

TREASURER'S INSTRUCTION**FINANCIAL MANAGEMENT ACT 2016****CONTRIBUTIONS TO ENTITIES IN THE PUBLIC NON-FINANCIAL
CORPORATIONS AND PUBLIC FINANCIAL CORPORATIONS SECTORS****COMMENCED**

1 July 2019

AMENDED

15 August 2022

SCOPE

This Treasurer's Instruction applies to all agencies listed in Column 1 of Schedule 1, Part 1 in the *Financial Management Act 2016* unless otherwise exempted or provided for under the provisions of the Act.

APPLICATION

At all times.

OBJECTIVE

To provide the Accountable Authority with direction in relation to contributions provided to entities in the Public Non-Financial Corporations and Public Financial Corporations Sectors.

INSTRUCTION

- 16.1 Unless specified otherwise in this Treasurer's Instruction, all interpretations and definitions relating to equity contributions are to be based on Australian Accounting Standard AASB 1004 *Contributions* and Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.
- 16.2 The Accountable Authority must ensure that a contribution is classified as an equity contribution if the contribution has been designated by the Treasurer as an equity contribution in accordance with paragraphs 16.3 or 16.4, and the contribution gives rise to a financial interest in the net assets of the entity which:
 - 16.2.1 conveys entitlement to distributions of future economic benefits by the entity during its life, such distributions being at the discretion of the ownership group or its representatives, and to distributions of any excess of assets over liabilities in the event of the entity being wound up; and/or
 - 16.2.2 can be sold, transferred or redeemed.

- 16.3 The following have been designated by the Treasurer as equity contributions, unless the Treasurer has determined otherwise based on the circumstances of the specific contribution:
- 16.3.1 transfers of assets and liabilities between Government businesses, in accordance with the *Government Business Enterprises Act 1995*;
 - 16.3.2 contributions made for the establishment of wholly-owned government entities;
 - 16.3.3 contributions to adjust an entity's capital structure; and
 - 16.3.4 contributions, where the funding is included in an Appropriation Act:
 - i. for the purchase of new assets or for additions to assets by the transferee, including capital expenditure; or
 - ii. to reduce a liability or liabilities of the transferee.
- 16.4 Where the Secretary of the Department of Treasury and Finance is of the view that other contributions, not designated in paragraph 16.3, are in the nature of an equity contribution, the Secretary will seek the Treasurer's approval to designate the transfer as an equity contribution, either before, or at the time of transfer.
- 16.5 The Accountable Authority must ensure that any contribution that is not an equity contribution is classified as a grant transfer.
- 16.6 The Accountable Authority must ensure that the contribution is classified consistently by both parties.

ADDITIONAL GUIDANCE

There is no additional guidance.