

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

Tuesday 6 December 2011

MEMBERS

Mr Dean
Mr Farrell
Mr Finch
Mr Gaffney
Mr Mulder
Ms Rattray (Chair)
Mrs Taylor

IN ATTENDANCE

Mr O'Byrne, Minister for Infrastructure

Ministerial Office

Mr Neale Tomlin, Senior Adviser

TT-Line Company Pty Ltd

Mr Denis Rogers AO, Chairman, TT-Line

Mr Mike Grainger, Managing Director of Liferaft Systems Australia, Director of Tasmanian
Development Board and Director of Interferry

Mr Charles Griplas, Chief Executive, TT-Line

Mr Kevin Maynard, Company Secretary

Mr Scott Hadley, Chief Financial Officer

The committee resumed at 10.12 a.m.

CHAIR - Minister, good morning and welcome. Obviously, this is a very important part of the Legislative Council and the Parliament's work - the scrutiny process through the GBEs and State-owned companies. We welcome you and we would like to give you the opportunity to do a brief five-minute overview -

Mr O'BYRNE - Okay, I think I can do that.

CHAIR - I am sure you can because some of the information might be the same as in previous years but it is the drilling down that the committee is really interested in. Thank you and we will invite you to start and if you would like to introduce your team at the table, that would be very pleasing.

Mr O'BYRNE - Thank you, Chair. We take this very seriously as well and with representatives from the TT-Line we have been working hard to ensure that we are able to answer all the questions that are asked and if there is any more information that we can do in the follow-up, then we will do that.

With me at the table is my senior adviser, Neale Tomlin. We have the Chairman, Denis Rogers AO. We have the CEO, Charles Griplas, and through the scrutiny period we might seek support from other members of the TT-Line team and so I will introduce them now: the Company Secretary, Kevin Maynard; the CFO, Scott Hadley, and also the Director, Mike Grainger.

CHAIR - CFO is?

Mr O'BYRNE -The Chief Financial Officer of the organisation.

CHAIR - Thank you. Minister, we do not need to remind you, but if there is any particular information that needs to be taken in committee, then we are happy to have a look at that then go through that process.

Mr O'BYRNE - Okay. If the committee feels that is appropriate, then we will do that.

CHAIR - If there is some information that we are requiring and there is a bit of hesitation, if you like, on behalf of the organisation, then we will consider that.

[10.15 a.m.]

Mr O'BYRNE - Thank you. I have been the shareholder minister for the TT-Line for 11 months and two weeks and during that time I have found working with the senior executive team at TT-Line to be an absolute pleasure. There have been a number of challenges through the year, leading into the 2010-11 financial year. Obviously, the global financial crisis, the Australian dollar and a whole range of other global economic indicators impacted on the operations of the TT-Line. So it is very pleasing and I do congratulate the chair, the board and the executive team. They have achieved a very important milestone this financial year when it made its final \$25 million debt reduction payment and the company has reduced its debt from \$75 million four years to now zero. Debt reduction and strengthening the company's overall financial position has been a priority in recent years. Total revenue for the year decreased slightly from \$183 million in 2009-10 to \$181 million and TT-Line's underlying operational profit in this financial year was \$12.3 million, which was a slight reduction on the previous year, down from \$13.7 million.

The company's net profit was \$506 000 for the 2010-11 year and while the valuation of the ships remains stable at €78 million, the strong Australian dollar resulted in a reduction in the valuation. This is only an accounting loss but it must obviously have an impact on the final profit figure for the year.

Moving from the company's finances to the broader Tasmanian economy, the TT-Line is a significant enabler and contributor to economic activity. Expenditure by sea visitors to Tasmania injected approximately \$380 million into the Tasmanian economy in the last financial year and the company also made an important contribution to the economy through employment of staff, goods and services purchased, stevedoring services and security services. This figure, which takes into account direct and indirect spending, amounted to \$45 million.

The operational highlights for the year: the TT-Line carried 407 636 people and that is an increase on the 2009-10 year up from 405 554. There was a slight reduction in passenger vehicles, 182 889 down from 187 274, and a slight reduction in the units of freight carried down from 94 371 in the previous year to 91 826.

TT-Line is an essential part of the tourism but also the freight industry in the State. Website traffic to spiritoftasmania.com.au increased to nearly 1.42 million hits, which is up from 1.27 million hits in the previous year. The company has recently launched a new travel tool in its website to assist visitors planning their next trip to Tasmania. In fact the average percentage of online bookings was 62 per cent compared to 42 per cent in the previous year.

Spirit of Tasmania won the Major Tour and Transport Operators category award at the 2011 Tasmanian Tourism Awards and will represent the State at the national awards in March of next year. The publisher of the *Spirit of Tasmania* travel guide *Tasmania - Choose your own trip to remember* won a gold Eddie Award for Editorial Excellence and a gold Ozzie Award for Design Excellence in New York City on 1 November 2011. *Spirit of Tasmania* was recently accredited as an Australian tourism business and is a member of Brand Tasmania. It provides also a fast and reliable freight service for time-sensitive cargo, including freight of produce to interstate and international markets.

Customer satisfaction surveys conducted for night and day sailings revealed 92 per cent of night passengers said their travel experience met or exceeded expectations while 90 per cent of day passengers rated their experience as being excellent or good. Ninety-six per cent of passengers said they would travel with the *Spirit of Tasmania* again. *Spirit of Tasmania* continued to dominate top-of-mind brand awareness for travelling between Melbourne and Tasmania and continued to have higher brand favourability compared to the airlines. All voyages were completed.

The ship has also completed a number of extra voyages to help meet the demands of stranded airline passengers estimated to be up to 4 500 people during the Chilean volcanic eruption.

In relation to the vessel refurbishment and/or replacement, there was a committee established by the board to oversee this work and they have been very thoroughly and very diligently examining all the available options. This work is continuing and the committee is not expected to report back to the board with its recommendations before December 2013. The replacement/refurbishment guide date of December 2017 remains in place.

With that broad and very brief summary, I would like to say, given the global environment, the Australian dollar and the challenges that have been thrown at the TT-Line, I think the Tasmanian people should be very proud of the service that it provides in terms of accessibility to Tasmania, in terms of its service to the industry - particularly in the northern part of the State in getting time-sensitive freight to the market. It is well-led, it is debt-free, and we are well on the way to making sure that we are able to have enough money in the piggy bank to deal with replacement and/or refurbishment of the current vessels. With that, we are open to questions.

CHAIR - Thank you, Minister. I am going to invite Mr Gaffney to lead off. He is going to give you an outline of how we are going to manage this matter.

Mr GAFFNEY - Thanks, Madam Chair, and welcome, Minister. I thought I would look at three facets of the TT-Line and two you have already mentioned. In between each one, I will ask other honourable members to ask some questions regarding, first of all, the revenue. The second would be, you have touched on the other replacement timetable.

Mr O'BYRNE - Yes.

Mr GAFFNEY - And perhaps the third one would be the potential effects of the carbon tax on the TT-Line into the future. But starting off with revenue, the committee has available statistics on the number of voyages, passengers and vehicle movement and freight volumes. I was interested to hear you say there has been an increase of passenger numbers to 407 000 and then mention that 4 500 of those passengers came from the volcanic ash issue with the airlines, which means a decrease in the numbers from the year before. Minister, I know you cannot plan for volcanic eruptions in your timetable -

Mr O'BYRNE - There are limits.

Laughter.

Mr GAFFNEY - What other strategies are in place?

CHAIR - We have heard he is good but not that good.

Laughter.

Mr GAFFNEY - Yes, you have to walk there first - but what other strategies are in place to increase the revenue stream and decrease the expenditure?

Mr O'BYRNE - I might touch on it and then I might get Charles to make a few broader comments. I think we acknowledged that the 4 500 is an estimate. That is the best estimate that we can achieve but when you look at the context within which a tourism operation was operating, tourism numbers all over the country have dropped and visitor numbers to Tasmania, as a proportion of overall visitors, have dropped as well.

So when you look at travel, we have more people to the State. You are right, the volcanic ash was a factor in that figure but we have had a drop in passenger vehicles as well. So when you take that into account I think, given the context of the tourism market in Australia, with the strength of the Aussie dollar, we have seen that Australians are now travelling overseas because of the strength of the Aussie dollar. Now they are taking the opportunity.

There are some tourism jurisdictions, as you would be aware, that have had 20, 30 and 40 per cent reduction in visitations in northern Queensland and other parts of the country. I think that broadly within Tasmania the tourism market held up and when you look at those numbers for TT-Line, to plateau given the tough environment is not a bad result. But in terms of the income and expenditure, I might pass to Charles to make more of a comment on that.

Mr GRIPLAS - I suppose I could elaborate a bit further on what the minister has said. In fact, he is absolutely correct in terms of the tough market situation that we faced in that year. To add a bit more definition to the marketplace, we are in the holiday and leisure market so if you look at that market coming to Tasmania, that took quite a significant hit last year. In fact, it dropped by 4 per cent so - after you exclude the 4 500, which is our estimate for the volcanic ash and if you look at the market size there - TT-Line not only maintained but grew in that holiday and leisure sector. We were very proud of that result, that in fact, if anything, the key market, not looking at the business or conferencing market or visiting family and friends, the holiday and leisure market contributed about \$380 million into the State. We are very proud that we held our market share and actually grew.

In terms of the promotions that are going forward to maintain that, the minister raised two very salient points in his opening address. One is unaided brand awareness in terms of advertising and recall. Our advertising certainly resonates well on the mainland although the markets have been a bit disappointing at this stage. But what you see very well there is that what we are doing, we are doing right at the moment.

Almost every one-and-a-half months we have a new and a different promotion, and we recalibrate that, in television, radio, print; we do a lot of online digital marketing. We also produce quite a lot of materials for which we have direct distribution and marketing. We have now enhanced our agency or our wholesaler market as well, so we are really looking at every part of our business and trying to mine every ounce of it, so to speak, in terms of that. But we have no illusion; it is going to be a tough year and it is showing signs of that, again for the tourism market, Australia-wide, and for destinations such as Tasmania.

Mr O'BYRNE - Also the web traffic does indicate there is still strong interest in travelling on the TT-Line and, given the market, I think that is a good sign.

Mr GRIPLAS - To target very clearly our market, which is around the four-plus days in the State of Tasmania - in fact it is more for the six to 10 days' stays when somebody travels on our vessel - on our website we have a travel itinerary so you could put in arriving this day and leaving this day and there is a whole series of suggestions that come up in terms of what attractions, activities and festivals, et cetera, they could see during their time of travel so it prints out a nice little itinerary. That becomes a good entree for the tourism market here and a good promotion for the State.

Mr GAFFNEY - Thanks, and I like your word 'entree' because that leads me into my next question.

CHAIR - Not what is on the menu.

Mr GAFFNEY - Actually it does. I noticed in the sale of goods there was \$14.3 million for 2010-11 and increased food sales of \$488 000 but passenger numbers were relatively the same

and vehicle numbers were down. We did have some suggestion that the price on board for food has gone up and I wonder if you could explain that strategy or what has happened there so that we are aware of it.

Mr O'BYRNE - Before you get to that and you can expand on that, I think they have been very much focusing on making sure that Tasmanian food and wine can be showcased on the vessels as well and we have had the launch of the Josef Chromy contribution to the sale of wines and showcasing of Tasmanian wines on vessels. We have been focusing on making sure, especially over the last 12 months, that Tasmanian food and wine can be showcased so that may account for some of the price differential but I might get Charles to expand on that.

Mr GRIPLAS - The minister is absolutely correct there.

CHAIR - That is for the second time, absolutely correct.

Mr GRIPLAS - He is extremely well briefed and a great shareholder.

Laughter.

Mr GRIPLAS - In terms of the food costs and, Mr Gaffney, you raised a very good question, we can source all our supplies from Victoria and we could also use a very different mix of what we provide on board the vessel but it does not go to reinforcing the experience that we like people to have on the vessel so it is an entree into Tasmania. For that, we resource 82 per cent of all our food from Tasmanian suppliers and also our current wine menu has 72 per cent of Tasmanian-sourced wines and by mid-December the Tasmanian wines will be at 82 per cent. The cost formula is different. We are at a disadvantage there but we believe very strongly in the Tasmanian product and the Tasmanian brand and in Brand Tasmania in terms of what we can provide to the mainland. When you look at our mainland travellers on board our vessel, that comprises 73 per cent of our market so we really want to showcase that produce, and that comes at an expense, but that is an expense we are happy to deal with.

If you look at the options on board, there was some complaint early in the calendar year where we changed the pricing formula on board our vessel, particularly as it related to the Leatherwood restaurant. We then ran a whole series of feedback forms and we got over 100 feedback forms from our passengers directly in terms of what we could do differently. We then changed the pricing mix again and since then the complaints have fallen off considerably. Just to give you an idea of the price of food offerings on board, and people have a wide selection as to where they can eat - they could also eat at the captain's table - any child under five eats free and children between five and 15 get it for \$10. I would like to see that replicated on an airline. You get a large or a small plate from either \$24.50 or \$16.50, so there is that variety. We also have the Lavender Café, which has a wide selection and everything from muffins to pastries et cetera and, by the way, the meat pies that you get on board are sourced from Devonport from the Wagyu Pie Company. We really go out of our way to source local produce - I should not say this but - as opposed to buying dodgy stuff from the mainland.

CHAIR - Now it is on the record and you have to head over there sometime.

Mr GRIPLAS - I know, but I just will not buy a pie again on the other side.

Mr O'BYRNE - Can I say, you are dealing with virtually every point of the tourism market from the budget traveller to the traveller who wants the experience in coming over, so meeting the needs on a vessel day in, day out with all those different requirements is difficult and you will always have a percentage of people who are saying it is either too cheap, it is not good enough, or it is too expensive and you are not providing the options. In terms of the feedback that the company has and the effort they are making in showcasing Tassie food, as far as I can see the balance is pretty well right. I think the company, as you have said, getting surveys from customers shows they want to find out what the travelling public want out of their experience and how we best meet that in a diverse range of needs.

[10.30 a.m.]

Mr FINCH - And responding to criticism.

Mr O'BYRNE - Absolutely, constructive criticism.

Mr GRIPLAS - Having travelled on the vessel at the weekend we ate at the restaurant. I will give you a sample of what is on the menu: Tasmanian scallops, a Tasmanian tasting plate of cured chicken, venison, pastrami, Petuna salmon, Nichols chicken.

CHAIR - It sounds fantastic, but we need to drill down into some numbers.

Mr GAFFNEY - I appreciate the fact that you source locally, I think that is fantastic for Tasmania, but some of the questions were raised with us by the stakeholders and that is why I am putting them on the table. I also hear Devonport does good soup and sandwiches if you run out of pies. Are there any changes in the last 12 months that have affected regulations imposed on you that have affected the operation of the TT-Line?

Mr O'BYRNE - What do you mean, food regulations?

Mr GAFFNEY - Any sort of regulations that have been imposed, whether it be food or quarantine.

Mr GRIPLAS - There are two areas that the board needs to be very cognisant of. The first one is the carbon tax implications of our fuel purchases. The second is our security regime and infrastructure. There could be a third one that we are in constant discussion with the Federal Government about and that is access to dry-dock facilities in Sydney. They are three areas that could add to the cost substantially.

Mr GAFFNEY - We might come back to the carbon tax one later because that is one I would like to explore further.

Mr O'BYRNE - I can expand on the two other issues that have been raised - the dry dock and security. I can inform the committee that we have been in extensive discussions with the Federal Minister Albanese's office about ensuring that the TT-Line business is fully consulted on those changes. We have had an excellent hearing from the Federal minister's office to ensure that TT-Line is not adversely affected. Obviously maritime security is very important when you look at some of the changes in aviation security; they have come a long way in the last four or five years. We have been in extensive discussions with the minister's office to ensure that they are aware of the needs of Tasmania, and particularly the needs of the *Spirit of Tasmania*. That is still an issue that is being discussed. We need to make sure that we have appropriate security

arrangements, but we are in discussions. The dry-dock facility is a potential emerging issue and we are in discussions with the Federal Government; that is still to be resolved.

CHAIR - So nothing definite in upgrades? It has been suggested it is not easy.

Mr O'BYRNE - In terms of security?

CHAIR - No, in relation to getting on and off on the Melbourne side.

Mr O'BYRNE - I think there are a couple of issues there. Partly it is quarantine and partly security. Again, TT-Line has been working extremely hard to ensure that they facilitate easy exit and entry onto the vessel.

Mr MULDER - You said that security had come a long way, particularly in aviation and maritime. I am fairly well aware of that, as you have probably gathered, but I also note that at last, thankfully, at least in the airline sector, the Federal Government is starting to take a more realistic approach. When you say, 'We have come a long way', I would like to think that also includes easing back on some of the more unnecessary and stringent requirements. I would like some assurance that you are working in that direction.

Mr O'BYRNE - After 11 September the world took a collective sigh and said, 'My goodness, what are our security arrangements in sensitive facilities where there is a gathering of a range of different people that has a massive impact?' I think there was an initial response after 11 September. Once you have a number of years of experience in facilitating passenger traffic in a safe way, people get better at it and productivity and efficiencies have increased. That is the nature of our discussions. We do not want to put undue costs on the travelling public and on TT-Line in dealing with those national regulations.

CHAIR - We are still on security so I will come back to biosecurity.

Mr DEAN - Do you still have security officers travelling on board the vessel and what is the position there and what is the cost to TT-Line in relation to that security?

Mr GRIPLAS - Just to give a more context in terms of our discussions with the Federal Government and Mr Mulder raised a very good question. When we initially started our conversations with the Office of Transport Security, we were dealing with the regime that wanted 100 per cent screening both for foot passengers but also vehicle passengers. So virtually they had to come out of their vehicle, get searched and then back into the vehicle and on again. The discussions have come quite a long way with the Office of Transport Security to the point now that we have moved away from the 100 per cent screening, all the way down for us to take a far more risk-based approach. TT-Line went through a risk-based approach in terms of looking at our overall security. That report was then presented to the Office of Transport Security. That then allowed us to sit down and look at the maritime screening process and once the screening processes were in place, you can then develop that process around it.

We do have onboard security guys. I do not have the exact cost of the onboard security but I can tell you our operational budget is in the vicinity of \$2.5 million. That includes both shore and ship security.

Mr DEAN - So that is security all up - onshore security and onboard security?

Mr GRIPLAS - Yes. Can I just clarify that?

CHAIR - We are happy to take that on notice, either that or Scott might like to join us at the table.

Mr GRIPLAS - Yes, I cannot give you an exact breakdown.

Mr DEAN - Just as a part of that, how many security incidents have there been onboard in the last 12 months and are security risks increasing or decreasing? What is the position with the number of incidents?

Mr GRIPLAS - In terms of security, there has not been an upsurge in incidents at all. In fact, of all the security-related incidents, they have not been major. We have been in conversation with the relevant authorities or OTS, the Office of Transport Security, when they do occur. But there is nothing unusual.

Mr DEAN - Can we have the numbers and not table them, the number of incidents in the last 12-month period, or financial year?

Mr O'BYRNE - Just to clarify that. Incidents where there is a required security presence?

Mr DEAN - Onboard the vessel where there has been a requirement for security to become involved?

Mr O'BYRNE - I am not sure if there have been police charges or anything.

Mr GRIPLAS - No.

Mr O'BYRNE - No, there have been no incidents where there has been a need for a police report.

Mr DEAN - What I am asking about specifically is the security officers or personnel, as I understand, which you have onboard. What is the number of incidents in which they have become involved and which would be recorded, obviously?

Mr GRIPLAS - I will need to get back to you on that.

Mr MULDER - In fairness too, with this stuff, you also have to bear in mind the preventive role of having security guards with incidents that do not happen, and how you measure them?

Mr DEAN - Absolutely. That is not a part of it; it is the number of incidents that have occurred.

CHAIR - We are going on to biosecurity.

Mr MULDER - I notice that it costs you about \$592 million, is that correct - \$5.9 million or \$592 million?

Mr GRIPLAS - Thousand.

Mr MULDER - Yes, \$5.9 million.

Mr GRIPLAS - No, \$500 000.

Mr MULDER - It seems to me to be a fairly high thing and it relates to the previous question of security where I think it is safe to say, the world is moving out of this fail-safe model of 100 per cent checks where nothing could get through, to a little bit more of a risk-management approach and, of course, the risk has declined a little bit. But from the quarantine perspective, that seems like a fair amount of money and there are two elements that I would like to explore with you. Firstly, is the delay caused by the quarantine-checking causing anything in terms of customer dissatisfaction or comments, because I have heard some anecdotal stuff? Secondly, do you think it represents value for money from your perspective? Even though it is a post-event operation, it is impacting upon your customers and their satisfaction.

Mr O'BYRNE - If I can firstly touch on the importance of biosecurity with my other ministerial hat on, the Minister for Economic Development, we have been meeting with a whole range of agricultural producers and a whole range of people in the food and agricultural industries who are saying that biosecurity is their number one issue we need to deal with. The importance of the Tasmanian brand and the importance of making sure that we maintain the integrity of our agricultural products, getting them to market in a way which is not diminished, is crucially important. That provides us with a massive market advantage. There are some significant quarantine regulations for air travellers and I think the issue of biosecurity and quarantine is crucial for the Tasmanian food and agricultural industry. We will not be walking away from our belief that we need to make sure that all appropriate steps are taken to ensure that viruses and food-borne diseases, fruit fly and those sorts of things, are not being given an easy traffic flow into Tasmania.

Mr DEAN - And/or foxes.

Mr O'BYRNE - I was going to touch on that, Mr Dean, but I daren't do it.

CHAIR - The Chair will not be allowing any fox questions today.

Mr O'BYRNE - We have only been here half an hour and we are into foxes already.

In terms of the broader issue of biosecurity, it is very serious and very important for the Tasmanian economy that we maintain the integrity of those entry points in terms of screening. In relation to processes, yes, there have been anecdotally and some written complaints about the length of time it takes to get on and off vessels. It is a constant challenge for TT-Line to ensure that we can get people on and off appropriately, but if we significantly relax the processes and we suddenly have a break-out of a disease in one of our primary producers, we will be in bigger trouble. I think the integrity of Tasmania's food and agricultural industry is crucial for us. I will get Charles to expand on that.

Mr GRIPLAS - In terms of our deliberations and discussions with Quarantine Tasmania, they have come a long way. We are in the process of looking at developing a memorandum of understanding between the two parties, TT-Line and Quarantine Tasmania. That will outline a series of expectations and objectives in the interface between Quarantine and ourselves in our operations. We schedule and structure regular meetings to ensure good communication relations

between both parties prior to and post our season. Our season comes in from December through to Easter, so we have a meeting prior and post. We are also looking at defining some clear performance measures. We are starting to have that discussion, as we had with the Office of Transport Security, we are now having that risk-based approach discussion with Quarantine. There are some new members of that quarantine team and it is taking us on a different path, but a well-considered path in terms of where we go there.

Mr FINCH - When we deal with stakeholders, we get a lot of complaints. I suppose that is mainly what the stakeholder situation is about; people are able to come and air their grievances. We hear a lot of comments particularly about accessibility and being able to get on the *Spirit*, having to wait and that when they get on, everything is supposed to be busy but there are not as many people as they thought there would be on the boat, because it was supposed to be full. There are extensive waits. Some people are telling me they have to wait five weeks before they can get back to Tasmania with a car. It seems to me that that is juxtaposed with the fact that it is supposed to be the national highway. If you are in Melbourne and want to go to Sydney, you just get on the highway and away you go. We are nowhere near that in terms of that accessibility for people to get that trip across to the mainland. We hear that TT-Line is concentrating more on freight and not so much on the cars - motorhomes in particular. Could I get a comment about that, please?

[10.45 a.m.]

Mr O'BYRNE - Let us be clear about the freight/passenger issue. Over the last five years there has been a regular 65 per cent passenger and 35 per cent freight mix. I think it is important that we acknowledge that we play a crucial role for industry, especially time-sensitive industry, in the north of the State in getting product to market. It is a reliable service. It leaves at 7.30 on the night before and arrives at 6 a.m. The speed is 28 knots, it gets across to Melbourne and gets product to market, and for time-sensitive produce that is really important. I was at the opening of Harvest Moon's new facility at Forth where he said, 'If it was not for the reliability of TT-Line getting our product to market then we would not be able to expand and create more economic activity.' But again, 65 per cent of the traffic is passenger and vehicle. I think in Tasmania people have always assumed that it is a highway and I can go on it any time I want. If you have a specific requirement and specific time and you do not give yourself enough notice, unlike airlines, we do not have the flexibility of putting on another flight, we have two vessels that, especially at peak season, are working flat out, people need to understand that you cannot just ring up and say can I get on tomorrow, can I get on next week. There are certain requirements and with the popularity of the vessel you need to make sure that you give yourself some time and you book ahead. In terms of the caravans and other such like, those numbers are going up. When I hear people say you cannot get a caravan on the *Spirits*, well, the numbers are going up. We get some letters as well saying 'I have always travelled on them this time of the year and I cannot get on, on this day and I have to wait a week. That is outrageous.' When you ask them, 'When did you book?', they say, 'I booked the week before'. I think for Tasmanians it really is a change in mindset where the vessels are being run well, they are getting busier, they are providing a whole range of different services for the community and people cannot just ring up at the drop of a hat and try to get on. They need to book ahead and there are peak times, especially around the weekends, the Thursday and Friday and the Monday and Tuesday around a weekend when people want to visit Tasmania. Also for Tasmanians getting to the mainland it is not as easy as it was and that is a challenge. It is a good thing because we want people travelling on it but it creates a challenge when we try to meet the needs of the travelling public. I will get Charles to expand on that.

Mr ROGERS - Before Charles comes in, let me make a comment. What would be very helpful for us would be if you could seek the permission of your stakeholders who raise these issues with you to allow us to investigate their claims. So we need to have their names and we need to have the time of attempting to do their booking. Then you can hear another side of the story. Because, at the moment, you only have one side of the story and we are unable to give you, in specific terms, our side of the story because we just do not know the details.

Mr FINCH - We are getting the second side of the story now, aren't we, as to the implications of why people are raising those issues.

Mr ROGERS - We have people who ring and ask us to hold the ship for two hours at Station Pier because they have been delayed and they need to get back to Tasmania and there are 400-500 other people on the ship expecting to be in Devonport.

Mr FINCH - And that is not reasonable?

Laughter.

Mr ROGERS - That very example was one that those people went to the ombudsman about. But on investigation he wisely dismissed the claim. But we do need that detailed information to help us deal with those specific issues.

Mr DEAN - With motor homes and caravans it would be pretty easy to work out where the issues are coming from. I would have thought that having a talk to CMCA might be a way to start perhaps.

Mr ROGERS - We do, let Charles answer that. There is an assumption there that we do not talk to them; that is just not true, we do. We are in regular contact. But there are always examples -

CHAIR - We invite stakeholders, we do not request them.

Mr DEAN - That is the information we are getting - that they are not being consulted with on their issues and concerns.

Mr GRIPLAS - In terms of accessibility this is always one of those issues, the consultation with the CMCA, that is occurring all the time and that sort of comment surprises me because there are various associations, not only the CMCA but also the Trailable Yacht Association who are very active as well, and the RACT that are running these kinds of conversations with us. Yet again, they tend to be unspecific, it always tends to be at this time -

Mr DEAN - Who are you talking to in the CMCA then?

Mr GRIPLAS - I could not give you their exact names at the moment. Those conversations occur within our organisation. In fact, we run some joint campaigns with the caravaners and we advertise in their magazines and a whole series of things. So there is that ongoing dialogue.

Mr DEAN - Do you advertise in the CMCA magazine? I thought that was a great thing for the TT-Line to advertise through.

Mr GRIPLAS - We do. There are three other magazines that cater for that market and one is *The Wanderer* but I can get back to you what the other two publications are.

Mr DEAN - Are you advertising through *The Wanderer*?

Mr GRIPLAS - Yes, we do and we have had a recent article in there that was not scripted by us, by the way. A traveller who came on board and gave a lot of hints and tips that I recommend every caravaner and motorhomer to read in terms of arrival times, departure times, how to structure, how to get through quickly, what to do, when to arrive, switch off your GPS because it takes you through the city route and you come via the Todd Road route and you are there much quicker, and that article appeared in three of those magazines and I could say unscripted by us and even unsupported by us. But the more information we get out there the better it is.

In terms of, for example, just travelling recently on the weekend, we open our gates 2.5 hours prior to sailing and we have people arriving in the morning, they get in for 2.5 hours and they say, 'I've been waiting for seven hours' but in fact they really have not, whereas most people would come in half an hour prior to sailing and they are in and they are straight on board. I can understand that people get anxious they might miss the ship, so to speak, so it has a very different mindset.

Mr O'BYRNE - There is just one point that Kerry raised in relation to the National Highway and that is bandied around a lot. If there were such a thing and if we got the Federal Government to agree to that in totality then you would have a very different regime in terms of not only freight but also the operations of the TT-Line across the State. We have to acknowledge that we do receive a part subsidy from the Federal Government for passenger vehicles across Bass Strait but it is not acknowledged by the Federal Government that it is a national highway and in fact there was a 2007 productivity report which said the whole freight equalisation and Bass Strait passenger vehicle subsidy should be scrapped because it is a tort. We are an island and we need to acknowledge we are an island. We have a Federal Labor Government that has acknowledged that a subsidy for travel and for freight is acceptable but there is a whole range of pressures to remove that. It is not a national highway, unfortunately. We do not get the level of subsidy from the Federal Government to make it such and we are very fortunate that taxpayers do not have to tip into the TT-Line to subsidise its activities. It is a completely self-funded operation, which means the vessels can operate and get people. It is a key part of access to the island not only for passengers but also for freight and it is also now debt-free and moving into a space where it can fund refurbishment or replacement of the vessels and I think that needs to be acknowledged that the taxpayer is not chipping in year in, year out to prop up these services.

CHAIR - But we have in the past.

Mrs TAYLOR - A supplementary question to that. We talked about freight and passenger balance and you have said 65:35. At least one of our stakeholders talked about the fact that freight is more profitable for the TT-Line than passengers - I am just telling you what the stakeholder said - and that it was their belief that you had changed the balance a little recently, that you were allocating more to freight because it is more profitable. I absolutely acknowledge what you said that it is essential that we do the freight thing because that is the only way that we can get fresh produce to the market in a timely manner and I am not arguing about that, but they said that they thought your freight-to-passenger ratio space had changed and that you were giving more space to freight rather than to passenger vehicles. That is not correct then?

Mr GRIPLAS - Not correct, no and if we look at the numbers over the last five years which we track off, they are in balance. They may change a percent here and there but there is no change.

Mrs TAYLOR - I just wanted to confirm that.

CHAIR - Mr Finch, do you want to finish off that line of questioning?

Mr FINCH - Yes. Further to what Mr Rogers said in respect of complaints - we seem to hear them but they do not come to the TT-Line. Does that mean you do not get any complaints and to what extent? How many complaints do you get? Do you document those?

Mr O'BYRNE - Of course they do. The definition of complaints is pretty broad. We get people saying that they did not understand why that occurred and could we please let them know why this occurred. You have some people who have a complaint, as Mr Rogers outlined, in terms of the person being two hours late and asking them to delay. There is a range of complaints. Some we can clear up once we have the details and the facts, others are either opinions or ideas about how to improve the service or how to change the service. From my office they are always forwarded on to the TT-Line and all of those inquiries are responded to. In my office we probably get one or so a week, I suppose, and that is anecdotally - we can get that for you - but I am sure Charles can fill you in on some of those.

The satisfaction surveys are externally run so it is not TT-Line saying, 'You're happy with the service, aren't you?', it is really going, 'How did you find your trip on the TT-Line?' - an overwhelming satisfaction survey, over and above any other tourism operator, like an airline.

Mr GRIPLAS - That is why our customer satisfaction numbers are in the mid-90s. We take every complaint seriously and each complaint then gets discussed internally as to how we can improve our service. If I were to break down complaints over the year, one of the highest complaints that we received was around the food offering on board, and the price.

As I mentioned earlier, we then restructured it, we conducted some feedback questionnaires and we changed it. There are other areas where we have complaints, in terms of loading and discharge, but we deal with each of those questions individually. We always respond to our complaints and if they make anything of a suggestion that is an improvement, that always gets discussed at the management meetings internally. We take them seriously, which is why you have a satisfaction level in the mid-90s.

Mr FINCH - What sort of numbers of complaints?

Mr GRIPLAS - I knew you were going to ask me that.

Mr FINCH - Do you have a protocol or procedure in place where people either phone or write in? Is there a mechanism to deal with those?

Mr GRIPLAS - They can go direct via e-mail, they can ring it in or they can write. Those three avenues are open to them. We have an individual who works directly with the complaints and will then take that back to the call centre or the vessel. She/he would then do a very quick investigation to see what has happened in the case and in many instances with the dialogue that we have direct with customers, they are satisfied at the end because if there was an issue over the

food then we will deal with the food issue with them or sometimes the quality of the cabin or whatever. It is those types of debates and engagement we have.

We would certainly like everyone to know that they should come directly to us. If we hear it from other parties it is very hard for us to sit down and capture it to improve our service. If they come through to us, we deal with them and we deal with them directly.

Mr FINCH - Yes, we are here to help.

Mr GRIPLAS - I agree.

CHAIR - We are glad we are doing this.

Mr GRIPLAS - I agree. When it goes off everywhere, and you hear it from here and the minister's office gets copies in and letters to them or whatever, I would like them to come to me because our customer service office is not you, it is us, so we really would like to be dealing with those.

Mr O'BYRNE - We take it seriously as well. Every time a query is raised with us, we go straight to TT-Line and say, 'This has been raised', and again we feed that through that internal process. So it is not as if we dismiss the complaints, we take every one seriously, and we work hard to try to improve the service. But, again, the example I gave was where we were contacted on 14 November by a customer saying, 'I can't get on, on 26 November, that's outrageous. What sort of service are you running?' It is very hard.

Mr FINCH - Chair, could I ask you to take on notice the number of complaints?

CHAIR - That was exactly what I was doing.

Mr FINCH - Thank you.

CHAIR - We are asking for those numbers to be provided at a later time. Thank you for reminding me.

Mr FARRELL - In relation to freight - and you have covered a fair bit of it - a couple of the stakeholders made statements like, 'The introduction of the two boats has revolutionised the movement of goods', and a competitor said, 'It's a good operation, on time and at a reasonable price'.

CHAIR - And we cannot do it anywhere near that.

Mr FARRELL - No, and your rating structure freight is okay and it does not undercut them. What is the real benefit of the freight operation on TT-Line?

[11.00 a.m.]

Mr O'BYRNE - Since the introduction in 2002 of both *Spirits*, we have seen a massive increase in agricultural products. The industry feedback that we get, especially from the stone-fruit growers, from aquaculture, fresh produce, Harvest Moon - Neil Armstrong from Harvest Moon is one of TT-Line's greatest advocates because he knows that whenever you have a product, your ability to get it to market consistently and in good condition so that you are not letting

suppliers down is crucial. That is what TT-Line provides for that time-sensitive freight and to get it within 24 hours of picking and processing, get it from Forth to Devonport and Devonport to Melbourne at 6 a.m. the next morning and on the shelves is crucial. That is why we have seen operations like Harvest Moon grow significantly. That is not only just in terms of his facilities and his employment base, but also all the farmers that he relates to and he has business with in terms of providing Harvest Moon with products. So it is crucially important that it continues to play that role and we get that balance right between that 65/35 split between passenger and freight. But it is a key economic driver for the food and agricultural industry in Tasmania.

Mrs TAYLOR - That really was a Dorothy Dixier.

Mr FARRELL - Yes, but it was from my notes. Everything I ask is going to sound like a Dorothy Dixier.

CHAIR - What about a question?

Mrs TAYLOR - We did get bouquets for the TT-Line.

Mr FARRELL - Based on that, obviously the demand, if Tasmania is going to produce more fresh produce and we are going to have more of these retired people in their 10 and 11 metre caravans, that they have to be where they have to be straightaway because they are on holiday, how, in the future, is TT-Line going to cope with that to keep the balance and to keep the goods and to keep the people happy who are travelling around Tasmania in their mobile homes?

Mr O'BYRNE - Yes, I know and that is an enormous challenge for TT-Line because there is that dual priority to ensure that we meet the needs of the travelling public but also we meet the needs of industry. Again, the volumes that are coming out of Tasmania for that time-sensitive freight, it is not just on TT-Line. It could be perhaps that TT-Line provides that service to those producers in time.

It has always been a challenge and it will grow and I will get Charles to talk about it because that is a part of the forward planning that Charles and the executive team are working through about how we meet those needs.

Mr GRIPLAS - In fact, the two segments that you mentioned are quite good for us because they are very predictable. There is the harvest season and there is a particular season that you want to travel up north for the warmer weather so we are able to blend that in very easily with our schedule. As you can see, our double sailings pick up over the period that we need them and then we bring them back over the winter months.

Also in terms of the time-sensitive freight, we are a small niche operator in that freight market, we are not in the container market et cetera. What is really interesting, just as a point of reference, in terms of our competitors in the freight market and they are our competitors, they also represent our top six customers. They use us as a freight operator, knowing that we provide that fast, efficient, time-sensitive service.

Mrs TAYLOR - That is what they said to us, that a percentage of their stuff has to be there quickly.

Mr GRIPLAS - Correct.

Mr MULDER - I would like to explore with you a little further the complaints, particularly around the scheduling - I am not worrying about the price of coffee in the bistro - and the fact that there is an increasing level of lead time obviously required to get the spot when you want it in terms of booking. Do you get a feeling out of that, that there is an unmet demand in terms of volume that you are not being able to meet? Over time there is an increasing demand for the service and eventually, of course, that will relate to the capacity constraints - two sailings, you cannot do three. Is there some thought to increasing the service, either through bigger ships or more sailings or something like that if there is such an unmet demand?

Mr O'BYRNE - I will make some quick points before Charles can expand. There are really two issues with that. First of all, getting into Tasmania is a competitive market, we are competing with the airlines and there are seasons. There are parts of the year where it is going extremely well and that is why we have the day sailings from a certain point and during winter, obviously that is when it tends to drop off a bit. But we are hoping, through a whole range of broader tourism event strategies to try to take the more extreme dip out of that low season. Again, that is where the pricing comes in to try to encourage at different times.

The demand is more of a question that Charles can elaborate on. In terms of the vessels, we have a committee working very hard on the fact that we need to consider the future needs, and 2017 is the date that is in the diary at the moment for a replacement or a refurbishment of the current vessels. Those sorts of trends and future demands will need to be taken into account when we look at the type of vessel we will need on that run.

Mr MULDER - Is there an unmet demand out there?

Mr GRIPLAS - Mr Mulder, there is no unmet demand. What you tend to see, as I mentioned earlier in the answer to the previous question, is that it is a seasonal trade. During the peak times we run double sailings, which means there are four sailings a day across Bass Strait, but over the winter months it dies down very quickly. Over those periods where we have increased demand, not unmet demand, we put on those additional sailings. I would like to be able to say that we can run double sailings every day of the year over the winter months. If we can become a very active winter destination for Tasmania, we would like to increase those shoulder periods and sailings over the whole year. If you look at the numbers in holiday and leisure segment, and even tourism numbers coming to Tasmania, they have plateaued or started to fall over that period. We do not believe there is unmet need.

Mr MULDER - That is interesting because I think we were getting a different thing particularly from the motorhome people. In terms of the motorhomes, you are the only market player. In that area we are getting a feeling that there might be some unmet demand because people know they cannot get on so they do not bother booking or they delay their trip for a year or two until they can get advance bookings.

Mr GRIPLAS - This is where it becomes, for all that, seasonal. You tend to find that they all want to leave on the one weekend to go up north, which is why we have an availability schedule on our internet site. They can go in there and play with some dates. If you look at our numbers for caravans and motorhomes, they are increasing year on year. When I sit back and look at those figures - and I can give you those figures - it astounds me that you get that complaint. Having said that, room is limited on a particular day's sailing. It only takes so many caravans below deck.

Mr MULDER - So going forward when it is time to replace the ships, we are not looking at bigger ships or more ships?

Mr ROGERS - That has not reached a conclusion yet. That is the work of the committee and that is years away. They are working through all these processes and doing the market research for us - independent market researchers. They will analyse that, bring it to the board and the board will make a decision and make recommendations to government. It is far too early to talk about bigger ships, smaller ships, more ships. Those conclusions have not been drawn.

Mr MULDER - I think it is far too early, Mr Rogers, if there is no unmet demand. Why would you even think about it?

Mr ROGERS - Why would we think about what?

Mr MULDER - The question I asked was: is there any unmet demand? The answer is: No, there is not any unmet demand. So when we are talking about 2017 or when you are doing the ships, if there is unmet demand there will be no discussion around bigger, more or faster ships.

Mr ROGERS - There is no unmet demand at the present time.

CHAIR - Following on from that response, Mr Rogers, as to 2017, I am suggesting that you would need to order a ship two or three years in advance. Would that be a reasonable assumption?

Mr O'BYRNE - We have a committee of the board that is working on this very hard at the moment and they are due to report at the end of 2013, so that gives you a lead-in time to 2017. If you are looking at a new vessel, there are very extensive and tough negotiations. If you are looking at a refurbishment, plans will need to be put in place to ensure that we do that at the appropriate time and that any impact on the service is mitigated against. I think there is a fair bit of work to be done. There is a whole range of things that the committee is going to consider, and it is important that they do that. It is important that they do the work to look at the range of options open to the board. That report will be given to the board at the end of 2013 and the board will then make a recommendation to the shareholder ministers.

Mr FINCH - Who is on the committee?

Mr GRIPLAS - The committee comprises four directors of the board and four of the senior management team.

CHAIR - I would expect that there would be about a two- to three-year lead-in for ordering and receiving a vessel. Would that be fair to say? Just going on my homework, if I were ordering a ship or a vessel for another area, I was told that it takes between two to three years if you are ordering a purpose-built vessel.

Mr GRIPLAS - In terms of the work of the committee, I think it is premature for us to even make any assumption in terms of it being a new build or refurbished or whatever and I just do not even want to go down that path because we are in the preliminary stages. Hypothetically, to order a brand new vessel off a shipyard, it depends on whether they have one available. They could have one straight off the assembly line that has not been purchased. A lot of shipyards do that;

they have it ready to go and all they need to do is a refit. The time horizon could be quite varied and it depends on what we, as a ship operator, may want to do to a vessel. For instance, you may buy a second-hand vessel that is available and it may take six months to refurbish it. There is a whole list of calculations.

Chair, I would hate to even have this conversation because we are really premature in terms of where we are in the committee in terms of looking at any option around a vessel.

Mr O'BYRNE - But your underlying assumption that we need to make a decision in good time before the 2017 date is probably correct and we do need to make sure and that is why it is very important that we let the committee do their work up until the end of 2013 before we have to nail down a date.

CHAIR - Right because my other information or the committee's information tells me that a vessel is worth approximately \$200 million each. Would this company be able to borrow that type of money or would it need capital from the State?

Mr O'BYRNE - Again, there is a whole range of variables within that; it depends on where the euro is sitting; it depends on the kind of vessel; it depends on the kind of decision - whether it is a new one, a second-hand one, or a refurbished one; but the underlying principle of the Government is that the TT-Line is a self-contained operating unit and there is an expectation -

CHAIR - That they will fund their own replacement vessels.

Mr O'BYRNE - They will need to make sure that they make decisions within their budget so that the service is continued at the optimum level. Whether that is a refurbishment or a new vessel is a decision that is yet to be made and, again, I am not going to lock in future governments to decisions but the view of the Government at this stage is that the *Spirit of Tasmania* and the TT-Line is a self-operating unit and they have just become debt-free and there will be no dividend policy to enable them to prepare for an eventuality, whatever that is. There is a whole range of variables in terms of a decision that needs to be made and to say, 'Yes, it will cost \$200 million' - who knows what the euro will be like in 2017 or 2016 or 2015 when decisions are potentially made? There are too many variables to lock it down to a figure but again, with the board and with the work that the TT-Line are doing, we have absolute confidence that we will be in a good space by the time we get to that point in time.

CHAIR - That is my question - that the Tasmanian people particularly can be assured that this process is completely in hand and there will not be any issues with the replacement of the vessels?

Mr O'BYRNE - That is the absolute intention of the chairman, the board, the senior management team and the shareholder ministers that we are working towards the best solution we can achieve for the Tasmanian community.

CHAIR - Because even if the Federal Government does not fully acknowledge that it is a highway to the rest of the country, I think it is pretty much accepted in Tasmania that it is our highway.

Mrs TAYLOR - I totally agree with everything that you have said, but at the heart of GBEs is that they are told that they should be a profitable operation which should produce a dividend to the Government.

Mr O'BYRNE - Potentially.

Mrs TAYLOR - That is part of the charter; they should be profitable businesses and that is what you aim to do.

Mr O'BYRNE - And from year to year the Government makes a decision on dividend policy for each of the GBEs.

Mrs TAYLOR - Let me just say my bit and then you can contradict me.

Mr O'BYRNE - Sorry.

Laughter.

[11.15 a.m.]

Mrs TAYLOR - That is at the heart of GBEs. They are companies that we need to provide a service because otherwise that service might not happen at all if it was left to private enterprise, but nevertheless the aim is that they should be a profitable business and should turn a profit.

Obviously the TT-Line is turning a profit but the Government is saying that we will not claim any dividend because we want you to put it away in the kitty for replacement or refurbishment of vessels, which I can understand. But we do not say that to other GBEs. We do not say that to other GBEs who also need to replace their assets and ongoing. Is there a reason for that?

Mr O'BYRNE - I will not contradict you and I apologise for talking over you when you were speaking.

Mrs TAYLOR - That is all right.

Mr O'BYRNE - I suppose that it is important that governments with their relationships with GBEs make sure that in consultation with those GBEs they make the best decisions not only for the GBEs but for the people of Tasmania. Comparing a Hydro to a TT-Line is not a fair comparison, for example.

CHAIR - What about a TasPorts to a TT-Line? Do you want to compare those?

Mr O'BYRNE - TasPorts is more facilities management and operation of our TasPorts. There are government decisions from time to time about how we manage the dividend and how we manage the relationships between the GBEs. Let us be clear that this is the first time that TT-Line is debt free because there was an arrangement where they took on debt from the Government and their responsibility was to pay that off. We had the final \$25 million instalment. It is a policy of the Government that instead of taking money away from TT-Line and then asking a future government for a massive cost and then again lumbering the business with more debt at the time of that cost, we would ask TT-Line not to return a dividend to prepare for the eventuality that we know is coming. But we do need to deal with facilities management. Other GBEs manage that in different ways and we are able to, depending on the size and the operations, to have a dividend

policy that does not impinge on their facilities management or their infrastructure management. In my view, if we impose a dividend on TT-Line now that will reduce its capacity and therefore put a burden on the Tasmanian community at a later date, that would reduce their capacity to refurbish or replace their vehicles and maintain the service that Tasmanians and our tourists expect and our freight industry expect as well.

There is scope within government decision-making processes to ensure that we do not have a cookie-cutter approach, we do not have a one size fits all approach to the GBEs. It is with negotiation, it is appropriate and it changes from year to year on the requirements of the shareholder ministers in consultation with the boards.

Mrs TAYLOR - I accept that. It just seems to me that there are differences and you are saying that in fact with consultation with the stakeholder minister there are differences, each one is taken on its own merits. But we do hear, for instance, that electricity prices have to go up because the Government needs the dividend in the current budgetary situation. You are saying in this case we are better off not taking the dividend because future years -

Mr O'BYRNE - In terms of the energy and the regulator and the direct costs from dividends through the price increases I think that is a big leap. There is a whole range of impacts in terms of facilities management, the wholesale price, the retail price, the transmission costs, the National Energy Market, the role of the Ombudsman and the role of the Energy Regulator as well. There are different players. It is very clear in terms of a service provider like the TT-Line; we are very clear about what their role is, we are very clear about what they need to do to make sure that they can maintain that role and that very high level of service to the Tasmanian community.

CHAIR - I think we are clear that this is the policy of this Government at this point in time.

Mr DEAN - I have one question on the matter, it goes way back now, but then I want to raise a new issue if I may.

CHAIR - How far are we going to go back?

Mr DEAN - When I asked a question it was on motorhomes versus freight. I think the answer has been given and I do not want to harp on that question that there is no preference given to freight and trucks over motorhomes and caravans. There is no quota set? There is no set number of trucks versus motorhomes and caravans. That is right, isn't it?

Mr GRIPLAS - It is subject to the physical dimensions below deck.

Mr DEAN - How stringent are you on length? I had a complaint from a travelling customer who said he would never travel on TT-Line again. His vehicle was 3-4 inches longer than it should have been and he was told that if he removed his bullbar he could get on at the rate that he was entitled to but because he was over length he had to pay for extra space. What is the situation there?

Mr O'BYRNE - In that particular matter did that person make a complaint?

Mr DEAN - I think they may well have made the complaint to -

CHAIR - They did to the member's office.

Mr DEAN - I am not sure whether they made a complaint or not but they have certainly made a complaint to me.

Mr O'BYRNE - If you could get the details we can follow that up. Again, the Bass Strait Passenger Vehicle Equalisation Subsidy has strict guidelines on length of vehicles and those sorts of things so it is a complex matrix. There are certain things that we can claim a subsidy on and that has an impact on the cost price of the ticket and what we charge for vehicles. When you do go over certain lengths, you get into a different bracket, so it changes the matrix of the subsidy that we receive.

CHAIR - Minister, I can say that the person on the phone was helpful. They suggested they take the bull bar off, and I thought that was showing initiative. They suggested how to meet the requirements.

Mr O'BYRNE - TT-Line is very innovative and they aim to please.

Mr GAFFNEY - There has been recently a comment about looking for other ports. Charles, the north-west community and I really appreciate, when you talk to the business and government leaders up there, how honest you are with it in setting things straight, but it has been raised -

CHAIR - I tell you for the last time that this is it.

Mr GAFFNEY - It has been raised by another person through tourism about the potential of looking to the Devonport-Sydney run or even another port - Devonport-Adelaide - if we were looking at another market. I am wondering if there has been any discussion as a strategic point of view.

Mr O'BYRNE - I will say one word, Devonport.

Laughter.

Mr O'BYRNE - It is not the government policy to move TT-Line away from Devonport. Devonport is the home for TT-Line.

Mr GAFFNEY - No, I am not talking about moving away from Devonport.

Mr O'BYRNE - Yes, I know; that is very clear. In terms of the comment that was made by a senior government bureaucrat, we have had discussions with Mr Mayell and he is really keen to have a broader discussion around access to Tasmania. He obviously was not aware of the experience that we had with the Sydney to Devonport ferry.

CHAIR - Where has he been living?

Mr O'BYRNE - We are working, and a committee will be established with consultation with the Tourism minister and industry people, to talk broadly about access but there is no intention, at this stage, because there is no demand for it and there is no business case for it to move anything apart from having two ferries on the Melbourne to Devonport run.

CHAIR - Is that the board's position as well?

Mr O'BYRNE - That is the board's position on it. The chair can speak for himself.

Mr ROGERS - There is no question about that is the board's position. Nothing else is on our table - has not been, will not be. All our deliberations on ship replacement are to get ships into the Mersey, full stop.

Mr MULDER - I think you can take it from that he is too frightened to even think about thinking about it.

Mr O'BYRNE - No, that is not true.

Mr ROGERS - There has been no intimidation at all, it is just that this decision was made years ago that Devonport would be the home of the *Spirits* and that is in our planning.

CHAIR - There is a statue there.

Mr ROGERS - I am not sure about that statue.

Mr O'BYRNE - I have not asked the board for a position on the statue but we have been very clear about Devonport being home.

Mr GAFFNEY - I have no thoughts of moving from Devonport - that was not the question - but when it is raised by another senior executive or official about a different route then we have to ask that question.

Mr O'BYRNE - There is no doubt and I think in that radio interview Tony Mayell did give news about a number of options then. It is important if the tourism industry, in particular, are having a discussion about access to Tasmania we need to respond and work with them but it is important that that is grounded in some sort of fact or reality. I think we have been able to do that and that he has clarified his comments post that radio interview.

Mr GAFFNEY - So the question about the new ships being blue and white will not even come up, will it?

Laughter.

CHAIR - Mr Dean, would you like to follow on from that lead-in?

Mr DEAN - That was the area I was going to go into. So my question is, Minister, who initiated the suggestion of sponsorship from TT-Line for North Melbourne? Did TT-Line initiate it? Was it your idea or did it come from somewhere else in the first instance?

Mr O'BYRNE - There are a number of points to answer on that because clearly there is a history to marketing on the mainland that the TT-Line has been working through. I will get Charles to talk about that. At the time of the approach of the AFL for potentially playing AFL games at the Blundstone Arena at Bellerive - it has been discussed ad nauseam in the public domain - I was a co-chair with the Hobart Chamber of Commerce and representatives from local council and local businesses on a working party to see if we were able to attract AFL games to the south. The Government's view was that our commitment to Hawthorn was solid and we are not

going to waste taxpayers' money. There was an approach from the AFL and the North Melbourne Football Club to come to Hobart. The business community and local councils asked us to have a discussion about what role the State Government could play. Over a number of months we had extensive discussions within that community and it came to a funding arrangement where the local southern councils and southern businesses would provide a contribution. There was a request of Government to provide a third contribution to those games. The Government, given the budget situation, was of the view that it was not able to do it. The Premier is very clear about saying that we need to make sure that we do everything we possibly can to attract more AFL product into the State for the betterment of not only the southern economy but for the Tasmanian economy. A request was made from the Premier to the chair to enable the board to consider what was on the table. I will let the chair expand on that. There was a board meeting which the Premier and I attended. We presented the opportunity -

Mr DEAN - So the approach was from you and the Premier to the board?

Mr O'BYRNE - The Premier contacted the chair of the board and said, 'We know that you are marketing in this region. We know through our shareholder briefings that trying to get access to the AFL market in terms of being able to get the brand out there was a potential target - and I can let Charles expand on the history to that - and a request was made, 'We have this opportunity. Would the board consider it?' The chair, in doing his job as a proper chair, put the board meeting together and the Premier and I presented to the full board our understanding of the opportunity that was presented and the discussions we had had with the AFL and North Melbourne. We then left the board to its deliberations. I will let the chair talk about those processes. I will also get Charles to talk about the opportunities that have been provided to the company with that opportunity being taken up.

Mr ROGERS - The Premier rang me and asked me whether I thought the board of TT-Line would be interested in a proposal to support the North Melbourne Football Club. My response was that I was not prepared to advocate to the board the support of such a proposal until such time that she and the Minister for Economic Development would meet with the board and present a case. I said I would convene a meeting of the board, which I did. As the minister has said, both the Premier and the minister attended that board meeting and presented the case. They left the room and the board then discussed the opportunities that were being offered to the company. The deliberations for that took several hours. We had a background - and Charles can talk about this in more detail - that our consultants were telling us that although our brand recognition in Melbourne was still at a high level, the response to that brand recognition was not as good as it was in the past and we needed to take some other properties to enhance that and broaden that appeal to our Melbourne base. We had already started discussing that and were into some detail about what properties we could invest in to give us better recognition. When this came along, after the Premier and the minister left, we discussed it in that context and subsequently came to the decision that everyone is aware of. Specifically, what all that detail is about in terms of the marketing and brand recognition and response to brand recognition - that is the important thing, the response to the brand recognition - Charles is better able to -

Mr DEAN - Can I just cut you off?

CHAIR - Just let Mr Rogers finish.

Mr DEAN - My question was going to be, at the time you came to that decision, did you realise at that stage what TT-Line would get out of the deal? At the time you came to the decision to sponsor, did you realise and know exactly what you would get from that deal?

Mr ROGERS - We knew the broad principles of brand advertising because all of those leverages were mentioned in documentation that the Premier and the minister had presented to the board because they had been working through this in another context altogether. So we knew the principal number of leverages that we would derive from exposure. We also knew that it was an opportunity which did not take a lot of our budget in the context of our total budget. We knew that there were other leverages we could negotiate because of our experiences in doing other things. So we were well and truly aware of the major leverages and opportunities that were being presented to the company. We knew what the cost was. We knew that we had a budgetary context to it. We knew that it fitted in with our overall business plan in light of the information we had from Charles and his management team about the detail of our brand and response to our brand. We were well-equipped to make a decision at that time on that day because of the thoroughness with which the management present information to us every month.

Mr DEAN - The question there is - I will ask it again and put it in a slightly different way: At the time you determined that, did you know that the TT-Line, for instance, would get advertising at the MCG, or would get advertising at other grounds, such as North Melbourne?

Mr ROGERS - Yes, we did know that.

Mr DEAN - Where was that confirmed from?

Mr ROGERS - From the visit by the Premier and the minister.

Mr O'BYRNE - We presented a case based on the information that we have garnered from the relationship with Hawthorn and AFL in Launceston in terms of the sponsorship opportunities that have been presented to us, but also the study that has been done in terms of the tourism numbers and the broader impact on the economy. So, based on the work that we have done, and understanding the value of a Hawthorn deal to Tasmania, we presented that opportunity to the board. I think it is important that you acknowledge that there was the threshold decision that the board had to make as to whether they wanted to investigate this opportunity, and much work was done between that time and the time the announcement was made and the agreement was reached. I think it is important that Charles expand on those discussions because the question from Government to the board was, 'Here is an opportunity. Do you want to investigate this as a potential to make a decision?'

Mr DEAN - My question to you then, Minister, is: at that time, had you had discussions with North Melbourne on exactly what this sponsorship might mean from TT-Line to them, as to what they would get out of it? I take it that you and the Premier had not.

Mr O'BYRNE - Not with North Melbourne, no. We were involved in a working party with local businesses and local councils -

Mr DEAN - But no discussion with North Melbourne?

Mr O'BYRNE - No. Through that process, the AFL were talking about opportunities and they were in extensive consultations with the TCA about what it would take to get AFL games to

Tasmania and what a clean stadium would look like - the same discussions that took place around Aurora and York Park and about how we were able to get football to there. So there were broad discussions and a broad opportunity where the local business community, and the local councils had said, 'We are going to commit to this; is the Government going to commit?' The Government was not able to commit on the basis of the Budget but we provided an opportunity where a government business enterprise, if they so chose, could seek an opportunity for marketing so it was a threshold decision that we presented to the board, the board then made the decision as a threshold to investigate that and then followed up with discussions with the AFL and North Melbourne.

Mr DEAN - In that process Hawthorn were involved in the discussions. At this stage what you are saying is that North Melbourne had not been involved in the discussions at all. That is what you are saying.

Mr O'BYRNE - No. There were contributions to that working party made up of government, local council and local businesses about what the games would look like in terms of how many games we could get a year, what they would cost and what were the opportunities. You had local businesspeople having parallel discussions with the AFL and with potentially North Melbourne because North Melbourne were the ones that the AFL preferred and those discussions were occurring in a broad sense. There were no specifics necessarily about hospitality tickets and all those things, but those things in a commercial reality item, once you get the threshold discussions to say we know there are opportunities, let us go in and negotiate what they look like. I think it would assist you if Charles could contribute to that discussion.

Mr DEAN - First of all if I could just make sure I have this right. At that stage you were telling us very clearly that there had been no discussion with North Melbourne at that time.

Mr O'BYRNE - Who?

Mr DEAN - Between you and the Premier directly with North Melbourne on what a sponsorship might mean. At the time the minister and the Premier went to the board and made that position on what they would like the TT-Line to consider there had not been any discussions with North Melbourne at all.

Mr O'BYRNE - Not beyond that working party where there were discussions at that working party around here are things that we need to discuss once we get to the point where we think we are going to do it. There are threshold moments in commercial negotiations where you get to the point where in principle we are in the room and we are negotiating all the options that are put forward. You must allow those negotiations to occur but there are threshold moments where you maintain yourself in the room and that is exactly how it was played out. The working party did the majority of the work in terms of actually understanding what the opportunity looked like. Each stadium has a different make-up in terms of their cost structures and again that is something that the Government was not involved with between the TCA and the ground manager with the AFL and with North Melbourne.

Mr MULDER - I would just like you to clear something up and I will put out my understanding. I think we are really talking here about two decision points. One was when the minister and the Premier went to the board and presented a case and the decision made at that stage by the board was that they would go and explore this opportunity. Then there was a subsequent decision, as I understand it, where the TT-Line board in negotiations decided they

were going to get this amount of advertising there, there and there, so you are talking about, I think, two different decisions and I think it is absolutely clear to make sure that what was available at the first decision we are not confusing with what was available at the second decision.

Mr O'BYRNE - You are right, there were two threshold decisions: the first was whether you want to be in the room and have a discussion, and the TT-Line needed to make a decision about whether they wanted to be in the room. That was clearly a matter for the board. Then there were a series of negotiations about what that looked like. There could have been a situation where the board made a decision that they wanted to be in the room but they were not able to get enough leverage points where they could have walked away. They did not and Charles can expand on that if he wants to. Obviously the AFL are pretty nervous about the commercial-in-confidence details. I am just not sure what point you are trying to make.

CHAIR - I am mindful of what the members ask you.

Mr DEAN - I thought I made it fairly clear but I will just ask the one question. At the time the board made the decision then, did the board have knowledge of exactly what you would get out of the sponsorship deal? What would you get? What would the TT-Line receive as a result of you sponsoring North Melbourne to Tasmania? I do not disagree with the position and I have embraced that and there is no problem with that - but did the board know exactly what you were going to get out of the deal in sponsoring North Melbourne - your name would be up in lights at the MCG or whatever? Did you realise that or did you know that?

Mr ROGERS - We knew in our own minds the advantage of our having the *Spirit of Tasmania* name blazoned all over particular grounds.

Mr DEAN - So you had been told that that would happen as part of the sponsorship?

Mr ROGERS - I certainly can respond and say we were well and truly aware of the MCG option. There is no question we were aware of the MCG option.

Mr DEAN - And all of the other things that you could get out of it?

Mr ROGERS - A number of them eventuated in the negotiations because we drove a hard bargain, and you would expect us to do that.

Mr DEAN - What do you get out of it? What is the TT-Line getting out of the sponsorship then?

Mr ROGERS - That is better handled by Charles. We need to be careful here.

CHAIR - Do we need to take this in committee?

Mr ROGERS - We need to be very careful because a number of these negotiations have been done in confidence - there is the North Melbourne Football Club, the AFL and the TT-Line.

CHAIR - We can do this at the end.

Mr O'BYRNE - It is commercial negotiation and that is the nature of these things. You have commercial negotiations with organisations and you sign up to obligations. When you are dealing

with such marketing, when you are looking at a large organisation such as the AFL, you go in and do the negotiations but you cannot divulge some of those negotiations publicly.

Mr DEAN - Hawthorn's deal was out in the open.

Mr O'BYRNE - But in terms of Hawthorn and their relationship with the AFL, it is a matter for the AFL and Hawthorn.

Mr DEAN - I am talking about the North Melbourne relationship with the TT-Line. I am not talking about North Melbourne and the AFL. We are talking about the North Melbourne deal and the position with TT-Line.

Mr O'BYRNE - We do not have a relationship with the AFL, we have a relationship with Hawthorn and that is very different.

CHAIR - If the member is agreeable, we will leave that aspect to just before we finish rather than asking everyone to leave the room and then come back and start again.

Mr DEAN - I am happy with that, Madam Chair.

Mr O'BYRNE - Chair, I will ask Charles to answer to the best of his ability so he does not compromise the *Spirit of Tasmania*'s position. If that has not answered Mr Dean's question, we can then go into committee.

CHAIR - That seems a reasonable request.

Mr DEAN - I am happy with that.

Mr GRIPLAS - Can I put everyone's mind at ease? This is a magnificent opportunity for TT-Line and the *Spirit of Tasmania* in terms of the marketing opportunities that it presents. I would like you all to go onto their website and you will notice that their new by-line is 'Spirit one and all', in terms of their membership packages going forward and their tag line for the year. For the modest outlay we have achieved quite a remarkable amount of leverage points. They include everything from in-ground signage - I am going to speak in broad context because we have signed some very serious commercial-in-confidence agreements with the AFL and the North Melbourne Football Club. You cannot let this information out to the other clubs and sponsors because everyone would want their bit, 'How come they got this and we didn't get that?'

CHAIR - Everyone wants the Hawthorn deal.

Mr GRIPLAS - In terms of what we gained from the North Melbourne Football Club, there are 16 leverage points and there are additional points that are being discussed at this stage. Everything from opportunities that money cannot buy - player clinics all the way through to our corporate sponsors on the day, signage in-ground both here at Blundstone Arena and the MCG. This also includes a lot of joint promotion of the vessel and players on the vessel launching certain activities. There is a gamut of marketing leverage opportunities that will take us over the next two years. They will commence pre-season and also conclude at the end. You will see these opportunities that will be coming out of this. We have to work our way from the north of the State all the way down to the south when the games are played, so that we are not simply Hobart

centric around these opportunities. I think the by-line alone, 'Spirit one and all' says it very clearly in terms of the relationship we have.

Ms O'BYRNE - In terms of the marketing budget, what is the percentage of the spend?

Mr GRIPLAS - It is 5 per cent over a three-year period, which is very modest for sports marketing.

Mr DEAN - I still ask that we take it in confidence at the end - the serious in-confidence agreement points, if we can.

Mr ROGERS - The answer to that is no. I am sorry, Madam Chair.

CHAIR - The committee will decide. We have the right to ask for information.

Mr ROGERS - You have the right to ask but we have the right to say no. With commercial in confidence we have the right to say no.

[11.45 a.m.]

CHAIR - We will make that decision before the end of the hearing.

I want to talk about the other marketing opportunities. With 5 per cent of the budget going to this aspect of it, are there any other areas that have been supported by TT-Line that may not be supported? I am thinking of community organisations, particularly the smaller ones that do it tough and were getting small amounts of money that might be affected in the new arrangements.

Mr GRIPLAS - No, we get a lot of requests, around 300 requests a year in terms of community sponsorship. Everything from we would like to travel over with our BMX bikes to compete all the way, through to the Devonport Food and Wine Festival. Each of those decisions is put across a decision matrix and from that we make an assessment. No, it has not squeezed out any other element of the budget. We will consider each on its merits and if it meets all the criteria in terms of meeting that core demographic, the message, the media et cetera then it will get through.

CHAIR - There could potentially be organisations that have been supported in the past that may miss out in the future. But that may have been the case anyway.

Mr GRIPLAS - We have three-year agreements and we assess them at the end of the process and during the process. At times we may consider at the end of that that we do not want to continue it because it does not give us the return that we anticipated over that period. We make those decisions along the way. Also to re-emphasise the point previously, the board had always been considering our marketing opportunities and we also had assessed sporting opportunities prior to the North Melbourne Football Club opportunity coming forward.

The board was well versed in our marketing philosophy and spend and demographic changes, and not only that, the core market drop in terms of the Victorian markets and the presence that we needed to have there et cetera. So the board was well versed in all our thinking. At the end of the day we are a commercial/marketing organisation that run vessels.

CHAIR - Minister, would you or any part of the Government approach TT-Line in relation to the V8 Supercars? I personally always thought that would have been a really good fit because it is in kind, isn't it? I know that you are missing out on income but that would be a good group to have. Was that something that you progressed, because that was difficult at times?

Mr O'BYRNE - No, not really. It was difficult, and the Government makes these decisions; each one goes on its own merit. In relation to the decision that we made at the time and knowing the marketing objectives of the TT-Line, that that would be an opportunity that they may want to follow up on, which they did, in relation to V8 Supercars there is an ongoing commitment to the V8 Supercars from the Government and we are able to manage that within our budget.

CHAIR - So at this stage you do not need TT-Line to pitch in and bring over the cars for free?

Mr O'BYRNE - To be honest, it is an existing client, isn't it?

Mr GRIPLAS - I am happy to assist there, Minister, on this. This is where we have the commercial hat on when you assess this. The V8 Supercars are actually transported by one of our competitors, Toll, who are also a key sponsor. One of the issues that we would have had would have been carriage of vehicles and all that stuff. It just was not even there for consideration. Not that we were approached but having an assessment externally because we look at those opportunities that exist. For instance, Targa we love because we bring the vehicles over and we sponsor every year. We would assess it on that case. There would be that criteria we would run through.

CHAIR - The question was asked of me, I have asked the question.

Mr FINCH - I want to ask this while we are talking about fares and prices and opportunities to bring people across. I realise that you have fare structure changes to what you do, so sometimes it is this price and sometimes it is that price. How many organisations would you have arrangement with whereby they are probably generally on a lesser fare than somebody else who might rock up in a one-off situation?

Mr GRIPLAS - Are you talking about group bookings or specials such as -

Mr FINCH - Mainly organisations that you might have special arrangements with.

Mr GRIPLAS - We have a group area in our organisation. There would not be a consistent approach, it would depend on the number of people brought over, the volume, the time of year, and the type of opportunities that present themselves there. We have a groups area that will tailor something specifically for that organisation. For instance, we might be approached by a group of canoeists that want to compete on the mainland and they are wanting us to sponsor them. We would not be sponsoring a canoe group, for instance, to use that as an example, but we would certainly put them onto our groups area who will then do a special deal with them at a special rate.

Mr FINCH - Do you have any that you have an ongoing special rate with?

Mr GRIPLAS - No, they are all specific to the groups that approach us. For instance, the Hog Rally last year and prior to that. It would be different. There is not one consistent table that

they pull out and talk to you about. It all depends on the combinations, how many cabins with how much deck space, time of year and a whole series of things.

Mr FINCH - What about the CMCA?

Mr GRIPLAS - No, we do not have a special arrangement with the CMCA.

Mr FINCH - Are you sure? Would your groups booking area be able to set up a special arrangement with them and you not know about it?

Mr GRIPLAS - The CMCA is an association. We do not have a special rate for the CMCA. But there is nothing preventing the Nullarbor Caravan Association wanting to have an annual convention down in Tasmania at a particular time for us to talk to them about, for instance.

Mr FINCH - Okay. On a website that a CMCA member might come to, they do not click a special button that has a 40 per cent discount for them?

Mr GRIPLAS - No, but they have a groups button. You would not be able to go to our website and book 40 caravans on, for instance. There is some text on the website that will have them go to our group number and then they will have that discussion.

Mr FINCH - To go down that avenue, it would only be a CMCA member who could access that or go through that channel?

Mr GRIPLAS - It depends on the discussion with them and the arrangements you have. For instance, when we looked at the Hog Rally, for instance, they were in there and they were a Hog Rally member and they quoted a member to the discount group and then they would get their discount to book on. But they would have to have travelled as a group.

Mr FINCH - It would be part of that arrangement?

Mr GRIPLAS - Correct.

Mr FINCH - So there is nothing ongoing? With CMCA, this might have been a special deal do you think rather than an ongoing opportunity?

Mr GRIPLAS - Sorry, are you talking about a year ago when in Launceston, I think, they brought over about 600 caravans?

CHAIR - They were at Quercus Park outside Launceston.

Mr GRIPLAS - Yes, the Agfest site, correct. Is that what you were referring to?

Mr FINCH - No.

Mr GRIPLAS - If they had approached us, yes, there would have been a group discussion and discount discussed with them. We are trying to encourage as many visitors as possible to the State, we are not a hindrance. I would hate for people to think that we are a hindrance to that. It is our business, it is our lifeblood and it is how we earn our income. If they have a group function, for instance, Agfest, they come via our groups area. We have the charity rally that they

have every year, the Variety Club Bash and we organise that with them. So it is those types of things that our groups people are happy to do. School groups, for instance. We have senior groups that come through et cetera. We deal with them on an individual basis.

Mr FINCH - Thanks. Again, we had a complaint come through, we asked the questions and we got the answers. So, thanks very much.

Mr DEAN - I think you sponsored at one stage the Latrobe Speedway. Are you continuing to sponsor that organisation?

Mr GRIPLAS - No, we are not.

Mr DEAN - The reasons for that?

Mr GRIPLAS - In terms of the Latrobe Speedway, we have our own motel, the Edgewater. That sponsorship had been organised by the Edgewater. We had assessed the speedway proposal and it came to an end. It is not that we cut it short, the term of the sponsorship had ended and we made a decision at that point, which was well and truly in advance of the North Melbourne Football Club because it was tied to that in terms of the media press. It was well in advance that we assessed an ongoing sponsorship. It did not deliver the return that we wanted.

Mr DEAN - So TT-Line were not getting anything out of it?

Mr GRIPLAS - When you look at the dollar spend that you have and the greater return that you can get from it, we assessed it differently and did not want to continue that relationship.

Mr DEAN - What was the dollar expenditure on it and what was the sponsorship deal?

Mr GRIPLAS - We provided about \$65 000 to the Latrobe Speedway in sponsorship and associate costs since 2005.

Mr DEAN - Thanks.

Mr GAFFNEY - I come back to the carbon tax effects. I have three questions here that I will put on the table. I am sure management is already looking at the effect of the proposed carbon tax on the TT-Line, what it might cost and what impact that might have on vehicles, freight and passengers - whatever - so I would like to hear how you are dealing with that one. Secondly, is it being made to reduce its emissions footprint on the lines? Difficult, I know, but there is obviously a big concern now through all large entities. With the loss of the SeaLink funding re the hedging decision that was made a few years ago on the fuel pricing, what policies or procedures do you have in place to deal with a similar scenario that could occur in the future or what decisions have you made, as management, regarding that issue? They are the three questions I put on the table.

Mr O'BYRNE - It is really about cost, it is about our emissions and the hedging arrangements.

Mr GAFFNEY - Yes. What are you going to do with the carbon tax, emissions and the fuel?

Mr GRIPLAS - Minister, on the hedging arrangements, could I ask Scott to appear.

Mr O'BYRNE - If we can deal with the cost first and we might get Scott to add anything that I do not know because this is a new policy framework that is working, we are working in a market with Shell. Shell is the provider of our bunker fuel and we know that there will be a cost, but we are not exactly sure what it is, it will emerge hopefully early next year because Shell have not made final decisions as well. We know that there will be a reduction in the fuel tax credit excise by 6.21 cents per litre in year one and that will potentially increase costs for TT-Line.

Also there will be other carbon tax costs on operations within Shell which will determine what price they want to negotiate for the sale of their fuel. We are reviewing that. Shell have not come to a landing on it and it is very hard for us to come on a landing if the organisation that we purchase fuel from has not resolved what cost price impact that will have. So we are doing work on it, we know there will be an increase in costs and what TT-Line will endeavour to do is to minimise impacts on the travelling public. But we are not going to guarantee that we are not going to be able to pass on some or all of those costs. It depends on how much, where and when and how we are going to respond, really. That is a matter for the board once they know exactly what those cost through-puts are. Is that fair, Scott?

Mr HADLEY - Yes.

Mr GAFFNEY - On that one, you did make a specific mention of a value - 6.21 cents -

Mr O'BYRNE - That is the decision, 6.21 cents per litre in a reduction in the fuel tax credit excise, which is a benefit.

Mr GAFFNEY - Okay, you have to help me there, I have no idea what that equates to for a sailing. From a lay person's point of view, I am happy to find out what that would be worth in value from Melbourne to Devonport and back.

CHAIR - We have a figure - we have done our research - so we are wondering if your figure is anywhere near what ours is.

Mr O'BYRNE - What is your figure?

Laughter.

CHAIR - We want yours first.

Mr GAFFNEY - I just want a ballpark figure of what you think it is going to cost you.

Mr GRIPLAS - Mr Gaffney, I think it is very important that we, as a commercial entity, have been written to, as with all entities in Australia, by the ACCC saying very clearly that in terms of any carbon tax surcharge or impost you need to be very clear and precise, which is why we have been very hesitant to date, as a board, to release that figure. We are constant discussion with Shell, and not only does the 6.21 cents per litre come on but Shell gets rated as a refinery because it has a carbon tax imposed upon it.

[12.00 p.m.]

So it is those two elements, in combination. As recently as a couple of weeks back we had a meeting with Shell and hopefully we can have one before Christmas again to get some conclusion

upon that. When your core fuel supplier is unable to give you that clarity, we are very hesitant to put anything out there. We do not want to go out to the public, to our boardroom, constantly updating from those discussions, nor have we advised the minister, simply because that figure is not available. What we are trying to do is, once we get the clarity we will go out.

Mr GAFFNEY - Have you any idea of when you might be able to supply the minister with a price so that it affects your managing of the TT-Line?

Mr GRIPLAS - It comes into place mid-next year. We certainly would like to be in a position around February.

Mr GAFFNEY - Thank you.

Mr O'BYRNE - And I think a lot of figures are being bandied around in the announcement of the carbon tax of what throughput costs we will have in a whole range of organisations but, clearly, if Shell have not made a decision about what their sale point is, it really is hard for anyone to come up with a figure that has any credibility.

Mr GAFFNEY - I suppose that is why I put the next question to you on the reducing of emissions and the fuel hedging issue together so I can have some understanding of where the company is thinking of taking the line.

Mr O'BYRNE - I will defer to Charles.

Mr GRIPLAS - I could talk to you about the -

CHAIR - Do we want to finish off the carbon tax first?

Mrs TAYLOR - I suppose my aspect of it was that regardless of what the price is, because I understand you do not know that, but you know there will be an impact and so what kind of strategy are you looking at to deal with the extra impact? The minister has already flagged that possibly higher prices might be one of the strategies but there might be others.

Mr GRIPLAS - We certainly internally have been looking at a fuel surcharge but how that will apply will depend on what the final outcome is. But it is not only that, a critical element of that - and Mr Gaffney raises a very good point - is around emissions so you reduce your actual consumption of fuel. Our vessels go into dry dock and we have the super polymer paints so you get a better glide on the vessels which reduces our emissions. Our propellers are super-polished which gives you a better - I am not a hydrodynamics guy -

CHAIR - It goes quicker through the water.

Mr GRIPLAS - Exactly, that is it. Well said, Chair. We are looking at all those types of opportunities. We have also been in discussion with our fuel supplier in terms of lowering the sulphur content of the fuel that we receive, so we are in constant discussions with that. I suppose in a way with the carbon tax, as a CEO of a commercial entity that predominantly uses transport fuels as an input to its business, which is a quarter of our cost, in a way although you are environmentally friendly and are very conscious of your emissions and you put everything into play to reduce your emissions, under the carbon tax you do not get a reward for it and particularly as we are picking it up under transport fuels.

In terms of the hedge I will ask Scott to join us because it is quite a complex piece of work.

Mr O'BYRNE - In terms of the emissions it is 35 per cent of the overall cost to the *Spirit*. It is a constant challenge and a constant requirement for the TT-Line to ensure that they can minimise costs and minimise emissions because it is a cost driver.

CHAIR - Welcome, Scott.

Mr HADLEY - Have we hedged against the cost of carbon, is that the question?

Mr GAFFNEY - No, not really. My response was, what have you learnt from the last experience where it seemed to impact and do you now have a policy in place if that scenario comes again looking at the future carbon? I am just trying to understand what risks you are prepared to take as a business or what securities you are going to have because of the volatility of the fuel pricing.

Mr HADLEY - Sure. We have a board-approved fuel hedging policy which gives us an ability to hedge a range of fuels. We certainly do not sit here and hedge 100 per cent of our anticipated fuel, we have a range that we hedge within depending on how much we think we are going to use over the next three years. Obviously, the GFC went against us for that very first hedge so at the moment we have hedged about 15 times.

Mr O'BYRNE - Back before the GFC everyone predicted that the US would go up to \$200 a barrel and it did not and I think -

CHAIR - We are not bashing him up about that.

Mr HADLEY - In broad terms, our policy has not radically changed over the last three years, we still hedge a certain percentage of our fuel out three years. The results in our annual report speak for themselves. We have a hedge asset now so we are actually ahead of the game, if you want to put it that way. I think the hedge asset was about \$1 million in the total -

CHAIR - It was \$1.23 million.

Mr GAFFNEY - You were locked in for a certain period of time for the last one. Has the time changed at all with hedging or not?

Mr HADLEY - No, it was a three-year hedge and we are still hedging that three-year time period. We can choose not to hedge that far out if we want to, so we can hedge for next month or we can hedge any time in the next three years, and we work very closely with the counter parties and it all gets down to forward curves and where people expect fuel prices and foreign exchange to go but it is working well for us at the moment.

Mr O'BYRNE - The TT-Line is not a speculative fuel hedge trader. They are doing it in Australian dollars and they are not speculating with other currencies. I think based on the evidence to date, apart from that world order correction, the hedge policies seem to have worked quite well because it is such a large fixed cost and it is best that we do not have constant price shocks depending on a change in the market.

Mr MULDER - Can you hedge against the carbon tax impacts?

Mr HADLEY - No.

Mr MULDER - I would not have thought so and I think that was part of it that you cannot hedge against carbon tax.

Mr HADLEY - There is a very clear exclusion for carbon tax.

The committee suspended from 12.06 p.m. to 12.12 p.m.

CHAIR - It is my intention to finish the line of questioning that members have in general questioning and then we will ask the minister and others to leave and we will have a discussion as a committee about how we want to proceed.

I have a question in relation to the Edgewater and the bed numbers for 2010-11 and the percentage of accommodation allocated to the TT-Line staff. Is it possible to get that information?

Mr GRIPLAS - The Edgewater is a motel that we own and run. We purchased it for a very good reason and that is to accommodate our crew. We will accommodate approximately 30-40 per cent of the beds that are in the Edgewater that would go exclusively to our TT-Line crew. You can imagine, Chair, over the summer peak that will increase. If you were to average it out over the year, it is around 30 to 40 per cent but at times over the peak it would be around 60 per cent because we have increased casual workforce.

CHAIR - Would it not be best to separate that out so that it is very open and transparent?

Mr GRIPLAS - In the annual report?

CHAIR - Just so that we can understand what it does and how it impacts on the operations of the organisation.

Mr GRIPLAS - Sure.

CHAIR - I am not suggesting that there is any issue with that, I just believe it is easier for anyone reading the report to understand how that operates.

Mr O'BYRNE - We can take that on board.

CHAIR - Thank you, I appreciate that. Staff numbers, FTEs - they are the basic questions that we like to get an understanding of. Staff turnover is always of interest to the committee.

Mr GRIPLAS - In terms of staff numbers, as you know we have a high proportion of casual part-timers over our fleet. In terms of our full-time staff, in terms of ship, we have, over the last year of the report, about 192 full-time staff and about 99 shore; on top of that, depending on the peak, about 134 casual part-timers for ship. If we were to look at proportion of Tasmanian versus

mainland, the majority of that would be mainland. That is the workforce number that we have at the moment.

CHAIR - Do you tender out much of your work?

[12.15 p.m.]

Mr GRIPLAS - There are certain parts that require specialist skills. One is the stevedoring aspect of our operations. We have not the in-house competence to run that operation. It is very skills specific that requires not only the skills but the capital equipment around it which constantly changes. Some of the cleaning on board over the summer peaks we will undertake. Also we have externals for shore security.

CHAIR - The percentage of call centre bookings?

Mr GRIPLAS - The figure that was stated earlier was part of that annual year. If I were to give you current figures out of this week, internet bookings are about 73 per cent and the rest would fall into the call centre bookings. The internet booking site is working quite well.

CHAIR - Is the internet trending up?

Mr GRIPLAS - It is. What is trending up predominantly around the internet booking site is iPads. We are getting quite a lot of bookings through iPads and mobile devices. The world is electronic. It is interesting that you will see people in our terminal with their iPads logging in and booking as opposed to going to the counter, which I find quite amazing but that is the way the world is going.

CHAIR - I don't think anyone wants anyone at a counter anymore. I get that feeling often.

Laughter.

CHAIR - Seriously, they do not want you at the counter. The bank says go outside to the hole in the wall. I am insulted. They are lucky I am still there.

Mr FINCH - Through you, Minister - you said the majority of your employees are mainlanders.

Mr GRIPLAS - Tasmanian.

Mr FINCH - Oh, the majority are Tasmanians.

Mr GRIPLAS - Sorry, the majority of them are Tasmanians.

CHAIR - The main people are Tasmanians.

Mr GRIPLAS - I apologise, let me correct. The majority of those are Tasmanians.

Mr FINCH - Those numbers that you gave us, is that a diminution, is it an increase, is it a stable figure?

Mr GRIPLAS - It has stayed about the same. We do not have a high turnover, which is good in a way because you are able then to pick up the core skills - which is what explains our high rates of customer satisfaction when it sits in the mid-90s. You get that consistency of staff advice and training and expertise. I am happy to give you those numbers again. In terms of the ship staff, 64 per cent are Tasmanian. In terms of shore staff, 71 per cent are Tasmanian. I am sorry if I said mainland. Thank you for the pick-up. I would hate for this to be quoted in the papers.

Mr O'BYRNE - We take all comers these days.

Mr FINCH - We had a report on 19 November about the dogs. The latest theory is that it was carbon monoxide poisoning. Could I get some explanation?

Mr O'BYRNE - I think that was the first theory and was discounted pretty quickly. What I might do is get Charles to talk you through exactly the processes that we follow. I am not sure that the cause of death has been clarified yet.

Mr GRIPLAS - These are really tragic circumstances and our sympathies are with the owner and the dogs. The last thing you would want to see is any loss of dogs on board our vessels. Let me give you the context of how many pets we carry a year. We carry about 12 000 pets a year on board the vessel without incident. That is excluding livestock and horses. We recommend very strongly to any passenger that comes on board that they put the dogs or their pets in the kennels for the simple reason that with the kennels we are able to come down and run routine checks every four hours, check on water et cetera, to see if they are in good condition. If not, the owner will be contacted and a discussion occur. In this instance, we had three Rottweilers in a car. In terms of the circumstances, we understand - and this is what I gleaned from the press; it is not that we have had any confirmation via the particular passenger - one had suffered cancer and the other one had bowel issues. The explanation given by the passenger, which was unfounded, was that it was carbon monoxide poisoning. That is not correct. We regularly check our decks and the deck where the car was situated was well-ventilated. Our kennels are also well-ventilated. There is no carbon monoxide poisoning; you cannot pin it to that. We have not seen any reports to the contrary. All we have is the passenger's view on that.

Mr FINCH - Do you not carry out your own investigations? Have you not investigated that yourself, Mr Griplas, to find out the reasons for those dogs dying?

Mr GRIPLAS - No, we did not investigate the reasons for those dogs dying. They were in her care and possession and she had removed the dogs.

Mr FINCH - Would you not have a sense that you might need to allay the fears of other travellers who might bring those 12 000 pets? Those people might want to have an explanation of what happened to the dogs so that they do not have the same issue.

Mr GRIPLAS - We have engaged in conversation via our Facebook and social media, Twitter, which had a lot of exchange between dog and cat owners on board. We have also released statements publicly to say that we do regular checks of our decks, that they are well ventilated and that in this instance, there was no carbon monoxide poisoning - that that is unfounded.

Mr FINCH - A couple of those dogs had issues; yet three have passed away.

Mr GRIPLAS - Two - two out of three. The third one was there, still alive.

Mr FINCH - So it may have been health issues for the other two dogs?

Mr GRIPLAS - I would hate to speculate.

Mr O'BYRNE - We urge people to take advantage of the kennels that are offered where we are able to care for them at a greater level. If people decide to keep them in their cars, that is their choice but we do not support that. We would much prefer them to be put in kennels.

Mr GRIPLAS - As part of our OH&S regime, since 1997 our vehicle decks are regularly checked by a third-party provider against Australian standards for atmospheric pollutants and they found nothing.

Mr O'BYRNE - There were other animals on that deck at the same time, not only in the car but also in other areas of that deck and there was no carbon monoxide issue. That was discounted straightaway. There were other issues and because we were not able to investigate them fully with the owner, what we are hearing is only anecdotal, unfortunately.

Mr DEAN - Just on the animal issue, because of the publicity that comes out of it, which is not good, albeit TT-Line is probably absolutely in the clear, you have no intention of changing the policy in relation to animals on board the vessel - in other words, that you will have a policy that they will be retained in an area that is identified by you, the TT-Line?

Mr GRIPLAS - Oddly enough, we are being lobbied quite heavily by certain cat and dog-owner associations that want to continue carrying their pets not only in their vehicles but in specially-made trailers. We make it very clear that our policy is to have them in the kennels. If they choose to carry them in their own vehicles or trailers, they need to sign a disclaimer where we state very clearly that we believe it is safer for your animal to be in the kennels but you take the risk if they travel in your vehicle. We are getting quite the opposite - people wanting to continue the practice of carrying their pets in their cars or trailers.

Mr DEAN - But that disclaimer must be signed in each case?

Mr GRIPLAS - Correct, and in this case it was.

Mr MULDER - Keeping with dogs and trailers - I think two years ago - and I was not at this meeting - but at that stage I think there was some discussion that a vehicle towing a trailer for some reason was not part of the passenger equalisation scheme, whereas caravans and motorhomes and campervans were. I think there was a commitment given by the then minister to 'flick a letter over to Canberra strongly suggesting that they be included in the list'. Do we know what became of that?

Mr O'BYRNE - I know that we have regularly discussed it. This is a topic of conversation with the Federal Minister Albanese, not only in terms of the passenger subsidy but also the freight subsidy as well and I can tell you, given that 2007 productivity report, there is great concern about the potential of the State losing the overall scheme. So I am not aware of that exact comment by that minister in that letter. But I can tell you, in our discussions with the Federal Government, that they are very hesitant about changing any of the aspects of both those schemes on the basis

that they do have that Productivity Commission report which is of concern to all Tasmanians and particularly the freight exporters.

Mr MULDER - It was a very specific commitment given to try, where the minister said he was going to write a letter, so -

Mr O'BYRNE - Minister?

Mr MULDER - Sturges.

Mr O'BYRNE - I can follow that up.

Mr MULDER - If you would not mind, thanks, and we will look forward to receiving that.

The issue they were asked about is why dogs did not fit into that particular scheme two years ago. I assumed you would know; you were there.

There was some discussion two years ago at this meeting about the relative port costs between Melbourne and Devonport.

Mr GRIPLAS - We are in constant discussion with both port authorities. They have publicly-published tariffs that we obviously have had discussions about. But we also look at other opportunities in terms of ease of accessing in and out of those facilities, et cetera. Port costs are a part of doing business.

Mr MULDER - The question specifically was how do they compare in Devonport with -

Mr GRIPLAS - I would have to come back to you on that one. I could not answer that offhand.

Mr GAFFNEY - This is one that has been raised by my colleague, Mr Finch, as well. The submissions in response to a direction paper review of overnight camping were closed on Monday. There has been a lot of discussion from groups like the CMCA who say that the cost of the TT-Line is exorbitant; and then they are not going to have free parking once we get here. So there will be some impact because there is a bit of negative publicity and they are using that to bolster their case. I was wondering whether the TT-Line had put in a submission or had any input into the impact that the discussion paper at the moment may have on the interest in travelling across the water?

Mr GRIPLAS - No, we have not.

Mr GAFFNEY - Because Minister Bacon has been involved with that, as has Minister Green. I am wondering whether you have had any input or whether you know of any?

Mr GRIPLAS - No, we have not had any input at all.

CHAIR - Probably not too late to put something in. I believe they are not dealing with it until about mid-March.

Mr GAFFNEY - I have never had an issue about putting my car on the boat because I do it in plenty of time and I think you are right about the mindset of people from Tasmania saying, 'I am going to have three or four months away; I do not know how long'. And then they get there and if they want to come back in two weeks, they cannot the car back on. How do you get that message out to those people, because they can get their campervan over and back but they have to make it more specific and tie themselves down to dates and times?

Mr GRIPLAS - We identify off our database every caravan and motorhome traveller and we write to them specifically. Every year we come out with specials such as the Tasty Escape holiday special, which is specifically targeted for them. We also advise them very strongly to become loyalty club members. In that way, they get constant dialogue in terms of the best time for carriage of caravans, et cetera. So there is that dialogue that we have directly from them via our database because we know who the caravan-owners are.

[12.30 p.m.]

Mr FINCH - I am wondering about that statewide directions paper. Does the TT-Line have any concern about that and what that might represent with, for instance, free parking and the now 100 000 touring people travelling around, doing their 'happy hours' and sitting discussing where to go and what do to, where impediments are and where the good points are? Are you concerned that they might be talking about the fact that Tasmania has taken a stance on this - if we go it alone - and that, in fact, that might impact when people start to discuss the issues of their travelling around Australia?

Mr O'BYRNE - Word of mouth, especially within that community, is pretty strong and I think that is why the work that TT-Line are doing in building relationships, advertising in *The Wanderer* and really trying to build up a good solid, factual base of knowledge, as opposed to perception and rumour, is an ongoing challenge for us. You will never stop people sitting around the campfire and, as the night wears on, the stories get bigger and bigger.

But I think the concerted effort by TT-Line to build a relationship with these organisations, to get people to tell their own stories, hints and facts about how best to travel on the *Spirit*, I think that is where you do your best work. If there is a policy change that the State Government, local councils or another minister make that will impact on that and then TT-Line will respond.

But the best thing to do is to get the facts and information out there to try to debunk some of the myths. Would that be right, Charles?

Mr GRIPLAS - Correct.

Mr FINCH - Could I make a suggestion, that providing the Tasmanian beer for those 'happy hours' around Australia by TT-Line would be a winner.

Laughter.

Mr O'BYRNE - There is nothing like free beer to get people talking, yes.

Mr MULDER - But it has to be Boags apparently - northern beer.

Mr O'BYRNE - We will provide Tasmanian options for them.

CHAIR - A couple of questions that I have outstanding are around the maintenance budget. Can I have a cost of the maintenance budget for the vessels?

Mr ROGERS - Does that include dry dock?

CHAIR - Yes. The minister might be able to answer this one while we are getting those figures: was the maintenance budget program completed?

Mr O'BYRNE - My understanding is it was, yes, all on time and on budget.

CHAIR - On budget?

Mr O'BYRNE - Yes.

CHAIR - Good news. There was a deferred tax expense. Scott, I am not an accountant and I am with my colleague here, so we look for the experts when it comes to that.

Mr HADLEY - Last year was the first time we have been able to recognise deferred tax assets and liabilities because we had confidence in our ability in the future to be profitable. So last year was like a one-off catch-up for the entire history of TT-Line. Because we had that last year, we did not have it this year, and we are just recording a tax expense as any other normal company would, based on our income. So that is a discrepancy between this year and last year.

This year's number is more reflective of our operating environment whereas last year was a one-off catch-up. You should disregard any comparison with last year from a tax perspective.

CHAIR - Right, so in two years' time when I am hopefully back sitting here, what I am expected to see then? The same as this year?

Mr HADLEY - Yes, if we are still profitable as we will be, a similar number to what it was this year. Is that what you are after?

CHAIR - Yes, that explains it.

Mr HADLEY - You need to have confidence in your ability to be continually making a profit to be able to recognise in your accounts your tax numbers, and we are.

CHAIR - Even though wages are going up? Clearly there was an increase in wages, which is not unique to this organisation. We have just had the Public Trustee in and theirs went up as well. There is an average cost to staff increase.

Mr O'BYRNE - That is not uncommon in the maritime industry. Across Australia, especially when you are looking at the results out at Western Australia, the Maritime Union has been very successful in achieving wage increases and it is a market. The labour market is a market and we need to make sure that we can not only remain profitable but we can continue to retain good staff. So there will always be an element of increasing wage costs to reflect that market.

CHAIR - Minister, I am going to take the opportunity to go around the table and check -

Mr ROGERS - Could we answer the question about maintenance?

CHAIR - Yes, you were going to give me a figure on the budget.

Mr ROGERS - Yes, because it is really important that we answer that one.

Mr HADLEY - About \$7.5 million, including dry dock.

CHAIR - The program has been completed and it is on budget.

Mr HADLEY - Correct.

CHAIR - Thank you, I was thinking that we were going to take that on notice.

Mr ROGERS - Thank you for asking that question because it is a cost that not many people ask us about.

Mr FINCH - There was a comment made, an observation, that TT-Line was slow to respond to the Qantas shutdown in offering extra seats. Do you have any comment about that?

Mr GRIPLAS - I am happy to comment on that, Minister. It was such a memorable moment, it was my birthday, anyway I will not go into explaining why I was taking phone calls in the toilet when I was away on a holiday to disguise the phone call. We responded within two hours of that incident occurring. Our call centre was put on 24 hours and there were seats released within two hours of that day. I do not know how much quicker a response you could have received. Not only that, but accommodating 4 500 passengers over that period took an enormous amount of effort and everyone from ship to shore delivered extraordinarily well and it went smoothly. Our sailings did not miss a beat. We delivered on time and on schedule that entire period.

I am quite taken aback when I hear those comments because it is not true.

Mr O'BYRNE - The situation was evolving. It did happen late on a Saturday afternoon and to organise, as was requested, an extra sailing is very expensive to do. You have to call staff back and you only do it when you know that you are going to get to a point where you can potentially break even or it is not going to be a drain on the business. The industrial dispute was an evolving situation, I think it went till late on Monday night. If the dispute had been indefinite and there was a very clear indication that it would have been going at least through to the next weekend, of course TT-Line would have taken that into consideration in their decision-making.

It started on Saturday night, finished on Monday night effectively, at a very late Industrial Relations Commission hearing and Tuesday, Wednesday they were back in the air. I think we opened up seats as soon as we possibly could but no-one could have predicted that you would have a CEO of the national airline making a call on a Saturday afternoon to ground all their fleet.

Mr GRIPLAS - Mr Finch, I need to clarify something in my answer. I gave you two parts, I responded to the Chilean situation, which was my birthday, so I apologise for that, it had such a dramatic effect on my psyche. In terms of the Qantas dispute, we opened up our call centre so they were able to take calls. We did not get a huge uplift at all because you still had Virgin, you still had Qantas Link flying in, et cetera. There was not a huge uplift at all in terms of passengers

from the Qantas dispute but we responded within a couple of hours. Our call centre was put on 24 hours. Not only that, but on the Sunday we had to cut back the hours simply because there were not enough calls coming through to the call centre.

Mr FINCH - I take it from your reaction when I first framed the question, did you have an adverse reaction from people in respect of the way you responded?

Mr GRIPLAS - No, not at all. We have contingency planning that we plan for these incidents. The plan is able to be executed very quickly.

Mr DEAN - Have we had any questions on the board yet?

CHAIR - I was about to ask. In light of Mr Wing not being here, I know he would want us to ask. What is the cost of the board and are there any issues about the skills and expertise of the board? That is casting no aspersions on any board members.

Mr O'BYRNE - The Government has full confidence in the board and the fact that we now see TT-Line debt-free, it is a profitable organisation that is well-run, it is well-regarded in the marketplace, not only in the tourism market but also in the freight market. The Government has absolute confidence in the high quality of people we have on the board and their commitment not only to TT-Line but also to Tasmania. I think that we should also reflect that there are a number of people on that board who have broader experience and who are very committed Tasmanians. The Government has absolute confidence in them.

CHAIR - What is the cost, please? I am happy to take that on notice.

Mr DEAN - Where are the board members domiciled? Where are they from?

Mr O'BYRNE - Where do they meet?

Mr DEAN - No, are they from the mainland or are they here in Tasmania?

Mr ROGERS - One lives in Sydney. His name is Tony Tobin and he is a founding partner in the legal firm of Gilbert & Tobin. He is there because of his legal expertise and other attributes he brings to the table. Rod Chadwick resides in Melbourne and he is a former managing director of Pacific Dunlop, a very major company and he brings a very wide commercial experience to the board table. All the other directors reside in Tasmania.

CHAIR - Thank you. We will suspend the sitting and ask you if you could wait outside. We will have a very brief discussion about how we move forward in relation to the questions that the honourable member asked around the marketing and the AFL North Melbourne deal.

The committee suspended from 12.41 p.m. to 12.54 p.m.

CHAIR - Minister, I just want to outline to you and to people at the table that the committee has chosen in this case not to pursue any further line of questioning in relation to the marketing and the sponsorship arrangement but we just want to make the point very clear that it is a choice of the committee because we do have the power to continue down that path. We would use the in

camera process and we have legal advice to say that we have every right to do so but we have chosen as a committee not to do that at this stage.

Mr O'BYRNE - Madam Chair, thank you for that consideration. In regard to the statements made earlier on this morning in relation to the extra information, we try to give as much information as we can. We also understand that when representatives of a company governed by the Corporations Act sign commercial-in-confidence arrangements there is a sensitivity about those sorts of details. The comments made from our side were really about making sure that we honoured those commitments and that we did not compromise the TT-Line but we acknowledge the role of the committee.

CHAIR - We understand that but we also know the role of the Parliament and we also want to place that on the record.

Mr O'BYRNE - We respect that.

CHAIR - This is exactly why we have this scrutiny process, so that we can represent the people of Tasmania. We thank you very much for your time and the work that goes into these and we want to wish you the season's wishes.

Mr O'BYRNE - I am back this afternoon but thank you, Madam Chair.

CHAIR - For those who are not coming back.

Mr O'BYRNE - I would also put on the record our thanks for the debate and the questions asked. They really were helpful to us in terms of making sure that the people of Tasmania are comfortable in the knowledge that this is a well-run GBE that has the best interests of Tasmania at heart. I want to put on the record my thanks to Denis, Charles and his board and his team for the contribution they make to the Tasmanian community.

The committee adjourned at 12.57 p.m.