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Local build plan for TT-Line ferries could prove disastrous says report

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THE decision to abandon plans to build the new \$850 million TT-Line ferries in Europe could turn out to be the most costly economic blunder that state has made in four decades, a leading economist says.

Saul Eslake was commissioned by the Labor Party to look into a bid to build as much of the ferries in Australia as possible.

He says the idea ran the risk of costing taxpayers much more, producing a poorer result and taking much longer.

Announced in 2018, the two new ferries were supposed to be in service in March next year.

Instead, the government has gone against the advice of the TT-Line board and will try to find a local builder for some or all of the \$850 million plus project.

West Australian shipbuilder Austal is pushing to build the ships — but has never built a ship of the size required.



The Spirits of Tasmania are nearing the end of their commercial lives. Picture: Alan Barber

No Australian ship builder has, for the past 30 years, so the plan to build all or part of the ship locally carries substantial risk, Mr Eslake found.



Economist Saul Eslake is critical of a plan to build the replacement ferries in Australia. Picture: Richard Jupe

Depriving the Tasmania of the additional capacity that the planned ferries would bring to deliver tourists would cost the equivalent of 1 per cent of gross state product, he said.

“Each year’s delay in the delivery of the replacements for the Spirits of Tasmania, compared with TT-Line’s original intentions, means up to 184,200 fewer visitors to Tasmania each peak season, which in turn implies potential losses of the order of \$350 million per annum to the Tasmanian economy,” Mr Eslake writes.

“This decision could turn out to be the most financially ill-advised decision taken by any Tasmanian Government since January 1983, when then Premier Robin Gray rejected then Prime Minister Malcolm Fraser’s offer of \$500 million not to proceed with the proposed Gordon-below-Franklin dam.”

Labor’s infrastructure spokesman Shane Broad said trying to create jobs by building the ships in Australia would end up costing more jobs in Tasmania’s tourism industry.

“Peter Gutwein’s shortsighted decision, apparently made to appease Canberra, will rip at least \$2.5 billion out of the Tasmanian economy,” Dr Broad said.

Both the state government and Austal have claimed the project will create hundreds of jobs but there has been no breakdown of how many of those jobs will be in Tasmania.

“With an estimated 1500 jobs potentially created, it would be negligent of the Government to not explore every possible opportunity for at least some of those jobs to go to Tasmanians,” said Infrastructure Minister Michael Ferguson.

Austal CEO David Singleton said:

“It is regrettable that some observers of this process do not have the faith in our shipbuilding that many others in the world do ... It is disappointing that Mr Eslake didn’t contact Austal to check his information before he finalised his report,” Mr Singleton said.

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Braddon Labor MP Shane Broad. Picture: Chris Kidd

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