



Legislative Council

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE 'B' 2009

Report with Minutes of Proceedings

Members of the Committee :

Hon Ivan Dean MLC
Hon Kerry Finch MLC
Hon Mike Gaffney MLC
Hon Vanessa Goodwin MLC
Hon Tania Rattray-Wagner MLC (Chair)
Hon Don Wing MLC

**LEGISLATIVE COUNCIL
GOVERNMENT BUSINESSES SCRUTINY COMMITTEE "B"**

MINUTES

Wednesday, 2 December 2009

At 8.55 am in Committee Room No 2, Parliament House, Hobart.

Present : Mr *Dean*, Mr *Gaffney*, Dr *Goodwin*, Mrs *Rattray-Wagner* and Mr *Wing*.

Confirmation of Minutes :

The Minutes of the meeting held on Tuesday, 1 December 2009 were confirmed as a true and accurate record.

Mr *Finch* took his place at 8.58 am.

THE PUBLIC TRUSTEE

The following witnesses appeared before the Committee :

Hon Lara Giddings MP, Attorney-General

Ms Ann Cunningham, Chairperson, Board of the Public Trustee

Mr Peter Maloney, CEO, Public Trustee

Mr Duncan Hall, General Manager, Corporate Services

Ms Gaylene Cunningham, Manager, Client Services

The Committee notes the evidence provided by The Public Trustee that:

Overview

- The Public Trustee operates from three main offices, Hobart, Launceston and Burnie. An office is maintained in Devonport, which is staffed on a part-time basis by staff from the Burnie Office.
- The Public Trustee operates in a competitive environment and is required to operate along commercial lines.
- Approximately 51 per cent of the matters under administration by the Public Trustee are non-commercial matters. These are referred to as community service obligations.

Corporate Plan

- The core business for the Public Trustee is commercial, deceased estates.
- The Public Trustee's vision is to be Tasmania's first choice provider of trustee services in the State.
- There is an on-going program of risk management, particularly through the Audit Committee. The internal audit has been outsourced to KPMG who report to the Audit Committee.
- The comprehensive risk management plan, prepared three years ago, is currently under review. There are two aspects to the review – the strategic risk review and the business continuity plan.

Financial

- In the financial year 2008-09 the Public Trustee achieved a net operating profit after tax of \$690 284.
- Salary increases and increased costs impacted on the downturn in profits this year.
- The Public Trustee was required to pay 50 per cent of after-tax profit (\$455,000) as a dividend to Government.
- Approximately \$235,000 was kept as retained earnings. There is currently \$7 million in retained earnings. The total liability relates to RBF superannuation.
- Although the corporate reserves are approximately \$10 million, there is not \$10 million to spend, as most is held as provisions against the defined benefit scheme liabilities.
- The Government provides full cost recovery on CSOs, but there are additional costs of up to approximately \$60,000, involving represented persons.
- The Public Trustee is self-funding apart from CSO funding. Last year the Government provided \$1.170 million and received \$700,000 back by way of dividends and tax.
- The global financial crisis impacted on the Trustee's investment funds. The Common Fund was receiving 5 per cent, but has now reduced to 2 per cent. The group investment funds and share portfolios dropped significantly due to the market reductions, which also resulted in a reduction of income commission.
- The Common Fund is purely a cash-at-call fund. It pays competitive cash rates which are much lower than term deposits.

- There is also a No. 1, No. 2 and No. 3 fund. The No. 3 fund is closed to new investors – it was for some high-value clients (currently 14). The No. 1 fund is 70 per cent defensive and 30 per cent growth and the No. 2 fund is 60 per cent growth and 40 per cent defensive.
- All three funds are managed on an index basis - none is actively managed, so the fees are at least half a per cent cheaper.
- The fees for minor trusts have been reduced by up to 50 per cent from 1 November 2009. Annual statements detailing the fees for that period are provided.
- With the \$10-12 million in retained earnings, \$5 million was in one building, which is Murray Street, and the other \$7 million was in cash.
- In 2006-07 the Murray Street building was revalued and increased by \$480,000 which resulted in \$240,000 cash straight to Government for funds not earned. Consequently the sale of the building is a way of freeing up cash.
- Those funds of \$10-12 million will now be invested for the long term so there is cash returned to the business as opposed to owning a building that may, or may not, increase in value.
- On 30 September the building was sold and that money will be invested and will result in dividends to Government.
- PricewaterhouseCoopers has been engaged to review investment objectives and strategies.

Marketing

- The Public Trustee has an extensive community education program whereby it provides seminars around the State outlining the need for proper estate planning.
- The Public Trustee undertakes brand research to measure brand success. However, brand awareness campaigns take a long time and need to be continued, which can be expensive.
- Regional marketing plans are also undertaken whereby organizations are identified and visited. Client survey reports are also collected.

Human Resources

- The Public Trustee employs fifty two full-time equivalent staff (FTEs), an increase of three.
- The three additional staff have been employed in the Hobart office, as a result of a review and an increase in represented persons who are resource intensive.

- There are currently forty FTEs in the Hobart office. There have been about four resignations in the last eighteen months.
- There are three positions in the legal team – two experienced lawyers and one younger person with less experience.
- With the RBF scheme closing in 1999, the numbers in the RBF contributory scheme reduce each year. There are now approximately 40 per cent of staff remaining in the scheme.
- Even though revenue has increased, the proportion of employee costs remains at approximately 69 per cent.

Services

- There are some anomalies in relation to minor trusts. For example, if there was a \$5,000 statutory MAIB entitlement, the fees are paid by MAIB. If there was a \$5,000 common law damages claim, the fees are not recoverable because they are not sought by the lawyer.
- The Public Trustee has a bulk insurance policy with CGU that provides protection as soon as an order is made, or someone dies. Even if the Public Trustee has not notified CGU what the property is or what its value is, they are protected and so is the client.
- In cases where an estate is to be shared among siblings, it cannot be distributed until all siblings' shares have been resolved. For example, if one sibling predeceases, that sibling's children will need to be located prior to distribution of the estate. This can lead to lengthy delays for settlement.
- The Public Trustee uses a trust accounting IT system TACT, which is similar to those used in other smaller states. A new Will writing system Chameleon has also been installed and consideration is currently being given to a 'client-related management system'.
- The Government is currently developing a policy around elder abuse. Preliminary work has been undertaken by the Department of Premier and Cabinet and the framework has been given to the Department of Health and Human Services for further action.

Conclusions

The Committee:

- Notes the commendable financial performance of the Public Trustee over the past financial year in light of the difficult economic conditions created by the global financial crisis.
- Welcomes the reduction in fees for trusts with low value assets, but is concerned that legal practitioners often fail to seek to recover appropriate

Public Trustee fees from defendants in cases where small amounts of damages are awarded.

- Notes additional investment funds available to the Public Trustee following the sale of its major property in Murray Street, Hobart.
- Notes that the Public Trustee is reviewing its investments strategy for clients' money to determine whether its current approach is still appropriate.
- Is concerned that the longer term adequacy of the Public Trustee's computer system appears to be questionable.
- Welcomes the State Government's decision to develop a policy on elder abuse as Tasmania is the only state without such a policy.

Recommendations

The Committee recommends that:

- The Public Trustee implement an education program for legal practitioners to ensure that there is greater awareness of the need to recover its fees as part of common law damages claims.
- The review of the Public Trustee's investment strategies include consultation and input from its clients or their representatives.
- The Public Trustee undertake a review of its computer and other information technology to ensure that it remains capable of meeting the longer term needs of the organisation.
- The Public Trustee actively participate in the development of the State Government's policy on elder abuse, especially in relation to financial and estate matters.

The Committee suspended at 10.10 am.

The Committee resumed at 10.17 am.

TT-LINE COMPANY PTY LTD

The following witnesses appeared before the Committee :

Hon Graeme Sturges MP, Minister for Infrastructure

Mr Denis Rogers AO, Chairman, TT-Line

Mr Charles Griplas, Chief Executive, TT-Line

Mr Kevin Maynard, Company Secretary

Mr Scott Hadley, Chief Financial Officer

Mr Gary Hill, Chief of Staff (Ministerial)

The Committee notes the evidence provided by the TT Line Company Pty Ltd that:

Overview

- Total revenue was \$175.6 million, compared to \$166.9 million last year.
- There were 390 746 passengers compared to 385 028 in 2007-08.
- There was also an increase in passenger vehicles from 177 265 to 182 595.
- Freight levels have been maintained.

Corporate Services

- TT-Line has an extensive risk management system that is audited by KPMG on an annual basis. The reports are provided to management for the development of contingency plans.
- KPMG also conducted a performance review of the TT-Line Board last financial year at a cost of \$10,000 and the review will be undertaken again in two or three years.

Sales and Marketing

- TT-Line has concentrated its campaigns in digital marketing. Six months ago 19 per cent of reservations were made on the web, and that has now increased to between 30-35 per cent. In some campaigns where 'internet only' specials are offered, the uplift is much greater.
- The booking IT system (Project Genesis) is currently being upgraded and the internet booking platform is being reviewed in terms of commercial providers.
- The implementation of the new IT system is expected to take three years at a cost of approximately \$10 million. The implementation phase should be completed by 1 May 2010.

- The call centre numbers have remained steady over the last few years.
- The Tasmanian Government discontinued a contribution to marketing in 2008-09. The \$2.394 million provided in 2007-08 was a one-off funding contribution made by the Government following the sale of Spirit of Tasmania III.
- The decrease in funding resulted in the TT-Line embarking on a new promotional campaign, which does not include destination advertising. The campaigns run between three to six weeks and target a specific demographic group and geographical spread.
- The reason why a Victorian celebrity was used to promote travelling on the Spirit of Tasmania was that 70 per cent of passengers are from the mainland and 30 per cent from Tasmania. Of the 70 per cent, 35 per cent are from Victoria.
- The Tourism Exchange Bureau is a franchisee operating on board the ships. Travel brochures are distributed by the Bureau.
- There is a special events section in the sales department that actively targets big events and works closely with Tourism Tasmania.
- TT-Line is a key sponsor of the Spirit of Tasmania fishing tournaments that occur in Tasmania and special concessions are provided not only for participants, but anyone declaring that they will be attending the event.
- TT-Line conducts open days in Melbourne to promote Tasmania, with around 50 Tasmanian tourism operators taking part and 8,000 people attending this year.
- Trailers other than caravans, such as boats and dog-trailers, do not qualify for the Federal Government's Bass Strait Passenger Equalisation Scheme.
- TT-Line actively engages with the tourism sector, such as convention centres, the Tourism Industry Council of Tasmania, motoring organisations, travel agents and regional travel shows.
- TT-Line was represented at more than 40 consumer and trade shows in 2008-09 attended by more than 1.2 million consumers.
- In the past financial year there were 1.19 million visitors to the TT-Line website.
- Around 30 per cent of bookings are being made online.

Safety

- Spirits of Tasmania I and II are scheduled for replacement in 2017.

- TT-Line undertakes an active maintenance program and the vessels are in dry dock every second year. Monthly and weekly assessments are also made and addressed, relating to any technical or mechanical components of the vessels.
- The company is audited by two external agencies – ABS, a certification agency for any repair work and by the Australian Maritime Safety Authority for occupational health and safety issues.

Operational Issues

- TT-Line was experiencing difficulty with the consistent increase in fuel prices. The bunker fuel accounts were 35 per cent of the operating costs so any fluctuation dramatically affected the prices and profitability.
- After gaining external advice from KPMG and others, the Board decided to enter a fuel hedging strategy to provide price certainty for both passengers and freight customers.
- TT-Line has considered several ways to save fuel, including slowing the speed of the vessel. In addition, issues of paint and propellers and how captains operate their vessels are also being looked at.
- Greenhouse emissions in 2008-09 were 145,000 tonnes, compared with 176,000 tonnes in 2007-08.
- TT-Line is registered under the national greenhouse regime whereby its emissions are publicly monitored.
- Silica based paint is now being used to replace traditional anti-fouling paints that contained tin and lead.
- A program of recycling waste, paper, glass and other material has also been put in place.
- There are no plans by the Board to phase out either passengers or freight. They are both critical components of the business.
- The change in departure and arrival times for the ships was aimed at changing the discharge patterns to assist passengers to disembark quickly. The target set was 55 minutes for discharge and load and currently 30 minutes has been achieved.
- From 14 September changes were made to the schedule to extend the seasons. The number of sailings will increase from 800 to 824, which provides some additional day sailings over the period January through to Easter.
- It is hoped that the extended seasons will grow the passenger service and freight market, by increasing the capacity on the vessels.

- The double sailings will occur on a Thursday, Friday, Sunday and Monday for people wanting to leave work on a Friday and return in the middle of the following week.

Financial

- There was no requirement for TT-Line to pay a dividend last financial year in light of marketing requirements, ship replacement requirements and the impact of the global financial crisis.
- Debt was reduced by \$25 million last financial year and a similar reduction will occur this financial year.
- TT-Line will be debt free by June 2011.

Staffing Issues

- TT-Line has a corporate policy of active engagement with staff.
- The newly appointed CEO initiated a staff survey last (calendar) year which was highly critical of previous elements of management.
- There is a continuous staff feedback system has now been adopted.
- Staff were commissioned to develop a values program and system which has been adopted by management.
- A human resources manager has been engaged as part of the focus on staff engagement.
- A "TT for Me" program is now in place to encourage continuous engagement and conversation with staff.
- Staffing numbers: 193 shore based in Tasmania, 57 on mainland; 173 ship staff based in Tasmania, 125 on mainland.

Freight and Terminal Services

- Freight operators prefer the night-time sailings to fit in with their supply chain.
- TT-Line has a good working relationship with TasPorts.
- Refurbishment of walkways and some building upgrades at Devonport have been undertaken by TT-Line.
- TT-Line's lease at East Devonport expires in 2021.
- TT-Line's lease at Port Melbourne expires in 2012 with a five-year option to extend.

- Station Pier is a heritage listed building which limits redevelopment options.

Hotel services

- 92 per cent of the food served in the restaurants is purchased in Tasmania and all beverages are purchased in Tasmania.
- TT-Line takes seriously the comments made by the food writer in *The Weekend Australian* about the quality of food in the restaurant, even though they are not confirmed by the customer satisfaction surveys.
- The Committee requested additional information regarding how Tasmanian wine producers could get their wines in the restaurant. TT-Line advised that local wineries can use a wholesaler who sells to the Company or contact the purchasing officer direct.
- Crew represents 60-70 per cent of the occupancy of the Edgewater Hotel.
- The Edgewater represents approximately 1.5 per cent of the TT-Line revenue.
- Where possible, TT-Line uses Tasmanian companies to provide products and services: e.g. laundry, carpet, maintenance, upholstery, Christmas hampers.

Ships

- TT-Line is actively working on a ship replacement program, with a focus on purpose built ships. A decision will be made before 2017.
- Extensive refurbishment has been undertaken on decks 9 and 10 to install climate control and to improve the access areas around the bars.

Quarantine and Security

- TT-line works closely with Quarantine services to ensure minimal delays for passengers disembarking and boarding.
- In conjunction with the Quarantine service, TT-Line security staff are trained in quarantine issues.
- Strict security regimes are in place at both the East Devonport and Station Pier, Port Melbourne terminals.
- Port authorities at both locations manage their own security regime in addition to Federal Government security systems and TT-Line security measures.
- Cars are checked by security staff and foot passengers are screened in the same way as airline passengers at airports.

- Firearms are kept under lock and key during voyages and returned to passengers after they disembark.

Additional Information requested and received

1. Details of how local winemakers can have their wines available in the restaurant onboard Spirits of Tasmania I and II.
2. Information regarding the TT-Line sponsorship of fishing competitions in Tasmania, particularly bream fishing.
3. Port cost comparisons - Devonport and Melbourne (*in camera*)
4. Briefing regarding security arrangements (*in camera*)

Tabled Documents

- Email dated 23 September 2009 to Hon Kerry Finch MLC from Mr Robert Grubb re TT-Line service deliver
- Email dated 10 July 2009 to Hon Kerry Finch MLC from Mr Tony Leitch re TT-Line service delivery

Conclusions

The Committee:

- Notes that there has been a marked improvement in the TT-Line performance across a range of measures in the past financial year.
- Notes that with the appointment of the new CET there has been significant improvement in the engagement of staff in the operation of the company.
- Notes the reduction in greenhouse gas emissions achieved in the last financial year and the introduction of a recycling program.
- Welcomes the Board's initiative in relation to the replacement of the current vessels.
- Notes the measures, such as increased day sailings, put in place to meet the needs and expectations of customers.
- Is concerned about some inequities in the Federal Government's Bass Strait Passenger Equalisation Scheme, especially in relation to motor homes, boat trailers, dog trailers, etc.

Recommendations

The Committee recommends that:

- The Tasmanian Government actively seeks changes to the Federal Government's Bass Strait Passenger Equalisation Scheme to remove inequities in relation to motor homes, boat trailers, dog trailers, etc.

- The State Government continues its policy of not requiring a dividend from TT-Line to enable proper planning for the replacement of its current vessels with a focus on purpose built ships and for on-going marketing to increase passenger and freight volumes.
- TT-Line formally and independently reviews its fuel hedging policy and practice within three years.

The Committee suspended at 12.40 pm.

The Committee resumed at 2.00 pm.

TASPORTS CORPORATION PTY LTD

The following witnesses appeared before the Committee :

Hon Graeme Sturges, Minister for Infrastructure
Dr Dan Norton, Chairman
Mr Geoff Duggan, Acting Chief Executive Officer
Mr Nathan Spicer, Chief Financial Officer
Mr Gary Hill, Chief of Staff (Ministerial)

Mr *Wing* took his place at 2.04 pm.

The Committee notes the evidence provided by the TasPorts Corporation Pty Ltd that :

Financial

- National and international trading conditions for the past financial year were difficult and freight volumes were lower.
- The Corporation was requested by the State Government to consider 100 per cent after-tax profit as a dividend.
- In light of “softness” in the first three months of this financial year the Board, in consultation with the State Government, believed it was prudent, in the circumstances, to only declare 70 per cent of after-tax profits from the previous year as a dividend.
- The Board will consider a final dividend later in the year when the financial situation for this year in terms of its capacity to pay becomes clearer.
- Tasmanian Ports Corporation debt was reduced from \$33 million to \$20 million in the past financial year.
- The legislation under which the Corporation operates requires that it act on a commercial basis that facilitates trade for Tasmania.
- The Corporation does not have a special fund of \$4 million for development, although it had advised the Tasmanian Treasury Department that such funding could be utilised if available as part of the Federal Government response to the global financial crisis.
- Additional information provided indicates that the salaries of the six members of the senior executive team totalled \$1,122,387. An additional \$106,960 was paid in bonuses.

Mr *Wing* withdrew at 2.32 pm

Mr *Wing* took his place at 2.38 pm

Port Operations

- Tonnages were down quite significantly by about 1.3 million tonnes. Freight volumes were 14.9 million tonnes compared to 16.2 million tonnes previously.
- The decline was across all freight categories, but especially in commodities such as woodchips and bulk commodity exports.
- Freight growth in Tasmania is predicted to double over the next 10 years and there is also significant growth predicted in bulk commodities from the West Coast.
- Additional information provided indicates that the fuel pricing at the Domain slipway was raised on 2 November 2009 as a response to long term commercial under recovery. Any alignment of timing with the opening of a fishing season was purely by coincidence.

Infrastructure and Assets

- Within a 10-year time frame existing port infrastructure with marginal developments will not be adequate to meet the anticipated growth in import-export needs, but in particular export, of the State.
- The Corporation does not have the balance sheet or revenue to fund the anticipated new port infrastructure costs of between \$100 million and \$200 million over the next 10 years.
- The Corporation believes it is important that political and community debate occurs in relation to port infrastructure and what the options are so Tasmania does not find itself economically constrained because it is port constrained.
- The Corporation also pointed out that large capital investments in these small ports have a community service obligation aspect to them and therefore it would have to be directed by its shareholders to fund them or be provided with supplementary funding.
- The Chairman of the Board advised that two years ago, the Corporation completed a maintenance assessment on every asset under its control and is now reviewing that assessment to determine priorities for maintenance expenditure on those assets.
- Additional information provided indicates, however, that the last environmental and safety compliance audit was undertaken by SEMF Pty Ltd in June 2005.
- The Corporation has an annual maintenance budget of \$8 million in addition to \$14 million capital expenditure on renewal or replacement of assets.
- The Corporation expects to move to a fair-value system of valuing its assets in the new year, in line with recommendations from the Auditor-General.

Safety

- The Corporation regards safety as its number one priority for its staff and for all users of its ports.
- A very strong focus on improving health, safety and environmental performance has resulted in a reduction in the lost-time injury frequency rate from a level of 45 to a current level of 2.

Security

- The Corporation has invested \$2 million on a centralised security centre in the Macquarie Wharf No 3 building in Hobart and has been recognised with a national award for its security system.
- The centralised security centre monitors activity at all four major ports on a 24 hour, seven days a week basis, in addition to using Tasmanian-based security staff on site around the State.
- Security requirements for all Australian ports are set out by the Commonwealth Department of Infrastructure, Transport, Regional Development and Local Government.

The Committee suspended at 3.33 pm

The Committee resumed at 3.48 pm

Communication

- The Corporation expressed concern at suggestions that it did not communicate, return telephone calls or consult with stakeholders.
- The Corporation said it was not aware of stakeholders complaints that it did not consult, did not respond to correspondence and intimidated port users.
- The Corporation rejected claims that its statistics on activity at the Burnie port were not accurate.
- The Corporation reported that it holds regular port user meetings around the State, along with regular meetings with local government and other key stakeholders.
- The Chairman advised that the new Chief Executive Officer, Mr Paul Weedon, would begin duties on 1 February 2010 and would bring a strong customer and stakeholder focus to the operations of the Corporation.

Strahan

- The Corporation is aware of the infrastructure demand at the Strahan port, but believes that, as with all infrastructure spending, a strong commercial business case needs to exist to justify expenditure to meet those demands.

- Limited availability of funds has resulted in general maintenance rather than capital investment being the major activity at the Strahan port.
- Additional information provided indicates that SEMF have been engaged to undertake a compliance audit review in the first quarter of 2010.

Hobart

- The Corporation has spent several million dollars remediating Macquarie No. 4 wharf in Hobart because there is trade and business activity that sustains that investment, but has not undertaken any similar work at Macquarie Nos. 5 and 6 wharves which would require tens of millions of dollars to refurbish.
- There is a significant amount of infrastructure in the Hobart port that is under-utilised, with around 14 per cent of the port's capacity currently being used.
- The Corporation has a strategic plan for the Hobart port and regularly meets with the Hobart City Council, the Sullivans Cove Waterfront Authority and other port users.
- The plan includes the development of Macquarie No. 2 wharf as a facility for the Australian Antarctic Division and visiting cruise ships.
- The Government believes the Hobart port is a significant contributor to the Tasmanian economy as the predominant gateway to the Southern Ocean and Antarctica and that there is real potential for growth in this role.
- The Corporation has held discussions with the Australian Antarctic Division (AAD) in regard to suggestions that it was considering shifting some shipping operations to Fremantle and believes that the AAD was satisfied with its preparedness to provide whatever amenity and facility that would facilitate the conduct of their business.

Flinders Island

- The Corporation disputed suggestions that the port infrastructure at Lady Barron on Flinders Island is in very bad condition and believes it is fit for purpose. Additional information indicates that the most recent compliance audit in November 2009 identified plant and equipment for inclusion on the maintenance register. An action list is currently being implemented.
- The Chairman of the Board said he had not received any representations regarding the upgrading of the port infrastructure at Lady Barron on Flinders Island when he met the Flinders Island Council several months ago.
- The Corporation has constructed a new finger pier at Lady Barron which is available for use by fishing vessels operating from Flinders Island.

- The Corporation generates less than \$200,000 a year from its port facilities on Flinders Island and this represents a loss in operating the facilities on the Island.
- The Corporation has delayed a decision on the future of the port facilities at Whitemark until it receives a report which is being prepared by the Flinders Island Council.
- Additional information indicates that the Whitemark cattle yard is no longer in use and that there have been no cattle imported or exported in the last 12 months. It is intended that this cattle yard will remain closed.
- The Lady Barron cattle yard will only drain in the direction of the wharf and there are drains and catch tanks to capture manure from the yards.

King Island

- The Corporation has identified a number of issues that will be addressed at the Currie wharf, including remediation of the slipway, security fencing and fendering on the wharf itself.
- The long term adequacy of the Grassy port is a profound concern for the Corporation.
- If larger vessels are to be used at the Grassy port in the future, it will be necessary to build a breakwater wall and to develop a new port. The Corporation would require assistance from the State Government for this project.

Bell Bay

- The Corporation has sought \$150 million from Infrastructure Australia for development of the Bell Bay port and some work associated with this development is already underway.
- The development at Bell Bay is expected to be completed in three years.

Mr *Finch* withdrew at 4.39 pm

Mr *Finch* took his place at 4.45 pm

Devonport

- The sale of Devonport Airport is expected to raise about \$10 million and a base rate of 50 per cent of the profits from the sale are required to be paid by way of a dividend.
- The sale of the Devonport Airport is expected to be finalised in the second quarter of 2010.

- The Corporation has deferred plans to construct a new head office in Devonport in light of the current economic conditions.

Burnie

- The Corporation reported that a steering committee has been established to consider and consult on issues related to a proposed expansion of Toll Holdings facilities at Burnie.
- The steering committee includes representatives of Toll, the operators of Tasmania's rail network, the Department of Infrastructure and Resources, as well as the Corporation.

Tabled Documents :

- Email dated 1 December 2009 from Ann-Marie Johnson, Mako Fresh Fish re Tasports

Additional Information requested and received :

1. The maintenance schedule for each port – a breakdown of money spent and intending to be spent.
2. Details of Compliance Audits for Flinders Island and Strahan Ports.
3. Details of the operation of the cattle yards at the ports on Flinders Island, and if manure washes into the water.
4. Confirmation regarding a 10 cent increase in diesel at the Domain Slipyards the day prior to the opening of the rock lobster season.
5. Details in response to the email from Mako Fresh Fish (copy provided at the hearing).
6. Breakdown of budget details for the following :
 - (i) Salaries of senior management, including executive bonuses
 - (ii) Marketing budget
 - (iii) Details of Redundancies

The witnesses withdrew at 5.00 pm.

Conclusions

The Committee concludes that:

- There is a very strong perception among some stakeholders and port users that:
 - the Tasports Corporation does not communicate or consult;
 - it is arrogant and intimidating in its dealings with stakeholders and port users;

- it fails to respond appropriately to written correspondence, emails or telephone enquiries;
- it has not addressed safety concerns at a number of ports; and that
- Tasmania's port infrastructure is generally in poor condition and in some cases is considered dangerous for users of those ports.
- It is a serious concern that the Corporation is not aware of these widespread and consistently negative perceptions.
- By its own admission, and as a result of the requirement to pay 70 per cent after-tax profit as a dividend, the Corporation does not have the financial resources to maintain existing infrastructure nor to fund new infrastructure that is predicted to be required in the next decade and beyond.
- The operation of smaller ports, especially those on the Bass Strait Islands, does not meet the commercial charter of the Corporation, but their on-going maintenance remains essential to the communities in those areas.
- The Corporation is to be commended for its excellent record in relation to security and the occupation health and safety of its workforce.

Recommendations

The Committee recommends that:

- The Corporation must, as a matter of urgency, act to address the widespread perception among its stakeholders, customers and port users that it does not communicate or consult.
- It must also act urgently to reform its internal management processes so that it is aware of, and able to deal with, the concerns of its stakeholders, customers and port users.
- The Corporation implement processes and training programs to encourage a corporate culture of customer service and communication.
- The State Government, in consultation with the Corporation, must provide significantly increased funding to deal with the serious infrastructure needs of Tasmania's port network over the next decade. As a starting point, available funds from the sale of the Devonport Airport could be used by the Corporation to help fund the infrastructure needs of existing ports.
- The Corporation must be given the financial capacity to meet the community service obligation of operating smaller ports which do not meet the strict commercial objectives currently in place.
- The Corporation must be much more aggressive and pro-active in pursuing greater usage of Tasmanian ports by potential users.

- The Committee notes the Corporation's deferral of plans to build new head offices in Devonport and recommends that the infrastructure needs of all ports have priority over this project.

REPORT DELIBERATIONS :

The Committee considered issues for inclusion in the draft report.

Resolved, That –

- The Secretary prepare a draft report for Members to consider.

At 5.15 pm the Committee adjourned until a date to be determined.

DATE

CONFIRMED



CHAIR