

December 12, 2024

Submission: Tasmanian Government Business Governance Reform

Introduction

The Tasmania Hospitality Association (THA) welcomes the opportunity to make this submission regarding the Tasmanian government's draft plan, "Government Business Governance Reform."

The THA is the peak body representing over 2500 hospitality businesses across Tasmania and 25,000 hospitality staff and employees – the Tasmanian hospitality industry being the third largest employing industry in the state. The hospitality industry also makes an enormous contribution to the state's economy and plays a vital role in supporting Tasmania's tourism industry, and the lifestyle and enjoyment of our communities.

Tasmania's hospitality industry, like most of Tasmania's industry sectors, is very reliant on the services provided by many of Tasmania's Government Business Enterprises (GBEs) and State Owned Corporations (SOC). These include government owned freight and transport services (Tasports and TasRail), electricity supply and transmission (Hydro Tasmania and Aurora), and Bass Strait shipping (TT Line).

For these reasons, it is essential that these GBEs and SOCs provide an affordable and reliable service for our hospitality businesses across the state.

TasWater should also be subject to the same obligations

The THA notes that, while not a GBE or SOC, TasWater also provides an essential utility service for the community, our hospitality industry, and industry more generally. For this reason, while TasWater is ostensibly owned by Tasmania's 29 local councils, the Tasmanian government is also a shareholder, and consideration should be given to amending the *Water and Sewerage Corporation Act 2012*, and other associated legislation, to ensure that its objectives and obligations are consistent with the GBEs and SOCs.

Overarching obligations

As an overarching obligation, GBEs and SOCs should provide affordable and reliable services, with the objective of supporting the growth and development of our industry, and all other industry sectors, along with meeting their respective community service obligations.

Recent Issue, New TT-Line Ferry Terminal

The recent issue surrounding the delays in developing the new ferry terminal to berth the new TT-Line ferries, is, in our view, a clear demonstration that the SOCs involved have lost sight of their core purpose. The parliamentary hearings and reports in the press indicated that there was a

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clear lack of cooperation and coordination that has led to these delays, and this will have a significant impact on Tasmania's tourism and hospitality industry sectors for the next couple of years.

While the government may be considering merging the three SOC's involved, what is more important is stronger oversight and a clear obligation on each of them to meet the needs of industry and the community. It is, largely, why these SOC's were created.

Responses to specific reforms

The THA offers the following responses regarding a number of the proposed reforms identified in the draft plan.

The THA agrees that the principal objectives of the GBEs and SOC's should be reviewed, with the main objectives being to ensure their focus is on meeting their community service obligations and the needs of Tasmania's industry sectors.

The THA agrees that there is a need for the GBE and SOC performance indicators to be reviewed, with a stronger emphasis on supporting the growth and development of Tasmania's economy and industry sectors.

The THA has no view whether Directors and Board Chairs should be limited to sitting for two terms only. However, the THA is of the view that it is paramount that these appointees have the skills, experience and capabilities needed to develop and deliver an affordable and fit for purpose service.

The THA agrees that where possible, GBE and SOC Boards should be made up of a majority of Tasmanian based directors.

The THA agrees there should always be two separate Shareholding Ministers.

The THA agrees that there is value in expanding the GBE and SOC monitoring and reporting arrangements, with the inclusion of demonstrating how they have met their community service obligations and supported the growth and development of Tasmania's industry sectors and the Tasmanian economy.

While strengthening the ability of governments to rectify poor performance is supported, there needs to be clear statements regarding what constitutes poor performance. While the recent issue with the new ferry terminal is an obvious example, would failure to support the growth and development of industry in Tasmania be another, and who would make this determination?

While the THA supports the government's intention to identify any GBEs and SOC's that should be divested, this should not include essential services, where this could result in higher costs to the community or business.

I hope this submission has been of value.

Yours sincerely



Steve Old
CEO