

**GUIDELINES FOR THE PREPARATION OF
STATEMENTS OF CORPORATE INTENT
and
CORPORATE PLANS
FOR GOVERNMENT OWNED CORPORATIONS**



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INTRODUCTION

The purpose of these guidelines is to outline shareholding Ministers' expectations with respect to the content, format and process relating to the development and negotiation of Government Owned Corporations' (GOCs) Statements of Corporate Intent (SCI) and Corporate Plans.

These guidelines aim to:

- provide clarity to GOC boards regarding shareholding Ministers' expectations with respect to the content, focus and format of the SCI;
- provide a clear framework for GOC boards and management regarding the SCI negotiation and agreement process; and
- ensure there is a consistent approach across GOCs in the content, focus and format of SCIs.

A suggested format for GOC SCIs is provided as Attachment 1 to these guidelines.

KEY SHAREHOLDING MINISTER EXPECTATIONS

As shareholders on behalf of the State, shareholding Ministers are accountable to Parliament for the performance of the GOCs. The Corporate Plan and SCI provide a transparent set of agreed performance criteria and strategies on which to report to the people of Queensland.

The primary responsibility of GOC boards is to manage their corporations to optimise the value of their businesses by exercising sound commercial judgement while endeavouring to achieve sustained long-term business growth. GOC boards must therefore plan not only for year-to-year outcomes, but also consider medium to long term strategies for their businesses.

Shareholding Ministers' broad expectations of GOC boards are detailed below. This is not intended to be an exhaustive list, and shareholding Ministers may communicate other expectations to GOC boards from time to time.

- The Queensland Government is a long-term investor and therefore expects GOC boards to similarly take a long-term view in the management of their businesses.
- The Queensland Government is a risk-averse investor with a preference for the maximisation of business performance, subject to the minimisation of risk. Accordingly, GOC boards must be mindful of the Government's risk parameters, the returns it expects from its investments, and any other expectations it might have.
- GOC boards are expected to set a clear direction for their businesses with objectives that take into consideration the markets and industries in which their GOCs operate.
- GOC boards must ensure that their GOCs are managed and operated in accordance with all applicable legislative, regulatory and environmental requirements.
- GOC boards are accountable for the operational efficiency of their GOCs, service delivery objectives, security of GOC assets and the provision of a safe working environment.

- GOC boards must develop well-defined strategies that would deliver on these objectives.
- The Queensland Government expects GOC boards to deliver on, and be accountable for, the agreed annual financial and non-financial performance targets as detailed in their SCIs.

THE SCI

The SCI is intended as a formal performance agreement between a GOC board and shareholding Ministers. This is reflected in the *Government Owned Corporations Act 1993* (the GOC Act) which provides that the SCI is intended to represent an agreement between a GOC's Board of Directors and its shareholding Ministers.

The SCI will form the basis of shareholding Ministers' assessment of how successfully each GOC achieves the financial and non-financial targets and outcomes. The SCI will also specify the role of each GOC board in managing and delivering these outcomes during the relevant year. In short, the SCI forms the basis of enhancing the accountability of GOC boards to shareholding Ministers.

The targets for GOC performance also form the basis of quarterly reporting to shareholding Ministers. Accordingly, each GOC board must continually assess its performance against the SCI and report against the agreed outcomes in their quarterly reports to shareholding Ministers. Shareholding Ministers also expect that the SCI targets would form the basis of more regular management reports to the board.

It is also expected that the financial and non-financial performance targets in the SCI will reflect the performance contracts for the Chief Executive Officer and senior executives.

All GOCs should also note that under the GOC Act, the SCI applies to any subsidiaries of the GOC. Accordingly, the SCI should address performance targets for any subsidiaries as well.

Key issues:

- The SCI is the formal performance agreement between a GOC board and shareholding Ministers, outlining financial and non financial performance targets and outcomes for one year.
- The SCI must also provide performance targets for any subsidiaries.
- SCI performance targets should be reflected in Chief Executive Officer and senior executive performance contracts.
- A suggested format for GOC SCIs is provided at Attachment 1 to these guidelines.

THE CORPORATE PLAN

The focus of the Corporate Plan should be the medium to long term outlook for the business.

The Corporate Plan should be a forward-looking document focussing on key business drivers, such as the GOC's strengths and opportunities, and the strategies it intends to pursue to capitalise on these strengths and opportunities to achieve its business objectives. It should also address any weaknesses and threats to its business, and proposed response and mitigation strategies. Logically, the SCI would be the first year's outcome of the five-year outlook.

Shareholding Ministers expect each GOC's Corporate Plan will clearly:

- set out the GOC's vision and mission;
- articulate its business objectives, priorities and direction for the medium and long-term;
- set out the strategies for achieving its medium to long-term corporate objectives;
- identify the corporate, financial and non-financial outcomes of these strategies;
- identify its risk environment and include strategies for managing these risks.

The GOC Act requires that a GOC's Corporate Plan must apply to its subsidiaries. Accordingly, the Corporate Plan should detail the way in which each subsidiary will contribute to the corporate strategies and outcomes.

Key Issues:

- The Corporate Plan has a five-year outlook.
- The Corporate Plan must address the contribution of any subsidiaries to corporate strategies and outcomes.
- The SCI will represent the first year of the Corporate Plan.

TIMING

The GOC Act provides that the board of a GOC must prepare, and submit to the shareholding Ministers for their agreement, a draft SCI not later than two months before the start of each financial year. The GOC Act further provides that the board and the shareholding Ministers must endeavour to reach agreement on the draft SCI as soon as possible and, in any event, not later than the start of the financial year.

In the past, submission of GOC draft SCIs in accordance with the GOC Act deadline has not provided sufficient time for shareholding Ministers and GOC boards to reach agreement on the SCI prior to the start of the relevant financial year. To maximise the potential for reaching agreement prior to the start of the SCI financial year, GOC boards are requested to submit draft SCIs to shareholding Ministers no later than 31 March each year. This will allow shareholding Ministers to provide feedback for board consideration and negotiation with a view to final endorsement at May board meetings and sign-off by shareholding Ministers by 30 June.

The above SCI planning timeframe also necessitates initial draft Employment and Industrial Relations Plans being provided to the Office of Government Owned Corporations and portfolio departments by the end of January. The aim of incorporating feedback and completing other consultations and achieving necessary internal approvals will allow an agreed plan to be submitted as part of the draft SCI by 31 March.

Final board-approved SCIs as negotiated with shareholding Ministers should be submitted for the agreement of shareholding Ministers no later than 31 May of each year. Shareholding Ministers will endeavour to consider all SCIs by 30 June of each year.

Key Dates	
By 31 March	GOCs to submit board-approved draft SCIs and Corporate Plans to shareholding Ministers
April/May	Shareholding Ministers' feedback on draft SCIs and Corporate Plans to be provided to GOCs in time for consideration by GOC boards at their May board meetings
By 31 May	Final board-approved SCIs and Corporate Plans to be submitted to shareholding Ministers
By 30 June	Shareholding Ministers will endeavour to complete consideration of all SCIs

The above time frames are a minimum requirement, and there is no reason why GOCs may not commence discussions on their SCIs with shareholder departmental officers as early as possible.

To facilitate a timely consideration of SCIs by shareholding Ministers, GOC boards should ensure all matters of significance are raised and resolved during the negotiation process.

Key Issues:

- GOCs are requested to submit a draft SCI to shareholding Ministers no later than 31 March each year.
- Feedback will be provided from shareholding agencies during April to facilitate consideration by GOC boards during April/May.
- Final board-approved SCIs should be submitted no later than 31 May each year.
- Shareholding Ministers will endeavour to consider all SCIs by 30 June.
- Discussions with shareholding agencies on the forthcoming SCI should commence as early as possible.

CONTENTS

The GOC Act requires that each SCI must include the GOC's financial and non-financial performance targets for its activities for the relevant financial year, as well as Community Service Obligations and an Employment and Industrial Relations Plan. The GOC Act further lists additional matters that may also be included, but also provides that the additional matters are not limited to those listed in the GOC Act.

As the SCI is intended to be a performance agreement, it is preferable that its contents be limited to performance outcomes. Accordingly, commentary on industry issues, industry structure and policy matters should not be included in the SCI, but detailed in the Corporate Plan. The SCI should make reference to any commentary in the Corporate Plan that underpins or impacts on the SCI outcomes. The strategies incorporated should be consistent with current Government policy. The SCI and Corporate Plan are not the appropriate avenue for GOCs to seek a change in Government policy.

Attachment 1 outlines a broad framework that provides clarity for GOC boards as to:

- matters mandatory under the GOC Act to be included in the SCI;
- additional matters that shareholding Ministers require to be included in the SCI; and
- the preferred format of the SCI.

The suggested format may be adapted, where necessary and in consultation with shareholder departments, to suit the particular circumstances of individual GOCs.

The GOC Act requires that a GOC's SCI must apply to its subsidiaries. Accordingly, GOC boards must consider the business activities of their GOC subsidiaries and their performance targets and deliverables when drafting their SCIs. The SCI must clearly state that the corporate objectives, strategies, performance targets and outcomes detailed within it incorporate those of any subsidiaries that the GOC may have.

From time to time, shareholding Ministers may require the inclusion of additional material not covered in the suggested format. Such requirements will be communicated to GOCs during the SCI negotiation process.

MODIFICATION OF THE SCI

The GOC Act provides that an SCI agreed to by shareholding Ministers may subsequently be modified by the GOC board with the agreement of shareholding Ministers. Given that a range of factors, particularly those external to the GOC, continue to impact on a GOC's activities, and therefore on its SCI targets and outcomes, it is the preference of shareholding Ministers that SCIs not be continually modified to reflect changed circumstances.

However, situations may arise where events impact on the core of a GOC's business and the agreed SCI becomes ineffective or irrelevant. In such situations, the relevant board must advise shareholding Ministers of this at the earliest opportunity and request their approval to modify the SCI.

The GOC Act also provides that shareholding Ministers may direct a GOC board to modify its SCI, but before doing so, they must consult the board and take its views into account. It is the view of shareholding Ministers that the SCI represents a negotiated outcome, and without restricting any future circumstance where a direction may be necessary, shareholding Ministers will endeavour to exercise their power with respect to directions only where considered absolutely necessary, and, as required under the GOC Act, only in consultation with the relevant board.

**GOVERNMENT OWNED CORPORATIONS
STATEMENT OF CORPORATE INTENT
PRO FORMA**

SUGGESTED FORMAT: 2006-07



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The Statement of Corporate Intent (SCI) for each Government Owned Corporation (GOC) should be divided into five parts:

- **Part One** incorporates corporate objectives and strategies;
- **Part Two** incorporates those matters that the *Government Owned Corporations Act 1993* (GOC Act) mandates should be included in the SCI;
- **Part Three** incorporates additional matters that shareholding Ministers require to be included;
- **Part Four** is the sign-off; and
- **Part Five** includes attachments which provide additional information and form part of the SCI.

The parts are divided into sections as appropriate.

PART ONE: CORPORATE OBJECTIVES AND STRATEGIES

The SCI outlines strategies that will be implemented in 2006-07, forming part of the longer-term Corporate Plan five-year strategic direction to achieving the Corporate Vision over the period 2006-07 to 2010-2011.

1.1 Core Business

This section should clearly state (GOC's) core business. For company GOCs, this would be consistent with their constitutions. For statutory GOCs, this would be consistent with their statutory functions. Preferably, this should be stated in the following format:

(GOC's) Core business is.... ..

This section should also list the companies in the group and the business activities they undertake as follows:

The main operating companies within the (GOC) Group and their activities are:

-
-

1.2 Corporate Objectives

This section should outline the GOC's key corporate objectives for the year. This should logically follow from the medium to long term objectives detailed in the Corporate Plan. The key corporate objectives for the year should be stated in dot form, preferably in the following format:

Consistent with the medium to long-term corporate objectives as detailed in its 2006-07 to 2010-2011 Corporate Plan, (GOC's) corporate objectives for 2006-07 are:

-
-

1.3 Operational Objectives

This section should briefly outline the GOC's key operational objectives for the year such as service delivery, safety issues, compliance with environmental obligations or satisfaction of any Government priorities.

1.4 Corporate Strategies

This section should clearly articulate the GOC's strategies for achieving its key corporate objectives for the year. It should draw on the discussion of key corporate strategies in the 2006-07 to 2010-2011 Corporate Plan and should be stated in dot point form in the SCI, preferably in the following format:

Consistent with its 2006-07 to 2010-2011 Corporate Plan, (GOC's) key corporate strategies for achieving its corporate objectives for 2006-2007 are:

- Strategy 1: Details (preferably one to two short paragraphs)
- Strategy 2: Details (ditto)

1.5 Performance Drivers

The Corporate Plan should discuss the key drivers for the GOC's business and how they impact on its objectives and strategies such as key market issues, business risks and emerging issues. This section should state in dot point form what the key drivers are.

1.6 Corporate Performance Outcomes

Corporate strategies discussed in the Corporate Plan should translate into the key corporate performance outcomes for the SCI year. The focus here is not targets but other aspects of sound management of the GOC's business which underpin the financial and non-financial targets and outcomes. These corporate outcomes should be quantifiable to the extent possible, or at least be capable of being objectively assessed, to enable shareholding Ministers to form a view as to how successfully the GOC managed its business to achieve the financial and non-financial targets and outcomes specified in the SCI. Therefore, statements such as "to better manage the business" or "to be a top energy/port/rail business" will not be sufficient. Preferably, the corporate performance outcomes/targets should be stated in the following format:

In accordance with the above corporate objectives, (GOC) undertakes to achieve the following corporate performance outcomes in 2006-07:

Key Corporate Performance Area	Objectives/Outcomes	Performance Measures/ Outcomes for 2006-07
<i>For example:</i> <ul style="list-style-type: none">• Business Growth/Development• Asset Management• Investments• Cost Structure• Environment• People• Shareholder Value• Other...as agreed with shareholder representatives.		<i>Eg:</i> <ul style="list-style-type: none">• outcome 1• measure 2

PART 2: MANDATORY MATTERS

Medium to long term corporate strategies discussed in the Corporate Plan should translate into outcomes measurable by financial and non-financial targets. Preferably, the targets for 2006-07 should be stated in the format suggested below.

2.1 Financial Targets

Some of the more common financial targets are suggested below. Other targets specific to individual GOCs, reflecting the nature of their businesses, are to be agreed upon between GOCs and shareholder representatives.

In accordance with the above corporate objectives, (GOC) undertakes to achieve at least the following performance targets in 2006-07:

Suggestions:

Performance Targets	2006-07 Budget	2004-05 Actual	2005-06 Budget	2005-06 Est Actual
<ul style="list-style-type: none"> • EBIT • NPAT • Return on Total Assets • Return on Operating Assets • Return on Equity • Other...as agreed with shareholder representatives 				

Based on the (GOC) achieving these performance targets, the following financial indicators will be achieved in 2006-07:

Suggestions:

Performance Indicators	2006-07 Budget	2004-05 Actual	2005-06 Budget	2005-06 Est Actual
<ul style="list-style-type: none"> • Debt/Debt+Equity • Current Ratio • Interest cover • Other...as agreed with shareholder representatives 				

2.2 Non-financial Performance Targets

Targets in respect of some of the more common non-financial aspects of the operations of GOCs are suggested below. Other non-financial targets specific to individual GOCs, reflecting the nature of their businesses, are to be agreed upon between GOCs and shareholder representatives.

	2006-07 Budget	2004-05 Actual	2005-06 Budget	2005-06 Est Actual
Environment <ul style="list-style-type: none"> • % Compliance with Environmental Obligations • Number of Compliance Breaches 				
Safety <ul style="list-style-type: none"> • Lost time injury frequency rate (LTIFR) • Lost time injury duration rate (LTDIR) 				
• Efficiency				
• Service Levels				
• Other... <i>as agreed with shareholder representatives</i>				

2.3 Assumptions

(GOC's) business planning must make certain assumptions regarding factors that would impact on its business. Assumptions that underpin the forecast outcomes should be clearly set out in this section. Assumptions may also be presented in the following format:

(GOC's) undertaking to achieve its performance outcomes is predicated upon the following assumptions:

Assumptions	2006-07 Budget	2004-05 Actual	2005-06 Budget	2005-06 Est Actual
Economic Indices <ul style="list-style-type: none"> • CPI • Wages Growth • Long term interest rates 				
Revenue <ul style="list-style-type: none"> • <i>GOC Specific</i> 				
Operating Expenses <ul style="list-style-type: none"> • <i>GOC Specific</i> 				
Redundancy Costs <ul style="list-style-type: none"> • <i>GOC-specific</i> 				
• Other... <i>as agreed with shareholder representatives</i>				

2.4 Community Service Obligations (CSOs)

The SCI will not form the basis of approval of CSOs. The SCI should only briefly define the nature, costing and funding of CSOs that have been negotiated and agreed with shareholder departments. If no CSOs apply, please insert:

No Community Service Obligations have been identified for (GOC) for 2006-07.

2.5 Employment and Industrial Relations Plan

The GOC Act requires that each GOC's SCI include its Employment and Industrial Relations (E&IR) Plan. The following paragraph should be included in this section and the E&IR Plan should be provided as an attachment to the SCI.

An Employment and Industrial Relations Plan meeting the requirements of Section 171 of the GOC Act has been provided to shareholding Ministers and is included as Attachment 1 to this SCI.

PART THREE: ADDITIONAL MATTERS

In accordance with Section 115(1) of the GOC Act, the following additional matters should be detailed in this section:

3.1 Financials

3.1.1 Group

The following Income Statement, Balance Sheet and Cash Flow Statement formats are suggestions only and may be modified to reflect the operations of individual GOCs. Some line items are GOC-specific and will be negotiated between GOCs and shareholder representatives. Some additional lower level detail, if any, may be required to be provided to shareholder representatives as part of the SCI negotiation process.

Income Statement Group (Consolidated)

Quarter 2006-07					2006-07 Budget	2004-05 Actual	2005-06 Budget	2005-06 Est Act
Sept	Dec	Mar	Jun					
				Operating Revenue <i>Eg:</i> Sales Revenue Investment Income Other				
				TOTAL OPERATING REVENUE				
				Operating Expenses <i>Eg:</i> Fuel Depreciation & Amortisation Business Development Operations and Maintenance Employee costs Other				
				TOTAL OPERATING EXPENSES				
				OPERATING PROFIT/(LOSS)				
				Non-Operating Revenue and Expenses Non-Operating Revenue Non-operating Expenses				
				NON-OPERATING PROFIT/LOSS				
				EARNINGS BEFORE INTEREST AND TAX				
				Interest Expense Income Tax Expense				
				PROFIT/(LOSS) AFTER TAX				

Note: Where "Other" are significant amounts, detailed information may be required to be provided to shareholder representatives as part of the SCI negotiation process.

Transactions with Owners As Owners				
	2006-07 Budget	2004-05 Actual	2005-06 Budget	2005-06 Est Act
Equity injections/(withdrawals)				
Dividends provided for or paid				

Tax and CSO Payments				
	2006-07 Budget	2004-05 Actual	2005-06 Budget	2005-06 Est Act
Tax Paid/Payable				
CSO Paid/Payable or Received/Receivable				

**Balance Sheet
Group (Consolidated)**

Quarter 2006-07					2006-07 Budget	2004-05 Actual	2005-06 Budget	2005-06 Est Act
Sept	Dec	Mar	Jun					
				Current Assets				
				Cash				
				Receivables				
				Investments				
				Derivative Financial Instruments				
				Inventories				
				Other				
				TOTAL CURRENT ASSETS				
				Non-Current Assets				
				Investments				
				Receivables				
				Derivative Financial Instruments				
				Property, Plant & Equipment				
				Work in Progress				
				Intangibles				
				Other				
				TOTAL NON-CURRENT ASSETS				
				TOTAL ASSETS				
				Current Liabilities				
				Accrued Employee Benefits				
				Derivative Financial Instruments				
				Creditors				
				Borrowings				
				Provisions				
				Current Tax Liability				
				Dividends				
				Other				
				TOTAL CURRENT LIABILITIES				
				Non-Current Liabilities				
				Accrued Employee Benefits				
				Derivative Financial Instruments				
				Borrowings				
				Provisions				
				Deferred Tax Liability				
				Other				
				TOTAL NON-CURRENT LIABILITIES				
				TOTAL LIABILITIES				
				NET ASSETS				
				Contributed Equity				
				Reserves				
				Retained Earnings				
				TOTAL EQUITY				

Note: Where "Other" are significant amounts, detailed information may be required to be provided to shareholder representatives as part of the SCI negotiation process.

Cash Flow Statement Group (Consolidated)

Quarter 2006-07					2006-07 Budget	2004-05 Actual	2005-06 Budget	2005-06 Est Act
Sep	Dec	Mar	Jun					
				Cash Flows from Operating Activities Receipts from Customers Payments to Suppliers and Employees Interest Received Borrowing Costs Paid Tax Equivalent Payments				
				NET CASH PROVIDED BY OEPRATING ACTIVITIES				
				Cash Flows from Investing Activities Payments for Property, Plant & Equipment Proceeds from Sale of Non-Current Assets Interest Received Other (Specify if applicable)				
				NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES				
				Cash Flows from Financing Activities Proceeds from Borrowings Repayment of Borrowings Dividends Paid Other (Specify if applicable)				
				NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES				
				Net Increase/(Decrease) in Cash Held Cash at the Beginning of the Financial Year/Qtr				
				CASH AT THE END OF THE FINANCIAL YEAR/QTR				

Note: Where "Other" are significant amounts, detailed information may be required to be provided to shareholder representatives as part of the SCI negotiation process.

3.1.2 Financials: Selected Subsidiaries:

Income Statements, Balance Sheets and Statements of Cash Flow for selected subsidiaries (if applicable) are to be provided. Details of which subsidiaries are included here will be subject to negotiation between GOCs and shareholder representatives. Additional, lower-level details may need to be provided as part of the SCI negotiation process.

Income Statement XYZ Pty Limited

	2006-07 Budget	2004-05 Actual	2005-06 Budget	2005-06 Est Actual
Total Revenue				
Total Expenses				
EBIT				
Interest Expense				
Income Tax Expense				
NET PROFIT AFTER TAX				

Balance Sheet XYZ Pty Limited

	2006-07 Budget	2004-05 Actual	2005-06 Budget	2005-06 Est Actual
Total Current Assets				
Total Non-current Assets				
TOTAL ASSETS				
Total Current Liabilities				
Total Non-current Liabilities				
TOTAL LIABILITIES				
NET ASSETS				
Contributed Equity				
Reserves				
Retained Earnings				
TOTAL EQUITY				

Cash Flow Statement XYZ Pty Limited

	2006-07 Budget	2004-05 Actual	2005-06 Budget	2005-06 Est Actual
Net Cash flows from Operating Activities				
Net Cash Provided by/(Used in) Investing Activities				
Net Cash Provided by/(Used in) Financing Activities				
Net Increase/(Decrease) in Cash Held				
Cash at Beginning of the Financial Year				
CASH AT THE END OF THE FINANCIAL YEAR				

3.1.3 Financial Contributions: Selected Subsidiaries

Financial contributions to Group financial outcomes of selected subsidiaries (if applicable) are to be provided. Details of which subsidiaries are included here will be subject to negotiation between GOCs and shareholder representatives.

Subsidiary	Ownership	Nature of Business	Contribution to Group Financial Outcome 2006-07
	<i>Eg 100% 50% GOC/50% XYZ Corp</i>		
TOTAL			

3.1.4 Financial Contributions: Major Business Divisions

Financial contributions to Group financial outcomes of major business divisions (if applicable) are to be provided. Details of which business divisions are included here will be subject to negotiation between GOCs and shareholder representatives.

Business Division	Nature of Business	Contribution to Group Financial Outcome 2006-07
TOTAL		

3.2 Assets

This section should list all the major operating assets the GOC owns and manages. Interests in various assets, whether 100% or a lesser interest, should be indicated. What individual assets are detailed here is subject to negotiation between GOCs and shareholder representatives. Where a GOC does not own physical assets, the GOC and shareholder representatives may negotiate what information regarding assets is to be provided.

Preferably, details of assets should be provided in the format suggested below.

Consistent with its core business, (GOC) owns and manages the following major assets:

Asset	Ownership (%)	Details		
<i>Eg: Asset 1: ABC Power Station</i>	<i>100%</i>	<i>Coal-fired</i>	<i>500 MW</i>	<i>Base load</i>
<i>Asset 2</i>				

3.3 Capital Expenditure Programme

Information to be included in this section is GOC-specific and the required information will not be applicable to all GOCs. What individual information is included here is subject to negotiation between GOCs and shareholder representatives.

3.3.1 Repairs, Maintenance and Renewals

Description	Total Cost	Budgeted Cost 2006-07	Purpose and Objective	Project Status
			<i>Eg Scheduled overhaul</i>	<i>Eg Awaiting Board approval/ Board approved etc</i>
TOTAL				

3.3.2 Business Development (Material expenses on projects being considered)

Description	Budgeted Cost 2006-07	Purpose and Objective	Status
			<i>Eg Pre Feasibility/ Feasibility/Board approved/ Awaiting shareholding Ministers approval etc</i>
TOTAL			

3.3.3 Assets Under Construction

Asset	Project Status	Budgeted Total Cost	Total Estimated Expenditure to 30 June 2006	Budget 2006-07	Expected Date of Completion
TOTAL					

3.3.4 Proposed Capital Expenditure (Projects expected to be approved during 2006-07)

Asset	Project Status	Budgeted Total Cost	Total Estimated Expenditure to 30 June 2006	Budget 2006-07	Expected Date of Completion
			<i>If applicable; eg feasibility costs</i>		
TOTAL					

3.4 Other Undertakings

As part of its performance agreement with its shareholding Ministers, (GOC) provides the following additional undertakings:

3.4.1 Prudent Financial Management

The Board and CEO of (GOC) take full responsibility to ensure that prudent financial practices will be applied both within the corporation and within its subsidiaries (whether fully controlled or otherwise). Without limiting the obligations imposed on the Board and the CEO by the GOC Act and, where applicable, the Corporation's Act, this includes a commitment to:

- abide with the *Code of Practice for Government Owned Corporations' Financial Arrangements* as issued by the Queensland Government; and
- establish, maintain and implement appropriate financial risk management practices and policies required and as specified in the *Code of Practice*.

3.4.2 Capital structure

(GOC) will prudently manage the financing of its existing business and new business developments. As an integral part of the financing of the Corporation, the overall debt will be managed to ensure that (GOC) maintains the appropriate credit rating or other rating as directed by shareholding Ministers.

3.4.3 Weighted Average Cost of Capital (WACC)

(GOC) will review its WACC on an annual basis. As part of the SCI negotiation process, (GOC's) beta and optimal capital structure have been determined in consultation with shareholder representatives. Separate WACCs have been calculated for those parts of (GOC's) operations that face differing business risk profiles.

Other than the annual review process, in the event (GOC) encounters a significant change to the risk profile of its business, its WACC will be recalculated in consultation with shareholder representatives.

Details of (GOC's) WACC calculations are provided in Attachment 2 to the SCI.

3.4.4 Dividend Policy

(GOC's) dividend policy takes into account the return its shareholders expect on their investments. The Board of (GOC) will recommend a dividend amount equivalent to 80% of the Corporation's applicable profit for the 2006-07 financial year. The Board will adopt such a recommendation on the basis of its shareholders agreeing to provide the necessary funding for projects which have received Board and shareholding Ministers' approval or for the maintenance of (GOC's) approved capital structure or for ensuring the operational viability of (GOC).

3.4.5 Corporate Governance

(GOC) will continually monitor and review its corporate governance arrangements to reflect good practice, having regard to the *Corporate Governance Guidelines for Government Owned Corporations*.

Insert either:

(GOC) has adopted all the recommendations in the *Corporate Governance Guidelines for Government Owned Corporations*.

Or

(GOC) has determined not to adopt some of the recommendations in the *Corporate Governance Guidelines for Government Owned Corporations*. Details of the recommendations not adopted, with reasons why they have not been adopted, are provided in Attachment 3 to the SCI.

3.4.6 Risk Management

The Board of Directors of (GOC) has ultimate responsibility for the management of all potential internal and external risks for the Corporation. The Corporation's risk identification and management process is monitored by the (eg Audit / Risk Committee; *insert name of committee as appropriate*), which is a subcommittee of the Board and which reports to the Board on a regular basis.

The risk management framework is designed to ensure that all potential financial, operational and other risks are regularly identified, assessed, monitored and reported to the (eg Audit / Risk Committee; *insert name of committee as appropriate*) and the (GOC) Board, along with appropriate risk mitigation and management plans. In particular, potential security risks have been considered and identified and a framework to respond to security threats has been developed. The Board will continually monitor security risks and update (GOC's) response framework as necessary.

Risk management plans have been incorporated in the Corporation's budgetary and strategic planning process.

3.4.7 Compliance with Government Policies

All the relevant Government Policies that GOCs are required to comply with are detailed in Part 5 of this pro-forma. This list should be included as an attachment to the SCI and the following undertaking should be included in the SCI:

(GOC) and its subsidiaries will comply with all relevant Government policies and guidelines as set out in Attachment 4. In particular, (GOC) and its subsidiaries will comply with the approval, notification, reporting and other requirements of those policies and guidelines.

3.4.8 Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements

Budgeted expenditure on the above activities should be provided in the format below and details of individual expenditure items for each of the above categories should be provided in the attached format as Attachment 5 to the SCI.

(GOC) has budgeted the following amounts for Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements for 2006-07. Full details of the budgeted expenditure are provided in Attachment 5 to the SCI.

Marketing Activity	Budget 2006-07
Sponsorship	\$xxx
Advertising	\$xxx
Corporate Entertainment	\$xxx
Donations	\$xxx
Other Related Activities	\$xxx
Total	\$xxx

(GOC) will provide details of any significant changes to the listed commitments in quarterly reports to shareholding Ministers and will notify shareholding Ministers of any significant proposed sponsorship arrangements prior to the signing of a binding contract. A post audit/review will be conducted to verify outcomes against specific corporate objectives for significant sponsorship and advertising programs, with a report provided to shareholding Ministers in the June quarterly report.

If no amounts have been budgeted for the above activities, please insert:

(GOC) has not budgeted any expenditure on Sponsorship, Advertising, Corporate Entertainment, Donations or other activities in 2006-07.

3.5 Remuneration Arrangements

Remuneration arrangements for the Directors and chief and all senior executives of the Corporation in line with Guidelines for the Development of Employment and Industrial Relations Plans should be included in the Employment and Industrial Relations Plan attached to the SCI. The following paragraph should be inserted here:

The remuneration arrangements for the Directors and chief and all senior executives of (GOC) in line with the *Guidelines for the Development of Employment and Industrial Relations Plans* are detailed in the Employment and Industrial Relations Plan provided as Attachment 1 to the SCI.

3.6 Industrial Relations/Human Resources Philosophy and Direction and Significant Emerging Issues

This part should comprise a brief statement of no more than a page on how the GOC intends positioning itself on HR/IR and how this will be supported and any inherent risk managed. Significant emerging issues and likely response strategies should be listed in dot point form (preferably no more than half a page). Additional detail, if necessary, may be provided as an attachment to the SCI.

PART FOUR: PERFORMANCE AGREEMENT

DIRECTORS' STATEMENT AND AGREEMENT OF SHAREHOLDING MINISTERS

This Statement of Corporate Intent (“SCI”), for the financial year 2006-07, is presented in accordance with Section 9 and Part 8 of the GOC Act.

The SCI represents a formal performance agreement between the Board of Directors of (GOC) and its shareholding Ministers, the Deputy Premier, Treasurer and Minister for State Development, Trade and Innovation and the *(insert title of appropriate shareholding*

Minister) with respect to the financial and non-financial performance targets specified for the financial year. The SCI also represents an acknowledgment and agreement on major activities, objectives, undertakings, policies, investments and borrowings of (GOC) for the 2006-07 financial year.

This SCI is consistent with (GOC's) 2006-07 to 2010-2011 Corporate Plan submitted to, and agreed to by, the shareholding Ministers in accordance with Part 7 of the GOC Act.

In signing the document (GOC) has undertaken to take all reasonable steps to ensure that the document, and all reports to shareholding Ministers, are prepared with accuracy and timeliness.

Major changes to key assumptions and outcomes detailed in this SCI, and which come to (GOC's) attention during the year, will be brought to the attention of shareholding Ministers. Any modifications to this SCI will be dealt with in accordance with the GOC Act

Options:

Either:

- 1. *All directors to sign*

This SCI is signed by all Directors in accordance with a unanimous decision of the Board of (GOC)

..... Chair Date Director Date Director Date Director Date
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..... (Shareholding Minister) Date (Shareholding Minister) Date
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Or:

- 2. *The Chair to sign on behalf of the Board*

This SCI is signed by the Chair on behalf of all the Directors in accordance with a unanimous decision of the Board of (GOC).

.....
Chair
Date

..... (Shareholding Minister) Date (Shareholding Minister) Date
--	--

PART FIVE: ATTACHMENTS

ATTACHMENT 1

Employment and Industrial Relations Plan

ATTACHMENT 2

WACC Calculations

ATTACHMENT 3

Corporate Governance Guidelines for Government Owned Corporations: *Provide details of recommendations not adopted and the reasons why they have not been adopted.*

ATTACHMENT 4

Government Policies and Guidelines

- *Guidelines for the Preparation of Statement of Corporate Intent and Corporate Plans (2006)*
- *Corporate Governance Guidelines for Government Owned Corporations (2005)*
- *Investment Guidelines for Government Owned Corporations (2003)*
- *Code of Practice for GOC Financial Arrangements (2002)*
- *Audit and Reporting Requirements for Government Owned Corporation Controlled Entities and Investments (2002)*
- *Agreement Making in Government Owned Corporations - Guidance for Chief Executive Officers (2002)*
- *Development of Employment and Industrial Relations Plans in Government Owned Corporations - Guidelines (2002)*
- *Guidelines for Export of Services by GOCs (2001)*
- *Overseas Travel Reporting Arrangements (2001)*
- *Code of Practice for the Building and Construction Industry (2001)*
- *State Purchasing Policy (2001)*
- *GOC Subsidiaries - Key Shareholder Requirements for Constitutions (2001)*
- *Remuneration Guidelines for Directors and Senior Executives in Government Owned Corporations (2000)*
- *Queensland Port Government Owned Corporations - Local Government General Rates Equivalent Regime: Guidelines for Assessment, Collection & Payment (2000)*
- *Local Industry Policy: A Fair Go for Local Industry (1999)*
- *Guidelines: Overseas Travel for Official Purposes (1999)*
- *Guidelines for Frequent Flyer Schemes (1999)*
- *CSO Policy Framework (1999)*
- *2% for Public Art Policy (1998)*

ATTACHMENT 5

- Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements

Marketing Activity	Budget 2006-07
Sponsorship	
• Detail 1	\$xxx
• Detail 2	<u>\$xxx</u>
Total Sponsorship	<u>\$xxx</u>
Advertising	
• Detail 1	\$xxx
• Detail 2	<u>\$xxx</u>
Total Advertising	<u>\$xxx</u>
Corporate Entertainment	
• Detail 1	\$xxx
• Detail 2	<u>\$xxx</u>
Total Corporate Entertainment	<u>\$xxx</u>
Donations	
• Detail 1	\$xxx
• Detail 2	<u>\$xxx</u>
Total Donations	<u>\$xxx</u>
Other Related Activities	
• Detail 1	\$xxx
• Detail 2	<u>\$xxx</u>
Total Other Related Activities	<u>\$xxx</u>
TOTAL ALL ACTIVITIES	\$XXX