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Response to Government Business Governance Reform – Draft Plan

Thank you for the opportunity to provide feedback regarding the governance of Tasmania's Government Business Enterprises and State-owned Companies.

The Tasmanian Chamber of Commerce and Industry (TCCI) is the voice of business in Tasmania. We are an independent membership-based organisation, funded by business to provide products and services which contribute to meeting the objectives of member businesses.

The TCCI has been concerned with the governance, management and behaviour of a number of Tasmanian Government Business Enterprises (GBEs) and State-owned Companies (SOCs) and welcomes the Government's commitment to governance reform of these businesses and companies.

It is imperative that as part of this reform process the Government assesses the value of each GBE and SOC to the Tasmanian economy, Tasmanian business, and Tasmanian society.

To that end, the Government needs to consider the following in regards to each government business enterprise and state-owned company:

- Context and history – when and why was each GBE or SOC established, what market failure was being addressed (if any) and does that market failure still exist?
- Comparison with other jurisdictions – are similar functions delivered by the government or the private sector in other jurisdictions?
- Current charter or statement of intent – including the functions, scope, and restrictions on each GBE or SOC
- Governance and Board arrangements
- Current performance obligations and performance indicators



- Recent financial performance – covering the past 10 years and including equity injections and dividends paid
- Current and historic levels of investment and maintenance of assets (if applicable)
- Current level of government oversight and control
- Stakeholder feedback on the performance of the GBE or SOC
- Whether or not justification for government ownership still exists

The TCCI believes that compiling this information will give a true picture as to the state of GBEs and SOCs in Tasmania and would be a welcome catalyst for reform.

When contemplating reform, we encourage the Government to consider the following principles:

- The Tasmanian GBE/SOC sector should operate under established private sector commercial principles, while also being responsive to the government of the day and the long-term interests of the Tasmanian economy and society.
- The Tasmanian GBE/SOC sector should have a charter that is reviewed at least every two years.
- The Tasmanian GBE/SOC sector should be the subject of strong shareholder control and include a statement of intent from the government of the day that must be publicly available and sent to each GBE/SOC by the relevant minister(s) at least annually.
- The relevant minister(s) should clearly set out the priorities for each GBE/SOC as they relate to the long-term interests of the Tasmanian economy and society, and each GBE/SOC must make decisions that reflect these long-term interests and not just the drive to deliver short-term commercial outcomes.
- The government of the day should be able to publicly direct the activities of any GBE/SOC to make decisions and implement priorities that reflect the long-term interests of the Tasmanian economy and society.
- Any individual should be appointed to no more than one Tasmanian GBE/SOC sector board at any point in time.



- Any individual may only serve on the board of a Tasmanian GBE/SOC for a maximum of eight years.
- The Government must consult with relevant business and industry groups on filling any board vacancy, prior to Cabinet consideration of filling that vacancy.

While the TCCI would welcome community consideration and discussion about privatisation and which GBEs or SOC's may be suitable for sale, we also have a strong view that in the absence of a discrete fund, GBEs and SOC's are effectively Tasmania's sovereign wealth fund. In that context, the Government should ensure that our GBEs and SOC's are managed in a much more efficient and strategic way.

While we believe that there may well be efficiencies and economies of scale across a number of GBEs and SOC's, we are concerned by discussion about merging TasRail, TasPorts and TT-Line and would like to engage with the Government further on this, should the Government be seriously considering a merger of this nature.

The TCCI would welcome any opportunity to participate in the reform process and encourages the Government to ensure there is substantial consultation while the reform process is underway.

Yours sincerely,

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