

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

Wednesday 2 December 2009

MEMBERS

Mr Dean
Mr Finch
Mr Gaffney
Dr Goodwin
Mrs Rattray-Wagner (Chair)
Mr Wing

IN ATTENDANCE

Hon Graeme Sturges, Minister for Infrastructure

Ministerial Office

Mr Gary Hill, Head of Office

Tasmanian Ports Corporation Pty Ltd

Dr Dan Norton, Chairman

Mr Geoff Duggan, Chief Financial Officer and Acting CEO

Mr Nathan Spicer, General Manager, Business Development

The committee resumed at 2.02 p.m.

CHAIR (Mrs Rattray-Wagner) - I would like to welcome you back to the table, Minister, with your new team, and inform you that I intend to take a break about 3.30 p.m. for people to stretch their legs, have a cuppa and recharge their brains slightly, I should imagine, after a bit of a haul. As we did previously, I invite you to make an opening statement. I am not sure if you want to follow the same path as you did this morning in handballing to your acting CEO or chairman.

Mr STURGES - Madam Chair, given the fact that it is another government business enterprise we are scrutinising, I think it is appropriate that I call on the Chairman, Dr Norton, to give you a brief opening statement in relation to the performance and outlook for TasPorts. So, if I have your indulgence, I will hand over to Dr Norton.

Dr NORTON - Thank you. I will be brief and just touch on a couple of things. In relation to the financial year, we felt we ended up in a reasonably strong financial position. We were a fraction under budget but we did have difficult national and international trading conditions and our tonnages were down quite significantly by about 1.3 million tonnes. Our freight volumes were 14.9 million tonnes compared to 16.2 million tonnes previously. While that decline was, to some extent, across the board, it was particularly in the commodities area with woodchips and bulk commodity exports, and our revenue tends to be more sensitive to those because the contracts that we have for containerised freight tend to be for the area of land predominantly rather than strictly proportional to the tonnages and the number of boxes going through.

CHAIR - Can everybody hear all right? I am always mindful that we have a few slightly hearing-impaired members, Dr Norton.

Dr NORTON - I will try to speak up a little bit. We were also able to reduce our debt from \$33 million to \$20 million and we were requested by a shareholder to consider 100 per cent after-tax profit as a dividend. We have declared at our AGM an interim dividend of 75 per cent of our after-tax profit and we will consider a final dividend later in the year when our financial situation for this year in terms of our capacity to pay becomes clearer.

I know this is scrutinising last year's performance, but we did see a lot of softness in the first three months of this financial year. It was at that point that the board believed it was prudent, in the circumstances, to only declare 75 per cent of after-tax profits from the previous year as a dividend. It would be fair to say that we have seen some rebounding in shipping in the last two months and, in particular, we are seeing some increased activity in terms of woodchip exports.

One of the highlights, I guess, from a management point of view - and I hope people outside the business recognise the importance of this - is that we have had a very strong focus on improving our health, safety and environmental performance. When we started we had a totally unacceptable level of performance in terms of safety. Our lost-time injury frequency rate, which is the general benchmark for safety, was at a level of 45, and I am happy to say it is currently at 2, so we have been able, through a lot of hard work and effort, to work with our people right across the company and inculcate a better approach to safety. Nobody should go to work with any risk of not going home without an injury. Our philosophy is 'no harm' and we are very pleased that we have reaped some dividend from the significant work we have been doing in that area.

We will talk a bit more in the Q&A, I guess, about the future, but we are proposing to sell Devonport airport, so you may have some questions in relation to that, and we will be advertising that sale in national and local press over the next couple of days.

The other issue that I think is important to raise and no doubt will be an issue you will want pursue in terms of detailed questioning is our long-term investment strategy. It would be fair to say that the infrastructure we inherited from the previous companies was not quite as well understood when we started the company as it is now and a lot of our infrastructure requires

significant remediation effort. So funding and identifying how we can do that is a challenge, but we are happy to talk through in more detail in respect to any particular questions you have.

The other issue associated with that, which is a real long-term issue, is ensuring that we have the port infrastructure to meet Tasmania's needs into the future. Our assessment is that within a 10-year time frame our existing infrastructure with marginal developments is not going to be adequate to meet what we see as the growing import-export needs, but in particular export, of the State.

Port infrastructure is expensive and it is an issue that requires careful consideration and public evaluation as to what the alternatives are and where Tasmania is best placed in terms of putting in significant new port infrastructure. When I say 'significant', I am talking about amounts of \$100 million to \$200 million. There is a funding issue there as well because we do not have the balance sheet or the revenue to fund that and, hence, the opportunity we took - albeit unsuccessfully to date - to try to get some Infrastructure Australia money. I am happy to talk about that but I am mindful, because I felt a sense of déjà vu, when I was a CEO of the Hydro-Electric Corporation in the mid-1990s we did exactly the same sort of projection on long-term infrastructure requirements for electricity. We recognised that while we had an adequate supply at that stage there needed to be serious investigation of long-term solutions and we started to look at renewable energy. We also started the Basslink project and upped our infrastructure spend on transmission and distribution infrastructure.

I have a similar sense; here is a situation where tomorrow or next year we have adequate capacity but if we do not plan ahead, the State is going to be capacity constrained in terms of its ports within, as I said, around a 10-year or thereabouts time horizon and it is important that political debate and community debate occurs around that and what the options are so that as a State we do not find ourselves economically constrained because we are port constrained.

That is essentially the opening statement that I would like to make. We are happy to answer any questions that you have.

CHAIR - Thank you. I would like to kick off and just expand on some of those issues that you have talked about in relation to port infrastructure. From the stakeholder meetings that we have had around the State over the past couple of weeks, predominantly all of the stakeholders we met with have indicated to this committee that none of the infrastructure yet is up to standard. Do you have a comment about that? Then I would perhaps like to explore port by port.

Mr STURGES - Perhaps, Madam Chair, you might be a little more specific than saying none of the infrastructure is up to standard. It is a very broad-brush approach. It will assist us in being able to more specifically respond to the matters that you have raised - the areas, the type of problems that stakeholders are experiencing - just in fairness to Dr Norton.

CHAIR - Obviously the age of the infrastructure is an issue in many parts and that is why I think it would be useful if we start at a particular point in this State and we go around the State. So let us start on the west coast. Out of the \$14 million that was capital expenditure in the annual report, can you tell me how much was spent on the west coast?

Dr NORTON - In Strahan?

CHAIR - Yes.

Mr DUGGAN - I do not have the exact figures in relation to Strahan but it would be very little. Most of the work that would have been done at Strahan would have been maintenance rather than capital but I guess we have competing demands for capital. We have limited funds and we need to weigh up where the greater demands and greater priorities lie and particularly in the early years of TasPorts. We are aware of the infrastructure demand down there but there needs to be, as with all our infrastructure spend, strong business commercial cases to TasPorts as a commercial entity. That is the major driver of that.

CHAIR - Minister, the appropriateness of taking a 75 per cent dividend from TasPorts and not allowing TasPorts the ability to provide a strategic maintenance or capital investment program for Tasmania is obviously a government decision, would that be fair to say?

Mr STURGES - I hear where you are coming from but whether it is fair or not I won't debate with you. I think the position of the Government is fair and reasonable given the advice that we received from the TasPorts board and the CEO. As I said to you this morning, as with the TT-Line I meet as a minimum on a monthly basis with the Chair and the CEO and we talk about the performance of TasPorts. We talk about their strategic plans going forward and outcomes of board decisions. Bear in mind the Government is mindful of the need for a strategic investment program. We believe that they do have that investment program and that is why I was not trying to be evasive or cause any issues when I asked if you could give us some specific information around this infrastructure statement that you made. With respect, there are some issues. People I think have unrealistic expectations in relation to the type of port infrastructure that they receive. As I have said, we have accepted the initial 75 per cent dividend based on the information we have received from the TasPorts Board.

[2.15 p.m.]

CHAIR - But you did request 100 per cent?

Mr STURGES - That is right, but then after discussing this with the board of TasPorts and working through this and being properly informed, the decision was taken to accept 75 per cent as an interim dividend and we believe that they do have capacity to develop a strategic investment program. Perhaps the acting CEO or the Chair could elaborate.

Dr NORTON - I should correct, and it is my fault. Actually the interim dividend was 70, not 75 per cent.

Mr STURGES - I thought it was 72 but I was not going to argue with you.

Dr NORTON - Can I talk about a philosophical point. I am happy to go around port by port but I will give you a specific example which I think demonstrates the conundrum that we have with port infrastructure. That is here in Hobart with Macquarie Wharf No. 5 and Macquarie Wharf No. 6 in our industrial port precinct and along the river it goes 4, 5 and 6. It has been known for many years before we took over that there was concrete cancer in those wharves and the concrete cancer does not prevent you from tying a ship up to the wharf but it means that there are load restrictions on the wharf itself. Currently we have on 5 and 6 significant limitations on where you can drive a forklift or even a bus or a smaller vehicle.

We have spent several million dollars remediating Macquarie No. 4 but we have not done anything on 5 and 6. Macquarie No. 4 we did because there is trade and business activity that

sustains that investment. To fix up 5 and 6 will cost tens of millions of dollars. We do not have a precise figure but with the activity in that port the revenue that would be derived from fixing those parts of the port is just not there. We have to act commercially; we are not there just to invest in infrastructure that does not get a commercial return. So in relation to those, they are on the backburner. If a proposal comes that significantly increases the usage of the Port of Hobart, if we could attract business that would significantly increase the use to the extent that we have to have 5 and 6, we have plenty of capacity we believe with Macquarie Nos. 4 and 3, then we would invest in that infrastructure.

Mr STURGES - The port is about 14 per cent.

Dr NORTON - The utilisation in our ports is very low.

CHAIR - Would the likes of Taylor Brothers whom we spoke of last year fit into that category?

Dr NORTON - No, they would not because they would not provide the revenue to sustain that sort of investment.

CHAIR - So what sort of business opportunities would your organisation be looking for before you could say that this would be a reasonable proposition?

Dr NORTON - I cannot see one occurring in the next 10 years.

CHAIR - So what happens to the infrastructure?

Dr NORTON - The infrastructure is maintained to the extent that we can do so but we cannot refurbish it, we cannot afford to refurbish it to the state where you could use it, unless there is a use for it.

Mr STURGES - And that is the very point. We have had this discussion with the CEO and the Chair. If there is an operational demand then we will bring it up to the standard required but at the moment, and correct me on this figure, my understanding is that the Port of Hobart capacity is around 14 per cent utilisation so there is plenty of port capacity to deal with the shipping demand. Certainly we have a vision for the Port of Hobart as the gateway to Antarctica, the gateway to the Southern Ocean, cruise ships, there is a whole range of things that we could talk about there, but at the moment there is enough suitable port infrastructure to deal with the shipping demand.

CHAIR - In other words, we have a reactive position rather than a proactive?

Mr STURGES - No, not at all.

Dr NORTON - We certainly have a proactive position and we would like to attract business to the Port of Hobart but you are not going to get a return to justify that sort of expenditure unless there are vessels in there every day or every second day of the week. We have a lot of other infrastructure in Hobart that is already under-utilised and our first priority is to fill that up. We have plans, as we have already said, to try to redevelop the Macquarie No. 2 shed both to augment the Antarctic theme of the port and also to provide better facilities for cruise ships. We are doing a number of things in that area. In the Port of Hobart the wharf infrastructure is a legacy of

bygone days and it is not very relevant in the modern shipping environment, where the market is very clear that containerised freight is going to go across Bass Strait to the northern ports of Burnie, Devonport and Bell Bay; it is not going to come down to Hobart. So we have legacy infrastructure and hence the issue of what we do with it.

Mr STURGES - Again, I have to put on record that that does not mean the Port of Hobart will not be maintained as a working port or have a significant role in the port infrastructure in this State. We have had this discussion, particularly over the last 12 or so months, in relation to this, but the role has changed substantially as to what it was 20 to 30 years ago. What we need to do is look at an enhanced and varied role for the Port of Hobart and that is why expressions of interest have been sought and received for the redevelopment of Macquarie Wharf shed No. 1. I am quite excited at the prospect of seeing the redevelopment in that area. So I stress again that it is the role that is changing and the Port of Hobart will always be maintained as a working port to meet the demands. Cruise ships and the Antarctic gateway are significant.

Dr NORTON - I have sidetracked the minister because I just wanted to use that as an example, but if members are happy to go through the other ports one by one I am perfectly happy to talk about them.

CHAIR - I think we will stay with Hobart and work our way around the State.

Mr DEAN - Just following up, and the minister has answered it partly, do you have a clear strategic direction moving forward for the port here in Hobart?

Dr NORTON - Yes.

Mr DEAN - If so, has it been discussed with the Hobart City Council who are a partner in this whole thing? Are they aware of that?

Dr NORTON - Yes.

Mr DEAN - What about the waterfront authority? What is their involvement, have they been advised, do they know where you are going and what you are doing?

Dr NORTON - I will ask Nathan to comment because he has been involved with the port users group in Hobart and the consultations and discussions that we have on a regular basis with them about what we are doing.

Mr SPICER - We meet regularly with the Hobart City Council individually.

Mr DEAN - Who do you meet with there?

Mr SPICER - Nick Heath, the General Manager of the Hobart City Council. I also have regular meetings with the Sullivans Cove Waterfront Authority at various levels in the organisation, depending on the discussions. We have been quite heavily involved in the redevelopment they have been working through as the lead agency on the waterfront at the moment. DED formulated a workshop - I think the Hobart Port precinct plan consultative committee was the big name given to it. I am one of the members of the steering committee, for want of a better word, and we have met once as a steering committee. There was a day-long workshop that was coordinated with all the key players and stakeholders throughout Hobart to

talk about the vision and where we can go forward with them on different projects et cetera. I was part of that and did some presentations and we had some workshop-type activities through that day.

CHAIR - Was that held this year?

Mr SPICER - Yes, it was two or three months ago; I cannot recall the exact month.

CHAIR - Has anything happened since?

Mr SPICER - There was a plan put out by DED. DED are running the process so they wrapped up the workshop and explained the outcomes and people's views on what was happening. As part of that process it was clearly identified to us that additional requirements were needed and it confirmed our strategy of developing Macquarie No. 2 shed into an Australian Antarctic Division or AAD/cruise ship facility. So that message came across clearly. Some of the discussions were outside our area and touched on the railyard side as well. So probably the lead thing for TasPorts that has come out of those discussions with that group is the urgency to develop Macquarie No. 2 into that type of facility.

Mr DEAN - Did the abolition of the greenfields site that was identified for the hospital in that area impact on where you were going or what you are now doing?

Mr SPICER - No, that change has not impacted on us at all.

Mr STURGES - The member is probably well aware that TasPorts commissioned Meyrick to undertake a report and review of any potential development for that area and that report clearly identified that the working Port of Hobart could well be maintained with any other sort of development in that area. I believe it was well worth getting that report done.

Dr NORTON - That was an independent assessment. There are a couple of things in terms of our future use of that site. Firstly, we would not want any future use to encroach on our site. We would prefer a buffer between our port and any other use. We would like for the rail corridor to be maintained. Finally, we would insist - as indeed we did and probably got some criticism for it - that we are running a working port and do not want a facility built next to it - a hospital or anything else - which precludes us from 24-7 operation of a working port. We put those views to the Government in relation to the hospital and we will put them to whoever is involved with any future development on that site.

Mr DEAN - You can raised the Antarctic position and I think you said you might be considering moving across to Macquarie No. 1 -

Dr NORTON - No, Macquarie No. 2.

Mr DEAN - What is the Antarctic expedition and exploration worth to us currently? What does it bring in?

Dr NORTON - I do not have numbers on what it is worth to Tasmania because that involves the CSIRO, the AAD and the service industries that service Antarctic vessels. We see it as being a very important part of our port and the southern Tasmanian economy.

Mr DEAN - What are you making available for that? Are you increasing the ability for them to operate from this wharf here? What are you doing in that regard to help them move forward?

Dr NORTON - They have whatever access they need to our wharves. Macquarie No. 2 shed is being used as a beer storage shed and has absolutely nothing to do with the port itself; it was just a commercial opportunity years ago to use it to store beer. Toll had moved out and that is being used as a car park in the short to medium term to relieve lack of car parking in the Sullivans Cove area with the development of Princes No. 1 shed. We want to provide whatever facilities are necessary to enhance the Port of Hobart as a hub for Antarctic activity.

Mr STURGES - And government would certainly support any work to facilitate access to amenity and facilities for the Antarctic gateway. We really do see that Hobart has a significant future going forward to be the predominant gateway to the Southern Ocean and Antarctica. It is a significant contributor to our economy now but we believe there is real potential for growth so therefore, as part of the vision we have and the work we are doing around the Hobart waterfront, we see that is a significant matter that needs to be addressed.

Mr FINCH - Just on the subject of the Antarctic gateway, we had some concern expressed to us yesterday about the rumours, talk, innuendo that there could be a shift of some of TasPorts' operations from here to Fremantle. Dr Norton, are you aware of that rumour and discussion?

Dr NORTON - Yes.

Mr FINCH - How proactive is government and TasPorts being in consulting and staying across this issue for the future of us all?

Dr NORTON - I first became aware of that rumour several months ago. In fact, I had a discussion with the Treasurer about it. My people followed it up, talked with people at the most senior level at the Australian Antarctic Division, and made sure it was quite clear that they understood that we would do whatever we could as a component of the Tasmanian Government response to provide facilities that would satisfy their needs and certainly not be a reason for any move to Fremantle. Nathan may be able to follow that up because he has had discussions in relation to it too but at that time my understanding was that they were very satisfied with our responses. We also had discussions with the Department of Economic Development on it as well, so there was a coordinated response to it. It was seen to be a critical issue as far as the State was concerned, and we have been a part of trying to ensure that we are putting forward facilities, hence, although we had it on the plans beforehand, we have indicated our willingness to redevelop that No. 2 shed to help contribute to that.

[2.30 p.m.]

Mr STURGES - If I could supplement what Dr Norton has said, I certainly had discussions with the Chairman and the CEO when this matter rose to the surface a few months or so ago, and I have been kept across, from an infrastructure point of view, the discussions that TasPorts were having. I was very much aware that DED had involved themselves and I, too, formed the opinion that they were satisfied with the response from TasPorts and the Government in relation to our preparedness to work with them to do what we can to provide whatever amenity and facility that would facilitate the conduct of their business.

Mr FINCH - So nobody involved in the Antarctic gateway would be nervous or negative about the response they might receive if they had some positive initiatives in respect to the Port of Hobart?

Dr NORTON - We do not control a decision that has been made in Canberra for someone else to move to Fremantle, but we will certainly provide whatever facilities we have to meet the needs in Tasmania, or to meet the needs in Hobart.

Mr SPICER - A couple of different points: there was some concern raised today, and I have had some meetings at director level within the AAD government department. There were some issues raised, particularly around their tenancy at Macquarie No. 4 shed, so we have had some communications. They attended the workshop mentioned earlier with Sullivans Cove that was run by the Department of Economic Development. We have explained to them our vision of what Macquarie No. 2 might look like, which they were quite excited about. The idea that cruise passengers would come off at Macquarie No. 2 and they might even have some display that they could walk through to give them a better understanding at the same time, appealed to them as well. The feedback that I received is that they like the idea and are awaiting the next stage, which is going through our process to see what the more detailed development might look like.

Mr FINCH - We were talking about the buildings and the concrete cancer and that sort of thing. Things generally seem to be a little bit on hold while they develop and we see what the future holds.

Mr STURGES - I do not think things are on hold, if we could just make that clear. There has been a lot of work happening.

Dr NORTON - We've put a couple of million dollars into the security centre on that wharf. We came second in a national award last week for security, so we are investing there. We have another shed adjacent to Macquarie No. 1 where there are some remediation issues. We will be remediating that, so it is not as though everything is on hold at all.

Mr STURGES - With respect, I certainly did not want that picture to be painted in that way, and I understand where the honourable member is coming from. Certainly there has been a lot of investment and development, and there are a lot of plans for the future. In fact, as I said, we have just gone out for expressions of interest for the development of Macquarie No. 1; we have received a couple of very solid expressions of interest there and we are engaged in the process now of developing that. Macquarie No. 2 will be developed, and remediation work has been undertaken in those areas where there is operational need.

Mr FINCH - Thanks for clarifying that, Minister, I was searching for words. What I wanted to get to was a maintenance program. Can you give me some idea of the maintenance schedule that you have for our wharf area in maintaining the buildings that are here now?

Dr NORTON - I do not have that detail in front of me now because I do not -

CHAIR - Can that be provided for the committee?

Dr NORTON - We can provide that on a port-by-port basis.

CHAIR - If we get a breakdown of the \$8 million and the \$14 million, then we will have that.

Dr NORTON - I think it is important that you get two bits of information. You get what we have spent in that year, but also I am happy to provide you with what we are intending to spend in this current financial year.

Mr FINCH - So, Dr Norton, are you suggesting that you have a plan, a maintenance plan?

Dr NORTON - Yes.

Mr FINCH - For every port in Tasmania that is in your bailiwick?

Dr NORTON - Yes. Two years ago we completed a maintenance assessment on every asset that we have. We are currently revisiting that again as we are getting to know more about our assets and other issues crop up. We feel that we know the major issues with the assets right around the State and, as I said, we are updating that again now. We will have an updated position going back to our board in the second half of this financial year which will be further guidance. But we are fairly cognisant of what the dollar spend is. The issue for us is how we prioritise that spend across the assets that firstly, are going to need it most and secondly, are going to be most beneficial for us from a commercial perspective and from a customer demand point of view as well.

Mr FINCH - So, Mr Duggan, over the last 12 months, what would have been expended on maintenance for TasPorts throughout Tasmania?

Mr DUGGAN - About \$8 million and that was spread across the State to all ports.

Mr FINCH - Would you have a similar expenditure for the next year?

Mr DUGGAN - We have an annual maintenance target of \$8 million a year and we have identified that is what we need in terms of routine, recurring maintenance. On top of that there is another significant spend in terms of the renewal or replacement of assets. We have to look at that carefully, particularly given the current economic environment that we are in. But we have probably protected our maintenance budget to a certain extent and also our capital expenditure budget. That is not to say that our maintenance guys do not come to us and say, 'We need more and we want to spend more', but we have to do that within the capacity that we have.

Dr NORTON - In other words, when he said 'protect', what Geoff was indicating is that when in the financial year - as indeed is occurring this year - you slip behind budget, as we did the first few months, we did not therefore say, 'Okay, we have to cut our maintenance spend'. We try whatever we can do to maintain our maintenance spend and our remediation spend because we realise that if you do not do it now, you are just building up the issues for the future. For our maintenance spend, the priorities are not all that difficult to understand: you fix what has to be fixed from a compliance and safety aspect. If you have any infrastructure that causes damage to the environment or it is unsafe for the people who use our waters, that is a high priority. Then you go down to a lower priority expenditure. How much could we spend? You could double that. You could spend \$16 million but we think \$8 million is a prudent amount to spend on balance.

Dr GOODWIN - I want to ask a question about the crane because it is related to this issue of potentially expanding Antarctic business. Can you tell me why the crane was removed and if there are any plans to address that issue?

Dr NORTON - Yes. The crane was removed because it was obsolete. In other words, it was not required for the port. It needed about \$200 000 or \$300 000 to get it back in working order. It had not been used for a number of years. Most of the vessels that come in, such as the vessels that take the Ta Ann product, have ship cranes and so the issue was not a matter of if we got rid of it, but when. It is an old Port Tamar crane unsuitable for current uses.

We had a crane in a similar situation in Burnie. There were two cranes in Burnie. One of them required a lot of maintenance and it was not being used. We decided that it was best to remove it and were able to do a deal with the specialised engineering firm that took it down, doing the two of them at once - one after the other - which saved us quite a deal of money. But it basically was unused and the important point is that it was not going to be used in future.

Dr GOODWIN - Are you confident then that the absence of the crane is not an impediment to any future Antarctic business? That was something that was raised with us yesterday, so I wanted to clarify that.

Dr NORTON - Yes.

Mr STURGES - Can I say to you, Dr Goodwin, that I asked the same question when we were discussing dismantling the crane. I said, 'Is this in any way going to impede future growth to the port? Is it in any way going to deter prospective businesses wanting to establish?' I am not a mariner but I have to take advice from experts and they were telling me that the crane certainly, at best, was twentieth-century technology and does not meet the twenty-first century needs of a modern-day shipping fleet. In fact, I have been down there and watched - and I am more than happy to arrange for you to go down, if you want to have a look at the loading and unloading of ships, using the ships' cranes. It is very effective and very efficient.

Mr HILL - The issue with Antarctic vessels is, container cranes load containers, so the vessels are designed to deal with those sorts of cranes and they do not have container cranes in ports in Antarctica - they unload them with on-board cranes. So that is how they load them here. If you are going to use container cranes then the vessel normally needs that infrastructure at both ends of the journey.

Mr STURGES - But the honourable member can be reassured that it, in no way, is going to be detrimental to the potential growth of the business, and particularly opening up that Antarctic gateway because I did ask the same question.

Mr GAFFNEY - Financially do you guys give an account of, say, a port with revenue that comes in, what expenses there are and the maintenance budget, so each, around the State, whether it is the major port as in Bell Bay, Hobart or whatever, or it is the minor areas? Is that how it works?

Mr STURGES - Burnie - do not forget Burnie.

Laughter.

Mr DUGGAN - We made a conscious decision - I was not here at the time - but TasPorts was not set up to run along location lines, it was set up along business lines that went across the State. We certainly account down business lines, we account down to the facility level of each port so we can break all those numbers out. When we allocate a maintenance budget, for example, we do not allocate a fixed amount per port or take the total maintenance budget and divide it by four so that, say, at Burnie you have one quarter of the maintenance budget. It is on a statewide demand and a priority basis across the State.

Mr GAFFNEY - Okay, thank you. I heard some comment regarding a commercial entity and what the consumers want, and this is where there is a little bit of an issue, I think, and I would like it explained to me. Take, for example, the maintenance that was done recently at Strahan. The maintenance went in, the slipway or the port there held an 80 tonne vessel. They could not do the maintenance so the next time there is a sign that says '60 tonne'. Therefore the maintenance supervision was not really doing anything with the port area itself, it was actually just downgrading the facility.

I realise that Hobart is a very important port for this city and the State but Strahan - the hub of that town - revolves around the port and revolves around the cruise ships and the fishing fleet, and 30 people who live there survive off the cruise ships. So, as a percentage of what is important to the town, that port and that area is much higher. Going back to, 'We don't allocate a certain amount regardless of revenue and income, it's just where the needs might be and where the biggest return is', Strahan is never going to have the investment return for the State that somewhere like Hobart or Burnie might.

I think there is a bit of a conundrum here that eventually that port will be so degraded, it will not have a return. We have fish farms there, we have private fishing people, we have cruise ships, we have the Abt Railway we spent a lot on to take people to the jewel of the west coast - four years ago or five years ago, this group had a plan - I think it was the old port or old Hobart Port or whatever that had a plan, they put it on the table, they were expecting something to happen and nothing has happened in upgrading the money. To let it just go on means they will never ever get out of the quagmire.

So the issue must be if it is not a core asset - and we have seen other non-core assets around the State being sold off, the airport or Stanley or Smithton - what is going to happen to a place like Strahan if there is not some serious money invested in it? They need to be either told, 'Look, we're serious about this and we're going to help you out', or 'We're going to get rid of you', because that community is suffering from a lack of action.

Mr STURGES - Can I very quickly respond?

CHAIR - I think it will take a while.

Mr STURGES - Yes, it will.

CHAIR - I seriously think it will.

Mr STURGES - Thank you, Madam Chair. First and foremost, let me clearly put this on record. The Government has no plan, has had no discussion with TasPorts in relation to offloading the infrastructure at Strahan. I can make that quite clear right from the outset. The

Chairman might like to make some comments then I would like to make some comments about, if you like, non-commercial activity of ports.

Dr NORTON - It gets back to a general point, I guess. When we took over the business we were given a whole range of different ports in different states of repair or disrepair and we have had to prioritise them. There have been some ports that are non-commercial and you mentioned a couple, Stanley and Smithton, and we have been trying to work with those communities to take them over. In other words, we will remediate them to a particular level and hand them over to them. We have been given a charter which requires us to act commercially and to facilitate exports into and out of Tasmania but we have not been given a charter to spend what is ultimately taxpayers' money via TasPorts in non-commercial activities.

[2.45 p.m.]

Whenever we look at something we have to pretty much ask, 'Is this going to give an adequate commercial return?' We have some of the ports on the islands, King Island - and I think the mayor has publicly said he wants \$45 million for a new port. For Flinders Island I think there is a request that tens of millions of dollars be spent upgrading port infrastructure. The unfortunate fact is that commercially those ports are not going to provide a return on that level of additional investment. We maintain all our working ports on a fit-for-purpose basis and if there is a need for expansion driven by imports or exports then we will invest money to do so but we have not the financial capability nor the charter, if you like, to spend large amounts of money upgrading facilities that do not provide an economic return and that is an issue at the end of the day that the State has to deal with, quite frankly.

Mr GAFFNEY - Is that a government charter?

Dr NORTON - It is within the charter but it is the act.

Mr GAFFNEY - That is fine. I heard you say that the desire from the Strahan area was something in the vicinity of \$2 million to \$3 million -

Dr NORTON - No, I didn't.

Mr GAFFNEY - What I am saying is you said \$45 million for King Island or whatever but the wealth that harbour generates for the State through the three fish companies there is humungous so there is a definite income or revenue stream for the State through that port.

Mr STURGES - The Chair of TasPorts was quite right when he said that the act under which TasPorts operates requires it to operate on a commercial basis that facilitates trade for Tasmania. Over recent months I have had discussions with the Chair and the soon to exit CEO, Mr Robert Barnes, about their non-commercial activities, if you like. I am very mindful that that is an issue and in fact TasPorts I will say now, apart from having won Port of the Year award in Australia last week so I will congratulate them, in a very short period of time - bear in mind it was 1 January 2006 that the marine boards as we knew them were amalgamated into TasPorts - I think have done a tremendous job to get the business where it is today.

But, having said that, the CEO has said to me that there are activities that they are required to engage in - and I will not name those because if I name one I am going to miss another one - that do not generate a commercial return but as good corporate citizens they invest money, and one of those events is soon to leave Sydney and come into Hobart. So the Government, from a whole-of-

government perspective, acknowledges that this is an issue and it is not something that we are turning a blind eye to, I can assure you of that. As I say, the matter was raised with me a few months ago and it is something that we are giving very, very serious consideration to in relation to these non-commercial, non-core activities in relation to port infrastructure in this State.

It is certainly something that we have not ignored and we are working very hard at the moment to look at what options we may have to deal with that emerging issue that has come out of the amalgamation of the marine boards into TasPorts.

Mr WING - Last week we had discussions with a representative of the West Coast Council who complained about the difficulty of communicating with TasPorts - the failure of TasPorts to return telephone calls, a lack of communication.

Dr NORTON - Did he talk to the mayor, because he is our representative there?

Mr WING - We heard that. We were told that the council has been told by TasPorts that there is \$4 million for the development of the wharf area. We were also told that the council is prepared to spend \$2.5 million on it but they cannot get any communication going with TasPorts.

Dr NORTON - Well, I am concerned if that is the situation and, if it is, we will remediate it. Nathan?

Mr SPICER - My understanding is there was a bit of a miscommunication some months ago. During the now infamous global financial crisis Treasury coordinated an activity of what spending there might be available around the State for the GBEs. As part of that we put up a few different options and one of those was a development at Strahan. As it is often with these things, they were required at very short notice, so they were very ballpark-type numbers. In consultation with our property people a number was developed somewhere between \$4 million and \$5 million that would potentially be enough to do some development but as to what exactly that development would be, it never got to that stage. It was submitted to Treasury thinking that if there were some Federal or State government funds to try to boost local economies that would be the outcome. That was not just for TasPorts, it was for all the GBEs, as I understood it.

About four or five months ago I received a call from someone on the west coast - I cannot even recall their title at the moment - explaining that they had an understanding that there were some funds that TasPorts had either approved or allocated. I explained the situation that it was more of a scenario of 'if funds were available where might TasPorts want to spend them'. It sounds to me as though it is a similar misunderstanding as to what had previously occurred. TasPorts does not have a pool of funding that has been approved to be spent; it was something that was instigated probably even up to 12 months ago now.

Mr WING - Has that been explained to the council in the way you have just explained it to us?

Mr SPICER - I have not had any approaches. I was talking to a local business person at the time who had raised queries through our property department, through the contacts they had, but I thought that that issue was addressed there and then. I returned the phone call and explained it as I have just explained it to you. The council has never tried to track me down to query that.

Mr WING - They did not mention who they tried to contact but they said that they tried to get in contact with TasPorts, left messages four or five times and there was no response. They are still under the impression that there is \$4 million available for development but they do not hear anything from TasPorts. This is what they have told us.

Dr NORTON - I do not know who they dealt with from TasPorts but if it is correct that they did not get a response, that should not have happened.

Mr STURGES - Was it just phone calls? Did they write, e-mail?

Mr GAFFNEY - They said that there had been a paper trail for the last 18 months to two years, since the new general manager had been there. The engineer down there also sent some paperwork through in the discussion. That was mentioned yesterday by the young chap looking for land. It was a different conversation to the general manager but that was the impression I got.

Mr WING - They said they had very little contact with TasPorts. I think you should be aware that last week and this week we have had meetings with representatives from several areas, not including Bell Bay - Hobart, Burnie, Strahan, Flinders Island and King Island - and we have heard nothing but complaints about TasPorts. It has been absolutely consistent - lack of communication, lack of interest, lack of attention, matters urgently required to be done not being done. Simply no communication. It has been consistent, it has been strong -

Dr NORTON - And not one positive comment?

Mr WING - That is right. We did not hear any positive comment at all.

CHAIR - Until this morning, from the TT-Line.

Mr WING - Well, of the ones I mentioned we had spoken to, there were no positive comments at all.

Mr DEAN - I can quote some of the words that were said - 'disgusting' and 'disgraceful' were two.

Mr WING - And dangerous situations occurring and continuing to occur.

Dr NORTON - Safety issues.

Mr WING - That's right. Strahan is one.

Mr STURGES - Can I say in defence of the management team, and we have spent a fair bit of time on Strahan, I find it absolutely incredible that there has been a breakdown in communications on the west coast given that the mayor is an employee of TasPorts and is well connected.

Mr DEAN - Perhaps you can tell us what the mayor does for TasPorts, what his responsibilities are?

Mr STURGES - I will, but I think it is important that the Chairman and CEO respond to these broad allegations. As I say, I meet with the CEO and the Chair at least on a monthly basis

to discuss any emerging issues, not just decisions of the board, and certainly if correspondence or calls of this nature were coming through to the extent that the member is suggesting -

Mr WING - I doubt the Chair would be aware of them.

Dr NORTON - No, well, it does not come through to me, but usually if people have complaints about us the first person they ring is the minister. On King Island, the port is run by a subsidiary company there; it is not actually run -

CHAIR - It is an unusual situation, isn't it?

Mr STURGES - That is what the islanders want.

Dr NORTON - It is, and I do not think it is necessarily an optimum situation either. It was inherited from the previous arrangements whereby King Island Port Corporation was a subsidiary of the Port of Hobart and when the ports were merged the legislation at the time merged the ports but it did not merge King Island in.

CHAIR - But it merged Flinders Island.

Dr NORTON - No, it did not merge Flinders Island in either.

CHAIR - Unless they had already merged.

Dr NORTON - There is still actually a Flinders Island port company. Before Bell Bay was merged into TasPorts it had effectively taken over the operational responsibilities for Flinders Island, and my view is that ultimately that is what will happen with King Island as well.

So King Island is run by a subsidiary and we are increasingly getting involved with the way that the subsidiary operates. On Flinders Island, I visited the mayor six months ago and we were talking about closing up Whitemark because of some infrastructure and safety issues. The council requested that we not make a decision on that so that they could put a business plan together for the development and I said, 'Yes, fine, we'll do that'. I am yet to see what their proposal is but I would have to say that certainly on Flinders Island I personally went over there and met with the council. The CEO has been over there. He is also on the board of King Island Port Corporation as well. I am not denying what you are saying and in fact it is concerning because that is not the way we want to operate our business.

Mr WING - Did you visit the port of Flinders Island?

Dr NORTON - Of course I did, yes.

CHAIR - Lady Barron?

Dr NORTON - Both ports.

Mr WING - Because we are told that the one at Lady Barron is in very bad condition.

Dr NORTON - We deny that; we think it is fit for purpose. There has been an issue around the cattle yards there but it has not precluded the functioning of that port. We put some money in

a couple of years ago to put a timber pier in which the Government requested us to do, but we regard Lady Barron as being fit for purpose. If there are any safety or other issues there we would certainly address them.

Mr WING - We are told that the port facilities at Flinders Island are in desperate need of upgrade. Would you agree with that?

Dr NORTON - No, I would not agree with that.

Mr WING - Did anybody make representations to you about having an upgrade?

Dr NORTON - No.

Mr WING - With whom did you meet at the council?

Dr NORTON - Only the mayor and the general manager. No, sorry, actually I met with the whole of council in about June and there were no representations made to us about desperate need of an upgrade. The concern there was more about the fact that we were going to close the facility at Whitemark. There are people on Flinders Island who would like to see Whitemark developed as the port rather than Lady Barron.

[3.00 p.m.]

Mr STURGES - Just while you are on Flinders Island, I have been over there a couple of times myself this year. I know that some members of the community raised concern about the capacity of the stock-holding yards to hold stock for a period of time, given that on occasions they were to understand that the vessel was due to berth at, say, 3 p.m. but it may not berth until 3 a.m. because of tides and other arrangements. That was an issue that was raised with me but I have not received anything formal in relation to urgent upgrades or what those urgent upgrades might be.

Mr WING - We were told that the council and the Department of Economic Development commissioned a report on the port at Flinders Island and sought information from TasPorts about the number of vessels that had berthed and records were available only for the last 12 months. They wanted further records but there were none back beyond 12 months.

Dr NORTON - I would be surprised if that is the case.

Mr WING - We were too but we were told that is the case.

Mr DUGGAN - We have records going back beyond that.

Mr WING - And we were told that the lack of information from TasPorts was quite disturbing.

Mr DUGGAN - I am happy to follow that through. I am not aware of that; we are happy to follow that through. We are happy with the issues that have been raised by the people who have come forward to you; we would invite them to come to us directly. Or, if you want to refer them to us, we are more than happy to meet with them.

Dr NORTON - We can text the people who spoke to you but we are willing to follow up on any of these things and give you an item-by-item response.

Mr WING - The main thing is that they require an upgrade of the port facilities. They estimate somewhere between \$6 million and \$10 million.

Dr NORTON - Is that based on a study that they have done?

Mr WING - I presume it was based upon the consultant's report.

Mr DUGGAN - Can I point out with Flinders Island - I guess there are some parities with Strahan - we lose money at Flinders Island in operating the facility that is there now. The revenue that we generate out of Flinders Island is under \$200 000 a year, so in terms of us looking at it and being able to fund the amount of money that you are talking about from a business that generates \$200 000 a year is difficult, just in the context of the operations that go through it.

Mr STURGES - Again, from a whole-of-government perspective - not that I want to cut across the Acting CEO - the Government recognises the importance of the Flinders Island community, the economy, the contribution that the island community makes to the Tasmanian GSP; that is not an issue. You were mentioning a figure of \$6 million to \$10 million; it would help very much if we could be referred to any consultant's report that has generated that figure. It would help also if we could get details in relation to what, if any, consultant's study has been conducted and what they are suggesting needs to be done at the port of Flinders Island. I say this very respectfully, recognising the importance of the port to the Flinders Island community - and I have just checked with the Chair - neither TasPorts nor my office has received anything suggesting that any sort of report or review or formal costing activity has been undertaken to that extent -

Mr WING - The Government has funded half the cost of the report through the Department of Economic Development.

Mr FINCH - It is called Port Vision.

Mr WING - It is disturbing to us that neither the Government nor TasPorts know anything about this.

Dr NORTON - No, I know about it.

Mr WING - Do you?

Dr NORTON - I know about the Orican report, yes.

Mr STURGES - But that was some time ago, wasn't it?

Dr NORTON - That was some time ago.

Mr STURGES - I thought you were talking about a recent -

Dr NORTON - That did not say that the existing port infrastructure was in desperate need of upgrades, as far as I know.

Mr STURGES - That is why I am confused.

Mr WING - The council representative who spoke with us said those exact words.

Dr NORTON - I can only go back to the meeting I had with council six months ago and they did not say it then. As I said, their main concern was closing Whitemark. We agreed at that time that we would provide them and their consultants with any information that would support the analysis that they were going to commission on the future of Whitemark and port facilities.

Mr STURGES - I thought the honourable member was referring to a recent report.

Mr WING - I am not sure when it was, I do not know that we were told. But we were told you had a representative at Flinders Island, although they are not quite sure exactly what he does all day. He unlocks in the morning and locks up the wharf at night but they are not sure what happens in between. But are you aware that records were sought from TasPorts going back beyond 12 months?

Dr NORTON - No, I am not aware of that level of detail but I am surprised that you have said it. We have information going back a number of years. If that had been requested I would have thought it would have been provided.

Mr WING - What is the role of the staff member you have at Flinders Island? Is the person full-time, how long has he been there and what does he do?

Dr NORTON - I cannot tell you how long he has been there. I think he was there before TasPorts took over the business. He basically is just a supervisor who keeps an eye on what is happening. He opens up and closes up, as you say. He does observations on the ship movements as they come in and out. But he does not deal with finance. He does not deal with any of the commercial aspects that, for instance, involve the shipping company or companies that use the port. He is just an operative who keeps an eye on that port from our perspective, in terms of the operational activity.

Mr WING - Is he full-time?

Dr DUGGAN - I believe so, yes. He also has maintenance tasks that he picks up over there.

CHAIR - Would he record all incoming and outgoing movements?

Mr DUGGAN - No, he would not. We have a requirement that the shipping companies contact us prior to visiting the island. They also provide us with manifests; we have logs of all shipping movements and cargo movements going back a significant period of time.

CHAIR - Obviously, some of that information that the member referred to that the Flinders Island Council was seeking is available because you have that obligation?

Mr DUGGAN - Yes.

Mr WING - Do you have records going back beyond 12 months?

Mr DUGGAN - Yes.

Mr WING - Because we were told that the council went to TasPorts, that was the expression, 'went to TasPorts', and could get records only for 12 months.

Mr DUGGAN - I am not sure who they went to in saying they went to TasPorts. If they like, they can come to me and we will chase it up.

Mr WING - I am reminded that there was a concern about the risks to occupational health and safety because of the condition of this port and also the one at Strahan. It is commendable that TasPorts has placed so much emphasis - and we have read this in the report - on the protection of occupational health and safety of your staff members -

Mr DUGGAN - Also all port users.

Mr WING - That is the thing because -

Mr DUGGAN - It is all port users.

Mr WING - Yes. It does say that in one section here. But that is not being felt by people of Flinders Island and Strahan, in particular.

Mr DUGGAN - I do not know the last time we did a safety compliance audit at either of those ports, but I am happy to find out when that was done and what that provided. But I hope you do not think I am sounding like a salesman. The reality is that safety is our number one priority and it is not just safety for our employees but it also relates to all port users. We have a lot of port users in vehicles et cetera on our facilities and we go to great lengths to ensure that environment is safe from their perspective and, indeed, we have made some initiatives just in the last six months in our lease arrangements to ensure that, as much as we can, those businesses that have leases with us have safety management plans as well. So it goes far beyond just our own employees. But I am happy to get the records for both Strahan and Lady Barron and any other ports where safety has been raised with you as an issue and give you a report on when we have done the compliance audit and what we found.

Mr WING - Thank you.

Dr GOODWIN - I wanted to follow up a couple of threads from that last exchange. I wrote down about that report, that it will be presented to TasPorts once signed off by council. I do not know whether it is a subsequent report to the one we had before.

Mr STURGES - That is why I appreciate the fact that you picked that up. I thought council had engaged a consultant to undertake some form of a report; they had indicated that to me in recent discussions, in fact I think it was in the last visit. I was not sure whether you were referring to a report that was done some time ago for DED, and that is why, with respect, it would be greatly appreciated if we could know what these reports are and what consultants have been involved. It would assist us in determining the period of time and what is what, because -

Mr WING - I think we assumed you would know, since government funded it.

Mr STURGES - No. This is the DED report, but when I was on Flinders Island in the last few weeks, I was advised that they had also commissioned a report but they were not going to release it. I mean, there are reports and reports, so with respect -

Dr NORTON - The Orican report was DED-funded, and that was some time ago. As I said, when I met them, I think it was in June or early July, they indicated that they wanted to do their own business development plan, if you like. They had a consultant that they identified, and I am concerned about the suggestion that we did not provide them any information because I personally said to them, 'Come to us and we'll give you whatever we can to assist you and your consultants with the work that you're doing'.

Mr FINCH - Well, something has gone amiss there because one of the comments was, 'TasPorts - we waited six weeks for a letter, no information came, eventually just rough figures'.

Dr NORTON - Again, that is in conflict with the obligation that I made, and I had one of the general managers there so I find it hard to believe that that happened, but if that is the way it happened, I will follow it up.

Mr FINCH - Yes. I remember our person saying something about the port vision. Was that the report from Orican, or is this the new council study?

Mr STURGES - Again, I have to say that I understand the council may have engaged a consultant to undertake a report in relation to port usage on Flinders Island.

Mr FINCH - That might be called Port Vision, I would suggest.

Mr STURGES - Well, I do not know, I am sorry. Yes, government through DED were involved, but that was some time ago. I thought you were referring to the work that Flinders Island Council -

Mr WING - I am not sure to which report -

Mr STURGES - Yes, so I am confused, with respect, and if we could ascertain what it is, it would certainly help.

CHAIR - Okay. To assist with our confusion, we will ask Dr Goodwin to continue her question.

Dr GOODWIN - I could add further confusion, but perhaps I will not. I will just throw the words 'optimal shipping service study' in there. Does that ring any bells?

Dr NORTON - No. The discussion that I had with them was around port infrastructure, if you like, on the island, it was not about shipping per se, but I can understand that obviously if you are going to look at whether there needs to be a port at Whitemark, it has to integrate with the shipping activities in and out of Flinders Island.

Mr STURGES - I think I might have got to the bottom of the optimal shipping service study. I think that is a council report. I think that may be the report that council engaged a consultant to do. We were not involved in that, so maybe honourable members would -

CHAIR - That was certainly the report, and it was not able to gather figures past the one year rough estimate of figures. So obviously they are available and we will make that information available to you.

Mr STURGES - I think now we have cleared up what the honourable member, Mr Wing, may have been referring to as the council report.

Dr GOODWIN - I actually wanted to ask about the cattle yards. Minister, you did mention that and it came up yesterday in our stakeholder meeting about the cattle yards being something like 30 years old and built on mud, and that the manure, if it rains, goes straight into the water. So there were some concerns. Do you have any plans to do anything about the fact they are built on mud, or whatever?

Mr STURGES - I have actually seen the cattle yards and the only issue that was raised with me - not suggesting that this is not an issue, by the way - was concern about the delay in vessels turning up when they thought they should be there. Sometimes tides have issues to do with that, sometimes the service provider has something to do with it. That was the issue that was raised with me, the time that cattle from time to time were required to be kept in those pens. The Chair and CEO have said they will follow up that other matter about the environmental powers.

[3.15 p.m.]

Mr GAFFNEY - I want to just quickly clarify and confirm that the effluent was a problem. They thought that if that happened on mainland Tasmania that would not be allowed because of the situation.

Dr NORTON - Except in the water and sewerage industry but, anyway, that is another matter.

Mr GAFFNEY - Well, it is not acceptable.

The other one was the OH&S efforts, whatever procedures they have in place, are fairly lax, because people actually stand next to the boats as the cargo is being unloaded and they grab their stuff and go. The issue the observer brought up was that this might be the practice but in reality they have people grabbing their stuff as it is being unloaded who are just townspeople, as you would years ago, but there would be some concern there from your company, so it was an observation of what was happening in reality.

Dr NORTON - I will follow that up. I might say that we have had from time to time reported to us safety issues around the way some of the shipping is operated in that port which we have taken up, so whether this is a part of that I do not know, but I am happy to take it up.

Mr GAFFNEY - The person who spoke to us was quite objective about it. He was just saying this is what he had observed and I think that was valid.

Mr DEAN - We will get to Bell Bay later on.

CHAIR - We are working our way around.

Mr DEAN - Back to Strahan. As to the staff member employed at Strahan, what are the conditions there? Is it a full-time position and what are the functions?

Mr DUGGAN - It is a part-time position. Functions include being a presence at Strahan, maintenance and coordination of TasPorts services through Strahan, and reporting back through our infrastructure and property division.

Mr DEAN - Maintenance is an interesting one. I think you said that you had spent \$8 million on maintenance this last year spread out right across all ports. Maybe you could tell me what maintenance has been done at Strahan because we had a witness, one of the people coming before us, saying, 'The infrastructure at Strahan is dangerous and disgraceful'. Can you tell us what amount of that money was spent at Strahan and what it was spent on?

Dr NORTON - We do not have that information with us.

CHAIR - We have already asked and that information is going to be provided.

Dr NORTON - I also said we would give you specific information on our safety compliance audits of Strahan as well.

Mr DEAN - Thank you. I think that is all I need at this stage.

Mr FINCH - If we could come back to Flinders Island - we are scooting all over the show here - something was of interest to me and I would just be interested in your response, Dr Norton or Mr Duggan. I asked how many fishing vessels now operate out of Lady Barron and the answer was three. I thought that it would have had quite a thriving fishing industry but the suggestion was that because the port facilities are the way they are the fishermen do not function out of Lady Barron. Mr Duggan made reference before about spending money on infrastructure and suggested that if you outlay money there has to be some sort of commercial return on it. I am just wondering if I could get some understanding of how you view the fishing operations out of Lady Barron, and has it diminished because the port facilities are not up to scratch?

Dr NORTON - I am not aware that it has but if somebody raises that I am once again happy to follow it up. We put in a new finger pier that goes out at 90 degrees to the main port facility, which I understand can be used by the fishing industry. We can follow it but I am not aware of concerns that have been directly raised with us about inadequacies at Lady Barron that are hindering the capability of fishing vessels to use that port.

Mr FINCH - The fishers would probably need a cold storage and refrigeration facility. Would it be their responsibility to provide that for themselves or would TasPorts look to work in partnership with them? How would a facility like that come about?

Dr NORTON - If there was a demand for cold store facilities then we would be happy to sit down and work through what might be possible. Once again, if we are going to put money into it, we have to be able to get a reasonable return on it. I cannot recall ever having had it mentioned that there was that need on Flinders Island.

Mr HILL - There has not been any fish processing on the island for a number of years other than, I think, abalone. For a while they were catching live crayfish and holding them there. If you are talking about a fishing industry using fishing vessels, they need to take the product to a processing plant because there is no processing plant on the island. Logically most of the processing plants are on mainland Tasmania in the larger ports, or a lot of the catch is taken to Victorian ports. I do not see the logic of why you would want to build a cool store facility on

Flinders Island when very little of the catch is going there; the catch is normally taken to the market or the major processing places.

Mr STURGES - I have had a few meetings over recent months with TFIC - I know they have a new name - the Tasmanian Fishing Industry Council. They have raised a number of issues that they would like us to pursue but they have not raised the Lady Barron facilities with me at all, and they represent the professional fishers.

Mr WING - I want to move on to King Island port now. We are told that the sustainability of the port is not being financed by the State Government, that very little money is spent on the wharves. The Currie wharf constitutes an occupational health and safety problem. Similarly to what Mr Finch just referred to, the cost of use of the wharves by the fishermen are disproportionately high and some fishing boats avoid using the port. We were told that five years ago there were 28 fishers using the port and now there are 14. Here is another occupational health and safety issue raised in this port. I know the emphasis you place on that, particularly with your own staff but also with other port users, but here we are getting reports from people familiar with several of these ports and they are very concerned about occupational health and safety.

Dr NORTON - I will make a comment about that in relation to Currie. There is a slipway there that needs to be remediated and temporary fencing has been erected to prevent people from jumping down onto it. I was over there myself a couple of months ago. There is also some fendering on that wharf that has deteriorated that needs to be fixed and the King Island Port Corporation will be addressing both those issues. There is a broader strategy in relation to Currie in terms of its future that perhaps the minister would like to comment on.

Mr STURGES - I cannot make any large, grandiose announcement today but I have been over there in recent times and inspected the facility with council representatives and representatives of the Rock Lobster Association. I am advised that a consultant's report has indicated that structurally the pier is very sound. The fendering, which is on the side of it and deals with the tides as the boats tie up to it, does need replacing but that is not a huge cost. It was brought to my attention that the slipping facilities needed attention and, quite rightly, on an island that size and with the fishing fleet there they need to have those facilities. They raised issues with me about mooring fees. I was there with the CEO of the King Island Port Corporation. All of those matters have been raised. As I say, the pier has been reviewed and found to be structurally sound but requires fendering work. We have had some quite detailed discussions with TasPorts, the council have been involved, with the prospect of remediating facilities at Currie - I am referring specifically to Currie now - and then handing those facilities over to council. I think we are still on track in this discussion, are we?

Mr WING - Handing them over for council to be responsible for in the future.

Mr STURGES - Once they are remediated, yes.

Dr NORTON - There are some development opportunities with the landing associated with the port and council have indicated that they might be interested in doing that development. I think there is one shed there with asbestos that needs to be removed.

So it is a matter of King Island Ports Corporation, not TasPorts - technically - but a subsidiary company and they have plans to do the remediation and the fendering, and their remediation of a

slipway, to remove the shed which has the asbestos. Then we are quite comfortable handing that over to council for council to develop, which they seem to be quite interested in.

Mr STURGES - Having said that, we have no firm agreement from council but they have certainly indicated a preparedness and a willingness to go down that path.

Dr NORTON - There is a more profound issue on King Island and that is the long-term adequacy of the Grassy Port. Grassy is currently serviced by Searoad using their existing vessel. A vessel goes over there on a Sunday and I think Searoad are contemplating - and I think this is on the public record - upgrading their fleet at some point in the next few years. A bigger vessel - the sort of vessel that they are likely to move to - would have difficulty getting into Grassy as it is currently established. So, in a sense, there are two scenarios. One is that an alternative shipping service needs to go in there, the other is that the port is redeveloped.

The council have been very interested, as was King Island Ports Corporation, in the opportunity to get overburden material from the scheelite mine, should it go ahead, and use that to build a breakwater which could subsequently lead to a new port being developed and we - I think it was King Island Ports Corporation - helped fund with council an engineering study to see whether that was feasible and we think that is an important opportunity to pursue.

I hark back to the comment I made earlier, though, that a \$40 million new port, just to pick a number out of the air - and don't hold me to that, that it is exactly \$40 million - but we are talking -

CHAIR - \$21 million will do.

Dr NORTON - \$21 million will do - let's call it \$21 million - I do not know if that is based on an appropriate engineering study or another ballpark figure a bit like mine.

CHAIR - It is based on support from the scheelite mine.

Dr NORTON - But I do not know on what basis it is.

Mr STURGES - Yes, what sort of construction study.

Dr NORTON - But anyway, that does not matter - \$20 million or whatever - that is beyond our capacity to fund so we would have to talk to the Government at some point about how that could be dealt with, but that is a long-term strategic issue of key importance to the lifeline into and out of King Island.

Mr WING - With the problems perceived at Strahan and Flinders Island, do you have any proposal to deal with either of those ports to overcome the problems we have spoken about?

Dr NORTON - In terms of Strahan?

Mr WING - Upgrading and redeveloping Strahan, \$4 million.

Dr NORTON - We have talked about redevelopment opportunities at Strahan but the \$4 million figure came from some work that was being done on a scenario basis with Treasury

and it was conditional on getting some Commonwealth Government or State Government funding to support it.

Mr WING - What are the chances of this because the council apparently have \$2.5 million and want to go ahead?

Dr NORTON - I think if they have \$2.5 million that they are willing to put in, I am happy to commit to sit down and work out what might be done.

Mr WING - Good, and with Flinders, would you look into that closely?

[3.30 p.m.]

Dr NORTON - Flinders Island - I have been waiting to get this report that they said they were going to get done that we have already talked about, and we have forestalled any decision in relation to closing the Whitemark facility until that is done. Once again, any proposition that is put forward in relation to Strahan we would look at, but large capital investments in these small ports have a community service obligation aspect to them and therefore we have to be directed by our shareholders to fund them or we have to get some supplementary funding. We are not able to just go and spend large amounts of money on port developments that are not going to get a commercial return. If there are broader economic benefits that need to be taken into the calculus, that is what the Government's role is.

Mr WING - Minister, what are the chances of providing funds to upgrade those?

Mr STURGES - Based on proper business analysis and preparation of a proper business case, certainly there is a very strong chance. Let me make it quite clear that the Government will not turn its back on these smaller ports that are very necessary for the communities that they service. I just make the point that it has been less than four years that TasPorts - less than four?

Dr NORTON - Yes. It seems like a lifetime.

Mr STURGES - It has been less than four years that TasPorts has been in operation and these other ports were administered by various other marine boards and bodies, so there has been a consolidation process. What has emerged over the past few months in discussions that I have had with TasPorts, and I am repeating myself but I think that it is important that I do so, is that there are these community service-type activities that TasPorts have been required to engage in that are not necessarily within the terms of operating on a commercial basis.

CHAIR - So do they belong there, Minister?

Mr STURGES - That is exactly the point I am making. We have had this discussion, it has emerged over the past few months in relation to some of the smaller port infrastructure and government is certainly working with TasPorts to look at an appropriate way forward. I stress again that we are not going to turn our back on places like Flinders Island, Strahan and King Island, but decisions must be taken on cost analysis and business cases. With respect, and I understand you should go and meet with stakeholders and comments are going to be made, but we can only make decisions based on proper engineering assessment based on full cost analysis of undertaking work. I make the point that we will not walk away from places like Strahan, Flinders Island, King Island but we need to go through the proper process of analysing and working out the business case to undertake work that needs to be done.

Figures have been mentioned in relation to some ports and I do not know where those figures have come from; I do not know what sort of engineering analysis or business analysis has been undertaken. We need to go through all of that but we will not be walking away from our obligations to those communities.

CHAIR - That is probably music to those small communities' ears. On that note we will suspend for 10 minutes and be back at the table just after 4.40 p.m.

The committee suspended from 3.33 p.m. to 3.49 p.m.

CHAIR - Welcome back to the table.

We are going to go back to Hobart before we move on to Burnie because a couple of the members had some questions in relation to Hobart before we leave that particular port.

Dr GOODWIN - I have some questions to ask about the Domain slipyards. When did TasPorts first decide to make the Domain slipyards a major part of the controlled port operations?

Mr DUGGAN - The changes that have recently been announced around the Domain slip are to do with port control activities there. Our desire is on two fronts. One, is to get the slip operating more efficiently. It is probably an under-utilised asset at the moment and it has the capacity to be used. We have made a commitment to that slip and its continued development. The other is the relocation of our North West Shipping and Towage business that we acquired two years ago. That is currently located at Prince of Wales Bay, which is not ideal as a facility due to its remoteness from the rest of our operations. We want to relocate around to the Domain slip as well. They were the two drivers of that recent decision.

Dr GOODWIN - Is there a total projected cost for that?

Mr DUGGAN - For the development?

Dr GOODWIN - Yes.

Mr DUGGAN - There is an amount included in our budget this year, around some berthing facilities and office accommodation to house the other people that we will relocate from there. Regarding the slip development, there is work that needs to be done there to upgrade that. That will be costed and that will be done over.

Dr GOODWIN - What about the stakeholders; when were they first informed?

Mr DUGGAN - There has been some informal discussion with them over the last month or so. They were all formally advised last week. There are some larger tenants there and there are some smaller tenants there as well. Our property guys met with them last week. Some of the fishermen house their gear in some of the smaller units there. They have been contacted by way of mail but certainly the larger tenants were contacted or an attempt was made to contact them personally. We put a time frame on that of around three months for them to relocate. Their leases have all expired and they have been on holding-over type arrangements. We have told them that we will assist them with relocation or whatever help they need.

Dr GOODWIN - Island Marine is one of them?

Mr DUGGAN - That is one of them.

Dr GOODWIN - So they received notice last week?

Mr DUGGAN - I believe so.

Dr GOODWIN - Why do commercial fishing service operations not form part of TasPorts' vision for a working port?

Dr NORTON - They do. Victoria Dock is full of commercial fishing enterprises and, indeed, increasing and improving the slipway is about providing a slipway for commercial fishers who need to put their boats there.

Dr GOODWIN - Does Tasmania Police, Marine Division have to relocate as well? What is the situation there?

Mr DUGGAN - Yes, they do. We have been talking to them and from what I understand, they are already looking at some alternative facilities.

Dr GOODWIN - Any idea what the cost for them to relocate might be?

Mr DUGGAN - No, but I am happy to work through that with them.

Dr GOODWIN - Can you confirm that the day before the opening of the rock lobster season, TasPorts increased its diesel price by 10 cents per litre? Does that ring a bell?

Mr DUGGAN - I cannot confirm that but I can take that on board and check that out.

Dr NORTON - So that is from Hobart.

Dr GOODWIN - I believe so.

Dr NORTON - I didn't think we provided diesel.

Mr DUGGAN - We do provide some diesel. I am not sure what the take-up is in terms of the customer base but it is not a huge amount. But I can take that on notice.

Dr GOODWIN - Thank you.

Mr FINCH - You mentioned, Dr Norton, the Victoria Docks being a facility for fishers. I have heard some dispute recently over the people who function out of Victoria Docks, the punts that are there particularly. How does that unfold and what are the solutions going to be with that issue?

Dr NORTON - It is Constitution Dock.

Mr FINCH - That is where the fish punts are?

Dr NORTON - The punts are in Constitution Dock, and the commercial fishing is in Victoria Dock.

Mr FINCH - Yes, that is what I am interested in hearing about.

Dr NORTON - What is the issue, sorry?

Mr FINCH - The issue of the fish punts there and I think they had an issue with TasPorts.

Mr DUGGAN - I am not aware of any issues. They would be in contact with our property guys. There is nothing that has been elevated -

Dr NORTON - There was a press comment probably six or eight weeks ago where one of the people who have a fishing punt lease decided that they were not going to sublet it, they were going to use it themselves, but I am not aware of any issues there. Perhaps if we can follow that up and we will get back to you.

Mr FINCH - I have an e-mail from one of the punt owners in which she said to me:

'... they have a view they are not accountable, do not need to be consultative, my way or the highway mentality. They close off access to our businesses without consultation, do not respond to letters written to them and generally intimidate and bully those who stand up to them. Unbelievable really given that they must have a code of behaviour as public servants, which they should follow.

Happy to give further details if necessary (that is, specific examples as I have most communication with them recorded).

Obviously a solution is that processes are developed that guide how they handle situations which should include proper and timely consultation (can't believe they don't have this already!).

So it seems to me that there has been strong contact from this person with TasPorts.

Mr DUGGAN - The only issue I am aware of that had some press recently was the change to the parking arrangements outside of the punts, which was not something that we had control over.

Mr FINCH - The person was asked specifically about TasPorts and their response from TasPorts. This is Ann-Marie Johnson of the Mako Fresh Fish punt.

Dr NORTON - We can follow it up to make sure and we will report back to you with what correspondence we have had and so on.

Mr FINCH - I might table that as there is a name and a business to that. If the situation has developed to a stage where she would write something like that in an e-mail, obviously negotiations with whoever she is dealing with - I asked her specifically about TasPorts and that was the response that she gave me.

Dr NORTON - There is always tension with businesses in that area over the period that we are about to enter into because of the road closures that are required during the Sydney-Hobart Yacht Race and so on. Whether there were also issues with them in relation to the Wooden Boat Festival I am not sure. Some of those issues are our responsibility and some of them are Sullivans Cove Waterfront Authority issues. We can follow it up.

Mr FINCH - Obviously the issues are not getting further up the chain if you are unaware of the minutiae of the issue.

Dr NORTON - I am at the bottom of the chain but anyway - I haven't been aware of anything yet.

Mr FINCH - Thank you.

CHAIR - That brings me to a question to you, Geoff, and I understand that you are in some sort of transition mode in the company with a new CEO coming in, but do you have weekly meetings or fortnightly meetings with the people who head up parts of the organisation so that these issues do come forward?

Mr DUGGAN - We have a management team that is structured along business lines. As an executive we meet formally monthly, we meet informally weekly in terms of safety matters, any media issues, public relations issues or other issues that have cropped up during the week. Each of our business units or operational divisions also meets on a weekly basis. There are regular meetings within the groups and if there are issues that need to be escalated to senior management or executive level, that happens within that informal weekly meeting that is held by the executive.

CHAIR - Just as a member of the committee, I am a tad surprised that some of these issues that have been raised today do not seem to have worked themselves up the ladder.

Mr DUGGAN - I guess we need to find out the facts about them and whether they have been resolved from our perspective or whether they are still live issues.

CHAIR - Thank you.

I am going to take the opportunity now to move to the Burnie Port. Obviously Burnie is a significant player in that particular area and there have been some changes around containers and freight with Burnie so would you like to inform the committee as to how those decisions were arrived at?

Mr STURGES - Is this the ANL Toll merger?

[4.00 p.m.]

Dr NORTON - Yes. Firstly I will make a couple of overview comments and then I will ask Nathan to make some comments because he has had extensive interaction both with the business committee, the Burnie City Council and also with Toll. At the moment Burnie is our biggest container port and also our own bulk export port. We see it as a vital port into the future for both containers and bulk. We think that if some of the developments on the west coast occur in relation to bulk minerals we may get some capacity issues there in a while as well, so that is part of the strategy that I said we need to be able to make sure that we are not a choke point. Toll came and talked to us a couple of years ago about their plans to redevelop the area that they lease

from us and those discussions have gone on for a couple of years. Perhaps, Nathan, you could let us know where they are and how they have developed.

Mr SPICER - We had a meeting with the minister back in February, at the start of this year, with Toll's senior manager, Tony Stewart, the General Manager of Toll Shipping who is responsible for the Bass Strait activity. At the meeting we agreed that we set up a steering committee to discuss Toll's future requirements and development requirements at Burnie. We have consistently met monthly; the last meeting was a bit over a month ago. I will get into a bit more detail later. The steering committee consisted of Tony Stewart, myself as the TasPorts representative, Stephen Kerrison who was the senior manager of Pacific National Tasmania at the time and more recently, about three months ago, one of the general managers from DIER was also added to the steering committee to discuss what we were going to do there.

As I said, we have met on a monthly basis discussing what the project would look like. One point that is worth noting is the way that Toll operate the yard. TasPorts operate as a landlord; we lease the land to Toll and they operate it. On the mainland some of the larger container ports have some stringent controls over the stevedores who operate the yards and can put up performance measures. Ours is just a dry lease, as you will, and we have no ability to tell Toll what they can and cannot do in the yard. So as part of the process we said to Toll, 'It is your yard, you are operating it. As far as concept designs go, tell us what you want to do. We will review it to make sure that it is in the best interests of the total port'. As Dan said, we are very mindful that with the potential for bulk minerals from the west coast we needed to make sure that there was some capacity there. That is what we were going to look at to say if any development locked out any further bulk minerals growth, it was probably not something acceptable to us. We explained that as part of the logic with Toll. We set out a five-step process to go through with Toll and step one was Toll developing their plans, which they signed up for and agreed to at the start of this year.

Those discussions have been ongoing. As I said, the last meeting was probably six weeks ago, at which point we requested some information on the concept design. At the last meeting it was, 'Here is the map and here is basically what we want to do'. We requested a little bit more detailed information as a proof of concept, if you would, to take it to a feasibility stage and that is where the project currently sits.

We have had communication with Toll the whole time through this process.

CHAIR - Minister, have things changed since you've received your train set for Christmas, even though you are not sure that it got down the chimney yet? Have things changed in relation to the Burnie port?

Mr STURGES - No.

CHAIR - Even now that the Government is the owner of the rail?

Dr NORTON - There is one thing that will change but has not changed yet because the new company has only been going for 24 hours. I have a meeting with Bob Annells next Wednesday and certainly from TasPorts' perspective we look forward very much to the fact that the Government now owns the rail, because that will enable us to coordinate the port-rail interchange issues. We think that is a positive move.

CHAIR - So things have changed?

Mr STURGES - Yes. When you said things have changed, with respect, I was not quite sure where you were coming from. From a relationship perspective, certainly there will be a stronger, more positive, more proactive relationship between the Tasmanian Railway Company and TasPorts in relation to the conveyance of freight within this State. As Dr Norton said, the new Chair, Mr Annells, is meeting with him within the next week or so to talk about the strategic direction of rail in this State. The port infrastructure interface with rail is extremely important at Burnie and at Bell Bay, and I know we are getting to Bell Bay soon. If I could just back up to what Mr Spicer has said, there has been a working group in place for some time, but particularly since February when we set up this larger steering committee to work with Toll, who are leasing the facility at the Burnie port to look at what we can sensibly do to enhance facilities there to meet trade requirements. Having said that, Toll are always going to be a significant player in this particular matter, and the advice I am getting is that there has been some very positive work over the last few months.

Mr GAFFNEY - Minister, I have to say that Tony Stewart said that in the last few months since Nathan has been on board, he believes there has been a better relationship; up until then it had been very poor, and he acknowledged that.

Mr STURGES - Could I just say, though, in fairness to TasPorts - and I feel as though as the portfolio minister I have to - I have had numerous discussions with Mr Stewart, and I have a great deal of respect for him, but it takes two to tango. I think there was a bit of a Mexican stand-off, to be quite frank, and from February, as a result of putting this new steering committee in place, I think we have broken that bit of an impasse. The advice I am receiving is that very positive work is happening in relation to the infrastructure needs at the Port of Burnie.

Mr GAFFNEY - I think that follows on to my next question, which is that Burnie council felt that \$7 million, or within that figure, would be something they could extend their port with to make it much more effective and viable and have Toll continue in a much more productive way for the whole State. There was some concern over whether TasPorts can force Toll to relocate to Bell Bay - can they do that because that would severely affect what is happening in Burnie? So there was a concern from the council that perhaps TasPorts weren't in favour of doing some work at Burnie.

Mr STURGES - Can I answer the political side of this and then give the operational nuts and bolts to the operatives? I put on record again: there was a misunderstanding around this time last year, and I do not want that misunderstanding to occur again. Burnie is and will always be a key strategic bulk and container port in Tasmania. I, too, have heard figures between \$5 million and \$10 million, I have not seen any business case; I have not seen any numbers properly worked through to justify that amount of money. That is why we have set up this formal process that Mr Spicer was just referring to, to properly develop the concept for enhancements at the Port of Burnie. As I said, I think we are well-progressed with that work, and I believe that impasse that was probably there at the beginning of the year has been broken.

I have met with the Mayor of Burnie, the General Manager of Burnie, I think the gentleman was the President of the Burnie Chamber of Commerce, and absolutely confirmed our commitment to ensure that the Port of Burnie is not neglected. But there needs to be an appropriate business analysis and a business case prepared to take the next step, and that is what we are working on now.

Mr GAFFNEY - Will that loss of container business at Bell Bay not affect the national building funding from the Federal Government, so that is not in jeopardy?

Mr STURGES - We can get to Bell Bay in a minute, if you like.

Mr GAFFNEY - Well, it is to do with the extra containers, yes.

Dr NORTON - Does that impact on our Bell Bay proposition? I think the answer to that is no, because our Bell Bay proposition is a long-term proposition rather than a short-term one. It does impact on TasPorts, I have to say, because effectively we have lost revenue that we were getting from ANL and we are not getting any additional revenue from that traffic going through Burnie. So commercially, we were disadvantaged by that decision. We are not going to force or intend to force anybody to relocate out of Devonport or Burnie to Bell Bay. In terms of what facilities are built in Burnie that is going to be a commercial issue, as was indicated by Nathan. They have a lease on our land and if they want to develop that for their own purposes, that is their business and presumably they can fund that.

Mr STURGES - They have a long-term lease, too.

Dr NORTON - If they want to engage with us on development where we put in funding and get a commercial return on that funding we will negotiate with them, but I would say we are not about providing subsidies to Toll and their shareholders, and I should declare that I am a shareholder of Toll. We will be dealing with them on a commercial basis. So we are not forcing anyone to move and we will look at any proposition in relation to Burnie.

Where things technically get difficult in developing a port, especially one configured like Burnie, is that the rail and the road and the area that Toll need all overlap, and one of the critical things that Nathan has been dealing with with the steering committee is a traffic management plan so we can make sure that all those things work properly. I would have to say that in respect of both Burnie and, to an extent, Devonport, it is not ideal having a port effectively in the middle of the city because it does ultimately impact on long-term development opportunities for those ports.

Mr DEAN - I just want to go into a couple of issues that were raised during our stakeholder meeting and add some comments that were made by persons or groups using the Burnie port. There were comments like, 'If Burnie port is put back under the Burnie council we'll all be happy again'. 'As usual, we aren't even on the radar'. 'Communications are pretty poor'. 'There is a set channel we must go through, we cannot speak to others'. Those sorts of comments are being made by this group. Do you wish to make any comment in relation to that? Is that an issue or not? It has come up consistently right across the State.

Mr SPICER - Focusing on the Burnie side of things, from a communication perspective I regularly attend the Burnie Chamber of Commerce meeting on a monthly basis. Sometimes I am down in Hobart for meetings and I might miss two a year, but the vast majority I attend. I have a regular meeting with the Burnie City Council and at one of those meetings the Burnie Chamber of Commerce President, Andrew Barry, also attends. We try to meet quarterly and it is probably every four months but sometimes it sneaks out to five, but we have a couple of meetings months apart depending if there is a key topic so in that regard we have an open channel with probably the two key stakeholders.

There is a group in Burnie called Advance Burnie made up of key players. I did a presentation to them probably eight, 10 or 12 months ago but I am not sure of the exact timing. In addition to that, TasPorts holds what we call a port users group meeting around the State. We hold one in Hobart, one in Launceston and one alternates between Burnie and Devonport because of the numbers of participants. That kicked off probably about 18 months ago and we were holding it three times a year.

At the last meeting, which was about six months ago, in the Burnie-Devonport area I think we had four key stakeholders attend. The first time we ran the event each location had probably 12 to 15 people attending, the next time it dwindled a little bit and the third time was six months ago, so we agreed at that meeting that given the attendance, people obviously were not as keen to talk to us every four months so we would push it out to every six months, and the next one is due to occur early in the new year. If people are saying we are hard to get hold of there is this forum. We received some feedback through a customer survey 18 months ago that under the new TasPorts regime people did not know who to talk to when they previously did when it was port-based specific, so the idea of the forum was to tell our people to raise their concerns at a probably more senior management level and it has worked quite well, we thought, and still believe.

So the question I would have for the people who say they cannot talk to us is whether they attended the users group meeting and, if not -

Mr DEAN - There is something going wrong there somewhere, isn't there, for these people at the very top of the tree making these sorts of statements that they cannot communicate with you, that they have difficulties. They were told in fact to specifically mention Richard Barnard. He cannot talk with them; they must go through another certain channel. These are the comments being made.

[4.15 p.m.]

Mr SPICER - I cannot comment on people trying to get hold of Richard.

Mr DEAN - There is obviously a breakdown somewhere between those users and TasPorts somewhere along the line. Something is happening somewhere, or else they have it totally wrong - that is the only other answer. I am not quite sure what it is.

I want to raise another issue with you. During our discussions it was also mentioned that there appears to be a position of TasPorts downplaying the activities going through the Burnie wharf, for whatever reason. It was indicated to us that perhaps the annual report is wrong, particularly when it comes to the number of containers going through that wharf. I think the report says there were about 213 195 containers going through that area last year, but we have been given evidence that that is not right and that it is more like 230 000-odd containers going through the area. Could that be the case?

Dr NORTON - No, that is nonsense. We do not downplay one port to make another port look better; that is just a ridiculous allegation. I do not know where they are getting those numbers from but our numbers are the numbers we are given from manifests as to what goes through our ports. Those containers are the numbers that Toll has given us.

Mr DUGGAN - TasPorts does not count the containers that go through its ports. Those numbers are given to us by the shipping company or the shipping agent by way of manifests, and that is the document that we collect all our statistical data from.

Mr FINCH - Have you heard that report before, Dr Norton, of under-reporting of the Burnie loads?

Dr NORTON - No, I have never heard it before.

Mr DEAN - Not even mentioned to you?

Dr NORTON - Are you saying that I am telling you a lie?

Mr DEAN - No, no, I am not saying that at all.

Dr NORTON - I am telling you that it has never been suggested and we would never do it. Once again, I would be pleased to understand why somebody thinks we have our numbers wrong.

Mr STURGES - I think we should try to ice this down a bit because I can understand that the Chairman is feeling rightly concerned about the claim made.

Mr DEAN - We were, too, when it was made to us.

Mr STURGES - The honourable member might be able to validate where those stats were derived from. We have manifests that are provided. A number has been quoted to you so surely the group or the person who gave you that number -

Mr DEAN - The guesstimate was 235 000.

Mr STURGES - Well, ours is not a guesstimate. TasPorts is 213 195.

Mr DEAN - Yes, that was in the annual report, but they are saying it is 20 per cent more. They say it could be as much as 20 per cent below what is going through the port.

Mr STURGES - But where are they getting the figures from?

Dr NORTON - The allegation you are making, Mr Dean, is that we are purposefully -

Mr DEAN - It is not an allegation I am making; I am saying it on behalf of someone, repeating evidence that was given to us.

Dr NORTON - Well, you are repeating an allegation that we are purposefully under-reporting the number of containers going through Burnie. If you want to make that allegation, could you please substantiate it?

Mr DEAN - I am making a statement on evidence given to us - the committee may need to take that further.

Dr NORTON - If the committee would like to take it further, I am quite happy to open all our books to an independent assessment. I think it is a very serious allegation that you are repeating, and in repeating it you are alleging it.

Mr DEAN - No, I am not, I am simply repeating a statement that was made and seeking your position on it.

CHAIR - I think the position has been made perfectly clear.

Mr STURGES - Our position clearly is that it is erroneous and we would call on the committee to provide further information and fact to back up the claim that has been made.

Mr FINCH - There was some evidence given that security at the Burnie port has been outsourced to the mainland. Is there an understanding of that? I think there was a concern that you might be able to have security on the Burnie wharf area covered by a Tasmanian firm that was outsourced.

Mr DUGGAN - We have outsourced some aspect of our on-the-ground security but most of our security is controlled through our security centre in Hobart. That provides us with real live television footage of activity across all the ports. When I say 'all the ports', I mean the four main working ports within the State. That is controlled centrally through Hobart. We have engaged a company to provide some on-the-ground security-type services, particularly around cruise ships.

Mr FINCH - Yes, and they are Tasmanian companies that provide that service?

Mr DUGGAN - They have a Tasmanian base.

Dr NORTON - Whether they have a presence elsewhere, I don't know.

Mr DUGGAN - They may have a presence elsewhere, but they certainly have a presence in Tasmania and they are employing Tasmanian people to conduct the service. They have recently been advertising for more staff.

Mr FINCH - Okay.

Mr DUGGAN - It wasn't something that we did internally before.

Mr FINCH - It is a company that you use on your ports around Tasmania - the same company?

Mr DUGGAN - I believe so, yes.

Mr FINCH - Okay.

Mr WING - Dr Norton, you indicated earlier that the proposed development of Bell Bay is proceeding. Could you tell us what the program is there - when it is likely to begin and when it will finish? It is in the order of \$150 million, is that right?

Dr NORTON - The full-blown proposal that we put to Infrastructure Australia was of that order. It has begun to the extent where there was an opportunity to use some slag from Temco to fill in some of the shallow parts adjacent to the existing port. We started that about 12 months ago and that, if you like, is part of the development.

We have also received Commonwealth funding - I cannot remember the exact amount, it was about \$6.5 million - for a new rail realignment entry into the port and we are working with the Government and the department to progress that. So, to the extent that the proposal is proceeding, that is all that is proceeding at the moment and we are using the opportunity provided to us by Temco.

The Government put in the Infrastructure Australia bit. I think that has been recently refreshed.

Mr STURGES - Yes, it has.

Dr NORTON - We await consideration of it.

Mr STURGES - The terminology the Federal Government use is that it is a priority pipeline project and I understand - again, this is the advice I have received - that a national port strategy is being worked up by the Federal Government so this should fit very nicely with where we sit for the future development of Bell Bay.

Mr WING - So what is the nature of the proposed development? Could you describe what is proposed?

Mr SPICER - It is the reclamation of approximately 8.4 hectares of land and about 200 metres of new quay line where the ships tie up alongside. As Dan alluded to earlier, there will be a new rail link coming into the port. Part of that is that the current gradient of the line in requires the trains to be broken up on the way out and also requires a lot of shunting through the port, which has some operational impacts. At the moment certain wharves not relating to containers have to shut down while the trains currently shunt through there, and this will alleviate that problem. So it is predominantly more land for the land side as well as a little bit of a longer quay line to allow ships to go alongside.

Mr WING - How much money is being sought from the Federal Government?

Mr STURGES - Some \$150 million.

Mr WING - Right, and what period of time? Assuming the funding is available, is it likely to be available all at once or over a period?

Mr STURGES - I would always like to get \$150 million put in the bank so we can cash-flow it out. I am not sure how it will be allocated should we be successful. It would be cash-flowed in the forward Estimates, as would be normal practice, I presume. But bear in mind that Infrastructure Australia is an advisory body to the Federal Government, so they have nominated Bell Bay as a priority pipeline project. I have subsequently been advised that other port infrastructure that may be considered through the Building Australia Fund will form part of a national port strategy so I am assuming that, should we be successful - and as Dr Norton just said, we have refreshed our application within the last few weeks, so we are certainly staying on our toes in relation to this - normal practice would be that it would be funded through the forward Estimates period.

Mr WING - Assuming the funding is available, how long is it likely to take for the development to be completed?

Mr SPICER - We estimate around three years, assuming there are no major hiccups with planning approvals. We have commenced a reclamation just around the corner of stage A of the project and, given the environment and location - just around the corner - we do not expect there to be major development approval application delays.

Dr NORTON - The comment that I wanted to make because it is really important is that I do not think we can just assume that the \$150 million is a done deal or likely to be a done deal. This is my personal view; I am not speaking on behalf of the Government. Since the original Infrastructure Australia pot of money was talked about, it has shrunk considerably and I do not think that there is necessarily a very high chance that it will occur.

Mr WING - You do not feel there is a high chance that it will be available?

Dr NORTON - No, I do not believe that we can bank on that money at all. That is not to say that it is not possible and it is not to say that we should not be pursuing it, as the Government is doing. But it harks back to the point that I made in my opening comments - that a lot of the long-term export will be centred on the Bell Bay area. It is the most central point for exports. It makes the most sense as far as we are concerned because it is in an industrial zone. It does not have the limitations that Devonport and Burnie have in terms of a major port expansion. We also have additional land there that can service container storage areas and so on. So, from our perspective, it is in the right location and it is the most obvious place to provide the additional port infrastructure that Tasmania will need from 2020 onwards.

What is plan B if we do not get funded? That is something which we will be talking to the Government about because it is a long-term infrastructure issue and there needs to be a bipartisan political basis in Tasmania, I think - an agreement at some stage on what should be done and a priority accorded to it; otherwise it may not occur.

Mr WING - Will it be affected in any way by the changed arrangements entered into by Toll and ANL?

Dr NORTON - No, I do not believe so, because this is for the 2020 onwards expansion. The Toll facility that is being talked about in Burnie will meet their immediate and medium-term needs. But the longer-term needs for exporting out of Tasmania will require some additional investment and that is what we are talking about.

Mr STURGES - All the predictions of freight growth clearly show that all ports will be extremely busy in the next 10, 20, 30, 40 years.

Dr NORTON - It is not slicing the existing business cake differently and saying that Burnie's slice is smaller and Bell Bay's is bigger, it is how we deal with the expanding cake that will occur over the next 20 years.

Mr STURGES - The pudding is certainly growing. I have one last comment on that. Right at the start, a couple of hours ago, there was some mention about having a strategic vision. One port that we have not touched on thus far is the inland port, the Brighton transport hub. That will play a very critical role in linking the south, north and north-west port infrastructure. It will certainly maximise efficiencies in relation to moving freight north-south-north-west. So that fits into our long-term vision for port infrastructure. Whilst we maintain the Port of Hobart, we will

have an inland port that will play a very critical role in the freight logistics requirements in this State going forward.

Mr WING - Thank you both very much.

CHAIR - What about Devonport?

Mr STURGES - I think we have been to every other port, haven't we?

CHAIR - We have not been able to get on to the airport yet.

Mr DEAN - I think it was two years ago when we looked at TasPorts. We were told then, or four years ago when it first started off, that freight through Bell Bay by the year 2020 would be very close to doubling over that relatively short period of time - about a 12-year period.

Mr STURGES - Freight growth in Tasmania is predicted to double over the next 10 years. So, yes, you are on the money. But also, on top of that too, we are talking about containerised freight now. There is also predicted significant growth for bulk commodities coming off the west coast.

[4.30 p.m.]

Dr NORTON - The actual TEU out of Bell Bay - that is, 20-foot equivalent units - last year was about 90 and the current feel is that in 2020 it will be about 150.

Mr DEAN - You are right, there is a large area there that they can provide, and that is the advantage of Bell Bay.

Mr STURGES - We see all our northern ports being very busy.

Dr NORTON - Where shippers go is determined by the facilities, it is determined by where they want to position themselves and it is determined by where their customers want them to go as well. There is an interplay between all those things.

Mr DEAN - It is also determined by turnaround time.

Dr NORTON - Yes, turnaround time in the port and sailing time as well.

Mr FINCH - In respect to the future of Bell Bay and being the major container port for Tassie, is the suggestion that more interaction -

Mr STURGES - With respect, a big container port.

Mr FINCH - A big container port.

Mr STURGES - We are not going to start picking off ports, as has been the case.

Dr NORTON - It is international dimension as well.

Mr FINCH - This is what I want to get on to. Is there a suggestion that extra international shippers will include Bell Bay in their journeys?

Dr NORTON - I would think in that sort of time the answer is yes. A lot of it depends on the destination of the exports. If some of the irrigation developments that are starting to materialise occur, leading to more direct exports, there are two ways of doing it. You can send a container off bases across on the domestic service to Melbourne and export it from Melbourne or you can have ships coming into Bell Bay. The 000 service already comes into Bell Bay and we would envisage that over the long term there will be additional requirements for direct exports out of Bell Bay.

Mr FINCH - Thank you.

CHAIR - Before we move on to Devonport, are the fees for the ports uniform across the State?

Mr DUGGAN - No.

CHAIR - So each port has a different structure of fees?

Dr NORTON - We try where possible to have uniform fees but the reality is that Toll's lease arrangement in Burnie was put in place many years ago and it has a long time to last and the same goes with a lot of the lease arrangements. They are often long-term lease arrangements. It is not true to say that they all would pay exactly the same uniform rate.

CHAIR - With the specific relationship to Toll, has TasPorts been trying to renegotiate those fees? Has that happened?

Mr DUGGAN - No, there is a long-term agreement there.

CHAIR - And that is in place and will stay in place?

Mr DUGGAN - That is in place.

Dr NORTON - To the extent, though, that the current plans that they have may require more capital expenditure or indeed they may require some lease on areas that they do not currently lease, that would obviously be a new lease arrangement.

Mr DUGGAN - It is only their existing area that is set.

CHAIR - Finally to Devonport.

Dr GOODWIN - I wonder if you could update the committee on what is happening with the sale of the Devonport Airport?

Dr NORTON - Yes, I can. I think we first raised this at a scrutiny committee meeting one or two years ago, that we felt that it was a non-core asset for us and for our business. With the sale of the Hobart International Airport we were basically out of involvement in airports. We have gone through a process of talking to the Government and the Government has agreed to our suggestion that it be sold. It will be advertised effectively this weekend. The process will be an initial expression of interest where we will sort out the tyre-kickers from genuine, interested parties. They will have to sign a confidentiality agreement and they will then be provided with an

information memorandum. They will then put in indicative bids. The indicative bids will be required to address a number of particular criteria as to what they are going to do. The Government has made it clear, and we agree, that the airport should be sold on the basis that it operates as an ongoing commercial operation. The second issue that the Government has put to us is that selling the airport should not lead to a diminution of competition with other airports on the north-west coast. The indicative bids will come in, we will then finalise the position in relation to who goes the next step and then there will be a more formal due diligence and final bid.

How long is it going to take? We have Gantt charts and all that sort of stuff. We are not going to the market at necessarily the best time of the year because we have the Christmas exercise. I would anticipate that we would be hoping to complete a sale in the second quarter of next year.

This is not a huge asset. The Hobart airport sold for \$350 million or thereabouts; we are talking about an asset that is probably plus or minus around the \$10 million or thereabouts, so it not a huge asset.

Mr WING - Will you be able to retain that money or will that be going to the Consolidated Fund?

Dr NORTON - Part of the proceeds of the asset sale will flow back to the Government in tax. We also have to pay a dividend in relation to the profit so we will not retain it all.

Mr WING - What percentage do you expect you may be able to retain?

Mr DUGGAN - The starting point is that there is a tax liability on the sale and there is a base expectation that 50 per cent of profits coming out of TasPorts are paid by way of dividend. That is the base that we will be starting from. We will talk to the Government about whether there are other infrastructure requirements within TasPorts that could use those funds.

Dr NORTON - We also have a plan, which is on the public record, to develop a new head office in Devonport so that is a way in which we will be investing funds there. Any retained earnings would assist us in funding that infrastructure development.

Mr STURGES - Government has had that discussion with TasPorts. As the Chairman said, we are not talking about a huge financial windfall here but certainly we would be expecting to see a level of investment in that area and a new head office is probably a sensible way to look at it.

Mr WING - Would that be given priority over upgrading some of these wharf areas that are considered by people in the areas to be unsafe?

Dr NORTON - In Devonport?

Mr WING - Other areas.

Dr NORTON - It will be part of our capital program but I am just saying that one of the things in our capital program along with the remediation of existing assets is the fact that we need to build a new office in Devonport because the existing premises do not suit our needs.

Mr DUGGAN - There are several projects that have been tabled internally that could use those funds. They have all been located in that area. That is only one of several that have been discussed.

Mr WING - Are the former Devonport Marine Board offices still available?

Dr NORTON - We have sold those or are in the process of selling them.

Mr DUGGAN - No, we had it out for tender. One of the decisions that we took in light of the current economic conditions that we are in is that we have deferred potential construction of that office so we have gone a bit slow in terms of the sale of that Marine Board building. We are currently using it. The intention would be to divest it but the timing needs to fit in with any relocation.

Mr WING - In view of the urgency of some of the work that needs to be done, would it not be better to use the available proceeds of the sale of Devonport airport to upgrade the port facilities where there seems to be a pressing need for that?

Mr DUGGAN - As I said, there are several projects that we have looked at, including port infrastructure. The area that we are looking at is within that area, within the north-west coast.

Dr NORTON - The upgraded port infrastructure where it needs high priority remediation would be at the top of our list in terms of priorities after the compliance issues that I mentioned before.

Mr WING - That is good, because I was getting the impression that you were giving priority to your offices, and I would have thought that temporary arrangements could be made.

Dr NORTON - We have already deferred that building plan. It was originally going to start towards the end of this financial year and we pushed it out. Depending on circumstances, we might have to push it out further.

Mr DUGGAN - The building of the office was not and never has been reliant upon the sale of the Devonport airport or the funds for that. We had other funds put away.

Mr DEAN - That building is at east Devonport, isn't it?

Dr NORTON - Yes. The aim was to build an office in east Devonport.

Dr GOODWIN - What is the budget for that office?

Mr DUGGAN - Depending on whether we want to be five-star green or six-star green, it could be up to \$5 million.

Mr WING - I would hope that would not be built before the upgrading to make these other port facilities acceptable and safe.

Dr NORTON - No. As I said, safety compliance is the highest priority.

Mr STURGES - That is a matter that the honourable member has raised today, and we have given undertakings around those matters, either commercial or non-commercial, and we will continue to work in that way. I repeat again that we will not be turning our back on our obligations to those smaller communities, but we need to have clear business cases. With respect, figures have been thrown about from stakeholder meetings that we are not sure can be substantiated. But we will go through a proper process and make sure that work is addressed.

Dr GOODWIN - I wanted to ask a OH&S question. This does not specifically relate to Devonport, but I wanted to get it in because it has obviously been an important priority area of yours. We have had a bit of negative feedback today about stakeholders' views, but this seems to be an area where, at least on the face of the annual report, you have been doing some really good work and have managed to get your injury frequency and severity right down. I just wanted to get a bit of background to that in terms of what the sort of injury profile was and how you have managed to achieve such a significant reduction in the severity and frequency of your injuries.

CHAIR - In a very short response, thanks, mindful of the time.

Dr NORTON - Let me just give you a very synoptic view of things. Ports are places where there is a lot of manual labour and so on, and it would be fair to say that a lot of the practices that were undertaken previously were inadequate. We bought a tug business more recently and its lost-time injury rate was unacceptable because essentially - and this is an example - that business was using old approaches. It was using the same approaches to work that they were using 20 years ago, which in a sense was, 'Just get on and do it'. I am not saying they were oblivious to the issue of safety, but safety was not elevated as being something you think about before you do a job.

So how did we deal with it? We have elevated it to the highest priority in the business. It is the first issue on the board's agenda. It is a KPI for management and all the way through. A lot of safety is about engaging with our individual members of our work force and getting them to accept that they are partly responsible. We are responsible in terms of equipment, processes and methods and so on, so you have to give them the right equipment, jackets, and so on, but they are also responsible because they are the ones who can make a decision at a particular point in time as to how they are going to lift a box, for instance.

We have spent a lot of time, a lot of money, a lot of effort, and a lot of internal time. We initially had what often happens when you do this, and I did the same thing, harking back again to my Hydro days. You initially get a drop pretty quickly because you get the lower-hanging fruit. So you get rid of all of the obvious safety hazards and stupid things that have been done, and then it plateaus. So we dropped it from roughly 45 to 20, and then it started to plateau; the real challenge is how you then get it down further. We have run a particular program across the whole business. We have champions for that program. All the board have attended the safety briefings or done their part in the safety program, so I just use that to indicate that it is a whole-of-company priority and we have been very successful, but you do not rest on your laurels because it could always go back up. We had some parts of the business in the administrative areas where the LTI rates were not too low. As I said, in the tug area the numbers were quite high and one of the really great things we have seen just in the last six months is how that particular business unit has got on board and dropped its safety injury rate. Sorry, I have gone on a fair bit.

[4.45 p.m.]

Mr GAFFNEY - Back to the airport, I am pleased to hear there was no diminution of services. The airport was transferred to the local port authority in 1982 under the Federal

Government and I am aware that there has been a sale adviser and a probity order of the Devonport airport sale and a lot of people in Devonport see it as their local airport which was transferred to the port board. There has been a lot of concern that potential for the ownership or control of it may go out of the community and I know four local councils there are very important or involved with it. I am just wondering whether that concern that there is some local ownership or retainership has been passed on to the sale advisers.

Dr NORTON - It has, but on the other hand we cannot exclude parties who are not locals from bidding, although I must admit - and we will make more information on this available when we announce the process - we are very cognisant of the community concern and indeed the Government's concern about competition amongst airports and so we will be trying to address that in the way we sell the airport.

Mr GAFFNEY - Thanks for that. That leads me on to one which is more about transparency and independent pricing scrutiny across the State, not any specific port here. I am of the understanding that TasPorts' port charges and fees are not open to independent scrutiny review because of how it is made up.

Dr NORTON - They are in a sense that we are always cognisant of the ACCC requirements. Indeed the ACCC looked very closely at whether the amalgamation of the ports should go ahead, and certainly the way we determine our port charges is always to make sure that they are justifiable on a commercial basis and we are not taking a monopoly rent, and we do that because at any point in time any of our port users can take a complaint to the ACCC and the ACCC can investigate us. Effectively, the ACCC is our regulator. We are not regulated by the Government Prices Oversight Commission, we are regulated under the Trade Practices Act and the competition law requirements that are administered by the ACCC.

Mr GAFFNEY - Are you the only GBE that does not have independent scrutiny?

Dr NORTON - I do not think we are the only one. The TT-Line would not. We do not. The electricity businesses obviously are regulated through the Australian Energy Regulator.

Mr GAFFNEY - There is some question whether there needs to be an oversight commission to scrutinise those charges because other ports around Australia have that independent statute and it has been brought up with me whether that is a just way of operating and something that the Government needs to look at.

Dr NORTON - It is an issue for the Government.

Mr GAFFNEY - I am just throwing it on the table.

Mr STURGES - That is a matter the honourable member has raised and certainly I will take some advice on that. As I say, and I do not want to keep harping back to it, but this is a newly-formed company. However the honourable member has raised it and I will not rule it out. We will have a look and see whether or not there may be benefit or just what prevails at the moment.

Mr GAFFNEY - Thank you.

CHAIR - I will just ask one and then we will go to security. We have been talking about assets quite a bit today and I take you to the Auditor-General's comments about the valuation of long-lived assets. He made the comment:

'In our view, reporting long-lived assets such as these on the basis of cost or deemed cost, although consistent with Australian accounting standards, remains inappropriate and valuation on a fair-value basis, preferably on optimised depreciation replacement cost, is considered more appropriate.'

Minister, do you have a view on the Auditor-General's remarks in his assessment?

Mr STURGES - No, I have not specifically addressed those remarks.

Mr DUGGAN - We have ongoing discussions with the Auditor-General regarding the valuation of our assets. In our accounts value asset is based on historical cost method, but we do disclose by way of a note in the financial statements the fair value of assets. There are various options you can use for fair valuation of assets and the most commonly used one is the market value of assets. Part of the difficulty we have is that there is not a ready market for our assets and there is not a history of assets like ours being sold. So we value ours based on fair value based on cash flows and we disclose that in our accounts. We have had discussion with the Auditor-General pursuant to that report and we will be looking at that valuation basis again this year and making a decision on whether we move to full fair-value accounting.

CHAIR - Which obviously, according to the Auditor-General, is a much more transparent way.

Mr DUGGAN - Not so much transparent because we do disclose it in our accounts.

Dr NORTON - He aggregates all of the accounts on a whole-of-government basis and we are now, I think, probably one of the only ones that do not operate on this basis. From a whole-of-government perspective, we are not material in terms of the overall aggregation. I have had recent discussions with the Auditor-General and we are going to make a decision early next year, but I anticipate that we will make a move to deal with things the way he has suggested. It does have impacts on volatility, profit from year to year, and we will be engaging in discussions with Treasury to make sure that that is handled.

Mr DEAN - Just on the security aspect, I notice you have spent a lot of money on security around the State. Do you have all your ports now under this security system? Is it monitored centrally?

Dr NORTON - We are always happy to give you more detailed information on this. We have had to put a lot of money into security because of Commonwealth Government, DOTARS - they have now changed their name - requirements on access, egress and so on. We spent several million dollars putting in a system which provides us with effective ways of recording the identity of people going in and out of our ports and doing it in a way that does not hinder them getting in and out quickly. Access and egress has to be efficient so we did that. It is a swipe system plus photo ID. We have a security centre, which is located here in Hobart -

Mr STURGES - With very highly-trained staff, too.

Dr NORTON - which monitors all of the ports 24-7. It not only monitors the industrial port areas but also the other precincts - the Sullivans Cove, Franklin Wharf area. That has recorded photographic information, people looking live at trucks coming in and out. We interrelate significantly with the police. The police have come to us for photographic evidence of certain incidents, which we have provided to them. If we monitor what appears to be illegal activity, we will let the police know. There have been a number of incidents where we have alerted the police to illegal activity and they have apprehended people as a result of that. We have very close cooperation with the police, driven by the DOTARS requirements. As far as our port users are concerned, nobody likes having barriers to going in and out. I get constant comments about the fact that the industrial port here is closed off, that when a cruise ship comes on Princes No. 1 or Princes No. 2 you have to block it off. These things are beyond our control; they are mandated and we have to adhere to them.

Mr DEAN - It is good to see the security system up and running. It has been being putting in place for a while and it is great to see it up.

Mr GAFFNEY - Understanding it is only three or four years old, are there efficiencies in the amalgamations? That has been posed to me - is that just to the Government or is it to our transport operators, importers and exporters? Do you know what I mean? You start off a new business and the question you ask is: is this amalgamation heading in the right direction or is it just for the Government's benefit or are the importers and exporters also receiving some benefits and returns? Because I have heard even though it is the fifth largest in Australia, I think, TasPorts, it is one of the more expensive ones too but I am not sure -

CHAIR - It sounds like a political question.

Dr NORTON - It could be a political question, I do not know.

Mr STURGES - It is both. At the end of the day, what government wanted to do, whilst recognising - and I have to keep saying this because I do not want to set the hounds running - the strategic requirement for ports in the north-west, north and south - we are not about picking on ports. But this is about looking at Tasmania's port infrastructure needs, going forward. It is not necessarily about - and I say this respectfully - meeting political, parochial requirements. So, from my perspective, I believe that we are on the right track. I acknowledge from comments that have been made today by members sitting around the table that there are issues of communication that need to be addressed; this is a large organisation we are talking about, a very busy company. I can tell you, I have visited them on numerous occasions. So we note that. But, from my perspective, I think it is the right way to go and I think this is about planning for Tasmania's port infrastructure future, not just now but for 50-plus years' time. It is very important that we do that and on that basis I am fully supportive of breaking down, if you like, those parochial barriers, but recognising and respecting the needs of our communities right through the State.

Mr FINCH - I did not want to let the opportunity pass for you, Minister, or Dr Norton, to comment on the appointment of Paul Weedon as the new CEO. I will say that when we carried out some investigations on the mainland, we were given some really solid feedback that this is an absolute coup for Tasmania to be able to draw him out of Sydney and to Tasmania. So can we talk about the future under Paul Weedon and his development of the strategic plan and new business opportunities?

Dr NORTON - Very briefly, we are very pleased to get him. Robert Barnes we think did a fantastic job at a very difficult time. For personal reasons, he was unable to take another contract. We did a search and Paul Weedon was identified. We think he brings experience in the commercial arena, internationally and domestically which will be a great advantage. He is very customer-focused. He will be going around meeting our key stakeholders and key customers as a person who does not have any baggage of the past and he will be undertaking that from when he starts on 1 February.

We are also mindful of the comments that have been made about communication - customer-stakeholder relationship. Also the board has agreed that we will put in place an annual, independently assessed customer assessment process by independent people going out and getting the feedback from our customers so that we have a more accurate indication of what the problems are. That also provides a benchmark year after year to see how we can improve that performance.

Paul is very customer-focused. He was also able to attend our strategic planning session that we held here in Hobart a couple of weeks ago. From that he has an understanding of the strategic issues and quite clearly understands that his real challenge is to meet the needs of our existing customers and also to work with our customers and our owners in the community to identify a viable way of moving into the future strategically to provide the infrastructure we need.

Some of our pricing, Mr Gaffney, is very much less than commercial and that is a two-edged sword because you need commercial returns to generate the funds to put into the investment. So it is not as easy as giving all the benefits to the customers.

CHAIR - Well done. I should have had that earlier on in the day.

Mr STURGES - Very quickly, if I may, just on that matter and it is very important, firstly I welcome the announcement of Mr Weedon as the new CEO of TasPorts, but just as importantly, can I place on public record my thanks and that of the State Government for the work that Robert Barnes has done as CEO. He has faced some very big challenges during his time here and I thank him personally, and I thank him on behalf of the Government.

CHAIR - Your comments are noted.

Dr GOODWIN - This is not really a question, it is more a request for information. I am wondering if we can possibly get a more detailed breakdown of the budget expenditure over the last financial year in terms of maintenance and also salaries of the senior managers and other staff, and also anything like marketing that you think might be relevant for us.

Dr NORTON - We can provide you with a more detailed break-up than the ones that are in the annual accounts, no problem.

Dr GOODWIN - Thank you.

CHAIR - Thank you very much. Minister, I have done a back-of-the-envelope sum here of about \$38 million that I think is needed immediately to address some of the issues around the smaller ports. I have not looked at the larger ones. It's about \$38 million, so if you can keep that front and centre, that would be a really useful exercise.

Mr STURGES - I will grow a white beard and get a red suit, Madam Chair.

Laughter.

CHAIR - It has been a terrific session this afternoon. We have gathered a lot of information as a committee and we certainly appreciate your contribution and that of the members of TasPorts that are here today.

Given that we have a short time frame to report to Parliament with this particular report, we would ask that that information is provided in a very timely manner and you will receive your letter tomorrow.

Mr WING - And, Graeme, please don't get that red suit and white beard because nobody would know you.

Laughter.

CHAIR - On behalf of the committee, I would like to wish everyone a very safe and happy Christmas and I look forward to seeing you all in the new year.

The committee adjourned at 5.02 p.m.