



PARLIAMENT OF TASMANIA

LEGISLATIVE COUNCIL SELECT COMMITTEE

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE 'B' 2023

Report with Minutes of Proceedings

Members of the Committee:

Hon Rosemary Armitage MLC
Hon Jane Howlett MLC
Hon Tania Rattray MLC (Chair)
Hon Rob Valentine MLC (Deputy Chair)
Hon Meg Webb MLC
Hon Josh Willie MLC

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**LEGISLATIVE COUNCIL SELECT COMMITTEE
GOVERNMENT BUSINESSES SCRUTINY 'B'**

MINUTES

THURSDAY, 23 NOVEMBER 2023 AND FRIDAY, 24 NOVEMBER 2023

THURSDAY, 23 NOVEMBER 2023

The Committee met at 1:28 pm in Committee Room 3, Parliament House, Hobart.

Present:

Ms Armitage

Ms Howlett

Ms Rattray (Chair)

Mr Valentine (Deputy Chair)

Ms Webb

Mr Willie

Apologies:

Nil

In Attendance:

Ms Julie Thompson (Co-Secretary)

Confirmation of Minutes

The Committee **RESOLVED** that the Minutes of the Meeting on Thursday, 2 November 2023 were confirmed as a true and accurate record.

Correspondence

Outwards

The Committee **RESOLVED** to endorse the following outgoing correspondence:

1. Email dated 1 and 2 November 2023 inviting written submissions/comments from relevant stakeholders.
2. Letters sent 2 November 2023 to relevant Ministers and Chairs providing meeting details for hearings on Friday, 24 November 2023.

Correspondence (Informal Stakeholders) (IN-CAMERA)

The Committee **RESOLVED** to receive the incoming correspondence from stakeholders.

Stakeholder Meetings

At 01:30 pm the Committee commenced informal discussions with stakeholders.

The meeting was suspended at 4:45 pm until 8:45 am on Friday, 24 November 2023 in Committee Room No. 2, Parliament House, Hobart.

FRIDAY, 24 NOVEMBER 2023

The Committee met at 9:00 am in Committee Room 2, Parliament House, Hobart.

Present:

Ms Armitage

Ms Howlett

Ms Rattray (Chair)

Mr Valentine (Deputy Chair)

Ms Webb

Mr Willie

Apologies:

Nil

In Attendance:

Ms Julie Thompson (Co-Secretary)

PUBLIC TRUSTEE

At 9:00 am the following witnesses appeared before the Committee:

Hon Guy Barnett MP	Attorney-General
Therese Taylor	Chair
Todd Kennedy	Chief Executive Officer
Nicky Roberts	Chief Financial Officer and Company Secretary

Minister Barnett provided a brief overview and the Committee proceeded to questions.

Questions on Notice

1. How many RTI applications were received for the last financial year, how many were fully and/or practically accepted & provided? (MW)
2. How many were fully rejected? – and on what grounds (ie. section 19 as too voluminous)? (MW)
3. How many partial or fully unsuccessful applications were reviewed internally? (MW)
4. How many were subject to external review? (MW)
5. How many section 13 Applications for Assessed Disclosure were received for the last financial year, and how many were completed within the legislated timeframes? What is that completion rate as a percentage of total section 13 applications received over the same time period? (MW)
6. Provide detail in relation to spike in 'complaints received August 2022' – p. 16 of annual report. (RA)
7. Provide the outcomes of Public Trustee's staff survey to identify psychosocial hazards? (JW)
8. When a determination has been made by TasCAT that an order is to be lifted and management of affairs is to be returned to the person to independently manage, are there any protocols or guidelines on how the handover of affairs occurs from Public Trustee to the person, e.g. timeframes, processes etc.? (MW)

9. Provide detail as to why there has been a significant increase in your finance expenses (39.6%) at a time when the present value of the superannuation liability should be falling in line with the outcome achieved by the Government sector superannuation liability of negative 7.77% (2023-2024 Budget Paper No. 1, p. 156). (RV)

The witnesses withdrew at 11:15 am

The Committee suspended at 11:15 am

The Committee resumed at 11:30 am

SUSTAINABLE TIMBER TASMANIA

At 11:30 am the following witnesses appeared before the Committee:

Hon Felix Ellis MP	Minister for Resources
Rob de Fégely AM	Chair
Steve Whiteley	Chief Executive Officer
Suzette Weeding	General Manager Conservation and Land Management
Chris Brookwell	General Manager Corporate Services

Minister Ellis provided a brief overview and the Committee proceeded to questions.

Questions on Notice

1. How many RTI applications were received for the last financial year, how many were fully and/or partially accepted & provided? (MW)
2. How many were fully rejected? – and on what grounds (ie. section 19 as too voluminous) (MW)
3. How many partial of fully unsuccessful applications were reviewed internally? (MW)
4. How many were subject to external review? (MW)
5. How many section 13 Applications for Assessed Disclosure were received for the last financial year, and how many were completed within the legislated timeframes? What is that completion rate as a percentage of total section 13 applications received over the same time period? (MW)
6. How many FTE staff undertake RTI application assessments for STT? (MW)
7. What training and skill development have they (a) been provided in 2022/23, and (b) will be provided in 2023/24? (MW)
8. Provide detail of the number of full-time and part-time sector participants and the total annual economic contribution to the State the specialty timber sector provides? Is it relevant to today's industry given the last analysis took place in 2009? (JW)
9. Provide detail on the 6,000 ha (2022-23 STT Annual Report, p. 4) – is the amount of land managed for logging operations or the total amount of forested land logged and how many have never been industrially logged before. (RV)
10. STT's current 3-year plan shows that in the south of the state, 3000m3 of special species millable logs are forecast to be harvested in the next three years, with 2900m3 of that in the next two years. These volumes are forecast to come from just 11 coupes. (see table below).
3000m3 is a lot of millable special species timber logs. Can STT please advise:

1. What is the estimated breakdown of this volume by species and sawlog grade, and can STT confirm that these volumes only include millable logs i.e. Category 4 and utility sawlog? (RV)
2. Is this timber being cut to meet existing contracted demand or simply being produced as arisings during integrated eucalypt harvesting? (RV)
3. Where will the timber go if not to existing contract holders? Will it all go to Island Specialty Timbers? (RV)
4. If these coupes are so special species-rich, why aren't they being harvested using methods approved under the special species timber management plan instead of being clearfelled? (RV)

Coupe Name	Region	year	area	type	Harvest method	ST volume '000m3	STMU	Old Growth Yes/No	Cat1/3/veneer	Cat 2	Cat 8	Peeler	Pulp
DN023H	South	2023/24	34	G	CLF	0.4	NO	NO - advanced regrowth	1.2	0	0.2	2	6.1
DU019B	South	2023/4	27	G	SW1	0.6	NO	YES	1.3	0.1	0.1	0.1	5.5
FO034A	South	2023/4	45	G	CLF	0.1	NO	NO	1.3	0	0	2.5	8.4
TN034G	South	2023/4	25	C	CLF	0.1	YES	Partial on northern edge	1	0	0	1	4.2
TN062G	South	2023/24	46.4	G	ARN	0.2	NO	YES	2.9	0.3	0.3	5.1	9.3
AR070I	South	2024/25	25	G	ECF	0.4	NO	NO	0.7	0	0	1	1.8
DN019P	South	2024/25	20	G	CLF	0.4	NO	NO	3.1	0.3	0	3.1	8
TN006C	South	2024/25	19	G	CLF	0.1	NO	No but 60m+ eastern edge	1	0	0	1.5	3
TN032A	South	2024/25	25	C	CLF	0.1	NO	No but 70M+ within coupe	1.4	0	0	1.5	5.8
FO025D	South	2025/26	9	G	ARN	0.1	NO	No but 70M+ within coupe	0.3	0	0	0.7	2.5
TI013E	South	2024/25	15	G	ARN	0.5	NO	YES	0.6	0	0	0.6	2.2
Totals			290.4			3			14.8	0.7	0.6	19.1	56.8

11. STT's Annual Report p. 53 (Note C1, 5th para) notes that standing timber is valued at fair value less costs to sell. Can you please outline why the biological asset valuation increment has reduced by 35% when the 2022/23 result is compared with the 2021/22 figure (Note C1, pp. 53-54).

The witnesses withdrew at 1:48 pm.

The Committee suspended at 1:48 pm.

The Committee resumed at 2:30 pm.

TT-LINE COMPANY PTY LTD

At 2:30 pm the following witnesses appeared before the Committee:

Hon Michael Ferguson MP

Michael Grainger

Bernard Dwyer

Kym Sayers

Minister for Infrastructure and Transport

Chair

Chief Executive Officer

Chief Financial Officer

The Minister provided a brief overview and the Committee proceeded to questions.

Question on Notice

1. Provide the dollar split in marketing budget including categories. (TR)
2. Provide number of workers compensation cases. (RA)
3. If the maximum number of voyages (the answer to Question 2) were made what would be:
 - a) The likely increase in total passengers carried;
 - b) The likely increase in freight tonnage and vehicles carried;
 - c) The expected passenger utilisation; and

- d) Freight and vehicle space utilisation. (RV)
4. Can you provide a breakdown in the yield per passenger. Specifically, how many vehicles are transported per passenger carried, what is the yield per vehicle in relation to both the amount paid by a passenger and also in terms of the vehicle subsidy received, what is the yield for the passenger travel and what is the yield where passengers choose a cabin option over the recliner chair base offering. (RV)
 5. How does the yield per passenger vary between the peak, shoulder and off-peak seasons. (RV)
 6. Can you provide information on waiting times facing various classes of travel, including for those seeking to travel without a vehicle; those seeking to travel with a motorcycle of bicycle, those seeking to travel with a standard vehicle; those seeking to travel with an over height vehicle and those seeking to travel with an over- length vehicle including those towing a trailer or caravan. (RV)

The witnesses withdrew at 04:52 pm

The Committee considered questions taken on notice throughout the day. The Committee made amendments.

The Committee **AGREED** that responses to questions on notice be due close of business, Monday, 4 December 2023.

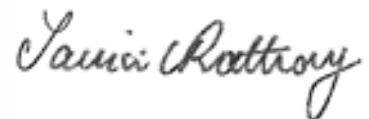
The Committee **AGREED** that the Committee next meet at 08:30 am on Wednesday, 6 December 2023.

Adjournment

At 05:07 pm the Committee adjourned.

DATE:
6/12/2023

CONFIRMED



CHAIR

APPENDIX 1 – RESPONSES TO QUESTIONS TAKEN ON NOTICE

Attorney-General
Minister for Justice
Minister for Health
Minister for Veterans' Affairs

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Hon Tania Rattray MLC
Chair
Legislative Council Government Business Scrutiny Committee 'B'
Parliament of Tasmania

By email: julie.thompson@parliament.tas.gov.au

Dear Chair

In response to your request for additional information of 24 November 2023, I can provide the following for the consideration of the Government Business Scrutiny Committee 'B' regarding the hearing on the Public Trustee.

I can advise that the Public Trustee has provided the following information in response to the Committee's questions.

1. How many RTI applications were received for the last financial year, how many were fully and/or practically accepted & provided? (MW)

There were 2 RTI applications received for the last financial year.

2. How many were fully rejected? – and on what grounds (ie. section 19 as too voluminous)? (MW)

No applications were rejected for the last financial year.

3. How many partial of fully unsuccessful applications were reviewed internally? (MW)

The Public Trustee has advised that 1 application was reviewed internally and 1 decided in 2023.

4. How many were subject to external review? (MW)

There were no external reviews completed.

5. How many section 13 Applications for Assessed Disclosure were received for the last financial year, and how many were completed within the legislated timeframes? What is that completion rate as a percentage of total section 13 applications received over the same time period? (MW)

2 applications were assessed for disclosure and 1 application was decided after 20 working days.

6. Provide detail in relation to spike in 'complaints received August 2022' – p. 16 of annual report. (RA)

The Public Trustee has advised that on review, there were no underlying systemic issues or reasons for the spike in complaints in August. As discussed in the Hearing, the Public Trustee does at times see an increase in queries (and complaints) after media stories. For example, the ABC ran a story in early August 2022 (2nd) involving the Queensland Public Trustee with further media over the week.

It is worth noting that of these complaints none related to Community Service Obligations and/or the Ombudsman.

7. Provide the outcomes of Public Trustee's staff survey to identify psychosocial hazards? (JW)

The main area questions which deal with psychosocial hazards are as follows:

- 77% of staff would be confident in approaching their manager to discuss concerns and grievances.
- 77% of staff state their manager encourages behaviours that are consistent with my agency's roles.
- 82% of staff are aware of the agency policies which are in place to report improper conduct and behaviour.
- 14% of staff have personally experienced workplace bullying in the last 12 months.
- 2% have personally experienced sexual harassment at work in the last 12 months.

8. When a determination has been made by TasCAT that an order is to be lifted and management of affairs is to be returned to the person to independently manage, are there any protocols or guidelines on how the handover of affairs occurs from Public Trustee to the person, e.g. timeframes, processes etc.? (MW)

The Public Trustee advises that the handover process is as follows with a usual timeframe to complete being a maximum of 15 days:

- Await receipt of Revocation Order from TASCAT (3-5 days is the usual timeframe for PT to receive the Order in our office);
- Confirm instructions with the client regarding release of funds under administration;
- Pay funds as per client's direction;
- Send final statement to TASCAT;
- Offer additional external financial counselling support to the client through connecting them with Anglicare or providing future contact detail where the client isn't wanting to use the services initially.
- Close our records.

9. Provide detail as to why there has been a significant increase in your finance expenses (39.6%) at a time when the present value of the superannuation liability should be falling in line with the outcome achieved by the Government sector superannuation liability of negative 7.77% (2023-2024 Budget Paper No. 1, p. 156). (RV)

As stated in the Annual Report, the Finance Expenses being referred to is the Net Interest calculated under the the Report under Australian Accounting Standard AASBI 19 for the Financial Year Ended 30 June 2023 prepared by Mercer.

The key driver is the significant increase in corporate bond yields observed in recent years.

- This resulted in the discount rate assumptions used to determine defined benefit cost rising to 5.35% pa in 2023 from 3.2% pa in 2022.
- Although an increase in discount rate does (other things being equal) reduce the present value of the superannuation liability, it also increases the 'net interest expense' related to that liability.

The figures referenced in the question are not comparable for a few reasons, but most importantly because the 7.77% reduction in government sector superannuation liability as referred to, is a reduction in the superannuation liability and not a reduction in the net interest expense.

The superannuation liability represents the present value of future contributions required. A higher discount rate results in more "discounting" and therefore a lower present value. The expense represents the growth in the liability from one year to the next due to 'interest' accruing on the liability. A higher discount rate leads to greater interest cost even though the interest is being applied to a smaller liability. (Consider for example a loan of \$100,000 with interest at 3% vs a loan of \$90,000 with interest at 6%).

More comparable figures can be found on p.169 of '2023-24 Budget Paper No 1' which shows:

- the 'nominal superannuation interest expense' increasing from 191.0m to 290.3m between the 2023 budget and 2023 estimated outcome.
- the 'net interest expense' (= nominal superannuation interest expense less interest income) increasing from 161.8m (191.0m nominal superannuation interest expense less 29.2m interest income) to 235.6m (290.3m nominal superannuation interest expense less 54.7m interest income) in the same period, an increase of approximately 46%.

Even these figures are not directly comparable to the 39.6% growth referenced in the question because:

- The 39.6% growth is based on Public Trustee actual outcomes for 2022 and 2023 whereas the 46% growth is between the 2023 budget and 2023 estimated outcome.
- Public Trustee results are based on corporate bond rates whereas budget figures are based on Government bond rates.

However, in general terms both figures reflect rising interest rates.

Yours sincerely



Hon. Guy Barnett MP
Attorney-General
Minister for Justice

Minister for Police, Fire and Emergency Management
Minister for Skills, Training and Workforce Growth
Minister for Resources
Minister for Racing
Leader of the House



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The Hon Tania Rattray MLC
Chair
Legislative Council Select Committee
Government Businesses Scrutiny 'B'

Dear Ms Rattray,

Thank you for your letter requesting additional information following the Government Business Scrutiny Committee for Sustainable Timber Tasmania (STT) on Friday 24 November 2023. Please see below for responses to these questions.

1. How many RTI applications were received for the last financial year, how many were fully and/or partially accepted and provided?

As per an answer provided by Ms Weeding during the Committee's hearing, three Right to Information Act applications were accepted by STT during 2022/2023.

Of the three, one was disclosed in full, one was disclosed in part and the other requested information which did not exist.

There were four applications during 2022/2023 which were not accepted. Note that in STT's Annual Report 2022/2023, this is referred to as 'refused', which is simply the reporting process.

STT can advise that of these four applications, two were actively disclosed to the applicant and there were two where STT sought to refine the scope of the application (which is permissible under the Act), and the applicant did not respond.

2. How many were fully rejected? – and on what grounds (i.e., Section 19 as too voluminous)

See answer (1).

There were no applications fully rejected by STT in 2022/2023.

3. How many partial or fully unsuccessful applications were reviewed internally?

During 2022/2023, no Right to Information applications to STT were subject to internal review under Section 43 of the *Right to Information Act 2009*.

4. How many were subject to external review?

During 2022/2023, no Right to Information applications to STT were subject to external review under Section 44 of the *Right to Information Act 2009*.

During the year 2022/2023, two external reviews (applied for in previous years) were decided by the Ombudsman and shared with STT.

In one of these external reviews, one decision was not upheld by the Ombudsman and STT responded according to the Ombudsman's direction, and one decision was upheld in part by the Ombudsman.

5. How many section 13 Applications for Assessed Disclosure were received for the last financial year, and how many were completed within the legislated timeframes? What is that completion rate as a percentage of total section 13 applications received over the same time period?

See answer (1).

Of the total seven applications, one was subject to a timeframe outside the legislated requirement. A timeline negotiation as permissible under the Act was proposed to the applicant by STT to account for processing time of a significant volume of information identified as part of the request. On this occasion, the applicant agreed to the extended timeline, and STT advise that the information was disclosed by the date proposed by STT.

6. How many FTE staff undertake RTI application assessments for STT?

STT does not have a dedicated FTE resource to undertake RTI application assessments.

Undertaking *Right to Information Act* application assessments is identified as part of the position description for one STT employee, amongst other work.

STT deems these resources appropriate for the size of its business and the volume of Right to Information Act applications it presently receives.

7. What training and skill development have they (a) been provided in 2022/23 and (b) will be provided in 2023/24?

The STT employee who has responsibility for undertaking *Right to Information Act* applications has attended information events undertaken by the Ombudsman in the past.

No additional training has been identified, however attendance at any sessions provided by the Ombudsman will be considered.

8. Provide detail of the number of full-time and part-time sector participants and the total annual economic contribution to the State the specialty timber sector provides? Is it relevant to today's industry given the last analysis took place in 2009?

As per an answer provided during the Committee's hearing, a 2015 study commissioned by the Department of State Growth estimated that approximately 160 full time equivalent people were employed directly in working with special timbers, across sawmills, distributors, producers and retailers.

The same study estimated that the sector generated approximately \$20 million in turnover (gross revenue) from special timbers production and sales, encompassing sawn timber, semi-processed and end-use special timbers products.

9. Provide detail on the 6,000ha (2022-23 STT Annual Report, p.4) – is the amount of land managed for logging operations or the total amount of forested land logged and how many have never been industrially logged before.

In accordance with the answer provided by Mr Whiteley during the Committee's hearing, STT does not have a definition of 'not been industrially logged before' but does have a view of old growth, which is a suitable surrogate for this purpose.

STT harvested approximately 6,000 hectares of native forest on Permanent Timber Production Zone land in 2022/2023. A breakdown of this figure by forest type is available publicly and was on STT's website, under the page ['Interactive Dashboard'](#) at the time its Annual Report was tabled in Parliament.

- In 2022/2023, STT harvested 1,346 hectares of regrowth forest using clearfell harvest methods.
- In 2022/2023, STT harvested 4,175 hectares of regrowth forest using partial harvest methods.
- In 2022/2023, STT harvested 7.6 hectares of old growth forest using clearfell harvest methods.
- In 2022/2023, STT harvested 569 hectares of old growth using partial harvest methods.

In response to this question, 576.6 hectares of old growth forest was subject to harvesting activity in 2022/2023.

10. STT's current Three-Year Plan shows that in the south of the state, 3,000 cubic metres of special species millable logs are forecast to be harvested in the next three years, with 2,900 cubic metres of that in the next two years.

These volumes are forecast to come from just 11 coupes. 3,000 cubic metres is a lot of millable special species timber logs.

Can STT please advise:

- I. What is the estimated breakdown of the volume by species and sawlog grade?
- II. Can STT confirm that these volumes only include millable logs (category 4 and utility sawlog)?
- III. Is the timber being cut to meet existing contracted demand or simply being produced

- as arisings during integrated eucalypt harvesting?
- IV. Where will the timber go, if not to existing contract holders? Will it all go to Island Specialty Timbers?
 - V. If these coupes are so special species rich, why aren't they being harvested using methods approved under the Special Species Timber Management Plan instead of being clearfelled?
 - I. STT's Three-Year Wood Production Plan 2023/2024 to 2025/2026 identifies 11 forest coupes from its southern region which contribute to the forecast production volume of 3,000 cubic metres of special species timbers across the next three years.
 - a. The estimated breakdown of this volume (3,000 cubic metres) by species is anticipated to be approximately 500 cubic metres to be Myrtle, and 2,500 cubic metres to be a combination of 'Other' species.
 - b. An estimated breakdown of this volume (3,000 cubic metres) by sawlog grade is not known and therefore cannot be provided.
 - II. The special species forecast production volume in STT's Three-Year Wood Production Plan 2023/2024 to 2025/2026 only includes millable logs (category 4 and utility log).
 - III. The special species forecast volume in STT's Three-Year Wood Production Plan 2023/2024 to 2025/2026 will be produced as arisings from eucalypt harvesting operations.
 - IV. Actual volumes of special species timbers produced as arisings from these 11 coupes listed in STT's Three-Year Plan 2023/2024 to 2025/2026 are estimates only and are likely to be delivered both to meet customer contractual obligations and to be sold through Island Specialty Timbers.
 - V. The Government's Special Species Management Plan provides an indication of special species timber resources available across the state (at the time of its publication) and guidelines for management on different land tenures.

The Plan, where referring to different land managers, '*does not impose any mandatory obligations or requirements on the relevant owner/manager of that land in addition to those already in effect (p.14)*'.

Advice received by the Government on STT's management of specialty timbers indicates that there is no legislative requirement for STT to conduct its operations in line with the SSMP.

- II. STT's Annual Report p.53 (note CI, 5th para) notes that standing timber is valued at fair value less costs to sell. Can you please outline why the biological asset valuation increment has reduced by 35% when the 2022/23 result is compared with the 2021/22 figure (note CI, p.53-54).

In accordance with an answer provided by Mr Brookwell during the Committee's hearing, STT explained that its valuation methodology has not changed.

The increase in valuation in FY22 was \$13m and the increase in valuation in FY23 was \$8.9m. The increase, year on year, reduced by \$4.1m which, as a percentage of the FY22 valuation increase is a 31.5% reduction.

The standing timber is valued at fair value less costs to sell for a single rotation. The valuation is a discounted cash flow undertaken by an independent, external valuer. The calculation utilises the income capitalisation approach which means the valuer takes into account all the revenue and costs of the organisation. This methodology means the

valuation each year is influenced by a wide variety of factors.

The main factors influencing the forest valuation each year are the:

- prices at which forest products are sold,
- costs of harvesting and haulage,
- overhead profile of the organisation,
- yield from the forest and
- discount rate adopted by the valuer which incorporates their view of risk.

Notwithstanding the increase in margin on the sale of forest products reported in the FY23 annual report, the increase in forest valuation in FY23 reduced compared to the increase in FY22 because of the valuer's increased weighting of overhead cost in their discounted cash flow.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Felix Ellis', written in a cursive style.

Hon Felix Ellis MP
Minister for Resources

4/12/2023

Deputy Premier
Treasurer
Minister for Infrastructure and Transport
Minister for Planning

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Hon Tania Rattray MLC
Chair
Government Businesses Scrutiny Committee B 2023

By Email: julie.thompson@parliament.tas.gov.au

04 DEC 2023

Dear Ms Rattray *Tania*

Thank you for your letter of 24 November 2023 requesting additional information about TT-Line Company Pty Ltd following its Government Business Scrutiny hearing on 24 November 2023, Legislative Council.

Following is the requested information from TT-Line:

1. Provide the dollar split in marketing budget including categories. (TR)

Category	Amount
Staff and Admin Costs	\$1,219,886
Advertising	\$8,747,286
Productions	\$1,070,000
Sponsorships and Promotions	\$5,308,675
Public Relations	\$100,900
Research and Consultants	\$134,000
TOTAL FY23 BUDGET	\$16,580,757

2. Provide number of workers compensation cases. (RA)

There were a total of 45 workers compensation claims in 2022/23.

3. If the maximum number of voyages (the answer to Question 2 – scheduled – 901, maximum - 921) were made, what would be:

a. The likely increase in total passengers carried?

Assuming similar passenger/sailing as in 2022-23 year TT-Line would reach a total passenger number of 465,568 or a 12,556 increase in passenger numbers.

b. The likely increase in freight tonnage and vehicles carried?

Assuming similar TEU/sailing as in 2022/23 year we would see a total TEU volume of 109,552 or an increase of 2,974 TEU. Passenger vehicles would increase by 5,964 units to 219,730 vehicles in total assuming similar vehicles/sailing as in 2022-23 year.

c. The expected passenger utilisation?

Unchanged as TT-Line would not be adding additional sailings unless it was certain that sufficient demand is present.

d. Freight and vehicle space utilisation? (RV)

Unchanged, as TT-Line would not be adding additional sailings unless it was certain that sufficient demand is present.

4. Can you provide a breakdown in the yield per passenger. Specifically,

a. how many vehicles are transported per passenger carried?

TT-Line transported 0.48 vehicles per passenger or 2.1 passenger per vehicle. If we include only passengers who travelled with a vehicle in the calculation, those figures change slightly to 0.51 vehicle per passenger or 2.0 passengers per vehicle.

b. what is the yield per vehicle in relation to both the amount paid by a passenger and also in terms of the vehicle subsidy received?

Vehicle yield per vehicle - \$192 per vehicle incl GST. This is across any vehicle type.

Vehicle subsidy per vehicle – TT-Line \$276 per vehicle incl. GST.

c. what is the yield for the passenger travel?

The passenger yield across all passengers (in cabins, recliners and walk on) was \$221 incl. GST for the 2022-23 calendar financial year.

d. what is the yield where passengers choose a cabin option over the recliner chair base offering? (RV)

The fare yield for the cabin option was \$252 per passenger incl. GST.

The fare yield for the recliner option was \$181 per passenger incl. GST.

5. How does the yield per passenger vary between the peak, shoulder and off-peak seasons? (RV)

Period	Yield per passenger (fare, accommodation, vehicle etc GST incl.)
Off-peak (May-Aug)	\$454
Shoulder (Sep-Nov, Feb-Apr)	\$451
Peak (Dec-Jan)	\$421

6. Can you provide information on waiting times facing various classes of travel, including for those seeking to travel without a vehicle; those seeking to travel with a motorcycle or bicycle, those seeking to travel with a standard vehicle; those seeking to travel with an over height vehicle and those seeking to travel with an over- length vehicle including those towing a trailer or caravan? (RV)

Category	Ex Gex			Ex Dpo		
	Earliest date	Available sailings Dec 23	Available sailings Jan 24	Earliest date	Available sailings Dec 23	Available sailings Jan 24
2 x Foot pax	28-Nov-23	38	54	28-Nov-23	50	52
2 Adults with 2 motorbikes	1-Dec-23	13	50	29-Nov-23	48	47
2 x Adults with standard vehicle (under 2.1m height)	1-Dec-23	14	50	29-Nov-23	48	44
2 x Adults with high vehicle (over 2.1m height)	1-Dec-23	3	0	1-Dec-23	46	27
2 x Adults with standard vehicle towing caravan (over 2.1m height and 12m length in total)	8-Dec-23	2	0	1-Dec-23	40	17
2 x Adults 2 children with standard vehicle towing caravan (over 2.1m height and 12m length in total)	8-Dec-23	2	0	1-Dec-23	40	17

Assumptions:

1. Please note, available sailings refers to a mixture of both AM and PM sailings
2. Data is correct as at 28 November and is subject to change based on a live booking system
3. Search was conducted on a one-way basis by direction
4. Reference to December and January assumes calendar month dates not financial periods

Yours sincerely



Michael Ferguson MP
Deputy Premier
Minister for Infrastructure and Transport

APPENDIX 2 – TRANSCRIPTS OF PROCEEDINGS



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESS SCRUTINY COMMITTEE B

Public Trustee

Friday 24 November 2023

MEMBERS

Hon Rosemary Armitage MLC;
Hon Jane Howlett MLC;
Hon Tania Rattray MLC (Chair);
Hon Rob Valentine MLC;
Hon Meg Webb MLC; and
Hon Josh Willie MLC

WITNESSES IN ATTENDANCE

Hon Guy Barnett MP, Attorney-General, Minister for Justice, Minister for Health, Minister for Veterans' Affairs

Ms Therese Taylor

Chairperson, Board of the Public Trustee

Mr Todd Kennedy

Chief Executive Officer

PUBLIC

The Committee met at 9.00 a.m.

CHAIR (Ms Rattray) - I would like to welcome everyone to the first session of Government Business Scrutiny for the Committee B. We are fortunate to have the Public Trustee represented here today. Welcome Attorney-General, the Honourable Josh Willie, the Honourable Rosemary Armitage, Tania Rattray, the Honourable Rob Valentine, the Honourable Meg Webb, and the Honourable Jane Howlett.

I would like to acknowledge the orange ribbon that I'm wearing today, some others have and will get during the day, is for the Walk for the Elimination of Violence Against Women and Children. There is a walk outside the parliament today at 1 p.m., if anybody wants to join that, an important advocacy role. They have been supplied by the minister for Women, the Honourable Jo Palmer.

Mr BARNETT - Thank you for the opportunity as a new-ish Attorney-General to be at the committee today. I would like to welcome Therese Taylor, chair of the Public Trustee, a new-ish chair, but one who is doing a wonderful job. On my right is Todd Kennedy, who's the Chief Executive Officer, and to Todd's right is Nicky Roberts, the Chief Financial Officer.

CHAIR - Thank you and welcome. Todd, I know this is your first scrutiny as the Public Trustee CEO.

Mr KENNEDY - Second.

CHAIR - Second, apologies. First for us.

Mr BARNETT - With your indulgence, Chair, I am happy to make a short opening statement.

CHAIR - We would appreciate that. You know to keep it brief.

Mr BARNETT - The Public Trustee plays a very important role in the Tasmanian community, providing specialist and independent trustee services to Tasmanians, including very vulnerable Tasmanians. During the last financial year the Public Trustee has undergone a period of unprecedented organisational change. There are several drivers for that: the independent review into the Public Trustee, our government's significant reforms to the Guardianship and Administration Act 1995, and the client-focused model of service, and significant effort in resetting the culture of the organisation.

Our Government has worked continuously through this past period to support the Public Trustee to implement all 28 recommendations for improvement resulting from the independent review into the Public Trustee by Damien Bugg AM KC in 2021. I put on the record my thanks to Damien Bugg for his efforts. The Bugg Review made a number of recommendations, provided the improved client focus so the Public Trustee could meet its statutory obligations and community expectations.

A total of \$8.6 million was allocated in the 2022-23 budget to implement the recommendations to improve the administrative and operational practises of the Public Trustee, and to deliver a new community service obligation.

PUBLIC

I am incredibly pleased with the significant progress of the Public Trustee in terms of the recommendations. We have 26 of the 28 recommendations now completed, and the two remaining recommendations relating to the ongoing community service obligation funding and a review of the Public Trustee's fee structure are well progressed. It is anticipated by early next year all remaining recommendations will have been implemented.

The significant achievement of the Public Trustee has been led by CEO Todd Kennedy and CFO Nicky Roberts, who have been engaging in building strong and committed relationships with stakeholders, specifically through client and stakeholder reference groups that are actively working together each month to implement the recommendations, as well as developing a new framework for supported decision-making.

The board has also undergone significant renewal. Three non-executive directors have been appointed earlier this year, 31 January: John Mazengarb, Kim Barker, and Mark Grey, I thank them all for their service. Mike Dontschuk's term on the board was renewed for a further term, and Therese Taylor was appointed as the new Chair of the Board.

Another reform was the introduction of the new organisational structure, including the recruitment of a significant number of client account managers to better support clients, and a major recruitment drive. The Public Trustee has significantly reduced caseloads now, from 150 to 50 clients per client account manager. Many aspects of the new client-focused model of service are now in place, including establishing ongoing stakeholder and client reference groups to ensure services are appropriate, supported and understood.

The group continues to actively work together, implementing the independent review recommendations as well as the important piece of work developing a common approach for supported decision-making. I'd like to acknowledge the members of the reference groups for their valuable feedback and contribution, and our government will continue to support the Public Trustee and its very important work. This includes working through the funding needs collaboratively with treasury ahead of the next budget, including in the context of future legislative reform impacting on the Public Trustee, I thank the committee.

CHAIR - Thank you. We appreciate that you made that as brief as possible.

Ms ARMITAGE - Attorney-General, you mentioned changes in staff and we had a bit of a re-look. The annual report mentions that a Learning and Development Officer has been appointed to introduce a new training program to staff. Can you advise what does the new training program entail and what prior gaps in training and knowledge does it address?

Mr KENNEDY - Training was one of the areas that we really needed to start to dedicate some focus to and resource. I'd say, historically, the training focused on more of the traditional responsibilities around financial administration, so the obvious cap was more around the softer skills in working with people. Some of the new training that we've rolled out involves de-escalating challenging situations, trauma-informed practice, understanding diversity around communication, so I would say that that's made a significant impact for our people because it is a challenging role. We do continue to invest in training on the traditional sides around financial administration because the role does still have that aspect to it.

It is something, though, that we need to continue to invest in, a lot of effort has gone in because of the significant amount of new staff, so for us, the focus now is really about embedding those new staff to continue to build their capability.

Ms ARMITAGE - If you could just define what soft skills were?

Mr KENNEDY - More personal skills, working with people, just acknowledging that our client base has a lot of challenges in their life and we often are there to support them at what can be the most difficult period in their time and, historically, I think we've had people that have come and joined the organisation wanting to be financial administrators and perhaps looking at back office roles, whereas it's really important that the people that we recruit and attract are there and want to engage with and support people.

We feel that we can teach financial administration, but the people skills, you really need to look to bring people that have that motivation to work in that space.

Ms ARMITAGE - One last question in this area, how are you going to benchmark the success of the new training program?

Mr KENNEDY - That's a really good question. I'm not sure how we're going to benchmark it. We do have feedback that we record after every session that staff provide and that's collated and reported to the board, so that's one way that we monitor its effectiveness. We do look at other jurisdictions as well, as far as the types of training that they're providing and we've particularly been looking at supportive decision-making and what sort of training we need to roll out for our people to actually support them in that journey, so we'll continue to build on that and there's a couple of ways that we've started.

Mr BARNETT - The Chair of the Board may wish to add to that, to assist the committee on the question of the honourable member, because it really talks about some of the important values and the culture that we are undertaking, it's a really important piece.

Ms TAYLOR - The independent review certainly outlined the fact that the skillsets of those employed in the public trustee was one of the areas that we were really letting down clients and community expectations around the services that were provided and there's been much written about that, as you know, in the media. A whole range of cultural work has been done across the organisation and that is the priority of the board, to change not only the organisational structures and the corporate planning and organisational and administration, but the culture of the organisation. We are a client-centric organisation, from governance right through the organisation and that is the way we will go forward.

In terms of our attraction and retention of people, we've looked for a whole range of different skill sets. As you know, we've now launched in October the supported decision-making framework in anticipation of the amendments to the Guardianship and Administration Act 1995, so we will be now putting in place skill sets around that framework and that act. That really entails forming a relationship with your client. If you're going to actually assist people making decisions in their lives, you really need to be able to form a relationship and communicate effectively with someone around the choices they have. That is what we're looking at in terms - I know soft is a very broad term, but those are the sorts of skills that we'll be growing in the organisation.

PUBLIC

There are structural issues around that as well. You will meet face-to-face with your client twice a year. As you say, we're putting in a whole range of benchmarks now around measuring the changes in culture and we have got some in this annual report about staff surveys. That is the next challenge for the board, so we can measure the progress, not only in implementation on something like the assisted decision-making framework but how we're delivering that, not just the what.

Ms ARMITAGE - I guess fewer complaints is almost a benchmark in itself, isn't it?

Ms TAYLOR - Yes.

CHAIR - Thank you. Ms Webb and then Mr Valentine.

Ms WEBB - I'm interested to hear a bit more about the plans that Mr Kennedy spoke about, planning to deliver training related to the change to the legislation recently and the supported decision-making model that needs to come into play underneath those. So, that training hasn't been undertaken yet? That is still in a planning phase? I'm interested to hear a bit more about the time line of that.

Also, is it your expectation that there are training cycles, so that's not just a once-off training exercise at the beginning of things but that there is a refresher system in place to make sure that those skills and those understandings are being maintained?

Mr BARNETT - Thank you very much for the question. I know the CEO will respond to that but I think it's fair to say there has been a significant increase in staff to assist with much of that work. The CEO might want to touch on that and answer the member's question.

Mr KENNEDY - I probably should clarify and maybe didn't explain well enough earlier that a lot of the training that I spoke about has actually been delivered in preparation for the change. There are some items as well on the future calendar. One of the key things that we recently had training on was around our new supported decision-making framework.

Ms WEBB - That is what I'm specifically asking you about - the legislative change to that model and training related to that.

Mr KENNEDY - Yes. At the beginning of October, we had some training statewide and we had two of the leading professors when it comes to supported decision-making come down to present to our team. They were also involved with the development of our framework. That was a very productive two days that we spent. That kicked off, I guess, the framework itself. We will continue to deliver the training program regularly, so it's not just about a one-off or induction. It's very important that we have a cycle that continually embeds the principles and the learnings that we need as well as support new staff that come into the organisation.

Ms WEBB - What proportion of the staff have undertaken that training to date?

Mr KENNEDY - All of the staff have undertaken that training, all of our client account managers and the leaders and the managers that work with our represented persons.

Ms WEBB - And what would be the expected cycle when that would be refreshed?

PUBLIC

Mr KENNEDY - I would say some of the training that we do is maybe more frequent. I'd at least say on an annual basis but I think we'll just be watching it closely. Part of us launching a framework back in October is so that we can really draw out those early learnings and iron out any things that need to be smoothed out prior to the legislation coming into place. But there are a number of things in the framework which I'm happy to talk about when the time is appropriate that are actually benefitting our clients now.

Ms WEBB - Thank you. I'm sure we will talk about that.

Mr BARNETT - Can I quickly add to that and the CEO might want to back me in here. You appointed a new training and development officer last financial year?

Mr KENNEDY - Yes, in 2022 we appointed a dedicated resource. As part of our new structure, we're looking to build out that learning and development capability as well.

Mr VALENTINE - With regard to the ministerial charter, 2.3 under strategic expectations, there is a paragraph that says: 'To act in such a way as to encourage and support represented persons to become capable of administering their own estate and/or prolong their ability to make their own decisions.' Clearly, a lot of that has come out of the review and part of the soft skills arrangement, I suppose, in being able to deal with people in an appropriate manner. I am wondering, in relation to that, what sort of training do you give to your staff, noting that about 50 per cent have been employed in the last year. Is that correct?

Mr KENNEDY - Yes.

Mr VALENTINE - What sort of training do you give to your staff in terms of helping clients in maybe even exiting your care? I think that is something that is important. If clients are able to make their own decisions, it might be that they want to handle their affairs in a different way than through the Public Trustee. Can you give me some indication there, minister?

Mr BARNETT - Yes, and then I will ask the CEO to respond and/or the chair, as appropriate. First of all, in terms of the ministerial charter, obviously it came out of the independent review and it was established in September last year. The former attorney-general set that up following -

Mr VALENTINE - July, actually, 20 July according to that.

Mr BARNETT - It was tabled in the House on 8 September. Very important to set those expectations and guidelines. I think the CEO can outline that.

To your last point about moving through the transition to support those vulnerable Tasmanians to get the support that they need and then, as they build that capacity, to perhaps allow them to continue in a more independent way to fulfil their objectives and their ambitions -

Mr VALENTINE - Which might mean not doing it through the Public Trustee.

Mr BARNETT - Absolutely correct. In terms of the detail, I'll pass to the CEO.

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Mr KENNEDY - Thank you for the question. The first part that is important to note is that, along with our new supportive decision-making framework, is a financial independence pathway program that we launched in October. The first step is to have that available for our clients. It steps out a pathway over a 12-month period and has regular consultation with the client account manager. It is about starting off paying bills or taking responsibility for income, providing support with them along that journey.

Most importantly is the offboarding process, the support that is provided to people when they do come off an order. This, for me, was a really good example of the stakeholder reference group and the input they have provided with the co-design. That was something we hadn't had originally.

When it comes to the training that we provide staff, it is thing like understanding unconscious bias. When you are working with people and supporting them in making decisions, it is important that your own views aren't overtaking the approach that you're taking with them.

CHAIR - That can be pretty difficult to do that.

Mr KENNEDY - It is, but I think it is really important, because it is about, again, putting the client at the centre of everything you do, not letting your own views around how money is managed. Also, things like dignity at risk and not being paternalistic in the approach we take when we support people. That's a recent initiative we've rolled out in October. We now have 41 clients participating in that program so far, ranging from managing their pension or paying some bills. The ultimate goal is to build that up over a period of time, so that people can regain their independence and come off the order.

If I could make one final point, it's really important to note that measuring the number of people that come off the order is only one measure as far as the benefits to clients. A lot of research suggests that being involved in the program as well and having that autonomy and independence has a lot of benefits for clients' health and wellbeing, even though they might not ultimately fully regain that financial independence.

Mr VALENTINE - Yes, it's not always easy to exactly measure how it's improving things. But do you expect a number of people in the future will come off orders because of the sort of training that you're providing? How do you see that impacting on your operations in the future?

Mr KENNEDY - It's very early days to tell the volume. Our approach is to work with as many people as we can. Since the beginning of the year, 13 clients have come off orders, which is not a high number. But since October and us launching our program, we've now already got 41 clients and we've already put forward 11 applications for clients to come off their order since 1 July, of which nine have been successful. It's really a new frontier. If I look at other jurisdictions, the numbers that have been reported from Queensland and State Trustees are quite low - less than 100 - but again, it's important not to lose sight of the fact that there are benefits along the journey as well for people.

Mr VALENTINE - That's encouraging.

PUBLIC

Mr BARNETT - The name of the program is the Pathway Program and it's building that financial independence pathway. It's picking up on the members' points about coming off those administration orders and building that independence. The program started on 2 October, and as the CEO has outlined, they have 41, I'm advised. They've made a lot of progress this last 12 months but in the last little while, it's progressing positively.

Mr VALENTINE - Of those 41, how many would have decided to not stay with the Public Trustee? Have you any indication of that? When you say 'come off order', that means they are then outside your care.

Mr KENNEDY - Yes. Every person has expressed that desire to regain their independence and come off an order.

Mr VALENTINE - You have no further involvement at that point?

Ms WEBB - After they've gone through the program.

Mr VALENTINE - Yes, after they've gone through.

Mr BARNETT - We'll go to the CEO - but they come off the administration order -

Mr VALENTINE - Sorry, I'm just trying to get the process -

Mr BARNETT - But the relationship is still there.

Mr KENNEDY - No - once someone comes off - once we're no longer responsible as their administrator, that relationship does end. What I was trying to articulate before was about connecting people with the appropriate supports - financial counsellors, for example - that are available for them, so that they're not left immediately to support themselves after going through a program. Our involvement does stop once our appointment ceases.

Mr VALENTINE - Do you provide options for them such as other organisations that are in the same system?

Mr KENNEDY - Yes, we do. Anglicare's a good example of that, with their financial counselling.

Mr VALENTINE - Okay. Thank you. I appreciate those answers.

Mr WILLIE - Thank you, Chair. When we saw the Public Trustee run into significant trouble, we had courageous stakeholders speaking out about their treatment. I'm interested in how the reference group is working. Is there a mix of one-on-one sessions with people; or are there group sessions; are people allowed to bring support persons? I'm interested in how that engagement's working, given the cultural change that's needed.

Mr BARNETT - Thanks very much for the question.

Mr WILLIE - Sorry, I should be directing that to the minister.

Mr BARNETT - I appreciate that and these are very operational questions.

Mr WILLIE - Yes, that's right.

Mr BARNETT - I do appreciate that and it's a good one for the CEO to respond to.

Mr KENNEDY - It's a good question. We originally -

Ms RATTRAY - They're all good questions here, Todd.

Mr KENNEDY - Noted. When we set up our stakeholder reference group and client reference group back in 2022, straightaway we had a lot of participation from organisations in the disability sector and some clients that come on board; but it was important that we created a safe and supportive environment for our clients. Initially, being a bit naïve myself, I thought 'we'll all sit around the table and talk through these issues'; but the feedback that we've learned is that a lot of our clients feel a lot more comfortable providing their feedback on an individual basis. They do so with their supports as well. We sometimes reach out to them directly, or we will engage through other organisations like Speak Out Advocacy or North West Support Services to support that. Also, they appreciate independence; they don't not always feel like they can be as forthright with their responses if they're providing that directly, so we've provided independent people. It's working really well.

From my point of view, coming into the role, we had to get started quickly and we had key recommendations. I wanted to make sure that when we got towards the end and implemented it, that we hit the mark and it made the desired impact. Advice that I received was that, and Bruce Levett from Health Consumers Tasmania provided good assistance in the early days saying, if you have everyone involved and let them drive the agenda, you'll get a much better outcome. I'm confident with the outputs. The shining star from the work that we've done is not just the recommendations that we've been able to put into place, but it's the framework that we've developed. Clients will see their direct feedback throughout that document, as well as participants in the stakeholder reference group.

Mr WILLIE - I'm interested in how many clients have been consulted through this and how they're selected?

Mr BARNETT - The Chair of the Public Trustee could add to that answer as well because it's an important area of interest. I'll go to the CEO and perhaps we could allow a moment for the chair.

Mr KENNEDY - The regular monthly reference group has two clients who are part of the overall group, which is around a dozen, maybe 14 participants. Throughout the year we will consult with clients at various points in time. When we put together the framework, for example, we had 12 clients that we had individual meetings with, independently of the Public Trustee. There's a number of other ways that clients can provide their feedback. We did go back and look through statements that were made through the independent review and we continue to review feedback from complaints.

To your point about how do we approach clients, there's a number of ways. We've reached out to clients directly; we've reached out to support organisations to connect us with already established groups; we were public early in the first six to 12 months, making myself available; we had it on our website; we were pushing out media and trying to get the message

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out there inviting people that would like to be part of that. That's the way that we made that approach.

Mr WILLIE - To clarify, all your clients were invited to participate in that process?

Mr KENNEDY - Yes - and families and supports.

Mr WILLIE - Can you talk a little bit about the framework. I'm interested if anyone living with a disability spoke to staff and gave some feedback around that in the consultation phase?

Mr KENNEDY - Yes; the 11 clients who were part of the feedback in the design are clients of the Public Trustee, and they have a range of disabilities. It's important that we had cross-representation. Very much part of the design. As well as organisations - and not just leaders of organisations but support workers, social workers, people more broadly in the disability sector that provide that feedback as well, and a voice for their clients.

Mr BARNETT - Thank you very much, CEO, just checking did you want to add anything, chair?

Ms TAYLOR - The CEO has articulated that very well. From my point of view, not being involved in the day-to-day, one of the strengths of the reforms has been the inclusive nature of the stakeholder reference group. It has been an exercise in co-design, which is a bit new for all of those involved; but the frameworks and new policies and new procedures - nothing is signed off until there's been agreement through the stakeholder group. The PT's not implementing anything that's outside the experience or the feedback from that reference group. It's been one of the success factors in terms of why we have made such progress in such a short time.

Mr WILLIE - That's why I'm interested; because I don't want to see the Public Trustee become disconnected from a client base of stakeholders like it was.

Ms TAYLOR - And the way that we have gone about that, has empowered everyone because the stakeholders also want the best outcomes for clients, working with them in a different capacity to the Public Trustee. The fact that we're co-designing how someone's life will be impacted by our organisation, and then intersecting with theirs, has been a huge benefit to clients.

CHAIR - I can endorse that genuine interest. A couple of years ago - prior to your appointment, Todd - it was very difficult to listen to the hearings and what we heard.

Ms HOWLETT - Attorney-General, I was wondering if you could provide the committee with some information on what community engagement and education events the Public Trustee has been conducting recently?

CHAIR - How is the roadshow looking?

Mr BARNETT - The roadshow, in terms of education and awareness, has increased markedly under the chair in the last 12 months. It is very encouraging. I think you got the flavour of it in the last answers to Josh Willie, where they're engaging more with the

stakeholders. They are now having regular education and awareness events. You will see in the annual report that there were 16 community education events carried out during the 2022-23 period, and not just for persons appointed by TASCAT under an administration order but for the general public. In terms of the number of estate and end-of-life planning matters, I've had advice that some 3000 people watched information videos, 75 000 viewed the social media, 15 media stories.

An area of concern for the new-ish Attorney-General as a result of learning more about the role of the Public Trustee in recent months, I am concerned that 50 per cent of Tasmanians die intestate, meaning without a will. That is a proportion which is, in my view, too high, and I think we need to do more in terms of education and awareness. I am flagging that with the committee and the public, that the Attorney-General will be working with the Public Trustee and others to encourage Tasmanians to ensure that their wishes are taken into account when they die. It has an impact on their families, those close to them, and others.

I want to do a shoutout for the Public Trustee this week, even with Palliative Care Tasmania at the office of the Public Guardian, they've released information on four very important documents - the will, advanced care directives, the enduring guardian and an enduring power-of-attorney. Four very important documents. Education and awareness about the important role of those documents going forward is really good, so I'm very supportive of it and I think they've done a great job in the last 12 months but there's more to do, and they will continue to do that good work.

In conclusion, all of this is consistent with the Bugg Review and the recommendations, and you've heard a lot about the stakeholder reference groups, and they were established starting in May 2022, but a lot of that work is ongoing. They are doing this on a monthly basis and on a regular basis. I want to shoutout the various organisations, such as Anglicare, North West Support Services, Speak Out Advocacy, Multicap Tas, Office of the Public Guardian, Tas Cost Back Care, Health Consumers Tas, Tas Legal Aid, Co to Tas, Palliative Care Tas, Tasmanian Health Services, and many more.

Ms ARMITAGE - I note on page 38 of the annual report that there was quite a difference between the target 800 wills completed and the actual number of 461. Can you advise whether you anticipate meeting the target of 85? What steps are you taking to ensure you meet the target, because all of this helps towards financial stability. I know if you have your will done with a legal firm they charge a fee, whereas on the internet I'm noticing that you still charge a percentage of the estate.

This is what is on the internet for the Public Trustee, if that is still the case. The first \$200 000 or part, 4.5 per cent, the next \$200 000 or part, 3.5 per cent, the next \$200 000 or part, 2.5 per cent, and amounts above \$600 000, 1.5 per cent. That is the argument I have often heard: people say, 'I do not want to go to the Public Trustee, our estate might be quite large, they're going to take a huge amount, whereas if we got to a lawyer, a legal firm, they'll just charge an amount'.

Do you anticipate changing that, or do you see that as a problem, or what are you looking at to try to get more wills to come in?

Mr KENNEDY - The first part was that with the independent review there was a lot of reputational damage for the Public Trustee, and we've seen that play out with the number of

people coming to us to have their will done. Also, it's meant that a lot of people have taken their wills elsewhere. Our focus in the last 18 months has been about rebuilding trust in the community and the focus has been, in the main, on the work that we do supporting people through the guardianship stream and becoming a more client-centric organisation.

Only now, as we start to progress with implementing those recommendations, do we actually have more capacity to focus on growing our will bank again. I very much agree with your comments. Anecdotally, the Public Trustee, where I've worked in trustee companies in the past, you hear a lot of percentages that are thrown around in the community. I do think that it is a barrier for some people in having their will done. The important thing that I wanted to say though is that preparing your will is very separate, as you would be aware, to the administration of your will. Around 50 per cent of people who come to us to have their wills prepared actually choose a family member or a private executor. You don't actually need to appoint the Public Trustee. That's the first thing I would say. We do provide an affordable way for people to have their wills and important documents be attorney referenced and prepared.

For example, a single person can have their will prepared for \$140 and a couple for \$220. For people on a Commonwealth senior's health card or aged pension, if they are comfortable appointing the Public Trustee as administrator, that fee is waived. I think there's a good entry point. We are looking at our fees, we have a review that's in place at the moment with the Office of the Tasmanian Economic Regulator. More broadly than that, the board is provided direction to do a broader fee review, so yes.

Ms ARMITAGE - A clarification then about what is on the internet. This is the issue that I hear from people about the Public Trustee. I have to say that I was someone who did a will in a hurry with the Public Trustee, but very quickly, when I had time, I took it off them. Mainly because of the issue of the percentage and that's what I hear from many people. You are looking at changing that particular structure or you're just looking at changing the amounts? I think the structure is the issue with most people in the community about the Public Trustee, whether you can appoint someone else or not, you tend to have a will and you leave it there in that legal firm. You're not looking to change the structure?

Mr KENNEDY - We are looking to do an overall review, not just to change percentages or the fees.

Ms ARMITAGE - But it would make a difference in the community to the amount of wills you get.

Mr KENNEDY - Very much so. The other thing I would say is that the actual service that we provide when we prepare wills and administer estates has received really strong customer satisfaction over the last three years. Wills is close to, if not, 100 per cent in preparing the documents. Our beneficiary surveys are in the high nineties, so there's a great experience there.

With percentage-based fees, there are times where we do a lot of work for people, for complex estates, for not a lot of return. There's also a large proportion that the fee is remunerate with the service that's conducted. We do have cases where it is a higher percentage for the work that's conducted. In my time, my staff regularly bring these cases to me for review to

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have fees reduced where they feel that the percentage model has come out unfavourably, that's not endorsing the model, and as I said at the start, we are looking to do an overall review.

Mr BARNETT - I have two things; the numbers I have, because I know the committee's interested in these things in terms of the Public Trustee and wills on-hand, as at 30 June 2023 it was 25 607. I thought you might be interested in that because the point that the CEO is making, it's not just the Public Trustee, it's obviously our legal profession and other ways to assign a will.

Todd has talked about a review but I am very concerned that one in two Tasmanians die intestate, which means without a will. That impacts, potentially, in a very detrimental way on their family and/or friends and others. I will be reviewing this matter carefully with the Public Trustee and my Department of Justice to ensure we can get that percentage down. We need more Tasmanians having a will when they die to ensure that their wishes are properly represented and fulfilled.

CHAIR - Sounds like the Attorney-General is going to be on the roadshow. My question is around the time frame. There has been some criticism, or some comment perhaps, around the time frame for the Public Trustee. I'm interested in the increasing FTEs for the organisation. Has that helped the time frame for settling wills?

Mr BARNETT - Very good question because you've picked up the increased support that has been provided to the Public Trustee in terms of the resources and to reduce the caseload numbers which is, as I think I said, 150 down to about 50.

CHAIR - But it's that time frame to settle which has had some commentary in the past.

Mr BARNETT - Exactly. A good question so we'll pass to the CEO.

Mr KENNEDY - I think the first thing is people often -

CHAIR - They want it done yesterday.

Mr KENNEDY - Always. Unfortunately, the question often asked is, 'how much and when can I have the money?'. That's okay but there isn't a good understanding of the time that it takes to administer one's estate. For example, the time to obtain probate can take three months alone, so that is initially a shock for a lot of people. Over a long period of time, I think we've maintained really good time frames in finalising estates. People always underestimate the complexity of their own affairs as well. Generally, we look to administer estates around a six to 12-month period.

The one thing I would say around the additional staff and support, we've really dedicated that to the work we do supporting people through the guardianship stream. We have probably throughout the year, not neglected but we did have some leave, maternity leave, and it did put a lot of pressure on our estate administration team. So, our time periods did start to blow out and we've started to get some complaints from our beneficiaries. Overall, the satisfaction is high but I would acknowledge that certainly in the last 12 months, there have been some delays.

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At least six months ago we started to recruit. We have people in place, additional resources. We're training and upskilling them. They're building the caseload. So, we're starting to get on top of that.

Ms WEBB - I appreciate the frank and open information being provided and acknowledgement of challenges because clearly, you're facing challenges and really proactively tackling them. Thanks for that openness with the committee.

The question I had relates to a conversation that came up after the Bugg review. We know that there wasn't a specific compensation scheme recommended from that review. That's why, in the course of, I think, some budget Estimates discussions in June 2022, there was indication given by the then attorney-general that there would potentially be opportunities for compensation if there had been tangible losses as a result of previous patterns of service under the Public Trustee, and that that could happen in a variety of ways. In the first instance, people coming to the Public Trustee to seek potential compensation for loss. Potentially through the courts, is my understanding, and then also potentially through the ex gratia system within state government, which would be approved by the Treasurer.

I'm aware there has been in the public domain one instance of a compensation claim being made public since 1 June 2022. Since 1 June 2022, can you give any detail - obviously not personal detail or identifying detail, just amounts of compensation paid through either of those or any of those mechanisms - the court, through the Public Trustee itself or through ex gratia payments?

Mr BARNETT - I'll just check whether the chair or the CEO, or both, would respond to that question.

Mr KENNEDY - In total, there have been 18 matters resolved and a total of \$136 659. They were all compensation through the Public Trustee, through our own internal complaints framework, which includes an independent review of the Ombudsman if we are unable to resolve that satisfactorily. We've worked really hard to open ourselves up to any feedback and the previous attorney made it very clear that it was the expectation of myself, as the new CEO, to work very hard to resolve any matters out there in the community. I continue to make myself available for any of those things.

To give you a breakdown, initially, in FY 2021-22, there were five matters, totalling \$15 377. In FY 2022-23, five matters, resulting in compensation of \$60 628. Currently, eight matters with \$60 654. They're not necessarily current issues that are arising but they are matters that we've been working with.

For me, I feel that clients and families are comfortable coming to us. We are showing that our complaints framework, which we have reviewed, made changes to and aligns to national standards, which is really important and one of the recommendations as far as moving to the new legislation, is serving its purpose and working well.

Ms WEBB - To clarify, those are all through the Public Trustee, so there were none that were court-related or ex gratia payments?

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Mr KENNEDY - There was one matter through the courts, which I think you referred to. That matter is embedded in those numbers because the Public Trustee settled that. That is the only matter.

CHAIR - How many outstanding have you got on foot at the moment?

Mr KENNEDY - There are only two outstanding complaints at the moment. I would need to take on notice whether there is compensation involved or not. Where there is a loss, as we have said to people, we look to rectify that.

Ms WEBB - I have a question that might need to be taken on notice. I'm interested around right-to-information performance for the organisation and whether you can give me some data around that. Things like how many RTI applications were received in the reporting period for the report; how many were fully or practically accepted and provided; and how many were fully rejected or partially provided. Is that data you've got available that you could provide to us in some form readily?

Mr BARNETT - I'm not sure if the annual report covers that but I will pass to the CEO.

Mr KENNEDY - I don't have those numbers at hand. I'm happy to get those numbers and provide them. Anecdotally, there has been a very small number of RTI requests over the year. I can think of a couple of examples where, historically, they were declined. We reviewed them, they were probably a couple of years old, then subsequently provided that information.

For me, it is really important around transparency to, as far as possible, provide information to families or anyone who has a complaint. That is certainly the approach we are taking, but we will provide the actual numbers for you.

Ms WEBB - Tiny supplementary to it: I am interested in terms of staff allocated for responding to RTIs, how many you have who have that responsibility as part of their role. What training they were provided in the reporting period around RTI response.

Mr KENNEDY - We had one dedicated resource for RTIs, which was our corporate solicitor. We recently had a change in our structure, so it is a vacant position at the moment.

CHAIR - But it will be filled as soon as possible?

Mr KENNEDY - Yes.

Ms WEBB - Is it your expectation that the person who fills that role ultimately would be provided with RTI training in relation to that aspect of their role?

Mr KENNEDY - Yes.

Ms ARMITAGE - Could I go back to the complaints? I noticed there was a spike of complaints in August 2022. Any idea why there was that spike?

Mr BARNETT - What page of the annual report?

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Ms ARMITAGE - Page 16. I wondered whether it was a particular type of complaint, whether it was a teething issue?

Mr KENNEDY - I'm not sure; I'll have to take that on notice. I can say, though, that whenever there is any sort of publicity around Public Trustees, and there have been a couple of points - I need to see if they align - but if there's any sort of publicity going around the country, that does tend to result in a spike, so a nine versus traditionally we would see four per month. I note the period you're talking about was nine.

Ms ARMITAGE - It was a lot higher than anywhere else.

Mr KENNEDY - I have to take that on notice, sorry.

Ms ARMITAGE - That's fine. My other question, going to FTEs -

Mr BARNETT - Can I touch on complaints, to assist the committee?

Ms ARMITAGE - Yes.

Mr BARNETT - In terms of complaints, the advice I have is that that's remained consistent over the past few financial years: 49 total complaints in 2022-23 with 20 substantiated. A majority of these complaints related to financial management matters with four of those substantiated.

I also highlight that the Public Trustee is already seeing some positive impact of the changes that they're making, with one being a significant reduction in complaints relating to represented persons. In 2021-22: 36 complaints were received related to represented persons, of which 19 were substantiated; 2022-23 year: 19 complaints were received of which five were substantiated. That is a 47 per cent reduction in complaints received and 74 per cent reduction in substantiated complaints.

Ms ARMITAGE - It's interesting though because out of the nine complaints there were seven substantiated in August, which was a lot higher than any of the other areas where it was one or two.

Mr BARNETT - I have given you the annual figures -

Ms ARMITAGE - I know, I've got those.

Mr BARNETT - We'll get back to you on that question, if you could put it on notice we're happy to respond.

Ms ARMITAGE - Absolutely. The other question I had was what the FTE figure is. There's a couple of different figures here in the annual report where it says that in 2023, employed 77 people, corresponding to 64 FTE.

I suppose it's an overall average of the different months. But, is there any problem with recruitment? I notice that now you're improving and you're getting more staff, but are you having a problem recruiting? Where are you recruiting from? Are many people coming from

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interstate to come down and work? I know many industries have problems trying to get the staff they need.

Mr BARNETT - I'll start on that and then pass to the CEO. In terms of recruitment, in 2022-23, the Public Trustee employed 77 people, corresponding to 64 full-time equivalents; promoted nine employees and permanently appointed three fixed-term employees; recognised and rewarded two employees for ten years' service to the organisation.

The full-time equivalent numbers of the Public Trustee employees for the past four years at 30 June - and this is interesting: 2020 - 52.96; 2021 - 53.09; 2022 - 58.69; 2023 - 72.4. You can see significant increase. I'll pass to the CEO to add to that answer.

CHAIR - It seems like there's no issue in recruiting.

Mr KENNEDY - I wouldn't say that; there's been a significant amount of work for recruitment.

Ms ARMITAGE - I think most people have problems.

Mr KENNEDY - Probably a good time for me to acknowledge the support we've got from the Department of Justice around recruitment and with panels, and a lot of effort goes into that.

Ms ARMITAGE - They are listening.

Mr KENNEDY - Excellent. It is a tight market, and over the year we've been very happy with the recruitment we've done and the people that have come on board the organisation. It's fantastic. Sometimes you might be recruiting for some roles and get a small number of applicants, and we just go back out to the market if we don't fill those roles.

We had to do a lot of work over a 12-month period; but there's positives, in that we've had some change within our organisation and staff have picked up other roles in different fields, or transfers, or got onto other things. To me, that's helped fast-track our cultural change.

With 50 per cent turnover in the organisation, you sometimes might question is there a cultural issue; whereas that is not the case. From a recruitment point of view, it's been tough. We're very close to the numbers that we need; but it is an ongoing thing that we need to review because the legislation hasn't come into play yet.

We're preparing as best we can. The key thing that I'm very pleased with was getting our caseloads down to 50, at 30 June. By the end of August, every client account manager has caseloads sitting at around the mid-40s and we've been able to sustain that. That's so important, to give our people the time so we're responsive to the needs of our clients.

Ms ARMITAGE - Are you short case managers or you've got a full complement? I'm wondering how many staff you're still wanting? How many positions you've still got vacant, if you have any?

CHAIR - An RTI Officer, for one.

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Mr KENNEDY - Yes, there's a couple of roles that we're looking to fill at the moment. One is a - it's very close to a people and culture manager. That had been historically outsourced but what could be a more important position with your cultural transformation? There's only a couple of roles in the client account manager space that we're looking to recruit for at the moment. The lion's share of that recruitment has been done; acknowledging that with the team that we've got, you've probably got two staff every month that are on leave. The feedback from our staff was we want to make sure that when we go on leave, our clients are still being looked after and responsive and it's not that they're not getting the service they need.

Ms ARMITAGE - Thank you. Appreciate that.

Mr VALENTINE - In that staffing area, on page 50 of your annual report, when you look at the EAP counselling expenses, it's gone up 110 per cent. I'm interested to know why that is. That speaks to me of staff stress, and given the turnover of staff, is there an issue there, that needs to have a spotlight shone on it from within the organisation?

Mr BARNETT - The Chair might kick off this answer.

Ms TAYLOR - Mr Valentine, I'm very happy to see that the EAP budget has increased to that amount. The Public Trustee in the past had a large turnover of staff and had trouble retaining staff, and I think it was related to a stress issue with 150 caseloads and little support for the staff. So, we are determined to make sure with training, skilling, staff undertaking the mental health first aid course and we have really built the EAP program into the Public Trustee. It really wasn't part of the offering to staff and if it was, it just wasn't accessed. We appreciate that staff have the ability now to not only have better supervision around a team leader and managers who weren't -

Mr VALENTINE - They feel confident to access the service, is that what you're saying?

Ms TAYLOR - Exactly. And now they have an ability to have counselling to offload that and not build up the stress and I think it will help with our retention over the longer-term.

Mr VALENTINE - How do you gauge what the real issues are? You won't find out what each individual's going to that service for; so how do you gauge staff concerns that might be an indication as to them accessing those sorts of services?

Ms TAYLOR - Todd may elaborate. A range of ways that we do. The EAP service does report back to the board - not to do with individual cases but also numbers. We've noticed the numbers and as I said, I saw that as a positive sign rather than anything else. But also, they talk about trends around staff and some of the issues that the organisation may like to look at. We're also introducing staff surveys, in a better way, so staff have an opportunity to come back to the organisation through those surveys.

One of the success factors we've had is very early on, when we embarked on this transformational change journey, after the handing down of the independent report, you can imagine the morale of staff was rather low, to say the very least. We embedded a culture change expert in the organisation, and that person is still within the organisation. I think it's a model that in future the Public Trustee may be sharing with others. We've had the opportunity to unpack the issues that staff had in a trusted way and then address those issues and rebuild

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the organisational structure around eliminating those barriers to people getting the best fulfilment out of their job, and also offering the best they can.

Mr VALENTINE - Looking at the FTE figures, it seems that 32 staff may have left the Public Trustee during the year. Do you have exit interviews to find out what some of the issues may be in that regard? To understand how staff are viewing the culture within the organisation, and are coming on board with the new culture?

Mr BARNETT - I have some details on that, but it is probably better for the CEO to respond. In terms of that turnover in that year, a 51.99 per cent turnover, the 31 employees you refer to who left the Public Trustee in that financial year to 20 June 2023. The reasons that I have been advised include: resignation was 15, permanent transfer was 6, end of fixed term contract was 7, retirement was 0, and fixed-term voluntary transfer was 3. In terms of the detail around that, I think it is best for the CEO to add to that answer.

Mr KENNEDY - The key thing with the EAP is that it is onsite, and that's a big change that we made to make it accessible for people around the state. Part of the reporting, which is an interesting indication of where we are all at in today's society, is that personal problems, or family, or commitments outside of work is often a major reason for staff to come and talk and seek assistance.

Mr VALENTINE - Are you saying that the EAP service is provided on the premises?

Mr KENNEDY - Yes.

Mr VALENTINE - Is that a good thing?

Mr KENNEDY - Absolutely.

Mr VALENTINE - I would have thought people might not want to be identified going to that service.

Mr KENNEDY - Initially, a lot of organisations will have EAP services where it's a number that you can call to reach out and make a private appointment.

CHAIR - Usually at an after work-hours time.

Mr KENNEDY - Yes, it can be. That's still there. What all the research suggests is that if you have someone who is embedded in your organisation that's there every week, and they get to know them, it's accessible for people. The feedback from staff was that, 'life is so busy, I don't have time to talk to people'. We have offices that are private, so that people have the opportunity to do it, but they still have the option to go outside of work. It has been very well supported, and it is definitely a positive step in the right direction.

Mr VALENTINE - That is interesting, I would have thought that there would be a reluctance to go to people that are actually working on the premises, not knowing what their relationships are with people that they are working alongside. That is the only comment I have as an individual, but you're telling the story and you are telling me what is happening on your premises.

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Mr KENNEDY - The other point that I wanted to make around what we're doing to support our staff is that we're also looking at introducing professional supervision, which is new for the Public Trustee, but very common for people that work in these sorts of roles. We are working with people that have trauma in their lives. That is something that we will introduce as well.

When it comes back to a bit more colour around people leaving the organisation, people have picked up roles at high bands, that has been one reason. There have been some transfers as well, but I think it's fair to say that there was a mixture. There were some people that were burnt out, and from the review, it really did have an impact on our staff.

CHAIR - I said it was difficult to listen to.

Mr VALENTINE - It was very difficult to listen to.

Mr KENNEDY - It is also a really challenging role. From my point of view, the focus has been about introducing initiatives to really support our staff, because at the end of the day, we need supported and engaged staff, because they're the ones that are working with our clients.

Mr BARNETT - I'm advised that staff can use the Department of Justice phone or email. That is another option for the EAP service and just to confirm the CEO's advice that it can be obviously the option in-house or offsite. So, I'm just confirming.

Mr KENNEDY - Choice.

Mr BARNETT - Choice is available

Mr KENNEDY - Yes.

Mr WILLIE - Employers have new requirements around psychosocial hazards and, Attorney-General, whether the Public Trustee has conducted staff surveys - I've heard that there are staff surveys that have happened - and if they have, what sort of trends are we seeing amongst the staff in terms of that survey?

CHAIR - It's not a very pleasant name, is it? Psychosocial.

Mr WILLIE - Well, employers have a requirement to -

Mr KENNEDY - In relation to surveys, yes, the state service survey that we did was conducted at the beginning of the year, came back with three key overarching metrics. One was around diversity in the workplace, something I was really proud of as a result. It's around inclusion and it was 91 per cent, up from mid-40s from five years ago as an organisation. The other one was around management and practices within the workplace, which was also 70 per cent. The staff engagement, however, was at 55 and we set ourselves an objective for 75 per cent.

We've done a lot of work since then and we recently, at the end of the first quarter, ran a staff engagement survey and the result was 84 per cent, which was really encouraging. One of the key ones was 91 per cent for a, 'proud of the organisation that you're working at', and that's a big turnaround from where things were, specifically around psychosocial because it is very

important, as you say. EAP onsite or EAP support offsite is very important. Manageable caseloads, so bringing the caseloads down is a key component. The training that we provide, professional supervision that I spoke of. Reviewing the statement of duties and we've been very proactive in reviewing people's statements of duties.

Also, putting in place additional team leader support so that staff have an immediate person to go through for issues and as recently as Monday, we had an expert come in and do some psychosocial training for our team leaders, managers across the Public Trustee.

Mr WILLIE - In terms of identifying psychosocial hazards, has the survey turned anything up, in terms of maybe bullying or anything like that?

Mr KENNEDY - I know that that's a category that's covered within the State Service. There are certainly no alarming statistics around bullying in the workplace, but I can actually take that on notice, get the result from that State Service survey.

Mr WILLIE - If we could have the whole survey, that would be great.

Mr KENNEDY - Absolutely.

Mr WILLIE - While we're still focusing on staff, I'd like to also ask some questions about clients. It's great to hear more staff and a more client-focused organisation and you've got new KPIs where you meet annually with your clients. I'm interested in whether there's any thought to maybe make that more frequent down the track or provide more information to clients like financial statements and things like that more frequently?

Mr KENNEDY - Yes. Last year, at scrutiny, I mentioned that contact was annually, but as part of the overall work that we've done around reviewing and becoming a more client-centric organisation -

CHAIR - Twice now, is it? Twice a year?

Mr KENNEDY - Once a client is onboarded and established and we have a relationship, there's six-monthly face-to-face meetings, but importantly, that's supported with a monthly proactive contact call from their client account manager. I really want to stress, though, that's the minimum and what will direct us here is what the client preference is. We have a lot of clients that we actually deal with on a daily basis, so that is the minimum standard. The clients that are newly-appointed, now that we have our caseloads in place, we've moved from attending hearings as TASCAT online to in person around the state.

We are there as a face to the organisation when we first meet the client. We have a follow up call within five days to outline information that we need to collate for a meeting at the 10-day mark. There is a lot more work done in establishing a rapport early, because, at the centre of everything, it is about knowing your client. Everything we're doing is about having that personal relationship, because if you have that, you can do so much from there.

Mr WILLIE - How are you ensuring staff compliance with the supported decision-making framework? How are you making sure that they're following that?

Mr BARNETT - That may be best for the CEO, but I'm very pleased to be asked about the supported decision-making framework, because it is something new, having the two experts in Australia come down to undertake the training for the staff. I was there at the time, it was a really good day when we launched that, and you're rolling it around the state. I will pass to the CEO.

Mr KENNEDY - There are a number of ways which we monitor it, ranging from the team leaders working closely and observing, sitting and working with new or existing staff members. We also record, a key part of supported decision-making, as a number of people would be aware, is around quality record keeping. We've also made changes to our system to make sure we can collate data, file notes, and importantly, so that we can actually extract information from our system to provide that regular reporting, not only the board, but also to TASCAT when we are required to do our reporting. There were gaps throughout last financial year around numbers in reporting and systems. We worked to close a number of those and will continue to do so to make sure there is transparency and oversight.

Ms WEBB - Back to the discussion about staffing and the recruitment that's occurred and the increasing staffing complement you've got there, I just wanted to be quite clear and see if you could give me a figure, in terms of your client account managers, what the specific increase has been in that staffing complement in the period.

Mr KENNEDY - I'll confirm it, but it's 15 to 30.

Ms WEBB - A doubling of client account managers?

Mr KENNEDY - Approximately. I think it's 14 additional client account managers.

Ms WEBB - Is it simply that increase in staff that has allowed for the decrease of caseload from 150 to 50, or have there been other measures important in allowing that to occur?

Mr KENNEDY - The way that we have been able to reduce caseloads is specifically by having a higher number of client account managers, because our model is a relationship model as opposed to a call centre or things like that to handle queries. We looked at where our clients are located around the state and have recruited, not only additional client account managers to bring the caseloads down, but we have six additional client account managers in Devonport, whereas previously, it was a centralised office in Hobart. We've also put six client account managers in Launceston and we've been looking into a suitable site for Burnie as well, so that the accessibility is there for our clients.

CHAIR - The old university is free.

Mr KENNEDY - That's a key component, however we have introduced a team leader structure. Before, it was very flat. One manager, with client account managers and all issues coming to one person. We've really gone to that team leader having a group of six client account managers that they can work with to provide that day-to-day support.

Ms WEBB - I wanted to pick up on the comment you made about introducing professional supervision as an element to supporting your staff, which sounds like an excellent thing to do in this space. Can you give me the timeline on that? I'm interested in a bit more detail and who, specifically, will be accessing that and how you're funding it.

Mr KENNEDY - The time frame is as soon as possible. We've already well advanced as far as speaking with suitable providers and so I'd like to have that in place in the new year. In relation to which staff, all of our client account managers, all of the team leaders, we're even looking out our estate administrators, anyone who really has that exposure to trauma in their roles. That's to be finalised as we work through the final quote for that and the funding of that professional supervision, that's something that forms part of our CSO agreement and we'll continue to work with government around what our future requirements are in relation to that.

Ms WEBB - At the moment, the commitment you have from government, and this is potentially for you, Attorney-General, is the \$4.3 million over four years - I believe - is that extra additional to assist with implementing the Bugg Review recommendations and making these sorts of changes? Within that commitment that's already been made over the next four years, you're able to be funding measures like this, adding into the service?

Mr BARNETT - Thank you for the question and it obviously relates to the CSO and you correctly outline the \$4.3 million which is on top of the \$4.3 million to implement the review recommendations and the \$4.3 million for the CSO over the four years. That's obviously ongoing and, at the moment, the department's continuing to support the work between Treasury and the Public Trustee in relation to the CSO agreement as committed in the 2023-24 state budget. In terms of the new CSO deed, it's currently being prepared by Treasury, that's my advice, and I'm seeking advice from my department and we hope to be able to progress that and land it in the first half of next year.

Ms WEBB - The answer then, potentially back to the CEO, is; within the current budget that's outlined there and the current commitments made, it's possible to put in additional staffing support like this, such as the professional supervision service you're about to start with?

Mr BARNETT - In short, we have to go through a budget process, which you would understand, each year and we are here in November and for future budgets we have to go through that process, so early in the new year or early next year, early-ish in those months in the lead up to the budget next year.

CHAIR - The first quarter?

Mr BARNETT - The first quarter would be a fair summary.

Ms WEBB - I am just trying to clarify, we've just had the CEO describe that the intention is to start this professional supervision element in the new year, and I'm assuming that that's not being started with an expectation that lasts for six months, maybe, because it doesn't get funded in the next budget. I'm asking what confidence there is that there's actually resourcing available to continue that element on top of the other elements.

Mr BARNETT - There is a level of confidence that I have as the Attorney-General and the commitment that the government has given to implement the Bugg Report and all those recommendations, all 28, we've done 26, we have two to go and that's rolling out now. We have to go through a process, and the level of confidence that I have in my department to work with the Public Trustee to deliver on all of those important objectives is high.

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Mr VALENTINE - It's about staff in a way, but it's very important. The organisation, with 50 per cent of your staff leaving the organisation in 12 months - something like, Attorney-General - exposes an organisation to the loss of a lot of corporate knowledge. Is there any move to somehow capture that corporate knowledge before it walks out the door, effectively?

Mr BARNETT - Good question, and I know where you're coming from, but I see it more as a positive than a negative. The reason I say that is because we've just had the independent review, it has not been easy for the Public Trustee over a period of time and a difficult, challenging time and I commend them for working their way through it, I commend the Chair and the board for the leadership, I commend the CEO and its team in terms of having forward looking and addressing and implementing all those recommendations. As a result of that, yes, there has been a turnover, particularly in that 12 months, 50 per cent. As I say, I see it as a positive. I would like to pass to the chair and then perhaps to the CEO on how they see it and how they are implementing the initiatives that we all support.

CHAIR - As briefly as possible because there's quite a few -

Mr VALENTINE - I appreciate that there's a new culture being built. What I'm talking about is base processes and procedures that aren't anything to do with maintaining a culture. It's about maintaining the business. It's that sort of corporate knowledge loss that I'm talking about, how you deal with this particular matter with this organisation. All of the intricacies of those sorts of things that can walk out the door if it's not captured.

Ms TAYLOR - I endorse the comments of the Attorney-General. It was an opportunity and it's a transformational change that we're looking for and different sorts of skill sets. I appreciate the question.

Obviously, we have a rigorous client management system and records around clients are on that system. But as the CEO has made the comment, that's under review as well. Staff leaving would be handing over client information and files, if that's possible. But also new staff coming in have a rigorous on-boarding program so they can pick up around the client relationships from coming into the organisation.

Mr VALENTINE - I am really talking about the way the back office, if you could put it that way, functions. I know there are software solutions for this that make life a heck of a lot easier. I've been in an organisation that's implemented them - the Health department, believe it or not. That's why I was asking the question.

Mr BARNETT - Thank you for the question. I think the CEO is keen to make a contribution.

Mr KENNEDY - With people leaving, we have lost corporate knowledge. However, we still have a strong core of people within the organisation and we've already got in place succession around building capability for the next layer coming through.

When it comes to the work we do through the guardianship stream, it's actually been a positive because we really have to transform and completely change the way things have been done historically to the way we want to go moving forward. So, we almost want to start fresh. With new people coming on board, that has provided an opportunity to move forward a lot

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faster. We do have, as I mentioned earlier, an investment in our training and development. We're building that out further and we've identified the areas that we need to continue to build that capability.

CHAIR - This is a great lead-in for me to the question, and I hope I'm not treading on the member for Hobart's toes here, around the IT system and the managing of the risk. We understand that's outsourced but we're wanting to have some understanding of how the organisation is managing that risk because, at the end of the day, regardless of having it outsourced, the liability still lies with the organisation itself. Can we have some understanding around that? I'm getting a bit of practice before the member for Hobart leaves us.

Mr BARNETT - It's a good strategy on your behalf, Chair. I'll pass to the CEO.

Mr KENNEDY - If I may, I might refer to my colleague. That's her responsibility.

Ms ROBERTS - We have a number of systems. We have our client management system and a tax system, which is our finance system. We have other financial systems for corporate as well. Our IT managed services, we're actually transitioning at the moment from one provider to another, which is quite a positive thing. We have regular contact with the Department of Premier and Cabinet and the Digital Strategy and Services team around cybersecurity threats and risks as well, which is obviously everyone's highest issue in any organisation.

Mr VALENTINE - Especially with sensitive data.

Ms ROBERTS - That's right. We have multi-factor authentication to ensure that we are protected. We have a number of software which protects both spam and viruses. We have regular phishing reports undertaken to ensure that staff are trained in not accidentally downloading a virus. We have cybersecurity awareness training as well. We've just also joined on the Department of Premier and Cabinet's cybersecurity training. And we report to the board regularly on the progress in those areas.

We've also just started a cybersecurity threat scenario analysis to look at our systems and make sure that we are adequately protected. We're looking forward to seeing that report. We've also undertaken web penetration testing and implemented the actions out of that as well.

We've just employed an IT manager in-house to support us to ensure that we are resourced appropriately to move forward. There are a lot of changes we'd like to make to ensure that we are client-centric and improve what we do in our reporting for our clients, so it's really important to have dedicated resource in that space.

CHAIR - Are there some paper files still kicking around the office? That all sounds fantastic but systems do fail. And, as I've indicated, the risk stays with the organisation. Are we comfortable that there is enough paper trail to support that IT system?

Mr BARNETT - I think it's an important question, I'm happy to pass to the chair and then the CEO on that matter.

Ms TAYLOR - Yes, I believe we have adequate systems in place.

Mr KENNEDY - I concur.

Mr VALENTINE - Can I have a supplementary on that?

CHAIR - Now I'm going to listen to what the follow-up question needs to be.

Mr VALENTINE - I am interested on a number of fronts. I think it's outsourced, your IT systems at the moment?

Ms ROBERTS - Our IT managed services is outsourced, that's correct. But we have separate software. Our client management system is through ISW and we have a TAPS [?] system which is through Ultra Data.

Mr VALENTINE - It is very private information you're talking about, and I'm keen to understand how you protect that information, especially with an outsourced company dealing with, possibly, you might tell me they don't. I think you just said they don't. I'd like some clarity on personal information of clients. What mechanisms are in place to make sure that those people don't have their eyes on my father, who might be in the system or not? He is well gone but what confidence can you give us that private information stays private?

Ms ROBERTS - We certainly have contractual measures but we also have different levels of access to that information, different levels of security, so I am confident that private data is not being accessed by external people.

CHAIR - Would you get an alert if that happened?

Ms ROBERTS - We do get cybersecurity alerts that we update patching items for, but we have restricted access to that information.

Mr VALENTINE - Going to the Chair's question before: business continuity planning. In the event that you have a failure, and it might be a software failure, do you have backups of the system so that you can bring back in files to make sure that you can continue your business? If you're relying on external file sources and servers, and they go down but you're still functioning, you need to be able to operate. Do you have systems in place that allow you to load up files and be able to continue to operate in a reasonable way without losing track of everything?

Mr BARNETT - I think it's again best answered by the chief financial officer but if the CEO wanted to add, please feel free, or the Chair. Over to the CFO.

Ms ROBERTS - We certainly have redundancy in our -

Mr VALENTINE - That's the term.

Ms ROBERTS - That is the term.

CHAIR - That's the word I am looking for.

Mr VALENTINE - Redundancy.

CHAIR - We don't want one of those.

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Ms ROBERTS - We have multiple back-up recovery systems, we have a disaster recovery plan and it has been tested as well.

Mr VALENTINE - So, you are confident that if that external provider had problems you would still be able to function?

Mr BARNETT - You are hearing a high level of confidence from the leadership of the Public Trustee at the chair's level, the CEO, and the CFO.

CHAIR - We will pass that on to the people who raised that matter.

Mr VALENTINE - A last question on the HR systems that you run; are they your own, or is it part of the whole-of-government system that is currently trying to be implemented?

Ms ROBERTS - The payroll system we use is through the Department of Justice; I believe it's Empower. In the new year, we will be implementing a human resources management system, because we would like to do more skill gap analysis and ensure that the engagement and retention of our staff is -

Mr VALENTINE - Is that a whole-of-government system?

Ms ROBERTS - That won't be a whole-of-government system, because we need to action that quickly, and I believe the whole-of-government one will take some years to implement.

Mr VALENTINE - It will; but would there be an idea that you would move to the whole-of-government system eventually?

Ms ROBERTS - That would need to be analysed at that time to ensure that it was meeting our needs.

Mr WILLIE - I have heard of a client that PT supported to get off their order for the financial independence program, but it took many months to receive a handover of their financial affairs. Is this something that you are committed to improving?

Mr BARNETT - I think we did discuss this earlier, about the transition within the orders and then moving off the orders to support their independence; but it is best answered by the CEO.

Mr KENNEDY - I am not aware of that example. I am happy to follow it up separately after today.

Mr VALENTINE - I can contact you about it if you like.

Mr KENNEDY - That would be good. Yes, it is very important that that is part of a successful handover, to make sure that information is provided in a timely manner.

Mr WILLIE - What percentage of the clients could manage their own financial affairs?

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Mr BARNETT - That's a good question. We have discussed the independent pathway earlier in the session, and we talked about the normal 12-month period to move through that pathway, and how the Public Trustee supports their clients to move through that pathway. It's probably best for the CEO to add to that answer.

Mr WILLIE - Are you actively identifying clients who might be able to move through that pathway, and have you got an understanding of that number might be?

Mr KENNEDY - We only commenced in October, so it's probably a bit early to have a feel for that. It's very early days. It's important to acknowledge that there are a number of clients where, unfortunately, age-related illnesses like dementia, where it progressively deteriorates. That is a segment of our client base where, unfortunately, it won't be possible.

Mr WILLIE - It is not an option.

Mr KENNEDY - Yes. But it's a bit early to provide any estimates around the segmentation at this point in time.

Mr BARNETT - To recap, the Public Trustee has done that in early October and the results are very good; you heard earlier about the 4. But to the CEO's point, there are many Tasmanians who will not come off that pathway because of the state of their health, due to dementia or other reasons. It is a matter of providing support, putting the person at the centre, to respond to their needs, to their wishes, and to support them in their difficult situation.

Ms WEBB - It sounds very positive to be embarking on the new pathway model that you have and the numbers - 41 - sounds like a good, strong start. Those people who might enter that 12-month pathway, how are they identified? Are they identified by Public Trustee staff - such as their client manager - or are they able to identify themselves as well, as an aspiration? Is that identification of people to enter the independence pathway done as a proactive question with the client, on a regular basis?

Mr KENNEDY - Yes. It will be part of the ongoing contact with the client account manager. It will be driven by the client's will and preference. It will be proactive in identifying this is available. Part of having that personal relationship with your client account manager and regular ongoing contact will ensure that people have the opportunity and feel comfortable saying, 'This is something that I'd really like to do'. It's something we want to promote and something where we want visibility and to encourage clients, as much as possible, where they would like to do so.

Ms WEBB - What happens at the completion of a process towards independent management of their own affairs? The referral is made by the Public Trustee to TASCAT to then make the determination about ending the order. Then, there is a transition period where affairs are handed over to the person to independently manage. Are there guidelines or protocols for what that handover needs to look like, or a time frame within which it needs to occur?

Mr KENNEDY - I'm not sure. I would need to follow that up and come back to you with that detail. But, yes - part of the process is assisting the client with the application to TASCAT and supporting them with that application, and then providing the supporting

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evidence where they have been able to demonstrate that they have that independence. I'd need to get a bit more detail about protocols and time frames.

Ms WEBB - Do you mind if I send that to you as a question on notice?

Mr KENNEDY - Thank you.

Ms ARMITAGE - I was going through the bill that we had earlier in the year - the guardianship and administration bill to check whether this was put in it. I couldn't find it, but I'm not sure if it's not there, going through the clause notes. It was reported in December by political reporter Adam Langenberg that 'people under guardianship orders in Tasmania would be able to speak publicly for the first time under potentially ground-breaking and nation-leading changes being considered by the state's Attorney-General'. Did that happen?

Mr BARNETT - Absolutely, yes. This is a key reform that has been implemented.

Ms ARMITAGE - I couldn't find it in that bill.

Mr BARNETT - Under the bill which was September 2023 - the Guardianship and Administration Amendment Bill 2023.

Ms ARMITAGE - So it has; lovely.

CHAIR - That might be reported so that people understand that they have that right in future.

Ms ARMITAGE - As I said, it's nation-leading change.

Mr BARNETT - Yes. Very important. I'd like the CEO to add to that answer.

Mr KENNEDY - The change comes into effect when the new legislation is introduced. The real impact of that is at the timing of when the bill comes into effect. As the Attorney-General said, it's within the new legislation that was passed in September.

Ms TAYLOR - Could I add to that also?

Ms ARMITAGE - Yes. It would be good to know the clause, because I couldn't find it there. That was all.

Ms TAYLOR - There has also been some media around the time frame for the introduction of the new bill and the amendments - that they come into effect in September 2024. This is a good example that there's a huge information and education process that needs to happen this year. The PT plays one role in the administration of that act. However, there is work being done around information to a whole range of players involved and community and those affected about the bill. Even though there has been criticism, September, we need to make sure people are aware of their rights and the changes by that time.

Ms ARMITAGE - Absolutely.

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Mr BARNETT - If I can add to that, what the Chair is saying is there's a 12-month process. To prepare the community, there are eight separate reference groups where they're meeting on a regular basis - I think it is monthly - to talk through the changes to prepare for the very significant reforms which, I think we all agree and support around this table.

CHAIR - They passed the parliament, Attorney-General.

Mr BARNETT - They've passed the parliament, that's right. It's scheduled to be ready by September 2024, but there is a lot of work to do to prepare: education, awareness, training, those reference groups are meeting. Public Trustee is one of those groups, as the chair has correctly noted. We are very pleased with those reforms and I want to acknowledge, on the record, the former attorney-general for progressing the reforms and leading those reforms to fruition.

CHAIR - And her department.

Mr BARNETT - And her department, of course, and many others, but I wanted to put that on the record as well.

Ms ARMITAGE - I am trying to be helpful to the Public Trustee here. I noticed that money is down and income is difficult. You receive a fairly large financial grant from the government, I think last year it was around \$4.5 million, just looking at the Tasmanian Audit Office and on page 55 of their comparison of the underlying profit and loss for each public non-financial corporation. From the past four financial years, the Public Trustee had a deterioration in trend. On page 55, in the Tasmanian Audit Office, the one that's just come out.

CHAIR - We have myriad documents.

Ms ARMITAGE - The financial statement of state entities. It is understandable with the changes being made that finances can fluctuate. In there, they did say deterioration in trend. With the significant government funding and, if it hadn't been for the \$4.5 million grant funding, then the organisation would have made around \$2.2 million loss, is it anticipated that a higher amount of government funding will be given in the future? We know how important the Public Trustee is.

Mr BARNETT - As I touched on earlier, \$4.3 million to implement the recommendations of the Bugg Report and then the 4.3 to support the CSO -

Ms ARMITAGE - Even with that, it still needs significantly more money.

Mr BARNETT - I think I touched on earlier the fact that my department is working with the Treasury and the Public Trustee. In the first half of next year, probably the first quarter, we hope to land that, but those discussions are taking place. It's all part of the budget process. We have made a commitment to implement the recommendations of the Bugg Report and recommendations. We're well on our way and they're off to a flying start, I would say, and progressing very positively.

Ms ARMITAGE - You consider that the Public Trustee will continue to be sustainable with the cost going up and considerable -

Mr BARNETT - Sustainability is a key thing across all of government.

CHAIR - It is a difficult word.

Ms HOWLETT - In relation to any other reforms that are planned for the Guardianship and Administration Act 1995?

Mr BARNETT - We touched on it earlier and it's actually really important. I will pick up on the earlier question about the gag order. That was clause 62, section 86 that's been amended. My wonderful advisors behind me have given me a heads up there, so thank you for that support.

Those reforms are really important, because it is updating and contemporising the guardianship and administrations arrangements. It is a big shift in the way that the framework is set up to support putting Tasmanians at the centre. I think it's the will and preference model going forward, rather than the best interest of the person, it's the will and preference model. That is the way it's heading and that legislation takes that into account. I've mentioned about the 12-month implementation plan and those reference groups, so it's taking into account the personal directions, the values of the person, the preferences of the person, and they're all respected and should be respected accordingly.

There have been claims about delays, but I just want to make it clear, there's a lot of work to do, the education and training as it rolls out through to September next year in 2024. I have mentioned the reference groups and I think I'm happy to leave it there, but thank you for the question. I think I've also touched on the Government's plan for a third tranche of reforms next year, so just to give the committee a heads-up, we will be considering other changes, the option of establishing a legislative framework for the official appointment of supporters and issues related to fines, penalties and compensation, so to give you a heads-up, there's more work to do.

I made reference earlier to the four key documents that I made reference to, including wills, but enduring powers of attorney and the like, so there's likely to be more reform that we're looking at in that space as well. We need to protect and support vulnerable Tasmanians, people with disabilities. We've got minister Palmer doing work with the Disability Inclusion Act reforms, so I'll be working with minister Palmer in that regard and across government to implement these important reforms.

Ms WEBB - I know the member for Launceston was asking about the sufficiency of funding and movements there, and we know that the remaining recommendations from the Bugg Review that are yet to be implemented expected by February next year, is that review of fee structure by the Tasmanian Economic Regulator. I'm wondering if you'd like to comment on what your expectation is at this stage around how that's going to affect revenue, for example, going through fees and what the plan is for managing that?

Mr BARNETT - Todd might want to speak to that, but my understanding, that's still being worked through with my department, the Department of Treasury, and the Public Trustee in terms of fee structures, please feel free to add to that, but I know there's a process going on over coming months to work all that through.

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Mr KENNEDY - At this stage, we've really just been providing OTER with a lot of information and data, and I know they've started to engage more broadly, as well, so we're helping with that process as well with some external stakeholders, with their submissions, but nothing further from there other than I know they're working to a firm deadline for 28 February, I think it is.

Ms WEBB - There's no indication whether it's going to necessarily be something that reduces or improves the fee revenue that is gained?

Mr BARNETT - The short answer is that we can't pre-empt the views of OTER. OTER has an important role to play, they're getting all that information and advice and feedback, obviously working with the public trustee but others, as the CEO has mentioned, so once we get that advice obviously we can act accordingly. I think, as a principle, just to be clear, the Public Trustee matched the fees charged to represented persons with those in the Northern Territory, that's a similar one, that's supported in principle.

Mr VALENTINE - Similar in terms of client base?

Mr BARNETT - Yes, that's the advice I have based on the report and recommendation from Mr Bugg, Damian Bugg, and more work needs to be undertaken by OTER before we can make any final decisions in that space.

Ms WEBB - To clarify on that, 28 February is a deadline by which OTER comes back with the outcomes of its review and then, in terms of decision-making, on the fee structure, does that decision-making sit with you, Attorney-General, or where does that decision-making sit?

Mr BARNETT - My understanding is that OTER undertake that review and, as you say, work through that process and then come back, I would have to take advice on that, my understanding is the Department of Justice would need to provide advice, Public Trustee would obviously need to take that on board, and I'd need to discuss that with Treasurer as well, and no doubt Treasury would have a view on that. The Office of the Tasmanian Economic Regulator (OTER) has to do all that hard work and then come back, so that's where it's at at the moment.

Ms WEBB - I'm trying to discern who's the decision-maker on the fees at the end of the day - obviously, well informed by the review and the discussions that are had. Who decides?

Mr BARNETT - There are two stakeholder ministers - one is the Treasurer and one is myself, as the Attorney-General. The decision-making would rest with those stakeholder ministers; that's my understanding and if it's any different, I'll let the committee know.

Ms WEBB - Is it anticipated - informed by all that consultation and expert advice from OTER - that a decision would be made on fees and fee structure and that comes into play in the next financial year?

Mr BARNETT - I'd have to take advice on that. We're looking ahead and it's part of the budget process. It's important work that has to take place and will come back through my department, with feedback from the Public Trustee and Treasury. Then the two stakeholder

ministers would work through what's recommended and an implementation plan and the time frame around that. I can't pre-empt those decisions at this stage.

Mr VALENTINE - A supplementary on those things, like fees et cetera. You've got a number of people - 41, I think you said - exiting orders, so that's reducing your client base, in a sense. Is it fair to say that, given you've got a client centric approach and you're doing more of this - encouraging people or helping to be able to make decisions for themselves - that you've become more reliant on community service options?

Mr BARNETT - We'll certainly monitor and manage all those things on an ongoing basis. I've indicated in the first half of next year we'll work our way through that with my department, Treasury and the Public Trustee. I have a high level of confidence of progressing. We've accepted the report and recommendations of Damian Bugg. There's been a lot of reform in the last 12 months and we expect further reforms over the next 12 months. I'm not sure what more I can add to that at this stage.

Mr VALENTINE - Sorry. It was CSO payments, that's what I was trying to get out. I'm sure you understood that. I do have other questions but -

Ms WEBB - The two recommendations which were due to be completed by the end of September - they fell just outside this reporting period:

- Recommendation 2.2: consider the levels of service/communication required for represented persons and implement them.
- Recommendation 6.2: provide training to staff about customer service standards and appropriate expectations as a professional trustee.

Just confirming that they have been completed by the end of September? Have service and communication standards been developed and if so, are they publicly available?

Mr KENNEDY - Yes. Both of those were done within the time frame. A key part of that was the launch of the new supported decision-making framework, which has a number of new communication standards.

Ms WEBB - So it's within that framework then, those standards?

Mr KENNEDY - Yes, and then the training's been rolled out. At the moment, the document is still consulting and it's a living document; but every intention to make it a public document.

Ms WEBB - It's not yet a public document?

Mr KENNEDY - Not yet; but that's our intention.

Ms WEBB - And the time frame would be approximately?

Mr KENNEDY - I would think in the new year, January. We're still doing some stakeholder consultation. I think that's a reasonable time period.

Ms WEBB - But you've already begun training staff under that document?

Mr KENNEDY - Yes.

Ms WEBB - Okay. Even though it's not fully completed yet, in terms of signed-off?

Mr KENNEDY - It's completed. Part of the reason behind introducing it is to see how it goes in preparation. We expect that we'll need to make some minor changes to it along the way. At the moment, it's just in an internal document format but the stakeholder reference group was very keen and thought it would be a valuable public document. In the interests of transparency, we support that as well. We just need to get it in that format.

Ms WEBB - You're still in an iterative phase of developing it. Yes.

Mr KENNEDY - Yes.

CHAIR - I have a question regarding the defined benefits obligation. The income for this financial year was \$347 000, yet last year it was \$1.952 million. Can I have some indication of why there is such a difference?

Mr KENNEDY - The whole calculation around the defined benefit liability is an actuarial one. It is very difficult to unpack and explain.

CHAIR - I should have asked it at 9.00 a.m. then.

Mr KENNEDY - Yes. I am happy to take it on notice and see if I can provide any more colour.

CHAIR - Is there anything other than what it says on the notes? It is difficult.

Mr VALENTINE - It's an interesting point. If you go back to this year's Budget paper No. 1, page 156, the general government sector superannuation liability dropped from \$8.397.6 million down to \$7.744 million. It was a 7.7 per cent drop; but yours has increased. You have finance expenses of 39.64 per cent on page 50 for your report, at a time when the present value of the superannuation liability should be falling in line with the outcome achieved by the state Government. That is a question that it would be good to get some response to.

CHAIR - Please give the committee some understanding on that issue. We are happy to put that on notice.

Mr VALENTINE - It is going in a different direction.

Mr BARNETT - We are happy to take that on notice and get back to the committee.

CHAIR - And acknowledge the homework that the member for Hobart has done in getting out the Budget papers. Well done.

A question around the returns on assets, as well. There is a little bit of commentary in the papers on page 50. There has been a higher return on movement in investments in managed funds. Is it expected that that will continue to head north, given that last year the average rate

of return across all funds in June was minus 5.67 per cent, compared to the average rate of 1.37 per cent in June 2023. Are we anticipating an upward trend?

Mr KENNEDY - Our fund is split into two. One is the common fund, which is essentially term deposits. The returns that come from those deposits are linked to interest rates, which have pleasingly turned around, but that is a pretty static sort of area. The other investments are related to the market - Australian shares, international shares, property.

CHAIR - The property is going way up there.

Mr KENNEDY - I will leave that to the investment analysts out there, as far as where the market is going.

CHAIR - Not going to have a go at that?

Mr KENNEDY - No.

CHAIR - Very smart CEO.

Mr WILLIE - I am interested in consultants. It has gone up this year. You talked about some of the culture consultants that have come in. Is there an expectation that figure will decrease in future years, understanding that you have gone through a lot of change?

Ms TAYLOR - I can start the answer by saying that I suspect so. We are in the middle of transformational change. However, the CEO probably has a day-to-day handle on that.

Mr KENNEDY - I would expect it to decrease. Some of the consultant fees around your audit and the work that you do will continue as part as business as usual but some are specific initiatives we have as part of our transformation.

Mr WILLIE - In terms of the Tasmanian businesses used by the Public Trustee - 87.2 per cent, when you can't find a Tasmanian business, how do you go about contracting a business?

Ms ROBERTS - How do we go about finding someone who's not Tasmanian?

Mr WILLIE - When you can't find a Tasmanian business, I'm interested in how that process works and how do you then go to the market to choose a business?

Mr BARNETT - Perhaps I can jump in -

CHAIR - I think we've got four people answering here and we only need one.

Mr BARNETT - They follow state government procurement guidelines, which is certainly pro-Tasmania. The chair might want to comment on that and then we'll go to the detail.

Ms TAYLOR - I can echo the Attorney-General's approach. We follow the procurement guidelines as set out.

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Ms ARMITAGE - Can you give me a gender balance of staff?

Mr BARNETT - Yes, I can assist you in terms of gender head count: female 62, or 85.6 per cent; male 15, 20.7 per cent. That is the gender breakdown at 30 June this year.

Ms ARMITAGE - Do you have a lot of staff on workers compensation, or perhaps some of your staff that have left that are still on workers compensation? I know in some areas a lot of staff have a lot of stress and go off on workers compensation and may leave the organisation but still be on workers compensation. I am wondering about your organisation.

Mr BARNETT - A quick response to that from me as the Attorney-General. It is really important, work health and safety, and I know it's important for the Public Trustee -

Ms ARMITAGE - I notice you have quite a bit set aside for training-

Mr BARNETT - Yes, the training and preventing workplace injury and illness, managing risk, understanding and integrating that into a work health and safety policy. That goes across government and across the Public Trustee. I might allow the CEO to add.

Ms ARMITAGE - It's just with the heavy workload in the past, perhaps you might have some staff that have been off on workers compensation and still off on workers compensation.

Mr KENNEDY - No cases of workers compensation, fortunately.

Ms ARMITAGE - That's amazing, thank you.

Mr VALENTINE - I'm interested, with all of the changes and certainly a lot of staff leaving, talking about retirement -

CHAIR - There were no retirements from memory.

Mr VALENTINE - No, resignations.

Mr BARNETT - There were 15 resignations.

Mr VALENTINE - That's it. But given all of that, what are the long-term cost implications of the staffing changes during the year in terms of increased cost for staff employed by the Public Trustee, superannuation expenses for those staff who left during the year and took up defined benefits. You've already partly mentioned that but I am interested to know how it's all tracking.

Mr KENNEDY - If I can just clarify, is the question related to our overall costs of salaries?

Mr VALENTINE - The long-term cost implications of all of these staffing changes that you've had and the new client-centric focus that you're bringing in, and you bringing in new staff. Have you got an overall impression of where that's going to lead you in future years in terms of costs, staffing costs and the like?

Mr KENNEDY - Thanks for clarifying. That's been our biggest investment as far as our people, investing in that client account manager space to get caseloads down. That has certainly had an impact on driving our expenses upwards. I think that, by and large, the major change has happened. But I would offer a caveat in that, until we get a bit further down the road, I won't have more confidence around some changes we might need to make. But there has been a significant change and that cost is there to be factored in.

Ms WEBB - The implementation of the Bugg review recommendations are near-complete, and you've been quite open and transparent in reporting on implementation and completion of those. I'm wondering about the plan going forward to continue to, say, report on and measure continued implementation or continued actions that flow from the implementation.

Ms TAYLOR - One of the challenges for the organisation and the board - and I suppose this takes us on to the next focus of priority in the next financial year, is, as you know from our conversations, we've gone through quite substantial organisational changes. Some of the consultancy fees are that we are working with a number of consultants to develop rigorous KPIs and benchmarking across not only the recommendations out of the review but all of the organisational changes. It's been quite a comprehensive exercise. We're just starting now to have some measures, and you've heard some measures today. That rigorous framework will be in place in the new year and we will be able to start to report back on our progress across a whole range of our indicators, which is something that the Public Trustee hasn't been in the position to do before.

Mr VALENTINE - I will go to page 50 again and look at the marketing figure. Your marketing has gone up 121 per cent. That is a significant rise. I am interested to know what return you're getting on that. And, also, what impact it might be having on those firms you would normally deal with if they think you're starting to play in their space. Are you taking on a more commercial approach?

Ms TAYLOR - That is a multi-pronged question in some ways. The marketing, yes, it has increased substantially. From a low base is one thing. One of the challenges we'll have with the new legislation, is that I don't think the Public Trustee in the past educated the community, particularly around services you can get from the Public Trustee. Maybe that is one of the reasons we've only got 50 per cent of the population with a will. That may be a bit of a long bow, but I think that it's part of the conversation. We have made it a priority to broaden our services.

We've had a lot of concentration, and rightly so, on represented persons but the Public Trustee has a role to play across a whole range of services to the community. Not only do we need to build that side of our business with revenue but we need to claw back a bit of ground because of the confidence that was lost in the Public Trustee because of the review. Wills were withdrawn from the Public Trustee. That is why you see that marketing figure at what it is now.

In terms of competition with others, that part of the question, I am not totally sure who - do you think solicitors? Is that the question?

Mr VALENTINE - Yes, I was thinking in that space.

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Ms TAYLOR - We haven't had any pushback at all from solicitors around the services we can offer. When we're out in the market, I'd like to have that conversation, because we offer those services to the same professional extent that they do. If we are seen as a competitive player in that market, I don't think we should back away from that, personally.

Mr VALENTINE - No.

Ms TAYLOR - Because we provide a good service.

Mr VALENTINE - You don't think the community service obligation payments coming in from Government to assist you to do the work might cause them to think, 'well, these people are subsidised and they're taking away some of our business'.

Ms TAYLOR - Yes, I'd have to unpack that a bit, Rob, but I doubt if it's the same sort of clients that we're dealing with in those areas. That's something that lawyers would be dealing with wills anyway, to be honest.

CHAIR - Do you want to add anything?

Mr KENNEDY - I was just going to say that most of the marketing that's been done is really around supporting other organisations like COTA and Palliative Care Tasmania, as far as - and Seniors' Week and these sorts of things - and when it comes to the CSO funding, there's a big role to play out there in getting people protected and having wills in place and we don't see funding to actually write wills for people. The CSO funding only relates to a state administration for a segment of the community that need that assistance.

Mr VALENTINE - Thanks for that clarification. Thank you.

Ms HOWLETT - Just a quick point, Chair. I want to put on record that Palliative Care Tasmania do a fantastic job. They hold an annual event each year at the Town Hall for people who have passed away in the 12 months for their families and it's a really wonderful event.

CHAIR - I thank the honourable member for that. We have pretty much exhausted our time and on behalf of the Committee, we'd like to particularly thank you for your time today, but acknowledge the work that Public Trustee is doing and the organisation now, coming from what was, as I've mentioned earlier, a pretty hard hearing a couple of years ago that we sat through and felt quite sad for where the organisation was.

Congratulations to you, Todd, and your team, and thank you for being proactive in your role. I think you've met with all members and that's a real credit to you for taking that approach, because it is important, because we engage with our communities and so we can be a great vehicle for you, as well, if we've got confidence in the organisation.

Mr VALENTINE - Confidence is important.

CHAIR - Yes, so that's really important. I'm sure that you're feeling very positive, Attorney-General.

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Mr BARNETT - I am feeling positive and I appreciate the opportunity to present today and also congratulate the Public Trustee on their very significant reforms over the last 12 months.

CHAIR - This is the last time that the honourable member for Hobart will be part of this scrutiny committee for Public Trustee and so we'd like to wish him all the best for the future. We've got a little bit longer with him and we haven't been able to persuade him not to leave us next year, but there's still time, so you never say never.

Mr VALENTINE - Is that right?

CHAIR - We shall suspend and resume again at 11.30 a.m. Thank you all.

THE WITNESSES WITHDREW.

The Committee suspended from 11.15 a.m. till 11.30 a.m.



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESS SCRUTINY COMMITTEE B

Sustainable Timber Tasmania

Friday 24 November 2023

MEMBERS

Hon Rosemary Armitage MLC;
Hon Jane Howlett MLC;
Hon Tania Rattray MLC (Chair);
Hon Rob Valentine MLC;
Hon Meg Webb MLC; and
Hon Josh Willie MLC

WITNESSES IN ATTENDANCE

Hon Felix Ellis MP - Minister for Police, Fire and Emergency Management, Minister for Resources, Minister for Skills, Training and Workforce Growth, Minister for Racing, Leader of the House

Mr Rob de Fegely Chair

Mr Steve Whiteley CEO

Ms Suzette Weeding General Manager Conservation and Land Management

Mr Chris Brookwell General Manager Corporate Services

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The Committee recommenced at 11.30 a.m.

CHAIR (Ms Rattray) - Welcome to our second hearing today for Sustainable Timber Tasmania. We understand that is the preferable name. We read the *Hansard* from the other place.

I will introduce members of this Committee B to you. We have Josh Willie, Rosemary Armitage, Tania Rattray, Rob Valentine, Meg Webb, and Jane Howlett. We also have secretariat support from Julie Thompson. That is us.

Minister, welcome to you and the team you have at the table. STT - an important industry for Tasmania. Could you introduce your people at the table and if you bring anyone else during the course of this hearing please, again, introduce them.

Mr ELLIS - The people at the table with me today: Rob de Fegely, Chair; Steve Whiteley, CEO; Suzette Weeding, General Manager Conservation and Land Management; and Chris Brookwell, General Manager Corporate Services. I have my Chief of Staff Elaina Deayton with me, who won't be taking questions.

CHAIR - Would you like to make an opening statement?

Mr ELLIS - Of course. I am pleased to advise the committee that Tasmania's forest industry continues to go from strength to strength under the Government's pro-growth settings. Jobs are up - more than 5700 Tasmanians directly or indirectly earn a living from our forests. Investments are up - from the up to \$23 million investment in production and processing across the state, brought about by a \$6 million injection from our forestry on-island processing program, to investments by hardwood and softwood processors around the state.

Wood production is up from 3.31 million tonnes in 2013-14 to 4.9 million tonnes in 2022-23. Exports are up. TasPorts' annual report for 2022-23 showed that the volume of forestry products transiting annually through our ports is now over 3.5 million tonnes. That's more than a 45 per cent increase on 2014-15, which was our first full year in Government. Not only is forestry a key economic driver, injecting more than \$1.2 billion annually to our economy, it is sustainable, renewable, and stores carbon naturally, all the while providing the timber that we need to build our homes, and fibre for a plastic-free future.

As members here might be aware, I announced yesterday that forestry's contribution to Tasmania's economy and regions is set to grow, as Sustainable Timber Tasmania's hardwood plantation logs are to be made available to the industry in a landmark step forward that has been decades in the making. STT will release around 350 000 cubic metres per annum of wood to the industry, including 125 000 cubic metres per annum of pruned and unpruned millable logs, with a greater than 30cm small-end diameter. These logs are to be made available for processing with the objective of increasing the economic contribution of the forestry and forest products industry in Tasmania.

In line with Government policy, a key focus of STT will be growing on-island processing and value-adding of timber. This will mean increased opportunity for regional investment and regional jobs in forestry across the state. STT will undertake a three-stage allocation process for plantation logs and will commence stage one of the process, which will allow interested parties to qualify for participation in stage two. The qualification period will remain open until

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end January 2024. STT work diligently to ensure that the allocation process for plantation logs provides a level playing field and complies with federal laws relating to competition.

Importantly, in recognition of the capability and significant contribution made over decades by STT's current customers, they will be provided with a fast-track to qualification as part of STT's planned allocation process for plantation logs; opportunity for continued long-term access to available native forest sawlog; and access to round two of the Government's on-island processing program, which will be dedicated to supporting Tasmanian businesses intending to process the hardwood plantation resource.

Further, STT advise that a 30 per cent weighting will be applied for contributions to the Tasmanian economy as part of the planning process. This is above the 25 per cent set for Government departments through the Buy Local policy. More broadly speaking, STT remains an important part of the industry, its value is reflected in this year's operational and financial results, along with a multitude of positive achievements and highlights. I am very pleased to advise that Sustainable Timber Tasmania has achieved its sixth profit in a row.

STT continues to make a significant contribution to the Tasmanian economy, paying tens of millions of dollars to more than 500 Tasmanian businesses and supplying forest products to almost 50 customers, many of whom are processing right here in Tasmania. STT's value to the community extends beyond the operating profit, supporting firefighting activities and protecting communities from bushfires, particularly with the summer ahead.

I want to take this opportunity to thank the Board, the Chair and more than 160 staff and the hundreds of contractors of Sustainable Timber Tasmania and all those involved in the forest industry for their resilience and hard work and together we look forward to growing a sustainable forestry sector.

CHAIR - Thank you very much, minister. I'd like to invite the honourable member for Nelson to commence our questioning and, actually, I don't think I acknowledged a welcome to everyone at the table.

Mr ELLIS - Can I just ask, Chair, as well company chair statements, do you do that in this House?

CHAIR - Company chair statements?

Mr ELLIS - Yes. It's fine if not, just wanted to double check.

Ms WEBB - If we don't cover it during the course of it, maybe you can table it at the end and it will go onto the record.

Mr ELLIS - Yes. No. That's fine. I just wanted to double-check.

CHAIR - And here, we've got an annual report. That's what we're here for.

Mr ELLIS - Absolutely.

Ms WEBB - Okay. I'll kick off. Just a few administrative questions, actually, just to start with. The first one relates to right to information, because I did note when I looked at the

Ombudsman's annual report that Sustainable Timber Tasmania was a case study there, for a fairly critical case study from the Ombudsman who described that the organisation had an unhelpful approach.

They said, 'unhelpful approach taken by Sustainable Timber Tasmania which the Ombudsman found highly disappointing and not in keeping with the intention of the Act'. My question was around what steps STT has taken to address the Ombudsman's criticism of the agency, taking what he described as a narrow and obstructive approach to RTI requests and what steps have been taken to instead encourage a culture of compliance with the objects of the RTI Act.

Mr ELLIS - Yes. Sure. I'll just make some general comments and then pass to the STT team. Obviously, we want to be making sure that we're forthright and upfront in terms of the information that we're providing to the community and whether that's through RTI or positive disclosure and a range of other matters. I know STT had some other updates that they've recently done in terms of forest practices plans and a whole range of other proactive information sharing as well in this space. In terms of work around the RTI, I might pass to the STT team to add further.

Mr de FEGELY - Thank you, minister. Yes. I'll - first instance to the CEO and -

Mr WHITELEY - So, we received -

CHAIR - Caught a handball, Steve.

Mr WHITELEY - No, happy to take any of these handballs.

Ms WEBB - The first question I asked was around steps taken to address those issues. I then have a whole series of data-related questions I would like to ask you about RTI, which we can either take now or take on notice to provide us with the data later.

Mr WHITELEY - I'll just run through those. As part of our approach to RTI, we clearly seek to make appropriate information requested available, to the extent that there are concerns. The ones that I'm aware of, in some cases, relate to information that is commercial in nature or requires third party verification. We run through each of the processes required in order to appropriately disclose.

The other aspect that I'm aware of is, in some cases, timeliness, and simply, that's the resources that we've allocated to that task. Suzanne might like to add, given that really her team is the group that deals with specific matters around that, where I provide overview and review.

Ms WEEDING - Look, in terms of the RTI process, we strive to comply with the legislative requirements. It is quite complex in terms of what some people request through the RTI process and we absolutely take onboard feedback from the Ombudsman in relation to requests that are referred to the Ombudsman and certainly feedback that comes back as part of that process. We received seven requests for assessed disclosure in the last financial year and worked through each of those and their complexity from that side of things. In terms of the RTI process, we absolutely strive to comply with the legislative requirements and work it through.

The Ombudsman process exists to provide that extra level of assessment and review of those requests that are received by us and other entities. Before it gets there, it goes through quite a complex process within the organisation in coming through the appropriate offices and is available for internal and then obviously that external review process.

Ms WEBB - Sure. I'm very familiar with the process. So, my question was around - and perhaps I need to pre-empt the question to say, minister, were you aware that this organisation was a case study for poor practice in the Ombudsman's report, and perhaps was the CEO or the Chair aware? My question was around - given the criticisms specifically made there, what steps have been taken to improve practise since having that drawn to your attention?

Mr ELLIS - We're aware of the Ombudsman's decision, not specifically around it being a case study but, as I mentioned before, we're really committed to making sure that, as a government broadly, we are providing and sharing information with our community, increasing the amount of data that is publicly available. STT, in their space, are now making available forest practises plans proactively on the website, where previously that was a matter that was requested.

CHAIR - I'm sure we will talk about that.

Mr ELLIS - We do similar with data dashboards across a whole range of government departments.

We will look at whatever feedback is provided by the Ombudsman and others around how we can continue to improve our processes. I know that the CEO mentioned that particularly in these spaces there's matters that are commercial in nature, and things like that that are important to be respected and worked through. As far as posture, we are always looking to improve and we're always looking to see what more information can be made publicly available to the community while respecting the other commercial sensitivities.

Ms WEBB - What further actions have been taken to address the criticisms made?

Ms WEEDING - In terms of that specific request that you are referring to and that case study that was put forward, the request related to the existence of -

Ms WEBB - It doesn't have to be specific to the request.

Ms WEEDING - No, that's fine. In terms of that specific request we've released the information as requested.

Ms WEBB - What have you done internally to improve compliance with the Act, given the criticisms made? I won't go badger this question further, because I think I have asked it enough times. There aren't any steps specifically that have been taken to improve practise? You can you say that? If there are, please lay them on the table.

Ms WEEDING - We've learned from the process in terms of what the Ombudsman has put forward. There are number of Ombudsman state case studies that are put out every year for a whole range of entities, and it is an opportunity for us to learn from that. In terms of myself and officers that work within the organisation working on RTIs, we've learnt from that

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process, and have put in place measures to be consistent with that finding from the Ombudsman.

Ms WEBB - In terms of the seven requests received during the period, can you give me the breakdown of were fully or partially accepted and provided, how many were fully rejected - in terms of what grounds from the Act - and how many were reviewed internally or reviewed externally?

Ms WEEDING - I do not have that information before me.

Ms WEBB - Can I provide it through as question on notice?

Ms WEEDING - Yes, no problem.

CHAIR - That question will come through, minister.

Ms WEBB - Can I have another small, admin one? I'm interested in consultancies, and interested in how many consultancies have been commissioned by STT for projects during the reporting period that were under the \$50 000 threshold? I'm further interested, in terms of those contracts, obviously not identifying them, I'm asking for numbers. I'm also interested to know in terms of that quantum of contracts under the threshold, how many may have been granted to the same organisation or company. If there's instances of multiple contracts under \$50 thousand being given to the same company?

Mr WHITELY - We reported in the information table in the annual report -

Ms WEBB - I must have missed it, could you direct me to the page?

Mr WHITELY - Page 101.

Ms WEBB - Thank you.

CHAIR - While we're referring to the page, I have never seen such small writing, and I'd like to provide some feedback to the organisation, at least put them on one single page.

Member - I think they're saving trees.

CHAIR - I do not know what they're saving, but it's very difficult to read. Just some feedback for people who have to read it.

Mr WHITELY - A lot of effort goes into the report and any feedback on how we are able to improve presentation is welcome.

Ms WEBB - It's tiny, thank you for pointing it to me. Seven under the threshold of \$50 000. The second part of my question was around whether there were instances in which a single company was granted multiple tenders or contracts.

Mr WHITELY - Bear with that for a moment, we've got a record of those, if we could just review that for a moment.

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Ms WEBB - Can that be tabled?

Mr WHITELEY - We've got a report here. They are not repetitive.

Ms WEBB - Not repetitive. Thank you.

CHAIR - My question is around yesterday's media release, the 'bombshell', I think it was referred to from some of the people I represent. I'm interested, firstly, having some understanding of how STT will be applying the 30 per cent weighting to the contribution to the Tasmanian economy. And also what actually constitutes a Tasmanian business. I think they're a couple of important questions to start with.

Mr ELLIS - Absolutely. I'll pass over to the STT team very shortly but I'll make a few broad policy statements around this. Our Government is really focused on ensuring more on-island processing of our timber resource. This plantation resource coming online now is a generational opportunity for Tasmania. The plantation sawlog that's been planted has grown in many cases over 30 years, and the stewardship of that resource has been undertaken by STT. We will have quite a unique resource, a new resource that will be coming online, basically in the Asia-Pacific. Ensuring that we maximise the value that comes from those logs by manufacturing here in Tasmania, as we have done for generations, that it continues to be at the forefront as we move forward, is absolutely critical as we bring it online.

It will mean potentially a change. It means a change in the resource mix. Eucalyptus nitens is a relatively new species for Tasmania in terms of that more engineered timber and sawlog-type processing. That's really significant, making sure that we are fully supporting that. I mentioned before our on-island processing grant going to this specific hardwood resource so that, as our millers retool to the new resource, they are supported on that journey so that we can maximise the amount of value that comes back for the Tasmanian economy.

To speak more specifically around the process and that weighting, I might pass to Steve to provide a further update.

Mr WHITELEY - The first question is about the definition of a Tasmanian business. We use the same definition as is applied and defined under Department of Treasury and Finance guidelines. It's published by Treasury and that is the definition we use for Tasmanian business. That's published and available.

The second one is in relation to the weighting of what we're doing. Commencing this process, we had some board-approved matters related to both probity and the process we undertake. Some of those will be published in stage two but I'm happy to run through those for you if that would answer your question, Chair.

CHAIR - Will there be a board that looks at assessing -

Mr WHITELEY - There will be an evaluation panel but I'm happy to speak to the question if you like, and if you'd like to add to that.

To characterise the process, because I think it's helpful to put on the record why we're doing it, the minister has provided the policy view; the following objectives were set within the process:

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- We're seeking to increase the economic contribution of the forestry and forest products industry in Tasmania.
- We're seeking to grow on-island processing and value-adding of timber in Tasmania.
- We're seeking to achieve a positive contribution to Tasmanian Government policy objectives for on-island processing.
- We're seeking to stimulate new capital investment, encourage innovation and improve efficiency.
- We're seeking to provide resource security for the wood products industry and job security for Tasmanians through new long-term wood supply agreements.
- We're seeking to achieve fair and market-based prices for logs from STT-pruned and thinned hardwood plantations.
- We're seeking to generate a sufficient return on investment for STT.

That's the approach we've taken to things so it's consistent with good commercial practice, as well as the well-articulated position by the Government.

In a competitive process, which this is, interested and qualified parties will submit business cases for on-island processing of the hardwood plantation logs. That's what we refer to a stage two. It's really a response that any of the people who qualify submit to us. In broad terms, there's been reference to the 30 per cent weighting but there's also a 70 per cent component. For completeness, the 30 per cent weighting is applied to the proposal's contribution to the Tasmanian economy. Broadly, as follows, I'll give you an indication:

- What on island processing will be undertaken?
- What markets will the processed hardwood plantation products be sold into?
- What will be the economic value-add?
- What will be the value of domestic sales or export sales?
- What investment will be made?
- What jobs will be created or maintained?
- Will the products produced be used further in downstream processing manufacturing activities in Tasmania?
- What partnerships will be created or maintained?
- What other contributions to the community will be made?

We will invite others who come up with a specific proposal to add and tell us quite clearly the value they are promoting for the economy. We'll prompt them by those sorts of questions but we're really inviting business to say, 'we've got a great business idea and here's how we're going to contribute across those areas'.

The other part is the weighting applied to the price. Clearly, that needs to be part of any commercial offer.

The broad elements of weighting around commerciality include the price offer for the volume of logs. We've got a range of log qualities. What we're not doing - there was some conversation yesterday around the range of log qualities. We know by discussing with individual businesses there's a huge range of views on what types of logs they value within their business. It certainly isn't a one-size-fits-all view from the businesses that currently operate in Tasmania that we're contracted with. We also need to deal with the proposed risk allocation. That's clearly part of any commercial set of arrangements.

We need to be holistic, so think about compatibility with other offers. In the end, it needs to be about both individual businesses and the total value and the complementarity of the mix of things, particularly where it adds to primary processing then secondary value-adding in Tasmania. I think that's a great opportunity for Tasmania. A lot of our value-added valuable products now are, effectively, sent interstate to be made into other things. We want to explore what opportunities there are for us as a state to improve those things progressively. As the minister said, support from the Government in investment is required to do that.

Then lastly, timeliness of completion, so simply the capacity to process the logs and deal with them.

What we're seeking to do is the best overall proposals, the balance of those factors, will be invited to negotiate with us a long-term wood supply agreement. It won't stop there. We will receive those offers, those proposals, that value proposition - and we already know, through conversation with our existing customers, that there are some great business ideas that we know of. This is really to open it up to all parties on a fair basis to consistently provide that information to us. Then we'd see that the successful proponent's commitment to on-island processing will be incorporated into any wood supply agreement. We want to not simply have a process where people promise; we would seek to include that in a wood supply agreement. If people are making offers to deliver that value to the state, they can anticipate that we'll want to include that relevantly in any wood supply agreement.

Hopefully that has given you a bit of an overview of the approach we broadly want to take, why we're taking it and how we propose to go about it.

CHAIR - What's the constitution of the panel? Is it all STT?

Mr WHITELEY - No. We've engaged some expertise from a couple of companies to assist us through this process. One of those is to effectively put together what we've called an information memorandum. It's to independently review the information around the plantations we hold. We normally do a forest valuation with a third party each year and they use that information. But we've chosen to get another fresh set of eyes to have a look at that particularly for this purpose and make that information, which is really customer-focused information, so people understand the nature of the logs that will be available over decades. We don't do this very often, so we've got another service provider helping us with commercial aspects.

In terms of the specific evaluation, there will be members of management from STT will form half of the evaluation committee.

CHAIR - Half of what number?

Mr WHITELEY - The number is not important, it's more that we will receive advice from entities who have expertise in those areas independent of us. We have contracted them in, but that's their expertise. The other will be the people who are required, on behalf of the state, to run the business.

Mr ELLIS - The other things I might just add, Chair, noting your interest state wide and strong interest in the timber industry.

CHAIR - I've been on the phones since about 7.30 this morning fielding calls.

Mr ELLIS - Yes.

CHAIR - They obviously didn't have your number, minister, or they'd have been calling you.

Mr ELLIS - I'm not sure who they might be, but happy to take a call from anybody and I've been making calls myself as well. I might specifically mention around the north-east, too, because I know that it is an area you're very passionate about and strongly represent.

CHAIR - I sat through the TFA. A whole January.

Ms ARMITAGE - Several of us did.

CHAIR - We understand.

Mr ELLIS - Absolutely. I couldn't agree more, chair, and as I say, I appreciate your strong support for the industry over many years. The north-east is an area that has really big opportunities with this resource coming online, because the north-east has, I suppose, a high predominance of these plantations grown for long term saw logs. As that resource is coming online - and also the north-east suffered very heavily in terms of native forest lockups as well - as this resource comes online, the north-east of our state will play a critical part when it comes to the timber supply that's coming off this area. It's a huge opportunity for that region as well as the broader state.

CHAIR - What was the reasoning behind changing the criteria of on-island processing grants to now only include the hardwood plantation sector? What was behind that?

Mr ELLIS - This is round two of our on-island processing grants. Just like with other grant rounds that we have, from time to time appears an important and pressing priority, in terms of what we might be able to address with the program. With my other side of my resources hat on, we're up to round nine for the exploration drilling grants initiative and we have specifically targeted critical minerals in the last two rounds as Australia has developed its critical minerals strategy and Tasmania is doing our own.

CHAIR - Let's get back to the wood.

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Mr ELLIS - The reason why we're specifically focussed on on-island processing grants for this resource, is this resource is coming online and it's new. For many of our millers, that might mean a change in tooling. That's to do with matters with the species, but also the size. Supporting our millers as they retool, as they take up new opportunities as part of that, we think is appropriate for round two.

As we continue to support the industry, we'll continue to look to whatever broader opportunities might be appropriate as far as on-island processing, because whether it's softwood, whether it's special species, whether it's native hardwood, or whether it's this plantation hardwood resource, there is still massive opportunity right across the state that we need to be taking advantage of. Because we have this large, new opportunity that will require change, we thought that that's appropriate to really be targeting in our support in this space.

CHAIR - Given that price is always going to be a key component of any decision that STT makes, can you give me some understanding of how the Victorian situation will impact? For instance, they pay \$200 per log and a Tasmanian company says they can only pay \$170, then their costs for getting that log across the water is only about \$80, how do you see Tasmanians being able to compete when they've been subsidised by the Victorian government for that \$200 a log? Effectively, it's probably only costing them \$80 or \$100.

Mr ELLIS - I'll pass over to the team from STT to talk around the specifics in terms of allocations, but what I'll say, generally speaking, is that we have this on-island processing component as an important support of making sure we're processing here on the island, because that's where a lot of value is derived when it comes to timber production.

CHAIR - That's all well and good but in the initial stages, it's going to take quite some time to 'tool up', if you like - your words - tool up to be able to actually accommodate some of that opportunity, and here you've got an industry on the other island that has shut down but are happy to come in and buy our logs subsidised.

Mr ELLIS - We're very conscious of what is, frankly, one of the biggest policy failures that our country's ever seen. What Labor have done in Victoria and doing in Western Australia is an absolute disgrace. It is destroying regional communities in that state, as well as Western Australia, it's destroying their fire response capability and -

Ms WEBB - Can we focus on our state, Chair?

Mr ELLIS - I have been asked about Victoria.

CHAIR - That was the scenario that I used because they've got a subsidised industry, or they've been subsidised.

Mr ELLIS - Well, they're being paid to go away. As far as that, we're very conscious of any impact that that might have on Tasmania. There are some -

CHAIR - But we can't stop Victorians buying timber here. That's against jurisdictional -

Mr VALENTINE - It's against the constitution.

CHAIR - Yes, that's it, so we can't stop them.

Mr ELLIS - That's right, and in the private forestry space we are seeing some Victorians buying from private growers here in Tasmania -

CHAIR - That's a private decision. This is owned by the people of Tasmania.

Mr ELLIS - That's right. That's a key part of why we want to be making sure that it's processed on the island, because this is the people's resource, we've invested in it for decades and making sure that Tasmanian timbers are supporting Tasmanian jobs is critical. That's why we have this loading that exceeds our Buy Local Policy, for example, that we have for government departments. It's going to be a strong outcome for STT anyway because a grower that has customers nearby is a real strength, so having that additional capability is important.

I might pass over to the STT team to talk around the allocation question that you asked specifically, Chair, but, as I say, the structure is set up as such that we're very keen to be focusing on delivering an on-island capability, because that's going to be better for Tasmania and it's going to be better for the business as well.

CHAIR - I'm mindful that the Chair doesn't run this show here, as such, asking all the questions. Is there a brief answer from the CEO? Then I need to move up and down the table.

Mr WHITELEY - Perhaps, if I can just refer to our current practice, which we'd expect to continue. We sell zero, nil, sawlogs interstate. We know our job is to support the Tasmanian industry and that's the way we operate and that's the way we'll continue to operate, is the short answer.

We know there are some of our customers have purchased logs from us and on-sold them. That hasn't been anybody in northern Tasmania or north-east Tasmania, it's been another business. In terms of some concerns around that, we've made it very clear that we sell logs to be processed in Tasmania. One of the steps we intend to do with a refresh of our contracts is to make it very clear where the wood is to be processed, so we'll take an opportunity through the plantation process to do that for the other logs.

We've always had an assumption that we sell logs to Tasmanian businesses and there's been no question that they would want to on-sell logs. We've seen some evidence that that has happened in a small way. We'd like to tidy that up administratively, but very clear, we understand our role for the state and that is to provide resource to be evaluated in Tasmania and that's the basis on which we'll operate now and we'll continue to operate in the future.

In terms of the other reference to timing of capacity to process, we're not requesting people process these plantation logs they may be interested in immediately, so we view that if they have a contractual right and a reasonable timeline to commence their operations, they will then be able to go to their machinery suppliers and their bankers and set themselves up, as envisaged by the policy decision. We're seeking to run processes in support of the Government's policy position around growing on-island processing, unequivocally.

Ms ARMITAGE - Moving to special timbers. In yesterday's hearings, STT or stated that they have 52 000 hectares of special timber management units or STMUs - a little bit of a preamble before I get to the question. STT's Forest Management Plan 2019 to current states:

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... Sustainable Timber Tasmania manages approximately 52 700 hectares of PTPZ land as a special species timber zone and this is the primary source of special species timber. The zone is comprised of blackwood forests, rainforests and eucalypt forests that are rich in special species timbers ...

STT's new website has a specific special species timbers page, which states:

Currently, Sustainable Timber Tasmania has identified approximately 52 600 hectares of permanent timber production zone land as special timbers management units. This area is considered the primary source of special species timber and is comprised of blackwood forests, rainforests and eucalypt forests which are rich in special species timbers ...

I will read out some figures that came from a right to information request, on 17 May, whereby STT advised, by email, that the STMUs totalled 52 760 hectares and comprised the following:

- 3 740 hectares of previously harvested regrowth forest;
- 1 200 hectares could be harvested before the end of 2026;
- 1 650 hectares are classified as FSC HCV 3.3 and off-limits to harvesting;
- 10 650 hectares are classified as non-forest and does not contain any special timbers;
- 5 430 hectares are mining leases; and
- 20 000 hectares are classified as non-production forest.

My understanding in last year's GBE hearings was that STT advised that they spend \$ 1 million of CSO funding on STMU land management.

Now, my questions. Given that land management cost is derived of a per-hectare basis, it's difficult to see how \$ 1 million of CSO funding can be spent on managing special timber areas when a large proportion of the areas don't even have any special timbers in them. What is the dollar cost per hectare allocated by STT to STMU management; and how many hectares of STMUs does STT manage for the production of special species timber? That's my first question. I realise they're a little in-depth. and I can put it on the record

Mr ELLIS - I'm happy to start at a policy level and I'll pass to the team at STT to go into greater depth. The first thing to note is that the special timber management units come in a range of different classifications and that is important. Some are quite small. Some are quite large and broad.

Ms ARMITAGE - Some don't have any specialty timber in them at all.

Mr ELLIS - Partly because of the broadness, I suppose -

Ms ARMITAGE - Buttongrass.

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Mr ELLIS - They'll provide an update on that; and mining leases do also have special species on them. But, in terms of the way that we provide for land management and special species, there's a couple of things to note.

STT provides a range of different land management services as the active land manager in this state. That includes firefighting services - they are one of our three key firefighting agencies. They do fuel reduction as well, roading and access is a key part of that too. In terms of special species, they also provide an important community service obligation when it comes to stockpiling of certain special species. For example, Huon pine is a key one of those and STT provide -

Ms ARMITAGE - I think that was a zero last year.

Mr ELLIS - Yes. So, we have a large stockpile of Huon pine, which means that we don't necessarily always need to be salvaging Huon pine as part of that. That is important to note, because those stockpiles that STT maintain allow us the flexibility that they can then go and salvage, at appropriate times in appropriate volume; because we're talking some of the most remote areas of our state.

Ms ARMITAGE - That's fine; but do you have a dollar cost per hectare?

Mr ELLIS - A couple of important things to note when we're talking about land management in general and special species and the way that we spend that CSO funding; but look I'll pass over to STT to maybe add.

Mr WHITELEY - Broadly, to break down the question, part of it is about CSO, the payment, and part of it's about clarification of various reports-

Ms ARMITAGE - I have a couple more questions, too.

Mr WHITELEY - In terms of helping to hand over to the right people. We'll do it in two parts, if you'd like.

Ms ARMITAGE - Absolutely.

Mr WHITELEY - Part of it is around the zoning that was done. Originally, special timbers management units, when they were put in place many years ago, were more than 140 000 hectares. The granularity of that was quite different; if it's in blackwood swamp, for example, it's quite precise. There were some dedicated coups, provisional coups that were mapped specifically and there was also discreet areas like the Teepookana Plateau.

Most of the other broader rainforest area was zoned, if you'd like, either as being most suitable for myrtle based supply or celery top pine. Within the vegetation management we have myrtle-rich forests or celery top pine-rich forests. Broadly, across the land base, at the granularity of 140 000 hectares, that zoning system was set up but it was unequal. Some areas were quite precisely mapped and others were set aside for that purpose; albeit granularity picked up other things within the boundary.

CHAIR - In other words, they were inaccurate.

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Mr WHITELEY - Well, the granularity was different, it varied depending on the resource.

CHAIR - You might use 'granularity'; I'd probably use 'inaccurate'.

Mr WHITELEY - Well, it's like orders of magnitude; did it coast, \$1, \$10 or \$100. If you're talking about 140 000 hectares, what we didn't do is try to minutely map out every patch of myrtle or every part of the forest that is potentially rich in celery top pine.

What we did is say that these broad areas are dedicated to special timbers production. The other part we identified was an overlap zone where the eucalypt tall wet forests overlapped with rainforest understorey. There's a component there and that was discretely mapped because that's the system that we use for our eucalypt process to derive a sustainable yield.

All of those together contributed to the original description of the special timbers management zones. It's clear why there could be some apparent anomalies and it's really the resolution that which the land was mapped in the first place.

Clearly, if there was an area of buttongrass picked up, that was never going to count as myrtle and in terms of the analysis that's been done, it was never counted as delivering that; but within the zone, as part of an extensive area of forest, whose principle purpose was for a long-term special timbers management. That's the information that's been subsequently used for various other reporting.

There was some reporting done for the process run a number of years ago, looking at a growth plan, and there was also a special timbers management plan that came out of that. Certainly, it's quite consistent with the information. We never claimed that special timbers comes from buttongrass but we certainly claim that myrtle comes from-

Ms ARMITAGE - There was a lot of buttongrass in some of those original areas.

Mr WHITELEY - Yes, that's accepted. It's really the granularity. People drew a line around a large area of rainforest; it was clearly identified as buttongrass; there was no basis on drawing another separate GIS line; it was very clear what the target resource was at that time for that purpose, to say, 'here, we've dedicated this area.'

As you've mentioned, there's been some changes, such as other descriptors that are clearly available, and they're overlays to that. To come back to -

Ms ARMITAGE - That leaves 10 090 hectares, if I take out all the descriptors.

Mr WHITELEY - It hasn't changed the volume though, because the wood was never counted as being available on those hectares. Really, it hasn't changed the consequence. I understand why it may have led to somebody looking at the detail and saying, 'why would you call something a zone and then it's got these other things?' Well, that's the rationale for what happened many years ago when these zones were first setup.

CHAIR - Around 2016?

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Mr WHITELEY - Many years before; it has been around for a long time. This was well pre-TFA and all of those sorts of processes.

Ms ARMITAGE - With respect, would you say that saying that STT has 52 700 hectares of special species-rich STMUs in their forest management plan on your website is misleading?

Mr WHITELEY - Suzette can talk about the land part, which is those sorts of questions, then Chris can talk about the money, the CSO part.

Ms ARMITAGE - Would you say that saying that you have that is a bit misleading?

Mr WHITELEY - I will let Suzette talk about the broad range of questions you have on land. Those two people can answer the questions.

Ms ARMITAGE - I would like an answer to that.

CHAIR - One of the members asked a question to you through the minister, so I think that is a fair question.

Ms ARMITAGE - It does say that you have 52 700 hectares of special species-rich STMUs in your forest management plan. Obviously, you do not. Is that misleading in your website and your forest management plan?

Mr WHITELEY - I am happy to answer that question, but if you would let Suzette broadly do that. If you wish to ask me directly again, that is okay, after you have heard her answer.

Ms WEEDING - The 52 600 hectares is a broad descriptor of an area that is available for special timbers harvesting. It's important to consider that not every hectare of that 15 600 hectares would be able to be harvested under forestry practices constraints, regardless. It is an area that broadly identifies the availability of special timbers, based on mapping that was done quite some time ago, and provides an indicative area to go out and to investigate for special species timbers.

The areas in the various classifications that have been harvested previously are being grown-on for special timbers for the future. As you know, these things work on a rotational cycle. Those areas are being retained and grown-on for special timbers for the future. Managing special timbers is a long-term cycle. At the moment we are not doing a great deal in special timbers management units; there are a small number that are included in our three-year plan.

CHAIR - You are not doing very much at all.

Ms WEEDING - That is from a production perspective. We can talk about that separately if you would like, I am happy to. In terms of the areas themselves being maintained for growing special timbers, that is what they are intended for. Regarding the non-productive zoning, it is a zoning that was undertaken predominantly for eucalypt harvesting. It does not indicate that you cannot harvest it, and it does not indicate that it does not have special timbers available in those areas. It is technically available, but it is subject to development of forest practices plans and requirements to the forest practices plans. Some areas are reserves, as

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consistent with everywhere under the forest practices system, and would be excluded from harvesting under those conditions. It is a high level of granularity in identifying that as an area available for special timbers and managing it for that purpose.

CHAIR - A very specific question that the member has asked, and I believe that it deserves an answer.

Mr ELLIS - Can you just repeat it?

Ms ARMITAGE - I will repeat it. Would you say that STT has 52 700 hectares of special species-rich STMUs in your forest management plan and your website is misleading?

Mr ELLIS - Special species-rich areas?

Ms ARMITAGE - Yes, 52 700 hectares of special species-rich areas; when we have just got here that 42 670 hectares is basically -

Mr ELLIS - They are rich in special species. That is the important thing to note about these forests - that they are very rich in special species. Not all forests are homogenous, and certain areas of forests are different. If you go for a walk through the Tasmanian bush, you see the way that the bush can change even over a short period - it is quite dramatic. Indeed, the way that land management has been practised on this island for tens of thousands of years means that even within wet areas that typically would have rainforest, there are buttongrass plains. It is important that we manage that well because buttongrass is a fire risk, and for many special species, fire is a big threat.

To manage the forest around those areas - around buttongrass that may be more rainforest types - then it's important that we have, for example, firefighting capability, and a range of other things.

Ms ARMITAGE - Well, that's not rich in special species when you've got buttongrass.

Mr ELLIS - But an area might be rich in something despite the fact that it's not homogeneously endowed in the same way across that area of land - that would be the way that I categorise it. As the STT team have quite strongly said, we also acknowledge that not every square inch of that land is endowed the same in species.

Ms ARMITAGE - Would you like to make a comment about the current MMG Roseberry tailings dam - it's an STMU, according to the latest STMU mapping.

Mr ELLIS - As far as -

CHAIR - Available. It's clear that the minister supports the -

Ms ARMITAGE - He does. All right.

CHAIR - We have a follow-up.

Ms ARMITAGE - I have follow-ups as well if I could finish these first and then I'll probably finish my -

Mr ELLIS - Around the west coast, around Roseberry, for example, there's a huge amount of special species. I know that there's strong interest in that area around special species. We manage our forests for multiple uses here in Tasmania, particularly our production forests, and that's important to note. It's not completely homogenous - nor should it be.

Ms ARMITAGE - Well, I have two follow-ups so that might help and then I'll be finished this area. Last year, STT CEO advised in the GBE hearings that:

In the model we use, we are not ourselves engaging a contractor to harvest special timbers from within the special timbers management units.

However, the three-year wood production plan shows that at least 20 STMU coupes were scheduled to be harvested by STT contractors, providing both eucalypt and special timber products. Can you explain how STT can say last year that they don't harvest STMUs, when clearly, they are?

Mr WHITELEY - The context for that discussion, as I recall, related to the rainforest aspect and it particularly related to the harvesting that we reported in our annual report at the time, which was the Blackheart sassafras. Our customer at Smithton came to us and said they had an important order to help fit-out one of the new hotels and what could we do to help them source Blackheart sassafras for sliced veneer. They had some stock and they needed enough. Under our model for that area, they bring their own contractor because they're effectively doing single tree selection. So, it's appropriate that that model is applied in order to source the right logs for that customer for the types of logs that they wished to procure.

The answer to that question was intended to describe that situation. The other one I think you're referring to is, as I said before, we've got a eucalypt resource which also has a special timbers understorey. We do schedule that. It's clearly in that case -

Ms ARMITAGE - And that's in my next question about the eucalypts.

Mr WHITELEY - Yes, I'll answer your first question, if that's okay. The way we do that, we do arrange for a contractor - as we do for our normal eucalypt production - and we make sure that all of the special timbers that we can is recovered. That's either direct to the sawmill customer or we use Island Specialty Timbers in the south of the state - just making sure that all of the suitable special timbers material is recovered. In terms of the management model for those areas, they are regenerated and then grown for a long time.

We'll always do the recovery and we do that on every coupe, whether it's in a designated special timbers management unit or not. That's universal. We'll always seek to recover all of the valuable special timbers, even if there's only a couple of trees in what would otherwise be a coupe that we've set up -

Ms ARMITAGE - Do they sometimes get damaged when you're taking the eucalypts? Some of the younger specialty timbers?

Mr WHITELEY - It depends. I wouldn't say damaged.

Ms ARMITAGE - Well, need to be taken out and not allowed to continue growing.

Mr WHITELEY - Normally, if it's mature forest, the rainforest is the same age as the eucalypts. Clearly, if the eucalypts are much younger and we schedule it for eucalypt purposes, there can be some immature special timbers if it exists because of the past fire. Generally, there's less of that. It's more a remnant where the fire hasn't burned but it has created enough of the regrowth eucalypt while still in the gullies there will be important special timbers. We use contractors appropriately. If it is single-tree selection, it is tied more with the customer bringing their own contractors - they are selecting the tree. If it is part of a mix of special timber and eucalypt, we engage the contractor and recover the special timbers in the same way that we would always recover the value in the eucalypt.

Ms ARMITAGE - This is what I would consider to be my most important question -

Mr ELLIS - Can I double-check, before we go to that, for completeness for one of your previous questions around the CSO funding payments?

Ms ARMITAGE - Yes, I was going to come back to that because it hadn't actually been answered. I still have that up there because we've been round that a little bit. But I would really like this one answered. You can take the other one on notice if you haven't got the answers.

Mr ELLIS - I'm happy to do it now.

Ms ARMITAGE - All right. I just have one, which I consider to be my most important question.

Mr ELLIS - Whatever works for you.

Ms ARMITAGE - Can STT meet the legislated eucalypt requirements of 137 000 cubic metres of high-quality sawlogs without accessing STMUs?

Mr WHITELEY - I think it is a misconception, the question, because there is a defined overlap between the two.

Ms ARMITAGE - So, clearly not?

Mr WHITELEY - No, it is a misconception. It's not either/or; it's designed for both industries. I think that is where the question is not quite - I'll answer what's intended.

Ms ARMITAGE - I have a second part to it.

Mr WHITELEY - Part of it is really understanding the structure. As I said, we have an area of a bit over 4000 hectares. It is part of what we do with our eucalypt sustainable yields and is also part of the special timbers management.

Ms ARMITAGE - With respect, I understand that and the people asking these questions understand that.

Mr WHITELEY - Well, maybe not.

Ms ARMITAGE - That's a big call.

Mr WHITELEY - In terms of the tone of the question, I think maybe not. Part of it is we schedule eucalypts to meet the 137 000 cubic metres. We don't have to schedule those now. We've got a large estate to supply eucalypts. We are not supplying all of that. Within the period that the eucalypt will be made available, people are asking us, 'why aren't you producing special timbers?'. Clearly, we want to clear fell. There is a drive from both and this is actually the best place at the moment to supply special timbers as required by the market.

We need to get the balance right. We publish a three-year plan each year and seek comments on whether we've got the balance right. We've had some comments which have been helpful in that regard. That is exactly why we put it out there - to see whether we have the balance right between supporting the special timbers interests and the eucalypt interests because we are supplying both from, effectively, the same operation.

Ms ARMITAGE - What do you think the shortfall of the legislated eucalypt products would be if you didn't go into the STMUs?

Mr WHITELEY - I don't know why we wouldn't go. The purpose of the STMUs is to provide special timbers.

Ms ARMITAGE - I was talking about the eucalypts, that's all.

Mr WHITELEY - In other words, don't harvest the eucalypts but do harvest the special timbers?

Ms ARMITAGE - No, I am simply saying that if you didn't actually harvest the eucalypts from the STMU areas, what would your shortfall be, if you didn't go into those areas, for eucalypts? I'm not talking about not going to those areas for special timbers because, obviously, that is what they are for.

Mr WHITELEY - The two are the same. We go there for both.

Ms WEBB - It's a different method of harvesting, though, isn't it? For the eucalypts.

Mr WHITELEY - No, it is for both, that is really the thing. We know there is demand for both and this is one of the best places to efficiently deliver special timbers. The alternative is to go single-tree harvesting only in rainforest.

What we are hearing from people is they value the mix of being able to schedule mixed eucalypt-special timbers which, at the moment, makes the special timbers affordable and available. We understand from the industry that they have some difficulty in meeting the cost of single-tree selection. Maybe, if we don't supply too much from either one or the other that achieves the goal of continuing to have a supply of special timbers that is available and affordable and of the right quality, along with the eucalypt, because they are actually growing in the same areas. We think it is a happy coincidence of those two. But because there is 4000 hectares, from a management point of view, it is important that we schedule them in time to meet those dual objectives appropriately.

That is really our answer. It is how we go about it, not whether they are competing. We don't view them as competing. They are absolutely complementary. But there is a discussion about the rate at which we harvest within that 4000 hectares.

Ms ARMITAGE - I believe, minister, that you were asked and I don't think you've had a response yet from the Tasmanian Specialist Timbers Alliance about instigating a moratorium on harvesting the STMUs, pending investigation. My understanding is there has been no response to the Tasmanian Special Timbers Alliance on that. Do you have any response to a request on a moratorium?

Mr ELLIS - I'm not committed to a moratorium on that land. The CEO has outlined quite well that there are mixed uses, that there are mixed forests, that there is a range of different opportunities. It's important that we're delivering Tas oak, which is the most critical wood product we're delivering off our PTPZ or our public forests. But that we are also delivering special species. The two have been an important part of the Tasmanian forestry journey forever. For a lot of harvesting of special species, the volume that we get from eucalypts helps support the business model of being able to do more specialised, smaller volume species as well.

Coming right back, Ms Armitage, I recognise that there needs to be some more intentional thinking at a policy level around how we unlock more opportunities in the special species value chain. As STT continue on this process to bring online more plantation timber and also a stronger focus on regrowth timber, that means that for longer-lived species like special species, we are going to have to change the policy settings so that we can bring more of that online. We've established a special species round table and a working group so that we can examine what those opportunities are. There's a range of different things.

Ms ARMITAGE - How often does the group meet?

Mr ELLIS - I think the most recent meeting was in October, so last month, and there's a meeting scheduled soon. There are a range of different opportunities. . Let me outline a few of those. The first would be around land access. Obviously, special species occur in particular areas and what we can do better around that is important. There are important salvage opportunities in our state as well, for example, Hydro wood. There are a lot of special species buried under our lakes. There is also the supply chain. I've heard a range of different suggestions, including things like helicopter harvesting, for certain high-value stems of timber.

So, continuing to work closely around that so that we can acknowledge that STT's business model is in a period of change and that across our state we need to be thinking more about how we can support special species. Special species are not only high-value but they're an important ambassador for native forestry. That's in this state but also in this country. People around our country love special species products and it's important for people to know that those special species can only come from a native forest, that it is managed well, that it's managed sustainably -

CHAIR - Minister, given that you have just acknowledged that the business model for STT is changing, is it time for a separate management authority for special species timber?

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Mr ELLIS - I've heard suggestions around that. It was something that was raised in the special species round table as a possibility. I think it would be fair to categorise that there wasn't strong support among the broader special species sector for that initially -

CHAIR - No, but is it your support?

Mr ELLIS - As I say, it's important that we're making sure that it delivers for the sector. STT do have a really strong capability when it comes to special species. My point more is around acknowledging that as part of that shift that the forest potentially looks different. Being more intentional about how we can leverage, for example, STT's capability, the permanent timber production zone, or a whole range of other opportunities is important.

The thing with special species, particularly after the TFA, which you referenced before, that was a huge amount of land that was locked up that had a lot of special species on it.

Ms ARMITAGE - A lot of buttongrass as well.

CHAIR - Mining leases.

Mr ELLIS - It had a lot of buttongrass as well, but there was a huge amount of special species that was lost to the industry. That meant that the industry shrunk. Doing more to work intentionally on those supply chains, work intentionally around our policy settings is important, but STT's strong capability in special species is a really important supporter. One of the problems with - one of the difficulties - that special species have is that the industry is small. If we create a specialised authority, that's creating a smaller capability than STT, which is a large capability, which can support some of those specialised products.

CHAIR - My colleagues who are sitting here at the table with me will probably agree with me, and I hope so, we have been talking about this for the last five or six years.

Ms ARMITAGE - As long as I have been here.

CHAIR - And nothing has changed. We still continue to receive the same information every year around access to special species timber. Am I right, members?

Ms ARMITAGE - You are.

Mr WILLIE - I haven't had a question yet, but I have something on this STMU conversation.

Ms ARMITAGE - I just need the answer to that question. Apparently the answer is there, the dollar cost per hectare allocated by STT to STMU management.

CHAIR - I will take the answer and I have a follow-up from Ms Webb and then I promise I will come back to you, Mr Willie.

Ms WEBB - I would rather move onto a different topic because we have spent a lot of time on this even though there's plenty more.

Mr WILLIE - There are some things that have been raised that I want to clarify.

Mr WHITELEY - Can we talk about the CSO including special timbers? CSO including special timbers, is that okay, Chair?

Ms HOWLETT - There's a few of us who haven't had a question yet.

Mr BROOKWELL - This goes to the question about the CSO and the funding, there's some confusion around that. I would like to read a statement out to clear up that confusion if I may:

STT received ministerial direction under the GB Act on 30 June 2017 to perform community service obligations. The direction revoked all previous directions in relation to CSOs. At a high level, the direction requires STT to undertake various fire activities, and those were largely unchanged. In addition, the direction required STT to ensure that permanent timber production zone land continues to be managed, accessible, and available for multiple uses.

That was a change, and in terms of the previous instrument, STT has a ministerial charter dated June 2015, and schedule 2 of that ministerial charter identifies STT's non-commercial activities. Schedule 2 goes into more detail around those specific activities.

CHAIR - Can we have the dollar figure? Thank you.

Mr BROOKWELL -

Management of agreed sites for public recreation, maintenance of agreed forest roads, and in terms of special species, the identification, management and harvest of special species timber, and management of the Huon Pine log stockpiling on non-commercial terms.

It goes on:

Forest education activities, non-commercial tourism, and the Warra Long Term Ecological Research Site. [name checked - Warra LTER]

STT's prior direction was more specific on the nature of the land management activities. Schedule 2 of the ministerial charter has not been updated since the 2017 CSO direction was issued. Both the ministerial charter and the 2017 direction are publicly available documents, and this inconsistency can cause confusion.

STT'S CSO funding was progressively reduced after 2017 direction was issued. The funding reduced from \$12 million in financial year 2018, to \$10 million in financial year 2020, and then \$8 million in financial year 2021. It has remained at that level since. Minister Ellis has gone on record in answering an earlier question without notice to explain that the expenditure calculations used under the previous direction are no longer used under the 2017 direction.

The CSO funding is expended across PTPs that are consistent with the ministerial direction from 30 June 2017.

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CHAIR - There's no quantum available?

Mr BROOKWELL - I don't have that dollar per hectare.

CHAIR - Is it available?

Mr BROOKWELL - It hasn't been relevant under the new direction since June 2017

CHAIR - Okay. It's not available because it's no longer relevant. Mr Willie?

Mr WILLIE - In terms of the STMUs, hearing that they're for both uses, so specialty timber and hardwood, the concern here is that you potentially go in and you take the specialty timbers and then you clear fell and then you do the regeneration burns, and effectively that is not reproducing the specialty timbers within the state. Over time, you're turning these areas into regrowth forest areas for eucalypts. I think that's the legitimate concern from the specialty timber industry, is that these areas are being lost and a resource is being destroyed slowly over time, minister.

Mr ELLIS - I'll pass over to the STT team around this.

Mr WHITELEY - Part of it, just to be clear, this relates to a very small part within the broad group of special timbers management. As we've said before, there are blackwood swamps, there's a whole lot of other areas that are predominantly rainforest and then we've got the Huon Pine salvage area, and then what we did was identify where there was the overlap and that was around 4000 hectares. That was where there was old eucalypt with a rainforest understorey. In terms of characterising all special timbers management units as being managed in that way is not correct, it's a portion, but an important portion.

The management approach - so I think people are focussing on - this is a management unit, and management's actually the important question. How do we manage this important resource that's got both eucalypt and special timbers? The approach there that was intended was plan deliberately, because we forecast decades ago there was going to be a resource change, we've got this important resource so it will be what services the special timbers industry so let's plan this over time quite deliberately. The thing that we see as the solution is have a look at the resource and make sure it's allocated over time to provide consistency.

The other one about loss of resource is as per a bushfire that - again, bushfires, bad bushfires in 2016 went through the north-west and they will kill rainforest species and they did. It was so dry, that's what happened. Rainforest regenerates and myrtle regenerates, all the other species, they all regenerate. They take a long time to grow, so whether it's a harvest event or a wildfire event, part of it is being deliberate about making sure you grow them long enough in order to reach maturity and that's what's intended with this process.

There's research that we've done related to the mix of areas, particularly where there's been, in the past, eucalypt and rainforest and we do get mixed forests and I can refer you to some research that was undertaken and post-harvest monitoring about the young special species coming back. We've had examples recently of celery top pine coming back in *Eucalyptus nitens* plantations associated with some of the areas in the south. Special timbers grow like

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any species but it takes a long time to be valuable and that's the management challenge we've got.

Mr VALENTINE - That's why you need a longer life cycle management for those areas.

Mr WHITELEY - Exactly.

Mr VALENTINE - 400 years.

Mr WHITELEY - Exactly, and that's part of -

Mr VALENTINE - It's only 90 years. That's not good enough.

CHAIR - Mr Willie, we need to tighten up our answers, they're too long.

Mr WILLIE - I'd like to get back to the wood supply, not specialty timbers stuff, but I've got one last specialty timber question I'll ask which is, we can all agree that this industry supports social and economic outcomes for Tasmania and environmental outcomes and it's a good story to tell. Minister, how many full-time and part-time sector participants are there and what is the total economic contribution to the state the sector provides?

Mr ELLIS - In terms of forestry in general?

Mr WILLIE - No, specialty timbers.

Mr ELLIS - Special wood species, sure. Look, are we talking within STT or are we talking within the broader industry?

Mr WILLIE - Both if you can. What STT contributes and what the broader industry does.

Mr ELLIS - We obviously don't have Forest Policy here, this is a GBE hearing, but I'm happy to take that question on notice in terms of the - but if - I don't know if STT would have anything available to -

Mr WHITELEY - No, I think it's a relevant question. I think the last very comprehensive report that I'm aware of was done by Farley, to answer that.

Mr WILLIE - In 2009?

Mr WHITELEY - I think so. I know I was on the steering committee, so I know - part of it is it's probably been informally refreshed but I think the - if you wish to have another view of answering that big question, I thought the Farley review was a very good way to systematically go about finding out where the various participants are.

Mr WILLIE - Is it time to update that, given that was 2009?

Mr WHITELEY - It may well be. Again, that is a matter for the minister and department, but it was a very worthwhile exercise last time it was done.

Ms WEBB - Switching to a different topic. Nationally independent regulators and entities, such as ASIC, have become quite active in pursuing and cracking down on greenwashing. Part of ASIC work involves encouraging companies to develop rigorous and credible environmental, social, and governance (ESG) reporting, as well as climate financial reporting. The Australian Treasury released a second consultation paper about the Commonwealth's proposed climate-related financial risks disclosure regime. Exposure draft legislation is expected as the next stage of that.

Why doesn't STT include an ESG analysis of its operations in its annual report? Is STT seeking compliance to any recognised ESG frameworks?

Mr de FEGELY - Chris Brookwell can probably answer in more detail, but the answer is yes, we are beginning to do that, particularly in relation to the climate-related climate risk reporting. We've had a briefing this week from Deloitte, our internal auditors, on that. It is very extensive, as you would probably be aware. We are not in the first round - we are not quite big enough - but it will come in the next three years. Yes, we will be looking to report on that.

Ms WEBB - Within the next three years?

Mr de FEGELY - I am not sure when our compliance date is, Chris; do we come in 2026-27? Anyway, our process has started - as did Deloitte, when they first realised what the extension of the reporting is. The requirements are exhaustive, which is good; but we will need to do a lot of work to put them together. We recognise that we have to do it and we will do it; we've just got to get ourselves organised to get the right information together to start doing that reporting.

Ms WEBB - We probably don't need a big, descriptive comment to add to that, other than to hear that you are looking at it and are on-track in planning to do it.

Mr WHITELEY - If I can add to that, in terms of the short answer, the answer is yes, we are pursuing all those and looking at various mechanisms in which to report. Some will be financial and others are sustainability. You will expect to see that increasingly part of our annual reporting in years to come.

Ms WEBB - Does STT have a carbon policy?

Mr WHITELEY - Yes, we do.

Ms WEBB - Is it available for us to see? Do you display it somewhere publicly and make it available?

Mr WHITELEY - We will check that.

Mr ELLIS - Can I add to that as well, from a policy level, one of our Government's commitments is working with STT around carbon opportunities. That work has advanced. One of the real strong suits for forestry, going into the future-

Ms WEBB - Can I ask a couple more questions towards that, so we can get some specifics. I am mindful of time and wanting to move through. Has STT developed a carbon

change modelling as part of any carbon accounting strategy to model the soil carbon stocks? Has any modelling or assessment been done to establish what change occurs after logging, harvesting, or burning of coupes? Is that all part of the work that's being done?

Mr WHITELEY - We've engaged with various research agencies to run national models so we understand carbon. We are relying on the bookend model and various others. There are research projects we are involved in with forest and wood products who are looking to do things. We've supplied our data to modellers to undertake that modelling. We're progressively seeking to engage with experts in undertaking modelling and we expect that to inform our management.

Ms WEBB - Excellent. Does that include soil carbon monitoring and modelling?

Mr WHITELEY - It has; but my understanding of that is that's pretty immature compared to the things that we've got good data on. We've got good data on trees and within the model it does include saw carbon and I think it's acknowledged at the moment that they've used certain values in there; but there's things that will need to be worked on by the modellers.

Ms WEBB - How does STT map the area to be logged? Is the mapping methodology independently verified or approved by other parties?

Mr WHITELEY - In what sense?

Ms WEBB - I'm looking towards the mapping for carbon, the carbon holdings and things. Is that what you're describing - that you're just beginning to do that modelling process?

Mr WHITELEY - We've got maps and measures of forest and land, and carbon clearly is one of those. Changes in carbon is what we're interested in. As in your previous question, part of it is above ground, part of it is below ground; part of it is sequestration, part of it is carbon stocks. We're interested in all of those things.

We've provided our data to modellers who were doing that. We're really interested in understanding that, and that will be a core part of our management structure.

Ms WEBB - Are there any other Government entities here that are involved in that mapping process around the native forest estate and the work that's been done? Is that something you partner with other aspects of Government or agencies?

Mr WHITELEY - We work with the Climate Change Office; and within the sector we're aware that some of the private growers - particularly as it relates to their plantation estates - have done a fair bit of work. Tasmania is a small enough place where we collaborate with all of the interested parties.

Mr ELLIS - Suzette may have an answer to a question on RTIs.

Ms WEEDING - To follow up on your earlier question on RTIs. Three RTIs were accepted during that financial year - one was disclosed in full; one was disclosed in part; and one where the information did not exist.

We had four that were not accepted. It mentions 'refused' in the annual report, but that's just the reporting mechanism. Of those, two were actively disclosed and there were two where we sought to refine the scope - which is permissible under the act - and the applicant didn't respond.

Ms HOWLETT - A segue to the next point: what mechanisms do you have in place to address climate change?

Mr ELLIS - Thank you, Ms Howlett. Sustainable forestry management is part of the solution to climate change, not the opposite. We do not agree that ceasing all native forestry is the best approach to mitigating bushfires and climate change. Our strategy is informed by science and it aims to balance conservation and use, to provide the optimal framework for atmospheric carbon reduction and timber production. Tasmania's large productive forest estate captures carbon and provides society with low-emissions products.

The overwhelming majority of trees harvested in Tasmania are plantation and regrowth forests. Whenever wood is harvested from our native forests, it is regrown as a native forest. This not only maintains our native forest estate in perpetuity, but allows for carbon capture as these trees grow. Our sustainable forestry management approach is reinforced by the Intergovernmental Panel on Climate Change (IPCC), and supports jobs in forestry - rather than as would be in the case under job-destroying lockups.

In fact, the IPCC, the Food and Agricultural Organization, STSET and the International Energy Agency have repeatedly concluded that sustainable management of forests, including a mixed strategy of conservation and timber production, is more likely to be optimal for atmospheric carbon reduction. To quote the IPCC:

Sustainable forest management can prevent deforestation, maintain and enhance carbon sinks, and can contribute to greenhouse gas emissions reduction goals. Sustainable forest management generates socio-economic benefits and provides fibre, timber and biomass to meet society's growing needs.

Ms WEBB - Isn't the IPCC talking about plantations?

Mr ELLIS - No, it's talking about a mixed-use strategy, but I can commend the report to you. It's Special Report on Climate Change and Land, August 2019, well worth -

Ms WEBB - I don't think they're promoting clear felling of native forests.

Mr ELLIS - Sorry, Ms Webb?

Ms WEBB - It's okay, it was a comment, not a question.

Mr ELLIS - And you can see that on PTPZ land, it's actually been carbon capturing for the last 30 years. Unlike Labor in Western Australia and Victoria, we do not intend to shut our native forests sector down and we're committed to the long-term sustainable management of our forests for the future benefit of all Tasmanians.

CHAIR - Was there a supplementary, Ms Howlett?

Ms HOWLETT - You mentioned jobs just before. I was just wondering what is STT doing to support Tasmanian businesses and also jobs across our state?

Mr ELLIS - Absolutely. STT is a very strong supporter of regional communities, particular in terms of regional jobs. So, over the last year, STT spent \$ 120 million with local Tasmanian businesses. That's 98 per cent of total expenditure and I think that compares remarkably favourably with just about any sector and any business in our economy. Forestry, in general, is a key pillar of the Tasmanian economy, total value including flow-on effects of \$ 1.2 billion.

It also supports 5 700 direct and indirect jobs, many of which are in regional areas, absolutely, and as I mentioned, \$ 120 million of payments to 593 Tasmanian businesses from STT. This includes \$ 54.6 million to harvest and haulage contractors, which employ over 270 people in regional areas. STT also supplied 49 individual customers with forest products, many of them located in regional areas across our state.

Of course, the statistics are good but they don't tell the full story, the story of small takeaway stores on regional highways that have re-opened to service log truck drivers, young husband and wife team that have recently set up a harvesting business, or a small IT business that's creating world-leading sensing technology to better manage our forests and doing it right here in Tasmania. It's a small snapshot of the flow-on effects of STT's commitment to Tasmania, real people in real jobs across our state and I know that this commitment to Tasmania, to growing the industry and growing on-island processing and regional jobs remains the same.

CHAIR - Thank you. Mr Valentine?

Mr VALENTINE - Looking at page 53 on the annual report.

CHAIR - I think this page was a little bit bigger, wasn't it? Or not?

Mr VALENTINE - Looking at C1, biological assets in there on the fifth paragraph down, you say that standing timber is valued at fair value less -

CHAIR - Is measured?

Mr VALENTINE - Sorry, is measured at fair value less cost to sell. Can you outline why the biological asset valuation increment has reduced by 35 per cent when the 2022-23 result is compared with the 2021-22 figure, okay? It's clearly reduced. The valuation increment has reduced by 35 per cent. Why would that be, minister?

Mr ELLIS - I will pass over to the STT team.

Mr BROOKWELL - The valuation methodology hasn't changed and we have an external independent valuer in [indistinct 12.59.09 p.m.] engaged to come up with the valuation and their methodology is to look at all of the revenues and costs of the business in terms of inputs into their assessment of what they value, the estates, which is essentially the trees in this note that you refer to. Why has the value of the trees gone up this year? It's gone up, essentially, for a variety of factors.

Mr VALENTINE - The biological asset valuation increment has reduced by 35 per cent when you compare the two years.

Mr BROOKWELL - Have we mentioned the word - is your question why has the value of the estate gone up?

Mr VALENTINE - No. The question was, the standing timber is measured at fair value less cost to sell. So, can you outline why the biological asset value valuation increment has reduced by 35 per cent when you compare the two years, 2022-23 to 2021-22.

Ms WEEDING - Which number are you referring to?

Mr VALENTINE - It's on page 53.

Mr WHITELY - 23 has 208 million and 22 is 199 million, that's gone up.

Mr VALENTINE - Note c1, page 53 and 54.

Mr ELLIS - Did you say 2021-22, Mr Valentine? I think that might be the old report if so.

CHAIR - It's got 23.

Mr VALENTINE - 22-23.

Mr BROOKWELL - To clarify, the value at 1 July 2021 was \$186 million

Mr VALENTINE - Yes.

Mr BROOKWELL - It's then increased to June 2022 to \$199 million, and then it's increased again to June 2023 to \$208 million, in round numbers.

Mr VALENTINE - Looks like it might be my mistake, I'm sorry about that.

CHAIR - That's good to know that the value hasn't decreased, so thank you for asking that question, honourable member. Is there another one there that we might get another positive response from?

Mr VALENTINE - I won't continue there because, clearly, there's one annual report difference, I would suggest, so, sorry about that, we're all human. Can you outline whether the significant increase in the sale of forest products is 8.92 per cent, on page 45, which counts for the bulk of the increase in revenue, is a result of more forest products being sold, higher value forest products being sold or generally higher prices for forest products?

Mr BROOKWELL - We have a few inputs into why the revenue for forest products is increased in 2023. The volume of domestic logs did reduce and that's been commented on yesterday, but we benefited from an increase in US dollar prices for both native and plantation chip and we also benefited from a weakening of the Australian dollar by about 5 cents over the

year, and the benefit of both the chip price and the foreign exchange rate supported our growth in revenue despite the volume reduction.

CHAIR - Another one there?

Mr VALENTINE - What actions are you taking generally to ensure that in 2023-24 you do not again experience a decline in net profit by over \$7.3 million, which is on page 36? So, it's gone from \$11.383 million down to \$4.057 million.

Mr de FEGELY - If I may, minister. A couple of things, the evaluation about forest estate, which has a number of variables, as Chris has just outlined, particularly things like the exchange rate for chips and the export market, that has a big impact on our overall evaluation of the estate, plus, our defined benefits liability is the other thing that can have a big impact on our result. Both of those things are more or less out of our control, unfortunately, as Mr Brookwell has outlined, we get an independent value for the forest estate and the independent value puts what they believe is the appropriate market costs and returns and uses an appropriate discount rate on a discounted cash flow basis to give us our annual valuation. The evaluation of our defined benefits liability is also done independently and so, those two things are very major points.

We're obviously very closely monitoring our own internal costs and revenues in terms of domestic log sales and our domestic costs, so hopefully we can manage those but the two larger things that are out of control, as much as we can manage them, we'd like to, but they are the things that can cause some volatility in our annual numbers.

Mr BROOKWELL - Just to add to that, there's a reduction in the profitability in FY 2023, which you've pointed to quite rightly. I think it's important to have a look at the quality of the earnings as well.

As I mentioned, there's a variety of reasons why revenue for forest products increased and that did flow through to the margin that we make from forest products. That's an important driver for core business.

In terms of the key components as to why profitability reduced, we had a reduction in the uplift of the forest valuation; we made less profit on the sale of property; and we had a revaluation of the land and buildings. So, the key contributors to some of the decline in profitability in FY23 was sort of outside the core gross margin of selling wood.

CHAIR - If some of it's to do with the sale of property, why would you lose money on the sale of property in this environment?

Mr BROOKWELL - We didn't lose money on the sale of property. We just made a lot more money on the sale of property in FY22 compared to FY23.

CHAIR - So you've got less to sell? You've sold everything you can, pretty much?

Mr WHITELEY - We only sell things we don't need to use any more.

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Mr VALENTINE - You might be able to tell me whether it's an error or not, but total operating expenses is reported as \$115.324 million on page 36 for 2022. Yet, page 48 records it as \$116.876 million. There's a \$1.5 million difference there.

Mr BROOKWELL - You're correct. In terms of the risk statement, that's been restated correctly on the face of the profit and loss account and hasn't flowed through to the supporting note.

Mr VALENTINE - Which is the mistake? Is it page 48 or is it page 36?

Mr BROOKWELL - The consolidated statement of comprehensive income, the profit and loss account in old money, so on page 36.

Mr VALENTINE - So, page 48 has got an error?

CHAIR - There is no missing \$1.5 million.

Mr VALENTINE - That 116 876 (million) on page 48 should be 115 324 (million).

Mr BROOKWELL - I think you've balanced the ledger.

Mr WILLIE - Minister, you talked about the plantation resource coming online, which is great and I'm aware of some trials happening with some of the sawmillers. Why don't you provide that plantation resource earlier?

Mr ELLIS - Earlier than the trials?

Mr WILLIE - No, earlier than when you plan to make it available, from 2027. You've got a legislated requirement of 137 000 cubic metres and you delivered 103 000 this year. I'm aware that there are sawmillers who would like more resource.

Mr ELLIS - There's a few questions there. I'll pass over to the STT team shortly. I think you identified in the first instance the answer to one of your questions. We do have trials ongoing at the moment and it's important because this is a new resource. As such, it needs to potentially be treated differently. In the mill, it may require retooling. It may be suitable for a different range of products than currently exist with some of the other species that we are typically seeing coming from our native forests. It may also have new customers that may want it for different things. So the -

Mr WILLIE - No doubt, but some of these businesses could probably take that resource a bit earlier than 2027.

Mr ELLIS - And some of them are. As you identified, they're doing trials on it at the moment.

Mr WILLIE - I'm talking about more than trials.

Mr ELLIS - As I say, the trial process is important. It is currently meaning that we'll be able to bring on some more. STT also, obviously, have the native requirement they provide. I'll pass over to the STT team to add further.

Mr WHITELEY - I think that's possibly a misconception. What -

CHAIR - There's been a lot of that today apparently.

Mr WHITELEY - We are hoping to deal with that, so this is a valuable process, Chair.

Clearly, we have contracts that run to 2027 -

CHAIR - When are you going to start negotiating those?

Mr WILLIE - But the point here is -

Mr WHITELEY - Can I do plantations first?

Mr WILLIE - There's demand that's not being met and there's a legislated requirement for -

Mr WHITELEY - No, we're supplying now. If you look at our three-year plan, I think there's around 20 000-odd logs that we will be supplying now. Don't conflate long-term contracts, which is what the minister has just announced, through supply. We're not holding back supply. People who want to buy logs now who are our existing customers, we discuss with them through the course of the year. As reported, we've sold them logs. We don't report them as contributing to high-quality sawlog, but we are making them available, nevertheless, mainly on a trial basis.

What we're doing through the process the minister has announced is we will enter into long-term contracts to allow them to invest over a long period rather than simply do short-term sales, which is what we're doing now. We're really working on resource security, not availability. The logs will be made available. I was asked yesterday, 'how long do you think this would take?'. We hope it's earlier through the calendar 2024 year. Once people have a long-term right, they may need to re-equip themselves. They may be ready to go now. Some of our existing customers have already tooled up. If they were successful in entering into a long-term agreement with us, they can take those logs under a long-term agreement immediately. They may be taking them under short-term agreements at the moment.

So, really, it's not an availability question. Security to allow investment is what the process is. We're not holding off until 2027 but neither are we disadvantaging any of our current contract holders who do have contracted rights to 2027. One part doesn't come at the cost of another. Really, this is building on existing rights that people hold and, if they are interested, and we know some are very interested, some less so, in smaller logs, the plantation logs, we'll make them available under a long-term contract as soon as we're able to reach agreement with people through the process I've outlined.

Mr WILLIE - Do you need to update the regulations to get this new plantation resource into a category three?

Mr ELLIS - In terms of the way we categorise different logs, obviously we'll work closely with STT and the industry around any process that needs to take place because this is a different resource, different species, so we'll continue to work closely at a policy level around

anything that may need to happen in that space. As I say, because we're still in a trial phase, taking into account the newness of it is important.

Mr WILLIE - When you provide this 125 000 cubic metre resource, what percentage will be pruned?

Mr WHITELEY - Part of what we are under is a probity process. We've been permitted by our probity people to provide high-level information but, under probity, it needs to be fair to all players. So, what we're doing is those people who qualify through what we're calling the stage one process will be provided very detailed information about all the mix of logs. That will include how big they are, how old they are, pruned and unpruned, et cetera. There is a lot of detail that will be made available early next year once we've got the suite of qualified people who will participate in the process. They will be provided a lot of information around that.

At the moment, simply we've talked about a familiar log type, which is a 30-centimetre small-end diameter. It's consistent with the trials we're running now, so we're selling logs that are both pruned and unpruned. Most of the equipment at the moment, for at least the high-value logs, is 30-centimetre. We're also selling some smaller logs for pallets and various other things that people are looking at. Again, we've got a range of people who are already utilising these logs. Over time, we'll be able to contract the specific logs that individual businesses are interested in.

Mr WILLIE - So, you're still doing the work. You don't have a percentage that will be pruned?

Mr WHITELEY - Not at present. We have done the work but, in terms of announcing things, we're going through a stage process. There will be a lot of detail for those people who are qualified to access that information.

Mr WILLIE - Did Sustainable Timber Tasmania from the previous financial year top up the volume from plantations that wasn't being met from the native HQSL (high-quality sawlog)?

Mr WHITELEY - No. They are independent processes. We've got direct contracts with various customers; we meet those and that is what we report on. Separate to that, probably three years ago, we went to all of our customers and said are you interested in plantation logs? In addition to their current right, we're selling them plantation logs to those businesses who are interested. It isn't a trade-off, it's buying additional wood for any of the current customers who wish to be interested at the moment. Some are, because they are equipped to do it. Others are set up for bigger logs and it doesn't make sense with their current equipment. We've been doing research trials, providing information to people as well, but it isn't a swap, if you like, this is new business.

Mr WILLIE - In terms of the native forest component, the 58 000 cubic metres, how do you plan to allocate that resource from 2027, given that there are a lot of businesses accessing more resource now? How are you going to do that fairly?

Mr ELLIS - The two points to note is the plantation sale process coming online means that we have a very large resource that's going to be available to our millers around the state. That's really encouraging, that's a big volume, 125 000. As you mentioned, those plantations

were planted to offset lockups that happened some decades ago, so that the plantation resource would come online at the time that the native began to reduce. We'll work closely - well, STT will work closely - with existing customers around that. In terms of allocation -

Mr WILLIE - You don't know?

Mr ELLIS - As I say, we will work closely with the existing customers around it. We are really committed to providing (a) more resource, and (b) that long-term security. We're four years out, people have contracts until 2027, and important work is done by STT recently to extend contracts for those that were due to expire sooner than that. Those contracts that are in place until 2027 remain and then we will work proactively to ensure that longer term contracts are able to be entered into.

CHAIR - When will that work start?

Mr ELLIS - I am aware that the plantation sale part is a key part of that. I'd be looking to do it reasonably soon, in terms of the native, because I think there are some good opportunities. To provide that certainty also means that, as the CEO mentioned earlier, that those customers of STT can then go to the bank for loans of new equipment, tools, all that sort of stuff.

CHAIR - Next year?

Mr ELLIS - We will be working pretty closely around that timeframe.

Mr WILLIE - It will certainly be good. You have a large employer in my electorate that does some great work for Tasmanians.

Mr ELLIS - I know there are some strong concerns around potential lockups under a Labor-Greens government in the future and all that stuff.

Mr WILLIE - You've been in government for 10 years. Ten years and you haven't changed a thing.

Mr ELLIS - As I mentioned, we've had significant growth and will be bringing once in a generation opportunities to Tasmania.

CHAIR - I am interested in understanding what methodology was used to revalue the estate. I will be asking this to the minister. Given that the auditor general, on page 96 of the annual report, focussed on that. I am interested on what methodology.

Mr ELLIS - Around the valuation?

CHAIR - The revaluation of the estate.

Mr ELLIS - I'll pass over to the STT team shortly. Can I just add to a previous question regarding jobs supported by the special species sector? In the full study 2015, approximately 160 full time equivalent people were employed directly in working with special timbers across saw mills, distributors, producers, and retailers. Approximately \$20 million in turnover gross revenue from special timbers production and sale, encompassing sawn timber, semi processed,

and end-use special species products, which was through the same source through a report commissioned by State Growth.

CHAIR - Thank you. Methodology?

Mr BROOKWELL - We touched on this with the earlier question.

CHAIR - We did.

Mr BROOKWELL - The methodology hasn't changed. It's an income capitalisation approach which, in English, means you take all of the revenues and the costs of the business and the independent valuer puts that into a discounted cash flow model to derive the value of the trees. The value of the trees is only for their current standing crop of timber. It does not consider future rotations.

CHAIR - You said this is complex.

Member - It is very complex.

CHAIR - Why wouldn't you use a simpler methodology?

Mr BROOKWELL - The accounting standards prescribe the fact that the trees need to be valued under a fair value regime and then there are only a couple of methodologies that then you can then utilise. What happened during financial year 2023 was that in discussion with the Auditor-General we changed the approach to the estate. Between 2010 and 2023 we presented and integrated asset which is trees, roads, and land, together with the provision for re-establishing and regenerating the harvested coups.

That was a single figure which was disclosed under the biological asset. In the current year we changed that in discussion with the Auditor-General, and then we have splintered those different components of the assets and liabilities out into separate notes. Now under biological assets we present just the value of the standing timber, and we present roads and lands under property, plants, and equipments, and we have a separate provision for our liability to re-establish harvested coups, which is the main change.

CHAIR - Thank you. Where are we going now? I'll give you that one back, we're swapping things around. I do have a couple of other questions.

Ms ARMITAGE - I have this one first. In the 2021-22 year, STT claimed to have spent \$36 000 on managing the Huon pine stockpile. Can the STT advise how much it has expended on this task in the 2022-23 year?

Mr BROOKWELL - Similar to the earlier answer, we do not capture that ordinarily. There is a computation to derive that, and we did that in this session last year to answer that in situ. What we can say is the level of activity hasn't changed and that's been discussed earlier in this session. We would have spent approximately the same amount of money this year.

CHAIR - Thank you Ms Webb.

Ms ARMITAGE - That actually was not the question, put me back on the list, please, that was your question.

Ms WEBB - The leatherwood retention regime is something I wanted to ask you about. On your website there's a special species timber production table for 2022-23 which says that no leatherwood was harvested for that period, so I wanted to ask if that's correct, and then, the intention is that no leatherwood would be harvested in this current financial year? And indeed, how much is projected to be included in forest practises plans that are current or ones that are being finalised at the moment?

Ms WEEDING - That number would be correct as reported in terms of the amount of leatherwood harvested. We do not target leatherwood for harvesting in any way, shape, or form. On occasion, the odd leatherwood tree is removed as part of the forest harvesting operation where it doesn't constitute commercial leatherwood or it might be where a landing location needs to go in place or part of a roading operation. In the way we manage leatherwood, we have a MOU with the Tasmanian Beekeepers' Association, we have Tasmanian Leatherwood Guidelines which are endorsed by the same association, which provide and prescribe how we manage leatherwood in our harvesting operations.

Leatherwood is quite prevalent across the landscape, particularly in some of these wetter forest communities, where we have a eucalypt overstory and leatherwood understory. It's something we take very seriously in considering as part of our planning operations. We work with the local beekeepers in association with the retention of that leatherwood in those particular areas - the beekeepers that have got hive sites in that vicinity - and we work to exclude patches of commercial leatherwood from our operations.

Ms WEBB - To clarify then, when you say that no leatherwood was harvested, you mean that nothing was harvested that was then monetised, in terms of leatherwood, but there might have been leatherwood cut as part of accessing a site or as part of operations to do with harvesting of other timber? It might have been that leatherwood was cut?

Ms WEEDING - There may have been individual trees impacted, but not commercial leatherwood. Part of our apiary guidelines is retention and protection of commercial leatherwood, and that's a prescribed portion of leatherwood within our particular area, because it can be scattered as individual trees across the coupe or even smaller trees across the coupe. In terms of the way we retain and protect leatherwood, we very much focus on those commercial leatherwood patches to make sure we maintain that resource for beekeepers in the area.

Ms WEBB - In relation to re-seeding sites, you mentioned that there are figures provided of 186 million seeds being used in this reporting period, to sow sites that have been harvested. What is the seed harvesting and selection criteria and process? How accurately does the seeding for the regrowth reflect the forest that was logged, in terms of presentation and species distribution and ecosystem services?

Ms WEEDING - In terms of the assessments that we undertake, we focus very much on returning the forest as it is, and what is there. The eucalypt seeds we sow are focused on the species that are present on the site in the rough proportions of the species that are present on the site. We focus on seed collection either onsite or in-zone - seed that has comparable genetics to the trees that have been harvested from that particular area.

Ideally, we want it all from the couple, but that is not always possible because trees don't flower and produce seed every year; but the purpose and the intent is to return the forest to the way it is. In terms of the understorey species, that is usually ground-stored and our experience has shown that that will regenerate out of the ground once we return the eucalypts.

Ms WEBB - So, you don't reseed for species other than eucalypt?

Ms WEEDING - Not specifically, no. We do undertake some targeted work; for instance, leatherwood, from time to time we will undertake targeted replanting of areas. We have done that recently in a coupe up in the north-west, in an area where we had a concern raised by a local beekeeper. We've grown leatherwood in our forest nursery at Perth and planted that area this previous year.

Ms WEBB - In terms of the eucalypt sowing that's done, to what level would you say it reflects the biodiversity of what was there prior?

Ms WEEDING - That's absolutely our target. Our target is to reflect the biodiversity on the site previously.

Ms WEBB - How well do you think you achieve that target?

Ms WEEDING - We have a quality standard process that we run to assess our reforestation success and the species that are coming back. Science has shown us over the years you can't really change the species composition of a forest; the forest is there for a reason and the species that are there are the species that prefer to grow in that particular location. There have been studies in the past where they have tried to enhance it or change the composition, and they are generally not very successful. The best thing for us is to get the forest back the way it is and to restore that biodiversity - essentially, that species composition - as it is, because that is the species best suited to that site.

Ms WEBB - Do you audit before harvest and then some time into the regrowth period to see how those two match up?

Ms WEEDING - Absolutely. We take an assessment. Part of our planning process is working out what species are present there and undertaking quite detailed mapping of the species present on site. There is a whole range of other things we do as part of that, in terms of natural and cultured assessment, focusing on the eucalypts. Post regeneration activity, whether we are burning or scarifying, whatever process we undertake to regenerate - we do a number of them - then we go out and do a reforestation assessment to see how the species are growing; see whether they are being significantly browsed; do we need to undertake any remedial action where something might not have been as successful. We take regrowing the forest very seriously, so it is there for future generations and future harvesting, but also for the species that rely on the forest and forest areas.

Mr ELLIS - The Perth nursery is quite a fascinating facility - the variety of trees. We even grow Huon pine.

CHAIR - We can talk about that at another time. We don't have time to talk about it today.

Mr ELLIS - I highly recommend it as a place to visit.

CHAIR - How long is STT going to persevere in gaining FSC or, if they are, what is the expected time frame to gain it?

Mr ELLIS - I'll pass to the STT team shortly around the ongoing process with FSC.

CHAIR - No, I don't need to know about the process, I just need to understand whether there's going to be a continued push for it. If it is, what is the expected time frame? I understand all of the other; we've been talking about that for about eight years as well.

Mr ELLIS - I'll pass over to them in terms of those questions. STT has certification through PEFC as well, and we think that's a strong result. Regarding the specifics around time frames and things like that, I note that it's currently an item under the ministerial charter for FSC with STT, so that's a policy question for Government but in terms of the process, I'll pass over to the team.

Ms WEEDING - To answer your question briefly, we don't have a specific timeline to get the auditors back, at this point in time. We are working through closing out the non-conformances that were identified in the 2019 audit. It's quite a complex process, which I could talk through in detail; but I'm sure that would will chew up the time. We will get the auditors back when we are confident that we've closed out the non-conformances and that we've got a good chance of success in terms of that audit. We had quite a high success rate in terms of conformance with the standard last time the auditors were here. We can expect that to be reflected, although there were some key issues that we still need to work our way through.

CHAIR - So there's no timeframe?

Ms WEEDING - It's open-ended.

CHAIR - What is wrong with the PEFC certification? Why isn't that enough, minister, for this industry?

Mr ELLIS - PEFC is a great standard. It's the Australian standard. I think I'm right in saying that it's the largest standard in the world and -

CHAIR - So, what are we doing? Why are we continuing on this journey? I can't imagine the cost to date; I probably would need to be lying down, not sitting down, to understand it.

Mr ELLIS - The PEFC standard is a really strong standard and STT's achievement of PEFC speaks volumes of the successful and sustainable way of -

CHAIR - My question is, why isn't it enough?

Mr ELLIS - There are some customers that may prefer an FSC standard. Most of our Australian domestic customers, broadly speaking, are very happy with PEFC.

CHAIR - So, why continue? Why not just focus on those that are happy to have that, as a certification for Tasmanian timber?

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Mr ELLIS - One of the interesting points around the decisions to exit native forestry in some other states means that there's going to be strong and enduring demand for Tasmanian native timbers, and certified under PEFC continues to be a great opportunity. It's a policy question for Government. I know that over many years, different customers have seen value in it. It's part of the reason why FSC certification is under the ministerial charter. Certainly, in terms of the quality of the way that STT manages the estate sustainably, PEFC is a strong certification for that as well as our independent Forest Practices Authority which certifies or approves the forest practices of STT.

Ms WEBB - There's no answer to that. You said it's a policy question for Government. You're Government. You're the minister responsible. She's asked you the question why isn't it enough? You've just said there are businesses opportunities being one of the remaining states who do native forest logging. Why isn't the current standard enough?

Mr ELLIS - I also mentioned, Ms Webb, that some of our customers would prefer FSC.

Ms WEBB - So, we're still seeking customers?

CHAIR - My question was why not focus on those and let it go? Let it go.

Mr ELLIS - We always seek customers. We seek customers each and every day. It's a business but look. I'm more than happy to continue conversations around certification. It's an important area and we have a strong track record to speak to as well.

CHAIR - But we can't gain it.

Mr ELLIS - In terms of general certification, that is what I'm saying.

CHAIR - But FSC - it's out there somewhere and your Government keeps on aspiring to it. It's costing a lot of money and we still are not getting any closer.

Mr ELLIS - I'm happy to continue working around in this space. The fact that we have the largest certification in the world speaks strongly to our performance and we monitor this situation closely.

Ms WEBB - The 19 habitat retention trials that are happening in relation to FSC certification. Are they only focused on swift parrot habitat or do they include other threatened species trials as well?

Ms WEEDING - They include the range.

Mr VALENTINE - In the 2022 *Tasmanian State of the Forests* report, on page 17 it is stated:

Of the total native forest area, 1.255 million hectares is in conservation and public reserves, 957 000 hectares is permanent timber production zone and other publicly managed land, and 833 000 hectares is on private freehold land.

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Of the 957 000 hectares identified in that report, how much, to date, has never been industrially logged before?

Mr WHITELEY - We only manage 800 000 hectares so I am wondering where that has come from.

Mr VALENTINE - It is in the state of the forests report.

Mr WHITELEY - We only manage 800 000.

Mr VALENTINE - You only manage 800 000?

Mr WHITELEY - In total. That includes plantations. Our land basis is 800 000.

Mr VALENTINE - So, of that 800 000, how much has never been industrially logged before?

Mr WHITELEY - I am not sure we have a definition of that, but we do have a view of old-growth, which may be an indirect way of answering your question, if that is okay?

CHAIR - Can that be taken on notice?

Mr WHITELEY - I am not sure we have a record. That is quite a specific question. In terms of endeavouring to answer your question, the definition of old-growth relates to age and disturbance, et cetera, so that may be a good surrogate for your question, perhaps. Or it may have been reported somewhere else in the state of the forests report. It may be worth going back to the authors of the report to see whether they have some data that sits beneath that. It may be better to go back to the authors to find out what they are saying and then we may be able to help. Although probably not specifically the question you have.

Mr VALENTINE - In this report, on page 4, you say:

We conducted harvesting on about 1 per cent of our land. Of the 6000 hectares of native forest harvested to generate forest products, 77 per cent of operations were completed using partial harvest methods. We also actively regenerated more than 5800 hectares of previously harvested forest by sowing about 186 million seeds. This annual cycle underpins our sustainable management of the forest estate.

On the 6000 hectares, is that the amount of land managed for logging operations or the total amount of forest land logged?

Mr WHITELEY - That refers to the annual cycle. There is a continuum there where we report regeneration from previous years' harvesting. The 6000 was the activity level associated within that annual reporting period of harvesting then, in terms of regrowing the forest, we also conducted regrowing activities for previous harvesting. There is a bit of a lag time there. That reflects activity.

Mr VALENTINE - Of that 6000 hectares, how many had never been industrially logged before?

Mr WHITELEY - I think in the report, in the tables, there might be something to help with that. Again, old-growth is probably the best indication of that, but not entirely true. There may be some regrowth areas that were from indirect fire. We do not have a record of precisely that question. We certainly have indicators based on the nature of the forest that is there. We know how much we are operating on, how much regrowth, how much plantation, how much mature, including old-growth. We report all of those elements. In terms of undisturbed, old-growth is probably the closest definition to that.

Mr VALENTINE - Could you give me that?

Mr WHITELEY - It is either in the report or on our website.

CHAIR - Can that be tabled?

Mr WHITELEY - It should be in the report or on our website. We report that.

CHAIR - Thank you, so if that can be provided.

Mr WHITELEY - I think it has been provided.

Ms WEBB - Do you actually contribute to the state of the forests report?

Ms WEEDING - Yes, we do.

Ms WEBB - So you provide data into the state of forests report?

Ms WEEDING - We do.

Ms WEBB - So when you referred Rob to ask the authors, would it not relate to material you provided?

Mr WHITELEY - I don't know. That is expressed in a certain way. We provide data and they've interpreted it. That's the difference.

Ms WEEDING - There's an accumulation of a whole suite of data that goes into the State of the Forest Report. It comes from us and it comes from Government agencies, it comes from the Forest Practices Authority-

CHAIR - For ease of access so we don't need to go looking - because we do more than one of these scrutinies - we'll request that, thank you.

Ms ARMITAGE - With regard to consultancies, I notice that you've paid \$518 422 in legal services. Can you give me a breakdown for the financial year 2022-23? It's a lot of money.

Ms WEEDING - In terms of the general area of where legal fees are spent?

Ms ARMITAGE - Just the \$518 422; you can't go into detail with the things that are in confidence, I appreciate that.

Ms WEEDING - It covers a range of court cases that we have been a party to over the past couple of years as well. It also covers legal evaluation of our leases, licenses, all of our legal documentation that we hold within the business - all gets captured within our legal services requirement-

Ms ARMITAGE - Do you have any split up to do with which area-

CHAIR - Which are for cases, and lease agreements?

Ms WEEDING - We don't have a breakdown of that.

CHAIR - Can that be provided?

Ms ARMITAGE - It sounds like an awful lot of money; it would be nice to sort of know where it goes. The minister would like to know where it goes, surely, or minister knows where it goes?

Mr ELLIS - We have some interested counterparties and people like the Bob Brown Foundation that are trying to shut down forestry and use 'law fare' as a key part of their-

Ms ARMITAGE - It would be interesting to see the amount that goes to court cases. Also, the integrity governance and advisory Victoria, the executive team review, it says can senior management be more effective - so, for the almost \$59 000, what came out of it? Did you make your team more effective, or what was the result for spending that money?

Mr de FEGELY - We're obliged each year for the board to undertake an evaluation. We made a conscious decision to get a team from Victoria that was recommended to us by another well-known chairman here in Tasmania that said that they were very good. It was really to advise the board on how the individual directors could be more effective -. It was basically continuing professional development for our board members, and to undertake a review of the executive management team at the same time, as to how the management team works with the board and how the board can be more effective.

Each of the board members has a target of things to do. Because it was an extensive amount of money - I agree with you - I wrote to the minister earlier in the year to say could we use that work that we got from last year as an ongoing base so we didn't spend the money again this year so we could build on the results of that work.

Ms ARMITAGE - Was it a week, two weeks?

Mr de FEGELY - It was over about six months.

Ms ARMITAGE - Over a period of time - a week, one day a month? Did they come down, was it online?

Mr de FEGELY - There was a period where they did interviews, and part of it was later days of COVID-19 so it was done online. Interviews for each director and the general management team. We felt that the board had gained a lot from the discussions they had with

integrity governance as that's what they specialise in. They felt that the management team could also benefit from it, so we extended the contract to management.

Ms ARMITAGE - Did you get any quotes from any other similar organisations.

Mr de FEGELY - We've done this every year, so we've got to know.

Ms ARMITAGE - Similar costs, or is this more expensive?

Mr de FEGELY - No this is more expensive but we've extended it over two years so you can essentially say it was about half what we would have to spend normally. But we've got a special extension from the minister to continue using the output from that piece of work over to the next year.

Mr ELLIS - Ultimately, if we weren't doing the work to continuously improve we'd be criticised for that as well.

Ms ARMITAGE - I am just looking at the figures.

Mr ELLIS - For sure; but just in terms of obviously being responsible stewards of the taxpayer resources, it's important we continue to improve the way we govern our-

Mr de FEGELY - It was a very valuable exercise, from my perspective as chair.

Ms ARMITAGE - Do you know what it cost last time when we had a previous firm do it?

Mr de FEGELY - Probably about \$25 000 or \$30 000 -

Ms ARMITAGE - So around about half.

Mr de FEGELY - It's always more; but I think -

Ms ARMITAGE - You thought it was beneficial.

Mr de FEGELY - I do; it was better than the ones we've had before.

Mr VALENTINE - Do you have a mapped understanding of how much

Mr VALENTINE - Do you have a mapped understanding of how much and where of each type of vegetation and, hence, each type of product, was impacted by the 2019 bushfires?

CHAIR - That might need to be taken on notice.

Ms WEEDING - We have a mapped area of the impact area of the fire. One of things we did after the fire was go out and undertake assessments. The intensity of the fire varied across the landscape. Despite the fact you might have an impact area of forest, in terms of the forest areas within them, some were quite significantly impacted and other areas it burnt through. We are not able to generate that specific information in terms of the impact. What we have done is taken a view in our sustainable yield calculations and our projections looking

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forward in terms of bringing these areas into our production cycles and consider that as part of our planning processes.

Mr VALENTINE - You cannot get any finer.

CHAIR - Thank you very much. We have expired our time. On behalf of the committee I thank you all for your time. As you can see, the committee has a huge interest in special species timber because this House fought very hard for that to be a focal point of the Tasmanian timber industry into the future. We look forward to any other opportunity that we have in the future and again on behalf of the committee, thank you for your time.

Mr VALENTINE - Can I put on notice one last question?

CHAIR - You would have to read it out.

Mr VALENTINE - STT's current three-year plan shows that in the south of the state 3 000 cubic metres of special species millable logs are forecast to be harvested in the next three years, with 2 900 cubic metres of that in the next two years. These volumes are forecast to come from just 11 coupes. 3 000 cubic metres is a lot of millable special species timber logs.

Can you please advise what is the estimated breakdown of the volume by species and saw log grade? Can you confirm that these volumes only include millable logs - that is category 4 and utility saw log? Is the timber being cut to meet existing contracted demand or simply being produced as arisings during integrated eucalypt harvesting? Where will the timber go, if not to existing contract holders? Will it all go to Island Speciality Timbers? Lastly, if these coupes are so special species-rich why aren't they being harvested using methods approved under the Special Species Timber Management Plan instead of being clear-felled?

CHAIR - Thank you. I thank the member. Thank you very much Gaye from Hansard.

The Committee suspended from 1.48 p.m. to 2.30 p.m.



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESS SCRUTINY COMMITTEE B

TT-Line Company Pty Ltd

Friday 24 November 2023

MEMBERS

Hon Rosemary Armitage MLC;
Hon Jane Howlett MLC;
Hon Tania Rattray MLC (Chair);
Hon Rob Valentine MLC;
Hon Meg Webb MLC; and
Hon Josh Willie MLC

WITNESSES IN ATTENDANCE

Hon Michael Ferguson MP, Deputy Premier, Treasurer, Minister for Infrastructure and Transport and Minister for Planning

Mr Michael Grainger Chairman

Mr Bernard Dwyer Chief Executive Officer

Ms Kym Sayers Chief Financial Officer

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The Committee recommenced at 2.30 p.m.

CHAIR - Welcome to the final part of Committee B scrutiny for 2023. We welcome those at the table.

Minister, I would like to take this opportunity to introduce the members of Committee B. We have the honourable Josh Willie, the honourable Rosemary Armitage, Tania Rattray, the honourable Rob Valentine, the honourable Meg Webb and the honourable Jane Howlett. Committee secretariat support is Julie Thompson and we have Gaye from Hansard. That is our team at the table.

Would you be good enough to introduce the people you have at the table? Then we'll take the opportunity to have a brief overview, and launch into questions. The questions will be brief and the answers will be brief and to the point. Thank you. It is Friday afternoon in Hobart town. Thank you. Minister?

Mr FERGUSON - Thank you, Chair, and good afternoon to you and the whole committee. I am pleased to introduce to my right, Mr Michael Grainger, Chairman, Bernard Dwyer, Chief Executive Officer, Kym Sayers, Chief Financial Officer, and Damian Bugg KC., Deputy Chair. I am assisted at the table by my Chief of Staff, Mr James Abbott.

CHAIR - Would you like to do an overview?

Mr FERGUSON - Good afternoon, I am pleased to advise the committee that TT-Line has had a remarkable recovery from the pandemic, returning to profit in 2022-23 with a big increase in passenger numbers and sailings. Isn't that great news?

The company made a profit of \$8.6 million for the year, following on from a loss of \$14 million in the prior period. Total revenue increased to \$307.1 million up from \$240.8 million in the previous. Key to this revenue lift was the more than 50 per cent increase in passengers, from 284 000 in the prior year to over 450 000 in 2022-23. This means that the company is now carrying more passengers than in the year prior to the pandemic which, if you will remember, was a very busy, bumper tourism year. Voyages increased to meet the rising demand, with 896 sailings, well above the 829 recorded in the prior year and ahead of expectations.

Importantly, the 2022-23 financial year marked the shift of *Spirit of Tasmania's* Victorian operations away from Station Pier in Melbourne to the Port of Geelong. That happened on 23 October, 2022. I'm pleased to advise the committee that this move has been well received by the public, with an increasing number of passengers travelling through the terminal since it opened.

Construction of our two magnificent new vessels continued during 2022-23, along with TT-Line entering contracts with an extensive list of Tasmanian businesses to supply the new vessels as part of our MC's obligation to deliver at least \$100 million in local content. The first of the new ships, *Spirit of Tasmania IV*, was officially launched at a ceremony at Rauma Marine Constructions Yard in Finland on 27 October, 2023.

While I was, unfortunately, unable to attend this auspicious event, as is tradition, a bottle of Tasmanian sparkling wine was broken across the bow to mark the occasion by Chairman

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Michael Grainger's wife, Mrs Deborah Grainger, and the *Spirit of Tasmania IV* was formally named in that traditional way.

Chair and members, TT-Line has had a very successful year. I look forward to joining the team in celebrating their milestones over the next 12 months, throughout the construction and delivery of our magnificent new vessels. We are all here to answer your questions.

CHAIR - I'd like to invite Mr Josh Willie to ask the first question.

Mr WILLIE - We've obviously got the new ships on the horizon, which is great. I'm interested in the Devonport Port and whether the new ships can operate in the new port without that being completed and when you expect the Devonport Port to be completed, knowing full well that TasPorts might be a better place to answer these questions, but you're probably well placed to answer it as well.

Mr FERGUSON - I will definitely contain my remarks to the business that is at the table, TT-Line. TasPorts play a vital role in partnership with TT-Line. I'm sure we can talk about that to some extent and the partnership that exists between TasPorts and TT-Line is one that will bring us to a successful outcome next year. I will invite the Chair or the CEO, or both, to provide an update on the specifics of how we are tracking with our infrastructure requirements at Devonport East.

Mr GRAINGER - You want me to start? We're working very closely with TasPorts for the berth to be completed for our new ships. It's been progressing quite well. They have reached a couple of milestones within the program. We are still in discussion with the prime contractor for above-footpath works, which is TT-Line's responsibility, but we're relatively satisfied in how it's progressing. Sometimes, we'd like to see things done a little bit faster, but it's a complex project that we're talking about. It's the same as the new build vessels. They are complex vessels. The port is complex. It's a big undertaking for any company to do in any port, but it's heading in the right direction and certainly TT-Line is collaborating very closely with TasPorts.

Mr WILLIE - Can the new ships operate in the existing port if it's not completed in time?

Mr GRAINGER - Yes.

Mr DWYER - To answer that question, the new ships have to be in berth number 3. They can't operate out of berth number 1 due to the size of those vessels. So we're obviously matching the arrival and making sure that full facility is available for them, so berth number 3 will then be able to operate the new ships as well as our current vessels at berth number 3. There will be dual-purpose berths at berth number 3 similar to what we have in Geelong now where the new ships and the current vessels can operate out of that one berth.

Mr FERGUSON - I should add then, I think, for the benefit of the committee, in the other committee TasPorts outlined how there's a total port reconfiguration taking place at the moment, which is being led by TasPorts.

Mr DWYER - We don't know who out standing out there.

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CHAIR - It's a public hearing. That's why the door's always open. For clarification for anyone listening, we like to keep the door open because it's a public hearing. It's just the people who are quite rude outside the door that need to be asked to keep it down. Thank you, from the Chair, not yourself.

Mr WILLIE - In terms of the new ship, the first one has been delayed by three months. What about the second ship? Is there any update there, minister?

Mr FERGUSON - Yes. I will definitely ask the CEO to respond on that, because I believe we've placed a public announcement to indicate that each ship has moved its new delivery time frame. In both cases, one contract two vessels, in the case of each vessel, RMC has significant obligations to minimise delay and indeed is incentivised by the contract to ensure that delays are minimised. We're aware, and I think we can speak to a limited extent on behalf of the contractor, they have undertaken to mitigate that, noting that the obligation sits with them. Mr Dwyer?

Mr DWYER - That's right. The first vessel, at the end of the second quarter and the second vessel, first quarter of 2025, yes, within that first quarter, which we wouldn't want to put a brand-new vessel right in the middle of a summer period anyway. It's working out well from a scheduling point of view. I think I've said before, I'm not too concerned about a seven, eight, nine week delay as long as we get the ships in the best condition that they are, because we're on the other side of the world so the day that we assist them with their sea trials making sure those vessels fit in with all the contract requirements. Even at that point, we may say that still doesn't meet the contract and you need to do some remedial work there as well because I cannot afford for those vessels to come out any less than what we've contracted because we're on the other side of the world and it's a long way to send them back if something happens in that regard.

Mr WILLIE - Minister, the CEO is saying he wouldn't want to put the new - or commission - the new vessels in the height of the peak season. If there are further delays, is it possible to do that? If there are further delays and you do have to commission the vessel in the peak season -

Mr DWYER - We can do that. Yes. Yes, of course. Yes.

Mr WILLIE - Okay. It's just more challenging.

Mr DWYER - More challenging and I need to be very respectful and look after our crew. These are brand new ships and a lot more passengers, which we can't wait to welcome on board the new ship, so we'll put them in as soon as we can. Absolutely. We need to because we're -

Mr WILLIE - Past capacity.

Mr DWYER - The demand is surpassing what our supply is. That's right.

CHAIR - Does the contractor attract any penalty if they don't deliver?

Mr FERGUSON - I'll certainly - yes, Chair, you were going to go on?

CHAIR - That's my question.

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Mr FERGUSON - I'll ask the CEO, please -

CHAIR - Do they attract any penalty for not delivering on time?

Mr DWYER - There are the clauses in the contract for that and for any length of time over that but more importantly, there's very tight clauses in the performance of the vessel over a whole range of metrics that we need to have signed off on those sea trials.

CHAIR - Thank you. Ms Howlett?

Ms HOWLETT - Minister, this week there was an announcement with more Tasmanian businesses having more contracts to supply the two new vessels. I was just wondering if you could advise what extent the Tasmanian businesses will be featured on the new vessels.

Mr FERGUSON - I'll definitely ask the CEO to jump as well, because what I have before me is this week's information but I'd ask you to draw out some of the others. Some of whom have been announced, others not, I think, so if you would, please, prepare that, that would be good.

Ms Howlett, I was pleased to announced on Monday that three more Tasmanian businesses have won work on the new *Spirits*. This is an obligation I referred to earlier that's held by RMC, so TT-Line isn't doing that procurement, RMC are and it's their obligation to provide that up to \$100 million of local content, however, we're not waiting around to see what RMC can do. Mr Dwyer has appointed a specific person, a resource, in the business to be guiding those procurements on behalf of Tasmania, Mr Fleming, and he's actually gathering businesses and working with them and then providing those opportunities back to Finland. It's working quite well.

On Monday I announced Seamaster, Tas Isle Trading and Rapid Supply are the latest in the awarded contractors to provide equipment and machinery. For your interest, Seamaster is operating out of Hobart and Devonport. They've been awarded a contract to supply all of the lifesaving equipment for the new ships, including life jackets, immersion suits and pyrotechnics. Hobart's Tas Isle Trading will supply all the washing machines and clothes dryers for the crew laundry on the new ships, the white goods. It will also provide ongoing maintenance of those items once the vessels are actually operating. Thirdly, Devonport-based Rapid Supply, they'll be supplying all the tools and equipment and machinery that the crew will require on board to maintenance and repairs.

These are the businesses that are involved in the initial supply, but also - let's be frank - there's also huge opportunities through the life of the vessels, not just during the delivery of those. I'll ask the CEO if you can add to that, even if we have a list that we could table because there's quite an extensive list of other businesses that I haven't gone near. Do you have those?

Mr DWYER - Certainly. Some more example is UES Seating, which is an Australian company that will be providing all of the seating for the newly designed business recliner lounge, the normal recliner lounge and cinema seating. We want to - I'm hoping it's Tasmanian wood, we're showcasing finishes right across the vessel and the vessel itself is actually designed to showcase the four different regions of Tasmania. As you walk around the ship, you'll actually see rainforest, you'll see the beautiful sands of the east coast, you'll see the magnificent

nightlife of Hobart in some areas. It's a real walkaround of Tasmania as well, so there is a lot of content that is being put in, and a lot more content that the yard is working on that will be announced later on as well.

I'll pick up a point that the Treasurer made as well, is that the biggest advantage for Tasmania is the ongoing work on these new vessels. With a new vessel, you normally multiple the value of the vessels by 2.5, 3 times over the 25 years for how much you need to spend, if we're conservative, that is \$1.5 billion of services required. We are working really hard and the yard is working and businesses in Tasmania to pick up these OEM contracts, so they look after the maintenance of all of the different areas of the ship going forward as well.

That's where a lot of the money and quite frankly, if we can pick those up in Tasmania, that should generate a new industry potentially for other ships that come into Australian waters to actually come down and be serviced in Tasmania as well. It's a bigger picture than just actually getting the ships out here. Perhaps, even in addition to that, all of our fuel is purchased at the moment out of Victoria because that's the only place we can. We are looking at potentially some supply out of Tasmania as well. That is, as you can imagine, a lot of dollars in relation to running those vessels through the full 12 months over 25 years.

Mr FERGUSON - Chair, if I could just wrap that up briefly. Which is to say, businesses that have an interest and feel they'd still like to have a role to play and haven't had the opportunity, we'd invite them to touch base with Mr Fleming at TT-Line and potentially, he can advocate for them.

CHAIR - Would it not be easier to actually put out something into -

Mr FERGUSON - We have done that.

CHAIR - You have done that as well?

Mr FERGUSON - Yes. The company has done that.

Mr DWYER - We have done that and we have also held workshops in the three regions of Tasmania and we've had over 100 businesses attend those, probably about 12 or more months ago now.

Mr GRAINGER - We have also presented to the Tasmanian Maritime Network, with the Minister, the CEO, myself and Simon Fleming presenting to the Tasmanian Maritime Network at one of their meetings.

CHAIR - Thank you. Ms Armitage?

Ms ARMITAGE - My questions are with regard to electric vehicles on the TT-Line. What policies are in place to assess and mitigate risks posed by the transport of lithium batteries? For example, those in electric vehicles. Also, have there been any incidents in relation to lithium batteries on any TT-Line to date? That is my first question, I do have more.

Mr FERGUSON - Yes, I understand and you've been an advocate in this space. I appreciate and respect that. Mr Dwyer will perhaps jump in at some point. I understand the recent research into the recurrence of EV fires has indicated that the risk of a fire starting in an

electric vehicle isn't greater than - and in fact may be considerably less - than a fire starting in an internal combustion engine car. That's interesting. Nevertheless, there are a range of advanced safety measures in place on both the current and the new *Spirit* vessels to address the risk of fire, regardless of their source.

I am sure you will agree with me, Ms Armitage, the safety of passengers and crew will always be the highest priority for all of us, including the company. For information, EVs are tagged before being allowed on the vessels. They are only located on decks that have the most efficient water shedding. I will ask Bernard to explain water shedding, particularly with the locked ramps and so on. The feature is a significant advantage for fighting fires on a ferry, allowing for very large volumes of water to be applied to the fire without effecting the stability and the safety of the vessel.

Additionally, the *Spirit* vessels have fire drenching systems in place, as well as additional fire hydrants fitted through the vehicle decks. I am advised that these systems meet the statutory requirements required by international conventions and national authorities. Current vessels have an approved fire on board, endorsed by AMSA, the Australian Maritime Safety Authority. The vessels' plans are regularly audited, fire detection systems are tested weekly and its firefighting systems are tested in accordance with AMSA requirements.

I'm also advised that they are checked by and approved by a licenced third party. TT-Line has also installed EV fire blankets on the current vessels, they will also be on the new vessels? I am getting a nod. These have been shown to be extremely effective in extinguishing both EV and normal combustion engine fires. The new *Spirits* will be fitted with even more advanced and extensive fire detection systems, monitoring both heat and stroke throughout all vehicle decks as early detection of any fire is obviously a key factor in fighting a fire, should one emerge on board the vessel.

TT-Line was also pleased to announce, this year, that the new *Spirit* vessels will be first ferries to operate in our country to feature Tasmanian made marine fire safety insulation materials. That's CBG Systems, a wonderful local company that design and manufacture this product.

I will pass to you, Bernard, in case you are able to advise the committee of any -

CHAIR - I doubt there is a lot to add.

Mr FERGUSON - If I could just finish my sentence, which is that we were asked if there were any incidents. Bernard, could you advise?

Mr DWYER - There have been no incidents at all. It is a three-pronged mitigation that we have. We do not charge vehicles on the ship. Our policy is that you supercharge or charge your vehicles before you get onto the vessel. We have provided facilities in Devonport and there are facilities close to Geelong to be able to do that. As the minister said, on our current vessels we now only park electric vehicles on Deck 5, with no further below, so that if the watering system goes off, the water is shed off the ship without any stability issues, and you can just keep flooding and flooding and flooding.

We use blankets for electric vehicles or normal vehicles, and those blankets would take a temperature from 1600 degrees Celsius, which is a runaway electric vehicle, and maintain it

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at 120 degrees Celsius if you leave that blanket on there. So, very good protection. The other one is that we obviously comply with all international regulations. In fact, I am proud to say that we put a lot of these processes in place ourselves before the international regulations actually came out and advised methods. So, we are comfortable.

Mr VALENTINE - About that fire blanket, the decking: it is all very well for the fire blanket to be able to stand that temperature but would the decking?

Mr DWYER - The decking can sustain 120 degrees Celsius. It is all about the training on getting that blanket onto the fires as quick as you can. You do not want any length of time at 1600 degrees Celsius.

Ms ARMITAGE - It mentions supercharging the vehicles before they come on. However, Tesla are now recommending that their vehicles, when they are sent on ships, are sent at 50 per cent charge to reduce the chance of a fire. I can see you shaking your head.

Mr GRAINGER - I am shaking my head because we are not going to charge on board.

Ms ARMITAGE - They are not charging on board either but they are sending them on board at 50 per cent charge to reduce the chance of a fire.

Mr FERGUSON - Do you mean from the manufacturer when they ship to market?

Ms ARMITAGE - Yes, they are going to 50 per cent charge when they go on a boat to reduce the chance. So, do you consider that supercharging or having them at full charge puts them at more risk?

Mr DWYER - We would have to have a look at the evidence of that. I drive a Tesla myself so I totally understand Tesla's intention in doing that. If that is found to be a risk and we can mitigate it by - I don't know how you would discharge something but -

Ms ARMITAGE - It was just interesting that they have done that.

Mr FERGUSON - Ms Armitage, I am going to suggest that we take that on notice and report back to the committee.

Ms ARMITAGE - Yes, and I can forward you the thing from Tesla. The other thing, Australian Maritime Safety Authority (AMSA) on 17 November has put out a safety alert for domestic and commercial vessels about electric vehicles, saying they are more challenging. They have also suggested where you have them on the boat, the fact that they are heavier. You are saying they are on level 5, but do you take into account that they are actually heavier when you are loading them, which side they go and where they go?

Mr DWYER - On the current vessels, as the minister said, the vehicles are tagged, so they are shown to certain areas of the deck and spread. On the new vessels we will actually have dedicated areas identified for electric vehicles as well.

Ms ARMITAGE - Yes, but just from reading AMSA, the fact that the fires develop in intensity quickly. I know that I have asked the question before and you have sent me some responses but the evidence seems to be that water will not put them out, regardless of how

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much. It needs to be an awful lot of water. So, do you consider, minister, that it is safe having an electric vehicle on a passenger ferry? I know nothing has happened yet. However, bringing electric vehicles over on passenger ferries, if one catches fire it could be catastrophic.

Mr FERGUSON - I totally respect the question. I don't have all of the answers on the technical element of answering that. We would be closely guided by advice and evidence from the regulators, in particular AMSA. Bernard, if you have anything further?

Mr DWYER - We talk very closely with Mick Kinley and everyone at AMSA. They follow what is happening in the international space in relation to EVs as well.

You can actually contain an EV fire with water if you have a moat around the vehicle and fill the moat. There are many different ways of looking at mitigating EV fires. But on a vessel, the blanket is the most effective for that because you don't get the runaway once you have the blankets on the vehicles themselves.

Ms ARMITAGE - How many blankets would we have? You have quite a few vehicles, it doesn't take long for them to catch on fire with each other. Or is it a large blanket that drops over the whole area?

Mr DWYER - Mostly over the vehicle that has caught fire.

Mr VALENTINE - To cut out the oxygen.

Mr DWYER - Yes, and the insulation of that as well. We don't need one on every space. They are in a central position. They can be picked up and moved to where they're required.

Ms ARMITAGE - The CCTV, thermal imaging, is that what will be on the new ships to give evidence of fire?

Mr DWYER - Spot it early. That's not just for electric vehicles but also for standard fires.

Ms ARMITAGE - For any fire, absolutely. I guess the lithium batteries are a little more prone.

Mr DWYER - No they're not.

Ms ARMITAGE - The jury's still out on that, though, isn't it?

Mr GRAINGER - A lot of what we are discussing is subjective. One of the leading entities on this subject is Interferry. They had their conference in Hobart a couple of weeks ago. Bernard sits on the Interferry board and they are leading the push for electric vehicle carriage on passenger vessels. They don't believe it is a significant issue, notwithstanding AMSA putting out the notice. Things have also changed since that notice went out.

Ms ARMITAGE - It was 17 November. That wasn't long ago.

Mr GRAINGER - No, but it is changing regularly. AMSA also put out a report three or four months ago.

Ms ARMITAGE - I assume that safety is a priority to passengers.

Mr GRAINGER - Safety is the biggest priority of this company.

Ms ARMITAGE - If you are on a passenger ferry and it catches on fire -

Mr GRAINGER - Passenger ferries can catch fire for a myriad of reasons. The understanding within the industry is that electric vehicles are no bigger risk than internal combustion engines or other.

Ms ARMITAGE - Let's hope one doesn't catch on fire on one of our ferries.

Mr VALENTINE - I have a couple of areas I'd like to explore. Given the monopoly status of TT-Line as the only provider of a passenger service for those who want to cross Bass Strait with a vehicle, is it appropriate for TT-Line to use demand-based pricing, where the cost of travel for passengers can vary markedly from day to day and even hour to hour? There might be one or two other options, but I don't think you would consider them a regular service, as TT-Line provides. It's a captive audience, isn't it?

Mr FERGUSON - I wouldn't agree with that, although, it is by far the dominant player in passenger service across the sea on a ship. It's not the only player but it is the predominant one. Some of the very small carriers carry very small numbers of passengers and I won't mention them in my answer because it is largely irrelevant. But it is not a captive audience at all because people have choices to fly.

Mr VALENTINE - Not if you want to take a vehicle across.

Mr FERGUSON - People do, in some cases, split up their family and one member of the family may well take the vehicle and have the option to fly the other three or four members of the family. The price point is irrelevant to the management to make sure that the company doesn't price ourselves out of the market either.

I'll ask Mr Dwyer to respond more deeply. Having a demand-driven pricing model is reasonably important as an appropriate way for the business to actually run as a business and ensure that not only are we providing a service to Tasmanians and interstate tourists, but also making sure that we get a good return to the owners of the business, the Tasmanian people.

Mr DWYER - I can't add any more to that; that's a perfect answer.

Mr VALENTINE - Tasmanians are, in effect, paying for part of that service in a way, aren't they? Through the government's contributions.

Mr FERGUSON - No, I wouldn't agree with that.

Mr VALENTINE - Wouldn't you?

Mr FERGUSON - No I think that the ACCC would have something to say about that. It is a market-based business, it participates in a commercial environment and has to abide by all of the safety discussions that we've just had and be able to resource those. I might just

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question whether I've answered that adequately, but no, it's a business that operates in a business environment.

Mr VALENTINE - You are saying there are no government funds involved?

Mr FERGUSON - Only the borrowing of funds for its capital program, and the Federal Government subsidy for passenger vehicles, through the Bass Strait Passenger Vehicle Equalisation Scheme. Apart from that, at an operational level, no. It runs as a business and people pay a fare just as they do on say an airline or another ferry.

Mr DWYER - That's right and we need to run the business to generate funds to pay for the vessel. It's obviously through the debt that we had, but also as the company has very successfully done is put away money for the new replacement vessels as well, so it very much has to stand on its own two feet and provide for the future as well.

Mr VALENTINE - I suppose the next observation about having special pricing for people that live on the island is not something you're likely to entertain?

Mr FERGUSON - Special pricing for people who live in Tasmania?

Mr VALENTINE - Yes, wanting to travel to the mainland.

Mr FERGUSON - I think again, we'd be running a dangerous position to do that -

Mr VALENTINE - Against the constitution?

Mr FERGUSON - Yes, that would be impeding the trade across interstate borders, I think, so look, I'm not a constitutional expert - although we have one at the table - happy to respond further. Mr Bugg?

CHAIR - Section 117 for those who are listening in.

Mr BUGG - I think it's section 117, and any State that treats citizens of another State differently to the way in which, and it's a State authority. So commercially, you could do it if you were a private enterprise, for example such as David Walsh and MONA, he can say if you're a Tasmanian or you're a Hobart resident.

Mr VALENTINE - Yes, he can.

Mr BUGG - I encouraged the government to look at it when I was Chair of the Botanical Gardens Board was met with section 117.

Mr VALENTINE - There you go, you're giving me the answer.

Mr BUGG - Tasmanians must be treated the same as people from the mainland.

Mr VALENTINE - My query is, I suppose, you have the freight equalisation and you have the passenger vehicle subsidy, but the passenger themselves is not being subsidised in any way and yet you know that piece of water is just like a highway somewhere else. We've had that conversation a number of times in the public arena.

Is there anything that your company can do to sort of advocate for that sort of approach? Why do Tasmanians have to be disadvantaged, especially with a demand-based system, travelling from Devonport to Melbourne to a concert that's on in Sydney or even in Melbourne, and they want to take their family and they want to take their car, why do they have to pay more for that stretch of water simply because there's a demand-based system in place?

Mr FERGUSON - Let's answer that, first of all, it would be a very similar argument you might make in relation to airfares. There is a reason to travel and there's a market-based cost to achieve that travel. The mode of travel is, I suppose, what's different about TT-Line, it offers sea transport.

We do, as I've mentioned, have the Bass Strait Passenger Vehicle Equalisation Scheme, which I think plays into the very point you make about a Federal Government responsibility to address that sea highway from that point of view and that's naturally a policy position that we would absolutely insist the Australian Government maintain. I've got no sense of concern about that I have to say, but Bernard or Chair, if you had anything further to add?

Mr GRAINGER - That conversation is probably for government to government.

Mr VALENTINE - Policy, between governments?

Mr GRAINGER - TT-Line operates under the Corporations Act and has the TT Line Act and has a statement of expectations. That's the way, unless that is changed by government, we're obliged to do what we're doing.

Mr VALENTINE - I appreciate the answer.

CHAIR - Thank you. I'll get another line of questioning going because we're not going to get anywhere with this one. Ms Webb?

Ms WEBB - I will change the topic into some admin things, which I find interesting, if others might not. I make it a matter of course to ask about right to information, and I know you've got in the annual report on page 30 a statement about during the reporting period one formal application was assessed for disclosure.

CHAIR - Is that the first 30 or the second 30 or the third 30?

Ms WEBB - Sorry. I think the first.

CHAIR - We found that interesting.

Ms WEBB - So, just noting it's only one -

Mr GRAINGER - Sorry. I don't understand what you just said.

CHAIR - The numbering of the annual report.

Ms WEBB - Very confusing.

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CHAIR - There's more than one 30.

Ms WEBB - Separate to my question. Just stay with me on the question.

Mr GRAINGER - I'm trying to.

Mr VALENTINE - One's the financial papers and the other's the -

Mr DWYER - The annual report.

Ms WEBB - I'm interested - I don't know that you put on your website the way some other agencies do sort of a reporting of outcomes in terms of RTI, but was the outcome of that assessed disclosure request partially or fully provided or rejected? Do you have - I'm not asking for the detail of it - just the status of it.

Mr DWYER - It was rejected.

Ms WEBB - Rejected, and was there an internal review request made or an external review request made as a result of that?

Mr DWYER - It's always an internal request and reviewed in the first instance.

Ms WEBB - In the first instance?

Mr DWYER - I don't know if it went through a second -

Ms WEBB - There was an internal review request?

Mr DWYER - No, so it didn't go to internal review.

Ms WEBB - In terms of staff who undertake RTI application assessments, how many staff do you have who have that as part of their role, potentially?

Mr DWYER - General counsel and company secretary, who is right behind me who I was asking that question of.

Ms WEBB - And is that person being provided with RTI training and skill development during the reporting period? Thank you.

Moving on to another topic, if I may. Modern slavery reporting, which I find very interesting. This is going to be a complementary line of questioning, just to flag. Numerous of our GBEs are large enough to be required to report and I discovered in GBEs last year that some of our GBEs put their reporting onto their website, and also sometimes included something about it in their annual report, which I thought was a marvellous idea, such that we had a motion in the upper House this year on 5 September which was calling on the state's GBEs to do that as a matter of course, those who are required. I'm just, in the first instance, going to ask you is that something you would be interested to do as a matter of transparency and full reporting to put your reporting on the website and perhaps next year into the annual report?

Mr DWYER - No problem at all.

Ms WEBB - Excellent. Looking at your modern slavery report made for the last period for 2022, I did see there that in relation to the Finnish company that is commissioned to construct the new replacement vessels that you made the comment, 'TT-Line will seek to have the shipbuilder provide an update on its compliance with TT-Line's modern slavery obligations during the 2022-23 reporting period,' which is the one we're just looking. I was interested to hear an update for the committee whether you've received that compliance update from the shipbuilders and if so, what steps were taken to audit or corroborate the update that they provided to you.

Mr DWYER - If I may, so we've had that update only 2 to 3 weeks ago from them and they have even more stringent compliance in Europe in relation to this, so the fact that they have complied in certification to us and showed their certification in the European Union is what we required. So, they were very forthcoming in that.

Mr GRAINGER - Further to that, we've just recently in the last few weeks updated the modern slavery policy of the company.

Ms WEBB - Have you? In what way, in broad terms?

Mr GRAINGER - We don't have enough time.

Ms WEBB - To make it more rigorous, in that sense?

Mr GRAINGER - Yes.

Ms WEBB - To be reporting -

Mr GRAINGER - The audit and risk committee reviewed it and updated it and that was put to the Board and the Board adopted those recommendations.

Ms WEBB - Excellent, thank you.

CHAIR - Thank you. Mr Willie?

Mr WILLIE - Earlier, minister, we heard about financial penalties for delays with the new vessels. I'm interested if any of those have been triggered and if not, what is the trigger?

Mr FERGUSON - The CEO has been reasonably open about the fact that the contract that sits between TT-Line and Rauma Marine Constructions has a delivery requirement and it has penalty provisions. I think you would call them liquidated damages. I know that you will be reluctant to provide too much detail, chief executive, please provide as much as you can. Secondly, importantly, I think at this point in time, Mr Willie, the company wouldn't be asserting that they have been triggered at this point, for reasons that the CEO I think will best explain.

Mr DWYER - As of today, they're certainly not triggered. If, and it's still a big if, it's June, it could be earlier than that, they're obviously going to be working very hard. If it gets to June and the delivery is in, then it would have been triggered by that point in time, so there

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would be a penalty. I can't go into the details because of a contract but there are definitely penalties that would be triggered by that date. Yes.

Mr GRAINGER - To be fair, there are milestone requirements throughout the build of both vessels that trigger payments at those milestones. That's standard ship building policy, and to date, it's going according to plan.

Mr FERGUSON - TT-Line is working closely and I believe professionally with RMC and asserting its rights.

Mr WILLIE - As you would expect. In terms of the payment for the vessels, there was a final equity contribution from the Government of \$41.59 million from finance general. It's my understanding the rest will be borrowings on behalf of the company. What's the total borrowing amount and the terms?

Mr DWYER - Obviously, there is a debt amount. That debt is fully taken up with TASCORP. There's a contribution we make to the Treasurer over a letter of guarantee as well, in relation to that debt. Our payments currently are based on percentages completion of the full vessel. We know roughly when then time frames are. We've hedged against those time frames for those large payments and as they hit each of those, then they fall due - which is RMC documenting the fact that they've made that percentage completion. Lloyd's Register also verify that, as a third party, to say that they've completed to that amount. That's the payment schedule as we go forward.

Mr WILLIE - At the end of those payments, what's the total amount sitting with the company and over what period of time, and have you locked in rates and things like that?

Mr FERGUSON - Yes, that's between the company and TASCORP but I will pass to Kym Sayers, our hardworking Chief Financial Officer.

Ms SAYERS - We currently have a borrowing facility with TASCORP - an overall borrowing amount - and as required, we are drawing down on that in tranches. We don't have a total amount over a set amount of period. Each time we're required to draw down, we take out - there is an interest rate that's set with that and a term that's set with that; so it's not one big amount. We're only drawing down as we need to.

CHAIR - But what's the overall amount that will be drawn down when the ships are delivered?

Ms SAYERS - We've currently got a facility with TASCORP that will cover the vessel replacement and any port infrastructure amount. At the moment that limit is - we have a \$700 million facility and a \$45 million working capital account, so that's what's been approved with TASCORP.

Mr WILLIE - You won't need any further facility or -

Mr FERGUSON - There will be a need for higher borrowings, certainly. That's currently, and on an ongoing basis, discussed between the board of TT-Line and the board of TASCORP; but that is the facility for the time being.

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Mr WILLIE - And what are the reasons for further borrowings - cost blowouts on the ships?

Mr FERGUSON - No, I wouldn't reflect it like that, but I understand the question. I'll ask the CEO to respond further or Kym; but essentially, there will be further borrowings to ensure that the shore-based facilities are also debt-funded and paid for.

Mr DWYER - We're responsible for the pavement up at berth number 3 in Devonport, so we need to fund that. The ship contract is a fixed price contract, so that contract hasn't changed at all. This is more about infrastructure. We finished Geelong, so it's now about the infrastructure in Devonport and making sure that's available on time and suits the new and the current vessels. That debt will be - it will hit a point which will be drawn down very quickly when we sell the vessels. Once the proceeds of the sale come through, that will pay off debt straightaway as well. It's just managing those peaks and troughs until that sale happens.

Mr FERGUSON - To clarify, we don't own Geelong and we haven't paid for the capital there. We're on a long-term lease arrangement. Also, Chair, if we take a question on notice we can provide you with the modern slavery policy document. We won't be able to do it today but we'll be able to provide the full copy to you, I'm advised.

Ms WEBB - That's fine. Perhaps you could put it on the website along with your latest report. That would be great.

Mr FERGUSON - Yes.

CHAIR - The delay in the vessels arriving ready for service - has that impacted on the sale of vessels? Potentially, someone is going to be lined up waiting for them.

Mr FERGUSON - You are spot on that people are lining up, expressing an interest. I will ask the Chair to answer the rest?

Mr GRAINGER - No, that will not impact. There has been a number of inquiries on the existing vessels, at the moment. A number of potential customers have come to Tasmania to inspect the vessels. At the Interferry Conference a couple of weeks ago there were some delegates who were also not only attending Interferry but inspecting the vessels. We are quietly confident that the vessels will sell quite easily. They have been maintained very well since this company took possession of them. They are in very good condition for vessels of that age. Our only issue is that they are not big enough.

There is significant interest all over the world on those ships and we are hoping that it will come down to an auction scenario. You can see in the annual report what the book value is. Fingers crossed, it will be considerably better than the book value; but we will wait and see.

Mr VALENTINE - Well-maintained and functional.

Mr GRAINGER - They are well maintained, they are safe, they are functional; they are fast. They are a vessel that is sought around the world; but world events can change all of this. We won't get too excited about it until we get to a point where we are saying, 'Yes, you can buy these today'.

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CHAIR - We are not getting excited. That is why we asked the question. We have seen things fall over around this place before.

Mr WILLIE - A further question on the borrowings. It is mainly for the above pavement facility; do you have any understanding of what the extra facility will be?

Mr DWYER - Compared to Geelong, as an example?

Mr WILLIE - No; your borrowing facility was \$700 million. I am interested in how much you are going to have to increase that.

Mr DWYER - It is between the two bodies at the moment. I am not sure.

Mr FERGUSON - I can only allow you to answer as you feel that you can.

Mr DWYER - I don't want to prejudice the TASCORP board that are looking at this, next week.

Mr WILLIE - Right.

Mr DWYER - I would be happy to answer it after the TASCORP -

CHAIR - The committee can always take evidence in camera. That is part of our role. There will be a few questions that will come that you also may need to take some evidence in camera. Is the member content with that?

Mr WILLIE - Yes, I can do that.

Mr FERGUSON - To be clear and while we are on the record and not in camera. I do not believe we are at liberty to discuss that with the committee before the TASCORP board has met. However, I believe we will have a high level of interest in wanting to be able to make further disclosures about future borrowing limits. I am very comfortable making that commitment. When we are able to provide more transparency on that - naturally, after the TASCORP board has considered future borrowing requests - I intend to make that public.

CHAIR - Is the member okay with that?

Mr WILLIE - Yes. I am not going to get a different answer if I tried.

Ms ARMITAGE - I have a follow-up with regard to the status of Devonport and their readiness for the new ships. At some stage, we will have larger and smaller ships there. If you could clarify that?

Mr FERGUSON - I will ask Bernard to do that.

Mr DWYER - Certainly.

Mr FERGUSON - Again, Bernard in the context of the partnership with TasPorts and the total reconfiguration which currently is under way.

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Ms ARMITAGE - Yes.

Mr FERGUSON - TT-Line is, in fact, moving from its current berthing facilities; but Bernard is best placed to answer that.

Mr DWYER - We are moving from berth number 1 further up to number 2 to what TasPorts call berth number 3 on the eastern side. The key - I think I have said this before internally - that building ships is the easiest part. It is connecting to the shore that is the hardest part, to get your efficiency. If you look at what we have done in Geelong - Geelong now is totally set up for the current vessels and new vessels. The ramp structure for loading and discharging is suitable for our current vessels, now in Geelong, and the new vessels as soon as they arrive.

Ms ARMITAGE - My next question in a moment will be on the challenges with Geelong.

Mr DWYER - From an infrastructure point of view we will be duplicating that in berth number 3. It is bigger than Geelong because we are stern-in, in Devonport. It is a much wider structure that is required, but it will take both the current vessels and the new vessels at the same time. There will be a period of six to eight months where we will be operating one current and one new vessel, so the infrastructure will be built to cater for both vessels.

Ms ARMITAGE - Can you provide a short overview of the challenges that the move to Geelong posed, and what was done to minimise them?

Mr DWYER - Sure. First of all it was an amazing move to Geelong. We sailed out of Melbourne one night and we sailed into Geelong the next day.

Ms ARMITAGE - So well worth it?

Mr DWYER - Yes. What I am trying to point out is that with all the staff and crew, there was not one hiccup in moving from Melbourne to Geelong, because you move in 12 hours. So, first of all, a great job done at Geelong. The Geelong facility is 12 hectares compared to 1 hectare, so a much bigger area for us to use - much better facilities for our passengers, much better facilities for children in cars so that they can come through security or even before security come into an area where there are toilets, a children's play area, and a café.

We have a 24 hour yard for freight. Freight can be dropped off and picked up any time in a 24 hour period. They do not have to wait for the ships to be there, so that suits the freight market very well.

Mr FERGUSON - There was a major bottleneck at Station Pier.

Mr DWYER - Yes. One thing we had improved is that we had an area that was secured away from the booths that you drive through, and we were seeing that there was a bottleneck of caravans and camper vans. We have since removed the fencing and moved the security right up to the toll booth, so now there are four lanes of very long parking that people can use all day until the security gates are open. That has been a big change in relation to that yard.

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Ms ARMITAGE - Is there any long-term parking at Geelong for people who may be coming to Tasmania for a short while, coming over on the boat and leaving their car there?

Mr DWYER - There is a public car park. But not many people would do that; less than 10 per cent are foot passengers for TT-Line. Most people take cars. Foot passengers would be hikers or seasonal workers who are using it to get into the north-west of the state. A very small percentage do not take their cars.

Mr VALENTINE - I am surprised it was as much as 10 per cent.

Ms HOWLETT - The building of these two new ships is exciting and I am very proud about them. Are we recording the build of the ships for historical purposes? It is a once-in-a-lifetime opportunity.

CHAIR - Is there a video of you over there watching them building the ships, Bernard, that is the question.

Ms HOWLETT - No, that is not the question.

Mr DWYER - I took my drone over and the flight you see is me doing it with the drone.

Mr FERGUSON - For us, it is historic. Be in do doubt about that. Every time we have seen a new vessel service Bass Strait for Tasmania it has been a significant reason for excitement and interest by our whole Tasmanian community. Many of us have grown up with memories of the *Abel Tasman*; the *Empress of Australia* for those of us old enough; the *Princess of Tasmania*; and of course the two *Spirits* which arrived in the early part of the 2000s. We are very excited about it.

Hype TV has been engaged by Bernard. The company has asked Hype TV to document it and along the way, if you have not seen them already hopefully you will, there are already some mini episodes being made available by Hype TV. They are the content creator working with Bernard and his team, and with RMC, so that at the end of the project we'll have a long-form documentary. Bernard, I'll ask you to add to that.

Mr DWYER - A long-form documentary that will be almost like a big ship build type of documentary. We will also be producing a coffee-table book in relation to the build and everything associated with the build. Director Bugg just turned round. We've got two webcams, one on both vessels, that updates every minute so you can see exactly what is going on. I tend to go on there and check that my guys are actually at work.

Mr GRAINGER - That's just on the *Spirit* website. Anyone can get that.

Mr DWYER - It will be a great documentary. It is very much right that it is historical for Tasmania and it will be an outstanding publication and documentary.

Mr FERGUSON - It will be the first time we've seen a long-form documentary out of something like this. The commissioning of a new ship just for Tasmania, this is a first for us, and future generations will be able to enjoy that.

Ms HOWLETT - Something we all should be very proud of.

Mr VALENTINE - Looking at the freight side of things, what proportion of 20-foot equivalent units transported across Bass Strait in each direction are carried by TT-Line?

Mr DWYER - Our market share on freight is about 20-21 per cent of the Tasmanian market. In relation to just our business, it is about 40 per cent, with 60 per cent passengers and passenger vehicles. You will have noticed in the report that it went up year on year because, as we were going through COVID and coming out of COVID, there was a lot less passenger travel because they couldn't travel, so we were able to carry a lot more.

Mr VALENTINE - I wasn't sure how much of the total that goes across the strait -

Mr DWYER - It is about 20 per cent.

Mr FERGUSON - You should offer a comment on what is different about our freight service.

Mr DWYER - We operate the last to leave, first to arrive. Really important in Tasmania, certainly for produce.

Mr VALENTINE - Agricultural and horticultural produce?

Mr DWYER - That's right. Coming out of the south of the state, especially. There is an opportunity for that infrastructure to come in first thing in the morning, get to the south and the extremities of the state, load then come back onto the ship to go out that night. But also, the sort of service we operate, I know we've got fantastic roads on the Midland Highway and through to the north-west, but if there's an accident or something happens on the road and the trucks are delayed, we can actually delay our sailing for three-quarters-of-an-hour just to make sure that produce gets onto the ship.

Mr VALENTINE - Without too much detriment to anyone.

Mr DWYER - That's right. Really important because there's potentially hundreds of thousands of dollars just in one freight, potentially.

Mr VALENTINE - With the number of voyages you've recorded, you've got 896 voyages during 2022-23 on page 31. That is an increase of 67 voyages compared to 2021-22, and 5 per cent more than target. With two vessels operating on Bass Strait and dry-docking restricted to once every two years for each vessel, presumably, what would be the likely maximum number of voyages TT-Line could provide in a given year?

Mr DWYER - We bumped that up slightly this year. We've already scheduled 901 sailings this year. That is pushing the limit, that's a record. We need to take into account crew safety and fatigue in our scheduling. We need to take into account that we don't impact on our everyday sailings. By having too many day sailings in a row, that could push out that you don't leave until 11 p.m. or midnight, so we do space them out. Mostly around the December-January-February period is when we had most of those double sailings. They've worked fabulously for us since we did the refurb of the vessels quite a few years back now.

Mr VALENTINE - That would be the same for the new vessels, obviously. Would there be much difference?

Mr DWYER - The new vessels are interesting because, with the new vessels, we will be able to take our current demand with a lot less sailings. With a 40 per cent increase, we won't have to do as many day sailings and can [inaudible] to night, so it is much more effective for us that way. With the extra demand these ships are going to drive, we can then put the day sailings on because these new vessels are as fast as the current vessels. But most important is that infrastructure on the shore so that we can cut the turnaround time from three hours down to an hour-and-a-half. That's what we can do with this new three-level load discharge. That way we can do double sailings in a day and stay within the 24-hour period, rather than creeping into the next day. So, much more efficient for us.

The demand that we've calculated for the ships in tourism and freight, we've got enough capacity with the number of sailings with the 40 per cent bigger ship for the next 20-25 years in demand. I couldn't sit in front of you and put a new ship on and then in five years we're out of space again. That's why -

Mr VALENTINE - And the impact on staffing as a result of the big vessels?

Mr DWYER - With the new vessels, we've built the ships around the service we want and the safety we want. We've only ever really bought second-hand vessels before. One example of that is the freight decks.

The freight decks have got what we call an elephant's foot, which you tie straps into and people trip over those and can hurt themselves. Every freight trailer at the moment takes eight ratchets to tie it down. We've got rid of these elephant's feet on the new ship. It's flat. We've also moved to a trestle system that locks into the deck itself. That was a change in design not only for efficiency, but to put eight lashings on a trailer is a lot of manual work. By using these trestles, it goes down to two lashings, so much safer for our crew and for what they need to do to get on and off.

Mr VALENTINE - That stops vehicles elevating off the deck, presumably?

Mr DWYER - This is only for freight but that's right. Coincidentally, that's a great Tasmanian supply story as well. All of these new lashing points that we need to put in the vessel were actually produced at Haywards in Launceston, put into containers and sent over to Finland and welded into all of the freight decks. Again, trying to turn over anything we can from Tasmanian business.

Ms WEBB - Regarding Edgewater Hotel, which is still on the market, I believe, a sale has fallen through: what is the expectation for that hotel at this point in time?

Mr DWYER - It is still on the market. We would expect to have a position on that property by the end of December. We really only bought the Edgewater Hotel, I can't remember how many years ago now, for crew accommodation. When you do double sailings, not all crew can stay on so they need to come off and stay somewhere. It was easier to have Edgewater for that.

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With the redevelopment of berth number 3, there's a few options where we may be able to use the Edgewater Hotel but not as a hotel, if that makes sense. We're evaluating all of our options at the moment. We've committed to the board to have a position on that by the end of December.

CHAIR - What's changed with somewhere for crew to stay?

Mr DWYER - The actual holding costs of somewhere like Edgewater now is far more costly than us putting people into a hotel somewhere in the area around there. I don't want to give our people the idea that we are buying hotel rooms. We're going through the figures. We found this in COVID and that's what really prompted the idea of really looking at the Edgewater. Through COVID, the Edgewater was used as a COVID hotel so we couldn't actually use it as our own business. So, we had to put our crew in other hotels and we found that it probably wasn't as expensive or onerous as we first thought.

Ms WEBB - To clarify, do you not just own the hotel but TT-Line operates the hotel business?

Mr DWYER - Yes.

Ms WEBB - It is a hotel that operates poker machines, it has 30 poker machines, and there's a new licensing regime that came in on 1 July this year. Has that had a material impact on the business itself?

Mr DWYER - It is not a material impact on the business to the positive.

Ms WEBB - Has it materially impacted to the negative?

Mr DWYER - That's why we're looking at it. Is it an asset, is it worth it? For a hotelier running that hotel it has fantastic potential but not for TT-Line running a hotel.

CHAIR - It's not core business.

Mr DWYER - No. I can run a hotel, I've done that before, but it's not our core business.

Mr VALENTINE - Just a little one.

Mr DWYER - Just a little one.

CHAIR - Another one, Ms Webb?

Ms WEBB - A small line of questioning, really, around the new ferries when they do arrive, you obviously got better - larger capacity in terms of passengers and freight coming through in those. Does that have an impact then through to requirements around biosecurity measures and increased requirements there? Will additional biosecurity checks and staff and staff training be required to accommodate those new ferries?

Mr DWYER - Certainly. We do most of our biosecurity work in Geelong, so vehicles are inspected before they get onto the ship, before they get anywhere near Tasmania. We will be doing more, obviously need more there as there are more vehicles coming through over a

longer period of time. In relation to freight vehicles, they're checked by Biosecurity Tasmania in Tasmania. As part of the berth redevelopment, TasPorts are looking at what provision they have for Biosecurity Tasmania, not just us and SeaRoad.

Ms WEBB - So, it will have an impact for you in Geelong and then TasPorts in Tasmania.

Mr DWYER - That's right. Yes.

Ms WEBB - In terms of the impact for you in Geelong, is it simply an increased staffing impact or are there other aspects to it?

Mr DWYER - It certainly would be increased staffing or hours of, there might be more hours open to check with the same amount of people, but there is new technology available that I don't want to talk about publicly, but there is new technology that we want to look at as well that will increase the security around our borders.

Ms WEBB - Do you report on the current rates of biosecurity breaches that are detected across your passenger travel and your freight carried on TT-Line? Is that something that -

Mr DWYER - No, Biosecurity would be doing that.

Ms WEBB - Right. I wasn't sure whether that would be something you reported on or elsewhere.

Mr DWYER - Yes, because we wouldn't necessarily hear that because it's after they leave our property that Biosecurity look at freight.

CHAIR - I have a question in regard to the sponsorship activity and it's flagged here that it's significant partnership activity for 2022-23. Can I have some understanding of the quantum of sponsorship and again I indicated that we are able to take any of this information in-camera. Minister, we would appreciate having some understanding of what that sponsorship entail, given it's flagged as significant.

Mr FERGUSON - I would be more than happy to discuss that to the extent we are allowed to, so I'll pass to the CEO, perhaps.

CHAIR - Hence my invitation to provide it in-camera.

Mr FERGUSON - Well, I respect what you're saying but providing it in-camera is still potentially a breach of commitments we've made on behalf of the company, but I'm not across the detail of commitments that have been made and if I'm allowed to provide to you, I will, but I'll seek Mr Dwyer's guidance on that, Chair, if that's okay.

Mr DWYER - The major sponsorship activities we have is the North Melbourne Football Club and the JackJumpers, both very successful for Tasmania, not only Tasmania but also for our brand in many different markets. Again, those sponsorships are out of our marketing budget. They're not a separate budget and so when we entered into those sponsorships we actually reduce our marketing spend by the amount of the sponsorships that we go into, so there is no increase in the spend by the company on those.

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Over and above those two sponsorships there's a myriad of sponsorships that we do in the community as well and we don't necessarily publicly talk about those because some of that is helping people that don't necessarily want it made public that we're helping them. There's a lot of community sponsorships as well and I think that's what we're really talking about there is the JackJumpers and the North Melbourne is pretty standard year-on-year. These other sponsorships that we're doing which is integral into the community both in Tasmania and certainly the north-west.

CHAIR - Can we have a quantum of the marketing budget?

Mr FERGUSON - Yes.

Mr DWYER - We can provide that, take that on notice, we can do that.

CHAIR - And is that something that the committee needs to take in-camera, because -

Mr DWYER - Well, we're not going in-camera, no, we can do that -

CHAIR - I mean, when we take information we can also take that in-camera.

Mr DWYER - Right, in-camera.

CHAIR - That's what I'm suggesting that it's an opportunity -

Mr GRAINGER - The marketing budget, that's no problem.

Mr DWYER - No problem at all.

Ms HOWLETT - That's the first part.

CHAIR - And I mean, if you can split significant sponsorship activities out of the small ones where you help people and they don't necessarily need to have that explained and in the public arena, we're interested in having that. Given that this is a long-standing issue for this company, I'm somewhat surprised that -

Mr DWYER - Sorry, it's an issue?

CHAIR - Well, it hasn't been available. The marketing budget or the sponsorship budget hasn't been available in the public arena for the North Melbourne Kangaroos AFL and AWAFL -

Mr DWYER - I'm sorry, I'm not sure what you mean by 'an issue'. Sorry. I'm just trying to clarify why it's an issue.

CHAIR - Well, it's an issue because it hasn't been publicly available - the figure.

Mr VALENTINE - It's an issue for us that we don't - it's not an issue for you.

CHAIR - It's an issue for us, that we haven't been able to secure that information over a number of years now.

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Mr DWYER - The Chairman and I sat in a special meeting three years ago where we provided that to the upper House.

Ms ARMITAGE - Well, not to us. It might have been to the Public Accounts Committee.

Mr GRAINGER - It was to the upper House at a GBE.

Mr DWYER - No, it was a special committee.

Ms ARMITAGE - It was not to us, to our committee.

Mr DWYER - And we've only just recently done it again.

Mr FERGUSON - Chair, to be helpful.

CHAIR - Thank you, minister.

Mr FERGUSON - What I'd like to say is if you're saying, Chair, and I don't know the full history but if you're indicating that the GBE committee hasn't previously seen the marketing budget, I think you're about to. I don't commit that we can provide commercial-in-confidence numbers. I respect the interest and the natural interest in it, but you're about to see our marketing budget of the company. It sounds like that may be for the first time.

CHAIR - So my second question was -

Mr FERGUSON - If I may just complete, which is to let you know that if there's a way that we can categorise it, I undertake to do that. You were about to go onto some other area of detail.

CHAIR - That's exactly what I was asking. If we can just have the two categories.

Mr FERGUSON - I'll seek that advice and I'll provide on - you know what I'm like - I provide it if I'm able and when I say I'll do it, I will do it. I'll provide it on a best endeavours basis. I'll perhaps take it on notice today, but we can provide the actual global number today, I'm certain. If we could prepare that number, please, during this session.

CHAIR - As I was going to finish what I was saying, that information hadn't been readily available previously. Now there's another Tasmanian sponsorship that's not readily available. I thought that because there was two, then it doesn't necessarily identify that each single sponsorship but it would be able to be sourced as a dual sponsorship, if you like.

Mr FERGUSON - Okay. We'll seek that advice and the global number, I will provide it to you during the session. I'm looking for a nod. The global number - we should be able to provide today during the session and to give you the chance to ask further questions of it, so I'll get that to you as soon as I can, Chair, and the other part, I'll take on notice, please.

CHAIR - Okay. Mr Willie, did you have a supplementary?

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Mr WILLIE - Minister, Metro sponsored the JackJumpers previously, as you'd be well aware, and they're a state-owned corporation. I'm just interested in why they can disclose what they're sponsoring the JackJumpers and TT-Line can't?

Mr FERGUSON - I thank you for the question. I don't know how to answer the Metro's perspective on this without Metro at the table. I can only be guided by the advice of TT-Line and the commitments that it's made in its own agreement making, but I hear where you're coming from. Metro was a foundation sponsor, as I recall, of the new team and that may have been that those numbers were public at the time because JackJumpers may have been advertising those sponsorships. I don't have that information with me right now.

Mr WILLIE - But you see the difference here is you've got two similar companies, owned by the state Government. One's disclosing what they're sponsoring the JackJumpers and one isn't.

Mr FERGUSON - Mr Willie, I really feel uncomfortable guessing, but I just gave you an example as to why that might have been disclosable. It may have been an advertised sponsorship package that was available for anybody to see. I wouldn't like to stand by that because I don't know, but all I can take is the bona fides of the people that are representing the company, if they say that there have been commercial in confidence commitments given, I can't gainsay that but I'm happy to interrogate it further. I really am. I hear where you're coming from.

CHAIR - Minister, the question in my mind is, why is it a secret?

Ms WEBB - Why is it secret?

Mr FERGUSON - Okay. I'll have another go at it.

CHAIR - We don't understand.

Mr FERGUSON - I'll have another go at it.

CHAIR - If they're such an asset to your business.

Ms ARMITAGE - It is public money.

Mr FERGUSON - I am not the person withholding this information. If the company has entered into commercial-in-confidence agreements, it may not be their information to share, if the counterparty has a confidential sponsorship arrangement that they seek to negotiate with the broader market. I am going to stop there. I will invite the CEO to respond to that same questions and put it into your own words from the company's perspective. Please explain to the committee if you are able to provide the number, and if not, why not.

Mr DWYER - That is exactly as you have described it there, Treasurer. North Melbourne is not keen for their contracts to be made public because they are dealing with other sponsors as well. We have a very good deal with North Melbourne, in our view. They would not want any other sponsors to know what we have negotiated because it would impact their other contracts or the potential for further contrasts. It is not us wanting to say something - we

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have a great deal. It is the ongoing effect of that in North Melbourne and the AFL and how they are dealing with the rest of their sponsors around the country.

CHAIR - The JackJumpers situation?

Mr DWYER - The same.

Mr WILLIE - When the company started sponsoring the JackJumpers, was there any increase in cost to the company?

Mr DWYER - No. We always take it out of our marketing budget. Our marketing budget was not increased due to any of those sponsorships.

Mr GRAINGER - What happens is that if the company decides that they are going to take up a significant sponsorship, it might mean that there is less newspaper advertising, or not as many billboards in the city of Melbourne - or something like that. There is an overall marketing budget and any sponsorship deal falls within that.

Mr DWYER - We are not sponsoring because we get the warm and fuzzies over the JackJumpers. There has to be a commercial return on every sponsorship dollar that we spend, and that return was proven. That is why we had it within the marketing budget. It is not an extra cost to the business.

CHAIR - I respectfully request, through you, minister, that the information that has been provided to another committee of the Legislative Council be also provided to this committee of the Legislative Council, and it will be taken in camera. There will not be any leaks, but we believe that we have the right to have that information.

Mr FERGUSON - I understand your perspective and we will provide what we are legally able to provide. Just because it is in camera does not mean that it is not a breach of commitment. I will make that point for the second time, and undertake to provide you what the company is legally able to provide.

CHAIR - If it has been provided to another committee of the Legislative Council, then we do not see that that is a relevant response.

Mr FERGUSON - I understand what you are saying. I do not have that knowledge. I am not being evasive here. We will provide what we are legally able to provide. The least we can do, I can assure you, is that we will find a way to represent the number in such a way that is useful to you, perhaps by category of the sponsorship. That may provide you with more insight than you have been able to have before.

CHAIR - We cannot ask the other committee for any information because that is not how this process works. We have to request this information for ourselves.

Ms ARMITAGE - Purchases from Tasmanian businesses - there is a note in the 'other information' in the annual report, but no page number, so that makes it a little bit hard. The note says:

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Due to the nature of the maritime industry, a significantly valuable amount of supplies, including but not limited to fuel and spares for the vessels, are not available for purchase in Tasmania.

I am surprised that fuel is not available for purchase in Tasmania. The percentage of purchases from Tasmanian businesses - 19 per cent, it is a very low percentage.

Mr FERGUSON - We are on page 38 of the main report. Fuel is an opportune area for this business.

Bernard, I wonder if you could outline your potential options there and how we can increase from 19 per cent - noting as the document outlines, it's because of the nature of this industry that, for the commodity supplies that run this business, the supply chain-

Ms ARMITAGE - But what would the commodities be, minister?

Mr FERGUSON - Fuel is one example -

Ms ARMITAGE - They couldn't refuel in Tasmania?

Mr DWYER - No. We cannot get fuel in Tasmania.

Mr FERGUSON - Mechanical spares; but I will throw to the CEO and would you please also outline how we want to procure in the future for the life of the new vessels.

Ms ARMITAGE - It seems very low, that's all, 19 per cent.

Mr FERGUSON - I accept that.

Mr DWYER - We would absolutely love it to be higher. There is no business more passionate about buying and moving business into Tasmania. We cannot get fuel in Tasmania, we get that via bunker barge. It's infrastructure specifically made for larger ships out of Geelong.

Ms ARMITAGE - The Antarctic crew might have to have a barge.

Mr DWYER - An interesting conversation, probably not for here, but our fuel bill is \$70 million a year as an example and that's a large percentage, 33-34 per cent of our costs cannot come from Tasmania - just in relation to fuel.

With the new vessels we've got an expression of interest out - if not this week, next week - on fuel types because there is a whole range of different fuel types that we need to make sure we have access to, or try and get access to, for those new vessels and we would dearly love to be able to buy that out of a Tasmanian supply.

As I said before, the biggest benefit to Tasmania going forward is the new vessels and businesses getting the OEM contracts to maintain these vessels out of Tasmania - for fridges, for electricity.

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Ms ARMITAGE - What else is there, on your annual basis, because you have 34 per cent for fuel and you have 19 per cent in Tasmania, so we've still got 47 per cent left,

Mr DWYER - Salaries - so, we can't get everybody that we need to sail the ships, certainly from an officer point of view, out of Tasmania. Again, we would love to employ more Tasmanians to do that. So, 19 per cent is getting up there when you consider that.

Ms ARMITAGE - What would the 19 per cent be?

Mr DWYER - Food, services, consumables; you name it, anything we can buy, we'll do. A good example is AJL out of Burnie, or up that way, where there was a company that purchased a company in Melbourne and now most of our maintenance is done out of Tasmania. That's increased four, five, six-fold already, in the likes of an AJL. So more and more of those services, if they can be done in Devonport, we'd be the first to jump at it.

Mr GRAINGER - Are you comparing the 19 per cent to something else or is it just an opinion?

Ms ARMITAGE - I am looking in your annual report and I could compare with the GBE we had this morning, which was much higher than 19 per cent, yes.

Mr GRAINGER - Not a similar company to TT-Line.

Ms ARMITAGE - I'm not looking at other companies. I'm looking at TT-Line, which is a Tasmanian company.

Mr GRAINGER - I'm just asking the question; what are you comparing the 19 per cent to? A company the same as TT-Line, somewhere else, or?

Ms ARMITAGE - With respect, I am looking at the annual report for TT-Line and the Government that tries to buy Tasmanian as much as they can. I am simply saying that out of 100 per cent, 19 per cent is quite low. I'm asking for answers and responses. I don't need to compare it with other similar businesses.

Mr GRAINGER - I was wondering why, that's all.

Ms ARMITAGE - Because it's in your annual report.

Mr GRAINGER - I get that; I'm looking at it. I've seen the annual report.

Ms ARMITAGE - Thank you. I'm pleased.

Ms WEBB - The 19 per cent - to clarify, it does say percentage of purchases from Tasmanian businesses. Does that mean it's 19 per cent of the total value of purchases you make? 19 per cent are from Tasmania, not from the number of purchases?

Mr GRAINGER - That's right.

Ms WEBB - The wording's a little bit unclear, so I wanted to clarify that.

Mr FERGUSON - I completely agree with the motive, we all do. We've stated at the table that we'd like to see that a lot higher over time. We do see some opportunity here and, I don't want to be too open about it because I know there's going to be an active procurement in the near future, but there are some exciting opportunities to see some replacement of sources of goods and services in the future to our island.

The company understands that there is great opportunity here. You are looking at a group of very passionate and committed Tasmanians to do that. We accept that it is a low number in comparison to other businesses that you are familiar with. The nature of this industry, as well as the fact that it is traversing Bass Strait, has led to that scenario. As the report itself reflects, due to the nature of the maritime industry, a significant, valuable amount of supplies including, but not limited to, fuel and spares for vessels just are not available for purchase in Tasmania.

With our new vessels, we believe that the multi-fuel option capability of the new vessels allows us to speak to more providers. They are possibly listening to this hearing and we want them to know that we will be going to market. There are opportunities for Tasmanian businesses. Naturally, the company will be looking for a cost-effective outcome as well. There is a fair bit of work to do. I am excited by those possibilities and opportunities.

In a moment I want to make a comment about some of the food options that we're trying, to promote Tasmanian food and product, if time permits. Please be assured, we understand, we get it; and the company understands, through the Guidelines for Tasmanian Government Businesses, there is a special requirement on the board to give careful thought to this and it is something I expect, as a shareholder.

Mr VALENTINE - On the fuel - you may have it in here somewhere, but I don't think it is - in relation to hydrogen. That is a Tasmanian product, or it will possibly be a Tasmanian product; it seems promising. Are these new vessels able to be converted to hydrogen? Has that been given any consideration?

Mr DWYER - Absolutely. We have been working very closely with Wärtsilä in Europe, who are the major engine and auxiliary manufacturers. We cannot afford to put engines into these vessels that can only operate one or two fuels. They have to be an open-ended solution. The vessels, as delivered, will be able to run LNG and diesel; and there is a retrofit that you can do to the valve system and some feeding systems - so we can go hydrogen, methanol, ethanol; a whole range of fuel types. We will be guided by the supply in Australia. We can't lead what area it's going to be, so we need this to be really open so that we can take any fuel type. Not only any fuel type - we have to comply with all the emissions regulations in the future as well. These ships are an open platform that can be changed, not take an engine out and put another engine in.

Mr VALENTINE - It is interesting. I believe hydrogen requires significantly more capacity to hold it. To hear you say that is encouraging.

Mr GRAINGER - Hydrogen would be difficult on a route of 200 miles at 27 knots, if not impossible - today.

Mr DWYER - There is also an issue with hydrogen around chemical brittling, making steel brittle. We are not jumping any way yet until we confirm what the best option is.

Mr VALENTINE - From what I've just heard, it might not be something that is at all viable.

Mr DWYER - It might be in five years' time, but not yet.

Mr GRAINGER - As we sit here, it would be unlikely, but not impossible. The suggestions of using cooking oil - some ships are using that, in the US in particular, today; but they are not travelling at the speeds we are, or going the distance that we are. It is the same with battery power, the technology is just not there. For that distance, 200 miles on one of the roughest stretches of water in the world, at 25-27 knots, it's a big ask. As Bernard just said, the engine manufacturer has given us an undertaking that we will be able to change to a number of different fuels really quickly. That is positive and exciting.

Mr FERGUSON - Bernard, could you clarify the predominant fuel types that the new vessels are most adaptable and able to take? There is a fair list of fuels, but a smaller number that are ready candidates.

Mr DWYER - Ready candidates are LNG, when they arrive. LNG, and in fact, their sea trials will be run on diesel and LNG. That's part of the contract, we need to see both fuel types in those tests. Diesel can be very low sulphur fuel that we currently use, so we'd be compliant with that. We can swap between various diesel types and LNG, and I've needed to do that because I have a fair bit of pressure from my right-hand side on fuel costs. Really, some of it depends on the cost of fuels as we go out five or six years as well, as to what fuel type we actually use, let alone the supply of it as well.

Again, safety first and also making sure that we comply with all emissions that we want to comply with, not need to comply with as well.

CHAIR - Given my recognise fondness for a 4 o'clock break, I will suspend the hearings until ten past four, just for a comfort stop for other people that are in the room, as well as members and yourselves. Thank you.

The Committee suspended from 4.00 p.m. till 4.11 p.m.

CHAIR - I'd like to take you to page 39 of the report. It's around consultancy costs incurred during the year greater than \$50 000. I'd like to take you to the HFW Australia, location in Victoria, legal services. It's an ad hoc engagement for \$2.080 million. I'm assuming, and one never should assume, minister, but I expect it's relating to the polo ponies. Can we have an update on where we are there and, if it's ad hoc, does that mean it's not going to be ongoing?

Mr FERGUSON - Thanks, Chair. If we could take the question in two parts. The first part of the question, chief executive, is around the actual engagement and I'll invite our deputy chair to speak to the status report on the legal cases in Tasmanian courts.

Mr DWYER - To answer the question in relation to our engagement with HFW, it covers the polo ponies that you talked about. It also covers all of the legal costs we have in building the new vessels, so all of the contractual work that we have with the yard and the ongoing work there. And any other work that we need to do on the marine side. HFW, we use basically their

marine side, so that's workers compensation on the marine side, et cetera. It's not just the polo ponies.

CHAIR - Can a breakdown be provided for the committee?

Mr DWYER - We haven't finished yet so I don't know if you want to talk to -

Mr FERGUSON - If I could invite the deputy chair of the board to respond and he'll have his own way of explaining the extent to which we can or cannot disclose legal costs around the legal case afoot which, as you'd be aware, is still ongoing. Damian, if you would, please.

Mr BUGG - Thank you, minister. As Bernard has just explained, that covers a range of representative activity by HFW. You could imagine the scrutiny of complex contracts for vessel construction and other related issues, and we're using their London office. So, you're linked to, obviously, an international practice. Just fortuitously, we used HFW for the polo ponies cases. There are two cases. One, a civil claim was made in relation to the loss of the horses. We had insurance cover, obviously, for that, but there are residual expenses associated with it and the prosecution. You'll see further up in that list, the fourth item down, Edge Legal, integrated workplace specialists. That should actually be Tasmania, not Victoria'

CHAIR - Thank you for that. That will make my number 3-4, well done.

Mr BUGG - Whilst that is a big figure, you must understand that we vigorously fought that prosecution in relation to the polo ponies for a couple of reasons. One, we had strong legal advice about our position and that involved taking a matter, at one stage, all the way to the High Court. Unsuccessfully, I add. However, ultimately, we appealed the conviction of the company for what I would call the animal cruelty part of the prosecution.

There were two components to the prosecution. One was animal cruelty, which we said, 'look, we are not legally or criminally responsible for that particular outcome, unfortunate though it was'.

Secondly, there was a regulatory component to it, and that was that we allowed a vehicle which had horses within it which were double-stalled, that is, two to a stall, to cross Bass Strait, contrary to the regulations. There are two aspects to that. The first one was that if there had been a divider between the two horses in each stall, the floor space of the vehicle they were travelling in was more than adequate to cover the number of horses that were in it. Secondly, the veterinary evidence given at the proceedings was that the double-stalling did not in any way impair or adversely affect the healthful wellbeing of the horses. In other words, it had not contributed to the demise of those horses which died. There was another vehicle that travelled at the same time where the horses were double-stalled as well, but that was a commercially built vehicle and all of the horses on that were fine. They were part of the same consignment and the vehicles were side-by-side. This was just a vehicle that had been home handyman-modified as a horse-carrying vehicle and it was not appropriate.

We ultimately finished up in the appeal court in Tasmania earlier this year and that upheld the arguments we had put about our defence to the animal cruelty component of the prosecution. The matter is still before the courts because we also appealed the penalty that was imposed, a substantial fine, because we said, 'well, we were not criminally culpable for the

cruelty offence and we are, therefore, seeking a review of the penalty that was imposed upon us'. The matter is still before the courts.

We have been confronted with hefty legal costs of representation to ultimately establish that we weren't culpable for the more serious aspect of this and to give an explanation that that which we are guilty of is only a regulatory matter.

I don't know the exact figure that is there but there are some issues around costs that I'd rather not talk about at this stage. Not because I am envious of that figure, but I do believe that, first of all, there is some discussion around the costs associated with the civil claim and our insurers. And, secondly, there are issues around the costs because we got an order for costs in relation to one aspect of those proceedings for the prosecution. It is 'watch this space' to some extent. That is a rather long explanation. I am sorry about the time it has taken.

CHAIR - That is fine. It is important to get this information out into the public arena. My question to you, minister, and obviously there is a decision pending, but when do you look at something like this and say it's better to stop the legal process and we, you know, whatever it is that's been put forward as a responsibility of the company and move on.

Mr FERGUSON - Yes. It's a fair question and I'll say to you and this committee - and I haven't felt that I've been able to say this before - I'm very pleased with the progress that has been achieved, because it weighed heavy on me that good people who offer a carriage service across Bass Strait, who are very good at running a shipping service and very good at carrying vehicles for customers but have never put themselves out as animal welfare experts.

The company is and does follow the animal welfare guidelines that it has from NRE. It weighed very heavy on me that a shipping service was found guilty of an offence of animal cruelty when - choosing my words very carefully - when all it had actually done was allowed a customer to carry their vehicle and their animals across Bass Strait. That's a significant demoralisation of good people, when that happened. How am I going, Mr Bugg? I would also say that while the matter remains before a court and there are processes afoot which we need to be -

CHAIR - Mindful of.

Mr FERGUSON - Circumspect about.

CHAIR - Hence my question.

Mr FERGUSON - I was pleased that the Full Court of the Supreme Court set aside those findings of guilt at the lower court and the majority of judges - and I think this is very important for us as Tasmanian MPs to have me focus this point - the majority of judges sent the matter back the Magistrates Court for rehearing by a different magistrate. A third judge had a slightly different view. The third judge would have entered a finding of not guilty. Justice is important, though in this case, it's expensive, but justice is the core point and good people deserve to be defended at court and if they are able in the end to be exonerated, really that's their right and title.

While it's expensive justice, it's justice nonetheless and naturally we all hope that not too much further expense comes at the expense of the company, but however, good people doing

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their best and acting honourably have needed to be defended and I'm pleased with the progress to date and I don't believe anything I've said sort of interferes with any of the current processes. That would be answer, Chair, and naturally while we totally respect the relevant parties here in relation to charging and then the judicial players, our company has proven that they did deserve their justice and they've received it.

CHAIR - I have no idea whether he over-stepped the mark or not, so we'll see in another time.

Mr BUGG - In the fullness of time, but look, put simply and your question was, when do you say, look, enough is enough, we've spent a lot of money on this, let's close the book and get on with our lives.

CHAIR - For everybody.

Mr BUGG - The consequence of that would have been - from the company's perspective - that we would have had a prior conviction against the company's name for animal cruelty. Reputationally, what's that worth to the company? And, when do you reach a breaking point where you say, 'we don't give a stuff about our reputation,' pardon my French.

CHAIR - I never would have said that.

Mr BUGG - But that is the risk you run and because if you say, 'look, we only pleaded guilty to save the costs,' someone said well, 'look what you've pleaded to, animal cruelty,' and I can tell you that every decision that the board made in relation to the advice we received about whether we should appeal or whether we should do this, our decisions were unanimous every time, purely and simply because we regard our reputation for how we treat that which we take onboard. That's people, property, pets, animals, everyone, we have got to be so defensive of our reputation and, okay, it's cost some money, but we can still defend ourselves when someone says, 'you run an untidy arrangement.' We don't. I look at that figure and think, 'Wow, that is a lot of money,' but at the end of the day, we've had a long business history of perfect behaviour in this area.

CHAIR - I appreciate, minister, the response.

Mr FERGUSON - I am glad that you have given me the opportunity to say those things, thank you.

CHAIR - That figure is not actually as much as what P & M Consultants of Victoria, the port infrastructure engineering consulting. I am assuming that there is no build in amongst that, it is just purely engineering consulting at \$2.303 million. Can I have some understanding of that quantum and how that has been arrived at?

Mr DWYER - P & M Consultants has worked with us for a very long time in all the work that we've done at Station Pier. They were involved in the initial design on the business case of all of the port infrastructure and they were also involved in the original design of the Geelong infrastructure requirements, which are extensive.

CHAIR - That would not be in this \$2.3 million?

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Mr DWYER - Some of it would be, yes.

CHAIR - Some of it would be?

Mr DWYER - Yes, by the time we got the bill, some of that would be and they are working feverishly, is the easiest word I can say, in relation to the design requirements of Berth Number 3 because - how do I put this? - the ramp infrastructure is so complicated -

CHAIR - The three levels?

Mr DWYER - Yes. It is not just, as an example, it's not a ramp coming down onto the ship when you drive on, there are a lot of sensors in those ramps as well. If there is any movement at all on the ship, those ramps retract automatically as well. I cannot -

Mr VALENTINE - You wouldn't want to be half off the ramp.

Mr DWYER - No.

CHAIR - This is only consulting, this is not actually infrastructure.

Mr DWYER - No, this is consulting and doing the actual designs. Obviously, we don't have our own engineering staff so these are doing all of the engineering drawings and working with TasPorts and working with Hazel Brothers in what they're doing for the pilings. It is very complex. \$2.3 million to me is a very small part of the project. It stands out there when you look at it in this list, because this list has six consultants that are only in relation to new vessels.

CHAIR - Hence the ad hoc reference.

Mr DWYER - It's more that once we have finished building the vessels, and the vessels are here, all of that falls away. We don't spend a lot on consulting, but we're in a period where we need to spend a lot on consulting, at the moment.

CHAIR - That's alright, there is no footnote.

Mr DWYER - Sorry?

CHAIR - There's no footnote. That's why the question has been asked.

Mr DWYER - Oh no, I am happy for questions.

CHAIR - If there are footnotes, then I do not necessarily always have to ask a question.

Mr DWYER - Do not get me wrong, I am happy for questions.

Ms WEBB - Can I have a question on that same area?

CHAIR - Yes.

Ms WEBB - I am interested in, at the bottom of the table, the 12 other consultants engaged for the projects under the \$50 000 threshold. I wanted to check, were they all discreet projects or were any of those contracted for more than one project under the threshold?

Mr DWYER - For example - it wouldn't be in these figures - but as an example of one, is that we recently engaged a consultant to help us with our tender for marketing services going forward for the next three-four years. It is those type of consultancies, where, we don't have the expertise in house. It is much easier to get that expertise in and then it goes away once you do it. Yes. It is not a project.

Ms WEBB - I am asking about if there is any contract then? Are there any double-ups there? Where, a particular consultant might have done two instances of something under \$50 000?

Mr DWYER - No.

Ms WEBB - They are all discreet and separate?

Mr DWYER - They are. That is a discreet - in any - Figura, for example, anything that has been costed to Figura, no matter what it is, goes against Figura. As an example.

Ms WEBB - You'd aggregate them?

Mr DWYER - That is right, yes.

Ms SAYERS - It's total spend within each of those consultants.

Ms WEBB - That is fine. I was just checking about that detail.

Mr VALENTINE - A question on the next page actually, page 40 and the payment of accounts. You have the invoices due for payment at \$22 413. Quite a lot of money involved in that. Invoices paid on time, \$17 931. What is the general situation with TT-Line when it comes to being a good or bad payer of accounts?

Mr DWYER - Only good.

CHAIR - It's gone out by seven days, though.

Ms SAYERS - Some of that would be volume and the type of invoices that we're paying in terms of ramp up post-COVID-19. Operationally, we incurred a lot more, so there is nothing underlying that to say we've just slowed down our payments. We make every effort to pay on time. For any that slipped outside the payment terms, I'd say, hand on heart, that either we disputed them - there aren't many of those; or we didn't receive it in a timely manner. We regularly get invoices that have a date on them and we enter that date as date of invoice. That's not necessarily the date that we get them. We prioritise smaller Tasmanian businesses - that's part of the reporting we do for Government in terms of making sure that we prioritise, even if they've got a 30-day term.

Mr VALENTINE - They're more vulnerable than the larger firms.

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Ms SAYERS - Yes, we would treat them as a seven-day account as opposed to anything; but we aim to pay everything on time.

Mr VALENTINE - So, your target is to pay by the due date.

Ms SAYERS - Absolutely.

Mr VALENTINE - Mostly?

Ms SAYERS - Yes.

Mr VALENTINE - You are looked upon as a reasonable company to deal with, in that sense.

Ms ARMITAGE - Lost time injuries: I notice it's doubled from 11 in 2021-22, to 22 in 2022-23. Do you have any reason for that? I know you mentioned things like 'elephant feet', that they trip over them and so on. Could you give me an idea of the injuries?

Mr DWYER - We report everything as an LTI, even if somebody misses a day because they need to get a stitch on their finger, that's an LTI. We are very proud of the fact these are not major accidents within the company. There are a lot of small - not trivial, and I do not mean to trivialise any accident or any injury to our people - but we do, in my view, almost over report. We will continue to do that.

From a safety aspect, our General Manager Marine Operations, who looks after the ships, reports directly to the board, not through me, every month on safety, LTIs and the reasons for and what we're doing about it. Some of these LTIs are why we've changed the design of the new ships with the lock-in trestles that I talked about; so, there is a lot of work that has gone into that.

For example, in the new ships, we can take a semi-trailer and lower it down to the stores section in the new ships; in fact, it goes lower than the stores deck, so that people could just load in and off the top of it without having to lift on and off, so we're taking that seriously in relation to LTI. Why have they increased on the year before? We talked about a COVID-19 period with hardly any passengers, a lot less movements on the ship, but that's why you'll see a difference when you come in and out of a COVID-19 period - which I hope we never see again. That's the sort of knowledge we don't want to have.

Ms ARMITAGE - Do you have any long-term worker's compensation cases currently?

Mr DWYER - I don't think we have any, but can we take that on notice and provide that?

Ms ARMITAGE - Yes, of course.

Mr WILLIE - On the same page, minister, I am interested in the safety marine KPIs. The target is zero; you've gone from six down to three, which is good. I'm assuming if the target is zero that they might be notifiable marine incidents or something more serious?

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Mr DWYER - No, we've had no notifiable at all. We always target zero, we don't want to have an LTI at all.

Mr WILLIE - How do you record an incident?

Mr DWYER - We have an electronic system on our vessels. Anything that happens on the vessel is put into that system. If it's an injury, a sickness to crew, passengers - we monitor all of that and they're all categorised as to what the incident may be. As I said, the board see, in detail, types of accidents, types of sicknesses from a crew and from a passenger point of view as well. This are just the LTIs that you're bringing up here.

Mr WILLIE - I'm talking about the safety marine KPIs - I'm trying to think of an example of one of those three.

CHAIR - No one overboard?

Mr FERGUSON - We seem not to have the detail but it's a great question. We will attempt to bring the answer before the hearing is finished. Thanks for the question. We'll get it as soon as we can.

Mr VALENTINE - Going to page 20 - revenue and other income. You've got an interesting situation where revenue from the provision of passenger services between 2022 and 2023 seems to have grown by about 56 per cent, but the revenue from the provision of freight services seems to have dropped by about 7 per cent. What's the go, there?

Mr DWYER - When we had lower numbers of passengers we had more space for freight, so we took more freight than we would normally take -

Ms WEBB - Freight didn't have COVID-19.

Mr DWYER - It was around the 115-122 -

Mr VALENTINE - Was it the COVID-19 effect?

Mr DWYER - It was a capacity effect.

Mr VALENTINE - It was 2022.

Mr DWYER - It's a capacity effect. Once passengers started travelling again then we didn't have all that space that they took up for freight, so our freight dropped and passengers increased significantly over that period.

Ms WEBB - A session we had just prior to this, was STT - do you carry any freight for STT in terms of products, either from plantation or from native forestry?

Mr DWYER - We don't have any contracts with STT, but we're not a freight forwarder. We're a shipping company - freight forwarders would deal with STT themselves. Some of our customers may deal with STT, I'm not familiar with that; but what we're doing is taking the freight -

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Ms WEBB - But you don't have any direct freight arrangements?

Mr DWYER - With STT? No.

Mr VALENTINE - I have quite a few questions that probably need to be taken on notice. You may not have the answers to a lot of these, but I do need to read them into *Hansard* so they can be taken on notice.

If the maximum number of voyages, which I think you've said was around 901, were made, what would be -

- The likely increase in total passengers carried?
- The likely increase in freight tonnage and vehicles carried?
- The expected passenger utilisation? and
- Freight and vehicle space utilisation?

I don't think you're going to have that available.

Mr DWYER - I don't understand the question; you're saying we're doing 901 sailings at the moment -

Mr VALENTINE - If you were at your maximum in terms of what you could carry, maximum of trips. The question is, if the maximum number of voyages were achieved, what would be the likely increase in total passengers carried, from what you have today?

Ms WEBB - Well, you're already at maximum.

Mr DWYER - We took 896 voyages so it was only an extra five.

Mr VALENTINE - Only an extra five?

Mr DWYER - It was only an extra five voyages between last year and this year coming.

Mr FERGUSON - To help you, Mr Valentine - isn't it five lots of 1400 for passengers?

Mr DWYER - It depends, most of those would be day sailings -

Mr VALENTINE - If I put this on notice, you don't have to sort of try to figure it out now.

Mr FERGUSON - 7500 passengers.

Mr DWYER - It was a challenge that we didn't know the answer.

Mr VALENTINE - Another question: can you provide a breakdown in the yield per passenger?

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Specifically:

- How many vehicles are transported per passenger carried?
- What is the yield per vehicle in relation to both the amount paid by a passenger and also in terms of the vehicle subsidy received?
- What is the yield for the passenger travel? and
- What is the yield where passengers choose a cabin option over the recliner chair base offering?

CHAIR - I think the cabin is more comfortable.

Mr VALENTINE - It may well be. It would be interesting to know.

How does the yield per passenger vary between the peak, shoulder and off-peak seasons?

CHAIR - It's all peak, isn't it? It's hard to get on.

Mr VALENTINE - There are three components, aren't there? There's peak, shoulder and off-peak. That'll do.

Mr FERGUSON - We will take them on notice. We will provide a brief comment. The Chair may have a different comment to my own. But it may be an interesting exercise for the company to attempt to give you a figure on yield per passenger because the business operates on a sailing. The answer that the company provides, you may need to anticipate that there may be a lack of definition around 'yield' on an individual passenger because if the ship sails half-full, it may well sail. The decision wasn't made because it was assumed to be a full sell-out of all the seats and cabins. We will do our best.

Mr VALENTINE - Made for timeliness reasons.

Mr FARRELL - You might have made commitments around freight, for example. Also, Bernard's team, on his Tuesday meeting, might have decided, 'We will take a punt and put on that extra day sailing'. That is what a business will do from time to time, make judgments. I know that Mr Dwyer will be able to provide you with some answers to those questions, but I am just explaining, from a business point of view, the business doesn't operate on a yield per person basis.

Mr VALENTINE - I can understand that.

Ms ARMITAGE - There have been concerns by many people when they are sailing and trying to get their car back on, there are many comments on some of these sites, like the Spirit of Tasmania Enthusiast Group -

CHAIR - Social media. Wonderful.

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Ms ARMITAGE - It can be. It certainly gives people the opportunity to get in touch. With the new *Spirit*, obviously it is larger. How many more vehicles and people will it be able to take?

Mr DWYER - For a passenger on a day sailing, it goes from 1400 to 1800, so another 400 people. I think it is a 55 per cent increase in passenger vehicles over our current vessels. And we are going from 222 cabins to 301 cabins, roughly.

Mr FERGUSON - What is really important to focus on as well - is the vehicle capacity 30 or 40 per cent higher?

Mr DWYER - That's 55 per cent for passenger vehicles.

Mr FERGUSON - It is going to be over 4 kilometres of vehicle lane capacity.

Ms ARMITAGE - Height-wise for caravans?

Mr FERGUSON - All of it is full height for cars, caravans. The current vessels have limited capacity for full height. Not only will it be a lot more vehicle lane metres, 4 kilometres, all are full height.

Ms ARMITAGE - So people will be able to get their caravan on and not go on a waitlist because of height?

Mr DWYER - I am hoping there are still waitlists.

Mr FERGUSON - It will be a game changer.

Ms ARMITAGE - Any consideration of going back to Sydney?

Mr DWYER - No. Oh, sorry.

CHAIR - Minister, is there any chance that there will be a policy change for the Government?

Mr FERGUSON - Frankly, no, but if the market conditions led us that way, you could look at it. It is an experiment that has been tried in the past and was a dismal failure.

Mr GRAINGER - If I can add to that, I was on the board when that decision was made to sell *Spirit III* and the figures were something like, if we had charged 20 per cent extra for passenger fares and 20 per cent extra for freight, we still would have been running at a loss of 20 per cent on that ship. It was starting to bleed money out of the Victorian operation. It was a fairly easy decision to make.

Ms ARMITAGE - It was 2006 that they took them off, wasn't it?

CHAIR - This is out of pure interest as much as anything: Is the cost of the leasing of the port at Geelong available compared to the Port Melbourne arrangement that was in place when we decided to say thank you very much but no thank you?

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CHAIR - (continued) no thank you?

Mr DWYER - We are very pleased with the lease at Geelong because it is not tied to volume. That is a 30-year lease. We know exactly what that lease is going to be for the 30 years, whether we take less, whether we take a whole lot more. We're going to take a whole lot more with the new vessels, so we're very happy with that lease arrangement.

CHAIR - It's a positive.

Mr DWYER - Definitely a positive. Yes, it's substantial.

CHAIR - It's definitely a positive but you don't have an actual cost?

Mr FERGUSON - Chair, the business does have the cost and a good knowledge of those costs. I'm just not sure that we're in a position to provide it.

Mr DWYER - No.

Mr FERGUSON - I think what the CEO's indicating and I'm happy to back it because I know exactly the case, not only is it a far superior facility -

CHAIR - We've heard about the additional opportunities for people.

Mr FERGUSON - Financially, as a tenant of 37 years - 37 years?

Mr DWYER - Thirty.

Mr FERGUSON - No, no.

Mr DWYER - Sorry, at Station Pier?

Mr FERGUSON - At Station Pier.

Mr DWYER - Well before my time.

Mr FERGUSON - We were being treated as though we had no option but to stay. Financially, we were being treated appallingly, getting poor service and being charged Rolls-Royce prices.

Mr DWYER - We're saving a lot of money.

Mr WILLIE - Is that because they wanted to evict you?

Mr FERGUSON - No, they wanted us to stay and feel that we had no option to leave. I don't want to rubbish them but I already have. The fact is nobody believed that this company would be prepared to move to the Port of Geelong. We were because there was a case for it, for all the right reasons, not just financial. It's a great outcome for the company and Tasmanians are only giving us positive feedback.

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Let's face it, when most of us have used the *Spirit of Tasmania*, I suspect that in not all cases, but in most cases, we haven't wanted to go to Melbourne - we've wanted to go to the mainland. The new link, together with the new facilities, a long-term bespoke infrastructure built just for us, to our requirements, it's been a great outcome. And financially as well.

Ms ARMITAGE - I've never been on it.

Mr FERGUSON - I look forward to welcoming you sometime.

CHAIR - I look forward to the new ships arriving. We've looked at the current ships just in dock, as you know. We've had an opportunity to look over those when they were at -

Mr DWYER - Please come and sail on it.

CHAIR - Sounds delightful. I'm going to look up and down the table just to make sure that members have opportunity. If there are no further questions -

Mr DWYER - I've got some answers.

CHAIR - Okay, let's have the answers.

Mr DWYER - First of all, in relation to the slavery statement, it is actually fully published on our website.

Ms WEBB - Is it? I must have just not spotted it.

Mr DWYER - I thought it was. The policy is already up there. Welcome to use it as a standard for everybody else.

Ms WEBB - Will you pop something in your annual report next year about it because you might as well pat yourself on the back?

Mr DWYER - Yes, sure.

CHAIR - There you go. You've got a tick from the member for Nelson.

Mr DWYER - Marketing budget for the full year 23, including marketing salaries, was \$16.3 million. Again, that hasn't gone up. Everything we do always stays within the budget.

CHAIR - Okay. But we're going to be provided with categories?

Mr DWYER - We'll certainly look at that.

In relation to the three marine safety KPIs. One, on *SPoT II*, there was a turbo-charger failure on 11 October. A turbo-charger on an engine failed so we shut that engine down and then spent upwards of \$1 million getting a new turbo-charger. That's the issue with our business - something small like a turbo-charger, you're looking at \$1-2 million to fix it. The second one was the Devonport port closure due to extreme weather on 13 October. When the port was shut, that was a marine KPI there. The last one was less than a 500 ml loss of hydraulic oil into the environment. They're the only three for the year, let's hope.

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CHAIR - One final question from the member for Hobart in his final GBE.

Mr VALENTINE - Thank you. Are you able to provide information on waiting times facing various classes of travel, including those seeking to travel without a vehicle, those seeking to travel with a motorcycle or bicycle -

CHAIR - Are you going to declare an interest?

Mr VALENTINE - No, I'm not looking at going over at this particular point in time but in a few months' time, I might. - those seeking to travel with a standard vehicle, those seeking to travel with an over-height vehicle and those seeking to travel with an over-length vehicle, including towing a trailer or caravan. So, we can get an understand of what that landscape is like.

Mr DWYER - Waiting times?

Mr VALENTINE - The waiting times, can you provide information on waiting times facing those various classes of travel? I can put that in with my question on notice.

Mr DWYER - I'm not quite sure how we would answer it, because the security gates are opened and you go through the booths. If you are there an hour -

Mr VALENTINE - No, we are talking about booking.

Ms WEBB - How quickly could I get a booking.

Mr DWYER - I will certainly come back on that, I don't know that off the top of my head.

Mr FERGUSON - Depends on when you want to travel, to the chairs point. That'll exercise you, and we're happy to take that -

Mr VALENTINE - I will make sure it says bookings. Booking waiting times.

Mr DWYER - It was a clear last question you knew last GBE, so that was great.

Mr VALENTINE - And did I get an answer?

CHAIR - In all seriousness, it's been an absolute pleasure to have the honourable member for Hobart as part of this committee for some time now. He defected from the other one and come across to us, and it's certainly been our gain.

Mr VALENTINE - You are being very generous, Chair.

CHAIR - We are very appreciative of the work and the time and effort that the honourable member spends on his scrutinies is something that any new member and others certainly we can take a leaf out of. Thank you.

Mr VALENTINE - You are being very kind.

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CHAIR - And on behalf of the committee we very much appreciate everybody's time, not only today, but in preparation. We wish you all the best in the future and we look forward to seeing some very big ships arrive in Devonport sometime in the near future.

Mr FERGUSON - Come and have a look.

Ms WEBB - I can tell you're looking to it.

Mr FERGUSON - I cannot wait.

CHAIR - Thank you, and we'd like to, on behalf of the committee also, extend season greetings and we hope that you have a happy and safe festive season and a wonderful new year. Thank you to everybody. Gae, and particularly a big thank you to Julie, who is our wonderful secretary, and to my members, you are absolute treasures and really appreciate you. Thank you.

The Committee adjourned at 4.52 p.m.