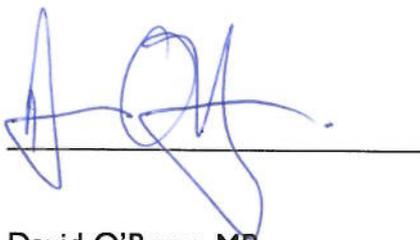


MEMBERS' STATEMENT OF EXPECTATIONS

MAY 2012

TASMANIAN PORTS CORPORATION PTY LTD

This Members' Statement of Expectations is jointly approved by:

A handwritten signature in blue ink, appearing to be 'D O'Byrne', written over a horizontal line.

David O'Byrne MP
**Minister for Infrastructure
Member**

A handwritten signature in blue ink, appearing to be 'Lara Giddings', written over a horizontal line.

Lara Giddings MP
**Premier
Treasurer
Member**

Date: 4/5/12

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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 the Tasmanian Ports Corporation Pty Ltd.
- The Statement sets out the Government's broad policy expectations and requirements for the Tasmanian Ports Corporation.
- The *Corporations Act 2001* and the Constitution of the Tasmanian Ports Corporation govern the operation of the Company.
- This Statement should be read in conjunction with the following Acts:
 - *Tasmanian Ports Corporation Act 2005 (Portfolio Act)*; and
 - *Government Business Enterprises Act 1995*.
- This Statement takes effect from the date it is signed and remains in effect until it is amended or revoked.
- The Statement is to be tabled in Parliament by the Minister for Infrastructure and published on the website of Tasmanian Ports Corporation.

2. PURPOSE AND STRATEGIC EXPECTATIONS

2.1 Principal Purpose

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

2.2 Principal Commercial Objective

- Pursuant to legislative requirements, the Members expect the Tasmanian Ports Corporation to:
 - be a successful company by operating in accordance with sound commercial practice and as efficiently as possible
 - achieve a sustainable commercial rate of return in accordance with its corporate plan, having regard to the social and economic objectives of the State, as agreed in writing with the Members.

2.3 Strategic Expectations

- In undertaking its core business, the Members expect the Tasmanian Ports Corporation to:
 - focus on the reliability, efficiency and effectiveness of the ports and associated supply chain network within Tasmania over which it has influence or some control;

- ensure, as far as possible, prices represent fair value for the services provided;
- work with Government to ensure the provision of appropriate port infrastructure for the cruise ship industry and Antarctic research vessels;
- efficiently manage and maintain its core assets;
- manage financial performance and business risk;
- promote a high level of safety throughout the organisation, taking all practical steps to provide its employees and employees of its contractors with safe working conditions; and
- act in a socially responsible manner and take all reasonable steps to reduce the risk of adverse effects on the environment that may result from the Tasmanian Ports Corporation's activities.

2.4 Compliance with Government Policies

- In pursuing the strategic objectives in the context of the Government's directions, and undertaking its functions and exercising its powers, the Tasmanian Ports Corporation shall act in accordance with:
 - the governance framework for Government businesses;
 - Treasurer's Instructions and guidelines that are applicable to the Tasmanian Ports Corporation; and
 - Government policies specifically applying to the Tasmanian Ports Corporation as advised by the Members.

3. NATURE AND SCOPE OF OPERATIONS

3.1 Core Business

- The core business of the Tasmanian Ports Corporation is to facilitate trade for the benefit of Tasmania by:
 - managing state-wide port facilities; and
 - undertaking activities related to or associated with supporting the operation of ports and the supply chain within Tasmania.

3.2 Business Presence Outside the State

- The Tasmanian Ports Corporation must seek the written approval of the Members before establishing a 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.

3.3 Non-commercial Activities

- The Tasmanian Ports Corporation'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 the Tasmanian Ports Corporation to perform.
- Non-commercial activities are listed in Schedule I of this Statement.
- Where the Tasmanian Ports Corporation 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.

4. FINANCIAL AND COMMERCIAL MANAGEMENT EXPECTATIONS

4.1 Financial Performance

- The Members expect the Tasmanian Ports Corporation to:
 - meet its financial and commercial 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 in order to meet the agreed long term performance targets for the organisation, 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, and the Department of Treasury and Finance (Treasury), as principal financial advisor to the Treasurer, informed of any significant issues impacting on the company, especially its financial performance targets.

4.2 Customer Service

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

4.3 Reporting

- The Members expect the Tasmanian Ports Corporation to comply with any relevant reporting requirements specified in any guidelines issued by Treasury.

4.4 Pricing

- The Members expect the Tasmanian Ports Corporation to set prices, fees and charges which:
 - meet the objectives of efficiency, and financial sustainability;
 - represent fair value to its customers; and
 - to the extent possible, move towards a commercial return on assets employed as set out in the annual Statement of Corporate Intent.

4.5 Borrowings and Investment Activities

- The Members expect the Tasmanian Ports Corporation's borrowings to be consistent with any direction given under the *Tasmanian Public Finance Corporation Act 1985*.
- When investing any surplus funds, Tasmanian Ports Corporation 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.

4.6 Capital Asset Management

- The Members expect Tasmanian Ports Corporation 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.
- The Members and Treasury, as principal financial adviser, are to be notified of any proposed major new capital investments.
- All major capital investment decisions must be approved in writing by the Members prior to any significant expenditure being incurred.

4.7 Risk Management

- The Members expect the Tasmanian Ports Corporation 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. OTHER

5.1 Director Appointment Process

- The Members expect the Tasmanian Ports Corporation to work cooperatively with relevant Director Selection Advisory Panels to ensure that the appointment process results in a balance of renewal and continuity of Board membership.

5.2 Employee and Industrial Relations

- The Members expect the Tasmanian Ports Corporation to:
 - adhere to any Government policy guidelines in regard to Executive remuneration including bonuses 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 the Tasmanian Ports Corporation, including the finalisation of any workplace or enterprise agreements.

5.3 Integrity and Ethics

- The Members expect the Board, management and employees of the Tasmanian Ports Corporation to exhibit the highest level of integrity and professionalism in undertaking their duties.

5.4 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 the Tasmanian Ports Corporation; or
 - significantly impact on Government policy, client relations and environmental issues.

5.5 Provision of Information

The Members expect to be:

- informed as soon as practicable of any material or significant events, transactions or other issues relating to the company; and
- provided with any information or reports requested, in an accurate and timely manner.

SCHEDULE I
NON-COMMERCIAL ACTIVITIES

The Tasmanian Ports Corporation does not conduct any non-commercial activities as defined under Clause 3.3.