

Guidelines for Tasmanian Government Businesses

Reporting

January 2014

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Reporting Guidelines

Introduction

The purpose of these guidelines is to outline Government Business reporting requirements and the expectations of the Treasurer and Portfolio Minister (the Shareholding Ministers). An effective reporting and monitoring regime for Government Businesses enables Shareholding Ministers, assisted by the Department of Treasury and Finance, to maintain confidence that ownership expectations are being met.

Application

This guideline applies to all Government Business Enterprises (GBEs) and State-owned Companies (SoCs). It is intended as a guide to assist Government Businesses to meet reporting obligations and to clarify the Shareholding Ministers' reporting expectations.

The Reporting and Monitoring Framework

The Government is the 100 per cent Shareholder/owner of each Government Business, on behalf of the Tasmanian community. The Shareholding Ministers act as the owners' representatives and are accountable to the owners. The Government is expected to manage its investments in the best interests of the Tasmanian community, with the Shareholding Ministers responsible for monitoring and assessing the financial performance of each Government Business.

The independent "shareholder" performance monitoring of Government Businesses is an integral part of the governance framework. Treasury's role is to provide the Shareholding Ministers with advice on the Government's portfolio of businesses.

All Government Businesses are accountable to the Shareholding Ministers and are under an obligation to provide regular reports. Similar to the expectations of shareholders of a publicly listed corporation, the Government expects the Board of a Government Business to keep its owners informed.

The reporting and monitoring framework is based on timely reporting on a quarterly basis to the Shareholding Ministers through Treasury, with formal reports prepared on a half-year and annual basis. Treasury will meet with each business at least once a quarter to discuss performance.

Key Dates

Quarterly Reports	
As soon as practicable after the end of the quarter but in any event no later than 28 days after the end of the September and March quarters or no later than 45 days for the June quarter	Government Businesses submit quarterly performance reports to the Department of Treasury and Finance for the quarters of September, March and June. Treasury prepares a summary report to the Treasurer for each business. Quarterly reports are not made public.
Half-Year Reports	
By 28 February	Government Businesses submit a half-year report to Shareholding Ministers and the Department of Treasury and Finance. The half-year report incorporates the December quarter performance reporting requirements.
Annual Report	
By 31 October	Government Businesses provide annual reports to Shareholding Ministers and the responsible Minister tables the annual report in Parliament. The annual report is to be made publicly available once tabled.
Annual General Meeting	
By 30 November	Each State-owned Company is to hold an annual general meeting.

Quarterly Reporting

Quarterly reporting is a formal requirement under section 57 of the *Government Business Enterprises Act 1995*. However, the Board of any business has the responsibility to keep its owners informed. For a Government Business the responsibility is to keep the Shareholding Ministers, as the owners' representatives, informed. Therefore, the quarterly reporting regime applies to all Government Businesses.

The information is provided to Treasury on a commercial-in-confidence basis. Based on this quarterly performance information, Treasury provides a quarterly brief to the Treasurer and Portfolio Minister. The quarterly performance reports should be seen as a way of communicating financial and non-financial information to the Shareholding Ministers.

Some of the information requested for the quarterly reporting overlaps with the annual and half-year reporting. For a quarter ending 31 December, a Government Business is to meet its quarterly reporting obligations by including the required quarterly information in the half-year report prepared for the period ending on the same date (ie. only one report will be required for the period ending 31 December in each year). Due to the more formal nature of the half-year and annual report, additional time is provided for its preparation. As a result, a quarterly report is still required to be prepared for the June quarter separate of the annual report.

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Quarterly Reporting

- (a) Each Government Business is to provide a report on its quarterly performance to Treasury as soon as practical but in any event no later than 28 days after the end of the quarter for the September and March quarters, and no later than 45 days for the June quarter, or as otherwise agreed.
- (b) Each Government Business is to meet its quarterly reporting obligations for the December quarter by including the required quarterly information in its half-year report. The report, meeting both the December quarter and half-year reporting obligations, is to be provided to the Shareholding Ministers and Treasury by no later than 28 February of the following calendar year. Refer to the next section of this document for information regarding the half-year report.
- (c) While the format of this performance report is flexible and can be based on internal management reports to the Board, the following should be included as a minimum:
 - financial statements (including statements of financial position, comprehensive income and cash flows) for the quarter and year to date;
 - results against key performance targets identified in the Statement of Corporate Intent for the quarter and year to date;
 - brief commentary on performance and explanations of material variances from budget;
 - revisions to the likely year end forecast financial results and explanation of material variances;
 - current estimates for financial returns to Government and explanations of any material variances from the Corporate Plan; and
 - capital expenditure for the quarter and explanations of material variances from budget.
- (d) For a business with subsidiaries or separate operational segments the performance of these should be reported separately, or as otherwise agreed.
- (e) Treasury will meet with each Government Business, on at least a quarterly basis, to discuss its performance and any other emerging issues.

Half-Year Report

The half-year report is a formal mechanism for reporting performance to the Shareholding Ministers for the six month period ending 31 December each year. This is similar to the requirement for a public listed company. It should include commentary from the Board with a focus on how the business is tracking towards meeting its Corporate Plan objectives and the Statement of Corporate Intent performance targets. There is no requirement for the financial statements to be audited.

Each Government Business is to meet its quarterly reporting obligations (as specified under the previous section) for the December quarter by including the required information in the half-year report.

In the interests of transparency and accountability, each Government Business should consider making a half-year report public, although any commercially sensitive information should not be released.

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Half-Year Report

- (a) Each Government Business is to provide its half-year report to the Shareholding Ministers and Treasury as soon as practical but in any event no later than 28 February of the following calendar year.
- (b) In order to meet the December quarter and half-year reporting obligations, the following should be included as a minimum:
 - financial statements (including statements of financial position, comprehensive income and cash flows) for the quarter, year to date and prior year to date;
 - results against key performance targets identified in the Statement of Corporate Intent for the quarter and year to date;
 - commentary by the Board on the performance, operating environment and major outcomes for the half-year and explanations of material variances from budget; and
 - revisions to the likely year end forecast financial results and explanations of material variances.
 - current estimates for financial returns to Government and explanations of any material variances from the Corporate Plan; and
 - capital expenditure for the quarter and year to date, and explanations of material variances from budget.
- (c) Government Businesses should consider releasing all or parts of their half-year report publicly.

Annual Report

All Government Businesses are required to produce an annual report. This must be in accordance with the *Corporations Act 2001* for State-owned Companies (SoCs) and in accordance with the *Government Business Enterprises Act 1995* for Government Business Enterprises (GBEs).

Additionally all Government Business annual reports are required to be tabled in Parliament.

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Annual Report

- (a) Government Businesses are to provide the Shareholding Ministers with their annual report in sufficient time to ensure it can be tabled in Parliament no later than 31 October each year.
- (b) The annual report must be prepared in accordance Treasurer's Instruction GBE 08-55-05 *Annual Report and Statement of Compliance*.
- (c) SoC Boards should implement formal sign-off procedures for the financial statements by the Chief Executive Officer and Chief Financial Officer prior to approval by the Board.
- (d) A Government Business is to make its annual report publicly available at the time it is tabled in Parliament.

Annual General Meeting

The Annual General Meeting of Members provides a formal mechanism for a State-owned Company (SoC) to appoint the Directors and the Chairperson and consider the dividend recommendation and financial results of the business for the year.

There is no requirement for a Government Business Enterprise to hold an Annual General Meeting.

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Annual General Meeting

- (a) Each SoC is to hold an annual general meeting no later than 30 November each year, unless an extension is approved by the Shareholding Ministers.

Continuous Disclosure

Similar to the formal continuous disclosure requirements of a public listed corporation, the expectation is that the Board of a Government Business is to keep its owners, represented by the Shareholding Ministers, informed on any material matters in relation to strategic business operations, achievement of performance targets, major policy issues and major customer and environmental issues.

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Continuous Disclosure

- (a) Government Businesses are to immediately advise the Shareholding Ministers in writing of any information that a reasonable person would expect may have a material effect on the value of the Government Business, or its subsidiaries. This may include information that:
- may significantly affect the achievement of financial targets or key performance objectives in the corporate plan and statement of corporate intent;
 - may have a material impact on financial returns to Government in the context of the operating environment of the business;
 - may influence decisions by the Shareholding Ministers; or
 - relates to an issue, financial or otherwise, upon which the Government may be required to comment.

A copy of the advice should also be provided to Treasury by the business.

Additional Reporting

Some Government Businesses have additional reporting requirements arising from legislation, specific requests from Shareholding Ministers or as a condition of approval. These additional reporting requirements need to be considered and met as requested.

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Additional Reporting

- (a) A Government Business is to meet any additional reporting requirements as requested.

Forecasts for the State Budget

The State Budget consists of financial returns from Government Businesses in the form of dividends, income tax equivalents, guarantee fees and rates equivalents. Following the release of the Budget, Treasury regularly monitors and updates the estimated financial returns to Government for each financial year. This includes formal reporting of revised financial returns to Government estimates in the Mid-Year Financial Report, which is published by no later than 15 February each year.

To assist in the preparation of the Budget each year, Government Businesses are requested to provide estimated returns to Government over the Budget and Forward Estimates period, and statements of financial position, comprehensive income and cash flows. Treasury usually requests this information to be provided by 28 February but will liaise with each business regarding the specific requirements and deadlines each year.

To assist in revising the estimates of financial returns to Government for the Mid-Year Financial Report, Government Businesses are requested to provide estimated returns over the Budget and Forward Estimates period. Treasury usually requests this information in November but will liaise with each business regarding the specific requirements and deadlines each year.

To assist with regular monitoring of financial returns to Government estimates each year, Treasury may request updated advice throughout the financial year.

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Forecasts for State Budget

- (a) When requested by Treasury in preparation of the Budget each year, a Government Businesses is to provide:
 - estimated returns to Government over the Budget and Forward Estimates period;
 - statements of financial position, comprehensive income and cash flows; and
 - any additional information requested by Treasury.
- (b) These forecasts are expected to be consistent with the Corporate Plan forecasts provided to Shareholding Ministers for the respective period.
- (c) When requested by Treasury in preparation of the Mid-year Financial Report each year, a Government Businesses is to provide estimated returns over the Budget and Forward Estimates period plus any additional information requested by Treasury.
- (d) All estimated returns to Government must be provided on both a cash and accrual basis.
- (e) In line with the continuous disclosure reporting requirements a Government Business should inform Treasury immediately if it identifies that there are any material changes to its financial returns to Government estimates.



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