NSW Treasury

NSW Treasury Policy and Guidelines: TPG24-27 Performance Reporting and Monitoring Policy for Government Businesses

TPG24-27

Acknowledgment of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

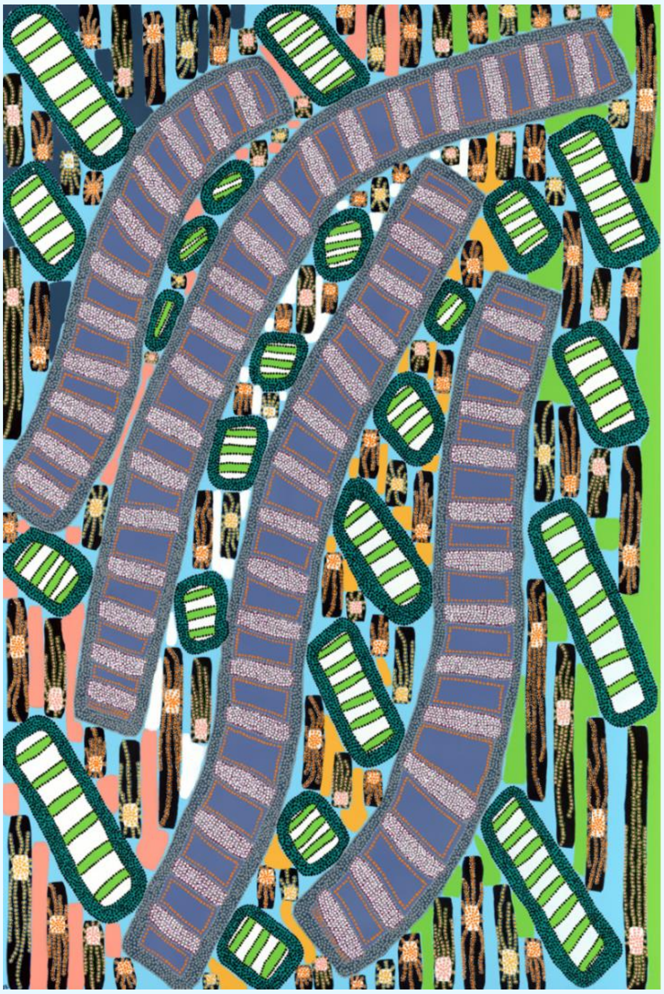
We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork:
Regeneration by Josie Rose



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Key information	
Treasury Policy and Guidelines (TPG) is relevant to?	☐ GSF Agencies ☐ General Government Sector ☒ Public non-financial corporation ☒ Public financial corporation ☒ State Owned Corporations ☒ Other *See Section 1.3 for further guidance on application*
	☐ Executive agencies related to Departments
	☒ Subsidiaries of the NSW Government established under the *Corporations Act 2001*
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Document contains	
☒ MANDATORY POLICY **compliance set out by NSW Treasury.**	
☒ RECOMMENDED POLICY **reflecting best practice standards.**	
☒ GUIDANCE/ADDITIONAL INFORMATION **to provide clarity or explain requirements in detail.**	

Revision history				
Document version number	**Approval Date**	**Author**	**Approver**	**Description**
Version 1.0	August 2024	Commercial Assets	Secretary	The purpose of the updated policy is to encourage implementation and maintenance of effective performance reporting practices by government businesses which are vital for accountability and continuing strong performance.

1 Performance Reporting and Monitoring Policy for Government Businesses

1.1 Purpose

The NSW Government owns and controls a number of public sector entities which are commonly referred to as 'government businesses'. Generally, these businesses have been established with an 'arms-length' relationship from government to deliver activities which are commercial in nature, as well as specific objectives and/or priorities of the Government.

Government businesses are accountable for the performance to their owners, the people of New South Wales, as represented by Government Ministers. The business's management and board (where applicable) are held accountable for the financial and non-financial performance of the business.

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

This policy seeks to:

- ensure that boards and management of government businesses are held accountable for the financial and non-financial performance of the business
- strengthen accountability for the management and commercial autonomy of government businesses by providing clarity on 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 and State financial reporting
- ensure that the Treasurer can discharge their financial oversight responsibilities for entities outside the direct scope of Budget control and funding arrangements
- promote openness, cooperation and collaboration in the sharing of information between government businesses with Treasury, the Treasurer and responsible Ministers.

1.2 Related legal obligations

Government Sector Finance Act 2018

Under the *Government Sector Finance Act 2018* (GSF Act), as GSF Agencies government businesses are subject to the legislated financial management requirements of the government sector. The objects of the GSF Act most relevant to this policy are:

- to promote and support sound financial management, budgeting, performance, financial risk management, transparency and accountability in the government sector and by GSF agencies and government officers[1]

[1] GSF Act, section 1.3 (a)

- to facilitate the keeping and sharing of performance information in the government sector for the purposes of decisions about resource allocation.[2]

The term *accountable authority* used in this policy for a government business has the same meaning as defined in the GSF Act for a GSF agency.

State Owned Corporations Act 1989

The policy supports the operation of, and obligations under, the *State Owned Corporations Act 1989* (SOC Act) for SOCs. The SOC Act includes accountability and reporting obligations which ensure a SOC's board is held accountable to the SOC Voting Shareholders and Parliament. This includes an agreed annual Statement of Corporate Intent (SCI), as well as half yearly and annual reports.[3]

1.3 Entities to which this policy applies

This policy applies to:

- State Owned Corporations (SOCs)
- Public Non-Financial Corporations (PNFCs)
- Public Financial Corporations (PFCs)
- subject to Treasury assessment:
    - a government entity required to prepare a Business Plan under their enabling legislation
    - *Corporations Act 2001* (Cth) companies where the Treasurer is a shareholder
    - certain other specific general government sector entities.

Together, for the purposes of this policy, 'government businesses'.

For clarity, Treasury will distribute a list of the entities to which this policy applies as part of its Annual Guidelines.

1.4 Treasury's role

Treasury, as advisor to the Treasurer and the Government, has an important role in actively monitoring government businesses' performance, managing government businesses' 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 both a regular and an ad-hoc basis
- provides advice and coordinates reports and financial information for the State Budget and 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.

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

[2] GSF Act, section 1.3(f)

[3] SOC Act, Part 3

1.5 Summary of requirements

Mandatory
All government businesses:
1. Government businesses must have in place an annual Statement of Intent (SOI) and a Business Plan. 2. Business Plans must include the government business's capital investment plan and major projects. 3. Government businesses must adhere to the Annual Guidelines released by Treasury when preparing the SOI and Business Plan. 4. Government businesses must consult with Treasury when seeking Ministerial signing of a Statement of Business Intent (SBI). 5. SOIs and Business Plans must include performance targets and Key Performance Indicators (KPIs) and the CEO's KPIs. 6. Government businesses must consider the Government's environmental, social and governance (ESG) and sustainability commitments related to them in their strategic planning process and reflect them in the SOI/Business Plan where relevant. 7. Government businesses must provide a quarterly performance report against the agreed SOI to Treasury within one month of the end of each quarter. 8. Government businesses must refer to the Annual Guidelines for further detail and reporting requirements for the quarterly report. 9. Government businesses must comply with Treasury requirements to provide financial and other information for sector wide reporting, including for the State Budget and Total State Sector Accounts. 10. Government businesses must adhere to the requirements of the Modern Slavery Act 2018 (NSW) and Modern Slavery Act 2018 (Cth) when preparing annual reports. 11. Government businesses must inform their relevant Ministers and Treasury of material matters on a 'no surprises' basis and make appropriate, timely and proactive disclosure of material matters relating to commercial performance, business and financial risk and/or community concerns. 12. Government businesses should have a written policy for timely disclosure of all material information related to its commercial performance and/or matters that would affect the NSW Government's reputation or its policy objectives. 13. Government businesses must embed risk management and compliance processes throughout their business. 14. Government businesses must disclose in their Business Plan whether they have any material exposure to ESG risks and any mitigation plans to manage those risks.

Mandatory
Additional requirements for SOCs:
1. SOCs must respond to a Statement of Expectations (SoE) in their SOI and Business Plan. 2. SOCs must prepare and submit a Statement of Corporate Intent (SCI) to the Voting Shareholders annually. 3. SCIs are to be tabled in Parliament annually. 4. SOCs must submit a half-yearly report to Treasury within one month after the end of the six-month period to be tabled in Parliament. 5. SOC annual reports must identify any actual departure and the reason for each departure from the performance targets (including financial targets) set out in the SCI for the period to which the report relates. 6. SOCs must prepare and publish a modern slavery statement as required by the Modern Slavery Act 2018 (Cth). 7. SOCs must have a Shareholder Engagement Plan (SEP) that outlines how the SOC's management and board will communicate and engage with Treasury (as representatives of the Voting Shareholders). 8. If a SOC does not have a board risk committee, the board must disclose the reason(s) why, and outline the processes the board employs to oversee risks facing the organisation.

2 Government's ownership role

As an informed and active owner, the Government has an interest in:

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

A government business is owned by Government either via Government shareholder(s) defined by legislation (e.g. SOC) or a responsible Minister.

A government business's SOI is to present to the Government a clear understanding of how the business's commercial objectives, strategies, plans and activities align with the Government's expectations.

3 Statement of Intent and Business Plan

Mandatory
All government businesses:
1. Government businesses must have in place an annual Statement of Intent (SOI) and a Business Plan. 2. Business Plans must include the government business's capital investment plan and major projects. 3. Government businesses must adhere to the Annual Guidelines released by Treasury when preparing the SOI and Business Plan. 4. Government businesses must consult with Treasury when seeking Ministerial signing of a Statement of Business Intent (SBI).
Additional requirements for SOCs:
1. SOCs must respond to a Statement of Expectations (SoE) in their SOI and Business Plan. 2. SOCs must prepare and submit a Statement of Corporate Intent (SCI) to the Voting Shareholders annually. 3. SCIs are to be tabled in Parliament annually.
Recommendation
A government business which does not have clear transparency of Government expectations for their operations may seek clarification from their responsible Minister in the form of a SoE.

Guidance

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

This Policy requires government businesses to develop their SOI annually, along with a comprehensive Business Plan that is:

- aligned with the requirements of, 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 management and board (where applicable) of the government business
- approved by the Government.

Treasury releases Annual Guidelines to assist government businesses in developing SOIs and Business Plans. The Annual Guidelines set out detailed content requirements, key dates, and other additional guidance for SOIs and Business Plans. The list of entities required to adopt the performance reporting regime is also included in the Annual Guidelines.

3.1 Statement of Intent (SOI)

An SOI is an annual performance agreement between the government business and the Government (as owner). There are two forms of SOI applicable to government businesses:

- Statement of Corporate Intent (SCI) for SOCs, and
- Statement of Business Intent (SBI) for all other non-SOC government businesses.

The SOI provides an outline of the objectives and performance targets for key financial and non-financial measures of the government business and summarises the government business's forward planning and business strategy. The SOI also operates as a key mechanism for communicating strategy and goals of the government business to the Government including approved projects.

The final approved SOI and Business Plan forms the foundation of any discussions during the year between the government business and Government on financial, non-financial and budgetary performance.

3.1.1 SOI content requirements

A government business's SOI should:

- describe objectives, business activities and strategic directions
- set agreed financial and non-financial performance targets (KPIs)
- include financial distribution expectations (where relevant)
- cover the SOI year, plus either two forward years (for SOCs) or three forward years (for other government businesses)
- clarify commercial and non-commercial activities
- provide details of any budget-funded operations
- summarise the business's capital investment plan
- provide high level actions for addressing the SoE
- identify key risks, and frameworks/strategies used to manage these risks
- be developed following a staged and collaborative process between the government business and Treasury.

Appendix A provides further detail on the content requirements for the SOI.

For SOCs, SOC Act requirements should be read in conjunction with the requirements set out above. Section 22 of the SOC Act provides specific content requirements for SCIs. Section 26 of the SOC Act also provides that SCIs must be tabled in Parliament by the SOC Voting Shareholders.

3.1.2 Agreement and signing of SOIs

The SOI is an agreement between the government business and Government as owner which is to be formalised by signing of the SOI.

- Signing parties of the government business are defined as the accountable authority for the entity. This is either the governing board (where appointed) or the Chief Executive Officer (CEO).
- Signing parties for the Government representatives depend on the entity's governance (e.g. Voting Shareholders for SOCs, shareholder or responsible Minister).

In the first instance, SBI signing is assigned to Department Secretary level. Significant government businesses will be assigned signing at Ministerial level where required under their legalisation or elected through delegation (e.g. based on materiality risk, financial aspects and/or strategic considerations). Government businesses are to consult Treasury where they are seeking Ministerial signing.

For *Corporations Act 2001* (Cth) entities, the signing parties are the government business and the shareholder(s) (i.e. Treasurer or Secretary on behalf of the Treasurer).

Table 1 Statement of Intent signing parties

Signing parties	SCI	SBI – Secretary signing	SBI – Ministerial signing
Government business	SOC Board Chair Chief Executive Officer	Board Chair (where board governed) Chief Executive Officer	Board Chair (where board governed) Chief Executive Officer
Government owner Ministerial representatives	Voting Shareholders	Responsible Portfolio Secretary Treasury Secretary	Responsible Minister Treasurer

3.2 Business Plan

The Business Plan of a government business supports the SOI by providing further detail on the strategic direction, financial targets and projected returns of the business over the longer term. The Business Plan should enable the Government to understand the strategic direction of the government business, and the financial return that Government can expect over the ten year forecast period (where relevant).

The Business Plan also serves to satisfy certain Treasury and government related financial policy and reporting requirements.

The Business Plan should:

- align in content with, and expand upon, the SOI of the government business
- demonstrate the value delivered by the government business 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 (CSOs)

- 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
- describe the extent of application of the Commercial Policy Framework (CPF) to the business
- be tailored for the circumstances of each individual government business.

Appendix A provides further detail on the content requirements for the Business Plan.

Business Plans are commercial-in-confidence and are not published.

3.2.1 Business planning and strategic analysis

The SOI and Business Plan should reflect best practice business-planning and strategic analysis. Each government business's management and board (where applicable) 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 management and boards (where applicable) 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
- Political, Economic, Sociological, Technological, Legal and Environmental (PESTLE) analysis.

3.2.2 Capital investment plan

Reporting on capital investment plans and delivery of major projects 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. Progress reporting throughout the annual performance cycle allows Treasury to monitor whether projects are being efficiently and effectively delivered.

The SOI should include a summary of the capital investment plan for a government business. Government businesses should also provide further detailed information on their overall capital investment program in the Business Plan, including:

- ten-year financial projections
- an assessment of the proposed program's impact on consumer prices (where possible)
- detail around both the status (e.g. works in progress, new and planned projects, and emerging projects) and type of project (e.g. infrastructure, ICT)
- specific disclosure(s) on individual project(s) should also be provided when projects are over the total cost threshold set out in the Major Projects Policy for Government Businesses (Major Projects Policy).

Approval of the SOI and Business Plan does not mean that Voting Shareholders, responsible Ministers, Treasurer or Cabinet have approved the specific projects included in the capital investment plans within the SOI and Business Plan. Where individual projects meet the thresholds specified in the Major Projects Policy for Government Businesses, separate additional approvals will be required as outlined in that policy.

3.3 Development of the SOI and Business Plan

The SOI and Business Plan development process provides an opportunity for the government business and Treasury to collaboratively consider the strategic direction and performance of the government business. The development process allows for meaningful consideration by Government of budgetary, strategic and investment decisions. The process also ensures the financial forecasts of the government business used for the State Budget reflect discussion and agreement on the SOI.

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

Appendix B outlines timing and what is involved for each of the stages.

Table 2 Statement of Intent staged approach

Stage	Timing	What happens	Detail
Preliminary	Mid-March	Allows Treasury to review financial information, strategic direction and discuss KPIs Business to update and accommodate any revisions for Proposed submission	Submission requires critical financial data, information regarding the business drivers and assumptions associated with the data. The Preliminary Business Plan is not required to be endorsed by the SOC's Board.
Proposed	Mid-May	Expected budget financial projections	Should be the latest available, be endorsed by the SOC's Board and reflect discussions with Treasury on the Preliminary Business Plan. SOI to include agreed targets and KPIs.
Final	End June	Treasury endorsed Board approved Financial projections as reflected in State Budget	To be finalised before the start of the financial year. Except in exceptional circumstances, no changes between the Proposed and Final Business Plan are expected (so that the final Business Plan aligns with the State Budget).
Signing	End September	Signing by Government representatives and business	Establishes for the new financial year the performance agreement between the Government and the business.

3.4 Statement of Expectations

Some government businesses may not always have a clear understanding of Government's ownership and portfolio expectations. A government business may seek this clarification from their responsible Minister in the form of a Statement of Expectations (SoE).

SoEs formally and transparently communicate the Government's expectations for the government business. The SOE should complement the medium to long term strategic forward planning processes of the business and inform its long-term strategy. Government businesses should respond to the latest signed SoE in their annual SOI and Business Plan. The strategy articulated in a business's SOI and Business Plan should demonstrate management and the Board's (where applicable) understanding of, and commitment to, meeting the government expectations outlined in the SoE.

The *Ownership and Portfolio Expectations Policy* provides guidance for issuing and responding to a SoE. While this policy is primarily intended for SOCs, the Government may wish to issue a SoE to other government businesses on a case-by-case basis, following the guidance set out in the policy.

4 Performance and reporting indicators including ESG and sustainability reporting

Mandatory
All government businesses:
5. SOIs and Business Plans must include performance targets and Key Performance Indicators (KPIs) and the CEO's KPIs. 6. Government businesses must consider the Government's environmental, social and governance (ESG) or sustainability commitments related to them in their strategic planning process and reflect them in the SOI/Business Plan where relevant.
Recommendations
There should be no more than 10 KPIs in total and no more than 50 per cent of KPIs should be financial in nature. Government businesses are encouraged to include contextual detail on selected KPIs within the Business Plan. Where there is an SoE in place, the management and board (where applicable) should consider setting KPIs that relate to expectations within the SoE. Government businesses are encouraged to identify and implement opportunities to contribute to the Government's ESG or sustainability commitments and report on ESG and sustainability matters.

Guidance

4.1 Key Performance Indicators (KPIs)

Setting appropriate KPIs is critical to a government business achieving desired business outcomes and should be done in a collaborative manner between Treasury and the government business.

KPIs for government businesses are reported annually in the SOI with supplementary detail provided in the Business Plan. Where there is a SoE for the business, the management and board (where applicable), should consider setting KPIs that relate to expectations within the SoE.

Management and the board (where applicable) are required to confirm in the SOI and Business Plan that the CEO has a performance agreement. Information related to KPIs for the CEO can be disclosed in the Business Plan where commercial in confidence matters are disclosed.

4.1.1 Selecting KPIs

There should be no more than 10 KPIs in total (these can be broken down into subcomponents) as too many KPIs can result in important individual KPIs being ignored. No more than 50 per cent 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 that are reflective of Voting Shareholder or responsible Minister(s) expectations. Certain government businesses will also have performance measures that align with state outcomes.

KPIs should be:

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

4.1.2 Business Plan includes supplementary 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 prior 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 performance monitoring are to be shown in the Business Plan rather than the SOI.

4.2 Environmental, Social and Governance (ESG) and Sustainability Performance Indicators (SPIs)

Identifying, implementing and reporting on opportunities to enhance environmental, social and governance (ESG) and sustainability outcomes allows government businesses to demonstrate how they are acting responsibly and sustainably, consistent with Government expectations.

The SOI and Business Plan should highlight the government businesses' ESG priority areas and sustainability strategies, priorities and targets based on verifiable metrics, such as Sustainability Performance Indicators (SPIs), that are in line with Voting Shareholders' expectations and applicable legal and government policy requirements.

Setting and monitoring progress towards sustainability targets should be based on consistent, comparable and reliable SPIs to ensure credibility of information.

It is important that government businesses are aware of government commitments in relation to ESG and sustainability outcomes which are relevant to their business. Government commitments can range from legislative requirements to policy commitments including, but not limited to, the following:

- obligations under the enabling legislation obligations of the business
- legislative obligations under other State acts
- SoE issued to the business
- Government policy statements
- Government priorities and/or outcomes.

4.2.1 Sustainability reporting, including climate related financial disclosures

Sustainability reporting is evolving and encompasses a wide audience of stakeholders including market participants and community members. In recent years there has been a growing expectation from stakeholders for enhanced disclosure on climate and broader sustainability related risks and opportunities, and their impacts on an entity's finances and objectives.

Meaningful disclosure requires strong leadership and fostering of capabilities, systems and processes within the business. Disclosure should in the first instance focus on material climate related risks and opportunities, and or other sustainability issues.

Government businesses are required to comply with frameworks and guidance that are issued by Treasury from time to time. For climate related financial disclosures, the purpose of Treasury frameworks and guidance is to set out requirements and to provide clarity on how to approach climate related financial disclosures and sustainability reporting.

In accordance with Treasury's *Annual Reporting Framework,* government businesses must disclose their sustainability information, including climate-related financial disclosures in their annual reports. The obligation to include related financial disclosures will be introduced via a phased approach across government entities over three years, commencing from the 2024-25 financial year.

It is acknowledged that government businesses operate in environments which may have different sustainability norms and standards that might not be currently covered in the *Annual Reporting Framework*. Government businesses may consider providing additional information on their sustainability objectives and/or performance in separate ESG/Sustainability reports which could be compiled using guidance in Appendix C: ESG/Sustainability Reports (Optional).

Note that government businesses should refer to any stand-alone ESG/Sustainability reports in their annual reports so users of annual reporting information have sufficient clarity on the key information contained in those stand-alone reports.

5 Periodic reporting

Mandatory
All government businesses:
7. Government businesses must provide a quarterly performance report against the agreed SOI to Treasury within one month of the end of each quarter. 8. Government businesses must refer to the Annual Guidelines for further detail and reporting requirements for the quarterly performance report. 9. Government businesses must comply with Treasury requirements to provide financial and other information for sector wide reporting, including for the State Budget and Total State Sector Accounts.
Additional requirements for SOCs:
4. SOCs must submit a half-yearly report to Treasury within one month after the end of the six-month period to be tabled in Parliament. 5. SOC annual reports must identify any actual departure and the reason for each departure from the performance targets (including financial targets) set out in the SCI for the period to which the report relates.

Guidance

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

Treasury takes an active role in monitoring periodic reporting, which involves:

- monitoring the financial and non-financial performance of the government business
- overseeing the government business's commercial activities
- ensuring the activities of the government business remain consistent with government expectations and policies
- advising on investment proposals of the business.

Treasury has a responsibility to advise the Government, specifically the Treasurer, of the outcome of this performance analysis. This may take the form of regular reporting arrangements or require the preparation of advice for the Expenditure Review Committee of Cabinet (ERC), on an exceptions basis.

5.1 Quarterly performance reporting

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

Quarterly performance reporting enables Treasury to evaluate the performance of the government 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.

Treasury's Annual Guidelines provide further detail on the content and timing for the upcoming financial year.

5.1.1 Content of quarterly performance

A quarterly report should:

- include a strategic assessment of the government business's performance
- be evaluated against the SOI quarterly and yearly targets
- include an assessment against financial and non-financial targets agreed in SOI and Business Plan
- present quarterly year-to-date and full-year forecast and performance measures
- highlight any current or anticipated significant risks or issues affecting the government business including its financial performance
- disclose information that would be considered material by the owners of the government business or may give rise to community concerns
- provide a status update on capital investment and any major projects.[4]

The nature and content of each businesses quarterly report may vary after consultation with Treasury, and with reference to the Annual Guidelines. The government business is to confirm with their Treasury relationship lead:

- the range of information to be provided, which may be modified to accommodate the circumstances and scale of the government business
- any variation to the timing of reporting, if required based on a materiality assessment and/or recognition of budget reporting requirement (if a general government business)
- identification of specific programs, initiatives or projects to be reported on.

5.1.2 Timing of quarterly performance

The timing of quarterly performance and half-yearly reports follows the timetable in **Table 3**.

Table 3 Quarterly performance and half-yearly reporting

Deliverables	Due Date	Key information
Q1 Report	Last business day in October	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	Provides an insight into management and the board's (where applicable) views on the business' performance relative to its SOI targets. Identifies key factors affecting the business such as industry trends, market developments and economic conditions.

[4] Under the CPF *Major Project Policy for Government businesses*, Government businesses are required to report on the status of their capital investment and major projects with a Tier 1 or Tier 2 risk profile. 2. A full list of information required is outlined in the Reporting section of the policy.

Deliverables	Due Date	Key information
Half-yearly Report (SOCs only)	By 30 January	High level summary against SCI targets. Tabled in Parliament within 14 sitting days of receipt.
Q3 Report	Last business day in April	Provides useful indicators 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	Contains unaudited results for the full financial year.

5.2 Half-yearly reporting for SOCs

SOCs are required to submit a report covering operations during the first six months of the financial year to Voting Shareholders in accordance with section 23 of the SOC Act. The half-yearly report is tabled in Parliament, and should not contain any commercial-in-confidence information.

The format of the half-yearly report can be agreed with Treasury. Typically, the report will include historic financial information and performance metrics for the half-year to date, as well as full-year forecast financial information and performance measures.

In agreement with Treasury, SOCs may be able to lodge a commercial-in-confidence attachment along with the half-yearly report. The commercial-in-confidence attachment sets out any commercially sensitive information that would have otherwise been included in the Q2 report, and will not be tabled in Parliament.

5.3 Annual reporting

Annual reports are a key instrument 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.

The *Annual Reporting Framework* sets out the mandatory annual and other reporting requirements under the GSF Act, its associated regulations, Treasurer's Directions, other legislation and policies.

Annual reports should incorporate performance reporting against SOI targets. For SOCs, this is a legislative requirement under section 24A of the SOC Act.

5.4 NSW State Budget and sector-wide reporting alignment

The quarterly performance reporting and half-yearly report is distinct from Treasury's Budget process and other sector-wide reporting requirements, including data provided for the Total State Sector Accounts (TSSA). This financial information is submitted via PRIME, Treasury's financial information system.

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

6 Modern Slavery

Mandatory
All government businesses:
10. Government businesses must adhere to the requirements of the Modern Slavery Act 2018 (NSW) and Modern Slavery Act 2018 (Cth) when preparing annual reports.
Additional requirements for SOCs:
6. SOCs must prepare and publish a modern slavery statement as required by the Modern Slavery Act 2018 (Cth).

Guidance

The *Modern Slavery Act 2018* (NSW), along with the *Public Works and Procurement Act 1912* and the *Local Government Act 1993*, contain due diligence and reporting obligations for government businesses, including SOCs.

Under section 31(1) of the *Modern Slavery Act 2018* (NSW), government businesses must include the following matters in their annual reporting information:

- a statement outlining the action taken by the government business in relation to any issue raised by the Anti-slavery Commissioner during the financial year then ended concerning the operations of the agency and identified by the Commissioner as being a significant issue, and
- a statement of steps taken to ensure that goods and services procured by and for the agency during the financial year then ended were not the produce of modern slavery within the meaning of the *Modern Slavery Act 2018*.

SOCs also have reporting obligations under the *Modern Slavery Act 2018* (NSW) and *Modern Slavery Act 2018* (Cth) related legislation as follows:

- SOCs must make and publish modern slavery statements[5]
- If a SOC does not fall within the definition of “reporting entity” under the Commonwealth legislation, it must make a voluntary modern slavery statement[6]
- All SOCs must publish a copy of the modern slavery statement on the SOC’s publicly accessible website and give the NSW Anti-slavery Commissioner written notice that the statement has been published.

Further guidance for government businesses is available via the Anti-slavery Commissioner’s *Shared Implementation Framework* on the NSW Government website.

[5] *Modern Slavery Act 2018 (Cth)*, s5

[6] *Modern Slavery Act 2018 (Cth)*, s6 & *Modern Slavery Act 2018 (NSW), s25A*

7 No surprises and continuous disclosure principles

Mandatory
All government businesses:
11. Government businesses must inform their relevant Ministers and Treasury of material matters on a 'no surprises' basis and make appropriate, timely and proactive disclosure of material matters relating to commercial performance, business and financial risk and/or community concerns. 12. Government businesses should have a written policy for timely disclosure of all material information related to its commercial performance and/or matters that would affect the NSW Government's reputation or its policy objectives.
Recommendations
Government businesses are encouraged to adopt the no surprises and continuous disclosure principles in a manner relevant to their entity's governance relationship. Government businesses, in particular those with governing boards, are encouraged to reflect the no surprises and continuous disclosure principles in their board charter and/or appropriate corporate governance policy documents.

Guidance

In a government ownership context, there are a broad range of issues that a government business should bring to the attention of their relevant Minister(s).

In undertaking their responsibilities, the management and the board (where applicable) is to be mindful that their Minister(s) (as Voting Shareholder, responsible Minister or portfolio Minister) are accountable to a wide audience and subject to scrutiny on the performance of the government business. This audience includes, but is not limited to, the Government, Parliament, the people of New South Wales, consumers, industry groups, businesses, regulators and local communities.

Some government businesses have been established with a governing board to make decisions regarding the operation of the business. Governing boards are accountable to Minister(s) and must ensure that the business operates in a way that is consistent with its objectives, functions and accountability.

7.1 'No surprises' principle

The 'no surprises' principle establishes how the board and/or management (as applicable) is expected to engage with the Government to keep them informed of matters that is considered material, significant and/or contentious. It ensures that:

- the Government is aware of material issues affecting the business or sector relevant to the Voting Shareholders' or responsible Minister's responsibilities
- the Government is aware of matters which may be contentious or the subject of public interest (whether positive or negative)
- notification is proactive rather than reactive.

The government business's management and board (where applicable) are to be:

- familiar with wider government policy issues (i.e. priorities, state-wide planning and fiscal goals)
- aware of the Government's interests beyond the immediate context of the government business (i.e. wider industry and community in which they operate)
- cognisant of the possible implications of business specific decisions and actions on the Government or wider policy issues
- sensitive to the accountability demands placed on responsible Ministers by Parliament, the electorate and stakeholders.

Management and the board (where applicable) are encouraged to adopt an inquiring mind when considering whether the matter is one that the Voting Shareholders, Government and/or Treasury should be informed of.

7.2 Continuous disclosure

Continuous disclosure helps ensure that a government business's management, board (where applicable), Voting 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 legislative obligations and Commercial Policy Framework performance reporting and monitoring reporting requirements. 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, the Voting Shareholders and relevant Ministers promptly and without delay.

Appendix D provides further information on the process, notification, materiality and examples.

7.3 SOC Voting Shareholders' requests for information

The Voting Shareholders may request that a SOC supply additional information relating to its affairs in addition to the disclosures made through formal reporting channels.[7] 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, the Voting Shareholders will be conscious of the autonomy granted to SOCs under the SOC Act and their enabling legislation. Moreover, as the Voting 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.

[7] Section 29 of the SOC Act, other information to be supplied.

8 Engagement Plans

Mandatory
Requirement for SOCs:
7. SOCs must have a Shareholder Engagement Plan (SEP) that outlines how the SOC's management and board will communicate and engage with Treasury (as representatives of the Voting Shareholders).
Recommendation
Other government businesses, particularly those with governing boards, are encouraged to adopt a Treasury Engagement Plan (TEP) that outlines how the business will engage with Treasury, consistent with their entity's governance arrangements.

Guidance

An Engagement Plan is a document developed by government businesses in collaboration with Treasury outlining how management and the board (where applicable), and the Government owner's representatives will communicate and engage with one another.

There are two forms of Engagement Plan applicable to government businesses:

- SEP for SOCs, and
- TEP for all other government businesses.

The goal of the Engagement Plan is to ensure that engagement between the government business and Treasury representatives (on behalf of the business's government owners) is effective and supports their mutual goals.

The Engagement Plan should:

- document existing scheduled engagement between the government business and the government representatives
- help identify areas where the information flow between the government business and the government owners could be strengthened, for example, where key issues arise in the business environment that may impact the government business and warrant additional stakeholder engagement
- ensure that engagement between the business and Treasury representatives on behalf of its government owners is effective and supports their mutual goals. The objectives and outcomes that it is designed to achieve are outlined in Table 4.

Engagement can take a variety of forms, from meetings and discussions, to other written forms of communication such as briefs and notes. By formalising the means for better communication channels, the engagement plan will improve the information flows between the Voting Shareholders or responsible Minister(s) and the business.

An outline of the relevant roles and responsibilities in the development and implementation of a SEP/TEP is shown in Appendix E.

Table 4 Engagement plan objectives and outcomes

Objectives	Outcomes
Communication is open and consultative	Early signalling and continuous disclosure of key and emerging issues
Government owner representative who is informed and engaged	Engagement across commercial, social, environmental, community and policy areas
A planned outlook for engagement and communication	Purposeful interactions with the right people at the right time
Achievement of mutual goals	

9 Risk Management

Mandatory
All government businesses:
13. Government businesses must embed risk management and compliance processes throughout their business. 14. Government businesses must disclose in their Business Plan whether they have any material exposure to ESG risks and any mitigation plans to manage those risks.
Additional requirements for SOCs:
8. If a SOC does not have a board risk committee, the board must disclose the reason(s) why, and outline the processes the board employs to oversee risks facing the organisation.
Recommendation
Government businesses should have a management and board (where applicable) approved Risk Appetite Statement (RAS) in accordance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* and metrics for measuring compliance with the RAS.

Guidance

Section 3.6 of the GSF Act requires an accountable authority to establish, maintain and keep under review effective systems for risk management, internal controls and assurance (including by means of internal audit) that are appropriate for the agency.

For PFCs and PNFCs, risk management is the responsibility of the board (where a board is appointed). For other government businesses risk management is the responsibility of the CEO. The board and executives typically manage risk under their risk management framework.

Reputational risk of the government business should be as important to the board or CEO (as applicable) as other categories of risk such as financial, operational, regulatory or customer impacts.

Management provides operational knowledge and insight, but the board's risk focus and experience means that the Government relies on the board to synthesise and weigh up the risk exposures and what it could mean for the Government and other stakeholders.

The Voting Shareholders or responsible Minister(s) will have a view of the risk the government business would be willing to take or be expected to take. Other stakeholders will also influence risk expectations. Boards/CEOs are encouraged to seek input from the Voting Shareholders or responsible Minister(s) when developing their risk appetite limits.

Identification of disclosure matters associated with risk and materiality and how to deliver this on a no surprises basis is an iterative process which benefits from ongoing review and assessment by the board.

9.1 Risk Appetite Statement

Government businesses should have a board or CEO (as applicable) approved Risk Appetite Statement (RAS).

The RAS should:

- clearly articulate the level of risk the government business is willing to accept
- include metrics that are sufficiently representative to enable the board or CEO to measure where the business is operating outside its risk appetite and tolerance levels.

There should be meaningful management reporting on risk appetite metrics to the board or CEO who should then hold management accountable when the business operates outside its risk appetite.

The RAS should be approved by the full board or the CEO to ensure sufficient engagement and understanding of the business's risk appetite and metrics.

The board or CEO should include leading and lagging indicators in metrics to raise an early warning sign for rising risk levels to ensure that Government is aware of issues facing the business.

The RAS should be reviewed and updated annually as part of the business planning cycle.

9.2 Audit and Risk Committee

It is recommended that government businesses have a board risk committee which may be a combined audit and risk committee.

It is important that a government business has a sound system of risk oversight and management and internal control. The system should be designed to identify, assess, monitor and manage risk and inform Voting Shareholders of material changes to the risk profile of the government business.

A board risk committee is an efficient and effective mechanism to bring the transparency, focus and independent judgement needed to oversee the government business's risk management framework.

Treasury's *Internal Audit and Risk Management Policy for the General Government Sector* outlines the minimum standards for risk management, internal audit and Audit and Risk Committees (ARCs). The policy applies to certain GSF agencies and establishes an overarching framework and minimum standards for agencies to meet their legislated risk management, internal control and assurance requirements.

While the policy does not apply to SOCs, if a SOC does not have a board risk committee, the board should disclose the reasons underpinning why a committee is not necessary and outline the processes the board employs for overseeing the risks facing the organisation.

It is important that the board regularly reviews the business' policies on risk oversight and management to satisfy itself that management has created and put into practice a good system of risk management and internal control.

Terms and definitions

Term	Definition
Accountable Authority	As defined at section 2.7 of the *Government Sector Finance Act 2018* (NSW). The Accountable Authority for a SOC is the governing board. For a government business which is not a SOC: If the government business has a governing body, the governing body is the Accountable Authority; or If the government business does not have a governing body, the head of the agency is the Accountable Authority.
ARC	Audit and Risk Committee
Chair	The governing board's chair
CPF	Commercial Policy Framework
CEO	Chief Executive Officer
CSO	Community Service Obligations
KPI	Key Performance Indicator
ERC	Expenditure Review Committee
ESG	Environmental, social and governance is a framework used to assess an organisation's business practices and performance on various sustainability and ethical issues.
GGS	General government sector entity in accordance with ABS classification.
Governing Board	A board that is responsible for managing the affairs of the entity.
GRI	Global Reporting Initiative
GSF Act	Government Sector Finance Act 2018 (NSW)
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
ISSB	International Sustainability Standards Board
PESTLE	Political, Economic, Sociological, Technological, Legal and Environmental
PFC	Public financial corporation entity in accordance with ABS classification.
PNFC	Public non-financial corporation entity in accordance with ABS classification.

Term	Definition
Portfolio Minister	The Minister who has the duty to administer the foundation charter of a statutory SOC under the *State Owned Corporations Act 1989* (NSW).
RAS	Risk Appetite Statement
Responsible Department Secretary	The Secretary of the principal department within the government business's portfolio or group.
Responsible Minister	The Minister to whom the entity is responsible and submits its annual report.
SBI	Statement of Business Intent
SCI	Statement of Corporate Intent
SEP	Shareholder Engagement Plan
SOC	State Owned Corporation as defined under the *State Owned Corporations Act 1989* (NSW).
SOC Act	*State Owned Corporations Act 1989* (NSW)
SOI	Statement of Intent being either a Statement of Corporate Intent for SOCs or the Statement of Business Intent for other government businesses.
TEP	Treasury Engagement Plan
Voting Shareholder	The shareholders of a SOC as defined under the *State Owned Corporations Act 1989* (NSW).

Appendix A: SOI and Business Plan content

Annual Guidelines will provide further guidance on contents of SOI and Business Plan.

Content outline Statement of Intent

Section	Statement of Corporation Intent	Statement of Business Intent
Cover page	✓	✓
1. Contents	✓	✓
2. Agreement signing page	✓	✓
3. Objectives	✓	✓
4. Business overview and strategic summary	✓	✓
5. Financial summary	✓	✓
6. Performance target summary	✓	✓
7. Statement of Expectation (SOE) Action Plan	✓	Only applicable to government businesses which are required to prepare an SOE
8. Risk oversight and management	✓	✓
9. Representation and commitment statement (SOCs only)	✓	
10. Social programs and non-commercial activities	✓	✓

Content outline Business Plan

Section
Cover page
1. Contents
2. Strategy and priorities
3. Financial summary
4. Financial drivers and business assumptions

Section
5. Capital structure
6. Credit ratings
7. Forecast shareholder returns
8. Efficiency targets
9. Scenario analysis
10. Comparison to previous plan
11. Pricing
12. Regulatory summary
13. Performance and reporting indicators detail KPIs and SPIs
14. Community Service Obligations (CSOs) and Ministerial directions
15. Capital investment and major projects
16. Financial risk management
17. Business risk management
18. Environmental, Social and Governance risk management
19. Employee matters
20. Board meetings
21. Property assets
22. Procurement
23. Supplementary business information (optional)
Financial Appendices
A. Income Statement Balance Sheet Cash Flow Statement
B. Capital expenditure
C. Quarterly reporting 2024-25 breakdown for in-year

Other Returns

Other returns are those related to obligations required to be reported annually. Other returns are separate from the SOI and Business Plan and submitted directly to Treasury.

Appendix B: SOI and Business Plan development

The timeline for developing and finalising the SOI is set out below. Further details will be made available in the Annual Guidelines (which can include adaptions to the indicative timing).

Milestones	Timing	Key expectations
Preliminary Business Plan	Mid-March	Initial submission of Business Plan that provides the government business' preliminary outlook and financial projections
Review and Consideration	March – April	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(s) and Portfolio Secretary occurs during this period
In-principle agreement	May	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	Proposed SOI and Business Plan incorporates updated financial projections for State Budget Submission with Budget estimates data return
State Budget handed down	June	The State Budget will incorporate the final budget outcomes for the government business
Finalise content	During June	Government business internal approval to allow completion of final documents
Final SOI and Business Plan	30 June	SOI finalised and submitted to the government business's signing parties Copy of SOI provided to Treasury Business Plan finalised and submitted to Treasury
Signing Pathways	Timing	Signatories
Secretary signed SBI	By 31 August	SBI signed by CEO and Chair (if applicable) SBI signed by responsible Portfolio Secretary SCI signed by Treasury Secretary
Ministerial signed SBI	By 30 Sept	SBI signed by CEO and Chair (if applicable) SBI signed by Responsible Minister SBI signed by Treasurer

Milestones	Timing	Key expectations
SOC SCI	By 30 Sept	SCI signed by Chair and CEO; submitted to Treasury SCI signed by Voting Shareholders

Appendix C: ESG/Sustainability Reports (Optional)

To the extent possible, a holistic reporting approach should be used when compiling ESG/Sustainability reports as it can be useful in demonstrating the connections with different parts of the report (e.g. linkage between a government business' strategy and its objectives or commitment to sustainable development).

ESG/Sustainability reports are usually compiled using *frameworks* that provide principles-based guidance on how information is structured, how it is prepared, and what broad topics are covered. Frameworks are complimented by *standards* which provide specific, detailed and replicable requirements for what should be reported for each topic, including metrics. Standards make frameworks actionable, ensuring comparable, consistent and reliable disclosure. Frameworks and standards are complementary and are designed to be used together.

Key sustainability framework and standard setters include the Australian Accounting Standards Board (AASB), International Sustainability Standards Board (ISSB) and the Global Reporting Initiative (GRI) among others.

Government businesses can use different frameworks and standards as building blocks to develop a system of disclosure tailored to the unique needs of their stakeholders. When compiling ESG/Sustainability reports, government businesses should consider adopting the key features outlined in the table below.

ESG/ Sustainability Reports

Feature	*Description*
Targets	What are the entity's targets on sustainability/ ESG matters and how is performance on environmental, social and governance topics being gauged? Calculation methods should be consistent from year to year to ensure accuracy and clarity of data tracking. Explanation should be given if there is a major change to calculation methods. ESG targets should be specific to the organisation and all three areas of ESG.
Disclosures	What is being disclosed by the business? Disclosures should be of a high quality and be a fit-for-purpose statement that includes relevant detail and provides stakeholders with meaningful, decision-useful information.
Actions	What are the actions that support the disclosure and make it meaningful? e.g. has the business undertaken a climate risk assessment? Is ESG consideration embedded in all decision making?
Enablers	What are the enablers that support more meaningful disclosure? e.g. risk management capability, data and analytics.
Benchmark	Can disclosures be benchmarked against peers?

Appendix D: No surprises and continuous disclosures

Process for disclosure

As soon as management and the board (where applicable) becomes aware of a 'material' matter a government business must disclose that matter as promptly as possible in the circumstances and without delay.

Materiality

Information can be material where it relates to something that:

- is likely to result in significant deviation from the government business's strategic, financial or non-financial performance outcomes
- substantively affects, or is likely to substantively affect, the business's ability to create value over the short, medium and long-term
- relevant Ministers might be expected to comment on to the press, the public, community groups or in Parliament.

There are also matters that may be material for other reasons relevant to the business which should be assessed by businesses on judgement and experience.

Notification of the disclosure matter

Established processes for engagement (i.e. meetings) and reporting (i.e. quarterly reports) provide the best means of notification given their regularity during the year. These also provide an opportunity for a government business to communicate frankly and freely under the 'no surprises' principle. Where this is not suitable due to the nature of the disclosure, sensitivity or urgency of the matter, direct and timely contact with Treasury is preferred.

There is no set form or content for disclosure except that the information and commentary should be appropriate for the type of matter. Importantly, the notification should make clear:

a. whether it is likely to require Ministerial attention, and if this is urgent or likely to require a Ministerial response
b. where it results from a decision made by the business, and its commerciality justification
c. the impacted parties or stakeholders
d. how the matter relates to external events.

Commercially sensitive information should be clearly labelled 'Sensitive: NSW Government'.

Contact with Treasury

Treasury's relationship managers are the primary point of contact for dealing with these matters:

Commercial Assets Division acts as the representative for the Voting Shareholders and is the relationship manager for these government businesses (includes SOCs and public financial corporations).

Policy and Budget Division acts as financial and budget representative for the other government businesses across cluster portfolios.

Boards and executives are expected to work closely and openly with the designated Treasury relationship leads for their government business. This may include providing further information where requested. In turn, Treasury will assist government businesses by providing advice or clarification on processes.

The government business's internal processes

Government businesses are to have appropriate governance (policy and processes) in place to monitor and allow for timely disclosure of relevant and material information.

Further guidance on materiality and relevance

A government business is to disclosure any material information that might affect business activities or performance including but not limited to:

- commercial performance
- financial and non-financial material variations from budget and forecasts in key aggregates and KPIs (usually defined as 10 per cent)
- material variations (usually defined as 10 per cent of total cost) of a major project or overall total capital expenditure program across the forward estimates
- impacts as a result of significant economic, environmental and social factors
- emerging strategic issues
- matters that have the potential to cause material variations
- such matters might reasonably be expected to influence the Government's views of the business outlook.

Other matters that may be considered relevant for disclosure include but are not limited to:

- impending regulatory or legislative changes (i.e. new or revised regulatory determinations)
- sudden changes in operating costs
- market downturn
- infrastructure failure
- supply chain disruptions
- changes to procurement contracts or questions of probity
- changing customer behaviours and/or changing stakeholder expectations
- adverse customer service outcomes
- matters which could raise community concerns
- allegations of inappropriate behaviour within the organisation
- litigation (for or against the government business) or fraudulent acts by directors or employees
- industrial matters including disputes and their resolution
- significant changes in key executives and board members, employee restructuring, large-scale redundancies
- office closures or relocations, and/or major property acquisitions and divestments
- emerging issues in external environment.

Appendix E: Engagement Plan outline and examples

Developing an Engagement Plan

Treasury will work with the government business to ensure that Engagement Plans adequately cover the information needs of the parties to the plan.

Currently, formal engagement mechanisms between businesses and the relevant Minister(s) / Treasury exist across several areas. These include quarterly reporting of financial metrics, periodic meetings between Treasury and business executives, and consultations on the SOI.

One purpose of the Engagement Plan is to formalise information flows in areas where the relevant Minister(s) and/or Treasury on behalf of the Treasurer would like additional information or more frequent updates.

The engagement plan should describe the following:

- What – the topics or important matters to engage on
- Who – those involved in the engagement
- When – the frequency of a particular engagement mechanism
- How - the mechanism of engagement.

What to engage on

Government as the owner of government businesses has a spectrum of interests and thus wide ranging information requirements related to their ownership encompassing more than just the financial performance of the business.

Financial	Non-financial	Business operations	Governance
Shareholder returns, financial targets, and capital structure	The pursuit of social, environmental, community and policy interests	Consumer prices, service quality, industrial relations and disputes	Board appointments, key board decisions, corporate governance, committees, reporting and probity matters.

Businesses are encouraged to take the initiative and identify relevant issues that require or would benefit from focused engagement with Treasury.

This may include identifying issues that would help ensure there are ‘no-surprises’ for the Voting Shareholders and/or Treasurer (in the case of SOCs) and Treasury (in the case on non-SOC government businesses), which will allow the Government to better plan for changes that would have a material impact.

Highlighting issues where the business engages with the Portfolio Minister or responsible Minister(s) during the year is also good practice. SOCs are also encouraged to provide the Voting Shareholders with a copy of relevant strategic briefings that are provided to the Portfolio Minister.

Who are the relevant parties?

Defining the purpose of engagement is key to identifying the relevant people and maximising the value of the engagement. Most interactions between the Voting Shareholders or Treasurer and the business will involve meetings between Treasury officials, and the executives and Chair of the government business (where applicable).

However, some engagements may require the participation of board directors (where applicable) or the management of the business more broadly. The following tables outline the roles and responsibilities to be encompassed in the Engagement Plan:

Table 5 SOC Shareholder / Treasury Engagement Plan – roles and responsibilities

		Who			
		Government ownership accountability	Business accountability		
		Voting Shareholder/ Responsible Minister/Treasurer	Treasury	Board	Executives
Roles and responsibilities	Advise Treasury on the relevant information required from the government business.	✓			
	• Collate and convey the information provided by the Voting Shareholders / Responsible Minister(s) to the business • Work with the government business on ensuring the SEP meets the needs of the shareholder / government • Serve as the primary point of contact for both the Voting Shareholders and the business.		✓		
	Provide regular debriefs and updates of board decisions that are relevant to shareholder. This includes decisions in response to continuous disclosure requirements.			✓	
	Form the primary day-to-day contact with Treasury and provide ongoing engagement on regular meetings and business updates, quarterly reporting and continuous disclosure.				✓

Table 6 Engagement Plan

Responsibility	State owned corporation	Non-SOC government business - governing board	Non-SOC government business - other
Parties to the Engagement Plan			
Government ownership accountability	Voting Shareholders	Treasurer	
	Treasury		
Business accountability	Board	Board	Management
	Management	Management	
Key stakeholder			
Government policy accountability	Portfolio Minister	Responsible Minister	

When the engagement occurs

The frequency of engagement should be appropriate for the topic at hand, and flexible enough to accommodate proactive disclosure of relevant information.

Timely disclosure of relevant information arising from urgent developments – such as sudden changes in the business environment – is encouraged on the part of the business. This communication should complement the requirements of timely and proactive continuous disclosure contained in section 7 helping to ensure there are 'no-surprises' for the Voting Shareholders or relevant Minister(s).

'How' - the engagement mechanism

Businesses are best placed to consider the most suitable engagement mechanism. This will in part depend on the purpose of the engagement.

Engagement Plan	Examples
Who are the relevant parties or those involved?	• Semi-annual meetings between the board Chair (where applicable, and senior management of the government business (i.e. CEO and CFO level or equivalent)) with senior executives of Treasury. • Where the Voting Shareholders/Treasury are seeking more information regarding financial metrics, the CFO (or equivalent) would be a relevant point of contact. • Where the Voting Shareholders are interested in relevant board decisions, the Chair may be best placed to discuss the details (SOCs)
When the engagement occurs and frequency	• Semi-annual meetings between the board (where applicable) and senior Executives of Treasury. • Regular meetings between Treasury and the government business.
How - the engagement mechanism used	• Meetings and forums. • Opportunities to engage with executives on corporate strategy development can provide valuable insights about the government business and how its strategies and priorities drive the SOI and accompanying Business Plan. • If the government business relies on other planning documents to manage its organisational planning (such as a separate strategic plan) these can also be provided to Treasury for information.

Putting together an Engagement Plan

For the business, understanding the 'What', 'Who', 'When', and 'How' of engagement will help guide the Engagement Plan development process.

The Engagement Plan should be agreed upon between Treasury and government businesses and provided to Treasury as a standalone document at the same time as the business provides its Final SOI and Business Plan. The Engagement Plan's life will be for the next SOI strategic planning cycle from 1 October to 30 September the following year.

Given the dynamic business and policy environment, it is good practice to review the Engagement Plan for effectiveness on an annual basis.

Template Shareholder / Treasury Engagement Plan

<table>
<tr><th>Template Shareholder / Treasury Engagement Plan</th></tr>
<tr><td>Purpose of the [Shareholder / Treasury] Engagement Plan:
NSW Treasury (Treasury) has prepared this [Shareholder Engagement Plan (SEP) / Treasury Engagement Plan (TEP)] in collaboration with [government business name].
The purpose of the [SEP / TEP] is to document who, when and how the [Voting Shareholders / Treasury] and [government business name] will engage, and to ensure that engagement between the business and [its Voting Shareholders / Treasury] is effective and supports their mutual goals.</td></tr>
<tr><td>Optional:
Government business to insert any additional commentary on purpose of the SEP / TEP and intended goals.</td></tr>
<tr><td>This document was agreed in [month] [year], and it is good practice to review it annually.</td></tr>
</table>

Engagement type	Description	Who – Business	Who – Treasury	When	How
Business reporting	Quarterly business performance reporting, including year-to-date and full-year financial forecasts and updates on strategic issues	CFO and Board (or equivalent for other government business) endorsed	ED, Director and Investment Analyst	Quarterly	Reports by business submitted to Treasury
	Submission and Tabling of Half-Year Reports	CFO and Board (or equivalent for other government business) endorsed	ED, Director and Investment Analyst	January – March	Reports by business submitted to Treasury, with follow-up discussions as required
	Submission and Tabling of Annual Reports	CFO and Board (or equivalent for other government business) endorsed	ED, Director and Investment Analyst	October	Reports by business submitted to Treasury
Preliminary and Proposed SOI	Preliminary SOI (March) reflects strategic plans and financial forecasts for discussion with Treasury. Treasury briefs Voting Shareholders/ Treasurer on key issues and provides feedback (as necessary) to the government business. Board endorsed (where applicable for other government business) Proposed SOI (May) provided to Treasury for final review with financials used as basis for State Budget	CEO and CFO and Board (or equivalent for other government business) endorsed	ED, Director and Investment Analyst	Undertaken annually: Preliminary SOI (March) Proposed SOI (June)	Latest version provided to Treasury, with follow-up discussions as required
Ministerial briefings	Briefings to Portfolio Minister on strategic matters jointly shared with Treasury and	As approved for release by CEO (or equivalent for other	ED, Director and Investment Analyst	As required	Discussion and confirming brief by email

Engagement type	Description	Who – Business	Who – Treasury	When	How
	Voting Shareholders/ Treasurer. Additional briefings for shareholder/ Treasurer, as required by Treasury	government business)			
Regular meetings: **executive update**	Placeholder for catchup on key current business issues, including latest quarterly report and/or SOI, where relevant (meetings to be alternated between offices of Treasury and the government business)	CEO, CFO, and GM Strategy (or equivalent for other government business)	ED, Director and Investment Analyst	Six-weekly (or cadence as otherwise agreed)	Face-to-face or Teams
Meetings: Board Chair updates (where applicable to other government business)	Update with Chair on key Board matters, focusing on outcomes from the latest Board meeting	Chair (or equivalent for other government business)	ED and Director	Post board meetings	Face-to-face or Teams
Meetings: Deputy Secretary/ Chair (or equivalent for other government business) strategic discussions	Discussion of key strategic issues, including SOI and financials where relevant	Chair and CEO (or equivalent for other government business)	Dep Sec, ED and Director	April and October	Face-to-face or Teams
Meetings: Prime reporting and data collection	Clarifying data and other deliverables for State Budget and Half-Year Review, and identification of issues requiring resolution	Finance team	Investment Analyst	As required	Face-to-face or Teams
Board engagement and site visits (where applicable to other	Treasury invited to attend site visits with the Board (where applicable for other government business) and Executive team to better develop	Board and Executive Team (or equivalent for other government business)	ED, Director and Investment Analyst	As agreed once or twice per year	Face-to face

Engagement type	Description	Who – Business	Who – Treasury	When	How
government business)	understanding of business operations				
Board meetings (where applicable to government business)	Treasury attendance at board meetings (where applicable for other government business) to provide an update on key shareholder issues	Board (where applicable for other government business)	Dep Sec, ED and/or Director (as agreed by government business)	Once or twice per year	Face-to face
Continuous disclosure: **ad hoc updates**	Achieving an outcome of 'no surprises' – timely updates on key new or emerging issues that may be of interest to the Voting Shareholders / Treasurer	CEO, CFO or GM Strategy (or equivalent for other government business)	ED, Director and Investment Analyst	As required	Advice via phone, emails, meetings, as necessary

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