

TREASURER'S INSTRUCTION
GOVERNMENT BUSINESS ENTERPRISES ACT 1995
GBE 08-52-09P

**ACCOUNTING TREATMENT OF THE MERSEY COMMUNITY HOSPITAL
FUND BY THE TASMANIAN PUBLIC FINANCE CORPORATION**

BACKGROUND

Section 51 of the *Government Business Enterprises Act 1995* (GBE Act) requires a Government Business Enterprise (GBE) to keep accounting records that, subject to the Treasurer's Instructions, comply with Australian Accounting Standards.

Section 52 of the GBE Act provides that the financial statements must:

- (a) contain the documents, statements and information required by, and otherwise comply with, the Treasurer's Instructions; and
- (b) subject to the Treasurer's Instructions, comply with Australian Accounting Standards; and
- (c) be signed or certified as specified in the Treasurer's Instructions.

Section 114(2)(g) allows a Treasurer's Instruction to be issued to exempt from a provision of the Australian Accounting Standards, or vary those Standards in their application to, a specified GBE.

As a result of the transfer of ownership of the Mersey Community Hospital, the State received \$730.4 million from the Australian Government. It was agreed that the funding would be quarantined for use only at the Mersey Community Hospital. This initial funding, together with any financial returns and capital gains and losses, accruing from investment of the funds, comprise the Mersey Community Hospital Fund (Fund).

Given the one-off and unique nature of the transaction, the Treasurer agreed to allocate this funding on receipt to the Tasmanian Public Finance Corporation (Tascorp), a wholly-owned public sector entity, as an equity contribution by owners, and to be accounted for as if it were an equity contribution under Australian Accounting Standard AASB 1004 consistent with AASB Interpretation 1038.

It was agreed that Tascorp is to manage these funds and provide an annual agreed return of dividends to contribute to funding the annual operating costs of the Mersey Community Hospital. The overarching intention is that the transactions related to the Mersey funding arrangements do not distort the General Government Sector Operating Statement.

This Treasurer's Instruction has been issued to ensure the accounting treatment by Tascorp of the Fund is transparent and consistent with Part IIIA of the *Tasmanian Public Finance Corporation Act 1985* and to modify Treasurer's Instruction GBE 08-52-07 *Requirements of and Certification of Financial Statements* in relation to the certification to be used by Tascorp.

DEFINITIONS

Words and phrases used in this Treasurer's Instruction have the same meaning as those defined in the GBE Act and the *Tasmanian Public Finance Corporation Act 1985*.

TREASURER'S INSTRUCTION

Accounting Treatment

The accounting treatment of the Mersey Community Hospital Fund (Fund) is to be consistent with the *Tasmanian Public Finance Corporation Act 1985*, regardless of any inconsistency that may arise from the Australian Accounting Standards.

The initial contribution to the Fund is to be recognised, as designated, as an equity contribution by owners.

The annual profit of the Fund, dividends paid from the Fund and balance of the Fund at the end of the financial year are to be separately disclosed by Tascorp in the Statement of Changes in Equity.

Dividends paid from the Fund will be recognised as income by Government.

Certification of Financial Statements

The financial statements of Tascorp shall include a Statement of Certification in the following terms:

“In the opinion of the directors Tascorp:

- (a) the financial statements and notes of the Enterprise are in accordance with the *Government Business Enterprises Act 1995*, including:
 - (i) giving a true and fair view of the results and cash flows for the (period as specified) and the financial position as at (date), of the Enterprise; and
 - (ii) subject to the Treasurer's Instructions, complying with the Australian Accounting Standards and Interpretations.
- (b) there are reasonable grounds to believe that the Enterprise will be able to pay its debts as and when they fall due.

This declaration has been made after receiving the following declaration from the Chief Executive Officer and Chief Financial Officer (or insert appropriate equivalents) of the Enterprise:

- (a) the financial records of the Enterprise for the (period specified) have been properly maintained in accordance with Section 51 of the *Government Business Enterprises Act 1995*;
- (b) the financial statements, and notes for the (period specified) have been prepared in accordance with Section 52 of the *Government Business Enterprises Act 1995*; and

- (c) the financial statements and notes for the (period specified) give a true and fair view.

Signed in accordance with a resolution of the directors:”

The Statement of Certification should be signed and dated by two members of the Board.

COMMENCEMENT DATE

This Treasurer’s Instruction only applies to the Tasmanian Public Finance Corporation for the financial year ending 30 June 2018 and all financial years thereafter.