

**Wednesday 5 December 2018 - Legislative Council - Government Business Scrutiny  
Committee B - Tasmanian Railways Pty Ltd**

**LEGISLATIVE COUNCIL**

**GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B**

**Wednesday 5 December 2018**

**MEMBERS**

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

**IN ATTENDANCE**

**Hon. Jeremy Rockliff MP**, Minister for Infrastructure

**Ministerial Office**

**Mr Vince Taskunas**, Acting Chief of Staff  
**Mr Adam Foster**, Infrastructure Adviser

**Tasmanian Railways Pty Ltd**

**Samantha Hogg**, Chair  
**Karen van der Aa**, Chief Financial Officer  
**Neale Tomlin**, Corporate Relations & Strategic Development Manager  
**Jennifer Jarvis**, Manager, Group Property & Compliance

**The committee resumed at 11.57 a.m.**

**CHAIR** (Ms Rattray) - Minister, I welcome you back to the table in your role as the minister responsible for TasRail, another important area for the Tasmanian community, particularly in the line of transport operations.

We again invite you to make a brief overview.

**Mr ROCKLIFF** - I have a brief overview, like last time.

Steve Dietrich, the CEO of TasRail, sends his apology. It is a personal matter.

By many accounts, the 2017-18 year has been a successful year for TasRail, with a number of performance highlights. In a turning point for the business, the commercial above-rail business posted its first-ever profit of some \$440 000, coming off the back of record freight volumes and a tenacity to grow revenues, a strategy supported by prudent financial management and effective cost control. Overall freight on the rail in 2017-18 was up again, boosted by stand-out growth in forestry and intermodal volumes. General intermodal freight increased by 7 per cent compared to the previous year, and the month of November 2017 saw TasRail break another record for the number of total equivalent units - TEUs - hauled in a single month, with 4687 TEUs hauled.

I am pleased to reveal to the committee that this record was topped in October 2018, with 5125 TEUs, and that accomplishment has already been surpassed. The numbers in for the month of November 2018 confirm TasRail railed a total of 5356 TEUs. This evidence demonstrates Tas Rail's strategy to chase incremental and new growth is working and the expectation is that the steady growth in containerised freight will continue.

The forest sector is showing a strong and unprecedented level of interest in rail, signifying TasRail's growing capacity, capability and competency to develop efficient and sustainable supply chains for this important sector. Timber volumes on rail grew by an impressive 24 per cent in 2017-18; as another first, we saw plantation timber on rail for the first time.

Safety performance is another stand-out, with TasRail recording zero lost time injuries in 2017-18. As at yesterday's date, TasRail employees worked 832 consecutive days free of lost time injury, and TasRail's contractors have clocked up an equally impressive record of 584 consecutive days without a lost time injury.

TasRail CEO and the whole TasRail team were very pleased with their efforts being recognised by a WorkSafe Tasmania award for excellence in workplace health and safety culture in a large business. I am sure the committee will join me in congratulating TasRail on this achievement.

Derailment prevention is another area where there has been a significant reduction in the frequency and severity of incidents, notwithstanding the very serious derailment that occurred at Devonport on 21 September which remains under investigation. TasRail has gone from a frequency of almost one derailment a month in 2009 to one a year in recent times. By any measure, rail remains the safest form of freight transport and I commend the company for the work it is doing to sustain the safety and reliability of the network.

Record investment by the Tasmanian and Australian governments saw an increased activity in the network with the fully funded \$240 million Tasmanian Freight Rail Revitalisation Program enabling TasRail to continue the renewal and upgrade of the low rail infrastructure.

TasRail is on target to complete tranche 1 of this important infrastructure investment program by 30 June 2019 on time and on budget. I am very pleased to reveal to the committee the delivered quantity of works completed by TasRail has today exceeded the project's scope, including the quantities of new rail, to new sleepers, culverts and a number of level crossing reconstruction works.

From an asset performance perspective, the investment is delivering a vastly safer and more reliable network. This is evident in so many ways, but perhaps it is best demonstrated by the fact that at November 2018 some 92 per cent of the network is now operating at track speed, the best performance for decades. Temporary speed restrictions associated with asset conditions are at the lowest level since TasRail commenced operations nine years ago, delivering improved transit times and increased service reliability for customers.

All these factors have underpinned high levels of customer confidence and market industry. I have no doubt TasRail will continue to build on its 2017-18 performance.

Rounding on what has been a relatively good year for rail in Tasmania, no doubt of keen interest to members of the committee, is the fact there is now a clear policy and pathway for tourist and heritage rail operators seeking access to the network. Whether the access is through the rail access framework policy or under the Strategic Infrastructure Corridors (Strategic and Recreational Use) Act 2016, there is now a clear framework and process in place, and a real sense of optimism we will see new tourist and heritage rail services, in the near future.

I would like to acknowledge the hard work of TasRail, its board, its Chair, senior executive, and our employees, throughout the year. With this continued investment in rail infrastructure and track upgrades, the future for rail is bright in Tasmania and the record freight volumes speak to the continuing importance of rail to the Tasmanian economy. Thank you.

**CHAIR** - Thank you.

**Mr FARRELL** - I acknowledge that TasRail aims to increase its business and remove some of the more hazardous loads off the road system, which I think is admirable. I am wondering why reports lately from the north-east part of the state about local government lobbying for a new road around The Sidling are being thought about by that organisation? Has consideration been given to transport by rail from Scottsdale rather than modify The Sidling, or to modify the route around the back of The Sidling? Has TasRail been in any conversations about that? Is that a future source of traffic? The north-east was always pretty good for timber traffic, that type of thing. Or, is the north-east now finished as far as a rail destination goes?

**Ms HOGG** - We have not had any consultation on that topic at all.

**Mr FARRELL** - Is that something TasRail would look at if it were proven there were timber resources?

**Ms HOGG** - We are open to consultation on all these issues and very happy to have it, but, no, that is not been an area I am aware of at all.

**Mr ROCKLIFF** - Are you saying that would have come from local government initially, Mr Farrell?

**Mr FARRELL** - Yes. There seems to be a move at the moment in the north-east to try to source funding for new roadwork to allow B-doubles because of the restriction of The Sidling. It seems odd to me that there is a railway line in situ not being used, and the cost of undertaking roadworks would be huge. There may be an opportunity there for TasRail. TasRail stated in the annual report that it is actively looking for a new customer base. If the softwood timber there is used by Boyer, it would seem a natural fit to rail that south.

**Mr ROCKLIFF** - We will take your point of view on notice if you like. I am not aware of any discussions around that area. I am certainly aware of the interest in the north-east in improving The Sidling infrastructure.

**Mr FARRELL** - The way things may proceed could prohibit that later on and that would be a great pity.

When the locomotive fleet was initially ordered, the media release that went out said they would have a 92 per cent reliability over 365 days. I wondered if that were the case. I would like to get a report back on the amount of fairly large investment in new locomotives.

**Ms HOGG** - The locomotives have performed very well. I will throw to Neale for the exact percentage. We will undertake a detailed review of the first refurbishment of it later this year and that will give us a much greater sense of when the refurbishment of the whole fleet will start.

In terms of the reliability to date, do you have a figure, Neale?

**Mr TOMLIN** - I do not have a specific metric. I will have to take that on notice.

**Ms HOGG** - Anecdotally, they've been performing as we expected them to perform. As I say, an investigation of the full refurbishment program starts later this year.

**Mr FARRELL** - Just following up from previous TasRail hearings: the locomotive replacement. Initially, it was envisaged they would be able to work on Melba line. I see that the older locomotives are still being utilised there. Are there plans to get the newer ones there, or will the older ones be maintained for the foreseeable future?

**Ms HOGG** - Yes. A lot of work is going on to optimise the fleet in terms of freight haulage activity. There is always a keen interest to get the newer locomotives there if we can, because they are a lot more fuel efficient. At the moment, all the locomotives are fully engaged in the work we are doing on the other main lines. We expect there will be conversations within management coming to the board over the next year about how we look at that, more optimisation, and whether that requires new locomotives and so on.

At the moment we still have the old ones, but it is a constant source of discussion, mainly due to the fuel usage.

**Mr FARRELL** - With planning for newer locomotives, because of the restrictions on the Melba line and possible restrictions on other than the main Hobart to Burnie line, would lighter axle-load locomotives be considered or would it be planned to stay with the larger ones that currently operate?

**Ms HOGG** - You have now gone beyond my technical expertise, so I will throw that to Neale.

**Mr TOMLIN** - It is a matter of ongoing investigation. The TRs can have the ballast removed so they can operate, as you would be aware, with a lighter axle loading. At this point, the locomotives operating on the Melba line provide a solid and reliable service to the customer, but with the resurgence in the mining industry that might be the tipping point whether TRs are redeployed down there.

**Mr FARRELL** - Looking further afield with other lines that may be utilised - for example, the Derwent Valley line for timber traffic or the north-east line if it stays in place - would those locomotives be retained to work on the lower-standard railway lines, as happens elsewhere around the world?

**Mr TOMLIN** - I imagine that if a large new task were to commence on one of those currently non-operational lines, our intention would be to leverage those natural scale efficiencies of rail and run 18-tonne axle loadings, but then there is that balance between track capital and rolling-stock capital which we would have to work through, but that would be our preference.

**Mr FARRELL** - I know that New Zealand maintains a lot of the light-line locomotives for that, where there is a lesser freight task on a VLC-grade line and they then have that ability to compete with road transport. Will that be considered?

**Mr TOMLIN** - Yes.

**Mr FARRELL** - The other question is in regard of the sleeper disposals. I know that TasRail has generously given some to the heritage groups, but there have been reports of others being containerised and shipped offshore for scrap. Do you have a breakdown of the numbers? I am happy to take that on notice. Just the number of sleepers disposed as to the number reused.

**Mr TOMLIN** - I think that is one we would take on notice.

**Mr FARRELL** - That is fine. I am happy for that.

**CHAIR** - Before I move to the next question, it is important we put on the record that because we do not have the CEO here, some of the questions may need to be taken on notice and answers provided at a later time. The committee will always have the opportunity to recall TasRail if we need to explore those things further.

**Mr ROCKLIFF** - Yes, I'm happy to do that, Chair.

**Mr ARMSTRONG** - You are well aware of the southern residue issue that we have. I am wondering whether TasRail has had any discussions. Evan Rolley was commissioned to look at options for getting the residue out of southern Tasmania. Has TasRail had any discussions with Evan Rolley or anybody regarding the southern timber residues?

**Ms HOGG** - The southern residues and moving logs from the south to the northern facilities has been a big part of the growth in our forestry volumes this year - 24 per cent growth in forestry volumes. Neale is the person who has been engaged with the Evan Rolley review, so he can talk about that more directly.

**Mr TOMLIN** - To answer your question, there have been quite a lot of discussions with Evan Rolley, who has been leading that review, and also with the Department of State Growth which is providing strategic and analytical support to Mr Rolley's review.

**Mr ARMSTRONG** - Can you elaborate on that at all? Can you tell us where it is heading?

**Mr TOMLIN** - I suppose it is not our review, we are just a participant and providing input.

**Mr ARMSTRONG** - But as far as TasRail is concerned?

**Mr TOMLIN** - To date there have been two threads of discussion with Mr Rolley. One has been briefing him on our existing operations and how we move southern residues to the north of the state, primarily Bell Bay. We have provided a lot of briefings on the quite substantial role we play in that transportation task. We have also been exploring opportunities for increased rail capacity out of the south of the state. At a high level, they have included increased capacity out of Brighton. We have also been looking at increasing log capacity out of the currently disused Parattah log-yard just south of Oatlands. Discussions have also been had about reopening the Derwent Valley line and establishing a railhead there to allow resource to come out of that part of

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**Mr ARMSTRONG** - The catchment or somewhere.

**Mr TOMLIN** - Correct. We have looked at multiple options along the Derwent Valley line. At a very high level now, Mr Rolley is looking at a whole range of options in the south of the state. Our input today has only been about the rail, but I am sure he is looking at other options as well, which are beyond my remit to talk about. There have been substantial discussions around the increasing role that rail could play.

**Mr DEAN** - On the forestry movements, minister, we were told at previous sessions - in GBEs, Estimates and so on - that movement by train of forestry logs and timber was never going to occur because of the triple handling and all the rest of that. We are seeing, from the reports, vast changes in that area with log movement. What has changed? Previously we were given information that has not proven to be right. How far is it likely to go? What is the extent of it? Why are we now seeing this big change, contrary to what we were previously told?

**Mr ROCKLIFF** - TasRail currently hauls logs from southern Tasmania to the northern ports for four customers: one customer - bulk plantation logs to Bell Bay; two customers - bulk native logs to Bell Bay; and one customer - containerised logs to Devonport.

TasRail provides five services per week between the Brighton Hub and Bell Bay for the whole-log customers. Due to the current peak demand, this has recently increased to six; in fact, the service is as required. I am pleased to report the investment we are seeing in the forest industry and the strong growth in forestry-related jobs and export volumes. The Minister for Resources only last week reported that production has more than doubled and that exports are at a 10-year high. The industry now supports over 5700 jobs.

TasRail plays a very important and growing role in safely and efficiently transporting pulp logs harvested in the south of the state, as I have said before, and after many years out of the

market TasRail commenced hauling pulp logs again in 2013 with a single customer and there are now four customers.

The containerised logs to Devonport are hauled on existing intermodal services. This freight task is transported on a campaign basis to meet international shipping schedules. Log volumes on rail increased by 24 per cent in 2017-18 and for the first TasRail has commenced haulage of plantation logs on rail.

The growth opportunities - working directly with industry, TasRail has made the decision to reopen the log siding and log yard at Parattah, south-east of Oatlands. This will provide industry with a rail option to move trees harvested in the south-east of the state through Bell Bay for export. Rebuilding of the Parattah log siding is underway and discussions with forestry customers are well advanced. TasRail is also working with existing and prospective customers to increase volumes from the Brighton terminal. Your question is, 'Why?' - I think that is the market.

**Mr DEAN** - Minister, the reason I asked the question is that we were told - and I think I am right on this, a member will correct me if I am wrong - that one of the reasons the north-east line was probably never likely to be reopened and can be destroyed and so on was that log transport on trains was not likely to improve or increase. This is the reason I asked, with the significant change we are seeing in this area. What has caused the use of train transportation of the forestry products?

**Mr ROCKLIFF** - Increased volume.

**Ms HOGG** - There was also some innovation two to three years ago around what we call 'logtainers' at TasRail, which is a rolling stock able to carry logs but on the return journey can be flattened so it can carry a container. That has made it a lot more effective, I think, for one-way log transportation.

**Mr ROCKLIFF** - We have 40 logtainers.

**Mr TOMLIN** - It has been a big part of it. It gives us the ability to work with industry and transport logs in one direction and then return containers on the same line.

**CHAIR** - You can effectively have a backload.

**Mr TOMLIN** - Correct. You have a backload and in the forestry industry, that is obviously gold for our forestry customers. TasRail has matured as an organisation; our engineering capacity, like all organisations as they grow, has improved, as has our understanding of how to safely operate with logs, which can be very high mass loads but can also have centre of gravity issues, which we now have a good understanding of. The other thing working in TasRail's favour is we have established a very efficient and safe seamless interface between road and rail in the Brighton hub. We have partnered with a private sector company that provides us with bulk log storage and log-loading solutions. That is not something we have tried to bring in-house. A combination of engineering, our optimistic and positive approach to the market, and understanding the engineering and log-loading has really improved our opportunities.

**Mr DEAN** - Is all of this likely to see TasRail review its position in relation to the north-east line?

**Mr TOMLIN** - With the north-east line, there is obviously a very large forest resource in the north east of the state.

**Mr DEAN** - One of the largest in the state.

**Mr TOMLIN** - It is very substantial. The majority of the resource goes into Bell Bay for processing, so it is a short-haul. Given the upgrades on the road network up there, which have been quite substantial, if you looked at the capital cost to reopen the line just for that freight task, it would be difficult for TasRail to compete, but not to say never. At the moment we really are focusing our attentions and priority on finding ways to liberate this resource in the south of the state and take it through to Bell Bay.

**Mr ROCKLIFF** - Of interest to members and perhaps yourself, Chair, the logtainer is an innovation and design and construction by Elphinstone Engineering at Triabunna. The logtainer is a nuclear-designed container, as Neale has said, that can be fitted to any intermodal rail wagon to allow it carry logs in one direction and be collapsed down to the same rail service that can haul containers on return journey.

**CHAIR** - Minister, there will be an opportunity through another committee process of the Legislative Council at a later time to further discuss this. Given the information we have just received, is this why the strategic corridor manager has not been tabled in the parliament, because you are holding back because you are not sure what the future is now? There is to be a strategic corridor manager tabled in the House - it needs a document to be tabled - and it has not been tabled in 2018. Is this why it has not been, because there may some changes?

**Mr ROCKLIFF** - I would not say that is the reason why, no.

**CHAIR** - I have been watching it every sitting for the tabling, as the document is part of another committee's inquiry.

**Mr ROCKLIFF** - No, it would not be the reason. I can find some more information if you would like on where that is.

**CHAIR** - Can we find out when this is going to take place?

**Mr ROCKLIFF** - I will take that on notice.

**CHAIR** - Obviously, it will not be before March 2019, because we have no more sitting days. I am interested in the progress. Some of the information we have received today is quite enlightening. The financial loss TasRail suffered, \$2.9 million more than anticipated - I mean obviously above-ground, quite well; below-ground, a different scenario. What contributed to this significant loss that was not anticipated?

**Ms HOGG** - Obviously, we were very pleased with the first above-rail profit of \$440 000. It was the first profit result in some nine years for the above-rail business, the commercial arm of TasRail and where it competes with other logistics providers. We were thrilled; we feel in the current year, while we have obviously had the very regrettable derailment, a similar sort of result will occur again this year. This is not directly addressing your question, but in terms of the above-rail we are very happy. In terms of the overall result of comprehensive \$25 odd million loss - is that the one you are referring to?

**CHAIR** - No, it was \$9.68 and it was \$2.9 million worse than that.

**Ms HOGG** - Can we ask Karen van der Aa, the CFO, to help us with that answer?

**CHAIR** - We would be happy to have to Karen at the table. With a large folder of all financials, I expect.

**Mr ROCKLIFF** - Karen van de Aa, CFO and company secretary. Welcome Karen.

**Ms Van Der AA** - Thank you.

The total comprehensive loss you are referring to is about \$2.8 million worse than we had anticipated. That has largely been driven by the impairment loss we recorded for the year. At the time of preparing the budget, we had anticipated an impairment loss of about \$27 million based on what our capital program was likely to be. We ramped up our capital program as the year went on. As a result of that, our impairment loss increased above what we had anticipated, which drove the overall comprehensive loss we recorded.

**Ms HOGG** - Like many companies TasRail is in an odd situation when it comes to the accounting result. The impairment comes from the fact that any capital we invest through the IIP program or any other program has to be immediately written off in our accounts.

What Karen was referring to there is we spent more of the IIP money, we did more of the capital works than we were budgeting to do in that year, and so more had to be written off. It is a bit of an obtuse concept.

**CHAIR** - The organisation is very dependent on receiving outside funds. What is in play in terms of infrastructure in the future, the long-term commitment for funding?

**Mr ROCKLIFF** - The second tranche from the federal government has some certainty, which is very pleasing. That will be rolled out over the next few years.

**Ms HOGG** - We have had \$240 million committed by the Tasmanian and federal governments to be spent on the below rail infrastructure. At 30 June 2019, at the end of that first tranche, \$119.6 million will have been spent. We are starting to see the benefits come through: reliability, lower derailment numbers and a low percentage of track under temporary speed restrictions - TSR. We are seeing the benefit of that first \$119.6 million tranche and over the last six months, we have had commitments from both state and federal governments to renew that. So, we have another \$119.6 million that will start being spent from July 2019 for the subsequent couple of years.

**Mr DEAN** - Does that explain the letter of comfort provided to TasRail by TASCORP? Can you explain that?

**Ms HOGG** - We have a borrowing limit with TASCORP. At 30 June this year we had \$6 million-odd drawn with TASCORP. At the same time, we had around \$16 million in cash. We had a zero net debt situation. As we move forward in this current year, we will be looking to increase our debt with TASCORP. That increase in debt will require a letter of comfort from Treasury, which we are in the process of working through.

**Mr DEAN** - That is what it is all about, the letter of comfort from TASCORP.

**Ms HOGG** - From Treasury to enable us to increase it.

**Mr DEAN** - An extra \$6 million.

**Ms HOGG** - We are still working out the numbers, but it will be greater than \$6 million that we will be looking to borrow through this coming couple of years. Just as timing of cashflow works through with this IIP program, there is also a cumulative build-up of losses incurred through the floods of two years ago and derailment issues and so on. As you can see from our numbers, our above-rail profitability is line ball. This is the first year we have had cumulative losses up until now.

**CHAIR** - Can you define 'above \$6 million'?

**Ms HOGG** - I think we are looking to increase the borrowing limit to \$20 million.

**CHAIR** - Quite a bit above \$6 million.

We will come back to the cost of derailments because Ms Armitage has a question.

**Ms ARMITAGE** - I do, and probably derailment will come into that. Looking at the community-based safety incidents, I noticed on the sheet there were 72 failures to stop or give way at level crossings in 2018. They are not collisions. Are they reported by the train drivers that they were near-misses? How is that number determined?

**Mr TOMLIN** - I might have to defer to one of my learned colleagues for one moment.

**Ms ARMITAGE** - If they are not crashes as there was only one crash, how are they determined?

**Ms HOGG** - Train drivers report them.

**Ms ARMITAGE** - I noticed trespass was up to 69, which is concerning when you look at some of the media reports - 'Children caught playing risky games on TasRail tracks', 'TasRail worried over awful rail behaviour'. What is TasRail doing to look at that? Are they looking at some community-based education on rail safety?

**Ms HOGG** - I think you are referring to a number of newspaper articles that we as TasRail are promoting. We do a lot of work in promoting the danger of trespassing with media.

**Ms ARMITAGE** - Do you have someone who goes into schools and talks to the young people who may be the ones on the top of -

**Ms HOGG** - Unfortunately, it is not just the young ones.

**Ms ARMITAGE** - It is not, but they do grow into adults - hopefully.

**Ms HOGG** - I completely concur.

**Mr TOMLIN** - We have a partnership with the Beacon Foundation, which is about pathways to work, but we also use that as an opportunity every time to talk about rail safety with our partnership schools.

**Ms ARMITAGE** - Just with the partnership schools? I was thinking of all, particularly the high schools, because I know a lot of adults do it. You have to remember they start somewhere. They start as children and work their way through. Can that be considered when you look at safety?

**Mr ROCKLIFF** - Indeed. TasRail promotes public rail safety education and awareness, including periodic campaigns. It also works closely with the Australasian Railway Association and the TrackSAFE Foundation to develop educational material, and national initiatives including Rail Safety Week and Rail R U OKAY? Day. CCTV cameras operate at a number of hotspot level crossings and are fitted to the locomotive fleet. Where evidence of an offence is captured on video, TasRail receives good follow-up and support from Tasmania Police.

Under Australian Road Rules section 123, it is an offence to enter a level crossing when a train is approaching and a substantial fine and penalty applies.

**Ms ARMITAGE** - I wonder how many people know that - I certainly did not.

**Mr ROCKLIFF** - In terms of the fine and penalties, I am not sure how many people know it.

**Ms ARMITAGE** - It would be worth letting them know; they might be more inclined to stop.

**Mr ROCKLIFF** - Yes, I would hope and expect that people would understand the dangers around level crossings.

**Ms ARMITAGE** - They do not appear to be, minister. It's more than one a week when we look at the stats.

**Mr ROCKLIFF** - We have some challenges.

**Mr DEAN** - Are you talking about uncontrolled ones?

**Ms ARMITAGE** - Just level crossings where you give way.

**Mr ROCKLIFF** - Last year 72 incidents were reported where road users failed to stop or give way at railway level crossings. I can confirm that train drivers report these incidents. This equates to around one report for every 6000 train kilometres travelled. The result is consistent with the previous year, but it is well below the total of 123 incidents reported for the financial year of 2015-16. It is less, but 72 more than we would like.

**Ms ARMITAGE** - It's 72 possible collisions if a train driver considered it.

**Mr ROCKLIFF** - That is right.

**Ms ARMITAGE** - Looking further, livestock on the rail corridor was up to 122. How are you looking to address that? There were 20 animal collisions with trains and I guess they are not all livestock, but some of them would be.

**Mr ROCKLIFF** - It is a very good question. Last financial year saw an increase in the reported number of incidents involving livestock in the rail corridor and animal collisions with trains. I am advised this is largely attributable to a combination of a severe weather event -

**Ms ARMITAGE** - Seeking food, do you mean, getting close to the grass?

**Mr ROCKLIFF** - Drought conditions and poor fencing. Animals roaming the corridor are generally in search of shelter or vegetation, as you would appreciate. An animal collision with a train is not only a distressing event for all involved, but also can cause a derailment. It becomes potentially far more serious. TasRail endeavours to work very cooperatively with livestock owners to respond to reports of animals in the corridor. We are currently planning a new communications initiative with the Tasmanian Farmers and Graziers Association, which we expect to be launched in 2019. It is a good question, and we need to work on that.

**Ms ARMITAGE** - I was reading about the driverless train that had to be forcibly derailed. Are you looking to bring back drivers, because we are always concerned. It is like the supermarket taking jobs away from people.

**Mr ROCKLIFF** - We have drivers.

**Ms ARMITAGE** - Everything we do when we use technology rather than people is taking jobs away from people. I am assuming driverless trains are certainly taking jobs away from train drivers.

**Mr DEAN** - I thought you were talking about driverless supermarket carts.

**Ms ARMITAGE** - No, I was talking about how at the supermarket people go through a self-serve checkout, which I refuse to use. The runaway driverless train had to be forcibly derailed when it got out of control; I am wondering about the train drivers.

**Mr ROCKLIFF** - I will first put on record it was a very serious and regrettable event, and exactly what went wrong in the situation remains, as I said in my opening statement, subject -

**Ms ARMITAGE** - But would it have happened if it had a driver?

**Mr ROCKLIFF** - It remains subject to investigation and TasRail will deploy whatever resources are necessary to ensure this type of incident never and cannot happen again. The derailed train consisted of a TR class locomotive, 16 bulk wagons and a driver's van. The train driver was remotely controlling the train from the loading facility to align the bulk wagons to loading chutes. The driver reports the train became unresponsive to his remote commands and before he could undertake a cold start of the remote system at the receiver, located at the rear of the locomotive, the train slowly began rolling towards Devonport.

As events unfolded, the Network Access Manager and the Rolling Stock Assets Manager were able to monitor the progress of the train, using real-time monitoring, and continued to communicate information to police.

While this was occurring, the decision to route the runaway train into the dead-end siding at Devonport was actioned. TasRail does not operate driverless train technology on its network. Immediately following the derailment, TasRail suspended the use of remote technology for loading and unloading of trains. I commend the team at TasRail for what I know was a very stressful time for all concerned and, indeed, our Emergency Services personnel were tremendous. They acted extremely quickly. I stand to be corrected, but there are 14 level crossings between Railton and Devonport, and for our emergency services personnel to provide a maximum amount of safety to the public was extraordinary. We treat this as the most serious incident and we can all imagine it could have been far more catastrophic, and I have often thought long and hard about this fact.

**Ms ARMITAGE** - So TasRail will not be having driverless or any more remote trains?

**Mr ROCKLIFF** - They have been ceased in terms of remote unloading and loading. TasRail does not operate driverless trains at all.

**Ms ARMITAGE** - So no train drivers had lost their positions or you have not cut the driver workforce back? You were not planning to do it when you were having the remote -

**Mr ROCKLIFF** - The remote system has been in place for around 15 to 20 years. This is under investigation and we look forward to this being completed, so we can have a true understanding. To say we can ensure this never happens again - can I say this cannot happen again?

**Mr DEAN** - Would it have had a driver? Is that what you're saying? You said Tas Rail doesn't operate -

**Mr ROCKLIFF** - Driverless trains.

**Mr DEAN** - Would there have been a driver on this train when it moved out?

**Ms HOGG** - We used remote control for loading. The operator was the train driver using the remote. Once it was loaded, it was intended for him get on the train and drive it to Devonport. What happened was that, as the minister said, the locomotive stopped responding to the remote control and started rolling towards Devonport. It was in that -

**Mr DEAN** - TasRail operates remote controls for loading?

**Ms HOGG** - Not any more.

**Ms ARMITAGE** - We are not using remote control-loading facilities at the moment until we understand the root cause of this issue.

**CHAIR** - Does TasRail have any indication of the financial impact of that derailment?

**Ms HOGG** - We are working with our insurers now. Seven wagons were written off through the derailment and the locomotive was damaged. We expect the insurance will respond to that, in which case we will be up for the excess of \$1 million. That will be the cost on that side.

There may be a cost on the public liability side. Again, our deductible on that side is \$500 000.

**Ms ARMITAGE** - Is that for the two people who were injured?

**Ms HOGG** - There were impacts to others as well, other businesses and the Devonport City Council.

**Ms HOWLETT** - Minister, what assistance has the Government and TasRail provided to tourist and heritage rail operators to support their activities?

**Mr ROCKLIFF** - Thank you for asking Mr Farrell's question. I have met with a number of heritage rail organisations in the last six months. They are very passionate people and I commend them for that. I want to do as much as I can to support them and their passion, which flows on to a community benefit, in my view.

We have delivered on our election commitments by providing clear policy and process for gaining access to the Tasmanian rail network, either through a network access agreement for the operational line or for a non-operational line through the strategic infrastructure corridors at 2016.

From the Government's perspective, we are continuing discussions with the Derwent Valley Railway and the Tasmanian Transport Museum to access the non-operational railway lines for tourists and heritage passenger services, and to provide practical assistance to help them realise their ambition. I was at the museum seven days ago; it is fantastic - buses, trams, trains. I commend it to you all.

We have committed \$25 000 to the Tasmanian Transport Museum Society and help finalise its rail safety accreditation process with the Office of the National Rail Safety Regulator and the progress with their planning works. We have committed \$25 000 to the Derwent Valley Railway for planning work. We have committed \$50 000 to the Don River Railway, which intends to seek access to the operational line to run services between Devonport and Penguin.

We are very cognisant that there are some hurdles around public liability insurance, which is the main topic of conversation whenever I meet with these groups. I have met with these groups for all my 17 years in parliament. I am considering how the Government may be able to assist with this burden and I am continuing to take further advice on this matter.

The important thing to remember is that as a government we are actively providing assistance to tourist and heritage rail. There is open dialogue with my office. TasRail is also playing its part. It provides assistance in a range of ways, including through open dialogue, sharing information and the reasonable donation of selected redundant materials.

TasRail's disposal of assets policy recognises that tourist and heritage rail organisations have an interest and need for rail assets. The policy commits to providing advanced notice of any significant and/or planned disposals. This includes advanced notice of items listed for disposal and advice as to whether the items will be made available through a tender, a sale, expressions of interest or a donations process.

To Mr Farrell's question, TasRail donations to tourist and heritage rail operators include more than 5000 sleepers, a number of legacy locomotives and various pieces of mechanical machinery.

TasRail has also committed to making up to 15 000 sleepers available to tourist and heritage rail operators, representing a foregone revenue of some \$90 000.

These sleepers were removed from the south line, as part of TasRail's upgrade works and TasRail has committed to transporting these to Conara, at the cost of around \$25 000, to make it easier and cost effective for recipients to collect.

Any tourist and heritage rail organisation with an interest in the sleepers or other forms of support is encouraged to contact TasRail. I would like to thank TasRail for its ongoing support to the tourism and heritage rail sector in Tasmania. I also commend our CEO, Steve Dietrich, in his absence. Steve really wants to do what he can to assist in this area.

**Mr ARMSTRONG** - I thought this was linked to the livestock on the rail corridor, but apparently not. Your annual report said you have reduced complaints about vegetation management. It has been raised a couple of times in different areas when talking in other committees about the vegetation issue.

**Mr ROCKLIFF** - We have recorded a total of 31 vegetation complaints from the community in 2017-18. This compares to 79 for the previous year, and you have highlighted the reduction. Details about TasRail's vegetation management plans are available on the company website. Published information includes an overview of TasRail's approach and initiatives, an updated schedule of slashing and spraying activities and data sheets for the chemicals used.

TasRail typically undertakes two spray campaigns per year across the network, in autumn and spring, including the non-operational network. It takes approximately 10 weeks to complete this across the network with the actual timing dependent on weather and plant development. Mechanical slashing program will typically follow the spray campaigns and vegetation management activity also includes clearing line of sight obstructions in the rail corridor.

**Mr ARMSTRONG** - Are there any areas where you have been requested not to use herbicides to spray?

**Mr ROCKLIFF** - When it comes to the eradication of obnoxious weeds on no-spray zones, we maintain a sensitive areas list, which is to ensure chemical spray is not applied in sensitive areas - for example, known penguin colonies and habitat. Where members of the public formally request chemical spray not to be used in close proximity to their property for medical or other reasons, the address is added to the sensitive areas list.

**Mr ARMSTRONG** - Do they have to have a doctor's certificate or anything like that or is it simply a request that it is not used?

**Mr ROCKLIFF** - Requests can be made by contacting the TasRail Property Department first and, in all cases, the decision as to whether a property is added to the sensitive area list is a matter for TasRail. The spraying contractor does not have the authority to challenge a member of the public who may request that TasRail adds a property to the no-spraying list.

**Ms HOGG** - They only need to request it?

**Mr ARMSTRONG** - They do not need any medical certificate?

**Ms HOGG** - They do not need a medical certificate.

**CHAIR** - Mr Farrell, short-term incentive payments.

**Mr FARRELL** - Indeed, yes, being paid from the public purse as I am, I am always curious where others are also paid from the public purse. I understand we have a GBE modelled on commercial practice but everyone is still paid from money raised from the Tasmanian taxpayer.

My question is in regard to the short-term incentive payments. In all cases they are a reasonably large amount of money, from \$30 000 down to just under \$14 000. What are they all about? I understand the description given in the annual report but, to my simple thinking, someone is employed to do a job, they do the job, they get paid. If they do not do the job, they should not be paid on an ongoing basis. For example, for a safety area, you would think that the KPI is 100 per cent but incentives have been paid to go beyond that. Or is it accepted that people work under that level and you have to incentivise it to get it to that level? It is probably a broader business practice but I would like to know a little more about these short-term incentive payments.

**Ms HOGG** - This is a topic that exercises every board's mind in whatever sector they are in. In the TasRail circumstance we try very carefully to be fair, to incentivise for exceptional performance but for your average day-to-day, you get paid your base salary.

A safety issue can sometimes be a gate so that unless a certain safety or cultural performance is achieved, no incentivisation can be paid. In this current year we, as a board, deemed that if there was exceptional performance in a particular area, a portion of the incentive payment was allocated. In these cases it was not a full incentive payment. They were partial. It is, as much as it can be, an objective system. We can have debates about this left, right and centre, but we are very conscious that it needs to be something people are not being paid for in their everyday job; they are being paid to achieve something well in excess of that if an STI payment is involved.

**Mr FARRELL** - For example, if a manager gets paid for having outstanding safety, it would rely on people on the ground - the locomotive drivers, the yard people, everyone - improving their performance. Does that trickle down to the staff or is it just a reward to the management?

**Ms HOGG** - It is to the 45 employees. Their role is to manage people in their teams and to provide an environment where, in your example, safety is very much valued and encouraged and give them the tools to enable that. It is only the 45 employees who will get an STI payment like this. As you say, it relies on the whole broader team. Therefore, it is about the leadership those 45 people provide to enable it to happen broadly throughout the organisation.

**Mr FARRELL** - This raises an issue for me. In the annual report, a staff member was paid a short-term incentive payment. I gather that the staff member must have been performing adequately. Then it appears that employment was ceased, as it says, 'There was a payment in lieu of notice'. I imagine, thinking logically, that the person was encouraged to go with a payment of \$66 867, but had previously been given a short-term incentive payment. There are probably conditions about this that are sensitive.

**Ms HOGG** - Yes, there are confidentiality issues I will not cross here. It was a redundancy restructure, not a performance issue. In terms of the senior leadership team now in place, only

four members report to the CEO, a number less than previously there. It was a redundancy, a removal of a role, not a performance issue.

**Mr FINCH** - The removal of the role will save money in the long run?

**Ms HOGG** - Yes.

**Mr ARMSTRONG** - Minister, you were saying how all the sleepers are going to provide for the heritage rail people, so there were many upgrades of the main rail system over the last few years. What is the condition of the rail now, compared to 20 years ago? You could categorise it as good, very good, poor. Could give me a breakdown?

**Mr ROCKLIFF** - It is a hell of a lot better.

**Mr TOMLIN** - It is a very big question and obviously a lot of work has been done across the operational network to bring it up to a fit-for-purpose standard. We measure the quality of the track with precise metrics across the different lines. To provide an update to the committee, as of October 2018 when you look at the percentage of track across our primary lines rated in combination as good or fair, the western line is considered either good or fair to 96.75 per cent. The south line, 96.77 per cent, and the Melba, 93.93 per cent. You can tell very precise engineers have calculated these numbers. The Bell Bay line, combination of good or fair, was 88.1 per cent; Fingal line, 96.97 per cent; and the Derwent Valley line, 82.1 per cent. As the capital program has rolled out across the network, there has been a dramatic improvement in the condition of the track, specifically the rail condition. As the chair and minister commented before, this is really what has led to trains running on time across the network, and trains that are on time attract more freight.

**Mr ARMSTRONG** - The record tonnage for November of 331 591 tonnes. Was there the tonnage in one specific area, whether it was the forestry big uptake, coal or general freight?

**Mr TOMLIN** - I do not have the exact breakdown of the 331 000 tonnes in November, but across the financial year 2017-18, intermodal logs were the standout performers across all our customer base. I could take this on notice for you, if you want to see a specific breakdown of that month.

**Mr ARMSTRONG** - I would be interested in that compared to other months.

**Mr DEAN** - Regarding noise, with the build-up of more freight coming into Launceston, because of Toll, I have received a number of complaints about the noise level of trains in the area. In particular, they seem to sound the foghorn all the time, in the early hours of the morning and so on. What is in place to control this in built-up areas? There are probably others, but Launceston is a good example.

**Mr ROCKLIFF** - There are other examples closer to my neck of the woods. In Devonport we have had some issues with the sound -

**CHAIR** - Ulverstone.

**Mr DEAN** - What is the position there? Is there anything in place to control that? Is it necessary?

**Mr ROCKLIFF** - At the end of the day -

**Mr DEAN** - I am seeing a nod from the back. It probably is in place.

**Mr ROCKLIFF** - Yes. At the end of the day it is about safety first, and I pass to Neale on the operational matter, but we have had considerable feedback.

**Mr TOMLIN** - In the event that someone in the community has a complaint or a specific reason, they always phone through to TasRail or they can email us in real time. We always discuss that with them, and then if there is a cluster of complaints around a particular time or location, we can then go back to the locomotive that actually logs the sounding of the horn so we can determine on particular services when and for how long the horn has been blasted and make sure that is being done consistent with the policies and procedures that we have for it. The community comes to us and we have a discussion, we can backtrack into the locomotive's data and follow it up, and if there was a circumstance where the horn was blown more than the procedure required, that can be addressed.

**Mr DEAN** - There is nothing in the annual report in relation to board meetings and attendances. We get that in other annual reports but I cannot find it in this one; if it is there, I have missed it.

**Ms HOGG** - It is in the director's report, on page 44.

**CHAIR** - When it comes to noise, you would not want to be in Murray Street on a Wednesday night - that is noise and it is constant. It is university night.

**Mr DEAN** - I am looking at the number of board meetings, and it would seem there were eight board meetings for the year, which is not a lot.

**Ms ARMITAGE** - TasWater have 14.

**CHAIR** - That is not one every month, no.

**Ms HOGG** - No. There is always a balance about management time and preparing for boards but making sure the board is close enough to what is going on. This is the balance we have found works. We do not have one in January, we do not have one in July, and then in April and October one is set up tentatively if it is needed. That is how we have worked it and it has been working well. If an issue like the September derailment comes up, there are numerous board meetings which have phone calls and so on where we all get together. It is a bit ad hoc, but there is a lot of involvement from board members.

**CHAIR** - Thank you.

**Ms SIEJKA** - In other jurisdictions, there is a chance for departments and GBEs to look into things like introducing reconciliation action plans so that they can increase the number of Aboriginal and Torres Strait Islander employment in land management and so on in which you might have tracks. Are there any plans or discussions being held about having a reconciliation action plan for TasRail or is that something that could be considered?

**Ms HOGG** - I think that is something we need to look at. A lot of work is being done on many cultural aspects within TasRail, but I think this might be an area we have not addressed. We are working very hard on the gender diversity element - as you can see from sitting at this table - but more broadly through the organisation we are working on the current renegotiation of the EBA, trying to set up structures to enable women to progress through to train driver roles and so on. We are looking at engagements very strongly, but I would say this is an area we probably have not looked at as much as we could have. Thank you for your question.

**CHAIR** - We have gone past our allocated time and, again, we always seem to run out of time through this process but we do the best we can. Some members, unfortunately, miss out on asking questions but we will have other opportunities.

We very much thank you for your time and we particularly thank Neale for stepping in today. We express our good wishes again to Steven Dietrich.

**The committee suspended at 1.04 p.m.**