

**THE LEGISLATIVE COUNCIL SELECT COMMITTEE INQUIRY INTO  
PV FORTESCUE MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE,  
HOBART ON FRIDAY 24 AUGUST 2012.**

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**Mr LEON DARKO**, MANAGER, ASSET MANAGEMENT CORPORATE SERVICES;  
WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**Assistant Commissioner PHIL WILKINSON**, **Senior Constable CRAIG CRAWFORD**,  
**Inspector BRETT SMITH**; AND **Mr MARK MILLER**, PRINCIPAL LEGAL OFFICER,  
CORPORATE SERVICES, DEPARTMENT OF POLICE AND EMERGENCY  
MANAGEMENT WERE CALLED AND EXAMINED..

**CHAIR** (Mr Dean) - Welcome, gentlemen. This is a public hearing that is being recorded on *Hansard* and will be available publicly. Parliamentary privilege applies whilst you are in here but once you leave you are no longer entitled to parliamentary privilege. If at any stage during the inquiry it is felt the evidence you would like to give should be in camera, the committee will listen to that and I am satisfied the committee would accept that evidence in camera.

Is there anything you wish to pass on to the committee at this stage or would you prefer us to go straight into questions? I will open it up to you to make any statements you wish in accordance with the terms of reference.

**Mr DARKO** - We can go straight into questions, if you like.

**Mr MILLER** - I intended, subject to the committee's views, to make some comments at the end and the extent of them may depend on the extent of the evidence. I also intended to address some matters in relation to the evidence given, and I will be giving evidence, so I was inquiring whether you regard me as still on oath or whether it would be appropriate at some point to administer a fresh one?

**CHAIR** - We discussed that issue before we came in and because you were previously sworn in giving your evidence to this committee we felt that would cover this session as well and we have recalled you as a witness.

**CHAIR** - Because of what you've said, I'd simply ask at this stage where you became involved in this whole thing? What was your position on it, the part you played in this - from the beginning?

**Mr DARKO** - The project sponsor at the time was Deputy Commissioner Johnston. He tasked me with a number of activities within my area of expertise, which is procurement and adhering to Treasurer's Instructions. I came on in December 2006. The DCOP called me up and said, 'I've had a station visit to marine and I've been lobbied as to the replacement required for PV *Freycinet*.' Then after Christmas my first task was to prepare a business case for the replacement of PV *Freycinet*. That's when I first became involved.

**CHAIR** - So you prepared the business case? What did that cover? Did that cover the urgency for replacement as well?

**Mr DARKO** - Yes, I worked with the officer in charge of marine at the time and that covered -

**CHAIR** - Who was?

**Mr DARKO** - I believe it was Ross Paine. I was trying to think of when it changed over from Steve Williams, who was the head before that.

**CHAIR** - Okay. So it covered the urgency of replacement?

**Mr DARKO** - Yes. In 2000 there was a vessel replacement infrastructure program paper that looked at all of the fleet because it had never been done before, and it was again identified in 2005.

**CHAIR** - Do you have a copy of the business case here?

**Mr DARKO** - No, not with me but I can get it for you.

**CHAIR** - Where did your role go from there, Leon?

**Mr DARKO** - After the business case was done, the deputy, Mr Johnston, asked me to do some market research, like I'd normally do with any business case, of what's out there, basically.

**Mrs TAYLOR** - So what time are we talking about now?

**Mr DARKO** - February 2007.

**CHAIR** - We might go through the chronology of just how this happened.

**Mr DARKO** - In February 2007 we had a business case, as I've just mentioned, and we did market research. When I do market research after a business case is developed, I go to an organisation called the Industry Capability Network. I'm not sure if the committee's aware of their role, but the ICN is an independent agency and there's one in every state and territory and there's one in New Zealand. Basically they hold a national database of capability of suppliers that are registered that can do work on anything from textiles to building. It's a government organisation. At the moment their big thing is the NBN.

**Mrs TAYLOR** - So it's federal government?

**Mr DARKO** - Yes, but they operate independently. We do our market research through there, and then after that I asked Mr Michael Hunn, who had done some work for us previously on the *Dauntless* refurbishment, the Sentinel class vessels which are the black plastic vessels you see - that's our class of work boat. He had done some work on that vessel replacement infrastructure program for us, as well as the *Swift II* tender.

So I asked Mr Hunn if he was aware of anything that was out there and he said, 'Yes, at the moment there are some similar specialist vessels - what I think you are after - being built out at a place called Sabre Marine'. I then went back to our project sponsor and I said, 'There are some being built.' He said, 'Can you organise a meeting for the commissioner, myself, and the officer in charge of marine to go out and view this vessel?'

**Mrs TAYLOR** - What did the industry capability people come up with - nothing?

**Mr DARKO** - From memory, he came up with the same solution, the same suggestion.

**Mrs TAYLOR** - To have a look at Sabre Marine's?

**Mr DARKO** - Yes. I certainly remember Michael Hunn, but the industry capability person - he would know. He would have everything on his books.

**Mrs TAYLOR** - When did that visit take place?

**Mr DARKO** - The visit was March 2007.

**Mrs TAYLOR** - It moved pretty quickly then?

**Mr DARKO** - After the business case, it was about a month of market research before we went out and had a look. After that, we went and had a look at it out at Sabre. The initial contact was made with the Australian Volunteer Coastguard, which was getting the boats built. Sabre was building the boats for them and the deputy at the time asked if I could obtain their specification to assess if they were something that we may be able to get our head around. I accessed their contract through the Australian Volunteer Coastguard, Victorian flotilla. They provided me with the details. I brought that back to the project sponsor, and went through the RFT process they had done. They said it was an open tender. Everybody had the opportunity to tender for it nationwide or internationally. Then I forwarded those contract details on to Crown Law, as requested by the DCOP, for suitability.

After that, the project sponsor asked me to set up a meeting between himself and the naval architect, Michael Hunn, which I did and that was to discuss the initial scope of a consultancy-type service to ascertain whether or not there would be an opportunity for us to go out and have another look at it to make sure it is a similar type of specialist vessel. I did that and we formalised his initial consultancy at the end of March 2007, which was an e-mail, a letter of understanding, which was based on a do-and-charge basis.

**Mrs TAYLOR** - The timeline is quite tight then?

**Mr DARKO** - Yes.

**Mrs TAYLOR** - You have done well to get all that work done.

**Mr DARKO** - The letter of understanding was basically on a do-and-charge basis, very conceptual at that stage. It was just a consultancy service. I had done that previously,

very early on in the 2000s when we were doing the vessel replacement infrastructure program.

After that, the DCOP met with the naval architect. Then he formalised the consultancy, as I said, with the naval architect. At the end of March we started to progress, under the TI. 1114, which is a TI in relation to the exemption process. I started to deal with that for the PV *Freycinet*.

**Mrs TAYLOR** - Why did you go that step? Is that so you wouldn't have to go out to tender?

**Mr DARKO** - Yes. In that initial exemption application there were a number of areas we addressed. It was put forward as an argument that there was already a tender process undertaken by the Australian Volunteer Coastguard and that we were looking at similar specialist vessels but building in a tighter time frame. We put that in the exemption. We sent that to the ICN. The ICN, as a matter of protocol, has to look at any exemption.

**Mrs TAYLOR** - ICN stands for?

**Mr DARKO** - Industry Capability Network. They have to look at it independent of our agency. We have to get their support before we go to the next step to forward it to Treasury. If there is no tick there, you do not go to the next level. We went to that step and then, in April, the Industry Capability Network forwarded us a letter of support of our exemption based on TI. 1114.

**CHAIR** - The determination was made by a number of people of the similarities between the coastguard vessels and the vessel that the police wanted?

**Mr DARKO** - Yes. The deputy at the time got the naval architect in - he wanted to get his head around whether or not it fell into the realm of a specialist vessel.

**Mrs TAYLOR** - The marine police are actually your client, aren't they, the people who are going to use it?

**Mr DARKO** - Yes.

**Mrs TAYLOR** - Were they involved in that?

**Mr DARKO** - Yes, Ross Paine, the OIC of Marine Rescue, was certainly involved when we went out there initially and there was talk between the deputy and the OIC then and afterwards - if we made it a bit longer, and so on.

**Mrs TAYLOR** - Having heard evidence from other people, that is one of the little sticking points for me, that had it been exactly the same vessel I could understand that, that you would have just gone right ahead. Obviously it wasn't quite the same vessel.

**Mr DARKO** - 'Similar specialist vessel' - that is what we put in our initial exemption. We didn't say it was the same -

**Mrs TAYLOR** - No, I understand that and I am not talking about the process. I am just thinking that the outcome has meant that you have a vessel, which is different enough to

the original vessels to not have been quite the best solution. Obviously it wasn't the best solution because it doesn't work in the way that you wanted it to work.

**Mr DARKO** - The project sponsor also wanted me to get the two naval architects to do their own reports on similar specialist vessels, which I asked them to do, and which they provided. We aren't naval architects.

**Mrs TAYLOR** - No, I understand that.

**CHAIR** - Because this vessel was larger in size than the coastguard vessels.

**Mr DARKO** - Yes, longer.

**CHAIR** - It had other significant differences and changes in it as well, didn't it?

**Mr DARKO** - That's for the technical people to say. That is why we asked the naval architects to do these things - the similar specialist vessel reports.

**CHAIR** - I take it that you probably read the transcripts of the evidence given by previous witnesses to this committee and you -

**Mr DARKO** - I have read the transcript, yes.

**CHAIR** - You have heard some of their views and their position on it, that is all I am raising.

**Mr DARKO** - Yes, I read Mr Hunn's transcript and he was talking about this similar specialist vessel, but we certainly received a report from Mr Hunn and that did puzzle me, because we certainly received a report from Mr Hunn that outlined similarities between the vessels and we have one from independent naval architect, Guy Anderson, whom we engaged. The deputy wanted a naval architect to QA Mr Hunn, so we got Guy Anderson and the deputy wanted to have a look at his CV, screen it and talk to Guy, which he did. He was satisfied enough that we put him on the same consultancy type - do-and-charge - arrangement as well.

**Mr HARRISS** - Just on that Chairman, I'm looking at the *Hansard* of our last consideration of this as a committee. I am just looking at Mr Hunn's evidence to the committee at that time. I might go to that, Leon, to set some context, if I can, before the question. He says that he was working for Sabre Marine and when Leon contacted him - that would have been that you had contacted him.

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

**Mr HARRISS** - Mr Hunn says that he said to you, 'They are building some boats out at Sabre, do you want to have a look at those and see if they would be anything like what you want?' Mr Hunn then went on to say 'he' - that would be you - and some other members of the police force came and had a look and said, 'Yes, we would like something like that, but a bit bigger and with some different requirements.' Mr Hunn said he then put in a general arrangement drawing, gave that to Leon and then he entered into discussions - that is you - 'Leon entered into discussions with Sabre, I believe, to work out how much the boat would cost.'

That is the process, which Michael Hunn put to us that there was a GA drawing. You have just indicated that Michael Hunn documented for you the similarities. Was there anything else other than the general arrangement drawing, which he gave to you to indicate the similarities or was there some written documentation with more detail set out?

**Mr DARKO** - Not that I recall. You are right, the general arrangement was a general conceptual arrangement drawing and I passed that on to Marine, with the similar specialist vessel document and Guy Anderson's document. I cannot recall any other document.

**Mr HARRISS** - Thanks. He goes on to say his involvement with the process was just listing what he thought were similarities and differences between the vessels, and eventually it was decided they - and I presume he means the police department - could piggy-back on the back of that contract. Then we started the process and so on. I just wanted to understand whether there were other documents other than the GA drawing.

**Mr DARKO** - You're correct. The 'piggy-backing' word - that was the initial Australian Volunteer Coastguard specification and their RFT that I asked for under the direction of DCOP. We passed that on to Crown Law so they could have a look at whether it would suit a similar, specialist-type contract. I could come to that a bit later.

**Mrs TAYLOR** - It would be nice to continue with the timeline, if we could.

**Mr DARKO** - We put in our exemption under the TI. 1114, which is a legitimate government process. We got support from the Industry Capability Network, who forwarded us our letter because that had to accompany the exemption application to Treasury. We received back in the second week in April - we had to produce a supplementary exemption application and forward it to Treasury because, as the project sponsor said to me, 'We have to outline the urgency within our supplementary exemption application'. I asked him about the urgency and he said, 'There is the Commissioner of Police and myself, Deputy Commissioner of Police, who have over 80 years experience. If I say it is urgent it is urgent', so I took it as urgent.

**CHAIR** - Could you run that by me again?

**Mr DARKO** - I said to the deputy commissioner, 'Why would you like me to put "urgent" in?' I know it is 27 years old, I know it's a fibreglass vessel, I know it's been identified since 2000-05. He said, 'If the Commissioner of Police of 40 years and the deputy of over 40 years who have operational experience at the front line say it is urgent, then it is an operational urgency', so I put that into the supplementary exemption.

**CHAIR** - So you did no background inquiry in relation to that other than -

**Mr DARKO** - I knew it was urgent but I knew I could get a question from Treasury. I thought, 'What if I get another question from Treasury?' Because we had two. I wanted to highlight the fact that the two top police officers with 80 years experience told me it was operationally urgent, so if Treasury comes back to me and say, 'Leon, is it operationally urgent', I say 'Yes'.

We sent the application through and then we got notification back from Treasury of the intention to grant the exemption. They noted the urgency and our intention to source the funding from the Supplementary Appropriation Bill. I want to point out to the committee that when they grant or reject exemptions they only note certain things in the exemptions and then just note whether it is granted or rejected. That is what was in the exemption.

We outlined a number of areas within the exemption in the first case. There was the RFT process gone through by the Australian Volunteer Coastguard nationwide. Everybody had an opportunity to go for it, and there was only one Tasmanian supplier that put in. On the supplementary exemption I put in the urgency. They note these things and then say 'granted' or 'rejected' and it was granted on that basis. After it was granted on that basis, the project sponsor wanted more QA so at that stage he said, 'I would like another naval architect to be engaged' - to look over the shoulder, if you like, of Michael Hunn. We engaged Mr Guy Anderson. I asked Guy for his CV and I received it and said, 'The deputy would like to meet you and make sure you could work with Mr Hunn and whether, if you believe he's not doing the right thing, you would come forward'. The deputy was quite comfortable that Guy would do that.

**Mr HARRISS** - At that stage, am I right in presuming that Michael Hunn had not yet been employed by the department?

**Mr DARKO** - He was a consultant to the department on a do-and-charge basis after his consultancy was formalised on 30 March. It was basically just a do-and-charge consultancy service under a memorandum or letter of understanding, and he wasn't actually on Tasmania Police's payroll as an employee - he was a consultant.

**Mr HARRISS** - When this further QA process was required by the deputy commissioner, Mr Hunn's position was just that he had already been engaged as a consultant to the department so he wasn't any longer an employee or a consultant to Sabre Marine?

**Mr DARKO** - Not that I'm aware of, no, he was a consultant for us.

**Mr MILLER** - My understanding, Mr Harriss, is that he was probably on Sabre's books at that time.

**Mrs TAYLOR** - Yes, I think he was.

**Mr MILLER** - I think the thrust of Mr Phillips' evidence was probably that he was on their books at least until 25 June, which is when his employment commenced with Tasmania Police. He was effectively on their books and certainly enjoying the benefit of their insurance cover whilst he was acting as a consultant for Tasmania Police.

**Mr HARRISS** - Thanks.

**Mr DARKO** - After we engaged Guy and the deputy met him and told him what he required of him, the project sponsor, the deputy, wanted the probity adviser to QA the process of the T1.1114 exemption and the granting of that by Treasury. We engaged the probity adviser from the probity adviser directory listing for Treasury. They screen all the

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probity advisers before they put them on a directory list and you can choose from that particular list. We engaged Wise Lord and Ferguson at that stage who looked at all the processes, exemptions and the ICN support and so on. They came back on 17 May advising that all of our probity and procurement processes were transparent, satisfied and followed. I don't know if you have those particular documents?

**CHAIR** - No.

**Mr (DARKO)** - We will furnish those documents. The project sponsor then wanted to ascertain whether we were going to get full value for money for the price put forward by Sabre Marine. He asked the two naval architects to do their own assessment of value for money on the price put forward by Sabre Marine.

**CHAIR** - Just on that, were you aware at the time of the coastguard vessel costs?

**Mr DARKO** - Yes.

**CHAIR** - So there is a difference obviously between them and the -

**Mr DARKO** - Yes, they were around \$800 000.

**CHAIR** - An \$800 000 difference?

**Mr DARKO** - No, it was \$800 000 for the 11.9 or 12 metre vessel for the coastguard.

**CHAIR** - And the police quote at that stage?

**Mr DARKO** - That was \$1.179 million. So they went away and did their calculations based on size, width - the boat's basic specifications, if you like. The deputy certainly wanted some value-for-money assessments done by both naval architects, so we engaged them to do that. On 22 June we received correspondence back from Crown Law after we had sent them the Australian Volunteer Coastguard contract earlier, as I mentioned, in the timeline. Crown Law came back confirming:

The Tasmanian contract will be substantially the same as the contract used for the procurement of patrol boats for the Australian Volunteer Coastguard under Victorian tender.

That was in their forwarding letter to us from Crown Law. On 25 June we received correspondence from naval architect Guy Anderson, who also confirmed value for money - and I said previously that Michael Hunn had said it was value for money - an excellent value-for-money outcome. From memory, Guy's was \$1.5 million in his value-for-money assessment. I cannot remember Michael's, but I think it was \$1.3 million, but we have the documentation here. If you haven't got those I can get them for you.

**CHAIR** - Sabre's price was?

**Mr DARKO** - It was \$1.179 million. We were at the stage - and I remember the project sponsor saying, 'We've got two value-for-money assessments. We've got the quote from Sabre at \$1.179 million. We've done all our Treasury TI. 1114 guidelines and followed



those to the letter. The probity advisers have looked at whether we have followed TI. 1114 to the letter. Crown Law has come back and said it's substantially the same, so let's go'. The contract was ratified after it was drawn up by Crown Law.

**Mr SMITH** - That was on 25 June 2007.

**Mrs TAYLOR** - That was the contract signed with Sabre Marine?

**Mr DARKO** - Yes. It was drawn up by Crown Law and the original still sits with them.

**Mr HARRISS** - Which at that stage was for design and construct?

**Mr DARKO** - The Crown Law document was for design and construct, yes. That is when the contract was signed and all due process was applied.

**Mr HARRISS** - Leading to that point, Leon, can I make an observation and maybe solicit a response. It seems the urgency to replace the other vessel has never really been in doubt, has it? There was an urgency.

**Mr DARKO** - Yes, we had identified in 2000 that we were going to have to replace it - I can't remember what vessel strategic asset management plan we had at the time - I can't remember the year, but certainly in 2005 I remember the VSAMP then said we would have replace it because it was costing us more in maintenance. I remember when we were sitting down the Auditor-General the COP at the time, Mr McCreadie, reiterated that it was urgent.

**CHAIR** - I think that's where questions have arisen. It was identified in 2005 as urgent but we don't have the contract signed until 2007, two years later. What happened to the urgency in the meantime - 2005 and 2006?

**Mr DARKO** - You go to Treasury and keep asking for the money based on the VSAMP that you develop each year. Because it's a cash appropriation system we just couldn't meet it out of our lump-sum budget. It's the same at the moment - money is tight. I wish I could have bought it in 2005.

**Mr HARRISS** - Treasury will always tell you money is tight. They tell everyone money is tight.

**CHAIR** - Mr Hunn's employment came in when?

**Mrs TAYLOR** - It was 1 July, 2007.

**Mr MILLER** - The instrument is actually dated 29 June and supposed to take effect from 25 June. Effectively the commencement of the employment coincided with the contract date.

**CHAIR** - Do you have any awareness as to why Mr Hunn was employed by the department?

**Mr MILLER** - I don't think you'll get any clear answers from officers here today. You will only get speculation because I don't think the witnesses here today know why he was employed.

**Mr DARKO** - That would be a question for the project sponsor, I would suggest.

**Mrs TAYLOR** - Who is that?

**Mr DARKO** - Mr Johnston.

**Mr MILLER** - I expressed my opinion on it last time we were here, but that's all it was. It was to some extent an informed opinion. We have heard suggestions of insurance and I think that's been ruled out because it's clear that Sabre's umbrella covered that. We have heard suggestions of more control by Tasmania Police or the deputy commissioner. I think probably the history of the project suggests there was not a lot of control over Mr Hunn. I remain of the view I expressed last time that it was about a perception, given his role in the process to that point, that he could not be seen as independent if he was employed by Sabre and therefore he was engaged to put him at arm's length from Sabre. I think you made the comment to me last time that he was not really independent because he was employed by the department, which was a fair comment, but that is my view on it. Certainly Mr Darko's position is that he wasn't told and, as I indicated last time, there were very few people, only Mr Darko, Mr Martin and the deputy, so far as I have been able to identify, who knew that he was actually engaged from that point. Having said that, there is a letter under the hand of Mr Wilson-Haffenden, which was signed by Mr Martin for him.

**CHAIR** - What did you do and how did you work with Michael Hunn on this, after his employment with the police service?

**Mr DARKO** - I was his point of contact as I was with Sabre, Guy Anderson, Crown Law and the A-G. I was the first point of contact - the conduit, if you like.

**CHAIR** - Are you going through any further position there?

**Mr DARKO** - No, this is to do with the build.

**CHAIR** - To move forward, then, regarding the changes that later occurred with that vessel - the contract changes - what happened there? Were you involved in that? There were issues with the contract, weren't there?

**Mr DARKO** - The first variation - from the variation, if you like - was further down the track in the build when the request was put forward and they couldn't release the vessel to us after it was launched. Mr Phillips mentioned to me that he couldn't release the vessel because his insurer in London said he couldn't release the vessel unless he had a formal variation and I said, 'Graham, put in a formal variation. There's a formal variation process in the contract, follow that and get one in. It'll go to our legal people.'

**CHAIR** - How long did that take? What happened then?

**Mr DARKO** - How long did it take? I don't know.

**Mr MILLER** - The variation request was made in December 2008 and it took about six months before it was sorted out. I made some inquiries which readily established that Mr Hunn was in fact employed by us and, therefore, by the department and therefore we had designed the boat. I expressed a view to the crown which turned out to be a little bit simplistic in terms of acceptance of the fact that we had varied the contract, because they pointed out that it was based on an earlier design of his so there could have been some liability there by virtue of it being based on his design undertaken when he was, in fact, employed by Sabre. They also wanted to rule out the possibility that Sabre had some input into the design of the vessel in fact, so that during the process they had some input into it.

There were also some concerns - but no evidence, I should add - that the crown wanted to rule out any suggestion of any wrongdoing in relation to the engagement. Any suggestion of any form of corruption or kick-back, because they were quite surprised, as indeed I was, that they had been given instructions to prepare a design and build contract and effectively, at the very time it was executed, we had departed from it. I have already given evidence that I was not aware of that. I referred to a meeting I attended with Mr Hunn where I assumed he was Mr Phillips' employee and threatened to intimidate him to speed the build along, thinking he was their employee when he was, in fact, ours. I wasn't aware of that until some time later.

**Mrs TAYLOR** - Chair, can we go back? I'm not sure about the variation and the issue of the engine size. That was long before the launch, wasn't it, the original?

**Mr DARKO** - Yes.

**Mrs TAYLOR** - There seemed to be some question about whether the engine size was the best size for the vessel and we had evidence from Mr Hunn that the department had asked for his professional opinion as to which of a number of engines was suitable, but then he tells us that before he provided that report someone in the department chose an engine which in his opinion certainly seemed to be possibly slightly larger than was required.

**Mr DARKO** - The skipper -

**Mrs TAYLOR** - Again, that's all in the transcript.

**Mr DARKO** - Yes, the skipper will certainly address that in his evidence, but from a contractual point of view - in the specifications - it was quite clear what engines were going in that vessel - quite clear. They were Caterpillar C12s and they were in that specification. Mr Hunn did a value-for-money assessment based on that specification and the engines were in there. At no time did any of us on the working group have any doubt what engines were going in there.

**CHAIR** - Well, who selected the engines? If there were no doubts, who said that that engine would go in there?

**Mr DARKO** - The skipper.

**CHAIR** - Who was?

**Mr DARKO** - Craig Crawford. That was an operational call, so he was doing his due diligence, prior, to work out the engine required. Craig will touch on that.

**CHAIR** - The evidence to this committee was that there was some concern about the engine sizes and what engine was to go into the vessel and so on.

**Mr DARKO** - Craig will certainly cover that.

**Mr MILLER** - I can say that there is no documentation where Mr Hunn ever expressed any concern to the department about it, nor is there any anecdotal evidence to that effect. Aside from Mr Hunn's evidence before this committee, he's one of five naval architects who have looked at this vessel and none of the other four have expressed any concerns about the size of the engines. There's also some documentation, which I'm in a position to tender, which suggests that it was Sabre Marine that ordered the engines, not the department, as it was suggested. It wasn't a case of them being on the way and therefore too late, they didn't arrive until just before Christmas, if not early the following year. It is an order that could have been cancelled and if there had been some concerns, one would have expected Mr Hunn to raise it with the department and in fact he had a duty as our expert to raise any concerns with the department. I think with respect to Mr Hunn that issue is really a red herring. I have some quite detailed notes as to the engines but they certainly were in the final specs, which were incorporated into the contract, so by that point they were certainly aware. His preference was certainly for other engines and they were engines that he was used to.

**Mr HARRISS** - Just on that, Leon, the specifications clearly called for Cat C12s and I can only presume that Michael Hunn would have put together the specifications as the -

**Mr DARKO** - Yes.

**Mr MILLER** - The early versions of the specs had the engines to be decided. That is only the final specs, and Leon would know when they're dated.

**Mr DARKO** - Yes, 20 June.

**CHAIR** - The final specifications were 20 June 2007.

**Mrs TAYLOR** - We had some evidence from Mr Hunn - a document - didn't we, that he tabled that showed his -

**Mr MILLER** - Comparison of the engines?

**Mrs TAYLOR** - comparison of the engines and his claim was certainly that he was working with another naval architect and they were preparing a comparison between three different engines, but before that was presented to the department we were notified the engines had already been purchased.

**Mr MILLER** - I have a letter from Sabre Marine indicating that the engines were ordered by Sabre Marine on 29 June. My understanding of the evidence that Senior Constable

Crawford will give is that he expressed his preference at an earlier stage and indeed, I think, went so far as to obtain some quotes, but before the contract was signed both the naval architect and Sabre Marine were aware of what engines were preferred and had ample opportunity to indicate any concerns about them. I have the documents here if it is convenient to tender them now. There is an e-mail from Guy Anderson to Leon, dated 28 November 2007 which says that the engines were in transit to Australia and they were expected to be landed before Christmas and those are the Caterpillar engines. There is a letter under Graeme Phillips' hand from Sabre Marine, dated 26 September 2007. This is a letter from Graeme Phillips to Leon and it includes, 'Since the signing of the contract, we have ordered the main engines', which is dated 26 June. The following day there is an e-mail to Leon from Graeme Phillips advising the motors were ordered on 29 June and are due shortly, ahead of schedule. That is dated 27 September, but of course they still were not there at the time of Mr Anderson's e-mail.

I understand the bill was paid in March the following year, which might suggest that delivery was, in fact, after Christmas.

**Mrs TAYLOR** - But it says that the motors were ordered on 29 June.

**Mr MILLER** - The other correspondence says they were ordered by Sabre Marine. As I understand it, we have no record of an order, but by us. It may be that when Sabre went to order and I am just speculating, then they were told, yes, we are already across that because of the quote that had been sought earlier by Constable Crawford. There may be some confusion there.

**Mr SMITH** - I can indicate that the engines, according to our financial records, were paid for on 27 March 2008.

**Mrs TAYLOR** - I think the concern is not when they were paid for but when they were ordered and who ordered them. Thank you for that, that is very helpful.

**CHAIR** - Any further questions about the engine part? As the procurement officer, you obviously kept close contact during the whole construction phase of the vessel. Did you, or did you get to a stage of where you had done your job and left it? What was the position there? Did you remain in close contact with it?

**Mr DARKO** - I was a contact officer for Sabre and for Michael Hunn and Guy Anderson but Michael Hunn and Guy Anderson were in charge of the build. It was made quite clear to me. I do not know how to build boats.

**CHAIR** - I want to ask you a general question and I do not know whether you can answer or not. There had been lots and lots of problems with the vessel and whether it met the specifications, whether it could do the job that it was required to do by Tasmania Police, whether it could meet the contract requirements and all of that. With all of the issues and all of the problems, what went wrong? What caused some of these issues to surface? Have you any awareness of that or had any discussion on that? Perhaps you would have done, I would suggest.

**Mr DARKO** - At each milestone payment, and there were 10 in the contract, I talked to Michael Hunn and I talked to Guy Anderson and I would say, 'Are there any issues?'

Should I release this payment?' They were overseeing the build. They were the technical experts.

**Mr HARRISS** - On the back of that then, Chairman, the boat is no longer fit for purpose. The government, through the minister, has made a decision that not another cent will be spent. We understand the range that the vessel was expected to be capable of providing service, out to sea. Mr Hunn's design was peer-reviewed, if I can put it that way, by Guy Anderson. There is agreement that the boat's design meets requirements and will be capable of doing what it was expected to do - 500 nautical miles range if I recall. MAST put the boat into survey, signed off on it and I will come to modifications that have been made to the boat since it was commissioned. The fundamental question for me is that it has been designed by a naval architect, that design has been peer-reviewed by another such qualified person, and MAST surveyed the boat, and the specifications and design for it indicate it can go to 500 nautical miles comfortably. I recall that the safety in doing so hasn't been such a question - it is more the comfort of the vessel out wide rather than in sheltered waters.

**Mr DARKO** - That is a technical question for Mr Crawford and Inspector Smith, but I share your view. We had all the checks and balances. Throughout the build we had two naval architects and another naval consultant come on board, Andy Gamlin, when Guy took up a maritime position in Canberra. I share your view.

**Mr HARRISS** - Can I go to the matter of the modifications that were effected to the boat after commissioning? Who was consulted on technical expertise before the modifications were made?

**Mr DARKO** - I wasn't involved in any of the modifications.

**Mr SMITH** - We sought information and advice from the Australian Maritime College on the best way forward in order to properly evaluate the problems we felt we were having with the vessel as it related to vibration and cavitation. We made a formal inquiry to the Australian Maritime College and their advice was - and I have the documentation from the gentlemen of the Maritime College - that it is best we seek an independent review from a naval architect. Mr Muir was recommended by the college as being suitable for that task and after a number of discussions with former commander Michael Brazendale, who was then acting assistant commissioner, Mr Muir was contracted to do the evaluation and then subsequently contracted to the works. We took advice from the Australian Maritime College and we sought that advice and recommendation in writing.

**Mr HARRISS** - When the boat was commissioned, were the engines at that time hard-mounted to the hull, as Mr Hunn described it to the committee?

**Mr SMITH** - As far as I know, they weren't - they were soft-mounted. There is a lot of technical stuff around the mounting of the engines but it was Mr Muir's recommendation that in order to reduce the vibration, hard-mounting was the most appropriate way to go. That is contained in Mr Muir's report.

**Mr HARRISS** - Michael Hunn has indicated to the committee that his advice was not sought for any of the modifications. That is the only reason I asked that question. He expressed

some concern, as the designer of the boat, that modifications had been made to it. He then contends maybe the modifications have caused the poor functioning of the boat.

**Mr MILLER** - The vibration was there from the outset. There were some works undertaken by Sabre Marine on the advice of Mr Hunn at the time of the sea trials and thereafter in relation to the boat. There was a modification made to try to reduce the spray the vessel was throwing up. The department formed the view that both Sabre Marine and Mr Hunn were to some extent in denial about the problems with the vessel. There was a suggestion the vibration had gone away, when it clearly hadn't. At some point the department reached a view, 'We need to try to fix this and we need to go elsewhere to get independent advice'. Acting Assistant Commissioner Brazendale at the time sought my advice about the issue because we were conscious of the fact that if we went away from Sabre Marine it could jeopardise our chances of recovering damages from them later on because we hadn't given them an opportunity to rectify the vessel. Mind you, that is in the context where we had appreciated by that point of time we were the designers of the vessel, so really we were limited to the building defects in any event, but that was a conscious decision. Notwithstanding that, and Inspector Smith has the details, both Sabre Marine and Mr Hunn were given an opportunity certainly to inspect the vessel at various points.

**Mr SMITH** - On 21 August 2009, after the interim findings provided by Mr Muir, I met with Mr Hunn and Inspector Paine at the Marine Division offices and Leon was there as well. We talked about the vibration and drive shaft issues and the views of Mr Muir. One particular concern was raised and there was a suggestion by Mr Muir that potentially a three-bladed propeller might be an option to reduce a lot of the vibration - Mr Muir did explain that much about propeller design is very much a black art with boats, so he was essentially putting it on the table. That was the bulk of the discussion with Mr Hunn. In fact, he was told and informed of Mr Muir's findings. He wanted to consider it further and he was given an opportunity to examine the cracks and the vibration issues around the rudderstocks.

To be perfectly honest, I cannot recall if he in fact took that advice up, but what I can say is that we have received nothing since in terms of any written information or any communication related to that issue. We were content to press on, as Mr Miller has said, with Mr Muir.

**Mr MILLER** - The vibration is well documented in Mr Muir's report, but my understanding is, and I am no expert in the area, the hard-mounting of the engines has, along with some other measures, resulted in a reduction in the vibration and the noise, rather than the contrary as was suggested. At some point in time I was intending to bring to the committee's attention - and now might be an appropriate time - the more recent report of another naval engineer, Richard Bolt. Do you have a clean copy of that, Inspector?

**Mr SMITH** - Yes, I do.

**Mr MILLER** - That report is dated May of this year and it speaks for itself, if we can hand it over. It contains some criticisms of the vessel and an assessment of the vessel, and in respect of the hull shape, at page 2 of the report, Mr Bolt expresses the view that the hull shape would appear not suitable for offshore and open water operations, and he goes on to explain his reasons for that. He specifically addresses the issues around vibration and

noise, and comes to a conclusion that the vessel had numerous problems as outlined in his report, which in its current form make it unsuitable for offshore water police work -

I have no reason to doubt the vessel's ultimate stability, seaworthiness and watertight integrity, however, its unsuitability for normal police operations of patrol, surveillance and rescue comes from its poor sea-keeping and handling, and high levels of vibration.

Nowhere in that report do I understand there is any criticism of any of the modifications that were performed by Mr Muir. My understanding is that the department is very happy with Mr Muir's advice, his assessment of the vessel and his recommendations in respect to it. It is at the point where there were too many issues, too many problems and too much money. We are over \$600 000 over quote, plus legal fees as well and it is just that there is a point where the line has to be drawn. The only criticism of the motors is to be found in Mr Hunn's evidence before the committee. None of the other four naval architects make any criticism of them and indeed he raised no issues himself with the choice of the engines.

**Mr HARRISS** - You may have given evidence earlier and forgive me if you have, but on the back of that, can anybody recall what the offshore capability of the coastguard vessels was, in nautical miles? This one was supposed to be capable of 500 nautical miles.

**Mr DARKO** - They were certainly in the survey, but I don't know about the range. We could take that on notice and get back to the committee. It was the same survey standard.

**Mr HARRISS** - It appears now from your latest assessment by the naval architect that this vessel is not capable of such distances offshore, which it was supposed to have been, and yet if the Victorian coastguard vessels were capable of similar - and you had Mr Hunn's design peer reviewed and surveyed by MAST -

**Mr DARKO** - I have the coastguard tenders saying that.

**Mr SMITH** - Senior Constable Crawford is indicating he believes it was out to 200 nautical miles under 2B - that is the Victorian ones - but we would need to confirm that.

**Mr HARRISS** - I also go back to evidence - it might have been yours, Brett, at any earlier time - that the vessel could go out to about 500 nautical miles.

**Mr SMITH** - That is a range of 500.

**Mr HARRISS** - 'Its range is out to about 435 nautical miles, with a 5 per cent margin. We actually wanted to contract 500 nautical miles'.

**Mr SMITH** - Yes, that's its range, not its distance.

**Mr HARRISS** - Rather than going to the specific evidence, I read it earlier and to paraphrase it you had indicated to the committee at an earlier time that technically it could do it but the comfort levels were not that high in being out so wide.



**Mr SMITH** - It's just a survey statement. It depends on the weather and a range of things. No doubt Senior Constable Crawford will be able to touch on that in more detail.

**CHAIR** - This report is dated May this year. It raises many issues in relation to the quality and design of this vessel. I take it this is the first time some of these issues have been raised. Am I right in saying that?

**Mr MILLER** - I haven't analysed it closely. I only saw it for the first time yesterday. I understand some of the concerns would have been raised in there as well.

**CHAIR** - So this is another report that the police department commissioned?

**Mr SMITH** - This was sought as a response to the vessel's current issues - it currently has a crack in the hull. We sought an engineer's report on the current crack and he also provided an opinion of the vessel, in its current form. The genesis is the current issues with the vessel. We have not gone out and sought it unilaterally, we have just done it because we have current issues with it.

**CHAIR** - You have read right through this report and would be familiar with the Muir report and the other architects' reports that have been provided and the evidence given on this - what new issues came out of this latest report that you weren't aware of previously?

**Mr SMITH** - I don't believe there are any, other than to say that in a general sense in my humble opinion, and not being technically minded to any great extent, it supports to a large extent Mr Muir's findings in his report. This report talks about the current situation with the cracks in the hull. He gives an opinion about the vibration - when the Muir recommendations were put in place with the modifications, there was a significant reduction in vibrations, to what we felt was an acceptable level. Senior Constable Crawford will probably be able to give you more up-to-date information on where the vessel is at the moment. I haven't had anything to do with it for about 12 months. Having said that, I think in a general sense this report does support the findings and recommendations from Mr Muir. Does that help?

**CHAIR** - Yes, but being provided with it right now makes it very difficult to read and digest it.

**Mr Phil WILKINSON** - I think that one of the big differences is that this is the most recent report, Mr Dean, and this is an overview. This is right now, where we are, the vessel tied up, and this gives us some options about what the future might be and there are some future options to repair it. Indications are that there will be a very high ongoing level of maintenance and there will be times when the vessel will not be operational because it will be in the process of being maintained. Or we could undergo very extensive modifications at significant expense that may resolve all the issues.

**Mrs TAYLOR** - And we could still end up with a dud.

**Mr Phil WILKINSON** - We could still have the same situation that we find ourselves in. I think the most relevant thing about this report is that it is very contemporary.

**Mr MILLER** - I think it is worth noting, too, that there has been reference to many differences of opinion amongst various experts. Obviously it is Mr Hunn's design but it was a prototype and the other two naval architects, Mr Anderson and Mr Gamlin, were, if you like, second-guessing him based on drawings and the development of the vessel. These last two naval architects are looking at what is in the water - looking at the finished product. Having said it is a prototype - so were the vessels it was designed upon, because they weren't completed at the time this was designed and constructed. With the benefit of Mr Muir and the latest report from (inaudible) - they're not just looking at plans, they're looking at what we have and what we've ended up with and giving an expert opinion about that too.

**Mrs TAYLOR** - Can I ask what happened before the vessel was commissioned? Did that vibration and stuff not show up in the survey?

**CHAIR** - Sorry, if I could comment first of all on this report, if you don't mind?

**Mrs TAYLOR** - Yes.

**CHAIR** - Is this report saying that this vessel should be retained by Tasmania Police, or that you ought to opt out and go in another direction?

**Mr SMITH** - It just gives a status on the assessment of the vessel as it is. It doesn't provide any information or suggestions regarding a way forward, but it does talk about some options if you were to change the whole shape, and potential costs associated with doing that.

**Mrs TAYLOR** - Regarding the sea trials that MAST did, was the department involved in those?

**Mr SMITH** - Yes.

**Mrs TAYLOR** - Did you not pick up the vibration problem then?

**Mr SMITH** - Yes. Mr Crawford will no doubt be able to provide you with some in-depth information as to what occurred during the sea trials.

**Mrs TAYLOR** - Okay, but it was still surveyed and accepted?

**CHAIR** - That is the point. Where was MAST in this whole thing? They were watching over it. It is their responsibility to ensure that it meets all the requirements and safety things and so on. Where does MAST fit into this? They were willing to sign it all off, were they not? Were they aware of these issues, the vibrations and all of these others things that were happening that were brought to our attention?

**Mr SMITH** - My dealings with MAST have mostly been post the modification process. I know there were some discussions between the former CEO of MAST, Colin Finch, and former assistant commissioner Brazendale over the release of the Muir report, but in terms of the technical approach that MAST took, I don't have any information. I am really not across specifically what they do. A bit like registering a car, how do you go through the inspection process? I'm not au fait with that. I'm not so sure that anyone

here is, although Mr Crawford may be able to provide some information from his experience.

**Mr MILLER** - My understanding is that it's a question of focus. MAST is essentially concerned with safety, and there are vessels and vessels. There are some dogs and there are obviously some elite vessels and they do not look so much -

**Mrs TAYLOR** - Sorry, I introduced that technical term.

**Mr MILLER** - That's all right, it's a good term. They don't look so much for fitness for purpose and the role you want it for, they concentrate on the safety issues and Mr Bolt, in his conclusion, states:

I have no reason to doubt the vessel's ultimate stability, seaworthiness and watertight integrity.

That would be enough, in my understanding, to get the ticks from MAST.

**Mr WILKINSON** - In relation to a boat like this - when it would be doing the trials, you would think there would be a number of things that have to be checked off: engine; engine at such and such a speed - how does the boat handle under those speeds. A bit of a tick list in relation to all things that should be done. Was that done and, if so, do you have the documentation showing what occurred?

**Mr Phil WILKINSON** - There were certainly concerns about the vessel from the moment the trials commenced. I can recall being presented with some images of the vessel under trial in the Derwent and you couldn't see it, you could just see a wall of white water. That was in the early stages. There certainly were concerns all along about the way the vessel was operating.

**Mr WILKINSON** - So the camouflage aspects were good.

*Laughter.*

**Mr Phil WILKINSON** - Yes. It is my understanding that the position was reached, and somebody may be able to shed some light on it ultimately, that our role in the design was recognised and that our options were limited and effectively we had no choice but to take delivery of the vessel and make the best of the situation.

**Mrs TAYLOR** - That comes back to the issue of employing Mr Hunn rather than having him as a design contractor.

**Mr Phil WILKINSON** - There were concerns absolutely from day one, it wasn't that we had it for a period of time and suddenly became aware of the issues. We always had concerns.

**CHAIR** - I think if the committee is happy it might be an appropriate time to call Senior Constable Crawford forward. His name has been mentioned a few times so perhaps we can bring him into the discussions. We had set aside an extra hour for Senior Constable

Crawford, but if he is happy we can bring him forward now and involve him in these discussions.

**CHAIR** - You have heard my opening comments in relation to where this is going and the parliamentary privilege that applies and all of that. Jim, are you finished on the line you were on there?

**Mr WILKINSON** - There were some questions, but I missed the start so obviously those questions were asked earlier, but we can start afresh with Craig.

**CHAIR** - Perhaps then at this stage, Craig can open up. Are there any opening statements or comments you would like to make in accordance with our terms of reference and on the evidence you have heard thus far today and evidence from the transcripts?

**Mr CRAWFORD** - My involvement with the vessel started on 20 March -

*Short suspension.*

**Mr CRAWFORD** - I have been in the police force for 31 years and in that time I have spent approximately 20 years at marine, including a 7-year stint at marine to start with, then three years at King Island and then back for 10 years. During that time I have spent time on all our police vessels including the *Vigilant*, the *D'Entrecasteaux*, which was a sister ship to my boat, the *Freycinet*, the *Van Diemen*, *Dauntless* and the smaller vessels. When I returned from King Island in 2001, I was appointed as a deckhand on the *Van Diemen* and obtained my master certificate 5 and MED 2 in 2002. In 2004 I moved to the *Freycinet* as the skipper and stayed there until the *Fortescue* came along and I then took control of that vessel.

My initial introduction to this vessel was on 20 March 2007. At that time I was approached by Inspector Paine, who asked if I could prepare some specifications for a new vessel. At the time it was for a 16-metre vessel, which is basically what the *Freycinet* was, and I tried to argue to get the vessel a bit bigger than the *Freycinet* because I believed it needed to be a bit bigger if we were going to go forward with the vessel in the future. On 21 March I went home and began preparing a specifications list. Not having any experience in that, I obtained a specifications list of the *Van Diemen* and modified that down to a 16-metre document, and each day I would complete part of that and send it to Leon Darko, who would forward it on to Michael Hunn for preparation of the current specifications sheet.

On 27 March I had a meeting with Michael Hunn, Leon Darko and Inspector Paine at Marine and Rescue where we talked about the concept design of the vessel. At that time Michael Hunn was doing a profile for a 13-metre vessel, which I was dead against because I didn't believe it was big enough. Having skippered the *Freycinet*, I thought 13 metres was far too small. I used the analogy of bigger seas, bigger boats and that we needed to go out and rescue people and vessels in distress. I was informed we could get a vessel to 15 metres, which is what we basically have.

**Mr WILKINSON** - Did you ask for it?

**Mr CRAWFORD** - It was Leon Darko and Inspector Paine who said 15 metres was as big as we could get, and that was based on cost.

**Mr WILKINSON** - Did you ask for a proven vessel - in other words, a vessel that had been proved in rough seas as opposed to a new design?

**Mr CRAWFORD** - Yes, I did. I don't know if you've seen my original specifications, but it is quite a substantial document of 70-80 pages. In that I asked for a proven sleek hull design. That wording was carried over into the current specifications for the vessel.

**Mr WILKINSON** - When you asked for a proven design, what did you mean?

**Mr CRAWFORD** - I was basically hoping to get a mini *Van Diemen*.

**Mr WILKINSON** - Did you tell them you were hoping to get a mini *Van Diemen* because that boat has been floating around for ages and the police have had some good service from it?

**Mr CRAWFORD** - Yes, I did.

**Mr WILKINSON** - When were you told that this design was not going to be a proven one, that it was a new design that they believed would work? Were there any discussions about that?

**Mr CRAWFORD** - No, I was never told that.

**Mr WILKINSON** - So you were never told that the design being created for you was not a proven design?

**Mr CRAWFORD** - No. I know there has been a lot of discussion on the engines and I had personal discussions with Michael Hunn about that. He wanted Cummins engines, I presume because that was what was in the 11.9-metre boats he designed and he was familiar with those. We let him know that we wanted a Caterpillar engine and there were reasons behind that. In my vessel, the *Freycinet*, and in the *Van Diemen* we had Caterpillars. All the skippers at the marine division were across Caterpillar engines so we knew how they worked. Caterpillar also had a statewide service regime so if we had any mechanical emergencies around the state we could get them to attend. As a result of that, Mr Hunn said he would prepare a paper on what engines we could use. I received that paper but I don't know when. Looking back, I know Leon Darko asked me what engines we wanted and I said I wanted a Caterpillar engine but that Michael Hunn wanted us to have a Cummins engine and he said, 'Can you go ahead and get a quote for the Caterpillar engines?' So I rang Roger Davey from APSA and got a quote. That quote was e-mailed to me and I immediately e-mailed it directly to Leon Darko.

**Mrs TAYLOR** - Could we have a date for that?

**Mr SMITH** - That was on 6 June 2007.

**Mr CRAWFORD** - Mr Hunn gave me a copy of his comparison on the engines but I don't know whether I got that on 6 June or before. I remember him handing it to me and I thought it was before 6 June.

**Mrs TAYLOR** - He said in his evidence that it was after that, that the decision was made before his report was completed.

**Mr CRAWFORD** - I don't recall when it was.

**Mr MILLER** - That could have accorded with the customer's preference being expressed. It's clear they weren't ordered until after this.

**Mr CRAWFORD** - The reason I brought up this comparison list is because I think it is quite important. Mr Hunn specified a Cummins QSM11 engine. I did some research on those engines and the QSM engine is 14 kilos heavier than the Caterpillar C12, which is what we have in the boat. I noticed that he said they were 5 kilos heavier. The QSM actually weighs 1 188 kilos, so that is the Cummins that weighs 1 188 kilos. The Caterpillar we have weighs 1 174 kilos. I notice he was saying that they were big and powerful engines, but the actual kilowatt rating of the Cummins QSM11 is 526 kilowatts, which is identical to the Caterpillar C12. I cannot see how all of a sudden that has become an issue. It has never been mentioned to me all the way along and I had quite a few dealings with Mr Hunn.

**Mr WILKINSON** - Would I be right in saying that weight plays a fair part in it? With what you need on your police boats obviously it is going to be heavier, because of the type of things you need on a police boat.

**Mr CRAWFORD** - The reason that we wanted the C12 is because of the power, because of towing issues and we wanted speed. We want to go out and rescue people.

**Mr WILKINSON** - So weight plays a part in that too.

**Mr CRAWFORD** - The more power you want the bigger the engine has to be. Saying that, engines now are a lot smaller than in the old days but can produce the same power. On my vessel, the *Freycinet*, I had a single 3406 Cat and that was only 300 kilowatts, but that was heavier and bigger than the C12 that we have now.

**Mr MILLER** - It might be prudent for us to produce that document. I understand Mr Hunn produced one, but we should probably compare them to make sure that they are one and the same.

**Mrs TAYLOR** - We were just thinking that it might not be the same document.

**CHAIR** - If you could table that.

**Mrs TAYLOR** - I mean 14 kilos one way or another in that sort of amount, 1 100, is not a big percentage.

**Mr CRAWFORD** - It is more to do with the power. He is saying that the Cat C12 is a lot more powerful than the Cummins, but that is not what I have seen.

**Mr MILLER** - And perhaps the specs you referred to.

**Mr CRAWFORD** - Yes, I will. I did some stuff on the C9, but right from the start I had been thinking there are aspects that wouldn't meet the standard we require.

**Mr WILKINSON** - Craig, were you the go-to person for all of this? In other words, was it like your boat and so the builder comes to you to see what you want?

**Mr CRAWFORD** - No. Very early on, I took ownership of the boat because I was very excited about it to be honest. It is not very often that you get involved with a project from day one, especially with a project as big as building a vessel, so I was really excited about it, but I wasn't in charge of the vessel. All I wanted was to make sure that things went on the vessel where we could operationally use them and I thought that was very important, so I wanted input in that sort of way. I was given that rein by Inspector Paine.

**Mr WILKINSON** - That is what I was getting to. In relation to what type of boat, the engine in the boat, the fit-out of the boat, a number of people were obviously going to have a say in it, but were you the major person in that who had the major say and was looking after the whole process of the boat being built?

**Mr CRAWFORD** - No, not really.

**Mr WILKINSON** - Who was that?

**Mr CRAWFORD** - I presume it was my inspector. It was Inspector Paine at that time. I was told, and quite clearly, by Bill Baxter, who was the manager out at Sabre Marine very early on, in fact on my first visit, that Michael Hunn was Tasmania Police's representative and so if there were any problems that I was to go to him and that he would address the problems through Michael Hunn.

**Mr WILKINSON** - And that was because Michael Hunn was employed by the police at the time.

**Mr CRAWFORD** - Yes, I believe so. I didn't know that until Bill Baxter said it, so it was a bit of a shock to me.

**CHAIR** - That is the comparison that covers - moving forward from that.

**Mr WILKINSON** - While we are having a look at that, how do we find out why Michael Hunn was employed by the police?

**Mr MILLER** - Call another witness.

**Mr WILKINSON** - Yes, who do we call?

**CHAIR** - That question was asked and is on *Hansard*, if you are happy to go back to that. 'Unable to answer that question' was the answer and that we would need to talk to the Commissioner of Police in relation to that matter.

**Mr MILLER** - My inquiry suggested that the three people involved were Mr Darko, Mr Martin and Mr Johnston, and that Mr Darko and Mr Martin certainly were aware of the decision and had a role in implementing it. But we are not aware of the reason why it was made.

**Mr CRAWFORD** - On 5 June 2007, I picked up a concept drawing and that was from Leon Darko. It was two A3-page documents showing the basic general outline of the vessel and what was in it. That was basically the vessel we were getting. From that, I did some study on it, and I did not think that things were going to fit in the wheelhouse. I thought it was going to be too small because we wanted to have four seats across the front. We were a four-man crew and in the *Freycinet* we only had three seats across the front, so the fourth person was basically like a sore thumb. If someone had to go to the toilet, they were up and out and the fourth person would jump into their seat really quickly. That is why we wanted the four seats and it was for streaming purposes as well. You want people up the front - it is better for being sea-sick if everyone is at the same level.

**Mr MILLER** - I presume they kept the skipper's seat clear?

**Mr CRAWFORD** - Sometimes. It was pretty popular. We wanted the four seats across the front and got the drawings and in the drawings it looks like everything will fit okay. But I had doubts about the size of things. I purchased some timber and I built the wheelhouse dimensions in a loft at Marine Division. By the time I had finished building that - I did that in June or July 2007 - I realised that things were not going to fit and I immediately notified Inspector Paine. He rang Mr Hunn and Mr Hunn immediately came down and checked my measurements. He said that my measurements were out, this way a bit and out that way a bit and he would send me a copy of the actual measurements. I had actually got out a ruler and measured off these pages and converted them back to metres.

He came down and said, 'No, you are wrong. No, everything will be right, everything will fit.' I basically left it like that, thinking okay, everything must be right, I must be wrong.

**Mrs TAYLOR** - And?

**Mr CRAWFORD** - I was right. During the construction stage when they had the wheelhouse on - I know I am jumping forward and back but I just want to stay with the one thing. When we went out and had the wheelhouse in and they were starting to put in the seats, it was pretty obvious straightaway that four seats were not going to fit across the front. The first thing I did was, get rid of one of the seats, so we had three seats across the front.

I have the drawings being sent down at the moment because I think it is important that you have a look at those. My helm position was supposed to be on the starboard side and we like to steer on the side of the vessel because it give you better perception of where your vessel is, especially if you are picking ropes up, so you are checking gear, you need to know where the rope is so it is easier to sit on the starboard than the port side and berthing is easier as well. I got a phone call and asked to come out to Sabre Marine. I went out there and I was there with Michael Hunn and Bill Baxter and they said, 'Your position is not going to fit, you are going to have to move it'.



When I had a look at things and I chose a position in the centre of the vessel, which to be honest has worked out well, the vessel not being as wide as, say, the *Van Diemen* you do have some perceptions and the more you drive it the more you understand where you are with things. So I had to leave my helm to get across there, which means I had to leave the steering as well. Of course I had -

**Mr WILKINSON** - Craig, can I ask you, you realised then that the measurements were out when you had to reduce the seating from four to three. You said originally we are not going to have enough room and you were told you were wrong. You said 'Well, I must be wrong' and you found yourself to be right. Was anything said when you realised that other seat had to go, so there were three? Did you say, 'Look, I mentioned this at the start.'

**Mr CRAWFORD** - I mentioned all this sort of stuff to my inspector because obviously being the police force we have the rank structure, which I respect, and all my complaints I took straight to the inspector. Sometimes I went to Leon Darko.

**Mr WILKINSON** - And what was the reply?

**Mr CRAWFORD** - He was pretty good. We would ring Leon Darko and say, 'This is not right'. I realise in a building phase not everything is going to be perfect, but I didn't expect that they had to make these sorts of changes.

**Mr WILKINSON** - It would seem to me that from the start you thought that to be a pretty important situation that there were four seats across the front?

**Mr CRAWFORD** - Yes, I do.

**Mr WILKINSON** - What I'm trying to get at is, could you see from the start that there were going to be issues if something you would think was going to be as basic as that would be out of plumb - there might have been difficulties with the rest of the boat?

**Mr CRAWFORD** - I did, but it starts back further than that because when I got the specs I did question Mr Hunn about how much fuel we were going to have. Initially he told me that we were only going to have 1 750 litres. Being skipper of the *Freycinet*, and I know how much fuel that uses, I knew that there was no way in the world it was going to meet the specs. The specs were quite specific. They said 500 nautical miles at 20 knots. I put those into my original document, which were transcribed across into the current document for the new vessel, so I knew that wasn't going to be the right amount of fuel. To be fair, Michael did say he had done his calculations on running the vessel at 20 to 30 per cent idle speed and some cruising at 20 knots. I explained the specs are quite specific in the 500 nautical miles at 20 knots. In the end we agreed to increase the fuel and he increased it to 3 600 litres. I still knew that wasn't going to be enough. The *Freycinet* had a single engine, but a bigger engine, and we use between 5 and 6 litres a mile, so just doing the maths I realised that there was no way in the world this was going to be 500 nautical miles, plus a 5 per cent reserve.

**Mr WILKINSON** - Therefore do I understand that you are saying that was the first time you realised this was going to be more difficult than you thought.

**Mr CRAWFORD** - That is when I started to have some concerns.

**Mr WILKINSON** - Some concerns and those concerns probably accumulated as a result of the seating arrangements?

**Mr CRAWFORD** - Yes, but it was just ongoing, it was one thing then another, then another, then another.

**Mr WILKINSON** - That is what I am trying to get at.

**Mr CRAWFORD** - I'm trying to be fair because I really wanted this boat to work. We are really disappointed that it hasn't.

**Mrs TAYLOR** - It sounds as though from the very beginning, before this even started, you might not have been too happy. You knew that the boat needed to be at least 16 and you thought that the need was for a longer boat and in the end you were told 13, and then no more than 15. That is really not the vessel that was up to the job -

**Mr CRAWFORD** - No, that is a fair question and that's right. It is my belief we needed a bigger vessel.

**Mrs TAYLOR** - I suppose I am leading on to - in the future if there were recommendations to be made -

**Mr CRAWFORD** - The *Freycinet* was 16.7 metres, I think, and we certainly wouldn't need to go any smaller than that. Even in the *Freycinet* we had four bunks down the front but I slept in an area underneath the wheelhouse, which was about a metre high - like a coffin I suppose - and I had to crawl in there. So I knew what we wanted. And now that we have female police officers as well we need privacy areas as well, so I knew where I was going and what I really wanted.

**CHAIR** - At the stage all of that was happening - about the size or lack of size et cetera - and you were satisfied Michael Hunn's figures were not accurate, was Michael Hunn an employee of the police department, and did you know of it?

**Mr CRAWFORD** - I did know at that stage, yes.

**CHAIR** - Do you think that might have been an issue that was not helpful to the process that was moving forward? Did you have a view on that?

**Mr CRAWFORD** - No, not really. Operational hierarchy is nothing to do with me. All I wanted was to get things on the boat where I wanted them and where I knew they would work and where they were easier for my crew to work with.

**Mr WILKINSON** - We have spoken about the wheelhouse and the fuel, and we have to do something about that. Do you want to mention the other problems you were witnessing?

**Mr CRAWFORD** - I wanted the boat set up the same way as the *Freycinet*. In the early stages Michael came down to the *Freycinet* and had a look at how it was set up and he

knew how we wanted the boat. We wanted the galley upstairs - that is for seasickness reasons. When you are working downstairs and you can't see where you are going - when the vessel is rocking and rolling - there are not many people that can go down and prepare food, so it was better off upstairs. It is not much fun. I also showed him the size of our bathroom, which is on the back deck, and Mr Hunn said we would be able to make it bigger than this one. We had a look at the hatch covers. The hatch covers were a specific way, they could be bolted from the top and lifted up without having to go down into the engine room, and I thought that was very important. The *Van Diemen* and the *Freycinet* had the same sort of access. If there was a problem in the engine room we could lift up the hatches and work on the engines from outside, we did not have to go down to do it. We took the hatch sizes, which got us into our steering flats, which is the back part of the vessel - they call it the 'lazarette'. When the plans came back the hatch sizes were smaller. There is a hatch size from our lazarette from the steering flat into the steering room and it is about 60 centimetres by 90 centimetres, which if you are going from one area to another is quite tight. The exhausts ran from the main engine room through the lazarette, so when you climbed down the lazarette hatch - which was quite small and very tight as well, a lot smaller than what I had on the *Freycinet* - you had to crawl on your back and go underneath the exhaust to be able to work in that area. That area is basically our storage area in the vessel. We also had a desalinator unit within it.

**CHAIR** - If I can interrupt, we scheduled two hours today and I am just looking at the clock. I don't know what your commitments are, because it is pretty obvious that we are going to go beyond our time.

**Mr Phil WILKINSON** - We are at your disposal, Mr Dean.

**CHAIR** - We might be able to speed the process up a little bit because we want to get into the sea trials. We might get into that with Craig as to what happened there and MAST's involvement as well.

**Mr CRAWFORD** - I didn't have any dealings with MAST during the building process, but some of the boat builders and, I believe, Mr Hunn did.

**Mrs TAYLOR** - I find it really important, though - the process of saying, 'This is what we need', and then looking at what you actually got.

**Mr CRAWFORD** - There are so many things and they all meld into one after a while. A specific issue is that I was shown during the build process where the valve chest was. The valve chest is basically for pumping the boat out in emergency situations. That was situated in front of the engines down in the engine room. During the later parts of the construction when that went in I had been on leave and I came back and the bilge system wasn't where it was supposed to have been, it was placed around the corner near the water tank. You had to come down on the starboard side of the boat, the right-hand side of the boat, which had access to the engine room. You then had to crawl across the front of the engines and the bilge system was up in behind the water tank and the bulkhead. I felt that if there was an emergency I couldn't send a crewman down there to open valves to pump the boat out because I thought I would be putting their life at risk. I was really worried about that.

**CHAIR** - You would have seen the final specifications in relation to how it was going to be built that were produced to Sabre, I take it?

**Mr CRAWFORD** - I would have.

**CHAIR** - Where was that pump in those specifications?

**Mr CRAWFORD** - It doesn't say.

**Mrs SMITH** - That was one of the criticisms of Mr Muir, that the specifications weren't as detailed as they could have been.

**CHAIR** - Thank you for that.

**Mr CRAWFORD** - I'd like to go back now to the build. There are other issues but I don't think they're as important. I think the keel was laid early January 2008 and I was obviously very interested. I was a regular visitor out there to see how the project was going and I struck up relationships with the workers during that time, but very early on it was quite apparent to me that they did not have the plans to build off. In fact, the shipwright at the time was a gentleman by the name of Fleming and he continually complained to us that he couldn't proceed with the build process because there were no plans. That was obviously a real problem. I went straight to my inspector and notified him and we had quite a few e-mails and phone calls backwards and forwards to Leon Darko about where the plans were. I know that he chased them up with Michael Hunn. I also had the same complaint from Bill Baxter - that they were always waiting on plans for the build process.

**CHAIR** - Construction was well underway at this stage?

**Mr CRAWFORD** - They'd started, yes. I don't know how they were building the boat.

**Mr HARRISS** - Would it be fair to say, though, that the boat was substantially modelled on the Victorian coastguard boats, stretched and lengthened but, in essence, the same type of hull?

**Mr CRAWFORD** - It's the same shape, but there are so many different things inside. What I'm talking about here is fuel tank location, so strengthening had to be in different places where the fuel tanks were and things like that. That all changes how a boat is built, so you need all that sort of information before you can go ahead with your frames.

**Mr MILLER** - The location of the engines.

**Mr CRAWFORD** - Yes, the location of the engines. If we go back to the coastguard boats, they were built for jet engines.

**Mr HARRISS** - I was going to ask about that.

**Mr CRAWFORD** - This boat was the first one with a diesel engine and shaft.

**Mr HARRISS** - From your experience, would there be a difference in comfort-type performance of the vessel, when you compare it with jet propulsion?

**Mr CRAWFORD** - I can't compare, I've never driven a jet boat.

**Mr HARRISS** - Have any of the naval architects who assessed this boat commented on that matter - between jet and propeller propulsion?

**Mr CRAWFORD** - They commented on the hull shape and this flat section in the stern.

**Mr SMITH** - Mr Muir made comment about the issue of jet propulsion versus shaft-driven diesels in his report. I think I made comment on that during my last evidence here and the main issue for the jet engine is that it is difficult to engage reverse. We find it quite useful, particularly down the west coast when you moving around rocks, as you can imagine. Really they are incomparable, that is the reality of it. I am sure Mr Muir has made comment about that.

**Mr HARRISS** - We had better have a look at Mr Muir's report, I suppose. I am thinking of whether the performance of a boat, given its hull shape, is different with jet engine propulsion versus shaft propulsion.

**Mr CRAWFORD** - I can't comment on that. I know that you get a lot more bite. You expect a lot more bite out of propellers, especially when the vessel is rocking and rolling, because they are situated further forward on the boat, so you always have something in the water that can -

**Mr HARRISS** - But the slamming that this boat has experienced wouldn't be affected whether it was jet or shaft propulsion, would it?

**Mr CRAWFORD** - I wouldn't have thought so.

**Mr HARRISS** - If it's going to slam, it's going to slam.

**CHAIR** - To your knowledge and awareness, was there a single project manager responsible for watching and looking after this whole thing?

**Mr CRAWFORD** - Not that I know of. We had a point of contact in Leon Darko. I was probably a pest because I was out there nearly every day to see the progress, how it was going. As I say, it's not very often that you get to be involved in something like this process.

**Mr WILKINSON** - Craig, Paul was saying it would slam whether it is propeller or jet driven. Don't the jet boats have a flatter bottom?

**Mr CRAWFORD** - This boat has a flat bottom at the back. -

**Mr WILKINSON** - Therefore the flatter the bottom the more the slam, I would have thought?

**Mr CRAWFORD** - That's hard to say because there is no science for it. A lot depends, too, on the position of your wheelhouse. If you are far forward, which it virtually is, you obviously get the lift a lot more so you get banged a lot more than you do if your wheelhouse was back a bit. It depends on the way the boat cuts through the water and the sharpness of the bow, the flare of the bow. I would expect that all these things would have been tested at the Australian Maritime College in the water tank.

**Mr WILKINSON** - It seems to me you were saying, 'This is what we want. I've been out there and I know what we want. You're the person who is building it'.

**Mr CRAWFORD** - I'm not a naval architect so if the expert says it will work then I presume it will.

**Mr HARRISS** - Are you aware, Craig, whether the ballast in the vessel would affect that planing capability in any way?

**Mr CRAWFORD** - No, I don't know - I don't think it would.

**Mr HARRISS** - Mr Hunn and/or Mr Phillips gave evidence to the effect that there had been some ballast fitted to the boat so that at dock it sat in the water better.

**Mr CRAWFORD** - I know there was ballast put in the boat and I think there was solid and liquid ballast put in it. We had a meeting during that process. I wasn't happy with just having the desalinator water tank because if the desalinator played up our drinking water would be contaminated. Mr Phillips knew I was concerned about that and at police meetings he suggested putting two water tanks in the lazarette with fresh water and set up a separate water line to the sink so we didn't have to worry about that situation, and I thought that was a good idea.

**CHAIR** - Regarding the issue of the commencement of the build without the plan, do you have any idea why that might have occurred? Was it because of the urgency?

**Mr CRAWFORD** - I don't think that's the reason.

**CHAIR** - What's your position on that?

**Mr CRAWFORD** - I think it would be better if I didn't answer that.

**Mr WILKINSON** - Do you have any notations of any problems you had, say, a log book?

**Mr CRAWFORD** - I have quite a bit of that because I used to take my duty book. A lot of this would be 'visited Sabre Marine and there was no issue', but if there was an issue I would record it.

**Mr WILKINSON** - Could we get a copy of that?

**Mr CRAWFORD** - It is over three years old. I have reduced it down with the dates, if you want that?

There is something I haven't discussed yet. I really wanted a skeg and all the way through the process I was told that the skeg was going on the vessel - that is from the keel line along the front. The reason I wanted it was for protection from rocks in case you hit something so it gives the propeller a bit of protection. I think the drawings show a skeg in them, the specifications actually specify a skeg, and in the discussions I had with Michael he was going to put a skeg on the vessel. That wasn't a full skeg - it was only a partial one. So I thought it was going on and I have e-mails to that effect, because when it was being built it wasn't going on and I was starting to ask where it was. I spoke to Inspector Paine about it and he contacted Michael Hunn and I have an e-mail here from Michael Hunn saying, 'Don't worry, the skeg is going on'. One day we turned the vessel over to dress the hull and I spoke to Michael Hunn and said, 'Where's the skeg? What's going on with that?' and he said, 'It doesn't need a skeg'.

**CHAIR** - This is after he told you it would go on?

**Mr CRAWFORD** - Yes. He then produced a technical document saying that the vessel didn't need a skeg - and I can't argue technical detail. I know it was QA'd by Mr Anderson and Andy Gamlin and they concurred with his finding that the vessel didn't need a skeg. But that's the sort of thing - it was in the specs and you expect them to go on, so that makes you start to worry as to what's going on. It's the same with the bilge keels. They worked quite well on the boat as far as stabilising the vessel side-on. It runs across the water very well and has also reduced the amount of seasickness you sometimes get with the crew. It worked as far as stabilising the vessel goes, but my issues with wanting it was also for tracking, especially the *Freycinet*. I know it is a different hull design but the *Freycinet* used to track beautifully down big swells. In fact you could almost go to sleep at the wheel with it going down a swell, whereas this vessel is really lively going down big swells. You have to really be on your guard because it has a tendency to dive to the left and once it dives there it just sits there, so you feel as though the vessel is going to broach, but it hasn't broached.

**CHAIR** - Can we move on to the sea trials on the vessel? Were there any other big issues you want to bring to our attention in relation to the build?

**Mr CRAWFORD** - There is one, because it relates to one of the problems now, and that is noise. In the specs it was quite specific about a decibel test for noise for the engines. I had set it at about 70 decibels and I know it had been modified in the new document. Apparently mine was unrealistic, so they made it 85 decibels. When we went through the spec sheet checklist with Sabre Marine and I queried that they hadn't put in the soundproofing, they said they'd specced as was required, so I had no comeback on the noise level.

On 1 June 2009, I attended Sabre Marine with Constable Leon Parr, Constable Leigh Stanley and I believe Inspector Paine and Leon Darko for what they called 'builders trials' and our involvement on the vessel was only for observation. We weren't allowed to take control of the vessel - we were only allowed to be present.

**Mr WILKINSON** - Leigh Stanley has been involved with the marine police for many years.

**Mr CRAWFORD** - Yes, Leigh Stanley has been the skipper of the *Van Diemen* since 2002 and has done some quite significant work for marine. I think he was an old fisheries officer, starting in 1985, so he has had substantial experience.

There was a skipper employed by Sabre Marine, Bill Baxter. Graeme Phillips - I'm not sure whether he was the skipper. I'm not sure whether one of the head men out there, (inaudible), was on the boat or not. I knew the fuel was going to be an issue, so I sat on the reserved seat on the starboard side and my involvement was just watching the fuel usage, the fuel range at set surface speeds. It was a flat day, less than 10 knots and we went down to Adventure Bay. As a big part of the trial we had to travel at flat out for two hours, I think. We achieved a speed of - I think the fastest we got to was 26.9. The specs said we had to do 25, so if we had gone for smaller engines I doubt whether they would have reached the speed anyway.

On the way down it seemed okay. I just sat up front and it was noisy as you expect from the engines. We came back and there was no issue. On the way back I went out on the rear deck. Constable Stanley was with me and he was seated at the back and he called me out on the rear deck. I went out on the rear deck and as soon as I went out on the rear deck I noticed that there was quite a large vibration through the deck, especially down towards the steering flat on the starboard side. You could hear a sort of hammering type of noise. I brought this to the attention of Bill Baxter and he came out and said that vibration is just normal because it is an aluminium boat, but he did go down to the steering flat and tried to discover what the hammering noise was at the back.

We returned to - I don't know if we went back to Sabre Marine or whether we went to the main slip, I am not sure. I think we went to the main slip and at the end of that we did a manoeuvring test and everything was fine and it went quite well, and Leon Darko signed for the boat. I was asked whether I would sign -

**CHAIR** - Leon signed, did you say?

**Mr CRAWFORD** - Yes, he signed for possession of the vessel.

**Mrs TAYLOR** - What date?

**Mr CRAWFORD** - That day, 1 June. I was under the impression that we had the vessel for a month after that to do our trials to make sure that everything was how it should be and I think that was in the specs. I was asked by Mr Phillips, "This is really good, what do you reckon?" and I wasn't in the negative, but I did say that we will have our trials and then I will see how it goes because I wanted to make a thorough assessment of how it handled before I made any judgment.

**Mrs TAYLOR** - Did that happen?

**Mr CRAWFORD** - Yes, we did trials, yes. On 8 June we did sea trials. I had with me again Constable Stanley, I had Constable Brown who was also a Master 5 and MED 2, and I had Inspector Paine. We went in company with my boat, the *Freycinet*, skippered by Constable Leary at that stage. Basically we did a little bit and then we changed crews over for opinion, so that everyone had a feel of the new boat.



**CHAIR** - Was Michael Hunn on any of these trials?

**Mr CRAWFORD** - No, he wasn't on those. I beg your pardon, I think Michael was on the 1 June trial.

**CHAIR** - With the Sabre Marine trials?

**Mr CRAWFORD** - The Sabre Marine trials. MAST wasn't present.

**Mrs TAYLOR** - Did MAST only do desktop?

**Mr CRAWFORD** - I think MAST's involvement is obviously in safety, but they more check off to see that the right materials are being used and I don't think they give assessments on whether a boat will float or sink or anything like that.

**Mrs TAYLOR** - But they don't actually go on the sea trial?

**Mr CRAWFORD** - They didn't go on that trial. I know there were trials previous to that. In fact we took some photos of the sea trials, so I knew that there was going to be a water spray issue. Have you seen these pictures?

**CHAIR** - We've seen some, I am not sure

**Mr CRAWFORD** - These were trialled a couple of days prior by Sabre Marine when they were testing the vessel. You can see the water spray issue.

**Mr MILLER** - Probably the best photo is the framed photo that was presented to Commander Branzendale upon his retirement.

**Mr WILKINSON** - Is that this one?

**Mrs TAYLOR** - Is that spray issue only at full speed?

**Mr CRAWFORD** - No, it was not. We have fixed that problem now. We have minimised it. The rear deck is still very wet in any strong wind conditions.

**Mr WILKINSON** - Does the spray get worse, if it can, in rough water?

**Mr CRAWFORD** - Yes.

**Mr WILKINSON** - So this is calm water?

**Mr CRAWFORD** - That is calm water.

**Mr MILLER** - It was substantially reduced.

**Mrs TAYLOR** - It is not funny.

**Mr HARRISS** - It doesn't take much to make Wilky laugh.

**Mr WILKINSON** - It looks like something's been dropped from a great height, doesn't it?

**Mr HARRISS** - That document which you tabled, Craig, when you gave us these comparison documents for the engines, how do we use that in any way? I am looking at the fuel usage for the QSM versus the Cat 12.

**Mr CRAWFORD** - I think it was over 500 miles there was a difference of -

**Mr HARRISS** - At 10 knots.

**Mr CRAWFORD** - No. You need to look below that. You need to look at the high-speed one because that is where you are going to use your most fuel. The bottom one says that only the C12 has sufficient power to exceed 28 knots. But the others do not give a fuel range on those. If you go up higher assuming a minimum of 18 knots, I think over 500 miles there is about a 300-litre difference on that one. To go a further 12 knots, there is 170 litres difference I think.

**Mr HARRISS** - That is a comparative document that you put together?

**Mr CRAWFORD** - No, nothing to do with me. Michael Hunn did that.

**CHAIR** - Just on the paperwork here on the skis. Was that fitted?

**Mr CRAWFORD** - They never fitted it.

**CHAIR** - So it is not even fitted now?

**Mr CRAWFORD** - No.

**CHAIR** - Was some other modification made to it to assist there or not?

**Mr CRAWFORD** - No modifications were made to the original design until after Mr Muir was engaged.

**Mr SMITH** - Mr Muir did consider it, but it would increase the drag and the fuel consumption based on the current hull shape and that is contained in his report.

**Mr MILLER** - I think his report, which I was reading earlier, makes it clear that he thought it would have been desirable. But, given the design, it probably shouldn't be added now. He alluded also to the extra protection of the propellers as well as the other issues around that.

**Mr CRAWFORD** - We went on the trial. We had three-quarters full of fuel. The vessel says it would take 3 600 litres of fuel but we have since worked out that we only had 3 300 litres of usable fuel. That's to do with fuel pickups in the vessels. We know the vessel uses 10 litres a mile, which is not excessive, and is basically what you would expect for a twin engine, so we know it had a range of 330 miles, which is quite a bit less than the 500, plus the 5 per cent.

I did the engine room checks before we went out - fuel was three quarters full - but again, the vessel wasn't laden and it wouldn't be laden as heavily as (inaudible). At 1 750 revs - we were doing 22 knots - we were using 150 litres per hour; at 2 037 revs, we were using 210 litres an hour and 2 290, which is flat out, 260 litres.

Straightaway, when we were out, at 20 knots we noticed extreme vibration on the rear deck of the vessel. That's where you really notice it to start with. We did a full sharp turn to the starboard and another noise developed, a real hammering noise. I remember what was said about the hammering noise on the lazarette. I don't know where it came from but it seemed to come from somewhere around the wheelhouse but we couldn't find where it was.

These are my notes I took at the time: 'The vibration was present at 20 knots and was extremely noticeable on the rear deck.' I then went on to say, 'The vessel runs really well side on. The wind was 20 knots and extreme amounts of water were being shipped over the rear deck of the vessel.' As we moved around - we changed our position with the wind direction - visibility through the front windscreen - there were periods up to 10 seconds when you couldn't see anything - the water was continually flowing.

**Mr WILKINSON** - You just couldn't see?

**Mr CRAWFORD**- I couldn't see anything.

**Mrs TAYLOR** - You must have been horrified.

**Mr CRAWFORD** - We had our concerns.

*Laughter.*

**Mr CRAWFORD** - In fact, we had one joker who wouldn't take a life jacket on. It wasn't me.

**CHAIR** - It begs the question: why did the police accept it?

**Mr MILLER**- I should point out that there was a formal letter of acceptance and I will check - I don't have it with me but I saw it last night and can produce it - but the acceptance was subject to rectification of the whole range of issues.

**Mr CRAWFORD**- Wasn't it also the 30-day trial period that we had to run the vessel? I thought we had 30 days to trial it.

**Mr MILLER**- The spray issue was substantial and fixed, and included amongst the commissioner's acceptance were the vibrations. If it lapsed in the period of time, we were deemed to have accepted it in any event so what we did at the conclusion of it was, we formally accepted it - it was our design, effectively - but subject to a range of issues that we identified as defects. Of course more have come to light since then and there has been a lot of argument between the parties as to what is build and what is design, and what you find in reality is that the edges get blurred. There is a lot of debate about what is design and what is build but it is hard to get away from design because even when you think you have nailed down a build issue, you are told 'That's because of this particular

feature', which is a design issue. The settlement of the litigation reflected those difficulties.

**Mr CRAWFORD**- We were supposed to have the boat for 30 days - I think we only had it for six or seven days and the rest of the time it was at Sabre Marine being fixed - so we didn't even really get it for 30 days. We tried to rectify that through -

**Mrs TAYLOR** - The clock should stop then really, shouldn't it?

**Mr CRAWFORD** - That's what we had put forward to argue.

**Mr MILLER** - It was after the attempts to fix it that basically the department gave up. I don't know whether it was appropriate or not but that was the judgment because we thought there was in particular a denial about the vibration and noise, that they thought they had it right and quite clearly it wasn't right. That is around the time we went to Mr Muir.

**Mr CRAWFORD** - The vessel does have good points. It is quite stable sitting side-on because I made sure we stopped the vessel in a bit of slop to see how it handled and side on it handles very well.

**Mrs TAYLOR** - So why is it sitting at the dock rather than being used?

**Mr CRAWFORD** - We have a fuel leak problem at the moment and also a hole in both the winged keels.

**Mr MILLER** - That's an issue about us being prepared to spend more money to put it back in survey, which we could do but at this stage we've made the decision not to. We can possibly consider our options more comprehensively but that's essentially it.

**Mrs TAYLOR** - How does it get a hole?

**Mr CRAWFORD** - I can't give you a technical reason. I have my own opinion on why. It's not the integrity of the vessel inside. We have what they call 'winged keels' or bilge keels, which are fitted externally onto the side of a vessel and that is what creates the stability of the vessel. This is the second time we've had this problem with them. The first time they cracked on the edges and this time they have cracked where they join the hull. There is quite a large area there that is full of water now and it shouldn't be. It also has a fuel leak.

**Mrs TAYLOR** - This is still a relatively new boat.

**Mr CRAWFORD** - That is right.

**Mrs TAYLOR** - You wouldn't expect to have cracking, would you, normally?

**Mr CRAWFORD** - No, I would not. I would expect teething problems but I wouldn't expect these sorts of problems.

**Mr WILKINSON** - Craig, are you involved with other boats that have just been built where you are testing and initially -

**Mr CRAWFORD** - I had some involvement with the *Van Diemen*, which is still underway.

**Mr WILKINSON** - Were there any of these problems with that?

**Mr CRAWFORD** - No. We had an issue with the *Van Diemen* originally, but nothing to do with the build. It broached in a large following sea and would go without warning and we traced that back to the rudders not being big enough. The rudders were lengthened and 80-90 per cent of the time we saw that problem out. That's about it for the *Van Diemen*.

**Mr WILKINSON** - Compared to the *Van Diemen*, this one was a real headache, I take it?

**Mr CRAWFORD** - It has been, yes.

**CHAIR** - Craig, are there any other issues you would like to address?

**Mr CRAWFORD** - Yes, and again I have read the transcripts as well. When we returned to the main slip on that fitness test on 6 June we were met by Bill Baxter, and he was taken for a run. At that time Bill believed there was a problem with the polyflex coupling, which is a coupling that joins the back of the gearbox. On 17 June the polyflex coupling was removed by Sabre Marine and they tried an aluminium spacer and realigned the back of the gearbox with the prop shaft. At that time we had a test run and the vibration was extreme under low revs and was still persisting at 17.9 knots. Bill Baxter stated then there was nothing wrong with the shaft alignment, but it was noticeable there was considerably more vibration present on the port engine than the starboard engine, and he made that observation himself. We intended to take the vessel on 17 June for a run at 20 knots for range and we went up the east coast to Coles Bay. Prior to going, a polyflex coupling was put back into that port shaft and I asked whether it was possible for us to go, bearing in mind the vibration and Bill said, 'No, there's no problem to go at all.' I also asked at the time whether the problem could have been at the other end of the shaft, whether it was at the prop end, but Bill said, 'No'. Bill Baxter then said he was going to ring Roger Davies as he now believed that Caterpillar was at fault and he was now blaming the resilient mounts and thought the way to fix it was by changing them to fixed mounts. Basically that's what we've done now. That's what Mr Muir has done.

**Mrs TAYLOR** - Has it fixed the vibration?

**Mr CRAWFORD** - It has generally, but there is still some present. The vibration now is more when idling, so when you start it up it's there but then it tends to go. It is still noisy. I have a note here that William Adams was going to be called and they were going to check the alignment. We left about 3.35 p.m. for a night run up the east coast. It was a fuel run basically. We also had Phil Jarman on the boat with me at that stage. He is another Master 5 and he reckoned the port engine was way out of alignment. We arrived at Coles Bay at 8.30 that night, so it was a five-hour run.

**Mrs TAYLOR** - How many seats do you have at this stage? Do you still only have the three seats?

**Mr CRAWFORD** - We still have three seats, but we had a dining table where the next person had to sit. We only went with three people that trip.

**Mr WILKINSON** - There'd be two with Phil sitting up there.

**Mr CRAWFORD** - Yes, there's only one seat.

*Laughter.*

**Mr CRAWFORD** - At Coles Bay we checked the engines again and noticed there were marks on the port gearbox. Possibly it had thrown a nut or bolt but we couldn't find where that had happened. It could have been from the Sabre Marine guys putting the aluminium spacer on or putting the polyflex back in. I have made comment here about the spray. My idea with the spray was I thought it could be two problems. One was the spray hitting the V-chimes, the bilge keels, and then being deflected up, and the other is because of the bow sitting downwards, water was being thrown forward and as we were catching it the water was being shipped over the top with the wind.

On 18 June on the way back with flat-out speed there was a large rattle on the starter side of the rear deck that was more prominent than the port side, and that rattle was consistent with what we noticed on 1 June. We arrived back in Hobart at 2.30. Bill Baxter and William Adams inspected the shaft and William Adams did some measurements and said the shaft was 28 thousandths out at the back of the gearbox, when it should only be 2 thousandths out. They said at the other end, where it goes through the stern gland, it was 5 thousandths out.

Bill Baxter continued to say there was nothing wrong with the shaft and he was blaming the polyflex coupling. He wanted to fit a solid aluminium spacer. On 19 June Sabre Marine attended at the Domain slip and the polyflex coupling was changed to an aluminium spacer. It was taken for a test run with William Adams and Bill Baxter. The port shaft was down to 3 thousandths out, so they had done the measurements in the water as they were supposed to. It was only just out, but now the starboard shaft was vibrating worse than the port one.

It was thought that because we had one aluminium spacer on the port engine and the polyflex on the starboard one that may have been the reason, so the starboard one was going to be changed as well. I also have here that on this trial the vessel was vibrating at ranges of 11.9 knots through to 16 knots and that was less than previous.

I contacted Caterpillar and spoke to Simon Crofter, who was the head mechanic there, and he said that the starboard shaft was 12 thousandths out at the gearbox. So we seem to have a problem that has gone from one to the other.

On 22 June I contacted Michael Hunn re a test run in relation to the spray column. He said there was no problem going out because the weather was flat. He did come out at some stage but I can't remember when, I haven't got it recorded, and that is when he came up with the fix of these spray rails which, when they put them on, substantially reduced the water. In fact it stopped it coming over the bow although there was still a bit on the rear deck.

On 26 June I took Minister Cox, the commissioner, the deputy commissioner and assistant commissioner Brazendale out for a run on the boat because they had obviously been made aware of the problems with the vibration and the noise level. They agreed that something needed to be done about it.

On 24 June work was carried out by Sabre Marine on the drive tray.

**CHAIR** - Sorry, I am once again looking at time, Craig.

**Mr CRAWFORD** - I could talk all day on the problems I have had.

**Mr MILLER** - Basically I think most of these issues are well documented.

**Mr CRAWFORD** - On 24 June Bill Baxter noticed there was significant movement in the port shaft. We put a diver down and we noticed that in the portside rudder there were movements backwards and forwards, which were 10-15 mm, I believe. That goes through a bearing which is supposed to stop and hold tightly. This was brought to Bill Baxter's attention and he informed us that they had made a mistake with the bearing type they had put in and it had to be removed and a new bearing put back in.

Because of these issues and the spray rail we had a meeting with assistant commissioner Brazendale and the vessel was going to be taken out of the water for 14 days and all these problems were going to be fixed. The problems with the vessel were not fixed until 6 August, so it was out of the water for nearly a month and half. We returned the vessel to the water and the vibration was still there.

**CHAIR** - I am conscious that Mark wanted to sum up as well at the end. Craig, I know they are all important and I am not trying to downgrade that at all, but are there any other significant matters you would like to bring forward? You said that the build commenced before the plans were in place. They did not have the plans but the build commenced.

**Mr CRAWFORD** - No, I didn't mean that. They had some plans but they could not start because they had to have cut-out shapes and that type of thing. They had some plans but when it got to a certain stage, there were no plans to continue to build on, and that is when I had the complaints from Fleming and also from Bill Baxter. I think Inspector Paine had the same complaints.

**CHAIR** - Thanks for the clarification of that. Are there any other issues?

**Mr CRAWFORD** - Yes, there is an issue and it relates to another spec. The steering on the fly bridge was supposed to be a steering wheel that was vertical, so that the shaft was on a horizontal plane. That is the way the *Freycinet* was set up and that was the way I specifically wanted it. When I went out there and we went over the boat with Michael Hunn one day I went upstairs and saw that there had been a bit of aluminium put in and it showed that the steering was going to be on an angle. I look at Michael and said, 'I spoke to you about this, what's going on here?' and he said, 'I had nothing to do with that, that wasn't me. I didn't design that.'

**Mr HARRISS** - I presume you give instructions to the fabricators to do what you ask.

**Mr CRAWFORD** - I would have thought so. I said, 'You're the designer, you're supposed to be doing this'.

The only other significant issues were little things. We had this argument so many times about the placement of the bollards. They'd made the bollards and had them just sitting there and I said, 'No, that's not where I want them', and Bill Baxter said, 'Well, that's where they show on the plans', so I went and spoke to Michael Hunn about them and said we wanted the bollards put in different places for operational purposes. I think the midships bollard was situated about a metre forward of the rear deck, so it was very difficult. There was a rail there and it was very difficult so we wanted them placed back. I don't know how many times I raised it but it was like bashing my head against a brick wall - it just wouldn't happen. Right at the end they ended up putting two more in the midships but they wouldn't remove the other ones. There were lots of little issues that don't mean much in themselves, but they built up. I mean, I know how I want that boat to run, and it is for operational purposes and for the safety of my crew.

**Mr HARRISS** - I suppose it is easy in hindsight, and I can only draw an analogy with building a house - unless you get things documented you have a problem.

**Mr CRAWFORD** - I wouldn't say I recorded my notes dutifully -

**Mr HARRISS** - But instructions to Mr Hunn in writing would have been valuable.

**Mr CRAWFORD** - When I spoke with Michael he was never negative - it was always, 'Yep, no worries - we'll get that'. I don't know whether he had too much on his plate.

**Mr MILLER** - Just before I start on my notes, I note Mr Muir's report attempted to do an assessment of compliance with specifications and made some findings on that. He made the observation, which I think was a fair one, that the specifications were a bit vague so there was scope for argument about compliance.

A lot of my notes we've covered in dribs and drabs at various places but I specifically wanted to address the engines. I think I have done most of that, or the constable has. I note that in Mr Hunn's evidence before the committee he said there was no adverse effect from the engines other than the impact upon the range of the vessel. He also said he had adjusted to take account of the weight, although the material Constable Crawford has produced might suggest that wasn't an issue. Later on he said he believed the power of the engines caused significant noise and vibration problems.

In terms of the timing of when the engines were ordered and when they were in the specs, there were comments that the police attitude to the boat all along was very negative. We do not believe that was so. We have heard from Constable Crawford and I think it is apparent he was quite excited about it. I think what he has gone through today to some extent is therapeutic because it's apparent he has lived through it and is obviously disappointed about the outcome, as we all are.

**Mrs TAYLOR** - But you can understand that comment because Craig would have been there day after day saying, 'This is not quite right. Can you fix this?' so they could construe that as negative.



**Mr MILLER** - I think if you analyse Mr Hunn's evidence he is concerned principally about the negativity coming through the media reports. I think it is apparent that is much later on. At page 21 he talks of revolving commissioners, which I can tell you is a reference to late 2008, and he talks about alarm bells from police ringing only after the vessel was trialled and handed over. I think there is media on record where Inspector Paine produced quite a glowing assessment of the vessel when it was first taken over. Certainly there was no negativity at that stage and that spray sent everyone into a tailspin but it was fixed. I think there was a realisation quite early in the process that this wasn't as good as we'd hoped for and perhaps what we could have got, but we'd try to make the best of it and, with limitations, it would do the job. That has perhaps changed.

Mr Hunn suggested, and I think Mr Phillips may have as well, that there were no issues with vibration during builder's trials at pages 7 and 9. That is clearly not so and it has been well documented. You have heard the constable's evidence, but it is well documented. He suggested the only issues were spray, at page 13. Again, that is clearly not the case.

As to the engagement of Mr Hunn, he said at page 11 he was not sure if Sabre were advised before the contract so that their price would reflect the fact that he was going to be employed by the department. He said it was still in the contract but there was no costs for it. I know the contract was a design-and-build contract and there is documented evidence that suggests Sabre Marine were not aware of Mr Hunn's engagement at the time of the quote and not aware of it at the time the contract was settled.

At the request of the crown, I questioned Mr Phillips about when he became aware of Mr Hunn. I wrote to him on 23 February 2009 and asked whether he could provide any information concerning the engagement of Mr Hunn and what, if any, correspondence or discussions he'd had with officers of Tasmania Police concerning variation of the agreement. He responded on 26 February by e-mail saying that after entering into the contract for the *Fortescue*, Sabre was contacted by Tasmania Police and informed that we had appointed Hunn as architect and technical project manager. From that, he is saying it was after the contract, not before. He did not address the issue as to what discussions he had about variation, and certainly the first that we heard of variation was in December 2008.

I responded to that e-mail on 27 February 2009, asking Mr Phillips to confirm when, how and by whom he was advised that the department had engaged Mr Hunn. On 5 March, he responded by saying that he was advised by telephone by Leon Darko and also by Michael Hunn. I do not have a note of the time or date but, from memory, it was not long after we signed the contract and that was 25 June. Certainly in early 2009 Mr Phillips' advice to me was that it was after signing the contract.

There were some questions asked of Mr Hunn about whether the engagement by the department meant that there was any greater or lesser interference with him by Tasmania Police. Other than the issue of engines, he referred only to minor modifications and to fit-out. At page 17 he said there was no unreasonable interference by police and observed, 'I'm not even sure they knew I was employed by police'. He said at page 18, that there were only minor things in the fit-out he would have done differently, apart

from the engines. At page 23, as far as design and construction of the vessel was concerned, it did not really make any difference - and see also page 26.

We say it is clear that there were both design and build defects and so much is apparent from the reports of Muir and Bolt, and the settlement of the litigation reflected that fact. Mr Phillips' solicitor, Mr Barclay, suggested at page 45 that the crown did not even rely on Mr Muir's report. As far as I am concerned, that is misconceived. I was the instructing solicitor and we relied heavily on that report throughout. In fact, that was the basis of our expert opinion throughout, although the recent report probably bolsters our position in that regard.

Mr Barclay, at page 45, referred to the crown claim being in the order of \$98 000 and the Sabre claim, including retention fees, was \$150 000, and we ended up getting \$121 000, suggesting that basically they got everything and we got little. It is not the case. Sabre Marine sought about approximately \$101 500 for extra works, they sought nearly \$65 000 for retention moneys, they sought interest and they sought damages for loss of use of moneys. The crown assessed their claim at approaching \$200 000. The crown's counterclaim for building defects was \$98 000. It was ascertained early on that of that \$98 000, \$23 000 in relation to extra electrical works couldn't be pursued, so effectively our claim was reduced to about \$75 000 or \$76 000. There was another \$29 000 for noise suppression that was highly doubtful because it was considered to be substantially a design issue. Realistically we were looking at a claim of about \$45 000 or \$46 000. We settled for \$110 000 plus costs. Of that \$110 000, nearly \$65 000 was retention moneys. So Sabre recovered approximately \$46 000 of their \$101 000 claim for extra works which were said to be variations. Having said that, one of the issues that we have and one of the issues that we would have taken up if it had gone to a contested hearing was that we had no invoices for any of this until - sorry, I was thinking of an expression I couldn't use about something hitting the fan.

**Mr HARRISS** - The moth.

**Mr MILLER** - Thank you, Mr Harriss. We had none of these invoices until there were obvious difficulties and issues identified and insurance concerns, and the request for a formal variation of contract - and all of a sudden we had \$100 000 in invoices for extra work.

Mr Phillips gave evidence that the price did not include a fee for (inaudible). I don't know whether it did or not but certainly my understanding from conversations with him during the negotiations suggested that it did and he was covered, certainly by an insurance component if not a design component, although he did make the point that a lot of the design work had earlier been done because of piggybacking.

As to the variation of the contract, I think I've explained the reasons for the delays in that regard. There is a reference at page 38 of Mr Phillips' evidence that would suggest I quoted him selectively regarding the difference between the vessel and the coastguard vessel. I'm not sure whether he meant to infer that I did so deliberately but that certainly is not the case. I didn't go into detail. The comment was made in the context of a discussion. It was at the Crown Solicitor's office and the Crown Solicitor was there and the Solicitor-General was there at the time, as well as another counsel from the Crown Solicitor's office, but the comment was made in the course of the discussion of possible

liability of Sabre for the design defects in the vessel, given that it was essentially based on the design of the coastguard vessels. It was at that point that Mr Phillips made the comment that they were totally different vessels.

It is not dated but I have a note taken on that time. I made a specific note of it because by that time I was dealing with a whole range of issues, including whether or not the exemption from tender was justified or whether they could properly be said to be substantially similar. The note says 'totally different', but it goes on. I can interpret my writing if required, but he makes the point about the jet engines, the twin screw and the different engines and the fit-out - again, nothing like it. When you read Mr Phillips' evidence the point he was trying to make was that the hull shape was the same, albeit stretched.

I think that is where Mr Hunn ended up. I think Mr Hunn's evidence was page 5, 'same hull shape, other than that it's different'. I don't think there is much difference between us on that. That was at a meeting in early 2009 at the Crown. I have explained the delays in agreeing to the variation and the move to the independent architect.

It is my view that Sabre and Mr Hunn were in denial concerning the defects, and perhaps still are. They have reputations and incomes to protect and I can understand why they would have certain views, but I am concerned that the evidence of Mr Hunn and Mr Phillips before this committee would suggest that the vessel is fit for purpose and has no major issues, that the police criticism and concerns are not warranted and perhaps reflect the negativity in the early stages of the project. It is simply not the case. The expert opinions support the view that the vessel is not fit for purpose. It clearly has major design and build defects. Tasmania Police wouldn't have spent an extra \$600 000 on the vessel if it didn't have defects just because of some negative view or engage in expensive litigation concerning that. If it were fit for purpose we would be using it. I note at the moment it is not even ticketed - MAST withdrew it.

I know there is further evidence to come and I have made various references today, but there is a lot of detail in Mr Muir's report. I am not sure whether you intend to call him.

**CHAIR** - The committee will discuss that.

**Mr MILLER** - There is so much detail and you don't want to get bogged down. You obviously have major concerns. Mr Dean asked a question earlier about time factors and going along with the building before the plans. From my perspective, in late 2007 there was a degree of urgency injected into the process by virtue of the scrutiny of the parliament. That scrutiny was quite appropriate and there were legitimate concerns, in my view, about the lack of going to tender and the handling of the process. One of the reasons for justifying the way it was conducted was the urgency. I think the minister told parliament that we would have a vessel in 26 weeks in June or July 2007, so there was ongoing pressure on the project to get the thing done as quickly as possible. I am not sure that resulted in any of the defects or concerns, but that is one of the reasons there was a continuing push.

**Mrs TAYLOR** - From our point of view as a committee we want the outcome that this doesn't happen again, that we learn from what has gone wrong. To do that we have to try to see where the pressure points were, and the more evidence we hear the more it

becomes clear there were a number of spots - knowing what vessel you wanted and it being a proven vessel, and employing a person rather than having a contract arrangement.

**Mr WILKINSON** - Can I put this as a scenario and see what your answer is? The evidence strongly suggests the boat was not fit for purpose, therefore the question is, how was that the case? How did it become a boat that was not fit for purpose? If you had your time again, what would have occurred? The request was for a boat that was a proven performer because of the previous police boats that you had, and this boat was not a proven performer. It was a new type of boat. It was a new type of boat, I suppose, based on a smaller boat that was used for Victorian conditions, but it was a smaller boat trying to be extended to fit the same type of purpose that you wanted. Is that fair at first, then second, who had the right in the end to say 'We don't want this boat'? 'We want one that we know is a proven performer, that we know is going to do the job. We have been working in the marine police industry for many, many years, we have got a lot of experience in it, we know what we want, we know what is going to work.' Who had that job to say 'Craig, you are the oracle in relation to this we will go down your path because we know that you have got the experience and we know that you want a boat that can do the job that it is supposed to do'?

You didn't have it. Who had it? In the end, is it the commissioner who has that role?

**Mr MILLER** - I think that is clearly the case. There was a structure in place. Obviously the desire would have been to give Marine Division the best possible boat. I mean no-one sets out to end up where we have.

**Mr WILKINSON** - I understand that.

**Mr MILLER** - 'Proven' is a very good word though because if I have a proven vessel, a proven vehicle, whatever, it is exactly that. It is proven. So there is an element of risk, as is always, with a prototype. Looking where we ended up, we could have ended up with a fantastic vessel that the state would be making millions from by selling its design all around the world.

**Mr WILKINSON** - But there is a significant amount of money involved and when you look at it being the state's money, the taxpayers' money in the end, rather than take a chance on this should we have -

**Mr MILLER** - There are good reasons for most processes. There are very good reasons for tenders. You get an element of safeguard or insurance or risk minimisation by going through processes.

**Mr WILKINSON** - And that wasn't done here.

**Mr MILLER** - Quite clearly with the exemption, but having said that, the department went through the process to get that exemption.

**Mrs TAYLOR** - To be fair, it was not exactly unproven in one way in that these coastguard vessels, I know that the last one was not finished, but I think it was the third one of about three. Were one or two not already in service?

**Mr MILLER** - No, none were at the time the contract was signed. That is my understanding.

**Mrs TAYLOR** - Michael Hunn has said to us that he is a naval architect and has designed a number of boats. It is not as though his skill was -

**Mr PHIL WILKINSON** - There was no reason to suspect that we could not have got the boat that Mark has just described. It was going to be an excellent facility that met our requirements albeit with an element of compromise around size and cost, which is not unusual. We have to get the best that we can do within the budget that we have available. At the outset the potential was there I think for it to be the boat what we all would have wanted.

**Mrs TAYLOR** - Except it was probably an issue, wasn't it, from the beginning, I would have thought, in terms of cost and size because if you know that this is what you want but you are told 'I'm sorry, we can't afford that, we can only afford 2 metres less, or 3 metres less, or something', isn't there always then that decision point where you say 'Okay, we put up with what we have got and get the best we can for the money'. Or, 'I'm sorry, that isn't what we need and so we will wait thank you and see if we can have the money next year'. Where else do we find the rest of the money?

**Mr PHIL WILKINSON** - I guess that is right, but that is sort of a judgment call at the time. Is this an opportunity that may not be around next year? It may not be around for -

**Mrs TAYLOR** - That is what we are always pressured to do.

**Mr MILLER** - You can understand why, when the money was available it was grabbed because the GST funding goes up and down from year to year. If we had gone through a tender process we could be exactly where we are now with a Michael Hunn-designed, Sabre Marine-built vessel, identical to the one we have. I do not think there is any basis for suggesting that the engagement of Mr Hunn by the department had any impact at all upon the design that we ended up with. It certainly impacted upon the insurance position and our ability to perhaps pursue. But in the scheme of things, that is limited in itself, particularly when there is so much room for debate.

**CHAIR** - In hindsight you are saying that it was not a good move?

**Mr MILLER** - Certainly not - you ask a lawyer. You are taking a risk. With this vessel, it has obvious defects. The question of whether they are in building or in design, the lawyer's answer is: it does not really matter if Sabre designed and built it. It is one or the other. How we categorise it, we say, this is what we wanted, this is what we got and it falls short of reasonable and we were looking to you to rectify it. It certainly severely comprised us.

**Mr WILKINSON** - I am looking to the future as well, if it was done again, I would have thought that there would be people who are involved in the field saying, 'We believe this is going to work'. You have a number of designs put before you. You then decide, by looking at a number of designs, what you believe is going to be appropriate. You say, 'This is the one we want', that one then goes out to tender and you get the best price.

**Mr Phil WILKINSON** - I guess to some extent we are going through that process now. Internally, we have conducted a review about vessel fleet and vessel capacity and requirements and I know that the Marine Division has been consulted heavily and their expertise drawn on significantly in that process. We have a submission before Treasury at the moment for funding to get an external review of that process. Hopefully it is validated. That should set out requirements for the future quite clearly and then funding and purchasing and building - they are different processes. But I think it is fair to say that any future process will involve a vessel that is a proven design and existing vessel, so that the people who need to use the vessel will be able to trial the same vessel before we go through that process.

We have certainly learnt the lessons. But Mark's point is valid. There is no real indication that the vessel would have been any different if we had not employed Mr Hunn. We will always be in a position where we have to compromise cost against the product. Every agency goes through that process. We would certainly be circumspect about the extent to which we compromise.

**CHAIR** - Are there any further questions any member might have, any closing comment that we have not discussed at all?

**Mr MILLER** - Just documentation. I think that might have been earlier - a request for the probity work from Wise Lord and Ferguson. We will get that to you and perhaps my letter of acceptance of the subject.

**Mr SMITH** - And the business case and the value for money.

**Mr CRAWFORD** - Vessels can be surveyed to 200 nautical miles. That does not mean it can necessarily go out there because it depends on the competency of the crew and the conditions. Yes, it can on the ideal day but probably the skipper is going to make that judgment call.

**CHAIR** - Thank you very much for your attendance. Thank you very much for the way in which you have given your evidence - we appreciate that very much. We appreciate the fact that you have gone well and truly one hour and 10 minutes over the allotted time. We thank you very much for committing that time here because you all have other functions and are very busy.

**Mr MILLER** - Mr Dean, can I foreshadow that it may be of benefit to the committee if Tasmania Police have an opportunity to comment on some evidence that you might yet hear.

**CHAIR** - We might yet hear?

**Mr MILLER** - Depending on whom you would call.

**CHAIR** - Yes, it depends on that and the transcripts will be available and if that happens, we are very happy to listen and hear from -

**Mr MILLER** - It could be just done by letter.

**CHAIR** - Absolutely.

**THE WITNESSES WITHDREW.**