TREASURER'S INSTRUCTION
GOVERNMENT BUSINESS ENTERPRISES ACT 1995

GBE 11-78-06
GUARANTEE FEES

BACKGROUND

Section 78 of the *Government Business Enterprise 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 a pay 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 and the *Guidelines for Tasmanian Government Businesses – Borrowing Arrangements*.

Section 79 of the GBE act provides that if the Treasurer is satisfied that the guarantee fee has been calculated incorrectly, the Treasury 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 the guarantee fee payment due.

DEFINITIONS

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

The term "Government business" is defined as meaning any Government Business Enterprise (GBE) or State Owned Company (SOC).

TREASURER'S INSTRUCTION

The board of a Government business is to ensure that it pays guarantee fees consistent with the *Guidelines for Tasmanian Government Businesses – Borrowing Arrangements* as published on the Department of Treasury and Finance website.

COMMENCEMENT DATE

This Treasurer's Instruction applies to the calculation of all guarantee fees payable in respect of the 2016-17 financial year and the financial years thereafter.