

Cash Management – Expanding the Scope of the Treasury Banking System

The Expenditure Review Committee of Cabinet has determined that public sector agencies (excluding State Owned Corporations and authorities specifically approved by the Treasurer) must operate as part of the Treasury Banking System. This decision will take effect from 1 April 2015 and will apply to all agency cash deposits held ‘at call’.

The ability of the NSW Government to optimise the State’s cash and debt position is constrained by the large number of agencies currently operating outside of the Treasury Banking System (TBS).

With this in mind, the Expenditure Review Committee of Cabinet has determined that all NSW public sector agencies, with the exception of State Owned Corporations (SOCs) and certain other agencies approved by the Treasurer, should hold their ‘at call’ cash deposits within the TBS. Under exceptional circumstances, the Treasurer may approve an agency holding ‘at call’ deposits outside the TBS based on a ‘net benefit to the State’ test. As from 1 April 2015, funds earning interest within the TBS will be paid the Reserve Bank of Australia cash rate (presently 2.5%).

Attachment A outlines the steps agencies will need to undertake to formalise their entry into the TBS. Affected agencies should review the guidance in Attachment A to meet the following deadlines.

ACTION	DEADLINE
Email TBS agency contacts and bank account details (Attachment B) to Treasury (new TBS agencies and existing TBS agencies transferring Non-TBS funds into the TBS)	6 February 2015
Transfer all ‘at call’ cash deposits into Westpac accounts within the Treasury Banking System (all relevant agencies)	31 March 2015

Mark Ronsisvalle
For Secretary

Further Information: Refer to ‘Treasury Contacts’ listed at the end of Attachment A
NSW Treasury website: www.treasury.nsw.gov.au

GUIDANCE FOR AGENCIES ON EXPANDING THE SCOPE OF THE TREASURY BANKING SYSTEM

Joining the TBS

- The Crown Asset and Liability Management (CALM) Branch of Treasury administers the Treasury Banking System (TBS). Where agencies are unclear whether or not they are currently part of the TBS, contact should be made with Treasury via cashmanagement@treasury.nsw.gov.au.
- Unless specifically exempted by the Treasurer, all 'at call' cash deposits held by agencies must be transferred and held with Westpac as part of the TBS from 31 March 2015. 'At call' deposits include funds held with Treasury Corporation within the 'Cash' and 'Strategic Cash' Hour-Glass facilities. Agencies may continue to hold funds with the 'Medium' and 'Long Term' Treasury Corporation Hour-Glass facilities where this is approved under the Public Authorities (Financial Arrangements) Act 1987.
- To facilitate contact with your agency, Attachment B should be completed and returned to Treasury by 6 February 2015. Treasury will make contact with the nominated officers to discuss the nature of the funds transferring into the TBS to ensure their appropriate categorisation (See Treasury Policy Paper 10-02 – TBS Cash Forecasting and Banking Arrangements).
- Treasury will advise Westpac to deem existing Westpac accounts (and any new accounts created) to be part of the TBS commencing from 1 April 2015.
- Existing Westpac BSB and account numbers for accounts currently outside the TBS will be unaffected by reclassification of these accounts into the TBS. Consequently, there will be no changes to online banking arrangements, cheques, deposit books, electronic transactions, etc.
- Agencies will continue to liaise directly with Westpac for day to day banking requirements (ie bank fees, enquiries regarding transactions etc).
- Key changes are:
 - Westpac will no longer pay interest directly to agencies. Interest will be paid twice per year by Treasury based on daily cash balances
 - Treasury may request some new entrants to the TBS to provide forecasts of agency cash balances to assist with sector wide cash management.
- Agencies needing to open bank accounts with Westpac should contact Treasury on cashmanagement@treasury.nsw.gov.au for further instructions.

Transferring funds into the TBS for existing TBS Members

- For some existing TBS agencies implementation of the decision of the Expenditure Review Committee of Cabinet will involve transferring funds held outside the TBS into the TBS.
- 'At call' deposits include funds held with Treasury Corporation within the 'Cash' and 'Strategic Cash' Hour-Glass facilities. Agencies may continue to hold funds with the 'Medium' and 'Long Term' Treasury Corporation Hour-Glass facilities where this is approved under the Public Authorities (Financial Arrangements) Act 1987.
- TBS agencies transferring funds into the TBS should complete and return Attachment B to Treasury by 6 February 2015. Treasury will make contact with the nominated officers to discuss the nature of the funds transferring into the TBS to ensure their appropriate categorisation (See TPP 10-02).

Interest on TBS balances

- Funds earning interest within the TBS will be paid the Reserve Bank of Australia cash rate (presently 2.5%).
- Interest on TBS balances is paid six monthly in March and September by Treasury. Refer to TPP 10-02 for further details.

Cash Forecasts

- Agencies entering into the TBS with significant and/or volatile cash balances may be required to provide periodic forecasts of cash balances to Treasury. Treasury will contact any affected agencies.

Reporting to Treasury

- Agencies reporting monthly and forward estimates to Treasury using the Treasury Online Entry System (TOES) should classify their cash balances using the new TOES general ledger accounts prefixed A06. These accounts require cash to be classified by type, and distinguishing between 'restricted' and 'unrestricted' cash. Treasury will provide guidance to agencies on classifying 'restricted' cash with the upcoming monthly and forward estimates instructions.

Treasury Contacts

Activity	Email	Treasury Contacts	Telephone
<ul style="list-style-type: none">• Joining the TBS• Account Classification• Interest• Cash Forecasts• Training in TBS/forecasting	cashmanagement@treasury.nsw.gov.au	Henriette Prego Ronelle Bach Jin Kang	9228 3873 9228 4112 9228 4150
IT Support – Cash Forecasting	Davis.Ho@treasury.nsw.gov.au	Davis Ho	9228 4034
TOES Number	Your Treasury analyst		

Agencies are requested to notify Treasury's Banking Area Team via Email to cashmanagement@treasury.nsw.gov.au should any changes occur due to restructures, amalgamations and/or staff changes.

AGENCY CASH MANAGEMENT DATA REQUEST¹

Complete and email this to cashmanagement@treasury.nsw.gov.au by 6 February 2015

1. Agency Contact Details – Banking Staff

Agency Name		
TOES ² number		
Agency Contact		
Name		
Telephone		
Email		

2. Account Details³

BSB	A/c No.	A/c Name	Clear Description of A/c's Purpose	Balance @ 31/1/15 \$'000
2.1 Existing Accounts with Westpac outside of the TBS				
2.2 Accounts with Other Financial Institutions (including TCorp)				

¹ To be completed by agencies either joining the TBS or by existing TBS agencies transferring funds into the TBS.
² For agencies that do not report financial information to Treasury through TOES, leave blank.
³ Include all accounts even where the balance is less than \$1,000