

# UNCORRECTED PROOF ISSUE

**Friday 6 December 2019 - Legislative Council - Government Businesses Scrutiny Committee B - Tasmanian Ports Corporation Pty Ltd**

## LEGISLATIVE COUNCIL

### GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

**Friday 6 December 2019**

#### MEMBERS

Ms Armitage  
Mr Armstrong  
Mr Dean  
Ms Howlett  
Ms Rattray (Chair)  
Ms Siejka (apology)  
Mr Willie (Deputy Chair)

#### IN ATTENDANCE

**Hon. Michael Ferguson MP**, Minister for Infrastructure

#### Ministerial Office

**Daniel Gillie**, Chief of Staff  
**Adam Foster**, Adviser

#### Tasmanian Ports Corporation Pty Ltd

**Mr Stephen Bradford**, Chairman  
**Mr Anthony Donald**, Chief Executive Officer  
**Mr Geoff Duggan**, Chief Financial Officer

**The Committee met at 9 a.m.**

**CHAIR** (Ms Rattray) - Good morning, minister. We very much appreciate your attendance at these government business scrutiny committee hearings for today; as you are aware, we are going to start with TasPorts.

I remind people sitting at the table that this is a committee hearing of parliament; of course, privilege is allowed here, but once you leave this hearing, parliamentary privilege no longer applies to anything you say. That is just part of the committee process.

**Mr FERGUSON** - Good morning Chair and members of the committee. I would like to introduce our Chair of the board, Mr Stephen Bradford; Anthony Donald, Chief Executive Officer; and Geoff Duggan, Chief Financial Officer.

TasPorts proudly connects people, products and solutions for the benefit of all Tasmanians. Being an island maritime state, TasPorts plays a vital role and is responsible for 99 per cent of Tasmania's freight task.

In 2018-19 TasPorts delivered a consolidated net profit of \$12 million. This result represents the best financial performance in the company's history since its amalgamation in 2006. It is also the company's fourth consecutive year of profitability. A key driver of this financial success was continued growth in freight volumes, with TasPorts facilitating the movement of more than 15 million tonnes of freight through Tasmanian ports during that year. This is the highest freight volume experienced since the 2008 financial crisis and reflects a 3 per cent growth from the previous financial year.

In August 2018, TasPorts officially unveiled its port master plan which will guide more than \$200 million-worth of port investment infrastructure improvements over the next 15 years and it is designed to futureproof Tasmania's ports. As part of the TasPorts Port Master Plan, work progressed on three projects at the state's major ports of Burnie, Devonport and Hobart. TasPorts completed the first port master plan project at the Port of Burnie, working collaboratively with Toll to complete significant dredging works at Burnie Berth 4, along with associated ramp upgrades and landside construction to support the arrival of Toll's new vessels in early 2019. Ongoing work at Burnie is being undertaken to assess port configuration for improvement to logistics and supply chain activities.

Moving to Devonport, this year TasPorts announced it is extending berthing facilities for passengers and container freight at the Port of Devonport to enhance trade activities. TasPorts worked closely with customers, TT-Line and SeaRoad to enable the infrastructure needs both companies will require for the arrival of their larger vessels.

In Hobart, TasPorts has committed to developing a new Antarctic logistics facility to assist the Tasmanian Antarctic Gateway Strategy and attract further international programs. Through the year TasPorts worked closely with the Australian Antarctic Division to support its infrastructure requirements for the arrival of its new Antarctic icebreaker. Investments in Hobart will also see upgrades to the cruise terminal and berthing infrastructure as a response to continued sector growth.

In line with the ongoing growth of TasPorts, the new purpose-built head office in Launceston's historic Willis Street was officially opened in February 2019 and is part of larger developments to revitalise the Launceston Gasworks precinct. The new office houses the state's critical 24/7 TasPorts Security Operations Centre, and later this month the Vessel Traffic Services Operations Centre will commence operations at that site.

Cruise ship visits to Tasmania continued to be a positive news story for the ports and the economy. TasPorts is a strong and active supporter of the cruise ship industry and the benefits it

brings to our state. Over the last five years Tasmania has seen a 68 per cent increase in the number of cruise ship visits to the state.

During the 2018-19 season, 106 cruise ships carrying more than 278 000 passengers and crew called at ports around Tasmania. TasPorts has taken steps in recent years to encourage regional dispersal of vessels and to encourage sustainable growth of the industry. Alongside the company's vision for growth, TasPorts continued its work on infrastructure remediation and maintenance, investing \$31 million on infrastructure and maintenance projects around the state during the 2018-19 financial year.

As part of its diverse portfolio, TasPorts also manages Devonport Airport. During the year, more than 146 000 passengers travelled through Devonport Airport on 2600 QantasLink flights. Work also continued throughout the year on the Devonport Airport draft master plan. That work is expected to be finalised in early 2020 and will guide strategic developments over the next 15 years, ensuring further growth.

TasPorts also operates the Bass Island Line, an essential shipping service linking the King Island community and economy with mainland Tasmania and Victoria.

TasPorts continues to deliver pilotage services on a 24/7 basis at all primary ports around Tasmania, following minor delays to shipping. Due to pilot availability, TasPorts proactively conducted a review of its pilotage services to ensure a reliable and compliant provision. In line with this review, TasPorts has employed two additional marine pilots to continue to meet its obligations under the deed of agreement with Marine and Safety Tasmania - MAST - and the shipping requirements of their customers.

In September 2018, TasPorts' previous CEO, Mr Paul Weedon, retired. We thank him for his work and service. Following his retirement, the board appointed Mr Anthony Donald to the position of Acting Chief Executive Officer on an interim basis pending a formal recruitment process.

As the TasPorts chairman states in his annual report message, the appointment of an appropriately qualified CEO to take the organisation forward was a critical decision. I am pleased to reaffirm the fact that Mr Donald was officially appointed in June 2019. I believe everyone would agree he has made a significant and positive contribution to TasPorts in this key leadership role. We wish to convey our thanks, my thanks, and the Government's thanks and congratulations to TasPorts for its efforts in achieving such a strong result for our state.

**CHAIR** - Thank you very much, minister. After that overview, minister, I will invite Mr Dean to ask the first line of questioning.

**Mr DEAN** - Thanks, Madam Chairman, a good place to start is the master plan. We've heard a lot about the master plan. We've heard that it includes further development at all ports. That is, increasing the capacity and capabilities at Bell Bay, Burnie, Devonport and Hobart. Can we be given more information and detail on just what the plans are for all those ports in the future? I am particularly interested in Bell Bay - it is right in my area. Can we understand exactly where it is at and the time frame for it?

**Mr FERGUSON** - Our committee is more than happy to speak to that work, Mr Dean. I'll ask the CEO to provide you with that detail, particularly around Bell Bay.

**CHAIR** - Thank you, Mr Donald, and congratulations on your appointment.

**Mr DONALD** - Thank you very much.

I will start by explaining the rationale behind the port master plan. It's a 15-year planning horizon. There was an extensive amount of work conducted in review of -

**Mr DEAN** - Could you tell us who sits on that board and how the master plan was put together?

**Mr DONALD** - The plan has been prepared for the organisation within the governance structure of the TasPorts Board, so it's not an independent board as such. A team of consultants worked collaboratively with our staff to review the opportunities and potential for growth and the ongoing management of infrastructure in all our port locations across the state.

It was an extensive piece of work off the back of a document prepared some four or five years earlier, regarded as the 20/43 strategy. The 20/43 strategy was all about reviewing the possibilities of amalgamating some of the port activities and whether that would lead to closure or rationalisation of some of the ports around the state. There was, as I understand it, some debate and speculation as to whether a multi-port system was the right outcome for the State of Tasmania or, equally, whether maintenance of the 11 ports we have across the state should continue.

That work landed on that very outcome - the reality of the situation was that maintaining the multi-port system was the best outcome for the state. That informed the progression of detailed port master plans for all our four main ports across the state, in Hobart, Burnie, Bell Bay and Devonport.

An extensive amount of work was conducted in terms of consultation and economic analysis with respect to each port. It took considerable time and a lot of involvement with TasPort staff and interactions with senior leadership of the organisation and equally, with our board.

A very important final stage of the process was consideration of how the network of ports performs, so when you are looking at a port master plan in isolation, there is a risk you may double count trade or growth opportunities. A multi-port system is quite unique in its operation and really important work was done to ensure we had regard to the multi-port system.

That culminated in a series of reports and presentations provided to our board and ultimately landed on the 15-year plan we presented to our stakeholders.

**Mr DEAN** - Are you able to cover the works done in each port? That was a part of the question.

**Mr DONALD** - I may start with Bell Bay, if you like, and do the tour.

**CHAIR** - Do the tour.

**Mr WILLIE** - Can you explain some of the function of each port and why it is appropriate they operate in that manner at their locations?

**Mr DONALD** - Yes, I can, certainly. We might start with the Port of Bell Bay, which is an industrial port and a large piece of infrastructure. It has some challenges in terms of utilisation and

infrastructure - when I talk about utilisation, many ports around the world have berth utilisation in the high percentages of visitation of ships.

In Tasmania, in Bell Bay in particular, some berths had some low visitation and part of the considerations was whether there was an opportunity to rationalise one of the berths to gain some better economies of scale.

The outcome of the study was that we were not able to and, equally, we have continued to see growth opportunities and optimism within the industry around the state, leading to Bell Bay. We have essentially landed on a plan for Bell Bay that is centred around the growth of forestry and some minerals, equally. The opportunity arises for the rationalisation of fuel infrastructure at Bell Bay.

Regarding Devonport and Burnie: we now have fuel infrastructure on berths across three locations in the state, and one of the things we are contemplating and seeking to understand with our fuel customers is the opportunity to rationalise fuel infrastructure into one port location, and that would be at Bell Bay.

One of the other advantages of Bell Bay is that it is a relatively deep-water berth, which has very good access for heavy vehicles. It previously had rail access directly to the terminal's areas and the berth. Now we are currently challenged by a landslip that has prevented the ongoing connection of that rail to the port, but there are alternatives to relocate the rail in the future, and we have been working very collegially with TasRail to understand those opportunities. I have some previous experience with respect to landslips and I appreciate you need to learn to live with them as opposed to the opposite. The landslips around Bell Bay predate the port with, records of them dating back to the early 1900s. A large area of land we refer to as a business park is at the topside of the port and provides ample opportunity for future warehousing, tank farms and logistics facilities for an expansion of the forestry sector. Bell Bay is a really important part of our network and we continue to see growth opportunities there.

**Mr WILLIE** - Just on the rationalisation of the fuel infrastructure, if you rationalise the fuel infrastructure at Bell Bay, will all ships be able to access because it is tidal, isn't it?

**Mr DONALD** - It is tidal, but up to a particular vessel dimension, it can. It is not the largest port in the country by any means in terms of vessel dimensions, but we firmly believe the vessel sizes the port and the river support is sufficient within Bell Bay.

**Mr WILLIE** - Why was Bell Bay chosen over Devonport or Burnie?

**Mr DONALD** - More because of the land available for expanded tank farms. It is an industrial area.

**Mr WILLIE** - Devonport and Burnie are quite constrained in land, aren't they?

**Mr DONALD** - There is community encroachment, and with fuel farms in particular there is a requirement to have exclusion zones, and Bell Bay appears to be ideal for that. We need to work closely with our fuel customers to understand their perspectives because we are a part of an important logistics supply chain and our role is to facilitate, trade and achieve great benefits for the State of Tasmania. We would not like to think we implement something with the best intentions but it has a negative impact.

**CHAIR** - Do you think that will be well received by the customers who deal with fuel? Is that a concern?

**Mr DONALD** - I believe so; no, I am certainly not concerned. It is just really important we take the time to understand their perspectives. They all have infrastructure in those other locations and it is important to appreciate their commercial interests. The supply chain is not only the port and the shipping side of things, it equally contains the road transport legs; all those things contribute to what our community pays at the bowser at the end of the day. It is important. One of the things we have been doing progressively and very proactively in the organisation is looking outside the port gate and to ensure we understand all the risks, implications and opportunities that exist. As an organisation, we have many levers we can pull, but each of those levers has an impact and we need to be respectful and informed of those impacts and work across industry and with government to make sure we make the right decisions.

**Mr BRADFORD** - Chair, I would declare a conflict on that topic but I would add that if you look at fuel development in Australia. it has all broadly been done in conjunction with those who currently or wish to handle fuel. The industry is heavily involved; it is not done independently.

**CHAIR** - Right, okay.

**Mr DEAN** - The master plan obviously sets out time frames for certain things to take place. Members will probably ask regarding the other areas, but when are the works at Bell Bay programmed to be completed? There are many changes in relation to fuel types with grades and so on, so there would be some change as to what is required and the securities. What is the position of those people in and around the port area?

**Mr DONALD** - I will start by explaining the rationale behind the plan is that it is a plan - it is designed to guide discussions, considerations and investment, but it is not a detailed plan that has a Gantt chart and a discrete budget associated with it. If we could, we'd like to click our fingers and have everything implemented in year 2 or year 3 because the commercial benefits that flow to TasPorts and to the state would be dramatic.

Our challenge is that we have a multi-port system, ageing infrastructure, low utilisation of berths relatively speaking to our infrastructure provisions, and an economic climate that I would describe as highly optimistic and conservatively buoyant. We have a lot of engagement with customers about growing their existing businesses and about establishing new businesses. Our role is to balance all those and to find a way to achieve growth in all commodities across the state for the state. One of our challenges as an organisation and as a leadership group, and equally that of the board, is to help us prioritise what those investments should be.

**Mr BRADFORD** - Broadly, how as an organisation do we encourage trade and economic growth to and from Tasmania? Therefore you have to have a vision of what it looks like. You may not get it exactly right on products or timing, so the master plan is highly flexible on timing but works with those who produce - those who have products to export or import. How does that fit within our asset infrastructure? It sounds complex but most people in the shipping industry understand the concept and work with ports to achieve it.

**Mr DEAN** - You said that the cost of the master plan and the consultants was expensive - I think that is the word used. What was the actual cost and who were the consultants?

**Mr DONALD** - I would have to take that question on notice. We can provide that information to the committee shortly. The consultants we utilised were GHD and KPMG, and it followed a competitive bidding process.

**Mr BRADFORD** - The committee could have confidence that the costs of that were expensed at the time so the annual account reflects all the costs over the last couple of years, so there is no capital asset value attributed.

**Mr DONALD** - I might also say that it was an expensive exercise, but I firmly believe that the value we will derive as a state from that exercise will pay for it many times over. It is also important to understand that our organisation had never undertaken port master plans in any of these locations previously. Our role is to ensure that the plan remains live and that we update it regularly now. I expect that our level of investment every three to five years to ensure that the plans remain up to date will be nowhere near the level of investment we made to establish them in the first place.

**Mr DEAN** - I think 15 years is the time the master plan looks at. We're living in very changeable times as to whether that master plan will be adhered to and will deliver what it says it will. That's the big question at the end of the day, and we'll be watching that closely.

**Mr ARMSTRONG** - My question relates to the fuel part of it. Selfs Point comes under TasPorts. What's the future of Selfs Point if we are going to go to Bell Bay with the bulk of our fuel?

**Mr DONALD** - That's an excellent question. Our plans for Selfs Point include that we are about to upgrade some of the fire protection infrastructure. Within the Port of Hobart, Selfs Point remains an important infrastructure element for fuel. There are absolute benefits in having northern and southern entry points for fuel for the state. It's an important redundancy that, from a security perspective and from a resilience perspective, I suggest is vital for the state. We are not planning to rationalise all the fuel for the state to one port.

**CHAIR** - We have started on a Cook's tour but I think we have only got to Bell Bay. I think members appreciate that we need to look at Devonport and Burnie.

**Mr FERGUSON** - We'll take the earlier question on notice. If we are able to provide the answer to the committee during the day, we'll do so.

**Mr DONALD** - The Port of Devonport is where we're predominantly focused on the expansion projects associated with the new vessels for TT-Line and for SeaRoad, and also our existing customers in the export of cement and the importation of grain. Really, the jewel in the crown with respect to the port master plan is the reconfiguration of our berthing infrastructure to support the new vessels for TT-Line and SeaRoad.

**Mr WILLIE** - How much is that upgrade going to cost?

**Mr DONALD** - We're still in discussions with both TT-Line and SeaRoad. We have considered a long list of options and we are yet to land on a full agreement as to the scope of the works, which would then inform the costs.

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**Mr WILLIE** - The master plan says about \$50 million or \$60 million. Who's going to pay for that? Is that going to be TasPorts or is it the state Government?

**Mr DONALD** - No, that will be TasPorts.

**Mr WILLIE** - TasPorts will fund the full infrastructure?

**Mr DONALD** - Yes.

**CHAIR** - On a cost recovery basis?

**Mr DONALD** - Yes, that's the plan. It's important to understand very important commercial negotiations are afoot between our organisation and our customers, TT-Line and SeaRoad. We hope those discussions will yield an outcome early in the new year on the scope and the commercial arrangements for our future arrangements.

**Mr WILLIE** - How long is it expected those works will be undertaken for, given the new ships are supposed to arrive in 2021? Have you started that work?

**Mr DONALD** - No, we haven't started the physical work, but we understand the range of possible outcomes and the staging scenarios. As a port operator, it's important we reflect the needs of our customers, and there are multiple opportunities to ensure we can berth existing and new vessels in the future at either Devonport or other locations around the state.

I am highly confident we won't need to use other locations around the state for our existing customers in Devonport, but the finalisation and agreement between the parties on the scope will subsequently inform a number of things - the cost estimates, the staging discussions and, equally, the time frames.

Another important activity will be engagement with the construction contractor market. We're quietly optimistic that it's a good time to go to market on a large-scale infrastructure project in the north of the state and we'd like to be in a position to be in that space early in the new year.

All of those activities will help us to inform our understanding of berthing provisions and the alignment to the ship delivery schedules of our customers.

**Mr WILLIE** - You are still working to a 2021 timeline and you're expected to have all those upgrades completed by then?

**Mr DONALD** - We're working to a 2021 timeline and our commitment is to work with our customers to ensure the provision of berthing infrastructure. We are still in discussion with both customers on the scope of the infrastructure we'll ultimately deliver.

**Mr WILLIE** - The berthing infrastructure will take place first; there may be other works that take place after 2021 at the Devonport port as part of that plan?

**Mr DONALD** - Yes, quite possibly.

**Mr BRADFORD** - The broad principle of ports, Chair, is that currently we have a very strong balance sheet. Infrastructure providers like TasPort typically raise debt to fund long-term



infrastructure. We're providing the hardware for others to use, and Devonport East is a good example. We will increase our debt levels and that will be refunded by the users using the berths through appropriate charging. We haven't landed on that yet because we don't have the final design. After all, if you're building two facilities for two entities that will be very long-term tenants, you want their total engagement.

**Mr WILLIE** - The Devonport port is in the Mersey River and the new ships will be much larger. Are there going to be ongoing dredging costs for those berthing arrangements? What's the expected cost to continue that work while they're operating?

**Mr DONALD** - Some dredging will be required as part of the construction project. We do not know exactly how much because we are still working through a number of options. Our team is well advanced in understanding the volume of material and our cost exposure.

Regarding the ongoing dredging liability, we do not anticipate it will be anything greater than what we have today. The Mersey River is highly sedimentary. There are tidal flows and it experiences storm events. It has a significant catchment area. We constantly remind ourselves of the unfortunate events that occurred in June 2016 when the Mersey River flooded. We have a 15- year dredging strategy across the state in which we continue to understand the movement of sand, silt and other material in our channels and berth pockets. It is a plan designed to be changed. Weather conditions change, sea states change, and sand and silt move in different manners. Part of our role is to monitor dredge depths.

**Mr WILLIE** - Talking about the *Spirits*, can we go to Melbourne? The infrastructure costs there are significant. Who is going to pay for that? Will the Port of Melbourne have to pay for that infrastructure, or will TT-Line or TasPorts?

**Mr DONALD** - That is a question for the Port of Melbourne.

**Mr BRADFORD** - Port of Melbourne and TT-Line. We are busy enough with Tasmania. It is not our role to look at the other end of the journey.

**Mr WILLIE** - I will ask TT-Line this afternoon.

**CHAIR** - We are very keen to get to Burnie.

**Mr DONALD** - At the Port of Burnie we are working closely with Toll on the infrastructure we helped them deliver to support their new vessels earlier this year. We continue to work with Toll on refinements to their operations. We are working very closely with TasRail on their concentrates loader at berth 5 within the Port of Burnie. It is ageing infrastructure and there is a sense of urgency in replacing that infrastructure. We understand the importance for those customers that it supports. We remain committed to an international container terminal at the Port of Burnie. We have indicated in the plan that could be at berth 6. We are also contemplating the opportunity to export bulk minerals out of berth 6, and whether that supports further investment in dredging which will encourage larger ships to call at the Port of Burnie.

We are currently in a tender process with our forestry customers for our facility management agreements for the Burnie Chip Export Terminal. We have invested heavily over the past four to five years in that infrastructure and that operation. The performance of that facility is excellent and continues to improve. We continue to work with our forestry customers on growth opportunities.

One of the important aspects of the Port of Burnie, but equally all our ports, is our role to facilitate trade. In the past there have been instances where our ports have been used as storage facilities. Our role is to encourage the movement of freight. There may be other and better-placed areas for some of our customers to store materials for long periods. Our role is to facilitate trade, and to encourage ship visitation and the movement of freight.

**CHAIR** - Can I take it from what you have said that companies are holding containers too long at the port and it is clogging up the port? Is that what you are saying?

**Mr DONALD** - No, not containers. Part of our role is to encourage the movement of freight, so there have been times where some commodities, and it is not necessarily containers, sit in our terminal areas, or on our berths, for long periods. There are good commercial reasons our customers do that, one of which is the value of the Australian dollar.

**CHAIR** - Do they pay for that privilege?

**Mr DONALD** - Yes, they do today. It is fair to say that some of the commercial arrangements we have had in place for a long period have encouraged that behaviour. We are now starting to see growth and busy ports emerge, and we would not want to see that behaviour start to constrain our freight movement potential.

**CHAIR** - You are saying that TasPorts has some arrangements in place with its their customers that do not fit well with what the ports are trying to achieve?

**Mr DONALD** - I think they have served us well up until this point, but we continue to see optimism and growth in all commodities across the state. It is timely that we reflect a more contemporary commercial arrangement with our customers.

**Mr BRADFORD** - Chair, I should add that we project further strengthening of the cruise industry and its visits to Tasmania, particularly Burnie. It is very popular with guests.

**CHAIR** - Tell us how the significant commercial operations at Burnie are going to mix with the cruise ship growth?

**Mr DONALD** - We have a dedicated berth in Burnie -

**CHAIR** - And that does not interfere at all?

**Mr DONALD** - We are very confident we can continue to grow berth utilisation in cruise and all commodities across the port of Burnie.

Thank you, Chair, for reminding me about the importance of cruises. Burnie City Council, in particular, has been a huge supporter of the growth of cruises in that area. We appreciate the relationship we have with the council and the community.

As the Port of Burnie continues to grow, one of the things we are mindful of is not taking that relationship for granted, so we are putting a lot of effort into understanding the logistics supply chain activity that feeds our ports, particularly the movement of trucks and the entry and exit points

onto the highway in Burnie. We would hate to see a situation where we start to see success in the movement of freight within our ports, but it contributes to congestion at some of those intersections.

**Mr BRADFORD** - Cruise passengers take a different view on where they arrive. Seeing working ports, forest products and other products is popular. It is counterintuitive to many Tasmanians, but it is a holiday and people want to see things differently.

**Ms ARMITAGE** - You mentioned infrastructure, could you provide more detail on the Burnie infrastructure master plan that you have in place?

**Mr DONALD** - The first project referenced in the port master plan is the provision of infrastructure for Toll's new vessels, which is now complete. I am pleased we were able to do that collaboratively with Toll.

**CHAIR** - That's the Burnie terminal?

**Mr DONALD** - That's the Burnie terminal for Toll that supported the arrival of their new vessels.

**Mr DEAN** - Just on that point, you were saying that the position with Toll has been sorted out with their new vessels?

**Ms ARMITAGE** - It is the question I am asking. If you could continue, it would be good.

**Mr DONALD** - Our master plan talks about the provision of infrastructure to support their new vessels. That is different to ongoing discussions with Toll about the efficiency or ongoing improvements to their operation, which we continue to discuss with them, as we do with all our customers.

**Ms ARMITAGE** - They would be one of your major customers, I imagine?

**Mr DONALD** - Yes.

**Ms ARMITAGE** - Your major customers at Burnie would be -

**Mr DONALD** - Would be Toll, Forico and Sustainable Timber Tasmania -STT.

**Ms ARMITAGE** - Do you have any outstanding lease arrangements with any of them at the moment?

**Mr DONALD** - No. We are in a tender evaluation period at the moment for our forestry customers at the chip export terminal in Burnie. Those agreements expire, I think, on 30 June 2020, so we are well placed to have some new arrangements with a market in place well and truly before that.

**Ms ARMITAGE** - Each of those leases has been finalised?

**Mr DONALD** - No, they are terminal operating agreements that incorporate occupation of space. Those agreements expire at the end of June next year. We are currently in a tender evaluation period, where we have engaged with existing and possible other market participants. We are

currently evaluating their submissions; I cannot share too much more than that because we have appropriate probity in place.

**Ms ARMITAGE** - Are leases 10-, 20- or 40-year leases? Obviously, no-one wants to put a lot of funding into infrastructure - regardless of which customer it is - if they do not have a long-term lease. Do you have a limit on your leases or are you looking at 40-year leases or 20-year leases?

**Mr DONALD** - We are looking at a combination; it really needs to be site-specific decisions for site-specific commodities. We understand the realities of the commerciality of the investments we need to make, but equally the investments our customers, tenants and operators need to make. The tenure can be a really important driver to the economics of a business case, both from our perspective and theirs.

**Ms ARMITAGE** - You do not have a limit?

**Mr DONALD** - No. We do not have a limit, but we have important governance arrangements in place with our board.

**Mr FERGUSON** - It would be worthwhile, if I might invite the CEO to elaborate in one respect because the longer the customer may be looking for access to a port may change the shape of what a commercial agreement might look like, including co-investment by that customer and your annual ongoing traditional lease-type cost. It might be worth half a minute on that.

**Mr BRADFORD** - Perhaps, minister, if you think of it in terms of the products crossing the berth. A coastal operator to Melbourne would typically look for 25 to 30 years and beyond because they are there for the long term. Forest products may be shorter. Cruise ships - probably, a season this summer - they do not want to commit to the following summer even though we suspect they will be there so it's a bit 'horses for courses'. It is also: what is the level of investment if we have to build berths and our commitment that the leases are longer? Leases are two-way - they are take or pay.

**Ms ARMITAGE** - Tha is fine, I just did not know whether you had a limit.

**Mr BRADFORD** - It is flexible, but connected with commercial viability, the request of a customer and what is common sense. The CEO and the team spend a lot of time thinking it through.

**Ms ARMITAGE** - Working together.

**Mr BRADFORD** - Absolutely.

**Ms ARMITAGE** - Obviously, the leases that fall due by next year will be done sooner rather than later so there is some certainty for these customers?

**Mr BRADFORD** - Absolutely.

**Ms ARMITAGE** - With regard to going back to the cruise ships - which berth is dedicated for the cruise ships? My understanding is that it is shared - is that right?

**Mr DONALD** - It has been, but it is berths 5 and 6.

**Ms ARMITAGE** - Will they still be shared or will they be dedicated?

**Mr DONALD** - Our plan and our intention is to ultimately have a dedicated berth at berth 5. One of the things we need to work through is what the ultimate design length will be. We have been talking to the cruise market about 325-metre long cruise vessels coming to the Port of Burnie. Currently, we cannot fit those into berth 5, but we have some scope and it is within our plan to scope out a particular area of our berth to enable that.

The mooring arrangements for those vessels are really important to understand. Berth 6, because of the configuration of the wharf structure, has been quite a complementary berth for the facilitation of cruise [ships], but up until recently we had some complications with the location of the old Portainer crane. We were unable to move the Portainer crane and it provided some complexities and challenges in respect of our mooring lines. Some of the bridges on cruise ships overhang the vessel structure and there was a risk our pilots were managing exceptionally well with respect to interactions between the bridge of a cruise ship and at the boom of the Portainer crane. It was really important milestone for our organisation and the industry a number of weeks ago, when we successfully demolished the crane at berth 6 in Burnie. It helps us to resolve a number of important safety considerations, but we equally see it as an enabler for further growth and opportunities.

**Ms ARMITAGE** - So, berth 5 will be for the cruise ship?

**Mr DONALD** - Yes, at times we will use berth 6.

**Ms ARMITAGE** - So you will still use berth 6 occasionally, but berth 5 will be the dedicated for the cruise ship?

**Mr DONALD** - It is important; our role is to facilitate trade and while we intend to have as best as possible dedicated berths for our customers, if there are opportunities to bring in multiple ships at times, we may need to move them around to facilitate everyone's movements. We have multiple customers.

**Mr ARMSTRONG** - How many berths do you have?

**Mr DONALD** - Across the state?

**Mr ARMSTRONG** - No, at Burnie.

**Mr DONALD** - We have berth 4, 5, 6 and 7. So, four.

**Ms HOWLETT** - What is the trajectory of the cruise industry and what does that actually mean for TasPorts?

**Mr DONALD** - We are optimistic that we will continue to see growth within the cruise sector. We understand its importance to the state.

**Ms HOWLETT** - It is a very easy way to travel.

**Mr DONALD** - Through our work with Tourism Tasmania, equally we understand there is a large percentage of return visitors who first arrive in Tasmania on a cruise ship, experience what

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we have to offer and then fly back at another time and spend a longer duration. There are multiple reasons why it is to our advantage we continue to grow the market and the sector. We remain optimistic - as the Chairman said, cruise lines, while they plan ahead, perhaps will not commit.

**Mr FERGUSON** - The signs are positive, Ms Howlett, 130 cruise ships are booked for this season.

**CHAIR** - There were only 106 in this past season, a bit down.

**Mr BRADFORD** - Predicting strong growth, the cruise lines appear to be getting more customers and doing more voyagers. Australian as a percentage of the population is at world level participation and Tasmania is heavily involved in the industry association for cruises based here in Hobart.

**Mr FERGUSON** - Last season was up by 4 per cent, which set a new record. This season those 130 forward bookings is an increase of 24 per cent over last season. There has been tremendous growth there, which is supported by the CEO faithfully recording that the Burnie City Council has been very strong on promoting cruise ship activity. The state Government has directly supported the installation now successfully of the new dolphin at Burnie, which allows the larger ships to berth. This was about a \$1.7 million investment two or three years ago and really hit the nail on the head and supported increased economic activity in Burnie. It is a great team effort which has led to that great result, long may it continue.

**Mr ARMSTRONG** - I was just looking in your report and you touched on the forest industry in Burnie having had a big growth in exports. Can you tell me a bit about that? Are they one of your major customers? Have you been in discussion with them on future growth of the industry?

**Mr DONALD** - Absolutely. We have multiple touchpoints with the forestry sector. They are one of our important customers. We continue to work with them to understand the growth potential and what I would describe as the resilience of the sector. As a port owner and operator, our objective is to see ongoing freight volumes.

**CHAIR** - My objective is to see downstream processing in Tasmania so we do not have to export, that is my objective comment.

**Mr DONALD** - We appreciate that. As I mentioned earlier, we are in a tender evaluation period for the Port of Burnie. Notwithstanding that we have a high degree of interaction with all our forestry customers across the state.

**Mr ARMSTRONG** - I am probably going back a little bit but where is your biggest export with forestry - Burnie or Bell Bay?

**Mr DONALD** - It is Burnie.

**Mr DEAN** - I want to go back to Burnie. Toll was one of the bigger users of that area and they now have larger ships either coming in or being developed, and larger ships will require a lot more space. I think there is much land reclamation to be considered. Burnie port is built on reclaimed land which I think causes a lot of problems. It did when I was stationed in that area.

**Ms ARMITAGE** - It's constant repairs.

**Mr DEAN** - I suspect it's still requiring a lot of maintenance works, with holes developing and water coming up through it. Where are we with that? I want to know whether, with Toll wanting more space, all their concerns are being considered and worked through at present. At what stage are negotiations with Toll at present? Are they on a good basis?

**Mr DONALD** - Yes, they are. We remain in heavy consultation with Toll.

**Mr DEAN** - What do you mean by 'heavy'?

**Mr DONALD** - It's quite intensive.

**Mr DEAN** - What's causing that?

**Mr DONALD** - It's not intensive in terms of the relationship. It's intensive in terms of our interactions with the organisation. There are multiple areas of their infrastructure. As you mentioned, it is a reclaimed area. Over time, reclaimed areas, if they not constructed for the current day loads we are seeing in the movement of containers, forklifts and trucks, they experience settlement and the movement of material. We are working really closely with them on what is required in order to rehabilitate some of those pavement areas. Some of the important considerations there are around staging to make sure they have a continuity of service. Equally, we are in discussions with them on opportunities for changing the access points to their terminal to create greater efficiencies for their operation, and we are in discussions with them about the opportunities for expansion, perhaps by reclaiming more land.

**Mr DEAN** - I ask these questions because I think it was about six years ago, and Madam Chair will correct me if I am wrong, we went down the similar path. At that stage a number of issues were raised about the relationship between TasPorts and some of the bigger users of that port. The relationship was poor, so I come from that angle. Has that improved? Are we seeing a better relationship developing between TasPorts and the major users of that terminal, Toll being one? There are others as well. What is that relationship now between TasPorts and these big users of the terminal?

**Mr DONALD** - I think we have a great relationship with Toll and with many of our customers. Notwithstanding that, it is an area of focus of our organisation, particularly over the last 12 months, to encourage a greater focus on relationships with our customers, to be more proactive and to be more engaged, and to listen and understand the risks and opportunities that exist within our business and equally our customers' businesses.

I am pleased to say - and I acknowledge I am biased - that I have often received some positive feedback from our customers about the change in culture and relationships they see and experience from our organisation and our team.

We are genuinely interested in growing freight volumes for the benefit of the state. At times that means telling some of our customers, no. It's important that we do that in a manner that's respectful and equally, sometimes we explain to them how they can grow and how we can support them to grow.

Coming back to Toll, I think we have a great relationship with Toll.

**Mr DEAN** - And it's all progressing very well for their extra terminal space that they need?

**Mr DONALD** - Yes, and it's to the state's advantage that we don't constrain any of our customers' opportunities for growth.

**Ms ARMITAGE** - A supplementary question with regards to Toll: I assume one of the leases you are negotiating would be with Toll - is that the one that falls due in 2029? How long has that been under negotiation?

**Mr DONALD** - Yes, that's correct. Around three months.

**Ms ARMITAGE** - Only three months?

**Mr DONALD** - Yes. Our focus in our engagement with Toll over the last 12 to 18 months, as you would perhaps expect, was the delivery of infrastructure to support their new vessels. Both organisations agreed that we wanted to have some discussions around a possible new lease. However, it was important to recognise that we needed to prioritise the provision of new infrastructure for the new vessels first, which we have done and we have done really well together. It's a healthy relationship. Our teams are now in intensive discussions, and I don't mean that with any negativity.

**Ms ARMITAGE** - Do you have any idea when that lease will be finalised, when they will have some certainty in going forward?

**Mr DONALD** - They have certainty today because their lease -

**Ms ARMITAGE** - They do, but if you are putting \$35 million and a lot of money you obviously want more certainty than 10 years.

**Mr DONALD** - Well, that's their commercial business decision.

**Ms ARMITAGE** - That's fine, but I am wondering if you have any idea when that lease will be finalised.

**Mr DONALD** - No, it's not to TasPort's advantage to drag out any negotiations, but I would like to make the point that there needs to be an improvement for TasPorts and the state in order to encourage us to move away from the existing lease.

**Mr FERGUSON** - I offer perhaps an obvious point. The Government, and not doubt this committee, would be expecting TasPorts to operate commercially in the interests of the state. It's also in TasPorts' interests and therefore the state's interest, which reflects your question Ms Armitage, that the longer the certainty of a lease, the better, but we also want good commercial outcomes and ones that are fair and reasonable to all concerned. I can also reflect to each of the questions. I would describe the relationship between the two corporations as significantly improved than what it might have been in previous years.

**Mr DEAN** - On that, what is the customer focus of TasPorts, Minister? Is it working collegially with them? Do we have any KPIs that inform TasPorts how they should relate to their customers? What is the position there?



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**Mr FERGUSON** - Clearly, TasPorts is a customer-focused commercial organisation. It's looking for strong results for the company; therefore, with profitability there are better outcomes for the people of Tasmania. Importantly, it is a key enabler for industry and the economy. Where you see success is when there is mutual success for our customers as well.

**Mr DEAN** - Minister, the focus is towards the customer and we'll refer to Toll as being one of the bigger companies using this terminal with their larger ships. Are you saying that the situation with TasPorts and Toll is absolutely an amicable position, there are no concerns and that everything is moving ahead as it ought to, quickly and no problems at all? I just want to get this clear.

**Mr DONALD** - I think every relationship has its bumps along the way, but I think we have a great relationship with Toll, as I said earlier.

**Mr DEAN** - Are you negotiating directly with Toll or who is negotiating with Toll?

**Mr DONALD** - A member of our executive team is leading the commercial interaction and my counterpart -

**Mr DEAN** - And who is that?

**Mr DONALD** - His name is Phil Hoggett. He is our Executive General Manager of Commercial and Trade and is leading our commercial -

**Mr DEAN** - And you are happy and satisfied that it is progressing as it ought to?

**Ms ARMITAGE** - And it only started three months ago, we were told.

**Mr FERGUSON** - The lease negotiations may well have started when the CEO said that they commenced, however the relationship itself is longstanding. I'm aware of significant engagement that's very positive. I bore witness to it when I recently attended a meeting between the parties.

**CHAIR** - That was the working group?

**Mr FERGUSON** - It was. I don't think we'd ever rule out that there are not issues. There are at times issues where a party might be looking to gain an advantage and that's reasonable that they do so. It's also important that this committee supports TasPorts in working amicably through that for a good outcome for our state. TasPorts operates entirely for the interest for our state with a customer focus that I believe is very important.

**Mr BROADFORD** - The starting point for us is not the current lease. That was a document created over two decades ago and reflected the port situation in Tasmania at that time. It does not reflect the port situation today. Bringing a contemporary lease and KPIs for both parties is critically important. Fair commercial returns are critically important, so you have an efficient lease and the length going forward added on to or replacing the current 10 years.

**Mr DEAN** - Does TasPorts go to its customers? Do you do surveys to get feedback from customer about their relationship and the support of TasPorts? If it was, when was the last one or when will the next one be?

**Mr DONALD** - There was a customer survey but it is some time ago. We can provide you with the dates if the committee is interested. Geoffrey might be able to help me, but I would speculate that it was perhaps five to seven years ago. We are planning to re-engage with our customers, to conduct another survey. It was important from our cultural journey perspective but we already knew that we needed to change the way in which we were interacting with our customers. To be frank, we didn't need a survey to tell us that.

We fully appreciate that when we implement the survey in the future -

**Mr DEAN** - If you knew that, what have you done about it?

**Mr DONALD** - We've completely changed the way in which we engage with our customers. We're proactive; we listen; and we are seeking to understand their freight volumes and what drives their success. We're working with them proactively for mutual benefit.

It's important to recognise there have been customers in the past we have been reactive to. We haven't engaged with them with anywhere near the frequency and manner in which we could have or should have. That sounds a little negative but it's a reflection on the buoyancy of the economy and the optimism in the market and the fact that the organisation went through a really challenging time off the back of the GFC when there was a reduction in revenue.

When I started with TasPorts, the engagement with customers was very infrequent. That's because our customers and TasPorts were managing our challenging infrastructure with low freight volumes. Now we operate in a world and an environment within Tasmania where everyone wants to talk to TasPorts about growing their existing markets, growing their existing volumes and creating new volumes.

That puts tension and pressure on our organisation because we're managing business as usual activities, we're balancing the priorities and opportunities of new markets. There are complexities associated with that. We also have a schedule of meetings and touchpoints with all our customers across the state. We have a resource team that picks up the phone, that have scheduled meetings on a monthly, quarterly or biannual basis to talk about how things are travelling and to listen to each other.

**CHAIR** - We have delegations and trade missions heading out of Tasmania on a regular basis looking for increased trade so it's a bit of the horse and the cart, isn't it? We want people to use Tasmanian products more but we need the infrastructure in place to be able to deal with it. Are we hitting the mark, minister? Are we ready for this expansion in trade?

**Mr FERGUSON** - Yes. The Government, particularly through the Department of State Growth, has special interest and renewed activity, with the Premier taking on the Ministry of Trade. It is a special area of investment attraction which works hand-in-hand with the Office of the Coordinator-General. It is an operational fact that the Office of Coordinator-General and the Department of State Growth are in close contact with TasPorts and other government businesses where required to ensure that there is a linked-up approach and that people are aware and supportive of those investment attraction opportunities. I have seen it work very well. At times engagement with a company like TasPorts has enabled the best possible chance for our state to land an investment. That has not always succeeded, but the point is giving the state the best possible opportunity for success.

I am more than happy for the CEO to add to that.

**CHAIR** - I think we have the picture. I am mindful that we cannot spend the entire time talking about the Burnie port. We have one final question and then we are moving to other ports.

**Ms ARMITAGE** - I have five questions for Burnie before I move onto Hobart and Launceston.

Regarding repairs, increasing the size of the terminal and dredging, do you put these works out for tender? Does TasPorts do the work? Do you allow customers, if the customers can do the work themselves, to do the work? For example, the dredging. I believe it had to be dredged to allow for larger ships to come in. Did that go out to tender to get the best price or did you allow the businesses that were there, I guess it would be Forico or Toll, to do the dredging?

**Mr DONALD** - In order to implement all our construction activity, we have appropriate procurement processes in place where we engage with the market competitively. For dredging, a public tender process was implemented.

To answer your original question, which was about who undertakes the work. We have discussions with our customers. We believe we are best placed to continue to implement work such as dredging and wharf infrastructure works. That is part of what we are very good at. We will continue to do that.

**Ms ARMITAGE** - Can your customers put a tender in for that if they are able to get the work done? Sometimes it might come in cheaper.

**Mr DONALD** - Yes, we certainly do not preclude -

**Ms ARMITAGE** - Because the cost is going back to the customer. For the dredging for example, did TasPorts bear the cost or was that given back to the customer that required the dredging?

**Mr DONALD** - That was borne by TasPorts and refunded by the customer. Geoff?

**Mr DUGGAN** - Through a throughput charge.

**Ms ARMITAGE** - In that case, you would want the customer to have some say. Obviously, it needs to be done properly but you want to be sure that if you are paying for it, refunding, you are getting the best value for money.

**Mr DONALD** - You can take some comfort that all our customers are commercially savvy and apply appropriate attention on our organisation to demonstrate we are delivering value for money.

**Mr BRADFORD** - It would highly unusual for a customer to wish to do their own dredging. It is a highly specialised field, dredging berths and berth pockets and disposing of the spoil. At the same time they expect us to warrant the work for 30 years.

**Ms ARMITAGE** - I just thought that they may have put out the tenders themselves and have the work done because often, obviously -

**CHAIR** - Unfortunately I am still at Burnie but I am mindful.

**Mr WILLIE** - Australian Bureau of Statistics - ABS - data released earlier this week revealed that Tasmanian mineral exports declined 7 per cent in the last quarter. They have dropped 23.1 per cent compared to last year. The Port of Burnie, where much of the minerals are exported from, declined by 3.2 per cent. Have you noticed that decline and what do you put it down to?

**Mr DONALD** - Yes, we have noticed the decline. We would be speculating as to what we would put it down to. We engage with our customers on a regular basis. I think it is fair to say that we get different reasons and different rationale for the decline. I think for every conversation we have had around the decline, we are probably having three conversations with minerals customers about growth and optimism. A lot of it in reality, I think, is a reflection on the value of the Australian dollar. It is an important consideration that TasPorts takes forward in our commercial dealings for growth. We are cautiously optimistic about growth in the minerals sector, but the reality is that if that sector does have success, it will be a substantial success for the State of Tasmania.

**Mr WILLIE** - In your dialogue with customers, are they talking about the sorts of investments required at the Burnie port to try to grow that industry? If so, what do they look like?

**Mr DONALD** - We have multiple discussions with different customers. It is fair to say that each customer has different requirements. If I can summarise them, I would probably put them into buckets. There are discussions around efficiency of existing infrastructure and the existing operations. That is all around the speed, I suppose, of loading, as an example, which is a reflection on the loader that TasRail owns and operates. And, equally, the amount of volume that can come into the port and how long it is stored for.

The other conversations are around bulk quantities and whether we can accommodate larger vessels. That is something we are seriously considering in conjunction with an international container terminal. We may find that supports some local investment for berth deepening. Berth deepening would be important to some of the large bulk mineral export customers because it enables them to bring in larger ships, which then equates to a reduction in the cost per tonne for them to export those materials overseas. We understand the economies of scale. There are challenges and complexities in terms of the commitments from customers with regard to what volumes they can commit to over what period of time, which gives us a corresponding confidence or otherwise about seeking support from our board to invest money.

**Mr FERGUSON** - We have seen significant uplifting in confidence in the minerals industry in the last five years, since the election of the Government. Obviously, there is an understanding that, as a customer-focused company, TasPorts responds to that, and has accommodated and seen significantly increased volumes move through the port.

Although it is outside the scope of this committee, I have to mention that there is a significant demand on the mineral concentrates' facility, which is in the domain of TasRail, with a major investment coming for a new shiploader that will allow for increased volumes, which is what customers are telling that business is required. That is going to be a significant boon to Burnie. It will also involve the expansion of the mineral concentrates' storage facility as well - it is also known as The Shed. There is a lot of positivity and activity here, noting though that individual customers will be responding to the dollar and international commodity prices.

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**Mr WILLIE** - The \$40 million shiploader we are talking about is a federal government commitment. What support is the state Government offering, minister?

**Mr FERGUSON** - Although it is outside the scope of this business, it's a TasRail initiative, which was discussed in another committee. I am happy to say that the federal government's commitment fully funds that project, which is fantastic news for our state.

**Mr WILLIE** - My question, though, is: what is the state Government doing to support the industry and the investment in Burnie port?

**Mr FERGUSON** - We made the bid. We succeeded in the bid. It is fully funded, and it is a good thing that Tasmania does not have to contribute to it.

**Mr WILLIE** - There's no state Government money going into the Burnie port?

**Mr FERGUSON** - There is money; I wouldn't agree with that. Significant money is going in and has gone in, and we have discussed it already. But the dredging program, the new dolphin and the future work proposed in the master plan are all good things, but what I am saying is that the state is not having to contribute to a \$40 million project, which is really good for Tasmania

**Mr WILLIE** - What about the master plan, minister? There is no state Government money for that.

**Mr FERGUSON** - I am happy to discuss the master plan as we have been doing. When I get chided for why the state would not be putting any money into a project that has been fully funded by the federal government, I take a state-based approach on this and say it is very good news.

**Mr WILLIE** - If you want to talk about that, is it a reallocation of funds that Tasmania was entitled to elsewhere, say, the rail revitalisation package?

**Mr FERGUSON** - I am in the hands of the committee, but it is obviously clearly outside the scope of TasPorts. The question was around volumes moving across the port. We are not going to be taking lectures from the Labor Party, which still does not support that project. I think it is a vital one for our state and we are thrilled that the federal government is fully funding it.

**Mr WILLIE** - I am not lecturing you, minister, I am asking questions.

**CHAIR** - Thank you. I am moving on now.

I am interested in the net losses on controlled entities, particularly the Bass Island Line. I also represent one of the islands so I understand the need to support the islands to access freight. That is their highway. I am also interested in the long-term commitment to a Victorian port that BIL are doing.

**Mr FERGUSON** - I will give you some high-level responses. Please feel free to ask detailed questions of our Chair and CEO. Bass Island Line has been put in place as a decision of the Government and TasPorts to be the shipper of last resort in circumstances where the commercially provided private operator ceased operations and visits to King Island. It was obviously not acceptable to our Government that we should leave that gap in place so we have intervened in that

respect. The Bass Island Line's vessel, *John Duigan*, has been now in service for more than a year. It is responsive to its customers in turn.

The Bass Island Line put in place a new weekly schedule in October to respond to a significant increase in cargo demand between King Island and Victoria. On 12 October 2019 Bass Island Line changed its schedule to complete an additional Melbourne voyage each fortnight. As a result Bass Island Line is currently completing calls to Devonport every two weeks to ensure the continuity of service to the King Island community. Bass Island Line has offered to provide assistance in transshipping cargo for a transition period of three months. From January, next month, the Tasmanian will move from Devonport to Bell Bay. This is due to the need to start preparing for construction of a major redevelopment project in the port of Devonport.

Bass Island Line has not carried any livestock between Grassy and Devonport since June 2019. JBS Meats in Longford has been transporting livestock on Eastern Line into the Port of Stanley. We continue to support that operation. We recognise it is not a profitable venture, but it is an important one. I thank Tas Ports for acknowledging that. King Island is a vital part of the Tasmanian economy and the community.

**CHAIR** - What about the lease arrangements, the long-term commitment with the Victorian ports. Where is that?

**Mr DONALD** - We remain in consultation and negotiation with the Port of Melbourne and the Port of Geelong over arrangements.

**CHAIR** - We know they play hardball over there, so how is it going?

**Mr DONALD** - Very well. The important consideration for us is the commitments we have with our customers. Their desires for either Geelong or Victoria influence in many ways our interactions with both ports in Victoria.

Our objective is to achieve a sustainable service for King Island on behalf of the state. That is a challenge. If it were easy, the private sector would have jumped in and grabbed the opportunity on our behalf. The Government and TasPorts has attempted to engage with the private sector to seek their interest and it is very clear to us TasPorts is the best place for organisation to take it forward. We have a number of initiatives under development to improve our efficiency, reduce our cost structure and continue to grow freight volumes but it is very hard work.

**CHAIR** - The important factor is the cost to those who live on the island; that is the key. Minister, are we working in a cooperative manner with our Victorian counterparts with regard to making it reasonable for freight cost - that is the issue, isn't it?

**Mr DONALD** - Yes. It is important to recognise Bass Island Line is a wholly owned subsidiary of TasPorts and has its own board. We are operating the service with the objective of being sustainable, but running a shipping line is different to running a port and it requires a different set of skills, set of activities and mindset. Being a port owner and operator, we equally understand the objectives of our counterparts on the other side of Bass Strait and the impact those commercial arrangements will have on our customers. Again, the overarching objective is to achieve a sustainable outcome for the King Islanders, which means a sustainable service for us.

As an organisation we are unhappy about the losses. It is fair to say the losses are decreasing but a big challenge.

**CHAIR** - We also need to service our island communities.

**Mr BRADFORD** - The issue of a suitable berth in Victoria, or specifically Melbourne, is not the issue of the availability of berths, it is availability of berth with a roll-on, roll-off ramp which lowers our operating cost. That is a big consideration and what we are trying to finesse because that reduces the losses dramatically.

**CHAIR** - We might be fortunate - we have someone as part of the TasPorts organisation who has intimate knowledge about how we might be able to use those contacts in the right place.

**Mr FERGUSON** - We have the right people in the right positions, Chair.

**Mr BRADFORD** - A generation ago.

**CHAIR** - Networks hang around for a long time, believe me.

**Mr FERGUSON** - We have the right people in the right places.

**CHAIR** - Yes. It is obviously an important piece of what TasPorts does.

**Mr BRADFORD** - I should say, the board is also encouraged by the positive responses to our advisory committee on King Island. The introduction of the *John Duigan* as predecessor was controversial and unpopular, and we understood why, but the active committee on the island and the performance of the vessel seems to have mitigated the complaints. I agree with you - effective shipping scheduling and pricing are critical.

**Mr DONALD** - If I may add, we expect there will always be an expectation and a desire from members of the King Island community to change the vessel and to increase its size and/or sea-state capability.

The important balancing factor to that equation is the freight rates. Our objective is to achieve a sustainable service for King Island. We could go out and procure the greatest vessel for the conditions, but the affordability of freight movements for the benefits of the island would be dramatically impacted and would be a disaster.

**Mr BRADFORD** - We continue to support fairly the other operator in their live cattle transports as a stevedore and port owner. They are a popular service with the two receivers of the product and so we support them.

**CHAIR** - Obviously, I could not leave the islands without commenting about Flinders Island. In the past, I have sat here with a very heavy heart about some of the issues my Flinders Island community, and yours, too, minister, has faced. I want to be assured we have everything in place we need. I know there has been some significant upgrades to the Lady Barron Port, so just an update on where we are there would be appreciated.

**Mr FERGUSON** - The state Government has made direct investments there, but I will ask the CEO to address the improvements and project itself.

**CHAIR** - You probably go over to Lady Barron once a month.

**Mr DONALD** - I am going to be there next Tuesday. But as with all of our ports, we continue to look to ways to improve the quality of our infrastructure and services provision. Flinders Island is not different to any of our other regional port or out of port locations in terms of ageing infrastructure and the exposure to the environment. It is challenging.

Our role as an organisation is to ensure we maintain a consistent level of service of infrastructure and services across the state - irrespective of the location - but that is a challenge. That requires a level of investment that at times we do not currently have funds for.

**CHAIR** - Again, it is that price point that makes it a real challenge for our island communities; fuel is one raised with me as a local member, and possibly the minister too when he's talking to our constituents on the island.

**Mr DONALD** - If I may, I might talk about fuel. Fuel delivery and the provision of appropriate volumes of fuel on both islands is a really important service we provide both islands. Our teams regularly monitor the volumes of fuel on each island to ensure neither islands runs the risk of running out of fuel.

We recently invested in new fuel trucks for Flinders Island and King Island. This is really important from a safety and functionality perspective, but it is a vital service we provide as part of the Bass Island service, but equally as part of the TasPorts service to both islands.

**Ms ARMITAGE** - With regard to cruise ships, in 2017-18, we had 125 cruise ships, but looking to 130 that have already booked for 2019-20, only 106. Is there any reason for the drop in this last financial year?

**Mr DONALD** - I think the figures may relate to a port over another.

**Ms ARMITAGE** - It is not overall?

**Mr DONALD** - No, overall year-on-year for the last four to five years we have seen growth in cruise across the state. We have not seen a reduction in cruise visits. It is consistent growth.

**Ms ARMITAGE** - Do you have numbers?

**Mr DONALD** - Yes.

**Mr FERGUSON** - If we take it on notice; I have given some numbers for the last two years but would you like me to obtain further history?

**Ms ARMITAGE** - And for the ports, yes.

**Mr FERGUSON** - Of course. Why don't we do that and break it down by port over the last four or five years?

**Ms ARMITAGE** - It would be interesting to see by port. It would be great to see the trend.



**Mr FERGUSON** - We will take it on notice. I am sure we can bring it back today.

**Mr DEAN** - What is the revenue return to TasPorts of the cruise ships? What is the average that one cruise ship brings in when it is docked and what is that return to TasPorts?

**Mr DONALD** - I might ask Geoff to provide a general response, but there is an element of commercial-in-confidence information so we cannot be overly specific with respect to the answer.

**CHAIR** - Does that mean that some cruise companies are treated differently from others?

**Mr DONALD** - No, every cruise customer gets treated the same. It is important as all of our customers across the state - customers have different requirements and those different requirements inform the tariffs we apply. I might ask Geoff to talk generally about cruises.

**Ms ARMITAGE** - The ABC has made comment of \$15 million in port fees last financial year from cruise ships.

**Mr DUGGAN** - The tariff structure is consistent across the different cruise companies. It is highly variable depending on the size of the ship. The length of stay and the services that it requires when it is in port, depending whether it is in Hobart or Burnie. We are seeing increasing visitation of smaller cruise vessels into Inspection Head as well.

**CHAIR** - Does that answer your question, honourable member?

**Mr DEAN** - No, it doesn't. The minister said you are going to provide where they are berthing in Burnie and Hobart. I suppose TasPorts goes to these cruise companies and tries to get their visitation. I am not sure where commercial-in-confidence would come in relation to an average return from a cruise ship coming into the state.

**Mr BRADFORD** - It sounds simple but it can be complex. Do you base it on the size of the ship or the number of passengers? This is a pricing structure. We currently have a fee for a vessel based on sizes. They engage a pilot, which they pay us for, to arrive and park. They do not always use tugs because they have their own bow thrusters. In Wynyard they need them. So, it is thinking about the overall picture. How long they are in port; if they are there for two days, should they pay more than one day? The contemporary world thinking on cruise from a port's perspective is to encourage the visitation to the ports, but recover that with a per passenger charge. We have not gone to that yet but it is something in the future we will contemplate.

**Mr FERGUSON** - I need to double check but I recall the Premier speaking about the value of cruise ships to the Tasmanian economy. You referred to that in your question, and it is very significant. It is in the range of \$1 million per day when you get the very large ones in port. It is a real enabler for local retail and other subsections of the economy. It is a valuable industry for our state. It is the reason we have been prosecuting it so strongly. We haven't answered the question about how we market that product to cruise ship operators.

**Mr DEAN** - My other question from that, minister, is that because of the return to the state from cruise ships, is TasPorts position one of cost recovery only or is it making a reasonable profit? It seems to me it is more important to have the people coming here rather than TasPorts making a reasonable profit out of the visit of those cruise ships.

**Mr BRADFORD** - That's a valuable consideration for whole of government. That is why, I think, and I am not an expert in it, Tourism Tasmania spends a lot of effort encouraging the vessels to come, as do we. We also look at the costs of providing the assets. Historically, cruise ships arrived on assets abandoned by the freight industry. That is how it developed. The world has matured and berths have been developed for them. Therefore, the cost per visit will rise in terms of paying for a port visit. We see it both ways. The economic benefits to the state are through broader government. We want a sensible commercial return so that our export freight industry is not subsidising these industries. That is how we think about it. Anthony, you might want to talk about the marketing side.

**Mr DONALD** - We engage with all our cruise customers on a regular basis, a number of times during the year. Equally we engage with the industry both in a national perspective and a global perspective. There are a number of touchpoints the industry has where they come together to examine opportunities for growth and advancement. We are really engaged in those processes and work closely with Tourism Tasmania in that. We understand the opportunities but also the expectations of our customers. Their objectives are to grow as well. It is how we can achieve growth together. As the Chairman said, history suggests that cruise ships have historically visited on berths designed for freight. Port organisations have been established with the objectives around freight movements. Our role as an organisation is to facilitate trade. That equates to both freight and passenger movements. Across the state TasPorts is involved in the movement of several hundred thousand, almost a million, passengers per annum, when you take into account our cruise customers and passengers, the Devonport Airport, the TT-Line and our Strahan cruise customers. An emerging and important part of our business is how we assist our customers in the movement of passengers and pedestrians. That equates to how we provide infrastructure that supports the movement of the public in and out of those facilities where at times they are commercial working ports.

**Ms ARMITAGE** - This is an ABC article from 10 September 2019. To you, minister, as there is a steady increase in cruise ships locked in until 2022 the Tourism Industry Council said -

... leadership from the State Government was badly needed to shape the sector going forward.

'We don't want to be alarmist,' chief executive Luke Martin said, 'but the reality is, if we don't control this market it will control us, and there are destinations around the world that have lost control of their cruise sector'.

Mr Martin said the Government needed to put pressure on TasPorts to introduce more sustainable scheduling.

'You're [TasPorts] essentially the client that hosts and attracts those cruise ships, you're the biggest financial beneficiary from them from port landing fees, ultimately it's the responsibility of government to send that message,' he said.

Would you comment on that? I know you work hand-in-glove with Tourism Tasmania, but do you also work with the Tourism Industry Council?

**Mr FERGUSON** - The Tourism Industry Council is intimately involved with the Premier's Visitor Economy Strategy that is in development. It has been a strong supporter of the

Government's policy agenda to drive visitation. It has been very successful with the increase in visitation to the state through a variety of modes of travel, including air and sea and cruises.

As I have stated a number of times, TasPorts is and should be a customer-focused organisation that operates commercially and looks for an appropriate commercial return. Not just to be profitable and return a dividend to taxpayers so that we can fund essential services, but also to ensure that the reinvestments can be made into infrastructure to deal with the underinvestment that has been happening for decades, and set up the state for future success.

The Government, while not walking away from increased visitation, is increasingly looking now for yield over volume and for the kinds of visitation that can lead to the betterment of the Tasmanian economy more generally. That is something the Premier has responsibility for and is driving, together with his industry participants that are helping to fashion the future strategy.

**Ms ARMITAGE** - Are you concerned with the comment or do you agree with the comments of Luke Martin that we could lose control of the cruise sector?

**Mr FERGUSON** - We accept and welcome advice from wherever it comes. The Tourism Industry Council is a credible and important voice in this space and is working constructively with the Government, particularly in the Premier's portfolio. It is somewhat out of TasPorts' space and my direct responsibilities, but I look to TasPorts to deal fairly, appropriately and commercially with cruise ship operators so they can have the access they require while TasPorts, on behalf of the taxpayers, gets a good return.

**Ms ARMITAGE** - You believe there is sustainable scheduling currently?

**Mr FERGUSON** - I do. From a portfolio space, in the tourism sector, the way we market our product as a destination to interstate and overseas, we are increasingly moving to a yield strategy so that we can get the best outcome for the Tasmanian public per visitor.

**Mr BRADFORD** - One of the issues Mr Martin was referring to was the odd occasion in Hobart where there were three vessels on one day. Thinking of that holistically I tend to agree with him, so we have now restricted the number of vessels to two per day.

**Ms ARMITAGE** - You have looked at your scheduling, when they come in?

**Mr BRADFORD** - Yes, we have said to the industry in Hobart that two is enough. As well as berths, our responsibility is to also support their ground handlers and the coach industry in servicing the guests on the ship. It is not just a 'take your hands off you'. Three vessels in Hobart stretches the resources of the industry in Hobart. You cannot expect people to put in resources for two days a year. Overseas examples are far in excess of that.

**Ms ARMITAGE** - Obviously, when the ships come in, they fill up with water. Do they dump their waste when they come into the port? Do they empty waste at our ports?

**Mr DONALD** - That is a matter for them.

**Ms ARMITAGE** - It is not really because it is a matter for us if they are dumping all their waste into Tasmanian water.

**Mr DONALD** - We can take it on notice, but I do not believe that they do.

**Ms ARMITAGE** - If you could take it on notice.

**Mr DONALD** - A majority of cruise ships are quite self-sustainable.

**Ms ARMITAGE** - They are, but they still have waste that has to be dumped. I wonder whether they dump it at sea or do they empty it in dump stations at the ports. Do you have dump stations at the ports? What do you call those things, Ivan?

**Mr DEAN** - Dump stations.

**Ms ARMITAGE** - I am talking about sewage.

**Mr DONALD** - No, that is not within the port waters.

**Ms ARMITAGE** - So you do not have tanks.

**Mr DONALD** - No, not for cruise ships.

**Ms ARMITAGE** - So, they would simply fill up with water. I am looking at the cost. When they come in, they come in to replenish supplies but I was not sure whether where they would dump their waste.

**Mr DONALD** - Not within the port. I might just add to the comments of the minister and the Chair, if I may. Our considerations are really about the number of passengers on vessels. We are working with government and the tourism bodies to encourage dispersal of passengers across the state. Sometimes that means into the local communities or municipalities where the ships arrive but equally that means moving them out of the centres of Burnie and Hobart so that the impact of their visit can be felt by others. That helps to mitigate risks and concerns of overcrowding or over-saturation. We do not believe that is occurring. We do not believe that it is a problem, but equally we need to continue to work well as we do today with the tourism service providers, with government and with Tourism Tasmania to ensure we achieve the right balance.

**Ms ARMITAGE** - If our President were here, I am sure he would say that buses up to the Derwent Valley railway from cruise ships might be a lovely way to start again. I think that happened in the past, didn't it?

**CHAIR** - I am sure the minister agrees.

**Mr FERGUSON** - I have been given some other advice in respect of the work on this. It is with the Premier's portfolio of Tourism. The Sustainable Cruise Blueprint was released in August this year. The advice I have to hand is that on a 2018 figure, the value of visiting of cruise ships to our state is about \$30.5 million. That is consistent with my earlier statements about the yield the aim of that blueprint is to grow that to \$50 million by 2022. As part of that strategy Tourism Tasmania worked with TasPorts to achieve the policy outcome that there should be no more than two at a time in Hobart. I hope that is extra helpful.

**Mr WILLIE** - If we could move to one of the more spectacular places in Tasmania, and that is Stanley. The Stanley Wharf residents and fishers are concerned about the wharf being progressively fenced off. Does TasPorts have plans for upgrades there?

**Mr DONALD** - In short, yes, we do.

**Mr FERGUSON** - I think what you should do is give an outline of the situation at Stanley and the engagement with the community and what the future could look like.

**Mr DONALD** - Thank you, minister.

We are in the final stages of a detailed precinct plan for the Port of Stanley. The Port of Stanley is predominantly a combination of a community port with really important community access but also there are working port elements to it. We see livestock movements coming in and we know that is a large supporter of the fishing industry. The exposure of the Port of Stanley to weather and sea states is extreme. We see that there is a large change in a range of tides and sea state conditions which makes the infrastructure we provide really vital to ensure that the ongoing protection of the port, both from a working port perspective and a community port perspective.

Over time, the use of our infrastructure at Stanley has been relatively low in comparison to our other ports, but nonetheless we understand our obligation to ensure an appropriate level of service. We observed some deteriorating conditions of some of our wharf infrastructure in the Port of Stanley and have taken measures to protect public safety by fencing off sections. We observed some behaviour from members of the community which was perhaps putting them at risk. We did not believe we could stand by and allow that to continue. Nonetheless, our commitment is to reinstate all our infrastructure at the Port of Stanley.

We have actively engaged with the community and have recently joined the chamber of commerce as a member of the committee. I think it is fair to say we have done a lot more listening in the last three to six months than perhaps we did in the past. We continue to work with that community to improve the service offering. One of the challenges is to continue to provide the access for the community that they have come to experience over generations and to balance the safety obligations that we have.

**Mr WILLIE** - You are committed to maintaining public access to the wharf?

**Mr DONALD** - We have not made any decision or any statements around permanent closures but we acknowledge our responsibility to ensure that we provide proactive information to the community, such that people do not feel the gaps, so to speak.

Our plan is to reinstate all infrastructure in the Port of Stanley. It's how we go about that which is really important. Our engagement with the community and the chamber has dramatically increased over the last number of months.

**Mr WILLIE** - You mentioned a precinct plan. Do you have some time frames of when that will be released, and also some time frames of when the infrastructure will be upgraded?

**Mr DONALD** - The precinct plan will be ready in around March 2020. In order to complete that, there is some important community engagement that will take place, particularly with members of the chamber of commerce and, equally, the customers who use the facility.

It is easy for us to commit to infrastructure timing associated with some of the infrastructure. Some of it is more challenging. The challenging bits are within the working port, part of the Port of Stanley. The community infrastructure elements are such that we are working through promptly.

**Mr WILLIE** - So, time frames?

**Mr DONALD** - Within the next six to 12 months.

**Mr WILLIE** - What about the working port side?

**Mr DONALD** - That requires some further careful investigation and thought. I might just use as an example. One of the elements under review is the breakwater. The breakwater is a large structure that protects the port from some very challenging sea states. I have stood on the top of that breakwater myself and looked down at the ocean on a beautiful day. It is some seven or eight metres below the top of the breakwater. My team then showed me photographs of waves crashing over the top of the breakwater. That breakwater is in a state of deterioration and requires some further investigation and some infrastructure investment. I am not expecting that will be a small amount of money. It will be something that our organisation will need to contemplate in terms of how we can ensure that this really important piece of infrastructure remains intact at a standard that does not diminish the accessibility for that port.

**Mr WILLIE** - We are not going to see any upgrades to the breakwater or the working port in the short term?

**Mr DONALD** - We will progressively maintain the breakwater such that it remains intact, but it is going to be a challenge for our organisation. It is a large piece of infrastructure in a highly exposed part of our state. It's a beautiful location, but it's equally and dramatically challenging so the engineering and infrastructure required to rehabilitate and/or remediate that will need some careful consideration. We need to understand that before we can commit to any time frames. Our absolute commitment is that we will ensure that it remains in place.

**CHAIR** - I have a supplementary question so unless the minister has something very important to add, we need to ask questions.

**Ms HOWLETT** - Minister, in relation to repairs and maintenance across Tasmania, can you outline what work has been undertaken in the 2018-19 financial year as far as the community asset programs that have been undertaken across the state?

**Mr FERGUSON** - I can go into some detail, but I'm mindful of time.

**CHAIR** - The detail time has gone. We need sharp answers.

**Mr FERGUSON** - I'm in the committee's hands and it's a legitimate question, of course.

I'd like to canvass that quickly. We are well aware of the community's reactions to the safety decisions that have been made by TasPorts around Stanley. I note that on the basis of safety alone, Stanley's old wharf jetty was changed to restricted access. To try to do the right thing by our community, the company has responded to the request to remediate that asset - Mr Willie, you were

asking about this - and develop those plans to make the structure safe and fit for purpose, while acknowledging that not everybody agrees that it was not safe - if I can put it that way.

To the question from Ms Howlett, we often focus on the larger ports. This discussion today has highlighted that a range of other ports also need to be maintained and invested in. Frankly, in recent decades we have seen significant underinvestment. The ports in those areas are important to regional industries and businesses. Also - and Stanley's a good example - they're community assets that are highly valued by the people who use them for recreation as well. Included in those are Inspection Head at Beauty Point, Lady Barron, Currie, Grassy, Stanley and Strahan.

TasPorts completed the final year of its first five-year community asset program in 2018. The focus of that program was on renewing port infrastructure at those key community sites of Sullivans Cove in Hobart, Strahan, Inspection Head and Stanley. That project was jointly funded by TasPorts and the state Government.

There was a total project cost, which was quite significant, of \$27.3 million. TasPorts contributed \$9.8 million and the Government \$17.5 million. Priority was given on a risk-based approach of dealing with those assets that were in the poorest condition.

Again, I don't want to make too fine a point about it, but it has to be said we are dealing with legacy issues of underinvestment in the most appropriate and sensible way. The program saw the successful completion of over 80 projects through that five-year period. I'm advised the program met its project aims on time and on budget.

The community asset program's biggest individual project was the Strahan Main Wharf rebuild, which was completed in 2017-18, and more than \$6.5 million has been invested in projects in Strahan, which provides the Strahan community with fit-for-purpose infrastructure for the next 50 years.

Other projects carried out during the program include -

- at Inspection Head, upgrading services and improving the safety and reliability of infrastructure at the wharf;
- at Stanley, the refurbishment of finger piers, the removal of the roro tower and the rebuild of the retaining wall wharf;
- at Hobart, as I mentioned, the Murray Street pier remediation bearing replacement and associated works undertaken at Victoria Dock and bridge, and the Franklin Wharf rebuild.

I reiterate: while the company has a charter to operate commercially, we are more than aware of the importance of these facilities to an island community - for example, the fishers who want to use our facilities in certain places. That's to be applauded and supported, and we'll always keep a firm eye on how we can support those community aspirations and ensure that in examples like at Stanley we're responsive to the community in the best way we can be.

**Mr ARMSTRONG** - My question is to do with the capture of methyl bromide and the compliance with that. You've gone above the necessary regulations, it says. Can you tell me a bit about that, please?

**CHAIR** - We're interested in the impact of pricing on that.

**Mr DONALD** - Our first priority in fumigation and the use of methyl bromide was the safety of people - first, second and third. In discussions with our board, we decided to ensure that methyl bromide was only used when it could be recaptured and that we worked with industry to implement that change. The importance of safety - of both the public and the working persons around the port - is everything. We weren't prepared to compromise on that in any way, shape or form. We acknowledge that it changes the commercial landscape for some of our customers, but we've been working with them such that they can understand the options they have. There are multiple options for them. It's important they make their own informed decisions and commercial decisions as they move forward. If I look at our port locations, the exposure to people is of our primary concern.

**CHAIR** - The cost impact?

**Mr DONALD** - To TasPorts? We invested several hundred thousand dollars in equipment infrastructure and services in a manner to support the industry to make the change.

**Mr BRADFORD** - I should briefly add, Chair, that we feel obliged, with 100 years of experience and understanding of the maritime and environmental issues affecting ports and our users, to take a very strong view on safety. The issues of Stanley, methyl bromide and general conditions of Bass Strait say to us that we have to consider that first. On a fine day it works perfectly, but it's not always fine. Safety is so critical. Methyl bromide is potentially a carcinogenic. If it costs more to fumigate - it's black and white.

**CHAIR** - I'm not complaining, it's just a question about the cost impact.

**Mr BRADFORD** - I suspect in the future you'll see in the press criticisms of us in many areas, but think about human life, think about the safety of the asset - that's how I look at it.

**Mr WILLIE** - Back to Stanley Wharf - it's a great place. With the works that will take place over the next six to 12 months, does that mean that some of the fences will be removed?

**Mr DONALD** - Yes, absolutely. Our desire is to reinstate public access to all the areas that they've experienced access to in the past, notwithstanding the fact that there's an important protection for the public in the working parts of the port. There will always be parts of the port where access is restricted. We've worked well with the community, perhaps more recently than in the past, to understand the history of families attending Stanley to fish and where they've liked to fish, how the fishing fleets have liked to operate and some of those practices, and the need to continue to move to contemporary arrangements that are consistently compliant with current regulations. That's part of our role: to ensure that all our customers comply with regulations.

Coming back to the original point, there is a longstanding history of generations attending Stanley, as tourists and also as locals, to fish. It's a beautiful part of Tasmania.

**Mr WILLIE** - I am advised that TasPorts lost the contract to operate tugs at Grange's Port Latta operations and the new contractor isn't able to tie the tugs up at the Stanley Wharf. Do you have some comment on that or an explanation of that? Was TasPorts using the wharf prior to that when you held the contract?



## UNCORRECTED PROOF ISSUE

**Mr DONALD** - No, we were servicing Port Latta with our towage fleet out of Burnie. Now there's a new towage service provider servicing Port Latta and Stanley and we have been working with them to provide them with options for a permanent berth in Stanley.

**Mr WILLIE** - Are there some time frames on when they will be able to use that?

**Mr DONALD** - That is currently part of a commercial negotiation and discussion with them. They have been provided with a proposal and we are still in discussion. The outcomes of those discussions I expect will lead to a commitment that would enable us to commit on a time frame. Safety is our primary concern.

If I may, I have a correction to a statement I made earlier with respect to the Burnie dredging. I said we implemented a public tender. It was actually a select tender, which is slightly different, but an important matter for the committee.

**CHAIR** - Fairly different.

**Mr FERGUSON** - For the benefit of the committee, would you elaborate?

**Mr DONALD** - A select tender really comes about after a market analysis of who the participants are. We then essentially determine the parties we will provide the tender opportunity and documents to. It is still a competitive process, but we do not put it out to a thousand people across the world.

**Mr DEAN** - I am going to an even more beautiful area of the state, Launceston. Rosemary would support me.

To look at the head office of TasPorts. What are the staff levels in the head office in Willis Street? What is the cost of all of that?

**Mr DONALD** - We currently have around 40 staff in the Willis Street office.

**Mr DEAN** - Forty staff there at Launceston?

**Mr DONALD** - Yes, and we continue to grow. As the minister said in his opening statement, within the coming month we will see the Vessel Traffic Services facility established within Willis Street. Having a 24/7 operations facility that co-locates our security monitoring and vessel traffic service is an incredible achievement. Having those teams collocated with the main office enables a strong connection of staff, management and interactions of teams. It is certainly really important from a cultural perspective. We are incredibly pleased with the new facility and the changes we are making to culture in that regard.

**Mr DEAN** - You are domiciled in Launceston, are you?

**Mr DONALD** - Yes I am.

**Ms HOWLETT** - Being southern-based, what have been the benefits of moving the office to Launceston.

## UNCORRECTED PROOF ISSUE

**Mr FERGUSON** - We can tag team on this. It has been a real boon for Launceston in the respect that it is not a parochial decision, but a good decision to consolidate in the way it has been done. I have visited the facility and I invite any MLCs who would care to, to visit it - you would be welcome so we would be happy, wouldn't we?

**CHAIR** - There was no official opening?

**Ms ARMITAGE** - Obviously not. The member for Launceston was not invited, if there was.

**Mr FERGUSON** - I think the minister, Mr Rockliff, may have presided.

**CHAIR** - And he just forgot to invite MLCs.

**Mr FERGUSON** - I cannot answer that. I do not know; I am happy to take it on notice.

**Mr DONALD** - I am very happy to host a visit.

**Mr FERGUSON** - You are most welcome and there would be a cup of tea. It is something for our state to be proud of. With the majority of TasPorts' business taking place in the northern part of the state, it is appropriate that head office is located at the corridor of the operations, with complete support continuing for the southern operations. The new head office will eventually house TasPorts' most critical 24/7 operations centre, the Vessel Traffic Service Operations Centre. The TasPorts Security Operations Centre is already alongside the actual corporate office and has already been answered in respect of the staff numbers. It is significant having all of those services collocated; being mutually interlinked is vital for safety, security and, indeed, the smooth operation of the flow of work happening across the ports. Quite an IT effort is being invested at the facility, which will be of particular interest when you visit. That has been up and running since -

**Mr DEAN** - Is it leased or owned by the state?

**Mr DONALD** - It is leased.

**Mr FERGUSON** - We have been there for the calendar year 2019; it was opened in February. In April this year, it relocated the security operations centre from Hobart. There has been an investment of \$1.1 million in a range of IT improvements in field equipment upgrades. Following consultation with impacted Vessel Traffic Service Centre employees, the relocation of that service from Bell Bay to the head office in Launceston was confirmed and is scheduled to occur early next year. Do you have a month on that?

**Mr DONALD** - It will be very early in the new year, it may even be this year. We have commenced our transition. We have the facilities up and running and they are essentially, today, running a mirror operation from Bell Bay and Launceston.

**Mr FERGUSON** - Before I conclude, I ask you to comment very briefly on the accreditation with Australian Maritime Safety Authority for the VTS.

**Mr DONALD** - A very important element of the VTS relocation is moving to an accredited AMSA VTS operation which will continue to demonstrate our capabilities, but also ensure ongoing safety of marine traffic around the State of Tasmania. We do not take that responsibility lightly or

for granted and is one of the absolute imperatives of our business. I would welcome hosting you at the facility and proudly showing you around; it is excellent.

**Ms ARMITAGE** - I notice you have 40 staff.

**Mr FERGUSON** - That is in Launceston.

**Ms ARMITAGE** - Were they relocated or did they have to be relocated? In the past we have had issues with departments moving to areas. Was it a smooth move or have there been any unexpected issues?

**Mr DONALD** - No, it has been a smooth move.

**Ms ARMITAGE** - Were the staff relocated or employed locally?

**Mr DONALD** - It is a combination of both.

**Ms ARMITAGE** - There were no problems there?

**Mr DONALD** - No. It is a change, the biggest change was the move from Hobart for security to Launceston for security and had only one staff member, who is essentially our supervising manager, who has done an incredible job and chose to relocate. The other staff chose to select to move on to other career opportunities.

**Ms ARMITAGE** - It is not always easy to relocate when you have families and schools.

**Mr DONALD** - I may add an important note is our formal legal head office prior to the relocation to Launceston was Devonport. That was a legal head office established in the formation of the TasPorts organisation some 12 years ago and really reflected the location of the original chief executive officer. We saw it was a really important aspect of our business to relocate the formal head office to the location of the corporate office and the chief executive officer. I should also add that does not mean we are planning to diminish or relocate the Devonport office; we do have an important team operating the office in Devonport.

**Mr DEAN** - You have given some answers in relation to security. Where are you with the security of the ports around the state? If we look at Bell Bay, during my last visit there, issues were raised with me involving security in securing the premises, Burnie in particular. Can you tell me, minister, what is happening in the area of terminal security and security of ships coming in?

**Mr FERGUSON** - It is a vital area of importance and you are quite proper to raise it, but I will ask the expert on this to respond. We are meeting all our obligations here and TasPorts is part of the national effort to protect critical infrastructure. We are not in a position to talk about it very much, but we are a vital part of that effort.

**Mr DONALD** - We have port secure zones which are really vital in terms of maintaining the security of our terminals.

**Mr DEAN** - My question is: have there been any breaches of security around the state with any of your facilities?

**Mr DONALD** - We have had a number of breaches, I suppose. I would describe them as relatively minor in nature.

I am pleased and proud to say that we maintain the highest levels of security across the state in all our infrastructure. One of the services we provide is the provision of security cards that enable access. There are some 3600 security cards within Tasmania, which indicates the number of people entering and exiting our ports on any one day. We monitor every movement whether it is a pedestrian gate moving into a port with a swipe card access or a vehicle or a truck movement; we monitor anything and everything. We are regularly audited; we have a great relationship with both state and Commonwealth regulators and authorities in that regard. We regularly get excellent feedback from those organisations about what we do and how we go about things.

**Ms ARMITAGE** - My question is to do with the Port of Hobart and the Sydney to Hobart race. I do not have a conflict, but I have an interest as I am the patron of one of tall ships that operates out of there. I am often contacted at the Christmas period when the tall ships are asked to move out for the Sydney to Hobart and we try to find the spot for them. We have two tall ships, *Windeward Bound* and *Rohna H*, that operate in the tourist season. They provide a very good service for people coming down for the Sydney to Hobart and other places.

What do we plan to do? Obviously, we have to make enough space for the Sydney to Hobart yachts, but it is a very difficult situation around the Christmas period when the tall ships are asked to find another spot. I think *Windeward Bound* generally has a fairly good spot; she is generally well catered for. but the *Rohna H* often not so well. So, obviously, that is an important service to provide. They are not-for-profit. They are there, so what is TasPorts planning to do to make sure that they are given some spots to cater for the tourists trade so they are not all of a sudden told to find another spot because the floating pontoon is not there this year?

**Mr DONALD** - We certainly do not adopt that approach. It is about working with all our tenants and customers to make sure that if we are relocating them, it is to a viable location.

**Ms ARMITAGE** - So this year, I will not have to write and plead and beg that the ships have somewhere to be to cater for the tourists - that these are not-for-profit and provide a service?

**Mr DONALD** - You can simply pick up the phone and give me a call if you have any queries. This year is a unique year; it is the 175th year of the race. We understand that there are almost double, if not more than double, the participants.

**Ms ARMITAGE** - I accept that. But when you have these ships, particularly in *Rohna H*'s case - for several years running they have been finalists in the tourism awards - to have to try to find a new spot and all of a sudden ask where they are going to go -

**Ms HOWLETT** - I think they manage it well though, don't they? I have friends who have boats there that have to move.

**Ms ARMITAGE** - I am talking about people who cater for the tourist trade. Thank you; if I could get a phone number, that would be great.

**CHAIR** - It sounds like that will all be sorted. The final question is about Hobart and the Macquarie Point Development Corporation and its relationship with the Antarctic Division and CSIRO. Briefly, not much is happening at Macquarie Point.

**Mr DONALD** - We have a great working relationship with the Macquarie Point Development Corporation. We understand and recognise we need to work together. It is a precinct. We apply that approach. Working together on how we manage traffic in the future is one example of a really important part of that relationship. We continue to work really closely with AAD on the provision of infrastructure to support to arrival of its new vessel. Those discussions are continuing really positively.

**Mr FERGUSON** - I think the key point to emphasise is that the relationship is as good as it has ever been. That means it is better than it has been before. The engagement is very positive because of the arrival of the new icebreaker.

**CHAIR** - That is wharf 6?

**Mr DONALD** - Yes.

**Mr FERGUSON** - Having the icebreaker, RSV *Nuyina*, is a very exciting moment for our state and our country. It will place a lot of status on Hobart as Australia's Antarctic gateway. People are now saying that Hobart is not just a gateway to the Antarctic, they are now saying it is the gateway to the Antarctic. TasPorts has an essential role in that and the negotiations are progressing well.

**CHAIR** - The joint venture with the Southern Export Terminals, 200 000 tonnes of export logs and new wood.

**Mr DONALD** - We would certainly like to see more volume moving through that facility. We are optimistic about ongoing growth.

**CHAIR** - And no issues with that?

**Mr DONALD** - No, it is just we would like to see more volume.

**Mr DEAN** - There are no issues in storage and conservation issues?

**Mr DONALD** - We have a small footprint of land available. We have designed that facility closely with our joint venture partner, Qube Ports, to be a highly efficient throughput facility. We have not yet seen the throughput through the facility that we designed it for, so logs are sitting on the wharf longer than they could be, but it is more of a reflection on the frequency of ship visits.

**CHAIR** - I think the take-home message is that TasPorts is listening to its customers. That engagement is certainly something the committee looks for when we go to stakeholder meetings. We will continue to monitor that. The committee can always have an inquiry outside this process, so we will probably have a look at the feedback we receive today and continue to watch. We wish you all the best -

**Ms ARMITAGE** - We look forward to going and touring the new head office -

**CHAIR** - - in Launceston. We thank you very much, minister and your team at the table for today.

**Mr FERGUSON** - I would just like to respond in kind and say thank you for the opportunity. I have had minimum sparks and lots of great discussion about some key issues that really do matter in our city and regional areas and they affect Tasmanian's lives. We appreciate the opportunity in the way the committee has conducted the hearing today, plus we will provide some further answers to the questions taken on notice.

Without wishing to reflect negatively on the past, I would like to say that the universal feedback I receive as the shareholder minister is that the culture has significantly improved at TasPorts under the new leadership. That is a great credit to Anthony. I would like to praise him in your company, but also we are looking to advance Tasmania's interests in the conduct of this company going forward and we will be more than happy to respond to any further questions you might care to write to me about, as minister.

**CHAIR** - Thank you. We also acknowledge the importance of TasPorts and the infrastructure around the state. We would not function in the positive way we do without it; we rely so heavily on it.

**Mr FERGUSON** - And we look forward to welcoming you to our new facility in Launceston.

**CHAIR** - Thank you.

**The Committee suspended at 11.18 a.m.**