Government Business Governance Reforms

Consultation Feedback
Government Business Governance Reforms Bill 2026

September 2026

Department of Treasury and Finance

Tasmanian Government

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Background

In June 2026, the Government released the draft Government Business Governance Reforms Bill 2026 for consultation with an accompanying paper that provided further details on the proposed reforms included in the Bill.

Treasury received submissions from 14 respondents. A list of the respondents can be found at Appendix 1.

This paper provides a summary of the changes made to the Bill in response to feedback and a statement of reasons. The statement of reasons includes a summary of the key points raised in the feedback and how it has been addressed in the final Bill or how it is proposed to be considered in implementation of the other elements of the reforms. Where submissions contained specific questions or concerns about drafting, these were discussed with the Office of Parliamentary Council as considered necessary.

The feedback has been grouped to align with the reform 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.

Copies of the submissions and further information relating to the governance reforms, including copies of the Draft Plan, Reform Paper and Consultation Paper can be found at www.treasury.tas.gov.au.

Amendments

In response to the consultation feedback the following changes were made to the Bill:

- Inclusion of a requirement that Shareholding Ministers provide a notice of intention before exercising one of the new mechanisms to address poor performance. This notice will need to include details of the poor performance to be addressed, the proposed action to be taken and the period the board has to make a submission in response to the notice. This additional step will provide the opportunity for the board to formally respond to Shareholding Ministers before a lever can be exercised. If urgent action is required, the flexibility to specify the timeframe will help to mitigate the potential for delays from this additional step.
- Inclusion of a requirement that Shareholding Ministers table a notice in both Houses of Parliament to advise if a Government business has been requested to prepare a performance improvement plan. The notice will also need to include the details of the person, if anyone has been appointed to assist or supervise implementation of the performance improvement plan. This will mean that there will be the same level of transparency for using any poor performance lever.
- A reduction in the maximum term of appointment of a sole director or administrator from 12 months to six months, to better reinforce the intention of this as being a short-term measure.
- Transitional provisions to ensure there is clarity that existing directions to Government Business Enterprises to undertake Community Service Obligations will continue under the amended Act.
- New provisions proposed to protect commercial in confidence information in an objection to a direction received from a Government business. This will allow a statement to be tabled in Parliament in place of tabling a copy of an objection, where the objection itself contains information that may not be appropriate to be disclosed. To maintain transparency, this statement will need to contain information about the objection and not merely be a statement saying that there has been an objection.
- An additional clause in each Act to provide clarity that remuneration and other approved expenses for those appointed due to poor performance are to be paid by the Government business, unless the Shareholding Ministers approve otherwise.
- An additional clause in each Act to protect the confidentiality of a businesses' information if someone has been appointed to attend board meetings.
- Removal of wording that may have restricted the corporate plan commencing at the beginning of the financial year if feedback from the Shareholding Ministers had not been received.

Statement of Reasons

Comments	Outcomes
Accountability for placing Tasmania first	
Corporate Planning	
<u>Reform:</u> Amend legislation to be consistent and contemporary in relation to the corporate planning process.	
• Several respondents requested greater clarity around the arrangements for Shareholding Ministers to provide feedback on draft corporate plans, including regarding the timeline for feedback and the ability to be able to respond to feedback. • One respondent was concerned about the move away from Ministerial involvement in corporate plans. • One respondent requested clarification on the implications of Shareholding Ministers no longer approving the corporate plans of GBEs, particularly regarding circumstances where the corporate plan includes a Strategic Asset Management Plan. • Some respondents recommended that Government businesses be required to consult with industry on corporate plans and SCIs.	• Additional detail on the new corporate planning process will be provided in the relevant Treasurer's Instruction and Guideline. • The Bill has retained the approach of the SCI, as a high-level summary of key elements of the corporate plan, being the annual documented performance agreement. This will be supported by the requirement for the draft corporate plan to be provided to the Shareholding Ministers. • Shareholding Ministers will be able to provide feedback on the corporate plan and request changes, but it will be the board's responsibility to approve the final corporate plan. It is considered that this strikes the appropriate balance between retaining appropriate Ministerial involvement and board control and accountability. • As the SCI is required to be publicly released, this approach also ensures transparency of what has been agreed. • The introduction of new Treasurer's Instruction on asset management will be considered. This will allow for further details and clarity to be provided on expectations for asset management planning processes. • An additional requirement was included in the recent update to the Corporate Planning Guidelines to require businesses to advise Shareholding Ministers how the views of stakeholders have been incorporated into the corporate plan.

Comments	Outcomes
Community Service Obligations (CSO)	
<u>Reform:</u> Amend legislation to be consistent and contemporary in relation to non-commercial activities, including CSOs.	
• Respondents were generally supportive of the proposed changes to the CSO framework. • One respondent recommended the inclusion of transitional provisions for existing CSOs. • Several respondents indicated that disclosures in annual reports for refused CSO requests should have the flexibility required for Government businesses to protect commercially sensitive and confidential information. • Some respondents requested changes to the process for objecting to directions, including allowing the board to request that written objections are not tabled in Parliament, and allowing Government businesses to object to the amendment or revocation of an existing declared CSO. • Several respondents requested additional guidance on various matters, including processes for determining CSOs, determining funding, reviewing, reporting obligations, and the interaction with ministerial directions.	• The draft Bill was altered to include transitional provisions for existing CSOs. • The legislation does not specify a form for disclosure for a refused CSO request. Government businesses will therefore be able to consider the wording used in annual reports to ensure that information does not compromise confidentiality. • The Bill was amended to allow a statement to be tabled in Parliament in place of tabling a copy of an objection, where the objection itself contains information that may not be appropriate to be disclosed. • The existing provisions in the GBE Act already require that the Government business be consulted before an amendment or revocation of an existing declared CSO can be made. This will allow a business to raise any concerns as part of this process. • Additional detail on the CSO process will be provided in the relevant Treasurer's Instruction and Guideline.

Comments	Outcomes
Other Reforms	
<u>Reform:</u> Reconsider strategic expectations as set out in the Ministerial Charter or Statement of Expectations for each individual Government business as part of the portfolio review and update if required.	
• One submission expressed support for the Bill and focused on the need for a review of the role, purpose, and performance of Government businesses. • Some respondents recommended that Government businesses be expected to support industry, for example major industrials, and the Tasmanian economy. • Some respondents identified the need for a framework or further guidance on the expectations around Government businesses working together, particularly where there may be competing priorities.	• The Government business portfolio review will include consideration of the ownership rationale and goals of each Government business. It is intended that this will included consideration of many of the matters raised in the feedback such as role and purpose. • This review will commence following implementation of the governance framework reforms. • Any changes will be reflected in an updated Ministerial Charter or Statement of Expectations and/or if required in the Portfolio Act.
<u>Reform:</u> Facilitate an independent review of Government business performance measures that will inform which key performance indicators and targets should be included in future SCI. The SCI targets will be focused on financial and non-financial measurers that demonstrate how a Government business is performing for its owners (the Tasmanian community) Targets will be linked to expectations as set out in the Ministerial Charter or Statement of Expectations.	
• Several respondents raised a concern regarding the absence of a requirement for Government businesses to include publicly reported performance management targets for service delivery. Comments were particularly in the context of businesses providing services to Tasmanians. • Some respondents had general concerns about the focus on financial performance of Government businesses, rather than matters such as service delivery.	• Given the breadth of Government businesses, specific performance management targets have not been specified in legislation. Instead, these will be agreed annually and published in the SCI. • The independent review of Government business performance measures has been undertaken. The review has identified gaps and improvement opportunities to better align expectations and SCI performance measurers. • The review recommendations will be considered as part of the 2027-28 corporate planning process. • The mix between financial and non-financial performance measures was considered as part of the review.

Comments	Outcomes
Improving governance	
Subsidiaries and joint ventures	
<u>Reform:</u> Apply Treasurer's Instructions to subsidiaries of GBEs. The Treasurer will be able to consider exemptions for specific subsidiaries and/or specific Treasurer's Instructions.	
• Some submissions requested further clarification on the application of governance arrangements for subsidiaries and joint ventures. • Clarification was also requested on the arrangement for quarterly reporting where a business has a subsidiary.	• Additional detail will be contained in Guidelines and Treasurer's Instructions. • Treasurer's Instructions will not apply to subsidiaries retrospectively and the Treasurer will be able to consider exemptions if required.
<u>Reform:</u> Establish a requirement that Shareholding Ministers must provide approval before a SOC enters into a joint venture.	

• One submission outlined concerns regarding an existing joint venture and recommended:
  ○ establishing a joint venture should require Shareholding Minister approval;
  ○ joint ventures involving Government businesses should be subject to competitive neutrality and Government business governance requirements; and
  ○ an independent authority should have jurisdiction to review joint ventures.
	• The Bill requires member approval for any SOCs to establish a joint venture. This will align with the requirement in the *Government Business Enterprises Act 1995* that already requires the approval of the Portfolio Minister, in consultation with the Treasurer, to exercise this power.
	• Treasury is currently undertaking a review of the *Economic Regulator Act 2009* and Competitive Neutrality Policy. The discussion paper released in September 2026, includes a specific consultation question on the current definition of 'prescribed body' in the Economic Regulator Act and if it should be broadened to include joint ventures where one party is a prescribed body.

Comments	Outcomes
Other Matters Raised	
Notification of usage of safe harbour provisions or appointing an administrator	
• Some businesses requested that the provisions related to a company being required to notify Shareholding Ministers if using safe harbour provisions or appointing an administrator ensure that directors' duties are not compromised, regarding confidentiality, legal professional privilege, and the ability to make urgent decisions.	• It is considered that these provisions have been drafted such that directors' duties are not compromised by compliance. The obligation is only to advise Shareholding Ministers.
Boards	
• Some submissions identified the importance of preserving the distinction between the role of Ministers, boards, and management of businesses. • One submission requested that boards be required to have members with infrastructure delivery skills, where a business delivers infrastructure.	• A key foundation of the Government business governance framework is having independent boards. Preserving the distinct roles within the governance framework has been taken into consideration throughout the reforms. • Government businesses are required to have skills-based boards, per the *Guidelines for Tasmanian Government Businesses – Board Appointment.* Boards are required to prepare a Board Composition and Skills Matrix and this will identify the specific skills required for that board. The Board Composition and Skills Matrix is used by the Director Selection Advisory Panel when identifying suitable candidates to fill a vacant board position.

Comments	Outcomes
Expanding performance monitoring	
Reporting obligations	
<u>Reform:</u> Ensure there are consistent and contemporary legislative arrangements in relation to reporting obligations of Government businesses, including continuous disclosure and quarterly reporting obligations.	
• Some submissions provided general feedback that reporting obligations should be proportionate to the size and scale of the business, and that they should avoid duplicating existing reporting. • Some respondents highlighted concerns about the cost of reporting obligations. • Some submissions also requested that reporting obligations distinguish between operational reporting and major project or strategic reporting. • One submission recommended that quarterly reports be required to include measurable outcomes relating to stakeholders, customers, investment, and regional engagement.	• The introduction of the option to agree a shorter regular reporting timeframe than quarterly has been included with the intention of allowing businesses to consider options that would avoid duplicating reporting. For example, this could include aligning the board reporting and Shareholding Minister reporting. • The minimum requirement will be quarterly with the option for more frequent reporting. If more frequent reporting is proposed by the board and agreed by Shareholding Ministers, this will be provided instead of quarterly reports. • If a new arrangement is established following the legislation being enacted, it would replace the existing arrangements, not be an additional requirement. • The quarterly reports, or agreed alternative, will be expected to include reporting against the performance measurers agreed in the SCI. These will be business specific, and depending on the business, may include measures specifically linked to stakeholder engagement, investment and customer outcomes as proposed.

Comments	Outcomes
Levers to manage and/or rectify poor performance	
Reform: Review and amend current legislation to establish mechanisms to provide Shareholding Ministers with options to manage and intervene in instances of poor performance.	
Framework for new mechanisms	
• A common theme in submissions was that Government businesses should be given the opportunity to respond to concerns about poor performance before any performance mechanisms are used. However, in that context, most respondents recognised that there would be circumstances where urgency would prevent this. • There was a general sentiment in submissions that while there is a place for increased performance mechanisms, these should be subject to strong safeguards, materiality thresholds, proportionality, transparency, and be used gradually. • One submission suggested that a recognised industry body should be able to ask Shareholding Ministers to consider whether a business is performing poorly, and that Shareholding Ministers be required to respond in writing. • One submission suggested that the public should be immediately informed if a business is subject to an independent review or a performance improvement plan. • Several respondents highlighted concerns about the cost of poor performance levers, including regarding who is responsible for the cost.	• The Bill was amended to include a requirement for Shareholding Ministers to provide a board with a notice of intention, alongside reasons, before taking an action regarding poor performance. The board would then have the opportunity to respond within a specified timeframe. • Industry bodies can contact Shareholding Ministers through existing channels regarding the performance of a Government businesses without the need for a specific legislative power to be introduced. • The Bill was amended to include a requirement for the Minister to table a statement or notice in both Houses of Parliament if a Government business has been requested to prepare a performance improvement plan. This would also need to include details of the person if anyone has been appointed to assist or supervise implementation. • The Bill was amended to clarify that remuneration and other approved expenses for those appointed due to poor performance are to be paid by the Government business, unless the Shareholding Ministers approve otherwise

Comments	Outcomes
Definition of poor performance	
• Many submissions highlighted concerns about the definition of poor performance, in particular that it is too broad. The definition including instances where a business has not been performing its functions, or exercising its powers, in a satisfactory manner was of particular concern. • However, a couple of submissions indicated that the definition was too narrow or inward-looking and should be expanded to specifically refer to examples or circumstances that may be considered poor performance which negatively impacts the Tasmanian community or business community. • Some submissions suggested that an assessment of poor performance should be guided by materiality, persistence, reasonableness, and being within the control of the business. • Some also requested that examples and general additional guidance be provided on when intervention would occur.	• No change was made to the definition of poor performance. However, the introduction of the new process that will require the Shareholding Ministers to provide a board with a notice of intention will allow the board to put forward its views before a lever is used. • The current definition is considered necessary in order to deliver the intent of the reforms. A specific list or guidance on the specific circumstances that would be considered poor performance may be interpreted as being exhaustive and may not anticipate a circumstance in the future that may warrant action. • If Shareholding Ministers were to consider that a business is failing to meet expectations, as set out by Shareholding Ministers, and that this was causing a negative impact on the Tasmanian community or business community, it is considered that this could meet the current definition of poor performance and allow action to be taken.
Board observer	
• A general sentiment was that a board observer should only be used where less intrusive measures were used first and a board observer is a proportionate response. • Two Government businesses explicitly did not support a board observer. An alternative was suggested with a more limited scope. • Submissions generally requested greater clarity on the role of a board observer. In particular, concerns were raised about confidentiality, legal professional privilege, and access to information.	• The option has been retained. However, the introduction of the new process that will require the Shareholding Ministers to provide a board with a notice of intention will allow the board to put forward its views before this lever is used. • The Bill has been amended to include an additional clause to protect the confidentiality of a businesses' information if someone has been appointed to attend board meetings.

Comments	Outcomes
Sole director/administrator	
• Some submissions expressed that the appointment of a sole director or administrator should be exceptional and used as a last-resort. • Several submissions requested 'public interest' be defined, in the context of appointment of a sole director or administrator being in the public interest. • One Government business explicitly did not support the ability to appoint a sole director or administrator. This submission identified a risk to the business if a sole director did not have the requisite skills, and it instead recommended the appointment of an interim board. • There was also a request for further guidance regarding how this appointment would affect Government businesses, including management.	• The Bill was amended to reduce the maximum term of appointment of a sole director or administrator from 12 months to six months, to better reinforce the intention of this being a short-term measure. • The option to appoint an interim board is already available under the framework. It is considered appropriate to retain this option to deliver the intent of the reforms. • The impact on the Government business of the appointment of a sole director or administrator will likely be determined by the circumstances that led to the appointment and will need to be considered and managed at the time. It is not proposed that guidance be developed in advance for all the hypothetical circumstances that could arise.
Independent reviews and investigations	
• Some submissions requested additional guidance regarding the processes and safeguards surrounding reviews and investigations. In particular, this included the protection of confidentiality, legal professional privilege and sensitive information. • Some expressed the desire to avoid duplication.	• There is no legislative requirement for the outcomes from an independent review or investigation to be made public. • The board of a Government business will be able to consider the issues raised in the feedback when developing the terms of engagement for any independent review. • Shareholding Ministers will also be able to consider these matters when engaging a person to undertake an investigation.

Appendix 1 - List of respondents

The following individuals and organisations provided submissions on the Government Business Governance Reforms Bill 2026:

- Aurora Energy Pty Ltd
- Civil Contractors Federation Tasmania
- Hydro Tasmania
- Luke Edmunds
- Metro Tasmania Pty Ltd
- Neil Meadows, TERRAPIX
- Public Trustee
- Sustainable Timber Tasmania
- Tasmanian Chamber of Commerce and Industry
- Tasmanian Forest Products Association
- Tasmanian Irrigation Pty Ltd
- Tasmanian Minerals, Manufacturing and Energy Council
- Tasmanian Networks Pty Ltd
- Tasmanian Ports Corporation Pty Ltd