



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESS SCRUTINY COMMITTEE B

Tasmanian Railways Pty Ltd

Tuesday 15 December 2020

MEMBERS

Hon Rosemary Armitage MLC
Hon Ivan Dean MLC
Hon Jo Palmer MLC
Hon Tania Rattray MLC (Chair)
Hon Jo Siejka MLC
Hon Josh Willie MLC

WITNESSES IN ATTENDANCE

Hon. Michael Ferguson MP, Leader of the House, Minister for Finance, Minister for Infrastructure and Transport, Minister for State Growth, Minister for Science and Technology

Mr Stephen Cantwell, Chair, Tasmanian Railways Pty Ltd

Mr Steven Dietrich, Chief Executive Officer, Tasmanian Railways Pty Ltd

Ms Karen van der Aa, Chief Financial Officer, Tasmanian Railways Pty Ltd

Mr Stephen Kerrison, Chief Operating Officer, Tasmanian Railways Pty Ltd

Mr Neale Tomlin, Corporate Relations & Strategic Development Manager, Tasmanian Railways Pty Ltd

Ms Kirsten Woolley, Corporate Relations Specialist, Tasmanian Railways Pty Ltd

PUBLIC

The committee resumed at 11.45 a.m

CHAIR (Ms Rattray) - Welcome, minister, I want to thank you very much for your time today for an important scrutiny of TasRail, a very important infrastructure and rolling stock that supports our community so we look forward to being here until about 1 p.m.

I will introduce the committee - Jo Palmer, her first time for GBEs; the member for Launceston, Rosemary Armitage; myself, Tania Rattray; the member for Windermere, Ivan Dean; the member for Pembroke, Jo Siejka; and Josh Willie. We have Natasha Exel who is our secretary support and we have Deb from Hansard.

Minister, before you provide your overview, you might like to introduce your team at the table.

Mr FERGUSON - Thank you, Chair, and good morning to you and all the committee. I introduce Mr Stephen Cantwell, Chairman of TasRail; Mr Steven Dietrich, Chief Executive Officer; and Mr Neale Tomlin, Corporate Relations and Strategic Development Manager. I am assisted by Chief of Staff Mr Daniel Gillie, who is here to give evidence.

CHAIR - Welcome, everyone, and thank you very much. As I said prior to the broadcast, if you need anyone else to come to the table, minister, there is one clean chair; if anyone needs to move out and let somebody in, there are also clean chairs at the end.

Mr FERGUSON - Good morning, I am pleased to attend the meeting today with your committee. TasRail has had a very solid year delivering a \$1.1 million profit in 2019-20 and a slight increase in customer revenue despite the challenges COVID-19 presented to our economy and particularly our freight and logistics sector in the latter half of the financial year.

Like all freight and logistics businesses, TasRail was deemed an essential service at the start of the pandemic and they quickly established protocols to ensure their 100-plus weekly services for industry would be able to continue uninterrupted, which was fantastic.

Around 87 per cent of TasRail's freight is ultimately exported from Tasmania, a fact that demonstrates the importance of rail logistics to Tasmania's exporters, including the miners, timber companies, major manufacturers and freight forwarders.

Likewise, TasRail also plays a critical role in transporting retail and supermarket goods on its daily services from the state's north to the south. In addition to providing around 3 million tonnes per annum of rail logistics to industry, TasRail is also an infrastructure manager. It is responsible for delivering the Government's major investment in network renewal. I am pleased to inform your committee that despite COVID-19-related travel and workplace restrictions, TasRail's capital program for 2019-20 was delivered on time and on budget, supporting around 150 jobs in the civil construction industry around regional Tasmania.

TasRail now has a dedicated COVID-19 recovery team. It is responsible for the implementation of COVIDSafe work practices and responding in real time to any changes in government health requirements. I attended one of those recovery team meetings in September and I was thoroughly impressed with their determination to keep the people of this business safe and healthy while still delivering critical services around the clock to industry.

State-owned companies play a major role in Tasmania's economy. Earlier this year, I was very pleased when I was advised that TasRail changed its payment terms with Tasmanian suppliers to weekly during the height of the pandemic. This was a deliberate decision, supported by the Government, to assist local businesses with cashflow.

Turning to infrastructure briefly, thanks to the funding commitments of the Tasmanian Government and the Australian Government, TasRail is delivering a record capital program to revitalise the performance of the freight rail network in Tasmania. With around \$375 million in capital for infrastructure renewal across tranches 1, 2 and 3 of the Tasmanian Freight Rail Revitalisation Program, Tasmanian industry can be assured it will continue to have access to high-quality rail services long into the future.

I have been out onto the network with the TasRail team and witnessed firsthand the quality of the projects they are delivering. Those projects are delivering real improvements. I can inform the committee that derailments have hit record lows, on-time running performance has been hitting record highs, and I am sure the chairman is able to provide the committee with more details on that in his brief opening remarks.

Industry embracing freight rail, Tasmanian heavy industry and freight forwarders have embraced a revitalised TasRail knowing they can rely on it to be a trusted provider. TasRail operates in three markets - bulk commodities, containers and forestry. The major producers of freight in each segment have chosen to enter long-term contracts with TasRail, based on their confidence in a strongly performing freight rail system. About 90 per cent of TasRail's freight task is now under long-term contract, which further underscores the importance of rail logistics to industry.

A stand-out performer has been the forestry segment. TasRail recorded a 42 per cent increase in log volumes and expanded its capacity for industry. This includes the reopening of the Parratah Log Siding, installation of state-of-the-art log truck weighbridges at Brighton and Parratah, and deployment of additional log wagons. Along with the Minister for Resources, I had the pleasure of visiting the Brighton Transport Hub in November to announce a \$5 million forestry stimulus package that will be delivered by TasRail. Without spending time on detail, they are a very important innovation in partnership with Elphinstone where the logtainers are able to carry logs in one direction and fold down and then be able to return on the same device with containers.

In terms of the future and where we are going, with vastly improved infrastructure and a keen interest in its customers, TasRail has come a very long way. There is still more to do and in August this year TasRail went to the market calling for tenders to replace the bulk minerals shiploader at the port of Burnie. Fully funded by the Australian Government, the new shiploader will dramatically improve loading rates per hour and deliver contemporary levels of reliability, -

CHAIR - It is not the one that fell in the water is it?

Mr FERGUSON - Not the privately run mobile crane that went into the water, no.

PUBLIC

It will also improve safety and environmental standards. Working in conjunction with the new shiploader will be TasRail's expanded minerals storage facility, which we could explore if the committee wishes to.

I thank the committee, and as our markets being to normalise I am very confident in TasRail. It is an extremely well run company. It is serving the Tasmanian community; it is serving Tasmanian industry and as an infrastructure and transport provider; it is going to be playing an evermore important role in delivering safe and efficient supply chains to Tasmanian industry and supporting our economy to grow.

Mr WILLIE - I have an accounting question first, and that is about the state Government's contribution. Last year, \$13 million in state revenue was provided and that was counted as revenue in the books. This year, the \$12 million contribution from the state Government is an equity contribution, which means that the bottom line is impacted because it is not counted as revenue. Is there an explanation for the different accounting standard being applied there?

Mr FERGUSON - Thanks, I will invite our CEO to responding on the accounting treatments.

Mr DIETRICH - The change in the IIP program from tranche 1 to tranche 2, the decision was to take the state's contribution from grant revenue through to an equity contribution in line with the Australian Government's accounting arrangements for the same funding.

Mr WILLIE - The figures for that project. Okay. Is there an explanation for the compensation received for this year, the \$9 million?

CHAIR - There's no description in there.

Mr DIETRICH - That's commercial-in-confidence. I can say that it is to do with the Burnie hardstand and the settlement outcome due to some shortcomings in the design and construct of that particular facility.

CHAIR - Is the entire amount for that?

Mr CANTWELL - It's effectively a warranty compensation for the quality of work that was done and as the CEO said, that settlement was negotiated on a commercial-in-confidence basis with the company that completed those works. Chair, to your question, yes, Tasrail is confident that amount will accommodate the full rectification works and deliver up a safe, reliable and fit-for-purpose infrastructure into the future.

Mr WILLIE - Those works haven't started yet or are they about to start?

Mr CANTWELL - When the deterioration of the infrastructure started to emerge, interim rectification works were put in place immediately to maintain the serviceability and safety of the hardstand while the negotiations were conducted with the contractor who provided the initial work. There has been enough work to keep the facility safely in operation.

Mr WILLIE - Who was the contractor? Is that in the annual report?

PUBLIC

Mr CANTWELL - No, and part of the settlement arrangement is that there has been a confidentiality deed signed with the contractor. Those works were done about five years ago.

Mr DIETRICH - That's correct.

Mr CANTWELL - These issues emerged the year before last, in the last two years. The accommodation was in the last financial year.

Mr WILLIE - Can I move off the accounting questions?

CHAIR - Yes.

Mr WILLIE - Minister, in your opening statement, you talked about the freight volumes for logs, which have increased significantly. It is an ongoing concern across a range of industries, not just for Tasmania, but also Australia. What is the impact on TasRail finances if China continues to block whole log shipments? If you could talk to that, I would appreciate it.

Mr FERGUSON - Thanks, Mr Willie. I will again ask the CEO to respond to your question. This matter is being handled in a delicate fashion. We value our trading relationships with our trading partners around the world, including with China. We look to the Australian Government as the lead government in our diplomatic relations with China and all of our trading partners, especially when there are diplomatic issues at play, which is the case right now.

From a trading point of view, as a state government we are determined to support those efforts and there is ongoing dialogue between the Tasmanian Government and the Australian Government. We want to ensure that we protect our markets and that we look after our industry to the greatest possible extent. It is no secret that China's posture recently has been of concern and we look to mature and professional responses to those issues and with our public statements we need to be necessarily prudent so as to not unnecessarily cause further distress in those relationships. It has to be said that we are taking it very seriously, Mr Willie, and working closely with the Australian Government through different portfolio ministers, working with their counterparts, the Foreign minister's and the Trade minister's offices, respectively.

I am more than happy for Mr Dietrich to speak to the operational and commercial element you were asking me about in respect of how we are managing to support our customers getting their goods to market right now.

Mr DIETRICH - We have grown this particular segment of our business from back in 2012, when we had zero logs, zero customers.

Mr DEAN - We were told it would never happen.

Mr DIETRICH - Correct. Due to the investment in the rail network and where we have taken this business, you can see by our vision and values that we have the customers coming towards us. We have moved the business into a forestry segment and at this time is probably about 6 to 8 per cent of our overall volumes, but growing rapidly. It grew 42 per cent last year.

So, zero customers to five customers with multiple products. We do plantation also. With the advent of COVID-19, we saw a decline in our forestry volumes as international

shipping and arrangements with China particularly altered some of the flow of that wood. We have seen certain customers bounce back, particularly in the plantation area of our business. I bring to the committee's attention that we have opened up a new facility at Parattah, which has been a game changer for that particular region, the state and our customers.

Where we could bring a train full of bulk logs out of Brighton, we can now further increase the size of that train when we get to Parattah and that has opened up the south-east corridor of Tasmania. It provides services to our customers to bring their logs economically and commercially in from those regions, which were originally stranded, into Parattah and then we are hooking them up to the main train that travels from Brighton up to Bell Bay.

Our industry is not so much the sawlogs and the peeler logs; it is the logs going to the woodchipping processes at Bell Bay, the Artec and the Reliance Forest Fibre. Our new customer Midway is particularly using Parattah. We have a new weighbridge at Parattah which is also a game changer for our customers that really integrates us with their supply chain, and we have recently put a new weighbridge in at Brighton. They are very important pieces of equipment, because the log trucks can come in, are automatically weighed and then that starts a whole cycle for our customers around the commerciality arrangements, invoicing and then pricing.

With the products we are transporting, it became woodchips and woodchips as the market has not dropped off at this particular time. Through COVID-19, we did drop down to around five trains at 75 per cent utilisation. I am pleased to say, as at the last couple of weeks, we have turned the sixth train back on and we are close to 95 to 100 per cent utilisation again.

We are seeing an upsurge in the forestry sector for our business. I understand a couple of the other areas are probably still somewhat a little bit down on market share.

CHAIR - Slow to get back.

Mr DIETRICH - Slow to get back, thank you, Chair. From our perspective and with the supply chain we have designed, we have taken a lot of risk out for our customers because we do not rely on a back cart. We actually do the back cart through potentially containers coming out of Launceston.

We bring Toll containers out of Launceston on the forestry train. Going up, it is a big log train, going into Artec and Reliance Forest Fibre. We have also recently put in a brand-new purpose-built siding into Reliance Forest Fibre so both customers take the logs off the train and put them straight into their chipping facility, very efficient.

With our logtainers, which with the minister's support, through the economic stimulus package coming out of COVID-19, we are purchasing another 40 logtainers, and potentially 50. We are going to make some road-compliant as those stanchions on the logtainers drop and we put the containers on top. We do not rely on a back cart of logs, we actually have containers coming back on that train, which really makes it very efficient for the customer and gives them certainty around their cost profile.

From the point of view of the market we are in, at the moment we are not seeing that particular product segment in the bulk forest flow impacting, not to say something may not change in the future. Some of these things, particularly through COVID-19, were a

week-to-week proposition, but at this time our customers are flagging to us strong volumes right through into next year.

Mr WILLIE - What about the mineral exposure to China as well? We've just seen that they're putting a stop on coal, or directing their power stations to stop using Australian coal. Is there a risk to TasRail in terms of minerals?

Mr DIETRICH - That's another very good question, Mr Willie, and I guess our main customers in the bulk space - particularly down the west coast - their product is going into Nyrstar so we're railing up the zinc concentrate from Rosebery and transferring that by the shiploader Nyrstar has their vessels come through, or feeding the Nyrstar plant.

Tasmania Mines - a lot of its product is sent to the coal washeries in New South Wales.

Mr CANTWELL - The magnetite's destined for New South Wales so there may be an at-the-margin impact for customers like that, but suffice to say, as the minister mentioned in his opening remarks, part of the forward agenda for TasRail is to expand the capacity of the bulk minerals export facility. We are oversubscribed through that facility and the other customers that we have in that space - their mining activities are part of a vertically integrated supply chain so they're not actually selling into the China market, they're selling into their own productive system.

While Tasmania is modest in terms of its mining resources sector, it's quite well buttressed against the whims of the global market. It's quite niche and that in itself provides some protection in the global markets.

Ms PALMER - Minister, you touched on TasRail's response to COVID-19 in your opening comments. Could expand on that a little bit more - and TasRail's continuing commitment to safety generally?

Mr FERGUSON - I'll be able to provide some information to the committee that deals with the performance and the safety.

I am pleased to inform the committee, as I mentioned earlier, that there is a \$1.1 million profit in 2019-20 and despite the impact of the pandemic, TasRail has still managed to achieve a slight increase in revenue compared to 2018-19, with an operating revenue of \$36.5 million in 2019-20. I'm especially pleased to note that these results were partly driven by the forestry product business we discussed earlier, with the 42 per cent increase I referred to.

I think Parattah has been adequately covered in an earlier answer. I think that that's a very important game-changing investment that's been made and perhaps not well-known or understood by the Tasmanian community, but we can increasingly let them know about it because it's something we can be extremely proud of.

In addition to the strong growth in forestry, the mineral concentrate volumes grew by 2.9 per cent and the general intermodal container services carried an additional 1358, 20-foot equivalent - TEU - containers.

With relation to safety and in response to COVID-19 and dealing and looking after our teams through business continuity and, of course, as well for a COVID-safe environment, I

would have to describe TasRail as one of the clear leaders in the freight and logistics sector in Tasmania.

Why would I say such a thing? It's not just because of today's occasion. I've been meeting with the freight and logistics sector on a regular basis since early March when the pandemic really began to cause us concerns about how we would continue to look after our essential services in freight and logistics. TasRail has been consistently ahead of the game in terms of business continuity and planning, but also ensuring that the whole business, were there to have been an infection among the workforce, wouldn't need to shut down, that we'd be able to continue to operate because we'd have put in place the social distancing requirements - not just that, but also ensuring that people were working in different of the parts of the business somewhat isolated from each other.

The investment into the network as part of tranche 2 of the Tasmanian Freight Rail Revitalisation Program has been vital from a safety point of view. It's kept around 150 contractors employed and the business has worked proactively with its contractors to ensure that they too have COVID-safe working processes.

TasRail is very aware of its role in the broader community and made the decision during the height of the pandemic to improve its terms of trade to suppliers to seven days, which I think is the shortest time frame of any of our Tasmanian businesses.

I am also able to inform the committee that TasRail is now beginning to shift from the COVID-19 response to recovery and has dedicated workgroups focused on this task. Speaking more generally, TasRail has a very strong safety culture. Ms Palmer, I am delighted to inform you that every time I sit down with TasRail - which is every week, sometimes fortnightly - we don't do any other business until we have first talked about safety or values. It is not ceremonial; it is a real moment, where we discuss the realities of the business and how we are continuing to strive for a safer business - noting the hardware that is at play and the risks that are real.

During the 2019-20 financial year, there were two recordable injuries. Over the same period TasRail accumulated a total of 583 000 exposure hours in the reporting period and this equates then to a lost-time injury frequency rate of 1.71 which compares to 1.84 in the previous year. In addition, TasRail contractors remained lost-time injury-free for the entire financial year - the reporting period - and as of yesterday have now worked a total of 1326 days lost-time injury-free. I think you will agree, and I am sure your colleagues on the committee will agree, that they are impressive statistics for any industry, but given the nature of TasRail's 24/7 round-the-clock, many industries and the heavy haulage nature of that business, that is a particularly remarkable outcome.

I would like to pass on my commendation particularly to Mr Dietrich and his team for their unrelenting focus on safety, looking after our people, and, of course, Ms Palmer, to your question, responding in a capable way to the COVID-19 pandemic that has kept TasRail out of the headlines because it has just got on with business and done a very good job.

Ms ARMITAGE - A supplementary question with regard to the injury and just noting in the annual report, that the 1.71 and its target of zero and the comment that disappointingly the recorded results exceeded the target set; also the 3.42 of the recordable injury.

My question, minister, is: what specific measures does TasRail have in place to improve the safety records and to ensure its employees and contractors go home safely every day?

Mr FERGUSON - Thank you, Ms Armitage. I appreciate the question and I guarantee you that we have an unrelenting focus on safety and dealing with risks as they emerge, and proactively preventing injuries and effectively stamping out practices that can lead to injury as well. Ultimately it is a responsibility that is shared by the business and by every individual employee.

Ms ARMITAGE - Any specific measures?

Mr FERGUSON - I will ask the Chair and the CEO to respond to you with the detail of the operations.

Mr CANTWELL - I think I can say as a nonresident of the state who has a lens on the national rail sector, that the metrics TasRail is able to deliver are an order of magnitude better than comparable organisations on the mainland. For example, the lost-time injury frequency rate which has been referred to in the discussion thus far typically seen in a mainland organisation might be about 4. The lower, the better. TasRail is a factor of 2 or 3 better.

Ms ARMITAGE - The target was 2, that was all.

Mr CANTWELL - Sitting at the centre of TasRail's safety focus is the safety circle philosophy. The safety circle is a philosophical approach to safety which seeks to enjoin the whole person. I can say also as a non-resident, this innovative approach to safety has been able to engage the whole workforce and the broader TasRail community - the families of the workforce - and that has translated into the thousand days LTI-free and the 500 days main line derailment-free that TasRail is able to demonstrate.

There is a formalised safety management system. There is a formalised safety framework within the organisation which conforms to world best-practice standards.

Ms ARMITAGE - I have a supplementary on safety. Have you something to add?

Mr DIETRICH - I was going to add to that. Thank you for the question, Ms Armitage.

The two medical treatment injuries for last year included shoulder soreness in one of our long-term drivers, and a person who was working out on the track when a clip came off and grazed the side of his head - very minor in nature, but still any injury is not acceptable.

Ms ARMITAGE - Difficult to prevent.

Mr DIETRICH - Difficult to prevent where we have so many 24/7. A lot of our workers work at night; infrastructure is during the day - very seasonal conditions, hot, cold and can be quite extreme out there for our workers.

I would say, as the chairman reiterated, on an industry perspective and my experience in transport, railways, shipping and road transport, our customers are very proud to deal with us because of these contributing factors. They see this as a value proposition with what we bring to the table.

Prior to when we had the LTI, we were effectively within the business, outside of our contractors, exceeded 1000 lost-time injury frequency days.

It has been an exceptional result, but our focus around safety is unprevailing. It is a number one core value. As the chairman reiterated, it is not just about engineering solutions. This is behaviour, so human factors.

Ms ARMITAGE - I would like to mention just how good the TasRail people were in assisting us when we had the inquiry - they actually took us out in those little machines that go on the rail and the road, and how conscious they were of safety. I would really like to compliment the people who actually came with us and how great they were.

Ms SIEJKA - On the issue of safety. I notice that the animal incursion rates are steadily up as well as the animal collision rates.

What are you doing about this? Is there a reason they have increased? It look as if from 2016-17, both of those have steadily risen. What is the strategy and plan?

Mr CANTWELL - Our response to that is the drier conditions experienced in the previous 12 months led to more incentive for stock to move on to the corridor.

TasRail has about 1500 neighbours on either side of the corridor it is responsible for. TasRail works independently with each one of those neighbours, to agree on securing the corridor. TasRail will work with the neighbours to make sure fencing is appropriate and effective, and that we are good neighbours.

Ms SIEJKA -. Given the market increase, and I understand you regularly work with that many neighbours, although that would be a challenge, is there a strategy or plan to address this? It is quite significantly up in both of those categories. Weather is a difficult one to counteract, but it does seem that a more concerted approach is needed.

Mr DIETRICH - I will respond to that. We are certainly focused on speaking with all our neighbours across our network and fencing is a key issue with the farmers. We have seen an increase in wandering stock. It is mainly sheep, unfortunately, and it is not pleasant for our drivers.

We do not have a statistic on what the death rate is with that particular number. It is not high, but it is still something we want to avoid. We started a communication process with the Tasmanian Farmers and Graziers Association and then looking at how we can educate our neighbours to try to retain their stock within their land boundaries.

It is the farmer's responsibility to maintain the fences, but what we are doing is going to take a proactive approach with our track inspectors and start to ask them to look at areas of the network where they believe there may be some weakness in the farmers' fencing and boundaries and start to approach it proactively with the farmers, as we go.

Mr DEAN - In relation to safety, it has been brought to our attention there are concerns with the current TasRail TR class locos you have. A number of issues have been raised with us, including we are told a substantial number of driver injuries, some of which are ongoing.

PUBLIC

Is there an issue with these locos? It would seem there is some issue. If that is the case, what is happening and the strategy with this?

Mr CANTWELL - The TR locomotives are the new locomotives within the TasRail fleet. There are 17 of those locomotives. I think what you are referring to is the ergonomics within the cab?

Mr DEAN - I am only repeating the information we have.

Mr CANTWELL - In the procurement process the design and the configuration of the cab included a process of consultation with the train driver community. However, in 2015 off the back of some stress-related injuries, there was a review of the cab configuration within the TR locomotive fleet. Ergonomic specialists were employed. Again, the train driver community was employed and a redesign of the cabin was commenced. All of that work has been implemented. However, in the last 12 months one reported stress-related injury of a train driver has been received. Part of the cab reconfiguration was to make some changes to the cabin, but also to instruct the drivers in setting up the cab. You will appreciate if two different drivers in a vehicle might have their seat in a different position. A locomotive cab is no different. What TasRail has done in the last 12 months in the face of - and, Steve, you will confirm it for me - one reported injury has reintroduced a retraining program for the drivers to assist in the setting up of the cab. Apart from the cab configuration issues, I am not sure we are aware of any other issue with the TR locomotives from a safety perspective.

Mr DEAN - The substantial number of injuries and you are saying that is not right?

Mr CANTWELL - That is what we are saying.

Mr DIETRICH - There has only been one strain from the driving of the TR locomotives. There have been no other injuries related to the TR locomotives. In fact, the TR locomotives are a game changer for our business. Their mean distance failure rates are at fantastic levels and their reliability. I am pleased to advise the committee we have a freight availability performance running at 97 per cent at the moment, which this business has never seen before. That is why the customers are relying on us now. We depart and arrive on time, effectively these TR locomotives are a state-of-the-art piece of equipment.

Yes, there were some ergonomic issues early in the piece. They have been addressed as the chairman advised. There were a committee of train drivers involved in that process, but we are reviewing on a case by case basis where there are some concerns. What we are finding is it is about the education and making sure the drivers set the cab up for themselves appropriately. We will continue to work on that. That is our remit. I am pleased to say the majority of the train drivers I speak to are very supportive of the TR class fleet.

CHAIR - Isn't that interesting? They must be speaking to different people than what we are.

Mr DEAN - You are being factual here, obviously, there is not a substantial number of injuries, you are saying there is only one.

Mr DIETRICH - You can see that in the safety stats in our Statement of Corporate Intent.

Mr DEAN - Reports only read what is written into them.

Mr DIETRICH - We abide by our regulator and have to report everything.

Mr DEAN - In relation to the locos, you have talked about growth area for TasRail and it is wonderful with freight movement and so on, but the information again we are provided is there is some concern with the current locos you have. I am advised there is only four DQ class locos being rebuilt and the 220-50 class locos in service will be requiring serious expenditure on them before too long. The concerns have been raised with us that with the growth in the industry that the loco, the fleet that you currently have, is not going to keep up with that demand. Is there any answer to that question?

Mr CANTWELL - That is probably right. We can confirm for the committee that TasRail is going through a process right now of looking at its future locomotive requirements and has been out to the locomotive provider market, looking at options for new locomotives and the remanufacture of existing locomotives. It is true that the DQ and the 2050 class are older locomotives. We can say that within the rail sector, locomotives can be a little bit like grandfather's axe: it can be kept in an almost new condition through what is called component change out and the TR locomotives have been through their first CCO. From a safety and reliability perspective, TasRail is very focused on ensuring that its locomotives are maintained to an appropriate standard, they are safe and they are reliable.

We would not be able to deliver the safety outcomes and the on-time performance that the CEO has described without keeping a focus on the locos.

Like any trucking or shipping organisation, we also acknowledge that to accommodate growth in the future, we are always looking at the assets that are required for the future and we are going through a process right at this time of identifying what is the most effective procurement pathway for new locomotives going forward.

Mr DEAN - One further question, with that position known, is there a cost indication here of what it may cost TasRail to achieve what it wants to with the locos? Is there a time frame for this whole thing?

Mr CANTWELL - I would say to the committee that the process is not advanced to the point where we have firm pricing. Locomotives are not cheap and with the Australian dollar where it is currently, to procure a TR equivalent, if you like, which come out of America, probably in the order of north of \$6 million per locomotive, compared to a remanufactured locomotive which might be somewhere between \$3.5 million and \$4 million. You are talking reasonable money for a new locomotive.

Mr DEAN - Is there a time frame on when you would like to see TasRail in a better position with its locos?

Mr DIETRICH - It is probably over the next 12 to 24 months. We are going through a series of analysis. COVID-19 did not help us; that slowed things down a little bit. Particularly, we have been focused on whether we can repurpose our existing fleet here in Tasmania. We are looking at whether we can repurpose the existing fleet potentially in Australia and all that

analysis is being undertaken as we speak. We are looking at the second-hand market and we are also looking at the international market.

To give you an idea, back when we bought the TR class, we hedged in an exchange rate of \$1.08. If we were buying the TR class today, we would not get 17, we would probably only get 12.

You raise a very good point. We are finding that to upgrade the 50-year-old asset, could be beyond \$3 million. You are almost moving towards, perhaps we have to talk to Treasury, seek some borrowings and look at what that might mean from a point of view of buying a new asset. A new asset holds its value, so if something was to happen, it is not a stranded asset because they are a very saleable commodity and in demand as we speak as the rail industry is growing right across the nation as a mode of transport.

CHAIR - Sounds like there might be some preloved trains going for sale. I can see Mr President in the back of the room with the biggest smile on his face. He might be looking to buy one.

Minister, you talked about safety. Safety, in my view, equals maintenance and a good maintenance program. We have been informed that there was a derailment at Tunbridge approximately two years ago at a location which sees regular train crosses and has resulted in speed restrictions down to 15 kilometres per hour with the damaged track remaining unrepaired. Given the maintenance that would be required to equal the safety aspirations of the company, is it a concern that we have something that happened two years' ago that has not been addressed?

Mr FERGUSON - I wouldn't say it's not been addressed, and I'll ask the CEO in a moment to give you the detail you're looking for. It's actually been more than 500 days now since TasRail experienced a derailment. It wasn't that many years ago that we were hearing about them every month, sometimes every fortnight, so there's been a major turnaround as a result of the infrastructure investment that's been rolled out: tranche 1 fully delivered; tranche 2 being delivered; and tranche 3 being designed.

It's clearly an operational matter for the business to ensure that any weaknesses in the network are quickly addressed but also on a risk management basis. You need to deal with the most pressing risks upfront and then manage the other risks, noting that it won't ever be possible to guarantee that a derailment isn't just around the corner. You'd have to manage that risk rather than eliminate it. We have significant work under way right now as to allocation of future infrastructure improvements so that we can actually have a long-term asset that's actually protected against deterioration and also weather events.

I will ask Mr Dietrich to respond specifically to the north-west coast -

CHAIR - No, this is Tunbridge, unless it's moved from when I drove past yesterday.

Mr DIETRICH - Chair, to further clarify from the minister's response, Tunbridge happened back on 19 July and I'm pleased to say - and I don't like to use that 'd' word I only refer to it as an incident - that we haven't had an incident of that nature now for beyond 550 days. That's the first time in TasRail's history. That's a bit outside the circle behaviour but

we're confident in the network and the reliability of our rolling stock. That particular incident was a combination of a minor -

CHAIR - It's more about the maintenance, not the incident itself.

Mr DIETRICH - Yes, a low-speed derailment but that particular area of the track was a set of points at Tunbridge which have been replaced now. From the point of view of speed restrictions within that section, I'm pleased to say that a lot of that sector of the network has had speed restrictions lifted. The trains are travelling at the network performance allowance.

Mr CANTWELL - I think it's worth adding it's the main north-south corridor. The track repairs were effected quickly after the Tunbridge replacement and as the CEO has said, a new set of points was installed in November of this year and perhaps the reports of the maintenance are getting confused between the installation of the points, which would have required a speed restriction for a period of time while the fabricated points were procured and installed. So issues might be being confused between maintenance and renewals in the track.

That corridor is the most heavily trafficked corridor in the TasRail network and since TasRail took management of the network, we've seen an 80 per cent reduction in main line derailments and more than 50 per cent reduction in network speed restrictions. Only 8 per cent of the network has these speed restrictions in place now and that's reflective of a very focused maintenance regime. If there were weaknesses in the maintenance regime then the indicators of poor maintenance are derailment rates and extensive network-wide speed restrictions.

The company prioritises the maintenance that's carried out on the network on a risk basis and it does the maintenance where risk is highest first.

Mr FERGUSON - I will add that that is actually a key principle in the Freight Rail Revitalisation Program with an end goal of improving safety but vitally as well one of the indicators for the performance of those tranches of the program is to lift speed restrictions.

CHAIR - Good information. Perhaps I can suggest it to a box meeting more regularly to share that with your employees.

Ms SIEJKA - I am looking at the board membership. I wanted clarification on how many of the board members are based in Tasmania and how many are interstate. It looks to me that there are at least three of five are from interstate. Is that correct?

Mr CANTWELL - Yes, that is correct. We have been through a recruitment process following the retirement of the previous chair, Sam Hogg. The remit given to the recruitment agency was to trawl the state for suitably qualified candidates, with an eye to having appropriate balance of skills and capability, and gender diversity and the like, on the board. With that recruitment we were not able to get the balance more towards a state-based candidature, but we would say that our eye is always on giving the opportunity for people from within the state to represent the state on the board.

Ms SIEJKA - It seems a significantly high number for only a board of five. The costs associated with that, I imagine, is money that you could spend elsewhere. Is there any strategy to perhaps support some Tasmanians to transition onto the board, if it is a skills mix? It just seems very high for a Tasmanian GBE board to have that many from interstate.

Mr FERGUSON - I will offer the Chairman the chance to add to his remarks in a moment. It is a really good question and a fair question about ensuring that we have some state pride in our board. Principally amongst the Government's concerns is to have a competent board that is capable of delivering the extraordinary outcomes that TasRail has been delivering but also the stretch targets that we have going forward.

Mr Cantwell is also a non-Tasmanian and he is the Chairman of the board. His skills and experience in this industry are unmatched. We are very grateful to have been able to secure Mr Cantwell to the board, following Samantha Hogg's retirement from the board, to be elevated to the Chairman.

That is not a dismissive comment about Tasmanian people because that is, of course, an important and fair question to be asking. But it is vital to us that we do strike the best possible mix of skills and abilities. We have an eye to where people live and where they do their business and where they have their networks as well. The outside expertise that we have been able to bring in, I am sure you will agree just listening to Mr Cantwell's industry responses to your other questions, demonstrate that this is quite a specialised field and while you do not have to have only rail experience on your resume to be on our board, far from it, and it is an important point that I would like to make. Before I throw to -

Ms SIEJKA - I certainly do understand that. You need to have that expertise and quality; having been on boards myself I completely understand that. I would have thought that it would be also equally important to reflect the Tasmanian experience in this particular board. You obviously have a lot of experience and it should perhaps allow that space for someone else in the balance.

Mr FERGUSON - I perhaps would not say make that space for someone else, but we do want the right people and the very best people. Where they can be Tasmanian they are preferred. That was reflected in the recruitment strategy that is undertaken. The question we should be asking Mr Cantwell is would he like to move to Tasmania.

Mr CANTWELL - That is possibly a question that Mrs Cantwell and the grandchildren should be asked.

Mr FERGUSON - Would you like to take on board the question as well and respond further.

Mr CANTWELL - Chair, if I could make just one observation that may be useful by way of response. During this last year, Government has moved to a process of staggered appointments to the board. In the re-appointment process that was just confirmed at the AGM the directors were given different terms. That then provides a timely opportunity to return to the market, if you like. What you find generally across directorships is that candidates become available at different times. One cannot take on too many board roles. We would say to the committee that the Government's decision to introduce staggered appointments will assist in providing the opportunity to return to the local market more frequently.

Ms ARMITAGE - Minister, I appreciate that we need competent and skilled people, but I am sure we do have those in Tasmania as well - no reflection on the current board. I am

PUBLIC

interested in how they trawled looking for members? Did they put out EOIs? How was it progressed? How did they trawl Tasmania looking for board members?

Mr CANTWELL - The formal process was through the appointment of a local executive search company. That company was given a brief to look locally with an eye, as the minister has said, to the capability gaps -

Ms ARMITAGE - Do we know how they did it? Did they put out EOIs? Did they advertise in local media?

Mr CANTWELL - Yes, we know that they do as they normally do, and the company is very good. Lyn went to her own network -

Ms ARMITAGE - Can you say who the company was?

Mr CANTWELL - Lyn has changed her company name at the moment. It is Lyn Chapman Consulting now. She is very good. She went to her own network. She used Seek. We went to the media, we went to the *Mercury* -

Ms ARMITAGE - It was in the three local papers?

Mr CANTWELL - We went to the local papers and the emphasis was on local and the brief was around looking for capability and diversity.

Ms ARMITAGE - Were there other applicants from Tasmania that didn't make the cut to get on the board?

Mr CANTWELL - There were a number of applicants from Tasmania and for a number of reasons they didn't make the cut. Some didn't have board experience. Some had conflicts of interest.

Mr DEAN - You don't get board experience until you get on one.

Mr CANTWELL - That is right.

Ms ARMITAGE - Who made the final decision?

Mr CANTWELL - The board made the final decision.

Ms ARMITAGE - In conjunction with the minister?

Mr CANTWELL - The board makes a recommendation to shareholding ministers.

CHAIR - Thank you, always mindful of time.

Mr WILLIE - You would be aware of the various heritage and tourism rail groups around the state that have very dedicated, hard-working people, and they need a little help to get off the ground. One of the issues they are facing is the high cost of public liability insurance, it being currently the largest hurdle facing tourist and heritage railways in Tasmania. During Budget Estimates your colleague, the Premier, Peter Gutwein, alluded that TasRail is working

on a solution to this issue that will assist these organisations. Can TasRail please explain how it is planning to assist the tourist and heritage rail sector with the issue of public liability.

Mr FERGUSON - Public liability insurance is a responsibility that is held by every not-for-profit and for-profit organisations. Everybody has different challenges, and public liability is one that is known by the Government. It is a particular challenge for heritage rail aspirants but also it is an issue for community groups around Tasmania. I don't think you can separately describe it in that way. I accept that it is a very high threshold that does exist because of the safety of people.

Passenger rail is inherently high risk in relation to dated infrastructure. It is a particular risk and the chair is more capable than I am to describe those risks and I will in a moment ask him to respond further.

The Government speaking with heritage rail aspirational groups to try to support them as much we possibly can. It is important that in providing development opportunities for heritage rail operations, that amongst the range of issues and risks that need to be addressed, public liability is chief among them. The Government has acted very responsibly around specific purpose legislation to allow for heritage rail to be established on assets that TasRail is no longer using as operational. How we are working with heritage rail groups is a work in progress. The Department of State Growth is doing that work with a range of heritage rail organisations. We occasionally seek advice from TasRail because they are not responsible for heritage rail and we cannot burden with them either. It is not their job, not their role and we are not in the passenger business.

CHAIR - Should we be though, minister? Should we be in the passenger business?

Mr FERGUSON - It's a good question.

Ms ARMITAGE - A fast train between Launceston and Hobart every year, would be great.

Mr FERGUSON - That might be something that the committee would like to consider.

Mr DEAN - It is called 'pie in the sky'.

Mr WILLIE - If I could go back to my question. I can read what the Premier said, minister: 'I understand there has been some engagement with TasRail as well and we are looking at some options in that space'. I am interested in what TasRail's engagement has been with those groups and the options they are looking at.

Mr FERGUSON - I will answer for TasRail and if my colleagues would like to add to my answer, that is fine. TasRail provides a large degree of support to heritage rail organisations by way of provision of assets occasionally that are no longer required, donations of infrastructure that has been removed and can be used for heritage rail groups to deal with their own maintenance issues. Certainly, there has been some history of support with rolling stock as well, and it is a very cooperative and collegial approach. TasRail does not do that out of obligation. They do it out of community support. That is the answer to that question.

PUBLIC

The Government is also separately speaking with heritage rail groups. We are not promising to pay for their public liability insurance but we are looking at options and looking for ways that we can help them take their dollar further, as much as we possibly can.

I don't want to overplay the risk element, but it needs to be understood by your committee that passenger rail is inherently of a different order of magnitude in regard to risk than freight rail.

Mr CANTWELL - That is correct. Passenger rail is a high hurdle. Public liability insurance for passenger rail and public liability insurance for tourist and heritage operators is an order of magnitude hurdle for organisations, given the extent to which the underwriters of insurance assess the risk of those organisations who typically not only have the passenger risk to contend with, but don't have the systems and processes in place to manage the risk that more commercial organisations have. It is a very high hurdle.

The hurdle that is in place here in this state is no different to the hurdle that is in place across the whole of the nation. It is a vexed issue and one that I suspect gets raised in the various Estimates and scrutiny hearings throughout the state.

As the minister has said, TasRail goes beyond what it is obliged to do in assisting in an in-kind manner - to the extent that it can - the heritage rail sector. The best way to support the heritage rail sector is to guide, advise and help bring them to a level where they can procure their own insurance and they can satisfy the requirements of the rail operator accreditation in the same way that TasRail has to satisfy the requirements of accreditation through the ONRSR, the National Rail Safety regulation.

Mr FERGUSON - I should add as well, Mr Willie, that while there is no promise or guarantee at this stage, there is also discussion between TasRail as the owner of the asset as well as the operational manager of the asset. There are also discussions between one heritage rail organisation and TasRail which has an aspiration to use the operational line. That is again something that TasRail is seeking to be as supportive as it possibly can be - certainly, with regard to sharing knowledge and information about how to manage risk and what would be the barriers to overcome. While not promising necessarily to give that particular outcome, we are working together to try to find solutions in relation to that.

Separately, the Government is working with heritage rail groups to see how those public liability risks can be managed, particularly noting that like so many volunteer organisations they have limited finances.

Mr DEAN - That's L&NER isn't it - Launceston and North East Railway - that's working. New Zealand do this. Heritage rail uses the current working infrastructure with the New Zealand Rail, I think they call themselves.

Mr DIETRICH - KiwiRail.

Mr WILLIE - I have some follow-up questions.

CHAIR - Can you have one? I have to go back up here as well. Pick your best and we will ask the minister if he will take some more questions on notice.

PUBLIC

Mr WILLIE - Just to clarify for myself, I'm picking up that TasRail is actively engaging with these groups to help bring them up to a standard to meet their obligations, not necessarily helping to relieve the public liability insurance situation.

Mr FERGUSON - I've actually answered that question. I thought we've done a fairly comprehensive job of responding. Different roles are taken by TasRail and the Government itself and through our Department of State Growth.

Mr WILLIE - My question related to the number of steel sleepers being replaced by concrete. How many were sent to scrap? Were any reused on disused TasRail assets?

Mr CANTWELL - About 12 000 steel sleepers are available for distribution back to the tourist and heritage rail community.

Mr WILLIE - Have they all been distributed or are they sitting in a warehouse somewhere?

Mr CANTWELL - They're warehoused.

Mr DIETRICH - They're stockpiled at Conara and we've just delivered 2000 to L&NER and provided some sleepers -

CHAIR - I thought that might have been because I was the chair of this committee and you knew that I'd be asking that question.

Mr DIETRICH - I'd love to say that, Chair, but we did it anyway. Also, I'd like to mention to the committee that we've organised the transport of delivery of a locomotive out of East Tamar, 2118, to the Tasmanian Transport Museum in mid-January next year. The locomotive they've been proudly waiting for has been organised and at TasRail's expense we'll be transporting it to Glenorchy and delivering it as part of a 150-year celebration of rail in Tasmania. It's very exciting.

Mr WILLIE - Have any been sent to scrap? Can I have more information on how those groups access that stockpile?

Mr DIETRICH - We advertise the fact so it's probably been in the last six months that we've managed to collect them all from the works programs along the south line and the western line to get them to Conara. We've now got them at Conara, stored safely effectively under lock and key. Basically, it's a request from the organisations to take a quantity of sleepers. We have them available; we're not giving them away; they're not going to be scrapped; and they will be preserved for the tourist and heritage businesses as they require.

Ms ARMITAGE - That's under the legislation.

Mr DIETRICH - We'll continue to do that.

Ones that we believe are unsafe are scrapped. There are some but they're basically life-expired and would not be safe for tourist and heritage. The number is minimal.

PUBLIC

Ms ARMITAGE - Minister, regarding the Tasmanian Freight Rail Revitalisation Program, I notice that tranche 2 is to be delivered by the 30 June 2023 and will be focused on the primary freight corridor between Burnie and Brighton.

What efforts is TasRail making to procure goods and services for this tranche from Tasmania-based businesses and organisations, particularly the civil construction sector? In some other areas this is often overlooked by mainland firms. This comes back to the board situation - and no reflection on current board members - but when you have a majority from the mainland I am concerned that sometimes Tasmanian civil construction firms may be overlooked.

Mr FERGUSON - I can assure you, Ms Armitage, you'll be pleased that we engage principally with Tasmanian businesses in the delivery of that exciting program. It's actually creating significant employment opportunities and a pipeline of work that the civil contractors community and if I could put them this way, the Civil Contractors Federation Tasmania - CCF - membership. I get no complaints about it all. As a politician I get complaints about issues all the time, but not about that.

Mr Dietrich, would you like to respond and -

Ms ARMITAGE - Not from them, because I know in another area, another GBE, which obviously isn't TasRail, that many times tenders are put out and a mainland firm will get the job because it is felt that the Tasmanian firm is not capable, but the Tasmanian firm ends up doing the work on their behalf. More money is going back to the mainland, and then it comes back again. I would just like to be sure that the civil construction sector in Tasmania is considered first.

Mr FERGUSON - It is part of the remit of civil construction, and it is a vital part. Mr Dietrich, are you ready to go.

Mr DIETRICH - I would like to add to that, minister. The process of expenditure with Infrastructure Investment Program - IIP - is through all civil contractors. I am pleased to say Gradco, Shore Contracts, VEC Civil Engineering are all our principal contractors. We go to tender but they are the Tasmanian civil contractors that we principally engage.

There are some materials that come from the mainland, such as some sleepers and rails.

Ms ARMITAGE - Things you can't get here.

Mr DIETRICH - Which we can't get here. They are produced in Whyalla, by the steel facilities there. All the works programs are managed predominantly by those contractors, along with Digga. They are our principal contractors and we have developed a capability within those organisations. I am pleased to say, from a Tasrail perspective, we have never been in a better position with infrastructure funding, ever in this business.

We are giving certainty to these companies to employ the people and retain them in Tasmania. Quite often they used to be FIFO workers and different things. They are now staying here and becoming specialised in rail.

PUBLIC

Through the COVID-19 pandemic, we had a couple of essential travellers, and we have looked at ways that we even minimise the requirement around some technical rail that we develop that expertise in Tasmania as well.

CHAIR - No more cement sleepers imported from New Zealand?

Mr DIETRICH - We are not ordering any more cement sleepers. Our new concept of the steel pod sleeper is performing fantastically, and much better.

Ms PALMER - Minister, can you please inform the committee about TasRail's delivery of the Tasmanian Freight Rail Revitalisation Program and the plans for the replacement of the Burnie shiploader?

Mr FERGUSON - Thanks, Ms Palmer

CHAIR - I think you have touched on part of it.

Mr FERGUSON - We have just started on that. I can add to it. The Burnie shiploader is a very important game-changing investment for us.

TasRail has an excellent record of infrastructure delivery. As I mentioned earlier, it has completed tranche 1 of the Tasmanian Freight Rail Revitalisation Program in June 2019. I will just refer to that as the program from now on. This was a \$119 million investment into the rail network that was delivered on time and on budget. In July of last year, TasRail commenced tranche 2, which is a further investment of the same amount jointly funded by the Tasmanian Government and the Australian Government.

The benefits to date are already being realised, with track-related main line derailments hitting record lows, which we discussed earlier.

The percentage of the network operating at its designed speed is at record highs, and there are record inquiries now for new business opportunities because of that confidence in TasRail that has developed by industry.

It is the success of this program so far that has resulted in the Australian Government committing an additional \$68 million, matched by the Tasmanian Government in the 2019-20 Budget. That provides a total of \$136 million for tranche 3, of which \$40 million is committed to the replacement of the Burnie shiploader.

The remaining funding in tranche 3 will deliver track renewal upgrades such as track replacement, new sleepers, bridge and culvert upgrades, level crossing works, earthworks, and defences against coastal erosion. That has been a real problem in some places.

The shiploader is unique and a vitally important infrastructure. It has been the primary export gateway for many of the west coast mines for over 50 years now. It is coming to the end of its life and it needs to be replaced. The funding provided has enabled TasRail to move forward with its replacement. TasRail has now released a design and construct contract to the market for this \$40 million investment in the resources sector and at the Port of Burnie.

PUBLIC

It is expected that the new shiploader will be delivered over the current and next financial years and we expect it to provide higher load rates per hour, a better reliability of a new asset, but also contemporary safety and environmental features.

The new shiploader will provide certainty to our existing customers and help to attract investment in new mining projects. I note that TMAC has welcomed this investment as a priority.

Across all three tranches, we are looking at \$375 million to the Tasmanian Freight Rail Revitalisation Program. As I have already said, these investments are the ones that pay massive dividends, particularly in relation to the safety outcomes you raised, Chair, earlier and also the value proposition to our customers.

Mr DEAN - I have a lot of questions. I will put them on notice to you, minister. I wanted to raise the issue of the track buckle problems last night.

CHAIR - Monday night.

Mr DEAN - Yes, Monday night. These buckles caused an issue; dovetailing into that was the closure of the Colebrook crossing loop. Because of this buckling in the track identified last night, it caused an unnecessary delay. What are the answers in relation to that loop at Colebrook? Will it be reopened?

CHAIR - The CEO probably does not even know about it yet.

Mr DIETRICH - I am aware because the public lets me know. At the moment we are running the Christmas train and as soon as we are late, I am certainly aware of when it is not meeting the timetable. We were 40 minutes late last night due to a buckle. The buckle was not a severe one and we are prone to buckles. It is the nature of the environment we work in. We stress the track and because it contracts in winter, we get rail breaks.

We are in a challenging environment, but we did have a buckle last night in the south and we all saw how hot it was yesterday, but the train safely transited through. The Colebrook loop is a separate issue. We have it programmed to open that loop, along with Tea Tree, in the IIP program tranche 2 over the next 12 to 24 months.

Mr DEAN - So it will be reopened?

Mr DIETRICH - It will be reopened.

Mr DEAN - That is good news.

CHAIR - Minister, I am going to finish on a positive note, but we know there has been a gradual removal of track infrastructure across the network and that has not been supported by a lot of people, including a lot of people who work for TasRail. This is potentially going to inhibit the growth. We have heard a lot about the growth and congratulations; it is fantastic. Taking away those tracks stops particular development and more usage of rail, particularly into the north-east for instance. Are you thinking about putting back some of the tracks that have been removed?

PUBLIC

Mr FERGUSON - It is a great question. I acknowledge from the outset that TasRail is a commercial operation. It exists to support the Tasmanian economy. What our customers need, our company, TasRail, strives to respond to provide. If there is a pick up in demand for TasRail services, such as a new exciting development in a place like, for example, the north-east or in the north-west further on, we have specific legislation that enables for all time those corridors to be protected, where the principal purpose is rail freight.

For commercial reasons and historic legacy changes in the commerce and industry in Tasmania, where tracks have no longer been feasible to operate or those commercial lines to operate, of course, the opportunity exists for tourism and rail opportunities and/or for conversion to footpath and bike tracks as we are seeing on the north-west coast. It needs to be understood by all of those concerns that if ever TasRail needs to be able to reinstate the line, that is a right that exists in legislation. That principle has been upheld universally by both Houses of our parliament to ensure our strategic infrastructure corridors are protected. In the meantime, while there is not a commercial use for them, they can still be supported and used by the community.

CHAIR - If I can get some freight for that railway link, we are in business?

Mr FERGUSON - That is correct. That would be disappointing to your tourism and heritage rail participants, but the fact of the matter is the rail corridor -

CHAIR - He is talking about sharing the line. They will only need it on weekends and public holidays.

Mr FERGUSON - It would be an interesting discussion if we were seeking to mix the movement of people with freight trains. That would be a significant challenge. Without being too cute about it, the simple fact is the rail corridors were established by our ancestors for the movement of freight and passenger rail in the day and while those corridors are not required by this business, if ever they are in the future, they can be taken up again.

CHAIR - Thank you, minister. There are a few outstanding questions we will not have time to ask. Members will make the choice about how they put them into the system for a question and answer process. You may see something come through and you may decide it will be worthy of an answer or you might say it needs to be on the Notice Paper.

Mr DEAN - Chair, it would be good if they could be answered within a reasonable time.

CHAIR - Thank you. We have gone a little over time, but it is an important area. As I said through this committee process, it is the first time Committee B has looked at TasRail. We have not had that as part of our scrutiny so we have enjoyed it and I indicate I will allow more for it next time.

On behalf of the committee, we would like to wish you all a very happy and safe Christmas and particularly a more settled 2020-21.

The committee suspended at 1.06 p.m.