



The Hon Guy Barnett MP
Deputy Premier and Treasurer
Via email: Guy.Barnett@dpac.tas.gov.au

Friday 13 December 2024

Subject – Submission on Draft Plan Government Business Governance Reform (Draft Plan)

Thank you for the opportunity to attend the briefing on the above by the Premier and yourself on the above, and for the subsequent invitation to make a submission. The Board of Metro Tasmania (Metro) welcomes the opportunity to provide feedback and offers the following observations in relation to the proposals in the Draft Plan.

Metro was established in 1997. Since then, there has been on-going development in governance frameworks and practices, and the expectations placed on enterprises, their directors and shareholders. It is therefore both timely and appropriate to consider reforms that will ensure contemporary leading practices are adopted, and Metro's Board of directors welcomes this initiative. We offer the following observations in relation to proposals in the Draft Plan, by heading.

1. Accountability and Placing Tasmania First

The proposal to put in place measures around accountability for Placing Tasmania first, considering the Tasmanian community, and acting in their best interests, is a valuable reminder of the principal purpose of government-owned enterprises. In our instance, this is helpful in clarifying what we consider to be our objective, which is to ensure everything we do makes public transport in Tasmania the best it can be given the resources we have available.

From a governance perspective, it will be important that those responsible for the drafting of the related legislative reforms turn their minds to ensuring there is clarity between the obligations they create and those imposed by the Corporations Act, particularly director's fiduciary duties. It may be beneficial to produce accompanying practice notes that provide guidance to all state-owned enterprises on how to interpret and apply the new legislation.

To ensure consistency in interpretation when boards resolve to seek advice (and avoid funding a "lawyer's picnic"), Government may also wish to consider establishing a mechanism for provision of legal advice on which directors can rely in relation to matters of interpretation of the interaction of government legislation and the Corporations Act. This might be the Solicitor-General or a centrally managed authorised panel of external providers.



2. Improving Governance

Metro supports the measures for improved governance proposed in the Draft Plan.

In relation to the proposals on the board composition, we support measures to maintain a skills-based focus whilst boards transition to at least 50% Tasmanian (noting our current composition to be 80% Tasmanian). In our experience there are many talented and capable Tasmanians with the requisite business skills, but not always the depth of board experience. To ensure there is a pipeline of suitable candidates, we suggest Government consider the inclusion of measures to foster local board skills development, such as provisions that enable (or require) the inclusion of an “intern role” on each board, potentially complemented by formal governance training.

In addition, where there is a full quotient of interstate directors, and a need for a particular skillset that is difficult to find in Tasmania can be demonstrated, a dispensation can be granted whilst the board ‘resets’ its location-based balance within a fixed period (e.g. 12 or 18 months). This will provide latitude for government to make an exception, mitigating the risk that decisions are made that set aside the skills-based principles being applied to the detriment of the entity, and its capacity to best serve the interests of Tasmanians.

3. Expanding Performance Monitoring

Metro supports the measures proposed.

In relation to the periodic independent board performance reviews, Metro suggests these be included in a review and update of the October 2008 “Guidelines for Government Businesses – Assessing Board Performance” currently provided by the Department of Treasury and Finance.

Given the diversity of government enterprises, it will be important to strike the right balance with a framework for reporting and monitoring measures, providing sufficient flexibility to ensure they are proportionate to risks and can be tailored to the specific performance outcomes of each government business. It would be reasonable for Government and Shareholder Ministers to expect that a competent board will exercise its judgement as to the details of reporting given guidance on the matters on which it must report and the principles that should be applied.

Metro Board has now adopted the practice of producing a Board Report to Shareholder Ministers under the headings in the initial guidance, on your requirements, and commend that framework for on-going use with some guiding principles for how boards should apply it.

4. Levers to Manage and/or Rectify Poor Performance

Metro supports Government introducing mechanisms that provide Shareholder Ministers with a range of options to intervene to rectify poor performance as they see fit.



5. Reviewing the Government Businesses Portfolio

The Metro Board notes that the Draft Plan indicates transport related businesses will be the initial priority area for Government's portfolio review. We would welcome the opportunity to explore options with your government for alternative business models for public transport service delivery. The opportunity to engage directly and provide input on any assessment Government may undertake at an appropriate time would be greatly valued.

We trust our feedback on the Draft Plan will be of value. Should you wish to engage further on our input, or if we can assist further with your review in any way, please contact me directly on [REDACTED]

Yours sincerely

A handwritten signature in black ink, appearing to be "T. Braxton-Smith". The signature is stylized and somewhat abstract, with a large loop at the end.

Tony Braxton -Smith
Chair, Metro Tasmania

c.c. The Hon Eric Abetz MP, Minister for Transport