

**DIRECTORS' STATEMENT OF CORPORATE INTENT AND
AGREEMENT OF SHAREHOLDING MINISTER**

The Board of the Tasmanian Public Finance Corporation (TASCORP) agrees to provide the Treasurer with financial and other information as set out in the Statement of Corporate Intent.

In signing this Statement of Corporate Intent, the Board of TASCORP commits to the targets for the 2025-26 financial year based on the assumptions in the 2025-26 to 2028-29 Corporate Plan, to the extent that the targets are within TASCORP's control.

This Performance Statement has been agreed between:

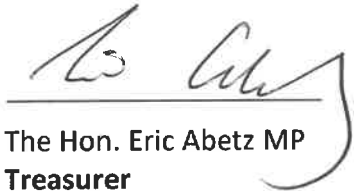


Gary Swain

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 2025-26 to 2028-29 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 2025-26, as agreed between the Board and the Treasurer through the 2025 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 the Ministerial Charter for TASCORP.

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 its Act 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 the proceeds 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 State Government;
- Reinvest surplus funds in financial assets so as 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 2025-26 to 2028-29, 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 liability 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 State of Tasmania;
- 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.

Key Limitations

- TASCORP's cost of borrowing, and its access to debt capital markets, may come under pressure due to the:
 - State's fiscal position with both credit rating agencies changing their outlook from stable to negative. The Corporation has limited control over ratings movements but management of liquidity will be a key focus of the rating agencies.
 - Supply of semi government bonds increasing significantly over the coming years, with total semi government issuance now forecast to be \$110 billion in the 2025-26 financial year.
 - Heightened risk of unexpected market events.
- TASCORP's economies of scale relative to other Australian States can also impact on its cost of borrowing and TASCORP has to 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.

PERFORMANCE AGREEMENT

This Performance Agreement sets out the key financial and non-financial targets for the 2025-26 financial year. Estimates for the following three years are also detailed below.

Financial Returns to Government

	Target 2025-26	2026-27	Estimates 2027-28	2028-29
Treasury Activity				
Dividends Paid (\$m)	23.092	10.891	11.516	13.624
Tax Equivalents Paid (\$m)	9.896	4.667	4.936	5.839
Total	32.988	15.558	16.452	19.463
Mersey Community Hospital Fund				
Dividends Paid (\$m)	102.899	29.644	N/A	N/A

Financial Targets

	Target 2025-26	2026-27	Estimates 2027-28	2028-29
Treasury Activity				
Operating Profit before Tax (\$m)	15.558	16.452	19.463	21.171
Operating Profit after Tax (NPAT) (\$m)	10.891	11.516	13.624	14.820
Effective Capital Employed (ECE) (\$m)	50.0	50.0	50.0	50.0
ROECE (%) – minimum 10%	21.8	23.0	27.2	29.6
Notional Capital Employed – TDP (\$m)	55.0	55.0	55.0	55.0
Mersey Community Hospital Fund				
Operating Profit after Tax (NPAT) (\$m)	4.566	1.074	N/A	N/A

Non-Financial Targets

	Target 2025-26	2026-27	Estimates 2027-28	2028-29
ECE Policy Breaches	NIL	NIL	NIL	NIL
WATM of Preferred Stock	>4.5 yrs	>4.5 yrs	>4.5 yrs	>4.5 yrs

Single Service Delivery Measure

	Target 2025-26
Overall client satisfaction rating	4.3

Definitions:

ECE: Effective Capital Employed

ROECE: Return on Effective Capital Employed

WATM: Weighted Average Term to Maturity