

NSW Treasury

TPG 24-01 Management of NSW Government Payments

TPG24-01

31 January 2024

Acknowledgement of Country

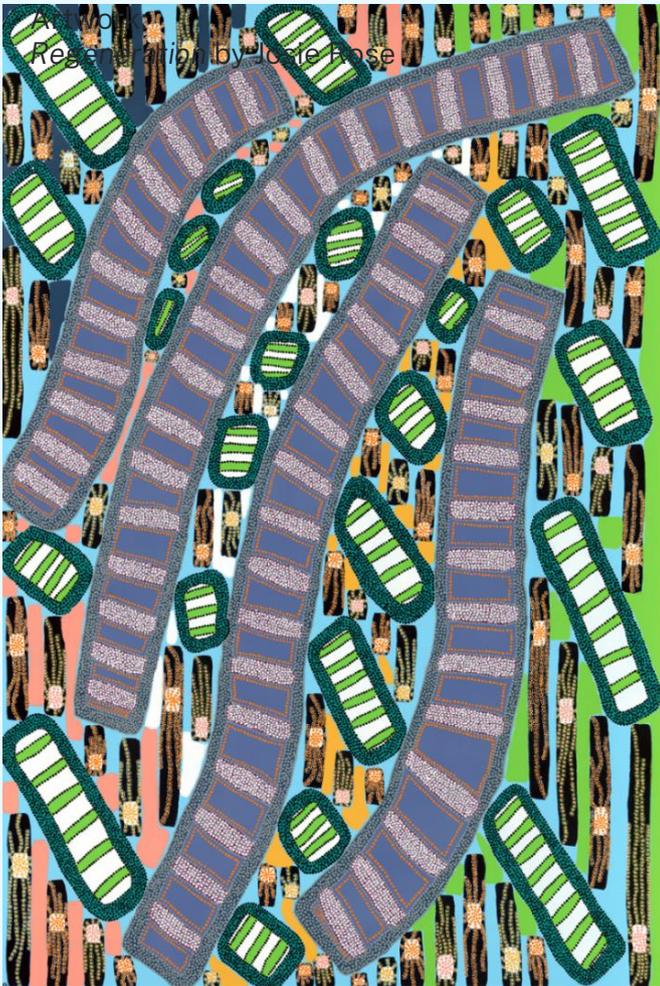
We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.



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Key information	
Treasury Policy and Guidelines (TPG) is relevant to?	<input checked="" type="checkbox"/> GSF agencies <input checked="" type="checkbox"/> General Government Sector <input checked="" type="checkbox"/> Public non-financial corporation <input checked="" type="checkbox"/> Public financial corporation <input checked="" type="checkbox"/> State Owned Corporations <input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Executive agencies related to Departments
	<input checked="" type="checkbox"/> Subsidiaries of the NSW Government established under the Corporations Act 2001
Date issued	31 January 2024
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Related instruments	<i>Government Sector Finance Act (2018) (GSF Act)</i> Treasurer's Direction TD23-18 Management of cash, banking, and payments.
Document approver	Lynne Cardwell, Executive Director, Banking and Financial Services Division, NSW Treasury
Contact	General enquiries concerning this document should be directed to NSW Treasury Banking & Financial Services Division, (Treasury) bankingpolicy@treasury.nsw.gov.au .
Document contains	
<input checked="" type="checkbox"/> MANDATORY POLICY compliance set out by NSW Treasury.	
<input checked="" type="checkbox"/> RECOMMENDED POLICY reflecting best practice standards.	
<input checked="" type="checkbox"/> GUIDANCE/ADDITIONAL INFORMATION to provide clarity or explain requirements in detail.	

Revision history				
Document version number	Approval Date	Author	Approver	Description
TC21-01	February 2021	Lynne Cardwell	Secretary	Revoked. This Policy has revoked TC21-01 Digital payment adoption and gives updated requirements for a GSF agency for payments.

Management of NSW Government payments

Purpose

This Treasury Policy and Guidelines (Policy) sets out GSF agency requirements for the State to achieve payment reform outcomes for:

1. receiving payments from citizens and businesses,
2. making payments to citizens, businesses, and suppliers and,
3. additional supplier payments.

In addition, Treasury recognises agencies have unique payment use cases and finance systems requiring different treatment to optimise payment methods. As the payment industry evolves and new innovations and capabilities emerge, this Policy will be updated to adapt to those new conditions.

Background

Under the GSF Act, a GSF agency must manage government resources efficiently and effectively, which includes the making and receiving of a payment. This Policy provides requirements and guidance to NSW agencies on payments.

This policy:

- provides additional detail and context for agencies to meet the policy objectives of the GSF Act,
 - supports the State's digital, accessibility and inclusion objectives,
 - supports the Federal Government's strategic plan for Australia's Payments System, and
 - provides requirements and guidance to help agencies meet the expectations of citizens, businesses, and suppliers relating to payments.
-

Principles

The following principles guiding this Policy intend to:

- promote customer centric payment experiences that are consistent, simple, and safe,
- adopt digital end-to-end payment solutions to simplify and improve efficiency for all participants,
- provide transparency to customers and suppliers when making and receiving payments. This includes visibility of what has been paid or invoices received, and details of payment use, method, and date.
- enable inclusive and accessible solutions which support differing needs and degrees of digital adoption including locations, hours of access and languages.
- support the safety and security of customers, suppliers and all participants, including developing policies and solutions that ensure the privacy and security of customer data, payment data and funds.

Related legal obligations

Government Sector Finance Act (2018) (the GSF Act)

Under the GSF Act, the Treasurer has the responsibility for the management of financial services and for the ability to issue a Treasurer's Direction.

Treasurer's Direction TD23-18 Management of cash, banking and payments.

The Direction was published on 4 October 2023 and sets mandatory requirements in relation to a payment received and a payment made by an agency.

Summary of requirements

1. **Receiving payments** from citizens and businesses.

Mandatory

A GSF agency must:

- 1.1 not exclusively require payment by cash, cheque, or money order, and must provide the customer digital and electronic payment methods to make a payment,
- 1.2 not publish details for a cheque or money order payment including lockbox arrangements on invoicing documentation and websites after 30 June 2024, and
- 1.3 continue to accept payment by cash, cheque and money orders from customers while these remain industry accepted payment methods.

Recommended

A GSF agency should not:

- 1.4 publish agency bank account details, which includes the account name, Bank-State-Branch (BSB) and account number.

2. **Making payments** to citizens, businesses and suppliers.

Mandatory

A GSF agency must:

- 2.1 use digital and electronic payment methods for making a payment, except for approved use cases, and
- 2.2 cease the use of a cheque or a money order to make a payment after 30 June 2024 unless approved by Treasury.

3. Additional **Supplier payments** requirements.

Mandatory

A GSF agency must:

- 3.1 use a purchase card (PCard) for a supplier payment up to \$10,000 where the purchase is ad-hoc and the payment is completed at the time of placing the order,
- 3.2 use a virtual card (vCard) for low value, high volume payments up to \$10,000 made to the supplier, where the agency has implemented a vCard service with the supplier,
- 3.3 engage Treasury to optimise supplier payments in accordance with Treasury payment reform outcomes when nominated, and
- 3.4 offer and encourage the use of electronic invoicing from their suppliers.

4. **Reporting of non-compliance** under the mandates in this Policy

- 4.1 From 30 June 2024, a GSF agency must report any non-compliance from the mandated requirements under this Policy to Treasury.

1 Receiving payments

This section applies to GSF agencies receiving payments from citizens and businesses.

Digital and electronic payment methods

Mandatory

- 1.1 A GSF agency must not exclusively require payment by cash, cheque, or money order and must provide digital and electronic payment methods unless the use case is allowed by Treasury.

Guidance

A GSF agency must not exclusively require payment by cash, cheque, or money order and must provide the customer with the means to make a payment to the agency through digital and electronic payment methods.

Refer to the Payment assessment summary, section 5, point 1.1 (page 10) for suitable payment methods.

Furthermore, an agency must use a payment method that is provided under a State financial service agreement, in accordance with TD23-18, unless exempt.

If an agency is unable to comply, a plan to implement digital and electronic payment methods must be provided to Treasury in accordance with the attached template (Appendix C).

A GSF agency must continue to accept cash, cheque, or a money order payment where the customer chooses to use these payment methods instead of using digital and electronic payments.

Cheques and money orders

Mandatory

- 1.2 A GSF agency must not publish details for sending a cheque or money order for payment to the agency, including lockbox arrangements on invoices and/or websites after 30 June 2024.
- 1.3 A GSF agency must continue to accept payment by cash, cheque or money orders from customers while these remain industry accepted payment methods.

Guidance

A GSF agency must cease publishing cheque or money order details on invoices and websites by 30 June 2024.

Agencies currently accepting cheque or money order payments may continue to accept these payments until advised otherwise by Treasury.

Bank account details

Recommendation

1.4 A GSF agency should not publish agency bank account details, including the account name, Bank-State-Branch (BSB) and account number.

Guidance

A GSF agency should not publish their own or other agency bank account details in any form.

Publication of bank account details can result in fraud and increased financial risk for the State.

Alternative digital methods to mitigate this practice are detailed the Payment assessment summary, section 5, point 1.4 (page 10).

2 Making payments

This section applies to GSF agencies making payments to citizens, businesses, and suppliers.

Digital and electronic payment methods.

Mandatory

2.1 A GSF agency must use digital and electronic payment methods for all payments, except where a formal exemption for a payment use case is in place.

Guidance

A GSF agency is required to make payment using digital and electronic payment methods provided under a State financial service agreement including to another GSF agency.

In exceptional circumstances where a non-digital payment is the only option, an agency is required to contact Treasury for approval of the payment use case.

Refer to the Payment assessment summary, section 5, point 2.1 (page 10) for suitable payment methods.

Cheques and money orders

Mandatory

2.2 A GSF agency must not use a cheque or money order for making a payment to a customer or supplier after 30 June 2024.

Guidance

A GSF agency must not use a cheque or a money order to pay a customer or supplier after 30 June 2024.

Digital and electronic payment methods which must be substituted for cheque or money order are listed in the Payment assessment summary, section 5, point 2.1 (page 10).

If a GSF agency is unable to comply, they must provide Treasury with a plan to implement and use digital and electronic payment methods in accordance with the attached template (Appendix C).

3 Additional supplier payments

This section applies to GSF agencies making supplier payments.

Purchase cards for supplier payments

Mandatory

3.1 A purchase card (PCard) must be used for ad hoc, low value supplier payments up to \$10,000 where the supplier accepts PCard at the time of placing the order.

Guidance

A GSF agency must use a PCard for ad hoc, low value supplier payments up to \$10,000 where the supplier accepts PCard at the time of placing the order.

For high value supplier payments over \$10,000, an agency should use alternative digital and electronic payment methods.

Refer to the Payment assessment summary, section 5, point 3.1 (page 10) for suitable payment methods.

Virtual cards for supplier payments

Mandatory

3.2 Virtual card (vCard) must be used for low value, high volume payments where a GSF agency has established a virtual card arrangement with a supplier under a State financial service.

Guidance

A GSF agency is required to use a vCard where a vCard service has been established with a supplier under a State Financial Service for low value, high volume payments. Relevant scenarios include individual or irregular reoccurring supplier payments.

Refer to the Payment assessment summary, section 5, point 3.2 (page 10) for suitable payment methods.

Optimising supplier payments

Mandatory

3.3 If nominated, a GSF agency is required to engage with Treasury to optimise the agency's supplier payments

Guidance

A GSF agency may be nominated by Treasury to optimise the agency's supplier payments.

Engagement may include use case reviews, assessment, and development of a supplier payment strategy to support secure and efficient agency supplier payment outcomes.

Electronic invoicing

Mandatory

3.4 A GSF agency must offer and encourage the use of electronic invoicing (e-Invoicing) from their suppliers.

Guidance

A GSF agency must offer and encourage their suppliers to register and use electronic invoicing (e-Invoicing) for payment of goods and services.

e-Invoicing is the use of both supplier and agency business software to securely issue and receive electronic invoices.

Suppliers should be encouraged to register to the PEPPOL network through e-Invoicing enabled business software, a service provider, or an online solution. In addition, an agency can register via the centrally managed Department of Customer Service Supplier Hub dashboard.

4 Reporting of non-compliance under the mandates in this Policy

This section applies to a GSF agency.

Mandatory

4.1 From 30 June 2024, a GSF agency must report any non-compliance from the mandated requirements under this Policy to Treasury.

From 30 June 2024, an agency must report on any non-compliance from the mandated requirements under this Policy including the submission of plans as outlined in section 1, points 1.1 and 1.2.

Agency reporting should include reasons for non-compliance, impact, and an action plan to achieve compliance in accordance with the attached template (Appendix C)

5 Payment assessment summary

Payment scenarios can be unique and complex requiring review and analysis to utilise the optimal payment method. This summary provides guidance on the preferred payment methods for general payment scenarios and should be read in conjunction with the Policy requirements.

GSF Agency Payments	TPG24-01 Reference Point	Payment Value	Payment method approach			
			Adopt	Maintain	Reduce	Remove
Receiving payments from citizens or businesses	1.1 1.4	Up to \$10,000	<ul style="list-style-type: none"> • Card (including Digital Wallets) • New Payments Platform PayID per invoice 	<ul style="list-style-type: none"> • AusPost BillPay • BPAY • Direct debit • Off-system BSB 	<ul style="list-style-type: none"> • Cash • Cheques • Direct credit • Money order 	<ul style="list-style-type: none"> • Lockbox
	1.1 1.4	Over \$10,000	<ul style="list-style-type: none"> • Debit card (including Digital Wallets) • New Payments Platform PayID per invoice 	<ul style="list-style-type: none"> • AusPost BillPay • BPAY • Direct debit • Off-system BSB 	<ul style="list-style-type: none"> • Cash • Cheques • Direct credit • Credit card • Money order 	<ul style="list-style-type: none"> • Lockbox
Making payments to citizens or businesses	2.1	Up to \$10,000	<ul style="list-style-type: none"> • New Payments Platform (NPP) • Digital prepaid card 	<ul style="list-style-type: none"> • Prepaid card • BPAY • Direct credit 		<ul style="list-style-type: none"> • Cash • Cheques • Money order
	2.1	Over \$10,000	<ul style="list-style-type: none"> • New Payments Platform (NPP) • Digital prepaid card 	<ul style="list-style-type: none"> • BPAY • Direct credit 		<ul style="list-style-type: none"> • Cash • Cheques • Money order
Making payments to suppliers	3.1 3.2	Up to \$10,000	<ul style="list-style-type: none"> • Direct credit with e-Invoicing • New Payments Platform with e-Invoicing • Purchase card • Virtual card 	<ul style="list-style-type: none"> • BPAY • Direct credit 		<ul style="list-style-type: none"> • Cash • Cheques • Direct debit
	3.1	Over \$10,000	<ul style="list-style-type: none"> • BPAY • Direct credit with e-Invoicing • New Payments Platform with e-Invoicing 	<ul style="list-style-type: none"> • Direct credit 		<ul style="list-style-type: none"> • Cash • Cheques • Direct debit

Appendix A: Definitions

Term	Definition
BPAY	BPAY enables a biller to register a biller code which is included along with a Customer Reference Number (CRN) on each invoice or request for payment. The customer provides the biller code, CRN and the amount when they make the payment using their Internet banking app, website or phone banking.
Direct Entry (DE)	A batch based payment method processed through the Bulk Electronic Clearing System (BECS). Used for regular, automated payments including direct credit (such as salaries) and direct debit (such as utility bills) and internet banking transfers.
Cash	Physical money in notes and coins.
Cheque	A paper-based instrument that orders a bank to transfer money to the bank account of another party.
Credit card	A physical or digital card whose holder has been granted a credit limit. The card enables the holder to transact up to a pre-arranged limit. Credit cards include business, corporate, purchasing and charge cards.
Debit card	A physical or digital card that enables the holder to access funds in a deposit account at an authorised deposit-taking institution.
Digital payment	A method of transferring value between two parties using digital payment technologies such as (but not limited to) Direct Credit, Direct Debit, BPAY, New Payment Platform payments and online card payments.
Direct credit	The use of a Direct Entry payment to pay an amount to one or more beneficiaries, initiated by the payer
Direct debit	The use of a Direct Entry payment by a biller to debit money from the payer's bank account based on an authorisation from the payer. This authorisation may be used for multiple recurring payments.
Electronic payment	A method of transferring money between two parties using electronic payment technologies, such as debit and credit cards.
Electronic Invoicing (e-Invoicing)	e-Invoicing allows the digital exchange of invoices between a supplier and a buyer's software or systems using a secure network and a common proven standard.
Money order	A paper-based instruction issued through Australia Post for a bank-to-bank transfer for a specific value which can be collected, cashed or deposited to a bank account.
Non-digital payment	A method of transferring value using non digital payment methods including (but not limited to) cheques, cash and money orders.
Off system BSB (OSBSB)	A product used for electronic funds transfer. An OSBSB uses specific BSB and account number types to identify the biller and customer to improve reconciliation.
PayID per invoice	A capability which creates a unique PayID attached for each invoice. Customer payment is made using an Internet Banking app or website and by

Term	Definition
	entering the PayID and amount. The payer then receives confirmation of the name of the payee at the time of payment.
Payment	The tender of money or its equivalent by one party to another in exchange for goods or services provided.
PEPPOL network	<p>A secure international network that allows exchange of business-critical electronic documents with registered participants.</p> <p>Benefits of sending invoices via PEPPOL include uplifting small businesses digital enablement, improved efficiency through better internal processing, faster payment timeframes for government suppliers and reduced administrative delays and payment issues.</p> <p>The Federal Government announced the adoption of PEPPOL on mandated Commonwealth agencies from 1 July 2022.</p>
Purchase card (Pcard)	A card issued by the State's banking provider used by an employee to purchase goods and services on behalf of the GSF agency.
Supplier	A business providing goods or services to NSW Government agencies.
Supplier Hub	NSW Government platform enabling businesses interested in supplying goods or services to connect with Government buyers and agencies.
Virtual card (vCard)	Virtual card (vCard) is a purchase card that is issued without a physical card. Additionally, the vCard card is not linked to an individual person rather it is established in the GSF agency's name allowing for one or many users.
Virtual card service	The virtual card product under a State financial service agreement.

Appendix B: Links to related legislation

Document Name	Location/Link
Government Sector Finance Act 2018 No 55	https://legislation.nsw.gov.au/view/whole/html/inforce/current/act-2018-055
TD23-18 Management of cash, banking and payments	https://www.treasury.nsw.gov.au/documents/td23-18-management-cash-banking-and-payments

Appendix C: Compliance plan

Plan background	
Agency	
TPG section of non-compliance	<p>Complete for all applicable policy statements for example:</p> <p>1.1 Digital and electronic payment</p> <p>1.2 Cheque and money order payments</p>
Impact	
Description and volume of non-compliance and related policy statement	<p>Complete for all applicable policy statements for example:</p> <p>1.1 How many non-digital payments are received each year</p> <p>1.2 How many cheque or money order payments are received each year</p>
Volume of impacted payments	Complete for each applicable policy statement
Remediation plan	
What is the plan and steps to implement change?	
What digital payment methods are being targeted for implementation?	
What is the estimated timeline to deliver?	
If required, please outline assistance from Treasury's Banking and Financial Services team needed to achieve compliance.	
Constraints	
Are payments by cheque or money order required to be accepted by legislation or agency policy?	Outline constraints as they relate to policy statements in section 1, Receiving payments and section 2, Making payments, ensuring the specific policy statement is referenced e.g., 1.1, 2.2
Are there system constraints implementing a digital payment method?	Outline constraints as applicable to policy statements.
Risks	
List any risks in meeting compliance obligations	Outline risks as applicable to policy statements.

Contact bankingpolicy@treasury.nsw.gov.au for assistance.

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