



## Government Guarantee Fee Policy

**This Circular advises Government businesses (including State owned corporations) of the release of the revised *Government Guarantee Fee Policy* (TPP 14-03) which will apply from 1 July 2014.**

NSW Treasury has released a revised edition of the *Government Guarantee Fee Policy* (TPP14-03). This edition of the *Government Guarantee Fee Policy* will supersede and withdraw the previous version (TPP10-04) from 1 July 2014. (TPP 10-04 applies for the 2013-14 fee calculation payable in 2014-15).

The *Government Guarantee Fee Policy* applies to all Government businesses that undertake commercial operations and have borrowings greater than \$1 million. The key purpose of the Policy is to ensure competitive neutrality between Government businesses and their private sector counterparts with respect to the cost of debt.

The Policy has been revised to reflect new administration arrangements and refinements to the calculation methodology and will be available on the NSW Treasury website.

Businesses are advised to familiarise themselves with the policy, which will form the basis for calculation of the Government Guarantee Fee payable for the 2014-15 financial year and beyond.

Key updates to the policy from 1 July 2014 include:

- TCorp will take over administration of the Government Guarantee Fee. This includes providing businesses with monthly accrual advice and issuing invoices on behalf of NSW Treasury.
- The data source used to calculate GGF rates will change from Bloomberg to the Reserve Bank of Australia.
- The GGF rate tenor for regulated utilities will be aligned with the tenor used by the relevant regulator in setting the cost-of-debt allowance. For non-regulated businesses, a fixed five year tenor will be used.
- The basis of GGF calculations will change from Face Value to Current Capital Value.
- TCorp's debt management fee will no longer be deducted from GGF rates.

Any queries can be directed to the Business Policy and Performance Unit (details below) or your Treasury Analyst.

Philip Gaetjens  
Secretary

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