

Incat launches biggest cat

Innovative ship-builder Incat Tasmania ended the financial year with a flourish when it launched its biggest catamaran yet – the 112-metre *Natchan Rera* – at a gala 30 June



ceremony at its Prince of Wales Bay shipyard.



The world's largest, most fuel-efficient diesel-powered high-speed ferry is adorned with livery adapted from paintings by seven-year-old schoolgirl Natsumi Kawashima, the granddaughter of a revered

traditional artist, Mutsuo Kawashima ('Natsumi' is a familiar form of the name 'Natchan', while 'Rera' means wind in the language of Hokkaido's aboriginal Ainu people).

Before a crowd of 1,500, Natsumi Kawashima, assisted by her father Wataru Kawashima, proudly named the ship before sending it into the River Derwent.

After sea trials, *Natchan Rera* will operate on Japan's Tsungaru Strait between the port of Hakodate on the northern island of Hokkaido and Aomori on Honshu. With up to 1,500 tonnes carrying capacity, it is the world's largest diesel-powered high speed-ship. It is capable of over 40 knots, with capacity for more than 450 lane-metres of trucks and other heavy vehicles, as well as 193 cars. If trucks are not carried, 355 cars can be accommodated. There is capacity for up to 800 passengers, with restaurant, bar and other facilities.

The ship's new owner Higashi Nihon Ferry has ordered a sister vessel to be delivered in 2008.

Incat Chairman Robert Clifford said "We are especially excited about our new relationship with Higashi Nihon Ferry, a premier ship operator in Japan.

It represents a new era for both our companies, with the introduction of large high speed vessels to our customer's fleet replacing more conventional craft, and a new era for Incat because our previous sales have been concentrated in Europe and the Americas. I'm confident our two companies will have a long and rewarding association. We first visited ship operators in Japan more than a decade ago and have always believed there is enormous potential for Incat high-speed catamarans in Japan."

The launch capped off a good period for Incat:

- The former US Army theatre support vessel *Spearhead* (now *T&T Spirit*) was delivered to the government of Trinidad & Tobago in early June.
- A new Channel Islands operator, HD Ferries, chartered a K-class catamaran *Incat K3* to launch a new link between the islands and St Malo in France. *K3* has been renamed *HD1*.

The four-year-old *T&T Spirit*, formerly leased to the US Army as *Spearhead*, was refitted for passenger service at Prince of Wales Bay. It had to obtain a special customs clearance before sailing for the Caribbean in early June because of its history as an armed warship. The 98-metre, \$47 million *T&T Spirit* will join another Incat-built vessel, the 91-metre *TT Express* (formerly *The Lynx*), on a daily service linking the nation's two main islands. In Hobart to take delivery of *T&T Spirit*, Trinidad & Tobago Port Authority executive Leon Grant said the first catamaran had had a significant impact on travel in the island nation, "We had 200,000 people travelling between the two islands before. Now there are 600,000." He said the decision to purchase the ferries instead of leasing them, would result in substantial savings over a 10-year period.



Mr Clifford said: "Almost five years ago the Port Authority and the Government of the Republic of Trinidad and Tobago started to develop a vision for a national sea-bridge based on identifying and then implementing world's best practice in the ferry industry. From the outset, demanding benchmarks for proven year-round in-service reliability, high levels of passenger comfort, low operating costs and the ability to carry heavy freight were established. With the permanent acquisition of *T&T Express* and *T&T Spirit*, these benchmarks have been exceeded and - let there be no doubt - the Port Authority of Trinidad and Tobago has emerged as a significant player in the global ferry market."

In Europe, HD Ferries launched its new service between the French port of St Malo and the Channel Islands of Jersey and Guernsey in March. *HD1* offers six crossings per day, providing travellers with a wide range of additional options to complement existing ferry services.

Built in 1998, the 80.1-metre *HD1*, delivers speeds of up to 50 knots lightship and 46 knots fully loaded at 167 tonnes deadweight. The vessel provides capacity for up to 400 people and 89 cars. An open deck area aft allows HD Ferries to offer some truck capacity, which should prove attractive to shippers of French produce.

HD1 was dry-docked in Gibraltar for pre-service maintenance work and livery application before sailing to the UK for the fitting of vehicle ramps, crew training and berthing trials.

For further information go to www.incat.com.au

Steady Budget avoids risks



A limited sale of State assets, an improved deficit of \$39 million and a forecast of strong economic growth in 2007-08 were the centre-pieces of Treasurer, Michael Aird's second State Budget, unveiled in early June. Leading economic commen-

tator Saul Eslake, of the ANZ Banking Group, welcomed Mr Aird's Budget speech and an analysis by the State Treasury as "striking exactly the right tone" and praised what he considered to be significant improvements in the Budget's presentation. However, he expressed doubts about the capacity of an essentially conservative Budgetary approach to address Tasmania's long-term fiscal problems.

State spending over the next financial year is anticipated to be just under \$3.8 billion, an increase of \$163.4 million or 4.2 per cent from 2006-07. Solid economic growth of 3.5 per cent is predicted for the new fiscal year, linked in part to four major private sector capital projects.

Consumer spending is expected to remain strong, driven by employment growth, continued high levels of consumer confidence and real income gains resulting from strong terms of trade. Mr Aird said the Budget provided for additional services and would lead to increased productivity.

Road works, planning for a new Royal Hobart Hospital and other infrastructure projects will be partly funded by selling off the Hobart International Airport, the Printing Authority of Tasmania and the Southern Cemetary Trust.

Mr Aird said: "Billions of dollars of private investment projects are already in the pipeline, and the pulp mill and the direct factory outlet [near Hobart International Airport] will provide a boost if approved. This investment will contribute to further population and employment growth, with an additional 6,000 jobs forecast. The global economic outlook is very favourable, particularly for Asia, which will continue to support Tasmania's record export levels."

General Government sector Budget estimates are:

- A net operating deficit of \$39 million, improving to a surplus of \$22 million in 2008-09.
- A fiscal deficit of \$31 million, improving to a surplus position over the Forward Estimates.
- The Consolidated Fund will remain in surplus.
- Net Debt will improve further to a net credit position of \$456 million at 30 June 2008.
- Net Worth will increase by more than \$1.1 billion, to \$9.1 billion by 30 June 2008.
- Net Financial Worth will increase by \$240 million, to \$313 million by 30 June 2008.
- Net Financial Liabilities will decrease by \$179 million, to \$3.2 billion by 30 June 2008.

Budget expenditure highlights included:

- Record recurrent funding of \$3.3 billion for the delivery of the Government's community services.
- Record health expenditure of \$1.4 billion.
- Record education expenditure of \$1 billion.
- A \$920 million capital investment program over the next four years, including funding for schools, hospital equipment, ambulances, roads, national parks infrastructure, sporting facilities, jetties, library facilities, police vessels and housing.
- Tasmania's biggest reform of post-compulsory education in 35 years.
- A new ambulance service fee which will put funding of ambulance and medical transport services on a sustainable basis.
- \$42.5 million over five years for a road-safety initiative.
- \$3 million over three years to establish and operate a Climate Change Office.
- \$24.8 million over four years to maintain Tasmanian parks, upgrade infrastructure and visitor facilities.
- An additional \$24 million in tax cuts every year, bringing total tax cuts to \$170 million per annum.
- \$9 million over three years for a tourism marketing campaign.
- \$7.8 million over three years to continue the implementation of the SMART farming initiative.
- An extra \$6 million over four years for the arts.

- A \$5.3million boost for sport and recreation.
- \$1.5 million to revamp planning schemes.
- The development of the \$280 million Southern Transport Investment Program, including a Brighton Transport Hub.
- \$5 million in 2007-08 for the Stolen Generation.
- Additional funding for infrastructure investment resulting from a program of review of government businesses.

The Budget was not popular with welfare lobbyists, several of whom described it as "heartless". There was also strong criticism of a user-pays approach to the ambulance service, bringing it into line with arrangements in other States.

Saul Eslake, Chief Economist for the ANZ Group, wrote: "Michael Aird's second Budget speech and the accompanying Treasury analysis strike exactly the right tone in identifying increasing productivity as 'the cornerstone of economic growth', the need to 'improve education outcomes' as 'the greatest challenge we face as a State to our on-going productivity and economic performance', and the crucial role of infrastructure in 'driving our productivity'. These are precisely the themes that ANZ has been emphasising in our commentaries on the Tasmanian economy for more than a decade. However the Budget itself is notable for its conservative approach to these challenges. Most of the gains accruing from revisions to projections of revenues and expenses and from a forecast acceleration in economic growth are applied to the attainment of the Government's Fiscal Strategy objectives (such as achieving a fiscal surplus, on average, over rolling four-year periods, and extinguishing the State's net unfunded superannuation liability); while most of the initiatives in the Budget are funded by off-setting revenue or expenditure measures.

"Another notable feature of the Budget is the substantial improvement in the quality of the Budget Papers themselves. Nearly all of the suggestions made in ANZ's commentary on last year's Budget have been taken up in this one. As a result, Tasmania is now second only to Western Australia in terms of the quality and comprehensiveness of the information presented in its Budget Papers. In particular, Tasmania's Budget Papers are more informative than those of the Federal Government."

Eslake's compliments about the fundamentals and form of the Budget are tempered by concluding remarks in which he raises doubts about the long-term effectiveness of such a conservative approach to solving the State's fiscal challenges. He writes: "The Labour Government came to office in 1998 on a platform which prominently included a pledge not to privatise the then Hydro-Electric Commission. When the HEC was subsequently disaggregated into three separate businesses, the enabling legislation included a provision stipulating that none of them could be sold without prior approval at a referendum. While it is almost impossible to envisage the present Government selling the iconic Hydro assets, there is no compelling reason why it should not sell part, or all, of its stake in the 'downstream' businesses Transend and Aurora, which on conservative valuations could realise at least \$400 million and \$500 million respectively."

For Saul Eslake's full Budget analysis, please go to:

www.anz.com.au/aus/corporate/EcoComm.asp

Leeds United in Tassie hands

Troubled English soccer club Leeds United is being jointly administered by an expatriate Tasmanian. Chartered Accountant Richard Fleming, who started his education at Howrah Infants School and played first-grade cricket for Clarence. Fleming took over at the historic but embattled soccer institution when its debts, including one to Britain's taxation authorities, placed it in danger of liquidation. A Leeds-based KPMG Restructuring Partner, Fleming, has steered the world-famous sporting club through a series of tense and tricky negotiations with creditors, clearing the way for its sale to a new company established by existing directors.



Following creditors' meetings on 1 June and 4 June, Fleming announced: "I am satisfied that in voting to accept this CVA (company voluntary arrangement) proposal the creditors have approved a solution that allows the club to plan ahead for next season; reduces uncertainty for all those with an interest in Leeds United; provides some return for creditors; and avoids liquidation.

Leeds United Football Club Ltd must now seek approval from the Football League and can begin to rebuild for the next season. The supervisors can also begin the process of agreeing creditors' claims for dividend purposes."

The CVA proposal required 75 per cent of the creditors' votes by value and was eventually approved by 75.2 per cent. Fleming and his colleagues were able to convince the creditors to accept an initial dividend of a penny in the pound, with a substantial additional dividend to follow if the club can regain premiership status within five seasons. Leeds United was facing relegation on its playing results this season when it was placed in administration. This resulted in automatic relegation.

The Football League and Football Association must now approve the business and assets of Leeds United, including its players, transferring to a new company - Leeds United Football Club Ltd - the directors of which are Ken Bates, Shaun Harvey and Mark Taylor all of whom were involved in the previous operations.

Following the successful creditors' meetings, the club received half a million pounds in additional sponsorship commitments within seven days.

Richard Fleming, 42, grew up on Hobart's eastern shore, completing his infant and primary education at Howrah before moving on to Clarence High School and Rosny College. He graduated from the University of Tasmania in 1986 with a Bachelor of Commerce and is now a chartered accountant and a licensed insolvency practitioner.

Crime down in safest State



Crime rates are tumbling in Tasmania as unemployment drops under 5 per cent for the first time and Tasmania Police report nation-leading crime-fighting statistics. Total offences have fallen by more than 39 per cent over 10 years, including a 67.1 per cent decrease in home burglaries and a 77.9 per cent drop in business burglaries. Tasmania scores better than the national average in six out of seven major crime categories reported by the Australian Bureau of Statistics.

The Minister for Police and Emergency Management, David Llewellyn, said: "We are well below the national average for murder, kidnappings, robbery, blackmail, unlawful entry and other theft. Assault has decreased for the first time since 1997, falling by 10 per cent in 2006. Tasmania is slightly above the national rate in motor vehicle theft, but it must be noted that 336 fewer vehicles were stolen in Tasmania in 2006."

During the Jim Bacon premiership, a Tasmania Together target was set aiming for a 50 per cent reduction in crime by the year 2020. A total of 60,511 offences were reported in 1999-2000 and this had dropped by 34 per cent to 39,835 last financial year.

"Car burglaries have more than halved during that period, while the number of stolen motor vehicles has declined 42.7 per cent," Mr Llewellyn said. "These figures mean that there are now 445 fewer offences each week in Tasmania than there were 10 years ago. These results can only be described as exemplary and I congratulate everyone within Tasmania Police for their efforts."

"In comparison with the national average, Tasmania recorded a higher proportion of investigations finalised at 30 days for homicide and related offences, kidnapping/abduction, robbery, unlawful entry with intent, motor vehicle theft and other theft," Mr Llewellyn told an annual presentation ceremony at the Rokeby Police Academy in June. "I commend the Commissioner of Police, Richard McCreddie and all members of the police service on the excellent results they have achieved over a long period of time in reducing crime and continuing to improve the clear-up rate. All Tasmanians will appreciate these results because it is solid evidence that Tasmania is the safest and most secure State in the country."

Crime statistics usually relate directly to unemployment figures and the Australian Bureau of Statistics reports that trend unemployment in Tasmania in May was at a record low of 4.8 per cent. Employment for the month increased by 600 to 226,400 – another record. Total employment has risen by 14.6 per cent since April 2002, outstripping the national average of 13.3 per cent. Tasmania now has lower unemployment than New South Wales (5.0 per cent) and South Australia (4.9 per cent).

Zinc giant's 10-year power deal



Tasmania's largest export producer, Zinifex, has signed a 10-year power-supply agreement with Hydro

Tasmania after proving up a 65 per cent increase in ore reserves at its Rosebery zinc mine. The deal ensures the supply of electricity to both the Rosebery mine and the company's electrolytic plant at Risdon for the next 10 years. It is the first major industrial energy contract to be negotiated since the commissioning of Basslink and Tasmania's entry to the National Electricity Market.

Around 540 employees and 110 contractors produce 250,000 tonnes of zinc a year at Risdon from ore mined at Rosebery. Aside from being Tasmania's largest exporter and a very significant employer, Zinifex is the State's second-largest power user after Comalco. Electricity accounts for about one-third of total costs at Risdon.

The Minister for Energy, David Llewellyn said the deal underscored the success of Tasmania's recently diversified energy-supply system in coping with prolonged drought conditions. "It has been noted many times over the past six months, that without Basslink and natural gas the drought would have meant that the lights would be out in Tasmania. I suspect that few among us have actually contemplated the disruption to our lives if it had been necessary to introduce electricity restrictions and we should also think about what would have happened to the economy if we had failed to provide security of supply to companies like Zinifex."

The zinc producer is riding a wave of confidence after announcing on 29 May that exploration at its Rosebery mining lease had increased the known ore resource by 65 per cent, potentially extending the life of the operation beyond 10 years. Following deeper drilling, as well as exploration in new areas, the mine's total resource of ore containing lead, silver, gold and copper, as well as zinc, is now estimated at 11.7 million tones.

Chief Executive, Greig Gailey, said: "Rosebery for the past 70 years has been like the Magic Pudding – as you mine some it always replaces itself. However with these results, we're confident we'll increase the size of the resource rather than merely replenishing it. What is most impressive is that we are only one year into a three-year program to lengthen the life of the mine and results to date make our goal of still mining at Rosebery in 2020 look very achievable."

Zinifex exploration manager, Angela Lorrigan, told a conference in Strahan in May: "There has been a bit of a perception that Tasmania has been over-explored, but we keep making these amazing discoveries. For a geologist, Tasmania is a very inspiring place. There aren't too many places in the world that have high-grade ores like this that just keep on going."

Zinifex committed last year to a \$24 million upgrade of the Risdon plant and to a \$19 million program of exploration over three years. The company has been using original Tasmanian technology to produce zinc metal at Risdon since 1916. At various times it has exported to more than 30 countries.

FOOTNOTE: Greig Gailey announced on 18 June that he would step down at the end of the financial year as Zinifex's Chief Executive. Under Mr Gailey's leadership the company's share price increased 10-fold on its float price in 2004 and he was rewarded with a \$15 million bonus/severance package.

DVDs to devils' rescue



Warner Bros, creators of the cyclonic cartoon character Taz Devil, have agreed to donate funds from sales of a new range of DVDs to the fight against the Tasmanian Devil Facial Tumour Disease (TDFTD).

The company released 20 Looney Tunes DVDs on 4 July, including 11 new titles, to raise money for the project. The DVDs are being sold for a limited time in hundreds of Kmart, Big W and Target stores, with \$1 from each \$11.95 sale going to the Tasmanian Devil Appeal managed by the University of Tasmania.

The Minister for the Environment, Paula Wriedt, said she expected the DVDs to be popular with children and for the sales to make a significant contribution to the \$5 million annual budget for the program. A deal with Warner Bros to enable Taz Devil soft toys to be sold by Service Tasmania outlets has generated \$50,000 so far.

Recent surveys show devil numbers have dropped by half since the disease was first detected. In the State's north-east, where TDFTD is believed to have originated, numbers are down to little more than 10 per cent of the original population.

Exports set another record

Tasmania is more than doubling the nation's export growth, with a 28.2 per cent rise in value to a record \$3.59 billion in the year to April 2007. Nationally, exports rose by a more modest 13.1 per cent. Strong growth in China and its Hong Kong gateway is driving the State's extraordinary performance. The biggest increases in dollar terms, by country, were:

- China and Hong Kong (up \$300 million)
- Taiwan (up \$78 million)
- Indonesia (up \$49 million)
- United States (up \$45 million)
- India (up \$45 million)
- Thailand (up \$40 million)

Convict archives on UN list

Tasmania's meticulously-kept convict records have been formally recognised as a significant and irreplaceable part of the world's documentary and cultural heritage and history. Documentation held in the Archives Office of Tasmania has been included on the United Nations Educational Scientific and Cultural Organisation International Memory of the World Register. The initiative follows the inclusion of the archives on UNESCO's Australian Memory of the World Register in 2006.

For more information visit: www.amw.org.au/

\$100m to green the Midlands

A feasibility study has found that a proposal to improve drinking water supplies to three midland towns and to irrigate 40,000ha of farming land would cost up to \$100 million. The plan involves the diversion of 50,000 megalitres of water a year from Poatina via a 70km pipeline through Tunbridge, Ross and Campbell Town. The State Government believes the scheme will attract partial funding from the \$10 billion National Plan for Water Security.

More glory for Autech

The CEO of innovative Launceston business Autech Software, Darren Alexander, is Tasmanian Business Leader of the Year for 2007. A world leader in computer-based print-marketing technology, Autech has won four Tasmanian Exporter of the Year awards and was named Australia's Most Innovative Company at the G'day USA expo in New York earlier this year.

Push for vegetables

The State Government and the TFGA will spend nearly \$2 million over the coming year promoting Tasmanian vegetables in key interstate markets. A communications campaign to be delivered by Clemenger Tasmania is believed to be the first commissioned by any State to apply mass marketing techniques to support commercial products other than tourism.

\$8m for Derwent property

Tasmania's relatively abundant water is coming to the notice of rural investors in a trend that is likely to be on-going. The Derwent Valley property Norton Mandeville, with 7km of river frontage and a 3,818-megalitre water right, sold to a Melbourne-based bidder for around \$8 million in May, the highest price ever paid for a southern Tasmanian rural property. Evercreech, in the Fingal Valley, was bought by Gunns Ltd for \$8.95 million in 2004.

Stompin' in the Big Smoke

Young members of the Launceston dance company, Stompin', will cross Bass Strait in September to perform their 2006 hit, *Home*, with young dancers and community participants at the Meat Market, North Melbourne. Stompin' will join forces with Arts House, an international program of contemporary art from across the globe, to perform *Home* in a stunning, contemporary setting.

For more information: www.stompin.net

Marketing goes hi-tech

Tourism Tasmania achieved a clever marketing edge at the annual Australian Tourism Exchange by handing out wristband USBs labelled *Discover.Tasmania.com*. When unclipped, the wristbands can be plugged into a computer port to give users access to the equivalent of 80 pages of printed material on Tasmania's attractions. Not only did the USBs grab attention, they were cheaper than the CDs and brochures being handed out by other States.

National award for poppy firm

Poppy processor and global exporter Tasmanian Alkaloids has won the gold award for Outstanding Business Achievement at the 2007 Australian Business Excellence Leadership Awards in Sydney. The company generates employment for 800 Tasmanians.

Ruth secures coveted spot

University of Tasmania student Ruth Oettle has become the first Australia selected to study environmental studies and sustainability science at Sweden's Lund University. Oettle, who has a double degree in economics and environmental geography, is one of 35 overseas students admitted to the two-year course.

Accolade for Woodbridge trout

Cold Smoked Ocean Trout from Woodbridge Smokehouse has won the Best New Product category in one of Australia's most keenly contested food shows. The product also won a Highly Commended rating in the From The Sea section of the Prestige Vogue/Audi Fine Food Awards that attracted 400 entries from all States.

Cricketing good times roll

Following its stunning success in the Pura Cup, Tasmania will host a Test match and a one-day international both involving the Australian team next summer. Bellerive Oval will be the venue for the second Test against Sri Lanka on November 16-20 and for a one-day match against New Zealand on 20 December.

Activist is top achiever

Medical practitioner and environmental activist Dr Phillip Pullinger, 26, won the top honour at the 2007 Southern Cross Young Achiever of the Year awards. Dr Pullinger was recognised for his contributions to the Wilderness Society, Doctors for Forests, Environment Tasmania and the Cam River Action Group.

Triabunna marina given tick

A multi-million dollar residential and marina development proposed at Triabunna by businessmen Michael Kent and Keith Pybus has been approved by the Glamorgan-Spring Bay Council.

For further information contact :

Robert Heazlewood
Executive Director, Brand Tasmania Council Inc.
Telephone 03 6229 5719 **Mobile** 0419 564 745
Email Robert.Heazlewood@brandtasmania.com

Mike Jenkinson
Communications Consultant, Brand Tasmania Editor
Email mjenk40@bigpond.net.au

Snail Mail to PO Box 957 Sandy Bay, Tasmania, 7006