

## Financial services

### Summary:

This direction makes provision with respect to the use of financial services by GSF agencies, accountable authorities and government officers, including opening, closing and operating banking accounts of GSF agencies.

**Commencement:** This direction commences on 16 December 2019.

### Application:

This direction applies to all GSF agencies to which the financial services provisions of Part 6 of the *Government Sector Finance Act 2018 (GSF Act)* apply and to the accountable authorities and government officers of those agencies.

### Purpose / objectives

The objects of this direction are as follows:

1. to regulate the use of financial services (including banking services) provided under a State financial service agreement or otherwise;
2. to ensure consistency in the opening, closing and operating of banking accounts of a GSF agency;
3. to require the efficient, effective and economical use of financial services for the State and GSF agencies; and
4. to optimally manage the State's balance sheet and facilitate best practice liquidity risk management.

### Interpretation

In these directions

**accountable authority** for a GSF agency – has the same meaning as in section 2.7(2) of the *GSF Act*.

**banking account** – has the same meaning as in section 6.4(2) of the *GSF Act*.

**banking service** – has the same meaning as in section 6.4(1) of the *GSF Act*.

**financial service** – has the same meaning as in section 6.6 of the *GSF Act*.

**GSF agency** – has the same meaning as in section 2.4 of the *GSF Act*.

**State financial service agreement** – has the same meaning as in section 6.14 of the *GSF Act*.

**State financial service provider** – means an entity that provides financial services for the State or GSF agencies (or both) under a State financial services agreement.

**term deposit** - means the deposit of money into an account with an authorised deposit-taking institution or other entity providing banking services, for a fixed term, with a fixed rate of interest over that term.

**trust** – means a trust at general law.

**trust money** – means money that is held in trust.

## Direction

### 1 Use of financial services

- (1) A GSF agency, the accountable authority for a GSF agency and government officers are required to use financial services provided under a State financial service agreement, including to open or operate banking accounts of the agency, except where clause 1(2) applies.
- (2) A GSF agency, accountable authority for a GSF agency, or government officer may use financial services that are not provided under a State financial service agreement, including to open or operate banking accounts of the agency, only if:
  - (i) the Treasurer, the Secretary of the Treasury (the **Secretary**) or a person nominated by the Secretary has granted an exemption under clause 2;
  - (ii) a financial arrangement approval given under s. 6.22(1) of the *GSF Act* authorises the use of the financial services;
  - (iii) for financial services used in respect of trust money:
    - (a) the trust instrument for the trust expressly forbids the use of a particular banking service or other financial service provided under a State financial service agreement (a **Precluded Service**), in respect of that money; and
    - (b) the financial service used is the equivalent of the Precluded Service; or
  - (iv) directed to do so by the Secretary or a person nominated by the Secretary.
- (3) The accountable authority for a GSF agency is authorised to close banking accounts of the agency at any time, whether provided under a State financial service agreement or otherwise.

*Note: Nothing in this clause operates to authorise a GSF agency to enter into a financial arrangement for the purposes of section 6.22 of the GSF Act.*

### 2 Application for exemption from requirement to use State financial service provider

- (1) The Treasurer, the Secretary or a person nominated by the Secretary may grant an exemption, in writing, allowing a GSF agency to use financial services, including to open or operate banking accounts of the agency, that are not provided under a State financial service agreement (an **exemption**).
- (2) The Treasurer, the Secretary or a person nominated by the Secretary for the purposes of clause 2(1) may give an exemption on his or her own initiative, or on application made by an accountable authority for a GSF agency.
- (3) An accountable authority for a GSF agency may apply in writing to the Treasurer, the Secretary or a person nominated by the Secretary for the purposes of clause 2(1) for an exemption.

### 3 Authorisation to deposit money into banking accounts of the agency

- (1) For the purposes of section 6.22(1) of the *GSF Act*, a GSF agency is authorised to deposit money into banking accounts of the agency provided under a State financial service agreement (but not where that deposit is a term deposit).

*Note: Where a deposit is an "investment" under the GSF Act, such as the deposit of money into a term deposit, does not fall into paragraph (1), and is not authorised for a transitional period by a provision in Schedule 1 to the GSF Act, a GSF agency will need to ensure that the investment is*

*“authorised” for the purposes of s 6.22(1) of the Act – for example, by obtaining a financial arrangement approval issued by the Treasurer under s 6.23 of the GSF Act*

#### **4 Cash forecasting requirements**

- (1) The accountable authority for a GSF agency is required to provide to the Secretary (or a person nominated by the Secretary) monthly cash forecasts for banking accounts of the agency provided under a State financial service agreement.
- (2) The Secretary or a person nominated by the Secretary for the purposes of clause 4(1) may exempt an accountable authority for a GSF agency from clause 4(1).

**This is a direction made under sections 3.1, 6.15, 6.19 and 6.22 of the *Government Sector Finance Act 2018* (NSW).**

**End date or review date for this Direction:** This direction is to be reviewed by December 2024.

#### **Related Documents:**

1. Treasury Policy Paper (TPP) on Cash Management (including the relevant use of State Financial Service Agreements)

#### **(Legislative) References:**

Part 6 *Government Sector Finance Act 2018* (NSW)

**Dominic Perrottet MP**

**Treasurer**

**NSW Treasury website:** [www.treasury.nsw.gov.au](http://www.treasury.nsw.gov.au)