

TREASURER'S INSTRUCTION
GOVERNMENT BUSINESS ENTERPRISES ACT 1995

GBE 06-41-01

STATEMENT OF CORPORATE INTENT

BACKGROUND

Section 39 of the *Government Business Enterprises Act 1995* (GBE Act) requires that the corporate plan of a GBE and its subsidiaries is to include a statement of corporate intent (SCI). Under section 55 of the GBE Act, the SCI which relates to the corporate plan that takes effect for the next financial year is required to be included in the annual report of a GBE.

Section 41 of the GBE Act provides that the SCI is a summary of the corporate plan. The SCI must not disclose any information which the Portfolio Minister considers may, if disclosed:

- disadvantage or cause injury to the GBE or any subsidiary, directly or indirectly;
or
- enable another person, directly or indirectly, to gain an advantage.

The SCI is to be in a form and contain the information specified in the Treasurer's Instructions.

The savings and transitional provisions contained in Schedule 9 to the GBE Act require GBEs to prepare a SCI in respect of the corporate plan for the 1995-96 financial year and include that statement in its annual report relating to 1994-95. The strategic plan prepared under the *State Authorities Financial Management Act 1990* in respect of the 1995-96 financial year is taken to be the corporate plan upon which the SCI is to be based.

The SCI provides a clear link between the corporate plan and the annual report of a GBE and forms part of the accountability framework for GBEs.

The objective in preparing the statement of corporate intent is that the reader should be able to gain, "at a glance", an appreciation of the core business, general business direction, key outcomes expected and the performance targets of the GBE.

DEFINITIONS

"Corporate plan" means the corporate plan approved under section 39 of the GBE Act.

"Annual report" means an annual report prepared under section 55 of the GBE Act.

TREASURER'S INSTRUCTION

Statements of corporate intent prepared by GBEs for inclusion in the corporate plan and annual report are to contain the information presented in the attached model SCI.

The suggested formats contained in the model are not prescriptive. That is, the suggested formats are not meant to affect the presentation of information in the corporate plan and annual report. However, the presentation of information in the corporate plan and the annual report should be consistent and comparable.

TREASURER'S INSTRUCTION
MODEL STATEMENT OF CORPORATE INTENT

PREAMBLE

This part should state that the Statement of Corporate Intent (SCI) has been prepared pursuant to section 41 of the *Government Business Enterprises Act 1995*.

PART 1 BUSINESS DEFINITION

This part should outline;

- the core business of the GBE, including the main undertakings;
- key limitations on the operations of the GBE, including the market in which the GBE operates and Government requirements on the GBE which a private sector business would not face. (For example compliance with a GBE's Loan Council allocation); and
- any community service obligations required to be delivered.

PART 2 STRATEGIC DIRECTIONS

This part should outline for the forecast period:

- the business directions for the GBE;
- the major goals;
- expected outcomes; and
- the key factors affecting the operating environment of the GBE.

The suggested format, which sets out the major goals to be pursued over the three year period of the corporate plan as well as the expected outcomes, is as follows.

| MAJOR GOALS AND EXPECTED OUTCOMES 199X-XX to 199X-XX | |
|---|--|
| MAJOR GOALS | EXPECTED OUTCOMES |
| <ul style="list-style-type: none"> • • • • • • • | <p><i>(Indicative time frames for achievement of outcomes should be included where appropriate.)</i></p> |

PART 3 BUSINESS PERFORMANCE TARGETS

This part is to provide a public commitment to performance in relation to key areas of the business without compromising commercially sensitive information.

- Capital Structure

The target capital structure (debt/equity ratio) over the three year period should be shown.

| Capital Structure | 199x-xx | 199x-xx | 199x-xx |
|--------------------------|---------|---------|---------|
| Debt/Equity Ratio (%) | | | |

- Key performance indicators

The suggested format for presentation of performance indicators is set out below. The measures shown are illustrative only, with actual measures depending on the GBE.

Although the tabular presentation is favoured, this form of presentation is not mandatory.

| Financial (eg) | 199x-xx | 199x-xx | 199x-xx |
|------------------------|---------|---------|---------|
| Profit after tax (\$m) | | | |
| Return on equity (%) | | | |
| Return on assets (%) | | | |

| Service Delivery (eg) | 199x-xx | 199x-xx | 199x-xx |
|----------------------------------|---------|---------|---------|
| Customers per employee | | | |
| Plant availability | | | |
| Response times to service faults | | | |

- Distribution Policy and Targets

Under this section, summarise:

- the distributions which will be made to the Government (*income tax and sales tax equivalents, dividends, guarantee fees*);
- the dividend policy, including interim dividends;
- the minimum percentage dividend which will be returned to the State; and
- any foreseeable factors which affect the GBE's ability to pay a dividend.

PART 4 OTHER BUSINESS ISSUES

This part should outline, in summary form, any other major issues, including significant changes, in relation to such areas as:

- pricing issues;
- employee relations; and
- subsidiaries.