

LEGISLATIVE COUNCIL
GOVERNMENT BUSINESS SCRUTINY COMMITTEE 'A'
MINUTES OF MEETING
Thursday 8th March 2007

The Committee met at 8.45 o'clock a.m. in Committee Room 2, Parliament House, Hobart.

Members Present:

Ms Forrest
Mr Harriss
Mr Martin
Mrs Rattray-Wagner
Mr Wilkinson (Chair)

The Committee deliberated.

Preamble:

Preliminary to the scrutiny of the following Government Business Enterprises the Members of this Committee met with the Auditor-General. The Committee also met with a number of persons and/or organisations that claimed stakeholder interests in these GBEs. These meetings enabled the Committee to be better prepared for the task of scrutiny.

PRINTING AUTHORITY OF TASMANIA

The following witnesses appeared before the Committee –

Hon Jim Cox MHA, Minister for Infrastructure

Ministerial Office

Mr Gary Hill, Head of Office

Ms Kate Burke, Adviser

Printing Authority of Tasmania

Garry Duffield, Chief Executive Officer

Ms Anne Kerr, Director

Vito Tria, Finance Executive

Overview

The Minister provided the Committee with an overview of the operation of the Printing Authority of Tasmania.

Paper Tabled:

- Balance Sheet

Conclusions

- Current legislation is restricting the PAT resulting in the inability of the PAT to operate competitively in the marketplace
- PAT nonetheless is not restricted from sourcing business outside Tasmania
- PAT can only offer its services to customers who receive Government funding
- No other GBE is likewise restricted by legislation
- Advances in technology have impacted on the PAT's capacity to attract business primarily because Government agencies are now able to undertake in-house printing
- Mainland printing companies have superior equipment which enables them to be more competitive
- The PAT is debt-free and generates all its own revenue – there are no Government subsidies
- PAT has 46 full-time employees and also employs casuals on a needs basis
- Without full market access PAT will have limited opportunity to grow the business
- The Board appear to have an appropriate mix of expertise in both business and printing
- The PAT does not provide a dividend to Government

Recommendations

- The Government should assess whether PAT should remain as a Government Business Enterprise

The meeting was suspended at 10.35 o'clock a.m.

METRO TASMANIA PTY LTD

The Committee resumed at 10.48 o'clock a.m.

The following witnesses appeared before the Committee –

Hon Jim Cox MHA, Minister for Infrastructure

Ministerial Office

Mr Gary Hill, Head of Office

Ms Angela Collis, Adviser

Metro Tasmania Pty Ltd

Ms Sally Denny, Chairperson

Mr Tony Sim, Chief Executive Officer

Mr Jeff Dallas, Group Manager, Operations and Engineering

Mr Jack Lane, Manager, Business Development

Mr Navin Ram, Acting Chief Financial Officer

Overview

The Minister provided the Committee with an overview of the operation of Metro Tasmania Pty Ltd.

Paper Tabled:

- Government Procurement of Metropolitan Bus Services: Service Standards Methodology

Conclusions

- Metro operates under a Community Service Agreement with DIER and therefore is only a break-even business without any flexibility to run at a profit
- Under the CSA the Government provided \$24.9 million
- The level of funding constrains any expansion of services
- A major business threat is fuel price volatility. The viability of alternative fuel is continually being assessed
- The average age of the bus fleet is 12½ years which is in line with the national average
- Metro procures 10 new buses each year and is required to have 25% of its fleet accessible to disabled people by 2007
- Unless Metro secures increased funding from Government or raises loan funds, the bus replacement program will be threatened

- There has been a printing problem with tickets which has delayed the introduction of a new ticketing system until the middle of 2007. Metro has experienced some loss of income due to fraud as a result of the archaic nature of the present ticketing system
- New fare structures are being developed
- Safety and Security:
 - Approximately 60 buses out of a fleet of 215 are fitted with recorded camera surveillance. There is a policy to continue with the installation of recorded camera surveillance
 - A voluntary Student Behaviour Code has been developed to assist with student behaviour on school buses
 - There is a program in place for police to ride on buses.
 - Bus drivers have a duress alarm for dangerous situations
- There is an on-going assessment of the appropriateness of bus routes
- There is an inequity in tertiary student bus fares. The matter is currently being reviewed
- The Board claims that it has the relevant business and public transport skills

Recommendations

- Government needs to consider an increase in funding to Metro to ensure the bus replacement program is not compromised
- The Government should immediately facilitate an urgent review of safety measures on buses
- The Government is to ensure that the review of core passenger services examines the range of services provided for each suburb to ensure they meet the expectations of that community

The meeting was suspended at 1.02 o'clock p.m.

TOTE TASMANIA

The Committee resumed at 2.01 o'clock p.m.

The following witnesses appeared before the Committee –

Hon Michael Aird MLC, Minister for Racing

Ministerial Office

Ms Jodi Willcox, Adviser

Mr David Bailey, Head of Office

TOTE Tasmania

Mr Michael Kent, Chairman

Mr Craig Coleman, Acting Chief Executive Officer

Mr Brett Harris

Overview

The Minister provided the Committee with an overview of the operation of Tote Tasmania.

Papers Tabled:

- TOTE Tasmania lodges protest advertisement

Conclusions

- Elwick Race Course
 - TOTE Board claim that the increase in budgeted costs associated with the redevelopment of Elwick were related to changes in design, delays caused by planning appeals and unfavourable weather conditions. This delayed the completion of construction by 18 months.
 - The new grandstand facility has the capacity to cater for large functions.
 - Occupational Health and Safety assessment of the tracks is conducted by race stewards, who claim the track is equal to or better than other tracks in Australia and the pacing track is a major improvement on the facility at the Hobart Showgrounds
- Greyhound racing has seen the death of two dogs since the opening of the facility. The most recent death was associated with greyhound hurdle racing. The Minister and Board believe greyhound hurdle racing should cease. The Minister is investigating processes to achieve this outcome.
- The introduction of Betfair has had no negative impact on Tote

- Resignation of TOTE CEO:
 - The Chairman stated that the CEO resigned voluntarily. He received one year's salary plus entitlements upon resignation. A Deed of Release was signed between the parties after the Board obtained legal advice
 - The Minister and the TOTE Board claim they were 'more than happy' for the CEO to continue
 - It was suggested that the former CEO had become disenchanted as a result of the Minister's decision to remove the position of CEO from the Board
 - The Committee finds it unusual the CEO was paid a sum equivalent to one year's salary plus entitlements given that the Minister and the Board claim they were more than happy with the performance of the CEO and further given that it is claimed the CEO resigned voluntarily
- Licensed Operators:
 - Commissions for licensed operators have been reviewed and an agreement between the Licensed Operators and the Board is imminent - 'within two weeks' of the hearing
 - TOTE provided an undertaking to improve communications between Licensed Operators and themselves.
 - Licensed Operators will benefit from the increases in band levels and an increase in commission rates.
- TOTE have grasped the opportunity to expand into the South Pacific region and in other areas including Singapore, Dubai and the United Kingdom.
- The anti-smoking legislation initially had a negative impact on operations of TOTE but this impact has now leveled out.
- TOTE claim that the information technology and communication (ITC) technology they use is superior to most other States.
- The ongoing legal issue between the Tasmanian Racing Club and TOTE has been amicably settled.
- TOTE Board claims to have an appropriate range of business and racing skills that has recently been enhanced by the inclusion of Mr Dean Cooper who has both legal expertise and many years of experience in the harness racing industry.

Recommendations

- Race Stewards who undertake the OH&S assessment of the Elwick track should be encouraged to hold or obtain OH&S qualifications
- That Tote continue to investigate the banning of greyhound hurdle racing
- That Tote continue to pursue opportunities to maximise the use of the grandstand catering facilities
- That the Tote Board and Management should improve their consultation with all industry stakeholders
- The Board should act more diligently in negotiating and finalising the severance payment to employees

The Sitting was suspended at 5.10 o'clock p.m.

The Committee deliberated.

Adjourned: The Committee adjourned at 6.10 o'clock p.m.

Confirmed

Chairman

Date