



PARLIAMENT OF TASMANIA

Parliamentary Standing Committee of Public Accounts

TRANSCRIPT

Inquiry into the TT-Line Spirits Project

Tuesday 8 October 2024

MEMBERS PRESENT

Hon Ruth Forrest MLC (Chair)
Hon Luke Edmunds MLC
Mr Simon Behrakis MP
Hon Bec Thomas MLC
Mr Mark Shelton MP (via video conference)

APOLOGIES

Mr Josh Willie MP (Deputy Chair)

DISCLAIMER

This transcript has been edited for readability and clarity.

The broadcast of the hearing can be found at:

<https://www.parliament.tas.gov.au/committees/joint-committees/standing-committees/public-accounts-committee/inquiries/tt-lines-spirits-project/broadcasts/8-october-2024>

[inaudible] is used when audio words cannot be deciphered.

[audio malfunction] is used when words are lost due to a technical malfunction.

[interjections] is used when members or witnesses speak over one another.

PUBLIC

THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON TUESDAY, 8 OCTOBER 2024

INQUIRY INTO THE TT-LINE SPIRITS PROJECT

The Committee met at 9.30 a.m.

CHAIR - Welcome, Mr Grainger, to the Public Accounts Committee hearing into a couple of matters: the delivery of the new *Spirit of Tasmania* vessels and the berthing arrangements in the Mersey River at Devonport, at Devonport port.

We appreciate that you've provided evidence to the committee before in the role of chair and you're here as a private witness today. I know you've given evidence to the committee before, but I just want to remind you that everything you say is covered by parliamentary privilege. It is a public hearing. If there was anything of a confidential nature, you could make that request to the committee. Otherwise, it is all public. It is being broadcast. It will be transcribed, the evidence will be, and made public on our website at a later time. Do you have any questions before we start?

Mr GRAINGER - No.

CHAIR - I'll invite you to make the statutory declaration, and if you'd like to make an opening statement and we can proceed from there. Thank you.

Mr GRAINGER - Certainly.

Mr MICHAEL GRAINGER WAS CALLED, MADE THE STATUTORY DECLARATION, AND WAS EXAMINED

Mr GRAINGER - I'd just like to start with an opening statement and, obviously, I don't have access to TT-Line documents as I'm no longer the chairman of TT-Line. I will go through some chronological events that may have been presented to the committee before. Some of them may have; others won't have. So I'd like to go through those in chronological order, for clarity more than anything else.

In terms of an opening statement, thank you for inviting me to appear before the committee. I'm not interested in political games, and I only wish to set the record straight with factually correct information.

The board of TT-Line were very disappointed with comments made in parliament during August by the Premier, in part blaming TT-Line for the fiasco of Devonport while suggesting he would not be getting into the blame game.

The board decided to respond via a press statement on Wednesday, 14 August, where I took ownership of the commentary and stated that I was looking forward to setting the record straight with factually correct information.

PUBLIC

Prior to that press statement being released, the Premier released his own statement advising he was appointing two industry experts to deliver the new *Spirits'* infrastructure. This came as a surprise.

The Premier also stated in that press release that he was not interested in excuses or the blame game. He stated:

I want solutions and I want them now. That's what Tasmanians deserve and expect.

Later the same day, I received an email from the shareholder ministers advising that they, and the government, had lost confidence in me and unless I resigned by 7.00 p.m. that day, my position as chairman would be terminated effective immediately. It seems bizarre to me that I was being blamed by the shareholder ministers for wanting to tell the truth.

What the Premier stated in his press release earlier in the day regarding the blame game was contradictory, in my opinion, as I was obviously being blamed for wishing to set the record straight at the risk of embarrassing the government. The reality is that as chairman of the board I always kept our shareholder ministers informed of everything the board agreed or disagreed to via regular - at least monthly - ministerial briefings. I regularly advised our shareholders of our no-surprises policy, but unfortunately the same conduct was not returned by government.

The TT-Line board became extremely anxious earlier this year when on 31 July the Premier was asked in parliament if he had confidence in the TT-Line board. The Premier failed to answer the question. At that point, I believe the relationship between the TT-Line board management and management and our shareholders became strained.

The following day, 1 August, we held a board meeting and advisers from the Premier's office were frantically calling to demand information on the fixed-price contract to announce in parliament. We suggested to the advisers that the TT-Line board was seriously agitated with the lack of support from the Premier. In my time as a director and chairman of the board, I worked with six premiers and 10 government ministers from both sides of parliament and have never witnessed such an appalling lack of support from government as experienced over the previous 12 months.

It's also interesting to note that from mid-2022 to March 2024, the TT-Line only had one shareholder minister, whereas during my tenure as chairman, we always had two shareholder ministers, usually the Minister for Infrastructure and the Treasurer - minister Ferguson being both.

So I'd like to just now highlight some chronological events in terms of the new vessels, and I'll come to the Port of Devonport a bit later. So, on 25 October in 2023, I had a meeting with TT-Line CEO, the RMC - that's the Rauma Marine Constructions - the shipbuilder of the new vessels' chairman, and the RMC CEO at Helsinki Airport. This was the first time we had been informed of the serious financial situation of RMC, which rang alarm bells. Prior to this discussion, there had been some commentary around RMC's financial challenges, things like cashflow, but nothing of serious consequence. However, at that meeting, no actual demand or financial amount was advised by RMC.

PUBLIC

If we move forward to January 2024, on the 17th I received a letter from the chairman of RMC suggesting that required a €30 million injection, in his words, to keep our contractors going. That €30 million injection was not necessarily from TT-Line, but that's what they believed they needed. I followed this with a telephone call to minister Ferguson at 12.09 on the same day.

The following day at 5.30 p.m., we held a video conference call with RMC to discuss their financial implications. I advised the RMC chairman that TT-Line were unable to pay additional money to RMC. At 6.13, I called minister Ferguson to advise of the discussion where RMC had required - suggested they required the €30 million injection, not necessarily from TT-Line, and I suggested that TT-Line is unable to pay, and minister Ferguson agreed with my comments. That call ended at 6.19.

On 9 February, I received a letter from the Finnish government, who were very appreciative of TT-Line amending payment terms with no increase in the contract price and also advising that the Finnish government had a strong political will to support RMC and to overcome financial problems.

On 16 February, a letter was sent to the Finnish government advising that the board had agreed to amend payment terms in an effort to assist RMC financially but no increase in contract price. We also advised that the Tasmanian government was in caretaker mode.

On 20 February in a letter to Treasury, state Treasury, we provided an update on the vessel replacement status, including revision to the payment instalments, refund guarantees, RMC solvency position, assurances from the Finnish government, implications of RMC becoming insolvent, some options suggested by RMC to alleviate financial pressures, the ability of TT-Line to fund additional vessel replacement and the associated capital works in Devonport.

On 29 February, we gave a briefing to the Liberal and Labor parties - and we've been over this before in previous PAC meetings - advising both that RMC were experiencing financial difficulties attributed to cashflow and TT-Line had amended some contract payment timings, all fully backed by refund guarantees. We advised both parties that at this date RMC had not requested additional funding, although it was expected.

On 13 March, I received a - I wrote a letter to the chairman of RMC advising that we were proposing an out-of-session meeting, TT-Line board meeting, for 15 March and we were unable to suggest amendments to existing contract - to the existing contract - without shareholder approval - and the government being in caretaker mode. So on 15 March, on that Friday, TT-Line held an out-of-session board meeting due to RMC providing a presentation on their financial difficulties. The board approved an increase in the contract price of up to €30 million. I immediately called minister Ferguson to advise of the board decision. That call commenced at 1.37 and went for a duration of 29 minutes.

On 20 March, we received a letter from the Finnish government advising requirement for an estimated 100 million - €100 million that is - to complete both vessels and suggesting if TT-Line can commit to increasing the contract price by €50 million, the Finnish government will cover any additional costs exceeding that €50 million.

PUBLIC

The following day, 21 March, TT-Line held a board meeting whereby the board agreed to increase the additional contract price to €50 million. I immediately called minister Ferguson to advise the board decision. The minister advised me to keep Treasury fully informed. That call commenced at 2.38 and had a duration of 29 minutes.

On 22 March, we advised Treasury via email of the agreed increase in contract price and requested confirmation on previous advice that any increase in contract price is a matter for the board to manage and does not require approval from government or Treasury. Treasury replied to the email, confirming that previous advice is correct - i.e. that approval from minister - the minister or Treasury is not required for contracts already in place.

On 26 March, we received a letter from the RMC chairman to the directors of the TT-Line board advising the expectation of final cost to complete both vessels will be in excess of €100 million and stating that the chairman was just days away from a legal requirement to advise his board of directors that they can no longer continue the shipyard as a going concern.

On 5 April, we provided a letter - we, the board, provided a letter to minister Ferguson advising the agreed increase of €50 million in the contract price for the two vessels as previously discussed over the telephone and providing background on compelling commercial circumstances, noting that any and all payments made to RMC were and are backed by refund guarantees from established Finnish banks and credit agencies.

So the TT-Line board were forced to make some tough decisions over a very short time frame in terms of the new vessel construction - with the final option being to either accept an increase of €50 million, which was less than 10 per cent of the contract price, or walk away from project and lose both vessels to administrators.

The RMC chairman had advised me that his board were within days of declaring that they may become insolvent. The RMC contract includes full refund guarantees, meaning that TT-Line is eligible to receive every penny it is paid. However, if we did not agree to the increase in price, we would end up not having new vessels for the foreseeable future. The TT-Line board agreed to the proposed increase in contract price following a commitment from the Finnish government to guarantee funding to not - to enable both vessels to be completed.

On Friday 19 July this year, we were advised by RMC that the Finnish government had contributed more than €80 million to date and *Spirit V* will not be completed for another four to five months.

It is not uncommon for shipyards to experience financial difficulties. A large Tasmanian shipbuilder went into administration around 22 years ago. I can give you many examples of a number of international shipyards being bailed out by governments. In fact, one of the largest shipbuilders in, Meyer Werft, in Germany, was rescued by the German government just two weeks ago to the tune of €400 million. I can give you many examples of shipyards, particularly in Europe, facing financial difficulty due to things like COVID, the war in Ukraine, and other political events.

As I previously mentioned, during my tenure as chairman I regularly stated to our shareholder ministers that they would not get any surprises from myself or the board and, in return, I did not expect any surprises. Unfortunately, we were very surprised by the comments made by the minister and TasPorts during the recent Public Accounts Committee meetings.

TT-Line have achieved amazing results, including, but not limited to: remaining financially positive and fully operational during and following COVID; completing the GeelongPort facility on time and on budget; completing the contract for two new vessels, which was - maybe still is - the largest infrastructure project in Tasmania's history. The first vessel has now been delivered to TT-Line and the second will be handed over early next year, I understand.

I will repeat: we completed the Geelong terminal project with GeelongPort as our partner on time and on budget, yet we found it almost impossible to do the same with a Tasmanian state-owned company in TasPorts, but I'll come back to that later.

TT-Line has endured significant pressures in recent times. One example is the tragic polo pony situation where legal proceedings were instigated by the DPP on behalf of another Tasmanian government department, the Department of Natural Resources and Environment, only to be cleared by the court some four years later and after TT-Line spending millions of dollars defending that case.

We had no support from government in defending our position. The government only became involved when we acted on legal advice to cease carrying livestock on our vessels. Only then did the government intervene due to public pressure.

It should be noted that TT-Line board approved the signing of the new vessel contract with RMC in 2020. The former premier advised on 15 July 2020 that the TT-Line board's recommendation to sign the contract had not been approved by government. RMC were noted on 17 July of the government decision.

On 21 July 2020, the government established a taskforce to investigate options for Tasmanian and Australian businesses to have a greater role in the construction of new vessels. I voiced my serious concerns to the former premier based on my global maritime experience and suggested the taskforce would not achieve anything over and above what we already knew.

The taskforce achieved next to nothing, in my opinion, and can only be described as a total waste of time and money. The contract was finally agreed and signed with RMC on 15 April 2021, some 10 months later, with an additional cost to the contract price of approximately €25 million. That's approximately 40 million Australian dollars that the contract increased in the time that it was cancelled to the time we had to sign it. So, the government made the decision to stop the project and it cost us, the taxpayer, approximately 40 million Australian dollars.

We have publicly maintained for over a year that the first vessel would be handed over in the fourth quarter of 2024 and that has now been completed. And the second vessel would be handed over in the first quarter of 2025. I understand that this time commitment remains in place today. So, why don't we have a berth in Devonport for the new ships?

Are you happy for me to move on to the -

CHAIR - We'll come back to questions for that [inaudible] and we'll come back.

Mr GRAINGER - Okay. You're happy for me to continue with Devonport?

CHAIR - Yes, otherwise, we're going to perhaps cut short on that. So, let's do that; then we'll go to questions on both. You go to Devonport and we'll come back to -

Mr GRAINGER - In terms of the Devonport berth, in May 2020, we received correspondence from TasPorts proposing to increase the TT-Line operational costs by 250 per cent, originally saying it was not related to costs to construct Berth 3.

In June 2021, TT-Line executed a memorandum of understanding with TasPorts for Berth 3 - Berth 3 being the proposed new berth for the new *Spirit of Tasmania* vessels.

In terms of the Devonport berth, we made it clear to our shareholder minister back in 2022 that we remained sceptical of the ability to complete our requirements due to the lack of support from TasPorts. During each ministerial briefing, which always followed each board meeting, the minister was advised of the situation with Devonport berth and TasPorts.

As far back as a meeting on 29 June 2020, TT-Line advised TasPorts that we are not in the business of building infrastructure, and I can refer to meeting minutes.

In July 2022, TT-Line and TasPorts executed transaction documents for the lease of Berth 1 and the agreement for lease for Berth 3.

Noted in the TasPorts agreement for lease staging plan, TT-Line was to be provided access to Berth 3 construction to begin the critical path works on 26 June. I'll repeat that. TT-Line was to be provided access to Berth 3 construction to begin critical path works on 26 June 2023. And that would have provided 12 months in total for completion of the project.

On 27 July, the CEO and I advised minister Ferguson that access to Berth 3 site to begin those critical path works was now September, some three months late.

On 14 August, the CEO and I advised the minister Ferguson that TT-Line had been advised by TasPorts that the company will not be allowed on site until the end of August, the beginning of September.

On 27 September, TasPorts claimed that TT-Line was able to commence works whilst dredging continued. Now, ongoing dredging and barge operations prevented any geotechnical or critical path works.

On 4 October, I had a telephone call with the TasPorts chairman re Berth 3 schedule, which was changing each fortnight. I advised that, due to current delay in access to the shore-side pocket, exorbitant costs of possibly \$100 million could be incurred by TT-Line to have Berth 3 completed by the middle of June this year for *Spirit of Tasmania IV*.

On 23 October 2023, the CEO and I advised minister Ferguson that some four months later TT-Line still did not have access to Berth 3, which was due in June. We also advised minister Ferguson that TT-Line cannot provide an actual date for completion with any confidence until it knows when we can access the site.

On 1 November, I can refer to a photo of Berth 3 showing the TasPorts' barge and an excavator blocking access to TT-Line for geotechnical or critical path site works.

PUBLIC

On 17 November, the CEO and I advised the minister that project is in reasonable shape, regarding the purchase of main components, and that is the main gantry, main ramps, things like that. Notwithstanding, we were still having ongoing delays in access by TasPorts to Berth 3.

On 21 November, we received a letter from minister Ferguson, and this was following a meeting in his Launceston office on 10 November, advising that he intended to appoint a program integrator to work across both TasPorts and TT-Line. He said:

I expect to appoint an appropriately qualified project integrator to begin this role in early 2024.

Almost one year later, I'm not sure if we are any further advanced with completion of Berth 3.

On 21 December 2023, the CEO and I advised the minister Ferguson that operating Berth 3 prior to assembly of the main gantry, which is used for multiple deck loading, is being considered. So, we were looking at all options to have Spirit, the new *Spirit IV* into Berth 3 without the main infrastructure components being in place - that would be loading via one deck only.

On 7 February this year, I can refer to a photo of the site showing ongoing dredging and barge operations preventing any geotechnical or critical path site works by TT-Line. That's February this year.

On 14 February, the state election was called for 23 March and the same day the Premier's secretary sent a letter advising TT-Line that the government had assumed a caretaker role and the caretaker period will continue until the outcome of the election was clear. All board ministerial briefings scheduled from February to the end of 2024 were cancelled by minister Ferguson's office during the caretaker period.

On 20 February 2024, the preferred tenderer for Berth 3 submitted an updated offer for the project, following a review of updated drawings. Now, as stated by the acting Chairman of TT-Line, Mr Damian Bugg, at the Public Accounts Committee meeting of 9 September, the updated offer included a \$76.7 million increase on the original tender offer and program alterations. TT-Line management took industry advice with the agreement from the board to explore alternative options.

On 26 March, an independent ports infrastructure adviser, by the name of North Projects, advised TT-Line that the updated offer from the preferred tenderer did not represent value for money. Two days later, North Project recommended to TT-Line the termination of the preferred tenderer status and to re-engage with BMD, the builder of the Geelong terminal, in a competitive, intensive, open-book tendering process.

On 2 April, a letter was sent to the preferred tenderer advising that TT-Line had been unable to satisfy itself that it was receiving value for money from the updated offer.

On 24 May this year, access was finally provided by TasPorts to the Berth 3 pocket - 11 months later than the agreement for lease, which was 26 June 2023. As stated by TT-Line

PUBLIC

Devonport project manager, Mr Will Harper, at the Public Accounts Committee meeting on 9 September, if TT-Line had been provided access to the Berth 3 pocket in June last year, in accordance with the agreement for lease, the Berth 3 facility would most likely have been completed by December this year, with an approximate 18-month build time that was quoted.

On 27 May, following extensive analysis of tenders incorporating strict probity oversight, a letter was sent to BMD advising of their appointment of the preferred tenderer for Berth 3 redevelopment project.

On Tuesday, 18 June of this year, given there was no communication from government, we requested briefings - post-board meeting briefings recommence following the appointment of minister Abetz as our shareholder minister.

It should be noted that the change of preferred tenderer did not affect the overall timing of the project from TT-Line's perspective. TT-Line continued, as much as possible, to progress the major components for Berth 3 through a letter of commitment with the preferred tenderer. However, lack of access to the site remains the single biggest contributor to the delay of Berth 3. The contract was signed with BMD for the Berth 3 construction works, with approximately 18 months build time. This was executed on 3 July 2024.

That's, chronologically, my assessment.

I would like to comment on one other item - that is, the resignation of the TT-Line CEO. It is indeed unfortunate that TT-Line has lost arguably one of the finest CEOs in Tasmania in Bernard Dwyer. Bernard put his heart and soul into the company and achieved extraordinary results during his tenure. It is a tragedy that he chose to resign over a lack of support from shareholders and government. However, I'm sure Bernard will comment on this later today. This is one of the finest CEOs in Tasmania, and a state-owned company has lost him. It's a tragedy.

I'm happy to take questions.

CHAIR - Thanks. There is a lot of detail in that - I tried to take a few notes along the way. Obviously, the committee's role here is not necessarily to apportion blame. We don't seek to do that. We seek to understand what happened, when, and why, and what we can learn from it. Also, perhaps equally, if not more important, is how much this has cost the state, because that's the remit of the Public Accounts Committee - look at the expenditure of public money.

So I might just go back, then, to the decisions, if you like, around the RMC contract and the decisions related to that. Obviously, there was a contract signed that was then, you said, cancelled. Was that cancelled or put on hold during that period when the taskforce did their work?

Mr GRAINGER - It was put on hold. We hadn't signed the contract. We, the board, had agreed to sign the contract, and the government of the day, Premier of the day, decided to hold that.

CHAIR - That was during a period, as I understand it and remember, around a period of COVID being at its most fierce, if you like, and I understand there was pressure from the federal government at the time - through the national cabinet that was established through COVID - to

look at producing more Australian content, if you like. I acknowledge the comment you made about the work of the taskforce, but are you aware of any pressure from the Australian Government?

Mr GRAINGER - Not directly. I had heard words to that effect, but I think that would be a question for the existing government or the former premier. I had heard that there was pressure from a West Australian shipbuilder, for example. I was contacted by the CEO of that West Australian shipbuilder, and I, quite bluntly, suggested to that CEO that I was not in a position to comment and he would need to take that up with government.

CHAIR - If he wants to jump in on these points as we go. Right back in 2023, there was phone calls you had with the minister, minister Ferguson then, related to the matters involving the financial challenges that RMC were experiencing - your communication with the Finnish government and, subsequently, the Finnish government stepping in to assist that company - company in their own country, obviously.

Do you have records of those phone calls that you had? You gave us the time they lasted. Could you provide those phone call messages?

Mr GRAINGER - Of course.

CHAIR - Are you aware, being as they're phone calls, you wouldn't have seen, but did the minister take notes?

Mr GRAINGER - No, I don't know.

CHAIR - You don't know. Okay.

Mr GRAINGER - I would normally take notes after each phone call with shareholder ministers or the Premier.

CHAIR - Okay. If you could provide the notes that you took in relation to those phone calls, bearing in mind that some of this was during caretaker period.

Mr GRAINGER - Yes.

CHAIR - Most of it, actually.

Mr GRAINGER - Correct.

CHAIR - There was one that wasn't, I think. Yes, there was a phone call on 17 January you referred to. If we could perhaps go to that initially. This is before caretaker period. I think it related to a letter from RMC indicating a potential need for €30 million.

Mr GRAINGER - Yes.

CHAIR - You actually called the minister?

Mr GRAINGER - The moment we had that discussion, I called the minister. Just let me find that. So what date was that, 17 January?

PUBLIC

CHAIR - 17 January 2024.

Mr GRAINGER - I have here the letter received from the chairman of RMC.

CHAIR - Which I think you provided to the committee earlier.

Mr GRAINGER - Yes. And I have a note on the phone call, which I will provide.

CHAIR - Sure. Then you had a teleconference the following day between yourself and the chairman of RMC. That was just the two of you, was it? Not the minister as well?

Mr GRAINGER - Correct. That was myself, the chairman of RMC, the CEO and, from memory, the CFO of TT-Line in that call.

CHAIR - Then you contacted the minister again after that?

Mr GRAINGER - Correct.

CHAIR - You have notes of that? There was a phone call again?

Mr GRAINGER - Yes, there was a phone call, and I certainly have a record of that.

CHAIR - If you can provide that to us.

Mr GRAINGER - Yes.

CHAIR - With regard to the -

Mr SHELTON - Just for clarity - in your opening statement, Mr Grainger, I believe you mentioned that the issue around the 17th, there was no request for funding from TT-Line at that stage. It was an information session about the troubles of RMC?

Mr GRAINGER - That's correct. They advised that they needed something in the order of €30 million to keep their contractors employed on the project. They weren't asking us for €30 million. That's what they said that they required.

Mr SHELTON - Thank you.

CHAIR - So, going back to the phone call you made after - the next day, after you had the videoconference with RMC, and you outlined, basically, what you've just said to us.

Mr GRAINGER - Yes.

CHAIR - And what was the minister's response to that?

Mr GRAINGER - He agreed with my comments - that was, we'd suggested that we were unable to pay any additional costs. We maintained that position right up until the end, where we really had no other choice. We maintained the position that TT-Line couldn't accept an increase in the contract price, and minister Ferguson agreed with those comments that I'd made.

Mr EDMUNDS - Minister Ferguson told Parliament in May that, and I quote:

The first I was formally advised of significant and real financial issues regarding RMC's commercial viability as a business and the need for a negotiating position was during the caretaker position.

Do you believe - I'm not quoting him now. Do you believe that the minister's statement that he was unaware of the significant and real financial issues at RMC until the caretaker period is accurate? And when would you say you were aware of the significant and real financial issues?

Mr GRAINGER - As I've said, we were made aware that they had significant financial issues in October of 2023, and I advised the minister.

Mr EDMUNDS - Would you say that the position you developed in January, that TT-Line couldn't afford an additional payment, was your initial negotiating position?

Mr GRAINGER - Yes.

Mr EDMUNDS - Do you have any knowledge of the Premier's awareness of the issues facing RMC from mid-January?

Mr GRAINGER - No.

Mr EDMUNDS - Thanks.

CHAIR - Just going back then to 18 January. At that point, there was still no request for funding?

Mr GRAINGER - Correct. It was an update.

CHAIR - Yes. Did TT-Line have the capacity to pay that money? That would have been something the board would have considered, bearing in mind the overall size of the project we're talking about here.

Mr GRAINGER - I understand and the CFO of TT-Line would be far more qualified than I am to answer that, but I understand TT-Line's debt levels were quite high and our, our message to RMC was that we couldn't afford to increase the contract price.

CHAIR - It was all backed by guarantees?

Mr GRAINGER - Refund guarantees, absolutely.

CHAIR - The additional funding that was eventually provided: was that also backed by guarantee?

Mr GRAINGER - Absolutely.

PUBLIC

CHAIR - So, the challenge of not paying and having the vessels tied up with an administrator would not have meant you wouldn't have got the money back, it would have meant we wouldn't have the vessels?

Mr GRAINGER - A combination of both. Ultimately, every cent that had been paid - and has been paid - by TT-Line to RMC is backed by refund guarantees.

So, anyone who knows anything regarding companies going into administration knows that it would be a long, drawn-out process with no result. The ships would have been taken possession by an administrator, I believe. So, we wouldn't have ended up with ships - new vessels - for some considerable time, and it probably would have been some considerable time before we could have got our money back.

CHAIR - Okay, and you then talked about the delay to the delivery of putting the contract on hold - the original contract - during that period where it was reconsidered. That process, I think you said, A\$40 million?

Mr GRAINGER - Approximately €40 million. The contract increased in price by - what did I say? In that period that we waited the contract increased in price by approximately €25 million. At today's rate at least that's approximately 40 million Australian dollars.

CHAIR - Is that the only extra cost?

Mr GRAINGER - In that period, I believe so.

CHAIR - Okay. There was an additional cost associated with TT-Line's operations as a result of that. I'm looking at the fact that there was a delay - while that expert panel, or whatever it was, was created. There was a cost in the goods and the price of the vessels themselves, but are there other costs? I'm trying to look at the total cost of that delay.

Mr GRAINGER - It's difficult for me to answer that. In terms of that delay, that was a significant contract increase from the time that we had agreed the contract to the time we were allowed to sign the contract was approximately €25 million. There may have been additional costs. Again, I'm not qualified to answer those.

Mr BEHRAKIS - Thank you, Chair. You've outlined problems you've had with TasPorts and accessing the Devonport site. Can you explain what steps you took or were taken to resolve those issues? Or, was it just sort of TasPorts' fault?

Mr GRAINGER - There were regular meetings - ongoing meetings - between the project management team of TT-Line and the TasPorts project team. Regular.

The fact is that we were unable to get to our area to conduct the geotechnical works that we needed to do. You have to understand that this is a major project. If you've seen the infrastructure in Geelong, and I don't know if you have - have you?

Mr BEHRAKIS - Not personally.

Mr GRAINGER - Right. Anyone who's seen the infrastructure of GeelongPort will understand the magnitude of this. This isn't just a steel ramp going onto a ship; this is a massive

gantry facility to load three decks at a time. It's a massive structure, a massive structure - bigger than what we have in Geelong, due to the tidal influence in the Mersey River. We needed to get into that pocket of land to do the geotechnical work for that massive structure and we didn't get access for 10 months.

Now we could go - we, TT-Line; I shouldn't say 'we' because I'm not involved anymore, Mr Behrakis -

Mr BEHRAKIS - Indeed.

Mr GRAINGER - but we, TT-Line, could still move forward with the ordering and the design of other major components as best they could and they did that. The company was very proactive on doing whatever we could to progress the project, but not having access to that area for the major - for the geotechnical works for the major elements of that project cost dearly.

Mr BEHRAKIS - Appreciating there were delays in accessing the site, as you've said, what steps did you take to try and resolve that when it was apparent that there was an issue?

Mr GRAINGER - There were ongoing meetings. All we did was report to our minister that we still didn't have access and that was holding up our side of the project.

Mr BEHRAKIS - Right. How would you describe the relationship between TT-Line and TasPorts?

Mr GRAINGER - Challenging.

CHAIR - Can I follow up with a couple of those? I'll come back to you in a sec. While we're on Devonport port, - it will shift back and forth a little bit here, but we'll try to stick with this for a minute -

We have had communication from TasPorts that suggests that TasPorts did facilitate TT-Line's access to the site to perform further investigations, including geotechnical investigations in May 2023, environmental investigations in October 2023, geotechnical investigations in February 2024, site establishment activities and geotechnical investigations in March 2024, and preparatory works and geotechnical investigations in June 2024, which is probably getting a little bit late, I might say. But in any event, they're saying that's access you were provided. You're saying in your previous introductory comments that that wasn't strictly true, according to your estimation or your experience.

I wonder what evidence you could provide to the committee to back that up? I know you referred to some photographs of barriers to that work, I guess. They say that they did provide access, even though there were works going on and they had some arrangement to facilitate two lots of contractors on site. Maybe you could take us through that in a little bit more detail.

Mr GRAINGER - Here is a photo, an aerial photo, on 1 November last year which shows the TasPorts' barge and the TasPorts' excavator conducting earthmoving works - dredging - which clearly would stop, would not allow TT-Line to conduct its own geotechnical work in that area - in that pocket.

PUBLIC

CHAIR - So the whole pocket there in that photo is the area that is and will be the responsibility of TT-Line?

Mr GRAINGER - Correct.

There's another photo on 7 February this year, still showing the barge in that pocket. The dredging has been completed, I would suggest, but you can still see the barge in the pocket there that precluded TT-Line from conducting those major geotechnical works. Now, I'm not an engineer and, technically, you should be asking the technical questions of the TT-Line Devonport project manager. He did attend the meeting on 9 September, but he didn't really say too much. I don't think he had an opportunity.

CHAIR - Was there a reason why both TT-Line and the preferred contractor at the time, the Hazell Brady Joint Venture, and TasPorts, who I believe are also using Hazell Brady Joint Venture, could not do the work at the same time?

Mr GRAINGER - I don't know. I can't answer that.

CHAIR - Clearly, TT-Line felt they were unable to access the port, the area, to do the work that was required to progress?

Mr GRAINGER - Correct. That's TT-Line's position. TasPorts can dispute that and probably have, and maybe are. I can only tell you what TT-Line's position was at the time.

CHAIR - I'll just got to Bec and then I'll come to you, Luke.

Ms THOMAS - As I'm sure you can appreciate the difficult position that we perhaps find ourselves in is - TT-Line are saying that they didn't have access to do the critical path works, the geotechnical analysis; TasPorts are saying they did. As the Chair has rightly said, we're just trying to understand what actually has happened here and what can we learn from it.

Some of the evidence that the committee has heard has included that way back in April 2022 there were concerns raised by all parties involved; TT-Line, the minister, TasPorts could all see that there were issues with time lines in terms of the delivery of Berth 3. There was awareness that there were difficulties and, as you've admitted, the relationship between TT-Line and TasPorts was challenging.

So, given that this was known, what could have been done differently back then, in your view, to get some action on this to avoid this happening? We know that a project integrator role was appointed last year. Would one solution or one suggestion perhaps be that that integrator role ought to have been appointed earlier, perhaps back in April 2022 when this issue was identified as being challenging?

Mr GRAINGER - Possibly. Peter Gemell, I understand, is very experienced in these matters. He was appointed, and made some recommendations at the beginning of this year. It may have been very late last year, but certainly he provided a paper at the beginning of this year which TT-Line did not see until March. I think he provided that to government in January, I think. TT-Line didn't receive that until March.

PUBLIC

In retrospect, yes, things could have been done differently, but remember we had come off - TT-Line had come off doing a major port project for GeelongPort and it was almost a dream to deal with those people. Everything was done on time. There were no blocks. It was a very, very good working relationship with GeelongPort -

CHAIR - Are they a state-owned company?

Mr GRAINGER - No, they're not. They're private. We, maybe wrongly, thought that we'd have the same relationship with TasPorts.

Ms THOMAS - Does that suggest that this all comes down to relationships then?

Mr GRAINGER - Quite possibly. Quite possibly.

CHAIR - Can I just ask, right back at the beginning where the decision was made to berth the new *Spirits* at Berth 3 and you've said and previously you've said that TT-Line identified themselves as a ferry operator not an infrastructure builder of wharf infrastructure, and there was a communication with TasPorts about them delivering it.

Can we just go back there for a moment to understand more fully why that didn't eventuate at the time?

Mr GRAINGER - I'm not sure that TT-Line had the choice. As I said earlier, we made the comment to TasPorts that we were not in the business of infrastructure. Again, I'll repeat, TasPorts had suggested a 250 per cent increase in our operational costs, our port operational costs, which did not include the new berth for the new vessels.

CHAIR - I'll come to that in a minute, if we can just focus on why they didn't take on the build in the first place.

Mr GRAINGER - I'm not sure. I'm really not sure why TasPorts didn't take over the complete build or why TT-Line didn't take over the complete build of the whole project. I think the CEO could probably answer that.

CHAIR - I think it's important to try and understand why -

Mr GRAINGER - absolutely.

CHAIR - that decision point was made in the first instance. So in Geelong, who carried out the work there?

Mr GRAINGER - GeelongPort.

CHAIR - So, you gave them your specifications; gave them all the details of the ships.

Mr GRAINGER - Yes. We agreed on a 30-year lease. We agreed on a rent - an annual rent subject to CPI. That was all agreed before any work started on GeelongPort and then GeelongPort went ahead and commenced the build process to our specification.

PUBLIC

CHAIR - Yes, they engaged their own contractors to do all the various components of it.

Mr GRAINGER - Yes, absolutely.

CHAIR - Okay. Have they built other port infrastructure there?

Mr GRAINGER - I understand that the company who owns GeelongPort has also done ports in Brisbane.

CHAIR - Okay. Just going back to the operational cost increase of 250 per cent, what explanation was given to TT-Line at the time to increase and what did you get for that?

Mr GRAINGER - That's a good question. Unfortunately in Tasmania there is only one port owner, one port operator, so the options for TT-Line are limited at best. We can't go to another port as we did in Victoria.

If you recall, we moved from Station Pier because there was going to be a requirement for significant infrastructure changes and cost there. We didn't have - and we don't have - the same option in Tasmania. There is only one port operator in the whole of Tasmania and that's a state-owned company. So TT-Line is extremely limited on what it can or can't do in terms of ports. We just don't have any option.

CHAIR - But you are a state-owned company. I'm not sure whether you're a GBE or a state-owned company.

Mr GRAINGER - Yes. A state-owned company.

CHAIR - TasPorts is -

Mr GRAINGER - a state-owned company.

CHAIR - also a state-owned company. We've got two state-owned companies who are required to operate under the Tasmanian government's governance - business governance framework - that's what it's called - that do require a level of consideration of the Tasmanian people that you're serving. I'm just trying to understand how we can avoid this happening -

Mr GRAINGER - Where did it go wrong?

CHAIR - Yes, exactly. That's the question.

Mr GRAINGER - Exactly, and I can't answer that. All I can say is that TT-Line gave its best endeavours to get the new port done on time and on budget, and it didn't happen for a myriad of reasons that will be uncovered as we go through.

CHAIR - Okay. What was the total cost of the GeelongPort and was that on time and on budget?

Mr GRAINGER - Excuse me.

PUBLIC

CHAIR - We can always ask Mr Dwyer later if we need. We'll ask him later.

Mr GRAINGER - Yes.

CHAIR - Yes, that's all right. That's fine. Luke.

Mr EDMUNDS - Is that the call?

CHAIR - Sorry.

Mr EDMUNDS - I wasn't sure if that was the call or not. Thanks again. Obviously, you've said a few times that you'd been advising minister Ferguson since 2022 that TasPorts was delaying the works TT-Line needed to complete. Can you outline what the minister did about that advice?

Mr GRAINGER - Look, it was always a discussion that we would have after each board meeting. For the ministerial briefing meeting, we had an agenda and on that agenda were new vessel, port infrastructure, polo ponies.

So, it was discussed at every meeting. At one stage, I said - and the CEO and the CFO were in this meeting - I said to minister Ferguson, I think it was November, December last year, certainly before caretaker mode, I said, 'Minister, our single biggest risk in this whole project is TasPorts and Berth 3, and, at this stage, we'll be bringing both ships into Hobart and anchoring them in the Derwent.' Minister Ferguson replied that I needed to learn to play in the sand pit with TasPorts.

Mr EDMUNDS - So, did it get to the point with the sort of failure to intervene that you had to specifically request the minister to step in?

Mr GRAINGER - No. No, the minister and the government made that decision to step in. All we could do was outline the situation as we saw it.

Mr EDMUNDS - And you did that multiple times or basically every time you met?

Mr GRAINGER - Did that multiple times.

Mr EDMUNDS - Yes. Did you also perhaps - or what discussions did you have with the Premier about the issue as well?

Mr GRAINGER - I don't recall actually discussing anything with the Premier. So, we only had one shareholder minister.

CHAIR - Did you ever seek advice as to the legality of that?

Mr GRAINGER - No, no we didn't, but we were asked at a meeting with the Premier, not long after he was elected premier, we were asked what our opinion was. And at that stage we said - well, it's unusual because, certainly in my time with TT Line, we'd always had two shareholders, and it was usually the minister for Infrastructure and the Treasurer and minister Ferguson was both. He was the Treasurer and Minister of Infrastructure. We only had the one minister.

Now, I don't know how much information was relayed that we that we provided to our shareholder minister. I don't know how much of that was relayed to anyone else.

Mr EDMUNDS - Minister Ferguson had been unequivocal that before mid-April he believed the Berth 3 works would be completed by August 2024, at least to the stage that would still allow the new ships to be loaded while the rest of the works were finalised. Yet - back to the integrator - the integrator who was appointed in late 2023, Mr Gemell, states in his report that he was advised by TT-Line on February 6 that neither of the options that were being considered to enable the early operation at Berth 3 were feasible due to risk and cost.

He further states that he learned on the same day that the harbour master advised that Berth 1 option was not feasible. Mr Gemell, therefore, knew in early February that none of the interim options were going to be available in August.

I just wondered, when did TT-Line first know that and when the minister was told?

Mr GRAINGER - It's been an ongoing discussion, in terms of the Cabinet subcommittee that was formed by the ministers and the Premier. I attended a number of those Cabinet subcommittee discussions, and those meetings were also attended by State Growth, secretary of State Growth, Department of Premier and Cabinet secretary, and those discussions were complex. What I can tell you is that TT-Line has regularly in those meetings - and I haven't attended those meetings for a while now - but, in the meetings that I did attend, we made it clear that the Berth 1 option - we had serious safety concerns. And, those safety concerns were also from the general manager of marine operations, a very, very experienced former ship's captain.

It seemed as though TasPorts were not so concerned. But I can also tell you that there have been two incidents with our existing vessels in Berth 1 and the SeaRoad vessels in Berth 2, and we considered those two instances quite serious.

So, our concerns were relayed to the government in terms of we've already had two incidents, serious incidents, why would we put a ship that's longer, wider and deeper into the same position?

So, we relayed those concerns. I don't know how those discussions have progressed. I don't know if Berth 1 is still an option. I only know now what I read in the press.

Mr EDMUNDS - So, the minister received a verbal briefing from Mr Gemell on 7 February, the day after Mr Gemell became aware of TT-Line's advice that the wharf infrastructure would not be ready in time for the arrival of the new ships.

Do you know whether Mr Gemell advised the Treasurer of the delays to the berthing infrastructure project?

Mr GRAINGER - That would be a question you'd have to ask the Treasurer.

Mr EDMUNDS - Minister Ferguson told this committee in August that prior to 11 April he held 'a strong belief' that the project was on track for a service date in August.

PUBLIC

Did you provide him with any advice or information prior to 11 April, written or verbal, to indicate that a service date in August would not be achieved?

Mr GRAINGER - I think I've already covered that.

Mr EDMUNDS - Was it ever TT-Line's view that the temporary around-the-world or at-grade options for loading the new ships from Berth 1 while the rest of the works were completed were definitely feasible or were they discussed as possible alternatives along with Berth 1 upgrades if the works weren't fully completed?

Mr GRAINGER - I think the TT-Line management were confident of the alternatives that they proposed, because they wouldn't have proposed them if they weren't comfortable and they weren't confident that they could work. That's the form of TT-Line. There is no way TT-Line management would have suggested anything that was remotely sensitive or remotely a safety concern.

Mr EDMUNDS - Just one last one if that's okay, Chair. I know I've had a few. Did TT-Line ever advise the minister that any of the options were definitely feasible?

Mr GRAINGER - I think the - and this is just from memory - I'm fairly certain that TT-Line management suggested that an at-grade loading platform - in other words just shore-level loading - was something that could be undertaken safely.

Mr EDMUNDS - Thank you.

CHAIR - Simon.

Mr BEHRAKIS - Thank you. I've got a few, so just pull me up when you've had enough of me. Mr Grainger, in the minutes to the minister's briefings, which members have been provided copies of, 15 June 2023 -

CHAIR - Just be careful that you don't read from those because they are confidential.

Mr BEHRAKIS - Okay. It was said that there were some delays to the Devonport - I'm trying to do this now without reading directly from it because that's the submissions regarding the timing of the project - but there were no red flags and the relationship with TasPorts was progressing. Just in the context of what's been said today, how does that, because I do remember that meeting myself, how does that - at which point were there red flags?

CHAIR - You were there as an adviser. Maybe just make that clear.

Mr BEHRAKIS - Yes, as an adviser. At which point did these, where we had some issues, we had some delays, but there was no red flags and the relationship with TasPorts was progressing well. At which point was that not the case?

Mr GRAINGER - I'm not sure that the relationship with TasPorts was progressing well. It was progressing, but I think that might be an exaggeration to say that it was progressing well. We advised the minister each month, as you know, on the situation as we saw it each time.

PUBLIC

Now I've got these ministerial briefings in front of me, so I know what we said and we made the minister aware back in 2021 - back in 2020 - we were not very happy with how things were progressing. Now I can read that to you, but I shouldn't. We had been trying to arrange meetings - in 2021, we had been trying to arrange meetings with TasPorts to discuss the requirements there to accommodate the new vessels. Back then, in 2021, TasPorts were appearing before the Australian Competition and Consumer Commission (ACCC) and couldn't meet with us because of that.

CHAIR - Is that because they were meeting the same day you were trying to meet with them, or was it just that they weren't available for a whole period of time around the ACCC action?

Mr GRAINGER - It was a period of time. I can't recall how much but it certainly was a period of time.

CHAIR - Would you expect that to be the case that they can't do two things?

Mr GRAINGER - I don't know.

CHAIR - Simon.

Mr BEHRAKIS - We just had that - there was comment earlier about some of these challenges coming down to relationships, and there was a comment about the minister's advice to you about playing in the sandpit with TasPorts. Do you accept any responsibility for the nature of that relationship, not total responsibility, but do you accept any responsibility for the nature of that relationship with TasPorts? What did you do in response to the advice from the minister about playing in the sandpit?

Mr GRAINGER - I can only speak to what management advised me. I'm a non-executive chairman. You know what that means?

Mr BEHRAKIS - I do.

Mr GRAINGER - I was briefed regularly by the CEO and the CFO and there were elements of frustration coming from them at every meeting with their ongoing discussions with TasPorts. Following the discussions that I would have with our CEO and our CFO and our company secretary legal counsel, we would then meet as a group and refer those discussions to our minister.

We saw it as a relationship that was probably deteriorating over a period of time and we could possibly accept some responsibility for those deteriorating negotiations, but I can't be specific.

Mr BEHRAKIS - Okay. I will read for this one because it's from the public accounts hearing on 9 August. The chairman of TasPorts said to the committee that TasPorts had attempted to support TT-Line:

... in a number of ways, including offering to procure and perform a portion of TT-Line's critical path works, including marine piling, provision of project management, construction management and services through our project

PUBLIC

team, provision of extensive background, site information including geotechnical survey and environmental data, and facilitation of TT-Line's frequent access to the site. They have chosen at all points to do it themselves. That is their choice.

Do you dispute what TasPorts said in regards to that? What's your perspective on that?

Mr GRAINGER - I can't agree to that.

Mr BEHRAKIS - Okay. Can you provide some further context as to what's happened there?

Mr GRAINGER - No, not here.

Mr BEHRAKIS - Not here?

Mr GRAINGER - No.

Mr BEHRAKIS - Is that because -

Mr GRAINGER - That's because I don't have it in front of me.

Mr BEHRAKIS - Right, okay, but -

Mr GRAINGER - I'm not prepared to make any comment that I can't back up as being factually correct, Mr Behrakis. I won't do that.

Mr BEHRAKIS - What you're suggesting is that what TasPorts has said isn't factually correct?

Mr GRAINGER - The *Spirit of Tasmania* - TT-Line had an agreement for lease to do all the above-ground works. TasPorts' responsibility was to do all the in-water works. That was agreed. So, you know, TasPorts can say whatever they want to say about TT-Line not wanting to do this or wanting to do that sort of work themselves. They can say that. I'm not suggesting it's true or it's accurate, but they can say it.

Mr BEHRAKIS - Okay. It's either accurate or it's not accurate. That's why I was asking whether or not you disputed it, but you won't provide any further details.

Mr GRAINGER - It's not that I won't provide any further details. It's a question that needs to be asked of the TT-Line project manager, who is on site working day in, day out, hand-in-glove with TasPorts. He sat at this table, but he wasn't given an opportunity to answer questions.

Mr BEHRAKIS - Right. Finally from me, Chair, for the time being. You said earlier the minister appointed Mr Gemell as a project integrator. Can you speak to Mr Gemell's findings in relation to TT-Lines' management and delivery of the berth 3 project?

Mr GRAINGER - By the time TT-Line received the report from Mr Gemell, and I understand Mr Gemell is held in very high regard and I certainly don't dispute that. He's

PUBLIC

obviously an experienced infrastructure person. By the time TT-Line received his recommendations, which I believe was March, he provided it to the government in February - January or February. When TT-Line finally saw that document, we had, TT-Line had, already implemented most of what he had suggested without seeing the report, in terms of appointing more project managers and increasing the size of the project team. Most of that had been done by the time TT-Line got to see his report.

Mr EDMUNDS - Can I ask one question about -

CHAIR - We will go there, I want to ask one more thing about the Gemell report.

Mike, you said that the minister received that in January/February 2024. When did you actually receive it?

Mr GRAINGER - March.

CHAIR - In March, and that was after caretaker had commenced?

Mr GRAINGER - I'm not sure.

CHAIR - Right. When that was provided to you, was that provided by Mr Gemell or by the minister to you?

Mr GRAINGER - I can't recall.

CHAIR - I might have to follow this up with Mr Dwyer.

Ms THOMAS - Did you ever see a draft?

Mr GRAINGER - No, I didn't see a draft. No. All I saw was the final report.

CHAIR - Okay.

Mr GRAINGER - And that was provided to me by the CEO of TT-Line.

CHAIR - Okay. With the joint CEO reports, did that flow out of the Gemell report or was that something that was implemented earlier?

Mr GRAINGER - The what?

CHAIR - The joint CEO reports. Apparently, the minister - the Treasurer - told us that he initiated joint CEO reports from TT-Line and TasPorts at the 10 November 2023 meeting that was held. Are you aware of those?

Mr GRAINGER - Yes, I am.

CHAIR - Whose responsibility was it to produce those? Did that flow from the Gemell report or was that something the minister -

PUBLIC

Mr GRAINGER - We hadn't seen the Gemell report at that stage. That was - I assume that was instigated by the minister. I think it might have been a result of the cabinet subcommittee.

CHAIR - Right. Who was responsible for preparing those reports?

Mr GRAINGER - The CEO of TT-Line.

CHAIR - Right. Back to you, Luke.

Mr EDMUNDS - Just a quick one, back to what we were talking about before. Was the minister aware of the safety concerns and likely impacts on Berth 2 when he issued the ministerial direction to proceed with the interim solution at Berth 1?

Mr GRAINGER - Yes.

Mr EDMUNDS - Thank you.

Mr SHELTON - Just a bit of clarity around the construction. I believe it was when TT-Line was here before they talked about the briefings to the minister and that, even though it had been delayed, I think it was July 2023, the instruction to the minister at that point was that you believed that the construction, even though access was slow in being granted, you could still achieve the construction on time. That was mid last year.

Mr GRAINGER - I'd have to check on that, Mr Shelton.

Mr SHELTON - Okay. Thank you.

Ms THOMAS - Thank you. Coming back to governance: I guess Tasmanians ought to be able to reasonably expect that state-owned companies will work together to achieve the outcomes of significant projects like this in the interests of, you know, the people of Tasmania.

From a governance perspective, moving forward this committee will need to make findings about how to avoid this happening again. From your perspective, what could have been done differently? What would you suggest in terms of where there are issues like this with relationships? We know things happen. Things can't happen without good relationships where there are issues. What measures ought to be put in place from your perspective to avoid this happening again?

Mr GRAINGER - I think that, if we had our time again, we'd certainly do it differently. But you know, whether it's TT-Line, whether it's the Port of Burnie, whether it's the Antarctic Division - TasPorts has some form, and we've learned the hard way I think. I think we expected the relationship and the project to be far more stable than it turned out to be. And that was based on our relationship with GeelongPort. We expected the relationship to be the same and, clearly, it wasn't.

So, I'm sure the company would do things differently if they had their time again. I've said on many occasions that *Spirit of Tasmania* is a ferry operator. We operate a ferry, we operate the hotel, we operate a freight service, we operate a passenger service; all rolled into

one. As I said in my opening statements, we told TasPorts very, very early on that we're not in the business of building infrastructure; that was before Geelong, admittedly.

I think if we had our time again and if we had the option, if TT-Line had the option, they would say to government, 'Go and build us a new port, we're going to have two new ships here by 2024-25. Go and build us a new port because we're going to need it.' But I don't believe we had that option.

Ms THOMAS - Okay. So, there are no processes, from a governance perspective, you would suggest that could be put in place? Are you suggesting that it comes down to personalities?

Mr GRAINGER - No, no. I think state-owned companies should concentrate on their core business. That would solve a lot of problems.

Ms THOMAS - I have some questions about - you mentioned the project manager at TT-Line. From the evidence we've gathered so far, there have been a number of different project managers.

Mr GRAINGER - No. There's one senior project manager, Will Harper, who attended this committee.

Ms THOMAS - Has he been the project manager for TT-Line on these projects since the start?

Mr GRAINGER - In the very, very early days, I think, some of the TT-Line managers were involved, but when the project really started to - when it really began, Will Harper was appointed. He was appointed, I think, very, very early this year or even late last year, but again, Bernard could answer that.

Ms THOMAS - Thank you. I'll ask him as well.

Mr GRAINGER - And he's qualified. Will Harper is qualified and experienced.

CHAIR - Can I follow up on a few things you've said during your time here. Mike, you talked about the minister cancelling all the meetings -

Mr GRAINGER - His office. His office cancelled them.

CHAIR - His office, when caretaker started. But you said he cancelled them for the whole of the year?

Mr GRAINGER - Yes.

CHAIR - Is that a usual thing?

Mr GRAINGER - No.

CHAIR - Right. So he would just cancel the ones during the anticipated caretaker period or what?

Mr GRAINGER - All I can tell you is that we had monthly meetings scheduled for the whole of 2024 and when the government went into caretaker mode, the minister's office, not necessarily the minister, but his office, cancelled all those meetings.

CHAIR - What happened in 2021, when caretaker happened? We've had a few during this period.

Mr GRAINGER - I can't recall.

CHAIR - I might ask Mr Dwyer if he can remember that time because it seems odd that you would cancel the whole lot, not just the ones that are clearly going to be impacted.

Another question, you've mentioned the interactions with TasPorts. TasPorts undertake, and another committee's reported on some of these matters, you have probably read the report, but the customer survey that TasPorts do with their customers - that was partly published; we redacted the section with the names of the customers, but have you been engaged in those customer surveys?

Mr GRAINGER - No. I haven't personally, no.

CHAIR - Has TT-Line, the company, been engaged with the customer, being a relatively significant customer?

Mr GRAINGER - I'm not sure. Again, I'm sure the CEO could answer that.

CHAIR - I will ask him that. We know that today there's work going on in modelling in the Mersey River - not just in the river but remotely with AMC and other organisations - looking at the interaction between the new *Spirit* vessels and Chas Kelly's vessels to see, as I understand it, whether they can interact safely in the river at Berth 1. Has modelling been done with regard to Berth 3 because they still need to interact in the river to get -

Mr GRAINGER - Yes. Modelling was done and maybe continuing to be done, but modelling was done for the new vessels to operate in the swing basin and at Berth 3, given their larger size and depth. So yes, a lot of modelling was done in the earlier days, taking into account different wind strength and directions, and things like that, tidal influence, all those sorts of things. So, that modelling has been done.

CHAIR - Okay. That is something that has enabled the larger ships to traverse past Berth 2 to Berth 3?

Mr GRAINGER - Yes, correct. Bear in mind, the new ships were designed around the berth, not the other way around. The new ships were designed to fit in that berth, so the largest we could go was 211 metres because of the constraints in the Mersey.

CHAIR - You mentioned when you were responding to Bec about one thing that could be done well is that companies focus on their core business; you have alluded to that. I know that the government's framework that I referred to earlier was written in about 2009 - that's my memory that was around that time, but it was a long time ago. Do you think that needs to be

revisited and upgraded to actually ensure that our state-owned companies, all of them, have very clear directions about how to operate?

Mr GRAINGER - I'd highly recommend it. But remember: TT-Line also operates under the Corporations Act and the TT-Line Act. There are a number of umbrellas that we are under, sorry, they are under and maybe it's appropriate for a number of those acts to be revisited because I think the TT-Line Act, for example, is maybe 20 years old.

Mr EDMUNDS - You said that it's your view that changing the preferred tenderer did not affect the overall time line for delivering Berth 3, but the minister has previously suggested it was a significant factor. Who's right?

Mr GRAINGER - The preferred contractor hadn't been given a contract. There was no contract, and yet the media was saying that the contract was rescinded. There was no contract; there was a preferred tenderer. Whilst that preferred tenderer was in place, the company was moving forward with doing what they needed to do. Again, I can't speak for the minister. I can only tell you what I know and what I know is that whilst that preferred tenderer status was in place, the company was moving forward in a whole lot of other areas in terms of infrastructure. It's the company's view that changing the preferred tenderer did not significantly impact the time of the project. What impacted the time of the project was the company not being able to get into the Berth 3 pocket.

Mr EDMUNDS - Do you think that that's excuse-making?

Mr GRAINGER - I don't know. You'd have to ask the minister.

Mr EDMUNDS - Fair enough. Is it alright if we go to the initial \$8 million bailout payment? Are we allowed to go there now?

CHAIR - Fifteen euros? Dollars?

Ms THOMAS - The \$8 million.

Mr EDMUNDS - The \$8 million. Is that okay? In April that year, you wrote to the Treasurer advising him of that payment, and presumably had discussions around that at the time, but in December he told an Estimates committee: 'There is not a view that the price has changed.'

At your last appearance before this committee, you described the April 2022 payment as the first contract price change. When the Treasurer told a parliamentary committee the price hadn't changed, was that accurate?

Mr GRAINGER - I can't answer that. I don't know. I don't know what the Treasurer or the Premier said. I don't have that information in front of me. All I know is that there was a call from the shipbuilder after the Ukraine war started and the major steel provider in Mariupol was bombed, that the shipyard had to purchase steel from other countries, and there was a cost to that. The company agreed to that cost. In the overall scheme of things, it was considered absolutely minimal.

Mr EDMUNDS - Yes, but there was a change in the price?

Mr GRAINGER - Yes. Within that, again, if the company had not agreed to that, then there would have been further delays and negotiations, so we were focused on making sure these two vessels could be delivered on time.

Mr EDMUNDS - Of course. TT-Line's view was that there was a price change?

Mr GRAINGER - Yes.

Mr EDMUNDS - That was communicated to the minister?

Mr GRAINGER - Yes.

Mr SHELTON - Chair, if I could clarify - it was a fixed-price contract, but within a fixed-price contract there are some variations that are allowed?

Mr GRAINGER - That is correct. That is correct.

Mr SHELTON - Thank you.

Ms THOMAS - Back to the discussion about, you know, sticking to your core business. Evidence that the committee has heard suggested that at various times over the last four years, TasPorts did offer to manage the Berth 3 project but these offers were rejected. What's your view on that assertion?

Mr GRAINGER - TasPorts has said a lot of things over the period. I can only speak for TT-Line and its responsibilities, in terms of the overall project.

Ms THOMAS - From your perspective as chair of TT-Line, was the board presented with offers from TasPorts to manage the project?

Mr GRAINGER - I'd have to look at that.

CHAIR - Maybe we could ask Mr Dwyer that.

Mr GRAINGER - Yes. TasPorts is saying that was the case. Maybe it was. I don't have that information in front of me.

Mr BEHRAKIS - You mentioned earlier, regarding the Gemell Report, that TT-Line had adopted many of - and I'm not trying to verbal you - the majority of the recommendations before they were actually made.

Mr GRAINGER - A number of them.

Mr BEHRAKIS - Number of, sorry. I'm not trying to put words in your mouth. If that's the case, why were interventions from the integrator required, in your view?

Mr GRAINGER - I think the problem was being exacerbated, in terms of the timing and the responsibilities of both TasPorts and TT-Line. Government decided to get involved, and government decided to establish the cabinet subcommittee. I think that was a result of the

government finally understanding that we were going to have two new ships turn up in Tasmania with nowhere to put them.

Mr BEHRAKIS - In a statement to Parliament by the minister on 21 May, the minister said that he was formally informed of the need for a negotiating position - the first that he was informed of the need for a negotiating position was during caretaker period. Wasn't this statement reviewed by you in advance of it being made, and you advised that it was accurate and correct?

Mr GRAINGER - I have that statement here, yes.

Mr BEHRAKIS - In the time we've got left, when did TT-Line advise the government of the company's decision regarding the preferred tenderer status? How does it comply with your obligation for continuous disclosure?

Mr GRAINGER - It was certainly - I'd need to check that. Take that on notice.

Mr BEHRAKIS - Okay. Back to the relationship: you've said that it was challenging. Some might say that the relationship was toxic. Do you agree? At which point could things have been done to bring that relationship back into a workable -

Mr GRAINGER - What does that mean? You can call it whatever you want, Mr Behrakis. Toxic? What do you mean? I've told you that we had some challenging issues with TasPorts. You can call it whatever you want. I'm not going to use those words.

Mr BEHRAKIS - Okay. At which point did you say, 'We need to take a step back and try to improve that relationship?'

Mr GRAINGER - We always tried to improve the relationship. Still are.

Mr BEHRAKIS - In what way?

Mr GRAINGER - By open dialogue, discussion, negotiations. It's an ongoing process. It's a work in progress. I don't believe and again, I'm out of the loop now, but I don't believe Berth 3 is any closer. Certainly, my knowledge is that Berth 3 is no closer. I don't know if Berth 1 is still going to go ahead. Those are the questions you should be asking TasPorts, because I don't know.

Mr BEHRAKIS - TasPorts isn't here. You're here today. I'm asking you the questions.

Mr GRAINGER - I understand that. I know that. I can't tell you what I don't know.

Mr BEHRAKIS - Right.

Mr GRAINGER - I don't know how to explain it to you any clearer. I'm sitting here saying, I don't know if Berth 3 is closer, and I don't know if Berth 1 is even going to go ahead as an alternative berth for the new ships. You'll have to ask someone else that.

Mr BEHRAKIS - I would, yes. Correct.

Mr GRAINGER - I'm not the chairman anymore.

Mr BEHRAKIS - No, indeed.

Ms THOMAS - I want to go back - going full circle almost, back to the additional payment, the final additional payment for the ships. You mentioned that it's common for this to happen with large shipbuilding companies globally. Given that it's common, was there any consideration by the board to allow for a contingency in the project budget, or consideration given to the risk that this might happen, at the early stages of the project?

Mr GRAINGER - No. This global shipyard issue, if you like, has really only come about since COVID and the Ukraine war. Shipyards, generally speaking, will live on the edge. We negotiated what, I believe, was a very, very good contract. You will recall, our initial contract with the shipyard in Germany, Flensburger (FSG), they went into administration. Fortunately, we had not paid them any money. Although, again, we did have refund guarantees with that yard in the event that we did pay them. We'd already been burnt once by a shipyard, and we were meticulous - I shouldn't say 'we' - the management of TT-Line were meticulous with their preparation. Management of TT-Line took a lot of advice from industry experts all over the world, including legal firms, financial institutions, shipbrokers.

I'll give you an example. We went to the shipbrokers. When there was a possibility that the project could fall over with RMC, we took advice from international shipbrokers on what it might cost to start again and build two more ships. Immediately they came back and said, if you want to build these ships again, it'll be a minimum of 30 per cent more. That influenced our decision to pay the additional €50 million.

Ms THOMAS - Acknowledging the importance of getting the ships delivered and the stage they'd got to - I understand that's important - but was there any exploration by the board of 'what else could be in it for us' in terms of what would be the outcome of that payment?

Mr GRAINGER - There was almost 24-hour discussion going on during this period of a week, week-and-a-half, where the shipyard was saying, 'We're in serious trouble. If you don't pay, or if you can't agree, to the €50 million price increase, we're going to go out of business.' It was almost 24-hour-a-day negotiations, discussions, video calls, discussions with the Finnish government, discussions with the chairman of RMC. It was an ongoing process.

At the end of that process, the board made the decision that the best outcome for TT-Line and the people of Tasmania was to agree to a €50 million increase in price. I would stand by that decision, without hesitation, without equivocation. I would stand by that today. It was the right thing to do, and history will show that it was the right thing to do because one ship has already been handed over, the second ship will be handed over, I think in February, certainly the first quarter of next year. They are the best ships of their kind in the world, categorically, and our biggest problem is, sorry, TT-Line's biggest problem is they don't know where they're going to berth - certainly not until 2025, early 2026.

CHAIR - Let's go quickly to Luke.

Mr EDMUNDS - A quick summary, if that's okay. I want to be clear about some of the evidence that we've received today - and thanks again for your time. To be absolutely clear:

PUBLIC

- TT-Line knew and told the minister, before April, indeed before caretaker, that the Berth 3 works would not be completed by August;
- TT-Line told the minister about the issues, sorry, about the serious and real nature of RMCs financial issues in October, and had delivered the initial negotiating position in January, being that TT-Line could not afford to pay more; and
- That TT-Line believed the contract price first changed in April 2022 and told the minister at the time; and
- TT-Line advised the minister of the safety issues at Berth 1 prior to the ministerial direction being issued.

Mr GRAINGER - I think we advised the Cabinet subcommittee of our concerns regarding safety issues at Berth 1. In fact, I don't think I know.

Mr EDMUNDS - No worries - but you regularly informed the minister for years of the issues you were having with TasPorts. So, all of those summaries from today are correct?

Mr GRAINGER - I believe so. I'm only summarising from the documentation I have in front of me.

CHAIR - Just a quick one: in terms of when you resigned, did you receive a severance pay?

Mr GRAINGER - No.

CHAIR - Any entitlements?

Mr GRAINGER - No. Not that I'm aware of. My wife checks my bank account, not me.

CHAIR - I might have to call your wife.

Mr GRAINGER - I wouldn't encourage you to do that. She doesn't really want to speak to anyone from government at the moment.

The letter I received - I had my phone on silent on that day and I wasn't able to take calls. I received a message from minister Abetz, a recorded message which I still have on my phone. Minister Abetz suggested that he wanted to talk to me about that press release that the board decided to send out under my name. That message from minister Abetz said words to the effect of, 'I'd like to talk to you about that press release and I'd like to suggest some changes or, at best, change the wording.' I received that message.

I then received a phone call from minister Ferguson, which I didn't take. I didn't answer that call because I was on my way home and I thought, 'I'll give him a call when I get home.'

So, I had no idea what was bubbling under the surface at this stage. No idea. By the time I got home, I had an email from the shareholder ministers saying that they and the government

PUBLIC

had lost confidence in me and if I don't resign by 7 p.m. that night, my position of chairman will be terminated, effective immediately. I gave that about two-and-a-half seconds' thought and replied with my resignation.

CHAIR - Can you provide both of those - the letter to you and the letter from you - to the committee?

Mr GRAINGER - Absolutely, yes I can.

CHAIR - You've referred to a lot of the documents there. Are you happy to provide the committee with a copy of those documents?

Mr GRAINGER - You can have all the documentation that I have.

CHAIR - Sure. Are you requesting confidentiality to any of those documents?

Mr GRAINGER - No. What I've discussed is - obviously, this is a public hearing. Again, I'm completely out of the loop with TT-Line. I don't have access to any TT-Line information, nor should I. The only thing I do is check on the welfare of the CEO from time to time.

CHAIR - Okay. We'll have him up next, so we'll determine how he is. Thank you. We are out of time.

Mr BEHRAKIS - Just in the last few seconds that we've got left. To get my head right - if, as you said, the port upgrade and port infrastructure aren't your core business, your core business is operating a ferry, why did TT-Line continue being involved in the development of the port upgrade?

Mr GRAINGER - Did we insist on it?

Mr BEHRAKIS - That's what has been suggested to me.

Mr GRAINGER - By who?

Mr BEHRAKIS - By TasPorts.

Mr GRAINGER - Okay.

Mr BEHRAKIS - Do you have anything to say with regard to that?

Mr GRAINGER - No.

Mr BEHRAKIS - Okay.

CHAIR - Thank you for your time. We are a bit over time. Thank you for your time today, Mr Grainger.

Mr GRAINGER - Thank you.

PUBLIC

CHAIR - We'll write to you with those couple of questions, and if you could provide a copy of those documents to the committee.

Mr GRAINGER - If you give me a list of the documents you require, I can provide them immediately.

CHAIR - Thanks very much.

Mr GRAINGER - Thank you.

The witness withdrew.

The Committee suspended at 11.05 a.m.

PUBLIC

The Committee resumed at 11.45 a.m.

CHAIR - Thank you, Mr Dwyer, for appearing as the current CEO of TT-Line. This is a Public Accounts Committee hearing into matters related to TT-Line, the new vessel replacement ships and the berthing facilities in Devonport.

Everything you say before this committee is covered by parliamentary privilege. If there's anything you wish to provide the committee in confidence, you can make that request and the committee will consider it. Otherwise, it is all public.

We're being broadcast and the *Hansard* will be transcribed and made available at a later time. Do you have any questions before we commence?

Mr DWYER - No.

CHAIR - I will invite you to do the statutory declaration and, if you wish to make some opening statements, that would be great and then we'll go to questions. Thank you.

Mr BERNARD DWYER, CHIEF EXECUTIVE OFFICER, TT-LINE, WAS CALLED, MADE THE STATUTORY DECLARATION, AND WAS EXAMINED.

Mr DWYER - I would like to make an opening statement, if I could.

Good morning and thank you for allowing me to appear today for the second time to address this committee. I'm very proud of what TT-Line has achieved in the past decade focused on safety, staff and crew, customer service, as well as new vessels and improved berthing facilities. We have achieved a fantastic safety record, significant improvement in the financial stability of the company, moved overnight from Station Pier to Geelong with infrastructure ready for both current and new vessels in 2022, that's 2022, and built the new amazing vessels that are about to arrive in Australian waters that are bespoke for our unique business in the world.

We have not been able to deliver Devonport facilities as this hearing is heard and my concern is that submissions to this committee and media reporting is creating history rather than reporting on it. I must defend myself as it has been reported front page of the *Mercury* that I did not attend PAC but did a farewell tour to Finland the next day instead. I was actually asked not to attend PAC by the chair of the TT-Line board for his stated views of my health at the time and, at this point, I'd like to thank the Chair for actually ringing me on that day to check how I was. I think you would have seen that I was quite happy to talk and was fine. But I was told to go to Finland to take delivery of that vessel on the day after the PAC hearing for a week. I just wanted to clear that up because it was not very nice reporting in the *Mercury* nor accurate in the *Mercury*.

In addition to that, the previous chairman, in my view, has been unfairly treated over the last 12 months. Why would a government that has extended his chairmanship on a year-to-year basis to use his extensive knowledge and skills in marine to guide new ships across the line then turn around and not let him see the fruits of his 19-year-plus investment in this state and this company to deliver those ships? The same applies to another director who is a qualified marine master, who has been involved in the development of these vessels, has been to Finland to look at that, and the government have found it quite okay to say his term ends this year and

PUBLIC

not extending it for at least 12 months to actually make sure that those ships are delivered. I find that incredibly difficult and I do not understand it.

CHAIR - That would be Captain Burgess that you're speaking about?

Mr DWYER - Captain Burgess. That's right, Chair. To say there have been times when SOCs (state-owned companies) have not talked to each other is a gross exaggeration and does not respect the professionalism of the TT-Line and its executives. I'm happy to take questions on that later.

The recent TasPorts report that I've reviewed from the Upper House referenced the manner in which TasPorts worked with its clients and mentioned customer surveys to help improve their services. I have not been requested to meet with anyone from the group or conducting those surveys, nor was I invited to participate in a previous one, which I believe was undertaken by MAST (Marine and Safety Tasmania) with TasPorts. The timelines and details have now been presented by TT-Line three times to this hearing, so I'm happy to answer any questions and perhaps clarify any issues that the committee may have. I don't think I need to go into chronology anymore. You've probably done that to death and I gather that's okay.

CHAIR - Ever expanding chronology.

Bernard, thank you for those opening comments. I would like to perhaps take you to some of the points we raised with Mr Grainger earlier that you're probably, maybe, in a better place to respond to.

Let me just go to the Gemell report and when that was provided. That was provided to the minister at the time, before caretaker, and then it wasn't provided to TT-Line until when?

Mr DWYER - Until April. If I may elaborate on that. That Gemell report, I believe, was sent to the government in February of this year. I received a call in March and I, unfortunately, did not take note of who made the call to me but asked whether we had done anything in relation to the Gemell Report and I said, 'Very hard to do any actions on a Gemell report when I haven't even seen it.' And I said, 'Could I see a copy of that?' in March and they said, 'No, it's a cabinet-in-confidence document, so no, we can't supply it to you.' I said, 'Well, I can't really answer anything in the Gemell report if that's the stance the government take with it.'

In April of this year, the Department of State Growth set up the Cabinet subcommittee looking at developing going forward. It was at that first meeting that the secretary of the department gave me a copy of that report to review, which I've done.

I've actually been right through that report, as well as Will Harper, our project director, and that report with our comments went to our board and the board discussed our review of that Gemell report, and we're quite happy to table that report so you can see our commentary - back in relation to the Gemell report - for clarity for the committee as well.

CHAIR - Yeah. Just to clarify, the committee actually received what I believe to be a report from the Treasurer on 26 August. This is published on our website, his response. But if you could provide the copy you have and your feedback on it, that'd be great. Yeah.

PUBLIC

Mr DWYER - Sure. And that really fills in - Peter Gemell is a great, great person, a great resource that the state uses, but I suspect some of the information he [inaudible] given wasn't quite accurate, which we refer to in that report.

Ms THOMAS - Can I just clarify. You said you were told though the Gemell report was a cabinet-in-confidence document in March. Who was it that told you that?

Mr DWYER - Yeah, I assume it would have been from the Treasurer's office, an adviser from the office, but I didn't take a note of it and I apologise for that.

Ms THOMAS - Okay. Sure.

Mr DWYER - But there should be a record in the Treasurer's office about that, I would have thought.

Ms THOMAS - Thanks.

CHAIR - Are you in a position at the moment to talk about what errors you thought there were in Mr Gemell's report?

Mr DWYER - Yes. I think our ex-chairman mentioned in a previous hearing where, by the time we'd seen this report, we'd already acted on a lot of the project management resources required. At the time of December, January, there was no point having all of those resources in on the project, other than the project director and some resources until we actually had a substantial project to deliver. They were ramped up as appropriate as we were going through.

I might just do one for you, as an example. At point 9:

Both TasPorts and TT-Line advised that at the time of preparation of this report, there were no delays being suffered by either party caused by the other.

And my response to that - actually, it's the project director's response to our board:

Access to the site was still limited as experienced by subsequent geotechnical campaign which was not able to be completed due to the ongoing presence of the TasPorts barge completing wharf construction.

And our ex-chairman gave you some evidence in relation to that. There is actually a time-lapse video that TasPorts has as well which might be worth looking at. I think it's every 10 minutes or something like that for the period of the project, it will actually show you exactly when that berth pocket could not be accessed.

CHAIR - Okay. You don't have access to that, that's a TasPorts thing?

Mr DWYER - That's a TasPorts artefact.

Ms THOMAS - On their website?

Mr DWYER - Our project director has seen that. I'm not quite sure where he saw that, but he's aware of it.

CHAIR - Okay. When I read through this, I've highlighted lots of sections of it, the Gemell report, it sort of made you think, 'Well, what is going on here and where are the problems?' You're saying that in spite of his comments - Mr Gemell's an experienced person here - he was reporting that there were no delays being suffered. Where do you think this miscommunication might have occurred here?

Mr DWYER - I'm not quite sure. There are two aspects of the project. We've talked about the at-grade loading and discharge, as well as the full infrastructure for Berth 3. Now, that full infrastructure for Berth 3, Peter was aware was not going to happen during the 12 months, and I believe that he's even listed that - I'd have to go through the report - that was going to not be August. The August we were talking about is still trying to achieve using the new ships at Berth 3 with just an at-grade, or one deck, loading and discharge. And we kept at that on the assumption that we would start getting access to the site to do the geotechnical work.

Everyone talks about the geotechnical work, so, I might just clarify that for the committee as well.

The infrastructure - and I think I heard Mr Behrakis hasn't seen the one in Geelong. I'm hoping other people have seen it in Geelong - is a huge piece of infrastructure, which allows us to load and discharge on three different levels of the new vessels.

And that infrastructure in Geelong was there in 2022, when we moved from Station Pier to Geelong and transacted every day from that point onwards with the current ships' as well as new ships ability. I will come back to. In Devonport, the structure will be a lot larger because in Geelong we berth bow first, which is a narrower structure. In Devonport, we'll berth stern into that structure, which is a lot wider. So, we need a lot wider structure and a much more substantial structure.

Why the geotechnical is so important is the quality of the earth underneath that structure has to be known within millimetres, and some of the piles will need to go down 40 metres as an example. So, until we were able to get into that berth pocket to do the final geotechnical work, we could not finalise the design for the gantry because that's the most substantial piece that is only required in that berth pocket. I've noticed that TasPorts talk about, 'We've got geotech of other parts of the site.' That's well and good, but that's not the critical path geotechnical work that needs to be done for that large gantry.

CHAIR - I thought that was interesting, if I might just on that that geotechnical assessment, because I think TasPorts itself told us how it's a kind of complex area under the port, or in that port area in the berth pocket with some very rocky sections and some not so. When you're talking about doing the assessments, clearly you need to know where rock turns to sand or mud or whatever it is under there.

Mr DWYER - It's actually so critical that what we've actually found with the geotechnical work, which has changed our design of the gantry, is that it's soft, hard rock, soft hard rock, soft.

CHAIR - On the way down?

PUBLIC

Mr DWYER - All the way down. So, that has in turn made us look at - or our subcontractor looked at - a different way of putting piles in. So, you cannot just drive piles into something like that, because there's a great chance of that -

- (a) You can't get through the rock because it's so hard.
- (b) You have to be very careful - because you have hard, soft, hard, soft - of it collapsing when you drill.

So, there's a special drill that has actually been ordered from Europe to come in so that it drills all the way through and sleeves are pulled down as it's drilled so it doesn't collapse. Nothing worse than you do one pile, everything collapses and then you've lost the opportunity on that particular drill point.

So, I cannot over emphasise how critical it is for this geotechnical work.

If I go to too much detail, pull me back, because I'll pull myself back if I get out of my depth. Excuse the pun as well.

CHAIR - No, that's fine. I think it's relevant.

Ms THOMAS - Also, while we're on the Gemell report, it talked about TT-Line's relevant experience in terms of delivering port infrastructure and we've heard by TT-Line's own admission that you're not a port infrastructure development company, you're a ferry operator. And, so, I acknowledge that that's been admitted up front by TT-Line.

What led TT-Line to the decision to undertake the capital works despite not owning the land?

Mr DWYER - We really did not have a choice. We were pushed into a corner by TasPorts who did not want to do it - did not want to pay for it. We were, as we've talked about before, going very well with the GeelongPort site. We would have preferred - as we've done with GeelongPort site - to say TasPorts or the port owner do the infrastructure, agree with the 30-year lease, which is the normal process of ports around the world, which is the same with our current berth at berth 1. We don't own any infrastructure at berth 1. That infrastructure is owned by TasPorts and, after this project is finished, after 30 years, we don't own the asset either. That goes to TasPorts. It's a vested interest, obviously, for them to do it as cheap as they can and actually pick up that asset at the end of 30 years, obviously, as well, I assume is there reasoning for that.

Ms THOMAS - TasPorts say that at various times over the last four years they've offered to manage the project. What's your view on that assertion and what does 'manage' mean?

Mr DWYER - That's a nice way of putting the words but what they offered were services to the project. They still didn't want to take the risk or pay for anything. It was providing project manager services to us at quite a high cost and we deemed that we could provide those services ourselves at a much more reasonable cost for TT-Line going forward.

CHAIR - It was on a cost basis that you rejected?

PUBLIC

Mr DWYER - Yes, that's right. At no stage did TasPorts say, 'We will take ownership and actually make sure it's delivered'. It was, 'You still run the project but we can provide services to you to run that project and help you with that project'.

Ms THOMAS - At no time they said, 'We understand you're not a port infrastructure; we are. We will take on responsibility for the delivery of the project'?

Mr DWYER - Even as recently as April this year in the State Growth committee, I had that conversation with State Growth and TasPorts and said, 'We're in this position, why don't you take it over? Why don't you pay for it and do it this way?' At that point, the CEO said, 'Yes, actually we'll look at that', then within 24 hours came back and said, 'No, the board do not want to pay for it'. I think the words were, 'We don't have the appetite for taking any costs of this project on', so that's the second time we'd actually asked them whether they would take over the cost and running of the project.

Ms THOMAS - At any time in any of those discussions or negotiations was there any point made about, 'Ultimately, at the end of the day, this is state-owned infrastructure - does it really matter who pays? We need to get this done for the people of Tasmania'?

Mr DWYER - We've said that all the way along. We take a view of the P&L of Tasmania; we don't just look at the P&L of TT-Line, and that's why we were comfortable in taking on this huge debt for the sake of Tasmania to actually try and get this project delivered.

CHAIR - TasPorts have been doing a significant body of work in the Mersey River with the QuayLink Project, which includes a berth on the west side for Bass Island Line, which is a ship they run, or a service. It seems a bit odd that they didn't want to commit to funding the berth 3 works. I am just trying to understand what the barrier is here.

Mr DWYER - I wish I knew. That has been one of the - we don't have issues at TT-Line - opportunities all the way through we've tried to resolve.

I might just come back to the QuayLink Project. The original business case for the new ships had us berthing the new ships at berth 1, so, there was allowance in the original business case to modify berth 1 for the longer, deeper ship.

In our discussions with TasPorts and the TasPorts engineers in the very early piece, first of all they offered us, or wanted us to move to the western side of the Mersey, which we suggested wasn't a very good idea with the traffic. You mentioned the traffic on the main road in Devonport.

There was a lot of discussion about berth 2 and berth 3. We ended up agreeing with berth 3 because that would be the best location for the long-term use of the port. So, we put aside what we wanted to do and said, 'No. Actually, to move to berth 3 is the best for the state and is the best for that whole port precinct to actually allow all of those businesses to mix together'.

One of the end results of that, which I'm pretty passionate about, is allowing berth 1 to be then used for other ships like small cruise liners, expeditionary cruises. Those types of things will bring more business into -

PUBLIC

CHAIR - Would the terminal building remain? The terminal building would remain, no?

Mr DWYER - No. The terminal building would be demolished in the current plans. We will need to build a new terminal building at berth 3.

CHAIR - But, if the terminal building that's already at berth 1 could be utilised by cruise ships or other vessels, why would you demolish it? Are you demolishing it or is TasPorts demolishing it?

Mr DWYER - At the end of our lease we need to make good, and to make good that terminal they've requested we demolish it.

CHAIR - TasPorts have requested you to demolish it?

Mr DWYER - Yes.

CHAIR - Okay. Do you think that's something that should be reconsidered?

Mr DWYER - We would have to have a look at - sorry, I won't be - but somebody needs to look at the plans for SeaRoad that will use part of berth 1 and whether that impacts SeaRoad's partial move into berth 1 as well, whether that's the wrong site for them, that terminal building. But that's out of my remit.

CHAIR - Would that question be best directed to TasPorts?

Mr DWYER - Yes.

CHAIR - Back to berth 3, we were talking about grade loading, not being an expert in those things either. Does that mean in the short term that you're just loading one deck and that's it? You can't drive vehicles up?

Mr DWYER - No. I think somebody mentioned at-grade and then round the world. Round the world loading is our current vessels as well as the new vessels have ramps on every deck. In the event you can't go into Geelong, with the three ramps you can go into any port that you can put the lowest ramp on and you can load and discharge the whole vessel using those internal ramps.

CHAIR - And take three times as long?

Mr DWYER - No, it wouldn't take three times as long. It will take longer but you're still able to use the full capacity of the vessel even with only one deck being available for that.

CHAIR - It doesn't actually limit your capacity to take vehicles and freight -

Mr DWYER - A full load.

CHAIR - a full load, it just may take a bit longer when you turn around.

Mr DWYER - For load and discharge, that's correct.

CHAIR - When do you now expect for that to be done, at least at-grade loading?

Mr DWYER - I might need to take a bit of advice from the committee because there is work happening with the State Growth steering committee, with TasPorts, Gemell, and ourselves, which reports to the Cabinet subcommittee. Am I allowed to talk about the steering committee as it reports to the Cabinet subcommittee or does that need to be in camera? I just need advice -

CHAIR - Maybe we need to have that in camera and we can have a discussion later about whether it remains in camera. I might come back to that at the end, then.

Mr DWYER - Happy to do that.

CHAIR - Okay. I will just make a note.

Mr EDMUNDS - I know we've been going for a little while, but I wanted to sum up some evidence that we got this morning. Mr Grainger confirmed the following facts, it was at the end of the hearing, that TT-Line knew and told the minister before caretaker that the berth 3 works would not be completed by August. That TT-Line told the minister about the serious -

Mr DWYER - Sorry, can we just take them a point at a time? Do you mind? Do you mind repeating the first point?

Mr EDMUNDS - To the best of your knowledge, I'll go through the facts and you can say if they're correct or -

Mr DWYER - Except my memory might not be good enough for all of them. If we do one at a time that would be handy.

Mr EDMUNDS - No dramas. The first one, TT-Line knew and told the minister before caretaker that the berth 3 works would not be completed by August.

Mr DWYER - If we're talking about the full berth 3 works, that was in the combined CEOs' report that was sent to the minister by TasPorts on 28 February, I think it was or in February. The difference between the CEO report that was written in November and the CEO report that was written in January and given to him in February, was that the original report was still reporting August and the second report showed it being May 2026 for berth 3.

We need to be careful whether we're talking the full berth, at the at-grade berth, we still had everything crossed that we would get access so that we'd still be able to get the - and I have got to say, and I think the minister should know this, is that we were trying to get the at-grade berth because the ships were delayed slightly. That gave us more time to get the at-grade berth done as well. Perhaps when we get into in camera, I can talk a little bit more detail about that one.

Mr EDMUNDS - No worries. Next, so again, this is evidence from this morning, I'm interested if you consider that it is correct that TT-Line told the minister about the serious and real nature of RMC's financial issues in October and had developed an initial negotiating position in January, being that TT-Line could not afford to pay more.

PUBLIC

Mr DWYER - That's correct.

Mr EDMUNDS - The next one was TT-Line believed the contract price first changed in April 2022 and told the minister at that time -

Mr DWYER - The Public Accounts Committee actually has a copy of the letter that we sent to the minister advising that, so not just told but also advised by that letter.

Mr EDMUNDS - Thank you. TT-Line advised the Cabinet subcommittee of the safety issues at Berth 1 prior to the ministerial direction being issued?

Mr DWYER - Yes.

Mr EDMUNDS - And Mr Grainger regularly informed the minister for years of the issues you are having with TasPorts?

Mr DWYER - Absolutely, yes.

Mr EDMUNDS - Thank you.

Mr BEHRAKIS - Following on from one of those: your advice up to the caretaker period was that the interim solution was achievable by August 2024?

Mr DWYER - As long as we got access to the site and that was not happening until March, I think.

Mr BEHRAKIS - Right. Okay.

Mr DWYER - I'll talk in camera about that in more detail. That will make it really clear to the committee.

Mr BEHRAKIS - Okay. Earlier the committee heard evidence about the Deputy Premier's statement at GBE scrutiny on 1 December regarding the fixed-price nature of the vessel contracts. A few more things to confirm - can you confirm that these contracts are fixed price in nature and that the Deputy Premier was restating comments made by you during that meeting?

Mr DWYER - Well, I don't think you're right, so if you could read out my comments.

Mr BEHRAKIS - I don't have them. I can pull them up. I don't have them with me.

Mr DWYER - If you could pull them up because there is a discrepancy there.

Mr BEHRAKIS - What's the discrepancy? I don't have them handy right now.

Mr DWYER - I don't have them in front of me so I will give you time to grab that.

Mr BEHRAKIS - We can return to that, sure.

PUBLIC

On 1 August 2024, the Deputy Premier's office sought your endorsement of a number of facts, including that the contract is a fixed-price contract; the contract may be varied at the request of the builder in response to material cost increases that may impact on the overall project delivery; the €8 million variation to the contract was at the request of RMC in response to material increases in price of steel due to a range of factors such as a Ukraine conflict; the variation was within existing project contingencies and did not impact on the overall budget; and, this is evidenced by the fact that TT-Line did not request additional financial support from the government.

By email, you provided your endorsement of these facts, advising it had been reviewed by yourself, the chairman and the company's legal counsel.

Mr DWYER - That's right, but the contract changed.

Mr BEHRAKIS - Right. Okay.

Mr DWYER - So, there was a side letter to the contract that changed the contract to say that there was the extra €8 million.

Mr BEHRAKIS - But it is a fixed-price contract?

Mr DWYER - Yes, but as Mr Shelton talked about earlier, a fixed-price contract can have variations, it's standard.

Mr BEHRAKIS - Sure.

CHAIR - While we're on the joint CEO reports, I understand they were your responsibility to prepare and provide?

Mr DWYER - Only the TT-Line component. The TasPorts CEO prepared the TasPorts' side.

CHAIR - Technically they are not joint reports, then.

Mr DWYER - So, I provided the information for TT-Line. TasPorts provided their information from TasPorts. They were put into one report that was sent to the Treasurer.

CHAIR - So did you see what TasPorts put in their version?

Mr DWYER - Yes.

CHAIR - Is there a consolidated set of these reports?

Mr DWYER - There's one version that TasPorts sent to the Treasurer. I think you would have a copy of those.

CHAIR - I don't believe we do, not the joint reports.

Mr DWYER - We can supply those.

CHAIR - That would be helpful. We have a couple of tiny excerpts out of them from the Treasurer, but not the full reports.

Mr DWYER - I don't think they're Cabinet in confidence. I think they're normal reports.

CHAIR - Anyway, we can receive them in confidence initially if we need. A lot hangs on these joint reports, in many respects.

The Treasurer basically said that - this has been published on our website - following the commencement of the caretaker period, 14 February 2024, the CEO report for the month of February was received on 28 February, obviously during caretaker period.

Mr DWYER - Which was written in January.

CHAIR - Yes, and the report for the month of January was received on 1 March 2024, and he said the January report arriving after the February report is obviously abnormal. I'm wondering what happened to the January report because you did refer to that?

Mr DWYER - The January report was the one that was sent to the Treasurer on 28 February. I'm not quite sure which one he's referring to that he received on 28 February. I haven't reviewed that.

CHAIR - He said the report for the month of January was received in March.

Mr DWYER - We should check that. I have got the emails where TasPorts has sent that to the Treasurer and the attachment that was sent to the Treasurer.

CHAIR - Okay, if you could provide those to the committee that will help to clarify that.

Mr DWYER - Someone will ask about that?

CHAIR - We will write to you about that.

Mr DWYER - My memory is perfect except for some things.

CHAIR - Is there anything else on the joint CEO report at this stage, then?

Mr EDMUNDS - I have a question about the Cabinet subcommittee.

CHAIR - Ask it now, but we may need to take that in camera initially.

Mr EDMUNDS - What engagement have you had with the Cabinet subcommittee responsible for this project and were you ever asked to present or answer questions from the subcommittee?

Mr DWYER - I can answer that without content.

Mr EDMUNDS - That's fine.

CHAIR - That'll be good.

Mr DWYER - The Cabinet subcommittee was actually set up, I'm going to say 10 or 12 years ago. This is the Cabinet subcommittee of new ship procurement. It is the subcommittee that dealt with the original business cases. Some of those meetings are held without TT-Line necessarily being at those meetings, but certainly since, I think about April of this year, we've attended - that I'm aware of - every subcommittee meeting, for our input, as well as our input at the steering committee through State Growth as well.

Mr EDMUNDS - Would you describe it as a pretty rigorous process since that time?

Mr DWYER - Yes.

Mr EDMUNDS - Just another one on the committee, and, obviously, prior to the recent appointment as Minister for Infrastructure, what engagement did you have with the Premier in relation to that project?

Mr DWYER - Prior, or at any state?

Mr EDMUNDS - Yeah, or.

Mr DWYER - So, the Premier has been involved in some of the Cabinet subcommittee meetings but, as we've stated before, having only one shareholder minister, there was no real conversations with the Premier about these projects for a long period of time, as we only had one minister.

CHAIR - Just while we are on that, and I'll come to you, Simon, I know Mr Grainger made some comments about these - you know, that some of the documents are actually quite old, as is the governance framework document on the Treasury website.

Mr DWYER - Sure.

CHAIR - And acknowledging that you also operate under the *Corporations Act*, but the TT-Line act does have provision that the TT-Line act prevails where they can't coexist, if you like.

Mr DWYER - Yes.

CHAIR - Do you want to make any comments about the lack of contemporary nature of the act and that now that guides your operations, in view of this past experience?

Mr DWYER - I would echo our previous chairman's view that it should be reviewed - and it's 20 years old? 25 years old?

CHAIR - 2009, I think the act is.

Mr DWYER - So, I think these always should be regularly reviewed.

CHAIR - Sorry, 1993.

Mr DWYER - I was about to say it was in the 1990s.

CHAIR - Yeah that's right, 1993, so it is quite old, yes. There must have been some amendments to it, but nothing major for the look of the history of it.

Mr DWYER - No. The business itself has changed considerably and contemporary governance structures have changed considerably since 1993, so they should always be reviewed, in my view, yes.

CHAIR - So, what particular change do you think is needed? What's needed to avoid the sort of situation - maybe it's not just the act, it's obviously other mechanisms as well, but -

Mr DWYER - Sure, I don't think it's healthy to only have one minister. So, I don't think that's a wise thing to do at all for state-owned companies, and I can only talk about state-owned companies. The directions to companies I think is really important, seeing that we're a state-owned company under the control of the *Corporations Act*, that really needs to be clear what government - I don't want to say influence, that's the wrong word -

CHAIR - Expectation?

Mr DWYER - but the government's input and expectations of a company that is controlled by the *Corporations Act* will often have competing views or requirements, obviously, under the *Corporations Act*, so, to me, that would certainly need or it should be reviewed.

CHAIR - The TT-Line act does state two ministers. It says, 'members of the company', this is section 8 of the act:

- (1) The members of the Company on its incorporation are-
 - (a) the person who, at that time, is the Minister; and
 - (b) the person who, at that time, is the Treasurer; and
 - (c) such other persons (if any) as are determined by the Minister.

One assumes that there's two people there.

Mr DWYER - Correct.

CHAIR - But we know that's not the case in this. Did you seek legal advice as to whether there should be two shareholder ministers any time?

Mr DWYER - I didn't seek legal advice on that, no.

Mr BEHRAKIS - Thank you, Chair. Just going back to my first question about the nature of the contract and the minister's statements, 1 December GBE hearings, Mr Winter asked:

PUBLIC

I understand the commercial-in-confidence component to this. For scrutiny, can you identify whether the costs have gone up from what was estimated, or talk about whether this project is going to be over budget?

Mr Dwyer answers -

Mr DWYER - Sorry. If I may say, so that is over budget, not contract.

Mr BEHRAKIS - Okay. Mr Dwyer:

The contract with RMC is a fixed-price contract. Whatever is in the contract is fixed with RMC, so it won't go over budget.

What's the discrepancy between that and what -

Mr DWYER - I don't know what the minister said.

Mr BEHRAKIS - You said there was a discrepancy. You interrupted me earlier.

Mr DWYER - I'll interrupt you again.

Mr BEHRAKIS - Yes.

Mr DWYER - Is I talked about whether it was a change to budget -

Mr BEHRAKIS - Okay. So, my -

Mr DWYER - And as with - am I allowed to answer questions or?

Mr BEHRAKIS - Yes, sorry.

Mr DWYER - Yes. So, as I've said before, did the budget change? No, the budget didn't change. Did TT-Line require any extra funding for that €8 million? No, it didn't, but the contract changed. There was a letter - a side letter - to the contract stating €8 million. You cannot have a contract that all of a sudden you add €8 million into and not have a modification to the contract. But, in my response to that, I confirmed that it's still a fixed-price contract.

Mr BEHRAKIS - Yeah. So -

Mr DWYER - Changes can't be made willy-nilly by the builder for any reasons. It has to be agreed under a fixed-price contract for any changes.

Mr BEHRAKIS - With all that, with what I've just read out, my initial question was: the statement that was made was that the contracts - can you confirm the contracts are a fixed-price in nature, and at the GBE scrutiny hearing, the Deputy Premier was restating comment made by you in that hearing, which was:

The contract with RMC is a fixed-price contract. Whatever is in the contract is fixed with RMC, so it won't go over budget.

PUBLIC

That was your words.

Mr DWYER - Yes, but what was the minister's words?

Mr BEHRAKIS - Okay. The minister's words were -

Mr DWYER - I've just confirmed -

Mr BEHRAKIS - Yes.

Mr DWYER - So, while you're looking it up, I've just confirmed that the contract is still a fixed-price contract -

Mr BEHRAKIS - So, that is -

Mr DWYER - I still haven't finished. The contract is a fixed-price contract and we haven't - weren't, at that stage, going over budget.

Mr BEHRAKIS - Okay. What Mr Ferguson said was:

... having to respect commercial-in-confidence arrangements because of the nature of the contract and the fact that it is competitive business - that it is a fixed-price contract. Despite the impacts that the Chair indicated earlier, it is fixed price, therefore there is not a view that the price has changed.

And, you - Mr Dwyer - responded:

Is a bit scary, but I was about to say very similar.

Mr Winter:

When was it signed, this fixed-price contract?

And Mr Dwyer responded:

Early 2021. April 2021.

Mr DWYER - Would you like to repeat what the minister said and listen to what you're saying?

Mr BEHRAKIS - Yes:

... that it is a fixed-price contract. Despite the impacts that the Chair indicated earlier, it is fixed price, therefore there is not a view that the price has changed.

Mr DWYER - Sorry, there is not a view that the price has changed?

Mr BEHRAKIS - Yes.

PUBLIC

Mr DWYER - Well, that's not right; the price did change.

Mr BEHRAKIS - You were in that room at the same time; you were there. He responded to what you said. He was echoing what you said.

Mr DWYER - Well, he wasn't. He wasn't talking about the budget. But anyway, that's up to the Public Accounts Committee.

CHAIR - Yes.

Mr BEHRAKIS - Yes, okay, alright.

Mr DWYER - That's up to parliament to look at that, not up for me to look at it and make comment on what the Treasurer says. It's pretty simple.

Mr BEHRAKIS - No, no. We're just trying to make sure that everyone's on the same page about what's been said and what the nature of the contract is.

Mr DWYER - Okay, well, I've just explained - so, it's up to the Treasurer to explain what he said. What I said to the GBE hearing was that the fixed-price contract - the method of a contract is a fixed-price contract; that hasn't changed. It didn't go to variable, it didn't go to any other method and the budget hasn't changed. I never said that the contract never changed. I never said the contract price never changed.

Mr BEHRAKIS - No-one said that the contract had changed. Okay.

Mr DWYER - Well, I didn't. Well, you're saying the words. Do you agree with that? Do you agree with what I've just said?

Mr BEHRAKIS - No, we'll leave that there.

Mr DWYER - Or aren't I not allowed to ask questions either?

CHAIR - We'll leave it at that.

Mr DWYER - Yes, okay, right.

CHAIR - I think the record speaks for itself there. Bernard, are you aware if there's any limit to which you'll be able to vary a contract or to agree additional price -

Mr DWYER - In a fixed price contract?

CHAIR - within the expectations of government?

Mr DWYER - There's nothing that I've seen that is a percentage or a dollar term that I'm aware, Chair. Not that I'm aware.

CHAIR - Okay, right.

PUBLIC

Mr DWYER - So, there'd be advice from Treasury - was the Treasurer or the minister or Treasury did not need to approve any price changes to a contract already on foot, which is exactly the advice that we asked for.

CHAIR - That was the advice during the caretaker period?

Mr DWYER - That's right, yes.

CHAIR - Who did you seek that advice from?

Mr DWYER - Treasury.

CHAIR - So, because DPAC is generally the agency that manages the caretaker convention and the requirements under that, why didn't you go to DPAC?

Mr DWYER - I can't answer that. We were asked by the minister to keep Treasury informed, which is what we were doing and seeking advice from Treasury in relation to that.

CHAIR - Okay. So, did Treasury officials suggest that or did they - you may not know the answer - but they referred it to DPAC or did they suggest you need to also seek advice from DPAC?

Mr DWYER - No, that was never asked of us, no -

CHAIR - So, Treasury -

Mr DWYER - and I don't know if they referred to DPAC at all, I don't know.

CHAIR - No?

Mr DWYER - Yes.

CHAIR - Treasury provided the advice -

Mr DWYER - That's right.

CHAIR - to you?

Mr DWYER - And I believe you have the email.

CHAIR - Yes, we do.

Mr DWYER - Yes.

CHAIR - But there was no suggestion, that you're aware of, that you'd go to DPAC to confirm, being as they were in charge of caretaker, apparently?

Mr DWYER - No, there was no request to do that.

CHAIR - Luke, did you have -

Mr EDMUNDS - Just another question from this morning, if that's okay -

Mr DWYER - Of course.

Mr EDMUNDS - and it's up to you how you answer this. But Mr Grainger, this morning, suggested you resigned due to a lack of support from government. Would you like to elaborate any further on those reasons, from your perspective?

Mr DWYER - Well, I think from my testimony earlier, that the way the chairman has been treated by government for the last 12 months - for the Premier not to support TT-Line in parliament when he was asked a question and not provide an answer, I think showed a lack of support for TT-Line. I think with the hearings that the TasPorts gave at the first PAC were quite critical of TT-Line, and yet there was no comment from government in relation to that. TasPorts still seem to be able to do what they need to do, they even put out a - thank you, Bec, was it that obvious?

Ms THOMAS - It's a bit hard to reach over the -

Mr DWYER - Thank you. That I think there was a press release even put out yesterday, and comments in *The DCN (The Daily Cargo News)*, even though the Premier said, 'No blame game', there was still blame in - basically - in those. So, yes, I don't -

Yes, that sort of made it pretty easy for me, for my decision. Devastated to make that decision, of course, with the chairman and I have put in - and the CFO, and a lot of people within TT-Line - have put in 10 years of very hard work to get these ships here. And to basically have the rug pulled a little bit, within 12 months, or within two or three months of having the first ship here, is devastating. But I'm totally confident once everyone around this table and the Tasmanian public see those new ships, they will realise how much work has actually gone into them. They are magnificent. I'd love to show you pictures, but it's not quite appropriate for PAC to show you pictures of the new vessels and videos and drone footage.

Mr EDMUNDS - Does it - is there a frustration - I probably should have asked the former chair this question this morning as well - but is it a frustration from your perspective that we've got sort of three parties here - government, TT-Line and TasPorts - yet the body count seems to be higher in TT-Line than either other entity?

Mr DWYER - We've got values that we stick to, is all I'll say.

CHAIR - Can I just go to another kind of areas we discussed with Mr Grainger earlier? The cancelling of all the ministerial meetings during caretaker - and yes, I've got one too, I've been like this for months; talking too much - can you recall that occurring with the - in the 2021 election period? Because there was lot of things going on during that period too, for the vessel replacement.

Mr DWYER - Yes, to my knowledge, it's pretty standard that the - and I think in '21 those meetings were cancelled as well - I know it's -

CHAIR - The forward meetings as well?

PUBLIC

Mr DWYER - Sorry?

CHAIR - The forward meetings as well?

Mr DWYER - Well, I'd assume that makes sense, because you don't know which minister is going to be in charge of you when they come back and allocate the roles, so it would make sense that they're all cancelled on the way forward.

CHAIR - After the meetings were cancelled -

Mr DWYER - Yes.

CHAIR - as, because - well, obviously, you couldn't hold them at that particular time anyway -

Mr DWYER - Sure.

CHAIR - So, was it you or the board who reached out to the minister to re-establish them, or did the minister get in touch?

Mr DWYER - No, we reached out to our new minister, minister Abetz.

CHAIR - And when was that?

Mr DWYER - That would have been mid to late April, I think, would have been.

CHAIR - So, soon after the -

Mr DWYER - Soon after, yes.

CHAIR - election was made clear? Yes?

Mr DWYER - Yes, sure.

CHAIR - How long did it take to establish a first meeting?

Mr DWYER - Pretty quickly, I think, after that, yes.

CHAIR - Sure.

Mr DWYER - I mean, we need to have those meetings so we can keep government abreast of what we're doing and assistance that we may require.

CHAIR - So, just going back to the information provided by the Treasurer, he said the March report - this is the joint CEO report he's talking about - received on 22 April 2024 was evidence major change, referencing the rescission of the preferred tenderer and anticipating an intensive tender phase through April with BMD and HBJV. The single-deck operation date remained TBC in this report and, notably, TT-Line continued to report on the automatic mooring units would be - that the automatic mooring units would be commissioned by 16 August 2024, and I just want you to comment on this last part of his statement there:

PUBLIC

The latter statement, when read alongside Mr Gemell's report, was obviously implausible, raising concerns about the accuracy of information being presented and the project capability of the company to deliver on its own schedule.

Mr DWYER - So, again, I would say we were only talking about the at-grade, we weren't talking about the whole berth 3. We need to be really clear on that piece. And again, when we're in camera I'll be able to talk about that in more detail, but that was all on the proviso we had access - that we could actually get that at-berth grade done. Bearing in mind, too, when we were looking at the at-grade loading discharge, you didn't need all of the gantry structure. You didn't need all of that in place, you didn't need to have all of that completed. We were looking at the option of actually having that done prior to that gantry being installed and assembled.

CHAIR - So, again, not being the engineer, assuming -

Mr DWYER - Nor am I, yes.

CHAIR - Assuming that the vessel arrives, the berth 3 is available for use for at-grade loading -

Mr DWYER - That's right.

CHAIR - can you continue the work to build the full-size gantry whilst the ship's still running?

Mr DWYER - So, our ships are never in port during the night. They're always travelling, 365 days a year at night, so you have all of that period to do it. And also, when we do double sailings, we're not there in the day either, so you've only got that three-hour turnaround at the beginning and the end of each day where all the work for the rest of it can be done.

CHAIR - So, work can be done on - you can turn it back into a full-on working site?

Mr DWYER - It's not easy, it's tricky, but to get these ships in and get them operating, that's the sort of thing you need to look at to be able to do that.

CHAIR - With regard to - and I don't know where it's at either - the berth 1 consideration, I know there's modelling going on today looking at how the new *Spirit* vessel -

Mr DWYER - Sure.

CHAIR - might interact with SeaRoad's vessel.

Mr DWYER - Yes.

CHAIR - So, can you tell us what you know about the options at berth 1?

Mr DWYER - That is most likely part of the Cabinet subcommittee options that they're looking at. So, that may be the in camera piece that I need to talk about. But I can say, as of

today, I'm still no clearer about a time or a temporary berth for the *Spirits*. I've got no visibility of that at all.

CHAIR - So, there's no visibility, from your perspective, of who's going to pay for the extra work?

Mr DWYER - No.

CHAIR - No. And will the - do we have a price, or an expected contract price, for the berth 3 works yet?

Mr DWYER - Berth 3, we have our budgeted price for that, so we've already signed the contract, I think was - I think we'd - I'd probably prefer not to say, in case -

CHAIR - With BMD?

Mr DWYER - With BMD, and we've got the overall budget for that project as well, which is around \$350-\$375 million.

CHAIR - We might ask you a bit more about that in camera.

Mr DWYER - Sure.

CHAIR - So, you've taken possession of *Spirit of Tasmania IV*.

Mr DWYER - Spirit of Tassie?

CHAIR - Yes, so where's that now?

Mr DWYER - That's sitting in Rauma. It's still in the yard. There's still some work that we need to complete on that ship as well. So, there's what we call a 'hit list', which is like - I won't use a joke, because I get told off about joking - so, there's tags all over the ship saying there's a nick here or a scratch there, so all of those need to be cleared up by the yard and there's also some work that we need to finish on the ship itself, and that's due to be completed on 15 October. And then we can finish training and then have the unions do the final check.

CHAIR - Training the crew who need to sail it out?

Mr DWYER - Training the crew, yes, that's right. Then AMSA (Australian Maritime Safety Authority) need to attend to do its port state certification as well. So, a few things we need to do from a legislative point of view, but the ship, in essence, is ready to go.

CHAIR - When do we - with those requirements and the work that AMSA needs to do -

Mr DWYER - Sure.

CHAIR - when do we expect it to be in Tasmanian waters?

PUBLIC

Mr DWYER - I don't have the answer to that yet, because I don't know about a temporary berth. So, I think we've heard reports of our minister saying they might be put in Singapore for a period of time. So, until TT-Line know when a temporary berth is available, then the board can make a decision on how they bring those ships out. What we do need to do, though, Chair, is make sure that the ship leaves RMC before the end of November, when the ice starts to form, because these ships are -

CHAIR - Not ice-breakers?

Mr DWYER - Sorry, they're magnificent ships - you can sit in a dry dock with ice, because the ice sort of stays 2-3 millimetres away from the hull, but the ship is only built for certain ambient temperatures. When the ambient temperature gets too low, you have the risk of freezing your pipes, et cetera, and if you're freezing pipes, they tend to burst. If you're in deckheads, you can't see. We want it out of there so we don't have long-term issues with that ship for the next 25 years trying to find out if there was an issue with the freezing temperatures.

CHAIR - With the temporary berth, that sits back with TasPorts, one assumes, being -

Mr DWYER - That's correct.

CHAIR - So, what interactions have you had with TasPorts about that matter?

Mr DWYER - Weekly.

CHAIR - Can you update the committee a bit on how that's going?

Mr DWYER - In camera, I can. This is all part of the committee reporting to the subcommittee of Cabinet.

CHAIR - Right.

Mr DWYER - I'm sorry, but I need to be very careful.

CHAIR - Isn't there also Tasmanian content that needs to be put into the vessel?

Mr DWYER - Yes. Our plan for the vessel is the majority of the fit-out -

CHAIR - Yes.

Mr DWYER - Sorry, all of the fit-out has been completed at RMC, with the exception of artwork. Some of the Tasmanian tabletops - that doesn't make sense to have those shipped over to be put on.

CHAIR - Yes.

Mr DWYER - When the ship comes in to - we'll bring it into Hobart, is the plan - and there'll be six to eight weeks of commissioning of the ship. So, putting the final pieces of Tasmanian content in there - mattresses, cooking utensils, all of those things need to be put into the vessel. Crew training, as well as safety systems, testing, as well, that'll be done in Hobart. So, six to eight weeks is what we've allowed.

PUBLIC

CHAIR - Have you got the berth booked in for that with TasPorts?

Mr DWYER - No, because I don't know when the temporary berth is - I don't know when we can put it into service yet.

CHAIR - That is the temporary berth we're talking about, is it?

Mr DWYER - No, going into service is the temporary berth I'm talking about. Sorry, berth 1, if I talk about berth 1. So, until I know we can operate at berth 1, I can't schedule Hobart, because the plan is: you train your crew, you do all of this final input, and then you go into service. I don't want to train the crew four months ahead -

CHAIR - Right.

Mr DWYER - and then, you know, you'd have to do all the training again.

CHAIR - What I'm hearing you say, Bernard - correct me if I'm wrong -

Mr DWYER - Yes.

CHAIR - is that you want the vessel - vessel number four - to leave Finland soon -

Mr DWYER - Yes.

CHAIR - because of the weather and the icing-up of aspects, components of the ship -

Mr DWYER - Just the ambient temperature, yes.

CHAIR - the risk of that. It has to be somewhere between leaving Rauma and coming down to Hobart to be fitted with the Tasmanian content - the artwork, the cooking utensils, the mattresses, the bench - tabletops.

Mr DWYER - Yes.

CHAIR - And then as soon as that's done, you expect it to go to Devonport into service?

Mr DWYER - That's the optimal plan, yes.

CHAIR - Right, okay.

Mr EDMUNDS - I have a few.

CHAIR - Yes, we'll come to ship five in a minute.

Mr EDMUNDS - Yes, you asked a few, but I just want a little extra detail, if that's okay.

CHAIR - That's alright, yes.

PUBLIC

Mr EDMUNDS - Could you go into a bit more about why Singapore is being considered as a place to dock?

Mr DWYER - We've looked at anywhere that it's cheaper than Hobart.

Mr EDMUNDS - Yes, so is that -

Mr DWYER - So, it's an economic -

Mr EDMUNDS - So, it's the fees that TasPorts would charge to have it in Hobart?

Mr DWYER - Yes. The gazetted fees TasPorts would charge is at \$8000 a day alongside. So, we would try to take it to anchor -

Mr EDMUNDS - Yes, has there been any conversations about, you know, some of the - you know, the subcommittee or this rhetoric we're getting about 'team Tasmania'? Has there been any conversations about perhaps TasPorts reviewing that fee, in light of some of the commentary coming out of government about delivery?

Mr DWYER - Yes, not at this stage.

Mr EDMUNDS - So, when they eventually get to Tasmania, I think you ran us through that, that they would be berthed at -

Mr DWYER - In Hobart?

Mr EDMUNDS - Yes.

Mr DWYER - Yes, and we'll need to - I mean, our ideal solution, or the timeframe, we could have the first ship here in December. That's a busy time for the Port of Hobart with cruise ships. So, we could come alongside and then go to anchor while the cruise ships are in and just move it on and off the berth. If we anchor, there's no cost, so TasPorts wouldn't - there's no cost to anchor.

Mr EDMUNDS - Yes.

CHAIR - So, why don't you just anchor it? Bring it somewhere, you know, off Bass Strait, anchor it? The river?

Mr DWYER - Well, we are talking about that, yes.

CHAIR - Right.

Mr DWYER - But we - sorry, not but - we also need more crew if it's at anchor, because you need watchers, et cetera, on there that you don't need alongside, so there's a bit of a cost from a labour point of view. The big thing for us, though, is we - sorry, I must say, Bernard's big issue, not necessarily TT-Line or the board's - I'd much prefer it in Tasmanian waters that are cooler. We can move the ship around, so therefore you'll get a lot less fouling on the hull, and that's really important, obviously, for the ships - to have the ships moving, but also being

PUBLIC

in cooler water so nothing really tends to grow on the hull as well. So, really trying to be careful about making sure that it gets into service in an optimal way, yes.

Mr EDMUNDS - You briefly touched on why the ships are still in Finland, but those are mainly procedural and not significant issues?

Mr DWYER - Yes, we've always said we wouldn't really be able to get the ships into Tasmanian waters till December.

Mr EDMUNDS - I've got a couple of questions about the local -

Mr DWYER - Sorry, ship, not ships. Sorry.

Mr EDMUNDS - the local fit-outs as well, if that's okay

Mr DWYER - Sure, of course.

Mr EDMUNDS - So, obviously, it's about 100 million set aside for that, is that correct?

Mr DWYER - Up to 100 was the government view on that.

Mr EDMUNDS - Yes. But you have - you're not - I think, in answer to the Chair's question, you haven't locked those in, because there's uncertainty about the times, is that correct?

Mr DWYER - No, we haven't locked in the installation. We've locked in the purchases.

Mr EDMUNDS - Okay.

Mr DWYER - There's something like, I think, 1200 mattresses to be produced, as an example. Once we lock in a date, then they can start producing.

Mr EDMUNDS - So, is any of those local upgrades subject to cost blowouts because of the delays?

Mr DWYER - We'd have to talk to RMC about some of those. So, we've got control over -

Mr EDMUNDS - But for the local -

Mr DWYER - Yes, so even for locals. So, there's two aspects of local supply - local Australian supply. So, there's the items in building of the ship that the yard control, which is the majority. And then there's what we call buyer's supply. That's what TT-Line needs to supply to put on the ship - so, mattresses, utensils - so, we've made sure all of that is procured through Tassie as much as we can.

Mr EDMUNDS - Ready to roll, yes.

Mr DWYER - With the building of the ship, that is all controlled through RMC and there is a master makers list that we established very early in the piece with RMC that all of

PUBLIC

the major suppliers of the equipment really had to be able to be serviced in Australia, Tasmania. So, there was no point us taking large equipment -

Mr EDMUNDS - Yes, things you can only get over there.

Mr DWYER - and you'd have to go back to Europe for servicing, for example, which is a great opportunity for Tasmanian businesses. So, if they can pick up the servicing of these major components for these manufacturers and it's all done in Tasmania, that's fantastic.

The up to 100 million is peanuts compared to the potential for Tasmanian businesses in maintenance. The normal benchmark, I suppose, for maintenance of a vessel is something like three and a half times its value over 25 years. We've taken an estimate - let's say two, two and a half - that's still an opportunity of \$2 billion worth of maintenance and supply over 25 years for these vessels.

Mr EDMUNDS - That can be done in Tasmania?

Mr DWYER - That could be - that should be able to be done in Tasmania. Should be done locally, and that's - we ran a lot of - when this contract was first mooted before we went to the actual suppliers and workshops all around Tasmania and got all of the Tasmanian suppliers in and actually talked about that. And I know some suppliers in Tasmania have actually picked up a couple of those big contracts for maintenance.

Mr EDMUNDS - Yes.

Mr DWYER - and that's an opportunity for Tasmania to generate a maritime support services for anyone in Australia, not just the TT-Line vessels.

Mr EDMUNDS - Sorry, just back to that up to 100 million - do we know what that figure actually is or is that subject to change based on the -

Mr DWYER - That, really - we won't have a final figure really until the end of the warranty period of *Spirit V* -

Mr EDMUNDS - Okay.

Mr DWYER - because a lot of that is controlled, as I said, by the RMC part of the business, and that includes maintenance and warranty repairs, potentially, or warranty upgrades.

Mr EDMUNDS - Okay, but are we talking, in the 'up to', are we saying like 50 per cent of that or 75 per cent or?

Mr DWYER - I would expect it's over 50 per cent easily by now, but I've got no verification of that though.

Mr EDMUNDS - Fair enough. Thank you.

CHAIR - Bec?

PUBLIC

Ms THOMAS - Thank you. We've talked about the State Growth subcommittee, which includes TT-Line and TasPorts and reports to the Cabinet subcommittee.

Mr DWYER - That's right.

Ms THOMAS - When was that established?

Mr DWYER - The subcommittee was established 10, 12 years ago.

Ms THOMAS - Yes, okay.

Mr DWYER - That was established to really take the first business case in relation to the procurement of new vessels. But it just - or our involvement has ramped up since April of this year.

Ms THOMAS - Okay. But TT-Line has been involved across the journey?

Mr DWYER - Yes, that's -

Ms THOMAS - Yes.

Mr DWYER - so all of the business cases and updated business cases went through the Cabinet subcommittee for approval, that's right.

Ms THOMAS - Yes, okay, and you said your involvement's ramped up recently.

Mr DWYER - That's right.

Ms THOMAS - Is the focus now on the interim solution - that is the focus of that subcommittee?

Mr DWYER - That's right.

Ms THOMAS - Yes, and so berth 3 firmly remains the responsibility now of TT-Line?

Mr DWYER - Still TT-Line, so we're still under that direction from government in July, that's right.

Ms THOMAS - So, when - clearly, through the evidence we've heard, you know, there's been concerns about berth 3 being ready or not being ready for quite some time.

Mr DWYER - Yes.

Ms THOMAS - Was there a point where the organisation TT-Line started panicking, if you like, that, 'We're going to have a real problem here, we're going to have ships to come in'.

Mr DWYER - That's why the focus is on this temporary - or the interim - solution. I don't often lose sleep, but we were losing sleep over that. That would be fair to say.

Ms THOMAS - In response to losing sleep over that, what did you do to try and raise the alarm and get a solution?

Mr DWYER - So, this is the continual discussion that we've had for over 18 months with the minister about our uncertainty about us as a company doing the infrastructure to start with. As I said earlier this year, it was clearly documented in that CEO's report that it moved to May 25, not August 24, and really, the rest of it, I'd go into in camera, yes.

Ms THOMAS - Okay. Including - because my next question was what, through raising the alarm, what outcome were you hoping for?

Mr DWYER - More support from the government and perhaps a clearer direction. You know, we'd been given a - how do I put this succinctly? - we'd been given a direction by government to go ahead and complete the infrastructure. There was also the option for government to give that direction to TasPorts to take it over and complete it as well if they're infrastructure builders. That didn't come.

Ms THOMAS - Okay, so when you say more support from the government, ultimately, some direction to TasPorts to -

Mr DWYER - That would be something I would have considered quite heavily.

Ms THOMAS - Yes, okay. So now, the focus is on the berth 1 interim solution of that subcommittee?

Mr DWYER - As well as TT-Line delivering berth 3. So, there's still - we need to concentrate on both, so we can't just forget about berth 3, obviously, as well. So, there's a lot of work happening on that to make sure that's delivered as efficiently and as quickly as possible as well.

Ms THOMAS - Yes, okay. Information that TasPorts has provided suggests that, as we've regularly heard, there has been - there was access provided in order to do the geotechnical studies and we've heard geotechnical investigations were required. We've also heard the term used, 'critical path works' were required. Is that one and the same thing?

Mr DWYER - No. The critical path works for us is that berth pocket where the gantry needs to be assembled. That's a critical piece where we needed to do the geotechnical work. There was geotechnical work required on all of the site because we're building things across the site. The critical path is that berthing pocket. So, TasPorts may say we had access to geotechnical work that they'd done; they hadn't done it in the berth pocket. So, for example, in building the berth or the wharf, the berth 3, they were able to drill - sorry, they were able to pile drive in that area. They moved 20 metres away and tried to pile drive a normal pile, and we've got pictures of it, when it hit rock, it just started bending upwards. Even within 20 metres of where they are, totally different substructure. That's why you've got to do the geotechnical work in the exact spot that you need to do that driving and drilling.

Ms THOMAS - Okay, so what remaining works need to be done for berth 3? Do you still need to do critical path analysis?

PUBLIC

Mr DWYER - So, we were given access in March of this year, not June last year, March of this year, where we were able to start getting that geotechnical work done. That has since fed into changes to the design of the gantry because what they've found underneath the surface, they then need to take into account the sway of the gantry as well. You wouldn't think something so large would sway, but yes, so bracing and design has had to change for that.

Ms THOMAS - Is that work still ongoing now?

Mr DWYER - The design is being - is still ongoing and almost completed.

Ms THOMAS - So, issued-for-construction drawings have not yet been finalised?

Mr DWYER - Some of them are, yes, some of them are for various parts of it, but some not for other parts. So, it's not just the gantry, there's dolphins that need to be installed in that berthing pocket, there needs to be a bow pad installed that the ship touches against as well. Those ones, I think pretty much all those and the main ramp have been completed. It's that big structure that needs to be completed, yes.

Ms THOMAS - Has work commenced on site -

Mr DWYER - Yes.

Ms THOMAS - for the berth 3 project for construction?

Mr DWYER - Yes. I think it was either late last week or this week they started driving piles where we do know that we've got the right information for.

Ms THOMAS - Okay.

Mr DWYER - There's a webcam, I think, so we're happy for people to have a look at it.

CHAIR - On TT-Line's website, is it, we can hop on and have a look?

Mr DWYER - I don't think we've made it public yet, but we can, certainly, if you'd like, we can provide the link to it.

CHAIR - Yes, that would be handy to.

Mr DWYER - I look at it every day, it's great fun.

CHAIR - Saves me stopping on the bridge and having a look, it's not very safe to do that as I drive across.

Mr DWYER - No, we wouldn't want you doing that, Chair.

CHAIR - Or slowing right down. If I just go back to follow on what Bec's been saying, just to clarify then, because in information received from TasPorts they - it's again around the governance and reporting, they said they've provided formal report every month as required under the AFL (agreement for lease), but they said your reports have been sporadic.

PUBLIC

Mr DWYER - Who said that?

CHAIR - That was TasPorts.

Mr DWYER - They can say that. I'm not aware of ours being sporadic.

CHAIR - Yes, so how often did you - did you report monthly?

Mr DWYER - I'd have to talk to our project director about that.

CHAIR - Sure.

Mr DWYER - We can find out about it.

CHAIR - Yes, I'm just interested - yes, how often those reports were provided.

Mr DWYER - Well, there are regular meetings between the two project teams, so I'm surprised at that.

CHAIR - Yes, it's the project terms that made under the AFL to progress works?

Mr DWYER - That's right, yes.

CHAIR - Okay, so maybe we could ask for that clarification [inaudible]. They also said that TT-Line's August 2023 report, which they've attached, shows access for geotechnical investigations issue as a closed status. Is that something you might need to get your project people to comment on?

Mr DWYER - That could be one of the non-critical path sections of geotechnical work; I'd have to see what that was.

CHAIR - Yes, well, we might just ask for an explanation around that.

Mr DWYER - Sure, yes, it was certainly not closed, no. This has been a big frustration, yes.

CHAIR - Yes, we're not necessarily comparing apples with apples here.

Mr DWYER - That's right, yes.

CHAIR - Yes.

Ms THOMAS - Can I continue on, Chair?

CHAIR - Yes, keep going.

Ms THOMAS - The question I asked earlier of the former chair about the turnover in project managers, I'm just interested in your view on that. What has been the turnover of TT-Line employed project managers for the berth 3 project?

PUBLIC

Mr DWYER - We've only had one project director appointed and that's Will Harper. He was actually appointed in 22, and that's when the project really took off. We had other people involved in getting the agreement for lease arranged, but we employed him to actually pick up and actually do the build and continue using that AFL going forward. So no, we've only ever had one project manager proper on the project.

Ms THOMAS - And he commenced in 2022?

Mr DWYER - In 22, that's right.

Ms THOMAS - So, earlier planning for the project was under another project?

Mr DWYER - It was under various executives within the business - legal, financial as well - to try to get that AFL agreed.

Ms THOMAS - Okay. Thank you.

CHAIR - Just going back to the *Spirit V*, just the timeline for that one now?

Mr DWYER - Still early next year delivery of *Spirit V*.

CHAIR - Delivering to Tasmanian waters or delivery in Finland.

Mr DWYER - No, sorry, we take delivery, yes. So, we take delivery. That's timed, really, after the ice goes there. I think it's about 76, 77 per cent complete already, so it really is the final completion of that vessel and then the fit-out piece, which should be quicker because the yard now have already built a sister ship and therefore have learnt a lot in relation to that.

CHAIR - When do you expect that to arrive in Tasmanian waters ready for its Tasmanian fit-out and training of crew? Or do you need to train the crew or the same crew?

Mr DWYER - We probably - I don't know what TT-Line will do then.

CHAIR - True.

Mr DWYER - Yes, but I would -

CHAIR - Would expect that it would come to Hobart the same fashion?

Mr DWYER - I would expect that that work could be in Tasmanian waters easily in the first half of next year, yes.

CHAIR - After the ice thaws?

Mr DWYER - Well, after the AMSA and unions and training and those things, yes.

CHAIR - Done all their bit, yes.

Mr DWYER - And port state.

PUBLIC

CHAIR - I am conscious we want to go into camera to discuss some other matters. Just a couple of quick ones. I know your position finishes, I think on 3 November, am I correct?

Mr DWYER - Sunday, the third. I might take Saturday off.

CHAIR - Right, okay. Are you receiving an exit payment?

Mr DWYER - Only my entitlements, I hope. No-one's spoken to me about that.

CHAIR - Okay.

Mr DWYER - There's no golden handshake or anything like that. No, it's only what whatever my entitlements are.

CHAIR - Sure.

Mr DWYER - I don't think they'll do a -

CHAIR - And your contract was coming to an end there, at any point?

Mr DWYER - My contract was due at that date anyway. So, when I gave notice, I said I'm happy to, obviously, work out the contract, yes.

CHAIR - Sure, okay.

Ms THOMAS - Can I ask another -

CHAIR - Yes.

Ms THOMAS - Had the government not stepped in and taken control over the interim solution, 'Berth 1, what are we going to do?' What was the - what were you planning to do?

Mr DWYER - Was I planning to stay?

Ms THOMAS - No, sorry, what was the organisation planning to do? As in, 'We have these ships coming; nowhere to berth them'?

Mr DWYER - There was a lot of work still happening on the at-grade solution and TasPorts suggested in of berth 1. So, that work still would have been undergoing now regardless. So, we were still looking for an interim solution until the forward solution was available.

Ms THOMAS - So, the people that the government has appointed now - Ben Moloney, I think is one, they've got Mr Gemell involved as well.

Mr DWYER - Peter Gemell, yes.

Ms THOMAS - They are taking the lead now?

PUBLIC

Mr DWYER - They are facilitating it, yes, or taking the lead, you could say, taking the lead. They're very good people. I don't want to besmirch them at all. They are very, very good people.

CHAIR - Ben Moloney's been around a long time, he was on the Royal Hobart Hospital redevelopment, back in the day. Anyway.

This is something that was touched on by the former chair. The customer surveys that have been undertaken by TasPorts, now I understand Myriad Research have done some, I think it was either you or the former chair mentioned that MAST may have done some? Can you talk about your engagement with them?

Mr DWYER - No, there's been no engagement.

CHAIR - You've never been asked by either Myriad Research or MAST to undertake -

Mr DWYER - Me as a CEO? No. It may have happened at an operational level about - I don't know - ships berthing and those sorts of things, but certainly, no one has approached me at all.

CHAIR - Would you expect as a CEO to be engaged in a customer survey like that or?

Mr DWYER - Of course you would, yes.

CHAIR - Okay, would you be in a position to check whether anyone else further down the chain was?

Mr DWYER - Sure, we can find that.

CHAIR - Because it seems that if you're going to survey your customers, you need to survey your big ones as well.

Mr DWYER - You would think so.

CHAIR - Anyway, that's a rhetorical comment I've made there.

Mr DWYER - I withdraw my comment, if it was rhetorical.

CHAIR - Is there any other? Yes?

Mr EDMUNDS - I just had a couple of quick ones, one's to follow up on - I was about to call her Alderman Thomas, Bec Thomas, the member for Elwick's question.

CHAIR - Member for Elwick.

Mr EDMUNDS - Just to clarify your answer, so there was not a confirmed interim solution and there still isn't. Is that correct?

Mr DWYER - Correct.

PUBLIC

Mr EDMUNDS - Yes, no worries. And just one other one, is there a timeline on when Tasmanians could expect that both new ferries would be operating at full capacity?

Mr DWYER - Full capacity would be the full berth 3 solution, which is in 2026.

Mr EDMUNDS - Yes. That's both boats going at full pelt?

Mr DWYER - Yes.

Mr EDMUNDS - Thank you.

Mr DWYER - Well, not full pelt, we have to save a bit of fuel.

Mr EDMUNDS - Yes. I have a few on the berths, but they're probably more appropriate for when we go in camera.

CHAIR - In camera, yes. Just before we do that, or have that discussion at least, Bernard, we've talked about the \$40 million cost - additional cost - because of the delay.

Mr DWYER - Yes.

CHAIR - Are you aware of any other costs associated with the delay, in terms of looking at whether RMC could, in fact, would be best placed to deliver it? And then since what's happened here since?

Mr DWYER - Sure, I think - and this is no fault of government, but had we not had that hiatus period, we would have had all the steel brought for both ships before the Ukraine war happened. It's very hard to estimate some of that and even progress on the ships may even have been quicker because they didn't have the resource issues in Ukraine, Poland, Russia, where a lot of workers work in Finland for those. There would have been more costs associated or attributable to that decision, but it's very hard to estimate.

CHAIR - Which could be factored a bit into the extra €50 million that was provided, that that was to pay for additional cost of sourcing -

Mr DWYER - Some of that would have been, yes, that's right. Well, obviously, the further price increases, but also - and something I'm very mindful of when I was in Finland in talking about the Ukraine war, it has affected people so much over there. We don't understand it in Australia and appreciate generational trauma, really, for people, so we're very careful how we talk about it, obviously, over there, as well, but there is definitely costs associated with - since the Ukraine war started.

But also, COVID, as well, so the price of materials. China had a big COVID issue with factories closed that really stopped a lot of the downstream supply to us or to the yard as well, so there have been a lot of issues to manage. Again, I'm very proud of the board and management that have been able to steer through COVID, steer through a Ukraine war, and actually get the quality vessels that you're about to see. It is quite a testament.

PUBLIC

CHAIR - Was there any upside at all in terms of currency gains or anything like that because, I mean, you've got the exchange rate and that can have a big impact one way or the other?

Mr DWYER - There was a large impact when the RMC - sorry, when the FSG (Flensburger Schiffbau-Gesellschaft) contract was closed. I think we made good money in relation to that, but with these we -

CHAIR - Based on the currency exchange rates at the time?

Mr DWYER - When we closed those hedges. But bear in mind, these hedges are in place now to actually pay for those, so there's not a lot of minuses and gains in relation to the current hedging for those payments, obviously.

CHAIR - Any other questions, anyone? Mark, you're okay?

Mr SHELTON - I'd only make one comment and that was due to the conversation just had and I would add that who knows what the cost has been and given that COVID was there, we wouldn't know and couldn't put an estimate on whether the factory would have worked through COVID or not or whether an original contract would have actually been delayed because of the factory not working, so these - we'll stick with the facts and deal with just what has happened to date, I think.

CHAIR - I'll take that as a statement there, Mark, maybe?

Mr SHELTON - Yes.

CHAIR - So, Bernard, can you just -

Mr DWYER - Yes?

CHAIR - If you make it clear why it is you want to go into camera, what you wish to discuss, so the committee can deliberate?

Mr DWYER - So, if there's some details that I talk about which is part of the work of the State Growth subcommittee that is reporting into the Cabinet subcommittee, can I do that, or should that be in camera if I'm talking about the committee of State Growth?

CHAIR - Sure. The committee will deliberate on this, but it may be that once the *Hansard's* available, which if we go in camera will be separate -

Mr DWYER - Sure.

CHAIR - that we can discuss with you at a later time about publishing it and perhaps with Treasury or the Cabinet committee -

Mr DWYER - Sure. I just want to make sure I don't do anything wrong in relation to Cabinet.

PUBLIC

CHAIR - That's fine and I appreciate that. If we could just - in just a moment we'll clear the room, but we'll stop the broadcast. We will clear the room and have a brief meeting. Thank you.

The Committee suspended from 1.02 p.m. to 1.32 p.m.

CHAIR - Thank you, Bernard. We will treat that evidence you provided to us in camera. We will, however, provide a copy of the transcript to you and ask you to identify anything that you're happy to be made public that's in it.

Mr DWYER - Sure.

CHAIR - We may discuss further other parties who may wish to see sections of it to determine whether it can be made public.

Mr DWYER - Sure.

CHAIR - We appreciate you providing that additional information to the committee. Is there anything you wish to say that you haven't already told us or you wish you'd said while you've been in the hearing?

Mr DWYER - Only that I am so proud of this company and what it's achieved. I do say this is a lifetime change when these new ships come in and what it will generate for Tasmania and how proud Tasmanians will be when they're here. I'll be watching from the sideline now to watch that.

CHAIR - We wish you well with the retirement. Thank you.

Mr DWYER - That's an assumption.

CHAIR - Isn't that what you're doing? Anyway, who knows. Thank you.

Mr DWYER - Thank you, everybody.

The Committee adjourned at 1.33 p.m.