

HOUSE OF ASSEMBLY

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE

Tuesday 30 November 2010

MEMBERS

Ms Archer
Mr Hidding
Mr Morris (Chair)
Ms White (Deputy Chair)
Mr Wightman

SUBSTITUTE MEMBERS

Mr Brooks
Mr O'Halloran

IN ATTENDANCE

Hon. Lara Giddings, Minister for Infrastructure

Ministerial Office

Ms Jessica Radford, Adviser
Ms Denise McIntyre, Adviser

TT-Line Company Pty Ltd

Mr Denis Rogers AO, Chairman, TT-Line
Mr Charles Griplas, Chief Executive, TT-Line
Mr Kevin Maynard, Company Secretary
Mr Scott Hadley, Chief Financial Officer

The committee met at 2 p.m.

DEPUTY CHAIR (Ms White) - Minister, would you like to make an opening statement?

Ms GIDDINGS - I would like to take the opportunity at the outset to congratulate TT-Line on a very positive 2009-10 financial year. In their twenty-fifth year, TT-Line performed strongly with passenger numbers and freight, despite continuing uncertain national and international economic conditions and a turbulent Australian tourism industry.

Chair, I would like to begin, however, by alerting the committee to a decision by the Government not to bring forward the replacement of the TT-Line ferries, as committed to during the election campaign. This election commitment was made in the context that TT-Line would be in a financial and strategic position to explore funding options to purchase new ships that would not require any financial assistance from the State Government as the shareholder. The election commitment also called upon TT-Line to embark upon ship replacement planning, including future market potential of the Bass Strait passenger and freight market; suitability of vessels, including proposed dimension, propulsion and configuration parameters; and funding options for the replacement vessels. This planning is underway and preliminary advice has been provided to me.

I am advised that the economic and strategic environment has changed significantly since the commitment was made, particularly the international regulatory environment. The TT-Line has advised me that recent developments in international shipping have led to great uncertainty in the shipbuilding and international ferry industry. I have been informed by the TT-Line that there are a number of changes to international maritime regulations and associated technologies that have been foreshadowed. I reiterate that this information has come to light since the election. The regulations include the IMO MARPOL Annex for directives with respect to NOx and SOx emissions; the possibility of an emission control area around the Australian coast, mandated by the Commonwealth Government, and subsequently lower emission limits being put into place; the availability of bunker fuel from existing supplies to meet the lower sulphur content of fuel, oil and distillates; evolution of engine and emission abatement technology, and sourcing alternative fuels and associated engine capabilities.

I am advised that a key time indicator for resolution of the above issues by regulators, fuel suppliers, engine manufacturers and shipbuilders is 2015, when the requirement for lower sulphur-content fuel comes into force for emission control areas. This has significantly changed the operating landscape and therefore it would no longer be strategically or economically prudent to direct TT-Line to undertake early vessel replacement by 2014.

The change in the strategic landscape was not known to the Government prior to a decision being made to bring forward the replacement of the ships. Replacement of the ships, however, remains a goal of the Government and the TT-Line's 2017 guideline date remains in place. To this end, TT-Line has established a vessel replacement committee and recently appointed a dedicated project manager to oversee the complex issues associated with ship replacement, including finance, new technology, consumer preferences, land-side infrastructure and commission regulations.

Mr HIDDING - That statement appears to back up what you have already said, which was that the statement made during the election campaign had no substance whatsoever.

Ms GIDDINGS - Are you saying that I said that?

Mr HIDDING - When we questioned the Government in the House about the statement made during the election campaign it became clear that there was no substance to that at all.

Ms GIDDINGS - That is not true.

Mr HIDDING - Can you tell this committee what prompted the Premier, David Bartlett, to make the announcement he did? What advice had he received from TT-Line?

Ms GIDDINGS - That election promise was fully committed to by the Government. It was one that we felt would have been achievable and would have helped to boost the tourist marketing of TT-Line. When we purchased the first two new ferries it was a very exciting period for Tasmania and Tasmanian tourism. We have seen through good management that tourism numbers continue to increase on the TT-Line. It was believed that this would be an opportunity that we could grab hold of and bring forward a replacement program which already had a guideline date of 2017 and that is widely known.

Mr HIDDING - Based on what? What was the advice that you received as a government from TT-Line about that?

Ms GIDDINGS - Governments can make these decisions and that is what we were doing. We were very committed to that. I have taken this very seriously, as you would expect, as the shareholder minister. I have been undertaking the work that the Premier stated very clearly would be undertaken in his election commitment to the people of Tasmania. Through that, the preliminary advice I have received is that this is a very volatile area and a whole lot of issues have changed since the formulation of that policy.

Mr HIDDING - We understand that an election commitment was made unilaterally by the Premier's office or in consultation with the TT-Line, so I would like to know what the TT-Line advised the Premier prior to making that statement?

Ms GIDDINGS - We don't have to consult the TT-Line about development of election policy.

Mr HIDDING - So that's your answer - you didn't consult?

Ms GIDDINGS - We do not have to consult on election policy. In caretaker mode it is wrong to do that. The shareholder ministers would have been provided with all the information in terms of the corporate plan of TT-Line, the guideline date they had, and the processes. But neither TT-Line nor the Government had the information available to them that has come to light since the election.

Mr HIDDING - Was the announcement informed by any material from the TT-Line? Was there advice from the TT-Line to the Premier prior to his making that statement?

Ms GIDDINGS - The decision was an election commitment we made.

Mr HIDDING - Unilaterally?

Ms GIDDINGS - We made that election commitment, as we did in terms of buying the two ferries. It was a very positive move for the State, which you opposed.

Mr HIDDING - You didn't check with the TT-Line before you bought the two ferries?

Ms GIDDINGS - I wasn't the person involved.

Mr HIDDING - I suggest you probably did. The TT-Line had a bit to do with this. Can we hear from TT-Line whether they in fact advised the Government on an earlier replacement program?

Mr ROGERS - Are you talking about the purchase of the two ferries that currently exist or the government announcement?

Mr HIDDING - Yes, during the election campaign.

Mr ROGERS - TT-Line provided the shareholders with advice that we needed to clearly determine terms of reference for a ship replacement committee. We needed to clear with them some policy decisions in relation to port infrastructure - for example, which port? They clearly indicated that Devonport would remain the port of choice. We did that in the normal course of business because we report to the shareholders, including the minister, every month. I think that occurred in February last year. No other advice was provided, except it was well known that we had a guide date. I said it here in previous hearings before with both the upper House and the lower House, we had a guide date of 2017.

Mr HIDDING - I understand. That is what you provided to the Government, those briefings, and there were no separate briefings on available ships or anything like that that could have brought it forward?

Mr ROGERS - Nor could there be. There was no way we could because the simple truth was I did not expect to be consulted. By the time they announced that, they were in caretaker mode. I would not be expected to respond to a government question in caretaker mode so I would have rejected it. The policy was already known - that 2017 was the guide date.

Mr HIDDING - Was there anything in the briefing notes that suggested that you could actually meet a 2014 timeline?

Mr ROGERS - No.

Mr MORRIS - I just want to get some clarity there. It was well known, even to this committee from two years ago, that the planning was really being lined up for 2017, not just because that was the life of the existing ships but also because of the long time-frame planning processes that would give you better outcomes and that early replacement was never considered since 2004 even, was it, or thereabouts?

Mr ROGERS - No, it must have been after 2004 because I initiated it and I did not become a director or chairman until February or March 2005.

Mr MORRIS - Okay. So maybe it was 2005.

Mr ROGERS - But let me say again, during the normal course of briefing shareholders, including the minister, it is our normal custom to advise them of what initiatives have been taken by the board and that is why we briefed them to the extent that we did. That they chose to make an announcement of a 2014 date was irrelevant to me because they are the shareholders, they are

the owners, I can only assume they had the money to do it, they wanted to do it and they would have directed us to do it.

That would have opened up a whole plethora of other issues including the ones the minister referred to just a moment ago in her statement. That is environmental controls which, as you would know, are so fluid at the moment; they are not set in concrete at all and they are not going to be known until about 2015. I thought their whole approach to this was if that is what they decided to do, that is what they decided to do.

Mr MORRIS - As the minister just said, and I will make sure that I do not misquote her, the Government were working on the assumption that TT-Line would be totally funding this purchase themselves -

Ms GIDDINGS - On the basis that we wanted TT-Line to look at funding options. In our election policy we certainly were not committing to any funding out of the Consolidated Fund -

Mr MORRIS - That is correct.

Ms GIDDINGS - and certainly with the global financial crisis and what we are seeing, that would still be the case - more so now with the GST falling away as it has in recent times. In that sense we certainly were not committing Consolidated Fund funds towards this but we wanted TT-Line to look at various funding options. We did not plant one as being the way forward but certainly made it clear that we expected TT-Line to explore funding options to make this -

Mr MORRIS - Short of printing money with a couple of printing presses, there was really only one option which was to borrow the money, given there was no way known they were going to accumulate sufficient -

Ms GIDDINGS - There are other options as well, there are other possible options.

Mr MORRIS - Can you highlight what some of those options might be?

Ms GIDDINGS - Lease the ferries, look at other partnership arrangements, or buy outright - there are a number of options that you could look at.

Mr MORRIS - Interesting to explore.

Ms GIDDINGS - That is exactly what the Government was doing - trying to explore these issues and we are quite within our rights to make a policy decision about bringing forward these ships.

Mr MORRIS - I absolutely respect that.

Ms GIDDINGS - As we did in 2002 in making the policy decision to purchase two ships -

Mr MORRIS - Three I think from memory.

Ms GIDDINGS - No, in 2002 it was two and then later on we purchased the third for the Sydney run. The original decision was for two ferries - a decision made by the Government.

Mr HIDDING - I would like to explore the purchase of new ships just a little down the track somewhere as part of our scrutiny today. May I go to an issue that I want to clear up before we go on? Minister, it goes to the relationship between you and the TT-Line and our side of the House. I asked you a question in Parliament which went to the perennial issue of whether there was any fact in a perception that freight was bumping passengers off the ships and it was hard to get bookings and the rest of it. So I would plead a case that it is a perfectly normal question to ask.

[2.15 p.m.]

Ms GIDDINGS - No, absolutely. I am very happy for you to ask it.

Mr HIDDING - I also asked whether there were any changes to any decks as such. You said, quite fairly, at the end of your question:

'I will seek further information for the member. I would be very surprised if one element of the question he put to me this morning was true.'

You then went and received some advice from TT-Line and said it was complete nonsense, complete bunkum. TT-Line issued words to say that it had not undertaken any work to realign its vehicle decks to benefit freight customers over passenger vehicles. Quoting from the *Hansard* in a recent upper House inquiry, Mr Griplas said:

'When you hear things about people welding new decks and all that, it just astounds me.'

I am not in the habit of making things up. But when I ask you questions, you are not in the habit - and you never have been in your whole career - of hiding any information that -

Ms GIDDINGS - I think today is a prime example of that.

Mr HIDDING - You are just not in the habit of doing that and so if my question was slightly off beam and yet there was fact to it and you were aware of that, you would have said so.

Ms GIDDINGS - Yes.

Mr HIDDING - So if I say to you then, Minister, that in the TasPorts annual report the Chief Executive Officer reports the following:

'TasPorts is focused on upgrading critical infrastructure to support Devonport Wharf based operations over the past 12 months including upgrading the TT-Line upper deck loading ramp to handle the increased highway truck loads.'

What would that tell you?

Ms GIDDINGS - I am certainly happy to pass that on to Mr Griplas because this is an issue that continually comes up and we are very -

Mr HIDDING - This tells me that there was no work on the vessels but on the loading ramp to the vessels for highway truck loads. So it is clearly related to -

Ms GIDDINGS - That may well be so and I will ask Mr Griplas to address this. But the point that you raised with me was in relation to the vessels and increasing space for freight

onboard the ships and it is just not possible to do that. The premise is that we are trying to put more freight on at the expense of passengers when we are a passenger ferry and I can assure you and this committee that is not the case.

Mr HIDDING - We will get into that a little later on. I am now talking about our doing our job, as the Opposition, asking the current minister responsible for the TT-Line a question of fact about changing vessel arrangements for carrying freight and you are forced to respond because of information you received from TT-Line that there was no such work. How do you feel about hearing that there was in fact work on the TT-Line's upper deck loading ramp for trucks?

Ms GIDDINGS - That is a ramp that is physical infrastructure -

Mr HIDDING - I know, but that gets into slightly tricky politics, doesn't it?

Ms GIDDINGS - No, not at all.

Mr HIDDING - Were you aware of this at all?

Ms GIDDINGS - That is a totally separate issue from what you were saying, that is a piece of land-based infrastructure.

Mr HIDDING - Except, one is connected to other.

Ms GIDDINGS - No.

Mr HIDDING - Yes, they are, when the ship backs up it is.

Ms GIDDINGS - No, let me finish. That is a land-based piece of infrastructure that was being upgraded, but it does not increase the amount of freight that you can put on board a ship.

Mr HIDDING - Let us hear about that.

Ms GIDDINGS - The premise you have been espousing is that we have been preferencing freight over passengers, which is not the case. I will ask Mr Griplas to give you more information on this issue.

Mr GRIPLAS - Mr Hidding, I think there is a misconception on what this ramp does. The ramp carries both passengers and freight. What more can I say?

Mr HIDDING - What does this say?

'Upgrading the TT-Line upper deck loading ramp to handle increased highway truck loads.'

Ms GIDDINGS - That is the weight of the truck.

Mr GRIPLAS - Yes, that is the weight of the ramp. So it is just a terminology that is used in the industry for the weight of a ramp on that bridge. That ramp connects the vessel to the landside. It carries both passengers and freight. As you have travelled on the vessel, you would know, you have used the same ramp. That is rated every three years and upgrades made to it. It

was not to increase the freight capacity or the load, it was simply to strengthen that ramp as part of constant capital works.

Mr MORRIS - What was its previous weight limit?

Mr GRIPLAS - I cannot give you all the technical specifications on that. But the ramp itself that connects landside to the vessel carries both passengers and freight. It is the only exit and entry, as you can see, on that vessel.

Mr HIDDING - What I am saying to you -

Ms GIDDINGS - It has to be safe to carry the load limits.

Mr HIDDING - Yes, of course it does, and I am saying the work should be done, but if somebody raises something about a vehicle ramp, and there was actually work to a vehicle ramp, you would want to be advised in fact that Mr Hidding was wrong, it is not that ramp but this ramp.

Ms GIDDINGS - Mr Hidding, I think the whole premise of your questions was about our increasing freight on board the ship and that is what I answered and sought information on from TT-Line. I was not seeking information about upgraded infrastructure that is there to enable the safety of trucks and passenger vehicles boarding the ship. The way the question was phrased certainly sounded as if we had been doing work internally to the ship to increase freight ability on board, which was totally wrong.

Mr ROGERS - Earlier you said that passengers found it hard to get bookings because we were taking freight in preference to passengers. Could you give us some evidence that you have to support that statement?

Mr HIDDING - I have a very large number of inputs from people who tell me that they were told they could not get on a certain sailing. Caravan owners meet up with each other all around Australia in caravan parks. 'What night did you come over?' 'I came over on Wednesday night.' 'I could not get on, they were full.' 'That's funny, I was on the vessel and there were still spaces in the passenger lanes and half the cabins in our area were empty.' That is what they said. Yes, there is such a thing as a Chinese whisper and these things can develop a life of their own, but when there is enough of that input to me as a shadow minister I will ask the question. We will explore it and continue to explore some of these things over the next couple of hours if we can move forward. Without access to your booking system obviously I will not have proof because you would not, quite properly, allow me access to it, but if enough people tell me they are told 'You cannot go on the Wednesday night sailing, it is full', and through anecdotal evidence they hear from others that the boat -

Mr ROGERS - So you have no evidence. Have you tested any of that evidence with us?

Mr HIDDING - That is exactly what I am doing now, sir. That is why I am here. This is the process.

Mr ROGERS - Give us some examples, then.

Mr HIDDING - You mean of these people telling me these things?

Mr ROGERS - Yes.

Mr HIDDING - You want dates?

Mr ROGERS - Yes, we want dates and we want people to ensure we can test them out fairly.

Mr HIDDING - All right. Exactly this question was asked last year in the Legislative Council and you said you would get back to them. Did you get back to them? I would like to hear now what it was you said to them because the members of parliament there asked exactly the same thing and my *Hansard* shows that you said, 'We will get back to you on that'. So what did you tell them?

Mr ROGERS - I can't recall that. I mean, that is a year ago.

Mr HIDDING - Well, that is in *Hansard*.

Mr ROGERS - However, have you read the Legislative Council's report on TT-Line?

Mr HIDDING - Tourism, do you mean?

Mr ROGERS - No, the upper House's report on TT-Line that came out of the hearing. Have you read that report?

Mr HIDDING - You mean last year's GBEs?

Mr ROGERS - Yes.

Mr HIDDING - That is what I have read.

Mr ROGERS - But you said you were quoting from *Hansard*.

Mr HIDDING - Yes, the *Hansard* of that.

Mr ROGERS - Well, if we hadn't satisfied their -

Mr HIDDING - In *Hansard* it says that you were going to provide them with information.

Mr ROGERS - And then they wrote a report of how happy they were about the - you have not seen that?

Mr HIDDING - No.

Mr ROGERS - Well, there is no mention of that.

Mr HIDDING - I do not think there is such a report. There is no such thing as a report from GBEs. I will check with the other House.

Mr ROGERS - Have we got it here?

Mr WIGHTMAN - If it could be tabled that would be great.

Mr HIDDING - I would like to read it. That is good. I am happy to have it, but it is my duty when I get enough information - I do not react to one or two - particularly around certain dates and times and the rest of it, but if I thought there was a specific matter that I could put my finger on and say there appears to be an issue, naturally I would write to the minister who would write to you guys and you would respond. But generally I want to know how it is that your organisation manages the ongoing creative tension between passengers and freight. That is a fair question to ask and I will keep asking it.

Mr ROGERS - It is a question that I will come back to answering in a minute. It is not an unreasonable question. There is the report of the Legislative Council.

Mr HIDDING - Oh, the minutes, yes. We do not do such a thing in this House.

Mr ROGERS - Let me table it.

Mr HIDDING - I will be very interested to read that. Thank you for that.

Mr ROGERS - Please do that because there is no reference in there to anything that we need to follow up on, so I can only assume that we did follow up on it. I can't specifically remember whether I did or I didn't. Now, you asked me a question about?

Mr HIDDING - This ongoing tension between passengers and freight. What are the principal objectives of the TT-Line?

Mr ROGERS - Let me say again that if you have the evidence we are very happy to take up individual cases to assist us, but I asked you the question and what you are really telling us is that you have some assertions by certain people that certain things happened.

Mr HIDDING - Precisely, that is what this process is about.

Mr ROGERS - We have never had a chance -

Mr HIDDING - I make the assertions and you give us the evidence.

Mr ROGERS - Can I finish? Neither I nor the TT-Line has ever had a chance to put those assertions you made to the test. Having said that, I will now say that we have never, ever favoured freight over passengers. Not ever. It is true, thank goodness, that people just cannot ring up today and expect to be on the vessel tonight. It is also true that we cannot always offer a deluxe cabin. If they want to plan ahead well enough we can normally provide them with the service, no different from when you ring the airlines.

Mr HIDDING - Sure, I understand that.

Mr ROGERS - Let me say again so it is nice and clear, it is not our intention or our policy to favour freight over passengers. Now, some of our competitors think that is the case and they keep on saying it, as recently as earlier this week or last week in Melbourne. They are absolutely wrong. It is like the work that TasPorts is doing; it is a safety issue for us, where both passengers

and freight use that ramp. That TasPorts have expressed it in the way they have, that is not a document that we own, it is a TasPorts document. We don't do it, Mr Hidding. We say this and have said this at every hearing since I've been chairman. We do not do it.

Mr HIDDING - Let me explore this.

Mr ROGERS - If you want to go into the technical reasons why we don't and can't do it, we can give them to you right now.

Mr HIDDING - So there are technical reasons.

Ms GIDDINGS - The space. You can't do it; there is not the space to do it.

Mr ROGERS - We haven't got the space to do it.

Mr HIDDING - So you have space reasons, okay, that's fine. Let us just explore that.

Mr ROGERS - I will let Charles take it.

Mr HIDDING - Let us say two weeks out from a sailing, so we are not talking of a last-minute walk-on type thing, you have x amount of space for freight and I don't know what the percentage is, but you would have that in your mind for what is full. So you have x amount of space. Do you drive until you fill that space and say no to passengers up until that time? How do you manage this ongoing tension between passenger and freight?

Mr ROGERS - No, you keep on saying there is ongoing tension. I reject that.

Mr HIDDING - Well, there is in the marketplace.

Mr ROGERS - No, what you have had is some people tell you that at certain points in time at a certain price point - we have 15 different price points now - they have had difficulty getting on the ship if the ship is full in the category they want to travel on. That is quite possible, especially when we do the special runs, but it is not to say we favour freight over passengers. We can't offer them the service at that price. It's either been sold out or indeed it's all taken up on that sailing, just like what happens with the airlines.

Mr HIDDING - So is this related to pensioners in particular, where there is a quota?

Mr ROGERS - Pensioners are quite a different category; I'm talking about the normal travelling public. We do not favour freight over passengers. Let's go into the detail so it is nice and clear and so everyone understands.

[2.30 p.m.]

Mr GRIPLAS - Mr Hidding, I need to take a bit of time to answer this question. I will refer to your press release of Thursday 21 October 2010, where you stated about our annual report:

'So there is a 10 per cent growth in freight transport in 2009-2010 financial year while passenger numbers only grew by 4 per cent and passenger vehicles by 2.6 per cent.'

The assertion is then made that in the face of plunging tourism numbers in Tasmania we need to be doing all that we can to get more people to Tasmania, that freight trucks do not check into hotels, visit local tourist attractions or spend money in the local economy and that the Tasmanian Liberals will scrutinise these issues at GBEs.

Am I getting that correct in context? You are making those references in terms of the uplift in absolute numbers and you are aligning that to freight substitution.

When you come to look at this issue of freight and passengers we have a limited lane-metre capacity below deck. There is no magical answer or voodoo mathematics here - you look at the maths, you take the car numbers, you multiply it out by 5.1 metres, which is the average space below deck, you then take the freight unit and you multiply that out by 6.1. So you take the freight number and the passenger number, you multiply it out and that gives you the lane metres that we have below deck. From 2007 - and I can go back even further - the freight and passenger ratio has been 65 to 35 consistently every financial year.

This is the sort of mythology that hits the market. It creates anxiety in the tourism sector and it affects the standing and credibility of TT-Line in the community. Now I have personally taken affront, but I will leave it at that. So in terms of the numbers when you look at the 65 and 35 -

Mr HIDDING - I am sorry you are affronted but I will keep asking the questions on behalf of the tourism industry. You understand that somebody who has invested \$1 million of their own money in a tourism venture somewhere right now does not give two figs for freight because there are other freight companies. Do you understand? There is the deck you have been dealt. Your act says to run a shipping service - it does not actually say favour one over the other or whatever. You have bought ships that carry x and you have to try to return a dividend or pay your debt down, which you are doing. You are doing a great job with that. However, as far as members of the tourism industry are concerned, they are not that excited about freight because it does not contribute much to their business.

Okay, if they took the wider view - and that is why we have the good ships - but when things get tough they start getting agitated about this whole freight thing. Here is the other issue. Your numbers show that you have moved from an average of about 480 to about 500 passengers carried per sailing over any given year. In spite of all the advertising and in spite of \$35 million subsidy from the Federal Government, we still have not been able to increase the average number of passengers per sailing. Do you have a target for passengers per sailing?

Mr GRIPLAS - Yet again we have actually increased our sailings over that financial year. So we have put on more sailings. In terms of the freight and passenger alignment, yet again I have shown that we have not substituted at all - it has been a given in terms of the constraints we have below deck. Also we provide a very specialist service to the fresh producers of Tasmania, in terms of aquaculture -

Mr HIDDING - Sure.

Mr GRIPLAS - fruit and vegetables. Our service is unparalleled in terms of time and turnover. That is our competitive niche that we want to operate in so it is a best for both of those segments.

Mr HIDDING - So here is a good question and I guess looking into the future for a bit. If the TT-Line were not to provide the aquaculture fresh-food nightly service out of Tasmania do you think someone else would? There is a market there. You are looking at vessels and we can broaden this discussion. Are you limited to looking at vessels able to carry night-time fresh freight? Do you have to do that? Or are you able to look at day-time sailing vessels with, say, a shorter trip into Hastings rather than all the way into the city - that kind of thing - or are you constrained by the parameters of having to carry freight?

Mr GRIPLAS - Back to your original question in terms of who is capable of carrying that fresh produce in the market - that is a question for the competitors but I think at the end of the day in any commercial sense the customers decide. If the customers decide to travel with us, be it freight or passengers, it is a decision we are very pleased with. Future vessel configuration is currently being considered by a joint board and management committee. It is critical to look at market forecasts, both for passengers and freight, and their travel preferences and intent going forward. When you purchase a vessel you have it for a long time.

Mr HIDDING - We will get on to new vessels in a minute. What are the constraints for this committee? Are they looking at vessels to do exactly what you do now or is it possible that they would look at passenger-only vessels?

Mr ROGERS - It is everything.

Mr HIDDING - They are not constrained?

Mr ROGERS - We are not constrained in any shape or form. The Government has been very wise in the terms of reference. They were drafted by us but they obviously had to be agreed to by the owners.

Mr HIDDING - So you're not limited to vessels that have to carry freight?

Mr ROGERS - That is why Charles went to the trouble of saying we are testing the marketplace. The market will tell us what the future options are. With the current Government's policy on development of agriculture and aquaculture, the existing freight services are inadequate to cope with the growth, if the market is there.

Mr HIDDING - The food bowl?

Mr ROGERS - I don't use that term at all. If the market is there for increased agriculture and aquaculture production, there will have to be a serious look at freight operations on Bass Strait. There is no question about that and we are taking that into account. That is why we are spending so much time, as Charles said, on assessing what the marketplace is telling us. How long will people still want to bring their motor vehicle and travel around the State? The advantage of the motor vehicle in our State is that the regions are visited. If you took us out of the equation, they won't get visited to that extent. Our clients stay longer; they are not just here for the weekend visiting friends and relatives.

Mr HIDDING - So there are no boundaries to your committee's -

Mr ROGERS - To the Government's credit, they have given us open terms.

Mr HIDDING - Last time you were told to stick to Devonport. Have you been told the same this time?

Mr ROGERS - Absolutely. That's one of the things we tested.

Mr HIDDING - Stick to Devonport?

Mr ROGERS - Stick to Devonport.

Mr HIDDING - So that limits the size in length and all that.

Mr ROGERS - No, it doesn't. There are new technologies available which would mean we would not have to turn the vessel around in the Mersey. You could take it out stern-first. There are some other technologies emerging that change the whole safety factor associated with abandoning ship, so all those things are being taken into account. They are very broad terms of reference, thank goodness. We are not being ruled by the debt, in other words.

Mr GRIPLAS - Can I just correct an assertion that was made by Mr Hidding. The Bass Strait Passenger Vehicle Equalisation Scheme is not a subsidy for TT-Line; it is to the passenger and collected by us. It is not a direct subsidy to TT-Line.

Mr HIDDING - Why is it important to you to have that delineation?

Mr GRIPLAS - It is critical, because we are not getting a government subsidy; we are in a commercial space. That is available to anyone who provides a sea passage service across Bass Strait.

Mr MORRIS - Could I come back to financing for the longer term - four new ships down the track? I have here the most recent guidelines from Treasury in relation to dividends from government businesses. Presumably you have, or you will have, an agreement with Treasury regarding a dividend policy?

Ms GIDDINGS - We have an agreement in place at the moment.

Mr MORRIS - Can you confirm whether or not all dividends, money earned by TT-Line, is capable of being retained in the company in order to put some cash aside for new ships? Can you rule out the Government's taking any money out of the TT-Line by way of a dividend?

Ms GIDDINGS - I would not be in a position right now to rule anything in or out in future years. That is a decision that will have to be made with the Treasurer of the day and the company of the day, but we have had a policy of not taking dividends from TT-Line. We have been very supportive of the debt reduction strategy of TT-Line and TT-Line is on target to eliminate their debt.

Mr MORRIS - July next year, I believe.

Mr ROGERS - June.

Ms GIDDINGS - Essentially there has been no change to that policy with TT-Line. Looking at funding options and the like, or how they will progress replacing those vessels, will be work

that TT-Line have to do in consultation with their shareholder ministers. The Treasurer is one of the two shareholding ministers. The policy is not to take dividends out of TT-Line but I think you cannot rule in or out any future decisions that may be taken by a government in consultation with TT-Line.

Mr MORRIS - Is it not important for TT-Line to have some sort of certainty about their future ability to retain capital or to start saving up, especially given that you came out not so long ago with an election commitment and you had an expectation TT-Line would fund it entirely one way or another?

Ms GIDDINGS - That was the expectation under that election commitment.

Mr MORRIS - Okay. Surely they need some certainty about how much, given that they are earning some profits and there is a plan to save money to start funding these new ships and they are going to be expensive. Surely if they are expected to fully or mostly debt-fund because you have pulled a dividend at some time between now and then -

Ms GIDDINGS - We are not at that time yet.

Mr MORRIS - I know we are not.

Ms GIDDINGS - It is far too early to say how we might be able to replace those ships in the future. That is where we want them to look at what funding options would be available. They have set up the planning committee, which is monitoring all the various issues, the changes in technology that the chairman has spoken about, and the changes that are still happening today in environmental guidelines that impact on what you can do in building ferries. All those aspects and the funding aspects will be considered in the future. There will be a number of options around how you would fund the replacement of those ferries.

Mr MORRIS - Yes, but if you have no cash in the bank then you have to pay for it one way or another.

Ms GIDDINGS - But there is no change in dividend policy -

Mr MORRIS - That is good to hear, so far.

Ms GIDDINGS - Even when we deal with other GBEs you do not take the full 100 per cent of dividends out of companies so that they have the ability to build up cash reserves for other needs.

Mr MORRIS - The dividend policy does say that the Government's preference is for profits to be distributed as cash rather than retained as equity; that is the underlying policy. We have TT-Line as an exception at this stage; they are not only retaining equity but building up cash for a clear future purchase that needs to be made. I am trying to see what certainty and comfort you can provide TT-Line that they will have a dividend policy or agreement with the Government that gives them some certainty that they are not going to be in the difficult position of having a bucket load of debt.

Ms GIDDINGS - I think it is too soon to be able to answer that question.

Mr MORRIS - Next week when you are the Treasurer you might be able to answer.

Ms GIDDINGS - Even by next week we would not be ready to answer that question.

Mr MORRIS - There are little comforts there but at least I understand the general direction.

[2.45 p.m.]

Mr ROGERS - The current policy is that we have instructions from shareholders that their dividend policy is debt reduction and accumulation of funds for ship replacement - a clearly enunciated policy. If they change that, then that is their decision; there is nothing I can do about that.

Mr MORRIS - That is right.

Mr ROGERS - I thank you for trying to give us comfort and I am hoping the Treasurer elect is listening very carefully.

Laughter.

Mr MORRIS - She is.

Mr ROGERS - Good, because it is critical for us. By June next year we should be, and our plans are to be, debt free. The board is working in that context.

Mr MORRIS - For the first time in how many years?

Mr ROGERS - Certainly since I have been chairman. At some stage, when all of the evaluation is done, we will go back and look at all those options that Mr Hidding and the minister referred to as being available to the Tasmanian Government. But the policy is there at the moment and that is what our planning is. We have not heard it is going to be any different. It will be a brave person who would want to change that, I would have thought, in the near future but you never know.

Laughter.

Mr MORRIS - When the policy is negotiated with the company, is that set for a period of time or is it just an annually reviewed policy?

Mr ROGERS - Up to date it has been annual.

Mr MORRIS - Is there any intention of the Government providing longer than that?

Ms GIDDINGS - We have just signed off on it, so there have been no changes. We are very keen on seeing TT-Line in a sustainable position financially, which is always at the forefront of our minds when we are making these decisions. In the current economic climate, of course, we are very conscious of the ongoing effects of the GFC. It is really all to TT-Line's credit that they have been able to hold up their passenger numbers when other States have seen a decrease in tourism numbers, so there is a lot of volatility out there. We have an excellent product with TT-Line and we do not want to see that damaged in any way.

Mr MORRIS - Especially by a reckless, short-term decision making.

Ms GIDDINGS - That is why you have to be responsible.

Mr HIDDING - Bad decisions by government and things like that.

Ms GIDDINGS - That is why you have to be absolutely responsible and look at where you are at any given time. When the climate changes, what is good election policy has to be responsive. That is exactly what the Government has done - taken a responsible role and up-to-date advice which has come to light since the election and we have had to respond accordingly. We could have stuck by our election commitment and been totally irresponsible in doing so.

Mr BROOKS - Maybe you should have done your homework in the first place.

Ms GIDDINGS - We did. We do not have a crystal ball, unlike yourself, Mr Brooks. So unless you knew about these changes in the environmental regulations -

Mr HIDDING - In fact everyone knew that.

Ms GIDDINGS - Did they really?

Mr HIDDING - Yes, they knew about a coastal emissions policy; it has been out there for years.

Ms GIDDINGS - That is not the advice I have received.

Mr HIDDING - Shipbuilders have been working with that for last three years; that is why they are looking at turbines and gas and all that stuff.

Ms GIDDINGS - That is not the advice I have received. Certainly these regulations are changing on a daily basis, Mr Hidding. I do not think you have a crystal ball in relation to this matter. It is about making responsible decisions and that is exactly what is being done.

Mr BROOKS - Not promising one thing before an election and then after the election -

Ms GIDDINGS - We were very true to our election promise. We were committed to that and set parameters through that election policy for TT-Line to work within. They have come back to me with preliminary advice to say, 'The environment has changed and we think you should reconsider this in light of that'. The last thing we want to do is push ahead in a pig-headed way and damage this company.

Mr HIDDING - Can I go to the question of pricing now because I heard a moment ago the chairman said -

Mr ROGERS - Fifteen price levels.

Mr HIDDING - Fifteen price levels. Completely unprompted, I have had a number of people say that in various phone calls to the TT-Line they have experienced dartboard pricing. One day they ring up and you say it is going to be, say, \$493. Next week they ring, and it is \$30

dearer, or \$40 cheaper or whatever. With your 15 different levels, do you think there is a danger that it becomes a little unwieldy or people can lose confidence in your price points?

Mr ROGERS - Only about 30 per cent of our customers now ring; 70 per cent of our customers book through the website, so it is pretty clear for them to see what is going on. Charles is in a much stronger position than I am, as you would expect, to respond to the issue of pricing and it is around specials and discounts.

Mr GRIPLAS - The pricing philosophy that we have in the organisation is really to encourage as many travellers on board as we possibly can. In terms of those price points, what this has actually done - and it is called dynamic pricing, by the way, not dartboard pricing.

Mr HIDDING - They call it dartboard pricing, you call it dynamic something.

Mr GRIPLAS - Fine, okay. In terms of the overall change in our pricing, we have delivered across the board 20 per cent reductions in passenger fares, and you can see that in terms of the uplift of carriage passengers. As you would also note, as part of this pricing philosophy each month you get some very good specials out there if people are astute enough to book well in advance, not even in advance, but to get in early. Currently there is a special, so please have a look. They will often enjoy some amazing specials over this period which I do not believe previously were ever available. If you do a point-for-point comparison you are now bringing a car over Bass Strait for \$79 when in either 1992 or 1994 that was \$140, so you have really seen a reduction in those prices over that period. At the same time fuel has gone up, the cost of running those vessels has gone up and the age of the vessels has increased, so the maintenance costs have increased. In this time, as part of this pricing, we have really been able to increase the customer base for travel and also make it far more affordable. But the chairman was absolutely right; I think the days of rocking up on the day with your trailer to get across are long gone.

Mr HIDDING - I am not talking about that. Let us talk about somebody who books a month ahead. I booked, as you have pointed out; you have worked out that I was on board. For my wife and me and a car, over and back, it cost \$1 032 plus what the Federal Government paid you, so \$1 400. How does that price point compare to other similar ferry voyages around the world in terms of market positioning? Have you tested that at all?

Mr GRIPLAS - You do not even have to go around the world. A *Sydney Morning Herald* travel writer about four weeks ago compared our ferry trip to the Kangaroo Island ferry trip and also deducted the Bass Strait Passenger Vehicle Equalisation Scheme, which they do not receive, and we were considerably cheaper in terms of travel. I can send you the article.

Mr HIDDING - Sorry, I am just trying to imagine how far Kangaroo Island is.

Mr GRIPLAS - It is a shorter voyage and there is no overnight accommodation, so if you are trying to compare that we are considerably cheaper. When you look at fare comparisons overseas we are by far the cheapest you will ever find in terms of an overnight ferry service. Not that I want to dwell on your booking, Mr Hidding, but it depends on which cabins you utilise as well on board the vessel.

Mr HIDDING - You have done your homework, haven't you?

Mr GRIPLAS - If you want to travel deluxe, you would certainly travel at a good rate, but at the cheapest end you could walk on for \$65 with \$75 for your car if you wish to bring it.

Mr HIDDING - Thank you for the bottle of champagne that was in my room.

Mr GRIPLAS - That is complimentary to all passengers in the deluxe cabins, Mr Hidding.

Ms GIDDINGS - You didn't have a spa bath too, did you?

Laughter.

Mr ROGERS - Did you have dinner on board as well?

Mr HIDDING - Ask Mr Griplas.

Mr GRIPLAS - Sorry, Minister, the spa bath is only reserved for the Treasurer.

Mr HIDDING - You ask the CEO what I did. He's clearly the full bottle on it. We did not open the champagne until I checked that the next-door neighbour had one as well.

Laughter.

Mr GRIPLAS - I am glad that you enjoyed your time, Mr Hidding, pleased to hear it.

Mr MORRIS - Could I talk about the value of the ships for a moment, because there is a bit in the chairman's report that says that the valuation is €78 million, down from €80 million, but then we have a talk about the exchange rate movement, so the valuation virtually is static but the dollar has appreciated substantially against the euro, so what has happened to the value of the ships? If we have had a substantial change in the value of the dollar against the euro but the ships are virtually of the same euro value, what has changed? Have the ships been valued up or down?

Mr ROGERS - The best thing I can do is to invite Scott Hadley to reply to that. Scott is the financial control officer of TT-Line; he is the man who deals with this.

Mr MORRIS - Good. Over to you, Scott. Can you just take us through what is going on here?

Mr HADLEY - Sure, I will do my best. For the annual report everything has to be stated in Australian dollars.

Mr MORRIS - Except the value of the ships.

Mr HADLEY - No, the ships are in our balance sheet in Australian dollars.

Mr MORRIS - Okay, right.

Mr HADLEY - For valuation purposes, if we were to sell the vessels the most likely place they would be disposed of is in Europe and they would not buy the ships in Australian dollars, they would be paying euros for them so the ships are valued in euros. What you said was correct

that last year they were valued at €80 million and this year they were valued at €78 million each, so in euros they have gone down.

Mr MORRIS - Right, a little bit.

Mr HADLEY - Just a little bit. Then we convert that to Australian dollars. The prior year the exchange rate was one \$AUD1 to €0.57 and this year it was \$AUD1 to €0.69, so the value of the Australian dollar appreciated by more than 20 per cent which meant that the value of the ships depreciated in Australian dollar terms by approximately \$50 million.

Mr MORRIS - Okay, that was what I was trying to get at. So in terms of selling the ships now is not a good time to be even thinking about it really. The dollar might appreciate more against the euro but where it has been over the last 10-15 years now is the worst potential time in terms of extracting Australian dollars out of that.

Mr HADLEY - Now might be the best time to buy ships if you are buying them in euros.

Mr MORRIS - Yes, sorry, buying them. So sell them in Australia and buy them in Europe.

Mr HADLEY - Yes.

Mr MORRIS - So the value of the ships has gone down considerably in Australian dollar terms.

Mr HADLEY - In Australian dollar terms, yes.

Mr MORRIS - Just as the purchase price for anything new has, assuming they are coming out of Europe.

Mr HADLEY - We look at the underlying value obviously of the ships in euros and it has decreased by €2 million each.

Mr MORRIS - Is it most likely that we would buy ships out of Europe or is China or Japan or somewhere equally likely?

Mr HADLEY - That is way too early to say.

Mr MORRIS - Just in terms of shipbuilding capacity of this type of vessel.

Mr ROGERS - It is unknown.

Mr MORRIS - It could equally be Asia as it could be Europe.

Ms GIDDINGS - It could even be Australia.

Mr HIDDING - Can I get back to pricing? It is fair to say that most of the angst that has been expressed to me on pricing has come from caravan owners and pensioners. As you indicated earlier, they are an entirely different market in terms of the things you were saying. However the caravan owners and pensioners are a market segment that have no other options. They are at a stage of their life where they want to travel, they live on an island and most people believe it is

fair that there is some form of subsidy for pensioners. Incidentally are your pensioner rebates refunded to you as a CSO, or are they required of you?

Mr HADLEY - It is not a CSO.

Mr HIDDING - Sorry, they are not?

Mr HADLEY - Not a form of CSO.

Mr HIDDING - All right. So what I want to explore with you, then, Minister, is the pricing for cars and caravans. I have a number of examples that were provided to me where over a 12-month period, the same time of the year, the same rig, same car and van, appear to have gone up between 30 per cent and 54 per cent, most of them appear to be around the 40 per cent mark. That appears to be a very large increase and they feel that the TT-Line have quietly snuck this up over a 12-month or 18-month period. So I am going to put that to you and ask you to give us your view on that?

Mr GRIPLAS - You asked two questions there, Mr Hidding. The first in relation to pensioner passenger numbers; I can tell you from 2008-09 compared to 2009-10 we actually carried more pensioner passengers on board. The numbers went up from 37 424 to 41 624, so there has been an uplift in terms of pensioner fares. In terms of the price -

Mr HIDDING - Is there a quota on that, sorry? Is there a quota available on each sailing for pensioners?

Mr GRIPLAS - There is no quota.

Mr HADLEY - There is not a quota. But you could not fill - it would be yield-managed like all our other discount fares.

Mr HIDDING - So if somebody rings up and says, 'I'm a pensioner and I'd like to sail in three weeks' time,' they couldn't be told, 'I'm sorry there are no more of those tickets available.'

Mr HADLEY - Yes, they could be.

Mr HIDDING - Because they are a pensioner.

Mr GRIPLAS - Because of that fare category.

Mr HIDDING - What is that fare category, is it a pensioner fare category?

Mr GRIPLAS - Yes.

Mr HIDDING - So because they are pensioners they have their own category and there is a quota.

Mr GRIPLAS - No, there is no quota. This is where, going back to your dartboard pricing or dynamic staircase pricing, you look at the capacity of the vessel. It all depends on how far out you are from a sailing, what is available on the sailing. So for instance on a particular sailing the prices could all drop to fill the vacancy, so it does not necessarily go up, it can actually go down

in price. If you were to book out the fare in advance it could vary, not a fair bit, but in terms of some of the campaign fares they set at that price.

Mr HIDDING - Could it happen that somebody gets charged \$1 770 in the recent months to come back to Tasmania with their caravan, last time having paid \$1 400.

Mr GRIPLAS - I need to look at the individual case there because it all depends on the time they travel, the configuration of their rig, they may have a different configuration of caravan and car. It depends on what type of cabin they utilised. It depends on whether it was an a.m. or p.m. sailing. There is a whole series of variables. Did they actually get a price on a campaign special at first compared to a non-campaign price? There are so many configurations on that. If you could give me the exact example I am happy to respond to that in terms of that price comparison.

Mr HIDDING - You are not saying it could not happen, what you are saying there would be logical reasons for it?

Mr GRIPLAS - Absolutely. Just in terms of looking at the caravan pricing comparisons and if you look at it from peak to peak, and I am comparing peak 2009 to peak 2010, you know you are looking at - and I will take a 12-metre caravan - you are going from \$505 to \$529, so they are not substantial in margins, but it depends on the configuration, the time, the special - a whole series. And we understand the issue of caravans. We actually carried more caravans over the last year as well. So this is the story that tends to get forgotten about TT-Line, we have carried more of everything. At a time when people would have constrained their sailing schedule, we have increased it. At a time that was deemed to be fairly risky in this environment, we had the belief and a commitment in the Tasmanian product that we put these sailings on. So we have actually carried more over this period over the last year.

We particularly focus on caravanners in terms of Great Tassie Escapes caravan specials, so we target them. If they get onto our database, which we encourage everyone to do, we would market the specials directly to them.

Mr HIDDING - Just on the question of booking online because I found that process interesting: why would it not be good business for customers to be able to book for the onboard restaurant online and prepay?

Mr GRIPLAS - Mr Hidding you are spot on, that is an area that we are dealing with at the moment and we are hoping that functionality will be available in, say, the first quarter of next year because that is one of the issues we get constantly. Even I find it difficult to get into.

Mr HIDDING - I am most impressed that within two weeks of my sailing you resolved the matter of the smaller plates in the other restaurant so I did not even have to say anything and you fixed it. But you heard everyone talking to me, didn't you?

Mr GRIPLAS - No, not at all.

Mr HIDDING - I know, I read that on the other *Hansard*.

Mr GRIPLAS - We constantly innovate, we test and we provide a market feedback. We collect that feedback and our customers at the end of the day pay the price, dictate the service and we deliver that.

Ms WHITE - If you do not mind going back to something you spoke about previously and that is looking at the market options and the committee you set up. Does that have the capacity to look at a southern port such as Triabunna, or are you restricted to Devonport?

Ms GIDDINGS - It is a policy decision of the Government that Devonport is the port that we will be using for our TT-Line service.

Ms WHITE - How does the Government come to that decision?

Ms GIDDINGS - It is a decision that the Government have made because we, as a cabinet and as a government, believe that Devonport is the port from where these sailings should occur. But also there are other considerations - we did for instance look further at Hobart sailings at the time that we had the third ferry as well. That is a debate that has been looked at, but the reality is that it is just that little bit too far in the trip. It no longer becomes an overnight experience, it starts to fall into a cruise category which limits the passengers who are willing to travel on that ship as well. So some of that we found out the hard way through the Sydney to Devonport run that it is not as economical or as popular because you are going a greater distance. So we have no intention of moving from the Devonport port. I think that is a very important factor for the north-west as well that the Government is firm about that.

I am certainly aware of the issues you would have as the member for Lyons and wanting to advocate for Triabunna as a part of the rural constituency that is going through some tough times right now with the restructuring of the forest industry, but that will be a separate way of dealing with those issues. We are not going to take the ship from Mr Brooks.

Mr BROOKS - There would be a fight there on your hands.

Ms GIDDINGS - A worthwhile try.

Ms WHITE - I just thought it was an opportunity worth exploring. The port is there and it would be opening up the regional access.

Ms GIDDINGS - The cost to build port infrastructure would be another consideration of course to cater for that at Triabunna. We have that infrastructure at Devonport and it is operating well.

Mr BROOKS - I wanted to talk about the pricing. I enjoy going on the *Spirit* - it is just up the road and I travelled on it last week with the family and the boat and I will be back on it next week. Certainly I think the service standard on there is excellent and I would agree with Mr Hidding's comments that the feedback I have is that some feel the prices are expensive.

I want to look at how the *Spirit* could get more corporate travellers on board. That could be an offset to some of the cheaper fares and make it easier for the cheaper fares to be more available. Do you have a strategy for corporate passengers?

Mr GRIPLAS - I am glad you enjoyed your time on the vessel. Thank you for that, it was good positive commentary.

In terms of corporate travel, you will tend to find in terms of our market demographics corporate travel is predominantly by air to Hobart. It is very rare that they will come on an overnight trip to Devonport. If there is a market there we will explore it and exploit it for good commercial reason but there is not one there at the moment. They tend to fly in and out or if it is an overnight they tend to fly into Devonport airport and back out.

Mr BROOKS - I suppose the reason I look at it is it could be appealing to some mid-sized companies that do not have huge resources for business or high-level airfares where they could bring a work vehicle with them - that would certainly reduce their on-costs for working in the area or if they had to travel around. Obviously I haven't done a huge amount of market research on it but I was wondering whether the TT-Line had investigated that.

Mr GRIPLAS - We have. Our market is predominantly the travel and leisure market, followed by visiting family and friends - they are our two key segments. In terms of the corporate traveller, we do get the travelling salesperson who travels on board the vessel - and stays at the Edgewater Motel, by the way - and then continues on their travels around the north-west. So it is not a large segment but we also have our groups business area so if there are those types of arrangements we are happy to discuss it.

Mr BROOKS - I can vaguely remember that I received some material saying that if you sail a certain number of times -

Mr GRIPLAS - Have you joined our loyalty club?

Mr BROOKS - I don't think I filled in the paperwork; I was too busy helping the constituent.

Mr GRIPLAS - You should because I have some great specials for loyal travellers.

Mr BROOKS - Is that working? Do you find that is helping?

Mr GRIPLAS - Yes, absolutely. I notice the minister, soon to be Treasurer, has our travel guide there. This is one way that we engage with loyal travellers but that is a direct marketing tool; we don't put it in newspapers or drop it into letterboxes et cetera, it is a direct-mail option. We collect an enormous amount of information and directly market to those individuals. You will also see that there will be a vast improvement in terms of the loyalty club options but also the ability for us to market more directly. I hope you do become a member and sign up because there are some great specials for frequent travellers.

Mr BROOKS - I think that would suit me and some organisations I know of.

Mr GRIPLAS - Mr Brooks, we go after any group that wants to travel to Tasmania. We don't isolate anyone; we target everyone for this.

Mr BROOKS - Do you directly target them and go after them very hard?

Mr GRIPLAS - That was the point of the travel guide - we do.

Mr O'HALLORAN - I have been a beneficiary of the services of TT-Line over many years as a family member and an individual and I have also taken a myriad of school groups, one as big as 90, on the ferry, and I must say without exception that those experiences have always been

positive, particularly for the students, so thanks for service provided. I would also like to congratulate you on your Pearl Award and also all the indicators have gone up - passenger numbers, voyages, vehicle numbers and freight - and I think that is a really positive thing that the board has undertaken to do.

Mr GRIPLAS - Thank you.

Mr O'HALLORAN - I want to go back to an announcement the Premier made in February of this year that he was going to bring forward the purchase of the replacement ferries to 2014.

Ms GIDDINGS - We have been through all this already.

Mr O'HALLORAN - I just want to know whether the board was aware of that decision.

Mr HIDDING - We've done all that too.

Ms GIDDINGS - Paul, I am happy to give you my opening statement for you to have a look at.

Mr HIDDING - On the question of loyalty travellers, there is one group who do not have any option to be loyal to you because these are the pensioners who travel over and back once a year. I am interested in what you said earlier that there were no quotas but you did say it is possible that that fare category can be unavailable on certain sailings. Could we just tease that out because this is something I want to respond to people about.

Ms GIDDINGS - Can I just say that from my perspective this is exactly like the airline industry in that when you go onto Webjet and look at all the various fares if you do not book straightaway you might lose that cheap fare because by the time you get back to making the decision all of those cheap seats have gone and you are up to the next level. It is the very same on the TT-Line ships as well. There is a variety of fares but only so many of those fares are available because we cannot have the whole ship filled with \$25 fares. It is just not economically feasible or financially sustainable to do that.

[3.15 p.m.]

Mr HIDDING - But airlines do not have pensioner discounts.

Ms GIDDINGS - No, they do not have pensioner discounts.

Mr HIDDING - That is right, and the TT-Line does so they are in a class of their own.

Ms GIDDINGS - There are only so many fares that you can offer at a certain cheap rate and it is true that people will not necessarily get the same fare across and back again because of all the variables that have been outlined here today. That is the part of the education process of the community who do not always understand that and I think also at times have an expectation that because it is a government business in a sense somehow it should be different from how other companies operate. It is not; it happens to be a government business that is operating as a private company in the marketplace.

Mr HIDDING - That is not true, is it, otherwise why would you give pensioner discounts? The airlines do not.

Ms GIDDINGS - But airlines are a bit different from ships as well. There is a different market that ships cater for that airlines do not cater for, and we have the prime example of the corporate world, for instance, where most corporate people want to fly in and fly out. Unless they are frightened of flying they do not want the experience of the overnight voyage; they want to get home or to their job. You cannot compare apples and apples here with ships and airlines but there are similar strategies put in place, which is what TT-Line does very well.

Ms WHITE - I want to raise an issue of another group of travellers who do not have an option and that is equestrian riders and their horses. The current policy prevents them checking on their horses while they are in cargo but that was not always the case; they should be able to go down once during the trip to make sure that they have feed and are warm and safe.

Mr HIDDING - The same with dogs.

Ms WHITE - Can you explain the reason for this shift in policy that now prevents riders or owners of horses checking on them during transit?

Mr GRIPLAS - Yes, it is a maritime security issue. Once you leave your berth the below deck has to be secured and that is why we are unable to have passengers go below deck, and it is also a safety issue. Not that I like to mention this, but if something untoward were to happen to the vessel you need to be able to muster your passengers and be able to account for them. You cannot have them below deck where they cannot be mustered and allowed to leave the vessel. It is for those reasons it occurred.

Previously - and I am going back now maybe three-and-a-half years ago - we used to allow commercial operators at one stage to go downstairs but not passengers in general, so we tightened up those rules and nobody is allowed below deck for those simple reasons, security and safety.

Ms WHITE - Are they Australia-wide maritime laws?

Mr GRIPLAS - Yes, they are.

Ms WHITE - There is no opportunity to have any exceptions to that?

Mr GRIPLAS - We have talked to the Australian Maritime Safety Authority. We are happy to take their instruction and direction on that but at the end of the day that is what we are guided by.

Ms GIDDINGS - Have there been problems with horses as a result of that policy?

Ms WHITE - I think at the end of the journey it is hard to provide evidence but horses can get colic and that has happened in a couple of instances where they have arrived at their destination with colic and have died, but it is difficult to prove that that is as a result of their not having anyone checking on them throughout the night. Most people who have a float and horse know they cannot water or feed it because it cannot put its head down. So it has no attention and there has been a lot of concern. I know you have had representations from Equestrian Australia's Tasmanian branch about this issue and I would like to see it resolved because it is a concern.

Ms GIDDINGS - Have they made representations to the maritime authority?

Ms WHITE - I do not know but I am pleased you are providing an avenue to take this concern further because that is the next step.

Mr GRIPLAS - We cannot break the law.

Ms WHITE - No, I realise that, so thanks for explaining why you have that policy in place.

Mr GRIPLAS - Ms White, can I just say we have never lost a horse.

Ms WHITE - No, I am not saying you have on the ship, but it's when they have reached their destination.

Mr O'HALLORAN - I just want to come back to the statement in February again.

Ms GIDDINGS - There have been a lot of questions around that but you are entitled to ask.

Mr O'HALLORAN - The statement by the Premier was that investment in structural reform of our sea transport sector will consider how the market potential of King and Flinders islands can be realised, and I wonder whether the TT-Line has done any work on the potential of those islands, as per the statement?

Ms GIDDINGS - King and Flinders islands have been considered more in terms of the freight aspect - that is the work that has been done in my department in terms of shipping policies and supporting those two areas. In terms of passengers, it has been air transport that caters for the passenger market. I do not believe TT-Line has done any work as yet on any passenger services being provided to those islands.

Mr HIDDING - On the question of access and egress from the vessels, of the very significant input that I have received, some 70 per cent have mentioned concerns. They find it very difficult to find Port Melbourne - it is not that simple - and once you do find it, a lot of people turn up early and they are lined up and down the parade for miles - there is nowhere to park and the gates aren't open. Then the gates open and when you are on the deck waiting for hours there are no toilets. It is really quite a bizarre situation that that port provides to TT-Line. TT-Line has little to do with it, I would suspect, but this is something that the next minister might want to take up. We might be able to work something out with that particular port. There have been significant concerns about the wait there. Then, with the get-off at Devonport, the complaints are about having to wait to go through Quarantine. Some time ago we put out a proposition - and I think at around about the same time, in fairness to the TT-Line, they trialed it - to have either Tasmanian Quarantine staff in Melbourne or dealing with some inspectors over there to have vehicles pre-examined. I understand that the staff at Devonport took no notice at all of the green sticker to say that they had been checked; they still had to wait in line and then they were waved straight through. There is a very strong feeling that the wait in Melbourne is too long. It could be productive in terms of getting the inspections done there and a tape put across the boot and a notice in the windscreen so that when they get off at Devonport they just drive out. I am not too concerned about Tasmanian travellers coming back and having to wait for an hour or so at Devonport. While that might be a frustration, they'll be right, they will get home by breakfast, but for travellers here - I have met them around my electorate of Lyons - they say it was a nasty start to their holiday. Caravans and campervans are discriminated against because they take longer, so they are in the other lane and it takes a couple of hours.

Mr ROGERS - Are you talking about Quarantine now?

Mr HIDDING - Yes, not yours. If TT-Line took a strong position on something, I feel sure that this Government and the Victorian Government could work on making this a better experience. Why is it that the vehicles have to stand on the deck for so long in Melbourne, particularly the first 100 or so that have been there for two hours? Why couldn't they go half an hour or even an hour earlier to get in their cabins, buy a beer and start spending money on board? Why on earth are they stuck in that queue? For many first-time travellers, they don't bring a thermos, they don't have drinks on board and it is a horror show.

Mr GRIPLAS - You have raised various questions there, Mr Hidding. We work very closely with the Roads and Traffic Authority to improve the signage. There is a gentleman - and I can't recall his name - who is a very strong advocate of ours and is constantly harassing the Victorian RTA regarding the signage. Yet again, all we can do is make representations to the RTA for signage. As you know you have to go through quite a rigorous process but there is quite a bit of signage there.

In terms of the toilets, if you come in to the Station Pier there are two sets of toilets. One set is below so that if you do check in early you can access the toilets, but you also have a set upstairs in the passenger terminal.

Mr HIDDING - You can go in the terminal? Can you leave your car to do that though?

Mr GRIPLAS - No, no. If you take your car in, if your car gets checked in. So when you are in the secure area there are actually toilets there. I have used them several times with my small child who gets very impatient.

Mr HIDDING - Okay.

Mr GRIPLAS - You also have that above deck in the passenger terminal.

In terms of the wait, no matter how often we ask our passengers to come in at a certain time, they get anxious.

Mr HIDDING - They are always early.

Mr GRIPLAS - For instance, I should not be admitting this, but my wife gets very anxious and wants me there at the terminal two hours before. I keep telling her that the slot is half an hour but you get there early because people are excited, the kids want to get there. People arrive at the Melbourne terminal at 12 o'clock and they are there all day with their computers and their kids are running around or whatever. That is fine - it is the way it is. It is an exciting trip. You are coming in below deck, you are on a ferry, it is a unique travel experience and people just get anxious and decide to come early. If you are a first-time traveller you tend to want to get there a bit early in case you miss it et cetera.

In terms of the quarantine, we have undertaken a trial with Quarantine Tasmania and we want that trial to continue. We have seen some dramatic improvements, but yet again you could always improve on what you have improved in terms of the wait time. You mentioned caravanners and campervanners -

Mr HIDDING - Just on that trial. Can we just stop there? Obviously I cannot imagine the trial would be a failure. You are using unproductive time on the deck to notionally make it quicker in Devonport. On the face of it that has to be a winner. If we can overcome how we pay for the Quarantine officers or whatever and do not compromise the quarantine because we must not do that, surely it is worth going on with. So you are saying you are going to extend the trial?

Mr GRIPLAS - We are going to continue the trial, yes.

Mr HIDDING - Why don't you just ask the minister for Quarantine to bring that about?

Mr GRIPLAS - Well, that is a question for Quarantine.

Mr HIDDING - Is it? Why wouldn't you put it to Quarantine because it would be a great thing for your passengers?

Mr GRIPLAS - Yes, and we are working closely with Quarantine in terms of the trials, and we do work on the green and red system. You have mentioned the categories - campervanners and caravanners are presumed to be high risk, so even if you do give them the green slip the Quarantine officers are looking for a fruit bowl or whatever that travels over.

Ms GIDDINGS - Beyond that, it becomes part of the Budget process, doesn't it? When Quarantine are aware of -

Mr HIDDING - Unless TT-Line purchases the service. If it is a major issue in people's mind that they have to wait in Devonport and they think, for goodness' sake we sat on the deck for two hours, three hours, four hours -

Mr ROGERS - Well, we always pay a levy.

Mr GRIPLAS - Yes, we do.

Mr ROGERS - What is the levy? Is it about \$600 000?

Mr HADLEY - It is \$592 000.

Mr ROGERS - Nearly \$600 000 a year we pay Treasury as a levy.

Mr GRIPLAS - And also as part of fast-tracking -

Mr ROGERS - If it does not improve we are not going to pay it.

Mr HIDDING - No, exactly, and I reckon they should provide a couple of officers every day in Melbourne for that, don't you?

Ms WHITE - Talking about market options, you were explaining that you have more passengers and you are offering more services. Is there scope in the future for a third ferry?

Mr ROGERS - There is no scope for a ferry that runs from Tasmania to Sydney, if that is the question you are asking.

Ms WHITE - No.

Mr ROGERS - There is little scope for doing what you said before.

Ms WHITE - To Triabunna?

Mr ROGERS - Yes.

Ms WHITE - Could you explain why that would be the case for a Melbourne to Triabunna?

Mr ROGERS - It is the elapsed time.

Ms WHITE - Right. Too long.

[3.30 p.m.]

Mr ROGERS - Too long. To charge the fare that you need to charge to make a profit - and remember we operate not just under the State legislation, we also operate under the Corporations Law - we have to operate at a profit. There is no choice. We cannot trade where it would lead to insolvency. We would have to have a fare structure for us to make a profit, but it would be so expensive that no-one would pay it. Why would they pay it? This was the major issue as I reported before with the Sydney-Devonport voyage. It was a 22-hour voyage, so we only had a few hours to turn it around and initially the fare structure was so high that no-one travelled. When it was reduced there was an increase in passengers but no profit. It had to be sold.

Ms WHITE - Are there no ships that could do that sort of journey in a reasonable time frame to make it profitable?

Mr ROGERS - Not ones that people would want to pay good money and travel on, unless they are looking for seasickness.

Ms WHITE - Is that because they would not be big enough to cope with the swell and the rocking motion?

Mr ROGERS - Bass Strait is a challenge. You should travel with us some time when you see a bad weather forecast.

Ms WHITE - I have been over a few times.

Mr GRIPLAS - No, no, we use stabiliser fins, it is very different over Bass Strait, it is a very safe comfortable channel.

Mr HIDDING - It's just a little bit of gentle action that rocks you to sleep.

Ms GIDDINGS - That is your ships, though, Charles. There were other ships that were not so pleasant.

Mr HIDDING - On the question of ships and ports, the *Spirit* leaves Devonport and at three o'clock in the morning it goes through the heads in Melbourne. If it did not go through the heads

and went around the corner a little further, to Hastings, it would be tied up by about four o'clock in the morning, I think. How long have you got lease arrangements for the -

Mr GRIPLAS - Station Pier?

Mr HIDDING - Station Pier, and have you looked at Hastings?

Mr GRIPLAS - Can I just check on the lease terms?

Mr HIDDING - Other than the awkwardness of arriving at four o'clock in the morning and everyone is snoring and not being able to get them up, it is a much shorter journey with a direct drive into Melbourne with no traffic lights. Lots of roundabouts.

Mr GRIPLAS - In terms of the lease, Mr Hidding, it is until 2022 in Station Pier. There has always been this issue of where do you berth. Station Pier is iconic. When people come off the vessel, we know through customer research they want to be able to get into the city as quickly as possible, or out to the suburbs and/or travel beyond and the major tributaries are there in terms of the West Link, City Link et cetera, they are able to get on there. Station Pier just provides a nice iconic location and it is the best floating billboard that we can have for *Spirit of Tasmania*. It appears on the lead-up to many news services on the mainland. So for us at the moment - not for the moment - Station Pier is an ideal location to be at.

In terms of some of the constraint issues in terms of travel on and off, we are in constant dialogue with the Port of Melbourne Corporation to look at alleviating those issues. Now, if I can just pose the problem, you know you could have at the one time two cruise ships plus ourselves. Through forward planning and management and good traffic management, we are able to get the two ships turned around, plus ours, without a minute lost. So, as with anything, I think human ingenuity is there and when you test it, it would play beautifully as they say.

Mr HIDDING - So you are wedded to Station Pier?

Mr ROGERS - We are wedded to Station Pier by contract. That is not to say we will not look at alternatives in the longer term. So I am not saying we are not considering alternative routes.

Mr HIDDING - Because if there was a daytime route, then the matter of three or four hours extra sailing and the costs of the fuel and the rest of it becomes a big issue.

Mr ROGERS - And it becomes an issue about vessel time.

Mr HIDDING - Exactly. So on the question of vehicles waiting in line what we did not go to is why they cannot board a little earlier? Why do we hold them up and then wheel them all on at once?

Mr GRIPLAS - It is simply in terms of allowing all the vehicles to come at the one time for safety issues, as well. You just cannot have them coming on one at a time upon arrival, because people disembark from the vehicle and they are crossing that deck. So as you will notice, when we load people on we actually load them in lots and that is the way we constantly manage it.

Mr O'HALLORAN - Clearly the *Spirits* are critical to the economy of north-west Tasmania, that is for sure, and many of us spend a lot of time trying to encourage tourists to get off the boat and turn right rather than go left. I am wondering about the integration of the TT-Line and Tourism Tasmania; how that relationship is. Is it robust, are you working together to try to get good outcomes for the economy of Tasmania, particularly the north-west coast?

Mr GRIPLAS - We work very closely with Tourism Tasmania in terms of our partnership, which is very strong. We work on a lot of visiting journalist programs and familiarisations. So that is very strong and we work with a lot of local operators with a particular focus on all the authorities in the north-west. To give you an example, we are currently in discussions with Devonport City Council about the food and wine festival next year and being a sponsor there. So we operate at all those levels. We are strongly committed to the tourist sector and that means actively engaging at that level from a food and wine festival to the visiting journalist program and you can see that very clearly.

Mr O'HALLORAN - So when you link in with tourism operators, do you link in through Tourism Tasmania or do you link in independently of Tourism Tasmania?

Mr GRIPLAS - Independently and in conjunction, it works both ways. If you go to our website for instance you can see a lot of the operators being listed for travel and accommodation options et cetera.

Mr O'HALLORAN - Is there room for improvement, do you think, in terms of the relationship?

Mr GRIPLAS - There is always room for improvement. I always want to say that there is improvement but if you look at where we are at the moment it is that constant dialogue because as the market changes, as travel preferences change, we will change at that time.

Mr O'HALLORAN - Your involvement in the food and wine festival - I notice that you are now promoting Tasmanian food and wine on the ferry?

Mr GRIPLAS - Yes.

Mr O'HALLORAN - Which is a terrific thing. So the longer-term plans are to continue that use of fine Tasmanian produce -

Mr GRIPLAS - Absolutely.

Mr O'HALLORAN - and use that as a marketing strategy for Tasmania?

Mr GRIPLAS - Yes because we are synonymous: when you think *Spirit of Tasmania* you think of all the delights of Tasmania in terms of what makes Tasmania attractive, and food and wine is a very strong feature of that. We have revised all our menu options on board and our food options to accommodate that. In fact we carry about 93 per cent Tasmanian produce on board our vessels.

Mr O'HALLORAN - I am pleased to hear that because I know that a couple of years ago that probably was not the situation, was it?

Mr GRIPLAS - Well, I am not sure. I can only talk about the time I have been there.

Mr O'HALLORAN - Okay.

Mr GRIPLAS - Also, just to give you an example, we are going to label Josef Chromy wines the *Spirit of Tasmania* wines.

Mr O'HALLORAN - Is that right?

Mr GRIPLAS - Yes.

Ms GIDDINGS - It is excellent wine too.

Mr GRIPLAS - It is great wine.

Mr HIDDING - On the question of meals and the training of staff in restaurants. Are they trained to industry standard or do you have in-house training packages? Generally how does staff training work?

Mr GRIPLAS - Today we have taken 30 of our hospitality staff in Melbourne for a full day of training. We train both in-house to industry standard and externally as well, so for the silver service you bring in external training, but we also do a lot of in-house training for that. As you know, the hospitality industry is an unforgiving industry if you do not provide good service - the word-of-mouth is out there, so we work at a very high level. We train consistently in terms of the servicing - everything from wine service, to food service, to preparation, to presentation et cetera.

Mr HIDDING - Your training generally in the areas of housekeeping and amenities and what have you - that commercial cleaning training - is that also formal training?

Mr GRIPLAS - No, the cleaning is undertaken by an external supplier, Skilled.

Mr HIDDING - What about in the recliner chair area with the adjacent toilets? They tell me that when there are a few people in there, if, say at midnight, your urinals are blocked and the toilets need servicing, who services those in the middle of the night?

Mr GRIPLAS - That would be our shipwrights on board, they would be servicing those. So you do not necessarily have to wait until you arrive at berth, we have in-house staff, just as if you were in a hotel.

Mr HIDDING - Is that checked during the evening or should somebody complain to say these appear to be overflowing?

Mr GRIPLAS - No, it is checked. If you get a complaint first, then it is the first time you hear it. I cannot check in a cabin to see if it is blocked, but if it is blocked they alert us and it is fixed.

Mr HIDDING - It is accepted by most people, it seems, that there is not much requirement for activities on a night-time voyage. After all, a beer and a meal and having to get up at 5.30 in the morning generally take care of that.

Mr GRIPLAS - And the cricket on TV over the summer.

Mr HIDDING - My view of the picture theatre is this. The announcement comes over that *Garfield the Cat* is on at eight o'clock at night. Any person interested in *Garfield the Cat* is well and truly asleep by that time of night. The adult movie starts at 10 o'clock at night. If you were still awake and you wanted to go and watch the movie, you sit in a picture theatre that has been designed by a strange person. It has high-back seats. Imagine being in a picture theatre with high-back seats; you cannot see the screen. Who designed the seats in the picture theatre?

Mr GRIPLAS - What we have also done to accommodate that is that you can get personal video players now. So you go to the purser's desk and you -

Mr HIDDING - So the answer is not going to the picture theatre?

Ms GIDDINGS - It allows flexibility.

Mr HIDDING - I know they are available.

Mr GRIPLAS - I thought you were complaining about why *Garfield* is playing at eight o'clock.

Laughter.

Mr HIDDING - On both voyages there was nobody in there at all. When I sat down to watch a bit of the movie, I noticed that the seats were high backed and I had trouble seeing the screen. I just wanted to point out that most picture theatres do not have high-back seats.

Mr BROOKS - I watched the movie last week. Did you knock those seats off Ansett or something?

Mr ROGERS - I have no idea; never spent a minute in there.

Mr HIDDING - You do not like pictures?

Mr ROGERS - Not while I am travelling on the ship. I would much prefer to do your style and travel deluxe.

Laughter.

Mr O'HALLORAN - Are there any plans for specific subsidies, for example to grey nomads at certain times of the year, or perhaps during school holidays for families and kids? I am wondering what you are doing in that area around promotion?

Mr GRIPLAS - This is where it comes back to our pricing. We obviously want, over the summer period, as many travellers as possible and that means appealing to as many demographic categories as possible. If you track our specials, which we run in good campaigns, about one per month, you will notice around school holidays that they will be targeted for that particular group. We price to increase our base. We are not in business to have a declining business; we are there to grow so we will cater for those.

Mr O'HALLORAN - Do you have any data on the ratio of interstate to Tasmanian passengers?

[3.45 p.m.]

Mr ROGERS - Some 70 per cent of our passengers are from interstate; 30 per cent of our passengers are from Tasmania. During our peak periods of January, February, the Tasmanian component gets down to 11 or 12 per cent, so our key business is interstate, most of which is Victorian-based. We survey all passengers, including the 30 per cent average of Tasmanians. We get about an 86 per cent response rate and we investigate every comment that is made.

Mr O'HALLORAN - International travellers?

Mr ROGERS - There is not a huge number of international travellers. Our mainland demographic is people from 42 onwards who watch the commercial channels on television, who read the Murdoch press -

Mr GRIPLAS - You are giving too much of our demographic away, Charles; people will target them now.

Members laughing.

Mr HIDDING - As chairman of the board it is your intent to grow both the freight and passenger business of TT-Line, is it not?

Mr ROGERS - Passengers and freight.

Mr HIDDING - Is that right, so you have a priority in your mind?

Mr ROGERS - We always had a priority; we are a passenger vessel. Our first priority is to provide service for passengers.

Mr HIDDING - But it is your intention to grow both freight and passengers?

Mr ROGERS - Exactly, with the priority being on passengers.

Mr HIDDING - How do you go about promoting growth in freight?

Mr ROGERS - That is done by our freight-forwarding staff. That is done by contact; there is quite an extensive contract system available.

Mr HIDDING - I know how that works. So how does TT-Line position itself in the market other than having the right service at the right time at the right price?

Mr ROGERS - We go and visit them.

Mr GRIPLAS - We market to them.

Mr ROGERS - You will never see us advertising freight on television nor radio.

Mr GRIPLAS - It is a very different market.

Mr HIDDING - Small target groups, so how do you target those people?

Mr GRIPLAS - As opposed to the consumer market, the industrial market is more by direct marketing. You would go and visit and present your particulars of service to look at how you can best provide a service for them in terms of bringing their product over.

Ms GIDDINGS - Which is exactly what TasRail does in the competitive world of road transport versus rail transport. In government businesses that is what you do.

Mr BROOKS - And build a relationship.

Ms GIDDINGS - Yes, and build a relationship.

Mr HIDDING - Through what methodology? Do you still have the freight ball, for instance?

Mr ROGERS - The last time was about two years ago. It was relevant some time ago. We are questioning just how relevant that is now.

Mr HIDDING - Which is what I am doing, so it was two years ago that you had the last freight ball?

Mr ROGERS - 2008 I would think. We have not had one since.

Mr HIDDING - What was the nature of that event?

Mr ROGERS - We invited all of our major freighters to a function that we hosted.

Mr HIDDING - On the ship?

Mr ROGERS - No, in Melbourne at a ballroom.

Mr HIDDING - How many people?

Mr ROGERS - A couple of hundred. We assign a host to each table of staff and board directors. They are very important clients.

Mr HIDDING - They are.

Mr ROGERS - Interestingly enough some of them are not only our clients; they are also our competitors.

Mr HIDDING - Of course, because you need to ship their products. So how do you deal with them with the absence of a freight ball?

Mr ROGERS - The freight ball never replaced any of the normal stuff we do now - personal visitation, personal representation, normal follow-up, phone calls, making contact, reviewing their contracts, all that day-to-day stuff. The freight ball was a big thank you bonus.

Mr HIDDING - In the hospitality business, for instance, if you can get your business to, say, 70 per cent capacity you are doing pretty well, but the real money is in getting it from 70 per cent to 85 per cent. Given yield management issues, it is pretty hard tucking you in at that, so what do we do to increase the numbers of passengers? It seems pretty well static. Your average number per sailing seems to be 493, 488, 478 and that kind of thing. You could put more sailings on which brings in more people and obviously that is a big issue for people here, but how are you going to get more passengers on the ship? If you want to grow your passenger business, how do you do that?

Mr ROGERS - Again, I think it is a bigger picture than just our growing it. I think the Tasmanian market has to be grown. I think it is very important that there be a concerted effort about destination advertising, where people get a renewed interest in coming to Tasmania. It is our job then to persuade them to come by ship and not go by air.

Mr HIDDING - We talked earlier about constraints or no constraints on your committee looking at ship replacement and we found that, in spite of the fact that you said no restraints, you are port constrained; you have been told you need to work out of a port. Is it possible that you could sell one of the ships and the remaining ship could do a double run every day so that there are two sailings of that vessel out of Devonport daily by doing double duty and replacing the other ship with a passenger and caravan-only type service which doesn't have to compete with freight? Is there a possibility of that kind of mix? Does your committee have the ability to think as wide as that?

Mr ROGERS - Yes. They are looking at all sorts of configurations, including the one you gave.

Mr HIDDING - That could well grow the market.

Mr ROGERS - It is inconclusive but we are looking at that.

Mr HIDDING - That is great to hear. If there aren't constraints on that kind of thinking, if you are telling me that they are going down that track -

Mr ROGERS - No-one has put a boundary around us, thank goodness.

Mr O'HALLORAN - I have a question about passenger safety and medical assistance while passengers are on board. Do you have any major incidents on board? How do passengers get medical assistance? Who treats them on board? Is it common for sick passengers to be evacuated?

Mr ROGERS - It is uncommon for the latter to happen. Can we remember the last time we evacuated?

Mr GRIPLAS - Yes, where the vessel was turned around.

Mr ROGERS - I remember that.

Mr O'HALLORAN - Was that to do with an incident on board?

Mr ROGERS - Yes, it was a self-harm incident, so the master made the decision. Remember, he is the boss of the ship and he made the decision to return to Devonport, but we had that person under surveillance.

Mr GRIPLAS - And we had medical attendants as well.

Mr ROGERS - Yes, we have medical attendants and defibrillators on board. We have superb communications systems, as you would know, so we can certainly tip people off and really it is only a maximum of nine hours away.

Mr GRIPLAS - We also have arrangements with hospitals in both Tasmania and Melbourne, so the medical attendant would make that call on medical advice.

Mr O'HALLORAN - So besides seasickness, you don't have a lot of major issues?

Mr ROGERS - No.

Mr GRIPLAS - We have very stable vessels.

Laughter.

Mr HIDDING - On the matter of quarantine inspection, what is your annual levy?

Mr ROGERS - Nearly \$600 000.

Mr HIDDING - Given that quarantine is not your problem, you deliver the people there, why would the carrier have to pay for quarantine inspections?

Mr ROGERS - Because the Liberal Government all those years ago imposed it.

Mr HIDDING - Idiots, complete idiots!

Laughter.

Mr ROGERS - It's an inherited levy.

Mr HIDDING - Do we levy Qantas at the airport for dogs and all that stuff? We probably do through the airports corporation or something.

Ms GIDDINGS - I don't know, I don't have that information available.

Mr ROGERS - Again, I don't know, but if there are costs they are able to put some levies in place. We don't, but it is an inherited issue. Much of what you said about the pensioners is an inherited issue.

Mr HIDDING - Because it was required of you by the Government of the day, but not paid as a CSO.

Mr ROGERS - No, so one has to be mindful of the history.

Mr HIDDING - History, yes - carry the sins of the fathers and all that stuff.

Mr O'HALLORAN - Is the cost of security factored into the cost of the tickets?

Mr ROGERS - It's a pity it is nearly four o'clock because I was hoping to talk extensively about security. There are likely to be some very strict increased security arrangements imposed on us and it's going to cost. If the Federal Government has their way, it's going to create an enormous issue for TT-Line.

Mr HIDDING - Is it?

Mr ROGERS - Yes. We've sent senior managers overseas to study other ferry companies in Canada, the United States and Great Britain. The capital equipment alone of CCTV is enormous. The minister was good enough just recently to ask me a question about that on which I was able to give her a briefing. There's a lot of water to flow under the bridge.

Mr HIDDING - Can you confirm that the TT-Line has no idea on any given night who in fact is on their vessel, other than the fact that they have volunteered names but you don't know who they are? They could be anybody, could they not?

Ms GIDDINGS - That is the same as trains.

Mr HIDDING - That's what I'm saying - I mean, is that not a fact?

Mr GRIPLAS - There's a manifest if they come on by vehicle and they cross-check the licence plates et cetera. Without breaching any confidence we have a very good working relationship with both Tasmania and Victoria Police.

Mr ROGERS - It's a really critical issue.

Mr HIDDING - Is there new legislation afoot, or is it as a result of that previous maritime legislation that was put in place a couple of years ago?

Mr GRIPLAS - The Office of Transport Security has issued a maritime screening notice which applies to cruise services and a separate one to ferry services. It's that that we're currently working through.

Mr O'HALLORAN - Is that likely to impact on passenger fares, for example?

Mr ROGERS - It could, unless we can get some assistance for capital equipment, which will be millions. BC Ferries in the United States, for example, got about US\$10 million from their government because they realised that there was no way in the world that sort of capital could come from within the resources of BC Ferries.

Mr HIDDING - What was the capital to buy?

Mr ROGERS - Closed-circuit television and the screening. The theoretical model is that we'll screen passengers exactly the same as the airlines. Just think about that and think about whether we can still do double sailings.

Mr O'HALLORAN - Absolutely; it has implications for bottlenecks and passenger control, the whole lot.

Mr HIDDING - The turnaround time, yes, that's right.

Mr ROGERS - I cannot answer any more than that because we're in negotiations, but it is a big issue.

CHAIR - And your time has run out.

Mr HIDDING - Discharge them all into a big shed on the port and let them worry about them.

Mr ROGERS - I think, Mr Hidding, you should go and see Mr Hanna from the Tourism Industry Council and ask him what his view of TT-Line is and what his members think of TT-Line, because earlier in the meeting you referred to a tourist operator. We know all the tourist operators personally and we don't get many complaints.

Mr HIDDING - Are you going to hunt this one down that I referred to, is that what you are saying?

Mr ROGERS - No. Go and see Mr Hanna and ask him how many complaints he gets from his operators about TT-Line.

Mr HIDDING - But I speak to his operators.

CHAIR - The time for scrutiny is now complete.

Ms GIDDINGS - I would just like to thank everybody who has been involved in the committee and TT-Line particularly for contributing today.

The committee adjourned at 4 p.m.