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Shareholder Policy and Markets Branch
Department of Treasury and Finance
GPO Box 147, Hobart, Tasmania 7001

TMEC
Tasmanian Minerals, Manufacturing & Energy Council

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By email: governmentbusiness@treasury.tas.gov

TMEC Submission on the Government Business Governance Reforms Bill 2026

Introduction

The Tasmanian Minerals, Manufacturing and Energy Council (TMEC) welcomes the opportunity to comment on the draft Government Business Governance Reforms Bill 2026 and the accompanying Consultation Paper. TMEC has actively participated throughout the reform process and appreciates Treasury's willingness to engage with industry over an extended period. TMEC has consistently supported reforms that improve transparency, accountability, governance capability and Ministerial oversight of Tasmania's Government Business Enterprises (GBEs) and State owned Companies (SOCs).

The proposed legislative amendments represent a substantial improvement to Tasmania's governance framework. TMEC supports reforms that strengthen corporate planning, reporting, Community Service Obligation arrangements, board accountability, Ministerial intervention mechanisms and consistency across Government businesses.

However, governance reform should ultimately be judged not only by stronger processes, but by whether those processes improve outcomes for Tasmania.

The recent announcement of the closure of Liberty Bell Bay reinforces the importance of this distinction. While no single Government business can be held responsible for that outcome, the event illustrates the significant influence Government businesses collectively have over Tasmania's investment environment, industrial competitiveness and long-term economic prosperity.

Governance Should Deliver Better Outcomes

TMEC has consistently argued throughout this reform process that Government businesses occupy a unique position within Tasmania's economy.

Unlike private corporations, GBEs and SOCs own and operate infrastructure that directly influences the competitiveness of every major exporting industry.

Tasmania's minerals, manufacturing and energy-intensive sectors generate approximately 65 per cent of the State's export value and rely heavily on electricity, ports, freight, water and other services delivered by Government businesses. Decisions made by these entities therefore have consequences extending well beyond their individual balance sheets.

The recent challenges experienced by several of Tasmania's largest industrial employers illustrate this broader responsibility.

Nyrstar, Norske Skog Boyer and Bell Bay Aluminium have all publicly identified issues affecting their long-term competitiveness. Importantly, these challenges do not reflect declining global demand for

their products. Independent market forecasts continue to indicate strong long-term demand for refined metals, aluminium and paper products, with many markets expected to remain structurally undersupplied over coming decades.

These businesses have successfully operated in Tasmania for many decades and continue to manufacture products the world requires. Their future depends less on market demand than on Tasmania maintaining an internationally competitive operating environment.

Government businesses play an important role in creating that environment.

TMEC's Previous Recommendations

TMEC's previous submissions have consistently focused on one central proposition:

Government businesses should be accountable not only to Government, but also to the industries, communities and customers they exist to serve.

Accordingly, TMEC has recommended:

- independent stakeholder perception processes;
- stakeholder engagement as a measurable KPI;
- mandatory consultation during Board evaluations;
- structured engagement with major customers and investment proponents;
- stakeholder informed Corporate Plans;
- reporting stakeholder outcomes through Statements of Corporate Intent and Half Year Reports; and
- greater visibility of stakeholder perspectives for Shareholding Ministers.

These recommendations have remained consistent throughout every stage of consultation.

Treasury Has Adopted Many Principles

TMEC acknowledges that Treasury has incorporated many governance improvements advocated during consultation.

The Bill appropriately strengthens areas that Treasury has identified as fundamental governance mechanisms, including:

- corporate planning;
- quarterly and annual reporting;
- Community Service Obligations;
- Ministerial directions;
- independent reviews;
- investigations;

- performance improvement plans;
- board observers;
- administrator arrangements;
- continuous disclosure; and
- CEO performance reporting.

These reforms appropriately sit within primary legislation because they establish clear legal obligations and strong Ministerial accountability.

TMEC supports this approach.

The Remaining Gap

The Consultation Paper also identifies where other reforms will be implemented.

The implementation matrix demonstrates that many reforms relating to stakeholder engagement, board capability, consultation, performance evaluation and supporting governance practices are intended to be delivered through Treasurer's Instructions, Guidelines, templates and other administrative mechanisms rather than through legislation or Ministerial governance instruments.

TMEC appreciates that guidance documents provide flexibility.

However, the placement of these reforms within the least authoritative elements of the governance framework inevitably reduces their visibility, durability and enforceability.

This is particularly significant because stakeholder engagement was one of the principal themes consistently raised by external participants throughout the consultation process.

Why This Matters

The purpose of governance reform should extend beyond strengthening the flow of information between Government businesses and Shareholding Ministers.

Equally important is ensuring that governance arrangements enable Government businesses to identify emerging risks affecting Tasmania's economy before those risks develop into major commercial or industrial consequences.

The closure of Liberty Bell Bay demonstrates why this matters.

Earlier and more structured engagement with major industrial customers, industry representative organisations and regional stakeholders provides Government businesses with insights that cannot be obtained through internal reporting alone.

These perspectives assist Boards and Shareholding Ministers to identify strategic risks, emerging investment barriers and unintended consequences well before they manifest themselves as lost investment, reduced competitiveness or business closures.

Good governance should therefore support better strategic decision-making, not simply improved reporting.

Specific Comments on the Bill

Corporate Planning

TMEC supports the proposed reforms to corporate planning.

Corporate Plans should additionally demonstrate:

- how major stakeholders have been consulted;
- how stakeholder feedback influenced strategic priorities;
- impacts on Tasmania's economic competitiveness;
- impacts on existing major industries;
- impacts on future investment.

Reporting

TMEC supports legislated quarterly reporting and strengthened annual reporting obligations.

Reporting should also include measurable outcomes relating to:

- stakeholder engagement;
- customer satisfaction;
- investment facilitation;
- regional engagement;
- independent stakeholder surveys.

Ministerial Levers

TMEC strongly supports the graduated intervention framework proposed by the Bill, including independent reviews, performance improvement plans and Board observers.

These reforms provide Government with more proportionate responses than immediate Board replacement.

However, the definition of poor performance should also recognise sustained failures in stakeholder engagement, responsiveness to major customers and contribution to Tasmania's long-term competitiveness.

Board Performance

TMEC reiterates its previous recommendation that Board evaluations should include independently managed stakeholder perception processes.

Boards should demonstrate not only that engagement has occurred, but how that engagement has influenced decisions.

Looking Beyond Compliance

TMEC considers this reform package represents a significant improvement to Tasmania's governance arrangements.

However, governance excellence should ultimately be measured by outcomes.

Government businesses exist to deliver benefits to Tasmania.

Success should therefore be assessed not only through financial performance and legislative compliance, but also through their contribution to:

- economic competitiveness;
- investor confidence;
- industrial growth;
- regional employment;
- productivity; and
- Tasmania's long-term prosperity.

Recommendations

TMEC recommends that the Government:

1. Progress the Government Business Governance Reforms Bill 2026 substantially as drafted.
2. Recognise stakeholder engagement as a core governance obligation rather than primarily an administrative expectation.
3. Review the current judgement made by Treasury as to where in the hierarchy the elements which drive outcomes are placed, with a view to elevate stakeholder engagement, external performance validation and customer responsiveness into higher-order governance instruments, including Ministerial Charters and, where appropriate, this legislative reform.
4. Require Corporate Plans and Statements of Corporate Intent to demonstrate how stakeholder input has influenced strategic priorities.
5. Include stakeholder engagement and customer responsiveness within Board performance assessment.
6. Expand the concept of organisational performance to include contribution to Tasmania's economic competitiveness and investment environment.
7. Continue the governance reform program following implementation of this Bill to ensure governance arrangements remain focused on delivering better outcomes for Tasmania.

Conclusion

TMEC congratulates Treasury on the significant progress made through the Government Business Governance Reform program. The Bill establishes a stronger, more transparent and more accountable governance framework for Tasmania's Government businesses.

The next stage of reform should ensure that governance is measured not only by how effectively Government businesses report to Ministers, but by how effectively they contribute to Tasmania's economic future.

The recent experience of Tasmania's major industrial sector serves as a timely reminder that the State's long-term prosperity depends on Government businesses operating as strategic partners in economic development as well as well-governed commercial enterprises. Strengthening the role of stakeholder engagement within the core governance framework would further reinforce this objective and help ensure that the reforms deliver enduring benefits for all Tasmanians.

Yours sincerely,

Ray Mostogl

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