

Government Business Governance Reform Submission



**Proud
to be
public.**

www.cpsu.com.au/join

About the CPSU

1. The Community and Public Sector Union ('CPSU') has a long and proud history of advocating for workers employed in the delivery of public services. For 127 years, the CPSU has been advocating for the improvement of wages, conditions, work health and safety, and the living standards of public servants and workers in government owned business and related entities.
2. The CPSU represents workers across the Tasmania State Service, within Statutory Authorities, Government Owned Businesses as well as some State-Owned Companies.
3. The CPSU represents members in the Port Arthur Historic Site Management Authority, Public Trustee, TasWater, Sustainable Timber Tasmania and TasRacing, who will be directly impacted by reform.
4. The CPSU has represented the interests of our members through many restructures, reform agendas and machinery of government changes, most recently the corporatisation of TasTAFE, creation of Sustainable Timber Tasmania (previously Forestry Tasmania) and transfer of Tasmanian State Service employees to the NDIS. Our diverse membership and experience provide us with a unique insight into the impact of reform on service delivery and workplace culture.

Introduction

5. The CPSU welcomes the opportunity to make a submission to the Government Business Governance Review Draft Plan November 2024 ('the Draft Plan').
6. Our members have a significant interest in the performance of Government Business Enterprises (GBEs) and State-owned Corporations (SOCs) as direct employees, as Tasmanian State Service employees whose roles support, underpin or work alongside GBEs and SOC's and as members of the Tasmanian community who rely on the services they provide.
7. The CPSU has made contributions to and supports the submission made by Unions Tasmania. Therefore, this submission will not repeat the submissions and evidence already provided as part of the Unions Tasmanian submission.
8. This submission will primarily respond to the proposal to review the operation of all Tasmania's GBEs and SOC's including the critical issue of whether they remain in public ownership.
9. The CPSU holds significant concerns in respect of the way this review has been structured, in particular the decision to undertake an assessment of whether government owned business should be restructured or divested as part of the review.



Proud to be Public

Proud to be Union

10. The failure of the minister, government and the parliament to adequately regulate and hold GBE and SOCs accountable should not be used as political cover and justification for the sell off of some of Tasmanians publicly owned businesses.
11. The CPSU opposes the privatisation of our GBEs and SOCs. Any attempt to sell, divest, outsource or give away Tasmania's GBEs or SOCs will be opposed by the CPSU and actively campaigned against. To include this assessment as part of the Draft Plan risks losing broader community and stakeholder support for the much-needed governance reforms.
12. We note that the timeline for submissions is short, at a particularly busy time of the year and overlaps with other submission process, including community submissions for the 2024/5 budget, which will limit stakeholder engagement and genuine consultation.
13. Notwithstanding this, the timeframe for review would be better suited if this review was limited to the governance proposals, as opposed to an entire assessment of whether government owned business should be restructured or divested.
14. Annexure A includes a sample of de-identified feedback from CPSU Members who work in GBEs or alongside GBEs.

Background to the Draft Plan - Solving the Wrong Problem

15. The Draft Plan makes the case for reform on the basis of leadership and governance failings related to the delivery of the two new Spirit of Tasmania ships. We do not dispute that this has been a colossal failure that has inflicted significant reputational damage to Tasmania at significant cost to the taxpayer.
16. However, this crisis is a failure of ministerial oversight and executive leadership to ensure that the governance and legislative framework GBEs and SOCs operate in a manner that is fit-for-purpose, best practice, and that ensures GBEs and SOCs are held to high standards of accountability.
17. Disappointingly changes to the structure of entities and machinery of government changes appear to be the only response by the Rockliff government to a crisis in service delivery, on-going public scrutiny and accountability failures, including but not limited to:
 - a. Crisis in Child Protection resulted in increased outsourcing to Not-For-Profits and now For-Profit Providers.
 - b. Crisis in Youth Justice has seen the abolishment of the Department of Communities, proposed closure of Ashley Youth Justice Centre and funding of new facilities, proposed to be run by not-for-profits.
 - c. Falling standards in TasTAFE, saw the corporatisation of TasTAFE.
 - d. Crisis in racing industry, abolished the Office of Racing Integrity and creation of small, underfunded oversight body within the Integrity Commission and transfer of stewards to TasRacing.

- e. Ongoing public scrutiny in Public Trustee proposal to restructure and privatise parts to the commercial sector.
- 18. Underlining each of these is a back story of chronic underfunding and an ongoing failure to respond to the concerns raised, repeatedly, by workers, whistleblowers, unions and stakeholders. Challenges exacerbated by outdated legislative and governance frameworks, poor leadership, and culture resulting in significant staffing challenges.
- 19. The problem being that changes to the structure of entities are complex and a distraction from the very real challenges we face in this State, they give the appearance of being seen to take action, when in reality they are often a distraction from the task of improving the delivery of services to vulnerable Tasmanians.
- 20. Of concern to the CPSU is that many of these announcements appear to be ill-considered yet made despite significant reform agendas already underway, this is the case in the Office of Racing Integrity, Department of Communities Tasmania, the Public Trustee and TasTAFE. This has been demoralising to employees who have put significant time and effort to see reform enacted only for a new direction to be announced by government.
- 21. This will also not go unnoticed by executive leadership across Australia, potentially impacting Tasmania's ability to attract the expertise required to lead our GBEs, Statutory Authorities and SOCs.

The Governance Framework

- 22. The CPSU holds significant concerns about the corporatisation, employment practices, culture and performance in GBEs. It is for this reason that the CPSU supports the rationale for these reforms and in principle, support many of the proposals for governance improvements, subject to detailed legislation, policy and consultation.
- 23. However, the Draft Plan also proposes to review the entire Government business portfolio, including assessment of whether public ownership remains appropriate, and planning to identify any business that should be divested or restructured.
- 24. By proposing to assess whether public ownership remains appropriate within the broader governance reforms, the government risks losing community and stakeholder support for needed governance reforms if it becomes apparent that this process is not a genuine attempt at reform but a trojan horse for the privatisation of publicly owned services.
- 25. The issue of governance and effective service delivery are too important to be used as cover to fix a political problem or to drive a privatisation agenda.
- 26. The CPSU in principle supports the government's proposals outlined in the Draft Plan that seek to improve the governance and regulation of GBEs and SOCs, however we do not support the Draft Plan being used to review the government

business portfolio.

A potential merger of TasPorts, TT-Line, and TasRail

27. Tasmania is struggling to enact the current reforms in progress; the capacity of the State Service to support this merger in addition to the Commission of Inquiry, Tasmanian State Service Review and other machinery of government changes is limited.
28. Capacity constraints and rushed timeframes will result in poorly developed reforms that create ongoing issues. This work should be done well, which means if it is progressed it should involve genuine community consultation, transparency and independent oversight.

Review in the Government Business Portfolio

29. This is the area of the Draft Plan where CPSU is most concerned. There are fourteen Government business in the scope of the review, yet there is only one small section of the Draft Plan at page 20 of no more than half a page dedicated to this. Unlike the section on governance reforms where a range of specific reforms are broadly outlined for consideration and feedback, there is no discussion questions, guidance, or timeframes to assist stakeholders to respond to this part of the review.
30. Of concern is the fact that this part of the review will both determine the principles for government ownership and then assess the current GBEs and SOCs against these principles, without any stakeholder, union or worker input into the principles, review process and timing. This lacks transparency and exposes the Draft Plan to criticism that it is being used as cover for a broader privatisation agenda, particular as the Treasurer has indicated this part of the review will be complete in early 2025.
31. The CPSU understands from our meeting with the Treasurer on 9 December 2024 that there are two streams to the proposed reforms, the governance improvements and the proposal to merge TasRail, TasPorts and TT-Line. At this meeting CPSU was advised that the second stream, the assessment of the feasibility of a merger of TasRail, TasPorts and TT-Line, will include the engagement of an external consultant, and that further stakeholder consultation will occur as a separate process.
32. Arguably the proposal to assess and decide whether all GBEs and SOCs should remain in public ownership is as significant to the Tasmanian community as the assessment of the feasibility of merging these three entities yet the process, is by comparison, rushed and lacks transparency.
33. The review of government owned businesses is a large body of work, both timing and approach to this review should be reconsidered. If the Government is intent on reviewing the ownership structure of GBEs and SOCs this should be done separately to the governance reforms, have an independent reviewer and allow

time for appropriate and genuine consultation. Given the recency of the state election, the CPSU would argue that there is no social license for these changes without significant stakeholder consultation.

34. The assessment to divest and or restructure government owned businesses should, if to progress, also include an assessment of the value of insourcing back into the public sector, to allow for greater ministerial accountability, improved oversight and economy of scale for improved business support services, such as Human Resources and IT. This would be supported by workers in Port Arthur Historical Site Management Authority who can see value in working with National Resource Environment Tasmania to build Tasmania's capacity and capability to manage our heritage sustainable.
35. Furthermore, a number of these GBEs and SOCs already have reform and machinery of government changes underfoot, for example the Public Trustee and TasRacing. Adding further reform at this time is a distraction and a stretch on resources.

Recommendations

1. CPSU **supports** (in principle) improved governance of GBEs and SOCs, expanded performance monitoring, and strengthening the ability of Government to rectify poor performance, subject to further scrutiny of any detailed legislation or policy.
2. In addition to the governance reforms proposed, CPSU **supports** the inclusion of dedicated worker representative positions on the boards of GBEs and SOCs to ensure that worker's voices are considered in decision making.
3. CPSU proposes that both collectively and individually, performance metrics for the CEOs and Executives of GBEs and SOCs are inclusive of indicators relating to workplace culture, work health and safety, employee engagement, contract arrangements and that these are standardised and made publicly available through annual reporting.
4. That the public scrutiny of GBEs and SOCs in Parliament be strengthened through more regular scrutiny and the sufficient allocation of time.
5. CPSU **does not support** the divestiture of any of the Government Business Enterprises or State-Owned Corporations outlined in the Draft Plan.
6. CPSU **proposes** that the governance reforms are progressed as a priority and separate from the issue of public ownership and potential divestiture of any GBE or SOC.
7. CPSU **proposes** that the assessment of the appropriateness (or otherwise) of public ownership of GBEs and SOCs cannot be made collectively but needs to involve individual assessment of each GBE and SOC with adequate time for consultation with community, unions, workers, and other stakeholders.



Proud to be Public

Proud to be Union

8. CPSU **proposes** that all Government Business Enterprises or State-Owned Corporations outlined in the Draft Plan that are accessed for divesture should also be assessed for insourcing.

Annexure A: Sample of De-identified Feedback from CPSU Members

Below is a de-identified sample of some of the feedback the CPSU received in relation to this submission.

What reform would you like to see of Government Business Enterprises to ensure they act in the interests of Tasmanians?

Remain in public ownership/domain with appropriate reviews and adjustments as required for the benefit and interests of all Tasmanians
Public ownership.
Transparency and more public consultation as the government just do as they wish.
Keep in the hands of government...Private enterprise-rips the public off, let the business or utility rundown to virtually shoestring existence. Stop the government selling off assets as well - be responsible that's what you were voted in for!
To be kept out of private hands.
I would like them all to become state owned, the GBE model has led to so many issues, too many to list. All the GBE's and state-owned companies should be rolled into government departments and work the same as DPAC, NRE etc.
I would like to see uniformity in entitlements for staff. So many GBE's cherry pick salaries, benefits and superannuation options that are the minimum requirements and do not match government staff's entitlements
That their decisions don't negatively impact small businesses in Tasmania by unnecessarily increasing costs.
That they cannot be privatised, workers still hold the same rights and conditions as the public sector.
Legislated that they act in Tasmanian's interest provisions.
Services should run for the benefit of the public, not profit.
Mergers or return to the state service are the best solutions.
Enable planning at the higher level and across GBEs. Or turn them back into government agencies. If their work is interdependent, recognise that and just direct them to work together. Nothing is solved by privatising, if anything that would disconnect these entities even further. It would be expensive chaos.
Reforms to ensure that the GBEs adhere to clearly stated goals and objectives, that they operate independently of the government of the day, that they are accountable and transparent in their performance and management.
Reincorporate GBEs into existing TSS Depts. More centralised and definite control. More uniform standards and policies. Better accountability and better transparency. Better quality, consistent management across the whole spectrum of TSS. Less opportunity for deceptive, smoke and mirrors management practices, and for corrupt and fraudulent practices. Recruitment, selection, performance management and training and career development systems need to be unified across the service, with approval for specialised functional training. Exit interviews need to be standardised.

What concerns do you have about the proposal to review Government Business Enterprises to see if public ownership remains appropriate?

Need to ensure good governance, efficiencies across GBEs, as there is a lot of waste.
Lack of transparency, honesty and questionable intent and agenda that is not aiming to achieve the best outcome for all Tasmanians.
Public interest is not the primary concern and costs to the public increase dramatically.
Concern that a privately owned enterprise will never have the intrinsic motivation to act solely in the public interest and that it's a barrier to public accountability.
That the review won't be impartial and transparent. That the review won't actually change anything, and the recommendations won't be acted upon. The power that the GBE's have and the corruption that occurs in the GBE's.
Privatization never works and costs the public.
Two major concerns the privatisation of the trustees office and the general disregard this government has for the people of Tasmania.
That prices will rise. That work will be outsourced to fly in/out workers. That standards will drop as the companies are there to make a profit. That local knowledge will be lost. The emphasis will be on profit rather than service to the customer
My concern is that they will find in favour of privatisation and this will only lead to more disconnect between the Tasmanian people and their services. We have seen it fail again and again on the mainland.
A review of this magnitude needs to be comprehensive, detailed and run at arms-length from Government.
We will lose even more security, services will go offshore.
General concerns about privatisation - the cost of services increases for users. Lack of government control of services. Reduced range of services, low-profit services get removed and are no longer accessible even though they are needed by the public.
Whenever there's a budget problem, governments want to sell off our assets.
Privatisation does not serve the public interest and completely reduces accountability to the public. Essential services should never be for profit.
Privatisation does not work, as that is based on profit making only

Do you have any feedback or anything to share about the impact on a specific GBE or your experience more generally?

The situation with the new Sprints, Tas Ports situation is a completely unacceptable!
Taking services out of the State Service has yet to be proved successful.
How Metro operates is a perfect example of what is wrong with GBEs.
I am a TasTAFE employee, we are now a Statutory Authority (according to the paper) but I thought we were a GBE. Staff were transferred out of the State Service, so we lost a lot of conditions and service and are on an EA which were badly negotiated, and promises were not kept. Most of our buildings are not fit for purpose and were never maintained to an appropriate standard financially prior to us becoming a GBE and now we do not have the financial resources to do so.