

Standing Committee on Economy and Infrastructure

Inquiry into VicForests Operations

- VicForests was established in 2003 by Order in Council under the *State Owned Enterprises Act 1992* (SOE Act)
- The Minister for Agriculture is the relevant Minister and the Treasurer is the shareholder
 - Both Ministers have joint Board appointment responsibility
- DTF supports the Treasurer in his shareholder role for 30+ commercial entities, including VicForests

- Not a Corporations Law entity
- VicForests Order in Council includes:
 -must operate its business or pursue its undertakings as efficiently as possible, consistent with prudent commercial practice
 -must be commercially focused and deliver efficient, sustainable and value for money services
 -must operate in a framework consistent with Victorian Government policy and priorities

Terms of Reference

- DTF is not involved in day to day operations of VicForests
 - DTF does not have any comments on the operational questions in the Terms of Reference
- Describe DTF's oversight role of VicForests
- DTF's role in respect of indemnities given to Government Business Enterprises

DTF's oversight role of VicForests

- Corporate Planning
- Quarterly reporting
- Dividends
- Board Appointments
- Borrowings

Indemnities

- Made by Treasurer under section 40D of the *Financial Management Act 1994*
- At the Treasurer's discretion for all entities, not just VicForests
- Guidelines establish parameters and inform departments and agencies (June 2008)
- DTF takes into account the potential benefits and liability of providing the indemnity when advising the Treasurer
- Argument for indemnity may differ between Corporations Law entities and State bodies

Indemnities and State bodies

- Directors duties and responsibilities:
 - from State acts (including SOE Act) and *Public Administration Act 2004* (PAA)
 - of a different nature to Corporations Act entities
- Duties set out in S79 of PAA including duty to exercise functions in a “financially responsible manner”
- Courts have no inherent jurisdiction to wind up statutory authorities



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