance, because you didn't have your own, is that true?

**Mr HUNN** - Correct. It was a lot cheaper being covered under their insurance because at the time they had a considerable number of tug boats and things. They had a very large insurance portfolio. It is a good little box to tick on the end.

**Mr HARRISS** - Indeed, I am aware that your time in design work was probably 50 per cent or thereabouts of your working life and therefore PI insurance was prohibitive and it was a practical process to be included in Sabre Marine's professional indemnity insurance package. They were prepared to do that anyway. Then when the offer or the invitation to be an employee of the police department came to you, your reaction to that was something to the effect that Mr Johnston being the then deputy commissioner, you believed the decision to employ you reflected a desire to have greater control over you.

**Mr HUNN** - That's what I thought at the time, yes.

**Mr HARRISS** - What was your thinking as to that? What did you mean by that?

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**Mr HUNN** - Well, just that they could then direct me to do things rather than acting independently from them. They could have a direct input into aspects of the vessel, which they would have had anyway.

**Mr HARRISS** - Yes, as the client. The client can come by anytime and say these are the modifications.

**Mr HUNN** - As far as they design and construction of the vessel it didn't really make any difference. It has now though. Even allowing for that I haven't heard of any design defect that anybody thinks should be covered by insurance. Apart from this range issue, there is no actual defect that anybody has positively identified.

**Mr HARRISS** - As to being defective in design?

**Mr HUNN** - Yes. There might be, somebody might have identified it but they haven't told me.

**Mrs TAYLOR** - I got the impression from when you first started talking that this vessel could actually do the job even now that it was designed to do.

**Mr HUNN** - I believe so.

**Mrs TAYLOR** - It might be noisy and it vibrates, which you put down to the fact that they have hard-mounted the engine.

**Mr HUNN** - I haven't been on the vessel since they did that, so I don't know what the effect of it is. It may be that the effect of that is so much that they don't want to go anywhere in it.

**Mrs TAYLOR** - It doesn't affect it technically, it might just be uncomfortable.

**Mr HUNN** - Well, eventually it will affect it.

**Mrs TAYLOR** - Long-term?

**Mr HUNN** - The additional vibration, but I haven't been on it since they did that so I don't know what it's like.

**Mr WILKINSON** - Using the same type of analogy, if you were designing a plane then you would think that if the jet engine in the plane was going to be different from what you designed in the first place then you would be consulted about it because here you are, you are the one who is designing it, you are the one who has done all the maths in relation to it and whatever else has to be done to it, and therefore if it was going to be a different engine in that plane to what would otherwise be used you would expect, I would have thought, to be consulted because you would have been better than anybody else to say no, this won't work because of x, y or z, or yes, this may work.

**Mr HUNN** - I would have thought so, too. For the original engine installation, the mounting of the engines, the shafts, the bearings and so on and so forth, Caterpillar require you to send them a drawing of how you are going to install their engines and they need to

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approve that installation, so that is what was done for the original installation of the engines. I do not know whether it was done afterwards or not.

**Mr WILKINSON** - When the engine was changed you do not know whether the drawing had to be sent to Caterpillar?

**Mr HUNN** - When the mountings were changed? I don't know whether they sent the new drawings because Caterpillar won't give you a warranty unless they check these thing. It is not just a matter of deciding yourself what to do; you have to go back through the manufacturers to get approval.

**CHAIR** - Would that have likely occurred had you retained your position at Sabre Marine and not been employed by DPEM? Would you have had more control over that?

**Mr HUNN** - That was something that happened after the boat was handed over to the police. If they had gone along the same track, I wouldn't have been involved then either.

**CHAIR** - With the motor? I am talking about the motor selection. Had you remained with Sabre Marine in the position you had initially and not crossed over to DPEM, would it have likely occurred that the police would have purchased a motor and said, 'Put this motor in that boat'? Could you have had more control over that?

**Mr HUNN** - I'm not sure about that. At the moment I can't recall what the contract says about the supply of the engines, but I don't think it would have made any difference to that aspect of it.

**CHAIR** - Surely if you are involved in the management of the project and are the designer of the vessel - I am a layman in this area, but I would have thought that in the design of any boat the purposes of a special engine, specifications and so on, would be around the design of the boat.

**Mr HUNN** - That's the usual way. Usually the client, the owner of the boat, will have a preference for the type of engine. He might have used them before and will say, 'We want to use a Cummins engine. How big do we need it to be?', and as part of the design you work out how big the engine needs to be. You don't often start with, 'These are the engines, design the boat around them'.

**CHAIR** - That's the point I am getting to.

**Mr HUNN** - It's not normally done that way, no.

**Mrs TAYLOR** - But you had already designed the boat before they bought the engines?

**Mr HUNN** - No. When you are designing a boat it is sort of a spiral thing. When you start you don't really know how much it is going to weigh or where various things are going to be, so you have to go around in circles and work out an approximation first to see if that works. If it doesn't work, you change something and at the end of doing that two or three times you say, 'We can probably go with those engines because they have the power to get the speed you want'.



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**Mrs TAYLOR** - Was there a minimum or maximum speed that was required?

**Mr HUNN** - There was a contract speed, and I think it was 25 knots.

**Mrs TAYLOR** - I am looking at this report that you and the naval architect did about the engines. Did they go with the Caterpillar C12?

**Mr HUNN** - Yes.

**Mrs TAYLOR** - Your report looks as though the only reason for doing that would be if you assumed a maximum speed greater than 28 knots was required.

**Mr HUNN** - Yes, that's right. From memory, that wasn't the required speed. It was 25 knots or something similar to that.

**Mrs TAYLOR** - In which case, you say in all the others that the Cummins or the C9 would have done the job?

**Mr HUNN** - That's what it says, yes.

**Mrs TAYLOR** - However if they hadn't look at this report yet, they wouldn't have had your advice?

**Mr HUNN** - No, because it wasn't completed.

**Mrs TAYLOR** - There is no date on this.

**Mr HUNN** - No, there isn't, because it wasn't a finalised report. I am fairly sure I can find out what date it was done.

**CHAIR** - With the issues that have arisen in relation to *Fortescue* and so on, in your opinion if the police were to go to Sabre Marine again and say, 'This is what we want', how could it best be done?

**Mr HUNN** - Just going back a bit, because of the timeframe involved the design was continuing as the boat was being built. The best way to do it would be to do a complete design and go out to tender. The other option to that is that it is a design and construct contract where the boat builder hires someone to design the boat and then you leave them alone to build it.

**CHAIR** - And you are not being employed by the police department.

**Mr HUNN** - The police department could employ me to do it to complete design and tender documentation. That would not be an issue.

**CHAIR** - On the similarities that we raised right at the very beginning, did you raise that issue with anybody at all that you were concerned as to whether or not the vessels were similar and therefore you could piggyback off that same position? Did you raise your concern with anybody on that?

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**Mr HUNN** - That is why there were two people looking at that, Guy Anderson and myself, because we wanted to make sure that we were not being too narrowly focused basically to have someone say, 'No, I don't think they are similar'. We made a list of similarities and differences and presented that to the department who then ran it past Treasury and so on, and they decided that they were suitably similar.

**CHAIR** - Do you have a copy of that list? The Auditor-General would have had a copy of that, I would suspect.

**Mr HUNN** - Yes, it was not a secret list. I'm sorry, I don't have one.

**CHAIR** - I think it is probably in the correspondence. We will pursue that and follow that up.

**Mr HUNN** - I can e-mail you a copy of that.

**CHAIR** - You might do that, thank you.

**Mr WILKINSON** - Like in any architectural work - and one of my boys is an architect - there seems to be a situation where often there is the architect, he or she designs, and then there is the builder. If there are issues and sometimes there are, some say that the architects make it look good but do not make as serviceable as it should be, the builder gets together with the architect and says, 'This is just not going to work, can you fix this or can you do whatever you need to do to ensure that it is going to be practical?'. Was there ever any of that type of negotiation going on between yourselves and the actual builders of the vessel?

**Mr HUNN** - Not really between myself and the builders, but between the client and the builders there were some conversations about things like that.

**Mr WILKINSON** - Therefore, did the builders change your design in any way as a result of the conversations that were had?

**Mr HUNN** - Nothing substantial, no. The changes only came about during the fit-out, like 'We don't want that bollard there, we want it over there.' - minor things like that. No major structural changes or anything like that.

**Mr WILKINSON** - Did you have much say as the boat was being built, or you were just the designer and were not building it and therefore that was the end of your job?

**Mr HUNN** - No. They way they build these aluminium boats in particular is, I work out the shape of all the bits, put those shapes onto a drawing and send the drawing to One Steel who supply the aluminium and they cut them all out and send them to the builder, so the builder basically gets a kit of parts. There is nothing really that the builder can change in a substantial way because he has the kit to put together.

**Mrs TAYLOR** - Flat-pack.

**Mr HUNN** - Virtually.

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**Mrs TAYLOR** - The *Fortescue* flat-pack.

*Laughter.*

**Mr HUNN** - It is quite common. The builder didn't change anything dramatically from what I designed, no.

**Mr WILKINSON** - The builders were Sabre Marine?

**Mr HUNN** - Yes.

**Mr WILKINSON** - Did they have any problem with what they were building? Did they say, 'Look, this is just not going to work,' or anything like that? Were there any alarm bells at all that were raised as the boat was being built?

**Mr HUNN** - No, not as it was being built. It was only after it was trialled and handed over that there were alarm bells going off.

**Mr WILKINSON** - You've been employed from time to time with Sabre Marine and you've built a number of boats with them, I would imagine, or designed a number of boats which they have built?

**Mr HUNN** - Yes, probably about eight or so.

**Mr WILKINSON** - And there has never been an issue with that arrangement previously with the eight boats you have just mentioned?

**Mr HUNN** - No.

**Mrs TAYLOR** - Have you built any with them or have you worked with them since the *Fortescue*?

**Mr HUNN** - I've done some work for them - just a little barge or something and some stability calculations, that sort of ongoing consulting sort of stuff, so I still work with them, but they haven't built any boats since.

**Mrs TAYLOR** - I'm not sure how well this is on or off the topic, but I am just a bit concerned, Mike, about how this has affected you. Have you had adverse effects professionally as a result of the *Fortescue* or the complaints?

**Mr HUNN** - Not directly, but other boat builders that I've worked for may have had somebody come along and say, 'I want you to build us a boat like this but don't get it designed by that bloke'.

**Mrs TAYLOR** - Yes, I suppose that is what I'm thinking.

**Mr HUNN** - Not directly to me, but as a reflection, yes. I think we've got over it now.

**Mrs TAYLOR** - It's just that there has been a lot of adverse media coverage of it, which if I were the designer I suppose I might feel it reflected on my reputation.

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**Mr HUNN** - It didn't help my health and temper much, but all the clients I've had before still come back; they're not fussed.

**CHAIR** - Michael, thank you very much for attending today. Thank you very much for the way in which you've answered our questions and the evidence that you have brought up. We appreciate it. We have gone over the time we indicated to you, but we do appreciate that very much.

**THE WITNESS WITHDREW**

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**Mr GRAEME PHILLIPS**, MANAGING DIRECTOR, SABRE MARINE AND GENERAL ENGINEERS PTY LTD, AND **Mr DAVID BARCLAY**, PAGE SEAGER LAWYERS, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** (Mr Dean) - Thank you for attending, Graeme. This is a public meeting and statements made are being recorded by Hansard and will be publicly available. If at any stage we get to a point where evidence we want from you or we ask a question that you think may be about a confidential issue, you are entitled to ask us to accept that evidence in camera and the committee will make a decision on that. The terms of reference have been provided to you, Graeme, and that is the point of our questioning and evidence this afternoon. This committee commenced in 2010 and the inquiry was then deferred because of civil action. We now have resumed that inquiry and hence the reason there has been that delay from 2010 until now, in fairness to you and the other party as well. You have provided a statement for us, and members are trying to read through it, but I will give you the opportunity at this stage to talk to the statement and present any other position or evidence you would like to give us and at the end of that we will go to questions.

**Mr PHILLIPS** - The first thing I would like to say on the confidentiality bit, I have brought with me my lawyer, David Barclay. During the proceedings we had which caused your committee to be suspended for a period of time we had a settlement that came out of a hearing that is in confidence. If there is anything that is relating to that settlement, I would like Mr Barclay to join me from a legal perspective.

**CHAIR** - We would take advice from Mr Barclay on that and then make a determination from there as to how that would occur. I do not think the circumstances of the settlement would be of any real interest to this committee.

**Mr PHILLIPS** - We had a mediation where it was settled and I understand that everything that happened in that mediation is confidential. I just don't want to put my foot in it.

**CHAIR** - If we do reach that stage, we will hear from Mr Barclay. The committee has no objection to David coming forward and sitting next to you, if you would prefer that, rather than across the table.

**Mr PHILLIPS** - In this statement I have addressed the eight items of the terms of reference of the committee and put Sabre's perspective against each item. I am very happy to answer questions as we go through it.

Firstly, we had no input whatsoever and we do not know why there was an operational urgency relative to the replacement of the *Freycinet*. That was nothing to do with us.

**Mr HARRISS** - Even though, as you say, Graeme, you had no input as to whether there was any operational urgency, did anyone comment to you or anybody else at Sabre as to the suggested urgency, even though you had no input to it?

**Mr PHILLIPS** - I believe the urgency that was suggested to me was to get the contract signed and everything underway so that the money could be put into a trust account before 30 June.

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**Mr HARRISS** - And who was that suggestion made by?

**Mr PHILLIPS** - My dealings were with a fellow called Leon Darko who in the contract was the crown's representative, and most of my conversations were with him on the contract issues and the procedural issues working up to the contract.

**Mr HARRISS** - So to be clear then, it was Leon Darko who indicated to you that there was this urgency within the department?

**Mr PHILLIPS** - There was an urgency to get the thing rolling.

**Mr HARRISS** - Okay.

**Mrs TAYLOR** - And that was before the end of the 2006-07 financial year?

**Mr PHILLIPS** - Correct, yes. So in terms of the design - and probably if I deviate just a little bit from this text - I signed a contract which said to design, manufacture and supply a boat and I signed that on 25 June. I think it was about 29 June - which was the day Michael Hunn signed his contract with the police - I had a phone call saying the police were now the designer and not me. I was quite happy with that. It meant that I didn't have to worry about the architectural things of the boat and everything else.

**CHAIR** - Did that surprise you, that position of Tasmania Police taking over?

**Mr PHILLIPS** - Not really. Michael had been working with the police for three, four or five months, and the boat that the *Fortescue* was modelled on or copied from, whatever you like, was his design, and it was the third one that he had designed and the third one that we were doing under his design. He knew all about it, and there was nothing more to prove as far as we were concerned with the boat, and the police knew what they wanted with the boat, so it didn't fuss me either way whether Michael was working for me or working for them.

**Mrs TAYLOR** - Can I just ask relating to that then, was that a variation to the contract?

**Mr PHILLIPS** - It was a variation to the contract, and during the course of this I have addressed that.

**Mrs TAYLOR** - Okay.

**Mr PHILLIPS** - That was the cause of the big dispute.

**Mrs TAYLOR** - Yes, because at the time, if you signed it on the twenty-fifth and then you got notified on the twenty-ninth that Michael was going to do the design, at that stage you had a contract that said 'design, construct'.

**Mr PHILLIPS** - I did.

**Mrs TAYLOR** - And was there a price attached to that?

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**Mr PHILLIPS** - Yes, there was because it was in the contract; a price attached to the boat, yes, \$1 179 000.

**Mrs TAYLOR** - But that included design, construct, and whatever the third word is.

**Mr PHILLIPS** - It did not include any fee for Michael Hunn, because Michael Hunn informed me that the police were paying his fee because he was working for the police from the time that they decided that they were going to have a boat that was around 15 metres.

**Mrs TAYLOR** - So even when you signed the contract with them on the twenty-fifth, and it had 'design, construct and supply', you knew that you weren't going to have to pay for the design.

**Mr PHILLIPS** - Yes, I did, because I sat down with Michael Hunn when the police said they wanted a boat that was 15 metres long, not 12 metres long, and said to Michael, 'You've designed these other two boats for me. What do I have to do that is different to these other two boats in terms of more aluminium, more work, more this and something else?' So basically I paid Michael for the design of my boats, at any rate, and if it moved to building another one of those boats the fee for Michael would have been pretty small, but at the bottom in my spread-sheet that I did for the police boat I had an administration charge. Now that administration charge included me, Michael Hunn and a fellow called Bill Baxter, who were my three key people.

**Mrs TAYLOR** - Right. I suppose I am trying to just clarify about what happened then when on the twenty-ninth they said they were employing Michael. That sounds to me like the contract was considerably varied, but, as you say, you only had a small component in your original contract for Michael Hunn; is that correct?

**Mr PHILLIPS** - The contract was considerably varied because when Leon Darko rang me, I said, 'That is a variation of the contract'. Leon said, 'Don't worry about that, but when we get the unders and the overs and the variations we will fix them all'. During the whole course of the contract there was never a variation signed for anything that was changed from the original specifications.

**Mrs TAYLOR** - You just took on his word?

**Mr PHILLIPS** - I took it on the word of the police and I was working for the police.

**Mrs TAYLOR** - Yes, I know and you should trust the police as well.

**Mr PHILLIPS** - Thank you.

**Mrs TAYLOR** - It is just that we have all been in situations where it is better to get things in writing from whomever you deal with.

**Mr PHILLIPS** - With hindsight, I think my lawyer would have told me I was pretty dumb at that time.

**Mr WILKINSON** - Was Mike employed by you at that stage?

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**Mr PHILLIPS** - Michael was not employed by me for those three or four days between the twenty-fifth and the twenty-ninth.

**Mr WILKINSON** - But before that he was?

**Mr PHILLIPS** - Yes. Michael has been on my payroll for the times when we have built boats, ever since he gave up his professional indemnity insurance. I have professional indemnity insurance for my whole business that in those days ranged from the tugs to the ferries to this and everything else. Putting him under the auspices of that was not a problem and it suited me down to the ground.

**Mrs TAYLOR** - That meant he had to be on your employment list?

**Mr PHILLIPS** - Yes, he could not be a contractor.

**Mrs TAYLOR** - Why did you stop on the twenty-fifth?

**Mr PHILLIPS** - Police decided to employ him.

**Mrs TAYLOR** - No, that was on the twenty-ninth.

**Mr PHILLIPS** - I signed the contract on the twenty-fifth and Michael was not working for me in respect of the police from the twenty-fifth to the twenty-ninth.

**Mrs TAYLOR** - But between the twenty-fifth and the twenty-ninth you still had a contract to design as well.

**Mr PHILLIPS** - But nothing was going on with that contract for those four days. Michael was still giving us drawings and so forth for the other boat that we were building at that time.

**Mrs TAYLOR** - He was still on your books even though he was not doing any work for you in those four days.

**Mr PHILLIPS** - He was still being covered by my insurance.

**Mrs TAYLOR** - He was still covered?

**Mr PHILLIPS** - Yes.

**Mr WILKINSON** - You said, Graeme, as well, it was the third one we were building for Michael, who had been building the other two, being the coastguard boats. This was the third one. The police knew what they wanted. When you say, the police knew what they wanted, do you mean that Michael knew what they wanted or, alternatively, Michael was cast aside and in fact the police took over as far as saying, can you do this, can you do that?

**Mr PHILLIPS** - The police boat would have been the fourth. We had built a boat called the *Tiger*, which is a cutter, and then the two coastguard boats which were absolutely the



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same except for the superstructures and whatever. Then the police boat came along. Michael came to me with a draft specification and the draft specification was the list of what the police wanted, as varied from the coastguard boat was. I have itemised what the differences are. It is not a structural difference, it is an operational difference, nothing to do with the structure.

**Mr WILKINSON** - Okay, thanks.

**Mr PHILLIPS** - In 2007 I was contacted by Michael Hunn and told that they were going to replace the *Freycinet* and the police wished to come out to our premises to inspect the current Australian Volunteer Coastguard boat that we were building. I had no objection and we had a delegation of police that came out, which included McCreadie and Johnston and the whole hierarchy that were interested in the marine site.

**Mrs TAYLOR** - Not the minister?

**Mr PHILLIPS** - No.

**Mr HARRISS** - Can you recall any others? You have mentioned Richard McCreadie, Jack Johnston.

**Mr PHILLIPS** - Ross Paine, Leon Darko and Craig Crawford were there and there were a couple of others that I did not know. There were about eight or nine of them, I think. They asked me whether or not we could build a 15-metre one of these for them and I said we could, but the contract with the coastguard was entered into on the basis of a vessel that we had recently completed for myself, which is called *Tiger*. The coastguard vessels had the same hull dimensions and propulsion systems and everything as *Tiger* and in actual fact they were the same. As Michael told the Auditor-General, that was a development from about 12 boats prior to the building of the *Tiger*.

The police said they were interested in getting a price from me, so Michael Hunn came to see me with a preliminary profile and a preliminary GA, and a draft list of the requirements that would need costing to cover the differences the police wanted for their operational use.

**Mr WILKINSON** - GA means what?

**Mr PHILLIPS** - General arrangement. That is a flat picture of the boat looking down on it and the profile is looking at the side.

**Mrs TAYLOR** - Graeme, you had paid really, hadn't you, for the design of the others?

**Mr PHILLIPS** - Three times.

**Mrs TAYLOR** - Would it not have been your intellectual property the first time it was done?

**Mr PHILLIPS** - No.

**Mrs TAYLOR** - Whose was it?

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**Mr PHILLIPS** - Michael's. The actual boat was the same hull design as the coastguard boat, but extended three metres. I think it is important to realise that it was proportionally wider in the beam, it wasn't just stretching the boat. It had a larger deck area and extended superstructure with a fly bridge so that police could put their red eye special and everything on top. The police required a rib docking on the back of the boat. The police required more galley equipment and more accommodation, and the police required propellers, not jets.

**Mrs TAYLOR** - The reason for that?

**Mr PHILLIPS** - I can only go by hearsay and also by what was in a transcript from Brett Smith, that it is very difficult to control a jet boat going backwards. A jet boat is not as good in the sea as a propeller boat, but that is all a matter of opinion for naval architects, which I'm not. The police required the fitting of a lot of different electronics on the boat.

**CHAIR** - So you would agree that there was a lot of difference in what the police wanted and to the two coastguard vessels?

**Mr PHILLIPS** - I think words are pretty important here. The *Tiger* was a pilot boat; the coastguard boat was a search and rescue boat. They wanted it more as a day boat than being on it, so the fit-out was in terms of a day boat. It had a tiny little stove on it and a place they could boil a billy and that is about it, with a couple of bunks down below where they would put people they had rescued. The police wanted a boat where they could go on five- to seven-day patrols, which means they wanted fridges, stoves and of course space then becomes a problem. They wanted washing facilities, a gun safe and a lot of other things on the boat. But that was all built around the structure and it was just operational difference that we were building or we were supplying.

**Mr WILKINSON** - When you say here the police required rib docking facilities on the transom, duck board and aft deck, is that that shape of the aft deck, which is like a little triangle?

**Mr PHILLIPS** - You come out of the water and there is what they call a duckboard, which is just a boarding platform, and then you go up the transom, which is the stern, onto the flat deck. It is like the abalone boats when they go out in their tin dishes, they come flying back in and go straight up the rib dock and land on the back of the boat.

**Mr WILKINSON** - The *Freycinet* has that same facility.

**Mr PHILLIPS** - Absolutely. Back on 13 June I sent an indicative price to the department, which went to Leon Darko, with the timing and the plan of the boat. In my discussions with and letter to Leon there were four, five, six conditions I had before I could start constructing the boat: entering into a contract, finishing the coastguard vessel, extending my shed, employment of additional labour - and at that time there was no labour around because our good friends across the bay and down at Austral had pinched them all - and receipt of all MAST-approved drawings and specifications, and the availability of component parts. We received the drawings from MAST three months after we signed the contract and we launched the boat on 31 October 2008.

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**Mr WILKINSON** - What were the drawings you received from MAST, the drawings of the boat Mike had done?

**Mr PHILLIPS** - Yes. The procedure is that a naval architect designs the boat and then gets MAST to approve the design so as it can be 2B it can be 200 nautical miles offshore. That is then sent to another independent naval architect, which in this case was Mr Muir, and he sends the plans back and says if they are okay.

**Mr WILKINSON** - What they are saying okay to is that that boat will be fit for the purpose for which it is to be built - is that right?

**Mr PHILLIPS** - I'd put it another way: that they say it complies with the USL Code or, in the case of the change in Australia to the commercial vessel legislation, I think MAST was using the USL Code in 2007. The USL Code says it can go up to 200 nautical miles offshore, it is a 2B boat, it can take  $x$  passengers and it can do this and that.

**Mr WILKINSON** - In order for them to get that tick, they have to get an independent person to have a look at it as well, to say what it is to be built for and the design is sufficient for that boat to meet the standards it should meet?

**Mr PHILLIPS** - On top of that, I understand Mr Hunn said, 'This is where the design came from and this is where we are'. I had 2B and 200 nautical mile limits for the coastguard boat and the pilot boat that we'd built before. It's pretty standard procedure.

**CHAIR** - I might be jumping the gun and no doubt you will get to it, but at the stage the design of that boat goes to MAST for MAST to make the determinations they need to make, to say the boat can do all those things, would the motor not have been an important part for MAST to determine whether the motor that was going to be fitted to that boat was capable of performing in the way it should?

**Mr PHILLIPS** - I really can't answer that question.

**CHAIR** - A body such as MAST has to make these determinations as to whether the design of the boat will fulfil all those requirements and necessities, so for them to make that sort of decision I would have thought the motor would have been a fundamental part of that whole process.

**Mr PHILLIPS** - At the stage of where the initial general arrangements and the profile are approved for construction there would have been a specification which included what was going in the boat.

**CHAIR** - Provided to MAST at that time?

**Mr PHILLIPS** - I would have thought that was the case.

**CHAIR** - Do you know if that was the case?

**Mr PHILLIPS** - No. We builders don't interfere with MAST. It is a regulatory body -

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**CHAIR** - The reason I asked the question - that boat to that design, if it was fitted with a 100 horsepower motor on the back of it, they wouldn't be able to do that.

**Mr PHILLIPS** - That's true.

**Mr WILKINSON** - If there were any alarm bells that this boat is not going to stand up to what it's supposed to do then MAST wouldn't give it the tick, I understand.

**Mr PHILLIPS** - That's exactly right. With the criteria of the three boats that have gone beforehand I would have seen no reason why they would not have ticked it off. In other words, they ticked it off anyway.

**Mr WILKINSON** - Sure. With the elongation, as you say, it was certainly larger as well to cope with that to some degree, but with those changes and also with the change as there later was in the engine to allow it to go over the 200 nautical miles mark, would that have made any difference, or not really, or are you unable to say?

**Mr PHILLIPS** - I don't think I should be commenting on that because I am not qualified to do so, but as a layman and as a boatie like you are and David is and whatever else, the end product is the proof of what is in the pudding, and that boat will go 200 nautical miles offshore.

**CHAIR** - With what you have just said then, Graeme, with your background and general knowledge, would it be normal that when a design is completed and all of those designs go off to MAST for MAST to make a determination as to whether it will meet all of those things et cetera, the design fits with it, is it normal that motor specifications go with that?

**Mr PHILLIPS** - I don't know whether Michael explained the process to you, because he did MAST, not me, but the process culminates in the stability book, and the stability criteria of the vessel where, at the end of the process, when you want to confirm whether a boat can go 2B, whether it can go 2C, 2E or whatever, and go 15, 20, 30 or 100 or 200 nautical miles offshore, a stability book is created by putting weights and measures all over the boat, doing tests of what it does. Then the naval architect is required to do the stability book that says that, yes, it will behave properly going out 200 nautical miles, or it should be only going 15 nautical miles, and that stability book, as I understand it, was checked by Alan Muir, the guy that recommended the modifications for the police. I presented the police with a MAST survey certificate of 2B and 200 nautical miles when I handed the boat over, which meant it complied with the contract.

**Mr WILKINSON** - Was there anything? The architects and builders often have their disputes. The architects say 'This looks nice'. The builders say, 'Yes, it might look nice but it is not serviceable for whatever reason'. Is there any of that type of to-ing and fro-ing going on between yourself as the boat-builder and, say, Michael as the naval architect?

**Mr PHILLIPS** - Not really. I think that is more of an Incat-size boat that they have that type of problem with. This is a little boat. It is not a big boat, and it doesn't matter what you do with it, you can't put many things in many places because they won't fit. The accommodation of the vessel is probably a third of the length of the vessel, which means

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it is only five or six metres, and that is about the same size as a lot of people's lounge rooms in length.

**Mrs TAYLOR** - It is only a 15-metre boat after all.

**Mr PHILLIPS** - It is, yes. It is a small boat. I got to the stage where I had all these qualifications on when we could start and when we could finish and whatever else, but towards the end of the project a meeting was held between the department personnel, including Michael Hunn and Andy Gamlin. Andy Gamlin was another person that the police brought in to keep an eye on what was going on, to go through a spreadsheet of all the contracts which the police drew up, all the contract clauses and sub-clauses, and we went through and ticked them all off. We had a few things to do. We agreed that a few things were different but not crucial to the boat. They were only cosmetic, and we were ready for trials, but unfortunately I hadn't got a formal variation to the contract, and perhaps I should have, at this point in time, addressed that first. The contract stated that we had to have a products liability insurance policy in place for at least 12 months after delivery of the vessel. Delivery of the vessel actually did take place after trials and after signing off, so therefore immediately after that boat. This was the experience with the other three boats we built. Immediately after we had done that, in effect it would be no longer be me and I had to have products liability insurance.

I spoke to my broker, who went to London, which is the only place where you can get products liability insurance, so he told me. They said that they wanted a copy of the contract. I said the contract wasn't correct because there was no variation attached to it because we were [inaudible] designer, so my insurer required a formal variation to the contract to be attached to the contract before they would issue public liability insurance. Fortunately I spoke to Leon Darko and he said, 'Will you please get your lawyer to draft a variation up', which I did. We sent it to the police and then they sent it to the Crown Solicitor and nothing happened. I didn't get a variation and we went through a legal dispute, and we signed the variation on 21 May 2008.

**Mr HARRISS** - Six months after you were -

**Mr PHILLIPS** - Six months after I had asked them for a formal variation. Then we did the final tart-up of the boat and we handed the boat over on 1 June and we handed the boat over on 1 June. I refused, and contrary to some legal advice, to let the trials happen and hand the boat over until I had the variation. I did not want myself or my company exposed without any insurance because it would have been required, so that is why the boat wasn't handed over. It sat outside my office and I was looking at it every morning from November through to 1 June.

**Mrs TAYLOR** - Did that mean payment was withheld until then too?

**Mr PHILLIPS** - Yes, but that is another issue. I think I think I've covered most of the items under 1, 2 and 3.

**CHAIR** - Just on the variation to the contract, do you to this day know why there was a hold-up, an inordinate period of time for it to be done? Any idea at all?

**Mr PHILLIPS** - Why the formal variation didn't go through?

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**CHAIR** - Yes, formal variation. We are talking about a boat about which the police had said there was an urgent requirement for replacement of it and so on, yet formal changes to that contract were drawn up over a long period?

**Mr PHILLIPS** - The dealings with the variations were with Crown Law; they weren't with the police. Crown Law were handling the response on the variation and it wasn't until March where we - me and my solicitor, which wasn't David; it was one of David's former partners - had a meeting with Mark Miller that is in the transcript of the police to try to resolve the issue of who was the designer. It was pretty clear to me that they had a contract that said Mike Hunn was the designer. It was clear to me. Out of that meeting a proposal was put to us by the Crown Solicitor. The police had nothing to do with it from 20 November all the way through to end of March; it was being dealt with by the Crown Solicitor.

**CHAIR** - I take it in that time there had been no to-ing and fro-ing between the Crown Solicitor and you during that intervening period of time?

**Mr PHILLIPS** - Yes, there was but it was not with me. Indirectly it was with me, but it was John Harry, my solicitor with Page Seager. He was to-ing and fro-ing with Melvyn Carr and then it ended up with Morgan and Sealy and a few others that we met with. It was a pretty bad time for the Crown Solicitor because of holidays over Christmas, New Year and all the way through January. It was a bit of a frustrating process.

Under item 4, your terms of reference ask are there any changes to the design of the vessel. I think in respect of the Australian Volunteer Coastguard boat versus the police boat, Michael said enough in the Auditor-General's report to cover that, especially as there were two navel architects employed by the police and then a probity audit to also be employed to say that there sufficient similarity to piggy-back.

Mark Miller quotes me in terms of a meeting once saying that the two boats were entirely different. I think he was a little bit selective with his wording. I did say those words but I also said, 'You just have to look at them'. One has a big bow on it, which is nothing to do with the structure of the hull. One has a big A-frame on top of it and the other one is flat. One has a big back deck with a rib on it and the other one hasn't, but basically the hull design of the vessel was proportionate - absolutely.

I think in respect item 5, we constructed the boat to a 2B certificate with MAST and that is what we were told to do.

Regarding the supervision and control phase of the project, I do not think I have ever had so many people from a client come to a site. We were given instruction by the crown's representative, which is Mr Darko, that said we should deal with Mr Hunn wholly and solely during the build time, or Guy Anderson or Andy Gamlin, who acted in replacement for Michael every now and again. In addition to the police people, we had MAST surveyors coming in quite regularly to do what they have to do with the construction of a vessel.

My company supervision and control stemmed from my superintendent, his workshop forman and his leading hands and these blokes had built three boats of this type before.

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With the experience and knowledge of my skilled people, the construction phase was adequately supervised and controlled, in my opinion.

**CHAIR** - When you were saying you had never had so many clients visiting a site, who were they predominantly?

**Mr PHILLIPS** - They were marine personnel.

**Mrs TAYLOR** - Marine police.

**Mr PHILLIPS** - Yes. We had to ask the inspector and also Michael Hunn to please keep the police away, and I think that is documented a little bit, and please limit your visits to the time when the guys are having lunch because there is no way you can throw aluminium welding sticks around the place and everything else with visitors all over the boat. We asked them if they would restrict their visits to their lunch time and then after the guys had finished.

**Mrs TAYLOR** - That request came from Sabre?

**Mr PHILLIPS** - Absolutely.

**Mrs TAYLOR** - Not quite the way it has been reported to us.

**Mr PHILLIPS** - In terms of our relationship with the police, I had a very cordial relationship all the way through that.

**Mrs TAYLOR** - That would have been on OH&S issues -

**Mr PHILLIPS** - Absolutely. The workflow and also we were running pretty tight with our budget on that boat and every time the guys had another 10 minutes or another 20 or another half hour was time we had to sit down and wait for someone to go when you are trying to do something.

**Mrs TAYLOR** - It adds up.

**CHAIR** - I just noted an item in point 7 there that you were not given reasons why DPEM would have changed the engagement of the naval architect. He struggles with that himself, so you have no idea at all why that occurred? They didn't question Michael or anybody or the police as to why they had taken that course of action, so you still to this day don't really know why, is that it?

**Mr PHILLIPS** - There is a lot of hearsay why, but in terms of factual communication from the police or Michael and myself, no, I don't know. No-one has rung me up and said it is because of x, y and z that Mike was employed. I can understand them doing it, but -

**CHAIR** - Can you explain that? What would have been the benefit to the police service in having Michael Hunn on their payroll?

**Mr PHILLIPS** - He is a very highly qualified man and he is very experienced in watching boats being built. I think Michael's experience is pretty good and Michael's contract

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states that he is to provide technical services during the course of the construction. I don't know how you interpret those words, but I would be quite happy to have Michael providing technical services during the construction of the boat, but I was happy to do it. So if that is what their intention was to do, it is a pretty smart move.

**Mr WILKINSON** - Did anybody from the minister's office come out at all, or the minister himself?

**Mr PHILLIPS** - Yes, we had Mr Llewellyn out there once and we had Mr Cox out there as well, because there was a change of ministerial responsibility during the course.

**Mr WILKINSON** - Did they come out at the commencement or midway through?

**Mr PHILLIPS** - No, periodically and we would get a phone call from the police saying that the minister wants to come out and have a look at the boat because there was a lot of heated press at the time and they did want to come out. Yes, they did and they took a lot of interest in it.

**Mr WILKINSON** - Was there any urgency at all in relation to the building of it? It had to be done by a certain time and the *Freycinet* was just hanging by the last gunwale before anything happened to it and they needed the *Fortescue* up and running?

**Mr PHILLIPS** - From a layman's perspective the *Freycinet* was 27 years old and I would have thought with a workhorse like that it was about time it was replaced, and I understand that they had employed Michael Hunn two years earlier to do a profile of their fleet to see what they should be doing with their boats. It was time whether there was an urgency or not, but I understand that the coastguard had their hand up for the *Freycinet*.

**Mr WILKINSON** - Was that urgency relayed to you at all, the fact that it had to be built by a certain time?

**Mr PHILLIPS** - No - when you say 'built by a certain time', we did put a time period in our expression of interest to the police, which fell within their area of time, apart from what we had to do to get started, because I couldn't build two boats at once in the one shed. Working with the Glenorchy City council to get approval for the extension to the shed was pretty good and that was done well.

**Mr WILKINSON** - A good mayor at the time, I suppose.

*Laughter.*

**Mr PHILLIPS** - I suppose. We laid the backbone of the boat on 2 January. That is when we started our construction, on 2 January.

**Mr WILKINSON** - The engine has caused a problem, from what we hear. That is, that originally it was not bolted to the hull, it was on mounts. They said that with the testing there was a vibration. I think it was Muir who thought that would be rectified by -

**Mr PHILLIPS** - Hard-mounting.



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**Mr WILKINSON** - Yes. It is a mounting, which I understand probably causes more vibration, I do not know. But did you have anything to do with that or was that somebody else?

**Mr PHILLIPS** - No. When we rang the Caterpillar agent to order the engines for the vessel, we were told that the police had already ordered them and they were sitting on a shelf and we said, 'Oh, that is great, not a problem.'

**Mr WILKINSON** - Did you know there was going to be a Caterpillar motor in it beforehand or not?

**Mr PHILLIPS** - Not at the time Michael and I were doing the build up to the price. But all the engines are around about the same price anyway, so it was not a price issue that we were worried about. The police have always, I understand, loved Cats and wanted Cats. But, no, we rang Cummins first because all the other boats that we had built had Cummins engines in them. So we rang Cummins first and -

**Mr WILKINSON** - To get a price from them?

**Mr PHILLIPS** - Yes, and then rang Cat and a fellow called Davis, I think his name was said, 'Oh, it is already here, we are waiting for an order for you from the thingo'. We issued an order on the basis for and on behalf of the police: 'we want two engines'. What happens then is, the drive train - which is the bit between the engine and the propeller - is designed by the architect and sent to the engine manufacturers. The engine manufacturers then approve the drive train and the mounts and everything else that go on the boat.

**Mrs TAYLOR** - The propeller as well because the propeller size depends on the engine?

**Mr PHILLIPS** - Yes. We get the layout of the engine and a drawing of the engine to put the engine where all that sits. We are just the lackey and putting all that stuff together.

**Mr WILKINSON** - You put that engine in there first. Did you have anything to do at all with the change in the mountings?

**Mr PHILLIPS** - We had a few things to do with the change in the couplings and a couple of other things after the police trials, which is pretty well documented in those papers. But apart from that, we have heard nothing from the police.

**Mrs TAYLOR** - But you did not do the hard-mounting changes?

**Mr PHILLIPS** - No way.

**Mrs TAYLOR** - No way because you would not have wanted to or you were not asked?

**Mr PHILLIPS** - I wouldn't do it, no way.

**Mrs TAYLOR** - Because you do not think that is a good change?

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**Mr PHILLIPS** - Because what you do in an aluminium boat it is entirely different to what you do in any other boat and that goes for electrolysis, it goes for hull-mounting engines and it goes for a lot of other things.

**Mrs TAYLOR** - You were not asked, obviously?

**Mr PHILLIPS** - No.

**Mr WILKINSON** - Then you would not be deemed to have been appropriate because of the added strain it puts on the hull, I suppose?

**Mr PHILLIPS** - We would not have made the decision; it would have been the naval architect and it would have been the engine manufacturer, it would not have been us.

**Mrs TAYLOR** - Michael obviously was not asked either?

**Mr PHILLIPS** - No, and he would have said no.

**Mr WILKINSON** - There was something I read at one stage in relation to fuel tanks being made bigger because they thought it was too heavy and it needed extra fuel.

**Mr PHILLIPS** - We built the fuel tanks to the size of the vessel. The engines, how I believe it came about was, the fuel tanks were designed for a smaller engine and they were not changed and the 500 nautical miles, versus 435 or 488, as Michael says it is, requirement varied because of that. The fuel tanks were not as big as what they should have been for the bigger sized engines.

**Mrs TAYLOR** - At what point did that mistake happen?

**Mr PHILLIPS** - I can't answer that; I only built the boat.

**Mrs TAYLOR** - Yes, I know.

**Mr WILKINSON** - Did you have to build anything different as a result of knowing that the fuel tanks had to be bigger? You would have to build the fuel tanks I suppose?

**Mr PHILLIPS** - We built the fuel tanks as per the design that Michael gave us.

**Mrs TAYLOR** - The original design.

**Mr PHILLIPS** - Then there was a requirement that they wanted more fuel. They have put - they wanted some ballast put in the back of the boat when it was first taken over for them.

**Mr WILKINSON** - That was to sit it up more in the water.

**Mr PHILLIPS** - Because it sat down slightly by the nose and they wanted some ballast to lift it up so that it looked better in the water.

**Mr WILKINSON** - Is that what they told you, just so it looks better in the water?

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**Mr PHILLIPS** - Yes.

**Mr WILKINSON** - Nothing to do with the way it worked under steam at all, it was just so it looks better in the water. Is that right? Who told you that?

**Mr PHILLIPS** - Ross Paine.

**Mr WILKINSON** - Right.

**Mr PHILLIPS** - That is fine. It is not abnormal.

**Mr WILKINSON** - But it affects, does it not, the engine because of the weight, I take it, and it would affect the amount of fuel that is needed to get the boat certain distances because of the extra weight; is that fair?

**Mr PHILLIPS** - They have now taken the lead out and put fuel tanks where the lead was, as I understand it.

**CHAIR** - Just on the motors, have you any knowledge at all of whom the police might have consulted in relation to the engines to fit that vessel that you were building? Was there any feedback sought from you at all or from Michael Hunn to your knowledge -

**Mr PHILLIPS** - No.

**CHAIR** - As to why they would go out and get these Cat motors, the larger type motor that you are saying the vessel really wasn't designed for?

**Mr PHILLIPS** - No. I wasn't saying it wasn't designed for that.

**CHAIR** - What did you say on that, that it would need a smaller motor?

**Mr PHILLIPS** - No. In the boats that we built we had smaller motors, but that boat was three metres longer and it had heaps more weight in it because of the fridges, freezers and the gun safes and everything else that was in it, but in terms of which engine, what engine, what size, we had no input whatsoever and I don't know what decision was made. It was done through the police.

**CHAIR** - Had you had any discussions with Michael Hunn in relation to the motor that would be best suited to that vessel?

**Mr PHILLIPS** - No.

**Mr WILKINSON** - Where do you think, if you do think, things went wrong? It is easy to say in hindsight, but I wouldn't mind your expert views in relation to where you think things went wrong.

**Mr PHILLIPS** - Firstly, can I answer the question: did anything go wrong?

**Mr WILKINSON** - Yes, that is what I am saying.

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**Mr PHILLIPS** - From the time that we built to the time we finished it, we believe we built a proper boat and we believe that we built it to the design. The crew have been going crook about the bow, that it won't go through a sea. The reason why fast boats don't have bows that go through a sea is, if you get a big wave it will go straight through it and that is a pretty hazardous thing to do. In terms of what happened after we handed the boat over and what they did to the boat without our knowledge, it is a bit sad I think from the perspective of the boat. We did trials on it for days and times and we did very well with our trials.

**Mr WILKINSON** - I was going to ask you that question, with all the trials that you did with the boat, did you have any of the problems that we have been reading about in the papers, that is vibration or noise?

**Mr PHILLIPS** - We had no problems with noise. In terms of the contract, because the contract only stipulates certain noise levels in certain areas on the boat and it doesn't stipulate noise levels while they are asleep or going flat out and trying to sleep or anything like that. In terms of vibration, we had a vibration down in the stern of the boat when we first went out on trials, but our trials include the engine manufacturer who is there tuning the engine at the same time, it includes the electronics people, it includes everyone that has done something on the boat to ensure that the boat conforms before you go to the owners and get the owners to come on trials. We were very pleased with the trials, and Guy Grining, who is part of the Grining boys and who was our skipper, could do nothing but praise the boat by the time we had finished the trials. Guy Grining is from the west coast, he runs the wilderness tours there. He does most of the trials for Richardson Devine and for us.

**CHAIR** - What went wrong or what changed from the time of those trials until all of the other mishaps occurred?

**Mr PHILLIPS** - I think probably the last paragraphs that I haven't read yet, I haven't spoken to. Since the delivery and hand-over of the vessel and the matters Sabre attended to for the police, Sabre have not been contacted by the police on any matter, and the only way that Sabre had been aware of anything that the police had done to the vessel is through press reports, through hearsay, through reading the Muir report, a copy of which was only obtained by my friend on the right here during our recent legal proceedings. That is the only knowledge we have had of what they have done to the boat since we handed it over.

**Mr WILKINSON** - No doubt you would have read the Muir report. What do you say about that?

**Mr PHILLIPS** - I don't think I should.

**CHAIR** - Mr Barclay is smiling to himself.

**Mr WILKINSON** - There may be some assistance, I don't know.

**Mr BARCLAY** - I can give you an indication of what we think about it. Just to give you an idea, there is a marked-up copy of Mr Muir's report for the purpose of the proceedings.

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My client made comments; matters of disagreement are in red, and you can see there are substantial issues. One of the issues was of course independence, given that it was he who signed off on the plans for MAST, and hence the initial approval, and then he is called upon to essentially justify his decision to put those plans to MAST to be approved. He must even unconsciously start from the position that it can't be the plans, it can't be the designs, it must be something else. The bottom line at the end of the day was that during the course of the proceedings the crown did not rely on his report at all.

**Mr WILKINSON** - So, in short, you are saying that during the legal proceedings the crown just did not rely on the report of his at all?

**Mr BARCLAY** - That's right. They essentially [inaudible].

**CHAIR** - It is interesting because the Muir report was put up as a very important document, wasn't it, as to some of the issues that were wrong with the *Fortescue*. Are there any further questions at all?

**Mr HARRISS** - I don't think so. I am just wondering about that document which Mr Barclay has just referred to, as to whether that is a document which reasonably ought to be in the public domain?

**Mr BARCLAY** - About the only way that could happen is if you require it to be produced, so I get around issues of privilege. It was provided for the purpose of the proceedings, and on one view it is provided pursuant to discovery so that we can only use it for those proceedings. But if you go in the direction that it had to be produced, that is different, but I could not volunteer it.

**Mr HARRISS** - Even if we didn't, if we asked for it and you agreed then it is protected by privilege by virtue of this hearing.

**Mr BARCLAY** - Yes, that's right. I can certainly provide a copy. It should be said of course that they are Graeme's comments on the report and Graeme is not an expert, but with that rider as to weight I can of course provide a copy.

**Mr WILKINSON** - What you are saying in conclusion is that seeing as the crown didn't rely on it at all in relation to the matter, you wonder about the contents of that report in any event?

**Mr BARCLAY** - Certainly. The crown position started to be that they are purporting to advance a claim of \$98 000 against us and our claim was, including retention fees, about \$150 000 and we ended up getting \$120 000. That is not intentionally from the state's position. The settlement itself is not confidential because they had issues about coming here and they did not want to be hamstrung if Mark Miller was called back or whatever. Obviously what happened during the course of the mediation may or may not be privileged depending on who trumps whom, but the fact of the settlement is not. So for the record, the settlement was that the crown paid Sabre \$121 000, which included legal fees.

**CHAIR** - Just on the document my advice is, and reading from standing orders, that the committee can take that document into evidence, but the committee then is able to make

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a determination on what happens or where that document goes. It is up to the committee as to whether it would be made a public document, and I would suspect perhaps the committee would not make that decision in the circumstances. So it would tentatively be for the committee to look at for the committee's deliberations and purposes.

**Mr BARCLAY** - I think given what I have said about the fact that Graeme is not an expert, it is not really apples and oranges. I will have a copy of this made and forwarded to the secretary tomorrow.

**CHAIR** - Thanks very much.

**Mr BARCLAY** - There is some blue language in there, because obviously it is instructions to me.

**Mrs TAYLOR** - We have been told that although it was the police department who came to you and asked for the vessel, and whether this is a different section or whether this is the marine police I haven't been able to work out, there was a general reluctance from the police with the choice of vessel - background stuff. Not the official police approach to you but -

**Mr WILKINSON** - Negativity, I think they said, from the start.

**Mrs TAYLOR** - And it has been suggested to us that this was perhaps because the people who were on the previous vessel had in mind a particular kind of vessel and that it wasn't this kind of vessel. Did you hear any rumblings at all from police when they came to see the boat, any negativity about this is not really the kind of boat we wanted?

**Mr PHILLIPS** - Yes, I did hear rumblings, but all hearsay, not factual. I understand there had been an exercise done some time before Mr Hunn got involved on what the actual operational people wanted and they ended up with something that was different to what they wanted.

**Mrs TAYLOR** - That is what I should have said - the operational people.

**Mr PHILLIPS** - I understand that is what happened.

**Mrs TAYLOR** - So they were a bit opposed to it from the beginning?

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

**Mrs TAYLOR** - Okay, good.

**Mr WILKINSON** - At the end of the construction, you were quite happy that the boat was built as per the design that was in front of you that you had to build it to?

**Mr PHILLIPS** - Yes.

**Mr WILKINSON** - Secondly, you are satisfied that the boat was able to do the work that you knew it had to do prior to building or during building?

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**Mr PHILLIPS** - Almost. I was happy that the boat could go to where it was supposed to go. What work that the police do when they go on patrols, I do not know. They might chase crooks and they might pick up cray pots and they might do a whole lot of things.

**Mrs TAYLOR** - But it could do the 200 nautical mile distance?

**Mr PHILLIPS** - Yes.

**Mrs TAYLOR** - I wanted to go back to the process of when the police originally came to you. Was it a surprise to you, and maybe a lucky surprise, that they came and said, 'We like the look of this boat. You have obviously built three of them before', and I presume they asked you for an expression of interest as to whether you were interested in building it and what it would cost? I think you have used the words 'expression of interest' yourself.

**Mr PHILLIPS** - A one-and-a-half-page letter.

**Mrs TAYLOR** - You sent to them?

**Mr PHILLIPS** - Yes.

**Mrs TAYLOR** - On the basis of that, you got the contract?

**Mr PHILLIPS** - Yes.

**Mrs TAYLOR** - What is a bit of a surprise to you that you might not have had to go to tender?

**Mr PHILLIPS** - When you say 'on the basis of that', we had a lot of talks with Michael Hunn on the specification and whatever else. It was not just pulling the number out of the air.

**Mrs TAYLOR** - I understand that. But, again, in the Auditor-General's report it has been mentioned that Treasury might not have perhaps been quite as proper as they should have been in following a normal tender process. That is not your business, that is Treasury's business, but did you not consider it a bit lucky perhaps that they did not ask you to go to a tender process or that they did not have an open tender process? Do you think it is just because this was the sort of boat they knew they needed?

**Mr PHILLIPS** - From my perspective, lucky for two respects. The work for building boats around Tasmania is pretty slim and that is why I think the guy on the east coast did get pretty excited about it. Being lucky to build it, yes, I thought we were lucky to get it and I was looking forward to it because we were experienced in building that sort of boat.

**Mrs TAYLOR** - Would you have expected to have to go through a tender process normally for that kind of work, or is it just because it is only small?

**Mr PHILLIPS** - If I could take my mind back, through hindsight I probably would have said yes. I was explained the process and I had been before the Auditor-General as well. I can see what process it is. It is a great saving for people who are trying to get contracts

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to build boats and things not to have to go to tender because it is a very expensive process. If it is proper and kosher to do what they did, that is great.

**Mr WILKINSON** - Did you have the tender for coastguard boats?

**Mr PHILLIPS** - Yes. Every one we have done we have had to tender for - for Tassal - apart from ones we built for ourselves.

**CHAIR** - Thank you very much Graeme for coming in and giving the evidence in the way that you have. Thank you Mr Barclay for your attendance as well, we appreciate it very much.

**THE WITNESSES WITHDREW.**