

TREASURER'S INSTRUCTION
FINANCIAL MANAGEMENT ACT 2016
CONTRIBUTIONS TO GOVERNMENT BUSINESSES

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 the Accountable Authority with direction in relation to contributions to government businesses.

INSTRUCTION

- 16.1 The Accountable Authority must ensure that a contribution by the Agency to a Government Business Enterprise or State-owned Company is classified as an equity contribution if the contribution gives rise to a financial interest in the net assets of the entity which:
- 16.1.1 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
 - 16.1.2 can be sold, transferred or redeemed.
- 16.2 The Accountable Authority must ensure that a contribution that does not meet the equity criteria in paragraph 16.1 is classified as a grant.
- 16.3 The Accountable Authority must ensure that an equity contribution to a government business is formally designated by the Treasurer as being contributed equity at or before the time of the transfer.

- 16.4 The Accountable Authority must forward a request for formal designation to the Secretary of the Department of Treasury and Finance
- 16.5 The Accountable Authority must ensure that the contribution is classified consistently by both parties.

ADDITIONAL GUIDANCE

There is no additional guidance.

SUPERSEDED