

Report of the Auditor-General No. 2 of 2026-27

Treasury's oversight of
government businesses

27 October 2026



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Foreword

I undertook this audit in response to the identification of several compliance breaches and the deteriorating performance and financial position of government businesses. Against this backdrop, it was not clear as to whether the oversight framework was effectively designed and implemented to ensure Shareholding Ministers, the Parliament and the people of Tasmania were informed adequately and in a timely manner.

Heightening the importance of this audit, my report on the 2025-26 financial statements of State entities Volume 2 – Public Financial Corporations, Public Non-Financial Corporations and Tasmanian Water and Sewerage Corporation Pty Ltd, observed a failure of government businesses to meet 50% of the financial performance expectations they had set for themselves, declining profitability, increased reliance on government support and increasing debt.

Although a complicated process, at its core this audit asked 2 simple questions: is the corporate governance framework fit for purpose; and did Treasury support the Treasurer through the provision of advice adequate to support informed decision-making.

Several inadequacies in the existing oversight framework have been acknowledged and are being addressed through recent and proposed changes to the GBE governance framework. I acknowledge the extensive work Treasury has undertaken in support of this process.

Despite improvements, I concluded that the corporate governance framework was not fit-for-purpose because it did not have effective processes for the monitoring and reporting of compliance. Given 1 of the key catalysts for this audit was repeated and significant compliance failures that were not identified in a timely manner, a revised framework that largely relies on the government businesses to monitor their own compliance is unlikely to result in improved compliance.

In relation to the second question, Treasury did not always support the Treasurer through the provision of advice adequate to support informed decision making.

The audit included a review of over 250 separate pieces of advice and analysis prepared by Treasury. Based on that comprehensive assessment, I found that advice often did not include critical analysis of information, provide available options, outline risks or make clear recommendations to respond to known issues.

While several reasons contributed to the inadequacies in the advice provided, it was a lack of rigour in Treasury's internal processes and practices that led to advice been prepared on an inconsistent basis, lacking adequate details and critical assessment and leading to the Treasurer being provided with advice that did not enable informed decision making.

I acknowledge the work that Treasury have undertaken to date in relation to GBE reform to date and note their intention to adopt the recommendations detailed in this report.

Yours sincerely



Martin Thompson
Auditor-General

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**2026
PARLIAMENT OF TASMANIA**

Treasury's oversight of government businesses

27 October 2026

Presented to both Houses of Parliament pursuant to
Section 30(1) of the *Audit Act 2008*

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Executive summary

Audit objective

This audit assessed the effectiveness of the Department of Treasury and Finance (Treasury) in supporting the Treasurer oversee government businesses. We did this by assessing Treasury's actions in supporting, maintaining and administering the corporate governance framework ('the Framework') and by assessing advice provided to the Treasurer on the compliance and performance of individual government businesses.

Framework

The legislation, guidelines, reporting requirements that provide **oversight** of government businesses.

Oversight

The act of supervising and reviewing government businesses to ensure they are meeting their objectives and expectations. Treasury supports the Treasurer, as a shareholding minister, to undertake this role.

Compliance

Meeting legal, regulatory and other requirements. A system of compliance is the structure of principles, processes, controls, roles and monitoring and reporting activities to ensure compliance.

Audit conclusion

We concluded that:

- the corporate governance framework was not fit for purpose because it did not have effective monitoring and reporting of compliance
- Treasury did not always support the Treasurer through the provision of advice adequate to support informed decision making.

Audit findings

There are multiple responsible entities in government business oversight:

- Treasury (supporting the Treasurer as a shareholding minister)
- Portfolio Departments (supporting other shareholding ministers).

The focus of this audit was on Treasury, as it is the only State entity with oversight of all 14 government businesses.

We assessed the Framework for government business oversight and the provision of advice to the Treasurer using the following questions:

1. Does Treasury support the Treasurer administer a governance framework for government businesses that is fit for purpose?

What we found

The governance Framework consists of legislation, guides, guidelines, planning and reporting documents that have been in place for many years. In November 2024 the Tasmanian Government released a Government Business Governance Reform draft plan.

We found that the requirements in the Framework broadly include the right elements and, if the proposed Tranche 2 reforms are enacted, will be more consistent with contemporary practice.

However, we found that there are fundamental gaps in the Framework that undermine its effectiveness. The most significant gap, which is not yet addressed through the proposed reforms, relates to compliance.

We observed non-compliance with many aspects of the Framework. We found that there was no specific compliance oversight role established for Treasury (or any other agency) in the Framework and that Treasury does not undertake this role. Consequently, there is no effective monitoring, reporting and addressing non-compliance with the Framework's requirements.

If left unaddressed, it is likely that non-compliance will continue. On this basis, assurance over whether the reforms as proposed will be effective cannot be provided.

There are other ways in which the Framework could be further improved. These include:

- improving clarity around roles, accountabilities, and responsibilities, particularly around Treasury's role
- introducing reporting requirements that more effectively promote transparency
- strengthening proactive oversight arrangements that support earlier identification of issues.

2. Does Treasury give the Treasurer the information needed to make informed decisions as shareholding minister for government businesses?

What we found

We found that Treasury's advice to the Treasurer did not always effectively support the Treasurer undertake their role as Shareholding Minister. This finding is based on our assessment of more than 250 pieces of advice and analysis.

Advice often did not include critical analysis of information, provide available options, outline risks or make clear recommendations to respond to known issues. Treasury's advice did not always meet the expected standard that would have been necessary to support informed decision-making.

Audit recommendations

We made 2 recommendations. These are noted below.

We recommend that Treasury...	The recommendation was...	Expected completion is...
1. ...as part of the government business governance reforms, advises ways of improving the level of compliance, disclosure and public transparency into the Framework.	Accepted. Following Parliament's consideration of <i>Government Business Governance Reforms Bill 2026</i>, Treasury will provide advice to the Treasurer on further opportunities to strengthen compliance with the governance framework and improve disclosure and public transparency. This advice will consider options to strengthen the monitoring and reporting of compliance with the framework, including the respective roles of Government business boards, Shareholding Ministers and Treasury. It will also consider whether additional reporting, disclosure or assurance mechanisms would assist in identifying and addressing instances of non-compliance.	30 June 2027
2. ...strengthens its internal processes and practices to: - improve the rigour of its reporting and monitoring of government businesses - ensure the Treasurer is consistently provided with comprehensive advice to enable informed decisions regarding government businesses.	Accepted. Treasury accepts this recommendation and will further strengthen its internal processes and practices for monitoring and reporting on Government businesses and providing advice to the Treasurer. As part of this work, Treasury will: - review its internal monitoring and reporting processes to identify opportunities to strengthen the rigor and consistency of its analysis of Government businesses; - review existing reporting and briefing templates to support greater consistency in the scope and quality of advice provided to the Treasurer; and - consider opportunities to strengthen internal quality assurance and review processes for significant Government business advice.	31 December 2027

Submissions and comments received

We received a response from the Secretary of Treasury. The full response to the report is at Appendix C.

Artificial Intelligence (AI) disclosure statement

Certain audits, reviews, or assurance activities that contributed information to this report have utilised AI-enabled tools to support evidence gathering, data analysis, or administrative activities. Any such use occurred within the scope of the applicable audit methodology, governance framework, and quality control procedures. All findings presented in this report have been reviewed and accepted through the relevant audit and management oversight processes.

1. Introduction

What is a government business?

- 1.1 A government business is a Tasmanian government-owned entity that operates on a commercial basis while remaining under public ownership. The purpose of government businesses is to provide services or infrastructure and achieve financial and operational objectives set by the Government.
- 1.2 There are 14 government businesses in Tasmania. They provide a range of different services, such as public transport, motor vehicle accident insurance, tourism and historic site preservation, or electricity generation.
- 1.3 There are 2 types of government business: Government Business Enterprises (GBEs) and State-owned Companies (SOCs). While they are similar, they do have some key differences. For example, SOC's are incorporated under the *Corporations Act 2001 (Cth)* which means they must also follow rules that private companies do. However, both are subject to a mostly similar set of rules and oversight under the Framework.
- 1.4 Current government businesses in Tasmania are outlined in Table 1.

Table 1: Tasmanian Government Businesses (by their common trading name)

State-owned Company (SOC)	Government Business Enterprise (GBE)
Aurora Energy	Hydro Tasmania
Metro Tasmania	Sustainable Timbers Tasmania
Tasmanian Irrigation	TASCORP
TasNetworks	MAIB
TasPorts	The Public Trustee
TasRail	Port Arthur Historic Site Management Authority
Tasracing	
TT-Line	

- 1.5 Although each government business is unique, they share a common set of objectives. These are:
 - operate the business in a commercially sound way
 - support Tasmania's economic and social goals
 - deliver any community services that the Government requires in an efficient way
 - achieve other expectations set by the Government or as outlined in legislation.

- 1.6 Because government businesses are owned by the Tasmanian government, they are each overseen by Shareholding Ministers. Most government businesses have 2 Shareholding Ministers comprising the Treasurer and a Portfolio Minister.

Treasurer

The Treasurer is a shareholding minister of every government business. The Treasurer is supported by the Department of Treasury and Finance ('Treasury').

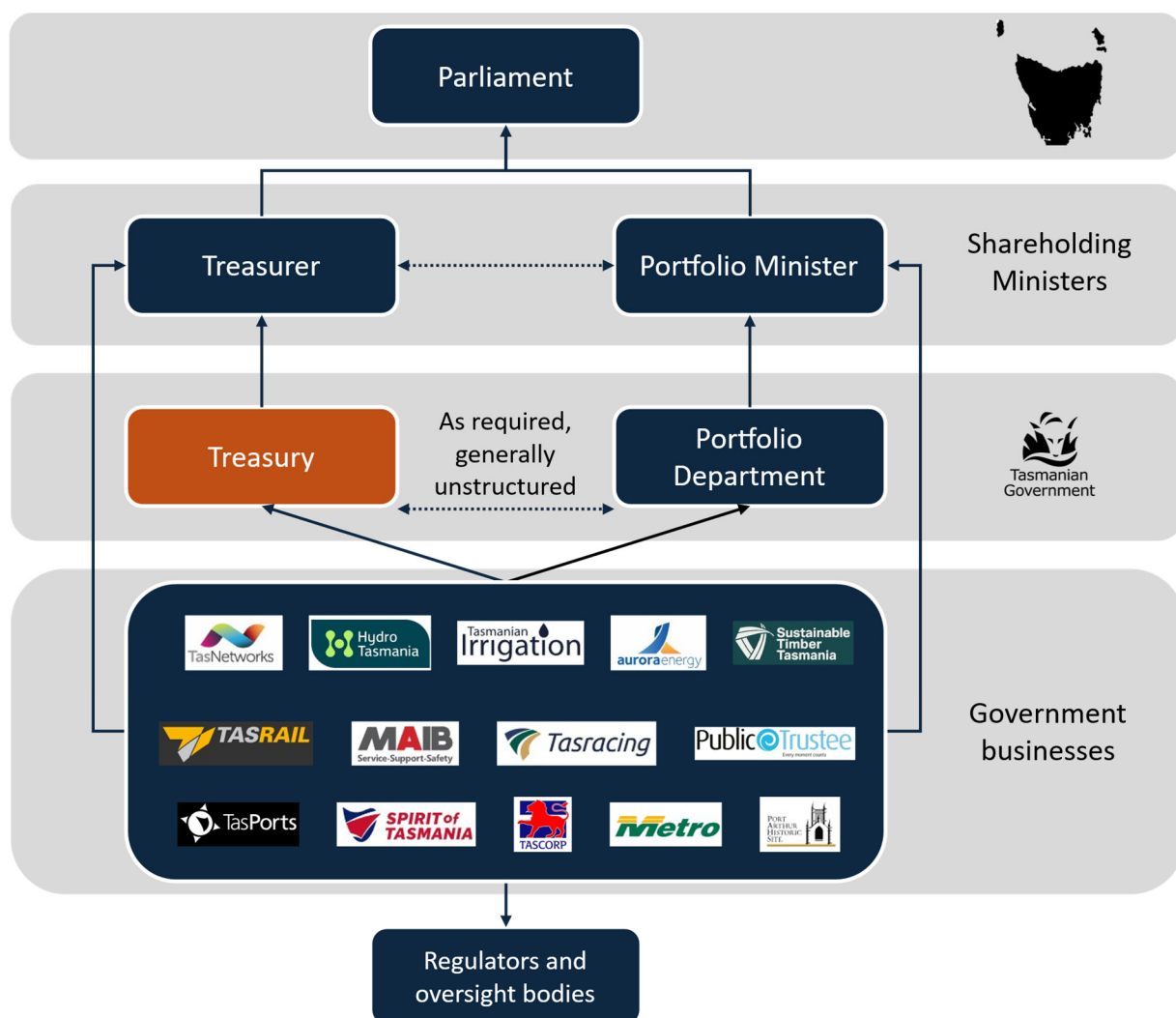
Portfolio Minister

With the exception of TASCORP, each government business also has a portfolio minister as a shareholding minister.

Broadly speaking, the portfolio minister will be a minister responsible for the portfolio that most relates to a government business. For example, the Portfolio Minister for Aurora Energy (a government business that retails electricity) is the Minister for Energy. The portfolio minister is supported by a portfolio department.

- 1.7 Figure 1 shows context within which government businesses operate.

Figure 1: The context for government business oversight



Source: Audit Tasmania

1.8 As demonstrated by Figure 1, Treasury provides advice within a much broader system of government consideration and policymaking. This audit only examined Treasury's advice to the Treasurer relating to government business oversight.

1.9 The shareholding ministers for each government business is outlined in **Appendix E, Table 6**.

There is a Framework for government business oversight

1.10 There are a range of legislation, rules, guidelines and processes that outline how:

- government businesses operate and make decisions
- the government can ensure that each business is meeting its expectations and objectives
- each government business keeps Tasmanians informed about how they are performing.

1.11 Collectively, this is known as the corporate governance framework ('the Framework').

Roles within the Framework

1.12 The roles and responsibilities under the Framework are outlined in Table 2.

Table 2: Roles and responsibilities of the Framework

Entity	Roles and responsibilities
Government businesses	Operate the business in a way that is consistent with legislation and Shareholding Minister expectations.
Shareholding Ministers	Represent Tasmanians' interests in the businesses by setting expectations for how boards and management should manage the business. Shareholding Ministers also monitor performance against these expectations.
Treasury [The focus of this audit]	Advising the Treasurer, as a shareholding minister, on: • the governance Framework for government businesses • government business performance • how government businesses' performance impacts on the Government's policy objectives, particularly the Fiscal Strategy • implementing Government policy relating to government businesses.

Entity	Roles and responsibilities
Portfolio Department	Monitoring for, and advising, the portfolio minister on issues such as: - the role of government businesses in relation to Government policies - how legislation is being administered - tabling of annual reports and other government business documents - board appointments.
Tasmanian Parliament	Setting and changing legislation relating to the Framework or individual government businesses.

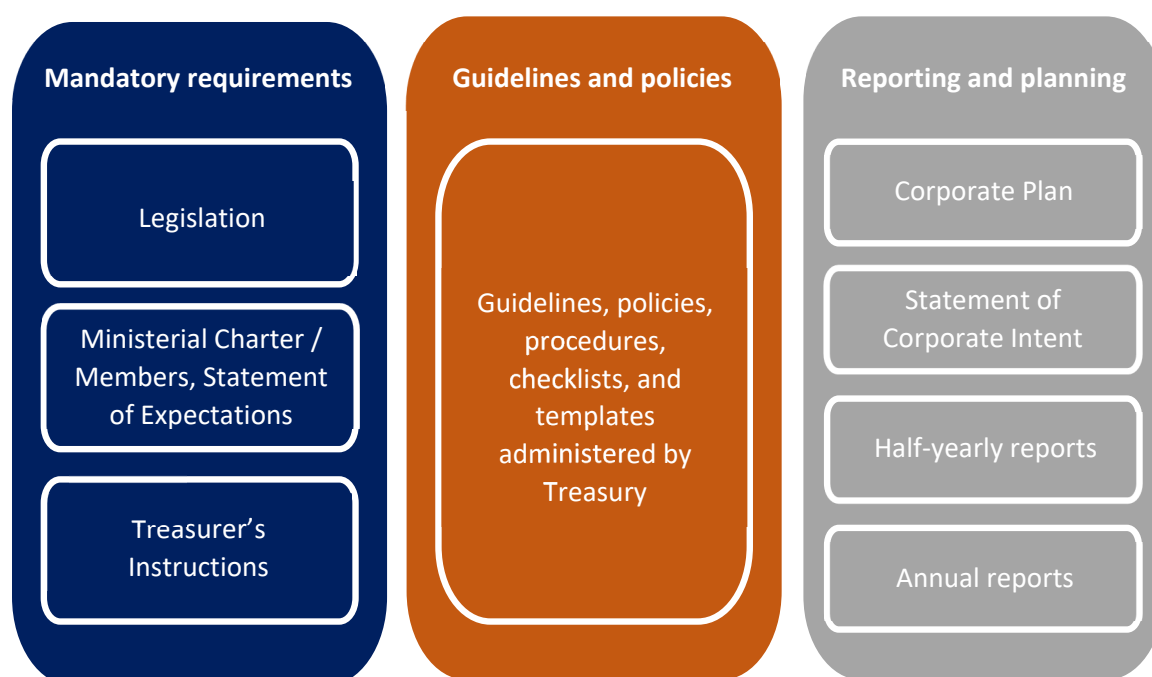
1.13 The budget allocated to Treasury for its monitoring and advice relating to government businesses is approximately \$4.6m for the 2026-27 year. This budget does also fund some other activities Treasury undertake that are not directly related to government businesses, such as oversight and advice on statutory authorities.

Components of the Framework

1.14 There are many parts to the Framework, as represented in Figure 2. These parts broadly fit into 3 categories:

1. Mandatory requirements (set by legislation or shareholding ministers).
2. Guidelines and policies (proposed by Treasury and approved by the Treasurer).
3. Reporting & planning (documents and information provided by government businesses and may be subject to shareholding minister approval).

Figure 2: Components of the Framework



1.15 There are several guidelines and policies administered by Treasury. As outlined in Table 3, some of these guidelines have not been updated recently.

Table 3: Governance Framework Guides and Guidelines¹

Document	Last updated
Tasmanian Government Businesses: Governance Framework Guide	2008
Guidelines: Corporate Governance Principles	2008
Guidelines: Assessing Board Performance	2026
Guidelines: Borrowing Arrangements	2015
Guidelines: Buy Local	2024
Guidelines: Capital Investment	2025
Guidelines: Community Service Obligations Policy	1996
Guidelines: Corporate Planning	2026
Guidelines: Director and Executive Remuneration	2021

¹ Note: Links and guidelines were current at the time of publication, but may be updated over time. If a link is not functioning, or to access the latest guidelines, visit the Department of Treasury and Finance [website](#) and navigate to the updated guidelines from there.

Document	Last updated
Guidelines: Director Induction, Education and Training	2026
Guidelines: Dividends	2014
Guidelines: Overseas Travel	2014
Guidelines: Reporting	2026
Guidelines: Sponsorship	2026
Guidelines: Subsidiary Companies and Joint Ventures	2008
Guidelines: Superannuation	2026
Guidelines: Board Appointments	2026

The government has recognised the need for reform

1.16 Recent government business performance and governance issues have led to questions around whether the Framework is effective. This has led to the government recognising and acting on the need for reform.

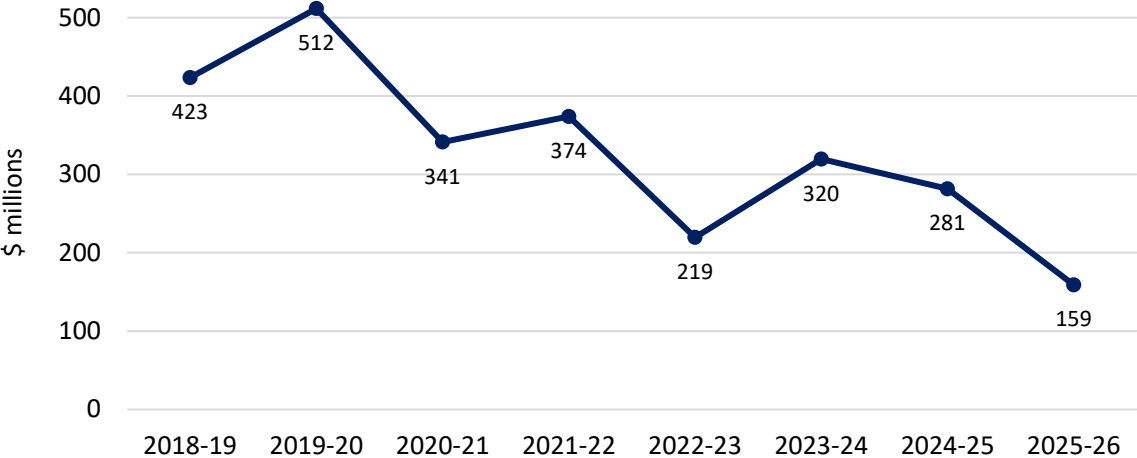
Performance of government businesses is deteriorating

1.17 The financial performance of government businesses has deteriorated in recent years. As illustrated in Figures 3, 4 and 5², government businesses are:

- returning less dividends to the government
- borrowing more money
- requiring more financial support.

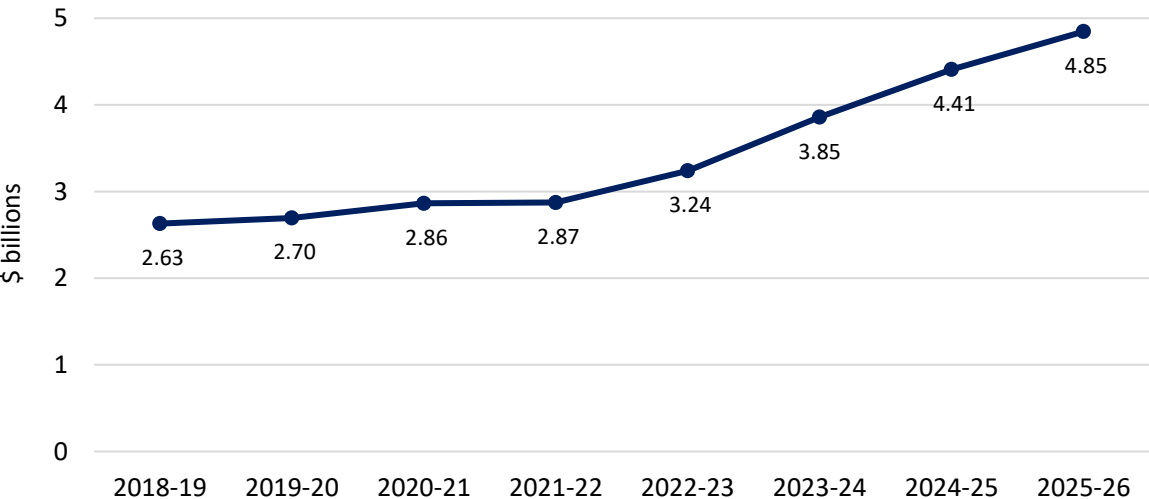
² Note: these figures only include government businesses and do not include PNFC statutory authorities.

Figure 3: Annual total returns to Government from government businesses 2018-19 to 2025-26 (\$m)



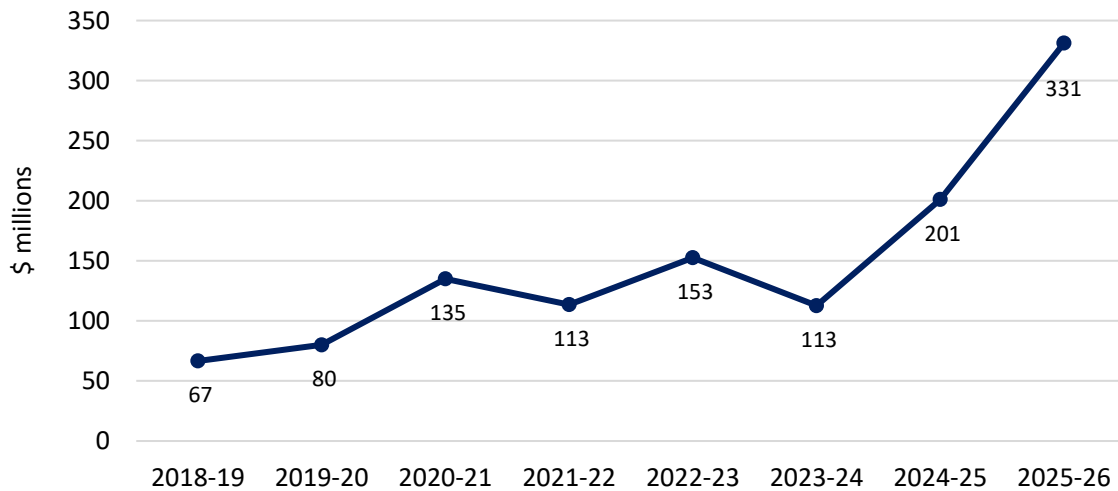
Source: Audit Tasmania. Includes dividends, rates equivalent, and tax-equivalent income. Excludes dividends from the Mersey Community Hospital Fund.

Figure 4: Total government business borrowings 2018-19 to 2025-26 (\$b)



Source: Audit Tasmania. Excludes TASCORP.

Figure 5: Annual equity contributions to government businesses 2018-19 to 2025-26 (\$m)



Source: Audit Tasmania.

1.18 Since 2018-19, information in the Auditor-General's reports on financial statements has progressively highlighted government business sector issues relating to:

- financial performance
- infrastructure stewardship, including deteriorating asset condition and issues with delivery of major capital programs
- the long-term value being delivered to Tasmania.

1.19 The continued prominence of these issues raised questions that the sector's oversight and governance Framework was not consistently addressing underlying risks.

There have been recent governance failures

1.20 In addition to declining performance, there have recently been high-profile issues in government businesses relating to:

- poor infrastructure and project delivery
- a lack of oversight
- poor risk management
- insufficient transparency and accountability.

1.21 In response to these issues, the government recognised the need to reform the Framework in 2024 and commenced a reform process.

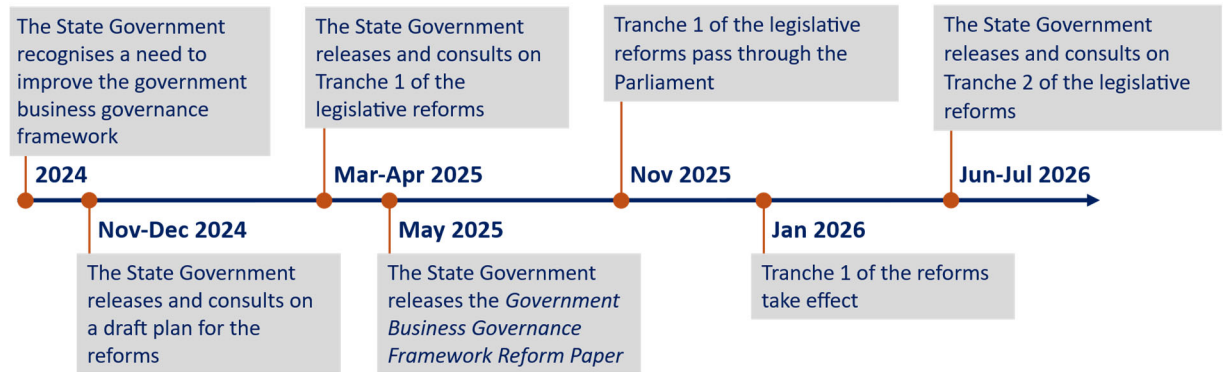
Reforms to the Framework are underway

1.22 Treasury has recently supported the government to progress reforms to the Framework. Tranche 1 of the legislative reforms passed through the Parliament in 2025 and have been implemented. Tranche 2 of the reforms have recently been

released for consultation and introduced into the Parliament. There are further reforms proposed after Tranche 2 but these are yet to be developed or implemented.

1.23 A timeline of key events in the reforms process is outlined in Figure 6.

Figure 6: Key events in the recent government business governance reforms



Source: Audit Tasmania.

Tranche 1 of the legislative reforms are implemented

1.24 Tranche 1 of the legislative reforms, which have recently taken effect, made a series of changes to the Framework in legislation.

1.25 Some key aspects of these reforms were that they:

- required government businesses to publicly release half year reports
- introduced more transparency and a consistent approach around ministerial directions
- changed the Statement of Corporate Intent approvals process
- introduced term limits for directors.

Tranche 2 of the legislative reforms are not yet implemented

1.26 Tranche 2 of the reforms are still in progress. The *Government Business Governance Reforms Bill 2026* was released by Treasury for public comment in June 2026.

1.27 Key aspects of the proposed Tranche 2 reforms are that they will:

- provide Shareholding Ministers with a range of options to manage, and intervene in, instances of poor performance in government businesses
- allow Shareholding Ministers to have assurance reviews undertaken by independent experts
- make corporate planning requirements clearer
- standardise many of the requirements that apply to each government business.

There has been other work underway to improve the Framework

- 1.28 While Tranche 1 and Tranche 2 of the legislative reforms are most significant, there have been other changes to the Framework recently that have not required changes to legislation to progress through the Parliament. For example, updated guidelines, templates and checklists, or the Treasurer issuing new Treasurer's Instructions applying to government businesses.
- 1.29 We also note that there are other processes currently underway by Treasury to improve the way in which government businesses are managed. For example, this includes commissioning an external review of Statement of Corporate Intent performance targets and updating certain key documents for government businesses.

2. The Framework

In this Chapter we review whether the corporate governance framework for government businesses ('the Framework') is fit for purpose.

Chapter summary

Our performance expectations

- 2.1 The Framework sets out the principles and requirements that the government business is expected to follow. The key parts of the Framework include requirements set out in legislation and Treasurer's Instructions, governance documents specific to each business, and the *Tasmanian Government Businesses Governance Framework Guide*.
- 2.2 Treasury's *Tasmanian Government Businesses Governance Framework Guide* notes that Ministers expect Government business boards to consider the Australian Securities Exchange Good Governance Principles and Recommendations ('ASX Principles').

ASX Principles

The ASX Principles are the main governance framework for publicly listed companies in Australia. They are designed to promote accountability, transparency, and good governance. A key objective of the ASX Principles is also to improve public trust in these companies.

The ASX Principles have been in place in Australia for over 20 years and are regularly reviewed and updated.

ASX-listed companies in Australia must adopt these principles on an "if not, why not" basis, meaning they can choose not to adopt specific principles, but must explain why.

Each principle includes specific recommendations. At a high level, the ASX Principles are:

1. Lay solid foundations for management and oversight
2. Structure the board to be effective and add value
3. Instil a culture of acting lawfully, ethically and responsibly
4. Safeguard the integrity of corporate reports
5. Make timely and balance disclosure
6. Respect the rights of security holders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

- 2.3 Our expectation for the Framework was that it aligned to contemporary practice. We assessed this by considering if the Framework was aligned to the ASX Principles.

- 2.4 We have based our expectations on the ASX Principles because:
- it represents contemporary governance practice for public companies in Australia
 - the Framework references it and requires boards of government businesses to consider it.
- 2.5 To clarify our expectations in how the Framework implemented contemporary practice, we expected the Framework to include the following elements:
1. **Clear principles and guidelines** that link directly to requirements in legislation and Treasurer's Instructions.
 2. **Defined roles, accountabilities and responsibilities** that show what Treasury, the Treasurer, other agencies and ministers, and the businesses themselves are responsible for.
 3. **Continuous reporting and monitoring** that is risk-based and identifies issues in a way that enables timely correction.
 4. **Compliance assurance mechanisms and controls** that ensure the Framework is implemented and that non-compliance is addressed as it emerges.

Our assessment of performance against these expectations

- 2.6 We found that the requirements in the Framework broadly include the right elements and after the reforms will be more consistent with contemporary practice.
- 2.7 However, we found there are fundamental gaps in the implementation of the Framework that undermine its effectiveness. The most significant gap is that there is no structure for monitoring, assessing, or ensuring compliance aside from relying on boards to undertake this role, which we found was not effective. This is related to our findings that compliance with the Framework was generally limited, and that the overall extent to which government businesses comply with requirements is not known. This fundamental gap is not yet addressed by the reforms.
- 2.8 While this lack of compliance assurance is the biggest deficiency with the Framework, there are other ways in which the Framework could be further improved. These include:
- improving clarity around roles, accountabilities, and responsibilities, particularly around Treasury's role
 - introducing more rigorous or prescriptive reporting requirements
 - strengthening proactive oversight arrangements that support earlier identification and response to issues.

The reforms are an improvement, but fundamental gaps in the Framework have not been addressed

The reforms to the Framework improve alignment with contemporary practice

- 2.9 We found that the Tranche 1 and proposed Tranche 2 legislative reforms (outlined in Chapter 1) generally improve alignment with contemporary practice, with some exceptions.
- 2.10 Key aspects of the recent and proposed reforms that improve alignment with the broader expectations of the ASX Principles are in Table 4.

Table 4: Key aspects of governance reforms

Reform	Our assessment	ASX Principle
Board renewal and term limits (Tranche 1)	The reforms mandate regular board renewal and limit chairs/directors to two three-year terms. This improves alignment with Principle 2.	Principle 2. Structure the board to be effective and add value
Mandatory disclosure of: a. Half year reports b. Ministerial directions c. Statements of Corporate Intent (Tranche 1)	This improves public accountability and transparency. However, the half year reports are not implemented effectively and could be further improved. This improves alignment with Principle 5.	Principle 5. Timely and balanced disclosures
Ministerial levers including: a. Performance improvement plans b. Administration/Sole Director (Tranche 2)	This will provide Shareholding Ministers with clearer mechanisms to intervene and rectify poor performance. This improves alignment with Principle 6.	Principle 6. Respect the rights of security holders
Independent Review (Tranche 2)	Providing Shareholding Ministers with a means of seeking an independent review or assessment improves alignment with Principle 7.	Principle 7. Recognise and manage risk

The Framework is undermined by insufficient compliance systems or controls

2.11 We found that there were no sufficient compliance systems or controls to help ensure that government businesses comply with the Framework. We consider this to be the biggest limitation of Framework in that it significantly limits its effectiveness. The recent and proposed reforms do not address this gap.

What is a compliance system?

In a regulated environment, a compliance system is the structured system of principles, processes, controls, roles, and monitoring and reporting activities that ensure legal, regulatory, and other obligations are met.

What are controls?

A control is a process or action that helps prevent, detect, or correct non-compliance.

2.12 We found that:

- there was not adequate monitoring and reporting of whether government businesses comply with the rules and requirements in the Framework
- there were insufficient controls to prevent non-compliance from occurring
- the Framework did not describe how non-compliance is to be managed, reported, or corrected
- there were no clear penalties or repercussions for businesses which repeatedly did not comply.

2.13 While Treasury did provide limited advice to the Treasurer on certain compliance-related matters, we found that it was not complete due to the Framework not identifying a specific compliance role for Treasury.

We observed non-compliance

2.14 While we did not set out to assess the extent to which the Framework was being complied with, we observed many instances where government businesses did not comply with the requirements and expectations of the Framework.

2.15 Some examples of non-compliance³ we observed were:

- internal reporting deadlines and content requirements not being met
- public reports not fully or accurately meeting content requirements
- remuneration guidelines not being adhered to

³ Note: this list does not include instances where exemptions were granted by the Treasurer in line with the exemption requirements of the Framework.

- overseas travel expenditure exceeding board-approved limits
 - ASX Principles (and the ‘if not, why not’ approach) not being adopted or considered
 - key governance documents such as board charters not existing
 - documents not being published by each business on its website as required.
- 2.16 These instances of non-compliance occurred across most government businesses. While their impact varied, we found that overall, they were significant in nature.
- 2.17 We found that non-compliance with internal and public reporting requirements meant that the information Treasury received from businesses was sometimes lacking in detail.
- 2.18 In some cases, we found that government businesses which did not comply with certain requirements tended to repeat the same non-compliance in subsequent periods. This demonstrated that the Framework was not effectively ensuring compliance.
- 2.19 Both tranches of the governance reforms, while making positive changes, do not introduce a robust compliance system to improve adherence to the Framework. If left unaddressed, it is likely that non-compliance will continue. On this basis, assurance over whether the reforms will be effective cannot be provided.
- 2.20 There are a range of process, system and control options that could be introduced into the Framework to help address this gap. Some examples include:
- boards of government businesses being required to attest that the business complied with key aspects of the governance Framework, or disclosing and explaining any variations
 - Treasury notifying government businesses as soon as practicable if a Corporate Plan, Statement of Corporate Intent, or internal report is identified as being non-compliant.
 - requiring periodic internal audits or reviews of compliance with results being provided to Treasury to assist in their oversight role
 - existing penalties being enforced for severe or repeated non-compliance.
- 2.21 While it is generally not the role of auditors to prescribe specifically how change should be implemented, the above examples are provided to illustrate how introducing a system of compliance is essential to ensuring the effectiveness of the Framework.

The Framework has not sufficiently clarified Treasury’s role and responsibilities

- 2.22 We found that the Framework does not describe roles and accountabilities clearly. As a result, there is a lack of clarity around the expectations of Treasury in its role as the

agency responsible for advising the Treasurer on government business management and performance.

- 2.23 For instance, there is no clear expectation or responsibility of Treasury to monitor compliance or how the Framework is being implemented. Treasury advised that they do not perform this function.
- 2.24 Similarly, the Framework does not clearly articulate the specific expectations and responsibilities of other Shareholding Ministers and portfolio agencies. However, in line with the limited scope of this audit, we only assessed Treasury's role.
- 2.25 When responsibilities are not clearly defined, it becomes difficult to determine who is responsible for outcomes, decisions, or oversight. This can lead to significant gaps in oversight if specific processes and roles are not fulfilled.
- 2.26 At a Framework level, we consider this to be a contributing factor to several of our findings in Chapter 3 relating to Treasury's advice to the Treasurer not being sufficient. For example, it relates to our finding that Treasury did not routinely seek, use, or consider information from portfolio agencies in its advice to the Treasurer. This meant that operational issues with significant potential financial impacts were not fully considered by Treasury or reflected in its advice to the Treasurer.
- 2.27 Clearer roles and accountabilities within the Framework itself will ensure that the Treasurer receives complete advice that supports decision-making. This will allow for clearer expectations to be set for Treasury that ensures it effectively fulfils its function to support the Treasurer to oversee government businesses.
- 2.28 We note that the clarification of roles and responsibilities has, to some extent, already been identified as needing to be improved as part of the broader reform plan. However, this has not yet been implemented.

Observation – Dual roles performed by the Secretary of Treasury risks reducing the independence of advice

When a government business needs funding from the Government through additional equity contributions or needs to borrow funds from TASCORP, or both, the Treasurer receives advice from 3 different perspectives – but all coming from the one Department:

1. Analysis and advice of the request from the business to the Treasurer as shareholding minister (when based on the business' request, this is from the perspective of what is in the best interest of the business)
2. Advice regarding the impact on the State's fiscal position to the Treasurer (from the perspective of what is best for the State budget)
3. Advice relating to the need to provide a loan guarantee to TASCORP – from an analysis of the risks relating to the borrowing and the government business' ability to service the loan.

Concurrently, the Board of TASCORP will assess the request from the government business to borrow funds.

However, the role of Chair of the TASCORP board is filled by the Secretary of Treasury. This risks reducing the independence of the assessment and recommendations and advice

provided. For example, if Treasury has already provided recommendations to support this funding request from one perspective, it may be less likely that this would be challenged by later advice.

While this approach is consistent with some other jurisdictions, it is important that potential risks to the independence of advice are identified, assessed, managed and monitored.

While Treasury advised there is a strategy in place to manage this, we did find that this was undocumented. A more robust approach will be further warranted if other government business experience rising debt and reducing returns.

Reform measures have not led to significant improvements in public transparency

- 2.29 Government businesses are subject to clear expectations to disclose significant matters to Shareholding Ministers when they arise. These are outlined in the Ministerial Charters (for GBEs) or Members' Statement of Expectations (for SOCs).
- 2.30 There are no clear requirements under the framework for government businesses to report matters of significance to the Tasmanian public when they arise. This has not been addressed by the reform process.
- 2.31 We found that the reforms as implemented and proposed do not narrow the gap between the transparency standards that exist for government businesses versus the standards that listed companies must follow (such as the ASX Continuous Disclosure Rules). Despite differences in ownership structure between the 2 types of businesses, this comparison serves as a relevant benchmark on the basis that Tasmanians, like shareholders of private companies, have an interest in these businesses and how they are performing.

ASX Continuous Disclosure

Listed companies on the Australian Stock Exchange (ASX) must follow the ASX Continuous Disclosure rules.

These rules require companies to immediately disclose to the market any information that a reasonable person would expect to have on the price or the value of their securities.

While there are some exceptions (for example, confidential information or incomplete negotiations) these companies must publicly report information that could affect investors' decision to buy, sell, or hold securities.

Breaches of the Continuous Disclosure rules may result in ASX action, ASIC enforcement, penalties, or potential shareholder litigation.

For a government business, Continuous Disclosure would inform Tasmanians on key issues relating to the businesses that provide services they may rely on.

- 2.32 We also found that information that is disclosed to the Tasmanian public from government businesses is not always transparent, accurate, timely, or sufficiently detailed.

Case study – non-disclosure of fines and penalties

In 2025, a government business' wholly owned subsidiary was found to have breached regulatory requirements relating to non-disclosure of personal information in another jurisdiction, resulting in a regulatory fine of over \$760,000.

However, we found that the Tasmanian public was not adequately notified about this.

In addition to the government business not disclosing this at the time, we found that the government business' annual and half year report only disclosed that there was a breach but no further information on what the breach was or its seriousness.

- 2.33 Tranche 1 of the reforms introduced new publication and reporting requirements that will, to a certain extent, increase public transparency and accountability. This includes the mandatory public disclosure of half year reports, Statements of Corporate Intent, and ministerial directions.
- 2.34 However, we found the half year reports that were first required in the beginning of 2026 did not effectively ensure increased public transparency.

Case study – half year reports

Tranche 1 of the reforms recently introduced a requirement for government businesses to publish a half year report. The intent of this change was to provide greater public transparency of how government businesses are performing part way through a year, rather than waiting for the annual report.

However, we found that the reports did not always substantially increase the level of public transparency about how a particular business was performing.

For example, one report contained just 2 pages of information. Further, in contravention of the framework, we found that the half year reports:

- did not always accurately include or report performance targets set for the business
- did not always include commentary from the board
- were not always published by the legislative deadline.

- 2.35 Similarly, we found that the guidelines under the framework for what government businesses include within their financial statements were not clear enough to ensure a high degree of public transparency. In Tasmania, General Government Sector and Local Government Sector entities have a set of model financial statements that explicitly guide what information should be in their financial statements. However, the same requirements do not apply for government businesses.

Case study – bonus payments to employees

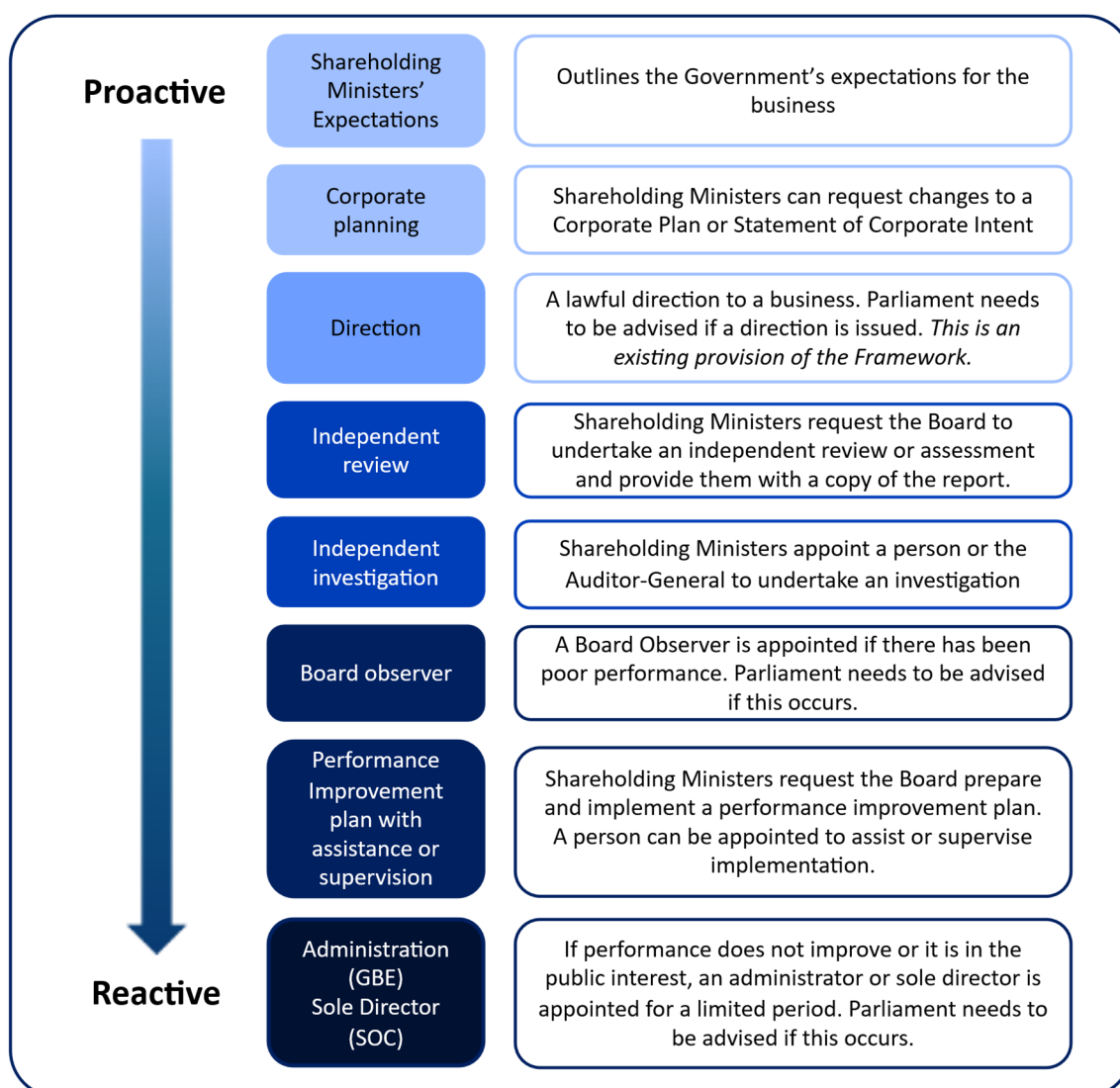
One government business disclosed in its annual report that it paid \$0.5m in performance-related payments to key management personnel in one particular year. This was paid and disclosed in accordance with the Director and Executive Remuneration Guidelines in the framework.

However, in the same period, this business paid an additional \$3.8m in bonuses to other employees in non-executive positions. This was not disclosed by the entity anywhere in its annual report.

Proposed options for intervention and other levers for the Treasurer are mostly reactive

2.36 Tranche 2 of the reforms, as tabled, propose to introduce a range of new levers available to Shareholding Ministers to manage the performance of government businesses. These levers are outlined in Figure 7.

Figure 7: Ministerial levers



Source: Audit Tasmania

2.37 We found that these levers in the reforms provide greater means for Shareholding Ministers to correct instances of poor performance. It therefore represents an improvement in the Framework.

2.38 However, we observed that these levers are largely reactive, rather than proactive. The levers may be useful in addressing areas where poor performance has been identified, but are largely unlikely to assist in detecting or preventing poor performance occurring. Failing to identify these issues early could undermine the effectiveness of these levers in rectifying poor performance. The risk of issues not being identified early is exacerbated by our findings that:

- the Framework does not effectively ensure compliance
- Treasury's advice to the Treasurer did not support effective oversight (covered in the following Chapter).

3. Treasury's advice to the Treasurer on government business oversight

In this Chapter, we explain our findings that Treasury's advice to the Treasurer did not support effective government business oversight.

Chapter summary

Our performance expectations

- 3.1 Effective oversight and monitoring of government businesses require:
- advice to the Treasurer that supports informed decision-making
 - clear and effective structures and processes for overseeing government business planning, performance and risks.
- 3.2 There is no single standard for ministerial advice in Tasmania. Table 5 outlines existing standards which we have considered in assessing Treasury's advice to the Treasurer on government business oversight.

Table 5: Source of our expectations for advice

Source	Expectations
Cabinet Handbook	Cabinet Minutes must: • present accurate and relevant information • clearly identify the essential issues for consideration • indicate realistic policy options and their implications • make clear, standalone recommendations.
<i>State Service Act 2000, section 7(1)(e)</i>	The State Service is responsive to the Government in providing honest, comprehensive, accurate and timely advice and in implementing the Government's policies and programs.
Charter of Budget Responsibility Act 2007, section 3, (a),(b) and (f)	The principles of sound fiscal management are to: • manage the State's finances responsibly for the wellbeing of all Tasmanians • provide for the future for the next generation of Tasmanians • ensure transparency and accountability in developing, implementing and reporting on fiscal objectives.

Source: Audit Tasmania.

- 3.3 Section 7(1)(d) of the *State Service Act 2000* also states that the State Service is accountable for its actions and performance, within the framework of Ministerial

responsibility, to the Government, the Parliament and the community. To implement this principle, we expected Treasury to implement effective structures and processes that ensure adequate advice was provided to the Treasurer.

Our assessment of performance against these expectations

- 3.4 Treasury's advice to the Treasurer did not always meet the expected standards for effective government business oversight. Advice often did not include critical analysis of information, provide available options, outline risks or make clear recommendations to respond to known issues. This finding is based on our assessment of over 250 relevant pieces of Treasury's advice and analysis.
- 3.5 As a result of the findings outlined in this Chapter, we concluded that Treasury did not effectively support the Treasurer to undertake their role as shareholding minister. We also found that Treasury's advice was sometimes provided too late to minimise negative impacts for the State.
- 3.6 Limitations in the corporate governance framework are, to some degree, responsible for Treasury's advice not meeting our performance expectations. For example:
- a lack of clarity around roles and responsibilities meant that the expectations of Treasury were at times unclear
 - a lack of compliance often meant the information Treasury received in the first instance from government businesses was not complete or verifiable.
- 3.7 Although significant limitations are observed in Treasury's advice over the period subject to audit, improvements have been noted in the recent advice relating to the overview of corporate plans for the 2026-30 period. The advice was provided at a whole of sector level, was forward looking and risk informed. This is indicative, that with the appropriate framework and processes in place, adequate advice can be provided in relation to the performance of government businesses.

Treasury's advice did not always support informed decision-making

- 3.8 The role of the Treasurer, as a shareholding minister of government businesses, is to oversee government businesses and make decisions to ensure those businesses are meeting the government's aims and objectives.
- 3.9 Many of these decisions are part of a structured corporate planning process that occurs every year. Government business planning is important because it provides a clear framework for setting strategic objectives, prioritising resources, managing risks, and measuring performance over time.
- 3.10 Treasury support the Treasurer throughout this process by providing advice on the key elements of the corporate planning process: the Corporate Plans and the Statement of Corporate Intent.

Key elements of government business planning

Corporate Plan

A Corporate Plan is like a roadmap. Each government business must provide a Corporate Plan to shareholding ministers each year that outlines what the business is trying to achieve, what actions need to be taken, and how success will be measured. Corporate Plans generally plan for the following 5 years and are not made public.

Statement of Corporate Intent (SCI)

SCIs are high-level summaries of Corporate Plans that must be agreed between shareholding ministers and the board of each government businesses annually. SCIs include specific performance targets for that business.

SCIs are publicly available, with results against performance targets published in annual and half-yearly reports. The public reporting of performance targets keeps government businesses accountable.

3.11 Similar to the corporate planning cycle, government businesses must follow a reporting cycle. Treasury analyses the reports of government businesses and provides advice to the Treasurer on how they are performing. This monitoring and oversight:

- provides assurance that public assets and resources are being managed efficiently
- allows emerging risks, financial pressures, and performance issues to be identified and addressed in a timely manner.

Key elements of government business reporting and performance monitoring

Internal reports

Government businesses must provide internal reports to Shareholding Ministers that show how the business is performing. Some government businesses are required to provide these monthly, while others only quarterly. These reports are not made public and contain a lot less information than annual reports.

Public reports

Government businesses are required to prepare an annual report that provides audited financial statements and other information. These must be tabled in the Parliament each year and made public as well as being provided to Treasury.

3.12 While Treasury supports the Treasurer with routine advice on government business planning and how each business is performing, Treasury also provide advice on ad-hoc decisions when necessary. For example, this may arise when a government business:

- requires additional funding or equity
- is performing poorly
- wishes to undertake a major capital project.

Information was not always sufficiently critically analysed

- 3.13 Treasury's advice often did not sufficiently critically analyse the information it received from government businesses. Rather than providing an independent, rigorous assessment and analysis of critical information, Treasury's advice was often presented as a summary of the information that government businesses wanted and included within its corporate plan or internal report.
- 3.14 We found Treasury's advice to the Treasurer on the future direction of government businesses almost always included forecasts, projections and assumptions provided by government businesses themselves. We found that this occurred even in circumstances where a business' prior performance history or emerging issues would warrant more rigorous and independent assessment.
- 3.15 We also found that Treasury's advice did not always critically analyse information on how government businesses were performing. This was because:
- the performance of government businesses was mostly assessed through its achievement of SCI performance targets. However, when these targets were not broad enough to provide a complete picture of performance, Treasury did not consider additional targets which could have enhanced performance monitoring and oversight.
 - performance issues were generally identified in a particular period, but the impacts of longer-term structural underperformance were not always considered.
 - emerging issues and risks relating to major capital projects were not always analysed or considered by Treasury, even after such issues were known to have significant financial impacts.

Options, and their risks and benefits, were not always adequately considered and communicated

- 3.16 It was our expectation that Treasury would provide appropriate options to the Treasurer to address issues identified with government businesses performance, planning, or risk management.
- 3.17 There are a range of actions the Treasurer can take to address these issues. Some examples include:
- requesting the business provide further information
 - updating or seeking to make changes to a Statement of Corporate Intent
 - issuing a Ministerial Direction.
- 3.18 We found that Treasury sometimes did not provide the Treasurer with options or recommendations on how to resolve significant issues it had identified. This meant that some issues were not addressed at all.

Case study – Corporate Plan not addressing risks

A government business undertaking significant capital investment provided Shareholding Ministers with a Corporate Plan that did not include clear information about how the business was managing or mitigating key risks.

It is an explicit requirement in the corporate governance framework that Corporate Plans include financial and operating risks each business is facing and strategies to manage these risks.

Treasury analysed this Corporate Plan and found that it did not include clear information about how these risks were being managed. However, Treasury noted in its advice to the Treasurer that the Corporate Plan was substantially compliant with the requirements of the framework and did not provide the Treasurer with any recommendations on how this issue could be resolved. Treasury also did not assess whether the business had appropriate risk management strategies in place.

This government business did not adequately manage key operational and financial risks, which consequently had significant impacts on the business and the State.

- 3.19 We also found that when Treasury did provide options and recommendations to the Treasurer, options were not always comprehensive in clearly identifying each's risks, benefits and impacts.
- 3.20 An example of this is Treasury's assessment of a government business' request for additional funding:

Case study – Treasury's assessment of a government business request for additional funding

A government business' financial position had significantly deteriorated to the point where it needed to take urgent action.

With the help of external experts, this business modelled several different operating options for the company that could result in it remaining a viable company. These options each would have required different amounts of funding from the State government.

The government business identified its preferred option and subsequently worked with Treasury to request substantial funding from the state government that was required under this option.

While Treasury assessed the company's preferred option, it did not adequately assess or provide advice to the Treasurer regarding the other options and the different costs they may have had for the government.

Consistent with the Cabinet Handbook, advice to support a decision with significant impacts on the state budget should have included an analysis of viable options, risks, and costs to support an informed decision.

Recommendations were not always clear

- 3.21 As a result of Treasury not considering or presenting various options and their risks and benefits, we found that the basis of the recommended option Treasury provided the Treasurer was, at times, unclear.
- 3.22 We also found that Treasury did not always outline the impacts or risks associated with:
- not proceeding with the recommended action
 - not taking any action at all.
- 3.23 We also found that Treasury's recommendations were sometimes too informal to address the significance of the issue. For example, Treasury provided some recommendations to the Treasurer that certain matters be discussed between them and the businesses directly, but did not adequately monitor whether such recommendations were accepted or implemented.

Advice was sometimes provided too late to minimise negative impacts for the State

- 3.24 We found that Treasury's advice to the Treasurer on emerging and ongoing financial issues within government businesses was sometimes provided too late to enable timely corrective action.
- 3.25 Timely actions or interventions made in response to emerging issues can often mean that issues are resolved before the impact escalates. If appropriate advice about these issues is not provided to the Treasurer early enough, then government business issues and risks may worsen.
- 3.26 We found that Treasury's advice to the Treasurer on emerging issues and risks was sometimes only provided when these issues had materialised and resulted in significant financial impacts. These issues have substantial flow-on effects for the State, with some business requiring equity injections, additional borrowings, or having a reduced ability to return financial dividends to support the State budget.
- 3.27 This meant that Treasury's advice to the Treasurer did not always effectively minimise negative impacts on the State and on the State budget.

Treasury had no rigorous methodology for preparing advice

What is a methodology?

A methodology is a structured approach that guides how work is undertaken, analysed, documented, reviewed and approved to achieve a quality objective.

Methodologies improve consistency, rigour, and transparency in how work is undertaken and conclusions are reached.

- 3.28 Clear methodologies and structured processes support the preparation of accurate, complete, timely, and evidence-based advice. For example, a clear methodology can outline:
- what information should be collected and considered
 - what analytical processes should be used
 - what and how information is presented to support effective outcomes
 - how conclusions are reviewed and approved.
- 3.29 Even when each piece of advice addresses a unique issue and requires a tailored approach, a methodology can still provide an important structure to support analysis and decision-making. Rather than prescribing a uniform process, a methodology helps ensure that key considerations are assessed in a consistent way.
- 3.30 We found that Treasury had no clear methodology that guided how it analysed information from government businesses and provided advice to the Treasurer. As a result, we found that Treasury's analysis of information relating to government businesses was, at times, inconsistent and incomplete.
- 3.31 Specifically, we found that Treasury did not have consistent processes and procedures in place to get information on government business major projects from relevant government agencies and portfolio departments. This meant that Treasury did not consistently consider major projects, or key operational issues, within its monitoring of government business performance and risks. While some information sharing arrangements were in place between Treasury staff and officers in other departments, this was somewhat ad-hoc and inconsistent.

Treasury's advice did not sufficiently draw the reader's attention to critical information

- 3.32 While some of Treasury's performance monitoring packages provided to the Treasurer included relevant information from other government agencies, many did not. At times, information that would have provided much-needed context for understanding a businesses' performance and risks was not included or considered within Treasury's analysis or advice.
- 3.33 We found Treasury had implemented standard reporting templates which made the presentation of their analysis consistent. While this template served as a guide to how analysis was presented, we found that it was not sufficient to provide adequate direction and structure for rigorous analysis. The templates included a large volume of information and did not always assist understanding the relative importance of the contents in a way that would support effective decision making.
- 3.34 In addition, we noted some instances where the type of work Treasury undertook in relation to government businesses was unplanned or unique. On these occasions, we found that Treasury had existing guidelines or assessment frameworks that may have provided some structure to its analysis and its identification of key issues. However, we found that these existing frameworks or guidelines were not used.

Appendix A – Independent assurance report

This independent assurance report is addressed to the President of the Legislative Council and the Speaker of the House of Assembly. It relates to a performance audit on Treasury's oversight of government businesses.

Audit objective

The objective of the audit was to assess the effectiveness of Treasury's role in supporting, maintaining, and administering the corporate governance framework for government businesses.

Audit scope

This audit was a Limited Assurance Review. We assessed:

- over 250 documents covering Treasury's advice and analysis provided to the Treasurer relating to government businesses from 2023-24 until the time of writing, in addition to considering how such advice was prepared
- the Corporate Governance Framework and associated reforms to legislation since the beginning of 2024.

We also surveyed some government businesses about Treasury's role and the corporate governance framework.

We did not consider advice provided to portfolio agencies or portfolio ministers from Treasury, nor did we assess the advice Treasury received from other shareholding ministers or portfolio agencies.

TasWater

TasWater was initially included within the scope of this audit. Since 2019 and following equity injections totalling \$200 million, the State Government has had a 10% share in TasWater. While it is effectively a Government entity, it is not subject to the corporate governance framework and the usual processes Treasury apply to wholly owned government businesses.

Consequently, we did not examine the oversight or governance of TasWater within this report.

Audit approach

The audit was conducted in accordance with the Australian Standard Assurance Engagements ASAE 3500 *Performance Engagements* issued by the Australian Auditing and Assurance Standards Board, for the purpose of expressing a limited assurance opinion.

This audit evaluated the following criteria:

Criteria 1: Does Treasury support the Government to maintain a corporate governance framework that aligns with contemporary practice and is fit for purpose?

- 1.1. Does Treasury ensure the corporate governance framework aligns with contemporary practice?
- 1.2. Does Treasury ensure the corporate governance framework is fit for purpose?

Criteria 2: Does Treasury give the Treasurer the information needed to make informed decisions as Shareholding Minister for government businesses?

- 2.1. Does Treasury provide appropriate support to government businesses to implement the corporate governance framework?
- 2.2. Does Treasury appropriately advise the Treasurer to undertake their role as a Shareholding Minister in respect to government business strategy and planning?
- 2.3. Does Treasury appropriately advise the Treasurer to undertake their role as a Shareholding Minister in respect to government business performance?

Audit conclusion

We concluded that:

- the corporate governance framework was not fit for purpose because it did not have effective monitoring and reporting of compliance
- Treasury did not always support the Treasurer through the provision of advice adequate to support informed decision making.

Responsibility of management

Treasury's responsibility is to support the Treasurer in their role as Shareholding Minister of government businesses. Treasury also have responsibilities under the *State Service Act 2000*, *Financial Management Act 2016*, and *Charter of Budget Responsibility Act 2007*.

Responsibility of the Auditor-General

My responsibility was to express a limited assurance conclusion on Treasury's oversight of government businesses.

Independence and quality control

I have complied with independence and relevant ethical requirements. These requirements are founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Audit Tasmania applies Australian Standard *ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*. This Standard requires Audit Tasmania to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

A handwritten signature in black ink, appearing to read 'Martin Thompson', with a stylized flourish at the end.

Martin Thompson
Auditor-General

27 October 2026

Appendix B – Transmittal letter



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27 October 2026

President, Legislative Council
Speaker, House of Assembly
Parliament House
HOBART TAS 7000

Dear President, Speaker

Report of the Auditor-General No. 2 of 2026-27: Treasury's oversight of government businesses

This report has been prepared consequent to examinations conducted under section 23 of the *Audit Act 2008*. The objective of the audit was to assess the effectiveness of Treasury's role in supporting, maintaining, and administering the corporate governance framework for government businesses.

Yours sincerely



Martin Thompson
Auditor-General

Appendix C – Submissions and comments received

In accordance with section 30(2) of the *Audit Act 2008*, this report was provided to the relevant Minister, Entity Heads of the audited entities with a request for submissions or comments.

Submissions and comments that we receive are not subject to the audit nor the evidentiary standards required in reaching an audit conclusion. Responsibility for the accuracy, fairness and balance of these comments rests solely with those who provided the response.

Department of Treasury and Finance

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Doc reference: 26/237465

Mr Martin Thompson
Auditor-General
Level 2, 144 Macquarie Street
Hobart TAS 7000

Dear Mr Thompson

Proposed report – Treasury's oversight of Government businesses

Thank you for your letter of 6 October 2026 on the Tasmanian Audit Office's proposed report *Treasury's oversight of Government businesses*. The Department of Treasury and Finance appreciates the opportunity to comment on this report and acknowledges that opportunities exist to further strengthen aspects of the governance framework and enhance the advice provided to support the Treasurer's responsibilities as a Shareholding Minister.

Treasury notes the audit conclusion that the governance framework does not currently provide effective monitoring and reporting of compliance. As the report observes, responsibility for compliance with the framework principally rests with Government business boards, and instances of non-compliance have occurred across parts of the portfolio. Treasury acknowledges that there is merit in considering additional measures to promote stronger compliance, improve transparency and support more effective oversight of the framework.

Treasury also notes that the Government's governance reform program has already identified opportunities to strengthen oversight arrangements and expand the range of mechanisms available to Shareholding Ministers to respond to emerging performance and governance issues. The proposed Government Business Governance Reforms Bill 2026 includes additional intervention and assurance mechanisms, including the ability for Shareholding Ministers to commission independent reviews of Government businesses. If enacted, these reforms would provide enhanced tools to support oversight and accountability.

Treasury accepts the report's recommendations and, following Parliament's consideration of the proposed reforms, will provide advice to the Treasurer on further opportunities to strengthen compliance, disclosure, public transparency and the overall effectiveness of the governance framework. Treasury remains committed to continuous improvement in its oversight and advisory role and to supporting strong governance outcomes across Tasmania's government business sector.

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Should you have any queries or require any further information regarding this matter,
please contact [REDACTED]

Yours sincerely

[REDACTED]

Gary Swain
Secretary

16 October 2026

Encl. Treasury – action plan to address recommendations

Appendix D – Our role, audit mandate and standards applied

Our role

The Auditor-General and Tasmanian Audit Office (Audit Tasmania) are established under the *Audit Act 2008* and *State Service Act 2000*, respectively. Our role is to provide assurance to Parliament and the Tasmanian community about the performance of public sector entities. We achieve this by auditing financial statements of public sector entities and by conducting audits, examinations and investigations on:

- how effective, efficient, and economical public sector entity activities, programs and services are
- how public sector entities manage resources
- how public sector entities can improve their management practices and systems
- whether public sector entities comply with legislation and other requirements.

Through our audit work, we make recommendations that promote accountability and transparency in government and improve public sector entity performance.

We publish our audit findings in reports, which are tabled in Parliament and made publicly available online. To view our past audit reports, visit our page on our website.

Mandate

Section 23 of the *Audit Act 2008* states that:

- (1) The Auditor-General may at any time carry out an examination or investigation for 1 or more of the following purposes:
 - (a) examining the accounting and financial management information systems of the Treasurer, a State entity or a subsidiary of a State entity to determine their effectiveness in achieving or monitoring program results;
 - (b) investigating any matter relating to the accounts of the Treasurer, a State entity or a subsidiary of a State entity;
 - (c) investigating any matter relating to public money or other money, or to public property or other property;
 - (d) examining the compliance of a State entity or a subsidiary of a State entity with written laws or its own internal policies;
 - (e) examining the efficiency, effectiveness and economy of a State entity, a number of State entities, a part of a State entity or a subsidiary of a State entity;

- (f) examining the efficiency, effectiveness and economy with which a related entity of a State entity performs functions –
 - (i) on behalf of the State entity; or
 - (ii) in partnership or jointly with the State entity; or
 - (iii) as the delegate or agent of the State entity;
 - (g) examining the performance and exercise of the Employer’s functions and powers under the *State Service Act 2000*.
- (2) Any examination or investigation carried out by the Auditor-General under subsection (1) is to be carried out in accordance with the powers of this Act.

Standards applied

Section 31 specifies that:

‘The Auditor-General is to perform the audits required by this or any other Act in such a manner as the Auditor-General thinks fit having regard to –

- (a) the character and effectiveness of the internal control and internal audit of the relevant State entity or audited subsidiary of a State entity; and
- (b) the Australian Auditing and Assurance Standards.’

The auditing standards referred to are Australian Auditing Standards as issued by the Australian Auditing and Assurance Standards Board.

Appendix E – Shareholding ministers and portfolio agencies for each government business

Table 6: Government business legislation, shareholding minister(s), and portfolio agencies

Business	Act	Shareholding minister(s)	Departments
TASCORP	<i>Tasmanian Public Finance Corporation Act 1985</i>	Treasurer	Treasury
Aurora Energy	<i>Electricity Companies Act 1997</i>	Treasurer	Treasury
TasNetworks		Energy and Renewables	Building Tasmania
Hydro Tasmania	<i>Hydro-Electric Corporation Act 1995</i>		
Metro Tasmania	<i>Metro Tasmania Act 1997</i>	Treasurer	
TT-Line	<i>TT-Line Arrangements Act 1993</i>	Infrastructure and Transport	
TasRail	<i>Rail Company Act 2009</i>		
TasPorts	<i>Tasmanian Ports Corporation Act 2005</i>		
Motor Accidents Insurance Board	<i>Motor Accidents (Liabilities and Compensation) Act 1973</i>		
Sustainable Timber Tasmania	<i>Forest Management Act 2013</i>	Treasurer Business, Industry and Resources	

Business	Act	Shareholding minister(s)	Departments
Tasmanian Irrigation	<i>Irrigation Company Act 2011</i>	Treasurer Primary Industries and Water	Treasury Department of Natural Resources and Environment Tasmania
TasRacing	<i>Racing (Tasracing Pty Ltd) Act 2009</i>	Treasurer Racing	
Port Arthur Historic Site Management Authority	<i>Port Arthur Historic Site Management Authority Act 1987</i>	Treasurer Parks and Heritage	
Public Trustee	<i>Public Trustee Act 1930</i>	Treasurer Attorney-General	Treasury Department of Justice

Acronyms, abbreviations and key terms

annual report	a report on a government business' financial and operational performance for a financial year. All annual reports are tabled in Parliament and are made public.
ASX	Australian Securities Exchange
ASX Continuous Disclosure	ASX Listing Rule requirements that oblige listed entities to immediately disclose information that a reasonable person would expect to have a material effect on the price or value of their securities
ASX Principles	ASX Corporate Governance Council's <i>Corporate Governance Principles and Recommendations</i> (4th edition)
Audit Act	<i>Audit Act 2008</i>
board	a board of directors is a group of individuals chosen to provide overall guidance and governance for a government business. Rather than focus on day-to-day tasks, boards focus on broad strategic, risk and financial management.
compliance system	the policies, processes, controls and monitoring activities used to ensure compliance with legal, regulatory and other obligations.
GBE	Government Business Enterprise (1 of 2 types of government business)
governance	the system of rules, practices, and processes by which a government business is directed, controlled, and held accountable.
half-year report	a report on a government business's financial and operational performance for the first 6 months of a financial year. Starting at the beginning of 2026, all government businesses must prepare and publish a half-year report on its website.
'If not, why not' approach	ASX-listed companies in Australia must adopt the ASX Principles on an 'if not, why not' basis meaning they can choose not to adopt specific principles, but must explain why.
MAIB	Motor Accidents Insurance Board
Members' Statement of Expectations	a Members' Statement of Expectations is a key governance document for State-owned Companies (SOCs). It is issued by shareholding ministers and describes their broad policy and specific expectations of the business.
methodology	a structured approach that guides how work is undertaken, analysed, documented, reviewed and approved to achieve a quality objective
Ministerial Charter	a key governance document for Government Business Enterprises (GBEs). It is issued by shareholding ministers and describes their broad policy and specific expectations of the business.

Ministerial Direction	a formal written instruction jointly issued by the Treasurer and portfolio minister under legislation that directs government businesses to take, or refrain from taking, a particular action.
oversight	the act of supervising and reviewing government businesses to ensure they are meeting their objectives and expectations.
Portfolio Act	a piece of legislation that establishes or enables a government business. This legislation outlines its functions, powers, responsibilities and governance arrangements.
portfolio agency	a government department with responsibility for a particular Portfolio Act. These agencies support shareholding ministers by providing them with advice.
portfolio minister	the minister with primary responsibility for a government business under its Portfolio Act and who represents the State's ownership interests in that business.
SCI	Statement of Corporate Intent
shareholding minister	a minister who exercises the State's ownership rights in relation to a government business. Shareholding ministers can be the Treasurer, the Portfolio Minister, or both.
SOC	State-owned Company (1 of 2 types of government business)
TASCORP	Tasmanian Public Finance Corporation
the Framework	the Corporate Governance Framework for Tasmanian Government Businesses
Treasurer's Instruction	Directions issued by the Treasurer that prescribe financial management, governance, reporting and accountability requirements for government businesses. For example, Treasurer's Instructions outline what a government business should include in its annual report and what accounting standards it should adopt when preparing its financial statements.
Treasury	the Tasmanian Department of Treasury and Finance

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