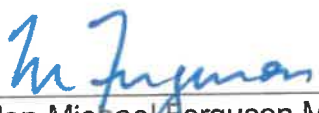


# MEMBERS' STATEMENT OF EXPECTATIONS

October 2024

METRO TASMANIA PTY LTD

This Members' Statement of Expectations is jointly approved by:

  
Hon Michael Ferguson MP  
Deputy Premier  
Treasurer

  
Hon Eric Abetz MP  
Minister for Transport

Date: 8 October 2024

10<sup>th</sup> October 2024

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## 1. INTRODUCTION

- This Statement of Expectations has been prepared by the Treasurer and the Minister for Transport (the Members), following consultation with Metro Tasmania Pty Ltd (Metro Tasmania), in accordance with section 10A of the *Metro Tasmania Act 1997*.
- The Statement sets out the Government's broad policy expectations and requirements for Metro Tasmania.
- The Members expect Metro Tasmania to comply with the Statement.
- The *Corporations Act 2001* (Cth) and the Constitution of Metro Tasmania govern the operation of the Company.
- The Statement should be read in conjunction with the following Acts and their respective Regulations:
  - *Metro Tasmania Act 1997*;
  - *Passenger Transport Services Act 2011*;
  - *Government Business Enterprises Act 1995*; and
  - any other applicable legislation.
- 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 Portfolio Minister and published on the website of Metro Tasmania.

## 2. PURPOSE AND STRATEGIC EXPECTATIONS

### 2.1 Purpose

- The principal purpose of Metro Tasmania is to provide passenger transport services in Tasmania.

### 2.2 Objectives

- The principal objectives of Metro Tasmania are defined in section 5 of the *Metro Tasmania Act 1997*.

### 2.3 Strategic Expectations

#### *Business Specific Expectations*

- In order to achieve its purpose and objectives, the Members expect Metro Tasmania to:
  - provide safe, reliable and efficient passenger transport services consistent with relevant technical and customer standards and regulatory arrangements;

- adhere to the terms of service contracts with the Department of State Growth for providing bus services;
- provide a competitive alternative to light vehicle passenger transport on a commercial (at least break even after Government contract funding) basis in areas where it provides services;
- maximise patronage and fare revenue consistent with government policy;
- provide concession services to the transport disadvantaged and education providers in accordance with explicit Government policy;
- actively pursue and implement cost reduction strategies and efficiency gains while attracting and retaining staff to ensure Metro Tasmania is adequately resourced to deliver contracted services; and
- support the implementation of relevant Government-led initiatives as advised in writing by the Members.

#### *General Expectations*

- The Members expect all Government businesses, including Metro Tasmania, to:
  - consider the important contribution Metro Tasmania makes to the Tasmanian economy and broader community and the impact its operations have on the Tasmanian economy and the broader community;
  - proactively engage with stakeholders;
  - be a successful business, by operating in accordance with sound commercial practice and as efficiently as possible to ensure ongoing financial sustainability;
  - prudently manage business risk through an effective and efficient risk management framework that reduces risks for Metro Tasmania and the State;
  - maintain a strong understanding of the governance framework for Tasmanian Government businesses;
  - understand the impact of climate change on the business, including identifying any risks and implementing risk mitigation strategies;
  - manage and maintain its assets in accordance with prudent commercial practice to ensure the safety and continued operation of those assets;
  - subject any material capital investment proposal to rigorous and considered analysis prior to any decision to commit resources, including cost benefit analysis where appropriate;
  - consider diversity and inclusion principles in its employment and communication strategies;

- maintain a culture of continuous improvement in business operations, systems, processes and services;
- comply with any requests for information from Members in an accurate and timely manner; and
- proactively seek to protect the personal information of its customers, employees and other stakeholders.

## **2.4 Compliance with Government Policies**

- In pursuing the strategic expectations detailed in section 2.3, and undertaking its functions and exercising its powers as required by applicable legislative requirements, Metro Tasmania shall act in accordance with:
  - the governance framework for Government businesses;
  - Treasurer's Instructions that are applicable to Metro Tasmania;
  - the Guidelines for Tasmanian Government Businesses; and
  - any Government policies in addition to those detailed in this Statement specifically applying to Metro Tasmania as advised in writing by the Members.

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

### **3.1 Core Business**

- The core business of Metro Tasmania is to provide safe, reliable and efficient passenger transport services in urban areas.

### **3.2 Non-commercial Activities**

- Metro Tasmania's non-commercial activities are:
  - any activity that has been declared a community service obligation by the Treasurer; and
  - any activity that the Members advise in writing is a non-commercial activity.
- Metro Tasmania does not have any specific non-commercial activities agreed at this time.
- Metro Tasmania receives contract payments for the passenger transport services it provides.
- Where Metro Tasmania is required to perform non-commercial activities or receives contract payments for the provision of passenger transport services, those activities or services are to be:
  - performed to the same standards described in section 2.3, as part of Metro's core business; and

- costed and funded in accordance with formal written arrangements as agreed with the Treasurer, another Minister of the Crown or as specified in a contract. If no arrangement is in place, a non-commercial activity, subsidy or concession is to be funded by the Company.

### **3.3 Other Activities**

- Metro Tasmania has received approval from the Members to undertake the following other activities:
  - the provision of passenger services in non-urban areas;
  - bus charter services, provided that such services do not impact on Metro Tasmania's ability to undertake its principal activities; and
  - transit advertising either directly or provided via a specialist advertising contractor.
- The Members may request Metro Tasmania to prepare and submit for approval an exit strategy for an agreed other activity it is undertaking. Once approved by the Members, Metro Tasmania must implement the exit strategy within the timeframe approved in the strategy.
- The Members may allow Metro Tasmania to conduct additional other activities that are consistent with its core business and legislation on a case-by-case basis. Written approval of the Members must be obtained before undertaking any such activities.

### **3.4 Business Presence Outside the State**

- Metro Tasmania is not expected to operate outside Tasmania.
- Metro Tasmania must seek the written approval of the Members before establishing any new business presence outside Tasmania. Any request to the Members must be accompanied with a compelling business case.

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

### **4.1 Financial Performance Expectations**

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

- keep the Members, along with the Department of Treasury and Finance (Treasury), as principal financial advisor to the Treasurer, informed of any significant issues that may impact on the business ability to meet its financial performance targets.

#### **4.2 Service Delivery Expectations**

- In delivering its services, the Members expect Metro Tasmania to take account of contemporary practice and other management developments in the industry in which it operates and the commercial sector generally.
- Metro Tasmania is to have in place and follow a customer service charter which is to be publicly available; and
- Metro Tasmania is to continue to improve customer services and service delivery in order to strengthen Metro Tasmania's brand and public image and thereby improve the equity value of the corporate brand.

#### **4.3 Public Reporting and Transparency**

- The Members expect Metro Tasmania to proactively keep the Tasmanian community and stakeholders informed of its activities, major projects and performance (including financial and service delivery against the Key Performance Indicators articulated in the annual Statement of Corporate Intent approved by the Shareholding Ministers).

#### **4.4 Pricing**

- The Members expect Metro Tasmania to charge fares in accordance with the fare structure and pricing set by State Growth.
- The Members expect Metro Tasmania to set non-fare prices, fees and charges which:
  - support the entity's ongoing financial sustainability;
  - comply with all legislative and regulatory instruments; and
  - take into consideration any relevant Government policies.

#### **4.5 Borrowings and Investment Activities**

- The Members expect Metro Tasmania's borrowings to be consistent with any direction given under the *Tasmanian Public Finance Corporation Act 1985* and remain within the maximum borrowing limit determined for Metro Tasmania under this Act.
- When investing any surplus funds, Metro Tasmania 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 long-term sustainability of Metro Tasmania.

#### **4.6 Capital Asset Management**

- The Members and Treasury are to be notified of any proposed major new capital investments or disposal of material assets.
- All major capital investment decisions must be approved in writing by the Members prior to any significant expenditure being incurred.
- Prior to a process commencing, any major decision to dispose of material assets must be approved in writing by the Members.

### **5. OTHER EXPECTATIONS**

#### **5.1 Employee and Industrial Relations**

- The Members expect Metro Tasmania to:
  - adhere to any Government policy and relevant Guidelines in regard to senior executive remuneration including performance pay or other forms of rewards;
  - be cognisant of any Government policy or other advice in regard to employee remuneration, consistent with contemporary public sector wages policy;
  - support appropriate skills and training, and diverse workforce participation; and
  - provide a work environment that supports high levels of safety and wellbeing throughout the organisation, taking all practical steps to provide its employees and its contractors with safe working conditions.
- The Members are to be notified prior to any significant changes to the employee relations policy of Metro Tasmania, including the finalisation of any workplace or enterprise agreements.

#### **5.2 Integrity and Ethics**

- The Members expect the Board, management and employees of Metro Tasmania to exhibit the highest level of integrity and professionalism in undertaking their duties.
- The Members also expect the Board and senior management within Metro Tasmania to instil and continually reinforce a culture across the organisation of acting lawfully, ethically, and responsibly.

#### **5.3 Significant Developments**

- The Members are to be kept informed immediately in writing of any matters of significance. Specifically, the Members expect to be notified of any adverse developments that may:



- prevent the achievement of financial performance objectives;
  - significantly affect prices or outcomes to customers;
  - significantly affect the financial viability or operating ability of Metro Tasmania; or
  - significantly impact on Government policy, stakeholder relations, customer relations or environmental issues or that have a wider public interest.
- The Members also expect to be kept informed immediately in writing of:
    - any potential material transactions not in the ordinary course of business before they take place;
    - any other significant developments that relate to an issue, financial or otherwise, on which the government may be required to comment; and
    - any other significant developments that represent a departure from the expectations outlined in this Members' Statement of Expectations.