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**HOUSE OF
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STANDING COMMITTEE ON TRANSPORT AND REGIONAL
SERVICES

Reference: Transport networks inquiry

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON TRANSPORT AND REGIONAL SERVICES

Wednesday, 9 August 2006

Members: Mr Neville (*Chair*), Mr Gibbons (*Deputy Chair*), Ms Bird, Mr Haase, Ms Hall, Dr Jensen, Mr McArthur, Mr Richardson, Mr Ripoll and Mr Schultz

Members in attendance: Mr Gibbons, Mr Haase, Dr Jensen, Mr McArthur, Mr Neville, Mr Richardson, Mr Ripoll and Mr Schultz

Terms of reference for the inquiry:

To inquire into and report on:

- the role of Australia's regional arterial road and rail network in the national freight transport task;
- the relationship and co-ordination between Australia's road and rail networks and their connectivity to ports;
- policies and measures required to assist in achieving greater efficiency in the Australian transport network, with particular reference to:
 - land transport access to ports;
 - capacity and operation of major ports;
 - movement of bulk export commodities, such as grain and coal;
 - the role of intermodal freight hubs in regional areas;
 - opportunities to achieve greater efficiency in the use of existing infrastructure; and
 - possible advantages from the use of intelligent tracking technology;
- the role of the three levels of Government and the private sector in providing and maintaining the regional transport network.

WITNESSES

BLACK, Mr Charles, General Manager, Port Services, Tasmanian Ports Corporation..... 1

Committee met at 9.08 am**BLACK, Mr Charles, General Manager, Port Services, Tasmanian Ports Corporation**

CHAIR (Mr Neville)—I declare open this public hearing of the inquiry by the House of Representatives Standing Committee on Transport and Regional Services into the integration of regional rail and road networks and their interface with the ports. The committee is examining whether the regional transport networks are equipped to deal with Australia's growing freight task and what might be done to make this network more efficient.

For the past year the committee has been conducting an extensive program of public hearings and visits designed to gather information from organisations and individuals directly involved with the main issues of the inquiry. This is the 26th public hearing in that particular program. The committee has also been to the major ports of Mackay, Gladstone, Brisbane, Newcastle, Wollongong, Port Kembla, Melbourne—twice—Portland, Darwin, Bunbury, Albany and Esperance.

Unfortunately, the committee could not get to Tasmania and South Australia, so we have invited representatives from the port authorities in those areas to see us in Canberra. Today the committee welcomes a representative from the Tasmanian Ports Corporation. On that note, Mr Black, could you talk about the capacity in which you appear before the committee.

Mr Black—By way of introduction, I wrote a brief submission to the standing committee last year representing Port of Launceston Pty Ltd. We were all separate corporations at that time. We have now all come together and, as of 1 January, we are now all the Tasmanian Ports Corporation or TasPorts, and it is in that capacity I am here today. It is very early in the development of the single-port company. As I said, we are only six months into it, so we are still at the very early stages of bringing it together. We are in the middle of a restructuring program. In terms of the long-term strategic focus, we are on that track at the moment but we have not got any tangible outcomes at this stage.

CHAIR—Mr Black, could you check for us whether the new body may have some variations with the submissions of the individual ports. If so, could you give us a small supplementary submission outlining any different positions you have taken from the earlier individual reports?

Mr Black—Yes.

CHAIR—We are not going to place you under oath today, but we ask you to recognise that these are proceedings of the federal parliament and warrant the same respect as proceedings of the House itself. It is the custom to remind all witnesses that the giving of false or misleading evidence is a serious matter and could be construed as a contempt of the parliament. Having said that, you are most welcome. Would you give us perhaps a five- to seven-minute overview of your submission?

Mr Black—As I said, it was the Port of Launceston that initially put the submission together. It is centred around operations at Bell Bay. We have road and rail access. We have had difficulties with additional road and rail access. At that time, Bell Bay was undergoing some significant growth in both container and overall tonnage throughput to the extent that over a

four-year period we were averaging about a 40 per cent increase in container throughput. Tonnage was somewhere around six or seven per cent. We had to develop the necessary infrastructure to cope with that rapid expansion. One of the areas we identified as needing attention was a second rail access and a second road access. Whilst within the port area we have put in that extra infrastructure, we have not had that support from outside, so we are still without additional access to the port.

I am in a position to answer questions Tasmania wide, to the best of my ability, given I am representing all the ports. I am happy to talk to you about or answer any questions regarding Devonport, Burnie or indeed Hobart. What we are seeing, in a general sense, is the cargo throughput in Hobart slowing down significantly. It is all going through the north of the state, largely through Burnie, Devonport and Bell Bay. Bell Bay was taking a lion's share. There has been a slight drop-off in the last year but we are now sitting with Bell Bay as the major port in terms of tonnage, followed by Burnie and then Devonport.

CHAIR—Can you give me the bulk and container rates again for Bell Bay?

Mr Black—Yes. This goes back to last year. For the four years to 2004-05, we had a 40 per cent increase per annum on the container throughput.

CHAIR—On what tonnage?

Mr Black—That was on containers. On tonnage it was around a seven per cent increase. Last year we did six million tonnes of cargo through Bell Bay.

CHAIR—Bulk cargo?

Mr Black—That is in general. That is the bulk and the weight of cargo going through containers—so the overall tonnage. I could give you the figures for 2005-06 if you like.

CHAIR—We might come back to that. You made an interesting observation in your opening comments when you said that Bell Bay is becoming the major port. What dynamic caused that? The last time this committee talked about ports in Tasmania, that certainly was not the dynamic.

Mr Black—That is right. A number of years back, Burnie seemed to be the expanding port. I suppose the main influence has been the lack of shipping companies' desires to visit Hobart, in that it is a lot of deviation from the main shipping routes. With fuel prices the way they are nowadays, it is costing them even more. So they have moved away from Hobart, and indeed now there are no direct container or bulk services through to Hobart.

CHAIR—There are only casual—

Mr Black—They are only casual. They are basically going to Risdon, which is bulk, and Self's Point, which is bringing fuel into the state. The remainder in the city centre is pretty minor commodities and cruise vessels and that sort of thing. As a cargo port, the city centre of Hobart is really not doing terribly much at all. So all that cargo is coming north, and of course when PN was privatised and Pacific National took over the rail, then it was recognised that there was an

opportunity to put more cargo onto the rail. I think that added to the demise of Hobart as a port. So the cargo started coming north and going out through Burnie, Devonport—

CHAIR—It will probably be more so when that rail line is upgraded as a result of those grants.

Mr Black—We suspect that may be the case.

CHAIR—Bell Bay still has a large aluminium industry?

Mr Black—Yes. It has still got Comalco there.

CHAIR—If it is becoming the main port, what size vessels can it take: Panamax or cape vessels? Are there tonnage restrictions?

Mr Black—It is currently taking Panamax vessels. The largest vessel we have got entering the port at the moment is a 245-metre container vessel. We can go a little bit bigger than that. We could go to about 265 metres in length. It is obviously difficult to translate that into container numbers, but that would possibly be about a 3,000- to 3,500-TEU vessel—a reasonable size. In terms of pure bulk, Panamax is slightly bigger than that.

CHAIR—What is the draught of the port?

Mr Black—The draught is 11½ metres—

CHAIR—You will not get big ones in on that, will you? Don't you need to go to about 14?

Mr Black—Yes, the big container vessels—or any of the larger bulk carriers—are going to 13 or 14 metres. It depends on the configuration of the vessels, but a 3,000-TEU vessel or a 3,500-TEU container vessel is not even getting to 11½ metres.

CHAIR—Do you have any channel problems or dredging problems? We encountered a lot of this in Western Australia.

Mr Black—There are no dredging problems at Bell Bay. It just naturally stays clear with the movement of the current. They dredge at Devonport and Burnie.

CHAIR—If you could give the committee a bit of the flavour in round figures, what is the percentage of each port in the Tasmanian freight task? Could you give us a rough idea?

Mr Black—In terms of tonnage we could probably give you a reasonable break-up of what it is. I will take last year, the most recent figures—2005-06 up to June this year. Bell Bay did five million tonnes, Burnie did four million tonnes, Devonport did three million and Hobart did 2½ million.

CHAIR—Two and a half million?

Mr Black—Yes, and most of that was through Risdon and Self's Point.

CHAIR—Aluminium is there too at Risdon?

Mr Black—No; they have got purely zinc.

CHAIR—That is right. I knew there was metal processing.

Mr Black—The other one through Hobart is the woodchips that go through Triabunna, which is a fairly sizable amount as well.

CHAIR—I will throw open the questioning to my colleagues in a minute, but I would like to pick up on a comment in your opening statement. I did not understand it fully, but you seemed to say that there were some impediments to the port at Bell Bay. We have found in our inquiry so far that at nearly every port we have been to there has been some major impediment to the efficiency of that port—whether it has been a requirement for another train line, a road into the port or a ring-road around the city to avoid port traffic going through the city. There are a whole variety of problems. Could you describe what the main impediments are at the three major Tasmanian ports?

Mr Black—The three northern ports?

CHAIR—Yes.

Mr Black—I will start with the port at Bell Bay. The main impediment there is in terms of rail access. There is one rail access. It is a very steep access. In fact, I understand that the entrance there is one of the steepest gradients in Tasmania on the rail network. It is hard to describe without using my hands, but they come in through the main entrance and then have to shunt to one end of the port. Bell Bay is a very long coastal strip so they have to shunt to one end of the port and then shunt all the way back to the other end.

CHAIR—What is the solution to that?

Mr Black—The solution is to have another entrance from the main line at the western end of the port so that you come in from both ends. That would save additional shunting and save crossing three roads, delaying traffic and causing safety issues as well.

CHAIR—Do we have a map of that in your submission?

Mr Black—I have not put one in there, but I can supply you with one.

CHAIR—Could you do that?

Mr Black—Yes, absolutely.

CHAIR—What is your estimated cost? Are you planning a new train line, or do you want flyovers over the train line or better level crossings? What is the solution?

Mr Black—It is fairly simple. There was a survey done quite a number of years ago to survey the ability to put on another access at the western end. It is quite simple to tack onto the rail line that goes from the port at the western end. We put in a submission under the Regional Partnerships arrangements. I believe it has gone to AusLink. It was in the region of \$3.7 to \$3.8 million. That included a rail and a road component.

CHAIR—And that would free up Bell Bay quite dramatically?

Mr Black—That would significantly improve the rail access to the port. It would speed things up. It would increase efficiency in terms of not having to split trains et cetera.

CHAIR—Okay. Let us now have a look at Burnie and Devonport.

Mr Black—Going along the coast to the north to Devonport that port has quite a unique issue in that it is split into east and west by the river Mersey.

CHAIR—Is that port still taking the interstate car traffic?

Mr Black—Yes, on the *Spirits* to Melbourne. The rail is on the western side, which services Cement Australia and the general berths on that side—which is highly underutilised as far as I am concerned; it is basically utilised by Cement Australia. Your main unitised cargo is in the form of a Patrick, and now Toll, container freight terminal for the trans Bass Strait trade to Melbourne, and TT-Line—and that area is not serviced by rail at all. So there is no rail access on the eastern side of the river. There have been studies done to determine how that could be done, and it certainly would not be cheap. There are issues with crossing the river to get the rail to that side. There are social issues associated with that as well. That has not happened. I am not entirely sure where it has gone.

CHAIR—Could you give us an update on that? Would it be the main impediment then to the port of Devonport?

Mr Black—Yes, it certainly would.

CHAIR—We would like to know that figure because we want to get a matrix of where the impediments are in the efficiencies of the ports as a result of road and rail links.

Mr Black—Yes. There was a report done. I will see if I can get some information together.

CHAIR—A precis of it will do.

Mr Black—Yes.

CHAIR—If you have a rough map of what is required, that would be helpful. What about Burnie?

Mr Black—Burnie is not quite so bad. The rail access runs down into the port area there. The main consideration I suppose is the Toll container terminal area that runs across to Melbourne. That is serviced by the rail directly. The issue there is, again, that the train cannot come straight

off the main line and get straight into that terminal; it has to shunt over in a westerly direction and then back back into the terminal again, so it is slowing up there. They have to split the train in the terminal. There are various lines there. It is a bit inefficient, but it is probably better catered for than the other ports.

CHAIR—What sort of money is needed to fix that?

Mr Black—I don't know the answer to that, but I can certainly try to find out. There is an additional issue with that. To allow the reel to come in and be able to swing straight into the port—

CHAIR—Again, we would like this matrix of what the impediments are at each port. Finally, are there any problems in Risdon or Hobart itself?

Mr Black—The problem in Hobart is one of a lack of direct cargo there in and out of the port. The real system is in the port area. So all the cargo from around the greater Hobart area is being fed into the wharf area, which is a hangover from the previous day.

CHAIR—Does Hobart have a dissemination hub of some sort?

Mr Black—No, only the port has that area.

CHAIR—Is there sufficient traffic coming down on the rail from the north to justify some sort of road to rail transit facility?

Mr Black—Pacific National recognise that and have recommended a rail hub at Brighton, just on the outskirts of Hobart.

CHAIR—Does that need subsidy to make it happen in Tasmania?

Mr Black—Probably. There are some figures for it.

CHAIR—I know it is not specifically in your field, but our other term of reference is to look at hubs. So we would like to know—and similarly if there is any hub issue in the north.

Dr JENSEN—How close are you to capacity with the various ports? You have identified constraints, but in what sort of time period? If everything stayed the same and nothing further were done with the infrastructure, at what point with each of the ports would you hit problems in terms of your capacity?

Mr Black—That is one of the areas we are wrestling with through TasPorts—to define just how much capacity we have. There is room for an increased capacity in the general sense for containers and bulk, because the berths are not overly utilised. But, adding to that, every area in each of the port is being utilised. So for argument's sake, let us talk about No. 5 berth at Bell Bay, which is the international terminal. It is used with a weekly service there. There are currently about 45,000 TEUs going through that berth. We reckon that we could handle up to, say, 80,000 TEUs through that berth. So whilst it is used now, with a lot of containers going through it, there is still a lot of room for increased capacity. In a general sense, that is applicable

throughout the state. We probably have the necessary infrastructure to cope with growth into the future. What we have to determine now is how long we can do that. That is not taking into consideration any significant changes that may take place—for example, what happened in Hobart, where the service dropped off and everything had to start coming through the north. So you get these spikes in throughput.

Dr JENSEN—I would be interested to see data on that—the timing, the capacity, where you are operating at the moment, and also some historical data with spikes and so on—to give us some idea into the future where we might get an unexpected spike if you are going to hit a capacity constraint; for instance next year, potentially.

Mr Black—Under consideration is the pulp mill, for argument's sake, coming in potentially to Bell Bay—that sort of thing. So that all comes into the equation. We have all the berth occupancy stuff at the moment. How do we translate that into the future as to what might happen? I am happy to provide data.

Mr RIPOLL—How does the regulatory environment that affects ports and how you operate and your ability to expand and grow and be flexible impact on your ability to service your customers and how you deal with that?

Mr Black—I suppose that was one of the reasons for the development of TasPorts and the way we are today. We have gone from individual port authorities to one port corporation. One of the things that is under consideration now is to take advantage of that coming together of all the ports. In terms of pure regulatory control, I suppose it strengthens our relationship with government. We are not fragmented and we can speak as one voice to government, whether it be state or federal. We are yet to see a lot of the benefits of this flowing into TasPorts, but we are certainly watching this very carefully. I cannot really say much more about that at this stage. It is still very early days for us yet.

Mr RIPOLL—But you are confident enough that, with the recent changes that have been made in terms of bringing together the different port authorities and working together as one group within Tasmania, at least you have enough scope there now to progress on?

Mr Black—Yes. It give us a stronger voice when talking to our customers and determining in the future what additional infrastructure should be put in and where it should be put. Part of our strategic focus at the moment is trying to sort this out—which, again, goes back to the throughput and that sort of thing.

Mr HAASE—One of the submissions we received was from the Tasmanian government. It outlined an initiative to improve export efficiency at Bell Bay. Could you comment on the existing efficiencies at Bell Bay and any improvements that you believe may be needed or have taken place? I would like you to comment further, if you would, on the question of control of ports. It has been discussed in the media at large in recent times that perhaps there ought to be more of a national influence on ports around Australia. I imagine that in one model that may imply direct funding for the expansion of infrastructure in ports as opposed to state funding of infrastructure at ports. I am chalking them up here, but I wonder whether you could comment on that relationship and whether or not, for instance, you are aware of the Tasmanian government's

acceptance to fund that very necessary infrastructure improvement or whether you see a reticence there.

Mr Black—In terms of efficiency at Bell Bay, I will concentrate specifically on container cargo—container throughout—as that is the main issue in terms of transport on a state-wide basis. A new berth was established at Bell Bay some seven years ago to cope with an expected expansion in cargo throughput in containers. That has largely come to fruition, as I said earlier. So we put in extra capacity in putting in an extra berth. We have also put in an additional rail line in the port area. One of the issues we have is that we put the rail line in the port but we do not have the connect direct with the main lines outside.

CHAIR—Where does it go then?

Mr Black—It runs right along the entire length of the port. We had a rail line around roughly three-quarters of the port. We expanded it a bit further to take in a new container storage area that we developed. Unfortunately, it is at the end of a shunting area and it does not go anywhere, but it give us the ability to load containers directly on and off to that point. Our desire would be to have that rail join into the network.

CHAIR—It would create a loop.

Mr Black—Yes, it would, in effect, create a loop.

CHAIR—How much money would that cost?

Mr Black—About \$3.7 or \$3.8 million.

Mr HAASE—From that point on, where do you imagine that funds ought to come or might come from?

Mr Black—Going back to the federal-state side of things, I have heard the discussion about ports being more under federal control but, to be honest, I have not got across the detail of it. I really would not like to comment on how that may affect us one way or the other. What I can say is that, in terms of the rail, it would appear that, because of what has happened with Toll Holdings and their threat to move out of the state and cease operating the rail in the state, their application for funding is moving ahead. I believe the state and federal governments have agreed to put in. That has been accepted. We are just waiting for Toll Holdings to sign up in terms of the operator. That seems to be a win-win situation that has come out. The entire rail network needs upgrading. Both the state and federal governments have come to the party on that, and personally I think that is very pleasing. At least we are seeing that something is going to happen.

Mr HAASE—In Western Australia the big ports of the north-west have private corporate infrastructure. It is not state owned. Has Tasmania ever contemplated that these major upgrades may be privately or corporately developed?

Mr Black—I will split it between the ports and the main rail line. In terms of the port, there is no funding coming from government at all. They are self-sufficient and all investments are made directly from the ports themselves. They have been in the past and as I understand it that will be

the case going forward. In terms of the main area, the rail line was owned by Pacific National, fifty-fifty Patrick and Toll. One of their concerns was that they did not have the funding to be able to upgrade and increase the rail network and, indeed, do the maintenance. So there was a shortfall from private enterprise in their ability to fund that. They did not see that it was economically viable for them. The private sector side has basically got to the point where they said, 'We want to walk away from it,' because they do not see that it is a viable proposition for them. I think the difference in Western Australia, where you have got the large private areas with BHP et cetera, is the huge volumes of bulk cargo moving on the rail. It is an accepted fact that those are viable. When you come down to the likes of Tasmania where the rail is competing very strongly with road transport and there are relatively short distances then the margins are significantly less for the rail. That is the problem for the operator.

Mr HAASE—Of course it is. Thank you.

Mr SCHULTZ—On the issue of the impact that the Toll-Patrick merger has on transport networks in Tasmania, in particular the Bass Strait operations, can you give any indications of your thoughts on that merger and how it is going to impact on the Bass Strait operation?

Mr Black—I really wish I could. At this stage we do not know, and that is one of the issues we have. All that we know is, I suppose, largely what we see in the press. Toll are now selling off the Patricks vessel operation and the freight-forwarding operation, which is essentially out of Devonport. I believe there are a number of people who have submitted applications to purchase those facilities and the vessels, but that is all we know at this stage. It is obviously of vital interest to us as a port company as to how Toll are going to move forward into the future. They operate out of Burnie, they are selling off their infrastructure that they use to operate out of Devonport and we do not know at this stage how they want to develop into the future. All we know is that they have larger vessels that they expanded in size a couple of years ago and they want to fill them, but as to how they are going to do that or where they want to operate from we do not have any clear indication at this stage.

Mr SCHULTZ—What about the observation of Pacific National that none of the northern ports are well serviced by infrastructure? Would you like to comment on that?

Mr Black—I think that relates to the comments I have been making on the rail. They see the rail as difficult. It is inefficient in that there is a lot of shunting, breaking trains and that kind of thing. It is the wrong side of Devonport et cetera. They see that to one degree or another each of the northern ports does have its own difficulties in terms of rail particularly.

Mr SCHULTZ—Finally, what in your opinion will be the impact of the amalgamation of Tasmania's ports on the state's capacity to meet the demands of the projected growing freight task?

Mr Black—Hopefully, our desire would be that we are better placed. That was one of the rationales for amalgamating the ports, that we would be in a stronger position to meet the expanding freight task. Why? It is because we would speak with one voice. Our planning would be from one central point. It would not be fragmented across four ports which are all competing entities individually. We could have a broader view of planning, our strategic focus would be from one point and we could have collective thinking, if you like, rather than fragmented. That is

probably one of the strongest points of moving forward. That is what we are looking at just now. How do we move forward with this? Where are the growth areas going to be? Which customers are we focusing on et cetera?

Again, Toll is a huge player as far as that is concerned, and hopefully we will know before too long what they are going to be doing. Pacific National is obviously very important in terms of rail—how they are moving forward, how the funding is going to be expended and what the maintenance levels will be. So we have quite a number of things feeding into this. I think the timing is fairly good in that we have embarked on our strategic planning process. Hopefully, this will all come together over the next six months and we can really move forward with it.

Mr SCHULTZ—So you are basically saying that you can see the amalgamation giving efficiency gains to the port infrastructure and, more importantly to the feeders to the port infrastructure?

Mr Black—Yes.

Mr SCHULTZ—What impact is that going to have on your present level of employment?

Mr Black—The amalgamation has had an impact. We have almost completed our restructure in terms of staff. We are finalising that at the moment. There has been a reduction in staff, as you would expect. There have been certain synergies that we are taking advantage of. It is hard to say the exact figure of the reduction overall, but it could be around a 12 to 15 per cent reduction in staff. We are still getting that finalised.

Mr SCHULTZ—So you are basically saying that, leaving aside the efficiencies that are going to be part of the amalgamation process, you are going to get a better bang for your buck with less manpower?

Mr Black—Yes. We are reducing our overall expenditure. Our cargo throughput is going up, so our tonnes per staff figure is improving. Our expenditure has dropped, but we are not just dropping staff for the sake of it. I will give a very brief example. Our port control is basically a radio communications centre for the three northern ports that are within 70 kilometres of each other. We had three port control centres, and we can rationalise that down to one. There are obviously advantages and cost savings involved in that, with no degradation in the service being provided.

Mr SCHULTZ—What flow-on benefits are the port customers going to get out of it?

Mr Black—One aspect that was mentioned in the Merrick report, the rationale behind bringing the ports together, was that we would hope to be able to translate any benefits that derive out of TasPorts to our customers as well. That could be through price, charging; it could be infrastructure savings and efficiencies. It is early days to get into that, but we certainly hope we will be able to pass on some advantages.

Mr SCHULTZ—Is it going to impact on the amount of vehicle moment, whether it be train or road transport, such that significant community benefit will flow on from those initiatives?

Mr Black—It is hard to say at this stage because a number of these aspects are yet to come to fruition. Toll is going to have a huge influence—and Pacific National as well. Once we get to grips with that, and find out how that is working, that has the potential to change the dynamics of the transport system within the state. People are talking at the moment about rationalising sea-rail—hubbing and that sort of thing. It is conceptual at the moment. Whether it can or cannot work out, it is a bit early to say.

Mr SCHULTZ—I was referring to the impact on safety for the community at large with the movement of vehicles and rail freight.

Mr Black—There is undoubtedly a desire to have more cargo generally going on to rail rather than road for the obvious reason that you do not increase the number of trucks on the road. Hopefully, that will translate into safety. There are some roads in Tasmania, particularly in the north, that are not ideally suited for heavy cargo transport. There is heavy transport on the Frankford Highway between Bell Bay and Devonport, which is not ideal for that.

CHAIR—Thank you. Mr Ripoll has another question.

Mr RIPOLL—I am interested in whether you have a comment on how the federal and state governments could better work together or coordinate to assist ports in the delivery of their services. Are there some benefits in the two levels of government coordinating, cooperating, trying to better service that sector?

CHAIR—In the context of that question, with the money that the federal government said they would make available, albeit on hold at present because of Toll, did that include those loops and things in the various ports or is that purely on the main line? Of course, there is Mr Ripoll's point to address as well.

Mr Black—I am just trying to connect them. In terms of what the funding is going to be for—the entire bucket of funding—I do not really know, and that is yet to be sorted out.

CHAIR—Mr Ripoll makes the point that the state government is putting in. What is the level of cooperation?

Mr Black—I have not been directly involved.

Mr RIPOLL—That is all right. I would be interested in your comments and views on that.

Mr Black—I believe, in other words, that there are some delays in getting things signed off and that kind of thing. I can only look at it as a bystander and from what I read in the newspaper. I think the bottom line is that, finally, there was agreement, it was sorted out and they have moved on. I think that is the fundamental principle. At least there has been state and federal agreement on it, and that is important. How that money is going to be expended and controlled et cetera is yet to be determined. It is very early for us to make any—

Mr RIPOLL—Where my question was driving and where Mr Neville is going as well is that we are trying to get some sense of the importance of that coordination and cooperation between the state and federal governments in trying to help with synergies in ports and the whole freight

task. That is where my question was driving. Do you have any particular views or comments on how that might work better?

Mr Black—It has really been a state function to look after the ports. They are a state owned company. It has always been a state focus. We have not had any federal input there at all. This is the first sign I have seen of it directly in terms of funding for the rail. I really am wrestling with the concept. I am sorry I cannot give you a direct answer now as to how we interact.

Mr RIPOLL—That is all right; it is a start. Thank you.

CHAIR—I asked the question because you have got some sort of commitment from the federal government to put \$3¼ million into the Launceston hub and \$5 million into the Brighton hub. Is the state government matching that? Do we know, for example, if the new Pacific National arrangements are going to contribute to that as well? Until we get those answers, it is pretty hard for the committee to recommend to the federal government any more funding. What is the mix; what is the level of cooperation from the state government? What is the level of cooperation from the private providers? If we have got a comprehensive picture, if we want to recommend more funding, we would like to know that. I realise that is not your responsibility.

Mr Black—That is fine. I understand where you are.

CHAIR—What you can tell us in fairly clear terms is that those three areas of work required on the three ports are quite outside any commitment the Commonwealth has given. In other words, that would be your assessment of what would need to be spent within the port confines to make things happen?

Mr Black—Yes. Just to add to that, in terms of a private investment in the form of Pacific National, that part of the arrangement or the agreement that is yet to be finalised is that Pacific National have an undertaking to put additional rolling stock onto the rail system and to commit to capital investment in rolling stock over a period of time.

CHAIR—In Cairns—there are other towns, but I cannot think of them off the top of my head—the port authority actually runs the airport as well as the maritime port.

Mr Black—Yes.

CHAIR—Who would you envisage would be the operator of these Launceston and Brighton hubs? Would it possibly be the Ports Corporation itself?

Mr Black—It could be. We have a business unit on logistics, which runs stevedoring and cold stores. One of the areas for growth in business that we are looking at is in logistics. That is a possibility. If a hub were established, we would look at that very closely with a view to saying, ‘This may be a business opportunity for us and we have expertise in that area’—yes, absolutely.

CHAIR—You see it running on a line similar to the ARTC. Ultimately you are a state corporation, albeit at arm’s length.

Mr Black—Yes.

CHAIR—I am not trying to lead you; I am trying to get the flavour of it. If it were on an ARTC type model where you would be given equal access to any third-party users of the railway line and also to the trucking companies that would distribute or disseminate the material, you could still make a quid and keep it neutral and viable as well.

Mr Black—Yes.

CHAIR—Is there anything you want to add, any other areas we have not touched on that you think require some attention?

Mr Black—No, other than that I could back up this information, send the information on.

CHAIR—You will do us a matrix on the four ports?

Mr Black—Yes.

CHAIR—And where there is any Commonwealth or state money committed, identify that, but show us what you feel would be necessary to get those four ports up to maximum efficiency—within the bounds of reality, mind you.

Mr Black—Yes.

CHAIR—Sometimes when you say there is federal funding around—I have had this experience in my own electorate—someone will say, ‘It will cost us \$600,000 to do that bridge.’ After I say, ‘I think I can get that for you,’ all of a sudden he comes back a week later and says, ‘It will actually cost \$1.2 million.’

Mr Black—What is the time frame on this?

CHAIR—Fairly soon, if you can. We are getting to the stage where the secretariat want to start writing.

Mr HAASE—I wonder whether you have a point of view as to why the proceedings are not moving ahead at a more rapid rate and why we do not have that important commercial involvement sooner rather than later. What is the scuttlebutt?

Mr Black—For the rail?

Mr HAASE—Yes.

Mr Black—To be honest, I cannot give you the scuttlebutt; I can give you only what I read in the press, because I am completely out of the loop on that. I do know there have been a lot of discussions. The state government have been backwards and forwards to Toll Holdings and all the rest of it but I am not close enough to it. I believe that they are close to finalising that, hopefully sooner rather than later, but I believe it is very close. That is the last I know of it.

Mr HAASE—On a different point—and a dying gasp perhaps for our proceedings—in answer to a question from Mr Schultz earlier, you detailed a number of issues that you recognise

as benefits for this Tasmanian ports amalgamation. Would it surprise you if I were to suggest that it had been suggested for exactly those reasons, that there ought to be some amalgamation of control of ports in Australia in general. How would you react to that?

Mr Black—Yes, slightly. Amalgamation of ports is not a new concept—far from it on a worldwide basis. It is happening a lot and the UK is a classic example, not that I have been there for 27 years. There is certainly a move towards ports operating in groups and it is even happening here in Australia, not just in Tasmania. It is happening to a limited extent in Queensland. There are even mutterings about it in New South Wales. It seems to be the way things are starting to go. Does it make sense? Yes it possibly does, as long as you can recognise or quantify what the benefits are going to be. It is something that is going to be looked at very closely for the future. I certainly believe there are benefits. Whether it would be on a holistic basis, putting all the ports together, I would not know. I would not like to comment on that.

CHAIR—You are talking about things where there is a very big port next to a very small port, like Gladstone and Port Alma.

Mr Black—Yes, exactly. And that is why it should work in Tasmania with the three northern ports within 70 kilometres of each other. Because of their closeness we can take advantage of certain things to reduce overheads and that sort of thing.

CHAIR—Barry asked a question about managing together. I notice—and you touched on it in your opening comments—that you have a port control system for the three northern ports. We have just been to see Port Botany, where we saw people just sitting at computers running the port. Have you got down to the scale where one control room, albeit remote from the three areas, can actually run those ports? Has it got down to that degree of expertise?

Mr Black—Yes, with a cautionary note on the term ‘running’. Yes, they can and they do.

CHAIR—That is all done by satellite?

Mr Black—Part of that is, yes. We are making use of technology in—

CHAIR—That is quite remarkable if you have got it down to that degree of expertise.

Mr Black—We are getting fed back CCTV from all three northern ports back to one spot. Access control in and out of the ports goes back to one spot to control that—all that sort of thing.

CHAIR—Can you convert back to manual and site operations if you have to?

Mr Black—Yes, we can. There has got to be a built-in redundancy to that as well, absolutely.

CHAIR—It is interesting, Barry.

Mr HAASE—Indeed it is.

Mr Black—I know you did not manage to get down to Tasmania, but—

CHAIR—We usually get down.

Mr Black—I offer you an invitation to come down. I would be happy to show you about.

CHAIR—We made a big job on the south-western ports of Western Australia this time. We cannot get to every port. We have dropped out the northern ports in Western Australia for the last four inquiries. We have been to Tasmania before. As there are no further questions, we thank you again, Mr Black, for your kindness in coming here. If you could get back to us on those other things, we would appreciate it.

Resolved (on motion by **Dr Jensen**, seconded by **Mr Haase**):

That this committee authorises publication of the evidence given before it at public hearing this day.

Committee adjourned at 9.57 am