



13 December 2024

The Secretary
Department of Treasury
GBE Reform Submission

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

The Secretary

Government Business Governance Reform Draft Plan

TasPorts is pleased to provide feedback on the reform proposals detailed in the Government Business Governance Reform Draft Plan (November 2024): refer **Attachment One: TasPorts Submission – Government Business Governance Reform – December 2024**.

We understand the Tasmanian Government will also seek input on any other matters identified through a subsequent review of contemporary governance frameworks for Government businesses and we look forward to continuing to engage accordingly.

TasPorts remains committed to engaging more closely on the matter of mergers as the Tasmanian Government explores the feasibility of integrating three State-owned companies (TasPorts, TasRail and TT-Line) and looks forward to receiving further advice on this matter.

In the meantime, if there are specific questions relating to our submission, please contact TasPorts' General Counsel and Company Secretary, Angie Somann-Crawford via [REDACTED]

Yours sincerely

A handwritten signature in blue ink, appearing to read "Anthony Donald".

Anthony Donald
Chief Executive Officer

Attachment One: TasPorts Submission – Government Business Governance Reform Draft Plan – December 2024

TasPorts’ Submission to Government Business Governance Reform (Draft Plan) | December 2024

Accountability for Placing Tasmania First

The principal objectives of the Government businesses will be reconsidered to ensure that, in addition to having a commercial focus, there is a better understanding by Government businesses of the need to consider the Tasmanian community (being the ultimate owners) and the need to act in their long-term interests. This focus will be supported by the establishment of a consistent legislative general direction power for GBEs and SOCs, with a legislated requirement for continuous disclosure in terms of delivery on these directions.

Under the Tasmanian Ports Corporation Act, TasPorts objectives are to facilitate trade for the benefit of Tasmania; and to operate its activities in accordance with sound commercial practice. As such, TasPorts operates at the intersection of public service and commercial enterprise, and reforms should respect this balance in order to avoid undermining its ability to deliver on either legislative objective.

TasPorts notes that commercial success drives community value and reinforces that it is already supporting connections at the local level for Tasmania to thrive globally. The best interests of Tasmania can, and are, being delivered through ongoing commercial performance of the business.

TasPorts has two other noteworthy concerns with this reform, namely confusion over priorities (in that prioritising ‘Tasmania first’ outcomes over commercial imperatives risks diluting TasPorts’ strategic identity and financial stability) and also community service obligations in that undefined expectations create operational uncertainty and could impose unfunded mandates.

Additionally, not focusing on commercial outcomes indirectly provides benefits to non-Tasmanians, through reduced costs and needs to be balanced against competition law risks.

Reforms must provide clarity to TasPorts dual role as a commercial entity and community service provider to prevent conflicts and financial risk. A

framework would need to be developed to align TasPorts' dual mandate with measurable outcomes, balancing both community and commercial priorities. In addition, clarity of expectations and funding mechanisms for community obligations would be needed to ensure they do not compromise financial sustainability.

Further, what is perceived to be in the best interests of the Tasmanian community is not always clear or obvious. For example, proposed agreements with customers several hundred per cent higher than they already pay is offset by the need to invest in contemporary infrastructure for growth which is also for the benefit of Tasmanian community.

TasPorts has developed a draft decision-making framework for non-commercial investment decisions. This framework is informed by principles from the World Port Sustainability Program (WPSP) and aligning with the United Nations Sustainable Development Goals (UN SDGs). A key feature of this framework is a repeatable, quantitative assessment method to rank and prioritize investments based on their alignment with sustainable development criteria. This framework has been shared with TasPorts shareholders, Department of State Growth and Department of Treasury and Finance for their consideration and input.

Proposed Decision-Making Framework

This framework combines WPSP priorities with the UN SDGs to guide Tasmanian port investments toward sustainable development. To facilitate effective decision-making, the framework introduces a quantitative scoring system, allowing for a repeatable assessment that ranks and prioritizes investment initiatives based on sustainability criteria. The framework comprises four key pillars:

1. Environmental Stewardship:

Environmental protection should be central to investment decisions, focusing on reducing emissions, conserving biodiversity, and managing resources sustainably. Key actions include:

- o Adopting Clean Energy Solutions: Investments in renewable energy infrastructure and energy-efficient operations support SDG 13 (Climate Action).
- o Sustainable Waste Management Systems: Implementing policies to minimize waste and mitigate marine pollution aligns with SDG 14 (Life Below Water).

2. Economic Viability and Innovation:

Economic resilience is critical for sustainable growth. Investment assessment should factor in economic feasibility, encouraging initiatives that:

- o Deliver Long-Term Economic Benefits: This supports SDG 9 (Industry, Innovation, and Infrastructure).
- o Incorporate Advanced Technologies: Investments in digitalization and automation improve operational efficiency and sustainability.

3. Social Responsibility and Community Engagement:

Ports affect their communities significantly. Investment decisions should prioritize social well-being by:

- o Engaging Local Stakeholders: Encouraging community input in decision-making processes aligns with SDG 11 (Sustainable Cities and Communities).

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| | <ul style="list-style-type: none"> o Supporting Local Employment and Fair Labor Practices: This builds community support and fulfills SDG 8 (Decent Work and Economic Growth). <p>4. Governance and Policy Integration: Transparent governance is essential for sustainable investment. Governance should prioritize:</p> <ul style="list-style-type: none"> o Setting Compliance and Reporting Standards: Regular reporting on sustainability metrics enhances transparency. o Building Partnerships: Working with public and private sectors aligns with SDG 17 (Partnerships for the Goals). <p>While challenging, TasPorts is also acknowledging and balancing the need for commercial viability with the critical importance of port and related assets to regional economies (despite being of no operational requirement or commercial interest to TasPorts) eg: Strahan and Stanley.</p> |
| <p><i>Statements of Corporate Intent (SCI) (the summary of the Corporate Plan) will be maintained as an annual agreement between Shareholding Ministers and the Board on its strategic direction and key performance indicators, which will be publicly available. The KPI targets will be reviewed for all businesses in 2025-26 to ensure that they are focused on the Government’s priorities as set out in the new Ministerial Charters and Statements of Expectations.</i></p> | <p>TasPorts supports this proposed reform across the GBEs and SOCs.</p> <p>TasPorts Statement of Corporate Intent (SOCl) is a high-level summary of the TasPorts’ Corporate Plan. It includes the performance agreement detailing the key financial and non-financial targets for TasPorts, as agreed between the TasPorts Board and the Shareholding Ministers. It also details financial and non-financial estimates for the following three years.</p> <p>The SOCl has been prepared in accordance with the Members’ Statement of Expectations for TasPorts.</p> <p>TasPorts’ shareholders provide written advice to the TasPorts Board ahead of the Company’s corporate planning process to communicate priorities and</p> |

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| | <p>expectations with regards to strategic direction and performance targets for the proceeding four-year period.</p> <p>TasPorts SOCI is published annually on its website and a summary version is published in TasPorts' Annual Report.</p> |
| <p><i>The current legislation will be reviewed and amended to ensure that there are consistent and contemporary legislative arrangements in place in relation to:</i></p> <ul style="list-style-type: none"> - <i>the annual corporate planning process (including the SCI) for both GBEs and SOCs; and</i> - <i>requiring Government businesses to undertake non-commercial activities (community service obligations) with transparent mechanisms for funding (noting that there are currently significant differences across the portfolio of Government businesses);</i> - <i>financial and non-financial performance reporting.</i> | <p>TasPorts acknowledges the proposed reforms.</p> <p>On the matter of the annual corporate planning process, TasPorts agrees that the process should be consistent across GBEs and SOCs.</p> <p>On the matter of legislation being reviewed/amended to require Government businesses to undertake non-commercial activities (community service obligations) with transparent mechanisms for funding), TasPorts makes the following observations.</p> <ul style="list-style-type: none"> - In terms of strategic purpose, the reform must clarify any dual role as a commercial entity and community service provider to prevent conflicts and financial risk. - The company is progressing a proposed Decision-Making Framework for Sustainable Port Investments in Tasmania which prioritises port investments to balance economic growth, environmental protection and social wellbeing. This is in recognition that the maritime industry is rapidly evolving to accommodate the need for sustainable practices, with ports globally embracing initiatives that extend beyond traditional economic goals. <p>TasPorts formally provides a monthly report to the Shareholder Minister via Treasury. The main purpose of which is to provide an update on the current financial performance of the business, highlighting any key risk areas and</p> |

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| | <p>providing updates on major projects undertaken. In addition, TasPorts provides a half-yearly report covering financial performance and tracking against the performance targets outlined in the Statement of Corporate Intent, along with addressing any particular queries from Treasury.</p> <p>TasPorts is in regular contact with Treasury, holding frequent meetings where health and safety, financial performance and working capital are discussed. In addition, TasPorts provide responses to various Treasury required surveys during the financial year, including Returns to Government, Budget Survey, Payment Times Reporting, monthly NTER reporting and Buy-Local reporting.</p> <p>In addition, TasPorts maintains a regular monthly meeting with its Shareholders with the second agenda item of each meeting being a financial update (the first being occupational health and safety).</p> |
| <p><i>Appropriate clarification will be included in the Portfolio Acts of SOCs to ensure that Shareholding Ministers cannot be considered Directors of SOCs for the purposes of the Corporations Act.</i></p> | <p>TasPorts supports appropriate clarification across portfolio acts noting the <i>Tasmanian Ports Corporation Act 2005</i> is clear on its interpretation. Refer Part 2 Section 8 - Members of Corporation:</p> <p>(1) The members of the Corporation are 2 persons of whom –</p> <ul style="list-style-type: none"> (a) one is the Minister; and (b) one is the Minister administering the Government Business Enterprises Act 1995. <p>(2) If at any time the one person is both the Minister and the Minister administering the Government Business Enterprises Act 1995, the members of the Corporation are 2 persons of whom –</p> <ul style="list-style-type: none"> (a) one is the Minister; and (b) one is another Minister determined by the Minister to be a member of the Corporation. |

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| <p><i>The new template for Ministerial Charters and Statements of Expectations includes new expectations in relation to considering the important contribution (and impact) that Government businesses and their operations have to the Tasmanian economy and broader community. Corporate Plans for 2025-2026 will be required to be consistent with the new Ministerial Charters and Statements of Expectations.</i></p> | <p>TasPorts agrees that any new expectations as to the contribution (and impact) Government businesses and their operations have to the Tasmanian economy and broader community be captured in both the Statement of Member Expectations (SoME) and the Corporate Plan.</p> <p>As before, under the Tasmanian Ports Corporation Act, TasPorts' objectives are to facilitate trade for the benefit of Tasmania; and to operate its activities in accordance with sound commercial practice. As such, TasPorts operates at the intersection of public service and commercial enterprise and reforms should respect this balance to avoid undermining its ability to deliver on either legislative objective.</p> <p>Note also that TasPorts has already commenced planning for 2025-2026 and would be concerned around timing if legislative changes are delayed.</p> |
| <p><i>All organisation charts will have Tasmanians at the apex.</i></p> | <p>Without a definition of what constitutes 'Tasmanian' TasPorts supports this reform in principle only.</p> |
| <p>Improving Governance</p> | |
| <p><i>Legislative mechanisms will be established to mandate regular Board renewal by limiting Directors and Chairs to two terms unless exceptional circumstances exist.</i></p> | <p>TasPorts generally supports this proposed reform noting the expectation is already made clear in the Guidelines for Tasmanian Government Business – Board Appointments (Section 9) which notes that in some circumstances directors may serve more than two terms, and chairpersons more than three terms, but only where a critical business need has been clearly demonstrated and the Shareholding Ministers and Cabinet have approved the approach. This would seem to negate the need for legislative mechanisms.</p> |

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| | <p>Further, the proposed reform is also set out in TasPorts’ Constitution.</p> <p>On director appointments, TasPorts contends that regular communication with director candidates is necessary to keep them informed of the recruitment process or any other emerging issues that might impact the process.</p> <p>Any director selection committee established should be familiar with the relevant act for the GBE/SOC to ensure compliance.</p> <p>The skills matrix for optimal board composition should be reviewed by an independent expert, the report should be provided to the Selection Committee ahead of commencing the recruitment process. A report from the Selection Committee containing the short list should then be provided to the same independent expert to ensure appropriate skills have been obtained prior to final decision. It is critical to ensure the right people with the right skills are appointed to these boards.</p> <p>Shareholders Ministers should consider the timeliness of reappointment notifications as poor communications risk eroding confidence in the selection process.</p> <p>It’s TasPorts’ view that recent director appointments and reappointments have been conducted in a manner that is inconsistent with good governance and shows a lack of respect by Government for directors.</p> |
| <p><i>While maintaining a skill-based focus, the Government will transition Boards over time to be at least 50% Tasmanian.</i></p> | <p>TasPorts does not agree with this proposal. Quotas such as this undermine the <i>Guidelines for the Board Appointments</i> which state: “It is important that</p> |

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| | <p>the selection and appointment process is competency based, professional and transparent.”</p> <p>Director selection should be based on skill sets that meet the needs of the business and enable it to function efficiently and effectively in accordance with its objectives. To adopt the proposed reform would be to undermine independence and, risk quality and, skilled people coming in or expressing interest in joining a Board.</p> <p>TasPorts is supportive of the appointment of a suitable qualified Tasmanian. Noting this, there is no agreed definition of ‘Tasmanian’ and this needs to be agreed.</p> <p>TasPorts’ is proud to play its part in building the next generation of governance through its Intern Director Program. The Program gives aspiring Tasmanian non-executive directors the opportunity to participate on the TasPorts Board for 12-months. TasPorts established the 12-month internship program in 2017, helping to provide a strong pipeline of board-ready individuals to support the State. Now in its seventh year, the TasPorts Intern Director Program is aligned with and demonstrates our commitment to the Tasmanian Government’s Women on Board Strategy and would welcome the expansion of the program across government.</p> |
| <p><i>The current legislation and reporting requirements in relation to conflicts of interest for board members will be reviewed and amended, if required. This proposal focuses on addressing potential issues with directors being on multiple Government business boards or boards operating in similar sectors. This will include</i></p> | <p>TasPorts holds the view that existing governance arrangements are sufficient to provide for real or perceived conflict (specifically when it comes to SOCs like TasPorts).</p> <p>The Governance Framework Guide for Tasmanian Government Businesses and State-owned Companies is already clear about compliance with the</p> |

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| <p><i>ensuring that Shareholding Ministers are kept informed in relation to conflicts and other board memberships throughout the term of the director or chair, and not just on appointment.</i></p> | <p>Act, keeping a register of interest, for boards to determine if a director has an interest, alignment to the Corporations Act, and provisions in its own Constitution.</p> |
| <p><i>Legislatively require that the two Shareholding Ministers roles cannot be undertaken by the same person (noting that particular consideration will be given to the unique status of TasCorp).</i></p> | <p>TasPorts supports this noting it is already enshrined in the <i>Tasmanian Ports Corporation Act 2005</i> which states the members of the Corporation are two persons of whom one is the Minister, and one is the Minister administering the <i>Government Business Enterprises Act 1995</i>. Further it states:</p> <ul style="list-style-type: none"> - If at any time the one person is both the Minister and the Minister administering the Government Business Enterprises Act 1995, the members of the Corporation are 2 persons of whom – <ul style="list-style-type: none"> - (a) one is the Minister; and - (b) one is another Minister determined by the Minister to be a member of the Corporation. |
| <p><i>Ensure that there is appropriate governance and reporting frameworks and mechanisms in relation to subsidiaries and joint ventures of Government businesses by:</i></p> <ul style="list-style-type: none"> - <i>applying Treasurer’s Instructions to subsidiaries of GBEs (currently Treasurer’s Instructions apply to subsidiaries of SOCs but not GBEs);</i> - <i>establishing a requirement that Shareholding Ministers must provide approval before a SOC enters into a joint venture, consistent with the requirements for GBEs; and</i> - <i>establishing a requirement for Shareholding Ministers to approve changes to the</i> | <p>TasPorts agrees with this proposed reform noting that Treasurer’s Instructions to subsidiaries already apply to State-owned Companies and therefore appropriate governance and reporting frameworks are in place for its subsidiaries and joint ventures. These include:</p> <ul style="list-style-type: none"> - Bass Island Line (wholly-owned subsidiary); - King Island Ports Corporation (non-trading); - Flinders Island Ports Corporation (non-trading); and - Southern Export Terminals (joint venture). <p>On the matter of Shareholder approval prior to entering into a joint venture, TasPorts notes approval was provided for its joint venture with Southern Export Terminals.</p> |

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| <p><i>Constitutions of subsidiaries of SOCs, consistent with the requirements for GBEs.</i></p> | |
| <p><i>Standardise the legislative requirement in relation to the tabling of Government business Annual Reports and SOC Constitutions.</i></p> | <p>TasPorts supports the standardising of this obligation noting its requirement for accounts and report of corporation are embedded in the <i>Tasmanian Ports Corporation Act 2025</i>:</p> <p>(1) The Board is to provide the Minister with a copy of each of the following documents:</p> <p style="padding-left: 40px;">(a) the constitution of the Corporation, the constitution of each of the Corporation's subsidiaries and any amendments to any of those constitutions;</p> <p style="padding-left: 40px;">(b) any financial statement, directors' report and auditor's report for the Corporation.</p> <p>(2) The Minister is to cause to be laid before each House of Parliament each copy provided to him or her under subsection (1) within 7 sitting-days after receiving it.</p> <p>Further the Guidelines for Tasmanian Government Business Reporting state the annual reports are to be provided to the Shareholding Ministers for tabling in the Parliament by 31 October each year.</p> |
| <p>Expanding Performance Monitoring</p> | |
| <p><i>Introduce periodic independent board performance reviews of the boards and CEOs of all Government businesses, reporting directly to Shareholding Ministers.</i></p> | <p>In 2018 the Shareholders issued a <i>Governance Framework Guide for Tasmanian Government Businesses and State-Owned Companies</i>. The Guide referenced the eight core principles underlining good corporate governance as recommended by the ASX Corporate Governance Council for listed companies. While not mandated, the Shareholder expressed an expectation the core principles where relevant would be adopted by the</p> |

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| | <p>board of GBEs and SOCs. In addition to these corporate governance principles, the Department of Treasury and Finance has issued a Governance Framework and Guides in relation to (among other things) assessing board performance.</p> <p>TasPorts adheres to the <i>Guidelines for Tasmanian Government Business – Assessing board Performance</i>.</p> <p>Further, during the year, TasPorts engaged an Independent Governance Consultant to work with the Board and the Executive to enhance Board/Executive communications (including Board papers) and to review the effectiveness of the Board and consider areas for improvement.</p> |
| <p><i>Ensure that there are consistent and contemporary legislative arrangements in relation to the reporting obligations of Government businesses, including continuous disclosure and quarterly performance monitoring obligations (similar to disclosure obligations of listed companies).</i></p> | <p>TasPorts supports this reform in principle noting the <i>Guidelines for Tasmanian Government Business – Reporting</i> contains key dates including quarterly reports, half-yearly reports, annual report and the Annual General Meeting.</p> <p>TasPorts already complies with extensive reporting obligations. This includes monthly reports to its Shareholders via Treasury. This reporting captures financial performance, profitability and risks covering profitability and risks and major project updates. In addition, TasPorts maintains a regular monthly meeting with its Shareholders, with the second agenda item of each meeting being a financial update (the first being occupational health and safety). Other Treasury reporting occurs as follows:</p> <ul style="list-style-type: none"> - Returns to Government - twice a year; - Budget Survey – twice a year; - NTER reporting for tax obligations - monthly; - Buy-local reporting – annually; and |

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| | <ul style="list-style-type: none"> - Regular catch-ups/meetings with Treasury. <p>TasPorts is concerned any additional requirements could impose significant administrative and opportunity costs. The increased burden of new performance monitoring and reporting could divert resources from strategic initiatives and notes aligning corporate planning processes with new charters would be challenging.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> - Streamlining reporting: consolidate reporting obligations and adopt risk-based approaches to focus on high-impact areas; - Align timelines: synchronise corporate planning cycles with the implementation of new charters to avoid misalignment; - Leverage existing practices: acknowledge TasPorts; governance strengths and avoid duplicative compliance requirements; - Minutes to be taken for monthly Ministerial meetings and formally accepted by those attending as a true record, and to then included them in the SOC/GBE board papers; - Define the escalation path if a Minister is informed of a matter and doesn't appear to take appropriate action; and - Consider a phased approach to allow TasPorts/entities to gradually align operations and strategies with new requirements. |
| <p><i>Legislate an ability for Shareholding Ministers to request the Auditor-General to undertake a performance review that is paid for by the Government business.</i></p> | <p>The Auditor-General currently determines this on its own motion however the Shareholder Ministers are able to make this request of the Auditor General currently.</p> |
| <p><i>Legislate an ability for Shareholding Ministers to require that a government business has an assurance review undertaken by an independent expert, with the report</i></p> | <p>TasPorts notes the role of the Government scrutiny process to provide GBEs and SOCs with the opportunity to engage with elected officials publicly on matters of performance and accountability. While TasPorts welcomes the</p> |

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| <p><i>provided to Shareholding Ministers. The purpose underlying this proposal being to facilitate reviews for infrastructure projects, organisational capability, or of workplace culture, risk management frameworks of work health and safety.</i></p> | <p>opportunity to engage in scrutiny sessions and recognises the opportunity for a valuable exchange of information to take place, the success of such forums depends on issues not being politicised. This undermines the culture, creates psychosocial risk and is not in keeping with the intent of the forum as a genuine platform forum as a genuine platform. TasPorts suggest consideration be given to a review of the Code of Conduct – Members of the Parliament of Tasmania. On occasion the conduct observed would seem to undermine the intent of the interactions and understood objectives of the reform as articulated in the discussion paper, and consideration of contemporary psychosocial risk practices could be of benefit to future scrutiny platforms.</p> <p>An option would be for questions to be submitted 2 weeks prior to scrutiny with responses provided three days prior to scrutiny to enable a considered discussion and examination of issues raised. There should also be opportunities for the CEO, Chair and Minister to provide contemporary updates of challenges and opportunities.</p> <p>TasPorts has an internal audit program. An external firm is engaged to undertake audits/reviews of areas within the business that are deemed to require regular review due to risk or investigation of performance. It would be more efficient if an issue is raised by the Minister to include in the internal audit program.</p> |
| <p><i>Mandate State facilitated Gateway Reviews for projects over \$200m (not including routine maintenance).</i></p> | <p>TasPorts supports the extension of gateway reviews across all large-scale projects.</p> <p>TasPorts implemented strong governance including an independent, gateway review process for the Port of Devonport’s QuayLink project, as a critical assurance mechanism to effectively and transparently support the</p> |

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| | <p>project delivery, and routine reporting to keep shareholders and stakeholders updated. TasPorts notes this project was delivered on time and under budget.</p> <p>Government should consider a project integrator to review all major projects across GBEs and SOCs. This would be particularly relevant when two entities are involved in the same project (as was the case in Port of Devonport with TasPorts and TT-line). This suggestion was made by TasPorts in November 2023.</p> |
| Levers to Manage and/or Rectify Poor Performance | |
| <p><i>The current legislation will be reviewed and amended to establish mechanisms to provide Shareholding Ministers with options to manage and intervene in instances of poor performance. the mechanisms will be on a continuum and may include, for example, powers for the Shareholding Ministers to:</i></p> <ul style="list-style-type: none"> - <i>authorise a review and audit of any aspect of the operations or performance;</i> - <i>require the board of a Government business to prepare a performance improvement plan, which must be complied with.</i> - <i>appoint a ministerial representative to the board if performance is unsatisfactory or during significant periods of transition. The ministerial representative would have a legislatively defined role, a limited term and be provided with appropriate personal protections for undertaking</i> | <p>TasPorts notes that Board independence is critical for effective governance and strategic decision-making. While it supports in principle a mechanism to provide Shareholder Ministers with options to manage and intervene in instances of poor performance, excessive ministerial involvement could undermine the autonomy of the Board. Key concerns include:</p> <ul style="list-style-type: none"> - Risk of overreach: Ministerial powers, such as appointing a ministerial representative to the Board, may interfere with good governance and undermine the Corporations Act. Ministers can, in effect, already appoint directors. It could be argued this extra feature is unnecessary; and - Attracting skilled members: perceived autonomy issues could deter experienced candidates from joining the Board impacting the desire of all parties to recruit highly effective directors. <p>TasPorts contends it would be necessary to define triggers, to potentially limit intervention to significant risk such as financial crisis or major</p> |

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| <p><i>the role. Noting that selection of any ministerial representative will need to be carefully considered to avoid conflicts of interest;</i></p> <ul style="list-style-type: none"> - <i>appoint a performance improvement team; or</i> - <i>dissolve the Board and appoint an administrator.</i> | <p>governance failures. In addition, independence could be preserved by implementing accountability frameworks that enhance transparency without compromising autonomy.</p> <p>TasPorts has an innovative and strong governance record as a foundation for additional reforms. This includes the role in building the next generation of governance through its Intern Director Program (now in its seventh year), which gives aspiring Tasmanian non-executive directors the opportunity to participate on the TasPorts’ Board for 12-months.</p> |
| <p>Reviewing the Government Business Portfolio</p> | |
| <p><i>In addition to governance reforms, the Government will review the entire Government business portfolio to:</i></p> <ul style="list-style-type: none"> - <i>define a principles-based approach for Government’s ownership of businesses;</i> - <i>assess whether public ownership of each business remains appropriate; and</i> - <i>identify any businesses which should be divested or restructured.</i> | <p>While TasPorts recognises the desire of Government to review the entire Government business portfolio as a matter for Government, noting it would welcome the opportunity to engage in the process of defining the principles.</p> <p>TasPorts notes Bass Island Line Pty Ltd is a wholly owned subsidiary of the company (commenced in 2017), and the Southern Export Terminals Pty Ltd is a joint venture operation between TasPorts and Qube Holdings Ltd at the Port of Hobart (operations commenced in 2017). Similarly, TasPorts is also responsible for the Devonport Airport which has been the subject of ownership interest by several local government bodies in the State’s North West in recent history.</p> |
| <p><i>Given the proposed future investment profiles, the transport and energy related businesses would be the initial priority focus for such a review.</i></p> | <p>TasPorts recognises the desire of the Tasmanian Government to explore the feasibility of merging three State-owned companies (TasPorts, TasRail and TT-Line) noting that TasPorts already works with TT-Line and TasRail on supply chain opportunities. While this is primarily a matter for Government, TasPorts has publicly committed to cooperate fully on that journey noting</p> |

proposals to merge require a clear strategic plan to ensure success. Of note, there is, as yet, no strategy or articulation of a comprehensive plan for infrastructure and freight, and this fundamentally flags early risk potentially resulting in poorly executed mergers (which could lead to inefficiencies and asset devaluation). Note TasPorts has already provided Treasury with thoughts on the process required to conduct the feasibility assessment.

TasPorts operates in complex markets, exposing it to significant legal risks under competition law, and notes that when it comes to competition law compliance, operating across multiple markets increases the risk of possible breaking competition laws.

Further, Governance uncertainty poses the risk of losing senior staff, potentially destabilising operations. Key concerns include flight risk of skilled staff, and recruitment challenges.

On related topics, TasPorts notes managing asset debt sustainably is critical to TasPorts long-term viability. It has concerns about its asset debt challenges, in that significant infrastructure investments have increased TasPorts' debt burden, and risks of influence, in that asset stripping could undermine TasPorts value. To offset, TasPorts seeks to work with Government to develop coordinated strategies for sustainable debt management.