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**THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS MET  
IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON FRIDAY,  
9 MAY 2025**

## **INQUIRY INTO THE TT-LINE *SPIRITS* PROJECT**

### **Devonport Berth E3 Quarterly Progress Review**

**The Committee met at 10.00 a.m.**

**CHAIR** - Thank you, Minister, and your team for appearing before the Public Accounts Committee, ongoing overview, if you like, of the delivery of the new berth in Devonport for the new *Spirits*. Everything your members at the table say is covered by parliamentary privilege. That may not be the case beyond the hearing. It is a public hearing, but if there is anything you wish to share with the Committee in camera, you can make that request and the Committee will consider it.

I assume there are no questions; we've done this many times before. I will ask the members of your team to take the statutory declaration and then invite you to make some opening comments.

**Mr CRAIG ANTHONY LIMKIN**, SECRETARY, DEPARTMENT OF STATE GROWTH, **Mr BENJAMIN LUKE MOLONEY**, PROJECT DIRECTOR, DEPARTMENT OF STATE GROWTH, AND **Mr KENNETH JOHN KANOFSKI**, CHAIR, **Ms KYM MARIE SAYERS**, ACTING CEO, **Mr PAUL LAWRENCE KIRKWOOD**, PROJECT MANAGER, TT-LINE, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - Thank you. Over to you, Minister.

**Mr ABETZ** - Thank you. I have a somewhat longer opening statement than usual, but that is because there is a lot to report. It's pleasing to report that since taking on this project a year ago, project recovery is complete. I am pleased to advise the TT-Line has executed a revised contract with its main contractor, BMD, just this Wednesday, 7 May [2025], and I reported to Cabinet last night. With these negotiations now successfully concluded, I'm pleased to provide the Committee, at the very earliest possible opportunity, with an updated delivery schedule and cost of Terminal 3. TT-Line and BMD are now confident that the required works will be completed, with the new *Spirit of Tasmania* vessels anticipated to start operating in time for the 2026-27 peak summer season and we are anticipating the vessels to start operating in October 2026.

This is four months earlier than the previously announced anticipated completion of February 2027. This is good news. The Government has always said it would pursue every opportunity to bring forward the time frame for delivery of the Berth 3 infrastructure. This required design, planning and negotiation. That is exactly what it did and, until completed, it was not possible to announce costs and timelines. The announcement today is welcome news for all Tasmanians.

The signing of the contract marks the end of the project recovery exercise that commenced in October 2024. The project has now been recovered. Excessive optimism was a

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major failing of past management of the project. I note the delivery of the berth is not going to be without risk, but my confidence is based on the fact of the work done and that we now have the right people and robust project governance, discipline and controls in place. I would like to extend again the Government's deep thanks to Damian Bugg, the interim Chair who oversaw commencement of the recovery project, and Chair, Mr Ken Kanofski, and the Project Director, Paul Kirkwood, for their hard work and dedication to recover this project.

The Chair has spent a very significant amount of time on the project recovery, well and truly over and above what is considered typical of other Board chairs - work that wouldn't more typically be performed by a specialist consultant. Doing this work was not without cost to Mr Kanofski personally, as it took substantial time and attention away from his own consulting business. In recognition of this, the Shareholder Ministers approved the payment of an additional Board fee of \$200,000 for a strictly six-month period commencing from his appointment on 20 December [2024]. With a new CEO, Chris Carbone, starting on Monday 12 May [2025], this fee reverts back to its previous level, but we will consider, and I do anticipate the need for, further payment for additional work as we continue, given Mr Kanofski's deep knowledge and experience of managing infrastructure projects.

As advised previously, as part of the recovery project, TT-Line has reviewed the costs associated with the project and that there were concerns with the previous cost estimate. The Board on 28 April [2025] endorsed a formal cost estimate for the project of \$493 million. The marine works and the gantry are the biggest part of the total costs. Other costs include the terminal building and other buildings, land-based civil works, utilities, technology backbone for the site, roadworks and intersection upgrades and ramps.

The Government is pleased that the vessels will be able to start operating earlier to support further growth in our economy, productive sectors and tourism. Importantly, this cost estimate is considered to be robust and has been independently validated to provide the Board and the Government with a high degree of confidence that the project can be delivered within this figure.

Despite the advice of previous TT-Line management in June 2024, when we announced \$375 million, it is now understood that the project could never have been delivered for that sum, let alone the previous estimate of the company of \$90 million. It is fanciful to suggest this figure was ever realistic, yet it was the figure provided by the company to the Government and the then-Minister. While disappointed with the new figure, the Government and I are comfortable we are now receiving robust and accurate advice from the company for this project.

While Mr Kanofski can provide further detail, I understand that, based on all the things that should have been known to TT-Line at the time, it was actually much higher. For example, it did not include the contractor change costs arising from the previous Board's decision to go back out for procurement: nor project items which were either not priced or under-priced that were always required as part of the project delivery. This was a clear failure by the Company. The increase between what should have been provided to the Government, back in June and now, reflects the design work that only commenced in July 2024 and associated implementation costs, and also includes some cost savings identified through the review process.

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The Chair and Project Director have done significant, excellent work to bring back both the time frame for delivery, as well as the costs, and reintroducing competitive tension within the contract through the alternative design work. It is important to acknowledge that without the recent intervention to renegotiate the contract these outcomes would not have been achieved. As I have said, we have been focused on doing all we can to bring forward the time frame for delivery, and particularly having the new ships in service ahead of the 2026-27 peak season for both our tourism and primary producer sectors.

Chair, with regard to the new *Spirit of Tasmania* vessels, *Spirit of Tasmania IV* is expected to depart Leith in Scotland for Fremantle [Western Australia] on or around the 26 May 2025. The voyage will involve stopping at four ports along the way and is expected to take approximately 36 days, subject to weather. The vessel will stay in Fremantle for four to five days to refuel, revictual and a crew change before heading to Hobart with an expected arrival mid-July 2025.

While in Hobart, the final fit-out will be completed. This includes items such as mattresses and linen, artwork, some table tops and signage. Vessel familiarisation and specific training will be undertaken, along with compliance testing of equipment such as the deployment of the marine evacuation systems. This is expected to take six to eight weeks. TT-Line is currently considering lay-up berth options for *Spirit of Tasmania IV* for when these works in Hobart are concluded.

*Spirit V* is nearing completion - the first sea trials having been successfully undertaken and the vessel having gone back into dry dock to have the required Intersleek - or silicon paint - applied to the hull and other works. The second sea trial is scheduled for 16-18 May 2025. It is anticipated that once completed, the vessel will sail before the commencement of the northern ice season in November. Plans for relocating *Spirit of Tasmania V* to a suitable berth post this are yet to be finalised.

Finally, I know there has been much speculation that the new vessels will not be able to safely operate in the Mersey. It has certainly kept me awake at night. Chair, I am pleased to table advice recently received by TT-Line from the Harbour Master confirming that the new vessels will be able to safely enter the port, swing in the swing basin and then both berth at, and depart from, the new berth. I have those letters for Committee members.

Then - I did say finally, can I say finally a second time? - the Secretary will provide, should the Committee so wish, in camera an updated project assurance table at the appropriate time.

**CHAIR** - Did you mean to give us that?

**Mr ABETZ** - No, I didn't. Thank you very much. They were my -

**CHAIR** - Sorry, I missed that last bit while I was looking at that. Can you repeat that sorry?

**Mr ABETZ** - Right. Thank you and thank you for that. The Secretary will provide, should the Committee wish, an in-camera updated project assurance table at the appropriate time, as we did last time.

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**CHAIR** - Yes, I would prefer that at the end as we did last time. Thank you.

**Mr ABETZ** - Yes, of course. That is why I finished on that. Right. We are open for questions, Chair, and thank you for the indulgence on what was a lengthier statement than usual.

**CHAIR** - I appreciate that, Minister. There is a lot for the Committee to be updated on. With regard to that last tabled document, which is the letter from the Harbour Master in Devonport, just having a quick read through: did they consider all weather conditions in that assessment?

**Mr ABETZ** - I am sure everything would have been undertaken by the Harbour Master, Chair.

**CHAIR** - It doesn't actually mention it, I don't think.

**Mr KANOFSKI** - We received a briefing from the Harbour Master on the process they went through. They ran a whole range of simulations, including poor weather, including flooding, including all of those sorts of things that you would expect. They put it through a very substantial simulation process. I am not an expert on that, so if you want more than that, then, certainly the Harbour Master is the right source.

**Mr WILLIE** - Are there conditions where it can't operate from Devonport?

**Mr KANOFSKI** - I am not an expert. I imagine there are extreme weather conditions, where any vessel is unable to operate anywhere. As I said, it has been tested across a really, really robust range of weather conditions.

**Mr WILLIE** - That is one of the things I've heard, is that in really rough conditions, it might not be able to get into Devonport.

**Mr ABETZ** - As I understand it - if I may Chair, and Ms Sayers may have some experience in that - I understand the current vessels also on a couple of - and you might have more accurate information - have difficulty in berthing.

**Mr WILLIE** - Very rare.

**CHAIR** - You're just hoping they are on that crossing.

**Mr ABETZ** - Yes.

**Ms SAYERS** - There would be very rare occasions. There may be weather conditions that would necessarily mean we would have to involve a tug, but that's -

**Mr WILLIE** - Is it more problematic with larger ships, though?

**Ms SAYERS** - No, because the manoeuvrability of the new ships is far superior to our existing ships.

**CHAIR** - We could always write to the Harbour Master.

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**Mr WILLIE** - You must have some indication of how often these conditions occur. I mean, you are running a business, you have some history with it.

**Mr KANOFSKI** - No, no. We - well, I think - my understanding is that there has only been one or two days in like a decade where the current ships have been unable to operate.

**Ms SAYERS** - When the river flooded.

**Mr KANOFSKI** - That is the sort of extreme weather condition we are talking about here. That was my understanding. I don't have the exact detail on that, but it was one of the questions I asked when I did my first crossing on the vessel. I said, 'How often is it too rough, basically?' I was told there has been one or two days in the last decade when we have been unable to operate.

**Mr WILLIE** - It is just curious because the Minister just said it's been keeping him awake at night and we have been assured that it's not a problem. Why was it keeping you awake at night if you have been assured it is not a problem?

**Mr ABETZ** - The issue that kept me awake at night was, there has been a lot of concern, chatter if I can use that word, as to the capacity of the new *Spirits*, IV and V, being able to turn in the swing basin, given its length and the size of the swing basin. There have been many a suggestion that that could not occur. The Harbour Master, I think from time to time, had given verbal advice in relation to that. I have been pursuing, I must say relentlessly, wanting written advice, which we now have.

**Mr WILLIE** - Did he provide verbal advice that it may be a problem?

**Mr ABETZ** - No. Exactly what is now reflected in the written advice.

**Mr WILLIE** - To be to be clear: the Harbour Master briefed the TT-Line Board two meetings ago, probably, and gave exactly the same advice as is contained in that letter?

**Mr ABETZ** - Yes.

**CHAIR** - Noting it's a tidal river, you can have quite significant tidal movements there, and it's also the challenge of flooding, which we have from time to time, particularly through the Mersey and all the rivers in the north-west. We might make some further inquiries as to satisfy ourselves about that, but we would need to do that to TasPorts.

**Mr ABETZ** - Yes.

**Mr KANOFSKI** - Yes. TasPorts is the appropriate authority, or the Harbour Master in particular, with their statutory position. We, the Board, questioned the Harbour Master quite extensively on the simulation process: did it include all weather conditions? Did it include flooding? Did it include all of those things?

**CHAIR** - Obviously if the deck was - if the wharf was underwater, that might be problematic.

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**Mr KANOFSKI** - As I said, I think you're talking about - I think if you say, are there - is it possible to conceive of extreme weather conditions in which the vessels will not be able to operate? Yes, it is possible to conceive of that.

**CHAIR** - But I'd imagine the other vessels entering the river will be in the same boat. No pun intended.

**Mr KANOFSKI** - They will have exactly the same issue. Yes, they'll have exactly the same issue. It's not special to these particular vessels.

**Mr ABETZ** - The Harbour Master has been in place there now for - does somebody know?

**CHAIR** - A long time.

**Mr ABETZ** - Yes. So, he has some sort of localised knowledge as well, about this particular facility.

**Mr WILLIE** - You'd think you'd want this written advice well in advance of putting in place a \$493 million spend. You've only just received it.

**Mr ABETZ** - We have had verbal advice, as I've indicated previously: but having it as written advice provides that extra level of assurance.

**CHAIR** - Can I - you're -

**Mr WILLIE** - I've got heaps of questions on other things.

**CHAIR** - I'll go back to some of your early comments, Minister, around the design that's been changed. Are you able to provide an updated design for the terminal building, the gantry or the associated infrastructure there, now that you've signed the contract for delivery? Can you provide a copy of that?

**Mr ABETZ** - We have an excellent Chair, that I'm sure can take you through that detail.

**Mr KANOFSKI** - Yes, look - so we've been through a really long and rigorous process with BMD. And what we can - so there was an alternate design that was developed to look at it.

**CHAIR** - By you - by the Board?

**Mr KANOFSKI** - By TT-Line, we developed an alternate design. We had a lot of discussions with BMD and their main subcontractor, Fitzgerald, about that design, but also about how to optimise the existing design. It was their view - and we've come to - close - we are very close to accepting this view, I guess is the view, and I'll talk about the process for that in a second - to saying, we're going to build the original design, but we've got a degree of surety that that can be done quicker than was anticipated. What we're doing at the moment is - we're doing piling in the river to prove that up. We still retain the option, for the moment, of changing the design and if we do that, we'll be doing it in consultation with BMD, together, through the new mechanisms that are in the contract. So, we -

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**CHAIR** - Within the funding envelope?

**Mr KANOFSKI** - All of it will be within the funding envelope. So -

**CHAIR** - Am I hearing that we don't have a final design, then, at this stage, that you can provide to the Committee?

**Mr KANOFSKI** - Yes, we have a final design. I'm not sure, I'll take it on notice, but I -

**Mr KIRKWOOD** - I think - just to clarify that the design work that has been going on now for a good six months is really the technical engineering design, most of which is related to the piling solution and the buildability. You won't see any fundamental difference in the terminal, from sort of the overarching images that you see.

**CHAIR** - So, there will be the walkway link?

**Mr KANOFSKI** - So sorry, I was talking about the marine part, so they are different.

**CHAIR** - Okay, well, let's move - let's talk about the marine side: that hasn't fundamentally changed?

**Mr WILLIE** - The gantry.

**CHAIR** - And the gantry.

**Mr KANOFSKI** - That hasn't fundamentally changed, although we've got several contingency plans for if things don't prove up as we expect them to prove up. We've other ways of dealing with it. We have a set of contingency plans around that. In terms of the terminal building and the things that are happening on the land, we are close to finalising our design for that. We have some consultation with TasPorts to go through that. The Board has a number of options in front of it, and then, once we've finalised what we're going to do with the terminal building, then we'll go to tender for that - for the construction of that terminal building. We expect to be at tender, I think, in June [2025] for that. We expect to award in July [2025]. We expect to commence in August [2025] and we'll be finished well in time for the commencement of operations.

**CHAIR** - Would you be able to provide the Committee a copy of the tender documents once they're put out, just proactively so we don't have to go looking for them?

**Mr KANOFSKI** - No, I don't have a problem with providing the tender documents. No, so when we go to tender, that will have the concept design in it, and we're happy to provide that. That's not a problem.

**CHAIR** - Sure. Josh, what were you -

**Mr WILLIE** - In terms of the \$493 million, that's a significant blow-out to where it was estimated originally. We know the TT-Line has significant challenges with its own finances. It's been in breach of the loan conditions and TASCORP revealed that, I think, maybe TT-line itself, that you've only enough capital to get through to September [2025]. Has the loan facility been increased? Is there now a Government bailout scenario for TT-Line?

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**Mr ABETZ** - I'm not going to deal in hypotheticals, suffice to say that the Government will ensure the ongoing success of the TT-Line, but the Chair, I think, has been engaged in discussions with TASCORP.

**Mr KANOFSKI** - Yes, we've provided some preliminary forecasts to TASCORP a few weeks ago. It might even have been a slightly longer than that. A couple of weeks ago, we provided them with updated - because we needed to update for what's happened with the contract negotiations, both time and cost, and so all of that information is with TASCORP.

I met with the CEO of TASCORP yesterday to just check in on progress and to make sure they had everything they need. He said they had everything they need for the moment. He said they might have some more - they're into their analysis work. He said they might have some more questions for us in a week or so and, obviously, if they do, we'll provide them with more information. I got - he gave me assurances that they'll make a timely decision without giving me, obviously, any indication of what that decision would be, because that's a decision for their Board.

**Mr WILLIE** - So you're looking at a loan facility increase? Are you trying to change the terms as well, so that there will be a longer period?

**Mr KANOFSKI** - Well, it's - the facility is not time limited in that way. What will happen, though, is that obviously we will have the facility for longer if the amount is higher. The facility's not a 20-year loan: it's a debt facility for a certain amount of money, but, clearly, if the amount is higher based on the cashflows, then it will take longer to pay back. On our base case, the vessels are well and truly paid for within their useful life.

**Mr WILLIE** - And so what's the initial advice back from TASCORP? Do you have the capacity to manage this as a company or do you need an equity injection?

**Mr KANOFSKI** - They've not provided that advice. That's the analysis they're doing and it'll be a decision for their Board.

**Mr WILLIE** - Okay, and when are you expected to know?

**Mr KANOFSKI** - What I've been assured of is we will get a timely decision. They're aware of our timelines and what I've been assured is that they will make a timely decision.

**Mr WILLIE** - Okay. We've got the Budget coming up, Minister, so can we expect an equity injection in the State Budget if that's what's required?

**Mr ABETZ** - I think you know the answer to that, that I cannot comment on budget speculation.

**Mr WILLIE** - The reason we're asking these questions is they don't have enough capital past September [2025]. So, it is critical that we get some answers.

**Mr ABETZ** - Look, I understand your desire to get a specific answer to that, but I'm not going to comment on the Budget.



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**CHAIR** - Minister, we know from what Mr Kanofski has said as well that you've provided TASCORP with information, in the 2026-29 Corporate Plan, the longer-term financial forecast. Can you provide those to the Committee in confidence? I'm not suggesting that would be a public document, but can you provide those to the Committee?

**Mr KANOFSKI** - I mean the documents - our financial forecasts ultimately become public documents. So, they go through a process. So once our corporate plan is submitted to, and approved by, the Shareholding Minister, they become public documents at that time. So that would be the process from my perspective. We have provided our financial forecast to the shareholder ministers; the process is that they need to approve them.

**CHAIR** - Here he is, sitting at the table. will you provide them to the Committee, Minister?

**Mr ABETZ** - Look, I will take advice on that, but I can't - thinking out aloud, I can't foresee difficulty with that, but I will caveat that -

**CHAIR** - We'll write to you on that one.

**Mr ABETZ** - Yes. I will caveat that, on the basis I would need to advise myself as to whether that is an appropriate course of action, but instinctively I am minded that that should occur.

**Mr KANOFSKI** - Once approved by the Shareholder Ministers, they are public documents.

**CHAIR** - We don't know how long that's going to take, though, do we?

**Mr KANOFSKI** - We don't.

**CHAIR** - It's in your court, Minister.

**Mr ABETZ** - It's not with me at the moment, it's with the Department. That's why I haven't seen it yet, Chair. We will try to facilitate the movement of the documentation from there, to me, to you.

**CHAIR** - Thank you for that.

**Mr WILLIE** - I've got other questions on other matters. In your opening statements, Minister, we heard - and this is no reflection on the Chair, he's obviously had to do a lot of work to recover the project - a \$200,000 bonus for effectively consultancy work. What's the usual process for TT-Line to engage a consultant? Is it similar to the Government, where there's a \$50,000 threshold and it needs to go out to tender and you test the market?

**Mr ABETZ** - That I don't know in relation to TT-Line, but I have no regret, concern or whatever that, as Shareholder Ministers, we made a determination to get this project into recovery phase, which is now finished, and to keep it going we needed expert advice, and Mr Kanofski, being appointed as Chair, a welcomed appointment might I add, devoted time and energy, and I think on any cost analysis, Mr Kanofski has done the people of Tasmania a favour, not only with his expertise, but for the \$200,000, I doubt we could have got all that

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time and expertise from any other consultant who is as qualified as Mr Kanofski. So, every now and then you have to be agile and quick, and that is what we as Shareholder Ministers did and we, of course, as Shareholder Ministers, are held accountable for that. But I would dare anybody to criticise Mr Kanofski's appointment, his work and the limited funds that have been paid to him in recognition of that.

**Mr WILLIE** - Nobody's criticising Mr Kanofski. What we are asking questions about is due process and whether proper process was followed, Minister.

**Mr ABETZ** - The due process is that Ministers make decisions as Shareholder Ministers in relation to Board appointments. As I understand it, that went through the Treasury department as well, just to -

**CHAIR** - Did you get advice from Treasury on this?

**Mr ABETZ** - Yes. Yes.

**CHAIR** - Can you provide that advice from Treasury to the Committee?

**Mr ABETZ** - I'll take that on notice.

**Mr LIMKIN** - Through you, Minister, the Government policy in relation to Board remuneration enables Shareholder Ministers to provide an additional payment for services for chairs or directors for time-limited basis. There is advice from both DSG and Treasury in relation to this and both Shareholder Ministers considered this payment.

**Mr ABETZ** - Look, I've just been advised, in fact, that I said Shareholder Ministers but I understand it is for the Treasurer to decide on Treasury advice. He and I spoke about it, so -

**CHAIR** - If we could get the Treasury advice, particularly, that would be helpful for the Committee.

**Mr ABETZ** - Yes.

**Mr WILLIE** - Is anybody else that's working on the project working on the bonuses arrangement and, if so, can we have those positions?

**Mr ABETZ** - We have - not in relation to the Board but, that's a very general question, so I've got to be careful that I don't mislead the Committee because there are many people 'working on the project', to use that term. Are you able to discuss the contractual terms?

**Mr KANOFSKI** - People are appropriately remunerated through their company arrangements. We've got a range of consultants on Board and we go through a process to engage those and we follow normal commercial due process in terms of appointing consultants.

**Mr WILLIE** - So, I'm happy for you to take it on notice, Minister, but can we have all of the positions and contractors that are working on the project that have bonus arrangements and what the conditions are for those?

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**Mr KANOFSKI** - If I just clarify, sorry, I know I was talking more about appointment. To the best of my knowledge - but I will take it on notice - to the best of my knowledge, no-one's on a bonus, and to be clear: I wasn't paid a bonus. I was remunerated for my time and that was the process that went through. To the best of my knowledge, none of the consultants who were on the process are on a bonus. They're all on daily rates as you'd expect them to be.

**CHAIR** - Can I just ask on this - with all due respect to the Chair here, Minister, that obviously there is a potential for conflict of interest here. You have a consulting business that is basically using your skills in this business, so how do you manage that conflict?

**Mr KANOFSKI** - Well, so this is - so I wasn't engaged as a consultant. I was - basically, the Shareholding Ministers have the authority to - or the Treasurer - has the authority to pay additional Board fees, and that was the decision, so there is no conflict. I was remunerated for my time through an additional Board fee.

**CHAIR** - So the Board is aware of your -

**Mr KANOFSKI** - Yes.

**CHAIR** - Your own private business and your own private companies?

**Mr KANOFSKI** - Yes.

**CHAIR** - That was obviously declared. I'm just -

**Mr KANOFSKI** - No, no, no. Absolutely, absolutely. I mean - and there is a full declaration of - I mean, obviously I am on other boards as well, which is fully declared, and they're aware that I have a consultancy business and, if relevant, I would talk about particular customers of that to the Board if relevant. Obviously, I do not give them a list of my customers, but if it's relevant to the matter at hand or to TT-Line, then obviously I would make that declaration.

**Mr LIMKIN** - Through you Minister, for the Committee's information, as part of the recruitment process as well for the new members of the Board, including Mr Kanofski, there were detailed checks done and conflict of interest declarations regarding existing Board positions, advisory firms that Mr Kanofski worked on with, and his clients. Those due diligences were undertaken as part of the advice from the recruitment panel to Shareholder Ministers to make those decisions, and so that was for all suitable candidates and that was fully disclosed as part of the recruitment process.

**CHAIR** - To be clear, Minister, you were aware of the potential conflicts here and how it's being managed - just in the matter of probity and the matter of transparency around this?

**Mr ABETZ** - Absolutely. Very fair questions. Yes, very concerned to ensure that that took place, that everything was above board. The Board was notified of the extra payment to Mr Kanofski and, as the Secretary has indicated, when people are appointed to these boards, due diligence tests - due diligence is undertaken to ensure - to minimise that risk to the lowest possible level.

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**CHAIR** - In terms of the appointment of the new CEO, are there provisions in that contract for bonus payments and that sort of thing? One hopes you won't get a bonus payment if you deliver on time, but there may be a consideration if it were delivered under budget, early or at least on time. What provisions are in the new CEO's contract?

**Mr ABETZ** - Right. It is the Board's arrangement to appoint the CEO, not the Minister, so - yes -

**Mr KANOFSKI** - There are no bonus arrangements for the CEO. He's on a salary. That salary will be declared in the normal course of events in the annual report.

**Mr WILLIE** - There was another option though, Minister, where the Chair could have just continued with his normal duties and the company could have brought in the expertise. That's another arrangement that could have occurred.

**Mr ABETZ** - Look, I assume there could be a whole lot of permutations that we could have considered, but what we had was an excellent Chair that I think everybody around Australia recognises as being an expert in his area and that is why he has served us so exceptionally well, in NSW and elsewhere. I think we all agreed that there was a need for this project to be expedited, but, in circumstances where everything such as safety, design, et cetera were all considered, and I have no hesitation in saying that - whilst I was going to say the shareholder ministers, I've just been reminded that whilst I was involved in discussions, it was the Treasurer's decision, so I will back the Treasurer's decision 110 per cent as to what he did, and I think the Secretary's got a statement that he might read, in relation to how that occurs with Treasury advice.

**CHAIR** - It would be helpful if that includes how the \$200,000 was arrived at, of why that figure and how does that compare with similar consultancy.

**Mr LIMKIN** - Thank you, Minister, and through you: so, the Tasmanian Government Board fee policy provides discretion for portfolio ministers to approve Board fees that vary from the maximum recommended fee for a particular Board. However, in addition, under the TT-Line article of association, direct remuneration is required to be determined by the members of the Company. Any additional fees paid to Mr Kanofski do need that approval from shareholders. The fee that was calculated for Mr Kanofski's work was based on his daily consulting rate, which has been used for other services within the Department and in the community, and it was based on an eight-hour day or provision of eight hours, paid through his current Board fees.

**Mr WILLIE** - Mr Kanofski has inherited an almighty mess to sort out -

**Mr ABETZ** - He has.

**Mr WILLIE** - but, I think the public will see today, a \$200,000 payment while at the same time the project's blown out to \$493 million.

**Mr ABETZ** - And what they will see is that we have got the best possible person chairing and overseeing the recovery process, which is now completed, and we can now look forward to the future with confidence because of Mr Kanofski, Mr Kirkwood and others. Mr Kanofski

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has been the driving force and I have no hesitation in saying that that fee, for somebody of his expertise, was generous from Mr Kanofski's point of view.

**Mr WILLIE** - Are there any further payments expected, Minister?

**Mr ABETZ** - As I said in the statement, if you would have listened, that with the appointment of Mr Carbone on Monday - so this is Kym Sayers' last day as acting CEO.

**CHAIR** - She mightn't have to front up as often.

**Mr ABETZ** - Yes, and I want to put that on the record and thank her for her service in that role, but with Mr Carbone's appointment, look, whilst Ms Sayers has been an excellent acting CEO, it would be fair to say that Mr Kanofski has also been, in effect, another acting CEO as well and has been doing an excellent job and the, if you like - what's the term I want to use - the weaning off of Mr Kanofski with Mr Carbone coming on Board will be something that we will look at. As I said, I anticipate further payment, but that is a work in progress.

**Ms THOMAS** - Thank you. Further to what you've just suggested that the payment perhaps was for - we're hearing two different things, I think, it's that there were services that were based on a consultancy rate, effectively consultancy-type services. Then, we're also hearing it's perhaps work that now will be taken over by the new CEO. Perhaps, it sounds like it's work that a CEO would ordinarily do. I'd like to be clear on: was it work as a second acting CEO or was it work as a consultant would typically undertake? Was the payment in lieu of CEO duties, as a Chair payment or like a consultant?

**Mr ABETZ** - It would be fair to say that Mr Kanofski did far, far more than just be a Chair of the Board. He immersed himself in this project and the recovery from looking at designs, the contract work. I think you spent a week in the renegotiating contracts with BMD, et cetera? There was a lot of work undertaken.

**Mr KANOFSKI** - If I might add to that, the governance process that we put in place for this project was that the project would report to a subcommittee of the Board chaired by me and in doing that, I have had executive responsibility for this project - not for the rest of the Company, but for this project. I've had executive responsibility for this project. That's the governance process that we put in place.

**CHAIR** - As Chair of that subcommittee?

**Mr KANOFSKI** - As Chair of that subcommittee, I've had executive responsibility for the project. The project director reports to me.

**Ms THOMAS** - We've had an acting CEO getting paid at an acting CEO rate, and then a Chair getting paid effectively at an acting CEO rate at that same time?

**Mr ABETZ** - I suppose that's sort of a fair comment in circumstances where this project was in need of a huge amount of rehabilitation, a huge amount of expert input. That is exactly what Mr Kanofski has provided and he has saved us time and money with his team in relation to what is now a forward-looking project with timelines and costings in place.

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**Mr WILLIE** - In terms of today's announcement with the October 2026, that's not a new announcement. You've previously said that's the best-case scenario. How's the work going for the gantry? We do hear comments from the community that it doesn't look like there's a lot happening at Devonport. There were some concerns about 24-hour work that doesn't appear to be happening.

**Mr ABETZ** - That is where a lot of the work that was undertaken under - I must say, I was a novice in these projects as well - I've learned a lot along the way, but design is fundamentally important before you get on to the actual work. The Chair will correct me, I'm sure, but I think today we are driving the third pile and the first two have gone well but this one is going to be into hard rock, so it might take longer than the other two. I, for example, reached out to the Mayor of Devonport to see if there had been any noise complaints in relation to the driving of the first pile. The good news was there hadn't been.

**CHAIR** - In hard rock it could change.

**Mr ABETZ** - That is why today's driving of that third pile, which will tell us how long it takes et cetera, but the first few went a bit better, I think, than anticipated. Whether we need to do 24 hours, we don't know. With the gantry and everything else, I'll let the Chair explain.

**Mr KANOFSKI** - In terms of the piling process, obviously, if we need to do 24-hour work, we will, but if we don't have to, then we will limit that work because it has an impact on the community and we'd like to reduce that impact on the community. At the moment, what we've given the contractors approval for is to work until 10 p.m. on two nights per week and we're monitoring the productivity rate, and, so in essence, as the project develops we will - and as the piling continues, we'll monitor that productivity rate. To the extent we need to do night work, then we'll do night work. To the extent we can avoid night work, we will avoid night work, because clearly it is disruptive and -

**CHAIR** - How many piles are there all up?

**Mr KIRKWOOD** - 27.

**CHAIR** - It hasn't changed?

**Mr KANOFSKI** - No. So, we've got pile casings in for two. I need to make that clear, it's pile casings, the piles then need to be filled and there's a whole range of things that need to happen to complete the pile, but the putting - the driving of the casing or, in this case, the hammering to get the casing, is the critical part of that process. We've got two of those complete; the third one is happening as we speak and we'll just continue to monitor that productivity. If we get good enough productivity, we won't need night work. If we get less productivity than we would like, then we'll need night work. It's as simple as that. In terms of the gantry, the gantry -

**CHAIR** - Just before you go with the gantry, with the piles, there must be some sort of - you did mention this earlier, some sort of risk mitigation if you run into trouble. I know there's been more extensive geotechnical assessment of that area, but what's the plan if that goes a bit pear shaped?

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**Mr KANOFSKI** - So - and I'll let Paul talk to this in more detail, but in essence, we have a particular methodology that we're using to put piles in. We could revert to a different methodology if we have problems, probably to a more conventional pile-driving situation, with drilling through the basalt rather than hammering through the basalt. So those are contingencies.

**CHAIR** - They've got equipment to do that?

**Mr KANOFSKI** - We would be able to get equipment to do that.

**CHAIR** - In Tasmania?

**Mr KANOFSKI** - Yes, in Tasmania. So, the - and we're still currently retaining the possibility of moving to a block build instead of a pile build. I think that's increasingly less likely, as we move into the piling phase and we're getting the productivity that we want and expect, but at this point, we could still switch to that as well. So, we've got a number of different options for dealing with this issue.

**CHAIR** - So when do you expect to have all the piles completed, not just the casings, but completed?

**Mr KIRKWOOD** - That will be in the early part of next year, 2026. The 27 piles are going in well, at the moment, but each pile takes several weeks, if not a month, to do overlapping. By the time we get all 27 it will be sometime in early 2026.

**Mr WILLIE** - These are the most complex parts of the whole project, Minister, that's going to take a length of time, these 27 piles.

**CHAIR** - And one of the highest risk, I'd imagine.

**Mr KANOFSKI** - There are essentially two things that are the critical path for this project: one is the marine piling, as you quite rightly point out. The other is the manufacture and transport of the gantry, which is underway. So, the gantry is being manufactured in China, the - it is underway and so far, we're happy with that progress, but obviously we've got a long way to go. It's got to be manufactured, it's got to be tested. There's a whole range of things got to happen with it, and then we've got -

**CHAIR** - It's been fully designed, obviously.

**Mr KANOFSKI** - It has been fully designed and the shop drawings and everything, and steel's been cut out. It's in production. It's not in design, it's in production.

**Mr ABETZ** - Before it arrives, it will be -.

**Mr KIRKWOOD** - Yes, sorry. So, it needs to be test-assembled. One of the advantages of the Chinese manufacturing, is that they have a facility that's big enough to fully assemble it on site and test it there. That's not available, and it wasn't available to us anywhere in Australia, and obviously there's an added risk if you don't test-assemble it - there's an added risk if you bring it to site, if you need modifications, then you need to make modifications at site which is harder to do, more expensive to do, all of those sorts of things. Those are the two things - and

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the Minister said before, the project's not without risk. Of course it's not without risk. Those are the two issues. The issues are marine piling, and manufacture and transport of the gantry.

**Mr WILLIE** - Had due diligence been done, Minister?

**Mr ABETZ** - Sorry, can I quickly provide a further update to Ms Thomas's question. Ms Sayers, as acting CEO, was not paid the full CEO rate and for the project management, that went through the Board as I understand it, and not through the CEO. That was a direct report to the Board that Mr Kanofski chairs.

**Ms THOMAS** - Sure, thank you.

**Mr ABETZ** - So, I will just clarify that, but a very good question. Sorry, Mr Willie.

**Mr WILLIE** - Had due diligence been done by the company originally, you may not have chosen that site. Like, when we did a site tour, one of the workers told me if you are going to put a gantry in the Mersey River, you wouldn't do it here, but it's interesting work; that is how challenging it is and that is probably why we are facing a \$493 million blowout.

**Mr ABETZ** - Well, if you've got a suggestion where else this berth should have been placed, we would be interested in your -

**Mr WILLIE** - I am pointing out the cost escalations because of the lack of due diligence.

**Mr ABETZ** - I would be interested in your expertise, to make such a suggestion.

**Mr WILLIE** - I'm just pointing out the cost escalation because of the lack of due diligence and the complexities of the site.

**Mr ABETZ** - No. The cost blowout is, as I tried to say in my opening statement, the previous management, with respect, were over optimistic and -

**Mr WILLIE** - Design issues with the gantry?

**Mr ABETZ** - I will say this unsugar-coated - they weren't fully appraised with what they were actually dealing with and what they needed to do, and that is what -

**CHAIR** - In terms of the conditions of the riverbed?

**Mr ABETZ** - And the task. To think that you could have had a new berth for, originally, as Minister Ferguson was advised, for \$90 million, you really have to ask where in anybody's world could that figure have come from, but I have not been looking backwards. I am looking forward to getting this project underway, and the good news from today is that the recovery phase is completed as of the signing of the BMD contract on Wednesday, Cabinet noting that last night, and here we are announcing it publicly to our fellow Tasmanians today, and today is the move forward.

**CHAIR** - I will just move back to the gantry for a minute. You did mention, Minister, that it needs to be obviously shipped out. Can you talk us through the timing and process of that? Can it all come on one ship? What is the situation there?



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**Mr ABETZ** - I will handball that straight to the Chair or to Mr Kirkwood.

**Mr KANOFSKI** - I might go to the Project Director on that issue.

**Mr KIRKWOOD** - The Contractor has chartered a vessel, a dedicated vessel that will come straight from the port adjacent to the Chinese facility and bring it directly into Devonport.

**CHAIR** - Alright. And that's part of the cost of the gantry itself?

**Mr KIRKWOOD** - That's costed as part of the overall cost of the gantry and within the costs that have been advised.

**Mr ABETZ** - It is quite a few hundred tonnes, isn't it?

**Mr KIRKWOOD** - It's close to 700 tonnes, yes.

**CHAIR** - So, obviously it's in pieces, it is not coming as a whole.

**Mr KIRKWOOD** - No, it comes as seven pieces, yes.

**CHAIR** - So, do you have people that have been involved in the construction helping assemble it, or is that all over to your team in Devonport?

**Mr KIRKWOOD** - No. It will be assembled by the marine contractor, Fitzgerald. They are the same marine contractor that assembled the gantry at Geelong, so they've done this before. The Geelong gantry is the first of its type globally, so this will be the second and it's the same contractor that assembles it, so they're very experienced at this.

**Ms THOMAS** - You mentioned again the signing of the BMD contract with this revised price of \$493 million, and forgive me if you've covered this or we've covered this before, but can you just remind me of the competitive tender process, given the cost escalation and that's a lot different from the original price, what was the process for BMD landing this with this revised contract price?

**Mr KANOFSKI** - Thanks, Minister, and again, I'll start and then I might get Paul to provide more detail, so the tender process for this - that led to the appointment of BMD - was done by the previous Board and the previous management of TT-Line. They ran a competitive process. My understanding is that they initially appointed someone else to do the work. That company got well into the work and then a decision was made to change and go and appoint BMD. That's a pretty consequential decision, in my view, and so they made that decision, put in place a form of contract and then immediately proceeded to redesign the project, immediately after signing the contract with BMD. The current management of the project and the Board weren't involved in the initial appointment of BMD. What we've been doing is - we had concerns around the design which we've tested and worked hard on. We had concerns around the way in which the contract was structured and that it did not provide sufficient alignment between the interests of the contractor and the interests of the company. That's the thing that we've rectified in the current contracting arrangements. I'm going to say we've worked very constructively with BMD over the last three or four months in this process.

We seriously did test the alternate designs together with them. We had large technical workshops where everybody had an opportunity to look at precisely what are we going to build here, and what is the best solution from a time and cost situation. I think it's also important to note in that, is that the decision to proceed largely with the existing design is because we were so far advanced with that. I suspect, if you started from scratch, we might have built a different design, but we were so far advanced with that we would then have had to have a downtime to change, essentially. By the time you weighed all of that up from a time and cost perspective, we are very close to what I think will be a decision. We're provisionally continuing with the existing design in the next few weeks. Once we have proven up the piling productivity rate, we will finalise that decision and then that will be the design that gets completely built. So, there's a process there.

**Ms THOMAS** - Regardless of the design, though, how can Tasmanians be assured that BMD as a contractor did not just get to name their price? What rigour does the Board put around testing the price of the contract, given they have been able to design it: they have priced it. What quantity surveying or independent assessment does the Board do with the contract price?

**Mr KANOFSKI** - Very good question. I will let Paul give more detail, but can I say, before we entered into the renegotiation of the contract - and I can only speak for this current negotiation, I can't speak for anything that happened in the past - before we entered into that, we independently costed what we thought it should cost, and so we had an independent view of what we thought it should cost going into that negotiation. Obviously, we weren't in a position where we were going to retender in order to get competitive prices. It was a renegotiation, so you need to get a benchmark and that benchmark was our own - an independent cost estimate. Paul.

**Mr KIRKWOOD** - Just to clarify, the cost of the BMD contract is not the \$493 million. It is significantly, significantly less than that - \$493 [million] is the overall project. We had an original contract sum which was competitively tendered through the previous management. We were, through the redesign process, in receipt of some significant claims from the contractor that were significantly higher than the number we've landed on now, and through the process of renegotiation through our independent quantity surveying - and to large part the existing contract, because of its reimbursable nature, is open book to a large degree, so we can see the numbers, we can see inside the pricing. Again, that can be independently validated and verified.

So, in landing on the revised target cost of the new contract, it is a renegotiation of the existing contract, it's not possible to retender the current contract without tearing up the old one and effectively terminating, with all of the consequences of that. So, it is a renegotiation, based on a combination of open book, independent quantity surveying, and that lengthy negotiation process to get the best outcome, and that involves removing significant risk issues from the contract and that may be in exchange for settling certain matters under negotiation.

**Ms THOMAS** - Thank you.

**CHAIR** - I will come back to you, Josh, after this one. Minister, you made comments about the previous estimates, and with regard to the \$90 million-plus initial estimate, as I understand it, and I stand to be corrected, that was an estimate provided by TasPorts as part of their QuayLink project: is that correct?

**Mr ABETZ** - Look, people with knowledge might be able to answer that one.

**Ms SAYERS** - In the very early days of the negotiation of the (inaudible) with TasPorts, some numbers were provided and we put a contingency on that and came up with \$90 million, in the very early days before any design work had been done.

**CHAIR** - How did you reach that figure, the contingency figure of \$90 million?

**Ms SAYERS** - Because the work hadn't been done, we were doing initial forecast, financial forecasts, we had a number from TasPorts and just rounded up effectively.

**CHAIR** - It was on based on evidence provided by - or information provided by TasPorts, that number was arrived at?

**Ms SAYERS** - Yes.

**Mr ABETZ** - Look, in relation to this project, language has been used, but the figure that we've now landed on, given the independent analysis that was done prior to the renegotiation with BMD, I think we can call this the realistic cost. The previous costs were clear underestimations, without full knowledge or capacity to understand what was actually required, and so some people like to talk about cost blowouts, et cetera, but this is in fact the realistic cost that is now what we are dealing with.

**CHAIR** - Which is a significant cost to the State budget, ultimately, because we look at the whole State sector and TT-Line, as we've heard from TASCORP, has previously breached their lending covenants. They've put a new request through, obviously, for a significant increase in those borrowings - what that will look like from TasPorts' point of view we'll no doubt hear later, but in any event, it's important that we understand the impact of this.

**Mr ABETZ** - Absolutely. All I'm saying is that the \$493 [million] is now the realistic assessment.

**Mr WILLIE** - And it's realistic that the company faces a bailout, because that's what TASCORP told us. It was more likely than not because of the additional debt.

**Mr ABETZ** - Look, I won't deal in hypotheticals. Let's wait and see how these things develop. TT-Line is an enterprise that believes that it can service that debt, but we shall see how that all develops.

**Mr WILLIE** - We've talked a lot about the piles in the river today. The landside piles, much was made about the 60 per cent pile being completed by Christmas [2024]. Can you give us when that milestone was achieved, please?

**Mr ABETZ** - Sorry. Can you repeat that question?

**Mr WILLIE** - The landside piles, there was much made of 60 per cent being completed by Christmas [2024]. Can you give -

**CHAIR** - This year?

**Mr WILLIE** - No. Last late last year. Can you give us when that milestone was achieved, please?

**Mr KIRKWOOD** - One hundred per cent of the piles were completed by Christmas [2024] - 94 in total.

**Mr WILLIE** - Okay. Thank you. And in terms of *Spirit IV*, can we have the updated costs for storage in Scotland, please, broken down by month to date?

**Mr ABETZ** - Look, I can, but if I may, I'm just being made aware of a media release that said the Government was paying 'bonuses out to executives', plural, 'because they had fast-tracked the project'. I've never said such a thing.

**Mr WILLIE** - It's not in my name, Minister.

**Mr ABETZ** - No, in this Committee, but can you please talk to your shadow Minister for Infrastructure if she cannot listen to these proceedings correctly and then issue media releases that are distinctly false. This is a good-news day for Tasmania and I would have thought that accurate media releases would be very helpful. But look, that aside -

**CHAIR** - Notionally Mr Kanofski isn't an executive: he's the chairman of the Board.

**Mr ABETZ** - Yes.

**Mr WILLIE** - I think Tasmanians will be very focused on that \$493 million figure today.

**Mr ABETZ** - But that does not justify the false information put out in the media release.

Do we have costing - and when was that? As at 31 March, we have had a cost of \$3,554,552. Is that reading that correctly? Yes, that is the advice that I have received.

**Mr WILLIE** - Can we have that broken down by each month?

**Mr ABETZ** - I would assume so. Do we have that handy or not?

**Mr LIMKIN** -Through you, Minister: we'll have to take that on notice to break down by each month if that is the Committee's request.

**Mr WILLIE** - Yes, and where it's all going like previous updates. Thank you, and in terms of the lay-up berthing arrangements, it'll be in Hobart for six to eight weeks for the final fit-out. What are the lay-up berthing options? Is it parking it in the Derwent and then bringing it up to the wharf from time to time when required or - what are lay-up berthing options?

**Ms SAYERS** - The initial six to eight weeks will be at the berth so that we can get contractors and do the bits and pieces that we need. Post that, it may be a combination of both.

**Mr WILLIE** - In Hobart?

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**Ms SAYERS** - Potentially, but we're certainly looking at other options as well, but in terms of the best option, in terms of the infrastructure, Hobart presents that, but it may not be the only option in Tasmania.

**Mr WILLIE** - Can it be fuelled in Hobart or does it have to go elsewhere?

**Ms SAYERS** - No. It can be fuelled in Hobart.

**Mr WILLIE** - It can be fuelled here, okay. *Spirit V*, on the DSG website, it still talks about looking at leasing options for that. We've had the Premier rule that out. Why is that still on the Government website?

**Mr ABETZ** - In relation to *Spirit IV*, it's been ruled out. I'll have to check, in relation to *Spirit V*.

**Mr KANOFSKI** - No, it hasn't been ruled out for *Spirit V*, but we're not actively - it's not being actively pursued.

**Mr WILLIE** - It's because of the time frame, isn't it? Because by the time you receive it, you're not going to have -

**Mr KANOFSKI** - We're getting to the point now, where - I think this is, if I can talk about the leasing - I mean if we'd been able to make *Spirit IV* available for five years, if we got someone to lease her straight away, but we were never able to do that, right. We were only ever able to say we can lease her for 12 months, maybe a few months more depending on timing, and so I think while we've not ruled out the leasing out of *Spirit V*, it's highly improbable, just because of the time frames. No-one will want it for like three months. It's because the mobilisation costs are just too high, and I think that's ultimately why we couldn't lease *Spirit IV* because we were really only offering 12 months and a few months extension maybe. There was a lot of interest in the vessel but -

**Mr WILLIE** - Not on the terms?

**Mr KANOFSKI** - Not on that - not for that amount of time. People want a vessel like that to either delay their own capital expenditure or to replace a vessel they're taking out of service for a period of time, all those sorts of things and that, but they generally want a five-year period, or at least a few years.

**Mr WILLIE** - If *Spirit V* comes to Tasmania, is there a -

**CHAIR** - Well, it will.

**Mr WILLIE** - Yes, it will go into service. It's just a matter of when - yes, that's correct - will a final fit-out happen for *Spirit V*, and can Hobart port accommodate both of them until they go into service?

**Mr ABETZ** - They're all the logistics that are being worked out, but as I said previously in relation to *Spirit V*, highly unlikely, but you never say never in the commercial world. Highly unlikely, but if somebody were willing to pay us a small fortune for a very short lease we'd be mugs not to take it. The chances of it happening - accepted - very, very limited.

**Mr WILLIE** - That wasn't my question, Minister. My question -

**Mr ABETZ** - No. I know, but I was going back to your previous question where you asserted that it was still on the DSG website. We haven't ruled it out completely, but the likelihood of it, realistically, we acknowledge is very low, very low.

**Mr WILLIE** - Zero.

**Mr ABETZ** - But in the commercial world you never say never, and if there is a possibility where we can get some income for our Tasmanians, then that would be, I would have thought, something that you would celebrate and encourage rather than to put on the public record, basically, your desire and hope that such a thing doesn't happen.

**Mr WILLIE** - I'm just pointing out that you don't listen to advice. That's all. You're being told it's not likely.

**Mr ABETZ** - I cannot understand - no, that is exactly right, that it's not likely, but not impossible, and shouldn't you, as an appropriate steward, consider the possibility and have that option open, because if somebody did, and I accept - highly unlikely, but if it were to eventuate, we'd be mugs not to take it.

**Mr WILLIE** - You've got form not listening to advice, Minister. You issued a ministerial direction for the ships to operate from Berth 1, despite Peter Gemell having a public report explaining all the problems with that.

**Mr ABETZ** - No, no, no, that is not correct and you are seeking to rewrite history in relation to that. The direction, it's on the public record, speaks for itself.

**Mr WILLIE** - So, back to my question, which was *Spirit V* coming to Hobart for final fit-out, you have made these local commitment [inaudible], is that going to occur for *Spirit V*?

**Mr ABETZ** - Yes, yes. Who can tell us on that, Kym?

**Mr KANOFSKI** - I think we will go to Ms Sayers, but yes look, the berthing arrangements for *Spirit V*, when she comes to Hobart, have not been finalised as yet but yes, she will have to go through the same process as *Spirit IV* in terms of fit-out. She will have to be fitted out here.

**Mr WILLIE** - And then it's likely it's here for a few months before it goes to Devonport?

**Mr KANOFSKI** - Well, I don't want to speculate on where - I mean, obviously there are a few things that we need to do. We actually need to take the vessels to Geelong because we have to commission the gantry in Geelong, because the gantry in Geelong has been built to - as you would expect, to deal with the existing vessels and the new vessels because it has to do that. We need to take at least one of the vessels there, fine tune what's happening with that gantry, make sure that all operates correctly in Geelong. So-

**Mr WILLIE** - It was a successful project managed by Mr Kirkwood, I believe?

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**Mr KANOFSKI** - Yes, I believe so, before my time so I can't comment.

**CHAIR** - No pressure on him this time.

**Mr KANOFSKI** - It looks pretty good.

**Mr ABETZ** - And, of course, most of the local content was installed in Finland, as we've said on a number of occasions.

**CHAIR** - So, in terms of the options, I mean, it's probably more a matter for TasPorts than TT-Line, I expect, but I'm just interested in what the options are. It would be a challenge, I imagine, to moor both of the new spirits in Hobart, unless one was out at sea or in the river all the time. So, are there other options, other ports around the state being considered?

**Ms SAYERS** - Yes, they're certainly being looked at, for shorter-term berthing arrangements, and as we've always said, you can potentially berth the vessel there, you just can't put anything on and off it in terms of vehicles or passengers and things like that. So, our General Manager Marine Operations and the Harbour Master were, this week, looking at other options. We've also almost been inundated by expressions of interest from other ports around Australia, so we haven't dismissed that, but obviously we want to look at Tasmania in the first option, but the vessel can easily go to anchor out in the river if it needs to.

**CHAIR** - That is more costly though, putting the vessel at anchor, isn't it?

**Ms SAYERS** - Not necessarily, because, quite likely, the same number of crew will be needed at berth as it would be at anchor. It's probably just more, if I can say, inconvenient in terms of getting people on and off, but it can certainly do it easily and it is something we are considering -

**CHAIR** - We received evidence a little while ago, Minister, that it was more expensive to put the ship at anchor than at the berth because of the staffing requirements; has that changed?

**Mr ABETZ** - No.

**Mr KANOFSKI** - No, I think the evidence was that it is more expensive to have her at berth in Australia than in Scotland. I do not want to correct you, Chair, I think -

**CHAIR** - No, that is alright. I am happy to be corrected if I was -

**Mr KANOFSKI** - I think that was the evidence, is that the crewing arrangements for her in Scotland are different to the crewing arrangements that would apply in - anywhere in Australia, and it is more expensive for us to have her at berth here than it has been in Scotland.

**CHAIR** - Just with regard to the *Spirit IV*, which - she's leaving -

**Mr ABETZ** - May 26 [2025].

**CHAIR** - May 26 [2025], that's right. I'm just trying to find the date there. So - and the timeframe you have given to Fremantle. I'm not necessarily asking for the route that she is

taking, but how has that been determined? There may be sensitivities about the actual route, I don't know. There are a few hazards along the way.

**Mr ABETZ** - Yes, and I think advice was sought from the highest levels in Australia, from a security point of view, but who's managing that?

**Mr KANOFSKI** - I will throw to Ms Sayers in a second, but yes, clearly we need to determine a route, we need to have places where we could reprovision and refuel and things like that, so that's how the route has been determined, essentially. We have to do a crew change at some point coming home and that's why she is going to Western Australia, because then we could do that crew change in Australia rather than do it internationally.

**CHAIR** - So you'll fly the new crew over to Fremantle?

**Mr KANOFSKI** - To Fremantle.

**Ms SAYERS**- I think you have covered it all in terms of - we obviously got advice in terms of the route risk. It is well publicised - the risks internationally with this. Yes, we engaged with the relevant authorities on that, but as the Chair said, also where we could get fuel, where it's safe to get fuel and other provisions also determined that route.

**CHAIR** - Has the cost of the passage out remained unchanged, or has that altered with the final decision on the route?

**Ms SAYERS**- No, no, it didn't change the estimate that we've previously provided.

**Mr WILLIE** - Fuelling - we often ask those questions around - I think last time we talked about a whole-of-port solution. Have we an update on the LNG side of it, that the ship's got that capacity and it was \$60 million of the local commitments that the Government made?

**Mr KANOFSKI** - Look, we are - there's no major update to that. Our position is that - and to be honest, it is just been a matter of priorities in terms of the berth itself taking priority over the last little while, for both the Board and management, but we intend to do several things. One is, we intend to discuss it with others in terms of whether there is a whole-of-port solution for LNG potentially -

**Mr WILLIE** - Other operators?

**Mr KANOFSKI** -Yes, other operators. We haven't done that as yet, but we intend to. Failing that, we will go to market again to see if we can find a viable LNG supply of Tasmanian - manufactured and refined in Tasmania, not brought here on a vessel from Victoria so that it can be put on our vessel, which would -

**Mr WILLIE** - Not in line with the Government's commitment?

**Mr KANOFSKI** - No, it would not be. It would have a touch of the 'yes, Minister' about it. So that's our intention. What we've done is, we know if we can find a viable LNG solution, we know what we would do to reconfigure the site to do that. We've not put any of the infrastructure in, because we just think that's premature, because we need to find a supplier first and to understand whether it will come in tankers and be stored on site, or will it be downloaded



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straight from road tankers, all of those sorts of things. We've made the provision and we will go to market, preferably in conjunction with others, but if not, we will go to market on our own and test the market.

**Mr WILLIE** - Are there advantages with gas, obviously environmentally, but in terms of cost, or -

**Mr ABETZ** - Look, I am not sure what the latest bunker fuel/LNG price comparison is.

**Ms SAYERS** - Yes, I haven't done the analysis to compare both. We did early on in the days, and at that point we thought commercially and environmentally that LNG would be a better option with fuel prices. That has changed our thinking a little bit, but we will certainly look at all options. It won't just be a commercial decision. The other information that we've now got, because the new vessels have gone to sea trial, is consumption rates, so looking at all of that as well: but supply is probably the key one for us, in terms of we need to guarantee fuel supplies for the vessel to -

**CHAIR** - What about the environmental aspect?

**Ms SAYERS** - Yes, that was the reason we always went down the path of LNG and having engines that would take that. It is that environmental aspect. We can't ignore the commercial aspect, but that's always been a priority for the company, and to be honest -

**CHAIR** - Are you still confident it has the same environmental benefit? There's been some question about other ships in other places perhaps not going down that way.

**Mr KANOFSKI** - No, we think, and it is our preference, that you get a better environmental result with LNG. That's our view and that's our preference. To be clear, our preference is for LNG in whatever term that becomes viable. I won't say in the long term, I will just say whenever it becomes viable, and our preference is for Tasmanian LNG.

**CHAIR** - Is there anything else before we go into camera for the update? The Minister offered - nothing else? Okay, we might close the room and go into camera.

### IN CAMERA

...

### END OF IN-CAMERA SESSION

**CHAIR** - Thanks, Minister, and your team for providing that information to the Committee.

As we said, we will write to you with some questions on notice and we will do that once we have had access to the *Hansard* to confirm we've captured everything. We will also send the in-camera transcript for your consideration of any matters that may be able to be made public from that discussion to help the Committee, but also members of the public who are very interested in this. Thanks for your time.

We are, as we have indicated, having a site visit on schedule for 20 June [2025], and we will, of course, have you back in. We have got a date set.

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**Secretary** - It is Friday the 22 August [2025].

**CHAIR** - No, the next update.

**Secretary** - The next update, yes.

**CHAIR** - We will come back to you with that just to confirm.

**Mr ABETZ** - Yes, just for the Committee's advice, I think I've mentioned this before, but I personally visit, in rough terms, once a month. I get myself up there personally to Devonport once a month to have as much oversight as I possibly can. This is a major project that will be transformative for our economy, for our producers, for tourism. As I said previously, but I'd like to repeat on the record, that the amount of answers provided by Mr Kanofski today, I think, indicate that it's more than just the Chair's role that he's taken on, but he's been an active CEO of this project over the past six months or so.

**CHAIR** - Okay. Thanks Minister, and your team, for your appearance.

**The witnesses withdrew.**

**The Committee adjourned.**

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