
Guidelines for Tasmanian Government Businesses

Corporate Planning

January 2026 | Version 3

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Introduction

The purpose of this Guideline is to outline the expectations of the Shareholding Ministers with respect to the content, development and approval of Corporate Plans and Statements of Corporate Intent.

Background

Government businesses are expected to act in the best long-term interests of its owners, the Tasmanian community, with the Shareholding Ministers being responsible for monitoring and assessing the performance of each Government business as the elected representatives of the owners.

The annual corporate planning cycle provides an opportunity for the board of a Government business and the Shareholding Ministers to assess the strategic direction and performance of a Government business. The result of this process will be the Corporate Plan and Statement of Corporate Intent with an agreement between the Shareholding Ministers and the business on the performance targets to be reported against in the half-year progress report and the annual report.

Application

This Guideline applies to all Government Business Enterprises (GBEs) and State-owned Companies (SOCs).

Compliance

The board of a Government business must ensure that it has the appropriate policies, procedures and systems in place to meet all the corporate planning obligations detailed in this Guideline.

Key Dates

Corporate Planning Cycle

By 30 November*	Shareholding Ministers provide Government businesses with expectations and strategic priorities for the direction of the business via Corporate Plan development letter.
By 31 March, unless an alternative submission date has been agreed	Government businesses submit a board-approved draft Corporate Plan and a draft Statement of Corporate Intent to Shareholding Ministers.
April/May	Consideration of the draft Corporate Plan and Statement of Corporate Intent, including discussion with Government businesses.
By 30 June	Shareholding Ministers provide a response to the board on the draft Corporate Plan and Statement of Corporate Intent.
By 31 August	The Statement of Corporate Intent is finalised. Government businesses must submit the board approved final Statement of Corporate Intent with sufficient time for Shareholding Ministers to approve and sign the final Statement of Corporate Intent by 31 August.
Within seven days of approval of the Statement of Corporate Intent by the Shareholding Ministers	The final Statement of Corporate Intent is published on the website of the Government business.

Corporate Plan

The Corporate Plan is a forward-looking document that:

- details the strategic direction for the business;
- describes the objectives, business and operating environment over the planning period;
- presents the performance goals of the business;
- sets targets for performance measures against which actual performance can be reported and compared;
- discusses major strategic initiatives, including significant new investments, capital programs, changes in capital structure or any restructure proposals in response to changes in the business environment; and
- identifies and considers management of risks associated with its business, operating environment and achievement of its strategic direction.

By late November, the Shareholding Ministers will write to each Government business outlining their broad expectations and strategic priorities for the direction of the business for the upcoming planning period. Government businesses must consider these as inputs into the development of the upcoming Corporate Plan.

Government businesses are to prepare and submit their draft Corporate Plan for the forthcoming financial year to the Shareholding Ministers for their consideration no later than 31 March each year, unless an alternative submission date has been agreed.

If a Government business has subsidiaries, the business must include details of each subsidiaries' activities, strategic direction, financials and performance targets in the Corporate Plan. Alternatively, the Government business can prepare a separate Corporate Plan for a subsidiary.

The Corporate Plan must cover a period of not less than four financial years commencing on the day it takes effect.

While the format of Corporate Plan is for the board to determine, the following must be included as a minimum:

- vision, mission and objectives of the business;
- strategic directions and initiatives;
- key business drivers;
- definition of the main undertakings of the business and its subsidiaries (this is linked to a legislative requirement for GBEs);
- discussion of the business' operating environment, including:
 - current economic environment and economic forecasts for the period;
 - industry structure, including the competitive position, industry general restrictions and entity or business specific restrictions;
 - regulatory environment;
 - statutory responsibilities of the business;
 - technological environment and the perceived impact on, and requirements of, the business;
 - community and environmental responsibilities and expectations of the business;
 - primary strategic and operational factors which influence the creation of value; and
 - any other issues which the board considers will affect the operating environment of the business;
- planning assumptions underlying the information and financial projections;

- financial and operating risks for the business, and strategies for managing those risks;
- financial and non-financial performance measurers and targets;
- pricing issues which may include price setting and review policies, discounting policies and special contracts;
- details on any community service obligations, non-commercial activities, services or concessions undertaken by the business;
- financial statements (including balance sheet, income statement and cash flow statement), segmented into major business units where appropriate, in respect of:
 - projections for the current financial year;
 - projections for each of the four financial years covered by the plan; and
 - actuals for the year prior to the current financial year.
- sensitivity analysis of key parameters and alternative scenarios;
- proposed dividend arrangement (see *Guidelines for Tasmanian Government Businesses – Dividends*);
- estimates of the dividends, guarantee fees, income tax equivalents and rates equivalents (where applicable) that are likely to be paid, on a cash basis and accrual basis;
- a detailed capital expenditure plan, including the source of funding, on a cash basis;
- details of proposed key projects and issues underlying the capital expenditure plan, including timing, evaluation criteria and the target rates of return;
- a summary of its stakeholder engagement plan, how the views of stakeholders have been incorporated into the corporate plan and how it will measure and publicly report on its performance against its stakeholder engagement plan;
- details of any marketing strategies that will enable the business to achieve its desired performance objectives over the period covered by the Corporate Plan;
- details of the organisational structure, major human resource, wages and employee relations strategies and policies and other major human resource issues;
- a statement outlining how the Corporate Plan is consistent with any relevant State Government policies specifically applying to each business, as advised by the Portfolio Minister and the Treasurer; and
- any other relevant information specifically requested by the Shareholding Ministers or raised by the Shareholding Ministers in the Corporate Plan development letter.

Approval of the Corporate Plan does not in itself provide approval for anything that is included or assumed in the Corporate Plan if there is a requirement for it to be considered by Shareholding Ministers through another specific process, such as major capital investments or funding requests.

Unless agreed otherwise by the Shareholding Ministers, the base case financials included in the Corporate Plan must only include Government funding if it has been specifically approved or included in the Budget or Forward Estimates.

Statement of Corporate Intent

Government businesses are to prepare and submit a draft Statement of Corporate Intent for the forthcoming financial year to the Shareholding Ministers for their consideration no later than 31 March each year, unless an alternative submission date has been agreed. The Statement of Corporate Intent can be provided with the draft Corporate Plan, but it must be prepared as a stand-alone separate document.

If a Government business has subsidiaries, the business must include details of the subsidiaries' activities, strategic direction, financials and performance targets in the Statement of Corporate Intent. Alternatively, the Government business can prepare a separate Statement of Corporate Intent for a subsidiary. Individual targets are not required for a non-trading subsidiary.

The Statement of Corporate Intent must comprise of the following two parts:

- **Part 1 - Strategic Direction**

This section must include:

- an overview of the business and its operating environment and the objectives; and
- a summary of the strategic direction of the business and discussion of how these are aligned with the Government's expectations and in the best long-term interests of its owners, the Tasmanian community.

It is recognised that the focus and format of this section will vary with the nature and strategic objectives of the business.

- **Part 2 - Performance Agreement**

This section must include:

- clear, measurable and consistent financial and non-financial performance measures that are aligned to the Government's expectations set out for the GBE or SOC in its legislation and its Ministerial Charter or Statement of Expectations;
- details of how each performance measure is calculated and measured;
- the annual target for each performance measure for the upcoming financial year (the following three years may be included at the discretion of the business);

- details of, and the reasons for, any changes to the performance measures or how they are calculated compared to the previous Statement of Corporate Intent;
- an indication of the trend in the annual performance target for the upcoming financial year compared to the target included for that performance measure in the previous Statement of Corporate Intent for the previous financial year; and
- the performance agreement using the template in Attachment A.

The Performance Agreement forms the basis of the Shareholding Ministers' assessment of how successfully the business achieves its performance targets for the year and will be the basis for reporting through the quarterly reporting regime, the public half-year progress report and the annual report. It is expected that the performance measures included in the Performance Agreement would be a sub-set of the performance measures that are regularly monitored by the board.

Should a board become aware of any adverse developments that may impact on the achievement of the performance targets, it should advise the Shareholding Ministers, in accordance with the continuous disclosure reporting obligations.

The Statement of Corporate Intent should not disclose any information that the board considers may disadvantage or cause damage to the Government business or its subsidiaries, enable another person to gain an advantage, or be otherwise unlawful or inappropriate to disclose publicly.

The performance targets included in the final Statement of Corporate Intent may be different to those proposed in the draft Statement of Corporate Intent if the changes have been agreed by the Shareholding Ministers.

If the Shareholding Ministers request changes to the Statement of Corporate Intent, including the performance measures or the annual targets proposed in the draft Statement of Corporate Intent, it is expected that the board will comply with the request for amendment and return a revised version to the Shareholding Ministers as soon as practicable.

A draft Statement of Corporate Intent that does not include the performance agreement as set out in Attachment A will be returned for amendment.

Within seven days of approval of the Statement of Corporate Intent by the Shareholding Ministers, a Government business must publish their Statement of Corporate Intent on its website.

Amendments

It is recognised that a range of internal and external factors can impact the activities of a Government business.

The board may submit an amended or substituted Corporate Plan or Statement of Corporate Intent. The amended Corporate Plan or Statement of Corporate Intent takes effect from the day it is approved by the Shareholding Ministers, or a later day specified in the amended or substituted Corporate Plan or Statement of Corporate Intent.

Attachment A

DIRECTORS STATEMENT OF CORPORATE INTENT AND AGREEMENT OF SHAREHOLDING MINISTERS

In signing this Statement of Corporate Intent, the Board of *(name of Government business)* commits to the targets included for the *(202X-2X+1)* financial year.

The Board of *(name of Government business)* agrees to keep the Shareholding Ministers* informed in relation to the achievement of the agreed targets in the quarterly reports and advise Shareholding Ministers* as soon as the Board becomes aware of any circumstances that may materially impact on the achievement of these targets.

The Board of *(name of Government business)* agrees to keep its owners, the Tasmanian community, informed in relation to the achievement of the agreed targets in the half-year progress report and the annual report.

This Statement of Corporate Intent has been agreed between:

(Name of Chair)
Chair
(Name of Government business)
On behalf of the Board

(Name of Treasurer) MP
Treasurer

(Name of Portfolio Minister) MP
Minister for *(Portfolio)**

Date: *(Date of approval)*

Note: * The Tasmanian Public Finance Corporation may update these references if the Treasurer is the Portfolio Minister.