

Funding Arrangements for Long Service Leave and Transferred Officers Leave Entitlements

This Treasury Circular outlines the funding arrangements for Long Service Leave (LSL) and for transferred officers' leave entitlements, applicable to all NSW public sector agencies for financial years ending on or after 30 June 2014.

This Circular withdraws and supersedes Treasury Circular NSW TC 10/04 and:

- provides more detail on the funding arrangements for LSL and transferred officers' leave entitlements
- confirms that the contribution rates of the Agency Funded LSL Pool are unchanged based on a more recent actuarial assessment
- provides an updated list of agencies under different LSL categories.

This Circular should be read in conjunction with NSW TC14/04 or its replacement. NSW TC 14/04 covers the requirements for year-end accounting of LSL.

A Funding Arrangements for LSL:

For the purpose of LSL, agencies are assigned to one of three categories:

Category 1: Crown Funded LSL Agencies (Appendix 1)

These agencies are the General Government Sector (GGS) agencies whose LSL is assumed by the Crown. The liabilities are transferred via journals. The Crown Finance Entity reimburses payments made by agencies to employees.

Category 2: Agency Funded Crown LSL Pool (Appendix 2)

A number of GGS agencies are members of the Agency Funded Crown LSL Pool. These agencies make contributions to the Pool and in return are reimbursed by the Crown Finance Entity for LSL payments made to employees. Agencies recognise LSL liabilities along with an equivalent asset which is based on the expected reimbursement amount.

Category 3: All Other Residual Agencies covered by the *Government Sector Employment Act 2013 (GSE Act)*. These agencies recognise and fund their own liabilities.

B Funding Arrangements for Transferred Officers' Leave Entitlements:

The GSE Act allows for the transfer of leave entitlements when employees transfer between public sector employers. Section 33 of the *Government Sector Employment Regulation 2014* allows the Treasurer to give directions and issue guidelines regarding the transfer of funds between government sector employers for LSL and annual leave entitlements.

This Treasury Circular is issued as a Treasurer's Direction under section 9 (2) of the *Public Finance and Audit Act 1983*.

Mark Ronsisvalle
for Secretary

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A. Introduction

This NSW Treasury Circular outlines the funding arrangements for Long Service Leave (LSL) for NSW public sector agencies. For the purpose of LSL, agencies are assigned to one of three LSL categories which have different funding arrangements. The Circular also outlines funding arrangements for transferred officers' leave entitlements (e.g. LSL and annual leave) where staff transfer between agencies including in the event of agency restructures¹. This Circular applies to public sector agencies for financial years ending on or after 30 June 2014.

Schedule 1 of *Government Sector Employment Regulation 2014* (GSE Regulation) sets out the calculation of extended leave entitlements. Extended leave and long service leave are the same and for the purposes of this Circular will be referred to as LSL.

B. Funding Arrangements for Long Service Leave

There are three different methods for funding LSL liabilities. The treatment will depend upon the category of the agency:

1. Category 1: Crown Funded LSL Agencies^{2,3} (Appendix 1)

The Crown assumes the LSL liability (including some consequential costs) for certain General Government Sector (GGS) agencies. These agencies are listed in Appendix 1. The requirements for Crown Funded LSL Agencies are as follows:

1.1 Monthly non-cash journals (Appendix 5)

Category 1 agencies calculate monthly accrued LSL liabilities and the associated consequential costs assumed by the Crown and report the amount to the Crown Finance Entity (CFE)⁴ through monthly non-cash journals. The Treasury Circular *Accounting for Long Service Leave and Annual Leave* (NSWTC 14/04 or its replacement Circular) contains the details of consequential costs assumed by the Crown. Agencies should use Crown Account Number 40200 (LSL Liability assumed by the Crown) to record the monthly accrual of LSL expense.

Agencies calculate the accruing LSL based on an additional accrued LSL entitlement each month and must report to the CFE on a monthly basis through non-cash journals. If an agency adopts alternative methods, for example calculating accrued liability at each June and expensing the annual accrual estimate in 12 equal monthly amounts, this needs to be agreed with its Treasury analyst.

In addition, agencies are required to put through an adjusting entry at 30 June each year when NSW Treasury calculates and advises agencies of the present value of LSL in accordance with NSWTC 14/04 or its replacement Circular. Agencies should use Crown Account Number 40210 (LSL Change Expense Current Year Movement) to adjust to the present value balance at 30 June.

Agencies are required to send their monthly estimates of LSL, in the journal format prescribed in Appendix 5, by email to crown_monthly_journal@treasury.nsw.gov.au **on or before the 3rd working day following the month end**. Agencies are required to agree the credit balance of their "LSL Liability and Consequential Costs Accepted by the Crown" ledger account with the debit balance of a reciprocal CFE ledger account each month.

¹ Agency restructures include agency creation, abolition, amalgamation and transfer of functions between agencies effected by GSE Act Administrative Arrangements Orders.

² The term 'agencies' is used only for the purposes of this Circular and may encompass parts of a department.

³ Crown Funded LSL Agencies were previously referred to as "Budget dependent agencies" under the replaced Circular NSW TC10/04). The change in terminology does not, of itself, change the status as to whether the LSL is assumed by the Crown. The status of LSL assumption remains unchanged in this Circular.

⁴ Crown Finance Entity is collectively named as Crown. This is managed by NSW Treasury. For the purpose of this Circular, Crown Finance Entity will be referred to as CFE.

1.2 Reimbursement of LSL expenditure (Appendix 6)

When an agency makes a cash payment to discharge the LSL liabilities, the payment is to be recouped from the CFE. A copy of the Reimbursement of Long Service Leave Expenditure – Category 1 agencies form is shown in Appendix 6. Agencies should use Crown Account Number 35200 (Long Service Leave Payments Made) when the LSL is taken by employees either in service or on termination of service.

Agencies must ensure that the reimbursement form is duly signed by an authorised officer in accordance with section 13 *Public Finance and Audit Act* and *Treasurer's Direction 230.03*. Agencies must, at all times, have available evidence and supporting documentation for all LSL reimbursements. This evidence should be provided to the CFE upon request.

1.3 LSL for transferred officers

Where officers are transferred within Category 1 agencies as listed in Appendix 1, no cash transfer is required as the Crown assumes the LSL liabilities. For those officers being transferred between Category 1 agencies, agencies must ensure the transferred LSL liabilities do not impact on LSL expense. The transferor (transferring agency) should agree with the transferee (receiving agency) the amount of LSL transferred.

The transferred amount should be reported as “staff transferred in/out-non-cash transfers” in the LSL certificate of reconciliation, which is part of the year-end Crown Data Return that agencies are required to complete in accordance with the Treasury Circular *Financial Accounting Arrangements for the Crown Entity*. The format of the LSL certificate of reconciliation is shown in Appendix 10.

Where officers are transferred between agencies in different categories, a cash transfer is required. Details of staff transfer arrangements are further explained in Section C of this Circular. When a Crown Funded LSL agency receives funds from other agencies in relation to a staff transfer, the funds must be remitted to the CFE. A CFE receipt voucher is required to be sent to the CFE on the date of remittance. A copy of the receipt voucher is shown in Appendix 7.

Where a Crown Funded LSL agency makes a payment relating to employees transferring to agencies in different LSL categories, agencies should seek reimbursement from the CFE through Crown Account Number 35202 (Long Service Leave Payments Made-Staff Transferred Out) using Reimbursement form - Appendix 6 of this Circular. Details of employees transferring to other agencies are to be disclosed in the bottom section of the claim form. This information is necessary for audit purposes.

Each year end, Crown Funded LSL Agencies are required to reconcile the movement in LSL liability during the financial year and complete the LSL certificate of reconciliation. If any discrepancy is identified, agencies must investigate and rectify the errors before lodging the Crown Data Return with the Treasury. Agencies should not simply use LSL expense (Crown Account Numbers 40200 or 40210) to balance the yearly movement without a reconciliation being undertaken.

2. Category 2: Agency Funded Crown LSL Pool (Appendix 2)⁵

Appendix 2 lists agencies that are in the Agency Funded Crown LSL Pool. These agencies can only be admitted to this Pool in special circumstances and with the approval of Treasury. These agencies make a cash contribution to the Pool and in return are reimbursed by the CFE for LSL payments made to employees. Agencies recognise the LSL liability along with an equivalent asset for the amount expected to be reimbursed by the Agency Funded Crown LSL Pool.

Agencies in the Pool are required to calculate the monthly accrued entitlements and to make a cash payment to the CFE for increases in their employee entitlements. The agencies must transfer cash monthly or quarterly (where approved) to the CFE together with a receipt voucher **on or before the last working day of the month or quarter**. A copy of a receipt voucher for Agency Funded Crown LSL Pool is shown in Appendix 9.

Payments to employees are recouped from the CFE. A copy of the Reimbursement of Long Service Leave Expenditure – Category 2 agencies form is shown in Appendix 8.

2.1 Contributions to the Agency Funded Crown LSL Pool

Contributions to the Agency Funded Crown LSL Pool include:

- a. The monthly contribution that is calculated using differential rates based on actual years of eligible completed service for each employee after five years of service. The rates are the following percentage of salaries:

Nil to less than five years:	0%
Five to ten years:	3.84%
Over ten years:	4.11%

For CES/SES officers, the appropriate rate is to be applied to the notional salary of the SES total remuneration package as defined in the Public Service Commission Circular PSCC 2013-07 *Senior Executive Service – Notional Salary 2013-2014* (or its replacement Circular).

If agencies find it difficult to compute these monthly calculations, a flat 4.11% of salary (or SES notional salary) can be paid to the CFE monthly with an adjustment being made at year end.

- b. The value of LSL entitlements for staff transferring into the Pool.

3. Category 3: All other residual agencies covered by the *Government Sector Employment Act 2013*

These agencies recognise and fund their own liabilities. No information is required by CFE.

⁵ The Agency Funded LSL Pool was previously referred to as the Non-Budget LSL Pool under the replaced Circular NSW TC10/04.

C. Funding Arrangements for Transferred Officers' Leave Entitlements

Where staff are transferred between agencies, the related officers' leave entitlement must be transferred between agencies. The transferring and receiving agencies must ensure that, where necessary, funds are transferred and the amount, and the valuation basis (nominal value or present value) used in calculating the transferred LSL liabilities is correct. The details are as follows.

1. When funds must be transferred

Funds must be transferred to the new employing agency for any transferred annual (recreation) leave and annual leave loading when staff move between public sector agencies. Agencies are required to fund all annual leave and leave loading entitlements from their own resources.

For LSL, no transfer of funds is required when staff move between agencies *within* Categories 1 or 2. A transfer of funds is required for LSL either by the Crown or an agency where staff move *between* agencies in different Categories; for example, between Category 1 and Category 2 agencies, and where transfers are to or from a Category 3 agency.

Where the transfer is *within* Category 3, there is no requirement to report to Treasury.

Appendix 3 summarises the funding and reporting requirements for the various LSL transfer arrangements.

Where a LSL transfer involves a transfer of funds to the CFE, the agency should transfer funds equivalent to the transferred LSL liabilities and related consequential costs assumed by the Crown to the CFE's bank account. The details of the CFE bank account are:

- Bank Account Name: Crown Finance Entry
- BSB: 032-001
- Account No: 204001

A CFE receipt voucher (Appendix 7 for Category 1 agencies and Appendix 9 for Category 2 agencies) is required to be sent to the CFE on the date of remittance.

Where a LSL transfer involves a reimbursement from the CFE, the agency should lodge a reimbursement form with the Crown which must be duly authorised by officers of the agency in accordance with section 13 of the *Public Finance and Audit Act* and *Treasurer's Direction 230.03*.

2. Amount of funds to be transferred

2.1 Annual Leave and Leave Loading

Funds equivalent to the value of accrued entitlements together with the consequential costs e.g. payroll tax are to be paid by the transferring agency to the receiving agency. A payment equivalent to the accrued entitlement must be transferred at the departing salary/wage level paid by the transferring agency.

2.2 Long Service Leave

For staff with less than five years aggregate service, no funds are required to be transferred.

For those staff with five years and longer service, funds equivalent to the accrued entitlement (either in nominal value or present value – for details refer to the Section 3 below) together with the consequential costs must, if necessary, be transferred at the departing salary/wage level paid by the transferring agency. For CES/SES officers the salary level is the notional salary of the total remuneration package, in accordance with Public Service Commission Circular PSCC 2013-07 *Senior Executive Service – Notional Salary 2013-2014* (or its replacement in subsequent years).

For the LSL transfer to the Crown, the consequential costs assumed by the Crown must also be included. (Refer to Treasury Circular NSWTC14/04 *Accounting for Long Service Leave and Annual Leave* or its replacement Circular for the details of consequential costs.)

CFE receipt vouchers are to include details of the employee name(s), amount(s) and transferring agency name(s). Similarly, Category 1 and 2 agencies that seek reimbursements from the CFE are to detail employee name(s), amount(s) and transferee agency.

Prior to a LSL transfer, the transferring agencies are required to fully reconcile leave records to employee records to ensure the receiving agency receives the appropriate funds and leave balances. Agencies also ensure that staff transfers, fund transfers and reconciliation records are retained.

3. Nominal value or present value to be used in determining the transfer of LSL liabilities

Whether the nominal or present value of the LSL is transferred depends on the nature of the transfer, as follows:

- In the normal case, where an individual staff member is transferred to another agency, (for example, where a staff member has obtained a new position in another agency), the amount transferred is the nominal value.
- Where a group of staff are transferred within or between Categories 1 and 2 agencies due to agency restructures, the amount transferred is also the nominal value.
- Where a group of staff are transferred between Categories 1 and 3 or 2 and 3 agencies as a result of agency restructures, the amount of transferred LSL is the present value as at the date the restructure occurs. In this instance, the transferring agency must contact the Senior Financial Accountant of Crown Asset and Liability Management Branch at NSW Treasury to be advised of the appropriate present value factors. In complicated instances, the transferring agencies will need to engage an actuary to calculate the present value of the LSL liabilities prior to the transfer, using assumptions provided by Treasury.
- Where there is a group of staff transferred within Category 3 agencies as a result of agency restructures, the amount transferred is the present value. The transferring agencies should engage their own actuary to calculate the present value of the LSL liabilities prior to the transfer.

D. Long Service Leave Funding Arrangements for Agency Restructures

Where there is an agency restructure, the affected agencies must contact NSW Treasury analysts to discuss the possible impact on the LSL category classification, and funding arrangements as a result of the restructure.

Agency restructures as effected by the Administrative Arrangements Order under the GSE Act in February 2014 do not change the status as to whether LSL is assumed by the Crown. For those abolished/transferred agencies whose LSL was assumed by the Crown, the LSL assumed by the Crown remains unchanged in the receiving agencies/new agencies. For those abolished/transferred agencies who have their own LSL liability on the financial statements (that is, their LSL liability is not assumed by the Crown), the LSL liability (present value as at the effective date of the transfer) must be transferred to the receiving agency on the effective date, and the receiving agency must report the LSL liability in their financial statements, remeasured at the reporting date.

However where an agency's LSL liability transfers to the Crown, (that is a Category 3 agency becoming a Category 1 agency), the agency must contact its Treasury analyst and apply for the transfer. Upon Treasury/Treasurer approval, the LSL liability transfer must be funded by cash unless the Treasury/Treasurer approves an equity transfer which would only occur in special circumstances.

A transfer of funds in relation to LSL between an agency and the CFE is required when the agency's LSL category is changed. Appendix 4 outlines the funding and reporting requirements where an agency or function within an agency is abolished or transferred to another agency, and its staff are transferred to a new agency or merged with an existing agency with a change in LSL category.

Restructures Involving Personnel Services

Treasury Circular NSW TC11/19 *Financial and Annual Reporting requirements arising from personnel service arrangements* outlines the financial and annual reporting requirements where personnel services are provided by departments or divisions to statutory bodies.

Agency restructures which may involve abolishing personnel service divisions or transferring staff that provide personnel services to statutory bodies to other divisions or departments. Where transferred employees continue to provide personnel services to the same statutory body/function, there should be no impact on the funding arrangements for LSL. That is, where staff are transferred to another division or department, but those transferred staff continue to provide personnel services to the same statutory body/function, this transfer does not, of itself, change the status as to whether LSL is assumed by the Crown. For details, refer to Treasury Circular NSW TC11/19.

Appendix 1 - Category 1⁶ agencies

Agency Name	Crown Profit Centre Number
Art Gallery of New South Wales Staff Agency	10579
Australian Museum Trust Staff Agency	10576
Board of Studies, Teaching and Educational Standards Staff Agency	10366
Centennial Park and Moore Park Trust	10583
Community Relations Commission Staff Agency	10055
Department of Attorney General and Justice - Juvenile Justice	10186
Department of Attorney General and Justice-Corrective Services NSW	10186
Department of Attorney General and Justice-NSW Attorney Generals	10186
Department	
Department of Education and Communities	10360
Department of Education and Communities-Aboriginal Affairs NSW	10360
Department of Education and Communities-Sydney Olympic Park Authority	10360
Department of Education and Communities-Office of Communities	10360
Department of Education and Communities- New South Wales TAFE Commission	10370
Department of Family and Community Services-Ageing, Disability and Home Care	10406
Department of Family and Community Services-Central Office	10406
Department of Family and Community Services-Community Services	10406
Department of Family and Community Services-Housing NSW	10406
Department of Finance and Services-Crown funded staff	10235
Planning and Infrastructure	10497
Department of Premier and Cabinet	10026
Department of Trade and Investment, Regional Infrastructure and Services	10475
Environment Protection Authority Staff Agency	10592
Fire and Rescue NSW ⁷	10355
Health Care Complaints Commission Staff Agency	10095
Historic Houses Trust of New South Wales	10578
Independent Commission Against Corruption	10045
Independent Liquor and Gaming Authority Staff Agency	10325
Independent Pricing and Regulatory Tribunal Staff Agency	10035
Independent Transport Safety Regulator Staff Agency	10067
Infrastructure NSW Staff Agency	10594
Information and Privacy Commission	10185
Judicial Commission of New South Wales	10205
Mental Health Commission Staff Agency	10092
Ministry for Police and Emergency Services	10265
Ministry of Health	10090
Natural Resources Commission Staff Agency	10303

⁶ This list is current as at the date of the Circular. Where there have been restructures after the date of this Circular, please contact your Treasury Analyst to confirm the current status.

⁷ Emergency Services agencies, including Fire and Rescue NSW and State Emergency Service are funded under a special funding arrangement by the State Government, insurance companies and local councils. In return for the Crown assuming their LSL liabilities, these agencies are required to make regular contributions (monthly, or at least quarterly) to the Crown for the LSL expense portion payable from insurance companies and local councils. These agencies are required to send LSL contributions to the Crown together with a CFE receipt voucher on the date of remittance. The Crown Account Number (59305-Contribution for Long Service Leave) should be used to record the LSL contributions in the receipt vouchers.

Appendix 1- Category 1 agencies (continued)

Agency Name	Crown Profit Centre Number
New South Wales Crime Commission Staff Agency	10065
New South Wales Electoral Commission Staff Agency	10060
NSW Police Force	10250
New South Wales Land and Housing Corporation	10611
Office of the Children's Guardian	10415
Office of the Director of Public Prosecutions	10195
Office of Environment and Heritage	10486
Office of Local Government	10280
Office of Transport Safety Investigations	10066
Ombudsman's Office	10050
Parliamentary Counsel's Office	10025
Police Integrity Commission Staff Agency	10240
Public Service Commission	10052
Royal Botanic Gardens and Domain Trust	10478
NSW State Emergency Service	10260
Library Council of New South Wales Staff Agency	10580
Local Land Services Staff Agency-Crown funded staff	10818
State Records Authority of New South Wales-excluding Government Records Depository ⁸	10235
The Legislature	10010
Service NSW	10028
The Treasury	10100
Trustees of the Museum of Applied Arts and Sciences Staff Agency	10577
Transport Services and Department of Transport	10068
Western Sydney Parklands Trust	10587

⁸ Under the Memorandum of Understanding, the Department of Finance and Services (DFS) supplies staff to enable the State Records Authority to exercise its statutory functions. The Crown via DFS still assumes the LSL liability of the State Records Authority. However, the commercial unit Government Records Repository contributes to the Agency Funded Crown LSL Pool.

Appendix 2 - Category 2 agencies

Agency Name	Crown Profit Centre Number
Audit Office of New South Wales	10506
Crown Solicitor's Office	10187
Department of Finance and Services-Agency Funded Crown LSL Pool staff	11235
District Court Dust Diseases Tribunal	12180
Department of Trade and Investment, Regional Infrastructure and Services-Soil Conservation Service	11475
Government Property NSW	11235
Legal Profession Admission Board	14180
NSW Government Telecommunications Authority	11235
NSW Adult Migrant English Services	10530
NSW State Parks	11300
NSW Trustee and Guardian	10539
Office of the Legal Services Commissioner	13180
Office of the Public Guardian	16180
State Records Authority of New South Wales - Commercial Unit - Government Records Depository	11235
NSW Registry of Births, Deaths and Marriages	10541

Superseded by TC2105

Appendix 3 - Funding and reporting requirements for the various transfer arrangements (not including agency restructures)

Transferring Officers	Is Funds Transfer Required?	Requirement
Within <u>one</u> Category, 1 or 2	No	<ul style="list-style-type: none"> ▪ Agencies to update own records of accrued LSL liabilities as a result of staff transfer. ▪ No information is required by Treasury for each transfer. ▪ LSL transfers within one category 1 or 2 have no impact on the LSL expense of the transferring and receiving agencies. For Category 1 agencies only, they should report the total of LSL transfers within the Category 1 agencies during the year as “non-cash transfers within Crown Funded LSL Agencies” in the certificate of LSL reconciliation (Appendix 10), which is part of the year-end Crown Data Return document included in the Treasury Circular <i>Financial Accounting Arrangements for the Crown Entity</i>.
Within Category 3	Yes	<p>LSL transfer is on cash basis. No information is required by Treasury.</p>
<p>Between Categories</p> <ul style="list-style-type: none"> • From Category 1 to 2 • From Category 2 to 1 • From Category 1 to 3 • From Category 3 to 1 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Category 1 agencies:</p> <ul style="list-style-type: none"> ▪ transfer funds of related LSL to Category 2 agencies ▪ recoup the LSL payments from the CFE using the Crown Finance Entity LSL reimbursement form - Category 1 agencies (Appendix 6) <p>Category 2 agencies:</p> <ul style="list-style-type: none"> ▪ remit the money of LSL entitlement of incoming officers to CFE together with the Crown Finance Entity LSL receipt voucher- Category 2 agencies⁹ (Appendix 9) <p>Category 2 agencies:</p> <ul style="list-style-type: none"> ▪ transfer funds to Category 1 agencies to discharge LSL liabilities ▪ claim reimbursement from the CFE using the Crown Finance Entity LSL reimbursement form- Category 2 agencies (Appendix 8) <p>Category 1 agencies:</p> <ul style="list-style-type: none"> ▪ remit the funds received to CFE together with the Crown Finance Entity LSL receipt voucher-Category 1 agencies (Appendix 7) <p>Category 1 agencies:</p> <ul style="list-style-type: none"> ▪ transfer funds to Category 3 agencies to discharge LSL liabilities ▪ recoup the LSL payments from the CFE using the Crown Finance Entity LSL reimbursement form- Category 1 agencies (Appendix 6) <p>No information is required from Category 3 agencies.</p> <p>Category 3 agencies:</p> <ul style="list-style-type: none"> ▪ transfer funds of LSL entitlement to Category 1 agencies ▪ Category 3 agencies fund the LSL transfer

⁹ Category 1 agencies receives reimbursement from the CFE based on leaving staff's final salary whereas Category 2 agencies remit funding for the LSL to the CFE based on the new salary of those incoming officers.

Transferring Officers	Is Funds Transfer Required?	Requirement
		<p>Category 1 agencies:</p> <ul style="list-style-type: none"> ▪ Remit the funds received to CFE together with a Crown Finance Entity LSL receipt voucher Category 1 agencies(Appendix 7)
<ul style="list-style-type: none"> • From Category 2 to 3 • From Category 3 to 2 	<p>Yes</p> <p>Yes</p>	<p>Category 2 agencies:</p> <ul style="list-style-type: none"> ▪ transfer funds to Category 3 agencies to discharge the LSL liabilities ▪ recoup the LSL payments from CFE by lodging the Crown Finance Entity LSL reimbursement form -Category 2 agencies (Appendix 8) <p>No information is required from Category 3 agencies.</p> <p>Category 3 agencies:</p> <ul style="list-style-type: none"> ▪ transfer funds of LSL entitlement to Category 2 agencies ▪ Category 3 agencies fund the LSL transfer <p>Category 2 agencies:</p> <ul style="list-style-type: none"> ▪ Remit the funds received to CFE together with a Crown Finance Entity LSL receipt voucher-Category 2 agencies (Appendix 9)

Superseded by TCO 15

Appendix 4 - Funding and reporting requirements for agency restructures

The following table outlines the funding and reporting requirements where an agency or function within an agency is abolished, or transferred to another agency, and the staff are transferred to a new agency or merged with an existing agency with a change in LSL category:

Agency Restructure	Requirement
From Category 1 to 3	<ul style="list-style-type: none"> ▪ Normally the new agency/merged agency or function (Category 3) recoups from CFE the payment equivalent to LSL (present value) liability and the Crown's assumed consequential costs as at the restructure effective date by lodging the Crown Finance Entity LSL reimbursement form - Category 1 agencies (Appendix 6). ▪ Thereafter, the new agency/merged agency recognises and funds its own liabilities.
From Category 3 to 1	<ul style="list-style-type: none"> ▪ New agency/merged agency or function (Category 1) transfers to CFE the funds equivalent to LSL (present value) liability and Crown's assumed consequential costs as at the restructure effective date together with Crown Finance Entity LSL receipt voucher - Category 1 agencies (Appendix 7). ▪ Thereafter, Crown assumes the LSL and the agency has to comply with the Category 1 agencies requirements as stated in this Circular.
From Category 3 to 2	<ul style="list-style-type: none"> ▪ New agency/merged agency or function (Category 2) must transfer funds to CFE equivalent to the LSL (present value) liability, together with a Crown Finance Entity LSL receipt voucher-Category 2 agencies (Appendix 9). ▪ Thereafter, the agency has to comply with the Category 2 agencies requirements as stated in this Circular.
From Category 2 to 3	<ul style="list-style-type: none"> ▪ The Category 2 agency recoups the LSL (present value) liability from CFE by lodging the Crown Finance Entity LSL reimbursement form-Category 2 agencies (Appendix 8). ▪ Thereafter, the new agency/merged agency/function (Category 3 agency) recognises and funds its own liabilities.
From Category 1 to 2 and Category 2 to 1	<ul style="list-style-type: none"> ▪ Agency will have calculations of LSL signed off by the agency's Chief Financial Officer. A signed summary report is to be forwarded to the CFE to enable the CFE to make the necessary funding transfers between the two category pools and complete the necessary journal entries.

Appendix 5 - Non Cash Journal for Category 1 agencies



**The
Treasury**

**Crown Finance Entity- Non Cash Journal
Category 1 agencies ONLY- Crown Funded LSL Agencies**

FORWARD TO: The Financial Accountant
NSW Treasury

Email: crown_monthly_journal@treasury.nsw.gov.au

**Agency
Number/Crown Profit
Centre No:
Reference Number:**

Please arrange for undermentioned journals to be made:

SPECIAL DEPOSITS	Tax Code	CROWN ACCOUNT NUMBER	DEBIT \$	CREDIT \$
DEBIT				
LSL Liability & consequential costs assumed by the Crown		40200		
LSL Change expense Current Year- for year-end present value valuation adjustments		40210		
CREDIT				
LSL Liability & consequential costs accepted by the Crown		35220		
TOTAL			-	-

Reason: e.g. specify which month that the LSL journal is related to

Note

1. This form must be sent to NSW Treasury on or before the 3rd working day of the month following the month end.
2. To avoid duplicate postings, Agencies must NOT send the same journal twice.
3. Agencies can send the journal via email in PDF format or Excel format. For the latter case where the signature cannot be put in the document, only the Chief Financial Officer or authorised officers delegated by the Chief Financial Officer can email this journal to the Crown Finance Entity.

Date: _____
Contact: _____
Telephone Number: _____
Email: _____

**Signed
Title** _____
 Chief Financial Officer or authorised officers
 delegated by Chief Financial Officer

Appendix 6- Crown Finance Entity LSL reimbursement form-Category 1 agencies



The Treasury

Fax To: The Financial Accountant

Fax No: (02) 92283210 or
Crown_Reimbursements@treasury.nsw.gov.au

NSW Treasury, Governor Macquarie Tower,
SYDNEY NSW 2000

(Please do **NOT** send by both email and fax to avoid any possible duplicate payments)

**Crown Finance Entity
Reimbursement of Long Service Leave Expenditure - Category 1 agencies
Crown Funded LSL Agencies**

Agency Name _____
Office Number _____ Agency Voucher Number _____ of / _____
(date)

Please reimburse the undermentioned amounts to the:

Operating account Name: _____
(BSB) _____ (ACCOUNT) _____

Bank account held at: _____
(eg Westpac, ANZ etc, including location)

Crown Finance Entity Payment Account	Crown Account Number	Amount
Long Service Leave Payments Made	35200	
Long Service Leave Payment Made-Staff Transfer Out	35202	
Total		

The above reimbursement claim includes the transferring officers reimbursement as shown below.

Provide below the details of Long Service Leave paid to transferring officers ONLY included in this reimbursement claim. The total of transferring amount must agree with the Crown Account Number 35202.

Transferring Officer Name	Transferee Agency Name	Transferee Agency Number/Crown Profit Centre Number	Amount
Total equal to Crown Account No. 35202			

The reimbursement detail above is only for long service leave in respect to those employee funded from the Crown Finance Entity. It does not included any cost eg, payroll tax.

Date:

Contact:

Telephone Number:

Email:

Signature of Authorising Officer in accordance with section 13
Public Finance and Audit Act and Treasurer's Direction 230.03

Appendix 7- Crown Finance Entity LSL receipt voucher-Category 1 agencies



The Treasury

Crown Finance Entity Receipt

Category 1 - Crown Funded LSL Agencies

Statement of Collections Remitted to the Crown Finance Entity on: _____

Agency Name: _____

Profit Centre: _____

Deposited to: Crown Finance Entity (BSB) 032-001 (Account No) 20 4001
 Westpac NSW Govt Dept Branch
 Level 1 Westpac Place 275 Kent Street Sydney NSW 2000

Account Name	Account Number	Amount
LSL Receipts-Transferred-In Officers	59315	
		\$

Details of LSL for transferring-in Officers

Transferring-In Officer Name	Transferring Agency Name	Transferring Agency Number/Crown Profit Centre Number	Amount
			\$

Accounting Officer: _____

Phone: _____

Fax: _____

Email: _____

Please send completed form to :
 Email: Crown_Receipts@treasury.nsw.gov.au OR
 Fax: 9228 3210

Appendix 8-Crown Finance Entity LSL reimbursement form –Category 2 agencies



The Treasury

Fax To: The Financial Accountant

**Fax No: (02) 92283210 or
Crown_Reimbursements@treasury.nsw.gov.au**

NSW Treasury, Governor Macquarie Tower,
SYDNEY NSW 2000

(Please do NOT send by both email and fax to avoid any possible duplicate payments)

**Crown Finance Entity
Reimbursement of Long Service Leave Expenditure - Category 2 agencies
Agency Funded Crown LSL Pool**

Agency Name: _____

Office Number _____ **Agency Voucher Number** _____ **of** / _____ **(date)**

Please reimburse the undermentioned amounts to the:

Operating account Name: _____

_____ (BSB) _____ (Account No.)

Bank account held at: _____
(eg, ANZ, Westpac etc, including location)

Crown Finance Entity Payment Account Name	Crown Account Number	Amount
Reimbursements to agencies - Agency Funded Crown LSL Pool	41101	
	Total	

The above reimbursement claim includes the transferring officers reimbursement as shown below.

Provide below the details of Long Service Leave paid to Transferring Officers ONLY included in this reimbursement claim.

Transferring Officer Name	Transferee Agency Name	Transferee Agency Number/Crown Profit Centre Number	Amount

The reimbursement detail above is only for long service leave in respect to those employee funded from the Agency Funded Crown LSL Pool. It does not included any cost eg, payroll tax.

Date:

Contact:
Telephone Number:
Email:

**Signature of Authorising Officer in accordance with section 13
Public Finance and Audit Act and Treasurer's Direction 230.03**

Appendix 9- Crown Finance Entity LSL receipt voucher–Category 2 agencies



The Treasury

Crown Finance Entity Receipt

Category 2 - Agency Funded Crown LSL Pool

Statement of Remittance to the Crown Finance Entity on: _____

Agency Name: _____

Profit Centre: _____

Deposited to: Crown Finance Entity (BSB) 032-001 (Account No) 20 4001
 Westpac NSW Govt Dept Branch
 Level 1 Westpac Place 275 Kent Street Sydney NSW 2000

Account Name	Account Number	Amount
Category 2 agencies i.e. Agency Funded Crown LSL Pool contributions	50001	
		\$

The above LSL contribution amount includes the transferring-in officers as shown below.

Details of LSL for transferring-in Officers

Transferring-In Officer Name	Transferring Agency Name	Transferring Agency Number/Crown Profit Centre Number	Amount
			\$

Accounting Officer: _____

Phone: _____

Fax: _____

Email: _____

Please send completed form to :
 Email: Crown_Receipts@treasury.nsw.gov.au OR
 Fax: 9228 3210

Appendix 10 - Sample of LSL certificate of reconciliation extracted from the Crown Data Return¹⁰

a) LSL and consequential costs liabilities as at 30 June 2014

\$'000	
Crown Funded LSL Agencies	
LSL (present value) and the related defined benefit superannuation consequential cost liability assumed by the Crown as at 30 June 2014 <i>(Not appearing in the agency's financial statements)</i>	
Agency Funded Crown LSL Pool	
LSL liability (present value) as at 30 June 2014 <i>(LSL liability appearing in the agency's financial statements)</i>	

b) Provision for long service leave – certificate of reconciliation

Crown Funded LSL Agencies- Category 1 agencies only i.e. for those agencies whose LSL is assumed by the Crown

Whole dollars

Movements for 2013–14	
LSL present value as at 30 June 2014 (including the defined benefit superannuation consequential cost)	_____ as per advice from Treasury
Opening LSL present value balance as at 1 July 2013 (including defined benefit superannuation consequential cost)	_____ as per previous year advice from Treasury as at 30 June 2013
Movements for 2013-14	=====
Movements represented by	
Add: LSL expense for 2013-14	_____ as per Crown G/L account 40200 for monthly accrual of LSL expense and assumed consequential costs
Add/Less: LSL expense- present value adjustments 2013-14	_____ Crown G/L account 40210 for present value adjustments
Less: payments for 2013-14	_____ as per Crown G/L account 35200
Less: Staff transferred out-cash payments	_____ as per Crown G/L account 35202
Add: staff transferred in - cash receipts	_____ as per Crown G/L account 59315
Add/Less: Staff transferred in (Add) or transferred out (Less) i.e. non-cash transfers within Crown Funded LSL Agencies	_____
Adjustment(s)	_____ Reason to be identified below
Movements for 2013-14	=====
Reason(s) for adjustment	_____

¹⁰ Agencies should use the Crown Data Return provided in the Treasury Circular of *Financial Accounting Arrangements for the Crown Entity* to complete the LSL information.