

# MEMBERS' STATEMENT OF EXPECTATIONS

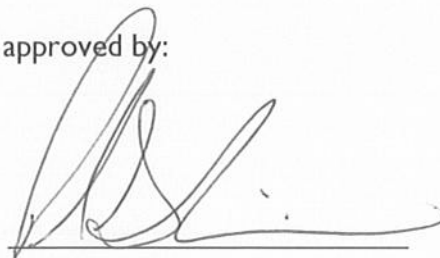
July 2016

TT-LINE COMPANY PTY LTD

This Members' Statement of Expectations is jointly approved by:

A handwritten signature in black ink, appearing to read 'Rene', written over a horizontal line.

Rene Hidding MP  
**Member**

A handwritten signature in black ink, appearing to read 'Peter Gutwein', written over a horizontal line.

Peter Gutwein MP  
**Treasurer**  
**Member**

Date:

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## **I. INTRODUCTION**

- This Members' Statement of Expectations has been prepared by the Minister for Infrastructure and the Treasurer (the Members), following consultation with TT-Line Company Pty Ltd.
- The Statement sets out the Government's broad policy expectations and requirements for TT-Line, as the owner of the business.
- The *Corporations Act 2001* and the Constitution of TT-Line govern the operation of the Company.
- This Statement should be read in conjunction with the following Acts:
  - *TT-Line Arrangements Act 1993*;
  - *TT-Line Gaming Act 1993*; and
  - *Government Business Enterprises Act 1995*; and
  - any other legislation as may be advised by the Members from time to time.
- TT-Line must also comply with all other applicable legislative, policy and/or other requirements including, but not limited to, work health and safety, environmental and industrial relations obligations.
- This Statement takes effect from the date it is signed and remains in effect until it is amended or revoked. This Statement is to be tabled in Parliament by the Minister for Infrastructure and published on the website of TT-Line.

## **2. COMPLIANCE WITH GOVERNMENT POLICIES**

- In pursuing the strategic and commercial expectations in the context of the Government's directions, and undertaking its functions and exercising its powers, TT-Line shall act in accordance with:
  - the governance framework for Government businesses;
  - Treasurer's Instructions and guidelines that are applicable to TT-Line;
  - any Government policies specifically applying to TT-Line as advised in writing by the Members; and
  - the Government's strategic objectives relating to tourism, transport and freight as advised by the Members from time to time.

### **3. PURPOSE, STRATEGIC AND COMMERCIAL EXPECTATIONS**

#### **3.1 Primary Purpose**

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

#### **3.2 Strategic and Commercial Expectations**

- In undertaking its core business, the Members expect TT-Line to:
  - set prices, fees and charges which are aimed at increasing the number of visitors to Tasmania carried on the Spirit of Tasmania ferries;
  - operate in accordance with sound commercial practice and ensure ongoing financial sustainability;
  - focus on providing a safe, reliable and efficient shipping service across Bass Strait;
  - ensure the safety and security of the public and a safe working environment for the Company's employees through the implementation and compliance with best practice operating procedures;
  - maintain the safety and efficiency of its vessels by developing appropriate maintenance and capital improvement programs;
  - contribute to the achievement of the Tasmanian Government's quarantine objectives, where required; and
  - assist the Cabinet Sub-committee in its consideration of options for the timely replacement of Spirit of Tasmania I and II that aims to minimise disruption and risk to the Company.

### **4. NATURE AND SCOPE OF OPERATIONS**

#### **4.1 Core Business**

- The core business of TT-Line is to:
  - provide passenger and passenger vehicle ferry services across Bass Strait; and
  - Provide a freight shipping service across Bass Strait.

#### **4.2 Business Presence Outside the State**

- As TT-Line operates ferry services between Tasmania and Victoria, it is required to have a business presence in Victoria. However, TT-Line must seek the written approval of the Members before establishing any other business presence outside Tasmania. Any such proposal is to be on the grounds of risk mitigation. Any request must be accompanied by a compelling business case.

- Consistent with overarching Government policy to support local businesses, to create jobs in Tasmania, and encourage the local economy to stimulate growth, TT-Line should ensure that its operations, management and staff are based within Tasmania to the maximum extent possible, while consistent with the effective operation of the business.

#### **4.3 Non-commercial Activities, Subsidies and Concessions**

- TT-Line's non-commercial activities are:
  - any activity that has been declared a community service obligation by the Treasurer; and
  - any activity that the Members agree would be non-commercial and direct TT-Line to perform.
- Non-commercial activities are listed in Schedule I of this Statement.
- Where TT-Line is required to perform non-commercial activities, those activities are to be:
  - performed in an efficient and effective manner; and
  - costed and funded in accordance with arrangements as agreed with the Treasurer. If no arrangement is in place, the non-commercial activity is to be funded by the company.

### **5. PERFORMANCE, OPERATING AND REPORTING EXPECTATIONS**

#### **5.1 Performance Expectations**

- The Members expect TT-Line to:
  - meet its key performance targets, including target dividends, as set out in the annual Statement of Corporate Intent. Target dividends are to be agreed during the corporate planning process;
  - implement the business strategies contained in the Corporate Plan, which has been endorsed by the Members, in order to meet the agreed long term performance targets for the company, consistent with the Government's expectations; and
  - be proactive in identifying and implementing operational efficiencies and productivity measures to enhance financial performance.

#### **5.2 Reporting**

- The Members expect TT-Line to comply with any relevant reporting requirements specified in any guidelines issued by the Government.

### **5.3 Significant Developments**

- The Members are to be kept informed of any matters of significance. Specifically, the Members expect to be notified of any adverse developments which may:
  - prevent the achievement of financial performance objectives; or
  - significantly affect the financial viability or operating ability of TT-Line; or
  - significantly impact on Government policy, stakeholder relations or environmental issues, or have a wider public interest.

### **5.4 Borrowings and Investment Activities**

- The Members expect TT-Line's borrowings to be consistent with any borrowing guidelines issued by the Government and any direction given under the *Tasmanian Public Finance Corporation Act 1985*.
- When investing any surplus funds, TT-Line should provide the Tasmanian Public Finance Corporation with the opportunity to offer its services.
- Capital structure and debt levels should be maintained at a level that is consistent with the overall strategic portfolio objectives of the Government as advised by the Members from time to time.

### **5.5 Capital Asset Management**

- The Members expect TT-Line to:
  - develop Asset Management Plans reflecting prudent commercial practice;
  - regularly review its asset holdings with the aim of identifying surplus non-performing and non-core assets; and
  - subject any capital investment proposal to rigorous and considered analysis prior to any decision to commit resources.
- Consistent with the Capital Investment Guidelines, the Members and Treasury, as principal financial advisor, are to be notified of any proposed major new capital investments.

### **5.6 Employee and Industrial Relations**

- The Members expect TT-Line to:
  - adhere to any Government policy guidelines in regard to senior executive remuneration including performance pay or other forms of rewards; and
  - be cognisant of any Government policy in regard to employee remuneration, consistent with contemporary public sector wages policy.

- The Members are to be notified of any significant changes to the employee relations policy of TT-Line, including the finalisation of any workplace or enterprise agreements.

### **5.7 Risk Management**

- The Members expect TT-Line to have in place risk mitigation strategies that recognise the Government is a long-term risk-averse investor, identify business and financial risks, and provide for their ongoing management in a manner that is commensurate with the risk profile of the Government.

### **5.8 Customer Service**

- In delivering its services, the Members expect TT-Line to take account of contemporary practice and other management developments in the industry in which TT-operates and the commercial sector generally.
- TT-Line is to have in place a customer service charter which is to be publicly available.

## **SCHEDULE I**

### **NON-COMMERCIAL ACTIVITIES**

TT-Line performs the following non-commercial activities as defined under Clause 4.3:

- I. the provision of sponsorship funding of \$890 000 per annum to the North Melbourne Football Club, for the period from 2016-17 to 2020-21.