



TASMANIAN TRANSPORT ASSOCIATION

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Response to “Government Business Governance Reform Draft Plan”

December 2024

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Introduction

The Tasmanian Transport Association (TTA) serves as the peak body representing freight transport employers across various modes in Tasmania. Its membership includes public and private entities involved in road, rail, shipping, warehousing, ports, and specialised transport sectors.

Freight transport is essential to Tasmania's businesses, communities, and economy. Supply chains connect nearly all sectors, enabling trade, production, and consumption. As an island state, Tasmania relies heavily on ports and multimodal connections, with over 99% of freight transported by sea. A safe, efficient, and sustainable freight transport sector is fundamental to Tasmania's prosperity.

TTA members and the broader sector advocate for Tasmanian Government Business Enterprises (GBEs) and State-Owned Companies (SOCs) to prioritise delivering long-term benefits to the state, its people, and its economy.

The TTA is deeply invested in the reform of these government businesses because their operations, particularly those of TasPorts and TT-Line, have a significant, consistent, and ongoing impact on the freight transport and logistics sector. Any inefficiencies, governance issues, or underperformance in these organisations directly affect TTA members, impacting their ability to operate efficiently and sustainably.

The proposed governance reforms aim to address these issues, ensuring that GBEs and SOCs place the interests of Tasmanian businesses and communities first, operate transparently, and are held accountable for their performance. This aligns with the TTA's goals to support a safe, productive, sustainable, and environmentally responsible freight transport sector that underpins Tasmania's economy and connects its communities.

The TTA remains committed to ongoing engagement with the Tasmanian government, including relevant Ministers and government businesses, to assist all parties achieve the best possible understanding of the operation of Tasmanian supply chains. This collaboration ensures that all stakeholders are aligned in addressing challenges and leveraging opportunities within the freight transport and logistics sector.

Scope of Submission

This submission addresses the **Government Business Governance Reform Draft Plan (November 2024)**¹.

TTA acknowledges the Tasmanian Government's intent to consider a merger of TT-Line, TasRail, and TasPorts—key transport and logistics enablers. While terms of reference for the proposed merger are not yet defined, TTA flags early concerns with this proposed merger. These include competition risks, monopoly and market share risks arising from a large integrated transport entity actively competing with private enterprise and controlling access to critical infrastructure, complexity of integration given significantly different operating, regulatory, safety and infrastructure requirements, core cultural differences, workforce and industrial challenges, and industry perceptions arising from the establishment of a mega GBE. TTA is concerned that any efficiencies of scale will be at the expense of dedicated expertise and operational focus for critical services and infrastructure for Tasmania and involve disruption to Tasmanian supply chains.

¹ Government Business Governance Reform Draft Plan, November 2024 available at: <https://www.treasury.tas.gov.au/Documents/Government%20Business%20Governance%20Reform%20-%20Draft%20Plan.pdf>

TTA anticipates further engagement when details of the proposed merger are available.

This submission focuses on the Draft Plan and emphasises governance structures that ensure the provision of safe, productive, and sustainable freight transport infrastructure and services to, from, and within Tasmania.

Declaration of interest

TTA members include three GBEs: TasRail, TasPorts, and TT-Line. This submission reflects initial consultations with TTA members and board-level discussions. To address potential conflicts of interest, the TasRail CEO recused himself from relevant discussions.

Summary

TTA supports the review of governance and operations of Tasmanian GBEs and SOCs.

This review arises following the failure to establish required land side infrastructure at Devonport Port for the new TT-Line ferries, highlighting accountability issues. The review signals to Tasmanian businesses and to Tasmanians that the Tasmanian Government acknowledges the failure and the resulting costs to Tasmanians and Tasmanian businesses. These costs are financial, reputational, loss of confidence, opportunity, and growth.

There has been no clear causal attribution to this failure, but the review is prefaced by acknowledgement that the performance and accountability of Government businesses is critical to Tasmania and that there is a need for a strategic and coordinated approach with the interests of Tasmanians at the forefront, mitigating the dangers of siloed approaches to key decisions that impact the Tasmanian economy as a whole.

As stated in the **2014 Department of Treasury and Finance Report**,² *“As a small island state, the efficiency, effectiveness and optimisation of Tasmania’s freight system is of critical importance to the strength of Tasmania’s economy and, ultimately, the standard of living of Tasmanians”*.

This review is an important opportunity to prioritise strategic, not reactive, reforms, focusing on Tasmanians and Tasmanian businesses as key beneficiaries of GBE and SOC services. It must be comprehensive; to identify and address underperformance, poor culture, poor governance, and to establish a system that ensures Government, government agencies and departments, GBEs, and SOCs are all accountable for delivering the future freight transport infrastructure and services that are required for Tasmania, Tasmanian business, and the community.

Proposed Reform Principles

The Draft Plan proposes four reform principles:

1. Ensuring that all Government businesses place the interests of Tasmania first and are accountable for doing so.
2. Improving governance for Government businesses to ensure it is effective, contemporary, fit for purpose, transparent and provides for appropriate oversight.
3. Expanding the range of performance monitoring options available to Shareholding Ministers.

² Active Disclosure: Investigation into the better alignment of TasRail and Tasports Final Report December 2014, available at: <https://www.treasury.tas.gov.au/Documents/Active%20Disclosure%20-%20Report%20to%20Government%20-%20TasRail%20and%20Tasports%20Alignment.PDF>

4. Incorporating appropriate levers in the governance framework to manage or rectify poor performance of Government businesses, if required, including in relation to major capital projects.

The TTA supports these principles and offers the following observations.

Purpose for GBEs / SOCs

The purpose for each GBE or SOC is stated in the relevant Members' Statement of Expectations.

There is no consolidated list of the Statement of Members Expectations for SOCs or Charters for GBEs. Whilst these are available by searching the relevant SOC or GBE websites, a consolidated list with links on the Treasury website (as is the case with the [Australian Government](#)), is not available.

On individual SOC or GBE web sites, TTA understands that the available statements published may be superseded pending publication of recent updates.

TT-Line:

[Members' Statement of Expectations, July 2016](#)

The principal purpose of TT-Line is to manage and facilitate the operation of the shipping service to and from Tasmania.

TasPorts:

[Members' Statement of Expectations, May 2012](#)

The principal purpose of the Tasmanian Ports Corporation is the operation and management of state-wide port facilities and associated assets.

TasRail:

[Members' Statement of Expectations, May 2012](#)

The principal purpose of Tasmanian Railway is to provide rail freight services in Tasmania.

The principal purpose of each of these SOCs is to effectively to manage and facilitate the operation of the business – with a focus on safety, sound commercial practice, efficiency, and achieving a commercial rate of return.

TasPort's and TasRail's statements further include the requirement to conduct business "...having regard to the social and economic objectives of the State.

The Tasmanian Government Business Enterprise Act 1995 provides advice about the functions of GBEs:

Principal objectives of Government Business Enterprise

(1) *The principal objectives of a Government Business Enterprise are –*

(a) to perform its functions and exercise its powers so as to be a successful business by –

(i) operating in accordance with sound commercial practice and as efficiently as possible; and

(ii) achieving a sustainable commercial rate of return that maximises value for the State in accordance with its corporate plan and having regard to the economic and social objectives of the State; and

(b) to perform on behalf of the State its community service obligations in an efficient and effective manner; and

(c) to perform any other objectives specified in the Portfolio Act.

TTA agrees that Government businesses must place the interests of Tasmania first and be accountable for doing so. None of the Statements of Expectations clearly state this, nor do they indicate what this means in the context of an obligation to manage and operate the business in a sound commercial manner.

TTA considers that –

- a) Services for Tasmanian businesses and communities should be central to GBE and SOC objectives.
 - b) GBEs must operate commercially without distorting the market or undermining private operators, supporting the Tasmanian economy.
 - c) Clearer definitions of "Tasmania First" are needed to balance long-term returns and commercial operations.
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Governance for GBEs / SOCs

Strong governance is essential. TTA considers that a Board with a strong combined competency measured and aligned with a comprehensive and context specific skills matrix is of greater value than a target of 50% Tasmanian composition. Competent leadership and competent management must be assured. Limitations on Board and Chair tenure is important and consistent with principles of good governance however a Board renewal strategy must be informed by performance reviews and balanced with the need for continuity and resilience. There must also be a focus on culture to determine opportunities for improvement in performance and include alignment with the strategic values of a Tasmania-first ethos.

Effective and active oversight by Shareholding Members is critical. Ministers come and go in the usual cycles of government. They may not have the depth of understanding of the GBE or SOCs, their activities and their operating environment. The workload of Ministers as Shareholding Members must also be considered to make sure that they can be effective in their role.

GBEs need to be insulated against sovereign risk and political cycle motivations and pressures.

TTA considers that –

- d) Strong, competency-based boards are essential, with balanced renewal strategies and performance reviews that include board culture.
 - e) Oversight by Shareholding Ministers must be effective, acknowledging the challenges of ministerial workload and expertise.
 - f) Insulation from political cycles and sovereign risk is crucial.
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Independent Performance Review with Customer Input

Evaluation of GBE and SOC performance is a key accountability measure. Victoria has established the [Essential Services Commission](#), “an independent regulator that promotes the long-term interests of Victorian consumers with respect to the price, quality and reliability of essential services”³. Under this model, a review of performance including advice and feedback from industry (as consumers) is conducted with a regular public report provided. This could provide a strategic, transparent, regular and effective mechanism for the consumers of Tasmanian SOC or GBE services to provide feedback to Ministers / Government and to Tasmanians on the performance of the GBE. Performance monitoring may also mitigate against strategic drift and identify biases in decision.

TTA considers that –

- g) an independent regulator, modelled on the Victorian Essential Services Commission, could effectively gather customer feedback, evaluate performance and improve accountability.
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Long Term Integrated Approach to Infrastructure Development and Management

Developing and maintaining infrastructure requires coordinated effort and action across several SOC / GBEs. The silo approach to infrastructure investment priorities has demonstrated flaws and poor outcomes for Tasmania.

A long term (ten year plus) and strategic infrastructure plan based on priorities to underpin Tasmanian business, investment, and the best interest of Tasmanians should be established and a targeted and comprehensive program of works, allowing smoothing of investment demand year on year.

An example is the replacement of the Ship Loader at the Burnie Port. The original ship loader had been in operation since 1969, with a service life of more than 50 years. The replacement project, which included the new ship loader and associated export facility upgrades, was completed in 2024 at a cost of \$82 million. This investment has modernised infrastructure, doubling the port's loading capacity and enhancing its efficiency and reliability as a key node in Tasmania's freight and export chain, enabling future growth in Tasmania's bulk mineral exports.

Infrastructure development and maintenance, especially ports, is key to Tasmanian business and the economy. Plans must include current and longer-term measures to improve resilience and to ensure infrastructure is fit for purpose.

Commitment and accountability of each relevant agency, SOC and GBE in such projects should be clear and defined, including that of Treasury, the Department of State Growth, [Infrastructure Tasmania](#), and the [Office of the Coordinator General](#) to ensure there is coordination, integrated planning, and effective delivery infrastructure for Tasmania for the long term.

Infrastructure development and maintenance plans must be developed based on reliable metrics and indicators. Whilst noting that the Tasmanian Freight Strategy would provide a more thorough analysis from a whole of State perspective, the investigation into the better alignment of TasRail and

³ Victorian Essential Services Commission website, at <https://www.esc.vic.gov.au/>

Tasports Final Report in 2014⁴ included the following statements about predicted growth in Tasmania's freight volumes -

"... any growth in Tasmania's freight task is likely to be incremental and it is expected that total freight volumes in 2043 will only marginally exceed the freight volumes experienced in 2008. These projections have underpinned Tasports' 30 year port strategy, which has concluded that future freight growth can be accommodated by its existing port infrastructure under its current port specialisation strategy, where each port provides specialised services based on the natural gateway for major commodity groups."

From 2008-09 to 2023-24, Tasmania has experienced an increase in population of 15.7% (⁵, ⁶), and an increase in freight of around 2.9% (⁷, ⁸). During this time there has however been a shift in the freight profile. Tasmania's total freight volumes decreased from the 13.8 million tonnes of freight moved through Tasmania's publicly owned ports in 2008-09⁹, to around 11.2MT in 2011-12, before increasing to the current level of 14.2MT. Tasmania has seen a change in the composition of commodities shipped, including a reduction in some bulk products, an increase in general cargo and food, and corresponding changes in the ports through which these volumes are shipped. These changing profiles place emphasis on the efficiency of the North-West ports and need to be taken account in future development and infrastructure planning.

TTA considers that -

- h) Infrastructure development requires integrated, strategic planning across GBEs and agencies.
 - i) Resilient and future-proof infrastructure is essential for Tasmania's economic growth.
 - j) Infrastructure investments should be long-term and decisions should be based on reliable data, ensuring alignment with Tasmania's strategic priorities and forecast freight needs.
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⁴ Active Disclosure: Investigation into the better alignment of TasRail and Tasports Final Report December 2014, available at: <https://www.treasury.tas.gov.au/Documents/Active%20Disclosure%20-%20Report%20to%20Government%20-%20TasRail%20and%20Tasports%20Alignment.PDF>

⁵ ABS – Population by Age and Sex, Regions of Australia, 2008, available at: <https://www.abs.gov.au/ausstats/abs@.nsf/Products/3235.0~2008~Main+Features~Tasmania?OpenDocument#:~:text=SEX%20RATIO-,TOTAL%20POPULATION,five%20years%20to%20June%202008>

⁶ ABS – National, State and Territory Population, March 2024, available at: <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/mar-2024>

⁷ Active Disclosure: Investigation into the better alignment of TasRail and Tasports Final Report December 2014, available at: <https://www.treasury.tas.gov.au/Documents/Active%20Disclosure%20-%20Report%20to%20Government%20-%20TasRail%20and%20Tasports%20Alignment.PDF>

⁸ TasPorts Annual Report 2023-24, available at: <https://tasports.com.au/volumes/documents/Annual-Reports/TasPorts-Annual-Report-2023-2024.pdf>

⁹ Tasmanian Freight Survey 2008-09, available at: https://www.statgrowth.tas.gov.au/_data/assets/pdf_file/0005/88565/Tasmanian_Freight_Survey_Data_Summary_Report_2008-09.pdf