DRAFT Second Reading Speech

Tasmanian Government

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Treasurer

Government Business Governance Reforms Bill 2026

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Speaker, this Bill is the second of two tranches of legislative reforms to ensure Tasmanian government-owned businesses act in the best long-term interest of Tasmanians.

Government businesses directly provide some of the State’s most important economic infrastructure and deliver essential services to the Tasmanian community. The strategic directions and investment by these businesses also support private sector investment in the State and play a fundamental role in its economic development and job creation.

The Government is, therefore, committed to reforming the governance framework of our Government Business Enterprises and State-owned Companies to establish a framework that can better serve Tasmanians.

While this Bill is another significant milestone, it is not the end of the reforms.

The reforms are being guided by the following principles:

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

This Bill builds on the legislative reforms implemented in the *Government Business Governance Reforms Act 2025* and will be supported by updates to other elements of the governance framework including Treasurer’s Instructions and guidelines.

This Bill introduces amendments aligned with all four reform principles and has taken into consideration feedback received on the draft Bill released for public consultation.

The Government is committed to ensuring that Government businesses are putting the long-term interest of Tasmanians first. This is being supported by an enhanced and more transparent framework when Government requires a business to undertake Community Service Obligations. This will allow the Government to direct a Government business to undertake an activity that it would not elect to do on a commercial basis. It will also allow a Government business to request that an activity it is undertaking be considered for declaration as a Community Service Obligation.

A robust and transparent Community Service Obligation framework is aligned with the Government's commitment to competitive neutrality and it is proposed that the framework is applied consistently to both Government Business Enterprises and State-owned Companies.

The amendments included in this Bill to establish consistent legislative provisions for corporate planning are also aligned to the first reform principle. The first Bill established the Statement of Corporate Intent as the annual performance agreement between the Shareholding Ministers and a transparent part of the accountability framework.

The corporate plan includes additional operational details on how a Government business is intending to deliver its strategic direction, objectives and performance targets included in the Statement of Corporate Intent. This will continue to be provided to Shareholding Ministers. Shareholding Ministers will also explicitly have a new power to request changes to the corporate plan, if, for example, it is not aligned with their expectations. The corporate planning process for Government Business Enterprises has been aligned with the current process for State-owned Companies where legislative approval is not required.

This recognises the distinct roles within the framework for Shareholding Ministers to be setting strategic expectations and independent boards to have the responsibility to deliver on these expectations. Shareholding Minister approval is required for the Statement of Corporate Intent. As this is a public document it will improve the transparency in relation to what has been agreed between the Shareholding Ministers and a Government business. Should there be any inconsistency between the corporate plan and the approved Statement of Corporate Intent, the expectations set out in the Statement of Corporate Intent will prevail.

The Bill also includes a range of other updates to improve consistency in relation to reporting, subsidiaries and joint ventures, borrowings, CEO performance reviews, tabling requirements and definitions. These are aligned with the second reform principle and will help to reduce some of the unnecessary complexity within the framework. The opportunity has also been taken to remove gendered language and outdated references from Portfolio Acts.

The most significant new provisions in the second Bill are aligned with the third and fourth principles to expand the options for Shareholding Ministers to monitor performance and take action if required. If there are any concerns, Shareholding Ministers have the ability to request further advice from independent experts or to implement other measures to support a business to get back on track. The new levers included in the Bill will support existing mechanisms within the framework and are intended to create a broad range of legislated options that can be considered for use by Shareholding Ministers depending on the circumstances.

The new provisions will allow the Shareholding Ministers to require the board of a Government business to undertake a specified review or assessment, or to arrange for an independent review or assessment to be undertaken. The board will then be required to provide a copy of the review or assessment to the Shareholding Ministers. The current framework that allows an investigation of a Government Business Enterprise to be undertaken has been enhanced and extended to allow for investigations of State-owned Companies.

While there are provisions in the current framework to allow Shareholding Ministers to remove and replace the board of a Government business if the business is underperforming, it has been recognised that it would be beneficial to also have other options that would result in less disruption and uncertainty for the Government business.

The Bill includes additional legislated mechanisms available to Shareholding Ministers to provide the increased oversight and support that may be required for an existing board to improve the performance of the Government business. This includes the options to require a Government business to produce a performance improvement plan or appoint someone to attend board meetings.

The Bill also includes a short-term alternative to replacing the whole board by allowing for an administrator or sole director to be appointed for up to six months should this be required. This option could be exercised if another poor performance lever has not resulted in improved performance, if all the directors have resigned or been removed from office or if considered to be in the public interest. This will ensure a Government business can continue to deliver its essential services while a new board is recruited with the appropriate range of skills and experience needed to improve the performance of the Government business.

These measures are only available to be invoked by Shareholding Ministers in the circumstances of poor performance as described in the Bill. This includes circumstances directly linked to the key elements of the governance framework which are aligned with intent to ensure Government businesses are acting in the best long-term interest of Tasmanians. For example, should it be considered that a Government business is wilfully disregarding a direction or where there is evidence a Government business is not complying with expectations as set out in the Ministerial Charter or Statement of Expectations, a direct and proportional action can be taken.

A range of concerns regarding the potential for these measures to exercised without due process was raised in the feedback on the draft Bill. In response, an additional step has been included that will require Shareholding Ministers to issue a notice of an intention to exercise one of the measures to the Government businesses. The board will also be given an opportunity to respond before a measure is put in place. An additional level of transparency has also been included with a requirement for both Houses of Parliament to be advised if any poor performance lever has been invoked. The term for the appointment for an administrator or sole director has also been reduced from the initially proposed 12 months to six months in response to concerns raised.

Speaker, the Tasmanian community expects that Shareholding Ministers can hold Government businesses to account for their performance and it is considered that the Bill strikes the right balance between maintaining the independence of the board and allowing the Shareholding Ministers options to transparently take action, if and when considered necessary.

While these may not be measures that are regularly used, their existence creates the potential for there to be a consequence. The ability for Shareholding Ministers to take an action may itself be sufficient to improve outcomes or to ensure that any concerns are promptly addressed.

In recent years, we have faced significant challenges due to failings in Government businesses. Getting the legislative framework right will complete the first step in improving the governance framework for Government businesses but it is not the end.

The next steps will be to integrate the new elements with the existing framework and to then use the improved governance framework to provide more clarity for Government businesses of Government’s expectations and how these are linked to improving outcomes for the Tasmanian community.

I commend the Bill to the House.