

UNCORRECTED PROOF ISSUE

Thursday 3 December 2015 - Legislative Council - Government Businesses Scrutiny Committee A - Tasmanian Ports Corporation Pty Ltd

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE A

Thursday 3 December 2015

MEMBERS

Mr Armstrong
Mr Farrell
Ms Forrest (Chair)
Mr Gaffney
Mrs Hiscutt (Deputy Chair)
Mr Mulder

IN ATTENDANCE

Hon. Rene Hidding MP, Minister for Infrastructure

Ministerial Office

Mr Vince Taskunas, Chief of Staff
Mr Richard Wilson, Senior Adviser

Tasmanian Ports Corporation Pty Ltd

Dr Dan Norton, Chairman
Mr Paul Weedon, CEO
Mr Geoff Duggan, Chief Financial Officer

The committee resumed at 1.17 p.m.

CHAIR (Ms Forrest) - Thank you, minister, for joining us.

Mr HIDDING - This year in review, the 12 months we are looking at in the life of TasPorts, we have seen TasPorts make significant progress in the catch-up of commercial and community port infrastructure remediation. The operating result achieved was consistent with the budget and due to a significant commitment to expenditure in asset and fleet maintenance and the renewal program. This investment was TasPorts most significant investment towards maintaining port infrastructure in a single year, \$26.4 million, on 177 land and marine asset infrastructure projects around the state, so it has been a big year for capex on maintenance expenditure on infrastructure.

The year saw steady growth in freight volumes. TasPort's core operating result improved through pricing initiatives, tight cost control and a stable organisational headcount. Year 2 of the five-year Community Asset Program was completed with remediation works at Stanley, Strahan, Inspection Head and Sullivans Cove. That is an example of works done under the Community Asset Program because they are not full commercial working ports as such.

Stage 1 of the Burnie optimisation project was finalised in June 2015. The project was finalised just last month, improving safety, efficiency and capacity of rail and road freight handling. It is a different looking wharf precinct now.

Devonport Airport enjoyed significant passenger growth. An increase of 9.74 per cent means an additional 12 732 passengers passed through the terminal during the year. That is quite an extraordinary outcome. You might explore whether a deal of those have come from other airports or it is genuine new business for the state.

The Burnie woodchip export terminal has supported local industry and increased forestry freight volumes out of the port. TasPorts successfully implemented its 10-year fleet renewal program. An investment of \$3 million was made to improve tug, pilot and workboat capacity.

Pleasingly, from my point of view, TasPort's 30-year port plan was finalised, providing the basis for the strategic development of ports in Tasmania. It is a key part of our freight strategy for Tasmania and our overall infrastructure thinking for the state. It has been a big year for TasPorts.

Dr NORTON - Back in 2007-08, which was into the third year of the business - we are just about to finish our decade of operation - we had 16.2 million tonnes of freight in that year. This is on page 26 of the annual report. A couple of years later we had 11 million tonnes of freight. I can remember coming to scrutiny committees in the past and saying that just to maintain our assets we probably needed to be spending circa \$15 million a year but we were spending \$7 million or \$8 million. One of the really good things is that we are seeing tonnages bounce back a bit. We are also in a financial position where we have been able to spend a significant amount in maintaining our port infrastructure this year. From my perspective, having been on this journey for a long time, that is really pleasing to see. We know the state of our assets and we are remediating our assets. We are doing that across the board. We have a major project in Bell Bay at the moment but we are doing it in all our ports as needs require.

The other issue the minister touched on, which is really important, is the Community Asset Program. We are custodian of a number of community assets. We do not derive much revenue from those assets - a little bit in Sullivans Cove from car parking, but less and less over time. With

the previous government we came to an agreement for a \$27 million project; we fund \$10 million and the Government puts in \$17 million. It is pretty unusual for governments to recognise community service obligations by financial contributions, but that was agreed with the previous government and this Government agreed to continue that program. We are doing major remediation. Often you do not see it. We will be doing a lot more this year on Franklin Wharf but it will be under the wharf so it is perhaps not obvious, but it does remove a significant risk such that this wharf would not be able to continue to be used in the way it is at the moment.

Mr HIDDING - It will be plenty obvious while the works are underway.

Dr NORTON - Good point. It is really great that the business is able to do that.

We generate a significant operating surplus and we have good cash reserves, so we can talk about the financials. Despite the fact that we run a headline loss we are actually strong in our financial position. We will be starting, I dare say, to make profits in future years and have to pay dividends, which we have not had to worry about in the past. We are a government business enterprise with a broad mandate and it has been really important that we have shareholder support to get in and do that work. We are buying tugs and expanding our activities, so the business has turned around from the doldrums of five or six years ago when we were cutting costs. We did not have enough money for assets and so on.

In summary, the business is in a really good position and there are some exciting prospects for us in the future.

Mrs HISCUTT - You were talking about in TasNetworks and spruiking about women on your executive. It might be a question for the minister but how is TasPorts going with women?

Mr HIDDING - Do you mean the board?

Mrs HISCUTT - We have a policy of women on boards, but TasPorts has an executive. How are you going with women in the executive or on the board?

Mr HIDDING - Let me deal with the board first because this is new information. Is this information you are allowed to divulge?

Dr NORTON - One Chair is riding off into the sunset so there will be a new Chair.

Mr HIDDING - Dr Norton is leaving after how many years in this?

Dr NORTON - Ten and a half.

Mr HIDDING - Ten and a half years as chair of TasPorts. It is a very significant step down from our point of view. It is common knowledge that we have done an international search for a new chairperson. We are very pleased with the person we have picked up. I am going to name him because it is general knowledge. That is Mr Stephen Bradford, who is a ports executive from a background at Melbourne port, and probably one of the leading port executives in Australia. We are very happy to pick him up as the new chairman of TasPorts.

There are a couple of board appointments, one of which is a woman, so the number of women on the board goes to two from one, in a board of five. It goes to 3/2, rather than 4/1, so that is addressing our target. We will make those known.

Mr WEEDON - Your executive is two women out of an executive of six. On the broader organisational level it is about 80/20, 80 per cent male to 20 per cent female.

Mrs HISCUTT - It is still not quite as good as TasNetworks is.

Dr NORTON - There are 50 per cent women on the executive. An important point in TasPorts, as in all government business enterprises, is a focus on gender equity. It is not something we sweep under the carpet. It is something we continually work on.

Mrs HISCUTT - You are working on it.

Dr NORTON - Yes, and in TasPorts case, quite a few of the 80 are longstanding employees who are in the port area, so they are more involved in labour-related activities. Many of our people who are on the water doing our tug work, are males by tradition. Those things do not turn around overnight.

CHAIR - We are more interested in the senior executive levels.

Mrs HISCUTT - It was more under board level.

CHAIR - The day will be good when we see some Chairs who are female.

Mr HIDDING - In the meantime all of us will apologise for our gender.

CHAIR - As your Chair would know, this question was asked at the previous GBE, your financials were signed off by the Auditor-General on 11 August. It takes two-and-a-half months for us to see them, the key stakeholders, and people who need to see them. In terms of time and this release of information and open transparency, why does it take so long? I know this has to do with ROGs not till the end of October, I know that.

Mr HIDDING - You mean tabling in Parliament?

CHAIR - Yes.

Mr HIDDING - I recall that two or three years ago, under the then government, it was brought forward a month. It used to be the last week of Parliament, when you offloaded everything. That has been brought back a month. In a policy sense, I see no reason why, if the report is ready and approved why it could not be tabled. Do you have a view on that, considering your long experience on various boards?

Dr NORTON - It has been custom and practice by governments to table at a particular time.

CHAIR - It is statutory required.

Dr NORTON - It is not delayed because of any reluctance on our behalf or any lack of endeavour in getting the documentation completed.

CHAIR - My point is that they have signed off, 11 August, and we do not see them until the end of October. It is a long time.

Mr WEEDON - That is the auditor's insurance. There is then a formal governance process within any corporation and then it being endorsed by the auditor, and this committee and the board before it is released to the shareholder.

CHAIR - I am not saying it has to be the next week. I am saying two-and-a-half months seems an awful long time.

Mr WEEDON - Realistically, by the end of the August, we are pretty much wrapped up, as is usual through all internal governance.

Dr NORTON - To get the annual report done, probably another few weeks. By the end of September we would be in a position to make it available to the House.

CHAIR - It should perhaps be considered in terms of time limits of reports. TasPorts is not such a complex of financials that Hydro, for example, is.

This is not necessarily related to TasPorts but the Energy Expert Panel made a comment about the state owned energy businesses and an expectation by members of Parliament had been expressed to the Expert Panel that we need half yearly financials. The Auditor-General has also expressed that view and the Energy Expert Panel said that there would not be any extra work to much degree because these figures are already produced for the shareholder ministers.

That is a policy thing, minister. In terms of doing half yearly financials, whether or not they are audited, the Auditor-General's office -

Dr NORTON - Probably unaudited, I suspect.

CHAIR - Yes. The Auditor-General said his office said they believe they should be audited. But either way, audited or unaudited.

Mr HIDDING - Half-yearly and audited.

CHAIR - That was his view but I think there is still an argument that they should be released publicly.

Dr NORTON - I have no problems with unaudited accounts being released. If they are audited half yearly accounts that is extra cost and extra effort. Whether they need to be audited is an interesting question. We produce half-yearly accounts that we provide to our shareholders and we have no problem with them being released.

Mr DUGGAN - We provide quarterly financial reports to the shareholders and we report against the statement of corporate intent which is agreed with the shareholders and put on the website. The main issue is about whether they are audited or unaudited but there could be adequate disclosures about where some of the sensitivity may lay, particularly where you are accruing for projects that may occur in the second half of the year. The final outcome of those may be different to what you think they are at the start of the year.

CHAIR - If you have that disclaimer.

Mr DUGGAN - As long it is explained and disclosed.

CHAIR - In terms of openness, transparency and accountability, particularly for the Parliament. That was important to raise and it has been raised a couple of times.

Mr HIDDING - In case you thought I was the worst culprit, I tabled mine two weeks before I needed to, 15 October.

CHAIR - They all arrive in October but it is still two months after they were signed off on.

Dr NORTON - Yes. But we then have to put them into the annual report which is probably about a month. Anything earlier than the end of September would be difficult for us.

CHAIR - Thank you, minister.

Mrs HISCUTT - The minister touched on the optimisation of the Burnie Wharf. I came over the overpass the other day and looked down to the wharf and I thought, where is the jumbo jet landing. Gosh it looks good. Having said that, the cruise ships that are coming in are getting bigger and I have to look outside of Burnie. When are you going to start on the dolphins in the area and what other activities have you around the other ports to address the cruise ships because they are getting bigger and bigger?

Mr HIDDING - Here at Hobart Ports recently there was the sea bed work we did to level that out. We have a plan to increase visitation to Tasmania and cruise ships are very much a part of that. The *Spirits* are on an exciting trajectory but we need cruise ships to lift it as well. In Hobart we are able now to take those supersized. There are more coming now. Cruising is becoming very popular around the world. In 2014-15, 58 vessels visited the state, carrying a record 162 000 passengers. Hobart had the majority of those arrivals, with 35 vessel calls. There were 12 calls at Burnie, so Burnie plays a significant part.

CHAIR - We have had up to 20, though.

Mrs HISCUTT - Yes, there has been more.

CHAIR - Smaller vessels.

Mr HIDDING - The remainder were to our ports, with Port Arthur receiving eight visits, Wineglass Bay two visits - there is another port of yours, Wineglass Bay - and Coles Bay with one visit.

I was pleased to announce during the year - with you, Leonie - the \$1.5 million investment by TasPorts for a new mooring-in dolphin. We will ask Mr Weedon to explain what is going to happen there.

Mr WEEDON - The project is stood up. The first phase of that project is to undertake detailed engineering design in terms of location and structure, bearing in mind the modelling around ship size that would be likely to use the dolphin.

Mrs HISCUTT - Are you going to have capacity for future bigger ones?

Mr WEEDON - The bigger ships that are coming into the region at the moment are around 350 metres long. The work we are doing in Hobart is designed to accommodate those vessels. That would be a stretch in Burnie, but with the dolphin we will be able to take 320-metre length vessels.

Mr HIDDING - There are plenty of those in the fleet.

Mr WEEDON - There are plenty of those that cannot currently come.

CHAIR - Into Burnie.

Mr HIDDING - Yes, currently 280 metres full length. There is a whole bunch of ships above that, which is why this is going to be very important.

Mr WEEDON - We would expect that detailed engineering design to be wrapped up in the next month or six weeks. Then we go to market through the normal RSP processes that we operate to scope the work.

Mrs HISCUTT - Are you looking at March, February? I am trying to pressure you for a date.

Mr WEEDON - It will be done for the 2016-17 cruise season. Winter works of that nature, particularly around Burnie, can be a little challenging.

Mrs HISCUTT - Are fraught with danger, yes.

Mr WEEDON - The current thinking is we will do some pre-winter work in terms of the site preparation and the prefabrication of certain sections of the dolphin. The installation will probably happen all of September time. That is the current timetable, but it is subject to variation depending on how we go to market, and what the contractor's recommendations are.

Mr HIDDING - I understand there is some good interest.

Mr WEEDON - There will be good interest in it, yes. We have had some preliminary dialogue with providers of that infrastructure. There is a high level of interest in it.

Mrs HISCUTT - Local providers? Do we have that capacity?

Mr HIDDING - Four different cruise companies that operate these big ships -

Mrs HISCUTT - I see, sorry.

Mr HIDDING - who have now put their hand up to talk about adding Burnie into their schedule for the next cruise season.

Dr NORTON - They were looking for this infrastructure to be put in place. They need some lead time, too.

Mrs HISCUTT - The council was very pleased with what is happening, so that is good.

Mr WEEDON - What I can add is the related project that emerged out of this is - the weather conditions in Burnie can be changeable - so we have a dialogue going with council about the potential to provide an arrival location for them. We are not going to build a cruise terminal in Burnie. There is not the ship volume, and there is actually not the space in the port to have one, but we are looking at the options to be able to at least have a congregation location undercover that we can then bring some tourist information into that. They come off the ship, and they have somewhere to stand undercover, in shelter out of the weather -

CHAIR - With the mayor in the robes.

Mr WEEDON - while they are waiting to get on the tourist buses. It will probably have to be mobile in nature, in that we need to be able to bring it *in situ* for the ship, and then we will remove it while we are operating woodchip vessels and other general cargo vessels at that berth.

Mrs HISCUTT - The minister mentioned in his opening address about the Devonport Airport and the 7 000-odd passengers that come in there.

Mr HIDDING - 12 000 extra.

Mrs HISCUTT - Are you considering capacity to improve that in some way? Is there anything in the pipeline to make that a better destination for bigger planes, or any improvements you have planned for that area?

Mr WEEDON - Certainly, yes. If I can recap where we have been over the last five years. The first challenge we took on was terminal modernisation. We had an obligation under federal legislation to introduce baggage and passenger screening. We could have done that in a minimalist way, but we decided this was an opportunity to re-engineer and modernise the terminal, bring in new facilities and services, and bring it up to the 21st century. That was the first project that was initiated and completed.

Mrs HISCUTT - That looks good, too.

Mr WEEDON - That has done really well. Passenger experience has been extremely positive. A few grumbles about having to go through security, but that is life in the 21st century, post 9/11. We are not the only airport that does that.

The next project we embarked upon, which has also gone very well, has been modernisation and cleaning up of the car parking. The project for us was all about making sure that people had a safe, well-lit, well-marked places to be able to park their car, and then move from their vehicles into and out of the terminal. So we upgraded, not just putting down hardstand, it was about line-marking and better access, secure parking.

Mrs HISCUTT - I think you upgraded the C2, did you not?

Mr WEEDON - We did.

CHAIR - Another problem for Devonport.

Mr WEEDON - I challenge that. I do not think it is a problem at all.

CHAIR - No, it is not. I am joking.

Mr HIDDING - We have observed Burnie and the Wynyard Airport.

Dr NORTON - It is an opportunity for Wynyard, perhaps. That had been talked about for a long time, and our customer public accepted it. We did not charge anywhere near the fees that are charged at Launceston. We removed some of the incentives for people to park at Devonport Airport and get a ride into work.

Mr WEEDON - The next tranche of work is to put an overlay over the runway. It has stood up remarkably well since the work was done 20 years ago. We are in the final processes of landing our RFP documentation. We wanted to make sure we peer-reviewed some of that work, because there is a lot of science around airport runways, but there are lots of myths as well. The critical thing with the runway overlay upgrade is to make sure that we have the friction co-efficients, which are important to both the current uses but also 737s. There are endless debates about whether you go with the grooved surface versus an ungrooved surface, and all those things. The engineers have been working on that for a number of months now. I am expecting we will go to market before Christmas in terms of inviting interest. There is, again, the providers of those bitumen - essentially, it is a bitumen construction exercise. It is very exciting.

Mrs HISCUTT - Or you could land them at Burnie Port.

Mr HIDDING - In fact the company that did the Burnie Port is the company that has the ashing plant that did Launceston, will do Hobart Airport, and will likely still be on the island and competing for this as well. Good timing.

Mrs HISCUTT - That is good.

Dr NORTON - The other important thing to see in relation to Devonport Airport is that it is not just a static airport. We have been able to rebuild the passenger numbers. We have good facilities in place. At the sort of passenger numbers that it is building to, at some point in time it will be attractive to another operator. Our aim has always been to open it up for that potential by having physical facilities there. Ultimately, it is the customers, or the potential customers, that might attract another operator.

CHAIR - It is helpful that Qantas put on bigger planes too about a couple of years ago.

Dr NORTON - Yes. Qantas has put on bigger planes, but certainly at some point in time it is probably approaching passenger numbers where another operator might even be interested in coming in as well.

Mrs HISCUTT - That is good. You cannot have less tourism. Thank you.

Mr GAFFNEY - On the Devonport Airport, there was some discussion I can remember having, where there is potentially a market for the private plane owner. Devonport seems to be one that would be well suited. I know there were some issues with runway and metres. Is that advancing at all? There was some property there that would have been suitable. I know there was some discussion. I was interested to see, because there is a market there now, or there appears to be. Would you like to comment on that?

Mr WEEDON - Yes. We have an active and growing general aviation market. I think what you are referring to is at one stage we had a couple of ideas that people might have been almost interested in developing a fly-in fly-out business park like you get in the United States. They build their own hangars and offices and some of them have residential accommodation attached to them and they fly their light aircraft in the back door. That did not go very far. Ultimately, once we started to explore that a little further it did not stack up. We are active in trying to seek other activities at the airport that complement the main tourist and business traffic, fly in and fly out. As to initiatives we currently have in the pipeline, we are looking at the potential to collaborate more with the military around using Devonport as a training base. There are other airline operators and training organisations always looking for a home base where they can undertake their pilot training activities.

CHAIR - And obviously challenging wind conditions at times.

Mr WEEDON - There are those weather and environmental issues they appreciate. The fact it is not a heavily congested airspace is attractive in a training environment. There is a number of features to not just the airport infrastructure but its location more generally that lends itself to the potential around pilot training, whether it is in military and defence or private sector. We are actively pursuing those opportunities at present.

CHAIR - So it is not being earmarked for sale in the short to medium term? It was up for sale a few years ago and did not go anywhere.

Mr HIDDING - There have been no discussions about the disposal of anything. They have spent the money the right way and it is attracting the business. It is turning into a steadily increasing attractive business but, from our point of view, nothing is for sale.

CHAIR - Going back to the Burnie port for a minute, there have been claims in another forum that there is heavy metal contamination in the seabed in the Burnie port area that may be disturbed with additional works, potentially including the construction of the dolphin. Are you aware of any potential contamination issues there?

Mr WEEDON - The port has been handling copper, lead and zinc for more than 100 years, so of course there is contamination on the seabed around.

Dr NORTON - That has been thoroughly investigated. We and the EPA are aware of it; we know what is there. We have worked very closely with TasRail to ensure there is not further contamination. Any dredging work we would undertake around those berth boxes would have to take into account any metal contamination. I am not aware the dolphin construction is -

Mr WEEDON - No, it is well off number 7 berth.

CHAIR - So it doesn't pose a threat?

Mr WEEDON - Not specifically. What it tends to do is have an impact on your disposal methodologies. We regularly manage the berth boxes as well. We groom and will take a few tonnes out here to take out a high spot at this berth and make sure the declared depths are maintained. In Burnie it invariably means we have to dispose of that spoil on land rather than dumping it at sea.

CHAIR - Because of the nature of it?

Mr WEEDON - Yes.

CHAIR - So just stirring it up is not such an issue?

Mr WEEDON - The heavy metals sink fairly quickly. It is straightforward from an environmental management perspective. There are good technologies that allow us to do it safely and environmentally appropriately. The major issue for us is that the disposal of that spoil is a land-based solution.

Mr FARRELL - Has there been a costing done on what this remediation would be and how it would be disposed of?

Dr NORTON - We have no plans to remediate it, so it is not a matter of going in and removing those heavy metals. We know they are there and we know how to manage them. It is more a matter of if there is a berth box that needs to be dredged to maintain the appropriate levels and that material is then appropriately disposed of. It is not a matter of just getting rid of contamination. The Derwent is full of heavy metals as well.

Mr FARRELL - There is no idea of what it would cost?

Dr NORTON - No.

CHAIR - The increasing potential growth and demand with DP World has the potential to increase the demand for container shipping at the port in Burnie. It is land-locked and most of it is on reclaimed land anyway. There have been some discussions with the Burnie City Council requesting a view of TasPorts on a long-term strategy around maximising the potential and looking at other sites for storage and the old Australian Paper site nearby that is also contaminated may be suitable. What is TasPorts doing in this area strategically to plan for the potential future growth in container shipping from the Burnie port?

Mr WEEDON - Two things. The minister referenced earlier that the most important thing over the last 18 months has been to clearly articulate to our owners and the market that we see Burnie as the future core port for containers. In the past there were various reviews around that and essentially why this is now the prevailing view is that, apart from Hobart, of the northern ports, Burnie is the only port with deep water access. Every other port is river constrained and all that comes with it. A large part of our thinking was driven by that, as well as that the export manufacturing locations, food processing and the like tend to cluster in that north-west region. It was important to anchor that through the plan.

The follow-on of all of that work is to now move to the locational specific port master plan. The 30-year plan was very much a strategic treatment of the number of ports, what they should each do, and whether there was potential to close some down or build new ports. All of that was dealt with in that 30-year plan and now we get to the detailed master planning. That is where we will come to those concept developments and if we are going to do a reclamation in Burnie to create more land or containers or other activities, those are the issues we picked up under the master planning process.

Dr NORTON - One of the strategic reasons that we would build a woodchip export facility, was to provide an open-access facility which did not exist. The second was that although we owned that land - it was in a long-term lease to Gunns - by owning it ourselves it gives us much more flexibility, so if the master plan says we ought to perhaps reclaim land to the east and move the woodchip storage facility we can do that sort of thing. We have a lot more flexibility.

CHAIR - You would look at reclaiming it rather than perhaps acquiring some storage land off-site. I know there is a road in between.

Dr NORTON - We certainly looked at that but there was a difference between our expectation of what we would be willing to pay and the owner's expectation. Whether that can be narrowed over time I don't know, but we certainly looked at that as an option and are still interested in it.

Mr WEEDON - The core activities of the port are receiving and tying up ships so they can load and discharge cargo. In Burnie, like many ports around the state, we have allowed land to be used for ancillary services to ships and shipping. We find, in the same way that the mainland ports have found, that if you have core waterside land and a growing market you have to prioritise the use around cargo and cargo operations. That means some of the ancillary services, whether that is container repairs or equipment repair businesses, ultimately have to move somewhere else in close proximity to the port. They are some of the deliberations that will come through the master plan.

Mr FARRELL - Apart from that, what other options are there around the Burnie port to expand for TasPorts?

Mr WEEDON - Most of the short-term thinking was around expanding the reclamation area. We have a log yard to the east. We could quite reasonably continue that expansion into deeper water - towards Melbourne, if you like - towards the north, but potentially also along the coast a bit. We have to be careful not to encroach into some of the community spaces and the beach area. There are sensitivities we understand around that. It may well be we would move more into deep water rather than move along the beach; that is the more likely scenario at the moment.

Dr NORTON - The other thing we have had in our mind for some time is that the bulk mineral shed is probably not in a good place; it tends to constrain the port. We could look to move it. Conveyor technology would enable the transport of material from a different location to that ship loader. That ship loader is currently owned by TasRail. At some point, not in the short term but in the medium to long term, that will need to be replaced or modified. There are a number of those things we have to take into account in terms of the master plan.

Mr GAFFNEY - On the Devonport dredgeway, it was the largest dredging project for the last 10 years in the state. When was Devonport last dredged? Your last paragraph on that says, 'The targeted design depth has been reached and TasPorts expects this will keep the port open for navigation for many years to come', which is a lovely way to sign off. Is there an indication of when it will need to be dredged again, or does that depend on measuring the depth over so many years to see how much you get back in? How is that process handled? From all reports it was very well done and did not create a lot of disturbance. Is there a plan about when you start reassessing? I know towards the end there was a lot of talk from some people in the community, who thought they knew what the depth was - from their hook and sinker. How is the process handled or managed for the future?

Mr WEEDON - The process varies from port to port, but in Devonport's case we do the minimum of an annual port survey. It is almost like a radar mapping of the topography of the bottom of - in this case - the river or the harbour areas. Some of the technology around visualisation of that stuff is amazing. You almost get a fly-through as if you are flying down a corridor. You can see every lump and bump and old log or old bit of wharf that is sitting on the bottom somewhere. We engage an external provider to do that work for us; Flinders Ports Corporation has all the kit. They come over to Tassie once or sometimes twice a year and they do that survey. We are able from that work to precisely map if we are seeing build-ups in certain areas that might require a formal dredging campaign, or whether it is something we can do in essentially a fairly small job.

Mr HIDDING - By not extracting.

Mr WEEDON - By levelling and spreading. One of the reasons we were able to extend the major dredging campaign longer than was typical was that we started working with a local Devonport company doing really good things with sea-bed levelling. Essentially they have a 20-tonne rake that they tow behind a vessel, with this side-scan sonar technology attached to it. It literally rakes off the high spots into the low spots. A combination of active management of the survey, and the structure so we know what is where, is the key part of it. Then it is looking at different mitigation techniques, from raking, sea-bed levelling, minor extractions all the way up to a major dredging campaign.

Dr NORTON - What really drives a major campaign in Devonport is the channel. The channel is subject to sand movement up and down the coast. It is a matter of time before it will need to be done again. Whether that is five years, seven years or longer will depend on the environmental conditions. The company monitors it. We need a certain lead time to do a couple of things. One is get a dredge site. We are probably a year later than we would like to have been this time around because of delays in the approval process for a dredge site. You have to get a dredge site, then you have to get a dredge, and it is expensive. It is many millions of dollars to do it. It takes time to plan.

[2 p.m.]

Mr GAFFNEY - It is just to sustain the types of ships we have coming in there. It is not to make it deeper so you can get other ships in, because there is no need for that.

Dr NORTON - No.

Mr WEEDON - This is to enable existing vessels to have safe passage.

Mr HIDDING - SeaRoad's new vessel, which arrives this time next year, is just a couple of metres shorter than the TT-Line vessels, with the same kind of draught.

CHAIR - In *The Advocate* yesterday was the 'Silt Killed Scallops' headline. It says:

Angry scallop fishers are negotiating with TasPorts for compensation after the discovery of dead scallops.

They are seeking compensation estimated at several million dollars. Do you want to give us TasPort's view of the world?

Mr HIDDING - When it became obvious that it was necessary to dredge, TasPorts undertook normal appropriate consultation with everybody. It is fair to say the scallop people at that point said, 'There is a bed of scallops out there that we wish you to look after in this process'. I indicated the Government's, the shareholder's, wish to TasPorts that this be in mind while this essential dredging took place. I have been regularly briefed on all the safeguards and the science and engineering in the design and execution of this dredge and disposal of the spoil, so I was disappointed that the scallop people are not happy with the state of the scallop bed.

Mr WEEDON - What triggered some of this dialogue was that part of our obligation under the permit process and our own process is that we said, 'A couple of months after the dredging and the spoil disposal is finished we will do a further set of monitoring of both the spoil site and the area around'. We will bring those results back to the consultative group, which is a formal committee set up around this project. We went through all our monitoring results, disclosed them and was completely transparent around all of that material, and it all looks great. That monitoring reflected an environmental management plan that has broadly been acknowledged around the country as best in class around the work we have done.

One of the things we did in response to the prospect of a commercially viable scallop bed was anchor a number of monitoring buoys on a path between where we were going to dump the spoil and where the scallops were in order to measure the water column and the amount of sediment emerging in those columns. We set the thresholds for alarms at less than 1 per cent of the potential impact on scallops. We were extremely conservative. The idea was that if the sensors in these buoys discovered sediments in the water above the threshold levels then that triggered certain operational responses to allow the sediments to settle before we would resume disposal. All of those went remarkably well. Through the dredging and spoil disposal program we had two alerts only through that period. Both of them were a result of weather events. It is widely acknowledged in the area that wind and wave action stirs up the seabed and the sediments in the water much, much more than we ever did with our spoil disposal.

CHAIR - Is your belief that the scallops may have died as a result of other causes and not the dredging?

Mr WEEDON - That is what we are working on with the scallop industry. We said these are our monitoring results. We believe these essentially are consistent with everything we did our science around and everything we planned to do. We believe our science holds good. They are saying to us, we have done a small sample and we have discovered a high level of morbidity in the scallops in that sample. They have made the causal link by saying these dead scallops are a result of dredging. We have said there is a lot of work that needs to be done by you to help us understand that.

CHAIR - It is a work in progress, is what you are saying, and that there is no certainty that was the cause?

Mr WEEDON - It is.

Dr NORTON - All our work has been shared with Commonwealth EPA and they are involved in this current process.

CHAIR - Do you have to get EPA approval?

Mr WEEDON - For the dumping, yes.

CHAIR - Also, EPBC. Is it a level 2 activity?

Mr HIDDING - There is an act called the Environment Protection (Sea Dumping) Act 1981, Commonwealth.

CHAIR - It is all Commonwealth.

Mr GAFFNEY - The level, the 1 per cent, is recognised through one of these acts somewhere.

Dr NORTON - We have taken all the precautions we thought were necessary. We are very disappointed this event seems to have arisen and we will work with the industry to try to identify if there was any cause. However, we cannot see at the moment, based on scientific evidence, that we were the cause of any high levels of scallop morbidity.

CHAIR - I would like to move to your annual report, page 65, property held for sale. It talks about the Triabunna Wharf being held for re-sale but I could not find it allocated to a separate property sale account. Can you tell me whether the wharf has been sold? Are significant post balance, state transactions worthy of a note in the accounts, if that is the case, or was it signed off after 11 August, or what is the story around the sale?

Mr HIDDING - I will leave this completely to the company because, as it happens, this was demonstrably and deliberately at arm's length from the Government. The board of TasPorts informed me, as the shareholder minister, that it was a stranded asset and it was going to cost the company more and more money and it should be dealt with. All we said, as a government, to TasPorts was that we would expect a proper competitive process and high probity around the process which I am sure was delivered. We were completely at arm's length from the project.

Mr DUGGAN - In terms of the property held for sale, you are correct in that we have no [inaudible] within the financial statements. It was an asset held for re-sale. We went through an extensive revaluation process of our assets in 2012 that we repeated in 2014. Part of that process was putting a fair value on all our assets. We have a group of assets outside of the main port precinct that we determined, through our process, did not have a value to TasPorts and that was primarily on the basis that they did not generate a commercial revenue stream or they had significant maintenance liabilities that may have exceeded that revenue stream. If you take Triabunna Wharf, for example, Gunns had exited that facility and it was not returning any revenue stream to us and it had significant maintenance liability. We had previously impaired that asset back to zero. There was no value to record in the balance sheet in terms of assets held for re-sale. But we noted it in the notes so people were aware of the terms of its sale process that was about to be undertaken.

CHAIR - What was the sale price?

Mr HIDDING - I suspect the board is going to be restrained because there were commercial arrangements under that disposal process which meant that none of the players, including TasPorts, could disclose any of the bids. Will there be anything in next year that shows an amount or would it be aggregated?

Mr DUGGAN - No, it will not be separately disclosed.

UNCORRECTED PROOF ISSUE

CHAIR - If you are not selling anything else, it will clear, won't it? You have nothing else for sale.

Mr DUGGAN - We sell other assets through the course of the year.

Mr HIDDING - I was asked a question in Parliament by the state Opposition and they asserted a price.

CHAIR - I haven't read that so I do not know what has been said in that place.

Mr HIDDING - I understand the amount that was spoken by the Opposition was in that area.

Dr NORTON - I think it has been publicly claimed that the sale price was around \$300 000 and it was.

Mr FARRELL - The sale has been finalised now?

Dr NORTON - Yes, I signed the final documentation with Geoff about a week ago. So it is all done and dusted.

Mr FARRELL - How many bids were there?

Dr NORTON - Do you recall?

Mr HIDDING - We provided some information in an answer to Greg Hall.

CHAIR - What was the original cost of the facility you sold as per the property, plant and equipment ledger?

Mr DUGGAN - It would be going back a long way. It had a very low book value at the time we did the valuation because the original wharf was constructed a long time ago, so in amortising the original cost over the asset it had a very low value.

CHAIR - You do not have any depreciation and impairment costs?

Mr DUGGAN - That would have been reported previously as general plant and equipment.

Mr FARRELL - Was that an independent value?

Mr DUGGAN - Previously, prior to the fair value process we went through, everything was at cost with accumulated depreciation. When we moved to adopting our fair value we had an independent valuation company that had a lot of experience down the eastern seaboard with port valuations that undertook the initial valuation for us in 2011-12, and we used the same company in 2014.

It was not that company that said that asset had no value. That was a decision we took in determining appropriate value for the asset to TasPorts in an environment where it was a landlocked asset that was generating no income and there were no foreseeable prospects for that asset to generate any income. If circumstances had changed you have always the potential to revalue those assets.

CHAIR - You are saying, and correct me if I am wrong, that the losses have already been recorded by impairment?

Mr DUGGAN - Yes, but only on the book value.

CHAIR - There is no more to come?

Dr NORTON - There were six bids, three of which were unconditional. This was the highest unconditional bid.

Mr FARRELL - Are there any restrictions on the sale?

Dr NORTON - We did not impose any restrictions on the sale. Tas Marine are able to do whatever they wish with it.

Mr HIDDING - It has its own natural restrictions - not connected to anything being one of them.

Dr NORTON - They have been in discussion with Graeme Wood. They will need some agreement from Graeme to have access to that wharf because it is landlocked.

Mr FARRELL - They are free to on sell it if they wish to.

Dr NORTON - They are free to on sell it.

Mr HIDDING - The goods that were offered for sale were the structure and the sea bed title. That is the only way you could purchase something like that. Attached to something, the sea bed part as well. It is quite interesting when it was put to market what had to be done to understand.

Mr WEEDON - Their plans for the facility are in the public domain. They are talking up their interest in redeveloping it into a commercial marina. That is their business.

Mr HIDDING - Locals are very happy.

Mr FARRELL - Did you get the price that the independent valuation recommended? Was that any different to what you got when you sold it?

Mr DUGGAN - We had our reserve price. It was a different valuation. We set a reserve and it was above the reserve.

CHAIR - Can I go to your cash flow statement on page 50? You have sale of property, plant and equipment for \$4.8 million. There is also information on page 67 and page 13 - it says the Devonport cold store was divested with the sale of the sale yard road facility. Is that a year total, the \$4.8 million?

Mr DUGGAN - It would be the most. There were some other minor things in there. Those cold store assets were outside the port precinct. We were effectively a landlord for those assets. They were operated by third parties.

CHAIR - On page 67 under disposals, you have land at roughly \$1 million there, buildings at roughly \$4 million. Is that basically it?

Mr DUGGAN - Yes.

CHAIR - So Devonport was the land and buildings?

Mr DUGGAN - Yes.

CHAIR - Does the equity contribution of \$3.5 million this year include the \$17 million for the community asset program?

Mr DUGGAN - That is part of it. The funding for the community asset program is \$17.5 million over four years. In year one I think it was \$500 000; year two, which is the year we are looking at, was \$1 million; and then there was a further \$8 million this financial year and the final \$7 million the following financial year. So \$1 million of that was the community asset program and the other \$2.5 million was the government equity contribution to the Burnie optimisation program, which was a \$4 million project contribution but again spread across three financial years.

CHAIR - That question that flows from this is when will TasPorts be in a position to cover its investing activities from a net operating cash flow?

Mr DUGGAN - We need to take some context around that year's result. It was a result we forecast well in advance of this year and was shared and understood by our shareholders and other stakeholders. The loss we landed was relatively consistent with that forecast result. As the chairman referenced earlier, what underpinned that result was a record year of investment in infrastructure maintenance. We had a maintenance spend of \$26 million throughout that financial year. There was \$8 million on the community asset program, \$11 million on our commercial assets, and around \$7 million on the dredging. The \$11 million we spent on commercial assets is probably what we will spend on commercial assets under our 10-year infrastructure plan. The community asset spend in that year was probably at the peak of what it will be over the five-year program and will occur again this financial year. The dredging was a one-off.

We have gone through a period, including this financial year, where we knew we were going to have operating losses and they were forecast well in advance. Our loss this year will be significantly less, it will probably be a sub-\$1 million loss, but on the back of the continuation of the community asset program and also the resurfacing project that will happen this financial year at the Devonport airport. Our projections currently, which have been consistent with what we have shown over the last few years, will show us returning to profit in 2017.

CHAIR - So you expect to start paying down some borrowings then?

Mr DUGGAN - Our borrowings are low. If you look at our debt-equity ratio, we are an infrastructure company with a debt-equity ratio of 15 per cent to 16 per cent, which by any standard is fairly low. Our debt several years ago was about \$33 million and we retired debt along the way back to about \$20 million. We borrowed some money two years ago for a specific project and our debt is currently sitting at about \$27.5 million. We took a decision a few years ago to lock that debt in terms of maturity dates to give us certainty over interest rates and repayment dates that would match the periods we return to profitability post-2017. We had a big tranche of debt of about -

CHAIR - We have seen much bigger debt earlier in the day, let me assure you of that.

Mr DUGGAN - There is a plan to retire that specific-purpose debt. If anything, we should probably carry more debt and we will probably need to look at how we do that when some of these larger infrastructure projects come on board.

CHAIR - It is the operating cash flow, your working capital, that enables you to meet those payments.

Dr NORTON - It is our cash flow that has enabled us to buy two second-hand tugs.

Mr HIDDING - How much were they?

Mr WEEDON - About \$5 million for the pair.

Dr NORTON - We bought the woodchip facility at Burnie and we purchased some land and buildings in Hobart.

CHAIR - On that Burnie woodchip facility, does TasPorts own all of that now?

Mr HIDDING - It is common use, I think. It previously belonged to -

CHAIR - FT.

Mr HIDDING - No, Gunns, and therefore it was frozen to the industry.

Dr NORTON - We have the stockpiles, all the facilities there and the woodchip loader and we operate it at the moment as well.

Mr FARRELL - Are you looking at sending woodchips from Hobart at Macquarie Point? Is that being investigated at the moment?

Mr HIDDING - As I said the other day with TasRail, the Government has said there will be no woodchip stockpile on the Hobart port.

CHAIR - That was not the question.

Mr HIDDING - No. There will be no woodchip stockpile on Hobart port. Whether woodchips would go out over that port is a question that is still up for grabs. There is an EOI process currently underway, managed by Treasury and contracted out to Deloitte. There is high probity around that process too. At some stage that will need to be considered by government.

Mr FARRELL - So they could probably go out in containers or some other form than stockpile?

Mr HIDDING - Presumably. We have resolved the stockpile issue and that resolution of itself will drive, or not.

Mr FARRELL - That will all be part of looking into whether the rail link is used.

Mr HIDDING - That was the question that came up the other day - what about the rail? It is a non-operational rail line. It is public knowledge that Infrastructure Tasmania is not just having a final look at the light rail concept but will also recommend to the two ministers what the future of the rail corridor should be, in its current form.

Dr NORTON - A couple of points on Hobart, Macquarie Point. The first thing to point -

Mr HIDDING - The point is someone else's, the port is ours.

Laughter.

Dr NORTON - The port was at Macquarie Point before he got his bit of land. Our port there, the industrial port, is not a large area. It is about as big as the coal terminal in Burnie, so it is not a large area. Mr Weedon mentioned that we are about to embark, following the 30-year plan, on a port precinct plan for Burnie. We are also going to embark on one in relation to Hobart. It does not take much to fully utilise that port. We have additional demands emerging from the Antarctic space. We have additional demands emerging for log exports, the sandy silica proposal, which is publicly known about. We also have Swire coming in there now with a regular container operation. We have to start considering the AAD requirements when they get the replacement for the *Aurora Australis* as to where that sits. We have significant increases in passengers from the cruise industry as well. We are juggling all of that and potentially if there is a commercial proposition for woodchip exports by containers, I guess. Looking at how that whole port works will be subject to a master planning exercise. Although there are some wharves there that need to be remediated, and will be as soon as there is an economic case to do it, the port is rather constrained in terms of the land area.

Mr HIDDING - It is a very limited landside port. The 30-year plan has cleared up in people's minds that the Macquarie Port precinct is a working port and will remain so. It is one of the four major working ports TasPorts is going forward with in this 30-year plan and any notion that it would be sterilised in some way is off the table. It is one of the deepest water ports in the southern hemisphere, and for that reason it has to stay a working port. It is crucial to the southern economy.

Mrs HISCUTT - You mentioned Swire dropping in there. That was what you said, was it not?

Mr HIDDING - Yes.

Mrs HISCUTT - Is there enough cargo or freight to justify them staying, and keep coming back? What sort of things would they be taking?

Mr HIDDING - That is a matter for them.

Mrs HISCUTT - They reckon there is enough there.

Dr NORTON - They have to build that up over time.

Mr HIDDING - I am aware they had people on the ground. Of all overseas shipping companies, Swire probably understands Tasmania better than most. The previous government, the Labor-Greens government, had engaged with them on a possible direct international service. This current Government did as well, and that was all subsumed by the Tasmanian Freight Equalisation

Scheme extension. Now Swire, using its knowledge about Tasmania, has made a commercial decision to come into the Hobart Port, on a nine or 10-day rotation, is it?

Mr WEEDON - Nine days.

Mr HIDDING - As part of their circuit from Lae in New Guinea, down to here and then up the coast of Tasmania. I think they were anticipating, to a degree, a different outcome in the coastal shipping debate in the Senate, and some Tasmanian senators sunk that. That is a matter for them, but who knows where that will go in the future. In any event, that is nothing to do with us, but it is good to see interest in Tasmanian ports.

CHAIR - That is their decision, but it does impact the future of Tasmanian ports to a degree.

Mr HIDDING - The fact is, if you are a maritime state with shipping challenges, the more shipping options you have, the better. That should be it, full stop. In the meantime, we have taken a balanced approach. We also need a Bass Strait shipping market that they have enough quantum and enough margin in to pay for new ships. Currently, that is the case. SeaRoad is re-tonnaging. Our freight strategy we launched the other day shows Toll has to order two new ships very soon. That brings us to the Port of Melbourne problem. Unless that is completely favourable for the two Tasmanian companies, that will threaten that as well. Everything has to be right. It was, no question, somewhat of a strange decision by senators of an island state to seek to choke off shipping growth.

CHAIR - I wanted to ask one more and then come back to some other points. Page 60 in your annual report talks about the sale of goods and the cost of goods sold. \$10.8 million the sale of goods, and the cost of goods sold on page 46 is \$9.3 million. Can you give us some more detail around what that refers to?

Mr DUGGAN - That is fuel sales, principally on King and Flinders Islands, and also through the Domain Slip. It is high dollar value, high volume, but low margin.

CHAIR - That is all it is, the fuel sale?

Mr GAFFNEY - We can come back to it, if you want to have a break. My question to consider is, I would like an assessment of Bell Bay and where that sits in the scheme of things. If you look at the stats and percentages, it seems as though Burnie, Devonport and Hobart are either maintaining or going up. There has been a lot of fluctuation at Bell Bay because of a lot of different - and I notice that the decision has been made that all ports are viable, or all ports will be part of - I want to see an overview of where the Bell Bay sits, because of its peculiarities. Lots has been happening over the last couple of years.

Mr HIDDING - From our point of view, Bell Bay is very strongly part of the mix going forward. Without question, its current turnover is lower than it has been before, but ever since ANL departed and joined their business with Toll in Burnie, it has struggled in terms of container shipping. The last remaining direct international shipping service was a Bell Bay service. I think that was every Sunday, or every second Sunday. That was activity, light, and colour, and when that finished there was really only the bulk shipping left, which is still quite substantial. It is an area that, if I am lucky, I can get on the water once or twice a year. Sometimes you see three or four vessels in at the same time. We must remember access into the Tamar is tidal, and you have the Garden Island bend in the river you have to get around - a very sharp little bend - so it is naturally

constrained in an industry where ships are getting bigger, not smaller. For all that, it remains a crucial bulk port.

Mr WEEDON - Whilst Temco, Pacific Aluminium and EKA remain domiciled in that Bell Bay-George Town area, they will continue to be the centrepiece of our customer base there.

The pleasing thing has been the way woodchip volumes have grown in the last couple of years, and we forecast will continue to ramp up even further. If you look at the level of private sector investment in forests and forestry in the north of the state, Bell Bay is the logical export gateway for that activity. Part of the feasibility work we are looking at at the moment is how we can add capacity to be able to handle a forecast growth in forestry volumes.

One of the advantages that Bell Bay enjoys, unlike a number of the other ports, is plenty of back-up land. The wharf land itself is pretty constrained, but we own 60 hectares?

Dr NORTON - I am not quite sure, but it is substantial.

Mr WEEDON - Substantial parcels of land in proximity to the port. They are ideal for woodchip piles, log yards, anything to do around forestry at relatively low cost, and then we can continue to grow that part of the business.

The other part that is interesting has been the way Australian Bauxite is getting its operations up and running from, again, locations around that part of the state. The logical export gateway is to go north to Bell Bay. It will continue to evolve as a dry bulk commodity port, and probably less about containers and other things, and more about minerals, metals, forestry and bauxite.

Mr HIDDING - TasRail now connects to Bell Bay with Burnie. There is a new freight terminal up in the Bell Bay industrial area and, should it be necessary, the rail can go down onto the dock as well, and is currently going down onto the dock for bauxite.

Another interesting thing I love about the port is it has a longstanding agreement to use the spoil from the Temco centre process to reclaim land against the shore, to extend the port length. There has been a lot reclaimed already and there is a lot more coming. It is ready-made reclaim. It is fantastic. It goes straight down to the water. It is an inert product and does a great job. Even in five to seven years time, it will look completely different to what it looks like now. It has a bright future. It is just that where it sits at the moment - and no way should it be seen as a poor cousin - because it is crucial.

Mr GAFFNEY - The dredging at Bell Bay is not an issue, or it has a fairly good channel of flow?

Mr WEEDON - We do not have dredging problems that far down the river. They tend to be more towards Launceston. The fundamental issue is what the minister has referenced, it is the Tamar Channel and a most inappropriately located island. When it comes to the context of very large ships, you cannot get them around the bend.

Mr GAFFNEY - Just move it.

CHAIR - Move the island.

Mr HIDDING - If you are ever in the area, drive around to Clarence Point and have a look at that island. It is, in fact, a hollow island and was about to be removed for just this purpose. It has a big hole in it already.

CHAIR - Had someone already started?

Mr HIDDING - Yes, there was a massive job to do it. At the last minute somebody said, 'Do you have any idea what this is going to do to tidal flows?', and they said, 'No, none whatsoever'. So they stopped.

Dr NORTON - From our perspective, one of our largest commercial asset remediation projects at the moment is in Bell Bay Number 6, which is not a user birth. We are remediating the wharf and the deck area. We are putting significant money into Bell Bay. It continues to be used.

CHAIR - We will have a break of 15 minutes and be back at 2.50 p.m.

The committee suspended from 2.35 p.m. to 2.51 p.m.

CHAIR - Mr Farrell, over to you.

Mr FARRELL - I have spoken a lot on TasRail and TasPorts. Around 12 months ago it was being looked into whether the two entities could merge and I think there was going to be a report released at some stage. Is it still on the table?

Mr HIDDING - I addressed this fully on Tuesday with the TasRail question your Leader asked and for your benefit I will say it again. It was felt by a few people in this new Government that it ought to be looked at that we have two state-owned companies within government that were both in the supply chain, and not just in the supply chain but in some ways quite joined up. For instance, we referred earlier to the ship loader on the port, an integral part of kit in the Burnie port but not owned by the Burnie port, owned by another corporation. Both of these organisations operate under the Corporations Act and also their own legislation, which means that in many cases there is no disclosure between the two of them as to what is going on.

With the Burnie Port Optimisation Project, for example, Mr Duggan was talking about a contribution to that. TasPorts made a contribution, as did TasRail. TasRail, in fact, traverses that port with its trains. It was a complicated negotiation when we were trying to put that optimisation project together and it highlighted then that there ought to be some consideration given to whether Tasmania would not be better served by having one corporation in that supply chain. That work was done in-house by Treasury at no cost to the taxpayer, but there was a deliberative process with the chairs of both companies.

Dr NORTON - Both Bob Annells, the chair of TasRail, and I were part of the overseeing committee.

Mr HIDDING - The final report revealed that while there would be some benefits - and there would not be much downside - generally the benefits were reasonably neutral and therefore there was no compelling case for it to happen. There was nothing to stop it either, but there was not a compelling case. Given that government had a fair bit on in terms of its energy companies and

Forestry Tasmania, it was identified to me that this was not therefore a higher order priority for the Government. I am very aware that whenever shareholders are looking at these sorts of things, it can be destabilising, particularly in senior management and the senior executives of both those companies. It was therefore unfair to both organisations to not make a determination. The determination we made, which I then advised both companies, was that we would set it aside and not further consider it in this term of government. That was accepted with equanimity by both sides and they have gone on with their lives. That is not to say we will not pick it up again should we be the Government after the next election but for now it is off the table.

Mr FARRELL - If it's not on the table, it's not on the table.

CHAIR - Going back to the financials in the annual report, on page 60 there is a line item there for rent and leases of \$7.3 million. There is also a note 20B on page 80 that says lease payments receivable as a lessor of \$6.8 million in 2015-16. I am interested in what assets those are.

Mr DUGGAN - They could be property assets, land assets.

CHAIR - Do you have a number of areas of land and properties you rent?

Mr DUGGAN - Yes, or they pay licence fees and so forth.

CHAIR - Are there expenses that go against this income?

Mr DUGGAN - Yes, we run a separate or discrete property unit within the company so we report our property revenues and property costs on a facility basis.

Mr HIDDING - TasPorts is a pretty major landlord.

Mr DUGGAN - There is a contribution out of those.

Mr HIDDING - It is a big property portfolio because anything on a port -

CHAIR - You do not do separate reporting that shows that? Not in the annual report, obviously.

Mr DUGGAN - We do not treat that as a separate segment. That is really part of the segment, being the port, which involves a number of different revenue streams. We do not carve out the property as a stand-alone segment within the reports. We certainly do that at board reporting level but in terms of our annual financial statements we treat it as the one segment. The only one we show separately is the airport revenues as a separate line item.

CHAIR - You break up your assets between community and commercial assets. Is it possible to allocate the revenues and expenses between the two?

Mr DUGGAN - We could. The community assets would have very little by way of income and a lot by the way of expenses. We certainly internally report at that level. It is just in our financial statement, but certainly to our shareholders we report particularly around the community assets because it is subject to the funding grants what the level of expense is across those assets.

CHAIR - The Auditor-General has broken them up in terms of commercial and non-commercial assets. Don't you feel the need to make that separation in yours?

Mr DUGGAN - We have disclosed separately in the narrative within the annual report a break-up of those maintenance expenses. In the finance section of the CEO's report there is reference to that \$26 million being allocated, so it was \$11 million on commercial assets, \$8 million on non-commercial or community assets and \$7 million on dredging.

CHAIR - The Auditor-General has put down \$18 million on commercial assets.

Mr DUGGAN - Which would be the \$11 million plus the \$7 million - he has treated the dredging as a commercial asset.

CHAIR - Page 73 has some goodwill there with the \$2.8 million which remains unimpaired. It must be an asset that produced positive cash flows if it has not been impaired, so what is it?

Mr DUGGAN - Yes. Back in 2008 we acquired what was then known as North West Shipping and Towage, a statewide towage business. That was a commercial independent transaction that we bought from a private operator and there was a goodwill component to that transaction. We have booked that goodwill. We look at that annually in terms of impairment. The way we assess whether there is any impairment is by looking at the cash flows that come out of that business as a stand-alone business unit and the total value we paid for that business, including the \$2.8 million supported by the cash flows and profitability generated by that business.

CHAIR - Any more opportunities to buy such items?

Mr DUGGAN - We are always looking for them. I guess a part of that was our move a couple of years ago in terms of the Burnie woodchip facility.

Dr NORTON - Since we bought that business we bought two tugs and disposed of a number of tugs we bought as a part of that business. We are in the process of looking at the acquisition of a new build tug. We are waiting for some work to be completed on navigation through the Tasman Bridge and what vessel sizes one could safely get through and that will inform the nature of an additional new build tug with increased capacity. We bought the business and as you do with any business, some assets as they reached the end of their useful life we sell and we bought some new tugs as well.

Mr DUGGAN - What it does for us strategically is give us the capacity to provide an integrated service to our customers.

Dr NORTON - Importantly, that business as a towage business, has been able to fund both asset acquisitions. That is important for us in not having additional borrowings or needing to leverage cash flows out of the port business to fund the towage acquisition. It shows that it is trading well.

Mr HIDDING - The new build tuggers will be a big purchase, won't they?

Mr WEEDON - I do not want to pre-empt the work that needs to be done on the bridge transit analysis, but that has a major bearing on the size, configuration and technology of the tug that we would consider.

Mr DUGGAN - It will be a number of millions of dollars.

CHAIR - Page 75, note 14, in your financials, there has been a rise in the trade payables from \$477 000 to \$4.4 million, and other payables \$5.8 million to \$9.6 million. Can you give us some more information on those changes?

Mr DUGGAN - If you look at the consolidation of both, that is the major project we undertook during the year, the dredging project, which ran very close to the end of the financial year. There were some large unpaid costs at the end of the financial year for that project which drove the total balance up.

CHAIR - I don't know if you have the Auditor-General's report in front of you, page 158. With the creditors' turnover - last year it was six days and this year it is 38 days and the benchmark is 30. Why are we seeing an extension of time to that level? You say that cash flow is a bit irregular at times but you have money in the bank.

Mr DUGGAN - Thirty is probably closer to the mark. In line with the new Treasury guidelines which came out in November last year, and given our cash position, we feel we are prompt in paying creditor payments so we always meet that 30-day cycle. There are always the occasions where we don't - there has been a disputed invoice or missing information that we need to chase up - but we largely meet those Treasury guidelines, both our payments terms and the value of the spend that we have within the Tasmanian economy. I think we disclose in the annual report, and taking out things like payroll and depreciation, 81 per cent of our acquisitions were spent within Tasmania, so that is a significant amount of money.

CHAIR - I cannot find the right page but from memory you did not pay any interest on overdue accounts.

Mr DUGGAN - No, there was very little that wasn't paid on time and if it wasn't paid on time there was a legitimate reason for it being late.

CHAIR - So interest was not imposed at that point?

Mr DUGGAN - No, even if we had not received invoices or resolved disputes.

Mr HIDDING - The Treasury interaction assumes that there will be no penalties paid.

CHAIR - Previously, someone had some challenges with that.

Dr NORTON - We talked about the tug acquisition. We are also in the process of buying two pilot boats. The pilot boats take the pilots out to the vessels and that is not such a challenge in the Derwent, but it is a challenge at Port Latte. We are buying two pilot boats from Victoria. They are a custom built vessel, but even in that acquisition there is quite a bit of Tasmanian -

Mr WEEDON - Yes, there is about 40 per cent local content on the current estimates.

Dr NORTON - We could probably disclose the amount.

Mr WEEDON - They are roughly \$2.5 million each.

CHAIR - With King Island, does the pilot travel on the ship to get into King Island? You need a pilot to get into that port now?

Mr WEEDON - No, the master of the vessel. We go through an annual process. We have a number of pilot-exempt masters. It is not the ship; it is not the company; it is the individual. We go through a multiyear licensing process. In the last six months a number of those pilot-exempt masters went through the review and reassessment process. Our harbour master manages that and they have all been recertified.

CHAIR - King Island is a challenge, as long as they cannot get into the Grassy harbour. We know the ship is coming to the end of its useful life and that has been an ongoing matter that has been on my radar since I was elected. It has been on King Island's radar that long, too. Minister, what are we doing? There has been a bit of recent publicity but it would be good to have it on the record.

Mr HIDDING - After 24 years the Searoad vessel that has been going in there as part of a once a week diversion from its Melbourne to Tasmania run on Sunday mornings and leaving Sunday afternoons, comes to an end because the vessel comes off the run and is being replaced by this new vessel, which is almost twice the length. The Searoad tug is 110 metres and the new one is 180-something metres and it will not fit into that port. That means that Searoad comes off the run when the new vessel arrives this time next year.

We have a full 12 months to resolve it but we have been working on it for a full 12 months already. It is our preference the solution for the King Island shipping task be cost-neutral to the Tasmanian people so we are looking for a commercial solution but we are not ruling out some assistance to the new preferred proponent to establish a full commercial shipping service. It is relatively small because it is an island and it is mostly cattle. King Island beef, with the closure of the abattoir, is still a crucial brand for Brand Tasmania and a crucial brand for JBS at Longford, and also for Greenhams at Smithton where the Cape Grimm brand emanates.

It is crucial to the state economy and the local economy. It is mostly cattle and almost all coming to mainland Tasmania. One would have hoped you could aggregate all that business into one service but it is fair to say that you represent those people but they look me in the eye and say, 'Minister, you will never get us to agree on one solution'. That is because there is one meat processor at Circular Head and one at Longford and they play one off against the other in completely proper market tension to get the best price for their cattle. Both those organisations have very clear needs. Many of the needs for shipping cattle, particularly with high-end brands, comes down to the appropriate movement of cattle - the right number of hours off paddock into abattoir and the way they are handled, no bruising, no stress. It is all crucial to the quality of the brand.

CHAIR - We need a cruise ship for the cows, I reckon.

Mr HIDDING - They almost need a cruise ship. We all know about the Tasmanian brand and how good the Cape Grimm brand is, how good the Great Southern brand is, and how good the King Island brand is. It is wonderful for Tasmania and we should all, as a Parliament, be committed to animal welfare. It is all about that. We will not aggregate it up, which makes the task very difficult indeed. However, we will succeed.

I recently went to the market with the King Island Council in the joint advertisement saying that we have now asked for formal expressions of interest from shipping organisations to become the preferred proponent that we will work with to come up with a solution. That will weed some out because it will force the shipping companies to address the customers, the people shipping the product and the people receiving the product, to seek their agreement to use the proposed shipping model. There will be some disappointed shipping companies and there will be some happy shipping companies to be in or out of the mix. That is not a process we are involved in but this forces them to talk individually to these customers and say, 'Will you sign with me if I buy this ship?'. It is as simple as that.

We are happy to land on that by about March, and then there will be a deal of work done to move that company towards the acquisition or use of a vessel, if they have current one, to get the new business in place for a sensible, courteous handover from the existing operator to the new operator. A lot of diplomacy is involved, a lot of technical work is involved, by my office, the department and me. As I have had a fair bit to do with the solution for Flinders Island, which was a diplomatic mission not unlike some Middle East missions, there is plenty of goodwill in King Island. They have all the goodwill in the world, except they will not work together.

CHAIR - You can see that in other debates that occur on an island.

Mr HIDDING - They are honest about it. They all sit around. I sat around with the whole shipping company in the very first meeting with and they said, 'Minister, what's the answer?'. I said, 'The answer is that you guys all agree and it is an open and shut case'. They all looked at each other and they burst out laughing. 'That is not going to happen', they said.

That is the situation with King Island. We are working very closely with the King Island Council and they have representatives on the shipping group. People are nervous, of course they are. Any time you live on an island, you are nervous about something, but they are absolutely sure this Government will ensure they will have a shipping service. There will be a shipping service. The only question is, who will it be and what will -

CHAIR - Will you allow people on it?

Mr HIDDING - Yes. One of the things we are looking for is a capacity of some note to be able to carry some passengers. That would be terrific but not a be-all and end-all.

Mrs HISCUTT - It does not have to be cattle class.

CHAIR - The cows are going in the cruise ship.

Mr HIDDING - The cows are in the first-class in the suite. I understand the tension on the island about where this is going, but they also know that under no circumstance will they end up without a shipping service.

CHAIR - Part of the issue with costs associated with King Island port in freighting produce off the island is that the boat comes in and goes on a Sunday, so that adds to the cost of labour. Because the ship goes to or comes from Victoria it requires a higher level of security than if it were just going from Tasmania to King Island, which would reduce those costs. Has that been considered?

Mr HIDDING - On the question of Sunday, for 24 years the big busy day on the island is a Sunday. It is quite weird to be there on a Sunday and see the trucks going everywhere and so on. Odd things happen on small islands, but that is one that will come to an end. All we have to do is ensure we work with the producers, because now Monday is King Island beef day at Longford. They also sell to Greenham, and they have a different day or can spread it in different ways. In speaking to JBS only yesterday, the Premier and I were at Longford, and they would be perfectly happy to work with the new shipping service to spread it over two days or - which would be even better for them - at least ensure that it is a Sunday. About this time next year the Sunday will turn back into a day of rest on King Island.

[3.15 p.m.]

Mr WEEDON - The security issues are not dependent on the day of the week.

CHAIR - No, that was not the point; it was the fact that it goes to and from Melbourne.

Mr WEEDON - No. The regulations in terms of port security are dictated out of federal legislation.

CHAIR - Regardless of where the ship is between King Island and the Tasmanian mainland.

Mr WEEDON - Same on King Island as on Flinders.

Mr HIDDING - Currently SeaRoad does its own stevedoring. TasPorts are there, but the security and the rest of it is TasPorts' thing. Frankly, if TasPorts did not do that then somebody else would have to do it. There is a cost regardless.

CHAIR - Yes, I can see there is a cost. I was informed some time ago that it was a higher cost because it was Sunday, and because the ship came in and went from -

Mr HIDDING - That would be one of the many rumours on the island around the port. They are all experts on shipping. But no, that is not true.

Mr GAFFNEY - One key finding by the Auditor-General is worth finding out. It says, 'We reported one moderate risk audit finding to management that relates to the technology business continuity plan being outdated and due for review'. What is happening? Is it necessary, or has it been reviewed, or it is defunct.

Mr DUGGAN - It is at draft stage at the moment and being reviewed. There is a peer-review process going on around that at the moment. Part of the reason for the delay is that we have had a number of new systems introduced into the company over the last 18 months around asset management, payroll and records management. All those things have been incorporated into the revised plan that will be available for review by the Auditor-General this time around.

Mr FARRELL - The Maritime Union had some concerns around the restructure of the workforce to involve Qube. They stated there had not been any negotiation with that union.

CHAIR - They said previously the relationship had been really good, but they thought it had gone sour recently.

Mr HIDDING - I am only aware there has been a small change in TasPorts' thinking for safety reasons. Is this what it is related to? The moorings?

Mr WEEDON - As a management team we focus on safety and productivity. If we are going to drive continuous improvement in the business then we have to be good at those things. One of the initiatives that came out of the productivity project we have been running for the last two years has been to look at the amount of time that our staff spend on voluntary activities - voluntary work, not working for volunteer organisations. Custom and practice over the years has been that a number of our personnel will make themselves available on a voluntary basis to undertake mooring activities.

Dr NORTON - Let us explain what that is. A vessel comes in the middle of the night at Burnie.

Mrs HISCUTT - This is out of working hours or all moorings?

Mr WEEDON - Both.

CHAIR - They get paid a separate fee for out of hours, don't they? It is not entirely voluntary.

Mr HIDDING - They are not working for nothing, but they are volunteering their services to be available.

Dr NORTON - They are not required to do it, but if they say they want to do it, they can. If they do they get recompensed for it.

Mr WEEDON - There are two parts to ships coming in and tying up. The first part is as the ship is brought up to the berth by the pilot. Ships typically will drop their mooring line overboard. There is often a boat with crew in it that pick up that mooring line and pass it up to the labour gangs on the wharf, who then attach the mooring line to the bollards and tie up structures that are on the wharf, so it is a two-part process. Our productivity work has indicated that we have a significant tranche of man hours being deployed to this task when we believe those individuals are better employed in the job they are employed to do. If we have clerical staff, we want them to be spending their time doing the jobs we want them to be doing, not going out at 2 a.m. to do a mooring line job, arriving at the office at 9 or 10 and then being fatigued and creating challenges for the team management later in the day.

In looking at this work we started to explore options about how we might approach this differently. Through that process we received an unsolicited approach from Qube with respect to their interest in taking over these activities, being the onshore mooring labour gangs.

Dr NORTON - Not the on water.

Mr WEEDON - Not the on water part. This is work Qube does all around the state already. They have different levels of activities in each of the ports but as stevedores they have a significant labour force involved in this type of work who are trained and practised in the performance of these tasks. We are at a point where a couple of weeks ago we signed a memorandum of understand with Qube as to how we might then transition the business to them and we announced to staff on Tuesday that we had reached an in-principle decision that we wished to divest ourselves of mooring activities and were therefore beginning consultation, as we are prefer to do with our own staff and as we are required to do under the enterprise agreement with the unions. We are literally 48 hours into the

process, so for the unions to be expressing concern about deterioration of relationships and those things seems a little bit quick to pull the trigger. We will consult with the unions to help them understand the rationale of why we are doing what we are doing and what the opportunities are for staff going forward.

Mr HIDDING - Was it previously an unusual situation that you had clerical staff going out at 3 a.m. tying up vessels? Would it happen in other ports around Australia or is it just one of those legacies?

Mr WEEDON - No, just one of those things that happens.

Dr NORTON - It is a legacy from the four ports we had - small operations and small businesses.

CHAIR - One of the concerns raised by the union was that some of these people rely on what seems to be quite a small amount in many respects to supplement their income. If a ship comes in during working hours and they do the mooring they do not get any extra pay, they are just being paid to do their job, as you said, Mr Weedon, but if they come in after hours, in the middle of the night or whatever, they are paid an amount which the union reported - I mean, I would hardly get out of bed to do it myself.

Mr HIDDING - I am just trying to get the scale of thing here. Are we talking a significant reduction in income for somebody not doing this anymore?

Mr WEEDON - It is hard to generalise. Some do a lot, some might do one a year. It is going to be very much a case-by-case impact.

CHAIR - Will you have this discussion with the union then, because they feel there has been no openness or transparency around the process that has got to an MOU?

Mr WEEDON - Yes, and that is when we are obligated to engage with our own organisation.

Mr HIDDING - MOU, step one, go to the unions, step two.

CHAIR - They thought they should have been consulted before the MOU, I think.

Dr NORTON - Until we have some viable alternative it is premature to go talking to them. I might add that all the Qube people would be MUA people as well, where a lot of our people would not be MUA.

Mr WEEDON - No, they are not, they are only maritime officers, which is the clerical part of the union. It is an interesting position.

Mr HIDDING - Was it the MUA?

Dr NORTON - It was the MUA that briefed us. This is work going into the MUA patch, not out of the MUA patch, to put it quite bluntly.

UNCORRECTED PROOF ISSUE

Mr WEEDON - Philosophically the MUA has contended for years that TasPorts should not be doing this work because it is stevedoring work and better held in the MUA. We are facilitating that process.

CHAIR - I am sure they will discuss that further with you now that you have made the announcement about the MOU.

Mr FARRELL - It is not about job losses, it is reassigning.

Mr WEEDON - It is about getting people back in focus and productive in what they are employed to do. More broadly - and I will certainly make these comments more general - as we understand it, employment law allows any individual to apply to do this work anyway. Whether it is managed by us or Qube, there may well be individuals who will say, 'I would like to apply to Qube so put me on their mooring roster, please'. If Qube have a need for labour in a location they may well take those individuals on.

CHAIR - I go back to your point you made that you don't want staff coming in tired and having fatigue issues later in the day. Would there be a barrier to someone who is employed by TasPorts also being employed by Qube to come in in the middle of the night and do a mooring?

Mr WEEDON - From a legal perspective, no, we cannot interfere in that process at all but what we can and will require is that if individuals are successful in securing a slot on the Qube roster, as if someone was stacking shelves at Woolies at night, they have to declare that to us and we will watch the fatigue management performance in that context. If they are not performing satisfactorily then that becomes a performance management discussion.

Mr HIDDING - For safety as well as productivity, because if somebody is tired they are not as safe.

Mr WEEDON - We will deal with those issues on a case-by-case basis if and when they come along.

Dr NORTON - Our crews will still do the on-water work because that doesn't involve our office staff, it involves our marine staff.

CHAIR - Wharfside stevedoring.

Dr NORTON - Yes.

Mr HIDDING - This is only landside.

CHAIR - In the Auditor-General's report on page 158 there is a section about asset management where he has noted that the asset renewal ratio benchmark is greater than 100 per cent. In the last two years has been well below that - 9.3 per cent in 2013-14 and 22.7 per cent in 2014-15.

Mr DUGGAN - I would have to consult on the basis of that calculation but I would note that it has increased over recent years as we have increased our investment into asset renewal and maintenance, so I think it reflects that the lower ratios in prior years, were certainly -

CHAIR - The asset investment ratio in the last two years has been fine.

Mr DUGGAN - It has been high.

CHAIR - Yes, it meets your benchmark.

Mr DUGGAN - What we are doing is not replacing assets as such, we are investing in maintenance of assets and renewal of assets as opposed to replacement of assets. I think what you will find going forward, particularly in the marine fleet area as we invest in new marine fleet, as the chairman outlined earlier both in tugs and pilot boats, that that will increase.

CHAIR - There is a greater focus on maintenance rather than new equipment.

Mr DUGGAN - Yes, particularly with fixed infrastructure around wharves. We are not needing to build new wharves but are remediating and maintaining existing facilities. It is in the mooring fleet that we are now moving to a replacement strategy.

CHAIR - I know this is a really sensitive area but I am going to go to it anyway. The remuneration which is now required to be declared in the financials -

Mr HIDDING - Is it sensitive for you?

CHAIR - It is sensitive because you are naming people, names are there and we had a discussion with Hydro about that.

Mr HIDDING - Were they were sensitive about that?

CHAIR - No, it is just mentioning names.

Mr GAFFNEY - Ruth wants it on the record that it was sensitive to some people and not to others.

[3.30 p.m.]

CHAIR - I have an issue with people being paid an appropriate wage or salary to get the people to do the job that you need. I know that particularly in the case of the energy entity which have huge balance sheets and very complex businesses, particularly Hydro. I note - and this is the same with the energy entities - that the short-term incentive payments have diminished significantly for most of the senior executive officers. One could look at that and think they have performed badly this year. We were informed there was a different reason for that with Hydro. Obviously, the KPIs are set. How are they set? Is the decline in the short-term incentive or bonus reflective of a change in KPIs, or a change in approach, policy, whatever?

Dr NORTON - I can talk in terms of the CEO. He can talk in terms of others. The Government introduced a remuneration policy, which capped short-term incentives at a maximum of 15 per cent of TEC, I think it was.

CHAIR - That was introduced when?

Mr HIDDING - Not long after we came to Government.

Dr NORTON - Previously, the CEO of TasPorts' maximum was 20 per cent. Despite the fact that was the contractual entitlement, it was agreed we would adhere to the Government's policy, so the maximum amount was 15 per cent. What we do for the CEO is establish a set of key performance indicators at the start of the year. We monitor that through the year. At the end of the year, we have an evaluation of the CEO's performance of delivering against those KPIs and we make a judgment as to the performance payment amount. It would be fair to say in previous years, it was a percentage of a higher amount, but it is a percentage of a lower amount, which is the reason why the incentive payment is reduced. It is not a reflection on an assessment that the CEO has not performed.

CHAIR - The KPIs are set by the minister, or how are they set?

Dr NORTON - No, they are set by the board. The minister has no involvement in either establishing the KPIs, or assessing performance. One KPI is around the relationship the CEO and management have with our shareholders, but we assess that. If the minister was unhappy with the way the CEO was relating to him and his office, I would know about that, and that would be taken into account in the performance evaluation.

CHAIR - Do you consider the KPIs have stretched goals in them?

Dr NORTON - Yes. The idea is if you just do your job you would not be getting a high proportion of the bonus. The bonus is around achieving a number of challenges that the company has. Profitability is not one in a sense, because we do not have many levers to impact on profitability. Obviously, achieving budget is. In our business, we have a number of strategic issues that we have to deal with, and the CEO is responsible for delivering against those.

This varies from company to company. I am chair of another Government Business Enterprise. Our CEO is not on any incentive payment arrangement. When we established TasPorts, we decided to introduce that approach. There are various pluses and minuses around it, but I think it has worked quite satisfactorily in TasPorts. The level of remuneration for the CEO was originally determined 10 years ago on the basis of professional advice as to the size of the job. The remuneration has increased due to CPI-related increases over that time. In previous periods, we would take that back and get professional advice on how it sits in the market. Since the Government has come in, it has identified a relativity tool of public sector CEO salaries. It would be fair to say our CEO remuneration is probably at the upper end in comparison to that. My personal view is that it is a justifiable amount to pay for the expertise we need to run a business that is very complicated right across the state. It may not be as big in revenue terms as the electricity businesses, but it has a lot of complications associated with it, including overseeing pilotage, making sure the safety arrangements are such that we can take vessels through the Tasman Bridge safely, and running our tug operations. It is a complex business that requires high-calibre management, and we have that.

Mr HIDDING - From the Government's point of view, since I have become minister I have assessed this and benchmarked it against other similar positions around the nation. Without question, we are very much in scale at that level. It is a very specialised shipping industry position. To get high-end executives in the shipping industry attracted to Tasmania for a position such as this is not easy. We are very pleased with the CEO the board has, and is continuing with. As I said when I started this scrutiny today, it has been a big year for TasPorts, and it has been a good effort by Mr Weedon and all his people.

CHAIR - Thank you, minister, for your team and your time.

Mr HIDDING - It has been a very good scrutiny. You have covered the field, and from our point of view, it has been good to do it again. Could I place on the record, as this will be the final appearance by Dr Norton, we thank him very much for his distinguished service as chairman. He has been a tremendous servant of this board, and a number of others of course. He remains as chair of TasNetworks, deputy chair of the Tasmanian Water and Sewerage Corporation, and remains as a director of a number of public and private organisations, including Infrastructure Australia. We are very proud of Dr Dan, as we call him, but his work here at TasPorts has spanned 10 years and he has performed the role with great distinction. I am sure all members of the committee and all members of Parliament will join me in congratulating Dr Norton on his years of service.

Dr NORTON - Thank you.

Mr HIDDING - There are two retiring directors and I take this opportunity to place on the record my thanks for their long service to the company and the state: Mr Evan Rolley and Mr Owen Williams. Mr Williams has been on the board for 10 years. We thank them both, and I hope to catch up with them sometime soon to shake their hands personally and thank them for their very good service to TasPorts.

I am pleased to announce the appointment of two new directors: Ms Tracey Matthews and Mr Dario Tomat. Ms Matthews has 15 years of experience as a non-executive director and 25 years experience as a chartered accountant. She is a fellow of both Chartered Accountants Australia and New Zealand and of the Australian Institute of Company Directors. Mr Tomat also has wide experience as a director, including chair of the National Trust Tasmania and director of the Chifley Business School. He is currently national president of the Professional Engineers Division of Professionals Australia and a director of Whetstone Pty Ltd. These board changes mean that TasPorts will, after the AGM, comprise three men and two women as we continue to address our target for gender balance on boards.

I thank the committee very much for the scrutiny this afternoon and the spirit in which it was conducted.

The committee adjourned at 3.40 p.m.