

# **DRAFT SECOND READING SPEECH**

**HON ERIC ABETZ MP**

## **Government Business Governance Reforms Bill 2025**

\*check Hansard for delivery\*

This Bill is the first of two tranches of legislative reforms to ensure Tasmanian Government-owned businesses act in the best long-term interests of Tasmanians.

Government Business Governance Reform is of paramount importance to our Government, and the future prosperity of all Tasmanians. As part of the Government's 2030 Strong Plan for Tasmania's Future, a key priority remains growing our economy and creating jobs, and creating opportunities for future Tasmanians and their families, as well as a competitive environment for businesses to invest.

Speaker, in recent years, we have faced significant challenges due to failings in Government business governance. That is why our Government is undertaking the most comprehensive reform of Government Business Enterprises and State-owned Companies in recent years.

We are not simply making minor adjustments—we are taking a holistic approach to reform. Our goal is to create a governance framework that is integrated, cost-effective, transparent, and above all, responsive to the needs of Tasmanians.

The reforms we are implementing will support:

- A more coordinated approach to investment decisions made by Government businesses that drive economic growth.
- Improved service delivery of essential services that underpin our economy and community.
- Maximised economic gains and efficiency improvements.
- A sustainable future for Government-owned businesses.

We are intending to create a framework that can best serve the needs of Tasmanians in years to come.

Speaker, this Bill takes into consideration the feedback received on the proposed reforms included in the Government Business Governance Reform Draft Plan that we released on 3 November 2024.

48 submissions were received on the Draft Plan from business, industry and community stakeholders. We have had business and industry standing side by side with the Government as we embark and continue driving and delivering these important reforms.

The Bill takes into account the feedback received from consultation on the draft Bill. The Bill has also been developed taking into consideration feedback received from the Government Business Reform Industry Reference Group and the Government businesses.

Speaker, at the core of the reforms is ensuring that Government businesses are making decisions that are in the long-term interests of their owners, the Tasmanian community.

At this stage let me acknowledge I am moving these reforms on the foundations laid by my predecessor, the Attorney-General Hon Guy Barnett MP.

For Government businesses, putting Tasmanians' long-term interests first means that businesses will be:

1. Making the right decisions through contemporary governance, and competent and accountable boards and senior executives.
2. Aligning the business' corporate strategy, where appropriate, to the strategic interests of the State as outlined by Shareholding Ministers.
3. Delivering on any Community Service Obligations assigned to it by Government.

These legislative reforms are just one step in the Government's broader reform package of the Government businesses.

In addition to this Bill, the Government will implement a suite of reforms, including further amendments to legislation and updates to other elements of the governance framework such as formal policies and guidelines.

The governance reforms are being guided by the following 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.
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.

Speaker, this Bill is focused on the first two principles: accountability for placing Tasmania first and improving governance.

The commitment to ensuring that Government businesses are putting the long-term interest of Tasmanians first will be delivered through the new joint legislative direction power for Shareholding Ministers included in this Bill.

This will be supported by an enhanced and more transparent framework when Government requires a business to undertake Community Service Obligations, a reform to be included in the second Bill.

These reforms, combined with the existing ability for Shareholding Ministers to set out expectations in the Ministerial Charter and Statement of Expectations, will provide the ability for Shareholding Ministers to clearly and transparently articulate what it expects from each Government business.

All Government businesses will need to demonstrate that they are putting Tasmanians first, through the performance targets set, and reported against, in the annual Statement of Corporate Intent.

This Bill includes the approval process and expectations in relation to the Statement of Corporate Intent, including the requirement that it be made public on the website of the Government business. The Bill also includes a requirement for all Government businesses to publicly release a half-year progress report. This report will be required to be released on the website of the Government business by 28 February each year.

Speaker, this Bill makes it clear that the Government expects that Shareholding Ministers will be kept appropriately informed by the board of a Government business if there are adverse circumstances impacting it. This is to ensure that Shareholding Ministers can more meaningfully

fulfil their role as representative of the owners on behalf of the Tasmanian community and take appropriate action if necessary.

The Bill includes a requirement that the two Shareholding Minister roles cannot be undertaken by the same person, with an exception allowed for the Tasmanian Public Finance Corporation. This was already a legislative requirement for some State-owned Companies and is an important element of the governance model.

Under the current framework, all Government businesses, except the Tasmanian Public Finance Corporation, are required to have two Shareholding Ministers – the Treasurer and the Portfolio Minister. This is because the Government Business Enterprises Act currently defines the Portfolio Minister as the Minister to whom the administration of that enactment or part is assigned through an Administrative Arrangements Order.

This Bill requires that if the Treasurer and Portfolio Minister are the same person, the Treasurer must nominate another Minister as Portfolio Minister. For the Tasmanian Public Finance Corporation, the Treasurer may nominate another Minister as Portfolio Minister.

Speaker, we know from a governance perspective that the boards set the tone from the top and can influence the culture of the entire organisation. We, therefore, need to ensure that we have the right board for each Government business.

To ensure that there is appropriate board renewal, this Bill includes a limit of two full terms for directors and chairs of Government businesses, unless approved due to exceptional circumstances. Any additional terms approved beyond the limit will need to be made transparent, including a

requirement to table a notice in both Houses of Parliament within seven sitting days, including the reasons for the extension.

The Bill does not prevent the Chair being appointed for another term; it will just require an additional layer of transparency when this occurs.

As part of the reforms the board selection processes and guidelines will also be updated to ensure that there is more focus on appointing directors who understand the business' needs in a Tasmanian context.

Going forward, there will be reforms to the board performance evaluation framework for Government businesses. In this regard, we have sought independent expert advice on best practice board evaluation including the evaluation approach, what should be covered in an evaluation, the frequency of evaluations and benchmarks for assessing and comparing board performance.

This advice will form the basis for the new Government business board performance evaluation framework to ensure Tasmania has a nation-leading board evaluation framework for our Government businesses.

The Bill also includes a requirement for all Government businesses to establish and publicly release a sponsorship framework that complies with Treasurer's Instructions and any regulations issued.

The reforms will also provide more options to Shareholding Ministers to monitor performance and if there are any concerns, the ability for Shareholding Ministers to request further advice from independent experts or to implement other measures to support a business to get back on track. It is intended that these are measures that would only be invoked if there are concerns or exceptional circumstances. The legislative elements of these reforms will be included in the next Bill.

We recognise that these are only the start of the reforms to the governance framework for Government business. We are intending to release the second tranche of legislation for consultation in the coming months to provide the opportunity for stakeholders to provide feedback.

Collectively, our Government businesses constitute a significant portion of the Tasmanian economy. Government businesses employ over 5 200 people and in 2023-24, contributed \$374 million in returns to Government, representing 4.4 per cent of State revenue.

Government businesses also directly provide some of the State's most important economic infrastructure and deliver essential services to the Tasmanian community. They manage assets valued at more than \$27 billion and are forecasting to invest \$7.5 billion into infrastructure projects over the four years from 2025-26. 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 performance and accountability of our Government businesses is, therefore, critical. These reforms are about ensuring that Government businesses are making decisions that are in the long-term interests of its owners, the Tasmanian community.

Speaker, we need a more robust framework, but at the same time it needs to be agile to ensure it can adapt to the opportunities and challenges that are over the horizon for our Government businesses.

I commend the Bill to the House.