



Government  
of South Australia

TRS19D2898

Hon Stephen Mullighan MP  
Member for Lee  
Unit 1, 62 Semaphore Road  
SEMAPHORE SA 5019

Treasurer  
Level 8  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
GPO Box 2264  
Adelaide SA 5001  
DX 56203 Victoria Square  
Tel 08 8226 1866  
treasurer.dtf@sa.gov.au

[lee@parliament.sa.gov.au](mailto:lee@parliament.sa.gov.au)

  
Dear Mr Mullighan

### APPLICATION UNDER THE *FREEDOM OF INFORMATION ACT 1991*

I refer to your application made under the *Freedom of Information Act 1991* (FOI Act), dated 5 November 2019.

Your application seeks access to:

*"All minutes, briefings and correspondence titled 'Budget and Performance – Government Business – Dividend Payout Ratio Increase to 100 per cent' as described on the Objective document management system, between 23 February 2019 and 5 November 2019."*

The legislative prescribed timeframe to determine this application has expired and is now deemed to have refused you access to all documents relevant to your application. I refer to my letter dated 19 November 2019 where I sought additional time to make my determination.

The purpose of this letter is to advise you of my determination. An extensive search was conducted within this office. A total of 1 document was identified as answering the terms of your application.

I grant you access in full to 1 document; a copy of which is enclosed.

Please note, in compliance with Premier and Cabinet Circular PC045 - *Disclosure Logs for Non-Personal Information Released through Freedom of Information* (PC045), the Department of Treasury and Finance is now required to publish a log of all non-personal information released under the *Freedom of Information Act 1991*.

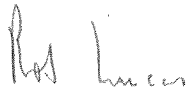
In accordance with this Circular, any non-personal information determined for release as part of this application, may be published on the DTF website. A copy of PC045 can be found at the following address: <https://dpc.sa.gov.au/resources-and-publications/premier-and-cabinet-circulars>. Please visit the website for further information.

As I am determining this application as Principal Officer, Section 29(6) of the Act does not provide for an internal review. If you are dissatisfied with my determination you are entitled to exercise your rights of external review with the Ombudsman.

Alternatively, you can apply to the South Australian Civil and Administrative Tribunal. If you wish to seek a review, Section 39(3) of the Act states you must do so within 30 calendar days of receiving the determination.

If you require any further information, please contact Vicky Cathro on 8226 9769.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob Lucas".

**Hon Rob Lucas MLC**  
*Principal Officer*

22 May 2020

**RELEASE**

MINUTE

MINUTE  
7/05/2019  
T19/016  
TK11926 970



MINUTES forming ENCLOSURE

File T&F18/0547

Doc No A1137994

To The Treasurer

**GOVERNMENT BUSINESS – DIVIDEND PAYOUT RATIO INCREASE TO 100 PER CENT**

Timing: URGENT — A decision as soon as possible will enable government businesses to incorporate the revised dividend policy into their dividend recommendations for 2018-19

**Recommendations/Issues:** It is recommended that you:

- note that as part of the 2019-20 Budget, Cabinet approved an increase in the dividend payout ratio (DPR) to 100 per cent of profit after tax for all government businesses;
- note that dividends are currently budgeted to be paid by HomeStart Finance, the Motor Accident Commission, Renewal SA, SA Water, the South Australian Financing Authority and the South Australian Government Employee Residential Properties; and
- sign the attached minutes to responsible Ministers and Board Chairs where required requesting the corporation pay a DPR of 100 per cent of profit after tax from 2018-19 and that governance documents for the government businesses are updated to reflect this change (attachment A).

Approved/Not-Approved

Hon Rob Lucas MLC  
Treasurer

8/05/2019

**Key Points:**

- Government businesses will shortly be seeking approval from their Boards and Ministers for 2018-19 dividend payments to enable sufficient time for all approvals to be granted so dividend payments can be made by 30 June 2019.
- It is likely that these approvals will be sought based on the existing dividend policy for each business.

For Official Use Only – I2 – A2



- As part of the 2019-20 Budget, the government will increase the dividend payout ratio (DPR) for all government businesses to 100 per cent of profit after tax. In the case of the South Australian Financing Authority (SAFA), SAFA's dividend will be either 100 per cent of profit after tax or 100 per cent on its non-insurance operations and 50 per cent of profits from its insurance operations based on a five year trailing average reflecting the nature of its insurance activities.
- Government businesses who currently pay dividends include HomeStart Finance, the Motor Accident Commission, Renewal SA, SAFA, SA Water and the South Australian Government Employee Residential Properties.
- Note that due to various government initiatives included in the 2019-20 Budget, Renewal SA is currently expected to make financial losses in each year across the forward estimates except for 2022-23.
- To ensure government businesses make a dividend payment based on a DPR of 100 per cent prior to 30 June 2019, DTF recommends that you write to responsible Ministers and Boards advising of the change to the DPR policy. This would allow time for the corporation to seek appropriate approval from both their Board (where appropriate) and their Minister prior to seeking your approval.
- Draft minutes to responsible Ministers and the Board Chairs of SA Water, the South Australian Government Employee Residential Properties, HomeStart Finance and Renewal SA are attached for your review and signature. You have separately advised the Motor Accident Commission of this change (TF19D00154) and it is not considered necessary for formal advice to be provided to SAFA.

#### Dividend process for government businesses

- Although there are different dividend governance arrangements in place for various government businesses, government businesses are either subject to the *Public Corporations Act 1993* (PC Act) or have similar provisions incorporated into their governing legislation. Government businesses are generally required to recommend by writing to the Treasurer, that the corporation pay a specified dividend, or not pay any dividend, for that financial year, as the corporation considers appropriate.
- The Treasurer may, after consultation with the corporation's Minister, either approve the recommendation of the corporation, determine that a specified dividend be paid, or that no dividend be paid.
- The Public Non-Financial Corporations Ownership Framework Policy Guidelines require that dividends be paid based on actual after tax profit and special dividends may be paid if determined to be appropriate by the Treasurer.

- The 2018-19 dividends are to be paid by government businesses by 30 June 2019. The dividend payment is generally based on a budget forecast (as at April) with any difference between the forecast profit and audited profit after tax to be addressed through an adjustment to the final dividend in the following financial year.



Tammie Pribanic  
EXECUTIVE DIRECTOR  
BUDGET AND PERFORMANCE

7 May 2019

Contact Officer:	Adam Pamula
Telephone:	0429 0804
Email address:	adam.pamula@sa.gov.au

## **List of Attachments**

Attachment A: Minute to Minister for Environment and Water (SA Water)

Minute to Chair of SA Water

Minute to Minister for Transport, Infrastructure and Local Government  
(HomeStart Finance, Renewal SA and SAGERP)

Minute to Chair of HomeStart Finance

Minute to Chair of Renewal SA

Minute to Chief Executive of Department of Planning, Transport and  
Infrastructure



**Government  
of South Australia**

Office of the Treasurer  
Level 8  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
GPO Box 2264  
Adelaide SA 5001  
Tel 08 8226 1866

MINUTES *forming* ENCLOSURE to:

Physical ID: TRS19D0970

**TO: HON DAVID SPEIRS MP  
MINISTER FOR ENVIRONMENT AND WATER**

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**RE: DIVIDEND PAYOUT RATIO INCREASE TO 100 PER CENT**

As part of the 2019-20 Budget process, the Government determined that all government businesses are required to pay a dividend payout ratio of 100 per cent of after tax profit from 2018-19.

I understand that SA Water currently pay a dividend payout ratio of 95 per cent of after tax profit in accordance to its Financial Ownership Framework and 2018-19 Performance Statement.

I have written to the Chair of SA Water advising him of this change in dividend payout ratio for SA Water from 2018-19 and requesting that appropriate governance documents are updated to reflect this change. A copy of the correspondence is attached for your information.

A handwritten signature in black ink that reads 'Rob Lucas'.

**Hon Rob Lucas MLC**  
*Treasurer*

9 May 2019

Att



The Hon Rob Lucas MLC



**Government  
of South Australia**

TRS19D0970

Treasurer  
Level 8  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
GPO Box 2264  
Adelaide SA 5001  
DX 56203 Victoria Square  
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treasurer.dtf@sa.gov.au

Mr Andrew Fletcher AO  
Chair  
South Australian Water Corporation  
GPO Box 1751  
ADELAIDE SA 5001

  
Dear Mr Fletcher


As part of the 2019-20 Budget process, the Government determined that all government businesses are required to pay a dividend payout ratio of 100 per cent of after tax profit from 2018-19.

I understand that SA Water currently pays a dividend payout ratio of 95 per cent of after tax profit in accordance with SA Water's Financial Ownership Framework and Performance Statement.

I request that SA Water ensures that a dividend payment recommendation of 100 per cent of after tax profit is made to your responsible Minister from 2018-19 and that appropriate governance documents are updated to reflect this change.

Please contact Mr Adam Pamula, Director, Budget and Performance Branch in Department of Treasury and Finance on 0411 668 656 should you have any questions.

Yours sincerely



**Hon Rob Lucas MLC**  
Treasurer

8 May 2019

cc Minister for Environment and Water



Government  
of South Australia

Office of the Treasurer  
Level 8  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
GPO Box 2264  
Adelaide SA 5001  
Tel 08 8226 1866

MINUTES *forming* ENCLOSURE to:

Physical ID: TRS19D0970

**TO: HON STEPHAN KNOLL MP  
MINISTER FOR TRANSPORT, INFRASTRUCTURE AND LOCAL  
GOVERNMENT**

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**RE: DIVIDEND PAYOUT RATIO INCREASE TO 100 PER CENT**

As part of the 2019-20 Budget process, the Government determined that all government businesses are required to pay a dividend payout ratio of 100 per cent of after tax profit from 2018-19.

Government businesses impacted by this change and that fall under your portfolio of responsibilities are Renewal SA, HomeStart Finance and the South Australian Government Employee Residential Properties (SAGERP).

I have written to the Chairs of Urban Renewal Authority and HomeStart Finance advising of this change in dividend payout ratio from 2018-19 and requesting that appropriate governance documents are updated to reflect this change. A copy of the correspondence is attached for your information.

Could you please advise the Chief Executive of the Department of Planning, Transport and Infrastructure that the South Australian Government Employee Residential Properties is required to make a dividend payment of 100 per cent of after tax profit from 2018-19 and ensure that appropriate governance documents are updated to reflect this change.

I have attached a template minute you may wish to use.

A handwritten signature in black ink, appearing to read 'Rob Lucas'.

**Hon Rob Lucas MLC**  
*Treasurer*

8 May 2019

Att Letter to Urban Renewal Authority  
Letter to HomeStart Finance  
Draft minute to CE DPTI

MINUTES *forming* ENCLOSURE to:

Physical ID:

DRAFT

**TO: MR TONY BRAXTON-SMITH  
CHIEF EXECUTIVE  
DEPARTMENT OF PLANNING, TRANSPORT AND  
INFRASTRUCTURE**

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**RE: DIVIDEND PAYOUT RATIO INCREASE TO 100 PER CENT**

As part of the 2019-20 Budget process, the Government determined that all government businesses are required to pay a dividend payout ratio of 100 per cent of after tax profit from 2018-19.

As a result of this change in dividend policy the South Australian Government Employee Residential Properties is required to make a dividend payment of 100 per cent of after tax profit from 2018-19 and ensure that appropriate governance documents are updated to reflect this change.

Please contact your Treasury and Finance Account Management team should you have any questions.

**Hon Stephan Knoll MP**  
*Minister for Transport, Infrastructure and Local Government*  
*Minister for Planning*

May 2019

The Hon Rob Lucas MLC



Government  
of South Australia

TRS19D0970

Mr Jim Kouts  
Chair  
HomeStart Finance  
Level 5, 169 Pirie Street  
ADELAIDE SA 5000

Treasurer  
Level 8  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
GPO Box 2264  
Adelaide SA 5001  
DX 56203 Victoria Square  
Tel 08 8226 1866  
treasurer.dtf@sa.gov.au

  
Dear Mr Kouts

As part of the 2019-20 Budget process, the Government determined that all government businesses are required to pay a dividend payout ratio of 100 per cent of after tax profit from 2018-19.

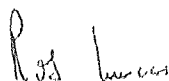
In recognition of the change in dividend policy, the Department of Treasury and Finance will liaise with HomeStart to review HomeStart's capital adequacy ratio target to ensure that the target remains appropriate.

I understand that HomeStart currently pays a dividend payout ratio of 60 per cent of after tax profit in accordance with HomeStart's Financial Ownership Framework and Performance Statement.

I request that HomeStart ensures that a dividend payment recommendation of 100 per cent of after tax profit is made to your responsible Minister commencing from the 2018-19 financial year and that appropriate governance documents are updated to reflect these changes.

Please feel free to contact Mr Adam Pamula, Director, Budget and Performance Branch in Department of Treasury and Finance on 0411 668 656 should you have any questions.

Yours sincerely



**Hon Rob Lucas MLC**  
Treasurer

8 May 2019

cc Minister for Transport, Infrastructure and Local Government

The Hon Rob Lucas MLC



**Government  
of South Australia**

TRS19D0970

Hon Bronwyn Pike  
Presiding Member  
Urban Renewal Authority  
GPO Box 698  
ADELAIDE SA 5001

Treasurer  
Level 8  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
GPO Box 2264  
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treasurer.dtl@sa.gov.au

Dear Ms Pike

As part of the 2019-20 Budget process, the Government determined that all government businesses are required to pay a dividend payout ratio (DPR) of 100 per cent of after tax profit from 2018-19.

I understand that the Urban Renewal Authority (trading as Renewal SA) currently pays a DPR of 90 per cent of after tax profit on its operating activities (excluding Adelaide Station and Environs Redevelopment (ASER)) and a DPR of 100 per cent of after tax profit on ASER activities in accordance with Renewal SA's Financial Ownership Framework and Performance Statement.

I understand that due to various government initiatives included in the 2019-20 Budget, Renewal SA is now expected to make a loss in 2018-19.

Although Renewal SA is expected to make a loss in 2018-19, I request that appropriate governance documents are updated to reflect the change to the DPR policy from 2018-19.

Please feel free to contact Mr Adam Pamula, Director, Budget and Performance Branch in Department of Treasury and Finance on 0411 668 656 should you have any questions.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Lucas'.

**Hon Rob Lucas MLC**  
*Treasurer*

8 May 2019

cc Minister for Transport, Infrastructure and Local Government