



## **PARLIAMENT OF TASMANIA**

### **Parliamentary Standing Committee of Public Accounts**

#### **TRANSCRIPT**

Inquiry into the TT-Line Spirits Project

Friday 29 November 2024

#### **MEMBERS PRESENT**

Hon Ruth Forrest MLC (Chair)  
Mr Josh Willie MLC (Deputy Chair)  
Hon Luke Edmunds MLC  
Mr Simon Behrakis MP  
Hon Bec Thomas MLC  
Mr Mark Shelton MP

#### **DISCLAIMER**

This transcript has been edited for readability and clarity.

The broadcast of the hearing can be found at:

<https://www.parliament.tas.gov.au/Committees/joint-Committees/standing-Committees/public-accounts-Committee/inquiries/tt-lines-spirits-project/broadcasts/29-november-2024>

[inaudible] is used when audio words cannot be deciphered.

[audio malfunction] is used when words are lost due to a technical malfunction.

[interjections] is used when members or witnesses speak over one another.



## **LOCATION**

Venue: Committee Room 2 – Parliament House, Hobart

## **WITNESSES PRESENT**

8:40 – 9:40 Hon Jeremy Rockliff MP (Premier)

Ms Kathrine Morgan-Wicks (Secretary)  
Department of Premier and Cabinet



# PUBLIC

## THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART

### INQUIRY INTO THE TT-LINE SPIRITS PROJECT

The hearing commenced at 8:40 am.

Hon JEREMY ROCKLIFF MP, PREMIER, WAS CALLED AND WAS EXAMINED.

Ms KATHRINE MORGAN-WICKS, SECRETARY, DEPARTMENT OF PREMIER AND CABINET, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** (Ms Forrest) - Welcome and thank you for your appearance today, Premier, into the matter of the ongoing PAC inquiry into the TT-Line project.

We've invited you to the Committee for a couple reasons. One is that you have overall oversight of making sure this project is delivered, by your own comments to the media.

Also, with the expansion of the terms of reference as agreed by your House recently, our terms of reference also look at trying to inquire into the impact on the tourism sector and Tasmanian producers as a result of the delays. And also our requirement to keep on top of what is happening with the development of the wharf's infrastructure.

We know other ministers have responsibilities in some of those areas, but you may want to also update the Committee on anything related to the tourism sector. I note that some of them are feeling quite a degree of pain.

I will invite you to make an opening statement and then members will have question for you.

Before I go on, the other thing was, the Committee was originally and initially and still looking into the decisions made during the caretaker period regarding the additional money required to fund the two new vessels. Whilst you weren't the minister responsible for the progress update on Berth 3 in Devonport, we will also be looking at information from around that time as well. We will go to that area as well.

Over to you.

**Mr ROCKLIFF** - Thank you very much, Chair. Thank you for the opportunity to appear today. Again, please accept my apologies for not being available the other day due to Cabinet commitments. I have very been keen to provide the Committee with whatever information it requires.

As I've said many times, I acknowledge the disappointment the delay has caused and the challenges for everyone involved, including the tourism industry. It's been a very painful exercise and an enormous learning for all stakeholders involved, GBEs and governments.

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I appreciate the opportunity for the work you do as a Committee to ensure we can learn from this and improve the systems. I can come to our Government Business Governance Reform draft plan at some time during this scrutiny and, no doubt, at others.

The Committee can be assured that the Government is doing all we can to provide solutions to what has been a most unacceptable situation. I'm pleased to advise that the oversight body we installed to get this project back on track is working very hard, working well, and delivering results.

TT-Line is currently undertaking a thorough cost and program review following the finalisation of updated designs for the marine gantry works and other suitable works. We'll provide an update on this matter to the parliament and indeed the public as soon as possible, subject to the completion of technical and commercial reviews to ensure the best outcomes for Tasmania.

I am confident that the shareholding ministers responsible for the two Government businesses delivering this project are indeed getting the *Spirits* sorted, as has been my stated objective.

The Government is working on reforms of the governance of government business enterprises to ensure that they are placing the best interests of Tasmanians first and foremost, and are accountable for doing just that. We are proposing to significantly expand the performance monitoring arrangements, including introducing periodic board performance reviews, increasing oversight of incentive payments for executives of government businesses, introducing business funded performance reviews by the Auditor-General, providing shareholder ministers with the ability to initiate external assurance reviews in areas such as infrastructure projects, organisational capability and workplace culture, and strengthening the ability of government to rectify poor performance.

We're also proposing new and consistent powers for stakeholder minister to direct government businesses, and indeed a target of more than 50 per cent of Tasmanians on respective boards, and standardising arrangements for government businesses is to report to parliament annually.

The draft plan, as you would have read I expect, is currently out for consultation until Friday, 13 December [2024]. In parallel, as announced, we'll be considering the merits of a proposed merger of TasPorts, TT-Line and TasRail. We're currently working through the scope of this review and expect to commence work on assessing its merit in the coming months.

Thank you, Chair, for the opportunity to be here today.

**CHAIR** - Just to start with the matter of the caretaker period, if I can start there, to go back to that point, as I understand it, the Department of Premier and Cabinet is the entity responsible for providing caretaker advice to departments. There's broad advice, as I understand it, that's provided, but maybe you could inform the Committee of the actual process. Particularly with a matter such as a financial decision being made with regard to the price of the vessels in this case, but large additional expense during that period. What can anyone reasonably expect what advice would be given on that and who by?

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**Mr ROCKLIFF** - Chair, I have some information on that matter. Please stop me if it's taking a little long, but there's a bit of detail here pertaining to your question. Of course, I can refer to our Department Secretary as well, who is taking great interest in these matters. Kath Morgan-Wicks was the Secretary of Health at that particular time.

Upon calling the election this year, my department circulated the guidelines on the caretaker conventions to each of the major party leaders, all State Service departments and agencies, ministers and other key stakeholders. During the 2024 caretaker period, the Department of Premier and Cabinet maintained a record of requests for advice received and responses provided in relation to the application of the caretaker conventions.

The commencement of the caretaker period was on 14 February 2024. The then acting Secretary of DPAC wrote to all government agencies as well as government business enterprises and state-owned companies advising that the caretaker period had commenced.

On 14 February [2024] again the acting Secretary of the Department of Premier and Cabinet advised the then Chief Executive Officer of TT-Line that the caretaker conventions and practices had been developed primarily in the context of the relationship between minister and their portfolio departments. However, other bodies such as the government business enterprises and state-owned companies should also observe the caretaker conventions and practices unless doing so would conflict with their legal obligations or compelling organisational requirements.

A letter from the acting Secretary of DPAC drew attention to special arrangements summarised in the guidelines and advised that their application in individual cases requires sound judgment and common sense. The letter referred to underlying principle to avoid or defer decisions or actions which would bind an incoming government, such as making policy decisions likely to commit an incoming government, or making significant appointments, and entering into major contracts or agreements.

The acting Secretary has since retired from the State Service. However, DPAC's information technology services branch searched the then acting Secretary's e-mails sent and received between 7 February 2024 to 18 April 2024 inclusive, for any correspondence related to providing advice to TT-Line. I'm advised that there is no record of any engagement by DPAC in providing advice about the payment made by TT-Line to Rauma Marine Constructions, other than the letter about the caretaker conventions sent to all government business enterprises and state-owned companies.

Ms Morgan-Wicks, who is with me today, the Secretary of the Department of Premier and Cabinet, has written to me to that effect. I can table that now.

**CHAIR** - If we can get you to provide that to the Secretary of the Committee, that would be great. Thank you.

**Mr ROCKLIFF** - So, consider that a virtual table. But we're also working on reforms to the governance of government businesses as I've said before, which I can go into a bit more detail. Have we got anything further, Kath, to add to that?

**CHAIR** - Perhaps if Ms Morgan-Wicks could refer to the expected practice. It seemed that there was advice provided by - we have copies of advice provided by Treasury to TT-Line

that seem contrary to what you've just said: that it should come from DPAC and there is no record of anything coming from DPAC. I'm interested in what should occur as well as what did occur.

**Ms MORGAN-WICKS** - Thank you very much, Chair. Through the Premier, in terms of ordinary practice of caretaker conventions, as the Premier has outlined, at the start of caretaker DPAC assumes the overall role of monitoring. We write to each department head. As the Premier mentioned, the then acting Secretary wrote to the CEO of TT-Line and all other GBEs to notify them that caretaker had commenced, to refer them to the caretaker conventions, and to also provide a contact point if there are questions or queries in relation to caretaker. That contact point is at DPAC.

My officers have checked, and as the Premier has outlined, not only emails, but we have searched across all our electronic records, including content manager, all our share drives, et cetera. I have detailed all those searches in my letter to the Premier. My department has also spoken with the acting Secretary, who doesn't recall any verbal advice, noting that we run a very careful log which runs to many pages regarding queries that are received during a caretaker period. These things range from the most general queries, or if there's advice in relation to the role of a particular officer during caretaker.

If I go to the normal caretaker conventions, so as it relates to major contracts, for example, and section 4 of the caretaker conventions refers to major contracts and agreements, it provides general guidance. The caretaker conventions are not law. They are guidance that is provided and people are encouraged to enquire if they are concerned about a particular transaction.

Noting that, for example, which I see as fresh eyes coming in as an incoming Secretary, that major contracts and agreements doesn't explicitly refer to variations of major contracts and agreements. Perhaps that's an area that in terms of our review, and which is something that every department should do after a caretaker period, to look at what may have occurred during the caretaker period to assess compliance and then to make suggestions as to whether there are any improvements that are required to the conventions themselves. I think that in terms of the learnings of this Committee and taking those into account for the caretaker conventions, I'd be very interested to receive the advice of the Committee in relation to that.

**CHAIR** - There's no record of TT-Line going to DPAC for advice on this. With something like this they did go to Treasury for advice. Should Treasury have said that it's not our place to provide that advice as DPAC manages this? It seems that there's been something missed here, as well as the fact that the convention guidelines align but don't actually address major variations either. Should Treasury have redirected TT-Line to DPAC?

**Ms MORGAN-WICKS** - Through the Premier, I can't comment in relation to the exact contact that Treasury have obviously had with TT-Line: I'd leave that to the Treasury Secretary.

What I can say is that Treasury has a pre-existing relationship with the government businesses. They have a pre-existing relationship through their shareholder policy branch in which they receive corporate plans, updates, et cetera, and are responsible for the financial and fiscal monitoring. Regarding that relationship I can't - these government businesses have to continue to operate. I assume that they would then have, as normal, contact with the Department of Treasury in their standard operations. I also am aware that the Treasury Secretary was at that



time required to consider whether or not a PEFO<sup>1</sup> was required, which might then be extraordinary contact outside of the normal range.

Certainly, DPAC is the convener in terms of the caretaker conventions and I would encourage all GBEs or all departments to make that contact and that DPAC is here to provide guidance and advice in relation to that.

**Mr WILLIE** - To provide some clarity, Kathrine and hello, Premier. It seems like there was a misunderstanding between Treasury and TT-Line. Treasury provided advice in terms of compliance with the act and their obligations, and that was their understanding. I believe that TT-Line interpreted that as caretaker convention advice. On reflection, do you see that TT-Line should have come to DPAC and asked for caretaker convention advice?

**Mr ROCKLIFF** - Thanks, Mr Willie, for the question. That may well be the interpretation and finding of the Committee. So, I don't want to go into what the Committee might find. But, in that general question, and Kath, would you like to add further advice?

**Ms MORGAN-WICKS** - Through the Premier, certainly, Treasury has a law that applies to the Treasury Secretary in relation to the formulation of the PEFO. I certainly wouldn't want to suggest that anything would interrupt any communication that the Treasury Secretary would need to do to make sure that he or she is providing an accurate PEFO that's for the benefit of everyone participating in the Tasmanian community.

If the Treasury Secretary believes that there is a particular risk or issue that must be considered, I wouldn't want to interrupt that. I would encourage the Treasury Secretary or any other Secretary or any other CEO of a government business that is subject to the caretaker conventions to seek information from DPAC if they are concerned.

The caretaker conventions also clearly state that that they do have guidance in relation to the regular operations of companies, and guidance in relation to the formation of new contracts or new major contracts or transactions, and it may be that we need to be more explicit in relation to material variations or other payments that are made. It would all come down to the size of the GBE, their revenue and expense base and the -

**CHAIR** - Oops! We will just wait a moment. We will stop the broadcast to get this sorted.

**Due to technical issues, the hearing suspended from 9.00 a.m to 9.01 a.m.**

**CHAIR** - Thank you, Premier. Ms Morgan-Wicks was in the middle of explaining the expectations, I guess, around the caretaker convention. I'm not sure whether you realise quite where you're up to, but if you could just perhaps reiterate those last comments?

**Ms MORGAN-WICKS** - Thank you, Chair. I think I was noting that not interfering in terms of the legislative requirement of the Treasury secretary to provide a PEFO, but certainly in terms of encouraging every head of department, every head or CEO of a GBE that, if there are concerns in relation to the caretaker conventions, to come to the [inaudible] at DPAC.

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<sup>1</sup> Pre-election economic and fiscal outlook

I also think I was commenting on my review of the caretaker conventions. In looking at each of the sections, there's obviously some clear guidance in relation to major contracts and agreements - but whether improvements could be made, for example, in relation to material variations or material payments under a contract.

I know that it would depend on the size, revenue and expense base of the government business enterprise to determine what for a smaller organisation might be material, compared to a larger organisation where that might be a payment in the natural course.

**Mr WILLIE** - Premier, \$80 million of taxpayer money is a significant amount of money. As one of the learnings out of this, would you see that if people are unsure, they should take a conservative approach and ask about the caretaker conventions?

**Mr ROCKLIFF** - Thanks, Mr Willie. Obviously, that would be the intention. The Public Accounts Committee has a very important role and will provide some recommendations. As I've said in my opening statement, and many other times, this has been an unacceptable situation and one that we can take great learnings from in a range of areas.

Communication, as Mr Willie will appreciate, has been substandard in many areas. Particularly between GBEs, in this case - there has been less than open communication, if I can put it that way. We are working through these matters. This is part of the GBE reforms, part of that 'Team Tasmania' approach. There is no substitute for good communication, but also process, in this area. As I say, we're open to all learnings with this, and this is a learning. We have the subject matter right now of the process concerning caretaker convention, and there would appear to be a need for improvement - continuous improvement, if you like, but certainly improvement - as for the learnings over the course of the last nine months or so.

**Mr WILLIE** - What was your involvement at this point in time, Premier? When did you become aware of the bailout payment, and what communication was provided to you around this time?

**Mr ROCKLIFF** - As I recall, I wasn't part of the caretaker briefings. As I understand it, there were very high-level briefings, in terms of the circumstances. I was deeply engaged in the election campaign, as you might recall. My office attended the briefings and I think we were briefed probably just before the Opposition and had a very similar exact briefing, as you'd appreciate as per caretaker conventions around the circumstances.

**Mr WILLIE** - I think there were some discrepancies in terms of the level of detail provided to each side, Premier. Was your office provided information around a negotiating position and a payment?

**Mr ROCKLIFF** - My understanding is that it was very similar with respect to the briefings. You know, its caretaker conventions and Opposition and Government are briefed at the exact same information. There was no mention of a bailout in the briefing, as I understand it.

**Mr WILLIE** - It is clear from questioning in the House of Assembly, Premier, that the Government was provided information that the Opposition was not during this period of time, particularly the Treasurer, Mr Ferguson.

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**Mr ROCKLIFF** - Well, my understanding is we're in exactly the same knowledge sphere and what you say there is not correct.

**CHAIR** - Are there any other questions on this matter?

**Mr BEHRAKIS** - Not on this line of questioning.

**CHAIR** - Check with others. If you use your hands up function if you're online just to indicate further questions on that. I am going to move on to another area.

**Mr ROCKLIFF** - Can I just say, no payments were discussed in the briefing.

**CHAIR** - With you?

**Mr WILLIE** - With your office?

**Mr ROCKLIFF** - With my office. I wasn't at the briefing. I was on the West Coast, I think, at the time.

**Mr BEHRAKIS** - Premier, on Tourism, recently you announced the tourism hospitality package for more than \$20 million. Are you able to detail the status of their funding, how that's going and how that's going to be rolled out to the sector?

**Mr ROCKLIFF** - Thanks, Mr Behrakis. I know it's important, that investment. I once again appreciate the challenges that this has presented for the tourism industry. Can I say, we need to be very clear when it comes to these matters. We have a very important marketing objective here to ensure that mainland Australia, people from interstate, have a very clear knowledge that the two existing ships are still running. There's been some challenge in getting that message out there given some of the negativity surrounding this.

We have recognised that the visitor economy is some \$3.5 billion annually to Tasmania, of which 85 per cent of people come to Tasmania via air. There's some context around that, notwithstanding the importance of the TT-Line and the two ships to regional Tasmania.

That's why we announced a \$28 million tourism and hospitality package around ensuring that we boost visitation and support for local tourism and hospitality sector over the course of the next 24 months. This includes a number of areas, \$6 million to subsidise passenger fares to the *Spirits* to boost demand and provide for additional sailings, \$500,000 of the existing \$5 million aviation fund to increase the aviation capacity across the state to attract more visitors to Tasmania. Another \$500,000 for air and car hire packages to encourage those arriving by air to get out and enjoy our regions. Also the \$5 million investment for the Spirit Preparedness Fund, is also a very key investment which will support the development of new products and offerings and enhance existing attractions. For example, support to Councils to deliver key infrastructure such as signage and charging stations. We've got the voucher system. We've also announced a 'Eat Local, Stay Local' scheme and, also importantly, the \$5 million Events Tasmania Attraction Fund, which will be able to secure more events and enhance existing ones.

I've mentioned in Parliament recently the 28 additional day sailings of the *Spirits* over the peak and shoulder seasons, and the Tourism Hospitality Working Group importantly has been formed to provide advice to Government on the design and implementation of this funding

package. Work has advanced on the aviation fund guidelines and event guidelines, which will be finalised before the end of this year.

Notwithstanding that \$28 million package, I would point to existing key investments which have demonstrated key success right across the state. More recently, we announced with the Robinsons at The Cove a further \$50 million Regional Tourism Development Loan Scheme, which will support people investing in that area as well.

There is a lot going on. I recognise that it is needed to boost confidence in the industry. I'm very mindful of the people I talk to within industry - representatives from the Tourism Industry Council of Tasmania, for example, or West by Northwest, as we've spoken about in parliament - and of the need to boost confidence, given the circumstances we find ourselves. It is not only to boost confidence in terms of marketing and saying that existing ships are still very much running, but also to provide investments where we can to support growth in the sector.

**CHAIR** - Can I just go to a couple of things, Premier, if I might? With regard to the governance review, in your view, what specific governance failures have led to this situation the State now finds itself in?

**Mr ROCKLIFF** - With the greatest respect to the Public Accounts Committee, I can speak, in broad terms, of some of the challenges. My focus, as Premier, is to ensure that we move forward and recognise, firstly where we are, and take responsibility for it. As you quite rightly will do as a Committee, you will provide some insights, recommendations and learnings from the scrutiny that you provide, and indeed, from the evidence provided to the Committee.

Clearly, communication between government business enterprises has been a challenge. When you look at our discussion paper, when it comes to reforming our GBEs, not only is there a need to update the legislation - which is some 30 years old - and modernise our GBE State-owned Companies (SoC) act, but many of the learnings, discussion points and objectives we're seeing put forward for discussion is contained within our discussion paper.

What have we learned? You could argue that a number of matters within this discussion paper are a result of what we have learned. Firstly, that 'Team Tasmania' approach is very important, where we have government business enterprises looking outside the square, more whole of government - not just the myopic day-to-day view, but working together in and across GBEs, for the benefit of all Tasmania.

You could argue that there has been a silo mentality approach. If there's one thing that's frustrated me over my 22 years in Parliament, it's the fact that we still talk about silos when it comes to various government entities, whether that be GBEs or across departments. I believe that we're working far better in and across departments, but clearly a silo mentality when it comes to the government business enterprises is part of the challenge that we need to overcome.

**CHAIR** - I appreciate that you see our job is looking back, but I'm also interested in your insights as Premier. You have overall vision of some of these things, not deep down in the weeds.

Can I ask you then, Premier, perhaps - you talk about the 'Team Tasmania' approach for the whole-of-government focus rather than siloed thinking perhaps? In your view, has there

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been a focus on government businesses, particularly those like the TT-Line, TasPorts, and our energy entities particularly, making a profit rather than delivering service? They all have a service delivery component to them for the benefit of Tasmania - all of them. That's why they are government businesses.

Has there been a focus on their profit because there is more dividends for Government when there's more profit? Do you see that as a focus that's been problematic?

**Mr ROCKLIFF** - Each have individual balance sheets and we'd like - our GBEs must be financially sustainable. But of course there is also the need for that common objective when it comes to that Team Tasmania approach. Our GBEs need to be financially secure, profitable of course, but it's where that investment of those profits then lie.

There's Hydro profit, for example, as being in the renewable energy dividend which has been returned to Tasmanians because the Tasmanians own the Hydro. We've been through some energy price rise challenges in recent times. Albeit, Tasmania has had the lowest regulated energy prices in the nation, as I understand it. Nevertheless, people have still felt pain at the power bill. So, it's where you best apply those resources and dividends if you like. But I would expect that there is a need for a balance.

**CHAIR** - Do you think there's been a greater focus on profit and thus return to Government than there should be?

**Mr ROCKLIFF** - Possibly, but you know we need to ensure that our government business enterprises are first and foremost about delivering for Tasmania and Tasmanians. Also, it's about, in the cases we are talking about and focusing on, when the public accounts, investing resources, dividends if you like, into public infrastructure and enabling infrastructure to grow our economy. When I look at the huge investments that Hydro is making at the moment at Tarraleah, when you look at the investments on the West Coast as well, huge investments creating enabling infrastructure and therefore benefiting Tasmania.

Investment in our ports - there's an investment in enabling infrastructure. Investment in two new ships is an investment in enabling infrastructure and our economy. That's why I was very keen to ensure that we struck a deal with the Federal Government when it comes to the \$188 million for Berth 6 because it is enabling infrastructure which allows us to secure the Antarctic vessel on gateway to Tasmania thereby providing that enormous benefit to our economy. There's got to be that lens as well.

**CHAIR** - On that Premier if I can, on ports investment, particularly. This Committee has a very particular focus now on Berth 3 and the port infrastructure there. We know that the QuayLink project was TasPorts project that was funded by Government. Are you aware of any other requests from TasPorts for additional funding, or TT-Line for additional funding, to assist with the development of this berth? The new berth?

**Mr ROCKLIFF** - I'll take that on notice: I want to provide accurate information. But can I say, that when it comes to the QuayLink project, I was on the QuayLink project recently. I'll have to get the exact date for you with the CEO of TasPorts, Anthony Donald and Minister Abetz in the last few months. I mean, that's a very impressive project that was delivered by TasPorts on time, and as I understand it, on budget if not slightly under-budget. I'll stand to be corrected on that. That is a very -

**CHAIR** - It didn't include the works for Berth 3, did it?

**Mr ROCKLIFF** - No it didn't. But can I say that, although there was some flattening of the site in that sense, preparation - can I say that's an impressive example of a GBE that was tasked to do a job, in terms of QuayLink, and delivered on time and on budget? So, I cannot be critical.

**CHAIR** - With Government funding: that's the point. They did ask for Government funding for that.

I'm just interested if there has been - because of the challenges, lots of other ports - we won't go into this: it's not the purpose of this inquiry - that TasPorts have responsibility for. Even some of other tenants in Devonport have had their fees increased substantially by TasPorts over recent times, and others as well. Do you think there's a place for greater Government investment in our ports? If you're taking a holistic view here, if fees go up too quickly in a large volume, very quickly, it will have flow-on effects to the rest of the Tasmanian economy and those who interact with the ports - which is everyone, because we all get things off ships.

**Mr ROCKLIFF** - What you're saying is that essentially those that utilise the services of Government and expect not only the very best of service, but the very best of infrastructure. It's about finding that balance, if you like, from ensuring that we are competitive in terms of our shipping services, in that sense, and we have the funds to reinvest to keep that infrastructure to the level it should be, in terms of the asset not depreciating. There is still continued investment in that public infrastructure.

I'm not exactly sure of the individual circumstances of those that interact with TasPorts. There's a recent example around fee increases in the Burnie port, which has been of some public discussion and a matter for TasPorts to work through. There has to be a fair fee structure - fair to the consumer, fair to the Tasmanian taxpayer, but also one that enables continuous improvement in upgrading and infrastructure.

I can only wear my farmer hat here and say that if you are not continually upgrading your irrigation infrastructure, for example, or whatever it might be, then you find yourself undercapitalised for the modern economy. We cannot afford to have that, which is why it's important that we do continually upgrade infrastructure - continuous improvement - to support a growing economy. That's why I'm passionate about port infrastructure and the need to invest in upgrades, because we're only going to grow as a State.

When you consider the growth that we've had over the course of the last decade - I mean, we're now an over \$40 billion economy - that's been huge growth. That's through exports as well: our exports are around \$6 billion at record. We are going to continue to need to increase our capacity and our infrastructure to support export growth.

That's why Hobart Airport has spent significant funds in upgrading the Hobart Airport, which we now, due to the heavier pavement, have the opportunity to have direct flights into Asian markets, for example. That's why we need to invest in Berth 6, so we can secure the gateway to the Antarctic. That's why we need to ensure our Burnie Port is at the standard we need as well. I commend TasRail -

**CHAIR** - If I go back to the question then, Premier. Because of the importance of an island state and its port assets, obviously, do you think Government should be investing more in the port infrastructure rather than it all being cost recovered when we are so reliant on these ports? That's the question I'm asking. Is there a greater role for Government to support port infrastructure?

**Mr ROCKLIFF** - In principle, there is a greater role for Government to create enabling infrastructure. We need a fair fee structure though, to ensure that we can have those funds for repairs and maintenance and indeed capital improvements. We run into trouble when we don't get that balance right. If fees have got way too low historically and don't catch up with the times, we find ourselves in a situation where we have depleted port infrastructure and needed to recover that through fees, a need for fare increases that are extraordinarily too much and a price shock for those entities. That's why we need to get the balance right.

Now, if it means that in order to return to reasonable fees, continued capital upgrades, they may well need to be an intervention by the government to ensure that that happens. It's not a policy I'm making right now in terms of a number of millions of dollars of investment, but I'm just saying that's the principle of it. If you don't get the balance right, you find yourselves in these situations.

**Mr WILLIE** - I have questions.

**CHAIR** - We'll go to you and -

**Mr ROCKLIFF** - and you could argue - and I was going to talk about just very briefly TasRail predominantly, but also TasPorts and the ship loader. That is a very impressive infrastructure that is modern, but you could argue that that type of infrastructure should have well and truly been present a long time before this. As the previous arrangements was substandard in my humble opinion. I'm not an expert, but certainly where we find ourselves now, it is enormously impressive. I want to commend Steve Dietrich and TasRail particularly for delivering that.

**Mr WILLIE** - Thank you, Chair. Just back to the bailout, Premier, and I'm happy for you to take this on notice if you need to check your records, but when did you find out about that bailout payment? What date?

**Mr ROCKLIFF** - I'll check the records on that, Mr Willie. I want to provide accurate information to this Committee, and I'll provide it for you.

**Mr WILLIE** - Thank you. Tomorrow, *Spirit IV* is set to sail from Finland to Scotland. Do you have a contract in place now and do you know the cost?

**Mr ROCKLIFF** - I will seek that information for you. I don't have that information at hand at this present time. Let me see if I can provide that to the Committee prior to the end of today's session.

**Mr WILLIE** - Do you have an understanding of how long *Spirit IV* will be in Scotland before there's a potential lease?

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**Mr ROCKLIFF** - I know there's - or my understanding is that there's very active work in terms of brokers seeking leasing arrangements. Hopefully, as soon as possible, we can utilise the ships which as you'd appreciate need to be - you know, it is good for that type of machinery and infrastructure, again, going back to farm, to be constant in the running. It helps with maintenance and the like. So, we need to get those ships leased in my opinion, and have the best return for Tasmanian taxpayers as possible.

**Mr WILLIE** - How long will they be in Scotland if you can't secure a lease before you bring them potentially to Tasmania? What sort of time frame are you putting on that?

**Mr ROCKLIFF** - I want the ships, or the ship at the very least first, *Spirit IV* to be leased as soon as possible for the best interest of the Tasmanian community. That is a matter for TT-Line. I can seek advice from TT-Line, but I'm sure they will provide an update, as we will, to the Tasmanian people as soon as that information comes to hand.

**Mr WILLIE** - There must be a point where, if they're stored in Scotland for a significant period of time, a lease becomes unviable.

**Mr ROCKLIFF** - You may well be a shipping expert, Mr Willie. I'm not, but I know these matters will be worked through with TT-Line. We want the ships to be on a run as soon as possible, utilising the best opportunity for Tasmanian taxpayers given the circumstances that we're in.

**Mr WILLIE** - One more quick one, Chair.

If I can go to Berth 3, quickly, Premier: has the health check review progress of Berth 3 been completed, and do you intend to release that publicly?

**Mr ROCKLIFF** - We will release information with respect to Berth 3 and, indeed, progress with Berth 3. I have been on site more recently. I did touch on this in my opening statement, Mr Willie, around Berth 3 in terms of design - subject to completion of expert technical and commercial review, in terms of this matter.

We're going through a thorough cost and program review, following the finalisation of updated designs for the marine gantry works and other civil works, which is a normal process to go through. As soon as that information is accurate and it comes to hand, of course we'll be informing the Committee and, indeed, more broadly as well.

**Mr WILLIE** - Specifically about the health check, obviously there are those sorts of matters that would be involved in that. Has that review process been completed?

**Mr ROCKLIFF** - It's ongoing, as I understand it.

**Mr WILLIE** - It's ongoing, so it hasn't been completed yet?

**Mr ROCKLIFF** - No.

**CHAIR** - Can I just ask questions about the fit out of the vessels - of *Spirit IV* in particular, as it heads to Scotland? This was the \$100 million of Tasmanian content that was going to be put into the vessel once it arrived in Tasmania. What is happening with that fit out



now? Have we got a plan for that, and what does it mean for the \$100 million of Tasmanian content?

**Mr ROCKLIFF** - I covered this off in Parliament, either Tuesday or Wednesday this week, where I detailed some information for the Parliament with respect to these matters. I'm more than happy to seek the Minister directly responsible for an accurate update on those matters, if you'd like, Chair.

**CHAIR** - I'm not in your House, as you know. Does that information include the actual delivery of the Tasmanian content, or is there other content going to be put in, in Scotland, or already in Finland, wherever? What does it mean for when the vessel gets to Tasmania? Does it encompass all that information? Because I didn't hear it, I didn't see it, I don't know. We were a bit busy in our House.

**Mr ROCKLIFF** - What it encompasses - from memory and the best that I can recall - is that there's been engagement with Tasmanians at the fit out. The fit out includes input from Tasmanians. There's further work to be done when the boats arrive in Tasmania, including artwork, mattresses and the like. That was the nature of the answer that I provided. I can provide some more detail, if you like, to the Committee on that question. I'll seek that from the minister responsible.

**CHAIR** - Yes, if you can provide that information. If we're going to put Tasmanian mattresses in when the vessel arrives here, why do we require mattresses if it's going to be leased out in Scotland or in Europe, wherever it is leased? Or you are not bothered that people sleep on the slab?

**Mr ROCKLIFF** - I'm sure it could be accommodating patrons far better than that, Chair, but that's an operational matter of course and -

**CHAIR** - It goes to the cost of this, Premier. If Tasmanians need to, through the GBE, fund a fit out either in Finland or Scotland that was intended to be done in Tasmania, the vessel was in, notionally that's funded via a GBE one would assume. If I'm wrong, please correct me. Then the vessel comes to Tasmania and is then fitted out with Tasmanian content, which may or may not already be in the vessel, but not Tasmanian content - unless it's all flown over or freighted over: I don't know how many berths there are, but 1,000 mattresses to be put in. I mean, that sounds crazy because the cost of that alone. I'm just trying to understand what cost this is going to add to the projects themselves. Our room needs to look at the cost of this project and the additional cost that this situation has caused TT-Line and the people of Tasmania.

**Mr ROCKLIFF** - A paper is being prepared by TT-Line on local content for 10 December 2024 project review and assurance steering Committee and are meeting on that date as I understand it. The Committee has requested that this paper include a number of details and that includes how TT-Line will deliver the government's commitment of the local content. The contractual mechanism in place to deliver this commitment, a list of local content spending to date for the new *Spirits* and total values of spending subject to commercial advice of course.

Given this is a point in time reporting, as I understand it, the Committee will also consider the next appropriate point for an update on local content and will provide this advice to the government following the meeting. The intention is to provide this information to government

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and to the Public Accounts Committee, following consideration by the steering Committee. So, we'll have that for you in greater detail.

**CHAIR** - When can the Public Accounts Committee expect to get that report?

**Mr ROCKLIFF** - I'll take that on notice, but the meeting is on 10 December. That's the project review and assurance steering Committee. I've detailed a number of those areas that they're focusing on, so, as soon as possible.

**CHAIR** - Noting that Christmas is coming, will that report be made public or just be provided to the Public Accounts Committee?

**Mr ROCKLIFF** - There's a motion committed to providing all that information on 10 December.

**CHAIR** - Which will be public, or just provided to the Committee?

**Mr ROCKLIFF** - Public, as I understand it. Yes.

**CHAIR** - It will be provided fully unredacted to the PAC?

**Mr ROCKLIFF** - I expect so, yes. The total values of spending, subject to commercial advice, of course. We can, absolutely -

**CHAIR** - The PAC is not limited by a commercial sensitivity.

**Mr ROCKLIFF** - Okay. Very good.

**Mr EDMUNDS** - I've just got two quick ones and thanks for your time this morning, Premier. Can I just confirm, and perhaps this might be some of the extra information you're seeking, but are we going to have a situation where the *Spirit* leaves Finland without a contract to dock in Scotland? What are the contingencies if that agreement can't be hammered out while the *Spirit* is at sea?

**Mr ROCKLIFF** - That's very good question, Mr Edmunds. Thank you very much for that. I'll seek that exact information for you. It's a matter for TT-Line. Any further advice there, Kath?

**Ms MORGAN-WICKS** - Through the Premier, in terms of TT-Line operations and their expertise in entry into port contracts, and for the need to obviously berth, that is a matter for the operational team to provide that advice.

**Mr EDMUNDS** - Okay. As the main oversight being in the top job in Tasmania, is that is that something we should be concerned about - that there potentially isn't a contract?

**Mr ROCKLIFF** - Firstly, the final details are being worked through. The important thing is that we have secured a berth - that's the important thing - the berth at Leith. My understanding and advice is that the final details of those contractual arrangements are being worked through.

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**Mr EDMUNDS** - Thanks. I know we're a bit short on time, but I have a quick question about the TT-Line board. A couple of those contracts, I believe, are expiring. Are those members being temporarily extended, or what's the plan for ensuring there's a board with a quorum?

**Mr ROCKLIFF** - Thanks for that question. We answered that the other day in the lower House around a quorum. There will be a quorum, of course. I want to thank the work of Helen Galloway, Richard Burgess, the acting chair, Damien Bugg, and Yvonne Rundle. They remain. A quorum, of course, is constituted - if that is the right word for it.

**Mr EDMUNDS** - How will that happen? Will terms be extended?

**Mr ROCKLIFF** - We're also going through a recruitment process right now, in terms of new board members and indeed the chair position as well. We have the *Interpretation Act*, which is provision for extension powers.

**Mr EDMUNDS** - Okay.

**CHAIR** - I am conscious of the time and I know the Premier has other commitments, so I will draw to a close. We are having further hearings next year in looking at the updated progress on that.

Premier, we'll be writing to you about your appearance, in terms of the matters you're responsible for, in terms of tourism and other matters. That will be sent to you with plenty of notice about the scheduled meeting time. I thank you for your appearance today. We'll send through the questions on notice to you. We look forward to your response. Thank you.

**Mr ROCKLIFF** - Thanks, Chair, and I thank Committee members for the very important work that you are doing. It is a very unfortunate set of circumstances we find ourselves in. There will be huge learnings from this, and I take responsibility as Chairman of the Board, if you like, to get the job done to fix what has been a really difficult time. I welcome your input and assistance with that objective. Thank you very much.

**CHAIR** - Thanks, Premier.

**The hearing concluded at 9:44 am.**