

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

Replaced by TD22-30