



PARLIAMENT OF TASMANIA  
Legislative Council

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# **GOVERNMENT BUSINESSES SCRUTINY COMMITTEE 'B' 2020**

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## **Report with Minutes of Proceedings**

### **Members of the Committee:**

Hon Rosemary Armitage MLC (Deputy Chair)  
Hon Ivan Dean MLC  
Hon Jo Palmer MLC  
Hon Tania Rattray MLC (Chair)  
Hon Jo Siejka MLC  
Hon Josh Willie MLC

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**LEGISLATIVE COUNCIL  
GOVERNMENT BUSINESSES SCRUTINY COMMITTEE “B”**

**MINUTES**

**MONDAY, 14 DECEMBER AND TUESDAY, 15 DECEMBER 2020**

**MONDAY, 14 DECEMBER 2020**

The Committee met on Monday 14 December at 10:27 am in Committee Room 3, Parliament House, Hobart.

**Present:**

*Ms Armitage* (Deputy Chair)

*Mr Dean*

*Ms Palmer*

*Ms Rattray* (Chair)

*Ms Siejka*

*Mr Willie*

**Apologies:**

*Nil*

**In Attendance:**

*Ms Natasha Exel* (Secretary)

**The Minutes of the Meeting held** on Thursday, 19 November 2020 were confirmed as a true and accurate record.

**Incoming Correspondence**

The Committee received incoming correspondence from stakeholders.

**Outwards Correspondence**

- Emails dated 19 November 2020 inviting written submissions/comments from relevant stakeholders
- Letters to relevant Ministers and Chairs providing meeting details for GBB hearings on Thursday, 15 December 2020

The Committee endorsed outgoing correspondence.

**Stakeholder Meetings**

At 10:30 am the Committee commenced informal discussions with stakeholders.

The Committee suspended at 11:55 am.

The Committee resumed at 2:00 pm.

The meeting was suspended at 4:39 pm until 8.55 am on Tuesday, 15 December 2020 in Committee Room No. 2, Parliament House, Hobart.

## **TUESDAY, 15 DECEMBER 2020**

The Committee resumed at 9:00 am on Tuesday, 15 December 2020 in Committee Room 2.

### **Present:**

*Ms Armitage* (Deputy Chair)

*Mr Dean*

*Ms Palmer*

*Ms Rattray* (Chair)

*Ms Siejka*

*Mr Willie*

### **Apologies:**

*Nil*

### **In Attendance:**

*Ms Natasha Exel* (Secretary)

## **TASRACING PTY LTD**

At 9:00 am the following witnesses appeared before the Committee:

*Hon Jane Howlett*, MLC

*Gene Phair*, Chair

*Paul Eriksson*, Chief Executive Officer

*Darren Heald*, Chief Financial Officer

The Minister provided a brief overview and the Committee proceeded to questions.

### **Questions on notice**

1. A breakdown of the areas in which Tasracing achieved cost-savings during 2020. (JW)
2. The number of current Tasracing FTEs compared with 2014. (RA)
3. Whether any bonuses were paid to Tasracing staff in the last five years and, if so, the criteria for awarding them. (RA) -
4. A breakdown of the market value of the Greyhound Adoption Program Mangalore facility by land and building value and business enterprise value at the time it was purchased by Tasracing. (ID)
5. Provide the Terms of Reference of the Treasury review into Tasracing. (JS)
6. A breakdown of Tasracing's sales and marketing expenditure during 2018-19 and 2019-2020. (RA)

7. The total cost of overseas trips taken by Tasracing staff in 2019. (RA)

The witnesses withdrew at 11:35 am.

The Committee suspended at 11:35 am.

The Committee resumed at 11:46 am.

## **TASRAIL PTY LTD**

At 11:47 pm the following witnesses appeared before the Committee:

Hon Michael Ferguson, MP

Stephen Cantwell, Chair

Steven Dietrich, Chief Executive Officer

Neale Tomlin, Corporate Relations & Strategic Development Manager

Daniel Gillie, Chief of Staff, Minister Ferguson

The Minister provided a brief overview and the Committee proceeded to questions.

The witnesses withdrew at 1:05 pm.

The Committee suspended at 1:05 pm

The Committee resumed at 2:01 pm

## **METRO TASMANIA PTY LTD**

At 2:01 pm the following witnesses appeared before the Committee:

Hon Michael Ferguson, MP

Tim Gardner, Chair

Katie Cooper, Chief Executive Officer

Darren Carey, General Manager Operations

Daniel Gillie, Chief of Staff, Minister Ferguson

The Minister provided a brief overview and the Committee proceeded to questions.

### **Questions on notice**

1. Will the Government consider the concept of enabling commuter bicycles to be transported on Metro buses. (RA)
2. The total cost of amending the *Metro Tasmania Act 1997*. (JS)
3. Provide an overview of the process for recruiting Members of the Metro Board from interstate. (RA)
4. Provide an overview of the process for engaging consultancies valued at over \$50 000. (RA)

The witnesses withdrew at 3:22 pm  
The Committee suspended at 3:22 pm  
The Committee resumed at 3.32 pm.

## **PORT ARTHUR HISTORIC SITE MANAGEMENT AUTHORITY**

At 3:32 pm the following witnesses appeared before the Committee:

Hon Elise Archer, MP  
Grant O'Brien, Chair  
Jane Harrington, Acting Chief Executive Officer  
Anne McVilly, Director Tourism Operations  
David Nolan, Chief Financial Officer

The Minister provided a brief overview and the Committee proceeded to questions.

The witnesses withdrew at 4:51 pm.

### **Next Meeting**

At 9:00 am on Friday, 18 December 2020

### **Adjournment**

At 4:52 pm the Committee adjourned.

**DATE: 18/12/2020**

**CONFIRMED**

A handwritten signature in black ink, appearing to read 'Gavin Rothney', written in a cursive style.

**CHAIR**

## **APPENDIX – TRANSCRIPTS OF PROCEEDINGS**



# **PARLIAMENT OF TASMANIA**

## **TRANSCRIPT**

### **LEGISLATIVE COUNCIL**

### **GOVERNMENT BUSINESS SCRUTINY COMMITTEE B**

**Tasracing Pty Ltd**

**Tuesday 15 December 2020**

### **MEMBERS**

Hon Rosemary Armitage MLC  
Hon Ivan Dean MLC  
Hon Jo Palmer MLC  
Hon Tania Rattray MLC (Chair)  
Hon Jo Siejka MLC  
Hon Josh Willie MLC



## **WITNESSES IN ATTENDANCE**

**Hon. Jane Howlett MP**, Minister for Sport and Recreation, Minister for Racing

**Mr Gene Phair**, Chair, Tasracing Pty Ltd

**Mr Paul Eriksson**, Chief Executive Officer, Tasracing Pty Ltd

**Mr Daron Heald**, Chief Financial Officer, Tasracing Pty Ltd

# PUBLIC

## The committee met at 9 a.m.

**CHAIR** (Ms Rattray) - I declare the hearing open and welcome you, minister, to the table. You will have an opportunity to introduce your team at the table, but I will introduce the members of the committee: Jo Palmer, Rosemary Armitage, Tania Rattray, Ivan Dean, Jo Siejka and Josh Willie. We have the secretariat support of Natasha Exel and we also have Deb from Hansard. Thank you very much for being part of our GBE scrutiny process for 2020, a little bit later than normal but an opportunity for you, minister, to talk about Tasracing and for the committee to have questions. I believe you have an opening statement. Once you have introduced your team at the table, please share your opening statement with us. Thank you.

**Ms HOWLETT** - Thank you, Chair. To my right I have Tasracing CEO Paul Eriksson; next to him, I have Tasracing CFO Daron Heald; and to my left, I have Chair of Tasracing, Gene Phair.

The Tasmanian racing industry is a critical part of our state's economic and social fabric. Across all three codes - greyhound, harness and thoroughbreds - the industry injects more than \$103 million a year into the Tasmanian economy. More than 5500 Tasmanians are directly involved in the industry.

Like all sectors, the racing industry was presented with an enormous challenge with the impact of COVID-19. While the COVID-enforced shutdown of our racing industry for 10 weeks caused great concern, I am very confident that the sector can now look forward to a period of growth. While I am talking about this challenging period, I want to take the time to thank the trainers, jockeys, strappers, vets, farriers, club officials and the many more industry participants for their understanding during this very difficult time.

I particularly thank them for the way that they returned their horses and greyhounds ready for racing when racing resumed on 14 June. This work by the participants was vital because it meant field sizes and quality were strong upon the return to racing, which means wagering bounced back very strongly. I sincerely thank Tasracing and its staff right across the state for their work in assisting participants and making sure our racetracks and training facilities were kept up to scratch and ready for the resumption of racing. With the cooperation of participants, Tasracing staff also ensured racing was conducted under COVIDSafe protocols.

Despite the challenges of COVID, there were many achievements in our racing industry during 2019-20, including the \$12.5 million Elwick thoroughbred track redevelopment, which was completed on time and on budget; acquisition and opening of Tasmania's first-ever dedicated greyhound adoption program facility, based at Mangalore; the appointment of a new Tasracing animal welfare manager, who manages the current record levels of investment in horse and greyhound welfare initiatives; and the successful completion of the harness industry review and delivery of a new harness breeding bonus scheme.

I cannot fail to mention two deeds of our participant dogs and horses over the past year. There have been some tremendous performances, including that of the Tasmanian-bred greyhound Handsome Prince winning Sydney's Million Dollar Chase, the world's richest greyhound race; Tasmanian-bred thoroughbreds such as Mystic Journey, Kamikaze, The Inevitable and Bold Star winning feature races on the mainland; and Ricky Duggan became the first-ever driver to win 1700 races in Tasmania's harness racing.

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Since the end of the financial year, we have announced a 6 per cent stakes increase for Tasmanian racing. This amounts to a 12.2 per cent increase in stakes since 2018 when we made the commitment of a 16 per cent stake increase over four years. We are well on track to deliver and perhaps even exceed that important election commitment.

I thank Tasracing Chair, Mr Phair, and his board, CEO Paul Eriksson and his team for their hard work over the past year, and I look forward to a very positive time ahead for the Tasmanian racing industry.

**CHAIR** - Thank you very much, minister. Are there any questions on the overview?

**Mr DEAN** - Minister, where does trotting fit in?

**Ms HOWLETT** - Tasracing reintroduced trotting in Tasmania on 1 July 2018 on a 12-month trial. In May 2019, the Tasracing Board agreed to extend the trial period until 31 December 2019, whilst a harness development plan was undertaken.

In November 2019, as part of the introduction of the maximum starts policy, the Tasracing Board approved the continuation of trotting under the following basis -

- Two trotting races per month run at a stakes level of \$5500 and \$8100. The races will be conducted under the same nomination rules, currently being finalised for pacing, thus a minimum field size for trotting will be raised from four to six.
- Races with nominations of three or more are extended and anything less than six acceptors will see the race deleted.
- Scratchings that occur will be reviewed.
- Only trotters based in Tasmania will be eligible to participate in Tasmanian trotting races, the intention being to promote and support local trainers. Performance will be reviewed regularly and the position updated, based on participation.

Tasracing has determined that trotting will continue as a means of providing additional content to assist in maintaining current race levels. The total amount of prize money distributed to trotting in the financial year 2019 was \$248 258. This represents close to 4.6 per cent of the harness prize money allocation.

In financial year 2020, the total amount of prize money distributed to trotting was \$159 160, and this represents approximately 3.6 per cent of prize money distributed in the financial year 2020. Any unallocated prize money, as per the trotting prize money grid, was returned to the harness stakes pool. Tasracing continues to monitor trotting races in Tasmania with regard to field sizes and population.

**Mr ERIKSSON** - Trotting is an area which is supported by some in the industry and not others. It is really in the hands of those who wish to see it succeed. Tasracing is happy to support trotting; however, if the industry itself is not going to support it with horses, we will not be able to run the races and therefore it will not get that support.

There is an opportunity, and unfortunately it is the chicken and the egg. The opportunity is there, but if it is not taken up, the funds go back into the pacers. If they take it up, the races are run and if the races are well supported, there is a potential to grow trotting but if there's no trotting population, there is a question as to why we would invest in it when it is predominantly a pacing industry in Tasmania.

**Mr DEAN** - You mentioned, minister, that you are looking forward to growth in Tasracing in the industry and so on so - where is the growth going to occur? What are we going to see? What's going to happen? We've seen losses in Tasracing now for a number of years so where's the growth going to be? What is it going to do to the current position Tasracing finds itself in?

**Ms HOWLETT** - Thank you for your question. As far as growth and promoting growth within the industry, that basically comes down to confidence with the industry. As I stated before, so far we have had a 6 per cent stakes increase. Early next year we plan to announce another stakes increase, which will certainly create more confidence in the industry. We have our TASBRED bonus scheme, which also encourages and incentivises people to purchase Tasmanian-bred horses. We have our Magic Million sales coming as well. We have mainland investors who will continue to support the Tasmanian racing industry. It is also about encouraging young people to get involved with the industry across all three codes. That is my aim for 2021.

**Mr ERIKSSON** - Mr Dean, you mentioned the losses.

**Mr DEAN** - We are talking about growth; we are not talking about simply expanding in some areas we are already working on. We are talking about growth that is going to see a turnaround for Tasracing and racing in Tasmania.

**Mr ERIKSSON** - First let me address one part of the question, which was your comment regarding seeing the financial losses. They are predominantly book losses - the last two years. Prior to that there was a surplus.

In 2019 those losses were headlined by the write-off of assets regarding the Elwick Track reconstruction and a significant workers compensation claim in relation to the jockeys, which we are always subject to.

There was a 10-week shutdown in 2020. Race field fees were \$4 million below our budgeted number. Workers compensation was \$380 000 above our budgeted number. We picked up \$400 000-worth of annual leave for casuals following the legislation that required the provision of leave for casuals. That might change in the future, but was another \$400 000.

The majority of those casuals are Greyhound Racing Club casuals we took over. There was an increase in the defined benefit fund of \$135 000 and we picked up \$140 000-worth of wages for casuals for the greyhound clubs. In terms of that in both the 2019 year and the 2020 year, Tasracing was cashflow positive so they were predominantly book losses. There is no financial issue per se.

With the growth you are looking at, we see that race field fees and a point of consumption tax will deliver will deliver some increased revenue. We are riding a very strong wave at the moment coming out of COVID-19. During COVID-19 racing was about the only thing you

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could punt on. There were no poker machines, no Keno; retail TAB was down; sport was restricted, and we believe we will see a permanent increase. We believe there will be a bit of coming back but there will be a permanent increase because people who -

**Mr DEAN** - Coming back in gambling are you talking about - punting?

**Mr ERIKSSON** - As sport and the clubs open up, as people come out of lockdown and are more able to move around and go on holidays, we will see the significant increases we have enjoyed in race field fees coming back down. We have increases in race field fees of 44, 56, 77 per cent across the three codes. They have been enormous increases compared to last year. We will see them come back down and we believe we will probably have around a 10 per cent flat increase once things settle, which is better than we would normally have in race field fees where we have been getting growths of around 6, 7 and 8 per cent.

**CHAIR** - If the codes are generating that much more, why wouldn't their stake increases be more than just the 2 per cent that is handed out from time to time?

**Ms HOWLETT** - Any increase has to be sustainable as well.

**CHAIR** - It will grow the whole racing industry if you have high stakes.

**Ms HOWLETT** - Correct. Higher stakes do certainly filter down throughout the whole industry across all three codes and those people indirectly employed in the industry. It is important that any stake increase is sustainable. We can't have significant stake increases and then race field fees not perform correctly, and our wagering has a downturn. I don't think the industry would like us to decrease stakes as well. We need stake increase that are sustainable into the future.

**Mr ERIKSSON** - That is exactly right.

**Ms SIEJKA** - Just a few questions about COVID-19 and the impact of COVID-19 on the industry. I am wondering whether Tasracing agreed with the shutdown? I know the industry had a few concerns, and what you thought as an organisation and your conversations with the minister about that.

**Ms HOWLETT** - I think your question is directed to Mr Eriksson.

**Mr ERIKSSON** - The decision was the decision, as far as Tasracing is concerned. It was a decision taken by the Government on health advice. I will be honest - we were disappointed, but we understood the reasons for it. Leading up to that decision, Tasracing had put in place a number of restrictions, protocols and safeguards, and we thought we were in reasonably good shape. The industry was conforming exceptionally well to those restrictions but health advice is health advice and we are very comfortable that the shutdown was for the right reasons, the safeguarding of the Tasmanian population and community. That's the only comment I have.

**Ms SIEJKA** - Has the financial impact of COVID-19 been quantified on the industry? Have you been able to work out exactly what the financial impact has been across the codes?

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**Mr ERIKSSON** - We've not been able to quantify the potential lost opportunity in race field fees because that is an unknown. It is crystal-ball gazing. We are \$4 million down in budget on that, but we had a strong balance sheet that was able to fund what was needed over that period.

In relation to what the codes lost or suffered, the amount of prize money that would have been paid out in that period was effectively paid out in support payments. I think you will find there are some individuals who benefited and some who did not because the better horses that might have won races or the better dogs that might have run races, didn't. Everyone was brought down but it was an even-handed and well-structured response to the animals' welfare needs by keeping them in work so that they were fit and healthy.

**Ms SIEJKA** - On the support package, I understand there was about \$4 million. Can you tell me how that was spent and who benefited from it? You have touched on it a little bit there, but is there a breakdown of where that money went and what it achieved?

**Ms HOWLETT** - I will talk quickly on that before I pass to Paul. Thank you for that question. It is an important one. In April we announced the support package for the racing industry. That was more than \$4 million, as a result of the shutdown of racing. The support package was designed to allow trainers to maintain the welfare of their horses and greyhounds, while also continuing to employ staff.

Funding for the support package was made available to Tasracing through a loan from the Government. Due to its strong balance sheet, Tasracing only needed to drawdown \$2 million of the loan. The \$4 million provided to the industry participants was broadly equivalent to the continuation of the full value of stake money and other code funding that would have normally been distributed through that period.

The support package worked incredibly well and is why, when we returned to racing on 14 June, we had animals ready to return to race and our fields were incredibly good on the return to racing.

**CHAIR** - Can we have a breakdown?

**Mr ERIKSSON** - Where the funding went: thoroughbred received just over \$2 million, across 76 trainers and 898 horses; standardbred or harness horses received \$1.466 million across 753 horses and 111 trainers; greyhounds received \$505 000 across just on 1200 greyhounds and 127 trainers; and the clerks of the course received \$14 700 across the two months and across the seven clerks.

The package was \$4.021 million. It was initially set up at \$38 a day for thoroughbreds, \$35 a day for standardbreds, and \$50 a week for greyhounds. Those were the numbers originally agreed with the industry - the three effective code groups.

Once we had certainty of the thoroughbred horse numbers, because there was some question around that, we were able to update the rate to \$45 a day for thoroughbreds, which we backdated to the start, which was the beginning of April. We also then included expanded two licenced persons in greyhounds. That is the effective breakdown.

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There are about 22 000 separate transactions processed. This system was set up within two weeks, across the Easter break where we drove our people to work across that break, so we could deliver a support package for the industry.

It involves our digital staff, our racing office staff, our finance staff. It involved Office of Racing Integrity - ORI - which was out checking the horses were in work, that the thoroughbreds were there, the standardbreds were in work, and checking the dogs were there.

ORI was probably busier than it had ever been doing kennel and stable inspections. The individuals who would normally have been doing promotion of racing or programming of racing were used in processing these 22 000 transactions.

There was a significant amount of work. In many respects, it mirrored what happened with equine influenza in New South Wales and my experience there.

**Ms HOWLETT** - That support package was so important to the industry because it enabled those animals to return to racing.

**Mr WILLIE** - Minister, the support package wasn't really a government-funded support package. It was the industry's own money, wasn't it? Because you just talked about a loan to Tasracing, and Tasracing had to fund the support package within its existing budget. So, it is really the industry's own money.

**Ms HOWLETT** - It was the money out of Tasracing which the Government provided to Tasracing.

**Mr WILLIE** - You provided a loan which Tasracing will have to pay back.

**Ms HOWLETT** - I have stated that, yes.

**Mr WILLIE** - It is really the industry's own money funding that support package, not the Government.

**Ms HOWLETT** - I've stated that and outlined that question. Yes.

**Mr WILLIE** - You can understand the frustration of the industry when Tasmania was the only state to shut down during COVID-19; the member for Pembroke has discussed that briefly. Other states continued to host races and there was a significant lost opportunity, which was evident on the mainland when their industries had an uplift in race field fees and a whole range of other things. Can you maybe expand upon that point? The industry is very frustrated that we were shut down, the only state to do so, and there was a significant opportunity lost that has not been quantified. You can understand that frustration, can't you?

**Ms HOWLETT** - I can certainly understand the frustration of the industry, and I thank you for your question.

It was an extremely frustrating time for the industry. We had to act on Public Health advice, and the health and safety of all Tasmanians was the Government's priority at that time. It was certainly tough for the industry. There is no doubt about that. It was incredibly tough but the industry has incredibly resilient people and we have gotten through that.

## PUBLIC

As for Tasmania being the only state to shut down racing, I am pleased to say that South Australia acted on public health advice as well. It did not close down for the same lengthy period, but when there were possible potential outbreaks they acted on public health advice.

**Mr WILLIE** - What sort of representations were you making to Public Health through that time when industries continued to operate on the mainland, you personally as minister?

**Ms HOWLETT** - We had regular meetings with Public Health and regular meetings with all three codes every Friday.

**Mr WILLIE** - You were physically meeting with Public Health officials?

**Ms HOWLETT** - We had meetings. My office and I had meetings, and also through the Premier's office with Public Health.

**Mr WILLIE** - The industry was impacted through that time. What did Tasracing do to reduce its costs?

**Ms HOWLETT** - During the time of the shutdown of racing, as Paul and I believe the Office of Racing Integrity stated in its hearings as well, it was an incredibly busy time. The Office of Racing Integrity was out inspecting properties and kennels to make sure that horses and dogs were in work. Tasracing staff were preparing for the return to racing and putting that support package in place. Maintenance on the grounds still needed to occur.

I think that period of shutdown was busier than normal, Mr Willie. The staff were incredible to get that support package rolled out. They were there for the industry. The number of calls we were all getting - everyone worked extremely effectively and efficiently and that shows in the confidence of how we returned on 15 June with those field numbers at a really good number.

**Mr WILLIE** - What you are saying, minister, is there was no capacity to reduce costs through that time for the organisation, given that the organisation has reported a loss for this financial year?

**Mr ERIKSSON** - Mr Willie, the organisation reported a loss which was driven by the race field fees, as we have already stated.

**Mr WILLIE** - My question though is around that time whether the organisation looked at reducing costs knowing that race field fees had been severely impacted?

**Mr ERIKSSON** - The desire was to get the package out to the industry. If we were able to reduce costs, we did so. There was reduction in spend in certain areas; and we cut costs as much as possible in vacancies, which I suspect we will be running shortly, and a number of roles were placed on hold and we did not backfill a number of positions. If we are talking about that, 14 per cent of staff positions not backfilled, or were put in place or reduced in that time. Were there reductions in cost? Yes. We did not do the marketing; we did not have the digital spend.

What we did was to move all Tasracing staff out of the office and delivered the support package because that is what was important to the industry. We had a balance sheet that could



afford to support that for the good of the industry. It was critical. You cannot put 1500-odd horses out to agistment in Tasmania; there are not the agistment properties to do that. We had to keep the horses in work, in training, and keep them in a relatively strong position. When we did come back - and we did not know when we were going to come back - all we knew was that we matched what we would be paying out in stakes, we matched up to effectively what we were paying out in the support package to the industry.

With regard to the number of people we needed and how to reduce costs, there was very little difference between what we would need for normal operations and what we would need to effectively administer the support package, which the auditors were quite happy with.

**Ms HOWLETT** - It is important to remember as well, Tasracing employees are public servants and the Premier made it very clear that there would be no pay cuts or wage freeze for Tasmanian public servants.

**Mr WILLIE** - The CEO said that 14 per cent of vacancies were not backfilled and there were savings on marketing and things - are you able to quantify that? I am happy for you take the question on notice if you can provide those cost savings through that time.

**Mr ERIKSSON** - I would need to get those details. We are quite happy to take that on notice. May I clarify, in regard to the staff, what specifically are you looking for?

**Mr WILLIE** - You outlined all the cost savings you went through at that stage. I am interested in quantifying that: staff vacancies, marketing and the other measures you said.

**Mr ERIKSSON** - Quite happy to do that for you, Mr Willie, thank you.

**Ms ARMITAGE** - I have had some advice from many industry participants, as we do, that they feel that Tasracing fails to effectively engage with the industry. They have mentioned our report back in 2012 for a start, and it was probably way before your time, but one of the questions I was asked was with regard to full-time employees. They were feeling that the situation has worsened, particularly with regard to the growth and costs of Tasracing, not including the paid full-time staff that they had in the past, barrier attendants, gate staff, security personnel.

Are you able to give me a figure of a comparison of full-time staff now as compared, for example, to 2014? It is a fair while ago, but it is a question I have been asked.

**Ms HOWLETT** - I will find that information for you.

**Ms ARMITAGE** - They are really concerned that a lot of the recommendations of the report in 2012 and whether that had actually been acted upon, but it might be a bit hard for you now so I can put those questions on the notice paper for next year.

**Ms HOWLETT** - Thank you.

**Mr ERIKSSON** - That is our current staff; I do not have a comparison.

**Ms ARMITAGE** - When would you have a comparison of the years? You must have a comparison of even the last few years, of the full-time staff.

## PUBLIC

**CHAIR** - We are happy to take the staffing numbers.

**Mr ERIKSSON** - The current staff numbers -

**Ms ARMITAGE** - The FTEs?

**Mr ERIKSSON** - The current FTEs have seen minimal change over the last few years. There has been change in the structural areas, but overall you will find that the FTEs over the last few years have not changed at all.

**Ms ARMITAGE** - If I could get the figure, it would be good from 2014 to now, to confirm there has been minimal change.

**Mr ERIKSSON** - I do not have a figure, but I am happy to take that on notice.

**Ms ARMITAGE** - No, I am saying on notice is fine.

I have been asked another question regarding the Tasracing Board having the approval to pay performance-based bonuses to their CEO. In the last five years, have any such bonuses been paid and, if so, what criteria were used to evaluate those bonuses?

**Mr PHAIR** - No bonuses have been paid to the CEO.

**Ms ARMITAGE** - In the last five years?

**Mr PHAIR** - I can only speak for the last two years since I have been chair of the board and no bonuses have been paid.

**Ms ARMITAGE** - Maybe we could take on notice the question? So, none in the last five years?

**Mr PHAIR** - No.

**Ms ARMITAGE** - Thank you.

**Ms PALMER** - Local racing clubs are very important to regional communities. Could you speak to us about how the Government is supporting local race clubs to improve racecourse infrastructure?

**Ms HOWLETT** - The Tasmanian Government and Tasracing developed a capital grants program to assist local racing clubs across the state to fund infrastructure that falls outside Tasracing's existing infrastructure plan.

The \$250 000 funding per annum over four years has been committed by the Government through Tasracing. The grants are intended to support the sustainability and safety of the Tasmanian racing industry through improved racing infrastructure. The primary focus of the program is to support improved safety at racing venues while the secondary focus is venue enhancement for the benefit of patrons.

## PUBLIC

The first round of grants saw \$167 458 distributed to clubs statewide earlier this year. Today I can announce a total of seven grants totalling \$329 096 have been approved in the second round. These are: the Burnie Harness Racing Club, to replace or refurbish two stewards' observation towers at a cost of \$35 200; Carrick Park Pacing Club, for the demolition of existing judges' box and erection of a new box, and removal of overhead wiring and placing underground, \$144 160; Devonport Racing Club, to supply and install new stormwater pipes and manholes at \$77 825; North East Pacing Club, construction of a new tower for stewards, vision and broadcast staff, extension of fencing within the back straight, and that is \$30 293; Tasmanian Turf Club, improve the appearance and make safe the owners' and trainers' viewing area adjacent to the mounting yard and refurbish both male and female jockey rooms, and that is \$41 618.

**CHAIR** - Minister, in the information provided to the committee yesterday we were provided with some figures around the fact that in 2010-11, the revenue for Tasracing was \$33.9 million and the codes received \$22.3 million, so the cost to Tasracing was \$11.6 million to run the organisation. In 2018-19 the revenue was \$49.3 million; the codes received \$26.8 million so the cost of running Tasracing is \$22.5 million. When I went to school, that's about double, so that's about an \$11 million increase to run Tasracing since 2010.

At that rate do you see that there is going to be opportunity for growth within the codes, given that the stakes will only be increasing by such a small margin - and you've talked about why that is - that you can't give them a higher level of stake increase because that might give them a false sense of confidence or something around that fact?

Can you give me some explanation around why it cost double in 2018-19 than it did in 2010-11 for the running of Tasracing?

**Mr ERIKSSON** - The interesting numbers there have no regard to the changes in legislation and governance required to run an organisation. If I could just provide a bridge and explain the \$11 million. There is \$7.33 million in costs in just running the industry alone. Let's just talk about the \$11 million. Of that, workers compensation for jockeys - which was not paid in 2011 - is \$1.7 million. Depreciation on assets - which we only took up at that time - is a \$2.54 million increase. Race day costs, the net is \$730 000. The Spreyton finance costs -we borrowed instead of getting the \$40 million in capital with the sale of the TOTE.

**CHAIR** - Does the Government still pay the interest on that? Is that correct?

**Mr ERIKSSON** - No, it doesn't. That finished in 2019.

**Mr DEAN** - Tasracing now pays the interest?

**Mr ERIKSSON** - Yes, we do, and it is \$530 000. The breeders' bonus, which wasn't in place at that time, was \$440 000. We have \$620 000 in animal welfare costs, which weren't paid at that time. Rent and associated property costs, another \$430 000. Facility maintenance for the facilities that we took up around that time, another \$300 000, and \$180 000-worth of insurances. That equates to about \$7.33 million alone.

On top of that, we have costs relating to digital IT and marketing, which were \$1.46 million. Of that, \$770 000 supports the growth in race field fees and we need to understand that race field fees have grown substantially and continue to expand. IT costs for

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the business of \$330 000 - that includes Formplus, Stridemaster, Tasracing, TV, the livestream production, the tipping, Young Racing Tasmania, clubs' events, awards dinners and ad creations that are all undertaken by Tasracing, and that is another \$350 000.

Then there is another \$2 million in other costs. Of that, RBF took up \$620 000 of that and the rest is CPI of 13.9 per cent across our normal costs. If you apply that factor, I haven't got the number, but it is a 13.9 per cent CPI, the wages CPI is 21.8 per cent. That explains \$11 million.

**CHAIR** - That is good information. Isn't it a shame, minister, that this information isn't provided to the codes and they feel that they need to come to a committee hearing and ask us to ask the questions? Again, it is about communication with the codes which are the industry, because without the codes, there is no Tasracing. Do you have concerns about that?

**Ms HOWLETT** - Communication is vital.

**Mr DEAN** - Communication was raised with us previously when we talked to Tasracing. It was raised previous to that. Ever since I have been in this parliament, communications issues have been raised with the codes, lack of it.

**Ms HOWLETT** - Communication is vitally important to me as a minister, and I have been in contact regularly with all three codes as I know Tasracing is communicating with them on a regular basis.

**CHAIR** - It is very useful when we receive that sort of advice and information as a committee, so why aren't the codes made aware of all that information, which is so important, and given some explanation to where the money goes? That is what I don't understand.

**Mr ERIKSSON** - Madam Chair, if I may respond to that. The information I have just read to you was provided in our response to the Clarke report, which is the basis of the information you have in front of you; it was provided to the industry and is publicly available. It is on our website and it was handed to the three reference groups, to the clubs, and to the Owners and Trainers Association. I must say they have been provided this information and these explanations as to how the funds are expended. In terms of communication, that Tasracing meets with the three codes every quarter. We have additional meetings, I also attend the Jockeys Association meetings, the Trainers Association meetings as they are held and they are held on a regular basis, it does vary.

In addition to that we undertook the harness code review last year, which was a significant engagement with the harness industry. We do have plans to do the same for greyhounds and thoroughbreds; however, COVID-19 intervened and we will be taking that on in the new year.

**CHAIR** - Explain to me why COVID-19 stopped engagement with the codes. You do not need to physically meet with people to engage. Give me some understanding of why those things did not progress along, albeit that it might not have been at the same pace.

**Ms HOWLETT** - Thank you, Chair. That is really important. Communications certainly did not stop during COVID-19 and the racing shutdown. In fact, we communicated on a far more regular basis during the shutdown of racing.

Certainly conversations were different. It was all about the animal welfare package, when we could return to racing, how things would look when we returned and what protocols Tasracing was putting in place. There was regular communication. We were certainly meeting every Friday - Gene, myself and Paul, with all three codes in my office. Communication certainly was not an issue, but it was all about COVID-19 during that shutdown period.

**Mr ERIKSSON** - That is correct. It was fairly all-consuming. The need for an explanation and the need to deal with questions and queries from the industry was important. COVID-19 was pretty much all-consuming for the industry at that time. The challenges we faced in returning to racing, so when we started developing return to racing plans they started development in April, shortly after the shutdown and we started looking at that. There was significant discussion on how we would make those plans work with regionalisation, with restrictions and what the requirements were for health to get their approval.

That was not done in isolation. That was done in consultation and discussion with the codes. At that time through till 14 June, and even to the end of June, the focus of both Tasracing and the industry was entirely on COVID-19. There were no other questions. When we returned to racing on 14 June, the focus was on how we were to manage the significant number of animals available to race because we had been successful in keeping the animals in the state and in work.

I suppose the answer to the question is yes, you are right, COVID-19 did not stop communication, but it changed the focus of what we were dealing with. We were dealing with a pandemic and the outcomes of that on the industry to mitigate that. Now that we have come out of that and we have stabilised - we have our stakes increase and we have worked our way through what we have needed to in the normal course of events. Then the new year is where we will be in a position to have a proper engagement with either greyhounds or thoroughbreds. We have not decided which one we will start first. We have continued to communicate with the codes through the reference groups.

**MS SIEJKA** - Chair, it sounds like what your question is around transparency more so than just communication. Would that be right? If some of the information is not shared -

**CHAIR** - Communication usually delivers transparency.

**Ms SIEJKA** - It does, yes, in wanting that particularly detailed breakdown.

**Ms HOWLETT** - As Paul said, that information has been available on the website.

**Mr ERIKSSON** - We have provided this information to the industry and they have had this level of information. We published this at the end of June. I would need to check to get the exact date.

**CHAIR** - If your focus was on COVID-19 and how the industry was going to come back, perhaps their focus was there also, but I will not speak for them.

**Ms HOWLETT** - I think it certainly was, Chair.

**Mr DEAN** - On this very point, I can remember going into this in detail in almost every other time in GBEs with Tasracing. You are talking here with people who are hard workers in

the industry, across all three codes. They do not have time to go into annual reports and in actual fact, there are only a few government people and a few politicians and the Auditor-General who bother to read the annual report.

It is all very well to say that it is on the website. Not all these people go to the websites and online and so on and get this detail. Does Tasracing provide circulars, news sheets - say, a monthly news sheet - to these three codes so it gets to the people working at the coalface, a warts-and-all thing, identifying exactly what is happening in the industry, changes that are occurring and making it clear, open and transparent? Does that happen, or could it happen if it is not happening?

**Ms HOWLETT** - We have various forms of communication. There are ways we communicate information to participants, trainers and jockeys.

**Mr DEAN** - Are you providing a circular on a monthly basis?

**Mr ERIKSSON** - To some of the codes, yes - greyhounds. The primary means of communication is either through our industry releases, which are done through SMS or the website, and through the industry groups. The reason for that is the industries come along and the whole industries are represented at each of these industry groups - that is, the clubs, the owners and trainers, jockeys and the drivers, depending on which code we are talking about. They take that information back.

We publish summaries of those meetings online and have them available. We also put notices in our quarterly form guides and information booklets. If there is anything specific, we provide that information to the clubs and the clubs put it out in their programs. The greyhounds put it out in their code booklet, which they publish on a regular basis across the three clubs.

Do we have a specific hard newsletter that we send out, mail out on a regular basis? The answer is no. I would resist doing that only on a cost basis.

**Mr DEAN** - A good example of this thing is the Brighton Council, which sends out a newspaper on a monthly basis, which informs all their people, their ratepayers, exactly what is happening within the council.

**Ms SIEJKA** - Email newsletters and things cost very little.

**Mr DEAN** - That is right, so when we talk about cost, the cost can be reduced significantly, you are right, by using technology as well. I urge Tasracing to consider something like that because it might well change the communication breakdown that the industry sees that it has with Tasracing.

**CHAIR** - Perceived or real.

**Mr DEAN** - It is perceived, you are right, but perception to those who perceive it is reality.

**Ms HOWLETT** - Thank you, Mr Dean. We will certainly take that on board, and Ms Siejka's comments as far as emails - some people prefer to have communication that way; some people prefer it via a text message. We have various ages within the industry and, as Mr Dean

rightly said before, these people are up at 4 a.m. working until 7.30 at night. They are the hardest working people I have known

**Mr DEAN** - Genuine, honest people.

**Ms HOWLETT** - Absolutely. However, we can get that communication more effectively to them, I am more than happy to do so and I am sure Tasracing is as well.

**CHAIR** - We are going to have to speed up the questions and answers because otherwise our time will run out.

**Ms SIEJKA** - My question is about animal welfare. I notice some new rules were introduced this past year to do with greyhounds and euthanasia. What have the results been? Have the numbers increased or decreased? I am looking at the table and it says they have decreased but yesterday the Auditor-General said they had increased, so I am bit confused. Also, did COVID-19 impact requests for euthanasia of the greyhounds?

**Ms HOWLETT** - No, I don't believe COVID-19 had any impact on euthanasia rates in greyhounds. As you are well aware, and I've said this many times in both Houses, animal welfare is a priority for this Government across all three codes. As we stated before, we have opened a new greyhound adoption program - GAP - facility at Mangalore. We have desexing requirements now. All greyhounds are to be desexed before they are rehomed and Tasracing is now paying for that desexing.

As far as euthanasia rates, the information that I have here is that they've been steadily decreasing over recent years. In 2015-16, 678 greyhounds were euthanised but with measures put in place by the industry, this had decreased to 90 in 2019-20. Changes to recruitment rules were also put in place in March and along with increased rehoming, this will further reduce the rates of euthanised dogs.

**CHAIR** - Can we have the capacity of the Mangalore facility?

**Ms SIEJKA** - Is it keeping up with demand because I understand there is a bit of wait to get dogs from there?

**Ms HOWLETT** - The facility has 27 permanent greyhound kennels and an additional five overflow kennels which house the program's socialisation and assessment dogs. There is also the ability to provide short-term emergency accommodation for greyhounds. It was initially reported that the facility had the capacity for 54 greyhounds - that is two per kennel. However, Tasracing elects to house the greyhounds individually for health and safety reasons and the acquisition of the new facility allows the public to have direct access to greyhounds. Previously adoptions were facilitated through meet and greet days at various locations throughout the state.

There is an enhanced ability to prepare the greyhound for pet life. A loungeroom has been established for the greyhounds to spend time in and there is also a station wagon on site and greyhounds jump in and out and they can be trained to enter and exit the vehicle, which they love doing.

**CHAIR** - Cost of the facility, minister?

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**Ms HOWLETT** - It enabled GAP to welcome community groups as well to the facility. The facility is staffed seven days per week as part of the negotiation process.

The cost of the facility per annum -

**Ms SIEJKA** - And if it's meeting demand.

**Ms HOWLETT** - That's a good point and that's why Tasracing actually purchased the facility so we can expand in future on the number of kennels.

**CHAIR** - We spent three years trying to find a site so we needed to do something.

**Mr ERIKSSON** - I don't disagree with that statement, Chair. It had taken a significant amount of time - 18 to 20 months, as I understand it - to change the zoning and planning for that land, which was partly why we decided that the best option would be to source a kennel facility. If we were to construct a facility, it would have cost double that amount.

**CHAIR** - The cost was?

**Mr DEAN** - I think it was \$927 140.

**CHAIR** - Is that correct?

**Mr ERIKSSON** - Around there, after the write-back for the business because we purchased it as a business; it was a kennel business at that time.

**CHAIR** - And the waitlist?

**Ms HOWLETT** - It varies from day to day, doesn't it?

**Mr ERIKSSON** - It does and in many respects it can be misrepresented. The rules that were changed also revolve around transparency and clarity on entry into GAP and the waitlist. There is a 28-day wind-down period and vaccination so you need to complete both to be eligible to get into GAP.

Greyhounds go onto the waitlist when their wind-down form is lodged with the Office of Racing Integrity.

**Ms SIEJKA** - How many are on the waitlist and how long are they likely to be on that waitlist?

**Ms HOWLETT** - That changes on a daily basis.

**Ms SIEJKA** - On average. Even a day would be interesting.

**Mr ERIKSSON** - I do not know if I could accurately give you an average.

**Ms HOWLETT** - Some dogs actually take longer.

**Ms SIEJKA** - If you want, I can take it on notice. I am just curious about how it operates.



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**Ms ERIKSSON** - We have around 60 dogs on the overall list at present. They are at varying stages of that. That does vary. It does depend on throughput. There are couple of things I would like to make note of.

First, the Greyhound Adoption Program matches the dog up with the person. Someone will come out and they will be looking for a greyhound. We ask them questions. We ask them about their lifestyle, how they work, how long the dog will be alone, and what the yard is like. There is a whole range of questions to fit the dog to the person. We want to avoid returns.

Second, we do not preclude any dog from GAP - GAP will take any greyhound. There is no preassessment.

**Ms SIEJKA** - That fits the eligibility?

**Ms ERIKSSON** - That fits eligibility. There is no preassessment where we go, as you will have in some of the mainland states, where they say, 'No, we won't take that dog; you have to go and work with it more.'

Once it has done the 28-day wind-down and it has its vaccinations, it is eligible to enter GAP.

Second, it depends on the throughput - how many dogs come in, how many dogs go out. We have had some dogs in there for four and five months. The reason for that is they either have a higher prey drive or prior to entry to GAP, the owner-trainer did not do sufficient socialisation work with the animal. That is very important.

They are the key ones. The last one I would like to say is we will accept any GAP dog back. Even if a dog has been out in society for two, three, four or five years, if circumstances change, GAP will accept the dog back.

**CHAIR** - Any plans to extend the facility then, given they can only really house 33?

**Ms HOWLETT** - Absolutely, it is certainly on the agenda to expand the facility. To your earlier question, in 2019-20, GAP rehomed 138 greyhounds; that was up from 89 on the previous year.

**Mr ERIKSSON** - To add two points on that if I may. GAP rehomed 138 - there were 233 rehomed across all agencies, including rehoming by the trainers themselves.

In terms of the expansion process for GAP. The site we purchased is only just under half-utilised. There is significant expansion room there. It was one of the attractions of the site.

We are currently looking at expansion and are in the process of putting a DA together to cover not only the addition of kennels, but also additional works regarding cleaning up the office, putting in a structured car park as opposed to the poor gravel and dirt one we currently have, and some other beautification and facilities we think will be appropriate there.

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**Mr DEAN** - It has been suggested that Tasracing paid well and truly over market value for the centre of Mangalore. Was it purchased at market price? Was there an evaluation completed of that site at the time of purchase by Tasracing?

**Mr HEALD** - Certainly, with the purchase we were really looking at the alternative costs for us. As we have already said, the alternative for us looked like about double the price we were prepared to pay for the Mangalore facility.

**Mr ERIKSSON** - We did look at -

**Mr DEAN** - Can I ask what was the market value of that facility at the time of purchase by Tasracing?

**Mr ERIKSSON** - If we include the business as well, it was not far different from what we paid for it. The supposition is that we overpaid on the value of the land and the buildings. We didn't purchase just the land and the buildings. We purchased a business. It was a going concern and that is where the confusion lies, Mr Dean.

**Mr DEAN** - Is there a breakdown available of the cost of the land and buildings, and then the cost of goodwill?

**CHAIR** - We can take that on notice.

**Ms HOWLETT** - Do you mind if we take that on notice?

**Mr ERIKSSON** - I don't have that with me but we did do numbers around that.

**Mr DEAN** - Thank you for that. It has been raised.

**Ms HOWLETT** - We will provide that information to you.

**Mr WILLIE** - I want to go back to that information provided by the industry yesterday, and there is an important context to that, around the transparency to the code fund allocation and the \$11 million. The frustration there is around the lack of transparency around that policy. It is for a number of things, including stakes, so I am wondering if you can provide information to the committee on how the code allocation funds are calculated, and if you can possibly provide a breakdown of how that money is expended, that would be useful too.

**Ms HOWLETT** - Before you speak to that, Paul, I will add a few things if you don't mind. Tasracing allocates total funding to the three codes in accordance with a code allocation model. This arrangement was initially put in place in the financial year 2012. The current allocation model was introduced in the financial year 2018 to the financial year 2020 following a consultation period in the financial year 2017 with industry participants.

While previous models have had a range of performance-related components, the current model was introduced with a goal of returning all three codes back to the pre-funding reset levels as soon as possible. As a result, each code receives the same percentage increase for the financial year 2018 to 2020. The current model code funding allocation is on the following proportions: thoroughbred, 54.7 per cent; harness, 26.2 per cent; and greyhound, 19.1 per cent. The current percentage share represents a sum of an historical increase in funding over the

years and they reflect the current volume of racing and reasonable stake levels for the volume in each code.

For any code to get a significant share increase would result in at least one other code having a significant decrease in funding which would result in reduced races, economic activity, revenue contribution and may impact on that code's ongoing viability. The current percentage share reasonably accurately reflects the contribution of each code to the combined economic activity and revenue generation based on Tasracing's mix of commercial and government funding source.

**Mr WILLIE** - I think you've missed my question there, minister. It is not around a percentage share for each code, it is stakes and how that code fund allocation is expended in other areas.

**Mr ERIKSSON** - May I address that question, Mr Willie? I believe there are two parts. The first is the transparency and the communication of what makes up code allocation, as opposed to stakes on its own. That information is provided to the three code meetings - TAN, HIF and GOG - so thoroughbreds, harness and greyhounds, every year. They get to provide feedback and commentary on that. There are no secrets to that. We provide that in our summary notes to the industry when we provide that out to the industry. The clubs, the owners and/or trainers are all aware. They get a full paper - generally, it is about a six- or seven-page paper, with scenarios on how they want to allocate any increase to funding.

We have had this stated to us a number of times and the response is always the same. It is in the code meetings. We make no secret of it. We provide the information to the industry. If the individuals do not read that paper, I cannot help that.

**Mr WILLIE** - To clarify, the codes get a specific breakdown of their allocation in terms of stakes and where the rest of the funding is going?

**Mr ERIKSSON** - They do. Each code gets that. It happens around generally August/September, that quarterly meeting with the three code groups. Coming out of the financial year, finalising what the increase will be plus what, if any, carry forward there is from the prior financial year delivers a number that can then be allocated, and that is done in consultation with the three code groups for each code.

In relation to your other question, the code funding, with the thoroughbred code funding - and we can provide this information to you - stakes are \$12.65 million; riding fees are \$1.093 million; superannuation for jockeys is \$100 000; code bonuses of \$450 000 - yes, we pay over that but it is funded out of Tasracing not the code; jockey travel subsidies, \$20 000; the National Jockeys Trust, \$118 000; the contribution to the jockeys workers compensation, which the code makes, - \$250 000, Tasracing picks up the other \$1-whatever million, anything up to just over \$2 million; and equine health is \$118 000, which is 1 per cent of prize money.

Harness stakes are \$6.133 million; superannuation is \$35 000; code bonuses, \$360 000, the other \$280 000-odd I think is paid out of Tasracing's costs; drivers' fees, \$400 000; and equine health, \$58 000.

Greyhounds' GAP funding is \$117 000; the injury rebate scheme, which we increased this year from \$15 000 to \$60 000, is \$60 000; the insurance component for the catchers and

handlers, who are covered for compensation, is \$4000; the juvenile bonus is \$7500; vaccination assistance is \$50 000; code bonuses are \$157 000, which is effectively starters' bonuses; stakes money is \$4.95 million; and DNA costing, where we fund DNA costs, of \$5500.

That information which I just read out is provided in that format, plus scenario planning; that is, if they chose more races or if they chose to increase the amount for each race or if they increase meetings, a number of scenarios are mapped out. That information is provided to the industry at these quarterly code meetings around the September quarter.

**Ms HOWLETT** - To add to the member's earlier question, as we said, we announced 6 per cent, which is a significant increase, this year. When we announce a stake increase, that is then discussed with each of the three codes also as to how they want to best utilise that stake increase.

**Mr WILLIE** - I am raising questions on behalf of the industry that has given us this information.

**Ms HOWLETT** - I wanted to add transparency of communication, so you know.

**Mr WILLIE** - The other issue in this context is the point of consumption tax, which the Government originally said no to, then it decided late in 2019 to adopt that position.

In your press release with the Premier in February this year, you said the point of consumption tax would bring increased investment into the industry. Industry understood this would be in stakes. It has become apparent that point of consumption tax is funding an election commitment, which was a 4 per cent increase each year.

Can you understand the industry's frustration? They thought they were going to get the 4 per cent increase each year plus the point of consumption tax share negotiated with the Government. Why are you using that tax to fund an election commitment?

**Ms HOWLETT** - All states have now implemented a form of point of consumption tax. Most states, including Tasmania, have implemented a 15 per cent tax on revenue, with New South Wales implementing 10 per cent and Victoria, 8 per cent.

As the point of consumption tax is based on the residence of the customer and not the source of racing, once the tax was implemented in the other states and prior to the introduction into Tasmania, 90 to 95 per cent of all wagering on Tasmanian racing was already subjected to a point of consumption tax, despite having no tax on Tasmanian customers.

The Tasmanian Government introduced a point of consumption tax in Tasmania, as you correctly stated, in January 2020, at a rate of 15 per cent. The Government has committed to sharing 80 per cent of the net additional revenue generated by the point of consumption tax with the Tasmanian racing industry. The point of consumption tax provided industry funding of \$2.54 million for the first six months of operation. This increase in funding allowed a 6 per cent stakes increase in financial year 2020-21, despite the COVID-19 uncertainties. Many industry participants thought we would have a stake decrease.

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Of the \$2.54 million, \$1.32 million has been allocated to stakes; \$1 million has been allocated to backfill race filled and product fees; \$136 000 has been allocated to animal welfare; and \$81 000 has been allocated to infrastructure and other items.

Tasracing and Government will work together to review allocations of the additional funds. All discussions will be based on affordability and sustainability. The Government has indicated the point of consumption tax will continue to be allocated, as the Premier and I stated in January, to stakes infrastructure and animal welfare initiatives.

**Mr WILLIE** - Minister, you can understand the industry's position. They accepted the point of consumption tax with the understanding they would get an increase on top of the election commitment from your Government. They accepted that new tax and now it has become apparent you are using that tax to fund the election commitment.

**Ms HOWLETT** - As I stated quite a few times during today's discussions, it is really important any stake increase is sustainable for the industry. We cannot make a massive substantial stake increase and then find out the point of consumption tax is not performing in a year or two's time and then have to remove a significant percentage from stakes money.

**Mr WILLIE** - Minister, the Government made the commitment to a 4 per cent increase prior to implementing the tax. The industry thought the point of consumption tax would be on top of that commitment.

**Ms HOWLETT** - Right now we are sitting at a 12.2 per cent stake increase. We are right on target to make our election commitment. I will be announcing a further stake increase next year. We are right on target to make our election commitment of a 16 per cent increase in stakes.

**Mr WILLIE** - You can understand the industry's frustration when they accepted a new tax on the industry that they thought would be over and above the election commitment. That was the understanding at the time. It has now become apparent that tax will fund your election commitment.

**Ms HOWLETT** - If that would have been on top, that would have been -

**Mr ERIKSSON** - A 34 per cent increase.

**Ms HOWLETT** - A 34 per cent stake increase.

**Mr WILLIE** - No, a share of the tax. I am not saying the whole tax. It was a negotiated share.

**Mr ERIKSSON** - Mr Willie, even a share of the tax would have delivered a 34 per cent increase.

I might just comment on a couple of those things, if I may? First, it's not a tax on the industry.

**Mr WILLIE** - It's a tax on revenue and the people who are punting on the industry.

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**Mr ERIKSSON** - No, it's a tax on the wagering providers. The wagering providers will choose whether they pass that tax on to the punters; yes, they will.

**Mr WILLIE** - They will.

**Ms HOWLETT** - Yes.

**Mr ERIKSSON** - What that means though, is that race field fee growth - which is where stakes' increases are driven from - are now capped.

Over the last three price increases, we have seen race field fees grow 36 per cent, 31 per cent and 25 per cent, and that has delivered increases in stakes and funding for the industry: to increase our tracks; to deliver \$12.5 million to redo Elwick. That's where the funds have come from.

Point of consumption tax - 95 odd per cent, around there, of our race field fee revenue is generated off the mainland, which is being taxed by those states - it's a state tax; it's not a wagering race field fee tax. They're very different things. It's a tax on the provider. It taxes the margin that the provider has, and you can't tax the same dollar twice, so our ability to grow race field fees in terms of a price change to generate revenue, has now been effectively capped by the states on the mainland which have taxed the margin.

**CHAIR** - Thank you, we have to move on. We don't need an economics lesson today with regard to this.

I have one question before we leave this area. Minister, the point of consumption tax is only paid once a year. Why isn't it paid more regularly? Is that Treasury or is it you, as the minister, deciding that it's only paid once? The industry would like it paid more regularly.

**Ms HOWLETT** - That's Treasury.

**CHAIR** - Since when does Treasury run your portfolio?

**Ms HOWLETT** - We're happy for Treasury to collect that tax.

**CHAIR** - And only pay it once a year?

**Ms HOWLETT** - Correct. We're quite satisfied with that.

**CHAIR** - Wouldn't it be better for the industry if it paid more regularly?

**Ms HOWLETT** - I don't think it really makes any difference to the industry because having seen how the tax performs over the specific period of time, that enables us to put our infrastructure plans in place for upgrades, invest in our animal welfare over various areas whether it be desexing, GAP or off-the-track racehorses, and also stakes increases, so it really doesn't matter whether it's twice a year or once year - we're planning well ahead of that.

**CHAIR** - Thank you. You might then share at the next meeting with the codes why it's not a problem.

**Ms HOWLETT** - I don't believe it is.

**Mr ERIKSSON** - We have shared that. We generate around the \$4 million to \$5 million of free cash each year in normal operations. Last year was challenging, absolutely, and we were proactive in mitigating risk by borrowing \$2 million at the end of that year to ensure there were no issues, but it was a risk mitigation proactive measure. However, the amount of point of consumption tax that we're getting is around - assuming the numbers stack up - four-and-bit million mark, which means we are quite capable of cash-flowing that over the period.

**Ms ARMITAGE** - My question is with regard to the Elwick track. With more than \$12 million spent on the upgrade, I am advised that in the height of the spring season the recent meeting scheduled for Elwick had to be transferred to Mowbray due to damage of the racing surface.

Was that the result of premature usage or over-usage of the track and, whichever, why did it happen? Why was it allowed to happen?

**Mr DEAN** - Mowbray is a better racing track.

**Ms ARMITAGE** - My question, Mr Dean, was not about which track was better, but why was the other one damaged or over-used or prematurely used?

**CHAIR** - As brief an answer as you possible can, minister.

**Ms HOWLETT** - I am sure that being from Launceston, you prefer Mowbray.

**Ms ARMITAGE** - I certainly do, but I am concerned if we spent \$12 million and then the track is damaged.

**Ms HOWLETT** - I am just pleased to say that the \$12.5 million redevelopment of the new track was completed on time and within budget. The track redevelopment was critical, with new works improving horse and jockey welfare, a fairer track that helps to increase wagering, as well as incidental infrastructure improvements aimed at increasing amenities for patrons as well.

**Ms ARMITAGE** - With respect, minister, as we are short on time, that wasn't my question. I understand all that. My question purely is with regard to the damage to the track and the fact that at least one race meeting had to be moved to Mowbray. Was the track over-used, was it prematurely used and why did that happen and who was responsible?

**Ms HOWLETT** - Being a new track, it is fair to say the track needed to have time to consolidate as well. We did have quite a few trials on the track and quite a heavy spring/summer carnival as well prior to the shutdown of racing.

**Ms ARMITAGE** - Was it premature usage, over-usage, and how was that allowed to happen with such a lot of money spent on that track?

**Mr ERIKSSON** - First, let's talk about the track very briefly. A grass track built on sand takes anywhere between two to three years to mature and cope with significant wear. The track performed exceptionally well up to the shutdown. The track was not shut down for 10 weeks.

We came back trialling, galloping, jump outs on that track around 18 and 19 May. We had 252 horses either trial, gallop or jump out on that track between 18 and 19 May and when we returned to racing on 14 June.

Was there significant wear - not damage - wear? Absolutely. The actual structure of the track suffered no damage. Was there wear on the grass surface? Absolutely. The issue that we had is that the track is immature, will be immature for a number of years as the root system develops, so yes, we did push the track quite hard but I would say that the track has recovered exceptionally well. The root systems are developing to expectations. The grass cover is 100 per cent.

The first two meetings we had in October, we had an inch of rain before one meeting and it rained during that meeting. If we were running on the old track, we wouldn't have run at all. We wouldn't have been able to. In relation to the meeting that was moved, we have been proactive in managing the track. We have a series of rail movements planned. We want the track to perform at its best over the summer carnival period and we perceived and took the decision that it was better to harshly renovate the track now and give it a month's grace, exactly as we do for Mowbray. Mowbray gets a month off before the summer carnival and we have taken exactly the same line with Elwick. We set the program well in advance of looking at the track conditions and the track conditions are also impacted significantly by the weather.

Our challenge with Elwick is root growth. We have two types of grass there, bluegrass and rye. Bluegrass gives us the lateral strength; rye gives us the length. The bluegrass only grows to a short height and doesn't develop the root system we need, but it is important in the early days. The rye gives us the root system and the length, but it takes longer to mature. As with Mowbray, the rye will eventually take over and, Mr Dean, you are right - Mowbray has raced exceptionally well. It is in very good condition at the moment. However, both tracks have what is called a thatch layer.

**Mr DEAN** - It is a great track when it is not potholed.

**Ms ARMITAGE** - They just have to remember to fill the holes.

**Mr ERIKSSON** - Thank you for that. We have dealt with that issue.

**Ms ARMITAGE** - I have decided not to go there for that one.

**Mr ERIKSSON** - I appreciate that.

**Ms HOWLETT** - Paul, we had over 252 horses over the track in that duration.

**Mr ERIKSSON** - Then we started racing. We did have an obligation to provide that for the trainers who had kept the horses in work. You cannot get a horse the last 10 to 15 per cent doing the slow work. You need to start to condition them to race level.

**Ms ARMITAGE** - It was also the condition of the track, really.

**Mr ERIKSSON** - We knew we were going to be pushing the track very hard. The track was never unsafe. The track structure itself was never damaged. You are only talking about



the grass cover and the root system development, which would always be a problem, especially in the middle of winter.

**Ms PALMER** - Minister, there was recently a change in directors of the Tasracing Board. Are you able to provide us with some details around that?

**Ms HOWLETT** - The composition of the Tasracing Board is set out in the Tasracing Pty Ltd Act 2009.

The board includes a chairman, three non-executive directors who have the skills and experience to enable the board to achieve strategic objectives and one non-executive director from each of the three codes - thoroughbred, harness and greyhound. The code directors currently are Robyn Whishaw, Michael Gordon and Joel Wallace. They have specific responsibilities - representing Tasmanian interests interstate, including holding board positions on national code boards; providing the board with expert code relevant advice; providing an interface between industry and the board; and attending quarterly code industry consultation meetings.

Mr Martin Wallace has just replaced retiring director Danny McCarthy who provided a great service to the board and the racing industry. I publicly thank Mr McCarthy for his service. I am sure most of you in this room would know Martin Wallace. He brings more than 30 years experience in public administration, business and financial management and has extensive regulatory policy experience. He is a former secretary of the Department of Treasury and Finance in Tasmania, and he has also been a long-term participant in the racing industry in Tasmania, both as an owner of horses and as a hobby breeder. I am sure Mr Wallace will make a very positive contribution to the Tasracing Board and I will pass on to the chair to say a few more words about the appointment.

**Mr PHAIR** - We were very pleased to get someone of Mr Wallace's calibre and skills on to our board. We went through a very comprehensive director selection advisory panel process that is mandated to us and came up with quite a few people who we did not even interview who would have been very good on our board. We ended up interviewing four and Mr Wallace was the successful applicant as appointed by Cabinet. We are very much looking forward to his contribution to the board. He has been appointed and his first board meeting is on Thursday.

**Ms ARMITAGE** - As the minister knows, boards are always something I have a huge interest in, and where people are situated. I notice there are four in the south, two in the north, none in the north-west and one from interstate.

Being an organisation which has operations across the entire state, would you agree that perhaps it might be prudent to include regional representation on the board with the stipulation that maybe at least one board member would be from each region - north, north-west and south?

**Ms HOWLETT** - Chair, would you like to comment on that further? Robyn is certainly from a regional area, but geographically perhaps not.

**Ms ARMITAGE** - I see we have two from the north, none from the north-west. It is just that this board is not as bad as some. Many boards are very heavily southern-based with more interstate. I am simply asking with regard to this. Would you consider it?

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**Mr PHAIR** - I am very comfortable with the make-up of the board, where people live, who they represent and things like that, at the moment. There is nothing in the act that says they must be from certain -

**Ms ARMITAGE** - I appreciate it is not in the act.

**Mr PHAIR** - I suppose it is also is determined by who applies to go onto the board as well. We can encourage people to apply but ultimately you have to decide between people who apply for the roles when they become available.

**Ms ARMITAGE** - Where are the meetings held?

**Mr PHAIR** - The meetings are held in Hobart.

**Ms ARMITAGE** - I have been told for many from the north and north-west that it is often difficult to make the meetings. They are held at time of - ?

**Mr PHAIR** - They are held monthly. All of the members from the north attend all the meetings. There are none they do not attend. We try to combine them with events. For example, our board meeting is this Thursday to coincide with the Hobart Thousand meeting, which is a greyhound meeting on Thursday night, their major one for the year. We have the board meeting in the afternoon which allows those board members to attend the races that night.

**Ms ARMITAGE** - So in the afternoons? The board meetings are normally at 2 or 3 o'clock?

**Mr PHAIR** - No, they are normally in the morning, but this one is in the afternoon to allow the board members to stay on after the meeting to attend the race meeting that is on after the meeting.

**Ms ARMITAGE** - You do not consider moving or at least moving around the state to have some meetings in Launceston?

**Mr PHAIR** - We could do.

**Ms ARMITAGE** - As many other organisations do.

**Mr PHAIR** - Yes, we could do. There have not been any requests from those northern members to come to Launceston or to the north-west to hold the meetings.

**Ms ARMITAGE** - You do not have any north-west representation at the moment.

**Mr PHAIR** - The majority of the members are from the south.

**Ms HOWLETT** - I don't believe we have had anyone apply from the north-west.

**Ms ARMITAGE** - Perhaps it is because it is difficult making meetings in the south.

**Ms HOWLETT** - You have changed your structure and you are allowing people to go in online as well through Zoom or whatever platform you are using.

**Mr Dean** - They are paying. They would not go on the board if they could not get there.

**Mr PHAIR** - From a cost point of view, there are more people from the south so travel costs and things like that going to the north, is more.

**Ms ARMITAGE** - As you say, they could do it by Webex.

**Mr PHAIR** - We can absolutely, and we did so during the COVID-19 period.

**Mr DEAN** - I want to go to Devonport Showground, Spreyton, and really work out what is going on here. A lot of issues have been raised with us - this committee - in relation to the position. It is said that Spreyton will be ready to go with harness and the greyhounds in 2022, is it March 2022?

**Ms HOWLETT** - No, that is not quite right.

**Mr DEAN** - Okay, you will obviously right the ship and tell us what is right. That is the information I had - that Devonport will close as at March 2022, but obviously I have that wrong.

What is happening in this area? Where is it all going to? What are the programs? What are the time frames and can Spreyton, in actual fact, fit these other tracks into it or where are they going and what is happening?

**Ms HOWLETT** - Thank you. Can Spreyton have all three codes on the same facility, venue? Preliminary engineering reports show, yes, that can be done, but it is up to the industry. It is up to the industry, up to the harness code and the greyhound code as to where they would like their new facility to be on the north-west coast. We have -

**Mr DEAN** - Have they been talked to about this? Have you had meetings with them? What is their position at this stage?

**Ms HOWLETT** - Absolutely, yes. We started our consultation a week ago.

**Mr ERIKSSON** - We started our consultation with a meeting held at Spreyton between the three codes on 4 December. That was a two-and-half, three-hour meeting.

**Ms HOWLETT** - More than 50 participants were there.

**Mr ERIKSSON** - That is right, minister. It was the first of many. I chaired that meeting and we discussed a range of topics, not only about the physical placement of the tracks. There was some concern as to whether it would or would not fit, but also the challenge around the operational logistics of the site. Spreyton is a training facility and if it were purely racing as it is at Mowbray and at Elwick, there are different considerations.

We are looking at more than just Spreyton, there is a site in Latrobe. Again, we have had surveyors out at both Spreyton and the Latrobe site. The 1000 metre harness track - which is pretty much the standard harness track - we will fit at both sites. We have used Professor Eager, a recognised expert in the design of greyhound tracks. He is recognised by both the animal welfare individuals regarding the ergonomic design of the track and by the greyhound racing people, and he has been used at Murray Bridge, Traralgon and a number of other track designs

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in Victoria and in New South Wales. We have him on call to provide the design, and he has overlaid an appropriate greyhound track.

We have two potential sites. There is no decision and we are still discussing with industry. We have a significant amount of feedback we have taken away and will look at. We will provide feedback to the industry, which we have not done yet, but we will be doing this week when we have finished our summarisation of that meeting.

We have started discussing with industry. We have held our first meeting. That was pushed very hard because we wanted to have Professor Eager on tap at the meeting to answer any concerns the industry would have. The greyhound industry had significant concerns about the pressure which may have been brought to bear to build only a straight track. Professor Eager was able to allay those concerns in that we can build a what's called a single-turn track or a J-turn track as they're building at Traralgon and will be up in June next year. The information we have is the single turn track is as safe as a straight track.

**Ms HOWLETT** - It is important to note no decision has been made on the final location. We will be looking at various sites.

**Mr DEAN** - When do you intend or want to make that final determination and can give a time frame because I am told the showground site has a close date, albeit Tasracing, as I understand it -

**CHAIR** - Had a rock-solid lease.

**Mr DEAN** - had a rock-solid lease on those premises and that is what the industry was originally told but found out that the rock-solid contract was in fact a 'jelly' contract.

**Ms HOWLETT** - Thank you, member, we need to consult with all three codes before any decision is made. We have started that period of consultation and a lot more meetings will have to occur before any decision is made.

**CHAIR** - What is happening with Devonport?

**Ms HOWLETT** - If the construction of the new facility - wherever that new facility may end up being - is not actually completed on the time we move, we may have to reschedule a few races to Launceston or to Hobart.

**CHAIR** - What happens to the greyhounds?

**Mr DEAN** - What is the time frame?

**Ms HOWLETT** - As you would be aware, we need to actually have engineering reports done and come to an agreement on a final site; there is a lot of work to be done.

**Mr DEAN** - What time and date does the contract at the Devonport Showgrounds conclude?

**Mr ERIKSSON** - Thank you, Mr Dean, if I may respond to your questions.

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**CHAIR** - They are for the minister.

**Mr DEAN** - The minister is not going to tell me so maybe you will.

**Mr ERIKSSON** - No, I am sure the minister is quite happy to tell you. I do not think that is a fair remark.

**Mr DEAN** - I have asked the question five times.

**Mr ERIKSSON** - We cannot talk through the details of the agreement we have struck. What I can say is we have an end date at the showgrounds of March 2022.

**Mr DEAN** - That is what I said, and I was told it was not right.

**Mr ERIKSSON** - No, I do not think the minister said that at all.

**Ms HOWLETT** - No, it was about having another venue.

**CHAIR** - That is a very large fine when that happens.

**Mr ERIKSSON** - The challenge we have is it is a tight timetable. We make no bones about that.

**CHAIR** - So you never had a rock-solid lease?

**Mr ERIKSSON** - No, that is totally incorrect. We had a rock-solid lease. We are quite happy to pursue that. What needs to be understood is that if we had pursued that to its end, Tasracing would be spending significant funds, in the millions of dollars, to remedy and deal with that site. I suggest - and I am only hypothesising here - that if we pursued the rock-solid lease, and I am very comfortable with it, as were our lawyers, effectively that would have halted the ability to develop the showground. This would have meant we would have had either one of two things: either we would have had to deal with a recalcitrant landlord, or we would have had to buy the landlord out, which would have cost about \$3 million. I understand that is what the developer has paid for the site. Then we would have had to have spent another \$2 million or \$3 million in remedying defects in that site.

Tasracing would need to have made a significant investment to deal with the showground site. The opportunity presented by the offer made by the developer and the Government in the \$8 million, which is very welcome, was an offer that was too good to turn away from. We are still protected by our lease at that site if, for whatever reason, things don't work out as planned. However, I would far rather take the money provided by the Government of \$8 million -

**Mr DEAN** - What do you mean by 'protected' by the lease?

**Mr ERIKSSON** - The lease is still on foot. We haven't signed away that lease. That lease remains until March 2022. We are still under the lease.

I would far rather we invest in the great opportunity of providing high-class or good quality facilities for greyhound and harness at another site where we are not constantly battling around the community.

**CHAIR** - The microphone.

**Mr ERIKSSON** - My apologies, Chair. This outcome delivers positive benefits on two fronts: it delivers two construction projects in the north-west and it delivers high-quality animal welfare-focused facilities for harness and greyhound. I only see this as a positive outcome.

**Ms HOWLETT** - And confidence in both codes.

**CHAIR** - I don't think there is anyone in the industry who is not saying that this might well be a very good initiative. It is the time frame. It is the 16 months to deliver. Tell me what happens to the greyhounds because there is no track for them to train on in the north-west? What happens if it is not 16 months and we still don't have a greyhound and a harness track? What happens then for the greyhound industry?

**Ms HOWLETT** - Hopefully that won't be the case and I know that Tasracing, once we have found a suitable location that is agreed to by all three codes, will be doing its utmost to make sure that this track is delivered on time. That will be our number one focus, to deliver this project on time.

**CHAIR** - Does the greyhound track take priority then because they don't have an alternative?

**Mr ERIKSSON** - I think they do. They have an alternative, which is 60 minutes to the east.

**CHAIR** - An alternative for training?

**Mr ERIKSSON** - Absolutely. I am not sure I understand why Launceston would not be seen as an alternative for training.

**CHAIR** - You are saying that everybody who trains greyhounds lives around Devonport?

**Mr ERIKSSON** - No.

**CHAIR** - Who else is an hour from Launceston?

**Ms HOWLETT** - I appreciate your comments, Chair, but the north-west coast is going to get a brand-new facility for greyhounds and harness.

**CHAIR** - No argument there, minister. It is the time frame.

**Ms HOWLETT** - I understand that and this is showing that we have confidence in the two codes on the north-west coast to provide them with a brand new facility. The facilities they currently have were extremely run down that. As I have said to you, the number one focus for Tasracing will be to deliver this project on time. I don't want to speculate on what may occur if the project is not delivered on time. It will be our number one priority to deliver it on time.

I was at the Derwent Entertainment Centre yesterday and the LK Group has delivered stage 1 a week early. It can be done. We will do our utmost to deliver this project on time.

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**Mr ERIKSSON** - I would just like to add, if I may, minister, that Elwick was closed for 10 or 11 months. Everybody in the south, all thoroughbred trainers in the south, had to go north. There was no option for them.

As we did with Elwick, we will address it the same way in Devonport. Subsidies were paid. There was compensation and we kept them informed and up-to-date with progress and what was happening.

**Mr DEAN** - That was my question. Would subsidies be paid? Would some financial support be given to these people to move to another facility?

**Ms HOWLETT** - If we're in that situation, that is something. Yes.

**Mr WILLIE** - I think the lack of confidence for this being delivered in that time frame comes from the conflicting messaging coming out of government.

I will just read to you what the Premier said, only a couple of weeks ago in his Budget Speech, which was:

The Government will work with the Devonport City Council to develop tri-code facilities at the existing Devonport thoroughbred racecourse. This would result in tri-code facilities in each of the three regions.

Now we are hearing that there are other sites being considered. There is probably some conflicting messages coming out of government which doesn't give people a great lot of confidence. Also, the costing too, we talked a little bit about the Elwick racetrack but that cost \$12 million to upgrade.

Where is the \$8 million figure come from if you haven't decided where the site is? How have you costed that?

**Ms HOWLETT** - The \$8 million is the Government's contribution. That is not saying that is the budget for the new tracks.

**Mr WILLIE** - The industry may have to contribute on top of that?

**Ms HOWLETT** - That is the Government's contribution towards the new facility.

**Mr WILLIE** - Just on that, minister, so the industry may have to contribute on top of the Government's contribution through Tasracing?

**Ms HOWLETT** - Through Tasracing.

**Mr WILLIE** - And that's your expectation, minister?

**Mr ERIKSSON** - As I said a few minutes ago, if we proceeded to the logical conclusion of the lease being upheld and the developer not being able to develop, Tasracing was already looking at spending \$4 million to \$5 million on that site in terms of purchase, and then upgrade.

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The cost of a new site could be anywhere in the \$10 million to \$15 million range. We have a contribution from the developer. We have a contribution from government of \$8 million, and we will have a contribution from Tasracing.

**Mr WILLIE** - What is the budgeted amount from Tasracing?

**Ms ERIKSSON** - I think I've answered that. We were expecting that we would spend anywhere in the realms of \$4 million to 5 million.

**Mr WILLIE** - Okay. So, in terms of the conflicting messaging, the Premier is talking about Devonport thoroughbred facility and you are saying other facilities are being considered.

**Ms HOWLETT** - Ideally, Spreyton would be the perfect venue to have a tri-code facility.

**Mr DEAN** - Bringing all three together is the way to do it. Launceston has worked well.

**Ms HOWLETT** - I agree with you, but, unfortunately, from our first meeting with the two codes and the industry participants, they don't want to have Spreyton as a tri-code facility. So, we have to respect what the industry participants want.

I am not going to go and invest in Spreyton in a tri-code track when the industry don't want it there. Ideally, of course, that is where we would like it, so it was like Elwick, but that is up to the participants.

**Mr WILLIE** - It's back to drawing board essentially with the tight time frame. You are trying to figure out which facility and how to get this off the ground within that short time frame.

**Mr ERIKSSON** - I think that's a tad harsh, Mr Willie. The site at Latrobe will fit what we need. We have identified that site and we have surveyed it, and we have overlaid facility sizing there of a 1000-metre track for greyhounds.

The challenge with Spreyton, unlike Mowbray and Elwick, is that Spreyton is also a training facility.

In the south, we have Elwick, which is racing, and we have Brighton, which is our training facility. At Mowbray, we have a pure racing facility. Carrick is harness training and Longford is thoroughbred training.

Spreyton is our thoroughbred training centre in the north-west and that complicates its operation. It would be logical and physically feasible to locate the three codes there, but we need to be cognisant of the operational logistics where thoroughbreds are training six days a week every morning up to 11 a.m., then you have to look at how the harness and how the greyhounds fit into that. It is not a no to Spreyton but it is also not a yes. We need to work with industry and go through their concerns. They did raise these concerns and issues at the meeting on 4 December. It is a process of going through that and going back to them.

**Mr WILLIE** - Minister, when do you hope to finalise this discussion with industry and stakeholders and decide on a facility?



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**Ms HOWLETT** - We have had our first meeting. We have our next meeting at the beginning of January.

**Mr ERIKSSON** - The next meeting will be mid-January. Professor Eager will be back and available to attend after 11 January. The harness design engineers will not be available until mid-January either. We want to have both.

**CHAIR** - We will be down to 14 months.

**Mr WILLIE** - Minister, you must have an expectation yourself as minister when this will be finalised so you can start to construct the new facility.

**Ms HOWLETT** - I am looking forward to it being finalised so we can start the construction. At the moment we are also still looking at other sites.

**CHAIR** - Other sites. Is that plural? Other than Latrobe?

**Ms HOWLETT** - Correct.

**Mr WILLIE** - What is your expectation for that to be finalised, minister. When would you like to have made the decision on the facility?

**Ms HOWLETT** - It will come down to the three codes in the industry and having their consent and making sure everyone is happy.

**Mr DEAN** - Because March 2022 is the period at this stage. Whether or not you contest it is another issue. Surely you must have a time in mind you would like to be able to say, 'Yes, by mid-2021, for instance, is a time frame we would be aiming for'.

**Mr ERIKSSON** - In very high level terms and it is because we need to look at potential rezoning of sites and all the time those take.

**CHAIR** - We know Mangalore took 18 months to two years for rezoning and never happened.

**Mr DEAN** - We know what talking to councils is like and understand that.

**Mr ERIKSSON** - We are already talking to councils and to the engineers. There is a number of parallel streams progressing already. In terms of when we would like to put a spade in the ground so to speak, it would be by the middle of next year. Will that make it very tight? Absolutely, and we would certainly be targeting March, but if there is a gap as I have said we will keep the industry fully informed. We will look at how we manage that and make it as short as possible. We understand the issue this is for the industry, but this is a significant opportunity.

**Ms ARMITAGE** - I have a different subject for you, minister. I want to get off the last one. Magic Millions: 2021 will see the relocation of the annual Tasmanian thoroughbred yearling sales transferred from Inveresk Showgrounds to the Agfest site at Carrick. Has Tasracing made, or is likely to make, any financial contribution to the move?

**Ms HOWLETT** - The Tasmanian Magic Millions yearling sales is critical to the success of the Tasmanian thoroughbred racing industry. Up to 150 yearlings are sold through the Magic Millions event each year grossing more than \$3.3 million for Tasmanian breeders. Since the introduction of the Tasmanian Government support for the breeding sector, sale growth has increased by 37 per cent. It is amazing. As you said, the Inveresk Showground, which has been used for almost two decades for this important yearling sale, is now unavailable following the Royal National Agricultural Pastoral Society surrendering its lease to UTAS to allow the construction of a car park to serve a relocated university campus.

The Government and Tasracing have been working with Tas Breeders and Magic Millions to find a venue for future sales. As you have said, discussions have been finalised and the sales will be held at Quercus Park at Carrick, the home of Agfest. This venue is in the heart of Tasmania's thoroughbred breeding industry and now that everything is confirmed I look forward to being able to attend there. As far as the financial -

**Ms ARMITAGE** - How much money is Tasracing giving? How much is Tas Breeders giving and how much is Magic Millions giving?

**Mr ERIKSSON** - Tasracing is providing \$150 000, like we do every year. There are some capital works that will be contributed on by Magic Millions and the discussion as to whether that is remitted by Rural Youth will depend on whether the Magic Millions sale continues to be at Quercus Park in the future. There are discussions being held with Meander Valley Council, Northern Midlands Council and a few other parties, with Tas Breeders and Tasracing, as to where we go in 2022, or if we go anywhere in 2022.

**Ms ARMITAGE** - Do we know the cost of moving to Agfest for even that year in that interim? You are obviously giving \$150 000 but I am assuming the cost of moving will be more than that?

**Ms HOWLETT** - I could take that on notice.

**Mr ERIKSSON** - The cost is not a great deal more than that. I think it is another \$150 000 on top of that which effectively covered.

**Ms ARMITAGE** - That would be covered by Tas Breeders and Magic Millions?

**Mr ERIKSSON** - I think you will find that is covered by Magic Millions but I would like to check that number, if I may. I think that number is slightly higher. I have a recollection that the total cost is that. I think it is more than the \$50 000, not the \$150 000. My apologies.

**Ms ARMITAGE** - So you give \$50 000?

**Mr ERIKSSON** - No, we give \$150 000.

**Ms ARMITAGE** - Have you always given \$150 000?

**Mr ERIKSSON** - Yes, we have.

**Ms HOWLETT** - Tas Breeders haven't asked for any additional funding.

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**Ms ARMITAGE** - No, I was asking whether they were putting money in, not asking for funding.

**Mr ERIKSSON** - They are providing the normal amount of funds. There are some funds being provided by Magic Millions. It is predominantly around loading ramps that are required there. Yes, it will depend on whether Magic Millions and Tas Breeders gets that refunded to them as to whether Quercus Park is used going forward. I can't speak to that at this point.

**Ms SIEJKA** - Minister, the industry has united to call for an independent review of racing in Tasmania. It is unusual for the three codes to join together in such a way, so it must be indicative of something. Will you commit to an independent review?

**Mr DEAN** - I asked this question during the year when you made a statement that you would wait until the annual report was released in relation to this.

**Ms HOWLETT** - We have had discussions about this. In light of the financial impact of COVID-19 and the addition of the new point of consumption revenue stream for Tasracing, the Treasurer has asked Treasury to undertake a review of the costs and functions of Tasracing. This review will have a focus on benchmarking corporate overheads, including administrative, legal, marketing and asset management costs. The review is expected to be completed this year and provided to Tasracing shareholder ministers - me and the Treasurer - before the end of the year. I look forward to receiving the review and considering its contents.

**Ms SIEJKA** - There were questions raised yesterday about the level of independence that a review conducted by Treasury would provide. There have been some arguments put forward they would prefer -

**Ms SIEJKA** - (cont)...review conducted by Treasury would provide. Some arguments have been put forward preferring it to be external to government and independent in that manner. Do you have an opinion on that? Also, are there terms of reference for the Treasury review at this stage and will the review be made public?

**Ms HOWLETT** - As far as it being made public, that is something I will have to discuss with my shareholder minister, the Treasurer. As I stated, we will have that information before the end of the calendar year, and the Treasurer and I will discuss as to whether it is made public or not.

**Ms SIEJKA** - What about the terms of reference? Are they likely to be made public or are they established at this point?

**Ms HOWLETT** - The review is being finalised as we speak.

**Ms SIEJKA** - Is that something we might be able to get when those terms of reference are established?

**Mr WILLIE** - They are established; can you provide them to the committee?

**Ms HOWLETT** - They are established. I will have to discuss that with my shareholder minister to get authority.

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**Mr WILLIE** - Will you take that notice?

**Ms HOWLETT** - I can take that on notice and I will have discussions with him on that.

**Ms SIEJKA** - With regard to the independent, we did have that raised by a number of stakeholders.

**Ms HOWLETT** - As far as having an independent review of any GBE or, SOC there are significant costs to that. Usually around \$80 000 to 90 000 for a review. We were certainly in unprecedented times during COVID-19, and the Premier and I made the decision to have Treasury do a review.

**Ms SIEJKA** - Do you have confidence the industry will be accepting or feel like they have been genuinely involved, given the review will be done by Treasury and not independent?

**Ms HOWLETT** - As I stated, there is a difference as far the cost in having an independent review as opposed to a Treasury review.

**Ms SIEJKA** - Quality is important though, too. Cost is one thing - and I do understand that, particularly with COVID-19 and other challenges.

**Ms HOWLETT** - As you are aware, we are in unprecedented times and I look forward to gaining the paper from Treasury.

**Ms SIEJKA** - Do you think it will still meet all those needs and the concerns of industry?

**Ms HOWLETT** - I am not sure what the review will contain. I will have that review in the coming weeks and the Treasurer and I will go through that and make some decisions and will certainly consider what Treasury have advised.

**Mr DEAN** - Without the industry, you do not have Tasracing, so therefore it is vital the industry be satisfied with the way the review is going to be taken. I suggest very strongly you contact them, because there has been a request of the industry for us to undertake an inquiry into it.

**Ms SIEJKA** - There are concerns about the transparency.

**Mr DEAN** - Absolutely. Rather than that, and we would consider that, we would prefer there be some independence or that the industry is happy with the way this review will be undertaken.

**CHAIR** - Or at least have some confidence in the terms of reference.

**Ms PALMER** - Minister, the issue of post-race lives for ex-racehorses is certainly very important. How is Tasracing assisting people with retraining these horses for other equestrian pursuits?

**Ms HOWLETT** - Very good question, and something I have had a fair bit to do with over the years. Tasracing is pleased to announce we have launched a new initiative to provide support to retired racehorses as they transition from the racing industry into the community.

The subsidised lessons program will replace the Tasracing hosted Off The Track Clinics with the program having started in November. New owners of recently retired standardbreds and thoroughbreds, regardless of whether they make to the racetrack or not, can apply to Tasracing for vouchers up to 10 individual lessons with a Tasracing-approved coach.

Lessons may incorporate instruction and supported in groundwork, written components, horse care, husbandry, nutrition and behaviour. The program operates through a voucher system as follows. The new owner of the horse applies to Tasracing for support. If the eligibility criteria are met, vouchers are then issued. The new owner then arranges the lessons directly with the coach and the coach then invoices Tasracing.

The OTT subsidised lessons program will operate as a pilot program in the first instance and will be reviewed in six months with the intent of scaling up the program. In the first few weeks of the program we've already had more than -

**Mr ERIKSSON** - Two hundred and ten vouchers handed out, so 21 participants.

**Ms HOWLETT** - That's really good news. A lot of these horses actually go to pony club and they start showing et cetera and endurance riding too.

**CHAIR** - Minister, in the past when we've had Tasracing before us, there have been some concerns about the number of jockeys available to ride horses. We understand there's a very good apprenticeship training program in place at this time but it's been suggested that 25 hours a week isn't delivering the best outcome for those apprentices.

Do you have a view about the possibility of supporting the extension of that 25-hour position?

**Mr DEAN** - Stephen Maskiell -

**CHAIR** - Yes. We've got some really good feedback about the apprenticeship training.

**Ms HOWLETT** - That's good.

**CHAIR** - I know we'll have the supplementary from the member for Pembroke about numbers, but I'm just asking that general question, minister, so that the apprentice trainer, Mr Maskiell, can attend all race meetings.

**Ms HOWLETT** - There are 13 apprentice jockeys in Tasmania and all jockeys are Tasmanian residents, according to the licencing statistics. Tasracing currently has six apprentices race-riding.

**Mr ERIKSSON** - As at 30 June there were eight apprentices, six were race-riding, the other two were not qualified for race-riding at that stage.

**CHAIR** - Do they just do track work?

**Mr ERIKSSON** - They do track work, jump outs, trials, not racing.

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Since then we've picked up another five so we're now at 13 apprentices. It's the most apprentices we've had for quite some time. In fact, we need to go back to 2015-16 where we get even close to having 13 apprentices. It's very strong. We have good relationships with the Hong Kong Jockey Club and the Singapore Jockey Club, from where we have a couple of apprentices.

In terms of the question that you raise - 25 hours a week- that varies during the year. It is 25 hours normally, during the summer carnival as racing intensifies and with the number of jockeys we currently have, that number of hours has already been increased.

**Mr DEAN** - To what?

**Mr ERIKSSON** - I'm sorry, I don't have that number but it is a higher number.

**CHAIR** - Daron does? No, he doesn't.

**Mr ERIKSSON** - I'll be honest and say it's up around the 30.

**Mr DEAN** - I'm not holding you to it.

**Mr ERIKSSON** - When I say it's increased, it hasn't increased by a single hour, it has increased by a reasonable number, which is more appropriate -

**Ms HOWLETT** - Craig Newitt was the leading jockey for the 2019-20 season, with 64 winners, and our leading apprentice jockey for 2019-20 was Scarlett So and she had 20 winners.

**CHAIR** - With regard to being able to attend all race meetings, does the apprentice master - I think that's the terminology that's used -

**Ms HOWLETT** - Yes, that's right.

**CHAIR** - Does the role include being able to attend all race meetings?

**Mr ERIKSSON** - Stephen Maskiell is not the apprentice's master, the trainer is. The apprentice agreement is a three-way agreement between Tasracing, the apprentice's master who is the trainer, and the apprentice themselves. The employment arrangement is between the master and the apprentice. Stephen Maskiell is there to monitor that arrangement to make sure things are going well and also to work with the apprentices' education. Stephen does go to a lot of meetings. He also gets footage from a lot of meetings that he does not get to, and is able to review the footage on screen.

**CHAIR** - Would it be preferable he was provided with a vehicle to attend all those meetings?

**Mr ERIKSSON** - He has access to a vehicle.

**CHAIR** - He has access to a vehicle. Somebody needs to update their information if they are going to come next year.

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**Ms SIEJKA** - On the number of apprenticeships that are offered, how is that number established? Some issues were also raised by stakeholders regarding opportunities for those who do complete the apprenticeship in Tasmania. What are your expectations for how many people will have opportunities in the state?

**Ms HOWLETT** - We did certainly have an issue with apprentice jockeys going back, particularly in 2017-18.

**CHAIR** - Hence our ongoing interest.

**Ms HOWLETT** - Yes. In 2015-16, we had 15; in 2016-17, we went down to 11; in 2017-18, we went down to 4; in 2018-19, we increased to 8; and in 2019-20, we have also increased to 8. So, Paul, as far as the future of these jockeys racing -

**Ms SIEJKA** - Obviously it is the balance in terms of the sustainability and growth of the industry to get that number right and for them to have opportunities.

**CHAIR** - Given that there are only 64 race meetings -

**Ms SIEJKA** - And the earnings are not great.

**Mr ERIKSSON** - It is a very challenging balancing act. We are doing work with the industry at the moment. There was a paper taken to the Thoroughbred Advisory Network meeting held a week ago regarding jockey numbers, and there was discussion around what was the appropriate number. At the moment we have 13. The suggestion was that the appropriate number of jockeys for Tasmania should be 10, and there was some discussion about that.

**Ms SIEJKA** - An expectation of the opportunities once they have completed that apprenticeship is the other thing, because it sounds like there are not enough races to sustain them all year. The earnings are not great. I understand it is a balancing act, but is the expectation that they will all be able to find opportunities in Tasmania or are you expecting leakage to other states?

**Mr ERIKSSON** - We will be expecting leakage to other states, which is why it is important to get the right number of apprentices. What is very pleasing is the number of local apprentices we have this year and that speaks to the strength and the view that there are opportunities in the industry. We have had a number of riders successfully race on the mainland, and that is where they are able to earn significant prizemoney.

**Ms SIEJKA** - How many are local at the moment? How many of those apprenticeships have come locally? They are obviously here.

**Mr ERIKSSON** - I think you will find that of the 13 apprentices we currently have, nine or 10 are local people and the rest are internationals.

**Ms ARMITAGE** - My question relates to sales and marketing. In 2018, I had noticed that the 2017 budget was \$560 000, which went up to \$1.335 million, and I asked several questions at that time that I do not really think were satisfactorily answered. I am not going to continue on that one.

In 2019. I noticed it was still \$951 668 and in 2020 - obviously the COVID-19 year - \$775 000. I was advised that the \$1.3 million was to try to bring numbers up to the cups. Obviously, that extra \$775 000 I don't believe it was seen and that was admitted in previous GBEs. But \$775 000 this year and the \$951 000 last year, can you advise me what that money is spent on? What benefit did we see from it? This year, with COVID-19, do we have a reasonable amount of that \$775 000 still remaining? The cups and many races haven't continued.

**Ms HOWLETT** - Tasracing's financial year 2020 sales and marketing spend was \$974 072. It was down 25 per cent from \$1.3 million in financial year 2019.

**Ms ARMITAGE** - Bearing in mind that was up \$775 000 from the previous year, which normally was \$560 000, so to say it was down isn't any great benefit because it was up almost \$1 million previously.

**Ms HOWLETT** - The financial year 2020 was in line with two of Tasracing's key strategies; one, to continue to target national wagering customers with market-leading digital products; and two, to maintain marketing support to clubs. This expenditure contributed to a number of positive outcomes. We had growth in our digital audience, including Tasracing.com.au, users were up 15.71 per cent to \$141 631, despite the loss of racing product during the COVID-19 closure. The number of customers viewing Tasracing TV live and on demand was maintained, despite an approximate 25 per cent reduction in air time due to COVID-19 closure, a 9.5 per cent growth in use of form guides on Tasracing.com.au across all three codes, and goracingtasmania.com.au users were up 19.46 per cent, so they were up \$55 520.

The *That is Why We Race* campaign contributed to social licence during COVID-19. The Young Race Tasmanian marquee at the three thoroughbred cup days sold out for the third year running. The YRT marquee capacity was an increase from 140 to 240. YRT marquee revenue grew almost 6 per cent to \$90 000 and Tasracing hosted the annual Australian Thoroughbred Race Horse of the Year Awards in Hobart in October 2019. The event received a high net promoter score of 68 per cent. Tasracing doesn't normally allocate individual line items by code but has nominally allocated tri-code items, for analytical purposes, and this reveals that spend was directed on a code basis as follows: thoroughbred \$424 690; harness \$324 690 and greyhounds \$324 690. Paul, have you anything to add to that?

**CHAIR** - Thank you, Paul, but that will do.

**Ms ARMITAGE** - Chair, I would like a breakdown of where it was actually spent. I understand you have given me some maximum amounts that go to over the \$974 000 but it would be good to get a breakdown to see where that money is spent. Previously, I was advised it was spent on social media and different areas, and we know that social media is not an expensive way to spend money. The money that is going in, the punters out there and the industry, would like to know that money is being spent and money is coming back for almost \$1 million, considering it increased \$775 000 between 2017 and 2018. I accept it has gone down, but not that much. I am happy to take it on notice.

**Mr ERIKSSON** - The 2017-18 and 2018-19, which is the one you are asking about, I don't have that detail with me. However -



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**Ms ARMITAGE** - You mean the \$1.3 million? I am not asking about that one; I have asked about that in the past. The \$951 000 or the \$775 000, both of those, if I could have a breakdown of where the money is spent? Is it spent on social media? It is sales and marketing. There has to be a breakdown of where the money has gone. Has it gone into consultants?

**Mr ERIKSSON** - No, it hasn't.

**Ms ARMITAGE** - So, no money for consultants?

**Mr ERIKSSON** - No. The numbers you are specifically referring to there, the \$951 000 and \$775 000, are purely a marketing spend that we use in the promotion of racing, both online and physically on the back of buses and -

**Ms ARMITAGE** - It would be nice to see a breakdown of what went where, if I could. I am happy to take it on notice.

One last question, with regard to the statement of income. The other expenses, I notice \$2.594 [?] for 2020. In 2019, and I am sure in 2020 no-one has been overseas, a question we generally ask, the cost of overseas trips, not this year, but the previous year, for a comparison.

**CHAIR** - Prior to COVID-19 and we are happy to take that one on notice as well.

**Mr ERIKSSON** - From memory, because I was only here for a very short time in the 2018-19 year, only three months, there was only one overseas trip which was to the racecourse manager's conference which was held overseas. We see that as critical in providing experience and knowledge for the racecourse manager.

**Ms ARMITAGE** - Do you have a cost of that?

**Mr ERIKSSON** - I have a recollection that the cost for two individuals was less than \$10 000.

**Ms ARMITAGE** - Okay, thank you. That is fine. It is something we ask each time to get a comparison.

**Mr ERIKSSON** - A pleasure to provide that, again I will double-check but my recollection is that it is around the \$10 000 mark.

**CHAIR** - Minister, I know we talked about the co-distribution and the fact that it has not been settled yet. Can I have a time frame for when that is expected to be settled; the new arrangement for the co-distribution? The greyhounds get 13 per cent and the thoroughbreds get the big lot, and the harness get a bit in the middle. I am happy to take that on notice.

**Mr ERIKSSON** - I can provide you some information on that, Chair. The code funding model, the dissection between the three codes, we commenced work on that prior to the COVID-19 interrupt.

**CHAIR** - Yes, we talked about that and we talked about the break and everything.

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**Mr ERIKSSON** - We have provided a paper on that to the board and the board has requested some additional work on that, which we are currently doing. Once we have completed that, we will talk back to the board and then provide it to industry.

**CHAIR** - A bit of a time frame? Two months?

**Mr ERIKSSON** - We have committed to do that in the next few months.

**Mr WILLIE** - I was going to ask questions on the corporate plan, if that is all right.

**CHAIR** - We have three minutes and we have a big announcement as well.

**Mr WILLIE** - Minister, the Racing Act 2009 says the corporate plan under section 13:

The Board must prepare a corporate plan each financial year and submit it to the members of the company.

The Board must consult with each racing club and racing industry association in respect of the Board's corporate plan.

The corporate plan is to be prepared in the context of the shareholder's Statements of Expectations.

The current corporate plan was published in 2017. Why hasn't this been updated annually as required by the act?

**Ms HOWLETT** - As a result of COVID-19, an amended plan was developed in August, which, while maintaining the primary strategy of the original, did not present a more conservative view on revenue and as a consequence, industry funding and infrastructure investment.

Tasracing statement of corporate intent has been approved by the shareholder ministers - me and the Treasurer - and has been published. It is available on the Tasracing website.

It is not normal for GBEs and SOC's to publish their corporate plans, rather the high-level information from these plans is contained within the publicised statement of corporate intent. In 2016, the Tasracing corporate plan was published. I understand this was an unusual circumstance due to the sustainability review and stakes reset.

Key highlights of the 2020 plan include: point of consumption funding assumed \$4.1 million per annum; co-funding growth strategy providing up to 4 per cent per year, plus point of consumption tax; allocations subject to business performance delivering up to \$145 million to participants over five years; investment of up to \$22.2 million in infrastructure upgrades, new facilities, and projects, also, a focus on animal welfare.

Participation initiatives, monitor and support the thoroughbred and harness breeders' scheme. Enhance owners' experience through facilities, marketing, communication or club sponsored, on course customer service enhancements. Support and enable enhanced capabilities in marketing, events, governance and operations. Growing Young Racing Tasmanian initiative. Develop information educational packages covering industry career

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pathways. And the infrastructure initiatives were to develop the next Tasracing infrastructure plan with industry consultation. Invest in training facility upgrades, and continue to seek efficiencies. Commercial development initiatives will leverage the growing value of digital assets to increase content production. Invest in more promotional partnerships with wagering operators to reach the mass wagering market.

**CHAIR** - Excuse me, minister. Have you got another couple of pages there, by the look of it?

**Ms HOWLETT** - I have, would you like me to table them.

**CHAIR** - We are already over time. We do need a cup of tea. Also, we do not want to miss out on the big announcement.

**Ms HOWLETT** - As I said there is no big announcement, Chair.

**Mr WILLIE** - Whose decision was it not to publish the corporate plan, because obviously it was okay in 2017. You indicated yourself that was because there are a number of changes. Why not publish it now as a matter of transparency? Whose decision was that, yours or the board?

**Mr ERIKSSON** - There is no requirement for us to publish our corporate plan in either the Treasurer's instructions, the guidelines, nor the Racing Act. There is no decision that was or was not made to publish or not publish the corporate plan. This is a question that was raised at the Tasmanian Trotting Club's Annual General Meeting and I believe from reading *Hansard* previously it is a misquote of my response to that.

**Mr WILLIE** - I am not sure what you are referring to. I am asking the minister whether she made a decision not to publish the corporate plan. That is my question.

**CHAIR** - A yes or no.

**Ms HOWLETT** - I believe I have answered your question. We do not have any obligation to publish the corporate plan.

**CHAIR** - With our great disappointment because we were told yesterday there would be a big announcement -

**Ms HOWLETT** - Who told you that yesterday?

**CHAIR** - We find sources. Some of them are not always 100 percent accurate and this one was not.

**Ms HOWLETT** - I think they are creating one of their own.

**CHAIR** - On the strength of that, on behalf of the committee, I thank everybody for their attendance today, and particularly, you, minister in your role as the head of Tasracing, if you like. It is a really important organisation. We wish you all a safe and happy Christmas and a much more settled 2021. Thank you.

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**Ms HOWLETT** - Chair, I take this opportunity to thank all members for their interest in the Tasmanian Racing Industry and wish you all a very wonderful and Merry Christmas. Thank you, Deb, from Hansard. Thank you to Tasracing, to Darren, Paul, and Gene here. A very big thank you to my principle adviser, Patrick, and to Richard. Thank you very much.

**The Committee suspended at 11.34 a.m.**



# **PARLIAMENT OF TASMANIA**

## **TRANSCRIPT**

### **LEGISLATIVE COUNCIL**

### **GOVERNMENT BUSINESS SCRUTINY COMMITTEE B**

**Tasmanian Railways Pty Ltd**

**Tuesday 15 December 2020**

### **MEMBERS**

Hon Rosemary Armitage MLC  
Hon Ivan Dean MLC  
Hon Jo Palmer MLC  
Hon Tania Rattray MLC (Chair)  
Hon Jo Siejka MLC  
Hon Josh Willie MLC

## **WITNESSES IN ATTENDANCE**

**Hon. Michael Ferguson MP**, Leader of the House, Minister for Finance, Minister for Infrastructure and Transport, Minister for State Growth, Minister for Science and Technology

**Mr Stephen Cantwell**, Chair, Tasmanian Railways Pty Ltd

**Mr Steven Dietrich**, Chief Executive Officer, Tasmanian Railways Pty Ltd

**Ms Karen van der Aa**, Chief Financial Officer, Tasmanian Railways Pty Ltd

**Mr Stephen Kerrison**, Chief Operating Officer, Tasmanian Railways Pty Ltd

**Mr Neale Tomlin**, Corporate Relations & Strategic Development Manager, Tasmanian Railways Pty Ltd

**Ms Kirsten Woolley**, Corporate Relations Specialist, Tasmanian Railways Pty Ltd

# PUBLIC

## **The committee resumed at 11.45 a.m**

**CHAIR** (Ms Rattray) - Welcome, minister, I want to thank you very much for your time today for an important scrutiny of TasRail, a very important infrastructure and rolling stock that supports our community so we look forward to being here until about 1 p.m.

I will introduce the committee - Jo Palmer, her first time for GBEs; the member for Launceston, Rosemary Armitage; myself, Tania Rattray; the member for Windermere, Ivan Dean; the member for Pembroke, Jo Siejka; and Josh Willie. We have Natasha Exel who is our secretary support and we have Deb from Hansard.

Minister, before you provide your overview, you might like to introduce your team at the table.

**Mr FERGUSON** - Thank you, Chair, and good morning to you and all the committee. I introduce Mr Stephen Cantwell, Chairman of TasRail; Mr Steven Dietrich, Chief Executive Officer; and Mr Neale Tomlin, Corporate Relations and Strategic Development Manager. I am assisted by Chief of Staff Mr Daniel Gillie, who is here to give evidence.

**CHAIR** - Welcome, everyone, and thank you very much. As I said prior to the broadcast, if you need anyone else to come to the table, minister, there is one clean chair; if anyone needs to move out and let somebody in, there are also clean chairs at the end.

**Mr FERGUSON** - Good morning, I am pleased to attend the meeting today with your committee. TasRail has had a very solid year delivering a \$1.1 million profit in 2019-20 and a slight increase in customer revenue despite the challenges COVID-19 presented to our economy and particularly our freight and logistics sector in the latter half of the financial year.

Like all freight and logistics businesses, TasRail was deemed an essential service at the start of the pandemic and they quickly established protocols to ensure their 100-plus weekly services for industry would be able to continue uninterrupted, which was fantastic.

Around 87 per cent of TasRail's freight is ultimately exported from Tasmania, a fact that demonstrates the importance of rail logistics to Tasmania's exporters, including the miners, timber companies, major manufacturers and freight forwarders.

Likewise, TasRail also plays a critical role in transporting retail and supermarket goods on its daily services from the state's north to the south. In addition to providing around 3 million tonnes per annum of rail logistics to industry, TasRail is also an infrastructure manager. It is responsible for delivering the Government's major investment in network renewal. I am pleased to inform your committee that despite COVID-19-related travel and workplace restrictions, TasRail's capital program for 2019-20 was delivered on time and on budget, supporting around 150 jobs in the civil construction industry around regional Tasmania.

TasRail now has a dedicated COVID-19 recovery team. It is responsible for the implementation of COVIDSafe work practices and responding in real time to any changes in government health requirements. I attended one of those recovery team meetings in September and I was thoroughly impressed with their determination to keep the people of this business safe and healthy while still delivering critical services around the clock to industry.

State-owned companies play a major role in Tasmania's economy. Earlier this year, I was very pleased when I was advised that TasRail changed its payment terms with Tasmanian suppliers to weekly during the height of the pandemic. This was a deliberate decision, supported by the Government, to assist local businesses with cashflow.

Turning to infrastructure briefly, thanks to the funding commitments of the Tasmanian Government and the Australian Government, TasRail is delivering a record capital program to revitalise the performance of the freight rail network in Tasmania. With around \$375 million in capital for infrastructure renewal across tranches 1, 2 and 3 of the Tasmanian Freight Rail Revitalisation Program, Tasmanian industry can be assured it will continue to have access to high-quality rail services long into the future.

I have been out onto the network with the TasRail team and witnessed firsthand the quality of the projects they are delivering. Those projects are delivering real improvements. I can inform the committee that derailments have hit record lows, on-time running performance has been hitting record highs, and I am sure the chairman is able to provide the committee with more details on that in his brief opening remarks.

Industry embracing freight rail, Tasmanian heavy industry and freight forwarders have embraced a revitalised TasRail knowing they can rely on it to be a trusted provider. TasRail operates in three markets - bulk commodities, containers and forestry. The major producers of freight in each segment have chosen to enter long-term contracts with TasRail, based on their confidence in a strongly performing freight rail system. About 90 per cent of TasRail's freight task is now under long-term contract, which further underscores the importance of rail logistics to industry.

A stand-out performer has been the forestry segment. TasRail recorded a 42 per cent increase in log volumes and expanded its capacity for industry. This includes the reopening of the Parratah Log Siding, installation of state-of-the-art log truck weighbridges at Brighton and Parratah, and deployment of additional log wagons. Along with the Minister for Resources, I had the pleasure of visiting the Brighton Transport Hub in November to announce a \$5 million forestry stimulus package that will be delivered by TasRail. Without spending time on detail, they are a very important innovation in partnership with Elphinstone where the logtainers are able to carry logs in one direction and fold down and then be able to return on the same device with containers.

In terms of the future and where we are going, with vastly improved infrastructure and a keen interest in its customers, TasRail has come a very long way. There is still more to do and in August this year TasRail went to the market calling for tenders to replace the bulk minerals shiploader at the port of Burnie. Fully funded by the Australian Government, the new shiploader will dramatically improve loading rates per hour and deliver contemporary levels of reliability, -

**CHAIR** - It is not the one that fell in the water is it?

**Mr FERGUSON** - Not the privately run mobile crane that went into the water, no.



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It will also improve safety and environmental standards. Working in conjunction with the new shiploader will be TasRail's expanded minerals storage facility, which we could explore if the committee wishes to.

I thank the committee, and as our markets being to normalise I am very confident in TasRail. It is an extremely well run company. It is serving the Tasmanian community; it is serving Tasmanian industry and as an infrastructure and transport provider; it is going to be playing an evermore important role in delivering safe and efficient supply chains to Tasmanian industry and supporting our economy to grow.

**Mr WILLIE** - I have an accounting question first, and that is about the state Government's contribution. Last year, \$13 million in state revenue was provided and that was counted as revenue in the books. This year, the \$12 million contribution from the state Government is an equity contribution, which means that the bottom line is impacted because it is not counted as revenue. Is there an explanation for the different accounting standard being applied there?

**Mr FERGUSON** - Thanks, I will invite our CEO to responding on the accounting treatments.

**Mr DIETRICH** - The change in the IIP program from tranche 1 to tranche 2, the decision was to take the state's contribution from grant revenue through to an equity contribution in line with the Australian Government's accounting arrangements for the same funding.

**Mr WILLIE** - The figures for that project. Okay. Is there an explanation for the compensation received for this year, the \$9 million?

**CHAIR** - There's no description in there.

**Mr DIETRICH** - That's commercial-in-confidence. I can say that it is to do with the Burnie hardstand and the settlement outcome due to some shortcomings in the design and construct of that particular facility.

**CHAIR** - Is the entire amount for that?

**Mr CANTWELL** - It's effectively a warranty compensation for the quality of work that was done and as the CEO said, that settlement was negotiated on a commercial-in-confidence basis with the company that completed those works. Chair, to your question, yes, Tasrail is confident that amount will accommodate the full rectification works and deliver up a safe, reliable and fit-for-purpose infrastructure into the future.

**Mr WILLIE** - Those works haven't started yet or are they about to start?

**Mr CANTWELL** - When the deterioration of the infrastructure started to emerge, interim rectification works were put in place immediately to maintain the serviceability and safety of the hardstand while the negotiations were conducted with the contractor who provided the initial work. There has been enough work to keep the facility safely in operation.

**Mr WILLIE** - Who was the contractor? Is that in the annual report?

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**Mr CANTWELL** - No, and part of the settlement arrangement is that there has been a confidentiality deed signed with the contractor. Those works were done about five years ago.

**Mr DIETRICH** - That's correct.

**Mr CANTWELL** - These issues emerged the year before last, in the last two years. The accommodation was in the last financial year.

**Mr WILLIE** - Can I move off the accounting questions?

**CHAIR** - Yes.

**Mr WILLIE** - Minister, in your opening statement, you talked about the freight volumes for logs, which have increased significantly. It is an ongoing concern across a range of industries, not just for Tasmania, but also Australia. What is the impact on TasRail finances if China continues to block whole log shipments? If you could talk to that, I would appreciate it.

**Mr FERGUSON** - Thanks, Mr Willie. I will again ask the CEO to respond to your question. This matter is being handled in a delicate fashion. We value our trading relationships with our trading partners around the world, including with China. We look to the Australian Government as the lead government in our diplomatic relations with China and all of our trading partners, especially when there are diplomatic issues at play, which is the case right now.

From a trading point of view, as a state government we are determined to support those efforts and there is ongoing dialogue between the Tasmanian Government and the Australian Government. We want to ensure that we protect our markets and that we look after our industry to the greatest possible extent. It is no secret that China's posture recently has been of concern and we look to mature and professional responses to those issues and with our public statements we need to be necessarily prudent so as to not unnecessarily cause further distress in those relationships. It has to be said that we are taking it very seriously, Mr Willie, and working closely with the Australian Government through different portfolio ministers, working with their counterparts, the Foreign minister's and the Trade minister's offices, respectively.

I am more than happy for Mr Dietrich to speak to the operational and commercial element you were asking me about in respect of how we are managing to support our customers getting their goods to market right now.

**Mr DIETRICH** - We have grown this particular segment of our business from back in 2012, when we had zero logs, zero customers.

**Mr DEAN** - We were told it would never happen.

**Mr DIETRICH** - Correct. Due to the investment in the rail network and where we have taken this business, you can see by our vision and values that we have the customers coming towards us. We have moved the business into a forestry segment and at this time is probably about 6 to 8 per cent of our overall volumes, but growing rapidly. It grew 42 per cent last year.

So, zero customers to five customers with multiple products. We do plantation also. With the advent of COVID-19, we saw a decline in our forestry volumes as international

shipping and arrangements with China particularly altered some of the flow of that wood. We have seen certain customers bounce back, particularly in the plantation area of our business. I bring to the committee's attention that we have opened up a new facility at Parattah, which has been a game changer for that particular region, the state and our customers.

Where we could bring a train full of bulk logs out of Brighton, we can now further increase the size of that train when we get to Parattah and that has opened up the south-east corridor of Tasmania. It provides services to our customers to bring their logs economically and commercially in from those regions, which were originally stranded, into Parattah and then we are hooking them up to the main train that travels from Brighton up to Bell Bay.

Our industry is not so much the sawlogs and the peeler logs; it is the logs going to the woodchipping processes at Bell Bay, the Artec and the Reliance Forest Fibre. Our new customer Midway is particularly using Parattah. We have a new weighbridge at Parattah which is also a game changer for our customers that really integrates us with their supply chain, and we have recently put a new weighbridge in at Brighton. They are very important pieces of equipment, because the log trucks can come in, are automatically weighed and then that starts a whole cycle for our customers around the commerciality arrangements, invoicing and then pricing.

With the products we are transporting, it became woodchips and woodchips as the market has not dropped off at this particular time. Through COVID-19, we did drop down to around five trains at 75 per cent utilisation. I am pleased to say, as at the last couple of weeks, we have turned the sixth train back on and we are close to 95 to 100 per cent utilisation again.

We are seeing an upsurge in the forestry sector for our business. I understand a couple of the other areas are probably still somewhat a little bit down on market share.

**CHAIR** - Slow to get back.

**Mr DIETRICH** - Slow to get back, thank you, Chair. From our perspective and with the supply chain we have designed, we have taken a lot of risk out for our customers because we do not rely on a back cart. We actually do the back cart through potentially containers coming out of Launceston.

We bring Toll containers out of Launceston on the forestry train. Going up, it is a big log train, going into Artec and Reliance Forest Fibre. We have also recently put in a brand-new purpose-built siding into Reliance Forest Fibre so both customers take the logs off the train and put them straight into their chipping facility, very efficient.

With our logtainers, which with the minister's support, through the economic stimulus package coming out of COVID-19, we are purchasing another 40 logtainers, and potentially 50. We are going to make some road-compliant as those stanchions on the logtainers drop and we put the containers on top. We do not rely on a back cart of logs, we actually have containers coming back on that train, which really makes it very efficient for the customer and gives them certainty around their cost profile.

From the point of view of the market we are in, at the moment we are not seeing that particular product segment in the bulk forest flow impacting, not to say something may not change in the future. Some of these things, particularly through COVID-19, were a

week-to-week proposition, but at this time our customers are flagging to us strong volumes right through into next year.

**Mr WILLIE** - What about the mineral exposure to China as well? We've just seen that they're putting a stop on coal, or directing their power stations to stop using Australian coal. Is there a risk to TasRail in terms of minerals?

**Mr DIETRICH** - That's another very good question, Mr Willie, and I guess our main customers in the bulk space - particularly down the west coast - their product is going into Nyrstar so we're railing up the zinc concentrate from Rosebery and transferring that by the shiploader Nyrstar has their vessels come through, or feeding the Nyrstar plant.

Tasmania Mines - a lot of its product is sent to the coal washeries in New South Wales.

**Mr CANTWELL** - The magnetite's destined for New South Wales so there may be an at-the-margin impact for customers like that, but suffice to say, as the minister mentioned in his opening remarks, part of the forward agenda for TasRail is to expand the capacity of the bulk minerals export facility. We are oversubscribed through that facility and the other customers that we have in that space - their mining activities are part of a vertically integrated supply chain so they're not actually selling into the China market, they're selling into their own productive system.

While Tasmania is modest in terms of its mining resources sector, it's quite well buttressed against the whims of the global market. It's quite niche and that in itself provides some protection in the global markets.

**Ms PALMER** - Minister, you touched on TasRail's response to COVID-19 in your opening comments. Could expand on that a little bit more - and TasRail's continuing commitment to safety generally?

**Mr FERGUSON** - I'll be able to provide some information to the committee that deals with the performance and the safety.

I am pleased to inform the committee, as I mentioned earlier, that there is a \$1.1 million profit in 2019-20 and despite the impact of the pandemic, TasRail has still managed to achieve a slight increase in revenue compared to 2018-19, with an operating revenue of \$36.5 million in 2019-20. I'm especially pleased to note that these results were partly driven by the forestry product business we discussed earlier, with the 42 per cent increase I referred to.

I think Parattah has been adequately covered in an earlier answer. I think that that's a very important game-changing investment that's been made and perhaps not well-known or understood by the Tasmanian community, but we can increasingly let them know about it because it's something we can be extremely proud of.

In addition to the strong growth in forestry, the mineral concentrate volumes grew by 2.9 per cent and the general intermodal container services carried an additional 1358, 20-foot equivalent - TEU - containers.

With relation to safety and in response to COVID-19 and dealing and looking after our teams through business continuity and, of course, as well for a COVID-safe environment, I

would have to describe TasRail as one of the clear leaders in the freight and logistics sector in Tasmania.

Why would I say such a thing? It's not just because of today's occasion. I've been meeting with the freight and logistics sector on a regular basis since early March when the pandemic really began to cause us concerns about how we would continue to look after our essential services in freight and logistics. TasRail has been consistently ahead of the game in terms of business continuity and planning, but also ensuring that the whole business, were there to have been an infection among the workforce, wouldn't need to shut down, that we'd be able to continue to operate because we'd have put in place the social distancing requirements - not just that, but also ensuring that people were working in different of the parts of the business somewhat isolated from each other.

The investment into the network as part of tranche 2 of the Tasmanian Freight Rail Revitalisation Program has been vital from a safety point of view. It's kept around 150 contractors employed and the business has worked proactively with its contractors to ensure that they too have COVID-safe working processes.

TasRail is very aware of its role in the broader community and made the decision during the height of the pandemic to improve its terms of trade to suppliers to seven days, which I think is the shortest time frame of any of our Tasmanian businesses.

I am also able to inform the committee that TasRail is now beginning to shift from the COVID-19 response to recovery and has dedicated workgroups focused on this task. Speaking more generally, TasRail has a very strong safety culture. Ms Palmer, I am delighted to inform you that every time I sit down with TasRail - which is every week, sometimes fortnightly - we don't do any other business until we have first talked about safety or values. It is not ceremonial; it is a real moment, where we discuss the realities of the business and how we are continuing to strive for a safer business - noting the hardware that is at play and the risks that are real.

During the 2019-20 financial year, there were two recordable injuries. Over the same period TasRail accumulated a total of 583 000 exposure hours in the reporting period and this equates then to a lost-time injury frequency rate of 1.71 which compares to 1.84 in the previous year. In addition, TasRail contractors remained lost-time injury-free for the entire financial year - the reporting period - and as of yesterday have now worked a total of 1326 days lost-time injury-free. I think you will agree, and I am sure your colleagues on the committee will agree, that they are impressive statistics for any industry, but given the nature of TasRail's 24/7 round-the-clock, many industries and the heavy haulage nature of that business, that is a particularly remarkable outcome.

I would like to pass on my commendation particularly to Mr Dietrich and his team for their unrelenting focus on safety, looking after our people, and, of course, Ms Palmer, to your question, responding in a capable way to the COVID-19 pandemic that has kept TasRail out of the headlines because it has just got on with business and done a very good job.

**Ms ARMITAGE** - A supplementary question with regard to the injury and just noting in the annual report, that the 1.71 and its target of zero and the comment that disappointingly the recorded results exceeded the target set; also the 3.42 of the recordable injury.

My question, minister, is: what specific measures does TasRail have in place to improve the safety records and to ensure its employees and contractors go home safely every day?

**Mr FERGUSON** - Thank you, Ms Armitage. I appreciate the question and I guarantee you that we have an unrelenting focus on safety and dealing with risks as they emerge, and proactively preventing injuries and effectively stamping out practices that can lead to injury as well. Ultimately it is a responsibility that is shared by the business and by every individual employee.

**Ms ARMITAGE** - Any specific measures?

**Mr FERGUSON** - I will ask the Chair and the CEO to respond to you with the detail of the operations.

**Mr CANTWELL** - I think I can say as a nonresident of the state who has a lens on the national rail sector, that the metrics TasRail is able to deliver are an order of magnitude better than comparable organisations on the mainland. For example, the lost-time injury frequency rate which has been referred to in the discussion thus far typically seen in a mainland organisation might be about 4. The lower, the better. TasRail is a factor of 2 or 3 better.

**Ms ARMITAGE** - The target was 2, that was all.

**Mr CANTWELL** - Sitting at the centre of TasRail's safety focus is the safety circle philosophy. The safety circle is a philosophical approach to safety which seeks to enjoin the whole person. I can say also as a non-resident, this innovative approach to safety has been able to engage the whole workforce and the broader TasRail community - the families of the workforce - and that has translated into the thousand days LTI-free and the 500 days main line derailment-free that TasRail is able to demonstrate.

There is a formalised safety management system. There is a formalised safety framework within the organisation which conforms to world best-practice standards.

**Ms ARMITAGE** - I have a supplementary on safety. Have you something to add?

**Mr DIETRICH** - I was going to add to that. Thank you for the question, Ms Armitage.

The two medical treatment injuries for last year included shoulder soreness in one of our long-term drivers, and a person who was working out on the track when a clip came off and grazed the side of his head - very minor in nature, but still any injury is not acceptable.

**Ms ARMITAGE** - Difficult to prevent.

**Mr DIETRICH** - Difficult to prevent where we have so many 24/7. A lot of our workers work at night; infrastructure is during the day - very seasonal conditions, hot, cold and can be quite extreme out there for our workers.

I would say, as the chairman reiterated, on an industry perspective and my experience in transport, railways, shipping and road transport, our customers are very proud to deal with us because of these contributing factors. They see this as a value proposition with what we bring to the table.

Prior to when we had the LTI, we were effectively within the business, outside of our contractors, exceeded 1000 lost-time injury frequency days.

It has been an exceptional result, but our focus around safety is unprevailing. It is a number one core value. As the chairman reiterated, it is not just about engineering solutions. This is behaviour, so human factors.

**Ms ARMITAGE** - I would like to mention just how good the TasRail people were in assisting us when we had the inquiry - they actually took us out in those little machines that go on the rail and the road, and how conscious they were of safety. I would really like to compliment the people who actually came with us and how great they were.

**Ms SIEJKA** - On the issue of safety. I notice that the animal incursion rates are steadily up as well as the animal collision rates.

What are you doing about this? Is there a reason they have increased? It look as if from 2016-17, both of those have steadily risen. What is the strategy and plan?

**Mr CANTWELL** - Our response to that is the drier conditions experienced in the previous 12 months led to more incentive for stock to move on to the corridor.

TasRail has about 1500 neighbours on either side of the corridor it is responsible for. TasRail works independently with each one of those neighbours, to agree on securing the corridor. TasRail will work with the neighbours to make sure fencing is appropriate and effective, and that we are good neighbours.

**Ms SIEJKA** -. Given the market increase, and I understand you regularly work with that many neighbours, although that would be a challenge, is there a strategy or plan to address this? It is quite significantly up in both of those categories. Weather is a difficult one to counteract, but it does seem that a more concerted approach is needed.

**Mr DIETRICH** - I will respond to that. We are certainly focused on speaking with all our neighbours across our network and fencing is a key issue with the farmers. We have seen an increase in wandering stock. It is mainly sheep, unfortunately, and it is not pleasant for our drivers.

We do not have a statistic on what the death rate is with that particular number. It is not high, but it is still something we want to avoid. We started a communication process with the Tasmanian Farmers and Graziers Association and then looking at how we can educate our neighbours to try to retain their stock within their land boundaries.

It is the farmer's responsibility to maintain the fences, but what we are doing is going to take a proactive approach with our track inspectors and start to ask them to look at areas of the network where they believe there may be some weakness in the farmers' fencing and boundaries and start to approach it proactively with the farmers, as we go.

**Mr DEAN** - In relation to safety, it has been brought to our attention there are concerns with the current TasRail TR class locos you have. A number of issues have been raised with us, including we are told a substantial number of driver injuries, some of which are ongoing.

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Is there an issue with these locos? It would seem there is some issue. If that is the case, what is happening and the strategy with this?

**Mr CANTWELL** - The TR locomotives are the new locomotives within the TasRail fleet. There are 17 of those locomotives. I think what you are referring to is the ergonomics within the cab?

**Mr DEAN** - I am only repeating the information we have.

**Mr CANTWELL** - In the procurement process the design and the configuration of the cab included a process of consultation with the train driver community. However, in 2015 off the back of some stress-related injuries, there was a review of the cab configuration within the TR locomotive fleet. Ergonomic specialists were employed. Again, the train driver community was employed and a redesign of the cabin was commenced. All of that work has been implemented. However, in the last 12 months one reported stress-related injury of a train driver has been received. Part of the cab reconfiguration was to make some changes to the cabin, but also to instruct the drivers in setting up the cab. You will appreciate if two different drivers in a vehicle might have their seat in a different position. A locomotive cab is no different. What TasRail has done in the last 12 months in the face of - and, Steve, you will confirm it for me - one reported injury has reintroduced a retraining program for the drivers to assist in the setting up of the cab. Apart from the cab configuration issues, I am not sure we are aware of any other issue with the TR locomotives from a safety perspective.

**Mr DEAN** - The substantial number of injuries and you are saying that is not right?

**Mr CANTWELL** - That is what we are saying.

**Mr DIETRICH** - There has only been one strain from the driving of the TR locomotives. There have been no other injuries related to the TR locomotives. In fact, the TR locomotives are a game changer for our business. Their mean distance failure rates are at fantastic levels and their reliability. I am pleased to advise the committee we have a freight availability performance running at 97 per cent at the moment, which this business has never seen before. That is why the customers are relying on us now. We depart and arrive on time, effectively these TR locomotives are a state-of-the-art piece of equipment.

Yes, there were some ergonomic issues early in the piece. They have been addressed as the chairman advised. There were a committee of train drivers involved in that process, but we are reviewing on a case by case basis where there are some concerns. What we are finding is it is about the education and making sure the drivers set the cab up for themselves appropriately. We will continue to work on that. That is our remit. I am pleased to say the majority of the train drivers I speak to are very supportive of the TR class fleet.

**CHAIR** - Isn't that interesting? They must be speaking to different people than what we are.

**Mr DEAN** - You are being factual here, obviously, there is not a substantial number of injuries, you are saying there is only one.

**Mr DIETRICH** - You can see that in the safety stats in our Statement of Corporate Intent.



**Mr DEAN** - Reports only read what is written into them.

**Mr DIETRICH** - We abide by our regulator and have to report everything.

**Mr DEAN** - In relation to the locos, you have talked about growth area for TasRail and it is wonderful with freight movement and so on, but the information again we are provided is there is some concern with the current locos you have. I am advised there is only four DQ class locos being rebuilt and the 220-50 class locos in service will be requiring serious expenditure on them before too long. The concerns have been raised with us that with the growth in the industry that the loco, the fleet that you currently have, is not going to keep up with that demand. Is there any answer to that question?

**Mr CANTWELL** - That is probably right. We can confirm for the committee that TasRail is going through a process right now of looking at its future locomotive requirements and has been out to the locomotive provider market, looking at options for new locomotives and the remanufacture of existing locomotives. It is true that the DQ and the 2050 class are older locomotives. We can say that within the rail sector, locomotives can be a little bit like grandfather's axe: it can be kept in an almost new condition through what is called component change out and the TR locomotives have been through their first CCO. From a safety and reliability perspective, TasRail is very focused on ensuring that its locomotives are maintained to an appropriate standard, they are safe and they are reliable.

We would not be able to deliver the safety outcomes and the on-time performance that the CEO has described without keeping a focus on the locos.

Like any trucking or shipping organisation, we also acknowledge that to accommodate growth in the future, we are always looking at the assets that are required for the future and we are going through a process right at this time of identifying what is the most effective procurement pathway for new locomotives going forward.

**Mr DEAN** - One further question, with that position known, is there a cost indication here of what it may cost TasRail to achieve what it wants to with the locos? Is there a time frame for this whole thing?

**Mr CANTWELL** - I would say to the committee that the process is not advanced to the point where we have firm pricing. Locomotives are not cheap and with the Australian dollar where it is currently, to procure a TR equivalent, if you like, which come out of America, probably in the order of north of \$6 million per locomotive, compared to a remanufactured locomotive which might be somewhere between \$3.5 million and \$4 million. You are talking reasonable money for a new locomotive.

**Mr DEAN** - Is there a time frame on when you would like to see TasRail in a better position with its locos?

**Mr DIETRICH** - It is probably over the next 12 to 24 months. We are going through a series of analysis. COVID-19 did not help us; that slowed things down a little bit. Particularly, we have been focused on whether we can repurpose our existing fleet here in Tasmania. We are looking at whether we can repurpose the existing fleet potentially in Australia and all that

analysis is being undertaken as we speak. We are looking at the second-hand market and we are also looking at the international market.

To give you an idea, back when we bought the TR class, we hedged in an exchange rate of \$1.08. If we were buying the TR class today, we would not get 17, we would probably only get 12.

You raise a very good point. We are finding that to upgrade the 50-year-old asset, could be beyond \$3 million. You are almost moving towards, perhaps we have to talk to Treasury, seek some borrowings and look at what that might mean from a point of view of buying a new asset. A new asset holds its value, so if something was to happen, it is not a stranded asset because they are a very saleable commodity and in demand as we speak as the rail industry is growing right across the nation as a mode of transport.

**CHAIR** - Sounds like there might be some preloved trains going for sale. I can see Mr President in the back of the room with the biggest smile on his face. He might be looking to buy one.

Minister, you talked about safety. Safety, in my view, equals maintenance and a good maintenance program. We have been informed that there was a derailment at Tunbridge approximately two years ago at a location which sees regular train crosses and has resulted in speed restrictions down to 15 kilometres per hour with the damaged track remaining unrepaired. Given the maintenance that would be required to equal the safety aspirations of the company, is it a concern that we have something that happened two years' ago that has not been addressed?

**Mr FERGUSON** - I wouldn't say it's not been addressed, and I'll ask the CEO in a moment to give you the detail you're looking for. It's actually been more than 500 days now since TasRail experienced a derailment. It wasn't that many years ago that we were hearing about them every month, sometimes every fortnight, so there's been a major turnaround as a result of the infrastructure investment that's been rolled out: tranche 1 fully delivered; tranche 2 being delivered; and tranche 3 being designed.

It's clearly an operational matter for the business to ensure that any weaknesses in the network are quickly addressed but also on a risk management basis. You need to deal with the most pressing risks upfront and then manage the other risks, noting that it won't ever be possible to guarantee that a derailment isn't just around the corner. You'd have to manage that risk rather than eliminate it. We have significant work under way right now as to allocation of future infrastructure improvements so that we can actually have a long-term asset that's actually protected against deterioration and also weather events.

I will ask Mr Dietrich to respond specifically to the north-west coast -

**CHAIR** - No, this is Tunbridge, unless it's moved from when I drove past yesterday.

**Mr DIETRICH** - Chair, to further clarify from the minister's response, Tunbridge happened back on 19 July and I'm pleased to say - and I don't like to use that 'd' word I only refer to it as an incident - that we haven't had an incident of that nature now for beyond 550 days. That's the first time in TasRail's history. That's a bit outside the circle behaviour but

we're confident in the network and the reliability of our rolling stock. That particular incident was a combination of a minor -

**CHAIR** - It's more about the maintenance, not the incident itself.

**Mr DIETRICH** - Yes, a low-speed derailment but that particular area of the track was a set of points at Tunbridge which have been replaced now. From the point of view of speed restrictions within that section, I'm pleased to say that a lot of that sector of the network has had speed restrictions lifted. The trains are travelling at the network performance allowance.

**Mr CANTWELL** - I think it's worth adding it's the main north-south corridor. The track repairs were effected quickly after the Tunbridge replacement and as the CEO has said, a new set of points was installed in November of this year and perhaps the reports of the maintenance are getting confused between the installation of the points, which would have required a speed restriction for a period of time while the fabricated points were procured and installed. So issues might be being confused between maintenance and renewals in the track.

That corridor is the most heavily trafficked corridor in the TasRail network and since TasRail took management of the network, we've seen an 80 per cent reduction in main line derailments and more than 50 per cent reduction in network speed restrictions. Only 8 per cent of the network has these speed restrictions in place now and that's reflective of a very focused maintenance regime. If there were weaknesses in the maintenance regime then the indicators of poor maintenance are derailment rates and extensive network-wide speed restrictions.

The company prioritises the maintenance that's carried out on the network on a risk basis and it does the maintenance where risk is highest first.

**Mr FERGUSON** - I will add that that is actually a key principle in the Freight Rail Revitalisation Program with an end goal of improving safety but vitally as well one of the indicators for the performance of those tranches of the program is to lift speed restrictions.

**CHAIR** - Good information. Perhaps I can suggest it to a box meeting more regularly to share that with your employees.

**Ms SIEJKA** - I am looking at the board membership. I wanted clarification on how many of the board members are based in Tasmania and how many are interstate. It looks to me that there are at least three of five are from interstate. Is that correct?

**Mr CANTWELL** - Yes, that is correct. We have been through a recruitment process following the retirement of the previous chair, Sam Hogg. The remit given to the recruitment agency was to trawl the state for suitably qualified candidates, with an eye to having appropriate balance of skills and capability, and gender diversity and the like, on the board. With that recruitment we were not able to get the balance more towards a state-based candidature, but we would say that our eye is always on giving the opportunity for people from within the state to represent the state on the board.

**Ms SIEJKA** - It seems a significantly high number for only a board of five. The costs associated with that, I imagine, is money that you could spend elsewhere. Is there any strategy to perhaps support some Tasmanians to transition onto the board, if it is a skills mix? It just seems very high for a Tasmanian GBE board to have that many from interstate.

**Mr FERGUSON** - I will offer the Chairman the chance to add to his remarks in a moment. It is a really good question and a fair question about ensuring that we have some state pride in our board. Principally amongst the Government's concerns is to have a competent board that is capable of delivering the extraordinary outcomes that TasRail has been delivering but also the stretch targets that we have going forward.

Mr Cantwell is also a non-Tasmanian and he is the Chairman of the board. His skills and experience in this industry are unmatched. We are very grateful to have been able to secure Mr Cantwell to the board, following Samantha Hogg's retirement from the board, to be elevated to the Chairman.

That is not a dismissive comment about Tasmanian people because that is, of course, an important and fair question to be asking. But it is vital to us that we do strike the best possible mix of skills and abilities. We have an eye to where people live and where they do their business and where they have their networks as well. The outside expertise that we have been able to bring in, I am sure you will agree just listening to Mr Cantwell's industry responses to your other questions, demonstrate that this is quite a specialised field and while you do not have to have only rail experience on your resume to be on our board, far from it, and it is an important point that I would like to make. Before I throw to -

**Ms SIEJKA** - I certainly do understand that. You need to have that expertise and quality; having been on boards myself I completely understand that. I would have thought that it would be also equally important to reflect the Tasmanian experience in this particular board. You obviously have a lot of experience and it should perhaps allow that space for someone else in the balance.

**Mr FERGUSON** - I perhaps would not say make that space for someone else, but we do want the right people and the very best people. Where they can be Tasmanian they are preferred. That was reflected in the recruitment strategy that is undertaken. The question we should be asking Mr Cantwell is would he like to move to Tasmania.

**Mr CANTWELL** - That is possibly a question that Mrs Cantwell and the grandchildren should be asked.

**Mr FERGUSON** - Would you like to take on board the question as well and respond further.

**Mr CANTWELL** - Chair, if I could make just one observation that may be useful by way of response. During this last year, Government has moved to a process of staggered appointments to the board. In the re-appointment process that was just confirmed at the AGM the directors were given different terms. That then provides a timely opportunity to return to the market, if you like. What you find generally across directorships is that candidates become available at different times. One cannot take on too many board roles. We would say to the committee that the Government's decision to introduce staggered appointments will assist in providing the opportunity to return to the local market more frequently.

**Ms ARMITAGE** - Minister, I appreciate that we need competent and skilled people, but I am sure we do have those in Tasmania as well - no reflection on the current board. I am

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interested in how they trawled looking for members? Did they put out EOIs? How was it progressed? How did they trawl Tasmania looking for board members?

**Mr CANTWELL** - The formal process was through the appointment of a local executive search company. That company was given a brief to look locally with an eye, as the minister has said, to the capability gaps -

**Ms ARMITAGE** - Do we know how they did it? Did they put out EOIs? Did they advertise in local media?

**Mr CANTWELL** - Yes, we know that they do as they normally do, and the company is very good. Lyn went to her own network -

**Ms ARMITAGE** - Can you say who the company was?

**Mr CANTWELL** - Lyn has changed her company name at the moment. It is Lyn Chapman Consulting now. She is very good. She went to her own network. She used Seek. We went to the media, we went to the *Mercury* -

**Ms ARMITAGE** - It was in the three local papers?

**Mr CANTWELL** - We went to the local papers and the emphasis was on local and the brief was around looking for capability and diversity.

**Ms ARMITAGE** - Were there other applicants from Tasmania that didn't make the cut to get on the board?

**Mr CANTWELL** - There were a number of applicants from Tasmania and for a number of reasons they didn't make the cut. Some didn't have board experience. Some had conflicts of interest.

**Mr DEAN** - You don't get board experience until you get on one.

**Mr CANTWELL** - That is right.

**Ms ARMITAGE** - Who made the final decision?

**Mr CANTWELL** - The board made the final decision.

**Ms ARMITAGE** - In conjunction with the minister?

**Mr CANTWELL** - The board makes a recommendation to shareholding ministers.

**CHAIR** - Thank you, always mindful of time.

**Mr WILLIE** - You would be aware of the various heritage and tourism rail groups around the state that have very dedicated, hard-working people, and they need a little help to get off the ground. One of the issues they are facing is the high cost of public liability insurance, it being currently the largest hurdle facing tourist and heritage railways in Tasmania. During Budget Estimates your colleague, the Premier, Peter Gutwein, alluded that TasRail is working

on a solution to this issue that will assist these organisations. Can TasRail please explain how it is planning to assist the tourist and heritage rail sector with the issue of public liability.

**Mr FERGUSON** - Public liability insurance is a responsibility that is held by every not-for-profit and for-profit organisations. Everybody has different challenges, and public liability is one that is known by the Government. It is a particular challenge for heritage rail aspirants but also it is an issue for community groups around Tasmania. I don't think you can separately describe it in that way. I accept that it is a very high threshold that does exist because of the safety of people.

Passenger rail is inherently high risk in relation to dated infrastructure. It is a particular risk and the chair is more capable than I am to describe those risks and I will in a moment ask him to respond further.

The Government speaking with heritage rail aspirational groups to try to support them as much we possibly can. It is important that in providing development opportunities for heritage rail operations, that amongst the range of issues and risks that need to be addressed, public liability is chief among them. The Government has acted very responsibly around specific purpose legislation to allow for heritage rail to be established on assets that TasRail is no longer using as operational. How we are working with heritage rail groups is a work in progress. The Department of State Growth is doing that work with a range of heritage rail organisations. We occasionally seek advice from TasRail because they are not responsible for heritage rail and we cannot burden with them either. It is not their job, not their role and we are not in the passenger business.

**CHAIR** - Should we be though, minister? Should we be in the passenger business?

**Mr FERGUSON** - It's a good question.

**Ms ARMITAGE** - A fast train between Launceston and Hobart every year, would be great.

**Mr FERGUSON** - That might be something that the committee would like to consider.

**Mr DEAN** - It is called 'pie in the sky'.

**Mr WILLIE** - If I could go back to my question. I can read what the Premier said, minister: 'I understand there has been some engagement with TasRail as well and we are looking at some options in that space'. I am interested in what TasRail's engagement has been with those groups and the options they are looking at.

**Mr FERGUSON** - I will answer for TasRail and if my colleagues would like to add to my answer, that is fine. TasRail provides a large degree of support to heritage rail organisations by way of provision of assets occasionally that are no longer required, donations of infrastructure that has been removed and can be used for heritage rail groups to deal with their own maintenance issues. Certainly, there has been some history of support with rolling stock as well, and it is a very cooperative and collegial approach. TasRail does not do that out of obligation. They do it out of community support. That is the answer to that question.

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The Government is also separately speaking with heritage rail groups. We are not promising to pay for their public liability insurance but we are looking at options and looking for ways that we can help them take their dollar further, as much as we possibly can.

I don't want to overplay the risk element, but it needs to be understood by your committee that passenger rail is inherently of a different order of magnitude in regard to risk than freight rail.

**Mr CANTWELL** - That is correct. Passenger rail is a high hurdle. Public liability insurance for passenger rail and public liability insurance for tourist and heritage operators is an order of magnitude hurdle for organisations, given the extent to which the underwriters of insurance assess the risk of those organisations who typically not only have the passenger risk to contend with, but don't have the systems and processes in place to manage the risk that more commercial organisations have. It is a very high hurdle.

The hurdle that is in place here in this state is no different to the hurdle that is in place across the whole of the nation. It is a vexed issue and one that I suspect gets raised in the various Estimates and scrutiny hearings throughout the state.

As the minister has said, TasRail goes beyond what it is obliged to do in assisting in an in-kind manner - to the extent that it can - the heritage rail sector. The best way to support the heritage rail sector is to guide, advise and help bring them to a level where they can procure their own insurance and they can satisfy the requirements of the rail operator accreditation in the same way that TasRail has to satisfy the requirements of accreditation through the ONRSR, the National Rail Safety regulation.

**Mr FERGUSON** - I should add as well, Mr Willie, that while there is no promise or guarantee at this stage, there is also discussion between TasRail as the owner of the asset as well as the operational manager of the asset. There are also discussions between one heritage rail organisation and TasRail which has an aspiration to use the operational line. That is again something that TasRail is seeking to be as supportive as it possibly can be - certainly, with regard to sharing knowledge and information about how to manage risk and what would be the barriers to overcome. While not promising necessarily to give that particular outcome, we are working together to try to find solutions in relation to that.

Separately, the Government is working with heritage rail groups to see how those public liability risks can be managed, particularly noting that like so many volunteer organisations they have limited finances.

**Mr DEAN** - That's L&NER isn't it - Launceston and North East Railway - that's working. New Zealand do this. Heritage rail uses the current working infrastructure with the New Zealand Rail, I think they call themselves.

**Mr DIETRICH** - KiwiRail.

**Mr WILLIE** - I have some follow-up questions.

**CHAIR** - Can you have one? I have to go back up here as well. Pick your best and we will ask the minister if he will take some more questions on notice.

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**Mr WILLIE** - Just to clarify for myself, I'm picking up that TasRail is actively engaging with these groups to help bring them up to a standard to meet their obligations, not necessarily helping to relieve the public liability insurance situation.

**Mr FERGUSON** - I've actually answered that question. I thought we've done a fairly comprehensive job of responding. Different roles are taken by TasRail and the Government itself and through our Department of State Growth.

**Mr WILLIE** - My question related to the number of steel sleepers being replaced by concrete. How many were sent to scrap? Were any reused on disused TasRail assets?

**Mr CANTWELL** - About 12 000 steel sleepers are available for distribution back to the tourist and heritage rail community.

**Mr WILLIE** - Have they all been distributed or are they sitting in a warehouse somewhere?

**Mr CANTWELL** - They're warehoused.

**Mr DIETRICH** - They're stockpiled at Conara and we've just delivered 2000 to L&NER and provided some sleepers -

**CHAIR** - I thought that might have been because I was the chair of this committee and you knew that I'd be asking that question.

**Mr DIETRICH** - I'd love to say that, Chair, but we did it anyway. Also, I'd like to mention to the committee that we've organised the transport of delivery of a locomotive out of East Tamar, 2118, to the Tasmanian Transport Museum in mid-January next year. The locomotive they've been proudly waiting for has been organised and at TasRail's expense we'll be transporting it to Glenorchy and delivering it as part of a 150-year celebration of rail in Tasmania. It's very exciting.

**Mr WILLIE** - Have any been sent to scrap? Can I have more information on how those groups access that stockpile?

**Mr DIETRICH** - We advertise the fact so it's probably been in the last six months that we've managed to collect them all from the works programs along the south line and the western line to get them to Conara. We've now got them at Conara, stored safely effectively under lock and key. Basically, it's a request from the organisations to take a quantity of sleepers. We have them available; we're not giving them away; they're not going to be scrapped; and they will be preserved for the tourist and heritage businesses as they require.

**Ms ARMITAGE** - That's under the legislation.

**Mr DIETRICH** - We'll continue to do that.

Ones that we believe are unsafe are scrapped. There are some but they're basically life-expired and would not be safe for tourist and heritage. The number is minimal.



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**Ms ARMITAGE** - Minister, regarding the Tasmanian Freight Rail Revitalisation Program, I notice that tranche 2 is to be delivered by the 30 June 2023 and will be focused on the primary freight corridor between Burnie and Brighton.

What efforts is TasRail making to procure goods and services for this tranche from Tasmania-based businesses and organisations, particularly the civil construction sector? In some other areas this is often overlooked by mainland firms. This comes back to the board situation - and no reflection on current board members - but when you have a majority from the mainland I am concerned that sometimes Tasmanian civil construction firms may be overlooked.

**Mr FERGUSON** - I can assure you, Ms Armitage, you'll be pleased that we engage principally with Tasmanian businesses in the delivery of that exciting program. It's actually creating significant employment opportunities and a pipeline of work that the civil contractors community and if I could put them this way, the Civil Contractors Federation Tasmania - CCF - membership. I get no complaints about it all. As a politician I get complaints about issues all the time, but not about that.

Mr Dietrich, would you like to respond and -

**Ms ARMITAGE** - Not from them, because I know in another area, another GBE, which obviously isn't TasRail, that many times tenders are put out and a mainland firm will get the job because it is felt that the Tasmanian firm is not capable, but the Tasmanian firm ends up doing the work on their behalf. More money is going back to the mainland, and then it comes back again. I would just like to be sure that the civil construction sector in Tasmania is considered first.

**Mr FERGUSON** - It is part of the remit of civil construction, and it is a vital part. Mr Dietrich, are you ready to go.

**Mr DIETRICH** - I would like to add to that, minister. The process of expenditure with Infrastructure Investment Program - IIP - is through all civil contractors. I am pleased to say Gradco, Shore Contracts, VEC Civil Engineering are all our principal contractors. We go to tender but they are the Tasmanian civil contractors that we principally engage.

There are some materials that come from the mainland, such as some sleepers and rails.

**Ms ARMITAGE** - Things you can't get here.

**Mr DIETRICH** - Which we can't get here. They are produced in Whyalla, by the steel facilities there. All the works programs are managed predominantly by those contractors, along with Digga. They are our principal contractors and we have developed a capability within those organisations. I am pleased to say, from a Tasrail perspective, we have never been in a better position with infrastructure funding, ever in this business.

We are giving certainty to these companies to employ the people and retain them in Tasmania. Quite often they used to be FIFO workers and different things. They are now staying here and becoming specialised in rail.

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Through the COVID-19 pandemic, we had a couple of essential travellers, and we have looked at ways that we even minimise the requirement around some technical rail that we develop that expertise in Tasmania as well.

**CHAIR** - No more cement sleepers imported from New Zealand?

**Mr DIETRICH** - We are not ordering any more cement sleepers. Our new concept of the steel pod sleeper is performing fantastically, and much better.

**Ms PALMER** - Minister, can you please inform the committee about TasRail's delivery of the Tasmanian Freight Rail Revitalisation Program and the plans for the replacement of the Burnie shiploader?

**Mr FERGUSON** - Thanks, Ms Palmer

**CHAIR** - I think you have touched on part of it.

**Mr FERGUSON** - We have just started on that. I can add to it. The Burnie shiploader is a very important game-changing investment for us.

TasRail has an excellent record of infrastructure delivery. As I mentioned earlier, it has completed tranche 1 of the Tasmanian Freight Rail Revitalisation Program in June 2019. I will just refer to that as the program from now on. This was a \$119 million investment into the rail network that was delivered on time and on budget. In July of last year, TasRail commenced tranche 2, which is a further investment of the same amount jointly funded by the Tasmanian Government and the Australian Government.

The benefits to date are already being realised, with track-related main line derailments hitting record lows, which we discussed earlier.

The percentage of the network operating at its designed speed is at record highs, and there are record inquiries now for new business opportunities because of that confidence in TasRail that has developed by industry.

It is the success of this program so far that has resulted in the Australian Government committing an additional \$68 million, matched by the Tasmanian Government in the 2019-20 Budget. That provides a total of \$136 million for tranche 3, of which \$40 million is committed to the replacement of the Burnie shiploader.

The remaining funding in tranche 3 will deliver track renewal upgrades such as track replacement, new sleepers, bridge and culvert upgrades, level crossing works, earthworks, and defences against coastal erosion. That has been a real problem in some places.

The shiploader is unique and a vitally important infrastructure. It has been the primary export gateway for many of the west coast mines for over 50 years now. It is coming to the end of its life and it needs to be replaced. The funding provided has enabled TasRail to move forward with its replacement. TasRail has now released a design and construct contract to the market for this \$40 million investment in the resources sector and at the Port of Burnie.

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It is expected that the new shiploader will be delivered over the current and next financial years and we expect it to provide higher load rates per hour, a better reliability of a new asset, but also contemporary safety and environmental features.

The new shiploader will provide certainty to our existing customers and help to attract investment in new mining projects. I note that TMAC has welcomed this investment as a priority.

Across all three tranches, we are looking at \$375 million to the Tasmanian Freight Rail Revitalisation Program. As I have already said, these investments are the ones that pay massive dividends, particularly in relation to the safety outcomes you raised, Chair, earlier and also the value proposition to our customers.

**Mr DEAN** - I have a lot of questions. I will put them on notice to you, minister. I wanted to raise the issue of the track buckle problems last night.

**CHAIR** - Monday night.

**Mr DEAN** - Yes, Monday night. These buckles caused an issue; dovetailing into that was the closure of the Colebrook crossing loop. Because of this buckling in the track identified last night, it caused an unnecessary delay. What are the answers in relation to that loop at Colebrook? Will it be reopened?

**CHAIR** - The CEO probably does not even know about it yet.

**Mr DIETRICH** - I am aware because the public lets me know. At the moment we are running the Christmas train and as soon as we are late, I am certainly aware of when it is not meeting the timetable. We were 40 minutes late last night due to a buckle. The buckle was not a severe one and we are prone to buckles. It is the nature of the environment we work in. We stress the track and because it contracts in winter, we get rail breaks.

We are in a challenging environment, but we did have a buckle last night in the south and we all saw how hot it was yesterday, but the train safely transited through. The Colebrook loop is a separate issue. We have it programmed to open that loop, along with Tea Tree, in the IIP program tranche 2 over the next 12 to 24 months.

**Mr DEAN** - So it will be reopened?

**Mr DIETRICH** - It will be reopened.

**Mr DEAN** - That is good news.

**CHAIR** - Minister, I am going to finish on a positive note, but we know there has been a gradual removal of track infrastructure across the network and that has not been supported by a lot of people, including a lot of people who work for TasRail. This is potentially going to inhibit the growth. We have heard a lot about the growth and congratulations; it is fantastic. Taking away those tracks stops particular development and more usage of rail, particularly into the north-east for instance. Are you thinking about putting back some of the tracks that have been removed?

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**Mr FERGUSON** - It is a great question. I acknowledge from the outset that TasRail is a commercial operation. It exists to support the Tasmanian economy. What our customers need, our company, TasRail, strives to respond to provide. If there is a pick up in demand for TasRail services, such as a new exciting development in a place like, for example, the north-east or in the north-west further on, we have specific legislation that enables for all time those corridors to be protected, where the principal purpose is rail freight.

For commercial reasons and historic legacy changes in the commerce and industry in Tasmania, where tracks have no longer been feasible to operate or those commercial lines to operate, of course, the opportunity exists for tourism and rail opportunities and/or for conversion to footpath and bike tracks as we are seeing on the north-west coast. It needs to be understood by all of those concerns that if ever TasRail needs to be able to reinstate the line, that is a right that exists in legislation. That principle has been upheld universally by both Houses of our parliament to ensure our strategic infrastructure corridors are protected. In the meantime, while there is not a commercial use for them, they can still be supported and used by the community.

**CHAIR** - If I can get some freight for that railway link, we are in business?

**Mr FERGUSON** - That is correct. That would be disappointing to your tourism and heritage rail participants, but the fact of the matter is the rail corridor -

**CHAIR** - He is talking about sharing the line. They will only need it on weekends and public holidays.

**Mr FERGUSON** - It would be an interesting discussion if we were seeking to mix the movement of people with freight trains. That would be a significant challenge. Without being too cute about it, the simple fact is the rail corridors were established by our ancestors for the movement of freight and passenger rail in the day and while those corridors are not required by this business, if ever they are in the future, they can be taken up again.

**CHAIR** - Thank you, minister. There are a few outstanding questions we will not have time to ask. Members will make the choice about how they put them into the system for a question and answer process. You may see something come through and you may decide it will be worthy of an answer or you might say it needs to be on the Notice Paper.

**Mr DEAN** - Chair, it would be good if they could be answered within a reasonable time.

**CHAIR** - Thank you. We have gone a little over time, but it is an important area. As I said through this committee process, it is the first time Committee B has looked at TasRail. We have not had that as part of our scrutiny so we have enjoyed it and I indicate I will allow more for it next time.

On behalf of the committee, we would like to wish you all a very happy and safe Christmas and particularly a more settled 2020-21.

**The committee suspended at 1.06 p.m.**



# **PARLIAMENT OF TASMANIA**

## **TRANSCRIPT**

### **LEGISLATIVE COUNCIL**

### **GOVERNMENT BUSINESS SCRUTINY COMMITTEE B**

**Metro Tasmania Pty Ltd**

**Tuesday 15 December 2020**

### **MEMBERS**

Hon Rosemary Armitage MLC  
Hon Ivan Dean MLC  
Hon Jo Palmer MLC  
Hon Tania Rattray MLC (Chair)  
Hon Jo Siejka MLC  
Hon Josh Willie MLC

## **WITNESSES IN ATTENDANCE**

**Hon. Michael Ferguson MP**, Leader of the House, Minister for Finance, Minister for Infrastructure and Transport, Minister for State Growth, Minister for Science and Technology

**Mr Tim Gardner**, Chair, Metro Tasmania Pty Ltd

**Ms Katie Cooper**, Chief Executive Officer (from October 2020), Metro Tasmania Pty Ltd

**Mr Darren Carey**, Acting Chief Financial Officer (March - October 2020), Metro Tasmania Pty Ltd

**Mr Jesse Penfold**, Acting Chief Financial Officer (From February 2020) Metro Tasmania Pty Ltd

**Mr Kim Perkins**, Board Secretary (From February 2020), Metro Tasmania Pty Ltd

**The committee resumed at 2 p.m.**

**CHAIR** - Welcome back, minister, for the afternoon session of this scrutiny and you will now have the role and responsibility of the minister for Metro. I will introduce the committee and then I will ask you to introduce yours; I expect you will have a brief opening statement.

To my right is the member for Rosevears, Jo Palmer; the member for Launceston, Rosemary Armitage; myself as the member for McIntyre, Tania Rattray; the member for Windemere, Ivan Dean; the member for Pembroke, Jo Siejka; and the member for Elwick, Josh Willie. We also have our secretary, Natasha Exel, and Deb from Hansard. Thank you, minister.

**Mr FERGUSON** - Good afternoon again, chair and committee. I introduce you to Mr Tim Gardner, Chair; Katie Cooper, our new CEO; and Mr Darren Carey, General Manager, Operations.

**CHAIR** - Thank you; do you have an opening statement?

**Mr FERGUSON** - Metro is a vitally important service provider that connects people with work, education, training, health care, retail and services, and, of course, loved ones and their community.

I would like to briefly touch on some of Metro's key accomplishments in 2019-20. First, a heartfelt thank you to the Metro team, the people to my left, but also to the many men and women who make up the organisation and who are right now providing their services. I want to thank them for their continued commitment to delivering essential public transport services in what has been a very challenging year.

As a company, Metro has played a vital role in connecting people to jobs and essential services right throughout the pandemic, needing to frequently adjust and change, but retaining a laser focus on frontline safety. This service continued to operate throughout every stage of the pandemic. I have no doubt the community appreciates Metro's hard work in keeping all services on the road, even at the height of the crisis, thanks to its care and attention and also a recognition by everybody in the organisation of the role it plays in the community.

As we continue on the road to recovery, the patronage Metro has already seen regained is testament to the trust the community has in our dedicated provider, and the entire team should be proud of making a difference, both during COVID-19 and every day.

A new Launceston network was launched in January this year, and is delivering service improvements such as more direct routes, more frequent services, more consistent departure times, improved reliability and reduced transfer times. The network updates bring smarter services by reducing travel times and ensures the services remain an accessible link for employment, education and other services. It is a big win for commuters across the broader city area, with a new high frequency cross-city route linking the university with Kings Meadows via Mowbray, Invermay, Inveresk, the city, the LGH and Six Ways. This service in particular has been well received.

Across the region, there are more services more often to major towns and improved mobility for the West Tamar, the north-east, the east coast, and the Northern Midlands areas. Prior to the pandemic, early data from the first month of the new network's operations showed

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an increase in patronage. The north-west of the state is the next region to benefit from better bus services with the improved network to be rolled out next month.

In terms of our fleet, 35 new Tasmanian-built low-floor buses were delivered in 2019-20 under Metro's Accelerated Bus Replacement Program supported by the Tasmanian Government, with the final 26 buses scheduled for delivery by April of next year. The Accelerated Bus Replacement Program is delivering 100 buses built by Tasmanians in our own state and it's being driven by Tasmanians for the Tasmanian community.

The Hobart network is delivering 87 per cent of general access services with compliant vehicles and is expected to be fully compliant well ahead of the Commonwealth-mandated date of December 2022. Through the fleet renewal, Metro has achieved fully compliant accessible services in Launceston and Burnie.

Chair and committee, I am very pleased to tell you - you are the first to know about this - that the contract with the BusTech Group is being extended. The ink on the agreement is still wet - we've just signed, and it's for the purchase of a further 26 buses. I'm happy of course to provide further information.

**Ms ARMITAGE** - I would like to ask some questions on that if I could, chair?

**Mr FERGUSON** - Yes, I would welcome that and we're happy to provide further information on this initiative throughout the hearing if you wish.

**Mr DEAN** - That's in addition to the 35 and then the 26 by the end of 2021?

**Mr FERGUSON** - It's in addition to the 100.

In March we said farewell to our CEO, Megan Morse, and we welcome Katie Cooper as Metro's new CEO. Katie has an extensive background and experience in mass transit operations both in Australia and internationally, most recently as head of transformation and head of aviation operations at Melbourne Airport, and I am confident she will make a significant contribution to the organisation and our public transport network alongside the Metro board and chair Tim Gardner.

I'd like to say how grateful we are to Megan for the leadership she showed in her three-and-a-half years as CEO; we certainly all wish her the best in her future endeavours. I cannot say all of that without especially acknowledging the excellent work and commitment of Darren Carey who served as the acting CEO throughout that process of recruitment. He did a magnificent job, particularly his activity at the helm right through the pandemic; I'm very grateful to him, he is a real professional.

In closing, Metro is keeping Tasmania moving, and I congratulate them on another successful year connecting our community. Despite the challenges we've all experienced this year, Metro has demonstrated the significant impact of open minds and flexibility and keeping the service running professionally, so I would like to thank the chair, the board and all the management but, importantly, every member of the Metro team.

**Ms ARMITAGE** - With regard to the BusTech 800 Series, we've been advised, and you will correct me if I'm wrong, that some concerns have been raised with Metro, I believe, about



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the safety perspective of the buses, that some drivers are concerned they are heavy in the steering, the mirrors wobble badly and the actual mirror inside the head of the mirror wobbles - a vibrational pitch.

Can you advise if you're aware of that and, if so, what's been done to correct it, particularly if you're buying more of these buses?

**Mr FERGUSON** - Thanks, Ms Armitage; I'll ask my team here to provide you with a detailed answer. I am certainly aware of teething issues in the new buses which, overall, have received very strong positive endorsement. They're extremely well-made, well-designed and an Australian product. We also recognise that drivers will have different opinions about, for example, things like steering weight - and I'm advised that steering weight is within required parameters - but nonetheless I'm happy for perhaps the General Manager of Operations, Mr Carey, to respond more directly.

**Ms ARMITAGE** - I have a friend with a very expensive car and the one she looked at wasn't the same as the one she got and I am just wondering, I guess, that sometimes it occurs too that things change between the model you actually look at the model you receive.

**Mr FERGUSON** - I can certainly throw to the expert, but I'm aware that on the introduction of the new buses a small number of refinements were expected and have been implemented, but what about if Mr Carey provides the detail?

**Ms ARMITAGE** - Absolutely. Will the mirrors still wobble?

**Mr CAREY** - I am quite happy to respond, Ms Armitage. The issues you're talking about would be heaviness of the steering.

**Ms ARMITAGE** - Yes.

**Mr CAREY** - The steering in the 800s, or the XDi 1.0 as they are built by BusTech, is compliant with Australian Design Rule - ADR - testing so it's within the compliance regime. What it is, and, as you rightly refer to, you go and buy a new car - a new Commodore or a new Statesman does not feel like the old FJ Holden; it was a lot looser. These vehicles are the same in that regard. They are compliant within testing regimes and with the compliance under the ADR. In addition to that, though, and recognising that we have been working with the bus builder and designer, BusTech, to a point where especially for the steering, BusTech has their chief engineers working on and looking at a new steering pump to go into the bus.

**Ms ARMITAGE** - Is this for all the buses you have already as well, apart from the new ones?

**Mr CAREY** - Yes, it is for the 100 buses. An alternative steering pump is under evaluation currently and that will be looked at as a trial in January next year. Another issue that has come up is engine vibration. BusTech has engaged Cummins, the engine suppliers, and it has gone right back to Cummins' chief engineers in the United States where they have been looking at the idle range for the engine.

**Ms ARMITAGE** - They are looking to fix it. They are not just arguing over who is at fault?

**Mr CAREY** - No, there is no argument at all. It is basically a reassessment of the engine idle rate. They idle between 600 and 750 revs per minute.

**Ms ARMITAGE** - Certain vibrations can make you feel ill.

**Mr CAREY** - Absolutely. It puts a resonance or a tone through the vehicle which is particularly what does that. Testing is being carried out on 19 buses; 13 of those buses did not require adjustment, but the other six did. Basically, apart from the sample size we are testing, as a driver reports a bus for engine vibration or bad vibration, the bus will be brought into what we refer to as the 'sick bay', then taken into the workshops and tested by BusTech again the next day. As the buses are recorded, we go through each one.

BusTech is also bringing a device to Tasmania that they are using globally now to test vehicles for vibration and resonance. We will have a look at that piece of machinery and probably look at purchasing one of those ourselves to test our whole fleet as a part of the regular maintenance and servicing regime, just to keep that out of them.

With regard to engine vibration, there is no argument there over who owns the issue, or are we going to fix it.

**Ms ARMITAGE** - Okay, it is being dealt with. What about the mirrors? We have been told that the mirrors are very hard to see because they wobble and if it rains on them, you really cannot see in your mirrors at all. What are you doing about the mirrors?

**Mr CAREY** - Again, with the mirrors, it has been a twofold issue. One of them was initially that vibration was coming through the mirror arms.

**Ms ARMITAGE** - Is it a concern that there are so many problems with these new buses?

**Mr CAREY** - I have built a lot of buses across my 30-plus years in the industry. These things might seem like a bigger issue than I am saying, but they are more or less teething issues. Sometimes until you get them on the road like this, you do not see that come through until you get a few kilometres under the bus and things start to settle in.

The mirror arms have been changed out and more mirror arms are being changed out to a new mirror arm design that has been fitted.

**Ms ARMITAGE** - Is it the arm, though? My understanding is it was the actual mirror inside the head.

**Mr CAREY** - As I say, it is a twofold issue. One of them is the mirror arm. The other part is more or less being caused as well by part of the vibration through the vehicle. It is more or less a harmonic balance issue. They have been testing what harmonic balance they need in the mirror to stop any vibration coming through the mirror. That is well underway and that is addressed for reassessment and report of the current findings in January.

**Ms ARMITAGE** - These are 12.5-metre buses?

**Mr CAREY** - Yes, 12.5 metres.

**Ms ARMITAGE** - As opposed to the 11-metre buses.

**Mr CAREY** - There are no 11-metre buses. There haven't been for quite some time.

**Ms ARMITAGE** - Is it true though that the bus runs are designed for 11 metres and not necessarily the 12.5-metre buses, particularly with things that like roundabouts? Bus stops as well because many times you see that they have to go over a roundabout because they cannot get around them.

**Mr CAREY** - The road design essentially has not changed. The road design has been what it has for quite some time now. At 12.5 metres, that is perfectly fine to operate on the same road and the same path.

With regard to the bus stops, there is no ideal essentially for what is a bus stop and that is mainly because you may get a bus stop that is on a slight curvature of the road, one way or the other, or there are so many things that can affect where and how you put a bus stop. When we go out with councils to look at where to put a bus stop, we try to put it so that it is away from your driveway and it is not crossing over your driveway but you are trying to get that niche piece of footpath to put it on that is safe for the pedestrian as well.

We are operating 18-metre articulated buses on roadways as well, so a 12.5-metre rigid bus is not a problem operating on the same roadway as an 11-metre bus.

**Ms ARMITAGE** - With regard to the 12.5-metre bus, is it possible to have a bike rail or is the bus too long for a bike rail on the front or back? I noticed in New Zealand, people can actually ride to where they are going. It has been mentioned to me that many people say they would like to ride to work. If it is fairly hilly, they could ride to work downhill and they would like to be able to put the bike on the bus to ride home.

Is there a possibility? Is it because the buses are too long? If that is the case, I am not sure about Hobart, but the minister might agree in the north there is a lot of space on the bus, whether some of the seats could come out and you could have some bike cages and maybe fill the buses up a bit.

**Mr DEAN** - Our very much-loved Tony Peck, who now unfortunately is not with us, raised this in Launceston. It was actually trialled on a bus in Launceston - bikes on the buses - but I do not know where that went to.

**Ms ARMITAGE** - I think they are longer buses now. That's the problem.

**Mr FERGUSON** - I am not sure that is the case, but my advice was that 11-metre buses are not something that we have known, if ever, for a very long time, but we might park that.

In respect of bikes, I am happy for my experts here to respond to you further, but we would need to be aware of the trial that occurred in Launceston. Although I was not the minister at that time, it was quite a number of years ago -

**Ms ARMITAGE** - Maybe you could have another trial, minister.

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**Mr FERGUSON** - I would say, not knowing what my colleagues will shortly offer to the committee, that anything that slows down the ability of the bus to stay moving, and that is to have short stops to allow people to get on and off the bus, we have re-engineered the entire network in every region, to have more frequent, more reliable and more direct routes.

The customers were telling us that they were disinclined to catch the bus if the bus was not quickly getting them from A to B. I only voice that note of caution that I do not want to be slowing down our buses when people are taking extra time to load their bikes, for example, which I think externally they were being loaded on the outside of the bus, so we need to be careful.

**Ms ARMITAGE** - I smashed my heel; I had a scooter. Is that any different to me getting on a bus? It takes me time to get on with a scooter. Is it any different to someone getting on with a pram or someone getting on in a wheelchair?

**Mr GARDNER** - This is a topic that comes up and we are very responsive to what our customers are saying, what they want and how travel patterns are evolving and more people are looking across different -

**Ms ARMITAGE** - Well, people who ride bikes would like to put their bikes on the bus.

**Mr GARDNER** - They would, but there are also a whole lot of things that our customers want and we have to work through the priorities of what the mass of people want because we are a mass transit system.

In the first instance, in our priorities, getting as many people moving as quickly as possible on the main routes possible is by far the greatest thing. I am happy to let Darren talk about some of the physical logistics of putting bikes on and off buses. It is not a common thing around the world. Some jurisdictions do it and often there are mixes of putting them on the front and mixes of actually hanging them on the back. Very rarely are they inside because of the risk of any incidents of them flying around.

**Ms ARMITAGE** - If you had a cage, you could have a cage.

**Mr GARDNER** - There are different engineering solutions to it, but each one comes with trade-offs in the customer service and also the challenges for our operators in potentially having get out of buses to go and help people put bikes in, take bikes out.

**Ms ARMITAGE** - I think they would have to do it themselves, but I see very few buses go past my house that have more than five people on them so I would have thought that to try to encourage people to get on the bus, it would be a good thing.

Will you look at it? I have not had a response about whether it is possible to look at it.

**Ms COOPER** - If I can jump in - a number of jurisdiction have run them in different ways. Do we have it on the agenda at the moment for us to do a trial? The answer is no, not at present. Happy to take it as a suggestion and an idea, but it is not as simple as just letting people get on the bus - you would actually have to do a proper study.

The buses run on a number of networks and some networks might be able to take it, some might not. There needs to be a bit of work done to take it on board to see where it sits.

Some jurisdictions have had buses [inaudible] loaded into cages at the front of a bus. That affects its turning circle and the weight. It can actually have an impact on the driver being able to have clear vision and visibility.

There are jurisdictions, as Tim referred to, which have them hanging on the back. That might be possible, but it might be restricted. At the moment we just do not have an answer for you as far as whether we have a trial planned. At the moment we do not. Do we intend to have one? It is something I need to consider.

**Ms ARMITAGE** - My question is: are you willing to look at it, minister?

**Mr FERGUSON** - Yes, we are and the smart thing to do here is to listen to your suggestion, take it on notice and write back to the committee. We are not here to rule things in or out.

**Ms ARMITAGE** - I have had constituents ask me to raise it.

**Mr FERGUSON** - I can accept the advice I am hearing to my left, which is there would also be potentially negative consequences because we want to incentivise people to see the bus as an attractive option. If they are watching and waiting while other people are loading their bicycle on the bus, I could see that as a disincentive.

**Ms ARMITAGE** - It does not take long to put it on the back.

**Mr FERGUSON** - Happy to take it on notice.

**Ms ARMITAGE** - No more than getting on the bus on my scooter.

**Mr DEAN** - Probably need to tell him to get an electric bike.

**Mr FERGUSON** - We could respond back to you in a more detailed way.

**Ms ARMITAGE** - I would appreciate that because we need to be looking at all commuters and commuters that ride bikes. We are trying to encourage people to ride bikes. If we can encourage people to ride to work, getting a bus home is a win/win for everyone.

**Ms PALMER** - Minister, could I take you back to your opening statement where you spoke of the new bus contract with BusTech Group? Can you provide us with more details about the benefits of this initiative?

**Mr FERGUSON** - Thank you, Ms Palmer. As mentioned, our current replacement contract is in place with BusTech. We are so proud of it because it has been a singular success, notwithstanding a few teething issues being worked through. It is actually creating jobs in north-west Tasmania and putting a lot of pride into manufacturing in Tasmania. It has been brilliant.

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The current Accelerated Bus Replacement Program is due for completion in May next year and we are extending the contract with BusTech to purchase an additional 26, which will also be built at Elphinstone Pty at Wynyard.

The \$12.25 million value is attached to this extension. It is a particular new boost to manufacturing capability and local jobs in the north-west and that is perfectly aligned with the Tasmanian Government's Buy Local Policy.

It means the continuation of direct employment for over 20 people in the north-west region; if any members would enjoy a visit, I would be only too happy to arrange one.

The additional 26 buses are next generation specs and they are DDA-compliant. They have Euro 6 diesel engines, the most carbon efficient and low pollution technology available for diesel buses.

Importantly, the new buses also have the capability to be converted to battery and/or electric or even hydrogen fuel cell-drive trains. How that works is the chassis is designed so the diesel engine could be quite conveniently be swapped out for a different drive source.

As well as being more fuel efficient and less expensive to maintain, this particular bus design has the potential to support Tasmania's emerging hydrogen sector and to assist our transition to low carbon economy. We want to continue to capitalise on the state's clean energy source, being our renewable power.

Tasmanian-manufactured components on the buses have increased from 35 percent to a new minimum of 42 percent. These new buses will see this level of locally built content increase to more than 50 percent in 2021.

As such, the benefits to Tasmania extend beyond the direct employment and economic boost, but also to downstream supply chain benefits. This purchase represents a significant boost to Metro's vision to be an attractive travel option. It continues the vital program of fleet replacement we have needed. We have had legacy issues with dated buses and we have wanted to make Metro compliant, modern and cost-effective for our business with the potential down the track to support the alternative fuel sector in Tasmania and to enable Metro to show some of the leadership that is required in the transport sector to move to different fuel types.

**Mr DEAN** - Do we really need a board to drive a bus fleet?

**Mr FERGUSON** - A company board? Yes, we absolutely do. Without being flippant about it at all, Metro is one of a number of participants in the public transport sector in Tasmania. We often think about public buses and we think usually of Metro but, of course, there are quite a number of private participants in this sector, all of which are funded through direct subsidy from the Tasmanian Government.

This particular enterprise is an important one for the state, and I will definitely invite the chair, Mr Gardner, to give his own thoughts on the matter, but it is a bigger business and it has a range of risks in it as well which we do need strong corporate governance to monitor and take responsibility, not just for the financial but for the safety of, and to look after, our people.

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It is also important the board manages the executive according to best practice corporate governance, in addition to the fact that it is a private entity owned by the Tasmanian Government, so we look to the board to do the day-to-day management, allowing the Government to make the higher level strategic decisions on the advice of that board.

**Mr GARDNER** - Thank you, minister. Mr Dean, as a board we serve to fulfil our obligations as a state-owned corporation. It is an interesting and important time in public transport at the moment. It is an important time for Tasmania as our population grows and we are experiencing changes that really bring public transport to the fore. In my view, and I know I have a subjective opinion sitting on the board -

**Mr DEAN** - A conflict of interest, perhaps.

**Mr GARDNER** - If I may, the combined capability that comes together around the table in terms of the experience and the perspective from other jurisdictions in bringing new technologies, in bringing experience with fleet management and operation, and with really looking over the hill at what is coming and what is happening in terms of mobility in this broader field. In my view the board brings enormous value to the state and in supporting us driving a critical part of our community infrastructure forward.

**Mr DEAN** - A lot of issues were raised with us yesterday. Information has been provided to us that the ticketing system in Metro is antiquated. It needs a lot of work done to it; in particular, it was brought to our attention that a lot of rorting of the current ticketing system is taking place.

**Ms ARMITAGE** - Do you mean the app?

**Mr DEAN** - Yes, the app. It is all to do with the ticketing processes, the app and so on. In relation to zones and so on. It can be manipulated to erase zone 2, to stay in zone 1. A lot of evidence was given to us, minister. Is anything being done in relation to the app and the ticketing processes?

**Ms ARMITAGE** - Fare evasion.

**Mr FERGUSON** - Thanks, Mr Dean. I am not aware of any claims that the system can be rorted. Whoever provided you with that claim has not made that claim to me. I will make that gentle point. Whoever is making that observation or claim hasn't reported it to me and I will ask the Chair: has anybody reported it to you?

**Mr GARDNER** - Not apart from the usual behaviour on the ground of individuals who seek from time to time to evade fares in ordinary ways, but if we are talking about someone doing something with the app, apologies, I am trying to understand the specific nature -

**Ms ARMITAGE** - Did you want me to add a bit more, Mr Dean?

**Mr DEAN** - If you wanted to cover more.

**Ms ARMITAGE** - My understanding was that you can go onto the Metro app - if you have any understanding at all of your mobile phone, which most children do - and, for example, Hobart to Kingston would be a zone 2, but they can change it to a zone 1 on the app so that

when they get on, they are paying for a zone 1. They are paying a lot less than they would be for the zone 2. My further understanding, and members will correct me if I am wrong, was that some checks had been done to look at that, and I assume it would have been done by yourselves to check how many zone 1s have been taken over a certain area that they know is zone 2 and it has been evidenced that -

**Mr DEAN** - Hobart to Kingston was mentioned in particular.

**Ms ARMITAGE** - That was the one mainly, but on several occasions there might have been seven zone 1s in that stop that should have been zone 2 so they were aware that people were rorting the system and that there was nothing legislated for fare evasion.

**Mr FERGUSON** - Again, I am happy for the Chief Executive to respond further. I wish to let the committee know that it is not something that has been brought to my attention that we have failed to act upon. Happy to hear the feedback and to respond if needs be.

**Ms ARMITAGE** - It is funding for Metro, isn't it?

**Mr FERGUSON** - No, it's not.

**Ms ARMITAGE** - I am saying it is funding for Metro if they are losing fares.

**Mr FERGUSON** - Yes, indeed, that I agree.

**Ms ARMITAGE** - That was my point.

**Ms COOPER** - The issue of it being a rort and through an app system - this the first I have heard of that. There certainly is a concern - and I think you used the word 'antiquated' if I can repeat it back to you - on the ticketing system. That is probably a reasonably fair assessment. The technology is old - we need to own and acknowledge that and, in line with that, if you think about if you are travelling in other major capital cities around the world, you are used to people tapping on and tapping off, and that is how you get your fare on and off.

The current system we use, the Greencard system, does not enable that to occur. There is no tap off function. There is a situation where a person as a passenger may want to not pay the right fare and pay a zone 1 and actually travel an extra couple of stops into zone 2, that is possible, and if people have that intent to fare evade, that can occur. It is not a systemic issue.

With regard to the ticketing question, I am trying to work out how I can say this. We are aware there is an issue. We have been out in the market with a request with an expression of interest for a new supplier in that situation. I am very limited in what we can say because that process is in action and it is not closed. It is not a whole answer, but it is the best I can give you at the moment.

**Mr DEAN** - You have answered the question. It is an old system and you are working on it. I think that is sufficient.

**Mr FERGUSON** - I would not want you to think we are happy with the Greencard. It is at the end of its life. We want to replace it. The Government has provided a direct grant to Metro of \$7.5 million. It was in the budget last year actually. Our CEO is delicately trying to



say is that we are currently in the middle of the procurement and we are in the evaluation stage of that. Greencard is yesterday's technology. We need to move away from it and we need to move to a more contemporary ticketing arrangement. We want it to be as integrated as possible so that it is not just the ticketing application for the Metro bus company. The intention is to create a platform and a technology that can be distributed across the other PT providers as well and to try to make it the mainstream means by which somebody jumps on and off public transport.

**Ms SIEJKA** - In regard to the Derwent ferries, I want to gauge the level of disappointment or otherwise that the board may have expressed to you about no longer being involved in the development and operation of the Derwent ferry service. Why was preference given to private operators over Metro?

**Mr FERGUSON** - Mr Gardner himself can tell you whether he is disappointed, but I do not believe that Metro is at all disappointed. This is a pilot project that the Government has initiated. It is not Metro's initiative; it is the Government's initiative; it is the Liberal Government's initiative. We said that this was something that people wanted us to explore. We took advice on the best way to achieve that. Metro needs to be, and will be, part of future models, but for the time being, we have promised to run it as a pilot service because it has not been done in Hobart in this way before.

We are currently in the procurement process for this as well. The tenders for a Derwent River ferry service were released in the first week of November. The process preceding that was a request for expressions of interest. That demonstrated there is strong interest from infrastructure and transport providers in creating a ferry service across the river. The feedback we received from that also provided guidance to us about some of the ways we could improve the tender that was then issued on 7 November. The tender specifies what must be done: a fast and convenient travel service between the eastern shore and the city with a one-way crossing expected to take 20 to 25 minutes.

It will operate between Bellerive and Hobart City during weekday peak travel periods which naturally enough, as you would agree, will be the times that are most likely to be sustainable. It will have the capacity to carry bicycles, providing a further commuting option for cyclists. In an exciting initiative, the trial service will be free to commuters who have in their possession a Metro Tasmania Greencard - or its replacement - or who are travelling with a bicycle, so ticking a few boxes there as well.

Ms Siejka, we expect the service to be established in the first half of next year. We want it to run for one year at least and we are creating in the contract, depending on how the procurement actually goes, the opportunity to extend the contract for a second year, depending on customer take-up and the ongoing service viability assessment. The tender seeks a suitable operator to establish and run this trial service, and will take into account the use and requirements of landside infrastructure. Tenderers - and feel free to pass it on - have until Monday, 18 January to make their submissions.

To round out the answer with respect to Metro, Metro doesn't run ferries anywhere. They're very good at what they do, and that's bus transport. One, the Government doesn't want to burden Metro with that scope, which is outside of its expertise; and second, Metro don't want to run it either and they're free to answer differently if they wish to, but we have gone to market. We're looking for qualified and experienced ferry operators who can provide a safe and

efficient service, having provided a tender bid from their own expertise. I would like to throw to the chair if you would like to add to my answer so that I don't verbal him.

**Mr GARDNER** - Thank you, minister. On behalf of the board, I can say we're completely satisfied with the direction of government. In the first instance when this was raised we engaged directly with the Department of State Growth and there was some notion that Metro might be the ferry operator. It was determined very quickly that the very specific technical requirements, investment in new assets, training of a whole bunch of people that we would just then be sitting over the top of and adding additional cost to when there are very competent private sector operators already in the market who could provide the service. Our interest is that our buses integrate with the ferries and that there is a single ticketing system so that for the consumer - the customer - it's a single journey. We were not concerned about who operates the ferries and in fact we're very pleased to be focused on how we better operate buses.

**Ms SIEJKA** - Minister, given the change of tack, or however we want to put it, what was the cost of changing the Metro Tasmania Act? Can you give us an indication of that.

**Mr FERGUSON** - I don't have that advice to hand. Are you referring to the changes in legislation to the Metro? I am happy to take that on notice but it may be difficult to quantify the parliament's time or the Office of Parliamentary Counsel's time. That's not a question I'm familiar with, but how about if I took it on notice? I'll ask you to appreciate I'm not sure how useful the answer will be, but we will do our best.

Mr Willie, if I could just add to that earlier answer, we don't know what the pilot will lead to. The pilot, if it's successful - and I certainly hope it is - and in your electorate, Bellerive, I definitely encourage people on the eastern shore to vote with their feet, vote with their Greencards and their bicycles as well. Come and use it, and if it's successful, it is open to the Government to consider whether Metro has a future role in the provision of that service under an arrangement or not.

**Ms SIEJKA** - You might need to address the parking. Parking is the thing.

**Mr DEAN** - Parking is an issue on both sides.

**Mr FERGUSON** - Infrastructure is an issue wherever you would wish to have a docking.

**Mr GARDNER** - If they catch the bus to the ferry, they won't need to bring their car.

**Ms SIEJKA** - Yes, that's right. They can park elsewhere.

**Mr WILLIE** - This is no reflection on the organisation and how it handled COVID-19 but you've mentioned, and it's in the annual report, three key senior staff who resigned - CEO, Megan Morse; CFO and Company Secretary, Anita Robertson; and General Manager of Operations, Ian Ward. This was all in very close succession before the lockdowns.

Was there any reason why all three senior members left in quick succession?

**Mr GARDNER** - In answer, Mr Willie, no singular reason. There was a variety of reasons. In my experience, it's not uncommon for there to be waves of change in an

organisation. Each left for their own individual reasons and it's not for me to make any supposition about exactly why that was. They all ultimately resigned.

**Mr WILLIE** - As a board, you are not worried about the corporate knowledge that walked out of the door?

**Mr GARDNER** - As a board we are always concerned about the loss of corporate knowledge. We take that very seriously. In relation to those three people leaving, they chose to resign at a time we had been working very hard in relation to building the team and I have enormous confidence in the executive team we now have in place. We have been through a period of transition and we are stabilising that. That is the most important thing for us and we will continue to build from here.

**Mr WILLIE** - What was the total employee cost to Metro following the resignations?

**Mr GARDNER** - We may have to take that on notice -

**Mr WILLIE** - Happy to take that on notice, minister.

**Mr GARDNER** - unless it is addressed specifically in the annual report. Those details of termination payments or payouts on departure are usually detailed in the annual report, but I'm happy to take that on notice.

**Mr FERGUSON** - We might be able to track that during the time that have and if we can, I will provide it. If I can't do it in that time, then I will take it on notice, Mr Willie.

**Mr WILLIE** - Metro recorded a loss of \$5.4 million before tax this year and there have obviously been significant pressures on the business due to COVID-19 in some cases. Have there been any job losses due to COVID-19 and any increased pressure on the business?

**Mr GARDNER** - I might just start and then I will pass to our CEO, Katie. In the first instance, it is fair to say yes, there has been a lot of pressure on the organisation created by COVID-19 as on every business that exists, and particularly those who have large public-facing operations. It posed many safety challenges for our workforce and challenges in making sure that the travelling public remained safe and were confident in using public transport throughout the COVID-19 period.

There was a lot of adaptation required and a lot of incident crisis management required. Can I reflect the minister in his opening comments, and say just how proud I am of the organisation. The workforce through every level was outstanding in relation to response and I think am correct in that we did not drop a service through COVID-19. In regard to any details in and around jobs and job losses, or any impacts, Katie, if I may?

**Ms COOPER** - There certainly has been some challenges on the revenue, as you have clearly seen with the fare amnesty. In turn, COVID-19 has increased our costs. If you look at it with the increased hygiene factors and steps we have put in place and are continuing to put in place, that certainly has been a challenge for us. In turn, with that loss of revenue, Metro for the first ever, has taken on a debt facility and that will obviously need to be paid back, but that is also to help our investment.

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We have certainly had to be very active and proactive and we have demonstrated that. Certainly, Darren before me and with the team, and Jesse as our CFO, have put quite a robust plan together. We worked very closely with the department of State Growth to maintain business and operations.

**Mr WILLIE** - You just mentioned the debt borrowing capacity of the business. That has been extended, from my understanding, to \$18 million?

**Ms COOPER** - We have never had one before. This is the first time ever.

**Mr WILLIE** - And that is due to COVID-19 and the current environment? That is why you have had to do that?

**Mr GARDNER** - It is, in part. We have a shortfall in fare revenue that has arisen as a result of COVID-19 and we project that to continue to roll forward over a number of years. The first drawdown of the debt was simply to fill a gap. You may be aware that we had a fare-free period, a fare amnesty, in the middle of the year -

**Mr WILLIE** - Which was very good.

**Mr GARDNER** - as a result of that, it created a one-off revenue hole. We have only used debt to fill that one-off period. We are not using it to fund recurrent operations.

The other part of the debt facility is there to fund new capital investment and we are currently in the process of setting our 10-year plan for future capital investment around vehicles, technology, and we have that facility in place to assist us in that process.

**CHAIR** - But you have been funding your cap-ex from your cash reserves, up until now? Is that correct?

**Mr GARDNER** - No. We had been receiving equity injections from the State Government to support our capital program, and we have had annual capital equity injections. Historically, they used to be revenue injections. We used a \$3.25 million contract payment top up at the point where we went to the Accelerated Bus Replacement Program for the 100 new buses built in Burnie. That revenue injection was converted to an equity injection. We have been receiving equity to fund that program. Now that 100 bus program is coming to an end, we are now reverting to a funding model from the Department of State Growth, which has an operating and a capital component.

**Mr WILLIE** - What is the capacity of the business to service that debt over time? We are talking about an environment where the business is under pressure to pay back some of that debt, and that will be difficult in the short term. What is the business's capacity to service that debt over the medium-to-long term?

**Mr GARDNER** - We are comfortable about our ability to fund the debt we have drawn down and our plans to manage debt. As a board, with safety being our number one issue and customer service our second, this sits up there in terms of our financial sustainability. We will not drawdown on more debt than we can fund through our operating cashflow and funding model. What has also happened at the same time, through negotiations with the Department of State Growth on what was termed Project 2018, are the contract bus contract renewals and

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we are in a new contract phase. We have renegotiated our funding such that we are confident the funding level is adequate to fund the debt.

**Mr WILLIE** - How many Metro staff have credit cards and what is the limit of these credit cards?

**Ms COOPER** - We have three, it might have gone to four, but three credit cards and they are less than \$5000 each.

**Ms SIEJKA** - In regard to COVID-19, what additional support was provided to bus drivers, recognising the challenging time they have come through, particularly in the north-west? What did the support look like and what was the reaction to that? What is the sanitation regime now? It was an ongoing issue. What involvement did the drivers have, with their personal responsibility for cleaning?

**Mr FERGUSON** - I will definitely throw to our executive team to answer those questions in more detail, but I will take the opportunity, Ms Siejka, to say the engagement was very tight and close and the work done between Mr Carey when he was the Acting CEO during most of that time, not just with the union, but on the coalface, was very positive. He took a lot of feedback on board which was passed on to me at our regular meetings about some of the anxieties and concerns our drivers had during that time. As you would recognise, public transport was an essential service and it was expected to keep going. Our team worked closely with the workforce to listen to them and take on board what those concerns were and how they could be mitigated.

Certainly, the cleaning and sanitation regime was a big part, along with the decision to go cashless, which actually meant the decision to no longer require fares, while an expensive one, was one that gave the public and the drivers the continued assurance everybody was doing everything they possibly could. Would you like to round that out for us?

**Mr CAREY** - With regard to the north-west and particularly our Burnie operations, it reached the fever pitch up there where we split the depot into basically two facilities. We also obtained a second depot yard and split the operation in half. There were a number of principles in doing that. It was more so to separate the staff and create two individual groups. From the other perspective, if anything did happen - and thank goodness it didn't - we were in a position where we could still maintain a public service and we would only lose one facility. In the midst of all of that, we were working with staff daily on what they were feeling and requiring; there was EAP on hand from that perspective. From a hygiene perspective, we made all the obvious and mandatory-type things available - masks, we sanitised daily. Every vehicle was sanitised in the morning and -

**Ms SIEJKA** - Can I clarify that cleaning would need to be ongoing, and is that performed by drivers?

**Mr CAREY** - I was going to mention that is still happening now. Further to that and as recent as this week, I have been having further discussions exploring better products. What is the best product on the market at the moment? What is the best way to apply it? We have been investigating fumigation and all types of things with regard to this, just staying at the cutting edge on what is the best we can do as a public-facing business. That is continuing now.

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**Ms SIEJKA** - Minster, are the drivers still provided with PPE if they wish to use it? Is this also ongoing.

**Mr CAREY** - Absolutely, that is available right now. With the borders opening - and, again, touch wood nothing is going to happen - but we are on the forefront. We revisit our crisis plan for COVID-19. Last time everybody was caught out with trying to get stock. We have boosted our stock levels so if anything did happen, we are well and truly at the forefront of being ready. Before this meeting, we had our weekly COVID-19 meeting.

**Ms SIEJKA** - Are there higher rates of driver turnover this year due to COVID-19? Has that been a concern? Is it an ageing workforce like every workforce is in Tasmania? It might have been an impact.

**Mr CAREY** - The average age of our workforce is in 50 to 55 category. We did not experience a high turnover as a direct result of the virus, no.

**Ms SIEJKA** - Was there a high turnover this year?

**Ms COOPER** - We are about 12 per cent or 13 per cent, from memory. I am going to have to give you that as a ballpark.

**Mr FERGUSON** - I have some extra information if the committee would like it.

I have been provided with advice on Mr Willie's question - \$205 000 is the answer. That is the total contractual entitlements upon resignation that include all forms of benefit and entitlements the person was entitled to, including leave.

**Mr WILLIE** - For the three positions.

**Mr FERGUSON** - Correct, yes.

**Ms ARMITAGE** - As the minister knows, I have an interest in all the state government boards and government business enterprises.

**CHAIR** - I think the member is looking to join one some time.

**Ms ARMITAGE** - No, I am not; I am quite busy enough, thank you. I am fine.

**Mr FERGUSON** - We would like to have you one day.

**Ms ARMITAGE** - Do you think it is better to be inside the tent than outside the tent?

My understanding it is two from the south, one in the north-west and two from interstate make up the current board.

**Mr GARDNER** - Yes, that is correct, Ms Armitage.

**Ms ARMITAGE** - It is three-year appointments and then for reappointments. Is it only reappointment once or can you be reappointed more than once?

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**Mr GARDNER** - I understand it is two, three-year terms.

**Ms ARMITAGE** - That is a maximum?

**Mr GARDNER** - Unless you are chair and then you can do a third, three-year term, as I understand it.

**Mr FERGUSON** - I can supplement that, Ms Armitage. It is a general standing government policy that unless there are good reasons not to, it is expected a person would leave the board after two terms.

**Ms ARMITAGE** - After six years?

**Mr FERGUSON** - I will not say six years because not everybody has three-year terms.

**Ms ARMITAGE** - I think it is the norm. It does say here three years.

**Mr GARDNER** - Sometimes the norm is three, but we have had two-year terms because people come in on the resignation of others and then they will only serve two. They will do a two, then a three so they may only do five.

**Ms ARMITAGE** - I understand. Is it the same recruitment company that was used for TasRail, or do you have a different recruitment company?

**Mr GARDNER** - I am not sure, because I am not sure who TasRail use.

**Ms ARMITAGE** - I believe it was Lynne Chapman.

**Mr GARDNER** - Yes, I believe we used Lynne last time. We use various recruiters. It would be different depending on when we were recruiting, but Lynne is usually asked to provide a proposal and at times, she does it and, at times, she hasn't.

**Mr FERGUSON** - Would you like it if we just take that on notice, given the uncertainty and give you a robust answer?

**Ms ARMITAGE** - If you can, that would be lovely. My only concern, and I am sure other members have had similar occurrences, is that often one recruitment company will have a pool of people they deal with all the time who apply. It is obviously very easy when you have that same pool of people to think 'Okay, that person might not be good for this one, but will be good for the other one.'

I am concerned when we have a number of interstate people on boards. I just notice, there is no-one from the north, minister, on the board. I would have hoped that the board might have statewide representation. I am sure that will -

**Mr WILLIE** - That is why you can't get bicycles on there.

**Mr GARDNER** - I grew up in Launceston. If I may, Ms Armitage -

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**Ms ARMITAGE** - I noticed you were on the Chamber of Commerce board, I believe, at one stage.

**Mr GARDNER** - I was absolutely. I have my heart in Launceston.

**Ms ARMITAGE** - I have done my homework.

**Mr GARDNER** - I also just say this: to reflect honestly about the challenge of when you have five people and you need specialist expertise. I was reflecting, as that conversation was going, that the most recent person who came on was Greg Wallace, who is based in Sydney. Lynne Chapman did the recruitment work for that.

We specifically went to the market for someone who had digital customer experience capability. A very specific skill set. Greg came through that process nationally with that skill set, hence we found Greg to do that work particularly. But Lynne undertook that work.

**Ms ARMITAGE** - One last question, because we asked this question, I think, last week, or the week before, in parliament, with regard to the number of board positions some people take on. Is that a consideration when the board is examining applicants? You look, and some people have five board memberships, and you tend to think, 'Is that a restriction on attending meetings and other things - how much they actually take on?'

Is that a consideration when you are looking at the applicants and their experience and what they can bring to your board? Do you look to see how many other commitments and other boards they are on at the time, and think, 'They are already on five boards - to take on this board will probably not give the due process to our board?'

**Mr GARDNER** - There is always a consideration of the extent to which we feel confident that any applicant will give us 150 percent attention. Can I just comment on the members we have? A couple of those are specifically professional directors. This is what they do for a full-time job and so they don't have other jobs. They are directors. They are extraordinarily present and diligent in the work that they do for us. They do it for a living.

**Mr FERGUSON** - Not to make too fine a point about it. Everything that Mr Gardner has just shared is completely accurate. Of course, it is the decision of government who to appoint, and we always take advice from the board through the chair.

**Ms ARMITAGE** - I am hoping to see in the future probably a northern representation -

**CHAIR** - Together with the person who has his heart in Launceston.

Minister, my question is about the north-west coast bus service, and that is to commence in January 2021. It has been suggested that the consultation with residents in regard to the bus stops has been less than ideal. I am interested in what evolved around that, and where perhaps the misses were, for me to receive this information, and I am not north west-based.

**Mr FERGUSON** - I'm happy to take any specific points on board, and perhaps come back to the committee. I can say that it was expected that the changes to the north-west network redesign was intended to be April this year. It had already gone through at least one round, I think, possibly two rounds of public consultation.



It has been extensive and we also accept that ultimately decisions need to be made and we know - it is a sad thing to say - that not everybody will be happy whenever you change a network, because the company is seeking, with my support and that of the Government, to achieve the sorts of outcomes that we have achieved in both Hobart and Launceston in the south and the north. This is greater patronage in response to the fact that we are providing a service that more people are actually wanting to see from Metro, particularly more direct routes, less circuitous routes going around long routes through suburbs which slows the journey and causes people to decide this is not a service that I want -

**CHAIR** - Not too many suburbs in my electorate, minister.

**Mr FERGUSON** - We are in your electorate, just not Metro, but with others of our PT providers. But also, more frequency. If you make those routes more direct, you are making the journey shorter. It is not like we stack the buses back in the depot with nothing to do; we keep them on the runs. They are able to provide a service more often, so people are less likely to be confused or bothered by the fact that buses are an hour apart, for example. They might now be 20 minutes apart.

In the north-west, we have gone through an extensive public consultation process with the Department of State Growth and Metro. I will ask Mr Carey to respond further, or Katie, if you would care to.

**CHAIR** - Just about that community consultation. I take on board your point about not everyone will be happy.

**Mr FERGUSON** - I really do accept your point, Chair. We do try to mitigate that and I can inform you and Darren may be able to give some examples, we have specifically altered some of the original proposals in line with the feedback we had to try to accommodate as much as possible without compromising the intent of the network improvement.

**CHAIR** - The second part of that question was: were all residents who were adjacent to bus stops engaged with about having a bus stop at their residence?

**Mr FERGUSON** - On bus stops, I again will preview the CEO's answer. We work with the owner of the road, which is most often the council.

**Ms COOPER** - State Growth is actually doing the launch of the Burnie network. They are implementing the new network in the north-west this January and that is going to include some major changes to that network.

Metro has provided feedback to State Growth on the proposed routes and timetables as part of their state corridor consultation process. However, the network itself has actually been designed by the department with an external consultant so the engagement with the community would not been done by Metro in this circumstance. We are not going to be in a position probably to answer that for you because it is not in our purview.

With regard to your question specially about bus stops, there is no standard around the length and positioning of those bus stops because a lot of it will depend on the topography of the area. As the minister outlined, that is actually not in the purview of Metro. We use the

infrastructure that is provided for us. We do not actually do the agreement. We do not own the road to put stuff on it. It is probably not quite for us to answer for you, I'm sorry, minister.

**CHAIR** - Am I to take it then, that State Growth has the complete decision-making process around where a bus stop is located?

**Mr FERGUSON** - No, not really. State Growth designs the networks with the expert advice and with the community consultation, but usually it is a cooperative effort with local government to agree on the best places for bus stops to occur within the network to try to keep the bus stops at suitable distances from each other.

Care needs to be taken to ensure that while you do not need the consent of the owner of the property because it is a publicly owned and controlled asset, being the public road reserve, some people love having a bus stop outside their house and others do not. Ultimately, the greater good must prevail. That is why the department works with the local council.

I am aware of very few cases where people are unhappy with the choice but even when they are not absolutely delighted with the choice of the bus stop location, sometimes we have been able to have a second look at it.

**Mr DEAN** - I want to have a look at the bus crashes if I can, minister. I want some statistics about the number of crashes and complaints made against Metro and the reasons for them.

When I was looking at the crashes, I asked a question about the drivers of these buses and where another person is involved, the police are involved in those investigations. There was a recent one in Launceston where the police were involved and found no contributing factor on the part of the bus driver. It was a combination of issues. The police found that the driver was not guilty of any offence. However, I understand that Metro is continuing to investigate that matter and has carried out its own investigations in relation to that crash and probably other crashes where the bus driver was involved. I want to know why that is the case and what is behind all of this at the end of the day?

**Mr FERGUSON** - The CEO, Ms Cooper, will add to my answer. Collisions decreased in the financial year 2019-20. It is down to 470, down from 517 in the previous year, 2018-19. The advice I have is that it is due to improved management and collision prevention strategies and programs delivered by the training department to bus operators and drivers. Metro defines a collision as any incident where something makes contact with a bus that causes damage.

**Mr DEAN** - To be fair to drivers here, can you give the number where driver error is a contributing factor? It is not fair to say there has been 470 crashes.

**Mr FERGUSON** - I am going to ask the CEO to answer your question from the brief we are both looking at so that I can give you the absolute context and the actual numbers you are looking for where Metro is at fault. I have a few other comments before she does.

As I was making out the definition, this covers everything from a minor scuff that can be polished out right through to a major collision with another vehicle. This demonstrates the transparency and the importance of capturing everything, and I wanted to put that context in there. That is a decrease of nearly 10 per cent and it has further reduced Metro's accident rate

per 100 000 vehicle kilometres to 2.71 collisions per 100 000 kilometres travelled across the networks through the year.

Metro attributes that reduction to several factors, including the design and incorporation of a new coaching and support program tailored to individual bus operators, resulting in a bespoke training outcome designed to focus on individual needs and personal awareness, collision avoidance and defensive driver training initiatives to enhance our drivers' skill. We also have improved reporting and data analysis, review of crash data to look for trends and to try to identify areas where something interesting is happening and how can we mitigate it. There is continual improvement to the accident management process to improve driver accountability. It highlighted that new bus operators employed less than 24 months are in a vulnerable period for collisions and therefore providing further training and information to reduce that risk for the newer drivers. Displaying KPIs monthly, they are posted on employee notice boards so it highlights performance results and state collision locations so that we can get the full spectrum of our teams being aware of what is occurring.

It has to be said, Mr Dean, that is a serious question. It is a very fair question to ask because as a transport operator we are determined to focus on safety, much as we did with TasRail earlier today. What if I ask the CEO to provide the detail to your Metro at fault collisions?

**Ms COOPER** - Metro at fault in 2019-20, there were 308 incidents out of a total of 470, but, as the minister outlined, that might be a mirror scraping a wall. It is not necessarily a major collision or where there is an injury or an accident. It is a repair we have made to a vehicle; that is a way to describe it. That is the Metro at fault question.

The other part of the question you asked was about complaints,

**Mr DEAN** - Also with the crashes, why did Metro want to carry out its own investigation of a crash when the police had been involved and carried out their investigation and have found no contributing factor by the Metro driver?

**Ms COOPER** - It is a challenging one for us answer at the moment. The police run an investigation based on driving regulations and driving rules. Metro runs an investigation based on its policies and procedures, and that is why we would run an investigation and disciplinary process in that circumstance. It is probably inappropriate for me to comment on that particular individual's circumstance in Launceston in a public forum, but they are looking at two different things.

**Mr DEAN** - I am writing to the minister on that one.

**Ms COOPER** - Do you want me to answer the complaints one? In 2019-20, 90 per cent of our complaints were finalised within 10 working days. Out of those, 38 per cent of the complaints related to service reliability and 27 per cent related to customer service and 25 per cent related to driving. We received approximately 13.3 complaints per 100 000 kilometres for the last year and was a 21 per cent reduction based on the previous year.

**Ms ARMITAGE** - On page 16 of the annual report, can you advise what consultancies valued at more than \$50 000 were for? Pitcher Partners, financial services consultancies - what was that actually for, at \$83 857?

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**Mr GARDNER** - It was to assist us with our modelling of funding for our negotiations with the Department of State Growth over our funding model.

**Ms ARMITAGE** - Did we get any interest from tenders from any Tasmanian companies? I see the money went to a Victorian company.

**Mr GARDNER** - I would have to take on notice the process we went through for the procurement of that, Ms Armitage.

**Ms ARMITAGE** - Then we have the ferry consultancy - \$60 000. I understand what it was about, but the outcome?

**Mr GARDNER** - That was MRCagney?

**Ms ARMITAGE** - Yes.

**Mr GARDNER** - The MRCagney report was then provided to State Growth. It was an excellent piece of reporting that identified the various models and costs, and was provided to Government for further utilisation.

**Ms ARMITAGE** - You would hope so, for \$60 000 to Queensland.

A ticketing consultancy by Richard Leeder Consulting Pty in Victoria, again, no-one in Tasmania available.

**Mr GARDNER** - No, that was very specific technical advice around the replacement purchase of a new ticketing system.

**Ms ARMITAGE** - Was this to replace the Greencard?

**Mr GARDNER** - Yes.

**Mr FERGUSON** - Which is leading to the \$7.5 million tender process that is under way.

**Ms ARMITAGE** - Is the Edge-Legal's \$103 000 to do with anything specific?

**Mr GARDNER** - Supporting the negotiation of our enterprise agreements. Edge-Legal provides specific industrial advice.

**Ms ARMITAGE** - Which has finally been completed?

**Mr GARDNER** - Which has been completed - a very good outcome.

**CHAIR** - Congratulations.

**Ms ARMITAGE** - Do you consult with drivers and ask their opinions on many issues to do with Metro? Do you have regular consultation rather than advice meetings with drivers?

A toolbox in that you are not giving advice, you are actually getting their opinions back and listening to them?

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**Mr FERGUSON** - We do not need to ask; we get it all the time and it is nearly always very positive and constructive.

**Ms COOPER** - We have various forums where we meet with our staff with both union and non-unionised members of staff. Every month there is what we call a month in review held in each of the three depot locations, which is a face-to-face, two-way conversation.

We also have meetings regularly with our union delegates and organisers. Just before this meeting, I met with them to try to agree our engagement framework. This is something we have been collectively working on and it is pretty open and transparent.

**Ms ARMITAGE** - There is a lot of support for drivers? What about toilet breaks?

**Ms COOPER** - What about them?

**Ms ARMITAGE** - I heard that was raised as an issue with us. We get the lot on this committee.

**Ms COOPER** - Toilet breaks are actually really important.

**Mr FERGUSON** - We get the same feedback.

**Ms ARMITAGE** - Toilet breaks for drivers are very important. I know from past years every second is important and every driver is not supposed to go over a minute or more than five minutes over.

**Ms COOPER** - There are breaks. The way what we would call a run or a duty run is created, there is time within some duties or within the appropriate areas so they do get a toilet break. It is tried to time with where facilities are available because, obviously, they are not all coming back to the depot.

**Ms ARMITAGE** - No. I am thinking if there are facilities everywhere.

**Ms COOPER** - There are not so we have maps and arrangements. We have some dedicated facilities and some available where we have arrangements, perhaps with a certain café or whatever else they can go and use. The staff are entitled to go to the toilet. That is the bottom line.

**Ms ARMITAGE** - The drivers' health and welfare is considered.

**Mr FERGUSON** - That is right. Not everything can be planned down to the second either.

**Ms ARMITAGE** - Absolutely.

**Mr FERGUSON** - It is something the union raised with me as a new minister over a year ago. It is something I know is part of the ongoing process with the company, but it is also something Metro does and should meet its obligations within - I forget the name of the act - but also with its own enterprise agreement. We understand, though, there will be times where that is tested and the human reasons for that. While I am speaking, I will take the chance to tell the

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committee that, in quite a new initiative, both Darren and Katie regularly seek the feedback of the staff. Not just through the union, through the established process, but have meals with them in their mess room, around the depots. I have seen it, and been part of it. I think it is terrific, and a deeper level of engagement that the workforce have told me that they have appreciated.

**Mr DEAN** - I think the Bob Ansett approach is a wonderful approach.

**Ms PALMER** - Minister, a zero-emission bus trial - it was announced in the State Budget that Metro would conduct such a trial. Could we have some more detail around that initiative?

**Mr FERGUSON** - Ms Palmer, I will do my best to answer it briefly. This is so exciting. It is something that the Chair and I have been discussing for all the time we have been working together. I was thrilled with the announcement by the Premier that it is has been taken on board as Government policy. Electric or hydrogen-electric buses will be trialled in both the north and the south. We want to see that established within two years. I think Darren is the one appointed to work out some of the logistics and the business case to achieve that. We want to develop a zero emissions bus road map to guide the planning and implementation of the trials. The road map that Mr Carey is working on will provide short- and long-term recommendations for the deployment of zero emissions buses and a high-level cost estimate for those trials that we wanted to go ahead with. This will include some work on preparation and infrastructure works. We expect the road map to be completed early next year and then I can inform you further.

**CHAIR** - I am sure the Premier put that in the Budget because of the minister's push towards it.

**Mr WILLIE** - On the consultancies, did I hear correctly the Pitcher Partners Consultancy was for Metro to negotiate with the Department of State Growth the funding model - \$84 000 to -

**Mr GARDNER** - Apologies, it was not for us to negotiate with them. It was for us to understand and build our funding model so that we had a very detailed model of our bus cost. It is quite complicated to build up from scratch on a per kilometre basis. They had specialist expertise around this and they were engaged for quite an extensive period to do this work.

**Mr WILLIE** - It was more about the internals. When you said that I thought, why would you need a consultancy to negotiate with the department. Very odd.

**Mr GARDNER** - No, to assist our understanding. My apologies.

**CHAIR** - Especially when you have a chartered accountant on the board.

**Mr DEAN** - I have two quick questions for a yes/no. Travel within the CBD. Looking at the CBDs in Melbourne, I think Metropolitan Transport Trust has now brought in free travel within the CBD areas to get rid of some congestion. Have we considered that here within the CBD of Hobart, and perhaps Launceston to some extent? Burnie probably not so bad. Have we considered that as a strategy to ease congestion and movement within the CBD? Melbourne introduced it a couple of years ago from memory.

**Mr FERGUSON** - I do not know, Mr Dean, but I suspect that that might have been paid for by the local council. I could be wrong about that in that case. Certainly the Tiger bus in

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Launceston is funded by the Launceston City Council. There are event based and time based services that we do provide at times for zero cost -

**CHAIR** - Like the cricket and the footy.

**Mr DEAN** - New Year's Eve and so on, I understand that. On a basis of Monday to Friday within the CBD -

**Mr FERGUSON** - The short answer to the question is, no, not in that context. We want people to pay their way but we also want to, and we are, redesigning the network so that people will see it as an attractive option compared with not only the cost of running their motor car but also the convenience that is offered by Metro. As we increasingly implement those congestion measures people will start to see Metro as a more favourable option to get to work on time.

**Mr DEAN** - The other question was the give-way signs on the back of buses. Information we were given yesterday by some people was the fact that motorists are failing to comply. Is that the information coming back to you or to the company and, if it is, then what more can we do to help the drivers in that regard? Do we need to make an offence under the statutes; do we need to light up the back of the buses with flashing lights when they're moving out?

**CHAIR** - Like a school bus.

**Mr DEAN** - Yes.

**Mr FERGUSON** - Good thought. I will take that one on board. If anybody here would like to add, with any on-the-ground knowledge. It would definitely be a police enforcement matter. People should do the right thing. Coming out of this committee, we should all be very clear that that is the rule and people are expected to obey it, not as a convenience to Metro. It's the law.

**Mr GARDNER** - There were two parts to that: the first part of the question, Mr Dean, about free fares, we work within state policy and we also work very actively with the Department of State Growth on how we can continue to use pricing as a mechanism to incentivise people to get onto buses. Now it is probably more likely that you might have lower fares, concessions off peak, when you're trying get more people to travel in those times than to incentivise more people to travel in peak when many of our buses on peak routes are already fully utilised. That's just a comment. We are always looking at those options.

In terms of people not letting our buses move out, we have a fantastic and active communications team who work on a lot of campaigns around safety for people and drivers in and around our vehicles as they move through the network. We are always working on awareness and support any campaigns and any activities around increasing that for our operators.

**CHAIR** - Thank you very much. We've been able to grab a couple of extra minutes and it's been really worthwhile. Thank you very much, minister. Thank you to everyone who has presented today and who have put together the information. It is very important. We get quite a bit of feedback when we announce that this is what the committee will be looking at each

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year. We certainly appreciate that. Some of our information isn't always 100 per cent. I'll have to work on that, but we do our best.

On behalf of the committee I wish everyone a safe and happy Christmas and a more settled 2021.

**Mr FERGUSON** - We return the compliments. Merry Christmas and have a safe 2021.

**CHAIR** - We will suspend and we will be back just after 3.30 p.m.

**The Committee suspended at 3.22 p.m.**





# **PARLIAMENT OF TASMANIA**

## **TRANSCRIPT**

### **LEGISLATIVE COUNCIL**

### **GOVERNMENT BUSINESS SCRUTINY COMMITTEE B**

**Port Arthur Historic Site Management Authority**

**Tuesday 15 December 2020**

### **MEMBERS**

Hon Rosemary Armitage MLC  
Hon Ivan Dean MLC  
Hon Jo Palmer MLC  
Hon Tania Rattray MLC (Chair)  
Hon Jo Siejka MLC  
Hon Josh Willie MLC

## **WITNESSES IN ATTENDANCE**

**Hon. Elise Archer MP**, Attorney-General; Minister for Justice; Minister for Corrections; Minister for Building and Construction; Minister for the Arts; Minister for Heritage

**Mr Grant O'Brien**, Chair, Port Arthur Historic Site Management Authority

**Ms Jane Harrington**, Acting Chief Executive Officer, Port Arthur Historic Site Management Authority

**Ms Anne McVilly**, Director, Tourism Operations, Port Arthur Historic Site Management Authority

**Mr David Nelan**, Chief Financial Officer, Port Arthur Historic Site Management Authority

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**The Committee resumed at 3.30 p.m.**

**CHAIR** - Good afternoon, minister. This is our last area of scrutiny not only for today but 2020. Thank you very much for being part of it. I will introduce the team at the table and then I will invite you to introduce your team and also provide an overview of the organisation regarding the annual report.

We have Jo Palmer, Rosemary Armitage, Tania Rattray, Ivan Dean, Jo Siejka and Josh Willie; our fantastic secretarial support, Natasha Exel, and Deb from Hansard.

We invite you to provide an opening statement and introduce your team at the table.

**Ms ARCHER** - Thank you, Chair. I will start with introducing the team because as we said off air, it is the first time we have not had our long-standing CEO Stephen Large with us. I will mention that throughout my opening statement.

I have a relatively new PAHSMA Chair, Grant O'Brien, who has managed to get here and on time being a Sydney-sider; Jane Harrington, Acting CEO - Jane is probably familiar to a lot of you and has been with PAHSMA for quite some years. I also have available Anne McVilly, Director of Tourism Operations, you probably know as well and David Nelan, Chief Financial Officer, should we need to call on him.

**CHAIR** - Thank you, we do have spare chairs if you need to take the table at the minister's request.

**Ms ARCHER** - Chair, it is a pleasure to be minister for Heritage. Specifically, the Port Arthur Historic Site Management Authority sits under my responsibility and with that it manages all of the sites. The recent annual report highlights the achievements of the authority, its sites and its people for the past year, which for the most part, has been one of extraordinary challenges as we all know.

Effectively, conserving and managing three iconic World Heritage Sites - being the Port Arthur Historic Site, the Coal Mines Historic Site, and the Cascades Female Factory Historic Site, bring great responsibility but also noteworthy rewards requiring the commitment of considerable financial and human resources underpinned by expert professional knowledge.

During 2019-20, a total of \$6.245 million was expended on conservation and infrastructure at the sites, including a major part of Stage 3A of the Isle of the Dead walkways project to enable increased access for visitors while further protecting the heritage fabric on the Isle. PAHSMA has committed to being world class and this is substantiated by its continued growth in tourism, heritage and educational offerings.

Notably this year, PAHSMA has progressed plans for the \$5 million Cascades Female Factory History and Interpretation Centre to be built at South Hobart, something I am particularly passionate about. Not only is it in my electorate but it is a project I have helped with from time to time in various roles, and with the financial backing now of both the state and federal governments - the state's contribution being \$3 million ahead of the \$2 million from the federal government - to make up that commitment. This new development will highlight the important stories of the female convicts and their children who spent time at the female factory. With 26 788 visitors last year, it will prove to be an even greater popular heritage

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tourism destination for the state with construction due to commence in 2021. In the meantime, the launch of the new dramatised tour, the *Proud and the Punished*, at the Cascades Female Factory during the year has been extremely successful and is recommended for all.

More than ever before with COVID-19 affecting so many local economies, the Tasman region benefited from the presence of PAHSMA with the workforce comprising 169 employees as at 30 June 2020, with PAHSMA continuing to be the most significant employer in the region. Many tourism businesses on the peninsula have been established and gained leverage from the drawcard of the Port Arthur Historic Site. In addition, PAHSMA engages local contractors to supply service, use local produce, and food and beverage outlets, where possible with 92.4 per cent of purchases being from Tasmanian businesses in accordance with the Government's Buy Local guidelines.

While tourism visits dropped during 2019-20 distinctly as a result of COVID-19, there were still over 335 000 welcomed by PAHSMA across the three World Heritage List sites. There was a period of closure but it was also pleasing to hear of the success of the Port Arthur Historic Site winning the 2019 Australia Tourism Award for major tourism attraction. They have been proudly representing Tasmania in that regard for quite some years. From a Government perspective we continue to support PAHSMA's aims of promoting and conserving our heritage sites for future generations.

In closing I acknowledge the significant dedication shown by the chairs, Sharon Sullivan AO for the first half of the year, and then Grant O'Brien coming on board, as well as the board and management who have led PAHSMA through these difficult times. With the entire PAHSMA team displaying flexibility, professionalism and resilience, PAHSMA continues to represent an exemplar of best practice conservation and tourism operations in our state and nationally.

On behalf of the Government I acknowledge the significant contribution of Stephen Large for his long and dedicated service as PAHSMA's CEO over the past 20 years. It is not an insignificant feat in anyone's book. Twenty years in any organisation is significant but over that period, as we well know, Port Arthur Historic Site has had both challenges in terms of recovery from the tragedy of the massacre but since then developing into a world class tourism destination. It truly is amazing over that time to see that progression. We will be well served by our acting CEO, Jane Harrington. I wish Stephen well for the future. I hope he does get to do some travelling when he can.

If the Chair is amenable, I could throw to the chair to make some opening remarks, as well as the new chair of PAHSMA. I know there are a few things he would say by way of introduction as well.

**CHAIR** - Thank you, that would be fine. Before you do, on behalf of the committee and our colleagues in the Legislative Council, I congratulate Stephen Large on his contribution to Port Arthur Historic Site Management Authority and the way that he engaged with the committee through my 16 years, the member for Windermere's 18 years, and so on.

**Ms ARCHER** - We will make sure he gets that.

**CHAIR** - We very much appreciated that.

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**Mr DEAN** - He was my football umpiring coach for about 15 to 20 years as well.

**CHAIR** - Can I suggest that he just gets a caravan and travels around Tasmania? He doesn't need to go anywhere. We have the best.

**Mr O'BRIEN** - As the new chair of PAHSMA, I was appointed almost a year ago now, and I am pleased to be here today representing the PAHSMA board.

Needless to say, this year, my first as chair, has included many unexpected challenges.

**CHAIR** - Not much travel.

**Mr O'BRIEN** - Not much travel, no. It has been challenging, not just for our people and our sites, but for the whole of the tourism industry and our beautiful state, Tasmania.

Before anything else, I express my appreciation to the Government for its assistance, particularly during this time. We have worked together to address staff engagement and the financial challenges that have come as a result of COVID-19.

It has been pleasing to establish a strong working relationship with the minister, Ms Archer, as our very dedicated portfolio minister. At the same time, I gratefully acknowledge the support we continue to receive from the Premier, Mr Gutwein, as our previous portfolio minister and Treasurer.

Early in 2020, the Port Arthur Historic Site was celebrated at the 2019 Australian Tourism Awards, winning the Major Tourism Attraction category for the second year in a row. The entire PAHSMA team are to be congratulated on their efforts, and our people collectively who contribute to this national accolade which showcases, not just PAHSMA, not just Port Arthur, but Tasmanian's presence as a tourism leader.

Unexpectedly, only a few weeks after the Premier, Mr Gutwein, accepted that award on our behalf, our sites were closed to visitors, and public-facing employees as well, due to COVID-19 pandemic. This confirms the vulnerability of the industry, particularly the tourism side in which we operate, and in which our people work.

Thankfully, the Government provided financial certainty and job security for the regional community. Very important.

Despite our inability to welcome visitors, the PAHSMA board, management and employees continued to strive to achieve our vision of being globally recognised in telling the Australian convict story through outstanding conservation and tourism experiences.

During the closure period, we successfully implemented a program of alternative duties and projects so that our team were put to their maximum use and the outputs across our conservation and tourism operation areas showed that investment.

While the PAHSMA annual report highlights the detrimental effects of COVID-19 that the minister touched on, the board has scrupulously monitored our financial situation and, where needed, sought ongoing government assistance, which I am grateful to report has since been confirmed.

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The reality is that the current financial year will be even more challenging than the one we have just concluded, and we are reporting on today. Restrictions have meant we have been able to access only a fraction of our previous visitation base to date. Whilst thankfully we are seeing some borders open up again, there remains considerable risk and uncertainty over the next 24 months, and this was recently highlighted by the situation in South Australia.

We are resetting and recovering with a focus on continual improvement, and this is substantiated by the continued rollout of training and development opportunities and structural changes as part of our organisational transformation and review.

Return to pre-COVID-19 visitation and revenue levels may take some time as the world continues to wrestle with the challenges of COVID-19 pandemic. We are adjusting to maximise our opportunities by redirecting focus on domestic tourists and providing new and appealing reasons for them to come and visit our sites in greater numbers.

As the minister has mentioned, with statutory approvals and funding now in place, we are excited to be embarking on our next major project in creating a world-class history and interpretation centre at the Cascades Female Factory. That will further substantiate the importance of heritage and the role of convict women particularly and, in the process, introduce a new and highly attractive tourism destination for the CBD of Hobart.

Notwithstanding the many challenges, it has also been a successful year for PAHSMA in relation to employee satisfaction with progression made, particularly within our human resources area, relating to renegotiation of the PAHSMA staff agreement, commencing implementation of a new rostering system, and providing guaranteed minimum hours for permanent part-time employees. This progression highlights the focus of the PAHSMA value that people matter.

Our successes have been also evident in other projects including our nationally recognised responses to climate change impacts, the completion of our Australian Research Council Project Landscapes of Production and Punishment, new dramatic performances, and many smaller conservation projects.

Finally, and with immense respect on behalf of the board, I too would like to acknowledge the two decades of valued service provided by our outgoing Chief Executive, Stephen Large, whose time with PAHSMA is celebrated prior to him leaving in November. Stephen leaves behind a legacy of achievements, paving the way for new leadership into the future.

Again, I would like to sincerely thank the Tasmanian Government for the support offered, not only to PAHSMA but to me as the incoming Chair. I have every confidence that the PAHSMA team will continue to excel in both our conservation and tourism efforts as the borders are reopening and the future looks a bit brighter. I welcome any questions, through you, Chair.

**CHAIR** - Thank you, Grant. I am not sure we have got any left. You gave such an extensive overview. If the minister put you up to that, I will make sure that next time it is half that length, thank you.

**Mr DEAN** - In your opening, minister, you mentioned the three areas for Port Arthur. I have rejigged that and I have Port Arthur, Coal Mines, Female Factory and Eaglehawk Neck. That is not my question, that will come up later by some members.

My question is the elephant in the room, I suppose. That is the movie that is currently being talked about. We need to get that out in the open and see the impact, where this is going to go, whether you or PAHSMA will be able to have some say or control in this, overseeing of it, reviewing of it? Is there any opportunity for any of that? It is a very raw situation in Tasmania, even today.

**Ms ARCHER** - Yes, Mr Dean, I am very happy to address that in regard to what has been expressed. It is fairly common knowledge now, from questions and question in parliament that I have confirmed that the filmmakers did make contact. I must stress that there has been no Tasmanian Government involvement or funding in this. They did want to meet with me. As you have indicated, because of the nature of this, it is a significant issue for community still.

I responded and basically said that it would not be appropriate for there to be Tasmanian Government involvement. I urged them to understand the enormous sensitivity around the project. Both I and through Screen Tasmania have reinforced that it is sensitive and encouraged them to talk to survivors and people living in the region so they could gain that understanding for themselves.

As you know, to use the phrase, you can lead a horse to water but you cannot make it drink. We cannot censor or control films being made. I have since also written and expressed our view to my counterpart in Victoria, the minister for Arts there. Although there is no Victorian Government involvement, I wanted them to understand the significant concerns that we have 24 years on. I have also recently settled and signed a letter to Stan, the company that will screen it, and urged them in their promotions to understand the sensitivities and that the images already being conjured up, media focus and attention, is not welcomed by Tasmanians and, in fact, is having that significant impact already on people.

I am doing everything possible, as is the Premier, to alert those involved that it is sometimes very easy to think with the passage of time, feelings and emotions heal. I have assured them in this instance that I am confident they have not. I know Ms Harrington can also confirm we still have people working on the site who were around at that time. We know people live in the area. We know the broader Tasmanian community, and we know that people moved away because of it. We are doing everything possible to convey all of that to the film producers so they have that understanding. One of the things commented to me was sometimes these stories can be told to analyse why these things happened and with the passage of time we can sometimes do these things. That comment struck a note with me that I needed to assure them that the passage of time in this instance really has not diminished the rawness of this heinous act.

**Mr DEAN** - My concern is the conspiracy theorists and so on. As most people in this state know, I clashed severely with them and they were threatening legal action against me. I am wondering where this is going to go. This so-called movie and what sort of a position it is going to portray at the end of all of this. Obviously, no legal action can be taken by the state Government, no injunctions that can be explored or considered?

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**Ms ARCHER** - No, because basically it is a free speech matter. It is not something we fund as a government. I do not believe Screen Victoria or Screen Australia have any involvement either. All we can do is urge them in the direction I have. There does not appear to be anything else we can do, and certainly not legally either. They are not breaking the law. It is just deeply sensitive and we would prefer that it not occur. At the end of the day, people make a judgment for themselves as to what they do and do not watch, but we know it is a much broader issue. You mentioned yourself the conspiracy theorists, and I imagine that may bring some of them out again. I do not think some of them have ever disappeared and that has caused a lot of distress for those who were in law enforcement.

**Ms ARMITAGE** - My question is with regard to the board and its make-up. Five or six members of the board and their location north, north-west, south, interstate?

**Mr O'BRIEN** - When I began there were six, but the CEO was also a director.

**Ms ARMITAGE** - Okay, my confusion was when I saw CEO.

**Mr O'BRIEN** - In consultation with Stephen, when the size of board was reduced. one of the skills sets missing was in the tourism and marketing area. Stephen, who was a director, also relinquished that position, which gave us the ability to have another director without going to the market, if that makes sense to you. We did that recently, and in October we appointed Melinda Percival, a Hobart lady with strong experience in the tourism, food service and marketing areas. She has been a terrific fit and has hit the ground running.

Kristal Buckley has been on the board for some time. Kristal is a world-renowned expert in conservation and interpretation areas and resides in Melbourne. Michael Field who would be known to all of you is the deputy chair. He resides at Eaglehawk Neck for most of the time. Peter McKay, who resides somewhere between Port Arthur -

**Ms ARMITAGE** - He is southern as well. So is it four southern members and two interstate?

**Mr O'BRIEN** - Roseanne Heyward is also from the region. The region and state are well represented. There is now a 50:50 split in terms of males and females on the board. I think we're now better represented in terms of the skill sets if you look at Kristal with her conservation; Michael and Peter with their governance and political backgrounds; Melinda with her marketing, and Roseanne with her deep connection to the community, having been a former mayor in that part of the world.

I live in Sydney and my background, I guess, is the corporate world, business.

**Ms ARMITAGE** - With the procurement - you were saying that with Melinda, you went out to the market. Did you employ an agency to find her?

**Mr O'BRIEN** - No, we didn't employ an agency. Not long before I came along, a process was started and an agency was selected at that time, so we went back to them and we got, if you like, the names they had at that time. We put together an independent panel made up of myself, Michael Field and an independent name that's gone out of my head.

**Ms ARMITAGE** - The name of the agency?



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**Mr O'BRIEN** - It was used out of the north of the state - Lynne Chapman - originally but we didn't go there specifically for this recruitment.

**Ms ARMITAGE** - Thank you. The other thing - the tenure of appointment and terms? How long is a term? I notice that some people have been there for a very long time. Is there a period of a term where you could have a reappointment or is it open-ended?

**Mr O'BRIEN** - The period of time for Melinda's appointment was three years and that's the typical appointment although in the most recent appointments for both Peter and Kristal, that was done for a two-year period because we had a lot of the directors coming up with a uniform date of maturity.

**Ms ARMITAGE** - Michael Field has been there since 2005.

**Mr O'BRIEN** - Yes, he has been there for quite a while, as the previous chairman was there for a long time as well. We're going through somewhat of a process of renewal but longevity's not a bad thing, either.

**Ms ARMITAGE** - No, that's right. I just wondered because many boards actually do have one term and maybe a second term.

**Mr O'BRIEN** - From a personal perspective, Michael's presence has been very important for me coming in as a new chairman and him being there for a long time as a deputy chair, and I think that was a deliberate move.

**Ms ARMITAGE** - Peter McKay's been there since 2013, so I wondered whether there was an actual time frame.

**Mr O'BRIEN** - We have Peter and Kristal coming up at the end of 2021, which is when their terms are due, so we'll be looking at renewal at that stage in consultation with the minister.

**Ms ARMITAGE** - Thank you.

**Mr DEAN** - Is it just a tick to renew or how is it done?

**Ms ARCHER** - It's an independent process and then I get a recommendation. I am very happy for Grant to handle this.

**Mr O'BRIEN** - The process has begun in relation to those who are coming up at the end of 2021. In the case of searching for a new director, it will be through an independent process, typically through an agency, but as I've explained -

**Ms ARMITAGE** - I'd like to get an idea of the cost of the agency. It would be useful to know, seeing the three GBEs we've had today have all used the same agency.

**Ms ARCHER** - It's also about being transparent. My preference has always been - apart from during COVID-19, because reappointments have been for consistency and because of the difficulties in going out during COVID-19 - that even those who are currently in a position and want to continue in it should go through that process as well so there's an opportunity either for

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someone new to put their hand up and compete, and I also think people find it a valuable experience when they have to go through the process again of applying -

**Ms ARMITAGE** - It's a bit like an election, isn't it?

**Ms ARCHER** - It's a bit like that, probably less costly. There are a couple of different processes.

**Mr WILLIE** - Minister, with the downturn in tourism activity, it also provides an opportunity to ramp up the conservation activity on the site. If you look at the 2019 figures in the financial report, the conservation expenses were more than the current year. I note there are infrastructure expenses for the current year, which might have been the Isle of the Dead walkway and other areas, but I'm interested in - you're obviously retaining a lot of the staff, whether in the next financial year, the next reporting period? Are we going to see a ramping up of conservation activity on the site?

**Ms ARCHER** - I can go to our acting CEO to address that because there has been some heavy involvement there with archaeological works.

**Ms HARRINGTON** - My substantive role is as conservation director, so I am excited to be able to answer that question. Over that period, we ramped up a number of our projects - as they say, never waste a good crisis because sometimes not having lots of visitors onsite provides certain advantages. It allowed us to get into some places and spaces we have not been before.

**Mr WILLIE** - Such as?

**Ms HARRINGTON** - Commandant's house. I do not know when anyone was last in the commandant's house. I would suggest it is worth a new look - it is sparkling clean. The conservation processes when you have collection items in there are very intricate and specialised. That give us a good example. We had two extraordinary women who assisted our main curator collections conservator. Two women came from our ticketing area and we had about two to three solid months in that one building alone, which is a luxury rarely afforded to us. We were able to train both of these really passionate people into an understanding of different aspects of conservation. We discovered some interesting things in the interim. For example, one of the pictures hanging on the wall - we had to remove some of the paper behind the picture frame and it turned out to have been made by one of Hobart's earliest and best-known picture framers, which probably wouldn't enthuse most people but was very exciting for us. It was little things like that.

The Isle of the Dead is a conservation cost; because of the way we manage our programs of work, it had to put on hold for a time simply because of the COVID-19.

**Mr WILLIE** - Contractors?

**Ms HARRINGTON** - Yes, that is a contractor one. It is always an exciting project because anyone who deals with small islands in Tasmania, to try to get equipment over to them, the easiest way to do it is helicopters. We had problems with spaces in helicopters and taking people over there in boats and various things like that, but we have finished.

What we are looking to do this year is to continue the conservation program. One of the important things for us is when a lot of people said Port Arthur and our other sites were shut down. They were not shut down; they were temporarily closed to visitors. It is important for us to remember that we kept operating. As well as our conservation and infrastructure services, I would like to acknowledge our entire administration branch kept working, including our finance and HR people. Something a bit forgotten in amongst the bad news story about our tourism staff having less to do is that we now have some expert gardeners. The relaxation of gardening is extraordinary. We had the most beautiful gardens for a while. Many of our staff were able to grab a rake and help with cleaning up the site and pulling out weeds and a whole range of different things. We did an amazing amount of painting which we had not done before, including some of our fences. Another project in the commandant's house was sanding the floors; in a house like that, you do not go out and get a sander - it is all done by hand.

That was a lot of work but the interesting thing is we have staff who are still saying, 'How can I come and work with you? How can I do my work in the conservation area?' One of the things that has come out throughout this period, and it is across our entire organisation, is that people want to learn more. They want to be able to learn new skills. They want to be able to see what we do in other areas and they have enthusiasm to do that, and to exchange that information is something palpable and wonderful.

**Mr WILLIE** - You are saying is some of this stuff is very labour intensive, not necessarily capital expensive?

**Ms HARRINGTON** - Yes, it is.

**Ms ARCHER** - If you had the painters in, it may have cost more but if you have staff on hand with things to do -

**Ms HARRINGTON** - The really good thing for us is, for example, if I use painting, and I look at general surfaces as well, like limewashing and redoing floors: we are very lucky in that we have two skilled heritage painters. We have an apprentice at the moment, but whilst he could not access the site because he was working with another painter at the time as well, we could oversee those people because we have traditionally skilled TAFE people on staff.

**Mr WILLIE** - Did the downturn provide an opportunity to go to the coalmines as well and put in some conservation work there?

**Ms HARRINGTON** - Yes, we did a number of things there. Weed eradication is another one of those things I am sure does not enthruse most people, but we have a lot of issues. I assume everyone here knows the coalmines. It is a really special place.

**Mr WILLIE** - I spent a lot of time there holidaying with my family.

**Ms HARRINGTON** - We had a number of programs out of there. The other thing we did in using staff was an opportunity for us to get down there, with COVID-19, cleaning and also with security patrols. We would make sure there was a staff presence there, even while the sites were closed and then when the sites opened up again, because things were still a lot quieter and we had staff who did not have a lot to do, particularly our guiding staff, and a number of our food and veg. staff jumped at the opportunity to go out there and do a walk around the site and to talk to visitors who were on the site, and there were many.

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**Mr WILLIE** - It is a remarkable site.

**Ms HARRINGTON** - It is really beautiful. A lot of the work we are doing there at the moment is closely related to impacts from climate change, particularly on the shoreline and we have been doing a lot of the main projects. We have been restoring some of the beach works we have been working on.

**Mr WILLIE** - This is probably a question for the minister, but there is another site down there that is not under the control of PAHSMA, that has historical significance - the officer quarters and the dog line at Eaglehawk Neck. We know that the Premier is supportive of PAHSMA potentially becoming responsible for that. There would need to be some capital investment to upgrade the facilities.

**CHAIR** - And the former CEO was very supportive.

**Mr WILLIE** - Yes. As a committee, we were wondering where that is at?

**Mr DEAN** - In the previous report that was done several years ago, the tourism heritage report, chaired by Rob Valentine, I was involved in that as well, it was agreed then, minister, that the Government was supportive of PAHSMA taking control of that site because of its significance to Port Arthur. You have to get through there and that is where it all happened.

**Ms ARCHER** - It is fair to say that the area is under Parks and Wildlife, which is not under my portfolio.

**CHAIR** - They are happy to let it go.

**Mr WILLIE** - And PAHSMA is under your portfolio.

**Ms ARCHER** - If you give me an opportunity to answer, I am quite happy to answer.

**Mr DEAN** - PAHSMA said they would take it if they got the funding.

**Ms ARCHER** - From PAHSMA's perspective, there has been a lot of willingness as you have identified - willing and able to provide support when and as needed. It is not ours to do anything about, is it? It is fair to say we can offer all the assistance in the world, but it is not under my purview as Minister for Heritage. We can have all the want and assistance from our perspective, but unless asked and unless pursued, it is not for us to interfere in that.

**Mr DEAN** - Somebody has to make a move.

**Ms ARCHER** - It is not the Minister for Heritage; I cannot make that decision.

**Mr DEAN** - You only have to talk to them and say, 'Well, look, I think we should have it.'.

**Mr WILLIE** - On that, there has been no formal request from Parks for PAHSMA to take that over?

**Ms ARCHER** - I don't believe so.

**Mr WILLIE** - That is interesting.

**Ms HARRINGTON** - We do work very closely with Parks with that site. As you have noted, it is very much part of our history and our concern. We work with a lot of sites across that area. We have a very close relationship with Parks, with any of their heritage sites, and consult. With various issues that have come up lately, we have spoken to them and continue to do so and provide support when asked. At the moment, the decision needs to be made about the transfer and our board has always indicated that there is an interest in pursuing that. Like a lot of things, at this point it would probably be difficult for us to take it on without there being commensurate availability of funds to support it. As you notice, with our costs currently with conservation, we would not want compromise what we are already doing.

**Ms ARCHER** - Can I add to that? In defence of Parks and Wildlife, they did have \$1.8 million allocated to complete urgent works on Maria Island in 2017. I know there has been a steering committee and I know PAHSMA is represented on that steering committee. It is not like there is no involvement by PAHSMA at all, but Jane is quite correct in terms of taking it over completely, whether that is entirely appropriate as well. Parks and Wildlife officers serve a purpose on that as well.

Again, in fairness to them with COVID, this is probably something that has had to take a back seat while everybody has been looking after things under their jurisdiction and purview. Hopefully, that might be revisited, but certainly from our perspective as a government as well, our focus in supporting PAHSMA has been \$20 million of equity contribution to ensure that PAHSMA can continue its conservation efforts with the sites they currently have as well, which is critical. I am sure with the progression of time, we can revisit that. This last year has been, as we know, an extraordinary one, and I do not think that it has just been able to progress.

**Mr WILLIE** - No doubt, but in the post-COVID recovery, it makes a lot of sense for PAHSMA to become involved in that site because we have heard from some of the groups involved with that site.

**Ms ARCHER** - PAHSMA is involved, Mr Willie, and you could have asked Parks and Wildlife during budget Estimates because that would have been a question for them, not for me.

**Mr WILLIE** - Well, I am asking you, minster, as the minister for PAHSMA,

**Ms ARCHER** - I have said that I -

**Mr WILLIE** - and that is entirely reasonable. The argument is that there are people going to the Port Arthur Historic Site for day trips and coming back out of the region. If there were an investment in that site, they might stay longer; they would stay in the region longer and that is the interest from the community.

**Ms ARCHER** - You have heard from the Premier, you have heard from me. We support that overall context. It is very easy to suggest that it would be very easy for PAHSMA to step in. I do not think it is as easy as that and I am sure the Parks and Wildlife communicated that on various occasions with PAHSMA. As I have said, there is a steering committee and there

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is involvement from PAHSMA. There is certainly goodwill, I think, from everyone. It is ensuring that there is an appropriate model moving forward.

**CHAIR** - This exact issue was raised with the committee two years ago and we did progress it, but very, very prior to COVID. It is not a new initiative.

**Ms ARCHER** - I have been minister for Environment and Parks, and I am aware of Maria Island and I am fully aware of the issues with the infrastructure there. It is by no means an easy solution by having PAHSMA just coming in and taking over. We need to acknowledge the significant efforts that have been carried out by Parks and Wildlife to date. They have carried out urgent works and I think now we need to give them time post-COVID to re-engage.

**Ms SIEJKA** - I am interested in the impact of COVID on visitation; I am sure there is some. Do you have visitation figures from 2019 to 2020? How do they compare with previous years so far? Is a breakdown available of the impact of COVID-19 on intrastate, interstate and overseas visitor numbers? I guess it is tracked over the seasons as well.

**Ms ARCHER** - Obviously the international visitation is a significant drop, and there was heavy reliance on that, particularly with cruises.

**Ms SIEJKA** - Can I just add to that then? The cruise ship numbers of individuals because I am sure that is of interest as well.

**Mr O'BRIEN** - If it okay with you, minister, I will start, and, if I could, I will ask Anne McVilly, who looks after the tourism side, to fill in all the details.

To answer your initial question, tourism numbers of visitation across our three sites went down by about 24 per cent when comparing year on year.

What is also of interest is that - and I know we are only talking about the previous financial year in all this, but just for your benefit, we are 78 per cent down year to date on visitor numbers because of the way the markets have been locked from us.

We caught the tail end of it, if you like, in the last financial year, and that is why, in my opening comments, I commented that this year is going to be more challenging. It certainly will be in relation to visitor numbers when we compare them to last year. We should see that improve slightly as people start to move around a little more now that markets are open.

The raw answer is 24 per cent and when you look at the make-up of the visitor base for Port Arthur pre-COVID-19, about 54 per cent of it was from Australia-based independent travellers. I think 14 per cent was from New South Wales, and 15 per cent was from Victoria; they were the two biggest mainland markets, not surprisingly. It was around 18 or 19 per cent for independent international visitors, and a large chunk for cruise ship and groups.

I guess that the component of independent Tasmanian visitors to the sites was about 9 per cent. So, while the sites were closed to everyone except Tasmanian visitors, that is what we had to play with, if you like.

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Now that we are open to domestic markets, it is a little bigger. However, it is going to be some time before the cruise ships and international markets are available to us. In relation to number of cruise ship visits and the like, would you like to come to the table, Anne?

**CHAIR** - Anne McVilly is joining us at the table.

**Ms ARCHER** - Director of Tourism Operations.

**Ms McVILLY** - We are picking up quite substantially now. We have been overwhelmed by the number of Tasmanians who have come out; as Grant mentioned, it was under 10 per cent. Some days we saw 10 visitors, and some days, of late, we have seen 500, predominantly Tasmanians, so it has been wonderful - and the travel vouchers have definitely been an incentive.

Now the borders are open, we are starting to see a greater increase in domestic markets with Victoria and New South Wales especially. In fact, yesterday - I know it is nothing to do with the previous year - we had 540 visitors; the same day last year, 823. Slowly picking up.

Cruise is about 20 per cent of our business, and, as we all know, we probably won't see a cruise ship anywhere in the world until this time next year.

**Ms SIEJKA** - Is that 20 per cent of your business in terms of visitation numbers? I imagine they would also be more likely to spend more when on the site as well.

**Ms McVILLY** - They do spend well, because they tend to stay on our site. About 12 to 15 per cent head out into the region, and see what else there is to do in the Tasman region. They do spend more, on average, than a typical visitor.

**Ms SIEJKA** - Just as a follow-up, also to do with COVID-19. We have heard today, obviously the COVID-19 crisis isn't over yet, and so some of the changes you have had to make to operations and the costs that that incurs will continue. What processes are in place, or what discussions about processes are in place, going forward, as visitor numbers hopefully increase again?

**Ms ARCHER** - Because that's operational, so Jane can address that.

**Ms SIEJKA** - And the cost, how is that being absorbed and ongoing?

**Ms HARRINGTON** - Cost is very interesting. Again, it has been an opportunity for us. We were already going through a stage of flux, and recognising that as a larger organisation, it was time for us to look more closely at what we offered our visitors.

I think the proof of our successes with visitation and conservation has very much been our successes with tourism awards, and we have been very lucky to continue to hold that baton for perhaps another year.

I think what we have done is recognise we have to make changes because of COVID-19. Social distancing, numbers on tours -

**Ms SIEJKA** - I was about to ask about numbers on tours and how that was managed.

Some tours, like ghost tours, encourage people to stay overnight or attend other things, and I am sure that is an ongoing issue if those numbers are capped.

**Ms HARRINGTON** - Technically they have always been capped, I guess. You can only offer as much as the resources you have available. Our resources are less. We no longer have as many casual staff as we have had before.

Our mantra is what we offer is a premium experience, a high-quality experience, an experience that is delivered by very passionate staff and none of that will be compromised. We may not, for example, be able to offer as many Ghost Tours as we have done before. One response we have had is that we are now open every day of the week but our times of opening every day are 10 a.m. till 5 p.m. We only have the site itself open at night three nights a week when we operate Ghost Tours and we also run our rather lovely restaurant, 1830.

**Ms ARCHER** - The tour groups are smaller, of course.

**Ms HARRINGTON** - The tour groups are much smaller.

**Ms SIEJKA** - How much smaller are they?

**Ms McVILLY** - Ghost Tours used to be 30 capacity and they are now 15. Isle of the Dead was 30 and that is now 12.

**Ms ARCHER** - It is important to highlight that the focus of PAHSMA is now on domestic tourism and how to attract more domestic tourists. We were having a discussion yesterday and realised that Saturday used to be one of the quietest days and at the moment it is one of the busiest because of the local visitation.

**Ms SIEJKA** - I imagine too, given that some of the domestic Tasmanians, there are only so many times people can visit, but you will be wanting to attract repeat visitors as well. Is diversifying your offerings on the cards as well for that reason?

**Ms HARRINGTON** - Yes. It's something we can branch out into. Anne and her team have done some marvellous long-table dinners for example. I didn't even get a ticket for the last one because it sold out before I could get a chance to put my head up above the parapet. We have done a couple of makers' markets. They double-up as providing excellent opportunities for the immediate local community to do something for the broader Tasmanian community, but also the local artisans.

**Ms ARCHER** - You haven't mentioned the summer season special.

**Ms HARRINGTON** - At the moment, ever since we have reopened, all children get in free-of-charge. Also, anyone who buys a ticket and comes to the site gets a two-year ticket-of-leave in line with our convict history.

**Ms ARCHER** - Great Christmas present too.

**Ms HARRINGTON** - They can come back for two years, free of charge.



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**Mr DEAN** - Children to what age?

**Ms HARRINGTON** - Seventeen.

**Ms ARCHER** - It also means that they might do other things around the site and spend more money that way.

**Ms HARRINGTON** - It is an entirely different market in some ways.

**Ms McVILLY** - It gives Tasmanians a reason to come back when they are visiting friends and relatives so we have an archaeological dig program under way. We have a travelling exhibition that will start in February. We have a series of new plays in the Separate Prison which is quite an exclusive opportunity - another night-time opportunity. We hope to run more regular events every two to three months.

**CHAIR** - The marketing dollars for Red Jelly?

**Ms ARCHER** - Do we need our finance person?

**Ms HARRINGTON** - Can I clarify the quantity or the quality?

**CHAIR** - Both would be fantastic but we start with the quantum.

**Ms HARRINGTON** - The quantity to date, I think we have spent about \$100 000 with them. It was another initiative in terms of something we hadn't really done much before. Technically Port Arthur hasn't had to do much to advertise itself. People come because they come to Port Arthur. Getting back to the previous question, there were a lot of people who came to Port Arthur probably 10 to 20 years ago and want to go back there again.

This was part of an opportunity to provide information to what could potentially have been seen as a marketplace that was starved of that information - being all of our Tasmanian people - so they had assisted us with the communication and marketing strategy which has been useful for us. And - this is a bit of a watch this space - a new summer campaign which is all about 'Stand where the History' was. It is a series of static advertisements and we will have a series of updated videos that will be shown at the airport and ultimately as things pan out next year into the brave domestic market, the opportunity to also go out to interstate markets.

**Ms ARCHER** - It's amazing what's happened on site from a few years ago so it's reminding people.

**Ms McVILLY** - If I may add to that, it's to give people the chance to see the importance of convict ancestry in today's life and connected to today's life - the broader convict story and it was done through a competitive tender process.

**CHAIR** - My question is around the \$4 million from the state Government and it was an equity contribution. Is that correct?

**Ms ARCHER** - Is that the one at the start of COVID-19, or are you talking about the \$20 million in total?

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**CHAIR** - No, the \$4 million for the equity contribution for the support payment.

**Ms ARCHER** - That would have been at the start, would it, Grant?

**Mr O'BRIEN** - Yes, it would have been.

**CHAIR** - Why was it an equity and not a grant?

**Mr O'BRIEN** - I don't know the answer to that. David, do you know why it was treated that way?

**Mr NELAN** - From my discussions with Treasury about how this funding is received, it's different from our conservation funding, which is indexed by CPI annually and spread across the Cascades Female Factory site and the Port Arthur site.

The \$20 million -

**CHAIR** - This was a \$4 million -

**Mr NELAN** - Yes, so of the allocation of that \$20 million, \$8 million relates to this current financial year of which \$4 million was a return of monies expended by PAHSMA in the building of the visitor centre and the remaining \$4 million is another equity contribution to PAHSMA to assist with the impacts of COVID-19, the higher cost of working.

**CHAIR** - Again, why wasn't it a grant? It is a grant, a support payment. That was the question that was asked and posed. That's why we're asking it today.

**Mr NELAN** - I don't have the answer because when I discussed with Treasury whether this would be a form of funding in a grant form - that has a positive impact on our revenue - they were very clear to me that it was an equity injection into the business to reduce our TASCORP debt that we're incurring. So when that funding comes in it offsets the TASCORP debt that we're funding our fixed costs of operations with through this COVID-19 period. That's why it's an equity funding because it's going to retire debt.

The Government asked TASCORP to increase our borrowing facilities to \$12.5 million to essentially enable us to continue to pay our staff and operate in a period of very low revenue. That's why, I believe, it's been treated as equity but it wasn't something that I made that decision on.

**CHAIR** - You just took the money. You weren't going to argue about which way it went in.

**Mr NELAN** - Yes.

**Ms ARCHER** - I think it's correct to say he took the advice of Treasury.

**CHAIR** - I can ask that of Treasury at a later date.

**Ms ARMITAGE** - Can you expand more on the procurement of services relating to organisational transformation review - a contract worth \$126 086 which was awarded to a

Victorian firm, HR Strategic Partners? Did any Tasmanian firms get the opportunity to bid for the delivery of this review?

**Ms HARRINGTON** - Yes, a number of firms were asked to tender for it and there were several Tasmanian firms, I believe. I wasn't part of that process but it was something that we certainly discussed at a broad level, and the importance of getting the right people for the job, but the importance of hoping that that would come from Tasmania.

In terms of the actual contract itself, it's been one of the most important things that PAHSMA has proceeded with in the last five years. Many of us have watched the organisation grow from being a small - we have called it a family business - into something that has become a highly successful conservation, heritage and tourism organisation that has gone from being on the State Heritage Register, to be on the National Heritage Register and managing three sites on the World Heritage list.

We have seen substantial growth in staff numbers. Substantial growth in revenue has risen as well which has been much appreciated and growth in the number of sites. PAHSMA took over the Coal Mines in 2014, the Female Factory in 2011 and maybe Eaglehawk Neck one day.

**Mr WILLIE** - Sounds good.

**Ms HARRINGTON** - We found ourselves in an awkward circumstance where as a state Government agency, our staff participated in the State Service Survey and we were getting very disappointing results.

**Ms ARMITAGE** - Two hundred and fifty-two people employed. Tasmanian State Service employee survey satisfaction score of 68 with more than 80 participants in March 2020 in the annual report.

**Ms HARRINGTON** - That is much improved on what it was before. I suggest the 68 actually is not bad overall in regard of the State Service, which is probably a matter for debate, but maybe not in this particular room. It was a circumstance for us where there was obvious dissatisfaction amongst our staff, particular in regard to the leadership and across a lot of workplace issues to do with bullying and harassment and matters like that. With the executive, supported by the board, recommended taking a very good look at what we were doing and how we were doing it with a view we potentially needed to have a cultural shift. What we seeing now, is the benefits of that and is what this contract has been involved with.

It not only came out with a report with a series of recommendations and we have moved forward with quite a number of training sessions with our staff, workshops, massive amounts of consultation which could not have been done with anyone internally. I believe I can speak for my colleagues on the executive that we have seen a vast improvement in regard to how our staff are relating with higher management and with each other.

It is a work in progress. We have made the decision as part of that to slightly restructure our senior management group. Our next step will be to take a more intense view at middle management roles and structures. Without external assistance, it would not be possible to do it.

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**Ms ARCHER** - I was going to add it is probably time to do all of this because of the growth of PAHSMA. Jane was saying it has grown from something that was a smaller business into something which we can all say we, as Tasmanians are very proud of, but it is a big organisation now, dealing with a diverse range of skills onsite. It is also managing all of those expectations.

**Ms ARMITAGE** - I was wondering whether HR Strategic Partners were awarded on the cost of the contract or ability to fulfil the need?

**Ms HARRINGTON** - It would have been a combination of both. I apologise to the committee, I was not part of that decision-making process, but I do know how we make decisions when it comes to any matter like this. They are weighted on the basis of my favourite word, quality versus quantity. The decision would have taken both into account, but I am fairly confident it would not have been because they were the cheapest to put forward a price. The support and professionalism with which we have received from HR Strategic Partners has been highly commendable.

**Mr DEAN** - An issue raised last time we were down there four or five years ago related to waste water and water and negotiations with TasWater. I have read some of the annual report and the short part of it in their relation to it, but what is the real hold-up here? Is the cost to TasWater a concern? Where is this going to go? It has been an issue now for a long time and it really does need resolving. Minister, where are we at?

**Ms ARCHER** - There is a whole heap of background, but I am sure you are aware of that. I will summarise. In early 2019, discussions recommenced with TasWater and it was suggested that the option to progress transfer was open for consideration in 2020. At the moment, we know PAHSMA manages that onsite and would love to have TasWater take that over. I know that there were discussions with the then Premier and the Treasurer with TasWater to assist in the resolution of the issue. Subsequently, TasWater undertook a review of the PAHSMA infrastructure.

In February 2020, the CEO of TasWater indicated it would require a full cost-benefit study of the potential transfer with the potential outcome that it would not be feasible for a transfer to proceed. Based on a similar community-based study at Coles Bay, this could cost up to \$200 000. Then the progress of that investigation seemed to be put on hold because of COVID-19.

That is where we are with TasWater. I do not know if you can add anything in relation to that excruciating process.

**Mr O'BRIEN** - Jane has been following that, minister. With this one I am happy to pass it on.

**Mr DEAN** - I was just going to add to your answer, now that COVID-19 - it has not gone but it is still with us, but it is in a more relaxed atmosphere, is there going to be progress? Is it normality? Is it going to be progressed?

**Ms ARCHER** - Can you update us?

**Ms HARRINGTON** - I am not sure right at the moment. I have to say that Mike Brewster was a very useful person to sit down and talk to. For the first time we had someone from TasWater who was absolutely upfront and frank. I think the issue for them is that it is about resourcing. It is about commercial interests and commercial viability. I suspect that when he refers to the work done previously with a similar investigation, the issue also tends to be about supply and demand. From their perspective, they make their capacity to fund the running of the wastewater treatment plant based on the number of people who connect to it.

Right at the moment, the number of people or, if you like, organisations are us and a very small number of other local entities. It would depend on the viability of the Tasman Peninsula community in whatever pocket they could reach, to put their hands up and say 'We wish to connect to the wastewater treatment plant.'. I think when told that is going to cost them how many thousands of dollars, even at the best of times, there is likely to be a 'we do not want to connect that much' when it all boils down to it. I suspect right at the moment, for people's pockets, it will be far less desirable. I think it is important ] it is done. Would I identify it as a priority for PAHSMA over the next 12 months? No, not at a cost of \$200 000.

It is about the fact that ultimately, like all infrastructure, it has a life. The issue is not so much the operation of it at the moment. It will be what will happen -

**CHAIR** - But with the council, Jane?

**Ms HARRINGTON** - The council is very keen to promote it but they have the same problem. They see it and I know both the previous mayor and the current mayor are both doing their utmost to see this progress the plant going over to TasWater, but it will not be feasible unless the community responds in an appropriate way. We could probably spend \$200 000 to find out that they don't, in which case TasWater would be unlikely to say they would take it on. They would be prepared - and Mike Brewster made it very clear they would provide us with as much assistance as possible, not necessarily financial, but in advice and support to run such a program of investigation with the community for a feasibility study.

**CHAIR** - That is their role. That is TasWater's role. That is not your role.

**Ms ARCHER** - It is not their asset.

**Ms HARRINGTON** - It is not their asset. I would love to think it is their role, but, unfortunately, it would seem that it's not. At the moment it's not something we could prioritise for that amount of money when it's a 10-year matter for us to consider. It's one I will be discussing with the board as a priority for planning in the next few years, but certainly not for the next 12 months, given everything else we are facing.

**CHAIR** - I find that interesting, given there will be a community benefit as well as a PAHSMA benefit and the whole box and dice, but anyway. One for a later time. That's just a statement, not a question.

**Mr DEAN** - I am not sure, minister, if you would be aware of it - there has not been much said about it - but the Federal Hotel's development: is that still on the board?

**Ms ARCHER** - It's a question you would have to talk to them about directly. From my own knowledge and, just generally, it seems to be on hold. It is disappointing, of course,

because a development of that nature - of Saffire status, for example - would be extraordinary for the region. It would be extraordinary for PAHSMA in domestic tourism as well. You can just think of what you could do in conjunction with each other in offering very special experiences between the two sites. The opportunities would be enormous. Disappointing, but I can understand as well at this time, there being enormous uncertainty around their industry because of COVID-19 and the significant impact it's had there. They have a substantial employee base themselves that they have their challenges with as well.

**CHAIR** - Thank you.

**Ms ARMITAGE** - I just noticed in the annual report, on page 6, that the deficit increases by \$150 000 with tourism trade debtors written off, or provided for as doubtful in collection, totalling \$169 000. Can you elaborate further on that?

**Ms ARCHER** - I think that's one for our finance person.

**Ms ARMITAGE** - It's a lot of money.

**Mr NELAN** - Yes, it's a lot of money. I can report that we've had a fair amount of success since the annual report, in recovering a large chunk of the amount we've provided for. Our approach has been to support tourism agents and operators and not try to be a burden by making demands or putting them out of business by putting them into debt collection. There are already protections for them anyway.

We have tried wherever we can to work with those agents who owed us money from March and put them on payment plans and suspended payments for a long time. Some have gone into liquidation, but with the uncertainties that existed in June we were obliged under our accounting standards to provide for those as being highly doubtful of being collected. But I can report we've recovered at least \$60 000 of that since.

**CHAIR** - Thank you.

**Ms ARMITAGE** - The annual report also states that in its conservation capacity, a collaborative project with the University of New England to investigate the development of the industrial workshops adjacent to Port Arthur's penitentiary had commenced, although the major archaeological excavations planned as the central component of this project had to cease in March due to COVID-19. Minister, can you advise why UNE and not the University of Tasmania? Was UTAS approached to participate in this project; or if they turned it down, what reasons did they give?

**Ms HARRINGTON** - UTAS is part of that program as well.

**Ms ARMITAGE** - It's a joint project?

**Ms HARRINGTON** - It's a joint project. We've been working with UNE for a while, as we also work with UTAS. The original Australian Research Council grant application was proposed by UNE. We were one of the partners with it, so was UTAS. We were probably the two major partners with it and the University of Liverpool also. So, it's a multinational project and we work very closely with UTAS on that and a number of other projects. It's very sad that the excavation had to be temporarily closed down. But we are back doing that work.

**Ms ARMITAGE** - Restarted? Not yet?

**Ms HARRINGTON** - Well, it is restarted, but if you can imagine, it is a bit like having a locomotive with 10 carriages attached. We sort of have the locomotive, but not very many carriages. We have two staff working on it, one of whom is our own staff and one of whom is the excavation director. It is his academic program through the University of New England we are involved with as a partner. He is running that program as part of his own sort of post-doctoral research programs. We regret the fact we had a gorgeous number of archaeologists working with us who we had to send home.

**Mr DEAN** - A while back Anne referred to the travel vouchers and how it boosted visitation to Port Arthur. Are numbers kept on this?

**Ms McVILLY** - It is managed by State Growth. Recently I asked them if they could share any of that information with us. To 17 November, 801 vouchers were redeemed for Port Arthur Historic Site to the value of over \$60 000. They definitely created a stimulus or a demand to visit our region. On our local accommodation operators, I do not have the data, but they noticed an increase in bookings once travel vouchers happened.

**Ms ARCHER** - With the contact tracing measures now with people booking online, it is much easier to track numbers and the like.

**Mr DEAN** - Now the borders have opened up, how much are we concentrating on getting people to the Port Arthur site from other states? Have we boosted marketing in any way in that area?

**Ms ARCHER** - I suppose that is through Tourism Tas.

**Ms HARRINGTON** - It is a combination. Definitely through Tourism Tas, we made a conscious decision under advice we would, as I talk about with our marketing and advertising program, go out with the interstate market after January, simply because most people have already made up their travel plans for December and January. January is our biggest month anyway, so it would be a far greater return on investment for us to be pushing that from the end of January onwards.

**Mr DEAN** - Are you already seeing changes or differences in travel of people because of the unavailability of hire cars? How are they going to get there? Is it tours, buses? What you are doing in that regard? Many people are concerned about getting transportation when they get here. Are we doing anything in that regard to get people to the site?

**Ms HARRINGTON** - It has only hit us recently that is an issue. It would fair to say long-term we have always been concerned about the reliance on cars to come to Port Arthur. It is all part of our approach to sustainable tourism. We could have better roads and better public transport. I think that is the dream of most of Tasmania. It is not a matter of people in Hobart not being able to get to Port Arthur. The impact that is potentially being felt, which is more difficult across the state, is people are cancelling full stop. It is not because they want to necessarily go down to the Tasman Peninsula, but they want to be able to go to the Tasman Peninsula, the Huon, to perhaps go to Bruny Island.

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The frustration is not getting people who come to Hobart to one destination. It is a fact they cannot drive and they are talking with their fingers and cancelling their accommodation. The process is people book their flights, which has been the biggest issue, but the one there is much excitement about, then booking accommodation and go to book the hire car and suddenly the hire cars are not available.

I wish there would be a simple response which is we could provide something. We are at that stage where Grant and I were talking about it last night and will be talking about tomorrow at an executive meeting, whether there is something we can or cannot do.

**Mr DEAN** - One thing I would have thought and guess you are concentrating would be the ferry transportation from here to Port Arthur - are they still back on at this stage or not?

**Ms HARRINGTON** - No, that has not been offered for a while as the main issue is the weather. There are some things in life you just cannot control and the vagaries of weather have meant that, despite several attempts to create that sort of a transport service and experience, the number of cancellations that eventuate -

**Ms ARCHER** - There are cruises down there but not to get there.

**Ms HARRINGTON** - Yes, there is our internal cruise. The mayor in the Tasman is also very keen to pursue. I do not know how we control those sorts of environmental factors.

**CHAIR** - Thank you very much. Thank you Anne, Jane, Grant and David, and minister. We very much appreciated the opportunity as we do every two years to provide some scrutiny.

We wish PAHSMA all the best for the next 24 months and beyond. We hear what you say about the challenges still to come for the organisation because it is one of Tasmania's much-loved destinations and it is a well-known fact. Thank you on behalf of the committee.

We wish you a very safe and happy Christmas and a better financial year next year albeit we do not know but certainly a much more settled 2021.

**Ms ARCHER** - Thank you.

**CHAIR** - I would like to say thank you very much to the members of the committee and especially thank Deb from Hansard and our secretariat support, Natasha Exel, and Allie Waddington, who are fantastic.

**The Committee adjourned at 4.52 p.m.**