

13 December 2024

Tasmanian Government

By email: governmentbusinesses@treasury.tas.gov.au

To Whom It May Concern

Submission to Government Business Governance Reform – Draft Plan

Aurora Energy welcomes the opportunity to provide feedback on the Tasmanian Government’s *Government Business Governance Reform – Draft Plan* (Draft Plan).

Aurora Energy supports the objectives of the Tasmanian Government to improve the transparency, performance and accountability of its Government Business Enterprises (GBEs) and State-owned Corporations (SOCs) and accordingly supports the five identified themes of the proposed reforms contained in the Draft Plan.

Aurora Energy acknowledges that sound governance arrangements and transparent, constructive and collaborative relationships with its Shareholders are critical for the success of the business. These matters are already embedded in the way in which Aurora Energy operates.

Pleasingly, Aurora Energy already meets many of the Draft Plan governance reform proposals.

A small number of technical points have been identified in response to the governance proposals which are detailed below.

In relation to entities which are subject to the Corporations Act, such as SOC (including Aurora Energy), consideration of how the proposed reforms interact with directors’ duties under the Corporations Act, such as the obligation to act in the best interest of the company, should be carefully considered to ensure that directors are able to execute their duties appropriately.

Regarding the requirement for 50 per cent of GBE and SOC boards’ directors to be Tasmanians, the question of what constitutes a “Tasmanian” board member is not clearly defined in the Draft Plan and would require clarification in any final guideline.

As part of appropriate governance practices such as are set out in the ASX Corporate Governance Principles, a board should maintain an appropriate mix of skills on a skills-based board to guide the business and the delivery of its strategic objectives. This includes maintaining a skills matrix that identifies the optimal skills mix to effectively oversee and direct its business. In any new director recruitment process, consideration of the required skills to complement those already on the board is a key consideration in the recruitment process. In some instances, it may be necessary to compromise the 50 per cent Tasmanian requirement in order to ensure that a board has the best skills available to it and the 50 per cent Tasmanian target should not come at the expense of a skills-based director being appointed.

In relation to the Government appointing directors to represent the Government on the board of a Government-owned business Aurora Energy has no objection to this in principle, however, given the constitutional limits on the size of Government boards these appointments should not come at the expense of a skills based director being appointed. In addition, to avoid any concerns about shadow directorships it would be appropriate that these appointments are made in the capacity of board observers rather than board directors.

Finally, Aurora Energy considers that in order to attract and retain directors to government boards, appropriate remuneration should be offered which is commensurate with the risk and skills required to deliver key outcomes for the Government.

Should you have any questions regarding this submission, please contact [REDACTED] at [REDACTED].

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nigel Clark', with a stylized flourish at the end.

Nigel Clark
Chief Executive Officer