DIRECTORS' STATEMENT OF CORPORATE INTENT AND AGREEMENT OF SHAREHOLDING MINISTER

In signing this Statement of Corporate Intent, the Board of the Tasmanian Public Finance Corporation (TASCORP) commits to the targets included for the 2026-27 financial year.

The Board of TASCORP agrees to keep the Treasurer informed in relation to achievement of the agreed targets in the quarterly reports and advise the Treasurer as soon as the Board becomes aware of any circumstances that may materially impact the achievement of these targets.

The Board of TASCORP agrees to keep its owners, the Tasmanian community, informed in relation to the achievement of the agreed targets in the half-year progress report and the annual report.

This Statement of Corporate Intent has been agreed between:



Gary Swain
Chair
Tasmanian Public Finance Corporation
On behalf of the Board



The Hon. Eric Abetz MP
Treasurer

INTRODUCTION

This Statement of Corporate Intent (SCI) is a summary of the 2026-27 to 2029-30 Corporate Plan of the Tasmanian Public Finance Corporation (TASCORP) and includes a performance agreement between the Board of TASCORP and the Treasurer.

The performance agreement details the key financial and non-financial targets for TASCORP for 2026-27, as agreed between the Board and the Treasurer through the 2026 Corporate Planning process. It also includes financial and non-financial estimates for the following three years.

The SCI has been prepared pursuant to Section 41 of *the Government Business Enterprises Act 1995* and in accordance with TASCORP's Ministerial Charter.

PART 1: STRATEGIC DIRECTION

Principal Purpose

As outlined in its Ministerial Charter, the principal purpose of TASCORP is to develop, implement and manage borrowing and investment programs for the benefit of the State.

Core Business

In accordance with *Tasmanian Public Finance Corporation Act 1985* and the Ministerial Charter, and subject to the priorities and expectations of the Treasurer as advised from time to time, the core business of TASCORP is to:

- Raise funds in domestic and offshore capital markets;
- Lend to its public sector clients;
- Offer deposit facilities to assist its public sector clients with their cash management and investment activities;
- Provide financial risk management advisory services to its public sector clients and the Tasmanian Government;
- Reinvest surplus funds in financial assets to achieve an acceptable risk/reward outcome;
- Provide advice to the Shareholding Minister and the Department of Treasury and Finance, as requested, regarding client borrowing balances and limits; and
- Provide fund management services to the State of Tasmania.

Key Business Strategies

For the period 2026-27 to 2029-30, key business strategies for TASCORP are to:

- Provide high quality borrowing, investment and advisory services to our clients and deliver interest rates, terms, and conditions more favourable than our clients can achieve themselves;
- Effectively manage liquidity and our debt outstanding, to ensure that our clients' current and future cash and debt management needs are met;
- Manage risks prudently by operating profitably within the agreed capital-at-risk limits and always overlaying a whole of State risk perspective on all strategies;
- Prudently manage the Mersey Community Hospital Fund on behalf of the Tasmanian Government;
- Review TASCORP's ability to provide more competitive deposit products to its broader client base as the wholesale investment market normalises;
- Embed a culture of continuous improvement; and
- Achieve and maintain high levels of employee engagement.

These strategies support the Government's expectations by maintaining access to efficient and sustainable financing for the Tasmanian public sector, managing financial risks prudently and supporting the long-term interests of the Tasmanian community through sound financial management and stewardship.

Key Limitations

- TASCORP's cost of borrowing and its access to debt capital markets, depend on the State's credit rating over which TASCORP has minimal control;
- TASCORP's economies of scale relative to other Australian States can also impact on its cost of borrowing;
- TASCORP must maintain a high standard of communication about Tasmania's and TASCORP's market and funding activities; and
- TASCORP's inability to compete with banks on client deposits. Unlike banks, client deposits are not the most economical source of funding to Central Financing Authorities.

PART 2: PERFORMANCE AGREEMENT

This Performance Agreement sets out the key financial and non-financial targets for the 2026-27 financial year. Estimates for the following three years are also detailed in the tables below.

Financial Returns to Government

	Target 2026-27	Estimates 2027-28	2028-29	2029-30
Treasury Activity				
Dividends Paid ($m)	10.588	15.519	14.131	16.812
Tax Equivalents Paid ($m)	10.533	4.850	5.191	6.503
Total	**21.120**	**20.369**	**19.322**	**23.315**
Mersey Community Hospital Fund				
Dividends Paid ($m)	**29.813**	**N/A**	**N/A**	**N/A**

Financial Targets

	Target 2026-27	Estimates 2027-28	2028-29	2029-30
Treasury Activity				
Net Profit Before Tax ($m)	16.166	17.303	21.678	25.704
Effective Capital Employed (ECE) ($m)	50.0	50.0	50.0	50.0
Notional Capital Employed – TDP ($m)	55.0	55.0	55.0	55.0
Mersey Community Hospital Fund				
Net Profit Before Tax ($m)	1.359	N/A	N/A	N/A

Non-Financial Targets

	Target 2026-27	Estimates 2027-28	2028-29	2029-30
ECE Policy Breaches	NIL	NIL	NIL	NIL
WATM of Benchmark Bonds	>4.5 yrs	>4.5 yrs	>4.5 yrs	>4.5 yrs

Single Service Delivery Measure

	Target 2026-27
Overall Client Satisfaction Rating	4.3

Definitions:
ECE: Effective Capital Employed
WATM: Weighted Average Term to Maturity
TDP: Treasury Deposit Product

Changes to Performance Measures and Annual Target Trends

The key changes to the 2026–27 performance measures and annual targets, compared with the corresponding estimates included in the 2025–26 Statement of Corporate Intent, are outlined below:

Financial Returns to Government

	Target 2026-27	2025–26 SCI (2026–27 Estimate)	Trend
Treasury Activity			
Dividends Paid ($m)	10.588	10.891	▼
Tax Equivalents Paid ($m)	10.533	4.667	▲
Total	**21.120**	**15.558**	▲
Mersey Community Hospital Fund			
Dividends Paid ($m)	**29.813**	**29.644**	▲

Financial Targets[1]

	Target 2026-27	2025–26 SCI (2026–27 Estimate)	Trend
Treasury Activity			
Net Profit Before Tax ($m)	16.166	16.452	▼
Net Profit After Tax ($m)[1]	N/A	11.516	Removed
Effective Capital Employed (ECE) ($m)	50.0	50.0	▶
ROECE (%) – Minimum 10%[2]	N/A	23.0	Removed
Notional Capital Employed – TDP ($m)	55.0	55.0	▶
Mersey Community Hospital Fund			
Net Profit Before Tax ($m)	1.359	1.074	▲

Non-Financial Targets

	Target 2026-27	2025–26 SCI (2026–27 Estimate)	Trend
ECE Policy Breaches	NIL	NIL	▶
WATM of Benchmark Bonds	>4.5 yrs	>4.5 yrs	▶

Single Service Delivery Measure

	Target 2026-27	2025–26 SCI (2026–27 Estimate)	Trend
Overall Client Satisfaction Rating	4.3	4.3	▶

[1] *The Net Profit After Tax target has been removed as a performance measure for 2026-27 as the Board determined that Net Profit Before Tax is the more appropriate measure of financial performance.*

[2] *The Return on Effective Capital Employed (ROECE) target has been removed as a performance measure for 2026-27 as the Board determined that Effective Capital Employed remains the more appropriate measure of capital management, and that Net Profit Before Tax remains the more appropriate measure of financial performance.*

Basis of Performance Target Measurement

Key performance targets as set out in the agreement are calculated as follows:

- **Treasury Dividends Paid:** Cash dividends paid during the financial year, calculated in accordance with the Board-approved dividend policy.
- **Treasury Tax Equivalents Paid:** Tax equivalent payments made under the Income Tax Equivalent Regime (being 30% of the annual Net Profit Before Tax for the prior financial year).
- **Total Treasury Financial Returns to Government:** The sum of the above two measures.
- **Mersey Community Hospital Fund Dividends Paid:** As prescribed by applicable legislation, being an amount of $78,142,500 for 2017-18, with this amount then indexed at 3.5% per annum for each subsequent year thereafter, before paying out the residual fund balance in 2026-27 as the 10th and final dividend.
- **Treasury Net Profit Before Tax:** Audited Net Profit Before Tax for the relevant business activity.
- **Effective Capital Employed:** Fixed at $50.0 million.
- **Notional Capital Employed - TDP:** Fixed at $55.0 million.
- **Mersey Community Hospital Fund Net Profit Before Tax:** Audited Net Profit Before Tax for the relevant business activity.
- **ECE Policy Breaches:** The number of Effective Capital Employed breaches recorded during the financial year.
- **Weighted Average Term to Maturity of Benchmark Bonds:** The weighted average term to maturity of all Benchmark Bonds on issuance at year end.
- **Overall Client Satisfaction Rating:** Result of annual client survey (average rating out of 5 across various criteria).