

TREASURER'S INSTRUCTION
FINANCIAL MANAGEMENT ACT 2016
FOREIGN CURRENCY EXPOSURE

EFFECTIVE DATE

1 July 2019

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 direction on the appropriate management of foreign currency exposures incurred by the Agency.

INSTRUCTION

- 8.1 The Accountable Authority is to ensure that any foreign currency exposure arising from the Agency entering into a contract or agreement is identified, measured and managed.
- 8.2 Where entering into a contract or agreement is expected to give rise to a foreign currency exposure exceeding the equivalent of \$250 000 (AUD), the Accountable Authority must ensure that forward foreign exchange cover or another appropriate hedging arrangement is obtained.
- 8.3 The Accountable Authority must ensure that any foreign exchange cover or other appropriate hedging arrangement, as referred to in paragraph 8.2, is implemented through the Tasmanian Public Finance Corporation, unless the prior approval of the Secretary of the Department of Treasury and Finance has been given to implement the forward cover, or another hedging strategy, through a financial institution licensed under the laws of Australia to conduct foreign exchange business.

ADDITIONAL GUIDANCE

Further information in support of this Treasurer's Instruction can be found in the *Financial Management - Better Practice Guidelines*.