



PARLIAMENT OF TASMANIA

LEGISLATIVE COUNCIL SELECT COMMITTEE

GOVERNMENT BUSINESSES SCRUTINY 'B'

Report with Minutes of Proceedings

Members of the Committee:

Hon Rosemary Armitage MLC
Hon Luke Edmunds MLC
Hon Mike Gaffney MLC
Hon Tania Rattray MLC (Chair)
Hon Meg Webb MLC

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

MINUTES

TUESDAY, 3 AND WEDNESDAY, 4 DECEMBER 2024

TUESDAY, 3 DECEMBER 2024

The Committee met at 1:30 pm in Committee Room 3, Parliament House, Hobart.

Present:

Ms Armitage (Deputy Chair)

Mr Edmunds (via WebEx)

Mr Gaffney

Ms Rattray (Chair)

Ms Webb

Apologies:

Nil

In Attendance:

Mr Simon Scott (Co-Secretary)

Confirmation of Minutes

The Committee **RESOLVED** that the Minutes of the Meeting on Tuesday, 19 November 2024 were confirmed as a true and accurate record.

Correspondence

Outwards

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

1. Letters sent 19 November 2024 to relevant Ministers and Chairs providing meeting details for GBB hearings on Wednesday, 4 December 2024.

Stakeholder Meetings

At 1:30 pm the Committee commenced informal discussions with stakeholders.

The meeting was suspended at 4:20 pm until 8:45 am on Wednesday, 4 December 2024 in Committee Room No. 3, Parliament House, Hobart.

WEDNESDAY, 4 DECEMBER 2024

The Committee resumed at 8:45 am in Committee Room 3, Parliament House, Hobart.

Present:

Ms Armitage (Deputy Chair)

Mr Edmunds

Mr Gaffney

Ms Rattray (Chair)

Ms Webb

In Attendance:

Mr Simon Scott (Co-Secretary)

The Committee suspended at 8:47 am

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

TASMANIAN RAILWAYS PTY LTD

At 8:58 am the following witnesses appeared before the Committee:

Hon Kerry Vincent MLC	Minister for Infrastructure
Stephen Cantwell	Chairman
Steven Dietrich	Chief Executive Officer
Josh Bradshaw	Corporate Affairs Manager
Joe Tidey	Chief Financial Officer (from 10:13 am - 10:15 am)

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

Questions on Notice

Nil

The witnesses withdrew at 10:28 am.

The Committee suspended at 10:28 am.

The Committee resumed at 10:44 am.

TASRACING PTY LTD

At 10:45 am the following witnesses appeared before the Committee:

Hon Jane Howlett MP	Minister for Racing
Gene Phair	Chair, Tasracing
Andrew Jenkins	Chief Executive Officer
Dr Martin Lenz	Chief Veterinary & Animal Welfare Officer

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

Questions on Notice

Nil

The witnesses withdrew at 12:18 pm.

The Committee suspended at 12:18 pm.

The Committee resumed at 12:23 pm.

TASMANIAN IRRIGATION PTY LTD

At 12:23 pm the following witnesses appeared before the Committee:

Hon Jane Howlett MP	Minister for Racing
Kate Vinot	Chair
Andrew Kneebone	Chief Executive Officer
Byron Fraser	Chief Financial Officer (from 1:14 pm to 1:15 pm)
Sophie Grace	General Manager Environment, Health and Safety (from 1:27 pm - 1:33 pm)

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

Question on Notice

Nil

Mr Edmunds left at 1:32 pm.

The witnesses withdrew at 1:34 pm.

The Committee suspended at 1:34 pm.

The Committee resumed at 2:30 pm.

MOTOR ACCIDENTS INSURANCE BOARD

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

Hon Eric Abetz MP	Minister for Transport
Lance Balcombe	Chair
Paul Kingston	Chief Executive Officer

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

Question on Notice

1. A breakdown of consultants used by MAIB for the past three years, detailing contracted amounts, project and consultant. (MG)

The witnesses withdrew at 3:42 pm.

The Committee suspended at 3:42 pm.

The Committee resumed at 3:50 pm with a quorum of three.

PORT ARTHUR HISTORIC SITE MANAGEMENT AUTHORITY

At 3:50 pm the following witnesses appeared before the Committee:

Hon Madeleine Ogilvie MP	Minister for the Arts and Heritage
Grant O'Brien	Chair
Will Flamsteed	Chief Executive Officer
David Nelan	Chief Financial Officer

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

Mr Edmunds back in 3:51 pm.

Ms Armitage back in 3:56 pm.

Question on Notice

Nil

The witnesses withdrew at 4:51 pm.

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

The Committee **AGREED** that the response to the question on notice be due close of business, Tuesday, 10 December 2024.

The Committee **AGREED** that the Committee next meet via WebEx and available Committee Room on Friday, 13 December 2024 at 8:45 am (30-minute duration).

Through the Chair, the Committee thanked the outgoing co-Secretary, Simon Scott for his efforts in assisting the Committee in this form, and over the past three years, as the Secretary for Legislative Council Sessional Committee Government Administration B. The Committee also thanked Julie Thompson for her efforts as co-secretary, and Hansard.

Adjournment

At 5:00 pm the Committee adjourned.

DATE: 13/12/2024

CONFIRMED



CHAIR

The Hon Eric Abetz MP
Minister for Business, Industry and Resources
Minister for Transport
Leader of the House

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Hon Tania Rattray MLC
Chair
Legislative Council Select Committee
Government Businesses Scrutiny Committee B
Email: Simon.Scott@parliament.tas.gov.au

10 DEC 2024

Dear Chair *Tania,*

Thank you for your letter of 4 December 2024 regarding Questions on Notice – Motor Accidents Insurance Board during the hearing held on 4 December 2024, Legislative Council.

Following is the requested information:

1. **A breakdown of consultants used by MAIB for the past three years, detailing contracted amounts, project and consultant.**

Please see attached table.

Yours sincerely


Eric Abetz MP
Minister for Transport

MOTOR ACCIDENTS INSURANCE BOARD
SERVICE PROVIDER COSTS 2021-22 TO 2023-24

Consultant	Description	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
CONSULTANCIES GREATER THAN \$50,000				
Aon Benfield	Reinsurance brokerage services	467	496	525
Cushman and Wakefield	Project advisory - supported accommodation renewal			100
Ernst & Young	Rehabilitation market scan and contract review			75
Etvia	Strategic planning development advisory services			102
Frontier Advisors	Strategic investment consulting advice	199	444	434
FYB Pty Ltd	Electronic records management system upgrade		56	
KPMG	Claims segmentation project management services			147
MSM & Associates	Supported accommodation renewal project gap analysis		312	
People Talking	Staff development program: Launch & training for all teams	216	75	122
People Talking	Staff development program: Management teams training		96	93
People Talking	Staff development program: Coaching & workshops	16	6	29
People Talking	Staff development program: Kantor profiles for new staff	55		14
Scyne Advisory	Project advisory - supported accommodation renewal			179
Synergy	Online claim forms development	157		
Taylor Fry	Actuarial services	227	196	214
Willis Towers Watson	Strategic investment consulting advice	173		
Total greater than \$50,000		1,510	1,681	2,034
CONSULTANCIES LESS THAN \$50,000				
Alan Wilson Consulting	Director recruitment		50	21
CyberCX	IT system penetration testing	35		
Dobson Mitchell & Allport	Legal review of contracts and agreements		34	
Dr Phillipa Carnemolla	Supported accommodation renewal project scoping advice	22		
EMRS	Client survey	38	19	35
Ernst & Young	Investment portfolio audit	11		
FYB Pty Ltd	Electronic records management system upgrade	32		
Geoffrey Pickard	Claims files - reviews of legal services		13	2
Hays	Staff recruitment - multiple individual consultancies		64	77
KPMG	Attendant care and supported accommodation procurements		25	
Liquid Learning Group Pty Ltd	Women in leadership workshop			5
Mercer Investments (Australia) Ltd	Investment compliance review	41	41	41
Monash University	Supported accommodation renewal project gap analysis	15		
Moore HR	Staff procurement		12	
NeedHRNow	Human resource consulting advice	4		
Newport Wildman & Associates	Staff employee assistance program		12	3
Newton & Henry	Probity advisory			10
Opteon Property Group	Property valuations		10	12
Rapid Circle	IT consulting - mobile device management		17	17
Susan Fahey Consulting	Claims investigative consulting		15	-
Total less than \$50,000		198	312	223
Total payments to consultants		1,708	1,993	2,257



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

Tasmanian Railways Pty Ltd

Wednesday 4 December 2024

MEMBERS

Hon Tania Rattray MLC (Chair);
Hon Rosemary Armitage MLC;
Hon Luke Edmunds MLC;
Hon Mike Gaffney MLC; and
Hon Meg Webb MLC

WITNESSES IN ATTENDANCE

Hon. Kerry Vincent MLC, Minister for Infrastructure, Minister for Local Government

Stephen Cantwell, Chair

Steven Dietrich, Chief Executive Officer

Josh Bradshaw, Corporate Affairs Manager

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The committee met at 9 a.m.

CHAIR - Welcome everyone here for this year's GBE scrutiny, and we start today's with Tasmanian Railways, which we usually abbreviate to TasRail. Thank you all for being here. I will introduce the people who we have on our side of the table. Then, minister, I'll ask that everyone either introduces themselves or you introduce them.

First of all, Luke Edmunds, Rosemary Armitage, Tania Rattray, Meg Webb and Mike Gaffney. Our secretariat support is Simon Scott and we also have James Reynolds, who will be joining the Legislative Council next year and we're pleased to welcome him today. And we have Henry on *Hansard*.

Minister, I know you have a brief overview and we'd be happy to have you provide that to the committee and then we'll launch into questions. Thank you.

Mr VINCENT - Thank you, Chair. I have my Chief of Staff, Tim Lovibond; on my right; I have Stephen Cantwell, the Chairman of TasRail; next to him, the CEO, Steven Dietrich; and Josh Bradshaw; and in support behind we have Stephen Kerrison; Kirsten Woolley and Joe Tidey.

CHAIR - And Richard Wilson.

Mr VINCENT - Richard from my office with Al as well. You'll notice the theme of today is 'Stephens' in the room, so if you say 'Stephen' -

CHAIR - Somebody will answer.

Mr VINCENT - Somebody will answer.

CHAIR - Thank you, minister. Also, congratulations on this area of responsibility that you have as a minister for Infrastructure.

Mr VINCENT - Yes. Having been out and about, it is exciting. Although I'm very new to the role and limited exposure to some parts of it, every aspect I am enjoying and have an opening statement if that's okay?

CHAIR - It certainly is.

Mr VINCENT - TasRail has produced another strong result for 2023-24 with growing and sustained volumes across various markets.

This position is reflected in a 6.3 per cent increase in net tonne-kilometres.

It can also be seen in the near-record volumes of 20-foot equivalent units with 85,163 TEU on rail for the financial year. This is a huge amount of freight not being carried on our roads. Further sustained growth was also achieved in ship-loading services out of the Port of Burnie. TasRail owns the state's only open access bulk mineral ship loader providing 500,000 to 600,000 tonnes per annum of export materials, minerals, ship-loading services to the industry.

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When I was at the Burnie port a few weeks ago, I was impressed to see the new shipload was installed on the port in September this year and it's when you get down alongside of it, it is an enormous project in all aspects. Since installation, the new asset has loaded over 100,000 tonnes of the product for the mining sector.

The 2023-24 financial year also saw the successful completion of tranche 3 of the Tasmanian Freight Rail Revitalisation Program. This \$96 million program saw the delivery and installation of 11 level crossing upgrades, five new turnouts and nearly 45,000 metres of new rail and an enormous just-under 26,000 new sleepers. During 2023-24, work also continued on the Locomotive Life Extension Project that involves the refurbishment of critical 2050 and 2000 class locomotives. This \$15 million program will see eight of these legacy locomotives overhauled, providing an additional five to 10 years of operational life. The first refurbished 2050 class locomotive is now in service.

TasRail will also continue to focus on community behaviour and safety in and around level crossings during 2023-24.

TasRail recorded eight collisions and 311 near misses at level crossings over a six-year period between July 2018 and June 2024.

More than \$2 million funding from tranche 4 of the Tasmanian Freight Rail Revitalised Program has been allocated to level-crossing safety improvements and upgrades across Tasmania. Since the program began more than a decade ago, more than \$20 million has been spent in this area.

In conjunction with Rail Safety Week this year, TasRail launched an online video campaign, what's it going to take? - a simple question, but very effective. This initiative aims to heighten awareness of level-crossing safety and encourage responsible behaviour among road users through the personal stories of TasRail team members. It is an area we all want to see improve.

In my short time here, I've been very impressed with the work of TasRail, Chair, and I welcome questions.

CHAIR - Thank you very much and minister, we will go straight to the level crossings. There have been 11 upgrades in the last financial year that we're looking at and yet we've got a significant increase. Can we have some understanding of whether it's just driver attitude or whether those upgrades are not meeting their expectations on safety?

Mr VINCENT - I'll certainly do a summary and then pass over to the executive to answer.

CHAIR - We've gone from 2022-23 of 39 level-crossing fails to 68.

Mr VINCENT - Yes, it's quite a significant jump. I might add also we have received notification from the federal minister, Catherine King, that it has been agreed that instead of 50-50 funding for level-crossing work that is now agreed federally to be funded 80-20 and that over the next three to four years there will be another \$8 million spent on identifying and rectifying some of those situations.

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CHAIR - How many level crossings are likely to be able to be upgraded with the \$8 million over that period?

Mr VINCENT - I will hand over to the CEO to answer that.

Mr CANTWELL - I will make a couple of couple of comments to create some context and then hand over to the CEO to provide that kind of detailed information on numbers and so forth.

First of all, it's important to say that TasRail adheres to the national standard for level-crossing safety assessment. There is a national approach; it's called Australian Level Crossing Assessment Model. Every level crossing within the TasRail network is assessed and reassessed according to the ALCAM model. That model defines what level of protection - be it boom gates, level flashing lights or, at the other end of the bookshelf, cross arms and stop signs, which is appropriate for level crossing. Every single crossing in the system is assessed and reassessed to ensure the appropriate level of protection is provided.

In terms of the numbers, what we're seeing is a lot more road activity, a lot more interaction between the road and the railway on the system. With the heightened level of emphasis that the company places on level crossings and level-crossing safety, we are seeing an increase in the reporting of level-crossing incidents and near misses, so that explains the increase in numbers.

I'll hand to the CEO to give some further detail on what actual upgrade works have been done and what an \$8 million upgrade program buys in terms of level-crossing investment.

CHAIR - My question was that we have already seen that the company provided 11 level-crossing upgrades but there have been no inroads into the number of incidents and that's really the basis of my question.

Mr DIETRICH - I understand. It really comes down to community behaviour. To give you some context, we operate 108 active level crossings across the state, which is bells and lights; 72 passive level crossings. There are 180 road level crossings across the state that intersect with 16 councils. We then have 172 private level crossings and 109 stock level crossings, which is 281 private level crossings which gives you a total level-crossing number of 461 that TasRail, as part of its below rail function, manages. That's a lot of interaction with the community.

What we have seen is a clear demonstration of poorer attitudes on the road, particularly across the north of the state through the regions of Spreyton, Devonport, right through to Burnie.

We had a very serious collision with a log truck that failed to stop at Westbury; very clear signage, big stop signs, and it just did not stop and careered into the train. This caused a significant derailment, and significant stress for our driver, who has a young family by the way.

CHAIR - I expect for the person driving the truck, as well. They wouldn't have gone unscathed.

Mr DIETRICH - No, no, no, it was very serious for them. If it was only a fact of another few centimetres, there could have been a very different conversation we're having here today around the tragic circumstances of what that incident could have involved.

We've spent \$20 million on level-crossing upgrade safety, everything is compliant with the Australian standards, over the last four years. We've also spent \$7 million on a transfer from road safety from the Department of State Growth that we've invested into further upgrades of level crossings to improve the safety of those.

While I think of it, just for the committee's attention, we're actually closing the Midland Highway at Conara this Saturday night and upgrading that level crossing in the Conara Midlands Highway. If you've been travelling over it, you can see some of the asphalt's breaking away, which is making it unsafe for the train. We're working all through the night, but the Midland Highway will actually be closed for half an hour from about 11 p.m. to 11.30 p.m.

CHAIR - I did notice that sign as I travelled yesterday.

Mr DIETRICH - Yes, to upgrade that level crossing. One thing that does concern me is that level crossing is still in a 110 kilometre zone as well. If you drive around Victoria, all the level crossings in the regional areas, the speed restrictions have been dropped to 80 kilometres. We're having some discussions with the roads authority to look at that.

We also get some questions around why we don't put more boom gates around the state. We're certainly evaluating what boom gates can provide in terms of increased level of safety. I can tell you in the last 12 months, the only set of boom gates we've got at Brighton - people have driven through them twice, crashed through the boom gate and then kept going.

We could put in all the technology improvements and the deterrents. One person has a choice at a level crossing and that's the road user. Our train driver doesn't have a choice. The trains, they're 3000 tonne trains, one kilometre long, they can take up to a kilometre to stop, and of course they can't turn left or right. Only one person has a choice at a level crossing and that's to obey the road rules.

Further, we've increased the technology on the locomotives. We've put new video cameras. What we're doing now is we're being able to capture more of the people offending at our level crossings. Between driver reporting, our campaign of What's it going to take, and better technology that's picking up the vehicles not doing the right thing at the level crossings - this is what is helping drive those statistics.

Mr CANTWELL - There's not really a relationship between the amount of investment that has been done in those level-crossing upgrades and the numbers of incidents between 2022-23 and 2023-24. As the CEO has said, we have better reporting, we have better capability to capture the incident. The reality probably is that there are level-crossing incidents that were there but unrecorded in those prior years.

Mr DIETRICH - I sit on the TrackSAFE board, which is TrackSAFE right across Australia, and we're seeing it right across the mainland as well. Tragically, it was 12 and a half months ago that we saw the tragic incident of two Pacific National drivers who lost their lives on the Victoria/South Australia border with a truck failing to stop and careering into a very

large train. This then formed a roundtable discussion across all the railway industry and governments around how we improve level-crossing safety right across the nation.

I'm pleased to hear the minister speak about some funding that the federal minister, Catherine King, has provided, that will look at further adding to our works programs. This will see more level crossings converted from passive to active, and improve signage, improve site clearances, and our ongoing campaign around educating the community, to get into schools. I'm not sure if you heard, but I could jump on the radio any opportunity, particularly in Rail Safety Week. Recently the Tasmanian Transport Association held its gala awards. I borrowed a conductor's uniform from the Don River Railway and I operated a makeshift level crossing and boom and allowed every guest through once they saw the train pass on the screen, I opened up the boom gate and let people up the elevators at the paranple centre. Really trying to get that education -

CHAIR - I hope that was during the day and not on the evening.

Mr DIETRICH - Yeah.

CHAIR - They might not have been taking enough notice. Thank you. We'll wait and see because I'm sure the federal minister will want to see some improvement if they're providing 80 per cent funding into upgrading crossings. I'm sure they want to see some better numbers here. We'll come back to that next year.

Mr DIETRICH - One thing I'll add further, we are looking at grade separation and how we can reduce the number of level crossings across the state.

CHAIR - My last question before I send it up and down the table is around the ship loader. On time and on budget, is that correct?

Mr DIETRICH - There were some changes to the budget over a period of time because for this ship loader we got granted the funding back in 2018; we tendered through the COVID period and as we've scoped this project, the scope increased. We moved from \$40 million to \$64 million, but that's also with a significant amount of additional scope and the scale of this machine is huge. We've gone from what the previous machine was, about 170 tonne, to a 280 tonne machine, with all the environmental and safety benefits. As we further worked with our contractor, COVA Haywards, this machine and all the infrastructure was built in Tasmania. We can be very proud that something of this complex nature and this machine could be built by Tasmania. It basically employed 140 FTEs throughout the whole project. It's an absolute credit to Tasmania and its people. It did have some increase in cost.

CHAIR - From \$40 million to \$24 million, significant increase.

Mr DIETRICH - To \$64 million, but that's all about scope and it's also about improving the berth with a much bigger machine. The original \$40 million was just to buy the unit, then we needed to do berth upgrades, further infrastructure, and we also needed to do more works inside the bulk minerals export facility to make sure the whole machine could be fully utilised to its capability. We've moved the old machine from 1000 tonnes per hour to this machine, which will now do 2000 tonnes per hour. That means ships in and out of port quicker, saving customers and industry money. Definitely gone up in some level of expenditure. Fully

PUBLIC

supported by the Australian Government, it's a fully 100 per cent funded Australian Government project, so very much acknowledge the Australian Government for their support.

We've got further funding to expand the bulk minerals export facility by 18 million. This now becomes an \$82 million project between implementing a fantastic asset for all Tasmanians and also expanding the bulk minerals export facility, which will take us from storage capacity of about 130,000 tonnes to 150,000 tonnes, really pulling back the curtains on the shop window that we're open for business and allowing those other opportunities, particularly in the north-west region for mining.

CHAIR - Was the wharf upgrade undertaken by TasRail or by TasPorts?

Mr DIETRICH - By TasRail.

CHAIR - Minister, there's a bit of on time, on budget, or thereabouts.

Ms WEBB - Was there any interaction needed with TasPorts or was it entirely a TasRail project?

Mr CANTWELL - There was a lot of interaction with TasPorts.

Ms WEBB - Did that go smoothly for you guys?

Mr CANTWELL - There are always challenges in a complex and complicated project. We risk-assessed the project at the very front of the process and identified that working through commercial and licensing arrangements with TasPorts would be a many-factor process. We kept working through it and got the outcome that we've got.

Ms WEBB - Was that part of your project planning from the outset?

Mr CANTWELL - Part of our project planning from the very outset was being sure that we had the resources and focus necessary to tick the boxes that TasPorts required us to tick going through.

Ms WEBB - Was that documented in some form of MOU or partnership agreement with TasPorts as you progressed?

Mr CANTWELL - Yes. There is a development agreement that was documented between ourselves and TasPorts. Over and above that, along the way, we didn't drop the ball in terms of communication. Several times we called for, myself and the CEO travelled to Melbourne to meet with the chair of TasPorts to talk through issues that may have emerged as speedbumps along the way. We documented the conversation, we sent the document back to the chair of TasPorts to get confirmation that our understanding from the interaction was the same as TasPorts'. We asserted a very high level of communication discipline along the way.

Ms WEBB - It sounds like a really proactive approach that you took, which no doubt helped. There were no problems with that interaction that held up the project's progress?

Mr CANTWELL - No. We wouldn't say it wasn't a challenging process. Different organisations have different modus operandi and one just has to understand that we do business

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differently and you sort of have to come to terms with that, and charter course through the process.

Mr VINCENT - Got to remember, too, that it's an operating port that's flat out all the time with limited space. And even to assemble a new ship loader while the other one's there operating, then decommission and swing over in the middle of a flat-out area of the port, was a challenge in its own right.

Ms WEBB - In terms of the commissioning/decommissioning process, is there anything that was notable in that? Did you have any issues around the commissioning side of things? Is the decommissioning now complete or still in progress - where's that at?

Mr DIETRICH - I'm happy to answer that. Thanks for the question, Ms Webb.

The commissioning process is complete from a point of view of dry and we're actually in the middle of the back end of wet commissioning. I'm very pleased to say, we decommissioned the existing facility and built the new one within four weeks. It's quite an incredible feat. But that's what our customers said to us, which we needed to make sure we picked the window that we could really pull the old one down and put the new one up. Through that commissioning process, we had probably on average 96 personnel on site working 24 hours a day, seven days a week. The old facility came down within three days. Huge amount of truck movements to remove that facility. The new one was put up with about six cranes over 300 tonnes and multiple Franna cranes that erected the facility all within a week.

If you remember in Tasmania we had that week of wind that nearly blew every tree down across the north of the state. Our teams worked through that. It was by the good leadership and management of our chief projects officer Steve Kerrison, who foresaw potential weather, that we then upped the workload for our people there to build this thing before that wind event happened. We experienced 100-kilometre winds on the port while we were building this machine. We were able to commission it and accept the first ship on 1 October for our very valuable customer from Rosebery. We have now loaded since over 100,000 tonnes, up to 109,000 tonnes, with another two ships coming in before Christmas for our three to four customers who are operating at the moment.

The decommissioning, the whole existing facility has been removed from site and it's all gone, and basically all the lay-down areas on the berth between berths 5 and 6 have been handed back to TasPorts.

A very, very complex process, but very proud to say, between TasRail, the project team, COVA Haywards, and working with industry, we took the old one down that had been there for 50 years and got this new one up all within four weeks a remarkable - I'm just noticing the Chair's looking at the photos and you can see the comparison between the old and the new and there's just no comparison. It's night and day.

And the features of our new machine are just incredible. So, really futureproofing this activity, a whole seamless integrated supply chain for the north-west, all the mining customers that we support, thousands of jobs, for the next decades to come and for all the people that work on it and their families. So, a fully integrated, seamless, pit-to-port solution that this unit and system will deliver for years, for decades to come.

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CHAIR - Why the cost of the new ship loader being impaired over previous years and not into the future, given that there has to be expected benefits? So, we need to understand that, because the question is being asked by some very wise people.

Mr CANTWELL - Yeah, it's an interesting nuance associated with the financial structures of TasRail. So the reality for our track and this fixed infrastructure is that the volumes across the railway aren't sufficient to get from the market a revenue that's sufficient to recover the economic cost of providing the assets. We get the asset funded through the Commonwealth. In terms of the shipload, it was 100 per cent funded through the ship loader. The charges that we're able to extract from industry aren't sufficient to deliver a return on that investment. Therefore, under the accounting rules - and I'll defer to the CEO and he may defer to the CFO for a more detailed explanation of it - but under the accounting rules, we are obliged to impair the assets. You'll see right through our accounts, as we invest in the Infrastructure Investment Program (IIP) each year there is a significant impairment of the TasRail assets. That's writing back the actual cost of the investment to a level that the business can sustain, from an accounting perspective.

CHAIR - Even though there are expected benefits, they're still not to the level that is required under the accounting standards?

Mr CANTWELL - That's correct.

CHAIR - I can see about five heads nodding at the back, so sounds like I've got it right.

Mr CANTWELL - You've got it, Chair, precisely right. When we put these proposals through the state and through the Commonwealth, the PPR process requires us to do a benefit-cost analysis, and that takes into account the overall economic benefit that accrues to Tasmania by having a kind of a safe-effect of export mineral supply chain.

CHAIR - What's happened to the old ship loader? Where's that gone?

Mr DIETRICH - Been scrapped. Been recycled.

Mr CANTWELL - Cleaned and scrapped.

Mr DIETRICH - Cleaned and scrapped and gone. These assets are very much economic assets - strategic economic assets to the benefit of industry in Tasmania, for the state. If you want to go into some level of detail, we impair it under the AASB 136 and the ongoing -

CHAIR - We don't need that much detail. I'm doing a good job to understand the rationale behind it, thank you.

Mr DIETRICH - It sounds counterintuitive, but the bigger the impairment, the more investment that's going into Tasmania.

CHAIR - I want to head back to the level crossings before I go to Mr Edmunds, so Ms Armitage.

Ms ARMITAGE - Thank you. A question I had with the level crossings - do you work with organisations such as the Road Safety Council?

Mr DIETRICH - Yes.

Ms ARMITAGE - One thing, about the staff. How are your TasRail personnel supported with these risks and near misses? What do you do to support the staff who have been involved in the near misses and the derailments, or any of these things that happen?

Mr DIETRICH - It's an extremely good and important question.

Ms ARMITAGE - They're all important and good here.

I know Tasmania Police have certain things with their officers, and I'm wondering what you actually do.

Mr DIETRICH - Back to your original question - during Rail Safety Week we launched our What's it going to take level-crossing campaign with all our frontline staff. I'd really love to acknowledge our frontline staff who stepped up to undertake that. At that launch, we had the acting police commissioner for the northern region in attendance and the president of the Road Safety Advisory Council. All attended and undertook media with that launch.

When we have an incident, we have a series of protocols within the business around how we support our people. The first thing is, we get to the scene, provide the necessary comfort, and assist the personnel involved. There are lots of rules from the office of the National Rail Safety Regulator that we need to undertake around drug and alcohol testing, all those types of things, and how we respond. Then we provide the care. We have trauma leave, we have an employee assistance program that we provide to all our employees and to their families, and we nurture and care for our people thereafter. It can be quite a traumatic situation.

We have a big cohort of new train drivers, so we've seen significant amount of retirements over the last five years - a lot of train drivers with 40 to 50 years of service that have retired. We have very much a new cohort of train drivers - very experienced, but some of these events are new to them as well. I'm not saying the old train drivers were immune to it, but the new ones, we certainly are providing the care and support they need at any one of these incidents.

Ms ARMITAGE - Do you have any of these self-assessment tools? I know Tas Police have an anonymous self-assessment where people can go onto a site and self-assess without being identified. No-one wants to be identified if they consider they might have problems. Do you have anything like that, but for someone that may feel, gosh, I'm a little concerned that I can do this - without you knowing that they might feel they have a problem?

Mr DIETRICH - Definitely. Probably not directly, such as in that particular example, but our employee assistance program (EAP). What we also have is 20 mental health first aid officers throughout the business. We really, proactively ask the individuals to refer to those individuals to provide any support. They're not professionals, but that's having a conversation. Then being able to receive the necessary support if they're still feeling that they need that.

Ms ARMITAGE - You have a wraparound support.

Mr DIETRICH - We have wraparound support and definitely a very effective EAP system. In TasRail, when something happens it really wraps around the individuals and the

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teams involved. We are a 24-7, 365 operation. As we speak right now there are trains going through level crossings. Every day, every minute, there's something happening. The interface with the community and high-risk operations - and as you know, people and heavy equipment don't mix, locomotives don't apologise, so we make sure we give all the care to our people as much as possible.

Ms ARMITAGE - Thank you.

Mr CANTWELL - If I could just add, because the CEO is too humble to make the observation, but in every case where there's a level crossing or an incident involving one of our employees, the CEO most often personally checks in on the wellbeing of that person. There's a conversation between the CEO and the driver of the train, for example, in that level-crossing incident that we talked about earlier. Care for our people is right at the centre.

Ms ARMITAGE - They feel like they're actually important.

Mr CANTWELL - We like to demonstrate through our actions that we care for the people in the organisation.

Ms ARMITAGE - Thank you very much.

Ms WEBB - Just on that, you mentioned that you had a highly effective EAP. I'm interested to know the basis on which you make that statement. Noting the near misses at the level crossings, is it that you've seen an increased usage of your EAP across this past year, when there were those higher numbers? We would hope, and expect, there might be, you would think, for employees. Not reflecting on any individual instances - which you'd never do with an EAP - but have we seen an increase in the use of that program and therefore a demonstration of its importance and utility?

Mr DIETRICH - Yes. Last year we had 75 hours used through the EAP process of people accessing that level of support. Compared to the prior years, it's probably up a little bit. It can fluctuate depending on what's going on in the business. EAPs are also for people with personal circumstances.

Ms WEBB - Sure, it's used for a range of things. I just wondered, given the near misses situation and potentially anticipating people might need more support, we maybe would expect to see, in a good way, an increased usage of the EAP program, so there was some increase.

Mr DIETRICH - Correct - 75 hours of the EAP process was utilised last year.

Ms WEBB - That's only meaningful to me as a number if I know its relation to another year when there might have been less incidents at level crossings.

Mr DIETRICH - A normal year is probably around 40 to 50 hours.

Ms WEBB - Yes, so a distinct step up. I noticed also in the annual report you talk about an engagement survey with your staff, and a very pleasing response rate for that. Were there questions in that survey about people's experiences of the support provided to them following these incidents?

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Mr DIETRICH - Absolutely. We rated most highly in 'My leader cares for me'.

Ms WEBB - Excellent. Congratulations on that.

CHAIR - Well done to the chair for actually highlighting and acknowledging it.

Mr DIETRICH - We were pleased with the response rate to our employee engagement survey. Are there always areas for opportunity for improvement? Of course, and we've actioned those through the business. It'll be good to do the survey in another 12 months' time and then measure ourselves, but our real focus was on engagement, leadership and support that the business provides to our people. We rated most highly in the care side of our business - and that 'the leadership within the business cares for me'.

Mr EDMUNDS - Thanks for coming in today. The Premier announced on 3 November a new policy to reconsider the ownership models for all its government businesses, including the possibility for privatisation, and has said that transport and energy businesses will be the priority. What do you see as the biggest risks and opportunities from the government's plan to merge TasPorts, TT-Line and TasRail?

Mr CANTWELL - Thank you for the question. Probably the response to the review process that we've given back to the Premier, the Deputy Premier, the Treasurer and the minister Mr Vincent is the most appropriate answer to your question, Mr Edmunds. That is we have communicated our intention to participate positively through the review process to assist to get the best outcome. We've identified these review processes happen in the world of GBE and SOCs from time to time and they're a healthy process to pause, review and look at opportunities to improve the delivery of government commercial services. We're in the process, as we've been invited to, of finalising a submission by 13 December, responding to government's request for our views on the matter. We suspend judgment. We will provide our ideas and our thoughts on the process. We note, as you've asked specifically about merging entities, this was previously looked at in around about 2014. At the time the conclusion was that there were good reasons at that time not to merge the entities. Notwithstanding that was the conclusion at the time, we believe that it's government's right to have a look at these things and re-review. We'll see what comes from the process.

Mr EDMUNDS - With your answer, you talk about the best outcome. Do you have a view on what the best outcome for TasRail through this process is?

Mr CANTWELL - No. That's what I meant when I say we suspend judgment. We have views on the sorts of considerations that will determine what is the best outcome. For example, there will be competition policy, competition law issues. There will be issues of organisational focus, capability, different capability, different focus across the different entities that will have to be taken into account to formulate a view. On the other side of the ledger there are the aggregation benefits that might come from aggregating back offices, having single boards as distinct to multiple boards and so forth. We understand it's a trade-off between all of those considerations and it's not appropriate before all of the evidence is pooled and the conclusions can be drawn.

Mr EDMUNDS - You talk about things like the competition law. Have you sought legal advice about a potential merger?

Mr CANTWELL - Not at this stage.

Ms WEBB - I appreciate you're not making judgments at this stage or not articulating them in a public sense. Earlier when we were talking about your interactions with TasPorts and the arrangements to get the ship loader project underway, we discussed the two entities having different approaches or focuses. Are you considering whether the focus and objectives that you have currently as TasRail can be carried into a merged entity? Are there challenges if a merger is proposed?

Mr CANTWELL - I guess that's possible. TasRail has multiple customers. We could see not so much an issue for TasRail, but our customers may have issues if they have to deal with an integrated monolith versus organisations that are smaller and more focussed. I think it is too early to have a view. There are many trade-offs, there are many positives and negatives, cost-benefits if you like, associated with the idea of one large transport entity versus multiple smaller entities. I would say that it's just too soon to have a view. I guess one could look across the strait to the mainland and make some observations about the extent to which ports are merged with railways are merged with shipping lines and so forth. There are not too many examples of where those entities are merged. A counter to that could be that on the mainland those individual entities are much larger and they have scale in themselves.

It's really a process of being open-minded, we would say. That's what we've told ourselves we need to be in our interactions with government - open-minded about what actually will comprise at the end of a sensible review process and exchange of ideas, what represents a uniquely Tasmanian solution. Tasmania is a little different to the mainland. What's best for Tasmania will be the best outcome.

Ms WEBB - Minister, can I ask you on that, is it your expectation, given that the entities involved, like TasRail here, will be putting their submissions in by 13 December, is there an expectation that that's a transparent process, and that those submissions are something that become available publicly, or are able to scrutinised as decision-making moves forward in this space?

Mr VINCENT - I think once they come in and we have a close look at them, that's when a few of those decisions will be made. There is an advisory group in place that will be looking at that and making further judgment on it. We haven't fully determined the whole process yet.

Ms WEBB - When do you expect to be able to lay out the stages of that process then, so we at least understand what to expect in terms of the process steps?

Mr VINCENT - I'll just refer to some notes here - the government will proceed to a suitable qualified consultant to undertake the high-strategy assessment and provide advice on the potential strategic opportunities, risks, and issues in relation to any merger that may come around. The consultant will be external to TasRail, TasPorts, and TT-Line. There's going to be a process involved in all of it.

Ms WEBB - The submissions that are being put together by the entities, are they going to the consultant to inform the work being done by the consultant? Is that where that's sitting?

Mr VINCENT - Not at this point. The consultant hasn't been put in place as far as I know at this stage. We're waiting for those submissions to come in, see what's available. There are a

lot of different people wanting to put submissions in on this. There's going to be a substantial amount of work needing to be done to review all of that.

CHAIR - A lot of customers right across the three entities.

Mr VINCENT - There's a lot of interest in this at the moment from all levels.

Ms WEBB - Sure. My interest in it, as you would understand, is around how transparent it's going to be and at the decision point, when it's reached - whether we, as parliamentary representatives of the community, will be able to see the information that flowed into that decision-making process from the existing entities. I think you wanted to add something there.

Mr DIETRICH - I wanted to provide a bit of a clarification. There are two processes at play here. There is the Government Business - Governance Reform plan. That is what we have to respond to by 13 December, which is around our governance frameworks, board structures, reporting, and the ability for shareholders to manage government business enterprises and state-owned corporations. That's the first step. My understanding is that that's going through to Treasury, and Treasury will work through those processes and look at any legislative or policy changes. Really around -

Ms WEBB - So that's really a health check around governance.

Mr DIETRICH - That's all businesses. That includes us, that includes TT-Line, TasPorts, Hydro -

Ms WEBB - Sure. But that's not the merger conversation.

Mr DIETRICH - Then the secondary process is the merger conversation. We had some advice from Treasury, and the Treasurer is - that's over the next six months. That's where a consultant will be engaged to undertake the review of a potential merger between the three organisations.

Two separate type things. The first one, coming through very shortly, is around good governance transparency, which as an organisation such as TasRail, most of those questions and reform ideas, we already adopt.

Then there's the secondary review around the merger of the organisations. I'll just say on the merger, the organisations, that's not uncommon. Worked in private industry government. These things, they're healthy, see the reform, and it informs the community that yes, things are working well, or no, there is opportunity for improvement. I think it's a good thing, we embrace it. But, between the three organisations in question, we are all very different and we all have very different legislation. We operate under the Rail Safety National Law, *Rail Infrastructure Act*, *Rail Company Act*, Emu Bay railway operations act, rail corridor lease with the Crown, and then we've got the rail infrastructure manager responsibilities, rail infrastructure owner responsibilities. I think of TT-Line, and I've worked in shipping before, they've got to comply with AMSA and all the laws around shipping and then you look at the Ports Corporation, they've got all the MAST requirements. So we've all got very big different legislative frameworks and so -

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Ms WEBB - Yes, shared objectives are an interesting proposition, aren't they, when you have that variety?

Mr DIETRICH - Yeah, and that's not to say that couldn't be managed over a larger structure, but we've got to make sure we keep very focused on all that legislation and safety.

CHAIR - Thank you.

Ms WEBB - And public interest in the mix of that, given that you're all GBEs or state-owned companies.

Mr DIETRICH - Correct.

CHAIR - Supplementary, Mr Edmunds.

Mr EDMUNDS - Thanks. So, when I asked a question before, you talked about 13 December. What feedback will you provide in this other process and how will that be done?

Mr DIETRICH - I should pass to the CEO, who might pass to Josh, but there were - the discussion document that the government published in relation to that kind of first chapter that the CEO referred to the governance dimensions, was quite specific in the sorts of questions around board composition, director term, those sorts of things. So we will be responding point-for-point to those.

Mr EDMUNDS - But the other process around the merger, what will your feedback to government look like for that?

Mr CANTWELL - It will look like we're ready, willing, able, and positively disposed to participate in that process.

Mr EDMUNDS - But I'm - yeah, that's - I understand that, but will your actual feedback to government about your view on the merger be a submission? So, you'll do a separate submission on that -

Mr CANTWELL - When the invitation's issued to provide a submission on that, we'll write our views on what the challenges are, and it will address the sorts of things that the CEO has nominated, so the legislative issues that we have to address, the competition policy issues that we have to address, the different markets that are served by the different organisations, you know, sort of regulatory versus commercial functions that have to be addressed and so forth.

Mr EDMUNDS - You'll do that sometime next year?

Mr CANTWELL - Probably in the early part of next year.

Mr EDMUNDS - Yep.

Mr DIETRICH - Our understanding Mr Edmunds, probably in the next six months. We haven't even received the terms of reference yet. So, Treasury is still working through that process, as we understand.

Mr EDMUNDS - There's some scuttlebutt about possibly merging with the West Coast Railway. Is that something that you can consider as well?

Mr CANTWELL - Yeah, so, just to give context and to answer that question. During the last 12 months, we were asked by the then minister to have a look at - correct me if this language is not correct, but if you think the language is not appropriate - but to have a look at what assistance TasRail might be able to provide to West Coast Wilderness, with a view to potentially having a role in the operation of the West Coast Wilderness Railway, or, indeed, even bring it into the TasRail file.

So, as part of responding to that request, and through agreement with Department of State Growth, a due-diligence process was undertaken to assess what work might be necessary to place the West Coast Wilderness Railway on a safe, fit-for-purpose footing. That work has been completed and delivered to government through Department of State Growth, who have given an indication to us - well, they'll just place that on the to-do list for the time being. There are other matters that are a higher priority at the moment that we'd like to - that government would like to get on with. CEO, is there any additional comment?

Mr DIETRICH - No, I think that covers it well, chair. I think, we undertook a due diligence. We provided a report to the Department of State Growth, the minister at the time, that's with them. We've provided some in-kind support during the process as well, particularly around operating the rail and supporting West Coast with rail-regulator requirements. And we provided some expertise - sent some of our engineers down, sent one of our brightest, best operational managers down to support, who's now coming back out in December. They've just appointed a new rail manager who's our ex-asset manager, that's leaving, that's moving from TasRail down to West Coast to again support that business. The general manager down there, Ian, has been very appreciative of the support. I'm even pleased to say we've got some train drivers in our business with their steam tickets. One of them is taking some time off at their own expense over Christmas to help out with shortage of train drivers down at West Coast Wilderness Railway.

CHAIR - When you've got trains in your blood you just can't get it out, so the President of the Legislative Council, says.

Mr EDMUNDS - Maybe this is a question for the minister. Do we know the time line on when a decision might be made, based on that submission, or work that's been done?

Mr VINCENT - No, we don't. It's only a consideration. We're very much aware of what the railway means to West Coast tourism, very conscious of that, but the report hasn't come any further than State Growth at this point.

CHAIR - Minister, my question is around passenger services. Do you see any synergies with the three entities being rolled together? Here we have TT-Line who has passengers, then we'd have TasRail who would have passengers, therefore, it would be a good mix. Do you see some synergies there?

Mr VINCENT - As somebody old enough to remember going on the Tasman Ltd, I think
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CHAIR - So, yes you do.

Mr VINCENT - I will stick with my car, thank you. But, having been out and viewed TasRail's system of freight movement, it's just staggering the technology they're using for back freighting and everything like that. I'm not sure where a passenger service would fit with that, but should the occasion happen, the maintenance has been done on our whole rail network, brings it up to a standard that's good.

CHAIR - I think it's called a timetable. I think that's where it fits, a timetable - this runs on that and that runs on that.

Mr VINCENT - There is always scope for that sort of conversation, but it's not part of what is under my ministerial control at the moment.

CHAIR - Once some of my colleagues have had their questions we'll come back to Heritage Rail.

Mr VINCENT - I did find an old Tasman Ltd carriage out at Chudleigh the other day sitting in the paddock.

CHAIR - Okay, so you're thinking you might buy it?

Mr VINCENT - Resurrect it, no.

Ms ARMITAGE - Before I go to my question, if I could just do a follow-on to that one while we're talking about passenger services and passenger rail. Is there an appetite from TasRail to allow a passenger service back onto TasRail's tracks?

Mr CANTWELL - The answer is we're very open to that. We understand that Heritage Rail is an important part of the fabric of Tasmania, and we've provided significant support through donation of assets and the like to Heritage Rail. And, we are a very open, subject to the Heritage Rail operators getting their accreditation through ONRSR, which they're required to do anyway, coming on to the live TasRail network. Obviously, I think of the Don River Railway, it's close to that coastal line. There's nothing like it in the world in terms of its iconic view it can provide.

CHAIR - Look out Penguin, here we come.

Mr CANTWELL - Absolutely. So, obviously, that would require some work to integrate it with the freight liners. The CEO emphasised before, we have 3000 tonne, kilometre-long freight trains operating across that corridor between Burnie -

Ms ARMITAGE - But you're not opposed to certain days when nothing would be operating to looking into that?

Mr CANTWELL - No, not at all. In a weekend operation periods of downtime, as long as operational plans can be put in place to ensure - to manage the risk that they'll be off the track and not impinge on the sort of commercial operations. But we're very open to the idea.

Ms ARMITAGE - So, my question, that was a supplementary.

CHAIR - I'll have a supplementary on the Don.

Mr GAFFNEY - I'm pleased you've mentioned that because, as we know, heritage rail has a huge following across the world. We have the Abt Railway, but that's probably not enough to get the rail enthusiasts to Tasmania by itself. If we had the Don, or we had one down south and one in the north, perhaps - there could be a real mecca there. So, has State Growth been involved at all with that? Since part of State Growth's purview is to get attractions and getting stuff stimulated in Tasmania. Has there been any indication from State Growth about the potential for rail?

Mr DIETRICH - I'm happy to answer. Nothing directly from State Growth at this point in time, very much the tourist and heritage enterprises operate autonomously. I think there's some opportunity that they could get together a little bit more to drive some further chances that they could get back out onto the main line. I just want to note TasRail in itself with the shareholder statement expectations doesn't have a passenger concept in there at this point in time. So very much freight.

We're still getting the network up to speed to be able to safely transport freight too. We've still got ongoing capital programs to make sure everything and all our freight trains supporting all the major industrials get to where they need to be. As we've seen 97.2 per cent freight availability, that's putting the reliability and the confidence back into the network, back into industry and back in with our customers. From a tourist and heritage perspective, we're not accredited under rail safety law to operate passengers at this point in time. But it's not to say we move towards that. We work very closely for example, I have been with Don River Railway, with Lynn Laycock, the president, on what their opportunities, what their strategic intent is. In my view with them and we've walked the line a little bit, is that they operate a little service now at the Coles beach as you know, is to walk before you run. Let's maybe just try to get a little service into Devonport. We've a little terminal, basically a terminal there, a platform that we could then start a little service. Then build up momentum and the confidence and the confidence with TasRail as well, because we cannot stop the freight trains, they're under contract. Then we can start to look at the opportunities to Penguin and get into the Penguin foreshore for a lunch on a Sunday.

They've got to do a lot of work on their safety management systems, the accreditation with the rail regulator. We've an access agreement framework that's listed on our website they'll need to need to follow. Very importantly all on their braking systems and how they complement with our automated network control system. There's work to do. They've got some good people in that organisation. Tragically, they lost the GM who passed away a few weeks ago, which is a very sad moment. Eamonn was doing some great work, but they've still some really bright people in that team on the board. Lynn and I catch up regularly. We'll see where the future takes us.

Mr GAFFNEY - Yes, I'm just a bit concerned that with volunteer organisations such as the Don Railway who have great intent. Some agency has to be able to take a lead role to pull them all together. Otherwise, in 10 years' time there will still be the same conversation here. Do you know what I mean? I think that there's a responsibility on government to actually look at the players involved and do something with it. Do you see that as a -

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Mr VINCENT - Yes. The government is working with the Tourism Association of Tasmanian Rail and we do provide \$600,000 over the next seven years to work through the public liability insurances they experience so they can keep operating in some limited capability. I'm not au fait exactly with other than what Stephen has said regarding the close association of starting to bring him on to the main rail in a trial way, but the government still is working with the association on the possibility.

Mr GAFFNEY - Because it means that Tasmania is the only state that doesn't have passenger rail, whether it be for historic heritage purposes or transport. It just seems to be we're missing an opportunity here, but I'll pass back over to the Chair who's obviously got some questions on this one also.

CHAIR - I think the member for Launceston has been lined up for some time.

Ms ARMITAGE - Thank you. My question is on the Locomotive Life Extension Project and how is it progressing with the replacing the engines, the overhauls, the cabin upgrades for the drivers? I believe it was \$15 million. Is that enough to complete or if you could give an overview of actually how that's going and progressing.

Mr DIETRICH - Great question. It's a fantastic project and I really want to acknowledge the state government for supporting us in this project. It's been 30 years since TasRail as a business has overhauled locomotives of this nature at the workshops down at Newstead. We employ nine people now dedicated to that project to overhaul the locomotives and a range of trades from boilermakers to electricians, fitter and turners, welders and painters. It's a great project for the business.

It has taken some time to get the first two done because of recruiting people. The first two units we've overhauled have been sitting at the workshops for about two years idle, so they needed considerably more work. We've completed those two. They've been completed at roughly of the cost of around \$2 million each. Now we're into the next two, which are what we call a class of locomotive called 2050s. They're a 16-cylinder engine. TasRail brought them back in 2012 from Queensland Rail and transported four of them down.

A fantastic unit built in the '70s and have dynamic braking. Those four units are all being overhauled. The first two now out on the line. The 2053 has been handed to the business and is now in business as usual mode. The 2052 is still going through a commissioning process. The 2054 and 2051 are now coming into the workshops. They were operating and we expect them to be able to be done a little quicker than the first two as we recruited people and trained them.

The next four after that will be what we call the DQ fleet. They're a 12-cylinder engine that were built in the 1960s and still a fantastic asset. The growth in TasRail has meant our TR class can't keep up with all the business and haulage requirements. We're using this legacy fleet, but it's a great project because we're effectively investing \$2 million in each of these locos. We could go sell them on the mainland tomorrow for \$4 to 5 million.

We're creating value for Tasmania, but also ensuring the reliability and safety of these units. What it also means, they're being overhauled for the next five to 10 years. I see it as research and development. It's giving us time to look at what the new future locomotive looks like for Tasmania and all the new fuel technologies, everything from battery, hydrogen and

electric. Upgrading these allows us to continue to grow the business, maintain safe, reliable operations, but also gives us time to look at what the opportunities are around the new fuel cell technologies into the future.

Ms ARMITAGE - You are looking at hybrids, alternative fuels, all these things.

Mr DIETRICH - All of those.

Ms ARMITAGE - What are we doing for the cabin upgrades? Are we upgrading the cabins for the drivers? How are we improving things for the drivers?

Mr DIETRICH - We basically set up a mock cabin. On page 18 of the annual report, you can actually see the 2053 with a mock cabin design. You can see drawings of all the instrumentation. We had a driver users group. We brought in all our train drivers as part of a group to design the cabin and we basically mocked it up. That's what we've built with 100 per cent driver input into it. When we first sent out the 2053, they're quite a noisy engine so we've done a lot of noise protection in them. It's still a little bit high and we've revisited that. We've got the decibels down below what you require for hearing protection over and above eight to 10 hours of operation. All the drivers participated and they love them. The ergonomics in those is excellent.

Ms ARMITAGE - Was the \$15 million adequate or do you need more money?

Mr DIETRICH - It's going to be tight, I'll be honest. As we opened up the first two and now we go to the next ones, you never know what you're going to find. The team and the project team, very well led by James, our project manager there and our general manager for projects, Josh, have done an activity build up base costing on the next six. Give or take, we're around the \$15 million still.

Ms ARMITAGE - Hopefully you don't have to sell one to get enough money to do the next.

Mr DIETRICH - No, that's not our intention at all. We're very happy with the project. It's great for Tassie, developing that capability here again. It's the first time in almost 30 years we've done a project to this scale.

Ms ARMITAGE - Fantastic.

Mr VINCENT - We know rail gets in people's blood, but when you go out and meet some of the people caring for these big units, it's quite amazing how they by the touch know the wear on the wheels and everything like that. It's amazing how they treat them.

CHAIR - Same for people who drive heavy vehicles.

Mr EDMUNDS - Big units always need care, don't they, Kerry?

Ms WEBB - I have a looking-ahead question more than looking back. Down the track - pardon the pun - we know the Commonwealth *Corporations Act* will require sustainability reporting and auditing. TasRail won't be in the first tranche as it comes through, but no doubt you would be looking ahead. What are you doing to prepare for that eventuality?

Mr CANTWELL - Come 2026, the first group comes under the mandatory reporting requirements of the new legislative change. We have in place an emissions reduction plan.

Ms WEBB - The solar panels look great.

Mr CANTWELL - Yes. In the first phases of that, the sorts of things that we can do from a rail operations perspective are look at opportunities to tighten up our operation, to reduce locomotive idling, to ensure ourselves that our train operations are as efficient as possible so that we can better manage our scope 1 emissions. Outside of the actual rail operations it's about going to hybrid vehicles and the like in our fleet to manage emissions.

We're very conscious that rail - it's quite uncommon for rail, we usually see ourselves as the underdogs - but rail starts with a significant advantage from a transport emissions perspective. For the most inefficient rail service, there is a four to one carbon footprint advantage from rail. We're sort of readying ourselves. We just talked about the legacy - we call it the legacy locomotive project - we talk about getting ourselves ready for more volume to rail. It's really what we can do for our customers and the broader community. Bringing more freight onto rail will have a step function improvement in the reduction of greenhouse gases.

When it comes to technology, alternate fuel technology, the reality of our industry is that there is no commercial solution in the rail sector, save for perhaps battery operation, alternative to the current fossil fuels, the current diesel-powered locomotive. We have identified, though, and I'm not sure whether we talk about it in the document in a lot of detail without referring back to it, but certainly we have particular hauls - the Railton to Devonport cement haul, interestingly, is uphill in the empty direction and downhill in the loaded direction. It lends itself, sort of off the bat, as a very prospective corridor for battery electric locomotives, where we can use a battery powered locomotive to haul the empty train up to Railton and effectively it just runs downhill and recharges the batteries on the way down.

We've done quite a lot of work, I can say, at this table, coming from the mainland where I sit on the Queensland Rail Board and I see what other organisations are doing in this, we're equal, if not slightly ahead of the others in terms of our thinking around what we can practically do in the foreseeable future. We have ourselves ready to embrace the new technologies as they emerge.

Mr DIETRICH - That really covers it. I think we're watching the other organisations and the big guys - when I refer to the big guys, BHP, Rio, Fortescue, they've got teams looking at the next generation of locomotives. Very much the power to weight ratio is still the issue, but we're keeping a close eye on it. Will we be first to market? Maybe not, but we'll be a close second. We're very keen, and watching in that space. We've got a good team who are working closely with ReCFIT here in Tasmania. We've got some good advisers from the mainland, [inaudible 10.07.36am] who provide us advice on all the hydrogen and the biofuels and the different options that might be available to us.

One thing we do see is, as the battery technology is improving, our lights here are all powered by green energy from Hydro. If we could power up a train with hydroelectricity, we've got a green train, and zero carbon emissions. When I think about it, our new ship loader, that's fully electrified. It's a zero emission ship loader that supports the mining industry. We've got to focus on reducing carbon emissions throughout our business. At the moment we are four

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times less than the road in terms of every carbon emission footprint. For every four balloons that go up on road, rail only puts up one here in Tasmania, based on the independent assessment we've had.

Ms WEBB - So you'll be a solution for others looking to reduce their carbon footprint.

Member - Absolutely.

Ms WEBB - In that, knowing that under our state-based *Climate Change (State Action) Act 2008*, we need to have an emissions reduction plan in place for the transport sector, is that something TasRail has been feeding into with ReCFIT?

Mr DIETRICH - Absolutely.

Ms WEBB - You have been participating in the development of that plan?

Mr DIETRICH - Yes. If you look at the emissions from the whole transport sector, obviously cars are a big component. If you look at that ReCFIT graph and an image of all the different transport modes, rail has a very small portion of emissions, from a Tasmanian footprint perspective - so an investment in rail is an investment in reducing carbon emissions.

Mr CANTWELL - Further to that, and acknowledging the role rail can play in a carbon zero emissions future, we're turning our mind now to that. As we talk with central agencies here in Tasmania - State Growth and Treasury, but also our colleagues in the Commonwealth - we're starting to package up and promote infrastructure works that go to climate change resilience. Noting that as rail is used more fulsomely as the backbone of the transport system in the state, we can offer up reliable and climate-resilient infrastructure so that the weather doesn't knock out our corridors.

CHAIR - Where does the double handling fit into the operation? You still need to get the product to the rail - it doesn't get there by itself. You still need heavy vehicle transport options. Where does that fit?

Mr CANTWELL - That's referred to as 'the last mile' in rail, and for short-haul rail, it's the competitive challenge. The obligation and the legislative requirements are on the road transport users to invest in low carbon, and to do the same we're required to do in terms of managing scope 1, scope 2, and ultimately scope 3 emissions. Just like rail, there is research and development happening looking at alternative fuel, battery, hybrid trucks and the like.

CHAIR - A solar panel on a Western Star or a Kenworth?

Mr CANTWELL - Maybe a rapid change-out battery on a Western Star. There are those sorts of prototype vehicles running around on the mainland and around the world. Tasmania has possibly less of a challenge than the mainland because it doesn't have the long line haul road distances. The idea of line haul rail with efficient nodal transfer at hubs, and possibly biofuel in the short term, but in the longer, battery, hydrogen, hybrid trucks doing the 'P&D' - the pickup and delivery, the last mile part. Tasmania is well-placed, given its geography, to integrate road for the short haul bit and rail for the long line haul bit.

CHAIR - Still double handling though.

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Mr CANTWELL - Yes.

CHAIR - Someone has to take it off and put it on at the other end as well.

Mr CANTWELL - Forklifts battery-powered in the future and the like.

Mr DIETRICH - The efficiency is over that long haul. We're a line haul operator. You will always have your intermodal terminals, and it's all about efficiency in the intermodal terminals, and those connections.

CHAIR - There are going to be a lot of conversations held.

Mr EDMUNDS - Yesterday at TASCORP it was revealed that TasRail had breached its loan agreement with TASCORP. Why was TasRail in breach?

Mr CANTWELL - Sure. The short answer to that question, Mr Edmunds, is that we're different.

CHAIR - This is Tasmania. We understand that.

Mr EDMUNDS - I might start using that one with my wife.

Mr CANTWELL - Through the CEO, we may even get the CFO to have his day in the sun and explain to us why that is. We don't have borrowings, like TT-Line. We have a working capital facility. It is slightly different to everyone else. Perhaps we could call Joe to the table to explain.

CHAIR - Thanks, Joe. Please make it as brief and in layman terms as you possibly can. What is your full name?

Mr TIDEY - Joseph Tidey. As the chair said, we are a little bit different. We don't have long-term borrowings, we have overnight borrowings. Our borrowings are constantly at call. The reference where we 'breached our covenant', that doesn't change the acceleration of the repayment - they're always repayable on the following day. With our TASCORP loan, when we breach the covenants we're just required to notify; it doesn't change the repayment profile. The covenant that was breached was the interest coverage ratio, which is your EBIT divided by the interest. In periods where we have flood events, our EBITDA does drop to negative. Of course, then you won't have a positive interest rate payment, because you're making a loss in that period. That was the reason.

Mr EDMUNDS - Short-term breaches?

Mr TIDEY - Yes.

Mr DIETRICH - We didn't breach our borrowings limit or anything of that nature - it's just those covenant ratios. We instantly notified TASCORP of that, but it gets recorded, of course.

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Mr EDMUNDS - How is that disclosed? Would it just go in the next annual report, or do you do a media release?

Mr DIETRICH - It's really just a relationship between us and TASCORP. There's no disclosure requirements on that. It's more a disclosure requirement with TASCORP, which we do through the process of writing, and then that's their obligation.

Mr EDMUNDS - There are no ongoing breaches? It's just a one-off for a very brief period of time?

Mr DIETRICH - This is not uncommon. This happens from time to time.

Mr CANTWELL - The purpose of the facility is for working capital coverage. We receive money through the Commonwealth, the IRP program and for the state, and when there's a phasing issue with that - we know the money is coming but sometimes there's a phasing issue. That \$20 million facility - which incidentally we've applied for and had approval to raise to \$40 million - is just there to meet our short-term cash requirements. Treasury and TASCORP have full visibility of the forward projections of cash inflows and cash outflows for the company.

CHAIR - Okay, thank you. Good question. Thank you, Ms Armitage.

Ms ARMITAGE - Minister, I'm wondering if you could fill me in a bit on board appointments. That's something I've been looking at for many years now - and this is no disrespect to any members who you actually have, or their abilities - but I noticed you have -

CHAIR - It's a question for every GBE.

Ms ARMITAGE - Oh, for many years I've been interested in the amount of board members that we have from interstate as opposed to our own state and regions, but I just notice with TasRail that you do have three interstate members - one from the north and one from the south - and that you can have eight but you currently have five. I'm assuming you still only have five. There is no-one from the north-west. Are any efforts being made to recruit someone from the north-west? I would have thought it's really relevant to have a regional representation, if possible, on the boards.

Mr VINCENT - Whenever the rotation of boards, when we go out to see who's got to come on, the first thing is to make sure you have your skills matrix right.

Ms ARMITAGE - Absolutely.

Mr VINCENT - The second is to the representation, and sometimes you do need the mainland experience and knowledge to come into our little state to help us out.

Ms ARMITAGE - As long as it's not prevalent, it's not too many.

Mr VINCENT - No, and you've heard the Premier be very solid in his commitment to increasing and maintaining the strongest possible representation from Tasmania.

Ms ARMITAGE - Fifty per cent from the mainland is still quite considerable.

Mr VINCENT - With the number of boards around, it is very difficult to keep the rotations and the representation at a sensible level. It is something that's always looked at. I don't think we have any advertising going on at the moment for TasRail?

Mr CANTWELL - No, minister. We've embraced the staggered terms for directors. We look over, usually, a three-year time frame for directing renewal. As a board and as an organisation, we look at the competencies required, and we put proposals back through government for renewal.

What we consciously think through is obviously the skills required to properly govern the enterprise. We also think from a diversity perspective. We also are conscious, and I've become conscious in the long time now that I've been associated with TasRail, that we acknowledge the pool might be a little shallower on the island, and we have an obligation to develop up that pool. When we go through the rotation, we think through, is there a candidate in the pool of candidates that maybe doesn't quite tick all of the competency boxes, but has the capacity to be developed up?

The most recent example of where we've actually done that was, a very experienced director, very experienced and capable, who headed up our audit and risk function on the board, Janine Healy, she was due to rotate off the board. So, a year in advance of Janine rotating off the board, we had a rail-operations-person-type vacancy, but we recruited into that the next chair of the audit and risk committee, Anita Robertson, with - being mindful that Anita didn't quite have the experience that one might sort of hope for - but we had that year where, under Janine's tutelage, Anita could be brought up. We were investing in sort of making sure that at board level we actually do what we say in terms of diversity and that we're also investing in the local pool of capability on the board. We've tried, in the cycle that we have, to think about the playthrough and investing in the capability pool on the island, so that when people like me are gone and so forth, there's a deeper pool locally.

Ms ARMITAGE - When you've retired you mean, not gone?

Mr CANTWELL - Yes.

Ms ARMITAGE - Is there a limit of terms that people can serve, or a limit of tenure?

Mr CANTWELL - Yes. Generally speaking, for an ED it's two-by-three-year terms and for a chair it can be three-by-three-year terms.

Ms ARMITAGE - You've been there, was it eight years?

Mr CANTWELL - Yes, I'm in my last year, under normal circumstances.

Ms ARMITAGE - The other question. You can have eight members, but I see you currently have five. Are you looking for three more members or do you consider five an adequate number? I'm just wondering, when I actually look, it's got a maximum of eight and you currently have five.

Mr VINCENT - Most constitutions and charter letters have an amount you can move to. Five is quite okay, but at certain times in a business's history where there are various projects

or other operational matters, you may wish to bring extra experience onto the board. But, in areas where you feel consolidated and moving on all right, five is the number that quite a few boards will go with.

Ms ARMITAGE - You don't really feel it's necessary to have regional representation, then, as mentioned, north-west has no-one - you don't feel that's a problem?

Mr VINCENT - I will refer that to the chair.

Mr CANTWELL - My experience has been that, with five we can adequately cover the skills matrix and have capacity to bring a director through. I'm not sure that geographic representation is essential. It would be desirable. And, that all goes to - when we go out to the market and in TasRail we've been very conscious to engage local recruitment advisers.

Ms ARMITAGE - That's good to hear actually.

Mr CANTWELL - We engage Lynn, who we found is better connected and has a better understanding of who's who and where they are across the geography of the island. I guess it's - we, certainly, see that covering the state geographically, in terms of composition of the board, is desirable, but not essential. It's a second-order priority to getting the capability matrix properly filled and kind of the difference between having all of those boxes ticked.

We go through a process - every year we go through a thorough board appraisal, we review our performance. And, once in every three years, we go to an external adviser to say, 'Okay, we don't want to get captured by groupthink, you have a look at us and you independently interrogate directors and get their views.' The process - that kind of keeping ourselves healthy has, we think, delivered up a governance framework that works.

Ms ARMITAGE - Thank you.

Ms WEBB - A quick one about right to information. In the annual report you have a little section about right to information that mentions you received two requests. I just want to check-in, did you deliver on those requests within statutory timeframes and were they ultimately disclosed in full?

Mr DIETRICH - Thank you for the question. We received two requests. One was from the Leader of the Opposition last year to access all our scrutiny notes, which we provided appropriately. The other was from, again, the opposition, Ms White, regarding some financial expectations and arrangements around our capital program, and we responded accordingly.

Ms WEBB - So, disclosed in full?

So, departments, when they - they have a disclosure log on their websites and put the information up into the public domain as well as give it to the people who've requested it. I'm looking on your website, that's not something that you do. Has a choice been specifically made not to make information that's disclosed through right to information, public?

Mr DIETRICH - Not a conscious choice, no. We're very transparent, and if that's something we should do, then we'll take that on notice.

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Ms WEBB - I invite you to think about. I don't know what's required of you, but if something's been disclosed through right to information, it becomes public information, so, making it available to the public is a matter of positive transparency.

Mr DIETRICH - We would not have an issue with that. That's fine.

Ms WEBB - Thank you.

CHAIR - Just a question around the access to the Derwent Valley Line. Some concerns have been raised that, once the new Bridgewater bridge is completed, there's a potential to lose the rail connection there. Is that something that you're addressing your mind to, around potential Derwent Valley services, and the impact of removing the existing line around the Bridgewater bridge?

Mr VINCENT - Yeah, I have to acknowledge that's something I haven't been briefed on. I might just ask the CEO for a bit more information.

CHAIR - I'd be appreciative if there's some sort of response to that.

Mr CANTWELL - Sure. There's only one customer up there.

CHAIR - Important customer.

Mr CANTWELL - Yes, very important customer.

Mr DIETRICH - In reference to the question, this is the Bridgewater Bridge, and the current line, and connecting the Hobart line back to the Derwent Valley and the main line. We obviously don't have a need for it and the Hobart line is classified non-operational.

CHAIR - For now.

Mr DIETRICH - We have the Derwent Valley line. Obviously, that goes out to our very important customer at Boyer. Then beyond Boyer, it's then non-operational with a very small portion now allocated to a tourist adventure out there under the SIC act, the strategic infrastructure corridors act.

It's a matter for government around the Bridgewater Bridge and what happens with the Bridgewater Bridge. We understand that that's the connection between, I guess, Hobart central through to Bridgewater and Brighton. But, that will be a matter for government in the future in the Department of State Growth around the existing Bridgewater Bridge facility.

Mr CANTWELL - I guess what we should add, when those rail sections were pulled out to facilitate the construction of the new Bridgewater bridge, they weren't dispensed with, they were stacked and preserved, those section of rail.

CHAIR - We know all about that under the strategic corridor legislation.

Mr CANTWELL - But a railway person will tell you that they're probably not fit-for-purpose for any new investment in corridor through to Hobart.

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CHAIR - Okay, thank you. Any other questions, members? On behalf of the committee, I would sincerely like to thank you for your time today and I'd just like to provide you with some feedback.

We always invite key stakeholders to come along, present, provide a submission before this. I think this is worth putting on the record, and I won't say who they are, but they just said, that TasRail are an exemplar for all government-owned entities. And they talk about the fact that they operate with a customer-focused business. I'd say that you could be very proud of the operation that you head up and are all part of. I thought that that was worthy because we don't always get positive comments and I think it's worth sharing those, particularly when we are scrutinising these sorts of entities. Congratulations on that. And again, on behalf of the committee members, we thank you for your time today.

WITNESSES - Thank you.

The witnesses withdrew.

The committee suspended at 10.30 a.m.



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

TasRacing Pty Ltd

Wednesday 4 December 2024

MEMBERS

Hon Tania Rattray MLC (Chair);
Hon Rosemary Armitage MLC;
Hon Luke Edmunds MLC;
Hon Mike Gaffney MLC; and
Hon Meg Webb MLC

WITNESSES IN ATTENDANCE

Hon. Jane Howlett MP, Minister for Primary Industries and Water, Minister for Hospitality and Small Business, Minister for Racing

Andrew Jenkins, CEO

Gene Phair, Chair

Dr Martin Lenz, Chief Veterinary & Animal Welfare Officer (CVAWO)

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The committee resumed at 10.45 a.m.

CHAIR - Welcome, minister, and thank you very much for being part of our scrutiny for today for TasRacing. We look forward to the opportunity of discussing many aspects of the annual report for this previous financial year. I will introduce members at the table, we have Luke Edmunds, Rosemary Armitage, Tania Rattray, Meg Webb and Mike Gaffney, the members of Committee B. Simon Scott, is our secretariat support and Henry on *Hansard*. Minister, I expect you'll have a brief overview and then if you would introduce those members you have at the table with you. Thank you.

Ms HOWLETT - Thank you very much, Chair. I'd like to introduce Gene Phair, the Chairman of TasRacing and Andrew Jenkins, CEO of TasRacing and Dr Martin Lenz, Chief Veterinary and Animal Welfare Officer. Thank you, Chair.

CHAIR - Welcome everyone.

Ms HOWLETT - The Tasmanian government continues to be a strong supporter of the Tasmanian racing industry. The industry, according to independent research, generates total direct spending of \$189.6 million in Tasmania. The economic flow-on effects increased the size of the value-added economic contribution to the state close to \$208 million per annum. There are more than 6400 individuals involved in the industry in Tasmania who are either an employee, participant or volunteer. The concept of participation in racing is much broader than many other industries. Participants in racing industry context include employees, trainers, breeders, owners, jockeys, drivers, stable hands and volunteers who have varying levels of engagement from occasional to full-time. This data was provided to TasRacing in 2023-24 through the independently prepared Size and Scope of the Tasmanian Racing Industry report.

While TasRacing recorded a loss of \$1.2 million, stakes money paid to participants was at record levels. Capital expenditure during the reporting period totalled just more than \$6.4 million with CapEx projections for the next five years to total \$52 million to underpin the further development of the industry in Tasmania. On the track, there are a number of important achievements to celebrate. John Blacker was named the leading trainer for the fourth time and his first since 2008. First Accused was named the Tasmanian Horse of the Year in the Thoroughbred Code and in harness, Magician won Horse of the Year and Tammy Langley was the leading female trainer.

In the greyhound code, Fast Minardi won the Greyhound of the Year award, while Cheeky Vixen was the leading breeding female and Fernando Bale was the leading sire.

I want to also reference a decision by global wagering company Ladbrokes to extend its principal partnership agreement with TasRacing and the industry for a further five years. As a result, Ladbrokes will continue to be the industry venue and major race day partner for the next five years with an option to extend for a further two years. Chair, thank you.

CHAIR - Thank you very much and appreciate that opening. I'll invite Mr Edmunds to commence the questions. Thank you.

Mr EDMUNDS - Thank you and thanks for coming along this morning. In the company overview, there's a quote:

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The support for the industry via the funding deed, which is supplemented by increasing commercial revenue from Tasracing, provides racing industry participants with the confidence to continue investing in the industry.

Obviously, the survival of the industry depends on the deed. Minister, do we have a time line on when we might expect to see it?

Ms HOWLETT - Chair, I thank the member very much for this very important question and it underpins the industry and the future of the industry. We are very supportive of funding the deed into the future. I know that the Chair and the CEO would like to add more comments.

Mr PHAIR - Thank you, minister. Mr Edmunds, thank you for your question. It is the number one priority for Tasracing - is this the negotiation of a new deed. We have started discussions with the minister about that. We're certainly wanting something to be progressed very quickly on the basis that, for investment into the racing industry, confidence in longevity of funding is important. Lots of investment decisions are made up to five or six years out from when a horse would race. We are talking about breeding, sending a mare - in a horseracing aspect - to a stallion, raising that foal to a yearling, going through sales and making it to the racetrack can be up to five years in total time. It's important from our point of view and the racing industry that a funding deed is put in place as soon as possible. That's our point of view. Mr Jenkins, if you'd like to add anything further?

Mr JENKINS - I think that covers our response.

Mr EDMUNDS - What feedback do you get from participants about the deed?

Mr PHAIR - We get asked questions every day. How are you going with the negotiations with the deed? The negotiations are ongoing with the minister and the office. We welcome those discussions.

Mr EDMUNDS - Have you done any modelling into the future? Both until 2029 while we're in this period, but also post.

Mr PHAIR - We do modelling as far as our five-year forecast and so on. Yes, we do. That's a matter of course, regardless of whether they had a funding deed coming up or not.

Mr EDMUNDS - Do you have two contingencies with the modelling you're doing or multiple contingencies?

Mr PHAIR - We do. We think the funding deed is vital to our survival as an industry. We lost a revenue stream 15 years ago or so. It is compensation for that lost revenue stream.

Mr EDMUNDS - You talk about investment decisions of participants, but also of Tasracing. How does the uncertainty about the deed effect investments Tasracing might be preparing to make?

Mr PHAIR - Of course it does. With the uncertainty around the funding into the future, those decisions, particularly for infrastructure and the larger projects, we have to be mindful. Will we have a funding resource there into the future?

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Mr EDMUNDS - When would we like to see this? Do we want to see it in the first half of next year? What time line do we have to see a document in front of us?

Mr PHAIR - If you're asking me, it would be tomorrow.

Mr EDMUNDS - Yesterday, probably.

Mr PHAIR - The minister might like to answer.

Mr EDMUNDS - It probably is a question for the minister. Sorry.

Ms HOWLETT - In answer to your question, conversations are occurring with the Treasurer, myself, the Premier and Tasracing. We know how important the deed is for the future of the industry. We know how important it is in the thoroughbred sector as far as the Magic Millions yearling sales. It's important for our breeding sector. Discussions are occurring.

Ms ARMITAGE - I have a supplementary about the Magic Millions. It is noted that after years of considerable growth, the 2024 Tasmanian Magic Millions Yearling Sale was down this year with a gross of \$2.82 million and a clearance rate of 73 per cent. From a catalogue of 140 lots, 129 lots were offered for sale with 94 lots sold at an average of \$29,994, a decrease of 16 per cent on the 2023 sale results. Yearling sale numbers have been reduced for 2025 to maintain quality. How is Tasracing proposing to subsidise or incentivise local breeders?

Ms HOWLETT - The yearling sales is something I'm extremely passionate about. There certainly was a softening in the yearling market for the smaller yearling sales in 2024, mainly due to the cost-of-living pressures. Many trainers and syndicators found it challenging to sell their share in horses. This wasn't just at the Tasmanian sales, this was at the sales nationally. We saw this reduction and the inability to syndicate horses. I'll see if the CEO would like to add anything further to my comments.

Mr JENKINS - Thank you, minister, and I thank the honourable member also for the question. The minister has covered the historical numbers and the fact that there was a flattening or a drop off in this year's yearling sale for the reasons outlined. I would add to that response that being a smaller sale where our average price is toward the lower end of the market in a relative sense nationally, when cost-of-living pressures impact, it impacts significantly on persons who aren't of wealth. They're not on the Gold Coast buying a \$2.7 million Written Tycoon colt, they're buying an Armidale or a [inaudible] or a Grenville horse here -

Ms ARMITAGE - I've been to the Magic Millions sale, so I -

Mr JENKINS - To save \$30,000. It's that person who no longer has the one or two thousand dollars available to purchase a horse. In answer to your question around what the company is doing to -

Ms ARMITAGE - Incentivise.

Mr JENKINS - incentivise and drive sales, we continue to work very closely with the government. We're grateful for the \$300,000 contribution towards the TASBRED scheme that we include in our \$1.4 million -

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Ms ARMITAGE - Which leads me onto my next question, if I may, to do with TASBRED -

Mr JENKINS - Yes.

Ms ARMITAGE - TASBRED is now in the sixth year. We have 150 maiden races per year with 96 of those having TASBRED. Do you consider that maybe all the races should be TASBRED? It's been raised with me that it hasn't moved one inch since its inception and we're now being flooded with tried horses from the mainland which are winning the majority of our maidens. This in turn has a domino effect on the clubs as it's killing the yearling sales and the breeding industry in Tasmania. It was felt if we don't keep the breeding industry going, obviously there's no horse population. If we had TASBRED on all maidens, it would make trainers and owners buy or breed local, and would be a chance for prize money to stay in the state. It falls onto the Magic Millions, that the feeling was that because so many mainland horses are coming in, and there are only 96 races - is there a thought of making 150 maiden races all TASBRED?

Ms HOWLETT - That's a very good question that the honourable member from Launceston has asked.

Ms ARMITAGE - Well the industry has actually asked me to ask.

Ms HOWLETT - Yes, it's a very important question. That's why the yearling sales are so important and the TASBRED is vitally important for the future -

Ms ARMITAGE - Is there consideration of making the 150 maiden races a year all TASBRED?

Ms HOWLETT - We are certainly adding more TASBRED races. I'll see if the CEO would like to add to that in a little bit more detail.

Ms ARMITAGE - Thank you.

Mr JENKINS - Absolutely. Our objective is - ideally, we would have a TASBRED bonus on every maiden, it simply comes down to availability and prioritisation of funding. What we have recently announced is a redistribution of prize money from two of our major cups and staying races -

Ms ARMITAGE - Reduced by \$50,000 each?

Mr JENKINS - Correct, yes. To redirect funding into grassroots breeding and directly into the TASBRED bonus scheme. Further to that we are in discussions with our premium statewide partner in Ladbrokes to distribute a further \$100,000 into the TASBRED scheme. It is a top priority for us to fuel, support and ideally grow the breeding industry in Tasmania.

Ms ARMITAGE - One last question, if I could. You keep leading me onto other areas that I have, when you say you've reduced the stakes to put more money in. The \$20,000 sponsorship to the JackJumpers, just a question - and that has been raised by the industry, that the stakes have been lowered by \$50,000, however, Tasracing has put \$20,000 into the

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JackJumpers. It doesn't appear that any promotional material of the Tasracing logo appears on any of the JackJumpers' promotional material. Is that a fact as well?

Ms HOWLETT - I know that the CEO will certainly want to speak more to that. What I will say as far as the Magic Millions and the yearling sales are concerned, the CEO and I have a very good relationship with Magic Millions. We're working on various ways into the future on how we can promote Tasmanian racing nationally. One of the things that I firmly believe in is we have an excellent product here, and very good value for money. We can have mainland syndicators come down and invest into the Tasmanian racing sector and get great value.

Ms ARMITAGE - And the \$20,000 for the JackJumpers -

Member - Would be a board decision, would that be correct?

Ms HOWLETT - I'll pass -

Ms ARMITAGE - It was just that I've been advised that there is nothing showing the Tasracing logo or anything on any of the promotional material. That may be incorrect, but that's my understanding.

Ms HOWLETT - Sponsorship deals are a matter for the operations.

CHAIR - So it's not a decision of the board?

Ms HOWLETT - I'll pass you over to the CEO to speak to that.

Ms ARMITAGE - Thank you.

CHAIR - My question is it's not a decision for the board to have -

Ms HOWLETT - I will let the CEO speak to that. Thank you.

Mr PHAIR - I'm not going to help with the board decision. No, it's not a decision for the board, Ms Rattray. The board each year approves the budget for Tasracing. There is an amount for marketing and sponsorship and so on that is included in that budget. That is up to the management team to be able to work within that budget and within their necessary delegated authorities.

CHAIR - Thank you for that clarification.

Mr JENKINS - Firstly, a point of clarity around the prize money redistribution from the cups - it's not a reduction. It was a considered and strategic decision that we understand some stakeholders were not in favour of. I can understand their perspective. However, we felt on balance, as I've already indicated, given the importance of sustaining and ideally growing the breeding industry, that that \$100,000 would be better spent on TASBRED and grassroots, and would not impact field size or quality of our two cups in Hobart and Launceston.

Regarding the JackJumpers, the partnership was valued at \$20,000. We've spoken openly about that. We're very proud to be partnering with the JackJumpers with whom we share a common values alignment of having a deep appreciation for and connection with the

Tasmanian community. The JackJumpers have become a wonderful organisation. They are an outstanding brand. The investment to that tune, as the chair has indicated, is well within budget. Our view is that it is an investment well-made into non-traditional racing markets to try to attract new patrons, new owners, potentially new participants into the racing industry, rather than preaching to the converted, and/or running traditional media, which is increasingly losing its utility e.g. running a printed newspaper ad.

Ms ARMITAGE - Is the Tasracing logo in either promotion - because I've been advised that it's not, but obviously maybe they were incorrect.

Mr JENKINS - I'm coming to that. No, it's not necessarily incorrect. It's a structured partnership. What we haven't bought is rights to have the Tasracing logo plastered over everything the JackJumpers do.

Ms ARMITAGE - Is it on anything?

Mr JENKINS - Yes, it is. We had naming rights to the JackJumpers season launch as the sponsor and presenting partner of that - not only on the night, but then we have rights to any social and subsequent promotions that we may do and did do and the JackJumpers also pushed out to market. On Monday night we had the privilege of presenting the same naming rights sponsorship as the partner of the JackJumpers corporate partners Christmas function - same kind of thing. We're now in the process of pumping out a heap of promotion, as will the JackJumpers. The investment with the Jackies also includes, from here on in for the rest of NBL 2025 season, a number of ambassadorial appearances for their players over our summer racing festival that we have just launched.

In terms of the value of the investment, in rough terms, the membership of the JackJumpers and the social and other reach that they have is tenfold what Tasracing via our digital assets can achieve. Based on the valuations and analysis that my general manager of marketing undertook, we felt it was a very sound investment at the price.

Ms ARMITAGE - Thank you for the response.

Mr GAFFNEY - Following on from the maiden sort of scenario, minister, we had another code present to us. It was really good, and we asked the questions about the mainland runners coming over, winning a race, and then going back and being eligible for certain status because of that. They did acknowledge that our horses can go there all the time as well, but it was put to us that perhaps to be eligible for a maiden race here - I might have it wrong - there could be a requirement the horse needs to be here for a month or something beforehand. That then they have to be agisted, trained and have to utilise the Tasmanian resources as part of that motion instead of being able to fly here on the Thursday, win on the Saturday and go back on the Monday, sort of thing, to perhaps, encourage some feedback and finances back into our own. Have the board or the fraternity considered that idea instead of the fly over, win the race and fly back sort of scenario?

Ms HOWLETT - Thank you, Chair, and that's a really good question. We do have thoroughbreds, standardbreds and greyhounds that do go to the mainland regularly to compete. I understand these are operational matters and I'll pass you over to the CEO to discuss this.

Mr JENKINS - Thank you, minister, and thank you M Gaffney for the question.

We do have conditions on some races already. We have also recently made a programming adjustment and decision to run more class-based races as opposed to benchmark races which, in our view, will provide local up-and-coming horses with increased opportunity to win races.

We are mindful also it does become difficult to restrict and in effect cut ourselves off from the broader racing industry in that sense. I can certainly understand the perspective. I might also add that it does add cost to agist a horse, bring it down and tip it out in the paddock for a period of time.

At this stage the, the response is: no, we're not actively considering that or further changes other than adjustments to more class races I've mentioned. Once again, I can understand the perspective.

CHAIR - Thank you. I'm going to focus on finances, minister and obviously you indicated in your opening address the organisation had recorded a loss before tax of \$1.2 million. That leads me to the race field revenue decrease by \$2.83 million. Can we have some understanding? You put it down to the market settling from the COVID-related highs. How long are the impacts of COVID going to impact this particular organisation and industry? What do you see as the future when we're looking at such a significant decrease in revenue or do you see other factors also impacting this?

Ms HOWLETT - Thank you very much, Chair, for that important question. Cost-of-living pressures now are certainly affecting revenue as well, not just COVID. We're seeing the pressures right around the country on wagering in particular. I know that as far as that, the CEO will certainly have a lot more to add to the decrease in wagering.

Mr JENKINS - Definitely. Thank you, minister and Chair for the question. What we're seeing is a normalisation post-COVID. Clearly, through the COVID period where alternative forms of entertainment and wagering products stopped wagering all over the country because it continued, had a focus on it by exclusion and significantly elevated the numbers. We're not surprised the reversion to pattern or normalisation is occurring, Chair.

You never like to see numbers going backwards but to quantify, I would point out that our wagering turnover for the reporting period at \$710 million is still \$112 million or 19 per cent above turnover pre COVID. Again, whilst we are seeing a reversion to pattern, we're still well ahead of where we ended pre-COVID.

In terms of what we're doing to address that, it is important to note Tasracing is the principal racing authority, doesn't own the end wagering customer, their customers of the licence wagering services providers.

Our responsibilities include having constructive working relationships with those wagering service providers in order we're achieving ideally more than a fair share of incentives. And as referred to in the industry, generosity to bring punters interest across to Tasmanian racing product. We also, of course, have a responsibility to manage our programming effectively, maintain our field sizes to maximise responsible wagering, and perhaps as importantly, maintaining a particularly constructive working relationship with Sky Racing

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channel who ultimately drive so much turnover given the vision and distribution of any racing product.

There are there are a number of factors, and there are a number of levers, and we watch them all month in and month out.

CHAIR - Can we have an update on the expectation of the point of consumption tax? Is that likely to increase at all, given the figures you talked about in the wager?

Mr JENKINS - Thank you, Chair. Are you referring to the distribution to Tasracing or the percentage itself?

CHAIR - The percentage itself, because obviously, it gets distributed after that. It seems pretty constant. Do you see there is any opportunity to have that point of consumption tax increased into the future?

Mr JENKINS - Minister, I can make a preliminary comment if you would like.

Ms HOWLETT - Absolutely.

Mr JENKINS - Speaking on behalf of the racing industry, Chair, we would love to receive 100 per cent of the 15 per cent. Whether the government deems a reasonable proposition or not, is not for me to comment.

CHAIR - Hence my question to the minister.

Mr JENKINS - But yes, we would like to receive that, because clearly, it's a wagering gross revenue-based tax. The performance of the wagering market, largely driven by turnover, does have an impact.

CHAIR - Minister, are you considering providing all of the point of consumption tax to the industry and pulling back on the amount of quantum from the deed?

Ms HOWLETT - Thank you, Chair. The government has committed to sharing 80 per cent of the net additional revenue generated by the 15 per cent of the point of consumption tax with the Tasmanian racing industry.

Tasracing and the government will work together to review allocation of the additional funding and all decisions will be based on affordability and sustainability.

CHAIR - That's probably not going to change then. Can I read between the lines there?

Ms HOWLETT - As I said, all decisions will be based on affordability and sustainability, Chair. As you're well aware, all states have implemented a form a point of consumption tax or POCT, and we've seen a significant amount of difference since its inception.

CHAIR - Before I hand over to other members of the committee, on the increased employee benefits, I recognise there's been a restructure. But I'm very interested in why, when

there's a restructure going on, there's a reasonable increase in employee benefits? Why was that necessary, particularly when there's an overall loss to Tasracing?

Ms HOWLETT - Yes, certainly Chair. One thing I am particularly proud of is the new legislative changes we brought to parliament and were passed this year. They're the most significant reforms we've seen in decades and those reforms include abolishing the Office of Racing Integrity.

We'll see commissioner Carroll start on 15 December and also, we've set up an Integrity Committee.

CHAIR - The integrity won't come out of this budget?

Ms HOWLETT - These are operational matters and I'll pass over to the CEO to add more comments to that.

Mr JENKINS - As is stated in the annual report, predominantly, the increase in employee benefits relates to back-filling of positions that, in the prior reporting period, had not been filled. Filling those planned and budgeted positions does see, and result in, an increase to labour cost, but it was considered, planned, and budgeted. We also made - As part of the restructure that's referenced in the annual report, that did include making some strategic changes to the executive team. Two of those changes have proven particularly important for the organisation and, in my view, the broader racing industry. Those changes are the elevation of what was formerly an animal welfare manager position to the executive and, for the first time, the creation of the chief veterinary officer and animal welfare - sorry, the chief veterinary and animal welfare officer role. That led to the appointment of one of the best racing vets in the world in Dr Lenz to my right. People of that calibre and professionals of that calibre cost money, but, given the importance that we place on animal welfare, I'm very comfortable that that's a wise investment.

Similarly, we made the decision to elevate a position that was formerly the GM of HR and, for the first time, implement a chief people officer position, appointing Claire Willemse to the role. Similar to Dr Lenz, Ms Willemse is an outstanding people and culture professional. To quantify that, her leadership and her efforts will put us in a position to broadly announce very soon that our most recent staff culture and engagement survey, completed in November, saw a 77 per cent favourable response from our people. That compares to 44 per cent two years ago and 66 last year. With those two appointments -

CHAIR - You're heading upwards.

Mr JENKINS - Absolutely.

Ms HOWLETT - That's right, and culture is so important in a workplace.

Mr JENKINS - Yeah, very much so. Yes, very much so, minister.

CHAIR - Are there any follow-on questions regarding the financials? No? Let's go somewhere else.

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Ms WEBB - It follows on from you mentioning animal welfare as I have some questions about that. Page 18 of the report talks about the implementation of recommendations from the Sykes review into animal welfare. There were 83 recommendations, 12 completed, 17 not yet commenced, 50 commenced. Do you have public reporting of that in more detail, so people can see how you're tracking on beginning, continuing, and completing those recommendations?

Ms HOWLETT - Chair, I thank the member for her very important question. Animal welfare is an absolute priority of mine and of the company's and that's why we're investing more money than ever before into animal welfare. And, we will continue to do so, and that is why we've set up an integrity committee to take carriage of that and, obviously, we are investing a significant amount of money into the RSPCA as well. I know that Andrew will have more to say on that.

Mr JENKINS - May I refer to Dr Lenz to provide further detail to Ms Webb's question?

Dr LENZ - Thank you for the opportunity to respond.

CHAIR - Congratulations on your appointment.

Dr LENZ - Thank you. While the Sykes review was a review commissioned by Tasracing, so it is an internal review - the report was on my desk when I commenced with Tasracing and my first job was, basically, to go through that report and assess where, within that report, Tasracing was positioned, and also to analyse and make some recommendations to our board as to which of those 83 recommendations to prioritise for implementation, and on top of that too, for every one of those recommendations basically to put a time line in place. The report, while it is an internally commissioned report, there's nothing in that report that cannot be shared. We've shared it widely with our racing stakeholders. I think there may have - I could be wrong, but they may have been an external request to have that shared. We're very open with the recommendations and also we're very confident in where we are in terms of implementing the recommendations for that report.

Ms WEBB - My question was around whether there is any public way you're reporting on progress against those recommendations. Given the high level of public interest in this area, I would have thought it would be something to be quite pleased to be proactive about, making visible and public. Is that something that you would consider if it's not currently in place?

Ms HOWLETT - Yes.

Dr LENZ - Yeah, so look, it is something that is reported on monthly to our board. As I said, I don't personally see there is any impediment to making -

Mr JENKINS - Very comfortable to publish the time lines and progress that Dr Lenz has referred to. No, we welcome transparency.

Ms HOWLETT - Absolutely.

Mr JENKINS - Very comfortable to include that -

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Ms WEBB - Yes, I think that would be a really positive thing to do in a proactive way, make it visible, make it public, so that people can see where you're tracking and where those priorities have been given in terms of time lines.

Can I ask another question in this sort of same area around animal welfare? My understanding is that when there have been community members or other stakeholders who have had concerns about, for example, causes of greyhound deaths, they've been able to report that to ORI in times past, and contact ORI to find out more detail or information. With Tasracing now taking that mantle of animal welfare back under the new model - I guess I'm looking ahead here, rather than looking back - will those same sorts of information-seeking contacts be able to be brought to Tasracing in the same way that they've been able to be brought to ORI in the past?

Ms HOWLETT - The answer to that is absolutely, yes. We want to do everything that we possibly can to make sure that animal welfare is a number one priority. Anyone with any issues, we certainly ask them to bring their issues forward. I know that they'll certainly be heard and -

Ms WEBB - It's more about information-seeking I'm interested in, minister, sorry to interrupt you. My understanding is if there's been a question mark over a cause of death of a greyhound, people have been able to seek information from ORI about the cause of death. Will that same transparency still be there under the new model?

Ms HOWLETT - Yes it will. Absolutely. It certainly will.

Ms WEBB - Thank you. Can I keep going with similar questions, same area?

Ms HOWLETT - Yeah.

Ms WEBB - I'm interested in - caps have been put in place in the harness racing industry to prevent those larger stables from dominating race meets. I guess it's a different area, actually, do you want to go to someone else?

Ms HOWLETT - Did you want to speak?

Ms WEBB - Or can I just ask this one?

CHAIR - I think ask that one, and then I'll go up the table.

Ms WEBB - Sorry. My apologies. I'm just interested to know about whether Tasracing is going to be considering caps for greyhound racing in the same way they have for harness racing, in terms of dominance of certain stables.

Ms HOWLETT - I'd like to take the opportunity to thank Tasracing for being so proactive in this space. The equity and participation policy was implemented from 1 July 2023, restricting any one trainer to a maximum of 50 per cent of a race field, excluding feature events. Obviously, the purpose of the policy is to provide the same opportunity for all Tasmanian trainers by promoting equity in participation -

CHAIR - Is that all codes?

Ms HOWLETT - No -

CHAIR - That's only harness.

Ms HOWLETT - That is in the standard breed code, that's right. That's a maximum of four runners from the one trainer per race, that Tasracing implemented. This is an operational matter. I'll see if the CEO would like to add further to that.

Mr JENKINS - No. Thank you minister, Chair and Ms Webb. As it stands, no, we don't have plans to broaden the equity in participation policy - a lot of Ps - across the other two codes and that's simply due to the dominance or the distortion in fields is not evident in the other two codes to the extent that it was in the harness code. We, of course, make the rules and we reserve the right to broaden the policy if we felt it was appropriate, but as it stands, no.

Ms WEBB - Is there a certain trigger level of dominance that would tip you into looking at putting a cap or similar measures in place to reduce that sort of dominance of the field?

Mr JENKINS - There would be, but we haven't undertaken - because it's not significantly evident in the other two codes at this point in time, we haven't undertaken the detailed analysis across thoroughbreds and greyhounds. We would undertake that body of work in due course if it were necessary. In terms of the harness code, of course, we undertook quite extensive analysis before implementing the policy and the primary genesis for that was a recommendation made in Mr Murrihy's report that referred to fair competition and equity in the sport. So, noting the credibility of that report and noting that strong recommendation, we took the step to implement the policy.

CHAIR - Thank you. Mr Edmunds.

Mr EDMUNDS - Thank you. I might head up the north-west coast, we might stay there for a while, too - I just mean there's probably a lot of questions. - The all-weather track at Spreyton has seen race meetings called off with pretty minimal rain conditions. What is the status of that track and what are the time lines on a replacement as it gets to end-of-life?

Ms HOWLETT - Thank you, Chair, and I thank the member for that very important question. We know that track is vitally important to our racing industry, particularly in the winter, and we know that it's quite often referred to by some as God's carpet. And, as it's a significant infrastructure, that track is significant to our racing industry, particularly in winter, and I was there just recently when we opened the female jockey rooms around five weeks ago. I am well aware that the track is getting towards the end of its use-by date and I know that Tasracing has undertaken a lot of work in relation to this and I'll allow the CEO to speak more about the Spreyton all-weather track.

Mr JENKINS - Thank you minister and Chair, and thank you Mr Edmunds for that very important question. To clarify, in terms of races lost on Tapeta recently, it was a race not a race meeting.

Mr EDMUNDS - Yes, sorry. I used the wrong language. There was something up here, but what came out is the wrong. Apologies for that.

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Mr JENKINS - I know that feeling, Mr Edmunds.

As the minister has indicated, the Tapeta surface has been an important part of our racing infrastructure in the thoroughbred code for many years. I think it's 12-and-a-half, 13 years old now. We have, in terms of risk mitigation and for the purposes of animal welfare, proactively undertaken a number of activities to assure ourselves that the surface is appropriate to race on, one from - firstly and primarily from an animal welfare perspective, but secondly, that it's not going to bite us and fall over tomorrow. What, that body of work has uncovered is two things, well, three. Firstly, the surface is safe. It's appropriate to race on from an animal welfare perspective and synthetic surfaces, as I'm sure the member is aware, are used widely not only across Australia but across the world for racing and training purposes.

Secondly, we wouldn't be getting much change out of \$10 million if we had to do a total refit of the Tapeta, whether it be the same product or an alternative such as Polytrack or something of that nature. And, thirdly, we engage the vendor directly via the exchange of samples that we've sent to them. They've also come out and inspected the track recently with my operations team, led by Mr Manshanden.

Prior to that, we have also undertaken a number of restorative and repair activities. One of those includes 'flipping the track'. That is, literally, you get a dirty big grader out there, do laps and dig everything off the bottom and put it on top. That's to aerate the product, allow it to breathe, and remove some of the organic gunk that can cause deterioration in the product's performance, cause kickback, and make it hard on horses underfoot.

Based on our consultation with the vendor and exchange of samples and their inspections, we have formed a view that we can extend the life of the track for potentially three to five years with a significant renovation, as opposed to a total 'throw it out and start again'. That will involve the addition of sand and other products, wax and oil, flip it at the same time, check the drains underneath, check the canvas, check the levels, in order to maximise the performance of the track.

As it stands, we're very confident that we have an appropriate racing service at Spreyton for a number of years, and we'll avoid the impact of what would likely be somewhere in the order of \$10 million.

Mr EDMUNDS - With the interim work, do we have a cost figure for what that might come to?

Mr JENKINS - I can provide a general guide, if you're comfortable with that, Mr Edmunds. It was, I think, around \$600,000 to \$700,000 for the total project - as I recall.

Mr EDMUNDS - That's something you'd be looking to start on 17 March 2025?

Mr JENKINS - March 17, yes. Yes, \$700,000 budgeted.

Mr EDMUNDS - Thank you. In terms of the big job that will inevitably have to happen, how would that replacement be funded?

Mr JENKINS - Of the Tapeta service?

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Mr EDMUNDS - Yes. This is the \$10 million we're talking.

Mr JENKINS - That would be a matter that would be considered, and ultimately approved by the board, if it were to go ahead as part of our annual full budget that, as a subset, includes our five-year capital expenditure (CapEx) plan. As we sit here today, that \$10 million isn't in the five-year CapEx plan because of the confidence we have in the reparation that we can achieve.

Mr EDMUNDS - We might ask about the north-west track. What's the status of that? Obviously, the history is that the participants were told they would get a new track, and left the showgrounds. I don't believe that's the case anymore, but could you maybe provide us an update with where things are at? A few times we have asked questions, and it's evolved. What are we currently looking at for those greyhound and harness racing participants in the north-west, but obviously around the state, who are impacted?

Ms HOWLETT - Chair, I thank Mr Edmunds for his very important question, and I want to make it really, really clear that we will not be leaving behind the racing industry on the north-west coast.

CHAIR - You have, though, when you've only committed to a training track.

Ms HOWLETT - We will not be leaving the industry behind. I've spoken to directly, and met with, a broad range of industry stakeholders since Tasracing made its announcement in May 2024 about the project. Tasracing's advice was that it was not financially prudent to proceed with the north-west track project because of significant increase in costs, and the government accepted this advice. Tasracing has been doing an incredible amount of work on the north-west track project. I know these are operational matters, and I'll pass over to the CEO to discuss how the project's going, or to the chair.

Mr PHAIR - I'll start, Mr Edmunds, if you like. From a board perspective, we were presented with the proposal for a north-west track at Mill Road. The cost had blown out significantly post-COVID, with construction costs that are seen all over the world, it's not unique to Tasmania. As a board, we determined that the cost was prohibitive.

We weren't prepared to put the whole racing industry into a financial status that had a question mark over its sustainability because of borrowings we would need to be able to fund the north-west track. That amount of money was up to \$40 million, and our board was not prepared to take that financial undertaking to spend \$40 million on both a harness and greyhound racing facility. That's from the board perspective.

We then asked management to come back to us with another proposal around an alternative, and I might pass over to the CEO, just to confirm that.

Mr JENKINS - That's quite correct. TasRacing's current status is that we have written to the government seeking funds to complete the training related aspects of harness and greyhound facilities.

CHAIR - Which is to be on private property. Is that correct?

Ms HOWLETT - Are you talking about the harness track?

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CHAIR - Well, the harness and greyhound are the same track, or the same location. Is that correct?

Mr JENKINS - No, that project scope, Chair, went out some months ago. The Mill Road site that the chair has referred to - if we refer to that as the original scope of the project - that was a dual-code greenfield facility. That would be a harness track with a greyhound track on the inside of it. That's the project that my chair is referring to that was deemed not viable for financial reasons, so no. If we do go ahead with facilities on the north-west coast for harness and greyhounds, they will not be co-located.

CHAIR - What are the actual potential projects for those two codes that don't have a home at this point in time? What are they actually today? I'm totally confused. I asked a question last week and was told potentially there would be a greyhound track inside a training track. I don't know anymore.

Ms HOWLETT - No. Thank you, Chair. Let's try and get rid of any confusion that may be out there. I know that the CEO would like to add more to his comments.

CHAIR - Where and what for both codes?

Mr JENKINS - I'll finish the initial comment, because it will lead into answering your question. The company has provided a business case to the shareholders seeking funding for the training aspects of harness and greyhounds on the north-west coast. That's currently being considered. We've spoken about the fact that the alternative site, or sites - because there was Palmers Road before that which, due to environmental reasons, was deemed inappropriate. In terms of the business case that has been submitted to the government, that contemplates two sites. One of those sites is a training facility at a private property that TasRacing leases down the road from the airport. I'm not making any commitments here, but intending to answer your question - there is the potential to extend the lease on that site, make some enhancements to the track and the infield facilities for tie-up stalls and sheds and hot water and so forth. I would suggest that would be the most likely scenario for a harness training facility.

CHAIR - Is that what's been asked of the shareholder minister - funding for that?

Mr JENKINS - It's included in the business case. That site, and as I've described, is included in the business case, yes.

CHAIR - That's the only option for harness?

Mr JENKINS - It is.

CHAIR - Greyhound?

Mr JENKINS - Greyhounds. The alternative option for greyhounds, this holds true for harness also. One of the limitations on the coast, anywhere really, apart from cost is finding land that is 1) for sale, 2) in an appropriate location and 3) zoned amenably for racing. It doesn't exist. We're investigating the alternative to potentially build a training and racing facility for greyhounds on the infield of the Spreyton thoroughbred training track. That may have been what you were referring to earlier. That is the leading option as we sit here today.

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CHAIR - Is that part of the business case put forward to the minister for consideration?

Mr JENKINS - It is.

CHAIR - Is there a quantum attached to the business case?

Mr JENKINS - There is. I'll certainly provide that number before we finish, if that's okay.

CHAIR - That's fine.

Mr GAFFNEY - Since the track is no longer available in Devonport or hasn't been, what sort of assistance have you been able to give both dog owners and harness people to be able to attend other meets in other places? Will that continue? How have you handled that?

Ms HOWLETT - That is a good point. Tasracing has been paying a subsidy to those participants who have to travel to go to a race meet either in Launceston or at Elwick. Would you like to provide more details to that?

Mr JENKINS - Certainly. The minister is spot on. We have provided significant levels of subsidy which we feel is appropriate for participants in the harness and greyhound codes on the north-west coast. We don't have plans at this point in time to remove or reduce those subsidies. In fact, we were entirely supportive of the government's election commitment to maintain those subsidies for no less than two years. We feel it's very important our valued participants across harness and greyhounds on the coast are treated appropriately and with the greatest of respect. We acknowledge there is an impact on their costs and time given the incremental travel they are now incurring.

Mr GAFFNEY - Do you keep a record of participation decrease in the numbers of people from the north-west coast who now may not be involved with the greyhound or harness industries because of the lack of surface? Is there any information coming back to the government or industry about what that impact has been? Has that work been considered or done? Will that be reported to parliament?

Ms HOWLETT - That information is provided to the Office of Racing Integrity. I'm sure we can seek that information for you. Obviously, today is about Tasracing, but I'm sure we can source that information.

CHAIR - There is a question on notice on those participants. I'm advising the secretary we'll have a question.

Ms HOWLETT - I don't believe there has been a decrease in participation on the north-west coast.

CHAIR - You would know from the request for subsidies.

Mr JENKINS - Yes.

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Ms HOWLETT - That's right. We will certainly get an answer. Could you have that in writing? We will get an answer to you.

CHAIR - I expect it's been done while we've been speaking.

Mr GAFFNEY - What do you plan to do for the next two years to track that? It is possible it has not impacted in the first 18 months, but the impact it has on the industry further down the track it would be interesting to see what impact it has on the industry.

Ms HOWLETT - Absolutely. That's a really good point. That's something that Tasracing will have the ability to do after 15 February when the Office of Racing Integrity is abolished, and Tasracing will be responsible for that aspect and we can provide full transparent figures on that.

I want to ensure you we will continue to look after those participants on the north-west coast.

Mr EDMUNDS - Going back to when you were talking about the original issues around cost for replacement north-west racing track, when you looked at the financials and made your decision, was there any request to government for extra funding to make that an easier decision?

Mr PHAIR - There was a commitment from government, originally, when the departure from the Devonport Showgrounds occurred. That money was there for -

Mr EDMUNDS - How much was that again?

Mr PHAIR - It was \$8 million. That was a commitment from the government for us to leave the Devonport Showgrounds. That was included in our funding model, as far as how much the new tracks would cost. Obviously, there was a contribution from government of that amount, the rest would have to be made-up from Tasracing's funds. As I said previously, that shortfall in the funding from what we had to what was going to be needed, was too much in the eyes of the board to commit to.

Ms HOWLETT - There was almost double. We had \$8 million committed from the government, and then \$10 million committed from Tasracing. It was \$18 million in total. Then you've project costs blown out to almost \$40 million.

Mr EDMUNDS - In terms of all the work that's having to be done now to find a new home, would you concede that's work that perhaps should have happened before the showgrounds was mothballed?

Ms HOWLETT - Work has been underway for quite some time and Tasracing have been consulting with industry participants and working on their business case.

I've certainly been engaged with participants on the north-west coast, and work is underway. We are hoping to deliver a solution very soon.

Do you have any more to add, Andrew?

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Mr JENKINS - It's a top priority for the company and we're continuing to do all we can, Mr Edmunds, towards providing facilities for both codes on the north-west coast. We understand the importance and note the travel and other impacts we've spoken about previously on our participants that reside on the coast.

We're doing everything we can to expedite a solution for both codes as soon as we possibly can.

Ms HOWLETT - I want to say it has to be at the right price. It can't be at any cost.

CHAIR - Is it a sound business case to spend that sort of money from an organisation that relies heavily on government assistance to put it in a private arrangement on somebody's private land?

Ms HOWLETT - Thank you, Chair. A long lease would be negotiated at that property.

CHAIR - Circumstances change though.

Ms HOWLETT - We have a significant number of participants on the north-west coast

CHAIR - I'm not arguing that, minister. I'm just raising the fact with you. Is it prudent to spend a lot of public money on a facility that's on a private property? That's my question.

Ms HOWLETT - We're looking at various options, Chair. One of those is to purchase a property. We are looking at that.

CHAIR - I'm sorry for jumping in, member.

Yesterday it was suggested that rather than do anything, particularly on a private property, why not invest in the two tracks that are already in place for harness racing? Possibly continue your subsidy, but have two really quality tracks in Tasmania and not have that third track at all? Particularly when, as we've said, it's a private property. You might think you can buy it some time, but then once you've spent all that money on it, you're sort of held over a barrel in some respects. Would that be a better option for the industry - continuous subsidy, but have better quality of the existing tracks? They tell me they run six seconds faster on a quality track on the mainland. That's what they tell me.

Ms HOWLETT - Right. That's good to know, Chair. I know the chair, Gene, would like to add some more information to that.

Mr PHAIR - I think it's important to know, Chair, that we are talking two different things here. You're talking about a racing facility, we're talking about a training facility. The reason for having a training facility on the north-west coast is to allow those hobby trainers and the people who have full-time jobs to be able to work their horses and get them race fit. The ability for them to go to Launceston, for example, to train their horses - it may be prohibitive if they have full-time jobs. They need something that is close by, hence the reason why we're looking at training facilities on the north-west coast.

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CHAIR - I don't argue that. I'm saying is it better off to spend public funds, if you can't have a facility that's owned by Tasracing, if you have to spend money on a private facility - is it better off to look at another option? That's the industry asking that question as well.

Mr PHAIR - I can answer that and I'll pass to the CEO as well. We have looked at all those things. The CEO said before that the ability to be able to purchase property on the north-west coast zoned for the purposes we need it for does not exist. We've investigated that. The security that you have with a long-term lease when you're leasing private facilities is that security around spending the money and ensuring that you get value for that money as far as the upgrade of the facilities goes. In hand with that would come a long-term lease which would protect the company and the industry for that money that is spent. The CEO might like to add a bit more.

Mr JENKINS - We have had very preliminary discussions with the owner of the property, who has indicated that they are amenable to discussions in relation to the purchase of the lease site. We haven't gone down that path at this point in time, simply due to wanting to expedite the project sooner rather than later, as I indicated in response to Mr Edmunds. If we're going down a capital purchase path, then the land has to be subdivided, it's going to have all sorts of approvals, the price has to be negotiated, and it just kicks itself down the road. As opposed to, in the immediate short term, signing a long-term lease at least enables us to get moving for our harness participants on the north-west coast. It doesn't preclude potential to purchase that site down the track, should the owner remain amenable to that option.

Ms HOWLETT - As per our election policy, we will invest in training facilities that suit the daily requirements of those trainers on the north-west coast.

CHAIR - I think I've made it clear what - those thoughts came from industry. I didn't just dream them up.

Mr EDMUNDS - How long could racing have continued at the facilities at the showground in Devonport?

Ms HOWLETT - Thank you, Chair, and I thank the honourable member for his question.

CHAIR - It's about seven ministers ago, just in case you might be thinking. Someone might still have an idea.

Member - Minister at the time.

Ms HOWLETT - Thank you, Chair.

Mr PHAIR - We were negotiating with the purchaser of the showgrounds around a lease, but our understanding from that purchaser was that he was interested in getting going with his development straight away and no lease was available for us. We were certainly asking for that, because we believed that there was an opportunity for us to maintain the racing and training facilities at the showgrounds whilst they did whatever they needed to do from a development point of view. That requires the other party to be agreeable to that lease and where we ended up was there was no lease available to us.

CHAIR - The current lease had expired?

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Mr PHAIR - The current lease hadn't expired. We agreed to vacate the showgrounds, because we had some commitment from the government for that \$8 million we referred to before, plus from a community perspective, there is an affordable housing project in the middle of Devonport that was being developed by a developer. We were happy to receive the money that we received to vacate our lease early.

Mr EDMUNDS - And how long did the lease have to run?

Mr PHAIR - Sorry, I'll have to defer -

Mr JENKINS - I'll need to take that on notice. Mr Edmunds.

Mr EDMUNDS - Thank you.

CHAIR - Again, come back to my point, there's a lease in place, but they're not always watertight. Before I move on, I'd like to acknowledge just arrived in the room is the minister's father, Mr Colin Howlett. Lovely to see you with us today, Mr Howlett, and you'll be very impressed with the minister and her work. Thank you. Mr Edmunds.

Mr EDMUNDS - I've got another -

CHAIR - Have I cut in enough on your questions.

Mr EDMUNDS - Yes, it's okay. I don't mind. I've a question about the owners' access to the stall and mounting yards change in policy from Tasracing. What consultation occurred with owners before the implementation of that policy?

Ms HOWLETT - That is a policy that has been changed in other jurisdictions and I'll pass over to the CEO to speak more to that.

CHAIR - We did hear this morning Tasmania's unique so, we don't always have to do what the others do, but thank you.

Mr JENKINS - The short answer is we didn't consult, which is highly unusual -

CHAIR - Was that 'didn't'?

Mr JENKINS - Did not, which is highly unusual for Tasracing in the context of our industry, whether it be through the quarterly legislated industry forums or general masses, we will by default work with our participants and stakeholders to seek their views. The reason we didn't do that on this occasion is we became in the possession of an independent external safety audit that we proactively commissioned from Sentry Safety Solutions who are well-regarded and somewhat specialist racing industry facilities audit company.

What was made apparent in not only their draft but also final report, Mr Edmunds, was I can't overstate the red flag they brought to our attention in relation to having - in particular in thoroughbreds - a prevalence of owners in a day stall or tie up stalls area where there isn't physical separation between the horse and the owner or a member of the public, whatever the case may be. Now, the key difference here is if we would think of somewhere such as Moonee

Valley, Caulfield - whatever, it doesn't matter, they're all the same - in the sense that there's a fence, there's physical separation between the viewing public and the horses. I can go up and see my horse and if the trainer chooses to bring him or her over and give him or her a pat, that's absolutely fine and they go back in their box, but I'm behind a fence.

Our day stall facilities aren't designed like that. There is no separation and we felt that, having come into the knowledge of that report with that risk so explicitly brought to our attention -

Mr EDMUNDS - Is it a safety risk or integrity risk?

Mr JENKINS - Both.

Mr EDMUNDS - Okay.

Mr JENKINS - Both. Yeah, that's right, because you've got owners in there that can - could potentially get to a horse or even inadvertently might be taking a treatment and they touch a horse and it comes up with a positive. Our vets and also our trainers have been quite concerned about that aspect of access for some time. The primary reason that we made the rare decision, on the basis of not consulting was that bright red, red flag that we were just not, as I say, having come into the knowledge of that credible information, we felt that we needed to act immediately from a safety perspective.

Mr EDMUNDS - Because obviously the feedback that I've had - these are owners who - it's the biggest value-add to their coming to the track and supporting the industry and the like, their race day experience. What's the pathway forwards in terms of consultation to provide some way to either have that experience or something similar able to occur, based on the feedback from those owners?

CHAIR - Sounds like a fence to me.

Ms HOWLETT - Thank you, Chair and I thank the member for his question and I'll hand over.

Mr JENKINS - Post implementing the restriction on access to the stalls, Mr Edmunds, we conducted a consultation period through October to seek alternatives to add to our own thoughts in relation to what might be achievable as means to safely provide access to owners in the day stalls. Whether that be an infrastructure-based solution or something like an owner's car that is provided annually after - for example, an owner might do an online induction, educating them around horse safety and so forth, they agree that liability rests with them, and that they're choosing to access the licensed area - we haven't made a decision, so I don't want to precursor that, I'm just sharing with you that we are putting significant thought into that process. I should say, we knew that this would be an incredibly unpopular decision. I'm a horse owner, not in Tassie, but I know what it would mean to me if I couldn't go to the races and go up and see old mate and get them out of the stalls. But, I've just got to be really blunt here and say, I'd rather have an unhappy owner than a dead one.

Ms ARMITAGE - I'm just going to a different area minister. If I could ask, how many apprentices do we have currently in Tasmania, male and female?

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Ms HOWLETT - That's a great question, Chair. I'll just seek the correct information. I believe we have 11 and I believe a significant number of those are female.

My thought was correct. There are currently 11 apprentice jockeys, of which 10 are race riding in Tasmania. Tasracing has an assistant scheme for interstate jockeys as well, travelling to Tasmania to ride and this helps with the jockey population when the numbers are low, and \$30,000 was allocated towards this for the 2024 financial year. It's important to note, too, that the jockey riding fee has risen 9.7 per cent over the last two years, increasing to \$225 in the financial year 2024, which is an increase from \$230 as well. And, Tasracing will continue to prioritise local apprentices and senior riders and consider opportunities prior to approving any interstate or international apprenticeships as well.

As far as the female jockeys, Andrew, do we have a number on the amount of female jockeys? I know that that was really increasing.

Mr JENKINS - I can get - take that figure -

Mr PHAIR - It's greater than 50 per cent.

Ms HOWLETT - Yes, it's more than 50. Thank you. Eight out of the 11 are female.

Ms ARMITAGE - Following on from that, if I could just ask you about the agreement with the Hong Kong Jockey Club apprenticeship. I noticed there was a scheme, assuming that it's ongoing, the opportunity for two - and it was male Hong Kong jockey apprentices. I might ask why it's specified that the two apprentices that came had to be male? It actually says on your expression of interest form that, 'Tasracing, in conjunction with the Hong Kong Jockey Club (HKJC) has the opportunity for two male HKJC apprentices to continue their apprenticeship for a two-year period.' Then it goes on with the forms and the applications. I did wonder why it was male as well, but also how that scheme is going and whether it's continuing.

Ms HOWLETT - I believe that is a club decision, but I will pass to the CEO to speak more.

CHAIR - As in the Hong Kong Jockey Club decision.

Ms ARMITAGE - Tasracing are the ones who invite them.

Mr JENKINS - The program run in consultation with the Hong Kong Jockey Club has historically had a number of their apprentices come over for a period of time to Tassie with varying degrees of success. Ultimately, in terms of who the Jockey Club makes available to send, that's their determination. Whilst in this case, an expression of interest was put out by Tasracing and we did indicate there was the option to take a couple of male riders, it's not our decision. We're not certainly not having any dialogue with the HKJC.

Ms ARMITAGE - It looks like it because it says Tasracing.

Mr JENKINS - I understand what you're saying. For clarity, that is not in any way, shape, or form a Tasracing directive. It's who the JC has available at an appropriate skill and experience level as a jockey. It's also who, for safety purposes and our own riding ranks, is

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appropriate as an apprentice to come to Tassie and continue their growth. For clarity, there is no gender discussion ever had with the JC.

Ms ARMITAGE - It's probably better to take that out, then.

Mr JENKINS - I would agree.

Ms ARMITAGE - It could be called discrimination.

CHAIR - That's the delete for this afternoon.

Ms WEBB - I have some questions on greyhound breeding data. In the annual report, it seems to be down significantly. My understanding is that is also the case in other states, Victoria and New South Wales. Given that our greyhound racing industry also relies on dogs from those other two states, everyone's breeding data is down. What is our expectation of the trajectory for sustaining that code to the same degree, given the breeding situation?

Ms HOWLETT - You are quite right, there has been a decline in breeding numbers since late 2015. Tasracing has maintained the following assistant packages for the 2024-25 season in an endeavour to encourage responsible breeding, ensuring the ongoing viability of the industry. We have vaccination assistance of \$200 per pup at the time of registration with the Office of Racing Integrity. We also have a starter bonus of \$100 to the first Tasmanian-bred greyhound finishing in every race, and the Tasbred Grade 6 bonus, which is a performance-based initiative of \$300 paid to greyhounds winning at a grade 6 at all tracks. The laboratory costs of the DNA analysis for breeding and females, and funding for these packages is budgeted at \$220,660 for the 2024-25 financial year.

Ms WEBB - To be clear, I am asking what our expectation is about those measures being successful. It is all well and good to have those measures. There may be a response to them. Is it expected that we will be able to maintain current levels in that code or, given this is not just us but interstate as well, are we looking at a decreasing trajectory for the code?

Ms HOWLETT - Dr Lenz, would you like to speak to that?

Dr LENZ - One of the aims in, not only greyhound welfare, but across the three codes, is to not breed more animals than can be productively put to a useful racing career. Also, importantly, be retired responsibly at the end of their racing career. One of the aims in the face of what is obviously a downward trend are some of the initiatives that the minister mentioned, supporting the breeding sector. Also a big push is to increase the number of dogs that actually get to training, and of those dogs that get to training, that get to racing. Then, at the end of their racing career we want to make sure that there are sustainability increases by making sure that the maximum number of the dogs that have had a successful racing career also get to retire. From a welfare aspect, it is actually something that we are working within, but there is obviously an intersect to the business.

Ms WEBB - That's fine and I understand what you're saying and that sounds sensible from a welfare point of view. What is the particular number of dogs that is your target range in terms of breeding locally that is the appropriate balance point to deliver what Dr Lenz has just described? Do you have a target number or target range of numbers for that?

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Ms HOWLETT - Dr Lenz or Andrew, would you like to speak more to that?

CHAIR - I just need a number.

Dr LENZ - The number is from the current racing schedule, and can we have numbers within each race that obviously optimise -

Ms WEBB - This links to my original question which was: are we expecting to maintain the same level of racing or are we looking at a trajectory downwards in terms of racing in this code?

Mr JENKINS - No, at this point in time, we're not anticipating that the reduction in breeding in the reporting period will adversely impact our ability to program, as we historically have, around 150 meetings a year.

To aim to specifically answer your question with integrity, no, there isn't a number specifically because there are various factors at play in terms of the greyhound and horse population in Tasmanian racing. One of those factors is whilst, as you pointed out, Ms Webb, some of the other jurisdictions are reducing in their breeding - some of those were overbreeding, I would suggest. They're moving to a more responsible model. As part of that model that may include dogs being imported from other jurisdictions. There are a number of sources for an appropriate and responsible breeding and racing dog population approach to sustain the code in Tasmania.

Ms WEBB - My final question on this ties back to our original earlier discussion about the deed that's being negotiated now looking ahead to 2029. Are we negotiating that deed on the basis that we expect the racing codes across the three codes to maintain the current level, to grow, or to reduce over time over the period that that deed will cover? What's the basis of the negotiation currently?

Ms HOWLETT - As I said, discussions are certainly taking place.

Ms WEBB - I'm not asking about the negotiation itself. I'm just talking about what's our expected trajectory that is the basis on which we're doing that negotiation.

Mr PHAIR - Our mandate as a company is to grow the industry. Our primary objective is that we will be growing into the future, not proceeding or declining as far as the number of races goes, the participants in general, whether they be equine or canine or whether they be the owners, trainers and so on. We are looking forward into the future with some strategic planning around how we can grow the industry, not allow it to decline.

CHAIR - Thank you. We have one final question, then we're having a three-minute break.

Ms HOWLETT - Before we go to our final question, Chair, could I please answer the member for Pembroke's question earlier on as far as the lease on the Devonport track? Would you like me to do that now or after the next question?

CHAIR - No, that's fine.

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Ms HOWLETT - Okay, my advice, member for Pembroke, regarding the lease on the Devonport facility was it was a long-term lease to 2040.

CHAIR - Gave that one up pretty easy, then.

Member - A very quick question -

Ms HOWLETT - You'd like to add to that?

Mr JENKINS - Very briefly, if that's okay.

Ms HOWLETT - With your indulgence, Chair.

CHAIR - Brief.

Mr JENKINS - Thank you. Whilst it does predate me, I understand that there was some conjecture as to the legal validity of that lease. As I understand it, I'm not sure that it's accurate to suggest that the company simply -

CHAIR - That you gave it up easily?

Mr JENKINS - Correct. Thank you for that, Chair.

CHAIR - My comment.

Ms ARMITAGE - Just a quick one on programming. Is there a statewide programming committee, only because it's been pointed out that the TTC has to - it says 'jam 27 meetings in from October to April'? Why does the Tasmanian Turf Club stop racing in April, have one meeting in August and then recommence in October? Can you advise, is there a statewide programming committee that does this?

Ms HOWLETT - In relation to operational matters, would you like to speak to that?

Mr JENKINS - The programming and the break for the TTC is primarily driven by the need to renovate the track. It starts again every year. It's similar to the 10-week break we take at Elwick now each year to completely renovate the track. I acknowledge the concerns that the TTC, most respectfully and professionally, continue to bring to our attention. We acknowledge them as valid, but we can't make grass grow any faster than it wants to grow despite our track managers' best efforts.

CHAIR - Thank you very much, minister. We always seem to run out of time, but this committee obviously has the opportunity to continue a conversation outside of the GBE process. That's something that we'll always consider in the future. On behalf of the committee, we thank everyone for their time and the effort that goes into preparing for this. I wish you all a very happy and safe Christmas. We'll see you, minister, back in about three minutes. We will suspend while we have a change of people at the table.

Ms HOWLETT - Thank you, Chair. I'll just take the opportunity to thank those at the table with me, and my staff and the department for doing the incredible amount of work that they have. Thank you.

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The witnesses withdrew.

The committee suspended at 12.18 p.m.



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

Tasmanian Irrigation Pty Ltd

Wednesday 4 December 2024

MEMBERS

Hon Tania Rattray MLC (Chair);
Hon Rosemary Armitage MLC;
Hon Luke Edmunds MLC;
Hon Mike Gaffney MLC; and
Hon Meg Webb MLC

WITNESSES IN ATTENDANCE

Hon. Jane Howlett MP, Minister for Primary Industries and Water, Minister for Hospitality and Small Business, Minister for Racing

Kate Vinot, Board Chair

Andrew Kneebone, Chief Executive Officer

Byron Fraser, Chief Financial Officer

Sophie Grace, General Manager Environment, Health and Safety

The committee resumed at 12.23 p.m.

CHAIR - Minister, thank you for coming along today with your next responsibility for Tasmanian Irrigation and I introduce those members of the Committee B: Luke Edmunds, Rosemary Armitage, myself, Tania Rattray, Meg Webb and Mike Gaffney. We have our secretariat support, Simon Scott and Henry on *Hansard*. Thank you very much. I expect you will have a brief overview.

Ms HOWLETT - I do thank you.

CHAIR - Will you introduce your members at the table?

Ms HOWLETT - Absolutely. Thank you so much, Chair. Chair of Tasmanian Irrigation, Kate Vinot and our CEO, Andrew Kneebone.

Tasmanian Irrigation is vital to the Tasmanian government's plans to grow the value of agriculture. This past year has provided ample evidence of how the company is doing that. It was a year like no other. The prolonged dry resulted in record demand for reliable irrigation water and Tasmanian Irrigation responded by delivering an unprecedented amount, 100,593 megalitres of water to Tasmanian farmers.

This enabled crops to be finished, pastures to prosper and livestock to reach target weights. This was a 177 per cent increase in the quality of water last year and demonstrates a commitment of Tasmanian Irrigation to getting water to its customers where and when it's needed. Without access to this water, farmers face reduced yields, crop failure, selling off livestock and reduction in revenue, which would have a market flow-on effect for the Tasmanian economy.

There is no doubt that the investment that has occurred in Tasmania over the past 15 years in irrigation infrastructure has underpinned substantial job creation, regional economic growth and on-farm drought proofing. This past year we've seen the commissioning of the Don Irrigation Scheme, the first project delivered under the Tasmanian Irrigation tranche 3 program.

We've also recently seen construction start on the Northern Midlands Scheme. This will be the largest irrigation scheme in Tasmania in terms of investment. I thank the farmers for their ongoing commitment to this project. We continue to work with Tasmanian Irrigation to progress the Tamar Irrigation Scheme. The government has recently approved to fund the development of a business case to test whether a scheme that supports both agriculture and green hydrogen production is feasible. We're also pleased the Australian government recently committed to its share of capital funding for the Greater South East Irrigation Scheme.

The state government's \$75 million funding commitment has always been secure and I know farmers have also made a significant financial commitment to the capital cost of this scheme. I cannot wait to see the progression of this scheme. I'd like to take the opportunity to thank chair Kate Vinot and all at Tasmanian Irrigation for their ongoing commitment to water development. I'd also like to make special mention of their outgoing CEO, Andrew Kneebone. Andrew has been a very steady hand at the helm of this important business and wish him all the very best on his retirement.

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CHAIR - Thank you very much, minister and the committee would like to add their acknowledgement of the CEO Andrew Kneebone to yours and certainly wish him all the best, albeit that it's May next year. There's plenty of opportunity for this committee to see Mr Kneebone prior to his moving on to retirement, but thank you and we acknowledge your contribution to this particular entity. I invite Mr Gaffney to open up the line of questioning. Thank you.

Mr GAFFNEY - Thank you, minister, Andrew and Kate. First of all, I want to say congratulations on your annual report. We read a lot of these reports and strategic plans. I found it quite engaging and interesting to read. I wanted to read more. I think that's good because usually you just sort of go for the question.

CHAIR - Well, after five, none of us want to read too many more.

Mr GAFFNEY - Yes, and I think mainly because many Tasmanians can acknowledge the changing landscape and the effect that irrigation has had on it. It's something that we actually live and immerse within travelling down the highway quite frequently. I've a series of questions I would ask. First of all, well done on the Don scheme. It's very well received by people in my community, so thank you.

Noticing that the first question was about the corporate plan and you mentioned it, minister, for the Northern Midlands Irrigation Scheme. In the plan for 2023-27, it was supposed to start in April 2024 and was postponed to August 2024, and has mentioned the environmental protection and biodiversity act, which sort of delayed it. Can you give a bit more information about that delay and what was the hold-up on that plan to progress that as quickly it should have been?

Ms HOWLETT - Yes, certainly, and that's a very good question that the member has asked, and I'll pass over to Andrew to speak to that.

Mr KNEEBONE - Our experience with getting the federal environmental approvals for, under the EPBC act, changed dramatically in the transitory period and post the election of the Labor government federally. When we went to get the, or to apply for the federal approval for the Northern Midlands scheme, we took the same approach as we've taken with all our other schemes, put in a comprehensive application. But, what we found was that there was a much more stringent interpretation of the act being taken federally, by the federal department, and they required us to do a lot more work upfront rather than providing an approval subject to completing works as you - before you start construction, which is what our previous experience had been.

For this particular project, because there were matters of environmental significance associated with the project, particularly quolls, devil habitat, lowland native grasses, and there were going to be impacts on those both temporary and permanent because we're going to have to clear a small piece of land to build tanks and those sorts of things. They, for the first time, the federal government required us to have an offset and that offset had to be in place, and agreed, and to a standard of environmental habitat that was acceptable, and for a volume of land that was quite considerable to offset that. All of those things, a more detailed submission, the requirement to have the offset beforehand, before an approval would be granted, all required - all had a delay on the project. We certainly learnt a lot from that, and we're looking to try for future projects, Sassafras Wesley Vale is the next project - it's going through a similar thing,

but we're now much better prepared and understand the thought process that the federal department goes through.

Mr GAFFNEY - That leads in to the next question. That project for the Sassafras Wesley Vale augmentation project was supposed to start early in 2025, has that been delayed because of the EPBC?

Mr KNEEBONE - Essentially, yes. When we set up the original profiles of when we thought things were going to occur, all of our previous experience would have said that the process of getting an EPBC approval would take up to a year. We're now finding that they're taking 18 months to two years to actually get the approval. We've also learnt that you don't go to tender before you've got your approvals or you've got a reasonable chance of getting your approvals. Because of that, we've finished our detailed design on Sassafras. We're ready to go to tender, but we just need to get the EPBC approval before we can.

Mr GAFFNEY - At the time of writing the report, you didn't have funding from the feds for the Greater South East Irrigation scheme. I'm assuming that you were thinking that was coming through and you'd continue the project or did that delay what you've been able to do with that scheme because of that delay in funding announcement?

Ms HOWLETT - Are you referring to the Greater South East or?

Mr GAFFNEY - Yes.

Ms HOWLETT - It certainly wasn't a guarantee of funding. I must admit we were all shocked when it wasn't in the budget. I know a lot of our farmers were deeply disappointed by that as well. We're very pleased that the federal government has committed their \$150 million towards the scheme. As we all know, water is an absolute game changer to our farmers, particularly the high yield of crops that they can now grow. We'll see a lot of farmers, particularly down in the south-east, invest into their farms.

CHAIR - Fortunately, there's a federal election coming, I think.

Ms HOWLETT - I'm just pleased that that funding is secure and it's not an election commitment. I'm very grateful for that.

Mr KNEEBONE - If I may add a little bit more context to that. The state government did agree, whilst we were seeking funding, we agreed that we were going to continue on to seek the funding once it didn't get announced in the last federal budget. The state government did allow us to proceed, albeit not as fast as we would have otherwise or do as much, but we certainly proceeded to continue to do some of our environmental work and some of the design works that we would need to do in order to make sure we didn't lose too much time. In essence, we're probably six months behind where we would have preferred to be. Given this announcement of funding and the fact that it is not just an election commitment, it is actually apparently going to be in the midyear economic forecast update, we can now start pulling together our resources and move this project forward as quickly as we can.

Ms WEBB - In relation to the GSEIS, Greater South East Irrigation Scheme. My understanding was that you may have needed to update the business case for that to present the commitments that were made. Is that updated business case something that can be provided?

Ms HOWLETT - There was a request for additional information to update the business case and that additional information that was required was a nature-positive lens on the business case, also an indigenous lens. They weren't required at the time of the submission of the application, but we were notified and the department and TI put forward those extra requirements as soon as they could. As far as that information being released, I will seek information from the chair or CEO.

Mr KNEEBONE - In general terms, the business case itself didn't need to be updated. What was updated was the funding submission. The funding submission is an interpretation of the business case. It is the document that goes from the state government to the federal government requesting the funding. The business case itself remained exactly how it was. Generally, the business cases are not released publicly, although I understand there was an FOI of this particular one at the federal level and a redacted version was provided. The reason they're not provided is because they have commercially sensitive information and basically you would be putting exactly what you expect to pay for different aspects of your project out into the marketplace before you go to competitive tender. Those are the reasons why they haven't been made available. They are subject to FOI and the federal government released that business case, but heavily redacted.

Mr GAFFNEY - According to the report, the Tamar Irrigation Scheme did not have sufficient farmer commitment to occur. There is a comment I am quite interested in that says:

In collaboration with the Tasmanian government, we are exploring whether the scheme would be viable with the potential incorporation of industrial water supply for the proposed hydrogen hub at Bell Bay.

So, my two questions here would be, is that still being considered with the hydrogen hub? Secondly, I'm interested to know whether that strategy would actually be feasible under the federal government's work, that this is funding for water for agricultural purposes. I'm just wanting to know that yes, under the federal government's requirements the water is for, I'm assuming, agricultural purposes, whether you can then put in a joint effort with industrial water.

Ms HOWLETT - As I mentioned earlier, we're progressing with the Tamar Irrigation Scheme. We're pleased to announce that the funding for the next stage of the project is secure, and the government will fund the development of a business case to test whether a scheme that supports both agriculture and green hydrogen production is feasible. TI will now work with the Tasmanian government, including Renewables Climates and Future Industry Tasmania (ReCFIT) to finalise arrangements. This is really good news for more than 90 irrigators who have expressed interest in the scheme. I'll hand over to the CEO to provide some more details.

Mr KNEEBONE - In respect of the approach we've taken with Tamar, we went out to market for an agricultural-only scheme to start with, just to ensure that we weren't putting any confusion to the market about - we needed to really test whether there was an agricultural demand. Unfortunately - we have 90 applications, but they're not for a very large amount of water, and they weren't sufficient to justify it on its own. For a number of years we've been working with state government, even to the point where recently, as of December last year, the legislation got changed to allow us to enable TI to actually undertake these sorts of works.

We've been working on that because we think it's always made sense that a single set of infrastructure be built that serves two purposes. In terms of the federal funding for that, the federal funding is unclear in respect of how we would - and that's what the business case is going to have to flesh out. In general terms, the National Water Grid Authority, now National Water Grid Fund, their remit has changed in recent years. It used to be just that it was agricultural water only, and any industrial or domestic water could not be funded. They have relaxed that a lot. In fact, they're looking for opportunities where the two are combined and where there's broader benefits able to be generated by those. It sits right in a sweet spot for what your remit then is, this particular project.

Mr GAFFNEY - Thank you. That was one of the things that I could sort of remember back to when this came out. Following on from that, it said - and this is interesting, I get the idea that the Southern Midlands Irrigation Scheme, it says:

This project has been paused in the pre-feasibility stage following directions from the Tasmanian government. It will be revisited once the greater south-east one -

and now we've just heard that's been funded -

and Tamar projects progress beyond the business case.

If the south-eastern one progresses but the Tamar one doesn't, what impacts might that have on the Southern Midlands case continuing. Do you see what I mean? In the footnote we have, it has both. If one gets passed, if the other one doesn't, what impact would that have on the Southern Midlands Irrigation Scheme?

Ms HOWLETT - I know that the CEO would like to add more comments to it.

CHAIR - And I have a supplementary on that one, too.

Mr KNEEBONE - The Southern Midlands project, we were asked by government to pause that prior to going to water sales, simply because the work in front of us was so large that trying to add another one into the mix - as well as, it's a large project. It's another \$300 million project. We would need \$75 million from the state government, we would need \$150 million from the federal government. It's also economically borderline. The agreement with state government at the moment is that we pause that. It's certainly a viable project, but we pause that until we know we have more certainty around the capacity of the state to take on that project, both from a construction perspective but also from a financing perspective.

There certainly is a lot of interest in that from the farming groups. The issue is that it's taking water a long way. It's bringing water from right up in the highlands, and we'd have to construct, I believe, something like 30 or 40 kilometres of pipeline before we meet a customer. It's through highlands territory. It's a very large, complex project. It's possibly worthwhile but at the moment it's marginal, and really, the thought process informed by government is, let's just get the things that are on our plate, get certainty around those. We have \$700 million worth of projects to deliver in the next five years, now that we're adding Greater South East. It's not an insubstantial requirement, and we're really stretching the construction capability of the state in order to deliver those, particularly if we add Tamar onto it as well.

CHAIR - Thank you. Ms Armitage, you have a supplementary.

Ms ARMITAGE - Yes, a supplementary to the Tamar scheme. I notice you said there were 90 applications but not requests for enough water. How short was it? How much is actually required to have the scheme?

Also, what specific work has been done in the area to try to engage for the farmers, particularly there are a lot of vineyards in that area, or other areas which council have done before?

Ms HOWLETT - I will speak briefly to that note, Chair. As the CEO stated before, we went out twice for water sales for this scheme, and the water sales fell short of the required threshold to support a scheme of that size.

The scheme was redesigned in 2023 as a 13,500 megalitre scheme covering the west and east Tamar regions, including Dilston, Rowella, Beaconsfield and into Pipers River and Pipers Brook.

At completion of an extensive sales campaign in February, confirmed sales for the Tamar scheme again did not meet the necessary threshold. Over 90 irrigators expressed interest, but it was only 39 per cent of the required irrigator funding commitment to justify the 13,500 megalitre scheme.

The business case is the next stage of this in pursuing the project for our irrigators.

Mr KNEEBONE - If I could just add the final piece, regarding engagement. We've been to water sales twice now, and the water sales process and the advertisements and engagement with the community was the best process we've ever undertaken, the most comprehensive - a lot of social media, boots on the ground, talking to people. We tried to engage investors, and we made specific allowances for investors who might be looking to buy land in the area but hadn't completed those transactions. We were looking to allow them to purchase. We went out of our way in terms of engaging the entire community and trying to understand and encourage people to put their best foot forward.

The issue is - if we were to try to shrink the scheme back to the level of current demand, which is around 6000 megalitres, of the current demand, it would mean we'd build an 8600 megalitre scheme, something like that. At that scale, it becomes uneconomic. It is just too expensive per kilometre of pipeline to build it. You still have to put in 240 kilometres of pipeline; you're just delivering a lot less water. That's why we believe this integration of an industrial supply and to support the construction of an agricultural scheme, means that we can deliver both outcomes, even at the current level of demand.

The issue is, if we go with a really low level - and our threshold is, normally we try to raise 75 per cent of the total capital from irrigators to know that we have a viable scheme. Here, we were less than 40 per cent. If we were to go ahead at that level, someone, Tasmanian Irrigation, is carrying a lot of debt and taking the risk that unsold water will then sell over time and that debt has to now be funded. When it was 1 per cent interest rates, it was pretty easy to make some of those decisions, but now that they're still up around the sevens and eights, it's a significant cost and really one that wasn't able to be taken on.

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Ms ARMITAGE - Thank you. One suggestion I would make though, before I go is that maybe on your annual report - the page numbers are very hard to read - the water mark makes it almost impossible. You've got to go through and write over them.

CHAIR - They just didn't show up and other than it being easy to read as the member for Mersey said -

Ms ARMITAGE - It's hard to find the pages.

CHAIR - It's the page numbers.

Ms HOWLETT - Point taken. Thank you.

Unknown - Can you print with your photocopy it?

Unknown - Yeah, it doesn't come in the number in the [inaudible].

Ms HOWLETT - Noted, thank you.

Ms ARMITAGE - Yes, thank you for the feedback.

Mr GAFFNEY - Three more quick questions.

CHAIR - All right. Thank you and with fairly quick answers. Thank you, minister.

Ms HOWLETT - We'll do our best.

Mr GAFFNEY - I did see the \$3 million upgrade of Lake Leake with a 100-year longevity or extended out. What did that involve? Very quickly, what was that work and how do you know it's going to last 100 years?

Ms HOWLETT - The upgrades to Lake Leake Dam are now complete, providing an additional 100 years of life for the asset. To extend the life of the Lake Leake Dam, the Tasmanian government committed \$1.5 million to the project, which was equally matched by the Australian government through the National Water Grid Fund. The Lake Leake Dam supplies water to both Campbell Town and Ross and irrigation water for the Elizabeth Macquarie Irrigation Trust. The upgrade will secure the ongoing availability of 14,600 megalitres of water per year to local irrigators for crop and livestock production for many years to come. I'm very aware irrigators have asked questions about the insurance premiums for the dam and that is an operational matter for TI. I'll ask Andrew if he'd like to speak to that.

Mr KNEEBONE - Certainly. With the works that were undertaken, the structure of the dam itself was not at risk, but there were elements of it in terms of wing walls and sluice gates that needed to be upgraded. They are over 100 years old now. The works consisted of upgrading a spillway in the outlet works, stabilising the wing wall. Effectively, we had to spray concrete grout on those wing walls to make sure they were waterproof and didn't contribute to leakage. We've also taken the opportunity to install some new control systems, telemetry, power and instrumentation, CCTV and the like on the structure. The engineering assessment is that with

those upgrades it's now to a more contemporary standard and will certainly mean it's got an extended life.

Mr GAFFNEY - Yes, we'll have to take your word for that.

Mr KNEEBONE - Yes.

Mr GAFFNEY - You did mention you've put six solar arrays on different schemes and the result with the power usage cost savings back to each of the schemes. How do you measure that, or can you break that down and say that solar work has saved us this much money for that scheme? How do you measure that without just saying it? How do you quantify it?

Ms HOWLETT - Thank you, member.

Mr KNEEBONE - They're all metered. They're individually metered and we know what power is used in the pump stations they're aligned to, but also how much we export to the grid. They are all individually accounted for. The energy that is the energy that is not purchased or is supplied - so we don't have to purchase the retail, we can calculate that - all the other energy that is actually provided back to the grid is then consolidated and provided as a general benefit across all schemes.

Mr GAFFNEY - Do we see that in your annual report on a breakdown of the savings or you just make -

Mr KNEEBONE - I don't believe you'll see - we calculate them, but they wouldn't be shown in the annual report. No, I don't believe so.

Mr GAFFNEY - Okay. If you make a statement in the annual report about yes, that's saving us 'X' amount of money, don't you then have to back that up with some statistics we can see. Do you see what I mean?

Mr KNEEBONE - I'll take -

Mr GAFFNEY - Yes, just -

CHAIR - Some transparency somewhere.

Mr GAFFNEY - My last question. We expect to take new water products to market over the coming year, was a line in your report. What does that mean and what are the new water products?

Mr KNEEBONE - Water is water. The time of year is more likely to be the product. At the moment we're examining the options where we have a summer only scheme and it's at full capacity.

I'll use Scottsdale for an example. Whilst we have unsold summer water in Scottsdale at the extremities of the scheme, there are people who want additional water, but it's fully sold out. The only way we can deliver that to them is to provide it in the off season or the winter season. It's a matter of if we're selling them an entitlement which gives them a right to that water at a certain reliability, it's putting that together, and seeing whether there's a demand -

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we've certainly determined there is a demand, particularly at Scottsdale - then seeing whether there's other opportunities to provide those sorts of things around the state where we have unsold capacity.

Mr GAFFNEY - Thank you.

Mr EDMUNDS - I have some questions about climate.

CHAIR - We're talking about water here. Focus your mind on water.

Ms HOWLETT - I think you're referring to the State of Environment report.

Mr EDMUNDS - No, I'm not. With the changes in climate and drying trends in Tasmania, how has Tasmanian Irrigation -

CHAIR - Haven't been this week. Sorry.

Mr EDMUNDS - I don't mind. Some people interrupt and it's not constructive.

Mr GAFFNEY - Chair, can you stop the interjections, please?

Mr EDMUNDS - How is Tasmanian Irrigation preparing for the compounding challenges of climate change, such as more frequent droughts, which could place additional strain on water resources and infrastructure?

CHAIR - That is a very good question. The minister will not read six pages, thank you.

Ms HOWLETT - Would you like for me to speak about water quality monitoring?

Mr EDMUNDS - More about the strain on resources.

Ms HOWLETT - Certainly.

Mr KNEEBONE - When TI looks at a proposed scheme, we have to assess whether or not there is a reliable water source for another 100 years. In order to do that, we use modelling that was done in 2009 called the Water Futures Study, which is now in the process of being updated. We took a conservative view at that stage, that we would adopt a drying climate scenario in that modelling. We apply that modelling to all of our schemes hydraulically as we assess the viability of the water source. That is of particular issue when you take water out of rivers or are going to pump fill a dam, less so for our transitory program because we're highly reliant on the hydro storages. Hydro storages provides our reliability there. They still undertake a similar analysis to say whether or not that volume of water would be available to us for a period of 100 years. The Rural Water Use Strategy that the department is undertaking work on the moment is updating that modelling.

The issue with that modelling is when it's done as a gross modelling across Australia, you can't determine the actual impact on small areas, microclimates, within Tasmania without a further analysis. That analysis is now being done to break it down to relatively small square kilometre grids across Tasmania so we understand what the particular impacts are going to be. That is being funded by state government and federal government at the moment. Once we

have that for Tasmania and that work is completed, we can then do a risk assessment across all of our projects to see whether or not that's going to have a detrimental impact. Generally, by adopting a conservative approach to start with means that we already think we have a fair buffer in the system. It's one of the things on our risk register and gets looked at a lot.

Mr EDMUNDS - Probably related to that, you have schemes that are rainfall dependent with their sources. Obviously, that's a little bit less predictable, as we've seen this week and in general. What alternative water sourcing or storage strategies are being developed to reduce reliance on rainfall-dependent sources?

Ms HOWLETT - I thank the member for that very important question.

Mr KNEEBONE - Thank you, minister. The initial design will take that into account. So, where we design a scheme that has a storage associated with it, then we've got to assess what scale that storage would be. In some cases, they're built to hold a year-and-a-half or two years' worth of water when they're full and it all then depends on the assessed yield of the supplying river, et cetera. We don't go looking for groundwater and those sorts of things to supplement our schemes.

Where we have in the past had very dry periods and the likes of the Macquarie River has been drying and we could put our irrigation water into it but it can't get to where it needs to go - we've made arrangements with Hydro, for instance, to buy additional water off them to then effectively provide environmental flow and float our water on top of that, for want of a better term. That all still has to be paid for; every drop that we get from Hydro we've got to pay for. We reached agreement with our irrigators at the time that they would fund those losses and they were very happy to because it meant they got their water.

Otherwise, if we provide a 95 per cent reliable product. That foresees that five years out of 100 that you won't get your full allocation, you'll get somewhere near it or you'll get nothing. We've only had one or two instances where we have had to not provide a full allocation.

Mr EDMUNDS - While you talk about Hydro, one of our other committees had some feedback. Do you find that the tariff system for irrigation is working well for flow and things like that?

Mr KNEEBONE - We made a submission to a select committee recently and one of our points we raised was just that: we think the tariff structure drives behaviour. It means that people who are looking to try to save money will then try to use off-peak power. The tariff structure has got many inputs into it, but it doesn't actually reflect how power is generated today. Generally, off-peak is during the middle of the day, not at night anymore, because of the solar and wind components, but it means that if - particularly in those areas where irrigators are pumping directly from a water source of river and they're all looking to save a dollar, they're all going to turn their pumps on when it's cheaper to do so. That's going to have an environment, so it just means you can end up with a surge in river.

I think tariff structures do drive behaviour and that there is an opportunity to really examine that. I know there are many inputs and I'm talking very much as a layperson here, the impost on networks particularly is a driver for when peak, and off-peak is not necessarily just when the energy is being produced and how cheaply it's being produced. There's a myriad of

things that need to be taken into account here, but the general principle is tariffs drive behaviour.

Ms WEBB - I have a couple more questions on accessing the water for the Greater South East Irrigation scheme. I'm interested in any environmental studies that are being done about water flow to give us confidence that downstream users and the environment aren't going to be adversely affected by the water being taken for that scheme. My understanding is previous scientific studies flagged that summer flows in the lower Derwent are already quite low and there are risks from that of poor water quality, algal blooms, and the like. Knowing we will be in that space more with this scheme, are there environmental studies being undertaken in a prompt way now to ensure we know the impact it will have?

Ms HOWLETT - I note the CEO is eagerly awaiting to answer your question.

Mr KNEEBONE - The issue is, we are not taking water from the lower reaches of the Derwent for the Greater South East Irrigation Scheme. We're taking water directly from Lake Meadowbank. Traditionally, we have taken water, or TasWater has taken water from the lower reaches on our behalf and supplied it to us. Those licences are no longer going to be required and we have to work out with the department what we do with those licences once they're handed back. We're taking about 2 per cent of the volume over a year of the Lake Meadowbank system and it has no impact on the environmental releases at all of the requirements on Hydro to release water into the lower Derwent.

What we're doing will have no impact on this on the day-to-day. In fact, we'll probably end up taking less water because it's not being extracted below Lake Meadowbank any more. We certainly have to cover this often. We've been working with local environmental groups, their NRMs. I'll look to my environmental manager for confirmation. Correct. Thank you. I'm not telling any lies. To ensure that this is understood. We've even recently had people wanting to look at us providing additional infrastructure to go around the Hydro dam and put water into the river, but it's not something that we think is in scope for our current project. We're looking to keep it within a fairly narrow scope.

Ms WEBB - Will we no longer be taking TasWater-treated water out of Bryn Estyn, for example?

Mr KNEEBONE - Once the scheme is built, that's correct.

Ms WEBB - So, we're still doing it now, but we won't be once the scheme is built?

Mr KNEEBONE - Exactly right.

Ms WEBB - What is the timeline on that?

Mr KNEEBONE - We got the funding announced two weeks ago, I think. Currently, we're saying 2029-30 will be when it's to be delivered. It really comes back to how long it takes us to get the environmental approvals, in essence.

Ms WEBB - In the meantime, we are still taking treated water out of Bryn Estyn. There has been an investment of public money into treating that water for human consumption, not to be taken to irrigation. How much does Tasmanian Irrigation pay for that water? Does it cover

the cost of the treatment or are TasWater customers subsidising, in effect, Tasmanian Irrigation?

Mr KNEEBONE - We've been working very closely with TasWater on this matter. They raised a concern with us a couple of years ago that they were subsidising it. They'd agreed to the price and the price varied for two projects for the two schemes. There are three schemes down there. Stage 2 and stage 3 take the irrigation, are the connected to the drinking water system. Various, they're between \$178 a megalitre and \$280 a megalitre. TasWater has told us that they believe their cost of production is around \$500 a megalitre. We're now working with them and we're about to strike a deal that puts us on a path that gets them to recovering that and we'll provide them with a value stream that's equivalent of that. From here on, there's effectively no subsidy.

Ms WEBB - From here on. You said you are on a path, but does that mean-

Mr KNEEBONE - No, no. Effectively, there will be a reconciliation from this point forward. They're going to change their pricing structure as from this year. It's already in place to put us on a glide path in terms of what we recover from our irrigators. We've also arranged some other value for them that compensates them through access to other schemes that compensates them for an equivalent amount. We'll do an annual true-up on this. It means that we cannot price our irrigators out of existence, whilst we're trying to solve the problem. We don't kill the patient before we've got the cure, and we still keep TasWater relatively whole.

Ms WEBB - What's the period of time that we've had that situation where basically TasWater customers are subsidising Tasmanian Irrigation?

Mr KNEEBONE - Their current cost of production is related to their brand new water treatment plant. This goes way back into history. The Stage 2 was built in the 1990s, I believe. So, at that stage, what was Hobart Water at the time, was very eager to have additional demand put on the scheme. They wanted to provide additional water, so they were promoting this. So, it's the evolution of time. We reached an agreement - we, my predecessors - in 2013, reached an agreement around the supply for Stage 3 and it was all agreed as to what the dollar value would be of the supply with TasWater at the time.

The issue is things have changed dramatically, and at that stage there probably wasn't pricing regulation, it wasn't as explicit with respect what the cost to TasWater would be. This has been the prime driver while we've been investigating the Greater South East project. When I first came here, it became very apparent that it was not sustainable, it was not an appropriate use of the resource, and there needed to be a different arrangement put in place.

Ms WEBB - That has been rectified now, that's for sure.

Ms ARMITAGE - Minister, if I could take you to page 37 of the report, I am interested in the number of notifiable incidents. I'm curious what a typical notifiable environmental incident with Tasmanian Irrigation would be? I noticed the target was zero and the actual was zero. What would a typical notifiable environment incident be?

Ms HOWLETT - Minister, I thank you for that question.

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Mr KNEEBONE - I introduce to the committee, Sophie Grace, who is our general manager, environmental health and safety.

Ms ARMITAGE - Thank you. It's just a curious area and I wonder what it would be.

Ms GRACE - Absolutely. It would be any incident either from our own operations - well, usually from our operations - where environmental harm could occur. Spills, for example. Works as well, so, if we have contractors who undertake certain activities, those types of activities.

Ms ARMITAGE - Were there any near misses or any environmental incidents that didn't actually meet the reportable threshold that occurred?

Ms GRACE - No, not in the last financial year. We had some recorded non-conformances to plans and conditions, but no environmental incidents, or no incidents that related to any harm to any values.

Ms ARMITAGE - Thank you.

CHAIR - What about non-compliance audits?

Ms GRACE - Non-compliance audits to - different to works with contractors? If I could clarify, non-compliance actions or audits that identified non-compliances?

CHAIR - Both. Easy.

Ms GRACE - So, non-compliances, in the last financial year we had one and that related to the Northern Midlands project.

CHAIR - Thank you. If I could now take you to page 72 with regard to the government grants and grants received for operational funding are, for this financial year, \$334,147, and that's different from grants received for business case development and programs. Can I have some understanding of how you receive a grant for operational funding and how is that -

Ms HOWLETT - Thank you, Chair. That's a very important question and I note that on the page of the report and I'll ask the CEO to add some more to that.

Mr KNEEBONE - Grants for operational purposes are provided either through grant funds, grant deeds from governments, or they come through the budget process, and as per any other grant deed where an amount of money is agreed for a specific outcome and purpose. The scope of what's in that \$334,000 - I'll have to just get some -

CHAIR - Happy to take that on notice, if that's -

Mr KNEEBONE - This was a specific grant from state government that related to what we call our legacy assets. When Tasmanian Irrigation was formed, we were given a range of assets that either weren't related to schemes - so they're dams, or they related to a drainage scheme or something like that, which we had no revenue stream to do works on. The state government gave us an amount of money to do works and to maintain those assets.

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CHAIR - Has that program been completed? Previous year it was \$283,000, and then \$334,000. Is that ongoing, is there an ongoing - thank you, welcome.

Mr KNEEBONE - This is Byron Fraser, Chief Financial Officer for Tasmanian Irrigation.

CHAIR - Welcome, Byron. It's a lot easier at the table than turning behind.

Mr FRASER - The legacy asset grants are expected to be used for one more financial year, this financial year. Then that will cease.

CHAIR - Does that mean that everything's been completed when it comes to legacy issues with the quantum that will be provided?

Mr KNEEBONE - There will be one item that still remains outstanding, which we are trying to clarify. It's a very historic arrangement in terms of drainage on the Furneaux islands, which we're just struggling to get any real history on and understanding of. It's not in scope of this. It will remain an outstanding issue, but not one that we have to spend any money on at this point in time.

CHAIR - Thank you. This question has come from someone interested. It talks about how the indirect overheads have grown. They're interested in improving transparency around these costs and therefore encouraging TI to explain the value of the services which drive the high overhead cost levels. Then they suggest that community management of schemes would be a non-issue. Can I have some understanding of whether there is an issue with transparency that perhaps has been raised with the organisation around the overheads and costs? It didn't come from my direct community, thank you, Mr Kneebone. I'm still interested in self-managed schemes.

Mr KNEEBONE - If I may, in terms of Tasmanian Irrigation's overheads, it is the most scrutinised element of the scheme budgets -

CHAIR - All those stakeholders, all those irrigators.

Mr KNEEBONE - Every year we - Byron and David Skipper, my Chief Operating Officer - meet with every irrigation scheme and give them a breakdown of what's in those overheads and what the allocation methodology has been. The amount that we recover from overheads has grown, because the number of schemes that we now manage has also grown. It is a continuing and ongoing focus.

Unfortunately, we're not immune from cost-of-living increases. Our insurances have gone up, our rates - all the things that everybody else has experienced, we experience as well. Unfortunately, being a cost recovery business, we have to recover them somehow. At this point in time, a very large proportion - so, I think we recover 30 per cent of our total overheads from our irrigation schemes. The other 70 per cent is still funded by government. It's one of the issues that is front of mind in respect to our new strategic plan about ensuring that we become financially sustainable because, at some point in the future, albeit not for the next five or six years even perhaps longer, we will become an operational-only business and we won't be looking for state government funds to fund these overheads. We need to grow the organisation to a scale where it can fund itself through its recovery of these overheads.

We agree, completely agree with the sentiment of the question asker. It's something that we are patently aware of and something that we constantly look at, but we have serious governance compliance issues that we can't avoid and they all bring costs. They're just things that we can't - we could certainly, I think, improve in terms of what is the value that people get for those funds and that's something that we've recognised for some time. And now that we're doing much more in terms of understanding our stakeholders and our customers, we're certainly working on how we improve that level of communication and get that to them.

CHAIR - You talked about that communication and you said by scrutinised and particularly by those who participate in these schemes. Why would there appear to be not enough transparency? Is it just that there's a conversation but there's no follow-up information? Should it be more in black and white?

Mr KNEEBONE - No, I think the issue is more that we've got a model that delivers a dollar outcome. We add up all of our overheads, 30 per cent of them are then a dollar amount, and then you've got to work out how you recover that from each individual scheme. If there's anything that's opaque about that, it's that model. It's based on a weighted average of number of megalitres and number of customers. Some schemes have got high number of megalitres and low levels of customers, some people have got high levels of customers and low levels of megalitres. Those two things basically drive outcomes. Now, we've modelled this where, if we were just going to charge people for the level of activity that we undertake to service their scheme, we would price some of the smaller schemes out of existence. The overheads that would need to be recovered from those would be substantially higher than they are today because of the amount of effort that it takes to manage those smaller schemes.

Yes, there's probably an inherent cross-subsidy in there, and this is not something, I think we've had this question a number of times over the years, but if there's anything that's opaque, it's that. We're quite clear that that's the model that we use to allocate these overheads and we've looked at many different options. I can't remember how many we've looked at - multiple options to try to see if there is a better or fairer or different way that produces a different outcome and we can't find a better one at this point in time.

CHAIR - It'll be interesting to see what the future holds and talk about sustainability.

Ms HOWLETT - I think you were talking about community management as well, would you like me to speak to that?

CHAIR - Well, I mean, obviously, that in itself shows that if there is some interest in self-management, then some of these issues wouldn't apply. There wouldn't be that cross-subsidy, but obviously that's for another time and I can always ask about that in the future because I know that TI are receptive to self-management.

Ms HOWLETT - Absolutely. We can certainly speak more to that if you'd like us to.

CHAIR - We have a question around sustainability and I think it's an important one.

Ms WEBB - I might have two, one is about a sustainability and one's about environment.

CHAIR - We might eat into our lunch break, but go with it.

Ms WEBB - We started a bit late. I note that you featured in the report the fact that you developed the sustainability strategy for 2023-24, and that's really pleasing to see. I expect that that was looking ahead to reporting and auditing requirements that will come in under the Commonwealth *Corporations Act*. Now, I presume Tasmanian Irrigation isn't going to be in the first tranche of requirements, but you would be anticipating it coming further down the track. Was that the motivation for the sustainability strategy? And could you give us an indication of what you're doing to prepare for, ultimately, having to report against and be audited on sustainability.

Ms VINOT - I'm very happy to take that one. Compliance isn't our driver. Compliance to future regulation and so forth is not our driver. Our driver is to make sure we have sustainable schemes now and for the future, going back to the member's question on climate. It's really understanding what are the holistic impacts and opportunities associated with what we do in Tasmania. It's not just about economic development, it's also around the social development, the social impact of our schemes, positively and negatively, mainly positively. There's very few negative impacts on that. Also making sure we understand completely the environmental impacts.

That said, we're also looking at the emerging expectations around that, one of which is the one you've cited, which is the changes to expectations in terms of reporting. There are emerging expectations generally. We have to be a good corporate citizen and make sure that we understand what people are expecting from us when it comes to ESG requirements, what they're expecting from us in terms of engaging Aboriginal communities, what they're expecting in terms of understanding and reducing our climate-related emissions, increasing our amount of renewable energy and looking at the impacts of our operations on an ongoing basis.

As we discussed before, in relation to changing climate and making sure we have good metering and monitoring. We're working with partners across our ecosystems to make sure that's managed. That's the driver for our strategy. To be honest, we want to get more schemes up in Tasmania and we want to make sure those future schemes meet future expectations. If we don't do a sustainability strategy that's holistic, comprehensive and really integrated into our business, we won't be able to present the best projects for future funding.

Ms WEBB - A question about water quality and data? You did mention data earlier about doing that analysis down at a more granular level than the whole of Australia one. In the State of Environment report that came out in recent months here at a state level, we did mention in relation to water quality in our rivers and wetlands the overall condition and trend results for Tasmanian rivers and other freshwater systems are unknown, because highly reliable water quality data exists, but statewide analysis is limited by the scope and complexity of integrating the multiple disparate datasets. It does mention Tasmanian Irrigation as a source of data that's one of these potentially difficult to integrate or not at this stage well-integrated data sources. In your annual report you have a heading about water quality and water flow monitoring and mention you have a comprehensive water quality monitoring program currently under review.

Can you tell me what that review is entailing and is it with a view to being able to provide something in an integrated way into more of our state-wide datasets? Then next time we come to do our State of Environment report, hopefully within statutory timeframes, we actually have data to tell us what's going on with the river systems? Clearly, we don't have a sufficient amount of data for it currently.

Ms HOWLETT - I know it's not about TI, but they have been commissioned to do some research into projects to help farmers understand what influences irrigation efficiency and how to adopt practices that minimise environmental impacts. That's a \$1.6 million project which will be led by Professor Caroline Mohammed. I'm looking forward to her response to that report in due course. I will hand over.

Mr KNEEBONE - I'll say a little bit then I'll hand over to Sophie, who's definitely the expert in this matter, not me. We are working hand in glove with the Department of Natural Resources and Environment on their Rural Water Use Strategy. I've said this a couple of times in the last couple of days, it is one of the most comprehensive and well-structured pieces of work I've ever seen come out of a department. I don't say that lightly. I've said I don't praise the department often, but on this particular matter I think it is a fantastic piece of work they're doing. It is to do exactly what you're talking about. We provide water quality data, we're required to under our state-based approvals, but also under some federal-based approvals. We collect that information and we provide it through the systems. It appears in the water portal. Is that correct?

Ms VINOT - Not the water portal, the flow.

Mr KNEEBONE - We are part of a working group. Sophie and her team are part of a working group that are contributing to that specific piece of work under the banner of the Rural Water Use Strategy.

Do you want to add anything else to that?

Ms GRACE - In terms of, you asked about our own review and what that is specifically.

Ms WEBB - You mentioned here you're doing a review of your water quality monitoring program. Is that going to result in better sharing of data and better transparency on the data that is collected by Tas Irrigation?

Ms GRACE - It's part of the picture. In short, yes.

The analysis we are conducting is to better understand the water quality trends of our schemes over time. That's also going to lead us to make some improvements and adjustments as to where we're measuring and what that data is actually telling us - what is the overall picture. It will contribute to the work that NRE is undertaking, and probably more catchment-wide understanding.

Ms WEBB - To what extent is the data you collect around water quality made transparent and available publicly?

Ms GRACE - At the moment we don't provide that data in its raw state publicly. Something that we are working towards is to be able to provide the data - or not provide the data - but be able to provide some level of reporting and transparency of that data in a digestible way. As you can imagine, we do analysis every single month. There are a lot of data points that come through and month on month being able to provide the raw results doesn't actually give you a picture of what's going on.

PUBLIC

We're hoping in the review that we are undertaking and the adjustments that we make to our program, we might be able to get to a stage where we can provide something that is digestible.

Mr KNEEBONE - Every year we provide a water entity report on every one of our schemes. That water entity report in itself has the water quality data and the trends associated with the water quality data in it.

Ms WEBB - Is that made public?

Ms GRACE - The water entity reports, no -

Ms WEBB - I'm interested in transparency and publicly available data. The water quality of our river systems should be publicly available.

Mr KNEEBONE - We provide those reports to the minister and to the department. I'm not sure why they're not -

Ms GRACE - If I can clarify, they do contain some private information that we aren't able to disclose.

Ms WEBB - A version of them though, essentially minister, could be made publicly available that at least has the data in it, so it becomes a public resource.

Ms HOWLETT - That could be a question for the Minister for Environment.

Ms WEBB - It's your entity that's collecting the data and providing these reports. It might be a question for you, minister, to make a commitment to looking at what can be made transparent and public from this?

Ms HOWLETT - As Sophie has said, there is some confidential information involved in those reports.

Ms GRACE - Indeed we can and that's what we're working towards with this review is to be able to redact out that information we can't provide, but absolutely be able to provide the rest of that information.

Ms WEBB - Minister, did Tas Irrigation provide data through to the State of Environment Report that was released this year?

Ms HOWLETT - I note the chair would like to add some comments to that.

Ms VINOT - I'd just like to add to that the data we provide does go into the government, so that would have been included in the State of the Environment Report. But one of the challenges we have and Sophie is trying to cover is that our schemes are just some of the irrigation that's done in a particular area. Data points we collect and add to don't necessarily represent the impact of our operations. They need to be looked at in terms of a holistic set of data that's being gathered by others as well.

PUBLIC

I think the department is the best place to give that holistic picture, and that's where the working group that Sophie is on, is trying to make sure that that comes out holistically with those explanations of what the impacts are. We want to understand as well, of course. We need everybody's data together to be able to get that holistic picture, which is where the State of the Environment is going.

Ms WEBB - Final thing, is there a timeline on the resolution of that work? When will we see a result from the working group in terms of being able to present something publicly?

Mr KNEEBONE - That's a matter for the department, I'm sorry, I don't have that.

CHAIR - We'll follow up with the department. In light of the time - we always seem to run out of time - on behalf of the committee, we'd sincerely like to thank you all for your time, the effort that goes into putting together information and coming before the committee. It is very much appreciated. We thank you very much, and again acknowledge your work as CEO, thank you, Mr Kneebone. As I said, we might well see you before May with some follow-up. Thank you, minister, this is your final time before the committee today.

Ms HOWLETT - Thank you, Chair. I thank the committee for their interest in Tasmanian Irrigation, and thank my team for all the hard work that they've done to put together today's information.

The witnesses withdrew.

The committee suspended at 1.33 p.m.



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

Motor Accidents Insurance Board

Wednesday 4 December 2024

MEMBERS

Hon Tania Rattray MLC (Chair);
Hon Rosemary Armitage MLC;
Hon Luke Edmunds MLC;
Hon Mike Gaffney MLC; and
Hon Meg Webb MLC

WITNESSES IN ATTENDANCE

Hon. Eric Abetz MP, Minister for Business, Industry and Resources, Minister for Transport

Lance Balcombe, Chair

Mr Paul Kingston, Chief Executive Officer

The committee resumed at 2.30 p.m.

CHAIR - I'd like to welcome everyone here. This is for the scrutiny of the Motor Accident Insurance Board, best known as MAIB. Thank you very much, minister, and your team. I'll ask you to provide an overview, brief as it can be, and introduce your team. I will introduce those at the table.

We have: Luke Edmunds; Rosemary Armitage; myself, Tania Rattray; Meg Webb, and Mike Gaffney; and we also have our secretariat support Simon Scott; we also have from Hansard, Lesley. That is us and we're over to you now, and then we'll launch into questions when you have finished your overview.

Mr ABETZ - Great, thanks a lot, Chair. To my right is Lance Balcombe, the chair of the MAIB board, who is an alumnus of Taroona High School. I just thought I had to mention that. In case you haven't gathered, so am I. We were in the same class together as it happens. Not in the same grade; Lance was a lot higher in the academic stakes than me. And Paul Kingston, the CEO, with me.

As an opening statement, can I make the observation that I think MAIB overall performs exceptionally well. We have the lowest premiums in the country in relation to payments for personal injury. We have, I think, by any objective analysis, the most comprehensive and generous scheme in looking after victims of road trauma and, on top of that, the taxpayer gets a good dividend from its investment portfolio. So, from my perspective, three big ticks. With that said, over to questions and we'll flesh out some of the detail when and as members have questions.

CHAIR - Thank you, minister, and can I congratulate you on your brief overview. Best one we've had to date today. I'll invite Ms Armitage to kick off the questions. Thank you

Ms ARMITAGE - Thank you, Chair. I have quite a few here. I'll start with a nice easy one to get you in the mood.

Mr ABETZ - Answer is, 'I didn't. I deny it.'

Ms ARMITAGE - I notice on page 5 of the annual report it indicates there was an 84.4 per cent client satisfaction score for the reporting year which is very good. Can you, or through you minister, elaborate what goes into the score? How is client satisfaction determined? How is the data gathered, as well?

Mr ABETZ - That is a great question because I did ask that question as it differs with insurance companies generally; one would assume that there would be a great degree of dissatisfaction, so such a high score is good, I would have thought.

Ms ARMITAGE - Is it unusual?

Mr ABETZ - I then asked, are we able to compare how that rates with other insurance companies and I think I was told, I'm trying to compare apples with oranges, but I will allow the chair to explain.

PUBLIC

Ms ARMITAGE - Well, this is people, isn't it? So, it's probably a little bit different to property.

Mr BALCOMBE - It is.

Mr ABETZ - But great minds think alike because I had the same question.

Mr BALCOMBE - Thank you. I'll ask Paul to perhaps talk about the mechanics of how we undertake the survey.

Ms ARMITAGE - Yes.

Mr BALCOMBE - I suppose there are two important things about client surveys. How we're rated, but it's also the individual elements of feedback that we get, and it's very positive. It was 84 last year, it's 85 this year, and that's in the measure that we are reporting. That's not in this annual report.

The other element is some of the data you get with it and, in particular in last year's survey, which is relevant to this annual report, we got a fair level of feedback about the need to build the opportunities for greater access to our rehab services in particular, and Paul can give some details on that. Although it's a very good result and we are proud of that, it's important that we get those other elements of data, so we can actually improve the service delivery we have.

It also gives us some insight into the respective markets that we have, in our provider markets as well. We have people in a lot of regional areas. We have to make sure that they can access that. The flipside of that is that as a business we have to make it easier for those providers to work with. We don't need them to go through very complex tender processes and things like that to get onto our panel. A lot of these are sole providers. We actually have to make it very simple for them to do business with us. Some of the insights that we get out of that client survey are quite important because we can actually understand what we need to be doing as a business to improve that client satisfaction, but also provide a greater service. I'll perhaps hand over to Paul to talk about the mechanics -

Ms ARMITAGE - Before Paul answers, if I could elaborate a bit further on it too. You say it's a survey of clients.

Mr BALCOMBE - Yes.

Ms ARMITAGE - Just wondering how many surveys go out and how many come back. I'm assuming the 84 per cent is of how many have come back as opposed to how many have gone out.

Mr BALCOMBE - Paul will have that level of detail, thank you.

Mr KINGSTON - We've run the survey on pretty much the same basis since 2001. We've got a long data of comparison. We finetune some questions, but they broadly stay the same. We send out to everybody that's had their claim closed in that year, in that 12-month period.

Ms ARMITAGE - Do you have an idea of a number for the last financial year? Just give me an example.

Mr KINGSTON - It's about 1000, would be about the number. We normally get - we used to get around 30 per cent, maybe slightly under. We used to do it every two years, we've moved to every year in the last 10.

Ms ARMITAGE - So 30 per cent back?

Mr KINGSTON - Yes, 30 per cent back, about 270-300. It depends on the year, it does move a bit around on that. We have EMRS do it for us, and they target a statistical significance in the returns that we send out, and the answers and the broadness of the demographic that reply. They target that and keep going until they get to a number that they're comfortable shows a good broad range of answers.

We have several segments that we measure within that, that make up that satisfaction score. We have claims officers, and we have about eight questions about that, about how they interacted, how easy they were to talk to, whether they were proactive. We have our documentation - was it easy to fill in our forms and respond to us? We have our procedures, which talks a little bit - because we're legislative scheme we don't have a lot of discretion about what we pay. It's legislated in the scheme. We dig a bit into the way we went about trying to help you to claim, did you understand what you could claim? Those sorts of questions come into procedures as well. We have rehabilitation, which as the chair touched on is very important for us, because we need our providers to work closely with our clients to get them better.

Each of those categories is scored each year. The rehab one is targeted only at those people that got rehab services. It's a slightly smaller sample, which makes it a bit more volatile in the scoring. Between 2001 and 2025, we've scored between 80 and 89 per cent every year.

Ms ARMITAGE - Is that of the 30 per cent?

Mr KINGSTON - Yes. That's of the 270 or 300 that replied, that's what the -

Ms ARMITAGE - The problem is we have 70 per cent that haven't responded.

Mr KINGSTON - Yeah.

Ms ARMITAGE - That might be dissatisfied.

Mr KINGSTON - They could be, yeah.

Mr BALCOMBE - They would tell us. I suppose the other thing is this is statistically significant. It's significant because we ask 1000 and we get around 300 back. That does make it representative of the greater sample. That's why we rely on EMRS to determine whether the results we get are actually statistically significant. It is representative. We have levels of confidence around that -

Mr KINGSTON - Yeah, we do, and look -

Mr ABETZ - Without any scientific knowledge in this area -

PUBLIC

Ms ARMITAGE - Were you going to say it's a bit like elections, isn't it, how it seems to continue the trend?

Mr ABETZ - I was going to say human nature being what it is, it is a lot more likely that somebody that is dissatisfied will respond than somebody who is satisfied. It's like the marketing - a bad experience, you'll tell 10 people, a good experience, you might tell one.

Ms ARMITAGE - Do you ever give an incentive to send it back? Sometimes people will put out a survey and they'll say you might receive a \$50 voucher, or someone might receive - do you find something like that -

Mr BALCOMBE - No, we haven't.

Ms ARMITAGE - You don't give incentives?

Mr KINGSTON - No, look, we work with EMRS in my role on their road safety advisory panel, and we do the same thing. We use them for a lot of surveys. We've gone through to them about incentives and they've said overall it doesn't make a great deal of difference. Either people want to give their view or they don't. This is a fairly lengthy survey, so we're talking -

Ms ARMITAGE - Fifteen minutes?

Mr KINGSTON - More, it could be 15 to 20 minutes depending on how much they want to give. You really want someone to be there to give the feedback rather than just saying, well, tick a box. The minister's right, we do tend to get people who want to say, 'Hey, it might have been overall good, but this would have been better'. We get a lot of comments that help us go, 'Okay, that's how we could make that' -

Ms ARMITAGE - I wouldn't do a 20-minute survey.

Mr KINGSTON - No, no, it's probably the limit they go to. They do keep us just under it. It could be 10 to 15 if they just answer a lot of quick questions. People tend to want to have their say and give us contextual feedback.

Mr ABETZ - If you were really dissatisfied, I reckon you would do 20 minutes.

Ms ARMITAGE - I'd write them and I'd - no - I'd send them an email. Thank you.

CHAIR - Another question?

Ms ARMITAGE - I have.

CHAIR - Yes, another question. Thank you.

Ms ARMITAGE - Okay. Let's see. Board members, it's always been one of my favourite questions. So, we have a maximum of nine, currently have six. It's really good to see that the board's managing with six - three from the south, one from the north, two interstate and none from the north-west. So, do you consider regional representation important? Are you currently

seeking someone from the north-west? Is regional representation important to you on the board? I'm not speaking gender, I'm merely talking north, north-west and south because I noticed that there are three members from the south, one from the north, and two from interstate, which is always a little bit of an issue for me that we have - and no disrespect to anyone, because I know everybody's there for merit and the reasons - but I often wonder whether there aren't applicants within the state. So, do you use - I guess two parts to my question - are you looking to recruit someone probably for the north-west and you feel that regional is important? Because I note that you've currently got six, with a temporary increase, and you can have nine. And the other issue, who do you use to recruit? I noticed one of the GBEs this morning, it was pleasing to hear that they actually use a Tasmanian firm for recruitment. I wonder whether you use a mainland or a Tasmanian firm.

Mr ABETZ - Just a quick overarching comment from a personal point of view, and I stress this as a personal point of view, noting the government has indicated a GBE reform process. But, ultimately and vitally important, is that we get merit selection for these boards. I use the analogy if I need it, important surgery, my first question would not be where do they live or where do they come from or what gender, what state, whatever else. The fundamental question has to be are they capable of doing the job and provide the best possible result. After that, you can have a look -

Ms ARMITAGE - I could make a comment, but I'll let you keep going.

Mr ABETZ - You can then have a look at other considerations, but one's address does not necessarily mean that you've got the best suite of expertise to offer, especially in specific roles that the MAIB has, so for example, Mr Hindmarsh, who was residing in New Zealand, unfortunately, he just resigned for health reasons, but if you've got the potential for quality advice, then as far as I'm concerned that is the major factor.

Ms ARMITAGE - Just a comment that I would make - and we talk about the doctor, I wouldn't care where he lived, but I want to know that he was actually dealing with the specialty that I was actually going to surgery for -

Mr ABETZ - Absolutely. Absolutely.

Ms ARMITAGE - as opposed to location. I'm just questioning whether there wouldn't be people within Tasmania with similar qualifications and merit. I'm not expecting that you wouldn't have someone on the board that could do the job or, as I said, merit for the board and that's what I've always said. The same with gender. I'm not interested in female or male. I want the right person for the job, basically.

Mr ABETZ - On the rare occasion we find a Tasmanian who went to Taroona High School who is worthy of being chair of the board, so -

Ms ARMITAGE - Absolutely, and my point exactly, minister, that sometimes we can look within. I think sometimes it's just expected that if they're from the mainland they must be more suitably qualified and I don't see that as being a point because many GBEs have a lot of interstate members -

Mr ABETZ - I fully agree. I fully agree.

Ms ARMITAGE - Do you use a local recruitment?

Mr BALCOMBE - Thanks, minister.

Ms ARMITAGE - Interstate, who, interstate obviously, you look more to, yeah -

Mr BALCOMBE - So, perhaps just to make a comment, we are certainly a skills-based board -

Ms ARMITAGE - Yes.

Mr BALCOMBE - front and centre. We're a small board of five -

Ms ARMITAGE - Which is great.

Mr BALCOMBE - Which is good, but it creates some challenges. I've discussed a few of these matters with the minister. From a point of view of the composition of the board, you have to get the right skills base on the board. So, in the case of Mr Hindmarsh, he had deep financial markets experience, and we're not talking generalist financial markets, someone who can buy a few shares, this is product knowledge, what markets are doing, market trend analysis like that, and we have just advertised for that role, where through a process - it's before the minister and Cabinet at the moment, and we could not find anyone in Tasmania with those skills. So, we have a pending appointment from the mainland.

I suppose the other challenge is that, with a board of five, you have less opportunity to recruit less experienced non-executive directors (NED).

Ms ARMITAGE - You need to maximise the knowledge.

Mr BALCOMBE - Yes. I'm speaking in general terms, perhaps a bit outside of the MAIB specifically, but from a point of view of a small board and Tasmania in general, we need to be nurturing and creating opportunities to recruit new directors, and perhaps ones who have good skills but do not have a background as a NED.

In the case of Kate Gillies, with the previous deputy premier we came to an arrangement where we were able to bring Kate on the board early. Kate is a very well-credentialed executive. She is currently chief operating officer and chief commercial officer at Hobart Airports. She knows the GBE structure, having been at Aurora and Hydro for quite some time, but this is her first NED role.

Ms ARMITAGE - They've come on early to get a bit of experience.

Mr BALCOMBE - We did that. Now, that was great from a transitioning perspective, but with the retirement of Naomi Walsh, we fall back to five. I suppose a key requirement of coming on to the MAIB board is, do you have other NED experience?

I suppose this is a general thing. It's harder to build that Tasmanian pool - whether it's from the north-west, the north or the south - if we don't come up with innovative ways and means of building up the pool of directors and availability in the state.

PUBLIC

With regard to the recruiting agent we use, we use Alan Wilson Consulting. He's on the list of recommended panel from Treasury. He is based in Melbourne. He has spent a lot of time in Tasmania. He has a deep background with Hydro Tasmania, TasNetworks and the MAIB. One of the key elements about that is, he understands the MAIB very well so he really understands what we need.

Now, I'm not casting aspersions on any of the other Tasmanian recruiters, but Alan has a deep understanding of our business.

Ms ARMITAGE - He's been doing it for some time.

Mr BALCOMBE - Like most recruiters, he has a very complex network, and perhaps a deeper network on the mainland, where there's other opportunities where we might need some of those deeper base skills. We've used Alan, certainly since I've been on the board, and perhaps prior to that.

Ms ARMITAGE - Let's do one last board question. It might be something you don't want to answer, but I'll ask it anyway.

Does the board have an opinion on whether or not the MAIB should be privatised?

Mr ABETZ - That would be a policy question, which I daresay the MAIB -

Ms ARMITAGE - Is it generally considered that it's within the domain of the GBE to be providing this sort of insurance service to Tasmania, or do you think it would be more in a privatised field?

Mr BALCOMBE - It's a question for government. We actually think it does very well as a state-owned enterprise.

There's some history of some of these businesses being privatised in mainland states, where the offering, if you like, the insurance benefit, has fallen away and perhaps driven on a more corporate basis. As the minister said, we're a no-fault scheme, we're the most generous and we're the cheapest. We provide a sustainable commercial rate of return to the government, and we think it resides well as a state-owned enterprise.

Ms ARMITAGE - Well, I'm very pleased to hear your response. Thank you.

Mr GAFFNEY - I'm going to page 18 of the report, and it talks about employee wellbeing and employee development. Just very quickly for those listening:

The MAIB has a health and safety committee to promptly identify risks and address any issues that may affect employee safety. There is also an employee assistance program available, which offers counselling services to all staff (for work and personal issues) in conjunction with training to enhance staff wellbeing.

Then in your Employee Development, you also state that:

PUBLIC

Staff are provided with ongoing training opportunities to assist in their development, including programs like staff health and wellbeing.

When I went back to two years ago, in 2022, it was highlighted that the normal EA, employee assistance program, is to do with mental wellness and resilience. Last year, Dr Broad asked, 'What was the PeopleTalking staff development consultancy for \$177,000?' The answer was, 'The MAIB staff.'

I suppose my question goes to the line of, how much has been spent in this financial year on consultancy to do with employee wellbeing or employee development or staff culture improvement? Could you supply a breakdown for the last four years from 2021 to 2024. I'd be interested to know how much was spent each year, how the consultants were chosen, and how much that was, just about that. Is that an ongoing staff commitment for that? I'd just like to know the relationship in those four years.

Mr BALCOMBE - Thanks, Mr Gaffney. We see investment in our people as very, very important, whether it's on the occupational health and safety side, making sure our people work in a safe environment. Albeit it's quite different from a perspective of, our people are generally office-based, probably driving is our biggest risk. The other aspect about that is that a lot of calls from our clients do come in on the phone, and we occasionally do have some, perhaps, disgruntled clients. We've had to provide some training for our staff to deal with those clients and help calm them down and get to the nub of the issue.

We see continued staff development as very, very important. I'll perhaps get Paul to talk about some of that greater detail, but -

CHAIR - We need it pretty concise, if you don't mind. Otherwise we're going to run out of time, and there are quite a few questions lined up.

Mr BALCOMBE - Okay, sorry.

CHAIR - No, don't be sorry. I probably didn't make it clear enough at the start. Thanks, Paul.

Mr KINGSTON - Through you, Chair. Yes, so in 2023-24, we spent about \$270,000 on staff development. Outside the EAP, which is a standard sort of program, most of that went to PeopleTalking to continue the program we started the year prior. Also included in that was the refresh of our values. We went through from the ground up with staff to do a full values refresh, so that was another component that we did within that.

Within that, there is team leader and management development, and then each staff member went on courses offsite to develop their own ability to react with people and to communicate better as teams. It was really around team development and personal development. There were three or four, probably four, programs that underlie all of that.

The year prior, as you said, was again with People Talking, and that was \$176,000.

The year prior to that - I don't have four years but I have three - was \$287,000. That was split across several different consultancies. We used a Launceston-based consultant up there who helped us kick off the program. That was really probably the first personal development

program of the MAIB for decades. A lot of time was spent on teams trying to come together and work together.

The primary reason why we're doing this - and it will continue, to answer another part of your question - is because we went from having individual caseloads, very old insurance approach, where everyone had their 200, 250 claim files and off you went. We moved to Teamspace, which was a big change, particularly for our staff that had been there a long time. We're keen to develop staff to work better as teams, but also, if the teams can talk better, they can deal better with our clients and help them a lot more.

It's very much focused on staff development so they can be the best they can be themselves, but so we can get the best outcome for our clients. Everything comes back to that client focus. Even our values were very much based on how do we then list our behaviours of how we deal with clients. They're the figures over the three years we do have, and we've used different companies over time, and we expect it to be in that order going forward - at least for the foreseeable future.

Mr GAFFNEY - I noticed in one year, in 2021, you used Road Trauma Support Tasmania.

Mr KINGSTON - Yes, they have provided training to us a couple of times. We fund them. They've only existed because of our funding for the past few decades. They came along to talk to our staff about what they hear from our clients - because a lot of our clients or other people affected by road trauma ring them up - and they actually gave training in sort of semi-counselling. We don't train our staff as counsellors. What happens if you get a phone call and someone says they're going to commit self-harm? What do you do? The people from Road Trauma Support Tasmania know how to deal with that and they were helping our staff deal with it.

Mr GAFFNEY - That's great, a good answer. Could you provide me the three-year funding breakdown of which consultancies you've used and how much they've received? Is that possible?

Mr KINGSTON - Yes, it is. For the last two years it's been People Talking. About 12,000 of that 270 was with -

Mr GAFFNEY - Perhaps, you can take it on notice.

Mr KINGSTON - Yes, then we're not holding up the process.

Mr EDMUNDS - Thanks for coming along. Good to see you, Lance, in particular. Page 7 of the annual report shows claims payments have increased by nearly 30 per cent or \$25 million over the past five years. At the same time, the number of claims received has fallen by about 15 per cent. Why are those two things happening simultaneously?

Mr BALCOMBE - In plain and simple terms it's the severity of the accidents, we're having more serious accidents. The cost of the claims is going up. Some of the years might also been we've had a pretty solid go at clearing out some of our long existing common law claims. That's been a bit of a driver there too. I'll throw to Paul and get some more detail on that.

Mr KINGSTON - There has been a focus over the last few years of making sure some of our older common law claims are cleared, the ones that have hung around for a while. Ultimately, the plaintiff determines if they want to bring a claim, but we can be proactive and go look, it's been sitting around for a while, would you like to progress? We've done that on some old claims. That adds a bit of common law payouts in those years.

The other big factor, particularly in the last three or two and a half years has been attendant care rate. Our biggest cost as a scheme is the attendant care rate for our catastrophically injured people. When the NDIS entered the market several years ago, a lot more money came into the market and they raised their prices. At one stage they were raising them 10 per cent a year. We kept our rates indexed by inflation, which is reasonable, but we got to a point we were so far behind we had to do a step increase in our attendant care rates. It was about 10.5 per cent, which is a big increase for us. Because that's our biggest cost factor, it drives up our cost pretty quickly.

General inflation since COVID across the medical world is not being kind. We have to pay for the services our clients need, regardless of the cost. Because of that, we've increased our rates both to attendant care and our other allied health professionals we use, not only to compete with the NDIS, but to make sure we can get the care that our clients need. That's probably been the biggest driver across that time.

Mr EDMUNDS - It's external factors rather than any kind of policy change. You're not looking to pay claims out earlier for more or anything like that.

Mr KINGSTON - No, most of those claims costs are scheduled benefits, the money we pay to people who are just getting better. Common law, while it's there, it's a smaller part of our scheme, it doesn't really drive our costs as much. That is just us responding to the market to make sure we can purchase what our clients need.

CHAIR - You said earlier about working with your clients and we've had some information that talks particularly about the challenges for those with brain injury and being able to navigate the system. In the claims process do they have a case worker, if you like, at MAIB that walks them through - those with a brain injury.

Mr KINGSTON - The answer is yes, but it's a combination of ways we would support people. We have brain injuries that cross a broad spectrum of impacts on clients, therefore what their needs are. For the more catastrophically injured or the ones with the more severe brain injury, they would most likely be in our lifetime care scheme, which means they are looked after for life under our scheme. We have a specialised team that only deals with those people. In some cases, they talk to people and their families daily. We then engage with specialists outside the business. We're not care providers, we don't have qualified care people on staff. We have case managers, in some cases, support needs assessors, occupational therapists and allied health specialists who would help coordinate the team of medical support along with their GP, most likely, to give the care. There are many case conferences held across those clients with claims staff there from MIB, the relevant professionals to try to make sure what that client needs, how they can communicate with us and/or may not be able to, the challenges they might have, so they can get a better outcome for what their need is and their choice. There are a lot of those programs we do for our most catastrophically injured.

CHAIR - What about the support for those people who are just on the case journey? They haven't been fully recognised for whatever services they need.

Mr KINGSTON - In most cases they're coming out of hospital. In hospital we have an arrangement in that we pay for all those services until they get out. They're usually not discharged until we've had an opportunity to get at least an occupational therapist or a case manager appointed and they would actually work out what they need in their home. We can provide home modifications and provide temporary accommodation for them to come out of hospital to go to home as they're learning to live with whatever impacts from the road trauma they've got.

If it's a brain injury, they and their family have to find a new way of living. It depends on the person, but they normally would not be discharged if they were seriously injured till we have that in place, we would hope. We work with the hospital to try to get there. That external case manager, or it might be an occupational therapist, becomes key in that transition period. They are identifying what they need, telling us that we can fund it and then try to get them what they need.

It's a bit of a rush service when they discharge from hospital which can happen anytime and sometimes we don't know until the last minute. We just try to find ways of getting what they need. If we can't, we do have that safety net of our three residential facilities across the state where we can transition them, at least place them into there where they can have support provided to them.

CHAIR - You're confident that MAIBs communication on claims and appeals process is adequate, particularly for those who have a brain injury?

Mr KINGSTON - I'm confident we do everything we can to make sure clients are informed of what choices they have. I can't say for every client with any sort of disability that they could 100 per cent know what's going on. We would hope they would and we would hope we'd be receptive if they said they couldn't. We'd be happy to take input from advocates or whoever might be able to help them. Our staff are very focused on getting people better, so they are trying to do that. If there are any difficulties, there's a low-cost TASCAT process that someone can go to if that they don't like the decision we've made.

CHAIR - That's the appeals process.

Mr KINGSTON - That's the appeal process and that's in the act. In fact, sometimes we refer stuff if we can't quite get it worked out to make sure we get a decision and they can move on. There is a low-cost appeals process and people are informed of that when they get their claim. Communication with people with the brain injuries is an ongoing thing you try to refine every time you find something that doesn't work or isn't as clear. I'm confident we do well the majority of the time. We want every client to be able to think they could approach us to find out more.

CHAIR - You also mentioned that some of the claims are more expensive because the nature of the injuries. That to me doesn't marry up with the safety aspects of vehicles these days. Is it speed or is there any assessment done about why with the significant safety features on most vehicles - not everyone's got an up-to-date vehicle - but can you give me some indication of what's going on there, minister?

Mr ABETZ - I'll let Mr Kingston answer that, but I would hazard a guess the medical prowess has improved considerably, is that part of the factor?

Mr KINGSTON - People are surviving accidents in the past from some of those safety features they may not have, which is great, but it then creates a different life for them moving forward. The other thing is we have the oldest vehicle fleet in Australia by quite some margin, partly to do with our low premiums and low registration costs. People keep their old second car when they buy a new one because they can afford it.

CHAIR - They're usually given to the young person in the family.

Mr KINGSTON - Correct. Which is probably the least experienced to drive. We still have a lot of old vehicles and the margins between fatality, catastrophic injury and minor injury are very small, so it can change very quickly. I would say talking from again, the Road Safety Advisory Council perspective that we fund and I sit on, that the key factors, the fatal five, haven't changed. They still cause the same accidents and it is a combination of having an old vehicle fleet. We have a lot of high-speed rural roads in Tasmania, proportionally more than the rest of the country. Those high-speed rural roads when you have accidents and you're doing 100 rather than maybe 60 or 80 create more damage. The human body wasn't built to withstand that, but I wouldn't say we're out of kilter with any trends I see nationally. We still get severe injuries. We're getting fewer injuries overall and less severe injuries. The mix is changing a little bit with the severity, as the chair said. But, unfortunately, we still have road trauma and it just depends on the specifics of the accident.

CHAIR - Thank you for that. What concerns, or have you addressed your mind, minister, to the fact that, apparently, we're going to have autonomous cars in the future? We won't be driving, they'll be driving. Has the organisation and you yourself as the minister responsible addressed your mind to what that might look like for MAIB in the future?

Mr ABETZ - Simple answer. Have I considered it? Yes. What might it look like? I have no idea. I have to confess, Chair, that is the brave new world. It is something that I'm sure will come our way and we will need a good MAIB board, CEO, and staff that adapt to all those -

CHAIR - So the liability will come back to the manufacturer?

Mr BALCOMBE - I suppose there's a couple of aspects to this. Arguably, autonomous vehicles should be safer because they are built to be safe. They won't be allowed on the roads unless they're proven to be safe. So, there won't be an inattentive driver or someone on the phone or someone who's hopefully driving within the speed limit and things like that. Now, the other aspect about autonomous vehicles, they are still, we think, somewhere at least 10 years away.

Mr KINGSTON -Decades away.

Mr BALCOMBE - If not decades.

CHAIR - Decades?

Mr BALCOMBE - Yes, there's a lot that needs to happen. Our focus is really, as Paul said, we fund RSAC, Road Safety Advisory Council, very much focused on road safety, the last thing that we want is a Tasmanian to be a client of ours and that's really our focus while we invest so much money into road safety.

I suppose if there are incentives - this is probably a government policy issue about how we make the overall vehicle fleet younger, that's a challenge because of the cost of living and all the other things that go with that. We really have to focus on all those matters around road safety that RSAC is dealing with.

Mr KINGSTON - I might just quickly add, if it's okay through you, minister, I chair the national body of CTP schemes. I have for the last eight years. As part of that we're engaging with the National Transport Commission, which is doing the regulatory framework for the introduction of autonomous vehicles into Australia. As a part of that, we're putting in that the insurance schemes as they stand now across each scope; we have 11 schemes across Australia that deal with CTP, that the principles will stay the same. The liability will still come for us. What we're trying to put into those regulations is a recovery right for us against the manufacturers, if it's the autonomous vehicle control that causes the problem.

Those discussions are ongoing. They've been going for about five years and I think they'll probably be going for about the same time again. It is likely decades away until they're predominant on the road. We will then get a great safety benefit, but when we do have to recover - trying to recover from those big manufacturers, we'll need that right of recovery built into the regulation, which is Commonwealth regulations, to be able to trigger that recovery for the schemes. We're working on it, but I think it's years away.

Ms ARMITAGE - Just clarifying. I guess it's not a lot different really to now, because at the moment if you have a drink driver or someone, so you're still going to have a no-fault scheme, you're still going to have passengers, and you're still going to have a lot of people actually that are driving vehicles crashing into them. At the end of the day, we just say that nothing really is going to change that much apart from who you might claim against, as opposed to having passengers and other people crashing into them.

Mr ABETZ - Other than the hope it will be safer.

Ms WEBB - When you are providing funding for physical rehabilitation, it's probably fairly straightforward to determine, identify, and quantify. Then there is psychological rehabilitation that comes into play for people who've been involved in accidents, especially if they have a brain injury as a result because there's a lot of psychological matters related to that. What's the balance of those, and how well do you think you're doing in correctly identifying, quantifying, and supporting the psychological side of things?

Mr BALCOMBE - I think there's a couple of aspects. I suppose one of the issues about when someone's injured in an accident, it's not only the person who's injured in that accident, it's the family and everyone who surrounds them. Certainly, from a point of view of - we see quite a lot of cases where people as a result of their injuries might have PTSD or some form of mental-health issues, most likely, and probably most commonly some form of depression. That is all taken into account in their care plan. I suppose, from the point of view of the common law claims, in particular, that's also taken into account in any settlement, but there's always ongoing funding for that. I will let Paul speak to some of that detail.

Mr KINGSTON - That's right, and we have in the last 12 to 18 months, done a specific program, not only around secondary mental harm or reactions to their recovery as much as the accident, split our - we used to have two claims teams, one looking after our lifetime care, the catastrophically injured, and one looking after everyone else. We have split those into three and the middle team is looking after what we've called 'supporter claims,' who are people who, for whatever reason, aren't recovering as quickly as we would like or they would like. A fair bit of that has to do with their mental response to the trauma and then their recovery from that trauma. That team is being mirrored a bit more in our lifetime care scheme, where they do more proactive engagement earlier on in those claims so they don't spin-off, become more costly, but also take longer to recover back to pre-injury state.

One of those triggers we pulled out of our data to identify those claims early was, is there a mental harm or a mental condition developing from the accident directly or in terms of their recovery process. We are putting counselling into place quicker, probably, for those claims than we did in the past. Not that we - we didn't do it slowly, but we waited for the client to say, 'I've got an issue,' rather than us going, 'there seems to be a problem here,' either through the GP or one of the allied health, and can we get something to them proactively, so that they get addressed earlier? We know the more support they get medically early on, the better they recover, and the quicker they recover. So, that team is focusing on that group of clients, and to give you an idea, out of our clients about 80 per cent of what we call 'general claims', usually within a year or two they're back to their pre-injury state and, hopefully, no long-lasting impacts. Less than 1 per cent are lifetime care, much less than 1 per cent. That 19 per cent or so that's in between, is that group that is developing those sorts of issues and we're trying to be much more proactive in getting them their care earlier.

Ms WEBB - To follow up on that, you talk about a change of practice and going from the two groups to the three groups and now you're doing things more quickly. When did that change happen and what prompted it?

Mr KINGSTON - We did a review of our profile of clients probably about three years ago we started it, and out of that we benchmarked ourselves against the Transport Accident Commission (TAC) in Victoria, which is the only other scheme that's like us; and the ACC (Accident Compensation Corporation) in New Zealand, which does the same thing, but for all injuries. And, we found that each of those had those specialised claims groups where they thought they needed more intensive proactive care - a small number, but more work needed to be done on it. They all had triggers in their data when the claims come in to say, 'we think this is one that might go that way, so let's get in earlier.' So, we used that research to go, 'perhaps we should do that,' and then we implemented it fully during 2023-24. I think it was 2022-23, we started to pilot it. We did it over a transition period, but it's been fully in place now for at least a year. We probably won't - we probably won't see the full benefits of it for two, three, or four years because those claims tend to last for longer than our fewer complex claims.

Ms WEBB - We'll keep asking about it.

Mr KINGSTON - Yes.

Ms WEBB - Can I also just check in on - it's becoming more understood that in all sorts of ways when we're dealing with vulnerable people, we need to take a trauma-informed

response and approach to them. Is that something you have explicitly adopted then within MAIB and how have you gone about equipping the organisation to do that?

Mr KINGSTON - We have an injury management adviser on board who comes from the sector and has provided care and her role is to work with the claims team to try to provide that perspective from the point of view of their client or the provider on the ground because our staff aren't necessarily trained in doing that and I believe it was over the last financial year, or at least in the last 18 months, we've had some training around trauma-informed care and what that actually means for our claims officers so that they can get that. It's an understanding you don't have unless you've dealt with it. It's very difficult, so we're trying to encourage our claims officers to get more training in that and as part of that supported claims future, we'll be building in more of those practices using input from our panel of occupational therapists and others who are in the field every day. They gave us feedback as we went through that transition to three teams so we have their input and we're still providing that feedback. Our claims officers are not providing the care. They're providing the funding and sort of making sure the right people are there, but the more informed they are, the more they can get the right people to react with them first. It's an ongoing development of our claims officers' understanding the issues better. As part of the Trauma Support Tasmania training them was giving them that perspective on what do you do.

Ms WEBB - To check in on that, if that's all right, the language you just used was you encourage your claims officers to access that training. Why isn't it a requirement that they would?

Mr KINGSTON - No, it was a requirement, so everyone did do it, but we encourage all staff to identify further training they might want.

Ms WEBB - Sure.

Mr KINGSTON - Every staff member has to come up with at least one extra thing they want to do. No, sorry, to clarify, we gave that training to all claims officers. That was a requirement. Yeah.

Ms WEBB - Thank you, appreciate it.

CHAIR - Mr Edmunds.

Mr EDMUNDS - A couple of questions about investments. I remember we had a pretty good chat about that last year, but obviously a fair few new faces.

CHAIR - We?

Mr EDMUNDS - That was the old committee, yeah. You have more than \$2 billion of investments. How much of that is invested in Tasmania.

Mr BALCOMBE - You want me to go on that one, minister?

Mr ABETZ - Yes, of course.

Mr BALCOMBE - Yes, we have an investment framework where we invest through - we don't invest directly. We invest in funds and work in conjunction with our investment adviser. We don't hold any direct investments in Tasmania.

Mr EDMUNDS - What proportion of the portfolio is exposed to high-risk assets and how is the risk being balanced against long-term liabilities?

Mr BALCOMBE - Each year we do what we call an SAA review. We look at our strategic asset allocation and as part of that - pardon me, my index isn't working, but I'll work from memory here. One of the things is that if you want to, need to make a return - thank you, Paul - we need to take some risk and there's two elements to that. You will do well in good times and you will incur some volatility, particularly in the bad times. Such time as a GFC or a crypto - pardon me, not a crypto meltdown that hasn't happened yet - but the IT meltdown and things like that, I hope, anyway we'll see what happens there. We've always got to take a balanced approach. In general what we're trying to do is to take a level of risk we think is commensurate with the objectives of the organisation. We have around 62 per cent of the portfolio that's exposed -

Mr KINGSTON - Yes. It's nearly 69 percent, now.

Mr BALCOMBE - Its 69 now that's exposed to growth assets. That puts them into a perhaps, a higher risk category than if you were to just have the money in the bank. We're targeting a rate of return, a 15-year rolling average of 1.5 per cent in excess of effectively wage inflation. You're not going to win that unless you do take some risks. We take a very measured approach to risk because one of the things we do is every time we look at the strategic asset's allocation, we have modelling done. We stress test that under a range of scenarios, both good and bad, to ensure that in particular, there's a very low risk of a significant tail loss.

That's where you might be - have one of those big events like a GFC or something like that or a pandemic where we make a very significant loss in the portfolio. One of the things we're very focused on is ensuring this fund is sustainable. The last thing we need to be doing is then telling the government we can't meet our obligations. We're a long-tail insurer and if you like we're a pretty long tail investor. Paul, you might want to perhaps give a bit more detail on that. In general, we're about 69 per cent exposed to growth assets and there's a spread of risk amongst those very assets. I'm not sure there's anything in the high-risk category we would say exists.

Mr KINGSTON - And we take investment advice from our consultant investment adviser, Frontier Advisors. They present us with - having looked at our principles which are on those return objectives - then the risk objectives are not having a big tail loss, making sure we've got low percentage of having loss overall. We set ourselves quite conservatively. They then give us funds to invest in that they recommend the best of breed that meet our objectives. It is generally conservative, more conservative than a fund that's looking at the next 12 months, because we're looking at decades ahead for our objectives.

Mr EDMUNDS - Is that advice the 1.78 in investment expenses, is that where that comes from?

Mr BALCOMBE - The investment expenses are spread across the investment adviser, but then the cost of running the funds as well. We have I think 22 or 23 pooled funds. Each of

those have their investment fees - there are investment fees actually to each fund manager - and then funds also to the investment consultant. The investment consultant receives \$0.4 million in 2023-24. In 2023-24, \$8 million was for fund managers. We also have a custodian that actually holds our assets and does compliance checks on those fund managers. They got \$0.5 million. The investment fees are probably related more to just the fund managers in terms of the annual report.

Mr EDMUNDS - How do you ensure - like obviously being a public, you know - exposed to things like we're doing today - how do you ensure those costs are justified and deliver value relative to the returns?

Mr BALCOMBE - The investment consultant - that goes to tender every three years. We've just extended the option on that investment consultant for a further two years - pardon me, three years. We do a board survey every year on that consultant to get the views of the board about their performance. We also look at the performance of the fund in general to make sure that we we're getting two things - value for money and good advice.

We see a lot of these investment consultants there in front of us at every board meeting with the reporting. We get economic updates. We get reviews relating to every topic investment we have, and we generally get one or two of those a month. We look at not only the product that we're invested in, but we also look at the manager we're invested in to make sure that they're delivering. Sometimes we might select a different manager on the back of that. It's a very comprehensive process that we undertake there.

CHAIR - Thank you. A question around the boards adopting the position of declining scheduled benefits for injured persons using personal mobility devices - minister, have you addressed your mind to that particular policy?

Mr ABETZ - I'll ask Mr Kingston to explain that further.

Mr KINGSTON - Just so I understand the question, if someone's driving a personal mobility device, it has to be registrable under the Motor Registry's registration process. I believe that it's a policy decision beyond us. I think it was taken by governments across the country, that PMDs weren't registered on that unless they met certain criteria - things like they have -

CHAIR - Capable of exceeding 25 kilometres.

Mr KINGSTON - Can't exceed 25 kilometres, not just don't. They can't be tuned down. They can't be possible going beyond that. They have to be registered to actually be in or exempted by the Motor Registry, which is what they've done for the trials that have been happening for the e-scooters around councils. That's not a decision we've made. That's a decision that State Growth is in effect making.

CHAIR - Hence my question to the minister. Minister, the government is actively promoting the use of personal mobility devices. Is that something that you will take a look at and provide some input into?

PUBLIC

Mr ABETZ - We'll have to have a further look at that, given the growth in the numbers of these devices. I'm sure what the community appetite is to start registering them and having number plates and -

Ms ARMITAGE - Paying money.

Mr ABETZ - MAIB et cetera. I do know that somebody, a former Senate colleague of mine - his spouse was badly injured on the footpath, she being a pedestrian, and accidentally run into. Then how does that person with a broken hip and thigh bone et cetera get looked after if the person isn't insured? They are things that we need to adapt to as a government, as a community.

CHAIR - So yes, you will address your mind to it?

Mr ABETZ - Yep, we will have a look at that.

CHAIR - Thank you. Another one that's been raised with the committee is that, anecdotally, there appears to be an increasing number of claims being filed interstate, with the argument that a higher damages award is likely to be made compared to the Supreme Court of Tasmania. Is anyone having a look at that trend or have noticed a trend?

Mr ABETZ - I'm wondering whether that's because there are potentially more motorists from the mainland over in Tasmania. That's a speculation on my part.

Mr KINGSTON - Our registration follows the motor vehicle. Tasmanian registered motor vehicles involved, we respond. Sometimes that can be in the mainland. Sometimes can be visitors down here that have an accident with the Tasmanian registered motor vehicle, whether a hire car or a local resident. That means we do have cases brought interstate by interstate people, and they tend to look locally to engage with their counsel. In some cases they can bring claims through the schemes in other states, even though it might have happened here or involved a Tasmanian registered vehicle. We have to respond to where the plaintiff decides to lodge the claim. So that's about interstate lawyers and we do have interstate lawyers that respond. They're a very small percentage of what we do. Most of them are brought in Tasmania.

CHAIR - You haven't noticed any trend?

Mr KINGSTON - There's been a small change in that some new entrants to the Tasmanian legal market, based from the mainland originally, have picked up some more claims of late. And so, there has been a slight increase, not massive, but there has been a slight increase. But we deal with them under the same legislation approach we bring, whether they're interstate legal firms or Tasmanian based legal firms. Hopefully, the client doesn't get any different outcome if we deal with them the same way.

CHAIR - Another question for you, minister. Would the government consider undertaking a review on motorcycles and cars? Given a 750CC motorcycle - forgive me for not remembering what it was - Moto Guzzi is a pretty safe motorcycle. Therefore, given the premiums that are attached to motorcycles compared to vehicles, the industry is very keen for you and State Growth to address your mind or even partake in a review. Is that something you consider?

PUBLIC

Mr BALCOMBE - We set the premiums, minister. One of the reasons that motorcycle premiums are what they are is because of the rate of claims.

CHAIR - A lot of them unregistered vehicles.

Mr BALCOMBE - They wouldn't have coverage. If they're not registered, they would not have coverage.

The issue is there are far more accidents per thousand registered vehicles on motorcycles than there are on normal motor vehicles. If we were to keep everyone on the same rate, not looking at myself, everyone driving a normal motor vehicle would be cross subsidising motorcycle drivers because, pardon me, I'm just trying to look at the -

Ms WEBB - Wouldn't there be some fairness in that, given it's often going to be the car's fault?

Mr BALCOMBE - No, that's actually not right. About 70 per cent of motorcycle accidents are single-vehicle accidents. We have a lot of windy roads.

CHAIR - That's not how the motorcycle fraternity see it.

Mr ABETZ - No they don't. But the facts are as the chair's outlined.

Mr BALCOMBE - The other issue is the level of protection afforded to motorcyclists is much lower than what we get wrapped up - cocooned in - a motor vehicle. They are a higher rate of accident and their cost of the claim, in that severity of the injury, is often much higher.

Mr GAFFNEY - It was pointed out from the Motor Cycle Riders Association, that inadequate clothing for some of its riders is one of the reasons why people get hurt when they fall off. It might not be an impact of another vehicle, but they've dropped the bike on the corner, or whatever, and a lot of them don't have appropriate protective clothing. For a lot of young riders it's possibly too expensive for them to be able to afford. It was put to us, if the MAIB really wanted to make a difference to those young riders, that when the person got their motorcycle licence, if they were afforded some sort of certificate they could take to a place and say I get 20 per cent off getting appropriate clothing. Do you see what I mean? Some sort of incentive.

Mr BALCOMBE - I understand it, but isn't that another form of cross-subsidy?

Mr GAFFNEY - What's the end game here?

Mr BALCOMBE - The end game is about the safety message. Two things. One of the things we should be promoting through RSAC perhaps, and through the Motorcycle Owners Association itself is the need for appropriate protective clothing when you get on your motorbike. I have a 29-year-old son who rides a motorbike and I saw him the other day. He had his leather jacket on, but he had denim trousers on, and I said, 'you shouldn't be on that motorbike.' We have to be conscious here. I think it's a great sentiment. It's probably more in the realm of government than MAIB, sorry, minister, to hand this to you.

CHAIR - I did ask the question to the government, to you, minister.

Mr BALCOMBE - I think the challenge is, this is about education as much as anything. It's like getting in a car and not wearing a seatbelt.

Mr GAFFNEY - Yeah true, but most cars come with seatbelts that people can afford. A young person buys a motorbike for 'x' amount of dollars. They can't afford \$1500 to \$1800 for adequate clothing.

Mr BALCOMBE - I'm not sure that's the remit of MAIB. I think it's more about the safety message to me. It's a personal view, sorry.

Mr KINGSTON - We have done some safety - from the RSAC perspective, again, we've funded it as MAIB because we fund our RSAC, we have run a campaign around getting the right gear. There's an education campaign out there that was the - I think the Tasmanian Motorcycle helped us generate that campaign. It was to push people having the right gear. Through RSAC we have funded, at Bucaan House at Chigwell, the great program that was to get young people from disadvantaged areas to get their motorcycle licence so they could get a job. It was motivated by good social outcomes as well as safety. As part of that program, I believe they got some money towards or they got recycled gear or something through some of the associations, I think, to help them get there. So, there has been some done, particularly in that disadvantaged area, and that program, I think, is being looked to be expanded. It's more of a government policy and an RSAC issue than MAIB directly, but we provide the funding for that. We are doing some things around it.

Mr EDMUNDS - The portfolio achieved 7.2 per cent return for 2023-24, but as we talked about a year ago, that's subject to fluctuations. Does MAIB regularly exceed the target return and would this suggest that the 4.5 per cent return target is not ambitious enough?

Mr BALCOMBE - There are a couple of elements to that. The returns have been fairly solid of late, is probably what I would say. I am conscious also, that the target is based on two elements. We are using a base level of Tasmanian AWOTE, average ordinary time earnings, pardon the acronym, plus 1.5 per cent. AWOTE does vary, according to what's happening.

Mr EDMUNDS - What do the letters stand for?

Mr BALCOMBE - Average weekly ordinary time earnings. It is an index. That target does climb up and down. We have high wage growth at the moment. It is sort of a proxy for inflation. We think because a majority of our costs are linked to wage costs, as Paul's already alluded to, a lot of our cost is driven by the cost of labour. We think it's an appropriate index and 1.5 per cent above that we think is - we're talking on a long-term basis here. For a 15-year average, we know there will be some perturbations in among those 15 years.

Mr EDMUNDS - Is it fair to say that MAIB's underlying profits and, ultimately, dividends are driven more by investment returns than any other factor?

Mr BALCOMBE - It's a significant component of what makes the organisation sustainable. It's hard to argue away from that. If we didn't have an investment portfolio, we'd be having our hand out to government. We are very conscious about running an efficient

business and we're very conscious about the price of our premiums through to the Tasmania motor-vehicle user.

Mr KINGSTON - If I could just add to that. We have a smooth dividend policy. It's taken a five-year average, so the most recent year plus four before, which takes out some of that volatility. It generally is, the investment returns, 50 per cent stays with us to continue to build up for those long-term clients we'll have for many decades, and approximately 50 per cent is returned to the government, and our premium revenue covers our claims cost. There is blending of that, but that is broadly how the finances are structured.

CHAIR - Minister has any consideration been given to a no-claim bonus for premiums? Is that something - it happens in other areas of insurance.

Mr ABETZ - No. I haven't exercised my mind on that. Is that ever been brought up with the MAIB?

Mr KINGSTON - Minister, it hasn't been in my short tenure on the board.

CHAIR - Well, here we go, something new. I'm happy for you to take that on notice and come back with it.

Mr KINGSTON - It has been raised in the past, usually by motorcycle groups trying to get lower premiums generally. So, basically, experience-rating people whether you've had an accident or not is sort of how it's come up rather than as a bonus, a no-claim bonus. But, we're really a social insurer, so our costs are spread as wide as possible, so we want as many people licensed and registered so that we spread the cost evenly. It's why cross-subsidies across classes we don't really like, and neither does the economic regulator who ultimately sets our premiums.

CHAIR - Like those big Rams at \$100 less to register than a motorcycle.

Mr KINGSTON - Yes, and again it comes back to claims cost. Every class of vehicle is set based on how much the claims cost. So, if there are more claim costs, and we don't want claim costs, that class will pay more. And, motorcycles, as we've gone through, are 3 per cent of the registered vehicles and 19 per cent of fatalities and serious injuries, so they just cost more, unfortunately. Where it's been brought up about experience rating we don't do it. Virtually no CTP scheme in Australia does it in any area. The reason being that the people who are most likely to not be able to afford insurance are those who are likely to have the oldest cars, are going to have the accidents and then they would not be in the insurance system. I know the motor registrar see it the same view as I with licensing registration. We want as many people in the system as possible, so you can help deal with them, rather than disincentivising them by in effect - anything we give in terms of no-claims bonus will be paid by somebody else because we've got to click the premium across the class. The people who can least afford it could end up probably not being able to.

Ms WEBB - It's the least of all who'd be most at risk and it's all the 19-year-old boys out there.

CHAIR - Ms Webb working towards the final question.

Ms WEBB - I just want to come back to a topic we were talking about earlier with the member for Mersey's questions and we talked about the training for your staff and the programs you've been rolling out, which sounds like it's been a really proactive program. You had my mind ticking over on some fairly large amounts of money being spent year to year, particularly to one organisation, I think it was PeopleTalking, and so I'm just checking, do you tender for those contracts then to award?

Mr KINGSTON - We didn't in the start because we ran out a program that was underneath our tender threshold and then staff had said that they wanted to continue that program so we continued it. I think moving forward we would be looking to go out to tender again. We actually started with a Tasmanian-based - a different provider based in Launceston with that program and they then didn't go forward, so we had to go somewhere else and we went to PeopleTalking. And each of the programs were underneath our threshold and I think we've probably reached a point where it would be good to go back out to tender, to make sure that those programs going forward are offered to a broad range, including potentially Tasmanians, which we generally like to do business with. We haven't to date. And there's several programs wrapped up in there, so it's not like we paid them \$270,000 whatever in one go. There was three or four programs -

Ms WEBB - You don't have a way to accumulate the contracts that you're paying to one particular organisation, so because you break it up into different programs, they're able to get more than a quarter-of-a-million dollars in contracts without ever going through a tender process?

Mr KINGSTON - Our threshold is up to \$400,000 before we have to go fully out to tender, so it's still underneath that. But, I think that going forward, we will need to do that to make sure that we - it isn't disaggregated to the point that they get a lot of money, but up until now it's occurred because it worked well and staff wanted to continue. Part of the training program is for us to train our own trainers so we don't have to go back to them. That's what we're in the mode of now doing. I think in hindsight it's a lot of money without a procurement process and we will look in the future to make sure we do.

Ms WEBB - Did you apply any other sort of conflict-of-interest test to it or those sorts of things? Because, obviously, especially in a place like Tasmania, people who know people sometimes get contracts, so that's the sort of risk you're facing, the perception of that. Especially if you're awarding contracts with no tender. Did you have any of those sorts of processes in place when you originally -

Mr KINGSTON - Each one we do, we do an assessment across the executive team about whether it's appropriate to do or not, so it's not just one person making a decision. In fact, the broader senior leadership team were brought into this and said that's what they wanted to continue. It's an actual component of program that PeopleTalking happen to deliver in Australia, so that's why we've picked them up. We've also awarded contracts to Tasmanian businesses without necessarily going to tender, for those program grants of about \$60,000, \$70,000, \$80,000, without necessarily going to tender either. We've based it on, have we heard that those people have done the right thing, and does it meet the needs that staff have raised? For those training programs, we've based it on what people - and we have talked around about the impact in Tasmania of those programs. We definitely will, I think, going forward, go to something more procurement-based.

PUBLIC

Mr BALCOMBE - I would note, we also have a stringent code of conduct that requires anyone in the business to call that a conflict of interest. We'd be expecting people to do that.

Ms WEBB - People would have declared a connection, for example, if you were awarding an \$80 000 contract for something, there would have been a declaration of a connection.

Mr KINGSTON - Absolutely. Yes, if there was any connection or anything like that - yes, we're very stringent on conflicts of interest. It's Tasmania, it's Launceston. If this was just a program that -

Ms WEBB - That's documented and that goes to the board then for review?

Mr KINGSTON - Depending on the level, it would either go to me or the executive or to the board, depending on it. When we have run procurement processes, we do have a probity adviser, and all those conflicts of interest would go through there. If there was a conflict, if there was a relationship or anything, it would have been declared and it would have gone to the board. We wouldn't have done anything but go to the board if it was a big enough procurement and it caused an issue. There was nothing raised around it.

Ms WEBB - Nothing was raised in relation to these over the past few years?

Mr KINGSTON - No, nothing. It was just the success of the program, and we wanted to continue with them. I think it's now time, as you point out, it'd be good to test what else is out there.

CHAIR - Thank you. Minister, that draws the questions to a close. On behalf of the committee, we'd very much like to thank everybody involved in today's exercise, and on behalf of the committee, we wish you and everybody here a very happy and safe Christmas. We look forward to, once the committee deliberates, if we need to bring anyone back, then we look forward to doing that in the New Year. Thank you very much.

Mr ABETZ - Wishing people a safe Christmas is a very apt wish for this committee, or the hearing.

CHAIR - That's right. Absolutely. There'll be a lot of people on our roads.

Mr ABETZ - Can I just observe that I think our Tasmanians are exceptionally well-served by the MAIB.

CHAIR - Thank you very much, minister. We will suspend until just a tad after 3.45 p.m. and then we'll recommence our broadcast with the Port Arthur Historic Site Management Authority.

The witnesses withdrew.

The committee suspended at 3.42 p.m.



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

Port Arthur Historic Site Management Authority

Wednesday 4 December 2024

MEMBERS

Hon Tania Rattray MLC (Chair);
Hon Rosemary Armitage MLC;
Hon Luke Edmunds MLC;
Hon Mike Gaffney MLC; and
Hon Meg Webb MLC

WITNESSES IN ATTENDANCE

Hon. Madeleine Ogilvie MP, Minister for Innovation, Science, and the Digital Economy, Minister for Corrections and Rehabilitation, Minister for the Environment, Minister for the Arts and Heritage

Grant O'Brien, Chair

Will Flamsteed, CEO

Sarah Jane Brazil, Director Conservation and Infrastructure

David Nelan, CFO

The committee resumed at 3.50 p.m.

CHAIR - Minister, welcome, in your capacity as the minister responsible for the Port Arthur Historic Site Management Authority. We're very pleased to welcome you here today to Government Administration Committee B Scrutiny.

To my left I have Mike Gaffney, Meg Webb, myself - Tania Rattray. Very soon there will be Rosemary Armitage and Luke Edmunds, and we have committee secretariat support of Simon Scott, and we also have, from Hansard this afternoon, Lesley.

Thank you, minister. Again, pleased do a brief overview and then we will launch straight into questions.

Minister, will you introduce your people?

Ms OGILVIE - Yes, thank you, I was getting the names spelt correctly.

Chair, as Minister for the Arts and Heritage, I'm really pleased to hold these portfolios again and to have the Port Arthur Historic Site Management Authority as part of my responsibilities in those portfolios.

Today at the table, I'm joined by the Port Arthur Historic Site Management Authority Chair, Grant O'Brien; the CEO, Will Flamsteed, David Nelan, CFO. In the room I have Sarah Jane Brazil, Director Conservation and Infrastructure; Fiona Bridges, Director Interpretation and Experiences; Steve McLean, HR; and Anne Mcvilly, Director Tourism Operations.

It might be that some of the questions you asked are best referred to them, and I'll call them to the table as and when we need to.

CHAIR - Thank you.

Ms OGILVIE - Recognising you would like a short statement, I'll try to compress it just to give you the highlights.

We are very proud of our Port Arthur Historic Site. The site and PAHSMA manages three World Heritage aspects: The Port Arthur Historic Site, the Coal Mines Historic Site and the Cascades Female Factory Historic Site. The primary purpose, of course, is to conserve these sites and to activate those sites so generations of Tasmanians can continue to enjoy them.

We know that the work done there is underpinned by world-class professional knowledge and in addition to fulfilling those responsibilities in 2023-24, PAHSMA was able to generate 79 per cent of its own income. It's very much a well-run financial operation.

We had 333,068 people visit in 2023-24, which is a 3 per cent increase. Cruise ships arrived - 26 compared to 18 in the previous years. We invest in conservation infrastructure, education, interpretation and operating expenditure that totalled \$9.98 million.

This one is important. I believe that notable achievements are things that we've been working on and that you may wish to ask questions about. These included:

- The completion of the re-shingling of the junior medical officer's quarters at the Port Arthur Historic Site.
- The completion and launching of the refurbished Port Arthur site scale model which is really interesting. We could talk bit about that.
- The Cascades Female Factory which I know everybody is familiar with which now runs the Notorious Strumpets and Dangerous Girls tour daily after it was successfully tested as an offseason tour. Seen some of the advertising on the buses around town, I believe and other places.

A core focus of the board over the past 12 months has been the commencement of the foundation stage of the strategic plan. We have some copies of the plan here. We can share those with you if you haven't seen them already.

That stage 1 will be followed by the Re-Imagine and Strengthen stage and then the Aspire and Innovation stage 3.

Importantly, PAHSMA is an employer down the peninsula way. It is a key employer. We take that role very seriously. It is a major employer for the region and as visitation increased, so did employment growth. The authority employed 199 people in June 2024, compared with 180 in the previous year.

It's contributed a \$10.386 million to the Tasmanian economy and, where possible, PAHSMA uses local contractors to supply local services. They take that 'buy local' aspect very seriously - we can show you some figures on that; purchasing Tasmanian products for retail, food and beverage outlets and 87 per cent of purchases being from Tasmanian or national businesses.

Our education programs are going well. They're really popular both with Port Arthur and the Cascades Female Factory sites and we've had approximately 6445 students through and 819 teachers. That's a sizeable amount of visitation taking the education piece very seriously.

We supported PAHSMA's ongoing contribution to the regional economy post-COVID through the provision of \$1 million as part of a \$2 million, grant deed. The Tasmanian government also recently granted, importantly, \$16 million to PAHSMA to support water and sewerage infrastructure reform as part of the state budget. And for those who've been watching this space, you'll understand that PAHSMA has that water service on its site. It's a legacy issue, and we've improved its position by granting funds for that which, hopefully, also allows PAHSMA to divert much-needed resources in its operating budget to the work that it needs to do in relation to conservation. Finally, most importantly, they have been winning gold for the Cascades Female Factory at the Tasmanian Tourism Awards and again, gold for the Port Arthur Historic Site as a major tourist attraction at the 2024 Tasmanian Tourism Awards. That's it, in summary.

CHAIR - Thank you very much, Minister.

Ms OGILVIE - My pleasure.

PUBLIC

CHAIR - You've done a really good job in making that as brief as possible.

Ms OGILVIE - I have tried.

Ms WEBB - Thank you, Chair, and thank you for that, that was a good brief summary.

Ms OGILVIE - Sure.

Ms WEBB - I note that visitor numbers are trending upwards - but not yet to pre-COVID, I think was the understanding I got from the annual report. The government assistance that was provided across COVID has now dropped away, I believe. What I'm interested in is how that's impacting two things - staffing and also visitor experience services and things that are being provided. Can we start with staffing? You mentioned you are now up to 199 employees, building on 108, I think you said from the previous year. Is that FTE or is that raw numbers?

Ms OGILVIE - I might actually ask my executive here to respond to that. You know the details.

Mr FLAMSTEED - There are 199 total employees. We have a mix of both permanent full-time and part-time employees, as well as casual employees.

Ms WEBB - Are you able to give a breakdown of the 199 into those various categories?

Mr FLAMSTEED - Yes, I could.

CHAIR - We're happy to take it on notice.

Mr O'BRIEN - I can give you a percentage. It is 92 per cent fixed term and permanent, and 8 per cent casual. I don't have the raw numbers, but you can probably work it out.

Ms OGILVIE - I have a little detail here, if you'd like it.

Ms WEBB - If you think it adds to that. I can keep asking questions and we might cover some of it in the questions.

Ms OGILVIE - Sure, okay. That's fine.

Ms WEBB - Is it expected that the number will continue to grow, or have we hit what we think is a full complement of staff now, based on where visitor numbers are going?

Mr FLAMSTEED - I can answer that. We do our budget planning and workforce planning on an annual basis. We recognise the priorities of the organisation and then we staff accordingly. We see seasonal influx in staff. We make decisions around seasonal impact of staff and we employ casuals for those periods. To say 'Has it hit its level?' - I think it's at a satisfactory level. I would like to make that decision when we do our budget planning for the next budget period.

Ms WEBB - Right. It's just it seems a big jump, 108 to 199.

Mr FLAMSTEED - It is 180.

Ms WEBB - Oh, 180. That's where I was confused, then, thinking it was 108, thinking goodness gracious, what's happened.

Ms OGILVIE - It's an increase of 19.

Ms WEBB - I appreciate that.

Mr O'BRIEN - I think probably a modest increase would be the answer to the point you're making. We're 7 per cent down on pre-COVID visitor numbers. We would expect that hopefully returns - and the main difference in that number is international visitors. That's where the void is. Domestic visitors are actually over-delivering compared to pre-COVID.

Ms WEBB - I know there were some issues around, or some challenges in recruiting some key roles in recent years. You did some recruiting in from interstate and had some people who were in fact-based interstate and working into the site on a part-time basis by the sound of it. Is that still the case? I think that was your people-and-culture lead role, that particular one that was discussed previously. Is that the situation that's still there? Is that an arrangement that remains?

Mr FLAMSTEED - What I'd like to start answering that question with is when we employed the manager of people and culture, he and his wife moved to the Tasman Peninsula and lived on the Tasman Peninsula. Some personal impact on his family life made him make a decision. We sat down, we reviewed that impact on his output and we made a decision to actually have him working both in Canberra and in Tasmania. What I'd like to really recognise is when we engaged the manager for people and culture, he was the most suitable and most employable person within our recruitment process. He's doing an excellent job.

We're going through a really unique time post-COVID. We need a high level of expertise within the people-and-culture space. We interviewed both people from Tasmania and not from Tasmania. We had an independent recruitment process with external agents within that process as well. I'm satisfied that we met those requirements. I'm very much satisfied that he's right person for the job.

Ms WEBB - Given that's a pretty crucial role - people and culture lead. How are you ensuring that your workforce is appropriately supported in that area? And can most readily access support they need in that area, flowing down from that lead role, given somebody who's not there all the time?

Ms OGILVIE - There's two parts to that. Firstly, the operational aspects, which I'll ask you to speak to, and then I might speak more broadly about the work we're doing at government level.

Mr FLAMSTEED - Minister, I'd firstly like to recognise that workforce and recruitment is a really challenging environment at the moment, especially in people and culture. We have throughout the process of my time being here in the two years, had to make decisions on how we actually recruit for that area.

One thing that's come out of COVID is our ability or any organisations ability to manage communication both digitally and in person. We have a key executive like myself and other

executives that live within Tasmania or Port Arthur that I do, that have the ability to monitor staff where appropriate. But specifically, for the people and culture role, there is a consistent level of communication that I've witnessed between staff members on the Tasman Peninsula within Hobart and the manager of people and culture when he is not in Hobart or on the Tasman Peninsula.

He's here for a minimum of one week per month and generally, two weeks per month.

Mr O'BRIEN - Can I add to that just from a board point of view. The board has oversight of that arrangement and monitor it pretty closely. And I think to answer your question about how do you be sure that it's effective. We've KPI set against that area that range from delivery of technology that is transitioning us to be a self-service. Employees can go into a system and change their own address, bank or all those sorts of things which was not being necessarily a person to person thing is really important for us to move forward within the authority.

There're those aspects of it and also aspects of WHS which comes under Steve's purview. We've seen a halving of the injury rates, which aren't high, but we've seen a halving of it and he's overseen, I think it's 140 odd training sessions for Workplace Health and Safety. There're the things that we get visibility over the board area, supports what Will said, in terms of Steve as an outstanding people and culture manager and that's important for us.

Ms WEBB - Do State Sector Survey results sort of bear that out? Is that something that questioning in that survey can identify whether people feel appropriately supported and that's working well?

Mr FLAMSTEED - Just prior to that, I want to recognise a few things about that. The State Service Survey is data generated on an annual basis, and it's a unique bit of data in itself.

To recognise whether you think people feel they are supported in that process, there's some great numbers out of this Tasmanian State Service State survey. There were 81 per cent of staff reported they're aware the agency has policies in place to report improper behaviour, small reduction of staff, in the number of survey participants recognise we're engaging with our staff really well.

We've put into place some really good feedback on our staff access to flexible working arrangements, that's really been taken up well. They recognise we're a good place to work. They've recommended through that. They are proud to tell others they work for PAHSMA and they recognise that PAHSMA motivates them as a worker to achieve their objectives.

Ms WEBB - When you're reading those out, because you're not associating any particular percentages with them. We just take that you're in the positive end of the spectrum in terms of your results in those against those criteria.

Mr FLAMSTEED - Yes. We do recognise that culturally we're evolving as an organisation and not something that will change overnight. That's something that we are and the board has invested a lot of time and energy into doing that.

We're in the process of rolling out a culture road map to enable us to do that. Some of the key parts to that is the ability a staff-led process of reviewing the values of our organisation, built up from the start. We have a number of - we've engaged a group called Steeple Tasmania

to understand how we can engage better with the staff and how they're feeling. That's led through a lot of one-on-one interviews and group sessions. We're engaging our leadership team, which is more than just the executive, but our middle managers as well, to understand how they can best support their staff. We're implementing another number of things, recognising that we are on a journey as an organisation.

Ms WEBB - What's prompted that suite of measures that you just described? They sound really positive. Is that something that's come about in recent times because of a piece of planning or is that part of an ongoing suite of arrangements?

Mr FLAMSTEED - You can start because it's before my time.

Mr O'BRIEN - Back in 2018, the survey prompted the then board, which was in the months before I joined, to undertake what's called an organisational transformation review, which was to look at the survey results and set a path for improving them in key areas. The authority invested in a provider to help us with that. There are a range of things that were put in place, such as pulse surveys, so we weren't relying on the once a year TSS survey to give us an indication as to where things are going. If you look back historically at the TSS survey, you'll see the difference between 2018 and 2020 was a significant improvement in virtually all of those numbers. So, the investment that was made at that time was seen as being positive. We then had COVID land on us and we had the site shut for a period of time. Then we had three years of, I think it was 25 per cent visitation, 48 per cent visitation, so the site was effectively shut or fractured. You look at the results in 2023 and they were back to where they were in 2018. We've recommenced that process, if you like, with a different provider, but we're seeing the same early results. It's all about people feeling supported and part of a team. COVID ripped that apart for us, the momentum that we had. The evidence of that is in the surveys, if you look back at the years.

Ms OGILVIE - If I could wrap up all of that, from a government perspective we are really aware that we're dealing with an organisation that could be seen as a bit remote from Hobart, but also has a number of sites, so that digital communications piece is essential. This hybrid or flexible working model is something that I think we're all dealing with in our offices, across organisations. This is an example of what is a legacy organisation that's gone through a number of challenges, including pandemic, and keeping that team together - is a good example of how to do it.

For the record, I also want to say the information I have is that Mr McLean is required to be present at Port Arthur for one week per month. Yet, with a review of those arrangements, he recognises he is spending up to two weeks per month in Port Arthur and Cascades Female Factory. The current working arrangement is viewed as being suitable to the organisation's output. Currently, we're of the view that the teams and the digital communications work is working effectively.

Ms ARMITAGE - Minister, on page 4 of the annual report it states that monitoring of the Port Arthur site identified it is deteriorating at a faster rate than anticipated, with some elements now being at critical point of failure. Can you elaborate on this more? What exactly is deteriorating and what has become critical?

Ms OGILVIE - I think that one would be for the chair.

Ms ARMITAGE - I have some other parts. Unless you want me to go through the whole lot. Are the elements in critical need of remediation going to cost more than they would have if they had been identified earlier? What's being done to make sure deteriorating elements are picked up on and actioned before they reach critical levels? Do any of these deteriorating elements pose a risk of harm to PAHSMA staff or the public? On a different slant about the same area, how far do you go, as every time you improve something you take away from part of its original history? I guess it's a bit of a difficult situation there.

Mr FLAMSTEED - What a wonderful way to finish that question. Before I start to answer the question, I want to recognise the approach that we're on at the moment. Strategically, we're evolving as an organisation and part of our strategic plan is putting in place foundation projects and foundation policy and strategy that will enable us to make really clear evidence-based decisions. One of those pieces, or one of those documents is our Draft Heritage Management Plan, which is the plan that we use or the strategy that guides us to make decisions and how we conserve our sites. So, when you say, how are we going to make that decision or whether or not it is degrading at a rate that's greater than not, I think we need to recognise that we are managing historic buildings that were built 200 years ago -

Ms ARMITAGE - And it needs to remain historic rather than look -

Mr FLAMSTEED - Yeah. So, we have an annual maintenance program that we deal with and an annual monitoring program that we do for all of our sites. Specifically, when you look at - and one thing that I'd like to just recognise is, one of our major heritage assets is the penitentiary, which you see on the front of our strategic plan. In the past 12 months, part of the fabric of the clock tower was loose and fell to the ground. We found that in a timely manner. We recognised a couple of things, the safety of our staff and our people, and also the safety and management and maintenance of that asset. We cordoned off the area. We then spent time analysing what the problem was and really understanding what we needed to do to be able to ensure that we would conserve that site and that asset as best as possible. It doesn't help that we have Tasmanian sandstone that isn't of the level of quality that we would normally have. It doesn't help that the bricks that were made by our convicts back then were probably not kilned to the right level, or that the mortar that they used didn't have the right level of grit in it, all of that sort of stuff, so -

Ms ARMITAGE - That's all soft.

CHAIR - They did a pretty good job without -

Mr FLAMSTEED - But again, I was going to say -

CHAIR - I wish I had a house that lasts 200 years.

Mr FLAMSTEED - It's still standing - 200 years later, it's still standing and that's one of those things that we're really proud of. How we manage it, is guided by evidence and by how we make those decisions. If we, - our review and understanding of that site, you would also note that every 10 years an asset like that needs a level of support that's greater than its annual support and maintenance that we do. Ten years ago we had some geotechnical work done on the same building that enables it to actually stand after climatic impact through flood damage. That's going to be ongoing. We're going to need to continue to do that into the future.

Mr O'BRIEN- Can I -

Ms ARMITAGE - Yeah.

Mr O'BRIEN- Can I from a board point of view answer you?

Ms ARMITAGE - And budget's always an interesting - yes, yeah, absolutely.

Mr O'BRIEN- That's where I was going to go. So, I think that Will's proudly holding up the heritage management plan. The second part is the -

Ms ARMITAGE - But there's the cost associated.

Mr O'BRIEN - That's the appendix, the second part - very technical and the experts have done that. The thing to note is that is the first time that's been updated since 2008, so - and it's required an enormous amount of work both from in-house specialists and external resources as well, so there's a cost to that. The other document that William referred to is an asset management plan and that, I think, is where you were going because that asset management plan identifies all of the assets, the buildings -

Ms ARMITAGE - The critical elements of the remediation, yep.

Mr O'BRIEN - The critical elements, and it projects the cost and the level of maintenance that needs to be applied to those. So, it's absolute visibility for the next kind of five to 10 years on what we're going to need to do to preserve. The other question that was touched on is the extent to which you try to keep them in their current form or you allow them to deteriorate because both are kind of part of the World Heritage listing. It doesn't say that you have to keep it exactly the way it is or make it the way that it was. Managing it through its age is another way of doing that. That's not our preferred option, obviously, but from a board point of view, visibility on upcoming costs and the priorities within the assets are laid out in the development of the asset management plan. I'm really proud of the team for their development of the asset management plan and the heritage management plan because, from a board point of view, it gives us sight moving forward as to what we need to prioritise and what we need in terms of funding.

Ms ARMITAGE - It probably does lead on to another question if that's all right, chair, with when you're talking funding. My understanding is, is there \$1 million left from the previous government money?

Mr O'BRIEN - Yes.

Ms ARMITAGE - So, what is likely - obviously, are government likely to provide more or will fees be going up? Because I guess it's really difficult. We know cost of living's not easy and something like people going to Port Arthur. I took my family there last year from Western Australia. You do take tourists there or people that are coming over, but is it harder for locals to actually go? What is the likelihood? Will the government or have discussions been had obviously with the government about extra funding, particularly with remediation and the money that's going to cost or will it be putting fees up? It's all a bit counterproductive isn't it? You put fees up, you have less people coming in.

PUBLIC

Mr O'BRIEN - The key to that of these that I've just spoken about, the heritage management plan, the asset management plan, because it tells us what we're going to need.

Ms ARMITAGE - And the minister, obviously with money.

Ms OGILVIE - I don't have all the money.

Mr O'BRIEN - We get just over \$4 million from government and we are greatly appreciative of that, of course. We spend just over \$10 million on conservation and infrastructure projects. The funding for that comes from visitors and those sorts of things. There is a tipping point where visitation becomes impacted by increasing entry fees, but that's one of the things we're staring into at the moment.

One of the things that's really helped us has been the money that's come for the water and sewerage, that's going to be a positive material impact on our bottom line. The numbers that are currently in the corporate plan are changed materially by that.

Ms ARMITAGE - Isn't that nearing the end, the water and sewerage?

Mr O'BRIEN - No, we just started.

Ms WEBB - Is this the \$16 million?

Mr O'BRIEN - Yes, the 16 will be spent over the coming years as we upgrade the water and sewage treatment plant.

Ms ARMITAGE - Yes.

CHAIR - All that money won't all come at once though.

Mr O'BRIEN - It's spread over two or three years?

Mr NELAN - Over three years. We get it in two payments over two years, but the project ends in 2027-28.

Ms ARMITAGE - Do you get any federal funding? Particularly with remediation for the building? I just think with election coming up next year.

Ms OGILVIE - That's the gap, right? I can speak to that if you like.

Ms ARMITAGE - Yes, do you actually seek federal funding?

Ms OGILVIE - There is a plan to seek federal funding and I think it's a World Heritage listed site. It's incumbent upon federal government. Tanya Plibersek happens to hold the relevant portfolio. We really do need to see the federal government step up for this site. It's essential we put in.

Ms ARMITAGE - It's a national treasure, isn't it?

Ms OGILVIE - Absolutely, its core to who we are as Tasmanians, New South Wales and settlement and all that whole history of Australia. It's really important. In November, we worked with PAHSMA to develop an advocacy strategy and in particular to develop a position in which they approached both us and the federal governments for funding. We've gone down the path of the \$16 million to fix the water and sewerage, which helps on site, of course, for people who are visiting the peninsula and staying over and it is such a key asset. Theory being of course if we can alleviate some of that cost, there's more in consolidated revenues.

CHAIR - Through TasWater? Are they putting anything in.

Ms OGILVIE - They don't own it. We're getting it ready and shipshape, because I would like to see that asset go across to TasWater. I think it's fair for me to say that. It needs to be in a good state for that to be transitioned, but that's where it should sit. Those conversations need to be had. That's a strategic investment in that area. In relation to the federal government funding where we do need and want that, we have been and PAHSMA has been with our support seeking \$22.9 million from the federal government to future proof particularly the Penitentiary.

Ms ARMITAGE - Remediation work.

Ms OGILVIE - Which you've heard is in some fairly serious need of assistance. There's climate risk mitigation at \$5.8 million, essential conservation and maintenance works of fabric and structure, \$15.1 million and improved access to an interpretation of the Penitentiary of 2.72. We've written to minister Plibersek seeking that funding of \$22.9 million. I'm not sure whether we've had a response as yet, but again, federal election coming up, One voice. Let's see if we can get that money.

CHAIR - I had a supplementary from Ms Webb and then Mr Edmunds.

Ms WEBB - To clarify the \$16 million a little bit more, two payments over the period of time, it's going to be a project. Is that going to be enough to complete that project? Is it also in some sense alleviating other financial matters at the same time and if so, how?

Mr FLAMSTEED - Your first question, is it enough? I suppose we want to recognise the work that TasWater did on the analysis of our water and sewerage and also some independent work that we had on our water and sewerage. \$16 million will get our water and sewerage treatment and servicing to a satisfactory level. That satisfactory level would be at a level that would be interesting for TasWater to take over. Is it top line? No, it's not, but it will get it to a level that is ensuring that it will be maintained into the future.

Ms WEBB - It will get it to that level and then the idea was it potentially transfers to TasWater who then presumably come back and charge PAHSMA for ongoing maintenance, use and whatnot.

Mr O'BRIEN - Correct.

Ms WEBB - And that's an arrangement that will come out positively for PAHSMA, is it?

Mr O'BRIEN That's the plan.

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Mr FLAMSTEED - That's the plan. If I can recognise too that we are a unique GBE, and that's key to any government business enterprise. We are specialists in the management of heritage sites and the interpretation of those sites.

CHAIR - Not water and sewerage infrastructure.

Mr FLAMSTEED - We are not water and sewerage managers. That's the key to this. We do our job. I'm proud of our team and what we do on a daily basis with that.

Ms OGILVIE - Absolutely.

Mr FLAMSTEED - To enable us to do that better, to have that weight on our shoulders of water and sewerage taken off would be a great result.

CHAIR - How did it happen that it was left out of the original transfer?

Ms OGILVIE - I don't know the history of that. I do have quite a lot of information.

CHAIR - I should know because I was here, but I'm not sure. I don't represent that area. Somebody overlooked that one.

Ms OGILVIE - I think I can help with that. I have some details here. Following the 2007 - does that sound like the right era - state government decision to transfer all local government water and sewerage services to four new regional corporations, it was understood by PAHSMA this would include the Port Arthur infrastructure. The transfer did not occur despite continued discussions with Southern Water, with attention being given to the establishment of an acceptable service agreement. In July 2013 discussions recommenced with TasWater following its establishment. In 2015 have progressed to an agreement to undertake a due diligence study. The TasWater board then imposed a five-year moratorium on takeovers of any additional infrastructure from private water and sewerage operators.

Since the moratorium, PAHSMA has made substantial investment into upgrades that we've spoken about, both water and sewerage plants, to ensure they meet all environmental - thank you, Minister for the Environment as well - and human health requirements under existing agreements and permits. An audit consultant engaged confirmed that the STP had a limited lifespan up to 10 years, a matter of concern for both the Tasman Council and state government for obvious reasons, given its importance to the region. In February 2020, the TasWater moratorium was removed. Tasmanian Government budgeted \$500,000 for TasWater to progress feasibility to upgrade the site. Feasibility was completed and it was determined upgrades were required. That's why we're now at the point of bringing the plant up to an acceptable standard.

CHAIR - TasWater already knew that, so they shouldn't have taken that \$500,000. They should have put it into the works. That's my comment.

Ms OGILVIE - That's a personal view. I'll take that as a comment.

Mr EDMUNDS - My question's in a similar vein. When I hear about a heritage GBE trying to build a water plant, it sounds a bit too much to me like a transport business building a port.

Ms OGILVIE - Oh please, no. We're in a different realm.

Mr EDMUNDS - What was the engagement with TasWater around this? Is there anywhere we can find a role for them to have done it, or does it have to be done through you guys?

Mr O'BRIEN - I think because we're the owner of the asset at the moment and there is an immediate need - is it 3000, and the capacity of the plant butts out at that level? We would have to close the site if we get more than x number of people on the site. There is an immediate need to all of this for us to upgrade and to be absolutely confident about the quality of the water that's available onsite, and to the handful of other sites, like the hotel and campsite that also take the water. There's an immediate need for that.

Our strategy has been to get it into the hands of TasWater as soon as we can, but recognising the cost to them. As the minister said, there has been a moratorium on those sorts of things. The strategy is to get it up to a level that is not necessarily at TasWater level - they'll need to come in and put their bells and whistles on it - but I think it is substantially more appealing, I would think, to them to take that on than it was previously. The cost benefit that was alluded to before is also helpful to us. At the moment there's a risk. That risk is now being managed through the granting of the \$16 million.

Mr EDMUNDS - Has TasWater shown any interest in any oversight of making sure that what you might hand over to them is fit for purpose?

Mr O'BRIEN - Yes. They did their study. We've been using a local contractor, pitt&sherry, who have been guiding us to create something that in their expert view is something that TasWater would be able to easily take on.

Mr EDMUNDS - They do work for TasWater as well, so there's some comfort in that practice?

CHAIR - Is it pitt&sherry who will undertake the works or TasWater? Who's going to undertake the works?

Mr O'BRIEN - It will be pitt&sherry directing contractors to undertake this initial work for the \$16 million.

Mr FLAMSTEED - To add to that, any level of procurement or contract management like that would go out to public tender because of the size of the contract under what we do. Pitt&sherry are great advisers for us. They're certainly giving us some really strong direction in that area.

Ms OGILVIE - I can add a little bit too about how the project is going to roll out. I think it leads to the point that you were making which is I believe everybody agrees and accepts that -

CHAIR - We might come back to that if we have time, minister, if there's an urgency and it's clear that it's under control.

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Ms OGILVIE - Sure, that's fine, minister. It leads to TasWater. We are on it. I was going to say something nice about you.

Mr EDMUNDS - I want to ask you about the penitentiary as well, if that's alright? What's the time line on that work in terms of when it will be open again?

Mr FLAMSTEED - It's open.

Mr EDMUNDS - Is it fixed?

Mr FLAMSTEED - No, it's not fixed. What we've done is identified the size of the problem and now we have to work out a way to fund the problem; how to fix the problem.

Mr EDMUNDS - Oh, right, so you need -

Mr O'BRIEN - The area around the clock towers still has got -

Mr FLAMSTEED - It's partitioned off. It has a level of interpretation. Again, one of the really interesting things of our space - a partition is as much an interpretive piece on a historic site as the ability to walk through it. It can tell a story about why we are conserving or having to close off that area.

Mr EDMUNDS - So, there's no real time line on when that would come off?

Mr FLAMSTEED - It's not greatly impacting visitor access to the penitentiary. We still have raised walkways and areas that they can visit around the site.

What I want to really focus on is our need for that \$22 plus million to ensure that we can get the work done. Part of that is the advocacy that we're talking about. For it to happen as soon as reasonably possible, yes.

Mr EDMUNDS - But you need the money.

Mr FLAMSTEED - If we don't get the \$22 million, we need to consider then as an organisation in business, how do we manage that? We've got the cost of doing business going up on a monthly basis. We need to then make different decisions as an organisation in our future.

Mr O'BRIEN - I think the thing to recognise about the \$22 million is that that's not that's all required on day one. There's a staging over number of years.

Mr FLAMSTEED - It's a staging.

CHAIR - I suggest you get a commitment straight after. Don't ask for bits and pieces.

Ms WEBB - Just to clarify in the first instance, are we still in stage 1 of your strategic planning, initiate and enable phase? You've just mentioned and ticked off some projects from that phase. You mentioned earlier organisational things around your digital strategy and workforce; the Heritage Management Plan you've shown us there; the Asset Management Plan. The Interpretation and Experience Plan and the Financial Sustainability Piece Plan which is

linked to a commercial plan - are they still in train and are we still in stage 1 or have we moved to stage 2 yet?

Mr FLAMSTEED - We're still in stage 1. As you might imagine with the strategic plan, it's a five-year road map of projects. Stage 1, we expect to take a few years to do that. When we presented the plan, it wasn't a straight line, it was a squiggly road map because we're always going to run into things that might change how we deliver.

We've delivered six to seven projects, depending on the timing, how you look at it with this scrutiny, that are complete. Grant mentioned before about projects we're doing to enhance the satisfactory workplace for our workers around digital systems for a payroll and rosters and things like that.

Ms WEBB - Sure.

Mr FLAMSTEED - They're just as part of our strategic plan, and just a part of our cultural revolution.

Ms WEBB - As well as building the tangible, practical systems for that, the digital systems, do you also have to build capacity in your staff to operate those systems?

Mr FLAMSTEED - Yes, absolutely.

Ms WEBB - Is that a piece that you do alongside - actually installing those systems?

Mr FLAMSTEED - Yes, it is. I touched on this before - we have change leaders within our organisation and values leaders within our organisation. There are staff members that enable our staff to look in the way that we want them, to evolve, to enable them to succeed at their work. We have change leaders that are helping people within the organisation with that digital transition.

Ms WEBB - Thank you. In relation to the Heritage Management Plan and the Asset Management Plan, the questions I have probably relate to what's in there.

I'm interested in whether, I know in times past there's been discussion about building a collection store on site, and I'm also interested in digitisation of your collection. Can you give me an update on those elements and how that's going?

Mr O'BRIEN - I'll do the collection one. It was more than 12 months ago, I think, when the board considered building a new collection store. We have a collection store, but there was an opportunity to build a larger one and bring the collection together. We're not a big organisation, so we have to be really careful and choosy about where we put our capital and where we spend our money. At the time, that wasn't seen as the top priority for us. It's not slipped off the drawing board, it's just not -

Ms WEBB - Is it in one of your plans?

Mr O'BRIEN - Yes.

Ms WEBB - What's the expected time line then - acknowledging it's not your top priority - but where have you got it pegged?

Mr O'BRIEN - Yeah. I couldn't tell you off the top of my head where it is, but it's part of what's in that book. It's not imminent. It's not in the next year or two.

Mr FLAMSTEED - Can I just add to that? It's something from an organisation that is focused on the preservation of our sites. We generate, as I said before, around 70 per cent of our own revenue. We have to make decisions annually about what we prioritise as an organisation, and with the cost of conservation increasing greatly post-COVID, we have to make decisions in different ways.

Our collections are safe. There's no question whether or not our collections are being impacted. Whether or not we need a new building put in, that's the question I think we need to look at.

Just to add on that, with the digitisation of our collection, yes, it is a current project, and it takes time. Where possible, we work with Tasmanian Archives to enable that process even further, but it does take time.

Ms WEBB - It is actually in train right now?

Mr FLAMSTEED - Absolutely. Happening on a daily, weekly basis.

Ms WEBB - Okay. Noting again, it's unlikely to be your top priority, but it's really positive to hear that it's in progress. What is the time line, going ahead, to completing that project?

Mr NELAN - Well, the resource centre sits under my department. There is a very small team of two there and one of those, who's a volunteer, has just completed digitising a lot of the CDs. He's now going on to VHS, if anyone can remember that technology, digitising that.

We actually have an online database where you can access these digitised records.

The digitisation of the convict records was a major project - thousands and thousands of convict records being digitised. That work is ongoing. Is there a time frame for completion? No, because it's very difficult to predict how long something is going to take - to digitise a wall of VHS tapes.

Ms WEBB - Noting in stage 1 of the strategic plan, you have point 5 - Financial Sustainability, and it refers to your commercial plan. Across in Current Projects, the commercial plan seems to be focused on reviewing and upgrading food and beverage offerings. As you said, you need to generate a great portion of your income. Presumably, this is an area that you're anticipating you can improve how much you're generating in that space.

What are the initiatives that you're looking at to improve in that space?

Mr FLAMSTEED - As part of the strategic plan, we engaged external industry specialists to understand what our food and beverage offer is currently, or was currently at the time, and then what we needed to do to enable it moving forward.

It's an interesting site, Port Arthur. We have peak periods and then low periods. It does tend to go up and down. What our food and beverage expert looked at was, how do we manage volume, how do we manage visitor flow, and are we presenting a food and beverage experience to the consumer that's meeting their expectations?

We've invested - prior to Christmas, to our peak period last year, we implemented an upgrade of our main cafe area, which enabled visitors to better move through that area, for us to manage volume better. We looked at efficiencies in our back of house - practically, how do we make sandwiches? Are we making sandwiches in a way that actually meets the volume output that enables us to make a profit on this?

Ms OGILVIE - Well-run business.

Mr FLAMSTEED - Results are good. Our yield increased in that peak period. The things that we are doing active - it's not finishing. We're still looking at further ways that we can better commercialise our site. We need to make decisions. You might notice in the strategic plan, one of our key decision-making criteria lenses is, 'Is it commercial?' Does it have a commercial nature to it? We say not everything needs to make money, but we can't lose money. We don't have enough money to lose. We're making different decisions around that.

Other works that we're doing in there is also looking at our future sustainability and financial sustainability - understanding what that full cost of conservation is. We're using a heritage management plan, or asset management plan, to really understand what funding we need for the future so we can then better budget and understand what - those minimal levers, that we can pull in things like food and beverage that enable us to make more money.

CHAIR - The question around the lease arrangements for the ferry for the Isle of the Dead: they're firmly in place. Is that something -

Mr O'BRIEN - It's a long-term lease. David, you're probably best to -

CHAIR - No issue around that? It's a key part of the experience.

Mr NELAN - Yes, the relationship with Port Arthur Cruises extends 40 years with the site. There is a lease in place that has options for extension based on whether a new vessel is presented. The details of that are probably commercial. The agreement exists at least until 10 June 2027.

CHAIR - Right, thank you. You did already - or somebody has touched on the fact that there has been an increase in cruise ships. I'm wondering - the Hong Kong, the Chinese market, are there any numbers of increase in there? I know that Tourism Tasmania has put some effort into heading over there. I'm interested in whether we're getting any return for their effort.

Mr O'BRIEN - It's slow. The return of the Chinese market is slow. We've seen US and UK markets step up to take some of that slack, if you like. It's envisaged that it will be back, and back as strong as it was, but it's not yet. That's not something that's unique to Tassie or to Australia. That's a worldwide effect of the Chinese view on outbound tourism at the moment.

Ms ARMITAGE - I noticed on page 24 in the report it mentions the visitation to the Port Arthur site is 2 per cent below budget, which is not too bad. The Cascades Female Factory is 12 per cent below expectations. I'm wondering what's being done to improve this in coming years. I note the report states that rebranding initiatives were deferred. Can these be brought forward? What are you looking to do to bring the Cascades Female Factory visitation up? I mean, 12 per cent is considerable when you think - 2 per cent is okay, it's cost of living, but 12 per cent is a little higher.

Mr O'BRIEN - For all tourism-based businesses it's been a bit of a lottery to predict budgeted visitor numbers. Now that it's getting back to normal, I would agree with your comment. We probably should have been closer to that number. Some of the things we're doing - and I'll get Will to talk to them, but so far this year we've seen a real increase in the number of cruise ship visitors who have been making their way to the Cascades Female Factory. That's something that wasn't done to its fullest extent previously and has been an initiative - Will mentioned the - I always get the name wrong - a new and improved experience for visitors as well for there. We have a new manager in there as well who I think is making a very positive contribution. So add whatever you need to.

Mr FLAMSTEED - I think you've covered it pretty well. We're now actively marketing to the cruise market, which we didn't do before. We're actively advertising into the South Hobart and Hobart community through our community advisory committee, of which we have one at Port Arthur and one at Cascades. We're actively engaging in ways that we can engage with our community on that site. A great example is during Histories Month, a few months ago, we had a community event there that brought together 200 to 300 people to sites that enabled them to understand their connection to that site and their convict background. It was a real success.

Ms ARMITAGE - That was great. I remember that.

Mr FLAMSTEED - It was great fun, but we're trying different things. It's not just a tourism site, the Female Factory. As is with the Port Arthur site, they're community sites as well, and our engagement with the community is just as important, or more important, than the visitor who comes. The visitor generates the funds - that's great, but our engagement with community is important.

Ms ARMITAGE - Parking is always difficult, I find, at the Female Factory, whereas I guess if they've got tourists, they're coming on a bus. Is that how it works? You actually have them 'delivered' there?

Mr FLAMSTEED - I'll ask you next time you're driving around Hobart and you see one of the Red Decker buses, the advertising on the back of the Red Decker buses is for our 'Notorious Strumpets and Dangerous Girls' experience. That is a great example of how we can bring people to the site in a different way.

Ms ARMITAGE - The bus could actually -

Mr FLAMSTEED - They do already.

Ms ARMITAGE - Oh, right - because I found trying to park there is not easy.

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CHAIR - The last time we visited.

Ms ARMITAGE - Yes, it was difficult.

CHAIR - My question is about - there's no current borrowings, but I did note that the borrowing limit's being reduced from \$12 million to \$5 million. Can we have some indication of your suggestion? The minister's suggestion? Somebody's suggestion?

Mr O'BRIEN - Dave, do you want to take that? You had the conversation.

Ms ARMITAGE - Your suggestion, Dave?

Mr NELAN - Yes. The capacity for PAHSMA to borrow is dependent upon the capacity for PAHSMA to be able to meet the interest and repayments of that borrowing.

CHAIR - Doesn't always happen with other GBEs, but anyway, keep going.

Mr NELAN - No, we're a good GBE. We are very responsible in that.

CHAIR - We don't know about ourselves.

Mr NELAN - The Board of TASCORP look at our requirements every year and they move our level borrowings based on what they think our capital projects might be where we may need funding. They have concluded, prior to the announcement of the water and sewerage, which we would not want to fund through debt, that we didn't need a \$12 million facility. We're not going to use it. So they've adjusted it to \$5 million.

CHAIR - You don't get a lot for \$5 million these days, though. Anyway, if that's what you and TASCORP have decided, who am I to question that? Thank you.

Ms WEBB - I'm sure you rely on a lot of visitation from self-drive people visiting the state, coming over on the ferries. Given the delay in the new ferries, have you had to readjust any forward projections because of now understanding those delays?

Mr FLAMSTEED - Yes.

CHAIR - The answer is yes.

Ms WEBB - Can you give me some detail around that? What impact have you had to quantify that having and then readjust to?

Mr FLAMSTEED - If we just put it in the context of time, we're in our early stages of developing a 2025-26 budget. We now understand that there's a reduction of self-drive, like you said. That will enable us to adjust our 2025-26 budget and future budgets to do that because I think we've said it was 2028 before we get those boats. It does have an impact. It means that we will also need to consider our workforce, how we invest in conservation, the ability to generate revenue when we recognise that we've got a cost of conservation going up on an annual basis. They're the sorts of things that we need to make decisions on. Yes, it does impact.

Ms WEBB - Can you put a material figure on the 2025-26 difference?

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Mr FLAMSTEED - No. I can't, because -

Ms WEBB - You hadn't done a forward projection based on expecting them to be in place and now adjusting?

Mr FLAMSTEED - No, not yet. I think it would be challenging to do that at this point in time, because we are at that point in our budget cycle - we are making decisions about key levers or key projects.

Ms WEBB - Sure, but you're recognising that it's material -

Mr FLAMSTEED - We expect it will be material, yes.

Ms WEBB - It's something you'll need to adjust your thinking on and planning on.

Mr FLAMSTEED - Yes. We expect visitation to be lower than what we might have budgeted in that same period.

CHAIR - I might just do a supplementary. Operating costs of your budget, they were 48 per cent in the previous financial year, they are up to 50 per cent. Is that part of that answer that you just provided to the member for Nelson around your numbers and, effectively, that might even be more next financial year because you might not have as many visitors to the site?

Mr FLAMSTEED - Quite possibly. David, I am happy for you to expand on that.

Mr NELAN - Yes, operating costs, particularly in the conservation space, materials, all those sorts of things that go into projects -

CHAIR - It is everything.

Mr NELAN - And wages go up 3 per cent plus.

CHAIR - Do they? Wow.

Mr NELAN - Yes. Under the State Service Award -

CHAIR - Not ours. You don't have to worry about that, David.

Mr FLAMSTEED - and general cost of living. General cost of living is going up right across. We have a number of different external impacts that we do not have the ability to manage. We have to make decisions on those as best as we can.

Ms OGILVIE - Chair, I want to check in on time. There is a just a little thank you I would like to make to the team.

CHAIR - We have one more question and then you can do your thank you.

Ms OGILVIE - Just lead me in, thank you. It is just a minute.

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Ms WEBB - Sure. It will just be a little one and this is a really practical one about the offering on site. Has there been there been a change in what you get for your entry fee? I am asking specifically - I have been given to understand it used to include a walking tour and that now it doesn't include a walking tour. Have we made adjustments like that and has that been a result of having to constrain our offering to help meet costs?

CHAIR - There is a picture of a walking site.

Mr FLAMSTEED - We have many tours. Guided tours is a key experience that you can do at both of our sites. We talked about notorious strumpets at the Female Factory, but we have a number of different tours, whether it is to the Isle of the Dead, the Commandant Stuart, et cetera, et cetera. They are a great way for us to engage with our audience and our visitors, where they are paying. We had a free tour. We analysed the impact of that free tour, then understood - looked at what our visitor was experiencing and wanting. We did a review of that and recognised that those guided tours or the guide doing those tours might be better positioned either doing paid tours or what we call on-site talks - site talks, sorry, excuse my memory. Where there are at specific areas around the site and they give small encapsulated 15 to 20-minute talks about the penitentiary or the commandant's house.

CHAIR - Rather than a two-hour one.

Mr FLAMSTEED - Rather than, let's take you for a 45-minute tour or a two-hour tour and do this. It has done a couple of things. It has stopped congestion at that point of entry to the historic site. The feedback that we are getting from our visitors is that they are having a far more fulsome experience and it enables them to self-guide and enables -

CHAIR - More options.

Mr FLAMSTEED - More options to do -

Mr O'BRIEN - And research-based decisions. We heat-mapped the site so we could see where people were going before and after. As Will said, what's been the result is people getting a wider experience.

Ms WEBB - Thanks for the explanation, I appreciate it.

CHAIR - Yes, thank you. A good practical question. You have a thank you, minister.

Ms OGILVIE - I do have a little thank you.

CHAIR - For the committee?

Ms OGILVIE - Of course, start with the committee. I sense that that was a cheeky question.

CHAIR - No, no.

Ms OGILVIE - However, I do. I want to put it on record and this is the appropriate moment to do it. I give my thanks to the entire PAHSMA team. I have visited many times and

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it is incredibly well run and I think the success of the organisation is down to the people who we have running it. In particular, Grant O'Brien who has shown such leadership and good steerage at the helm for so long of this really iconic Tasmanian venture. We are very grateful and we wanted to say thank you for your efforts and to have that on the record. Thank you, so much.

CHAIR - He is not leaving the position, I hope.

Mr O'BRIEN - Yes, I am.

Ms ARMITAGE - The term is up, I noticed.

CHAIR - Oh, the term is up?

Ms ARMITAGE - I didn't know if you were reapplying.

Ms OGILVIE - I tried.

CHAIR - On behalf of the committee, we certainly extend our thanks and acknowledgement as well, of your leadership. To all the team at PAHSMA, it is a really important, iconic feature in the Tasmanian landscape. We are certainly aware of that and acknowledge that.

We would also like to place on the record our public thanks to our esteemed secretary, Simon Scott, who is going to be moving. He is not moving from the Legislative Council, just moving from this committee secretary role. We are going to welcome a new secretary in the new year. This committee has been ably supported by Simon and we are very appreciative of the work he does. I want to acknowledge that publicly.

Ms ARMITAGE - I'm sure he's going to miss us.

CHAIR - Again, thank you all. We wish you all a happy and safe Christmas and extend our best wishes into the new year. The committee always has an opportunity to invite you back sometime.

Ms OGILVIE - Always happy to come.

CHAIR - Thank you, Lesley, for your work this afternoon. We will conclude today's broadcast.

The witnesses withdrew.

The Committee adjourned at 4.52 p.m.