

TREASURER'S INSTRUCTION
GOVERNMENT BUSINESS ENTERPRISES ACT 1995

GBE 11-78-03

GUARANTEE FEE DETERMINATION

BACKGROUND

Section 78 of the *Government Business Enterprises Act 1995* (GBE Act) provides that a Government Business Enterprise (GBE) must pay an annual guarantee fee into the Consolidated Fund. Schedule 3 of the GBE Act lists those GBEs that are liable to pay guarantee fees.

GBEs are required to pay a guarantee fee to the Government based on their amount of financial accommodation, so that, like the private sector, they are exposed to the full risk related cost of the debt they hold. This is required to fulfil Tasmania's competitive neutrality commitments under the National Competition Policy.

GBEs must calculate the guarantee fee payable to the Consolidated Fund. The guarantee fee calculation, and payment, should be provided to the Treasurer in accordance with this Treasurer's Instruction.

Section 79 of the GBE Act provides that if the Treasurer is satisfied that the guarantee fee has been calculated incorrectly, the Treasurer may vary it.

The Portfolio Minister may request, in accordance with section 81 of the GBE Act, the Treasurer to defer or waive the payment by a GBE of the whole or any part of a guarantee fee payment due.

DEFINITIONS

The terms "guarantee fee", "financial accommodation", "financial year", "lease", "prescribed rate" and "security" are defined in section 3 of the GBE Act.

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Those GBEs listed in Schedule 3 of the GBE Act are liable to pay guarantee fees. The Treasurer must determine a guarantee fee rate for each GBE and must notify each GBE of the guarantee fee rate applicable to it. The Treasurer determines the guarantee fee rate after consideration of advice from the Tasmanian Public Finance Corporation (Tascorp).

The guarantee fee rate must not exceed the prescribed percentage. The prescribed percentage is the maximum guarantee fee rate that may be set by the Treasurer, and this has been set by regulation at one per cent.

Annual Timetable for Guarantee Fee Rate Calculation

The following is a guide to the timing of events in the determination of the guarantee fee rate.

Action	Key Date
<ul style="list-style-type: none">Government businesses provide details to Treasury of significant changes to business/corporate plan for the forthcoming financial year.	15 December
<ul style="list-style-type: none">Tascorp provides advice on the base credit rating and interest rate differentials for each Government business with financial accommodation.	24 January
<ul style="list-style-type: none">Treasury provides the Treasurer with advice to enable the Treasurer's determination of the guarantee fee rate.	31 March
<ul style="list-style-type: none">Treasury advises Government businesses of the rate determined by the Treasurer for the forthcoming year.	15 April
<ul style="list-style-type: none">Government businesses provide Treasury with an update of Forward Estimates.	30 April

The listed GBEs should complete the Guarantee Fee Return (refer to the attachment 2), which quantifies the guarantee fee payable by the GBE. The amount of the guarantee fee is determined by multiplying the estimated average financial accommodation with the guarantee fee rate determined and advised by the Treasurer.

The Return should be submitted to the Department of Treasury and Finance with each instalment, due on 1 December and 1 June in each financial year.

When submitting the Guarantee Fee Return the GBE should also include the Guarantee Fee Calculation (refer to attachment 1). The Guarantee Fee Calculation provides for the following details:

- the types of financial accommodation utilised by the GBE;
- the amount of financial accommodation utilised by the GBE and its subsidiaries over the average of the four quarters ending 30 June (previous financial year), 30 September, 31 December, and 31 March (in the current financial year to which the fee is to apply).¹;
- the guarantee fee rate applicable;
- the guarantee fee payable for each type of financial accommodation; and
- the total guarantee fee payable.

¹ By way of example, in determining the guarantee fee rate payable in 2005-06, the quarters ending 30 June 2005, 30 September 2005, 31 December 2005 and 31 March 2006 would be used to calculate the amount of financial accommodation.

Guarantee fees are payable by GBEs to the Consolidated Fund in two equal instalments during the year to which they relate. The guarantee fee instalments are payable on or before 1 December and 1 June in each financial year.

A copy of the Guarantee Fee Return and the Guarantee Fee Calculation should be submitted with each instalment. Any adjustment in the amount of the guarantee fee due to estimation of financial accommodation in instalment 1 should be reflected in the calculation of the fee for instalment 2.

Attachment 1

**Guarantee Fee Calculation
for the period 1 July 20 __ to 30 June 20 __**

Type of Financial Accommodation	Estimated Value (average of most recent quarters ending 30/6, 30/9, 31/12, 31/3) # \$	Guarantee Fee Rate %	Guarantee Fee Payable \$
Loans			
Financing Leases			
Promissory Notes			
Bills of Exchange			
Other (please specify) e.g. Securities, Explicit Guarantee			
TOTAL			*

For example, in 2005-06, the balances for the quarters ending 30 June 2005, 30 September 2005, 31 December 2005 and 31 March 2006 would be used to determine the estimated value.

* This figure must match the figure for *Total Guarantee Fee Payable* on the Guarantee Fee Return.

Attachment 2

**Guarantee Fee Return
for the period 1 July 20 __ to 30 June 20 __**

Name of Government Business	
Authorised Officer	
Contact Number	
Total Guarantee Fee Payable (estimated/actual)* (\$)	
Less Instalment Paid to Date (\$)	
Amount Due this Instalment (\$)	
Amount (if any) Left Owing (\$)	

* Delete whichever is not applicable. Actual to be provided when instalment 2 is paid.

I, _____, an authorised officer of the Government business named above, hereby certify that the details of the Guarantee Fee Return have been completed to the best of my knowledge and in accordance with the requirements of the *Government Business Enterprises Act 1995*.

Enclosed is the first/second (delete whichever is not applicable) instalment of the total guarantee fee payable.

Signature:

Dated: