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**THE LEGISLATIVE COUNCIL SESSIONAL COMMITTEE GOVERNMENT ADMINISTRATION A MET IN THE LONG ROOM, HOUSE OF ASSEMBLY, PARLIAMENT HOUSE, HOBART, ON FRIDAY, 1 SEPTEMBER 2017.**

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### **KING ISLAND SHIPPING AND FREIGHT SERVICES**

**Mr RICHARD LOWRIE**, INCAT, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** (Ms Forrest) - We invite you to talk about yourself, your business and, if you are happy to, about your expertise in the area of addressing freight problems for a small island, if you think there are some options within your business and how that might reflect on the terms of reference of the committee.

**Mr LOWRIE** - I am employed with Incat and have been for over 21 years. I was in a sales and marketing role for the first 13 years, which required a lot of travel and living overseas for the company, getting a good handle on the market and a handle on other islands and other areas similar to King Island. I then moved into a human resources role, which has been my role for the last seven-and-a-half years, but I still very much dabble in sales.

We are still trying to develop markets in regions closer to home as well - it is quite exciting as to where that may go - hence, a lot of that work especially in Indonesia of late with their multiple islands and all the issues they face. We feel that with that personal experience and certainly with my boss, Robert Clifford, our product technology has developed to a stage where we think there are different options for King Island and Bass Strait.

My master, and I say that affectionately, is very strong-minded about Bass Strait and what he sees to be the best solutions. Since the first Incat car ferry was put on there in 1990, we have had four vessels on the Bass Strait route to Hobart over the years.

It has become very political and we have not bothered with that for many years. We have sat back. Our market is the world, ours is an export market. It is not until recently that we have branched into small ferries and are starting to build for the domestic market.

We are nearing completion of six ferries for Sydney Harbour. We have delivered four to Manly and they want more. We have delivered to the Thames. We are hoping to have the first of hopefully 20 to 30 vessels for another ferry operator within Australia.

That small boat market is going quite well for us, but that is not our focus.

**CHAIR** - The ones you are talking about are more for sheltered waters, aren't they? The Channel?

**Mr LOWRIE** - They are for more sheltered waters, not so much for the Channel. These are small boats, about 40 metres, which we call small. Our focus is on the large boats and the expertise that comes with those. King Island or Bass Strait have been ticking away in the background.

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About four years ago we put a proposal on the back of communications we had started to see with King Island. I am sure you have come across David Kerr in your travels. David started communicating with us around that time, concerned about what was happening with *Searoad Mersey* and the impacts of what could happen to King Island. That started a number of discussions, to the stage where we developed a proposal document that saw a triangular service running into Grassy from a Tasmanian port and into a Victorian port. That was something we took to Mr Hidding as the minister a number of years back.

**CHAIR** - Do you have the dates for that?

**Mr LOWRIE** - Roughly 2014. We put that on the table as something for him to ponder as a potential opportunity for King Island.

When I spoke to my leader about coming along today, he told me to present the various ideas. I will touch on a couple of other ones, but there is one that I will concentrate on more. Robert is very much about freight options as well, but pure freight options. He will quite happily sit here and argue that an aluminium vessel, being a lighter-weight vessel, uses less engine power and all the rest of it. It is a much more economical service for a freight service across Bass Strait. Being a slower-speed vessel, because it would not be a high-speed vessel due to its size and carrying capacity, it would be very similar but a little bit faster than the *Spirit of Tasmania* vessels, but it would be very similar to that concept.

I would be doing him an injustice if I did not mention his freight-only versions of 130-metre sized vessels and 150-metre sized vessels. I will not necessarily table this information, but it gives you a bit of an idea of the sort of things. I am happy to leave this information behind, if that is what the committee wants.

That is a 150-metre vessel - you have seen the one put forward; this is the 130-metre vessel, which is the passenger version.

**CHAIR** - Passenger, without the freight?

**Mr LOWRIE** - Yes, and that is pretty well what I want to focus on today. The differentiator for me, the prospect that can add to King Island, is very much having a service that can carry tourists as well. Hence while the focus I want to push today is, yes, we can come up with a freight concept and build a freight vessel that would certainly be specific to the island, cater exactly for what its freight demands are et cetera, we could then supplement that by carrying additional freight from other ports in Tasmania and Victoria.

**CHAIR** - Richard, do have you a rough figure or cost for each of those proposals?

**Mr LOWRIE** - Yes. If you want the numbers now, it would roughly be around \$100 million or \$130 million; it would be \$110 to \$120 million to \$150 million in Australian dollars. As you know from the prices of the boats, it is quite favourable considering the cost of a new build of a conventional vessel, certainly the conventional ferry.

**Mr ARMSTRONG** - When you talk about freight, does that include livestock?

**Mr LOWRIE** - It can include livestock. Our boats are very flexible, as evidenced by what we have had to produce for different entities around the world in the past. We have had three

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boats under charter to the US military for over five years. It is fair to say from what they put those boats through - what they tested, what they carried, what they transported - that we have a lot of experience with carrying multiple and different sources of cargo. At the moment we believe there are 37 000 head, I think - and please correct me on the numbers; I did say loose numbers - which is a sizeable market share of the live cattle export.

The vessels can certainly cater for that, as it is now with walk-on. Whether it is put on to traffic on trailers, which is even better for a ro-ro vessel, which is ours, it is certainly a suitable alternative. If the abattoir gets up, and the difference that makes to the island, that would be ideal - I think the numbers are roughly anywhere up to another 400 to 500 containers a year just from the abattoir.

Our boats are primarily for roll-on, roll-off - that is their ideal attraction. Carry their own ramps, not carry their own ramps, have all those shore-based facilities, there is very little infrastructure required - those sorts of scenarios. If everything is more containerised, palletised, on trucks and so on, that would make for easier turnaround times.

For us, having a high-speed ship - and I'll touch on high speed for a minute - there is little point if you have to spend hours in port. Evidenced from a lot of our international routes, the whole idea of high speed [inaudible] we move through, all of a sudden it does improve the sea linkages and the times, and obviously changes a lot of the methodology about how you go about your transport. Spending hours in ports does not suit the nature of why you would spend the money on a high-speed boat to go as fast as you can at sea and then spend time in port. A lot of our clients have faced these issues with our competitors' vessels.

If there were a process - and this is all the efficiencies that you would move to King Island - if it was moving towards being able to get more of the containerised, trailerised freight as they move forward to the abattoir cut-off et cetera, and you would not have that live cattle, all of a sudden the turnaround times in King Island can be a lot quicker. The vessel can come in, discharge, load and get out to the sea again instead of sitting for hours in port. As you will see from the schedules, that is what happens. That is assuming we can get to the containerised freight and if the abattoir goes ahead. That would obviously be ideal, and you would know more. We are very keen to see that develop.

In speaking with David and other people who have rang me from King Island in the past several months - but certainly over the last few years - there is a real unawareness of having a tourist ferry transport concept added to the freight. As you know, David put forward the proposal to you; there are still concepts there. As to the final vessel that we would push, based on whether there are port issues, sizes et cetera - I noticed they have tried to limit it to 90 metres, and I noticed the other boat is 118 metres. At the moment, we have our large sizes but if, for instance, there are quicker solutions, there is the boat design we are building now, which is what we would be proposing.

If it was a long-term thing where you had port developments in Grassy, our larger boats would be the future proposals we would build towards. At the moment, we are building a 109-metre vessel, it is roughly our tenth in the class. One heads off to Malta next November and the other - *Falkland* - heads off to a new Spanish client we have not had before. He is competing against six other of our vessels, and it is the first time he has bought his own.

These are a 1000 people boats; they are for 450 cars, or 50 trucks and a mixture of cars -

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**Mr ARMSTRONG** - Did you say 109 metres?

**Mr LOWRIE** - Yes, this is the current boat. We use the numbers loosely because we can have 110 metres and the next one wants 111 metres. We delivered a number of vessels to Japan about 10 years ago which were 112 metres. Inside the looseness of numbers, we do not necessarily hold it other than the concept that they have the capability. That vessel is an improved version of our slightly larger one.

In throwing numbers around, I do not need to tell you a number of things because you all know the economic constraints facing King Island with its transport. That is the whole idea of what the committee is about. For us, the concept, as I said, is to introduce that passenger version, giving the island an opportunity to develop a whole tourism industry. You would have heard all this from all your public forum meetings, what impact it would have on King Island if you start introducing a passenger service here.

Our concepts are varying at the moment. They have a weekly service which takes about 16 hours to get in from Devonport and all sorts of ridiculous time frames. There are similar time frames to get through to the port of Victoria. We see total service and we chose Burnie as an option. At the moment that is a weekly service. The proposals that need to be investigated - and I will get to that a little later - are anywhere up to three days a week.

The people on King Island know a lot more about their freight. Rough indications are that about 1000 tonnes are coming in and out a week - rough numbers - which for us is about 300 tonnes on each sailing if they call past three times. If you start adding 400 to 500 passengers and 200 to 300 tonnes of campervans, motorhomes et cetera, all of a sudden we are filling our vessel quite comfortably on three loadings in and out a week.

Our argument is that tourists and passengers supplement and complement the freight. At the moment it would certainly be an argument to say that there is no way the Government is going to achieve its 1.5 million tourists by 2020 without increasing the sea and air links into the state. TT-Line carried about 400 000 itself last year and the passengers, but there is no way we are going to get those numbers. One Incat vessel alone will carry 500 000 people a year, let alone another 300 000-odd vehicles et cetera and freight. That is just one of the boats we are building at the moment.

However, we would propose a slightly reduced passenger capacity. We do not need 1000. We do not see necessarily that would support when a boat is providing a return trip in a day. You do not necessarily need those numbers because of the volumes it is bringing in and out in a day. That is pretty close to our proposal for return service in the day -

**Mr ARMSTRONG** - So 8 hours over and 8 hours back?

**Mr LOWRIE** - We're averaging 35 - the boats will go up to 45 when they are lightship, but that doesn't mean anything for our calculation other than to show you that when the boats are fully loaded, they do around 35 knots and when they are lightship, they are doing about 45. That gives you a range to understand - if the boat is half-loaded, it will be sitting around 38 to 39 knots. It gives us that ability to catch up on time, to slow down time, to meet time schedules. We chose Burnie; we centred around Burnie. Again, it is about another 30 nautical miles to get to Devonport and the time frame from there to Grassy.

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We also selected Burnie because of the infrastructure as well. The flexibility of our boats could meet Stanley, Devonport, George Town or Burnie. I investigated Stanley, Burnie and George Town only because in the past the old SeaCat ran way back in 1990. When it came out of Welshpool, it proved that a lot of the market - we looked back through the statistics of who the travelling people were on the boat - were not the Victorians. Most of the market came from New South Wales and Canberra, people who bypassed Victoria and drove down to Welshpool. When the boats started going to Victoria, that market demographic changed, and Victorians became the ones using more of the service than New South Wales people.

It also showed when the boat came to George Town, people would get off and often tend to drive down the east coast. If they got into Devonport, they tended to drive down the Midlands or the west; if they got into Burnie, they tended to focus on the west coast.

As our political leaders, it's where you decide the economic benefit should best be spread around the state is one of the arguments where you send the ferry boat into. In the past, previous boats we had under charter to TT-Line - the last three and the first one we ran direct - ran into that George Town area, obviously to potentially cater for of that side of the tourism industry.

We focused on Burnie. Burnie to Grassy is roughly three hours. At the moment, it is taking you anywhere from 10.5 to 15 hours to get from Devonport - I have some facts and figures here - and then from Grassy. We chose Hastings on the other side. One thing we would love to see coming out of this is a feasibility study on route options. I have jumped ahead to this. Senator Lambie has been pushing this for a number of years. I have travelled with her to meet the Geelong mayor and Lindsay Fox et cetera and I understand the interest. Many years ago we painted up the side of one of our boats with Lindsay Fox's livery because he had an interest to start developing the Avalon port. The idea of a concept of a study would be to bring in all these parties. Apparently Senator Lambie has a commitment from the Prime Minister's office that if she can put forward the basics of a good business case, they will help subsidise a feasibility study.

We know David Kerr and other local entities on King Island are also interested in participating. We have progressed it with AMC to see its interest is in doing the study. They are standing by to take the helm of running that. The freight boats on Bass Strait are large and small sizes and will operate under 10 metres to whatever. Yet, in feedback from King Island, there is still negativity against the old Incat service of 1990, which still weighs a lot on people's mind.

That is why my boss does not care so much - you think, 'If they still have that mentality, that is fine. We will just keep going off and playing in the world market, which where it's at'. He has a passion to see a solution for Bass Strait as he is doing in the Derwent at the moment. The concept I personally would like to see out of this is support to tie all the entities together, to get the other parties to cough up money - whether it is federal parliament and other vested interests - to get a full study done. What are the best port options and, selfishly, what is the situation regarding the viability of an Incat vessel on that route?

Obviously, being a home-grown domestic company, we are pumping over \$1 million a week into the wage bill of Hobart at the moment. We are expanding our numbers, and it is going to get crazy over the next 12 months as to what numbers we do. Unashamedly, we would like to see an Incat solution on Bass Strait, servicing King Island. We would aim to see the study coming out to show: What is the best port? Should freight run to Avalon, because Fox is interested, or should it run into the Port of Melbourne? It takes about another 40 nautical miles from the Phillip Bay

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heads up into Melbourne or over to Avalon. With the slow speed, that is about another hour and a half added to the boat journey.

That is why we focused on Hastings in the Mornington Peninsula. Hastings cuts about an hour and half to an hour and three-quarters off the service into Melbourne because you are avoiding Port Phillip Bay.

**CHAIR** - On that point, one the key freight tasks for King Island is fertiliser, which comes out of Geelong or the Avalon port. The issue with cost of fertiliser landed is the on-land freight component as well as the island water freight component. If it was taken straight from Geelong you would expect that to be cheaper than having to truck it to Hastings. You are suggesting then that a full feasibility study would look at all of those costs, not just what times and what would be there, but the actual overall cost?

**Mr LOWRIE** - Correct. That is where it is more centrally focused on King Island. When we produced our first freight vessel back in the late 1990s, we did a lot of homework. I rang a lot of the suppliers in the Mornington Peninsula, Victoria such as Coca Cola, for instance, who said, 'Well, our factories are halfway there. For us to drive back to back to Melbourne to drive down to Hastings is no different for us. We see economic benefits driving down there.' So of course it is where the business is centred et cetera. The study, for our part, would investigate the flexibility of, for instance - if it is a three-day week sailing to King Island, does it go Burnie-King Island-Avalon on those days? When the alternative days is providing, unless King Island can justify - again, this is a study - five days every day of the week? I do not think so, but on alternative days, again our proposal, would run Burnie-Hastings direct. That would then carry the passenger component. With the flexibility the boat allows, you could do that between the two ports -

**CHAIR** - It is not just having one solution potentially in Victoria; it is having different options for different purposes?

**Mr LOWRIE** - Correct - for different days, and have that flexibility. For instance for Grassy to Avalon, for our boat, time frames - because you had to get into Melbourne, into Port Phillip Bay, you're looking at about five hours. To get to Hastings, we're only looking from Grassy at about three hours. So that's what we want to see: if taking tourists and passengers to King Island, we need to go to Hastings for those days as opposed to the extra time to go into Avalon because of the cost savings with its fertiliser imports et cetera, the freight connection through to Avalon would be the focus. Those days which port is the optimum in Victoria? Which is the optimum in Tasmania? We believe it is Burnie, but whether it is Stanley or Devonport or George Town, again just to have more of a comprehensive review as to what's best.

There is a lot of studies on Bass Strait. Most councils - Burnie and others - have done their own in the past, but nothing has really brought it all together to understand what the options could be.

**Ms FORREST** - There would need to be upgrades at Burnie Port because there is no ro-ro at the moment that could meet the needs, as I understand it -

**Mr LOWRIE** - There are ro-ro facilities in Burnie, as you know, but it all depends on the availability. I don't know how much you know of Hastings -

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**Ms FORREST** - When I spoke to Burnie Council the other day, they said there would definitely need to be work to facilitate a ro-ro ship berthing there.

**Mr LOWRIE** - As to what extent, we do not need the same infrastructure a lot of traditional ferries use. We hear numbers; we see numbers; numbers are always thrown at us as to what developments may cost to ramp. I have seen comments about Grassy, as well - 'Oh, it's going to cost significant amounts of money'. We have proven in so many operations, especially with the military, the flexibility of how you can land and get goods onto shore and offshore without traditional infrastructure.

We have proven in many places around the world that you can come up with much cheaper solutions than proposed. You have seen Grassy - I don't need to show you that - but flexibility with a couple of dolphins and mooring dolphins. I have not done a full investigation, been there and taken photos, but from what we have seen from the drafts and everything else - the drafts are 5.5 metres. Well, we're 3.5; we're a large boat.

**Ms FORREST** - The length of the vessel, you would not have any concerns about getting into the harbour?

**Mr LOWRIE** - No. We spin on a dime. The flexibility of the catamaran - I won't give a lecture on naval architecture but I have presented twice to the Pentagon. You are sitting in there and they are going, 'Why don't we have this technology in our military?' I go, 'Well, look beyond your shores. That's your trouble'. A wide-beam catamaran is more manoeuvrable as a monohull has all its propulsion in the middle where a wide beam catamaran has propulsion from two outside hulls. We spin on a dial. We have got footage of our boats coming into port, spinning around and berthing.

I can show you a video clip of Fred Olsen, who prides himself on it - time clock starts at the harbour entrance, the boat comes in, turns around, berth, 500 tonnes of cars and trucks off, 500 tonnes cars, trucks and passengers on, back to the head in 20 minutes.

**Ms FORREST** - That is an impressive turnaround.

**Mr LOWRIE** - There is no point in having high speed if you are not going high speed. All our boats up until the last boat used on Bass Strait had 26-metre beams. Now we have 32-metre beams because as we got larger, we had to go wider. In rough numbers, for instance, the first 74-metre boat that operated on Bass Strait carried around 200 tonnes of cargo. It had a total displacement of about 750 tonnes.

To give you an idea, the *Searoad Mersey* is about 5000; everybody thinks 'great sturdy ship, solid'. The SeaCat was only 750 so hence being lighter, it got thrown around a little more, but it was also a shorter boat, being 74 metres, but the actual waterline length was only around 63. The length of the boat does not mean much, it's the waterline length - what's going to be travelling on the water, what is going to be riding between the crest of two waves. A longer boat will ride on the crest of two waves instead of the up-and-down in between the troughs. That vertical acceleration is the leading incidence of seasickness - the more you get that vertical acceleration, the more unfortunate outcomes.

**Mr GAFFNEY** - You comment on the improved time to traverse. A lot of livestock comes from Victoria to King Island for fattening up or for stock quality. Regardless of whether the

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abattoir goes ahead, there will still be that need. Are you aware of rules and regulations that say how you manage carrying livestock? There are animal welfare issues. How is that measured? It can be quite a rough passage. You are giving us good case scenarios regarding the travelling times. What are the welfare restrictions that you are aware of regarding speed times and travel and safety of stock?

**Mr LOWRIE** - I am not aware of any restrictions. I have not investigated. Happy to investigate, and look and speak to our many operators, but have not come across this situation.

The operators that carry livestock use trailerised options, which is similar to what King Island is doing the majority of time, but that is what most of them have been carrying.

There is a little design improvement that we built into our boats about 15 years ago which did away with a lot of heavy mechanical ventilation fans et cetera, and we opened up our bow. We put a nice big hole in the middle of the bow up the top and flowed through the air.

That avoided a lot of issues with exhaust fumes on the vehicle deck, all that sort of scenario. A lot of that got around the need for gases or other issues with regard to animal welfare. Would they be exposed to exhaust gases when they are being mixed in with other general freight cargo and passenger cars? Hence we were able to avoid a lot of those issues and our owners came back quite happy these design improvements avoided a lot of that.

I cannot give you what design speed makes an animal happy.

**Mr GAFFNEY** - The crux of it is that if a feasibility study were done on the issues on board, that would be one of the things they would have to consider because they need that livestock component from mainland to King Island.

**Mr LOWRIE** - At the moment the options you have at the moment are 12-knot boats travelling through the same sea state as what we would be. If we are travelling at 35 knots, it would be fair to say their time on the seas is reduced from 15 to about four hours.

The vertical accelerations: again, the whole concept of the wave-piercing catamaran is that it is meant to pierce the waves and not go up and down over it. That comes back to the first point. The first boat we can probably argue was a cork. It was lightweight; it was tossed around - a revolutionising concept.

We are building number 48 now. All exported to the world market. We built seven of those first boats. They progressively increased to where we are now. The current boat we are building carries five times the capacity and is over four times heavier than the first boats. We are up two or three thousand gross registered tonnage. We are not far from what the *Searoad Mersey* was before it was extended.

All of a sudden it is a heavy beast floating through the water. It is not going to be tossed around as much as the other 74-metres are. It does not matter how much we come to the press, how much we promote the size or change of the vessels, it does not matter how much we can rollout every international client saying, 'This is great', it is still stuck by what happened with the 74-metre boat all those years ago. Hence, the study will help prove that. The sea state invitations, how it will go in that sea state; they plot the curves; they plot this - they do this. We do this for



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other routes around the world. Other operators do that - understanding their own route profiles - and that would be part of the focus of this study.

One of the differences between a high-speed craft and the conventional ships you see is how they are classed. A lot of the current ships are classed under SOLAS, Safety of Life at Sea. They must have certain backup safety systems and carry certain systems, which is a lot of incredible weight.

When Incat built its first boat, it was not a high-speed craft. We helped to develop that back in the 1990s. That allows ships to dispense with certain safety backup, duplication of systems et cetera when they are running on certain routes, certain distances, which Bass Strait certainly comes under, or running coastal services.

That allows us to make the ships lighter. One of the quirky restrictions we have is the sea state limitations as to when you can leave port. In other places once the sea gets to the 5-metre significant wave height - you would have heard about the significant wave height in your discussions so you know it is not your average wave, it is designed to cover the rogue one that comes along. That is where you get your average - that 9- or 10-metre wave that is just going to come out of nowhere and give you a good hit.

AMSA restricts our boats to 4 metres. If it is a 4-metre significant wave height, we are not allowed to leave port - that was the old boats. Sea data may have changed since I studied all this 15 years ago when we were looking at it, but I would think it is pretty consistent. The amount of times that the wave data over 4 metres on Bass Strait was roughly about 0.7 per cent. Most of that occurred in the summer months. Most of that occurred when TT-Line would charter our boats over the six-month summer period because most of the time they are travelling back from the Northern Hemisphere. They were faced with roughly that 7 per cent loss of sailings over those four or five months.

It is fair to say TT-Line were not supporters. If we are under privilege, I had Peter Simmons on the boat the *Black Cat* sea trialling back in the late 1990s, and I said, 'You need one of these - it will turn your loss-making exercise around.' He said, 'Well, I don't have to carry passengers, I will make money.' I think his comment was, 'I don't have to carry stupid passengers - I will make money. Freight is where the money is.' I said, 'Well, that is fine, sir, but you are the gateway to Tasmania. You are the government tourist service and if you don't bring people in, who is going to bring the people in?' Next minute they got their two *Spirits* - and to their credit, great ships. Freight - proved the concept: carry more freight and you are going to do well. Trouble is, they make money off freight to the detriment of making space available for passengers and cars.

You have to excuse me, I have jumped around a bit. I just want to finish that sea state before I get back to that other point. By making our boats larger, we are working through that process of increasing that sea state limitation. The amount of sea states - and I said before, over 4 metres, it's 7 per cent - the amount of sea state over 5 metres on Bass Strait is 0.7 per cent. Between that 4 metres and 5 metres, there is that 5 to 6 per cent extra of year where the sea starter sits in that. That is why we experienced a number of losses of sailings in the earlier boats, because of those wave restrictions and how the bad weather normally happened in the summer months. We are confident that the larger vessel will help increase that window and therefore reduce the number of sailings we have to reduce. That is carrying passengers.

**Mr ARMSTRONG** - You are saying now that your boats have a 5-metre limit?

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**Mr LOWRIE** - We are working towards that restriction. We have not had a client who has asked for it.

**Mr ARMSTRONG** - The ones that you are talking about here -

**Mr LOWRIE** - The 109, 110, 130 and 150 metres.

**Mr ARMSTRONG** - They have a 5-metre limit?

**Mr LOWRIE** - We are pushing for that at the moment. The boats are designed for that structure. You have to prove the safety systems. We would need to go out here in Storm Bay, which we did with a 4-metre limit, put a life raft off the side of the boat with a 4.5-metre sea state and run the trial.

**Mr ARMSTRONG** - You mentioned the 35 to 38 knots they could travel at. What about very rough weather? Can they maintain that speed?

**Mr LOWRIE** - Close. Basically, we are governed by wave speed criteria. When the seas are less than 2 metres, we are able to do up to 50 knots. If it starts getting to 3 metres, we start reducing it to about 40 knots. Again, this changes with the size of the boat. The numbers I am giving you are based on boats we were using on Bass Strait before. The larger boats again change the criteria. In rough numbers, when it gets to a 5-metre sea state, it says we need to seek a safe haven at about 25 knots. Minimum speed is still 25 knots. That is governed.

**CHAIR** - How would that apply to a larger single-hull vessel? Do they have the same sort of restrictions at times or not?

**Mr LOWRIE** - I cannot tell you that, but I would think they would have to face a similar scenario. Again, it comes down to carrying passengers. This all goes -

**CHAIR** - Livestock?

**Mr LOWRIE** - No, not on the livestock. I do not think livestock comes in with a restriction but I am going to investigate that in response to Mike's comments to see if there is anything, but we do not recall.

**CHAIR** - A lot of stud bulls travel to Victoria from King Island and go up into Queensland and places like that as well as all the sheep. The sheep are not slaughtered in Tasmania anymore, they have to go to Victoria. A lot of live beasts actually travel to Victoria.

**Mr LOWRIE** - Again, we are hoping that coming out of this is a desire to work with Turnbull's office and work with Lambie and the locals on King Island to get the funding for all this to happen to investigate that sort of thing.

Is the shorten duration of trial, a third of the time spent on water? What is the impact? Those same boats still have to go through the 5- or 6-metre sea states. Is it better for cattle to be on the water less? The slower boats, especially the smaller ones that you have as the solution for King Island at the moment, are not the same lengths as what we are proposing, so they are going up and

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down each wave trough, and that vertical acceleration for your cattle would be significant. They are exposed to 10 to 12 hours of it.

Again, it is three hours on the water doing the same, but in a larger boat, riding over the crests, is that going to be a better solution? We would like to think so.

If they are on foot - which most of them are not, they are in trailers - we have already designed and come up with the concepts of pens et cetera on the back of the boat because most of it is exposed. It is that flowthrough air through the vehicle deck. You do not enclose it in like a traditional ship so it does not have the same issues.

I cannot give you a definite answer on how happy the cattle will be going at 35 knots, but it is certainly a discussion point to have. That is the sort of thing we hope will come through in this study.

I want to close the loop on the boat size. The boat is at least four times as heavy. However, I showed you before that the 74-metre boat had about a 63-metre waterline length, which is an 11-metre difference; our 109-metre boat has around a 109-metre waterline length.

The part that actually meets the water is almost double the size of what was proposed - slightly less but certainly double the size of what was on Bass Strait before and being a wider beam. It is a different beast. However, we will never win that argument unless we can get some other evidence or another study to prove that the boat is capable because we are always going to run that negative sentiment.

Also, we would specifically design and build this. My argument, because I have these debates with my boss, is that I see very much a critical benefit of having passengers introduced into that service to King Island.

Again, you may have been there with the locals and I have not been there. It is easy for me to sit on the side and ask what impact would there be on King Island if you are bringing 100, 200 or 300 people with their campervans three days a week, giving the option for those people to stay there for two or three days on the island and travel around.

**CHAIR** - That will fix the accommodation problem.

**Mr LOWRIE** - They have their own campervans, that is right, and they will play golf. How are you going to get 20 000 people into play golf on the two golf courses there? How are you going to develop it? Air and sea are both restricted. Sea doesn't give you that option, and air, they have to fly you in.

Then you have your rental cars, then you have your accommodation. What impact would there be on King Island with a complete, whole new tourism industry being created, with people coming two to three days a week and then travelling on to Burnie? Vice versa, coming out of Burnie, going via King Island and going north that way if they want to spend time.

**CHAIR** - You are talking about a vessel that would go to Victoria, back to King Island before it came back to mainland Tasmania?

**Mr LOWRIE** - Correct. At least three days a week.

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**CHAIR** - Yes, because that is where the majority of tourists are going to come through, in big numbers.

**Mr LOWRIE** - Correct, and that then comes down to understanding, again in this study, would therefore those three days have caused [inaudible] King Island? Is Avalon its better link because of the fertiliser and the other things and the imports that would be coming through from that way?

On the other days, if it is passenger only, is Burnie to Hastings a better link? We could do a return trip.

There are all the other considerations that have to come into play. It is slightly outside the scope of the King Island study, talking about Bass Strait as well, but another thing to consider is the *Spirit* ships, which have their overnight crew and accommodation. They run their catering facilities. They are running crews of about another 60 to 70 people more than what we need.

We run a crew of about 20 to 23. It all depends on the passenger numbers. For instance, our safe manning is about 14. As soon as you carry 100 people, you have to have another crew member. This is all about having evacuation of life rafts and this sort of thing; it is not about the operation of the boat.

Our maximum crew on this sort of boat would be 20 to 21 people as opposed to 100, providing overnight services, cleaning et cetera. Hence, our crewing is significantly less running a daylight service within that 12 hours, not going outside the 12-hour window.

You do not have to have extra crews, you do not have the victualling problems or that sort of scenario. Its home base port is Tasmania. People can return home every day to Tasmania; you may reach your service scheduling. Everything is done out of its home base and that's when speed gives an advantage.

**Ms FORREST** - Who do you see running it, Richard? There is the cost to purchase a vessel and then there is the operation of it. What would you see in that?

**Mr LOWRIE** - I have been authorised - allowed, for want of a word - to mention there is an operator, who is not there now, who is interested in starting a Bass Strait-King Island service. It is a large international company together with a local company. It got so far that it had a contract signed with Gillard a number of years ago and when the political change came in, Rudd refused to honour any of the contracts Gillard had signed. Some other operations for shipping out of Tasmania fell over. I only met with him two days ago and he said, 'Yes, by all means you have the authority to say there is an entity that is out there. It has done its feasibility reports - it is fine tuning those at the moment and it is searching for a vessel before it makes its proposal to the minister'.

This has come along at the same time and so he said by all means mention that. They also have an interest in looking at this sort of concept and whether it stacks up for them. The entity works a lot with governments around the world. They want the comfort and security to know there is the backing or support, or they have the exclusivity, the monopoly or any other way to get that comfort level. They would certainly want to be there for the long term - take it off TasPorts and run it themselves.

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**Ms FORREST** - In terms of the feasibility study, you said this company has done its own feasibility.

**Mr LOWRIE** - They have done their prefeasibility studies on their own shipping links, not of any Incat high-speed vessel. They also supportive of a study to investigate all those options. What is best? Can King Island support a transport link three days a week? Is it good if it is carrying passengers? Setting the parameters of the scope of that study would be important as well. The more the discussions you have, the better to help with understanding those parameters and knowing all the issues have been raised.

**Ms FORREST** - How long do you think a feasibility study would take to undertake?

**Mr LOWRIE** - Not a long time actually. Senator Lambie mentioned 150; Dirk goes, 'Is that enough?' and Dean goes, 'Where the 150 is coming?' For \$150 000, you would want to get something -

**Ms FORREST** - How long would it take to do it?

**Mr LOWRIE** - It all comes back to the cost. If you knew you had \$3 million and you were going to extend it out to two years before you got a study back, so I would think very short term. Our aim is to keep things very tight. If there is enough general interest from all sectors to support and therefore push the federal government to help fund it, our aim would try to be as quick as possible.

AMC have a lot of the data; they've been doing tank-testing, doing models and that sort of stuff off a 109 just so we can prove that everyone can, hand on heart, say, 'Yes, the boat will work'. I cannot give you a definite answer but I would certainly like to say between a three- and six-month period.

**Ms FORREST** - I am not looking at years: we are looking at months basically?

**Mr LOWRIE** - It would be very frustrating if not. It takes us 18 months to build a boat. If, for instance, our first delivery slot is not until the end of 2019 - at the moment we're that flat out - any delivery we would always try to target around spring of that year so the boat is fully ready to go for the summer peak demand season and maximise it. The same with King Island; I do not know if they necessarily have the same issue. We could introduce it anytime, but if it is going to start introducing a tourist space, peak summer months would be where you would revolutionise King Island. You have to start bringing the tourists in.

I do not know if you have come across Hastings in your investigation. Hastings is very close. Bass Strait is just about here and in Hastings, you travel up and there is the BlueScope Steel facility. That is its ro-ro facility. Behind there is a lot of vitualling, marshalling, shedding area et cetera, so that is something which is already purpose-built.

The particular operator I mentioned has already met with Hastings, spoken with them all and they are very keen for the service to come in. They have had sanctions - they are able to go high speed right up until they get to Hastings before they need to reduce. There is a lot of discussions have progressed along that way -

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**Mr ARMSTRONG** - Who owns the Hastings facility? Is it Victorian government?

**Mr LOWRIE** - Yes, the port is owned. BlueScope owns that port itself, but obviously the Port of Hastings et cetera is under the Victorian umbrella, by the local council. They have problems with Port Phillip Bay, and politics comes into it with the whole east-west Victorian link et cetera, but they have earmarked Hastings as a future port because of the issues facing Port Phillip Bay with dredging and so on.

We see that as a future port where they will always dredge; they will always viably improve. The next big thing before politics came into Victoria at the last election was doing the big east-west link and connecting the highway connections so a much speedier process into Melbourne.

**CHAIR** - What is the current travel time by truck, say, from Hastings to Geelong?

**Mr LOWRIE** - About an hour - 65 kilometres, Hastings to Melbourne. It depends on how fast the Mornington Highway is. You could be down to half- or three-quarters of an hour. It is traffic in Melbourne.

**CHAIR** - Getting worse all the time.

**Mr LOWRIE** - Getting worse all the time. Hence the government restrictions, hence what we can do with the shorter distance across Bass Strait.

Burnie to Hastings is 4.86 hours. Everyone talks about Bass Strait. I had Greek clients flew over to meet us because I told them how rough Bass Strait was. I met them in Victoria; we jumped on the boat all ready for our bad experience of Bass Strait and it was a millpond. We set a new record for a four-and-a-half hour crossing. They said, 'You told me this is rough, we have flown all the way from Greece for this'. I have never seen Bass Strait that flat.

All of a sudden, having something that can get in and out of Tassie four-and-a-half hours, five hours, do a return trip in a day in daylight -

**CHAIR** - At least, quick as flying. By the time you get to the airport, wait around, go through security, all that.

**Mr LOWRIE** - Funny you say that. We just delivered our turbine boat. We delivered six boats to our South American client, Buquebus. He keeps going faster and faster. All the fastest boats Incat's ever developed go to this client. He went the capital cost of a turbine boat and the fuel cost. We are about six tonnes of diesel an hour doing our flat-top speed; he is about 15 tonnes of diesel an hour but he is the first LNG gas-powered boat.

He starts on diesel sitting in port and then he is underway, he switches over to LNG. It is about an 87-nautical mile route, about half the distance but can get rough. He is on the River Plate and he competes exactly with the airlines. That is why he wants speed. He is doing 55 knots with his turbine boats. His fastest speed - and one of our guys was on the boat - is coming in at 58 knots. That is incredible speed. It would be from King Island to Victoria in two hours. You would not be able to do 55 knots on Bass Strait in most of the sea states, but for him it is perfect. He's got the time and he has proven it. By the time you get to the airport, check in - probably an hour - fly over to Montevideo on the other side of Argentina, get all your stuff, get

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off, he can get them on in their car, over there and get them off with a full duty-free load in their cars than what the airline does. So that is why the next boat he wants to build is a 130, a slower boat, is all duty free, let alone a couple of thousand people and their hundreds of cars.

**CHAIR** - We need to make King Island a separate nation, make it duty free a bit like Norfolk Island. A whole new opportunity.

**Mr LOWRIE** - Mr Hodgman wanted to make it a duty free island many years ago, Michael. A lot of people used to joke about that, but it could happen.

In a lot of cases, it does then become a competitive option, especially if it starts going to different ports. You cannot fly into Burnie necessarily as easily as you can to Hobart or Launceston.

**CHAIR** - Yes, you can. Four flights a day

**Mr LOWRIE** - Around certain time frames.

**CHAIR** - Four flights a day each way from Burnie. I can leave my home and be in the centre of Melbourne in two-and-a-half hours.

**Mr LOWRIE** - Good. How big are the planes?

**CHAIR** - They are little Saabs. They have about 30-odd passengers.

**Mr LOWRIE** - I do not think the Government is going to get 1.5 million people into the state.

**CHAIR** - Not through that airport, no, but it is a good service.

**Mr LOWRIE** - Hopefully a cat bringing 500 people once a day just into the Burnie region, let alone the people that come off the TT-Line *Spirit* that goes via King Island - again, what impact? I suppose the focus where we see a solution is very much on having a boat that will do the freight and meet that demand. Not a drama. Whether it is on foot, whether it is containerised or palletised, we have the solution for that. That is not an issue. What the proposal is and where the committee goes is: Do they look beyond that scope? Do they look beyond freight and start looking at what tourism can do if you have a ferry? What opportunity does that give to create new industries et cetera on King Island?

The freight costs, as you know, now having to go via Tasmania or into Victoria, 80 per cent of the freight is sourced from Victoria or going back to Victoria from King Island - it makes no sense to come via Burnie.

**CHAIR** - It's Devonport at the moment, or Stanley. It is also going to Stanley at the moment.

**Mr LOWRIE** - Devonport or Stanley at the moment, and then transshipping. That is the constant complaint we are hearing from everybody. It makes no sense.

**Mr FARRELL** - Richard, you mentioned that you put the proposal to the minister around 2014. What was the feedback you received from the Government?

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**Mr LOWRIE** - They were interested of course, thanking him for the unsolicited proposal. It is fair to say the Government's focus was probably a little bit towards the revamp of the *Spirits*, which is what they were focused on at the time. Rene Hidding observed that they will need to replace the *Spirits* at some future time so they will be looking at options and they will need a solution. You are sort of encouraged; if Incat ever thought they had a solution, by all means, when we get closer to that time, think about it. That came after that unsolicited proposal, but that was something he made note of - that there were certainly things they would have to do in the future to replace the *Spirits*. The trouble is that each of a *Spirit* brand new is around \$300 million. Yes, you can get a good second-hand one on the market for \$200 million.

**CHAIR** - Then you have to refurbish it.

**Mr LOWRIE** - Then you refurbish and we are sitting on about \$100 million. So we think we can provide a better option. For us as well, we are fighting that demon of that previous boat. If anything, we see our vessel - especially if it services King Island on the way - as very much supplementing and complementing what is already in existence with the TT-Line boats. We would not be going to Melbourne. It is a different port route. Whether it is Avalon or Hastings or both, it gives King Island a whole different connection, an alternative transport link for those tourists who are not just going to Melbourne.

**CHAIR** - Would you see an option of TT-Line actually running buying an Incat vessel and running it? What would be the barriers to that, do you think?

**Mr LOWRIE** - Politics. It is fair to say the previous CEO was not keen on the concept. He needed to make money and freight was where he made money. The two *Spirits* proved that having an overnight freight service, even though there are many other freight providers competing with them, they proved it. If they took the freight off and made it the purer tourist link into the state, they would probably argue that they would lose money, and they probably would because they are running 100-men crews on overnight services. If they ran those boats during the day and did not have people sitting in crew cabins, all of a sudden they would be a lot more viable to be that new transport link in, but they do not.

It is little things like seasickness. I have been on those earlier boats and it is a domino effect. One person is feeling a bit sick and being a bit green and he starts and someone next to them will start or someone along there will start. What you do not hear - and I have spoken to the cleaning staff on the *Spirits* - is the state of the cabins when the people leave. No-one sees them. If they are feeling sick, they go up to their cabin and are sick in their cabin so you do you do not have that flow-on impact. When you speak to the cleaners, they are the ones who will tell you how disgusting the boats can be. Even though it is a big ship and they all think it copes with the seas better, they still have their seasickness. For us, a purpose-built boat would not be what we have done in the past. A lot of the boats Incat put on were boats rebuilt and destined for overseas markets.

It is whether you would then subset or break off certain passenger lounges, have sections, break them into much more isolated areas so you would not have all those negative impacts as well.

**CHAIR** - You weren't having your champagne looking out over cattle in the truck?



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**Mr LOWRIE** - You cannot see it anyway because we all sit in our passenger lounge. All our passenger decks sit on rubber mounts. You do not have vibrations and noises. You need to come and have a look. You need to come and look. I am happy to show you around, maybe in the next couple of months. It is up to you. The big boat we are building is progressing quite well. In about four weeks, you will be seeing the last of the Sydney ferries go out. You will get an idea of the size of these boats and how it is not like it used to be.

We purposely design boats - that is what I am trying to get at. If the feasibility study shows that 500 or 600 passenger capacity is ideal, why build it for 1000? Only because it is the design, weight and all the rest of it, we have to build in for something we never fill. That is not viable. We are better off trying to 90 per cent maximise a 600-person boat than 50 per cent of 1000.

But then, it meets the other government initiatives and other targets across Bass Strait. I know this is King Island, but you are not going to be able to run a King Island service seven days a week. That is not going to prove viable. Whoever is going to pay for the capital cost and run a service is going to try to look for other alternatives for the off days.

**CHAIR** - Richard, you probably have not had a chance to look at the evidence provided by the minister and TasPorts. There seemed to be a great reluctance to consider passenger transport, certainly in the short-to-medium term. It seemed to be very much all about freight.

I spent a reasonable amount on the island. There would certainly be a challenge with dropping a whole heap of people suddenly onto the island in terms of accommodating them and the facilities there to meet their needs. That would change over time. If construction material were less expensive to get onto the island, that would assist in that sort of thing.

You have made a lot of comments about how it fits in with their other targets in tourism numbers and things like that, but do you have any comments to make about why there is such an apparent reluctance to consider passenger transport on this route?

**Mr LOWRIE** - No, I cannot answer that. It is very easy to go with the devil you know. Even with introducing the cat, it was such a change from what they wanted to do with conventional ship, even though we have the large boats now. Again, a negativity sits.

It is a bit about the same with passengers. For some reason they seem to think that King Island is all about freight and the air link is going to bring the people in. On the flip side, they are happy to develop the golf course, but how many plane flights do you need to get 20 000 people a year? The airport would be running constantly.

**CHAIR** - It is. There are a lot of little light charter flights coming in at the moment, which is fine, but you still have limited capacity there and luggage constraints.

**Mr LOWRIE** - Then you have to accommodate them and they have to be transported around and you need vehicle movements et cetera, instead of bringing your own in.

I do not know why there is so much political uncertainty about bringing passengers to King Island. I cannot understand it; we cannot understand it. We are thinking that if you provided that service, yes, there would be teething problems at the beginning, as there always would be in building up the capacity, the unknown, what is the demand? Hopefully a study would investigate that. Market surveys - would there be people wanting to stop at King Island? We think there are.

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We already know passenger numbers are going there. What impact would there be if a passenger service were added to that?

As you say, it wouldn't necessarily be dumping 500 because there would be restrictions, but if they are trying to create a whole new tourism industry, you have to get them there.

**CHAIR** - You would want increase the population significantly because most of them are over-employed at the moment on the island. It is not an island of unemployment, it is an island of over-employment generally.

**Mr LOWRIE** - People left because the abattoir shut down. If you can find other opportunities to bring them back and with the kids, you might find an increase in population again. I do not see that it is such a bad problem.

**CHAIR** - I am not saying it is a bad problem. I am trying to understand what the reluctance is. It is not really a question for you. You are already proposing that. I am wondering: what is the basis for the reluctance at other levels?

**Mr LOWRIE** - My response can only be from the many years we have tried Bass Strait in the past and the normal resistance we get back from the fact, that 'No, we are the government operator, we will run here. If you want to run your own service, by all means go out there and do it' and that sort of scenario. They will not step in the way, but as soon as we start to try to talk to them about solutions, they will close in on what they know. Unfortunately, King Island has been about freight.

**Mr ARMSTRONG** - From our briefing - and if you get a chance to read the transcripts from Mr Hidding, it could be worthwhile - it seemed the Government is planning on getting a larger ship and is looking at purpose-designed. Has Incat been involved in any of the discussions?

**Mr LOWRIE** - I was led to believe the whole idea of TasPorts taking on King Island was short term, getting it up in 18 months and then selling it. It does not seem to be the case with their advertising for all different positions, managerial roles et cetera. I do not know what the Government's intentions are. It seems to be some game playing, and I do not think they even know themselves.

That question you asked before about the operator: there is a real operator, there is real interest, whether they develop their own service or not but, again, they are not prepared to jump out there and go it alone without understanding what other supports there are. What is the situation? Are they going to be competitive against TasPorts, because it will not be viable for someone else to come in and compete? What is the situation? Do they have to wait 18 months for TasPorts to move aside? This is uncertain.

**Ms FORREST** - Has this company had discussions with TasPorts?

**Mr LOWRIE** - No, not yet.

**Ms FORREST** - Do they intend to?

**Mr LOWRIE** - They do. They were holding off; this all happened prior to them finishing and getting into a position from which they are comfortable to go forward.

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**Mr GAFFNEY** - You mentioned a lot of the people on the island reflect on the past and what happened with Incat and the prior service. Has your company thought about doing any work on the island? The information you have given us today about the nature of the changing of the vessels and what they can do now would be quite illuminating for a lot of people on the island. Can you give an example of another rough stretch of water?

**Mr LOWRIE** - Cook Strait.

**Mr GAFFNEY** - You need to be able to inform the islanders about the advancements you have made over a certain amount of time.

**Mr LOWRIE** - You are dead right. The island should also include us. The people that have travelled on the larger boats have all made observations, 'It was so much better than the first one, so much bigger, more palatial and much better performance'. So many people I have spoken to have said, 'What a great trip'. On the flip side, in politics the minority always wrecks it for the majority. The very vocal people always keep coming out and saying, 'Sit, sit' and the TT-Line is not really supporting it and showing [inaudible] of sailing.

The beauty of speed is what we have proved so many times - 'All right, you missed that sailing because of the rough seas, but we will go later in the day.' Our boats give flexibility to catch the timetable up and meet up in a day where the others can't.

**Ms FORREST** - Flights are delayed and cancelled.

**Mr LOWRIE** - Nobody jumps up about that. It is 150 people complaining, not 500 and that is the difficulty, but we go later.

**Ms FORREST** - If the pilot does not want to go in it, I do not either.

**Mr LOWRIE** - Our boss gets frustrated because why should he spend a lot of money in trying to push something? He will put his own effort in to make a boat and be part of it, but if people do not want it, he is just happy to step aside. We will keep proposing ideas, but we do not go to that extent. Hopefully a study will be a third party independent resource and will give a stamp of approval, not just what Incat saying.

**Mr GAFFNEY** - When we were there for the two days, we were not surprised but were very pleased by the amount of interest shown by the whole community. It is an important link for them. You would pack out the hall if your organisation gave an hour- or two-hour presentation. They want to know what you have and can do - what the options are - so it becomes part of their conversation. If a study appears eight months from now or so with the information, they will still say 'Nobody has actually showed me the proof'. It is a case of getting on the front foot and sending a couple of guys over there for a night to do a public meeting and present what they do so they have that conversation piece.

**Mr LOWRIE** - That would be me, fair to say.

**Mr GAFFNEY** - That would not cost a lot.

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**Mr LOWRIE** - No, it would not. I have not been to King Island. I have travelled the world and done everything and lived many places, but you know your own state is always a struggle. I have not been to King Island so, yes, we would do that. There are a couple of triggers, I would think. One of the first triggers I would love to come out of this is general support from the committee believing further investigations are merited; that if an Incat boat and tourism are to be considered, further investigation should be done.

Now that is enough comfort for me to be able to go back to Lambie and say there is a general swell in finding all the parties because I know King Island is already dealing with her directly and trying to show their support. The other entities tying into it are all coming together. It is just a little rubber stamp to show even the committee thinks there is some merit in investigating tourism opportunities, and investigating whether Avalon was a better port than Melbourne, or investigating Hastings. That is enough out of this recommendation to do that. You are still doing freight but this is off to one side and should be investigated because it could potentially be a game changer for King Island. That is what the proposal is - keep the status quo or do something that revolutionises what is there.

If we felt the studies were under way, I would be the first up there banging on the door saying, 'This is what the study is about and what we are proposing'.

**CHAIR** - We had better leave it there. Is there anything you wanted to say in closing or any other information you wanted to provide to the committee?

**Mr LOWRIE** - No. I will leave you these if you want. I summarised a lot of today, a lot of the economic micro- and macro-arguments, and a log of the discussion about benefits of the shorter routes and some of that large boat. I do not think you need pretty pictures.

**CHAIR** - We can go to Google.

**Mr LOWRIE** - Here is the prefeasibility work done by that operator. He has given me all the data, the freight stats. We have worked out how much they have coming out and coming in, what they can support, how many days. Based on that freight, you would have one trip a week if it starts bringing in tourists, if it starts supplementing the loads with alternative cargos, it is another whole lot of analysis to be done.

**CHAIR** - I know the committee was interested in coming out and looking at your facilities or just getting a better understanding of the vessels. We had problems with that last time with a range of things.

**Mr LOWRIE** - Yes, an apology that it was delayed and then we could not make the revised time. We have just produced at museum at Incat. We have had a couple of years and allow school groups through. They roll me out to talk to them about getting a good education, getting a job and all that sort of scenario, but the museum serves a dual purpose. It is also a history of Incat and you get a good handle of how things have changed - the technology et cetera. You are more than welcome. Give me a date and we can work around that if that is what you wish you do.

**CHAIR** - Thank you for your time, Richard. We appreciate it and it has been interesting to understand your views of how the needs of King Island could be serviced in terms of tourism, passenger transport and freight.

## **PUBLIC**

**Mr LOWRIE** - Thank you. One question: when is the committee meant to be reporting back?

**CHAIR** - We have to do it relatively soon. We have most of our evidence. We have not been able to hear from couple of people for various reasons - they were away and things like that - but we hope to report in the next couple of months. That is the plan. We are just waiting for information to come back from TasPorts.

**THE WITNESS WITHDREW.**

## PUBLIC

**Mr LES DICK**, LD SHIPPING, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - Thanks for coming along to the committee hearing today. The information you are providing to the committee today is all on the public, recorded by Hansard and transcribed to be part of the public record. If there is information you want to provide in confidence or in camera, you can make that request and the committee will consider it. You have the information for witnesses. Do you have any questions before we proceed?

**Mr DICK** - No.

**CHAIR** - You are protected by parliamentary privilege while before the committee; this does not extend to you outside the committee. If you speak to the media or anyone else afterwards, you need to bear that in mind.

We know you are currently providing a service to King Island and have been, on and off, for some time.

You have seen the terms of reference of the committee looking at the economic impacts on the island with the current freight costs and things like that as well as what the current and future shipping needs are, particularly for freight. The question about passengers is another aspect to that.

Would you like to make some opening comments about how you see your role in the freight task at the moment? Is there anything you would like to suggest as a solution for the future?

**Mr DICK** - As you said, we run a service backwards and forwards, primarily shifting livestock and general cargo on an as-wanted basis.

Over the lead-up to the *Searoad Mersey* finishing, we stepped into the breach and realised we had to have another vessel so we acquired another vessel to do the job. We started to do that job. Then the Government, through Mr Hidding, got involved and we shelved our plans with that boat.

We have watched what has happened to King Island with the advent of TasPorts being involved in shipping now. We have also had to bear the brunt of actions from TasPorts, which now has a dual role - one of running the ports and one of running ships, which we absolutely say they should not be involved in it. This has been hoisted onto them by the minister. He has made another wrong call there.

I have come here today to voice my opinion that he is wrong in what he is doing. All he has managed to do is completely stuff the industry, put private enterprise at risk, jeopardising what we already had in place in the plan. Never has he come to us to discuss this with us. The only time he had me go to his office was to tell me I had to stop my endeavours to get Stanley going and that he was sick and tired of it because the people at TasPorts were sick and tired of me because I was relentless and would not give up on them. He instructed me to give up on them. I would not give up on them, and I said, 'No, you are wrong.' Rene said, 'You are wrong, Les, they don't want you there, they don't want you at Stanley. The council doesn't want you.' I said, 'No, you are wrong. You've got your information wrong, mate.'

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We ended up having a little bit of a discussion about that, in which he got a bit red around the gills. In the finish he told me I could not talk to a minister like that. I said I can when I am right. I produced a letter from the Circular Head Council endorsing the fact that they wanted their port fixed up; they wanted it working as a full-scale port once again, which it was, bearing in mind that Stanley was founded on the port.

**CHAIR** - When was this, Les?

**Mr DICK** - This was before he decided he wanted to get his own shipping line.

**CHAIR** - When the *Searoad Mersey* was still running, you were having these discussions about the Stanley Port?

**Mr DICK** - Yes. In the letter, the Circular Head Council urged the Government to either lease the whole of the area to me or sell it because TasPorts wanted it to fall into the sea, and so did the minister. He didn't want to know about it.

When the Circular Head Council provided me with a stamped letter of support and sent it to the Government, he did not have a copy of it. When he read that, he said, 'This is a game changer'. Straightaway after that, we ended up with the decision that the ro-ro ramp is now going to be built at Stanley. That is good news; we are going to build the ramp at Stanley so we can get on with doing the job to King Island between Stanley and the same link.

We also can facilitate the cattle movements and endorse animal welfare across Bass Strait of the shortest possible trips that we can make into there. That suited Rene more than it suited Swift but that was only the geographical differences in where the plants were in Tasmania.

They got on and built that as a common user, which we have to pay for. We are currently still paying for it every visit. They lob a \$500 infrastructure fee on us every time we go in and \$800 for *Go Lesath*, my big boat, to go in. We copped that sweet and we have been going in.

Then along comes the other boat. We are ready to do this job. There simply is not enough cargo regardless of what anyone says; there is no room for two people to be operating on King Island. Like it or not, we have a shrinking population; we also have a decline in the cargo. The cargo coming off there now is not what it was five years ago, and it will continue to decline. The influx of tourists, really, it would not make up one 20-foot box a week what their requirements would be over and above what is going in now.

We have a little bit of construction that may or may not happen. There will probably be a requirement for a little bit of extra cargo to go through there. As accommodation is ramped up there, that will wane and we will go back to having a situation where we need to have one setup on King Island, the same as what Flinders Island has, and a good service to [inaudible] office at Flinders. That is all we need; we do not need any more.

We cannot understand what the minister is doing this for and why the Government is involved in shipping on King Island using TasPorts as its messenger. I cannot understand why they are doing it and why they are not embracing private enterprise, which has the resources, the knowledge and the facilities in place to do the job.

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Because you have a simple argument with the minister about Stanley - incidentally, their boat now, where does that take its cattle? Into the Port of Stanley. The other day, now we have a tourist boat coming into the port of Stanley.

You are not allowed to bring your cattle boat in while the tourist boat is there because they might smell some cow shit.

Here we are: it has fallen into the sea, we have a three-year battle, Greenhams alongside LD Shipping, to get it up and running, and now we have tourist boats going in there and we have everything. We have BIL using it on a weekly basis to take their freight through there. Wrong, wrong - every move he has made has been wrong as far as shipping in Bass Strait goes. He has not made a right one yet and he is continuing to do it and continuing to pour money. He has lost \$1 million since April and that is only what we know about; the real figure will eventually come out. You might get it out of him, but we won't.

**Ms FORREST** - It will be in the annual report, I imagine, only up to the end of the financial year.

**Mr DICK** - In their own words, they forecast further losses. Their plan is for five years, I understand, to get rid of blokes like me. We do not lose any money; we run a lean, mean shipping service to that island, which is what the islands require. They do not need a fancy service, they do not need a fancy ship - they need to get their cargo from point A to point B in a reasonable time and that is all. Whatever they do, whatever they set up, and they go for a grandiose thing, the cargo is not there and the passengers are not there either.

We are licensed to carry 12 passengers on our vessel every trip, but we never get a request to carry passengers, ever. If we did carry any passengers on our boats and any other boat, where are we going to dock? I just listened to my predecessor. I am not condemning anything, but I never heard him mention the ports on King Island. King Island does not have a reliable port. Grassy is the most unreliable port in Australia.

I have just bought Naracoopa and we intend, eventually, to put a marina there as finances become available through cargo input and output; that is how we intend to do that. That would provide a berth. If we took passengers on board our vessels now to King Island and we arrived there, it would be the same as when we arrived there on Sunday. We were there at 4 o'clock in the morning; we could not go because there was a 30-knot south-westerly over a 600-millimetre swell, which meant we did not dock until 6 o'clock Sunday night. Is that going to be acceptable to tourists? No, it won't.

It is the same when we are leaving. We book a trip but because TasPorts is doing exactly the same thing, it is now finding that its schedule is shot to pieces. It makes these schedules and says, 'We are going to do this, we are going to do that', and very rarely does it happen. This time of the year is when we were waiting for this and we were saying, 'You wait until this happens now and we will see'. Now we have cancelled trips, trips running into one another, we have our boats sitting outside waiting for their boat to get loaded, their boat waiting to for ours to get unloaded. It is the worst mess you have ever seen. It is an absolute disgrace the way it is going at the moment.

Our landlord with all the ports is now our competitor. On a daily basis we see things. Yesterday their boat had blown up, so who did they come to to do the cattle shipments from



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Swift? They had done a sweetheart deal with Swift - Page, Rene Hidding and TasPorts did a deal to get the cattle from Stanley to Longford for the same price as it costs to get the cattle from Stanley to Smithton, a couple of kilometres down the road. That is not right either because that then disadvantages - the geographical advantage was not anyone's because the port was there before the abattoirs were built and the port was not being used by either abattoirs. No-one can say 'You built your abattoir there because the Port of Stanley is there' because the Port of Stanley was not used. Their argument has gone there.

Yesterday TasPorts rang me, 'What is your boat doing?' We had to bring all the explosives into Tasmania for Orica to supply all the mines so we have an explosives trip to do. Swift is out of cattle so my boat leaves today to go and pick up a load and bring it back Sunday. Why am I telling you this? It was absolutely devastating for Kevin Moore to learn that we were doing a cattle trip for Swift. 'How can you do that? We have an arrangement with them. They are not going to put any cattle on your boat.' I said, 'You are silly if you think that, mate. They want the cattle to kill. They are not worried about you - you can't do the job, we do the job. As usual, we will do the job.' Now they are booked in with us.

I am telling you that here he is working for TasPorts and we have to deal with him on a daily basis about the problems TasPorts has in trying to run King Island as a port, or any other port we go to. Also, he has the BIL hat on, to which we strongly object. I cannot object strongly enough to you people. What is happening is wrong and someone at the end of the day has to say either you have to get out of shipping and let this private enterprise do it - whether it is Les or anyone, it does not matter - but they are in the wrong place. They are saying they are going to do it for five years and then sell the business. What does that do to blokes like me?

We have invested our money. We have not asked the Government for one single cent. All we asked the Government for is a level, clear playing field and we do not have it. We have never had it. I say Hidding is at the root of all of this. All of it. It is his baby and what he knows about shipping, he could write on the back of a matchbox. He just doesn't know.

**CHAIR** - Les, what do you see as the future then? How do you see the future, taking into account that the economy is improving and could improve further and hopefully will improve further? Tourism is a big thing for Tasmania - King Island is part of Tasmania. It has three golf courses, possibly four. There is capacity for a whole range of other tourism opportunities there. It is a beautiful place. There is lots of potential there.

**Mr DICK** - There is no doubt about that. There is no argument about that. Both our islands are beautiful - King and Flinders. It is difficult to pick which one is the best because they both have their -

**CHAIR** - I am not saying one is better than the other. We are just focusing on King Island at the moment. How do you see the future? Is there any future at all for passenger transport in your view?

**Mr DICK** - I would say no, not at the moment.

**CHAIR** - I am not talking about at the moment, I am talking about the future.

**Mr DICK** - In the future there might be, but you have to bring the numbers up. They are coming by air travel on and off King Island, which has been vastly improved. The facilities have

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been vastly improved, as you know. They are good little facilities there. If you have a look at the type of planes that are running now, they are fast and they are there in no time at all - 30 minutes and you are there from Tasmania and the same from Melbourne. They have not increased the size of their aircraft, which would be a very good gauge -

**CHAIR** - They have. When I used to fly over first, they were the eight- or 10- or 12-seaters and now we have, I do not know how many -

**Mr DICK** - No, I am talking about the ones we have now. I know that they have jumped to 20 seats or 22 seats, or whatever it is.

**CHAIR** - The Rex one is bigger, too.

**Mr DICK** - Yes. When we see the airport over there, when we see Sharp and them bringing bigger craft in, we will know that there is definitely a continuous uplift. I go backwards and forwards to King Island quite a bit and have been lately. Not once has the plane been full out of Launceston. There has been no-one out of Launceston. I have probably been on one trip where I was the only guy on it; there were three on it the last time I went and then we picked up another eight at Wynyard to go to King Island. When we came back, the ones coming off were all Hydro workers with the Hydro emblems on. I look at those sorts of things and there is no big influx of people with golf bags and tourism-type people on those planes. They do go there; I am told by the guys on King Island that the private craft that go in there are big.

**CHAIR** - They are out of Victoria, predominantly.

**Mr DICK** - They are out of Victoria, predominantly, not out of Tasmania.

**CHAIR** - Rex planes are much easier to take golf clubs on.

**Mr DICK** - Yes. By and large, the King Island does have a good future. It is a good, strong place.

We specialise in their cattle, which are going from strength to strength. They breed the best cattle and we buy the best cattle to ship. That is continuing to grow stronger and stronger.

The brand has been well sold by Greenhams and the rest of the people who take cattle off there. Their agriculture is very good. They forecast they wanted a 5 per cent increase in cargo in stock. They have not achieved that yet. They wanted 5 per cent increase in a year, but they have not achieved that by the kill rate that goes through. That is where we get our judgment. What comes off to be killed is a good gauge of how things are going.

This year will be a good year. They have had plenty of rain. All the dams are full and grass is there. We took stock from them last week, a full load, and 368 head of cattle from Victoria, store cattle, there to be fattened. That is what we like to see. We like to see cattle coming onto the island to be fattened to go back off, as well as the good stock they are breeding. That was the first load of store cattle we carted out of Victoria for quite a while. We are looking forward to things picking up there.

**CHAIR** - It seems there certainly are opportunities for expansion in many areas of King Island.

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**Mr DICK** - Yes.

**CHAIR** - You have vessels at the moment, but that does not mean you will have them forever. Is it appropriate the Government has an obligation to ensure there is a shipping service even though there is only a tiny line in the budget to do it, notional money? It is there. Shouldn't they have some input into this and some role to play in this?

**Mr DICK** - They do.

**CHAIR** - What is the role there?

**Mr DICK** - To support us. Support the people there doing the service now. Why go out and reinvent the wheel? Why go and buy another failure boat, blow in excess of a million dollars setting it all up and changing TasPorts' role from being a port provider to trying to be a ship and cargo provider to King Island, when it is already being done?

We have the ability to rise with King Island or anywhere else. We have the ability to rise new ships, better ships, as required, but we do not have the luxury of being able to go and get a ship that is not fit for purpose. The ships we have, which is why we remain profitable, meet the tasks we have to do and we do it in a lean, mean way to suit the island's economy.

The island has a delicate economy. It has a couple of golf courses, a few people going there, and it is a bit of an influx they have never had before, but their base economy has not changed.

**CHAIR** - I hear what you are saying, Les. One of the huge issues raised is the cost of freight under the current arrangements. We have heard the costs you are charging are considerably less than the other line. You would have read in the media they have engaged with TasPorts and the minister. They also apparently had Port and Coastal Marine with a vessel to operate the service and that fell over.

They have been taking an active role in making sure there is, as much as possible, a suitable reliable service to King Island. When Port and Coastal Marine looked like they were going to be the ones, would not that have created the same challenges for you, though?

You were doing a run, providing a service and there was another operator. We hear consistently that there is not room for more than one operator in terms of freight.

**Mr DICK** - We were sitting back always from day one with the Port and Coastal Marine, but it was always going to fall over.

**CHAIR** - Why would you say that?

**Mr DICK** - Once again they got the wrong ship. The ship drew 6 metres of water. What happened is that the *Mersey* ran aground drawing 5.5 metres of water in the Port of Grassy. The Port of Grassy is silting up. When it was built, it was 40 feet deep, now it is 5.5 to 6 metres deep. You look at the cost of running one of those vessels - they have twin 4000 horsepower engines in them and a crew of 14. The cargo is not there; without the government subsidy, there is not the cargo.

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Once again, you will find the cargo in Tasmania has to subsidise the cargo on King Island on the run to Melbourne. If you cannot gain and solicit cargo from Tasmania, you are not going to get enough cargo on King Island to run anything other than what we have now - it just does not work. If you look at running a crew of 12 or 14 on a rig boat - and they will not get away with anything less - it is highly unionised so all this comes into play. Then you look at running the 4000 horsepower engines in a tender, don't you think we have looked at all these rigged tenders?

I have an 86-metre tender I can have tomorrow, but we do not have the cargo base. We come to Tasmania; we have to take the cargo off Chas Kelly and destabilise the thing there. We have to try, whether we are successful or not would be another thing, and then we have to do the same with Toll. Chas Kelly has gone in excess of a \$110 million to provide Tasmania with a fantastic vessel, brand new. Toll just laid the keel for their two ships and they are working on them now as we speak.

Both those ships are 45 per cent increase over the ones that tie up down at Burnie now and a 90 per cent increase in the cargo capacity in Tasmania for Toll alone plus a 100 per cent increase for Chas Kelly. Along comes the cowboy and says, 'We are going to now start to run a government service'. They have to get cargo from Tasmania off them too, destabilising the whole Bass Strait again. Then he puts his cargo onto the other boat, the TT-Line. We regularly hear TT-Line is full, TT-Line cannot take any more, cannot bring the grey nomad passengers over et cetera. It just makes everything worse.

I think there is something wrong here - this guy and the people around him are not thinking right or they are thinking differently to me. Maybe I am wrong - I do not know - but I am still in business and we are still doing the job. We have the ships to do the job and we will rise to the occasion.

You talk about faith in King Island. What do I see for the future? I bought the Port of Naracoopa so I have faith in the future of King Island, a lot of faith. We have some big things about to happen because that is a deepwater port with 10.5 metres of water there. We are going to start the first international shipments out of King Island ever direct to China [inaudible]. We do not mess around, and that is a 20 000 tonne ship.

**Ms FORREST** - Scheelite Sand.

**Mr DICK** - Yes. Otherwise if we do not do that, the sand mine is going to close. I had a meeting the other day with the sand mine and Harley the principal of the mine said that it will be sold, if we cannot move the product. They have had several attempts and they have blown a lot of money trying to get their sand off. They cannot get it off using the current facility and going with the current operators because of the cost, TasPorts and the logistical cost of going to Melbourne and the cost of the low grade port. They have 300 000 tonnes back there processed ready to go now. They have \$45 million to \$50 million-worth of product sitting in a heap on King Island.

They have said, 'Les, can you help?' We have bought the port; we are going to shift that and have a regular run to Beijing, China, which other freight will be able to go by direct shipment. They ship anything from 20 to 40 heavy containers off King Island every month; they will not be there anymore; they will disappear because they will now stockpile their high-grade material to go on the same load in another hold of the ship the other stuff goes in. So if you have four holds in your ship, you will have three of ilmenite and one of high-grade ore. There is another 20 to 40 containers gone to the Melbourne run.

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When I talk about a decline, I can give you demonstrations of where the decline will be. The things that are needed for tourism you could put in one 20-foot box a week. That is the increase in freight. The idea that there will be boats and people flying everywhere - sorry, it won't happen. What is being taken away would simply be replaced by that so you won't have an increase.

**Mr FARRELL** - Les, it was apparent that there were going to be issues with the shipping for a number of years, that there was going to be a larger boat. Did you have any discussions with the minister or any government department leading up to that? Were you invited to provide a solution?

**Mr DICK** - We were invited to participate when they put out their paper. We filled out the paper; I have an email thanking us for putting out a comprehensive paper. Our paper was based on what we currently do, not on any futuristic game. It was based on what we do now, our ability to gain ships and so on.

I was so confident it would happen that I chartered *Go Lesath*. I looked all over the place for *Go Lesath*. I looked at numerous ones in Malaysia, all over the place for landing craft. None of them were suitable for the conditions we encounter from King Island back to Tasmania or King Island to Melbourne.

The *Go Lesath* was the most suitable vessel so I got that. I put that vessel there and said, 'Right, we have a vessel'. They said they wanted to charter the vessel - 'How much a day to charter it?' But they wanted us to do everything. They wanted us to provide crew, insurance, guarantees, the whole lot.

We gave them a price to do that in conjunction with the owners of the vessel. I got a charter purchase arrangement where part of the charter comes off the purchase price of the vessel so we gain equity in the vessel all the time. It is a thing which is quite often done with vessels.

We had the vessel but they kept on changing - they came back to me and said, 'Les, can you have a look at your price, it is a bit dear'. I said okay. We gave them another price and they said it was too dear. The price was \$16 000 a day when they were using the boat. They directed the boat where to go. I had to put the fuel and all in it for \$16 000, provide the crew, insure the boat and do everything. I said, 'All right, that is where we are, at \$16 000.'

Then they said, 'Oh no, we are going to get a boat of our own.' I understand they paid \$12 000 for a bare boat charter with no crew, no fuel, nothing, so that left them \$4 000 to do all that with, plus get the boat from Darwin down to here.

Straightaway you say, 'Something is wrong here'. We looked at the way that went and the discussions we had with the people in Melbourne who were doing it, and we were being led down the garden path. No risk at all - we were being done over like a dinner. We were providing figures which they were using; we provided answers which they used in order to make a decision on whether they were going to have a shipping service or not.

At no time did they come to me and say, 'Les, you have a very good vessel there in *Go Lesath*. Do you want to run?' Rene Hidding never ever came to me and said, 'Les, King Island. Tell me how you are going to do it. Tell me how I can go to bed of a night and not have to worry

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about it.' He did not do that and still has not done it to this day. Even with the problems they have now, he still has not done it.

**Mr FARRELL** - In relation to the port, there are a couple of ideas where some say the Port of Grassy needs to be redeveloped while others say you are better off with a purpose-built ship that will go in there. What are your thoughts on the Grassy port? Obviously you have bought one of your own.

**Mr DICK** - Grassy Port was put there at the behest of the scheelite mine. Their sole ambition was to have the port close to where their product went out. Everyone has talked about the scheelite mine. I have been told I am the preferred shipper for the scheelite mine. We have talked to them about bulk fuel shipments, which is why I went and got *Go Lesath*, because she holds 600 tonnes of bulk fuel. I have talked about bulk fuel to TasPorts, but they have never been interested because they are making money out of doing what they are doing now. They are not interested in saving 24 cents a litre to give a bit of relief to the island. We got the shift there and we have never had a litre of fuel in the tank.

The scheelite mine will send out four containers a week when it is in full production. Its full load will amount to 15 containers a week. That is because the acid and the various things they need will be in it, so it is 15 containers a week for them. They talk about spending \$100 million to do something to the port. We have the port currently now at 6 metres of depth and they have not even started thinking about dredging it. They have to rearrange it. If they start talking about \$100 million, the way they do things, that will be \$200 million - you can double it. Where are they going to find \$200 million to service 1400 people?

And when you take this huge ship in, what are you going to put on it? What is it going to take in there over and above what is there now? We have two critical seasons: the super end of the island, which lasts for two or three months. That is when they need their super and it is no good stockpiling it; they need it there.

Years ago when the *Enterprise* was working, you could take 2000 tonnes and tip it on the wharf because everyone used the same thing. They are little more high tech now; these are all blended as for the soil on your farm, so we have boxes for Joe Blow over there - he needs more calcium in his, this one needs more salt and so on. So we have a fractured situation where without Pivot, one of them says they are going to start blending on King Island, but there is only a maximum of 15 000 tonnes. What are we going to do? Are we going to put people over there? We are going to start blending on King Island for 15 000 tonnes when we can put it on the boat and have it over there tomorrow and use our facilities in Devonport or wherever, so that argument does not work.

Just around the corner, you have the original Port of Naracoopa now in private hands. Now we will go ahead and weatherproof. It is my biggest pain with the Port of Grassy that it is an unreliable port and it always has been. People say, 'Oh yes, the *Mersey*' - they have to forget about the *Mersey*. The *Mersey* is a different kettle of fish, it is a 5000-tonne ship; it only went there every Sunday. Its chances of running into foul weather were greatly diminished by the fact it only went there once a week. If the weather is, and it was on many occasions, too bad for them to go in there, the island then did not have a service for two weeks. If it was rough the next Sunday, they did not have a service for three weeks. It was all based on the reliability of the port.

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With our cattle shipments, we suffer, and it has more than costs tens of thousands of dollars over the last five years. Our little boats can nearly always get to King; the weather might be rough but our boats are good little sea boats. Regardless of what people say, our landing craft are good at sea. They do the job. We pick our weather; we have our parameters for carting and stopping and for not going at all.

When we have general cargo on, it has to be fairly rough to stop us. If it stops us, it is going to stop a lot of other vessels too. The thing is that when you get to King Island, 400 in there, you cannot tie up. You bust your ropes, it is dangerous, you break everything, so we just cannot do it. The same applies to someone else's boat going in.

As TasPorts is now experiencing, it is exactly the same thing - cancelled trip after cancelled trip. The only thing we have we can say in our defence is that we are there the next day. If we go there like we did on Sunday, it was too rough to get into Grassy. The wind is blowing south-west, and it set from Maatsuyker right up the Tasmanian coast and straight through the door to Grassy, every time. When it is like that, we are out on Naracoopa, it is as flat as that table because it is off the shore. What we want to do, at no cost to the government, no cost to anyone only us, is to put the bulk of cargo through there because people will not use the port as it is too dear and the charges and costs. Our reward will be not having to deal with TasPorts.

Most of our complaints now - as committee members would know because they have heard a lot of people screaming about it - are about the cost of getting cargo on and off King Island. It is not the bluewater path. It is the way they do things at both ends, and the cost at both ends.

The inefficiencies on King Island at the moment are horrific. It is a poorly run place. We cannot even get prices for stevedoring or anything out of them. They just do not have anyone who can give answers, and it is shameful. It does not matter if it is me or anyone else, everyone is going to be faced with the same deal. That is why I purchased Naracoopa. We can breakaway from this and become independent shippers on King Island. We still have to use TasPorts facilities in Tasmania and that in itself is wrong because we are now competing against a shipper which is a TasPorts facility.

Yesterday, one of the TasPorts people was trying to tell me Kevin Moore worked for TasPorts and did not work for Bass Island Line. Wrong. Who does all the business? Kevin Moore. So here is a guy with two hats. I have to speak to him on matters that concern me to make and improve my business and then he goes and takes them straight to and implements them at BIL, my competitors. I am in a good position, am I not? A real good position. This should not happen. They should not be in it; TasPorts should not be in it. I know from the top, TasPorts does not want to be in it either. This is solely Rene Hidding's doing, and they would be out of it in a shot. They have such a bad name on King Island and there is so much resentment, which they never had before.

I was a warden on the Port of Launceston Authority for five years. I sat there and never missed one of our board meetings. These ports in Tasmania are vested in the people of Tasmania and their sole reason for being there is to facilitate trade for business in Tasmania. That is a port's role, and what they were built for, not to be given away to other companies and make a government company out of it, supported by Treasury. They should stand on their own and should only make enough money to look after themselves, not become big machines to make money to put into Treasury, because that is at the expense of everything else in Tasmania.

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**CHAIR** - I think they are losing money at the moment.

**Mr DICK** - The trip from Grassy to Stanley takes an average of nine hours.

**Mr ARMSTRONG** - To Naracoopa it would be roughly the same?

**Mr DICK** - Yes.

**Mr ARMSTRONG** - When you get your port up at Naracoopa, you will not use Grassy at all?

**Mr DICK** - No. We will use Grassy and I had a meeting with [inaudible] the other day and he said, 'Do you have big plans for Naracoopa?' and I said, 'Yes. We are putting our business through the port we own and we will set them up and do that'. That will happen; it is not a pipe dream. I bought the joint so I have to do something with it. I put my money where my mouth is, I bought it; it belongs to me. I am in shipping so that is what we bought it for, to be a port. We are going through getting all our paperwork and everything in order. That will happen. But I said that I do not think we will not be using Grassy. When it blows north-east anywhere from the north, our port at Marakoopa will become the same as your bloody port around the corner. We will not be able use it; we will not stop coming because when it is blowing north-east around there, it is ok to come into Grassy. I said, 'I would expect you will do exactly the same'. I said, 'Only we will charge you the same as you cannot re-charge us', and he just laughed and said, 'Yes, fair enough. That was all right'. So you know I had that message over to him.

That is what we will do. The Port at Grassy will exist regardless of what happens. They will not fall into the sea; they are part of the port scene in Tasmania. That is not going to be allowed to fall to pieces. Stanley was allowed to fall to pieces, but only because no one was using Stanley and it was neglected. I put the argument about Stanley to TasPorts and said 'If you have a facility vested in the people in Tasmania and you choose not to use or to let it decay and fall into the sea and there is a better use for that property, it is incumbent upon you to seek that mandate. If that means selling the port to me or anyone else, that is what you should be doing instead of trying to hold onto these things like a plover and trying to block everyone else out and having a monopoly on ports'.

That has happened at Stanley. They said, 'Les, we will not sell you the port because we do not want ports in Tasmania owned by anyone other than TasPorts'. That is wrong. When you do not use a port and you have no use for it, you should dispose of it. Particularly if the port goes to a port-related business. Different thing if you sell a port and it is going to be pulled down and a motel is going to be built there, but when you have a designated port with all the things, such as a that port zone, in place, why would you pull it to pieces?

**CHAIR** - Mike, you had a question?

**Mr GAFFNEY** - Just a couple of quick ones. There would be people listening who are very interested in what you have been saying. Can you tell me how long you have been involved with King Island and with the shipping? So the people reading *Hansard* understand.

**Mr DICK** - I have been shipping in Bass Strait to King Island and Flinders Island for about 27 years. I bought the *Lady Gillian* from Flinders Strait Shipping Company - it was the shipping company that used to operate to Flinders Island. I resumed the run there to Flinders Island with



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the *Lady Gillian*. At the same time I bought that, I owned and operated the William Hart Dry dock in Launceston, which carried out all the major ship repairs to oil rigs and so on. I bought the *Straitsman* off the state government, refurbished and sold that eventually into New Zealand. I sold the dry dock, but before I sold, I built the *Statesman* there. At the same time all that was happening, I ran and operated the synchrolift in Launceston with a ship repair arm there. I operated that for some 10 years for Port of Launceston Authority, which owned it.

From there I went into full-time shipping and I have been doing that ever since. We have run now for 17 years non-stop.

**Mr GAFFNEY** - In that period, how has your relationship been with authority in government over that period of time? Obviously now it is not easy and it seems to be difficult.

**Mr DICK** - Absolutely excellent. There has never been a flaw. There was never an argument with a minister, never anything but good. Good rapport with everyone and, may I say, I had a good rapport with Rene Hidding until he started to interfere with my business - using Treasury to do it. That is what I am against. That is why I get upset with him and I get into him. You might say I am targeting Rene Hidding. I am targeting Rene Hidding because he is responsible for where we are today with this mess.

He is responsible for my ship being tied up down there. We let it run out of survey purposely because we did not know what to do.

We did not know what he was going to do. He is going to get a ship and he has Port and Coastal tearing all over the world looking for vessels. It was a failure from day one. A good chance to have a look around. They blew a million dollars and ran away with their tail between their legs. We are still here.

**Mr GAFFNEY** - You mentioned staffing numbers on boats. For example, when you sail from Victoria to King Island - let us say on that boat you would have only containers, no livestock - do you have sailing with only containers or are all your sailings mixed with livestock?

**Mr DICK** - They can be mixed.

**Mr GAFFNEY** - If it is just containers, and if it is containers and livestock, is there a different requirement for the staff numbers you have to run on those boats? On your run from Victoria to King Island, how many people would you have on your boat to look after the stock?

**Mr DICK** - Our official manning level is five. We carry six.

**Mr GAFFNEY** - You mentioned before that the other group had 14?

**Mr DICK** - Twelve. On each of our vessels, we can carry 12 passengers.

**Mr GAFFNEY** - Did you mention that one of the other lines when they were doing that, had a minimum of 14 staff or something?

**Mr DICK** - The rig boat. Because of its size and its horsepower, it has the first mate, the second mate, third mate, first engineer, second engineer, the apprentice and the deckhands and all. It goes on tonnage. The greater the tonnage, the greater the number.

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That has come down over the years but normally a small rig tender will run with nine people on it. You have to remember we are non-union. When I say non-union, we do not have the union interfering with our business. Thankfully the union has not given us trouble for many years now. We are not worth mucking about with.

When you take an oil rig tender and you convert that to coastal, they still claim that vessel. You still have to do all your work through them. We said, 'Here is a problem for a start because they are going to demand a maximum crew level on that ship. That will be up to 14 people'.

**Mr GAFFNEY** - My last question is to do with the purchase of Naracoopa port. It is quite an undertaking for a businessperson to do that. What sort of regulation and guideline hoops do you have to jump through from the Government's point of view to be able to use that port? Who is in control of that and what do you have to do? If it is down to the Government, do you envisage any hurdles or don't you expect that should happen?

**Mr DICK** - No. Fortunately, what happened is that I became aware that Naracoopa would be sold. I thought I would have a look at this because I am sick to death of what we have to go through. We need to be able to get cattle off the boat and off King Island when we need to, whether it is at one end of the island or the other. It makes no difference to me. I can change where I go. The cattle either come down the island and onto Naracoopa or go straight down to Grassy in trucks. It does not matter and it is the same when the trucks come off the boat.

When I looked into the Port of Naracoopa and all the zoning, everything, was still all in place.

**Mr ARMSTRONG** - Who actually owned Naracoopa?

**Mr DICK** - Bayles from Bridport actually owned it. That is another story worth looking at. He owned that. He did what I am going to do now. He said he was going to go up there and do the port but TasPorts was in charge of it.

At every turn that he made, TasPorts thwarted him. In the finish, he gave up and said he was not interested. He said, 'Every time I went to do something, they didn't want it because they saw it as being a threat to Grassy'. We do not see it as being a threat to Grassy. The only threat to Grassy is the personnel - too many of them - that are there who may not all be required when the other one starts up. That is the only down thing. Whether we choose to give them positions in this port, they would have to have a major attitude change for that to happen.

There is nothing, there is no impediment at all. We have an urgent amendment before parliament at the moment. Peter Gutwein is looking at because they put an environmental zone right around King Island that has to be undone from the port limit here, 3.1 kilometres from here out and around in a circle is port limits. He has to cut it off there and restart at the other side and we are ready to go. Everything else is in place, council has very little input. We have kept council there briefed on everything we are doing. It has a general council meeting on the 5<sup>th</sup> to get a feeling how people are accepting this. Our feeling is we have a lot of support, a lot of letters and the council is receiving letters in support of what we are trying to do to make it happen. They look at it and there is no downer in this; it is not going to cost the Government anything.

**CHAIR** - Do you have to do any upgrades to it?

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**Mr DICK** - No. At the moment as far as Naracoopa exists, there is a cargo shed and 12 acres of land. That runs from this road here and this road there; it runs right up here, down here, all the foreshore right around here is all port zone, the whole lot. This is the old Naracoopa jetty. Ten years ago I took a gang of men over and we refurbished the wharf with some Tasmanian government money, some federal money and some King Island money.

**CHAIR** - They were going to take the whole thing down.

**Mr ARMSTRONG** - That is a part of what you have bought.

**Mr DICK** - Yes, it is right in the middle of where I am now. As I said to the people of King Island and council, 'We are not interested in your wharf, you have half a dozen people on the island who are in love with it and they think it is historic. Nevertheless, at the end of the day it is a wooden structure and it will come down'. There will be a day when it is no longer suitable or safe to let the general public on there fishing or doing anything else. At that stage we would expect the council to come along and say, 'Les, do you want the wharf?' We will then fill it in and it will form part of the barrier for the marine.

That might happen sooner than you think. I understand some suggestions have been put, not put by me - I am not going to go over there and say, 'We want to pull your wharf down' - but by other people that the wharf is not safe.

**CHAIR** - They took the end off the section that was unsafe; it was the distal end they actually removed when that upgrade you were talking about was done.

**Mr DICK** - When we did it, we put 23 new pine poles in. While we were there we noticed and reported some of the poles were down. They started off this big and they were down to this at the bottom. They were eaten out with 3-day worm, and they are turpentine which lasts longer than anything else in the water. Port structures and wharves were all built out of turpentine years ago.

We do not intend to use that wharf for any of our things because that wharf is no good for our ro-ro set up. This is what we have to do - we have to make this here.

**CHAIR** - So you need to build a structure to do that.

**Mr DICK** - We have to put an abutment out. We have to do that with rock, with a road on the top of it out around both. What happens down at Grassy, BIL arrives and goes in; it has to unload all its cargo. The cattle trucks go away and eight or nine hours later they load it up ready to go. In the meantime we have been sitting at anchor waiting to get in, and it is the same with them. It is only because of our masters who have coordinated it between one another that we go in and get our trucks off as quickly as possible, then we will leave the wharf. TasPorts, until recently, were charging us to take the lines when we went in and take the lines when we went out. They saw the folly of that and said we will only have one charge now.

That did not happen until I had a few dust-ups with them and said, 'You are wrong'. What we have done here is have a dual one, so that if we have two ships that arrive together, they will simply come in together, one either side. They will use the same mooring to go along and onto

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our property here and go. The trailer set down will be over on the other side of the road; the cargo will be there.

You look at facilities. This is one facility. In Launceston we have our base in Launceston where I have offices; we have warehouses and 12 acres of land at Rocherlea. That is where we do all our marshalling for our Launceston cargo.

We go to Stanley. We have the old Stanley cool store that we talked Greenhams into buying for our use. At Stanley we have a huge shed, all under cover, and modern offices, telephones, everything down there, ready to go. Now we have this here. As well as doing the shipping, we have looked at our bases to operate this from.

**Mr GAFFNEY** - What restrictions or regulations govern stopping cargo going on and off at Naracoopa?

**Mr DICK** - None.

**Mr GAFFNEY** - So it is up to you to organise your stevedoring because it is a private port? You will not have any issues with unions, governments, whatever?

**Mr DICK** - Absolutely nothing to do with it whatsoever. As long as we comply with our OH&S and the Tasmanian OH&S, which we do anyway and hope that every business does. As long as we do that, we simply have nothing. Council has no control. This is a zoned port area. All port activities and all activities relating to the port for future development, building sheds or whatever, as long it is linked to cargo, it has a right -

**Mr GAFFNEY** - How do you get rated?

**Mr DICK** - I do not know. They do not either. At the moment they are not charging any rates.

**Mr GAFFNEY** - That is a good one.

**Mr DICK** - Yes. I said we will keep it like that. I asked the question and they said they do not know and I said, 'Well, we will keep it like that'.

**CHAIR** - Is there anything you want to close with that you have not mentioned already?

**Mr DICK** - No. I reaffirm this is all off the rails. It is the wrong way and it should not be happening the way it is. TasPorts is not the body to run a shipping company against us using Treasury. That excess of a million dollars has to come from somewhere. The forecast losses should be a worry to everyone.

No-one has a handle on how much they are going to lose. Currently they have been behind my back trying to see whether they can undo the deal I have with the Go Marine Group to acquire the *Go Lesath*. They are good operators! I would not even do that.

**CHAIR** - Thanks, Les. Thank you for your time.

**Mr DICK** - Thank you.

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**THE WITNESS WITHDREW.**