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Policy and Guidelines Paper

**Commercial Policy Framework:
Performance Reporting and Monitoring
Policy for Government Businesses**

Preface

The *Performance Reporting and Monitoring Policy for Government Businesses* (Policy) is a component of the NSW Government's Commercial Policy Framework.

The Commercial Policy Framework's suite of policies aims to replicate within NSW government businesses the disciplines and incentives that lead private sector businesses towards efficient commercial practices and outcomes.

The purpose of the Performance Reporting and Monitoring Policy for Government Businesses is to encourage implementation and maintenance of effective performance reporting practices by government businesses. These practices are vital in ensuring the accountability and continuing strong performance of government businesses.

The Policy replaces the *Reporting and Monitoring Policy for Government Businesses (TPP05-2)*. It updates performance reporting and monitoring practices in line with developments in Government policy and reflects applicable best practice corporate governance standards.

Michael Pratt AM
Secretary
NSW Treasury

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Note

General inquiries concerning this document should be initially directed to your Treasury customer relationship contact or email commercialpolicy@treasury.nsw.gov.au.

This publication can be accessed from the Treasury's website www.treasury.nsw.gov.au.

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Executive Summary

Government businesses are accountable to their owners – the people of NSW as represented by Government Ministers – for their financial and non-financial performance.

This Policy seeks to ensure that the boards and management of government businesses are duly held accountable through a collaborative annual cycle starting with the setting of performance objectives and continuing through periodic reporting and monitoring activities.

This Policy requires government businesses to develop an annual Statement of Intent (SOI) along with a comprehensive Business Plan that are:

- aligned with the requirements and schedules for the NSW State Budget process
- based on agreed financial and non-financial targets developed in consultation between the government business, Treasury and other relevant stakeholders
- endorsed and approved by the Board and/or management of the government business
- accepted by the Government representatives, being Voting Shareholders for State Owned Corporations (SOCs) and both the responsible Minister and Treasurer for other government businesses.

The Policy outlines principles for communications relating to performance reporting and monitoring. It sets specific requirements derived from the relevant legislative frameworks and private sector best practice. The policy also includes advice on reporting in relation to major and capital projects.

Government businesses are required to provide quarterly performance reports to Treasury. Treasury uses these reports to analyse and assess businesses' performance outcomes. SOCs are required by legislation to prepare a half-yearly report for tabling in Parliament.

In addition, under its continuous disclosure obligations, a government business should make timely disclosures to its shareholder (SOCs and companies) or responsible Ministers (other government businesses) and the Treasurer of all material matters that arise between quarterly reporting periods.

A high-level checklist of requirements outlined in this Policy is provided at Appendix 1 and an indicative reporting calendar can be found at Appendix 2. Other Appendices include a practice guide for SOIs and further details on continuous disclosure.

1 Overview of Government Businesses

The Government owns and controls a number of entities that have commercially-focused business operations. Generally, these businesses have been established at some 'arms-length' relationship from government to deliver specific objectives and/or priorities where its activities are commercial in nature. This Policy seeks to ensure that the boards and management of these entities are held accountable for their business performance in an efficient and effective way.

This Policy identifies government businesses as a type of entity that require a separate and distinct commercial reporting and accountability approach from that which applies to other NSW Government entities.

1.1 Application of this policy to government businesses

In general terms, a government business can be defined as an entity that provides market goods and/or services to clients in return for fees that contribute to a significant share of its expenses. In addition, it seeks to adopt the features of a commercial business approach. The government business may participate in a competitive, contestable or regulated market.

Identification of an entity that is a government business references the classification of entities considered material for the whole-of-government reporting purposes¹. These entities are controlled by the NSW Government and are classified into Government Finance Statistics sectors.

Entities automatically recognised as government businesses are:

- all government entities classified as public non-financial corporations (PNFC) and public financial corporations (PFC)
- State Owned Corporations (SOCs), which are a distinct PNFC entity type with supplementary accountability and reporting requirements under the *State Owned Corporations Act 1989* (SOC Act).

Subject to Treasury assessment, a government business for the purposes of this policy can be:

- a government entity within the general government sector which exercise functions and/or delivers services on a commercial basis and recovers a significant share of expenses from the sale of goods and services
- Corporations Act 2001 (Cth) companies where the Treasurer is a shareholder.

For clarity, Treasury will distribute annually a list of the entities that are identified as government businesses and to which this Policy applies.

Further requirements and expectations for government businesses can be found in the Commercial Policy Framework, of which this policy forms a part. Application of these policies depends on the extent of commercialisation of each individual government business. The annual performance reporting cycle provides opportunities to assess and review the application of the commercial principles within these policies.

¹ Refer to NSW Budget Papers Appendix Classification of Agencies.

1.2 Purpose of the policy

The Policy seeks to:

- strengthen accountability for the management and commercial autonomy of government businesses by providing clarity in commercial performance reporting requirements
- enhance the value of government businesses by promoting efficient and effective operation of business activities, as well as sound risk management
- ensure that government businesses provide accurate and timely financial and performance reporting information to Treasury to support government decision-making
- ensure that the Treasurer can discharge his or her responsibilities for financial oversight of entities outside the direct scope of Budget control and funding arrangements
- promote openness, cooperation and collaboration in the sharing of information between government businesses and Treasury.

1.3 Treasury's role

Treasury, as financial advisor to the Treasurer and the Government, has an important role in actively monitoring performance, managing the risks for the State and facilitating information flows for decision making.

In this role Treasury undertakes the following functions:

- provides financial advice to the government and, where necessary, confers with the government business on issues regarding strategy, risk management and performance
- monitors, analyses and assesses the government business' financial performance on a regular and ad-hoc basis
- provides advice and coordinates reports and financial information for the State Budget and financial total state sector reporting
- provides policy advice to government businesses, assisting them with areas of government policy which may affect their operations and financial performance.

In respect of SOCs, Treasury also acts as the representative of the Voting Shareholders and advises them in their capacity as owners.

2 Statement of Intent and Business Plan

The Statement of Intent and Business Plan are the principal instruments used by government businesses to articulate their strategic and operational direction that will deliver the objectives of the business consistent with the expectations of Government and any enabling legislation.

Key policy requirement

Each year the government business is required to have in place both a:

- Statement of Intent (SOI) defined as a:
 - Statement of Corporate Intent (SCI) for SOCs; or
 - Statement of Business Intent (SBI) for other government businesses
- Business Plan which:
 - supplements the SOI; and
 - meets Treasury financial and performance reporting requirements.

2.1 Government ownership role

In its role as owner, the Government as an informed and active owner has an interest in:

- setting expectations and objectives for government businesses in collaboration with boards and management; and
- ensuring that reporting and monitoring practices then track the performance of government businesses.

An important aspect of the SOI is to provide a clear understanding of the Government's expectations in terms of the commercial business objectives and activities of the entity.

A feature of corporatised entities, such as SOCs, is that their objectives have been set in a commercial context and any public policy objectives are transparent. Legislation generally provides the basis for development of the objectives and business activities within the SOI.

Other government businesses may not always have this clear transparency of government expectations for their commercially-focused operations. A government business may seek this clarification from their responsible Minister in the form of a Statement of Expectations. This can then form the basis of the objectives and business activities within the SOI.

Optional: A **Statement of Expectations** can clarify the Government's expectations for the government business's commercial operations.

The statement is developed collaboratively between the entity and its responsible Minister, and in consultation with the Treasurer. It should also provide long-term objectives, covering a period of at least four years.

2.2 Statement of Intent

A Statement of Intent (SOI) is an annual performance agreement between the Government, as owner, and the government business. The SOI outlines objectives and performance targets for key financial and non-financial measures and summarises the business's forward planning and business strategy. It serves as a key mechanism for communicating strategy and goals to Government. It should also incorporate any Cabinet or Expenditure Review Committee (ERC) approvals, considerations and associated business cases outcomes.

The Final SOI and Business Plan should then form the foundation of any discussions during the year between the government business and Government (being either Treasury, Cabinet/ERC and/or their responsible Minister) on financial, non-financial and budgetary performance.

Requirement	Explanation
Government business is to have an agreed Statement of Intent each year.	<p>The SOI:</p> <ul style="list-style-type: none"> ▪ describes objectives, business activities and strategic directions ▪ sets agreed financial and non-financial performance targets (KPIs) ▪ includes financial distribution expectations ▪ covers the SOI year plus either two forward years for SOCs or three forward years for other government businesses ▪ clarifies commercial and non-commercial activities (where relevant) ▪ provides details of any budget-funded operations ▪ summarises the business's capital investment plan ▪ is developed following a collaborative process <p>Appendix 3 provides a practice guide for the SOI.</p> <p>Annual Guidelines will provide more detail on specific content requirement.</p>

SOCs have legislative requirements for the content and timing of their SOI that must be considered when preparing their SOI. Other government businesses may also have legislative requirements that should be referred to when preparing their SOI.

State Owned Corporations Legislative Requirement	Explanation
<p>SOCs are to prepare and submit a statement of corporate intent to the Voting Shareholders².</p> <p>The SOC's SCI is to be tabled in Parliament³.</p>	<p>The SOC Act under section 22 provides content requirements for the statement of corporate intent.</p>

2.3 Agreement to the SOI

The SOI is an agreement between the Government Ministerial representatives, in their role as owners, and the government business. This agreement is to be formalised through signing of the SOI by the appropriate signing parties.

Reference to government business in the SOI process is defined as the accountable authority for the entity being either the governing Board (where applicable) or the Chief Executive Officer (CEO).

Signing parties to the SOI

Signing parties for the Government owner representatives in the SOI acknowledges the entity's governance with:

- SOC signatories being the Voting Shareholders in accordance with the SOC Act.
- other government businesses being allocated to either the Ministerial or Secretary level based on materiality (e.g. risk, financial aspects and/or strategic considerations). This allocation is determined in consultation between the government business and Treasury.
 - Ministerial level being the responsible Minister and Treasurer
 - Secretary level being the responsible Cluster Secretary and Treasury Secretary
- Corporations Act 2001 (Cth) entities the signatories are generally the government business and shareholder (i.e. Treasurer or on behalf of by the Secretary).

2.4 Business Plan

The Business Plan supports the SOI by providing detail on the strategic directions and financial targets and returns over the longer term. It should enable the Government to understand the strategic direction of the business and the financial return it can expect over the forecast period.

It is also the means for the provision of certain Treasury and government related financial policy and reporting requirements.

² SOC Act s 21.

³ SOC Act s 26 (d).

Requirement	Explanation
Government business to prepare a Business Plan that supports the SOI.	<p>The Business Plan should:</p> <ul style="list-style-type: none"> ▪ align in content with, and expand upon, the SOI ▪ demonstrate the value delivered and level of performance of its operations ▪ cover a ten-year forecast period plus previous year actual data and current year estimates ▪ provide a meaningful depiction of the relationship between selected KPIs and the government business's accomplishments ▪ identify any agreed non-commercial activities and associated policy outcomes, including Budget-funded community service obligations ▪ explain the government business's ten-year capital investment plan and give specific details of major projects ▪ describe the extent to which a government business is expected to act commercially and the applicability of the Commercial Policy Framework ▪ be influenced by the circumstances of each individual government business <p>Annual Guidelines will provide more detail on specific content requirement.</p>

Business planning and strategic analysis

The SOI and Business Plan should reflect best practice business-planning and strategic analysis. Each government business's board and/or management should give thought to tools that might add depth and context to the Business Plan.

There are well established strategic and performance management tools that boards and management can use to analyse external conditions, circumstances, and influences that might affect the government business's ability to achieve its objectives. These include, but are not limited to, techniques such as the balanced scorecard, environmental scanning or PESTLE analysis.

3 Statement of Intent and Business Plan process

The SOI process provides an opportunity for the government business and Treasury to collaboratively consider the strategic direction and performance of the government business. A new SOI agreement and supporting Business Plan will be developed as part of this process.

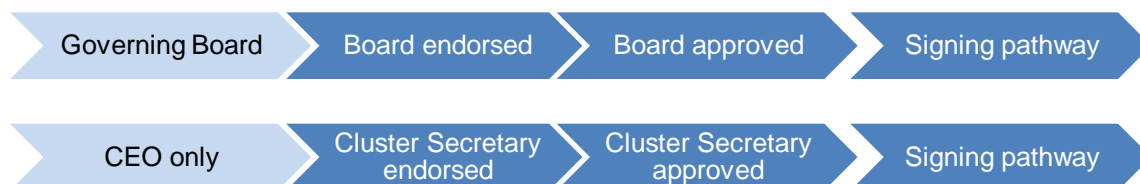
Requirement	Explanation
SOI and Business Plan to be agreed before the start of the financial year.	To align with internal business planning, the SOI and Business Plan development process to be finalised prior to the commencement of the new financial year.
SOI and Business Plan to be developed in collaboration with Treasury.	The process for developing the SOI and Business plan involves collaboration between the board and management of the government business, and Treasury. This process should involve open communication so that any concerns relating to the SOI can be addressed at an early stage to avoid surprises upon SOI finalisation.
Financial projections to align with State Budget	To maintain accurate budget and fiscal estimates and reporting.

3.1 Steps in the development of the SOI and Business Plan

The development of the SOI and Business Plan follows a staged approach. The terms Preliminary, Proposed and Final are used to describe the requirements at different stages in the process.



One of the following development pathways will apply depending on the government business' governance.



The SOI process allows for meaningful consideration by Government of any budgetary, strategic and investment decisions that should be included in the SOI. It ensures the financial forecasts of the government business used for the State Budget reflect the discussion and agreement on the SOI.

* To align with the date of submission of Budget estimates.

3.2 Timing

The timeline for developing and finalising the SOI are as follows. Further details will be available in the Annual Guidelines (which can include adaptations to the indicative timing here).

Steps in development	Timing	Key expectations
Preliminary Business Plan	Mid-March	<ul style="list-style-type: none"> Initial submission of Business Plan that provides the government business's preliminary outlook and financial projections
Review and Consideration	March – April	<ul style="list-style-type: none"> Business Plan review by Treasury and consultation with the government business Treasury advises Treasurer or ERC as appropriate Government business to ensure that any consideration required by responsible Minister and Cluster Secretary occurs during this period
In-principle agreement	May	<ul style="list-style-type: none"> Culmination of review and any associated Government consideration Agreement by Treasury and government business on proposed final outlook.
Proposed SOI and Business Plan	Early May	<ul style="list-style-type: none"> Proposed SOI and Business Plan incorporates updated financial projections for State Budget Submission with Budget estimates data return.
State Budget handed down	June	<ul style="list-style-type: none"> The State Budget will incorporate the final budget outcomes for the government business
Finalise content	During June	<ul style="list-style-type: none"> Government business internal approval to allow completion of final documents
Final SOI and Business Plan	30 June	<ul style="list-style-type: none"> SOI finalised and submitted to the government business' signing parties Copy of SOI provided to Treasury Business Plan finalised and submitted to Treasury
Signing Pathways		
Secretary signed SBI	By 31 August	<ul style="list-style-type: none"> SCI signed by CEO and Chair (if applicable) SCI signed by responsible Cluster Secretary SCI signed by Treasury Secretary
Ministerial signed SBI	By 30 Sept	<ul style="list-style-type: none"> SCI signed by CEO and Chair (if applicable) SCI signed by responsible Minister SCI signed by Treasurer
SOC SCI	By 30 Sept	<ul style="list-style-type: none"> SCI signed by Chair and CEO; submitted to Treasury SCI signed by Voting Shareholders

3.3 Annual Guidelines

Treasury will release supporting Annual Guidelines to assist government businesses in developing their annual SOI and Business Plans.

Requirement	Explanation
Government businesses are to adhere to the Annual Guidelines for the SOI and Business Plan.	These Annual Guidelines will provide: <ul style="list-style-type: none">▪ detailed content requirements▪ key dates▪ the annual SOI agreement process▪ additional guidance where relevant Details of entities recognised as government businesses and so included in the reporting regime will be advised.

4 Performance and KPIs

Setting the appropriate Key Performance Indicators (KPIs) is critical to achieving desired business outcomes. A collaborative approach to selecting performance indicators for the year involves both Treasury and the government business.

4.1 Guidance on selecting appropriate KPIs

KPIs should be:

- relevant for the government business
- useful in demonstrating whether performance is in line with shareholder or responsible Minister expectations
- reflect outcomes the government business can influence
- reflective of other key business metrics, such as safety, cost-of-living impacts and/or compliance requirements.

There should be no more than ten KPIs in total (these can be broken down into subcomponents). Too many KPIs can result in important individual KPIs being ignored. No more than 50% of the KPIs should be financial in nature.

The preliminary SOI provides an opportunity for the government business to propose a range of KPIs for discussion. Treasury will engage with the government business to agree the set of KPIs to be included in the final SOI reflective of shareholder or responsible Minister expectations. Certain businesses will also have performance measures that align with the requirements for outcome budgeting.

4.2 Business Plan to include supplementary KPI detail

As the SOI provides a high-level overview of the KPIs, government businesses are encouraged to include contextual detail on selected KPIs within the Business Plan. The Business Plan also presents an opportunity to include past-year data and long-term forecasts (where applicable) to show movements against targets.

Additional financial and non-financial metrics that the government business considers relevant for monitoring are to be shown in the Business Plan rather than the SOI.

5 Periodic reporting

Government businesses are responsible for regular and timely disclosure of information to Treasury of both financial and non-financial metrics.

Periodic reporting involves Treasury taking an active role to:

- monitor the financial and non-financial performance of the government business
- oversee the government business's commercial activities
- ensure the activities of the government business remain consistent with government expectations and policies
- advise on investment proposals of the business.

Treasury has a responsibility to advise the Government, specifically the Treasurer and Expenditure Review Committee of Cabinet, of the outcome of this performance analysis. This may take the form of regular reporting arrangements or occur on an exception basis.

5.1 Quarterly performance reports

Quarterly performance reporting promotes accountability and transparency of the performance of Government businesses. It provides a regular opportunity for government businesses to explain their performance and achievements to their owners and for Treasury to monitor that performance.

Quarterly performance reports enable Treasury to evaluate the performance of the business and to assess actual results against the targets included in the SOI and Business Plan. These reports allow Government to actively manage its shareholder and ownership interests in the government business.

Requirement	Explanation
<p>Government business is required to provide a quarterly performance report that is aligned with the SOI and submitted to Treasury within one month of the end of each quarter.</p>	<p>A quarterly report should:</p> <ul style="list-style-type: none"> ▪ include a strategic assessment of the government business's performance ▪ be evaluated against the SOI quarterly and yearly targets ▪ present quarterly year to date and forecast full year data and performance measures ▪ include an assessment against both financial and non-financial targets ▪ provide an update on capital investment and any major projects ▪ highlight any significant risks or issues affecting the government business ▪ disclose information that would be considered material by the owners of the government business. <p>Annual Guidelines will provide detail and reporting requirements.</p>

In consultation with Treasury, and with reference to the Annual Guidelines, the government business is to confirm:

- the range of information to be provided, depending on the circumstances of the government business
- any variation to the timing of reporting, if required based on a materiality assessment
- reporting on specific programs, initiatives or projects.

Timing of quarterly performance reporting

The timing of quarterly performance reports follows this indicative timetable:

Quarterly Performance Report	Due Date	Key expectations
Q1 Report	Last business day in October	<ul style="list-style-type: none"> • Update to SOI targets and key financial aggregates flowing from post-budget decisions and previous year end-of-year results.
Q2 Report	Last business day in January	<ul style="list-style-type: none"> • Provides an insight into the board/management's views on the business's performance relative to its SOI targets. • Identifies key factors affecting the business such as industry trends, market developments and economic conditions.
SOC Half-yearly	By 30 January	<ul style="list-style-type: none"> • High level summary against SCI targets. • Tabled in Parliament within 14 sitting days of receipt.
Q3 Report	Last business day in April	<ul style="list-style-type: none"> • Provides useful indications of the business's forecast financial year performance. • Input into reporting of revised current year in the Budget estimates.
Q4 Report	Last business day in July	<ul style="list-style-type: none"> • Contains unaudited results for the full financial year.

Regular engagement

The establishment of regular meetings linked to quarterly performance reporting can facilitate productive engagement. This combined with ongoing dialogue between Treasury and the government business enhances the level of understanding of the monitoring relationship. Treasury and the government business share equal responsibility for this engagement.

5.2 SOC half-yearly reports

The SOC Act requires SOCs to submit a report on operations covering the first six months of the financial year to Voting Shareholders⁴. The half-yearly report is tabled in Parliament and it should not contain any commercial-in-confidence information.

State Owned Corporations Legislative Requirement	Explanation
<p>SOC half-yearly reports must be received within one month after the end of the six-month period⁵.</p> <p>SOC half-yearly reports are to be tabled in Parliament⁶.</p>	<p>In agreement with Treasury, SOCs may be able to lodge one report i.e. a half-yearly report along with a commercial-in-confidence attachment setting out any commercially sensitive information that would have otherwise been included in the Q2 report. This attachment will not be tabled in Parliament.</p> <p>After the Voting Shareholders have signed the half-yearly report, the Treasurer will table the report in Parliament.</p>

5.3 NSW State Budget and sector-wide reporting alignment

The quarterly performance and monitoring reporting regime described in this Policy is distinct from Treasury's Budget process and other sector-wide reporting requirements, including data provided for the Total State Sector Accounts. This information will be provided via PRIME, Treasury's state-wide financial information system.

Requirement	Explanation
Government business is to comply with Treasury requirements to provide financial and other information for the State Budget and Total State Sector Accounts.	This information must be consistent with any other data provided to Treasury.

Financial estimates and forecasts from government businesses are vital inputs for Treasury to prepare the NSW State Budget. As part of the Budget process, Treasury issues Budget communications setting out the schedule for submitting financial information by government businesses. These communications are designed to help government businesses report the financial projections that will be contained in the State Budget in a timely fashion.

⁴ SOC Act s 23.

⁵ SOC Act s 23 (1).

⁶ SOC Act s 26 (1) (h).

5.4 Annual reports

Annual reports are a key vehicle for ensuring the public transparency and accountability of government businesses.

In addition to meeting legislative and Treasury reporting requirements, government businesses are to use these reports to explain their performance to their ultimate owners – the people of NSW.

Treasury issues circulars regarding annual reporting and an annual reporting checklist (available at www.treasury.nsw.gov.au).

Annual reports are the end point in the yearly cycle. Annual reports should incorporate performance reporting against SOI targets. For SOCs this is a legislative requirement⁷.

⁷ SOC Act Section 24A (3).

6 Capital investment and major projects

Reporting on capital investment plans and major project delivery is a vital part of the performance monitoring regime.

Government businesses deliver a range of infrastructure, information and communications technology (ICT) and other major projects across NSW. Projects must be efficiently and effectively delivered. Consistency of notification and reporting throughout the annual performance cycle is vital.

6.1 Capital investment plan in Statements of Intent and Business Plans

The SOI should include a summary of the capital investment plan for the government business.

Requirement	Explanation
Information on capital investment plan and major projects should be included in the Business Plan.	<p>In the Business Plan, the government business should provide details of their overall capital investment program, including:</p> <ul style="list-style-type: none"> • ten year financial projections ▪ an analysis of the proposed program's impact on consumer prices ▪ disaggregation between the status (e.g. works in progress, new and planned projects, and emerging projects) and type of project (e.g. infrastructure, ICT) ▪ specific disclosure on individual projects should also be provided when they are over the total cost threshold set out in the Major Projects Policy.

Agreement with the SOI and Business Plan does not mean that shareholders, responsible Ministers, Treasurer or Cabinet have approved the specific projects included in the capital investment plans set out in these documents. Where individual projects meet the thresholds specified in the Major Projects Policy, separate, additional approvals will be required as outlined in that policy.

6.2 Quarterly capital investment reporting

Under quarterly performance reporting requirements, government businesses are expected to report on the status of their capital investment plans and on major projects with a Tier 1 or Tier 2 risk profile specifically, consistent with the requirements of the Major Projects Policy.

Requirement

Quarterly performance reports to include reporting on capital investment and major projects.

7 Continuous disclosure

Continuous disclosure helps to ensure the board, management, shareholders, relevant Ministers and Treasury have equal and timely access to material information concerning the government business.

Continuous disclosure obligations are separate and supplementary to the other reporting requirements for government businesses. They recognise circumstances where timely action would be jeopardised by waiting for the next quarterly report to be submitted.

A government business must communicate any material information that might affect the business to Treasury and relevant Ministers promptly and without delay.

Requirement	Explanation
A government business should make timely, proactive disclosure of all material matters relating to its commercial performance and/or which might give rise to community concerns.	To support this requirement, a government business should have a written policy for timely disclosure of all material information related to its commercial performance and matters that would affect the NSW Government's reputation or negatively impact its policy objectives.

Appendix 4 provides more guidance on materiality and processes to help government businesses understand the continuous disclosure requirement.

7.1 SOC Voting Shareholders' requests for information

From time to time a SOC may be requested by the Voting Shareholders to supply additional information relating to its affairs in addition to the disclosures made through formal reporting channels⁸. These requests might be made despite the best endeavours of the SOC to make thorough disclosures in their SOIs, Business Plans and periodic reports.

In framing a request of this type, Voting Shareholders will be conscious of the autonomy granted to SOCs under the SOC Act and their enabling legislation. Moreover, as the shareholders' representative, Treasury has adopted a general principle of non-interference and prefers to manage information flows through productive relationships with SOCs rather than invoking legislative powers.

⁸ Section 29 of the SOC Act, other information to be supplied.

Appendix 1: High-level checklist of requirements

Government business type	Requirements	Refer Section
Statements of Intent and Business Plans		
Optional non-SOCs	A Statement of Expectations can clarify the Government's expectations for the government business's commercial operations.	2.1
All	Government business is to have an agreed Statement of Intent each year.	2.2
SOCs	SOCs are to prepare and submit a statement of corporate intent to the Voting Shareholders. The SOC's SCI is to be tabled in Parliament	2.2
All	Government business to prepare a Business Plan that supports the SOI.	2.4
All	SOI and Business Plan to be agreed before the start of the financial year.	3.0
All	SOI and Business Plan to be developed in collaboration with Treasury.	3.0
All	Financial projections to align with State Budget.	3.0
All	Government businesses are to adhere to the Annual Guidelines for the SOI and Business Plan.	3.3
Periodic Reporting		
All	Government business is required to provide a quarterly performance report that is aligned with the SOI and submitted to Treasury within one month of the end of each quarter.	5.1
SOCs	SOC half-yearly reports must be received within one month of the end of the six-month period and are to be tabled in Parliament.	5.2
All	Government business is to comply with Treasury requirements to provide financial and other information for the State Budget and total State sector accounts.	5.4
Capital Investment		
All	Information on capital investment plan and major projects should be included in the Business Plan.	6.1
All	Quarterly performance reports to include reporting on capital investment and major projects.	6.2
Continuous Disclosure		
All	A government business should make timely, proactive disclosure of all material matters relating to its commercial performance and/or which might give rise to community concerns.	7.0

Appendix 2: Indicative reporting calendar

This reporting calendar is provided for indicative purposes only and should not be solely relied on. Government businesses must refer to the Annual Guidelines which provide the detail on key dates in the reporting cycle and modifications as necessary for circumstances arising during the year or in respect of certain government businesses.

Performance Reporting and Monitoring Indicative Reporting Calendar		
January	February	March
 FY Q2 report Due: Last business day  SOC half-yearly report Due: Within one month	 SOC half-year report tabled in Parliament	 Preliminary Business Plan Due: Mid-March  Review and consideration of Business Plan by Treasury & GovBus
April	May	June
 FY Q3 report Due: Last business day  Review and consideration of Business Plan by Treasury & GovBus	 In-principal agreement of between Treasury and GovBus  Proposed SOI and Business Plan Due: Early May	 GovBus internal approval of SOI & Business Plan  Final SOI and Business Plan Due: 30 June
July	August	September
 FY Q4 report Due: Last business day	 Secretaries sign SBIs Due: 31 August	 Ministers sign SBIs SOC signs SCIs Due: 30 September
October	November	December
 FY Q1 report Due: Last business day	 SOC SCI tabled in Parliament	 Treasury issues annual Guidelines for upcoming FY
Key	Explanation	
FY	Current financial year	
Q report	Quarterly report	
GovBus	Individual government business	

Appendix 3: Practice guide – SCI and SBI required content

Section	Statement of Corporate Intent	Statement of Business Intent
Cover page	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Contents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Agreement signing page	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Objectives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Business overview and strategic summary	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Financial summary	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Performance target summary	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Representation and commitment statement (SOCs only)	<input checked="" type="checkbox"/>	
Social programs and non-commercial activities		<input checked="" type="checkbox"/>

Appendix 4: Continuous Disclosure

The following provides guidance on the information that government businesses are to disclose and how this should be undertaken as part of its continuous disclosure obligations.

Materiality

Information is material if it is likely to result in significant deviation from the government business's strategic, financial or non-financial performance outcomes. Materiality might also be evaluated in terms of whether a matter substantively affects (or is likely to substantively affect) the business's ability to create value over the short, medium and long-term.

Apart from internal financial and non-financial issues and variations from projections included in a government business's SOI, material information might reflect significant economic, environmental and social factors.

Such matters might reasonably be expected to influence Treasury and relevant Ministers' views of the government business's outlook and, as a consequence, have the potential to cause relevant Ministers to decide on new courses of action with regard to the government business and/or reverse previous decisions. Examples include, but are not limited to:

- new or revised regulatory determinations
- industrial disputes and/or their resolution
- litigation
- sudden changes in operating costs.

In addition, material information might relate to matters on which relevant Ministers might be expected to comment by the press or the public.

Boards and management of government businesses should be mindful that Ministers are accountable to a wide audience on multiple fronts. In the view of this, boards and management should be:

- familiar with wider government policy issues
- aware of the Government's interests beyond the immediate context of the government business
- cognisant of the potential implications of business-specific issues and events on the Government and its balance sheet
- sensitive to the accountability demands placed on responsible Government Ministers by Parliament and the electorate.

In situations where a government business is uncertain, it should err on the side of caution and make full disclosures promptly and without delay.

Process

Depending on the nature of the disclosure, communications should either be made by telephone or in writing via email. It should be directed to the Customer Relationship Manager within Treasury.

It should be made clear in the government business's notification if the matter:

- is likely to require urgent Ministerial attention
- results from a decision made by the government business's board and/or management
- relates to external events.

If the information has commercially sensitive aspects, they should be clearly labelled 'commercial-in-confidence' to alert Treasury and Ministers.

Continuous disclosure relating to capital projects

Government businesses are required to inform Treasury promptly and without delay if they become aware of any matters that have the potential to cause a material variation in the total cost of a capital project and/or overall total capital expenditure program across the forward estimates. A material variation is usually defined as 10 per cent of the total cost.

Glossary and Acronyms

Term	Meaning
Chair	The governing board's chair.
Governing Board	A board that is responsible for managing the affairs of the entity.
GGS	General government sector entity in accordance with ABS classification.
Responsible Minister	The Minister to whom the entity is responsible and submits its annual report.
Responsible Cluster Secretary	The Secretary of the principal department within the government business' cluster group.
SBI	Statement of Business Intent.
SCI	Statement of Corporate Intent.
SOI	Statement of Intent.
SOC	State Owned Corporation under the <i>State Owned Corporations Act 1989</i> .
PFC	Public financial corporation entity in accordance with ABS classification.
PNFC	Public non financial corporation entity in accordance with ABS classification.
Voting Shareholder	The shareholders of a SOC as defined under the <i>State Owned Corporations Act 1989</i> .