

Treasurer's Direction

TD23-18 Management of cash, banking and payments

Tuesday, 3 October 2023

TD23-18 Management of cash, banking and payments

Summary/Archibald statement:

This Direction makes provision with respect to the use of financial services and arrangements by GSF agencies, accountable authorities, and government officers, including management of cash, banking, and payments for GSF agencies. This includes financial services under a State financial service agreement or other, under the *Government Sector Finance Act 2018* (GSF Act).

Commencement:

This Direction takes effect on Tuesday, 3 October 2023.

Application:

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

This Direction does not apply to New South Wales Treasury Corporation as per section 6.1(3) of the GSF Act.

Purpose/objectives:

The purpose/objects of this Direction are as follows:

1. replace TD22-30 Management of cash, banking and payments;
 2. regulate the use of financial services (including banking services) provided under a State financial service agreement or otherwise;
 3. ensure consistency in the opening, closing, and operating of banking accounts of a GSF agency;
 4. require the efficient, effective, and economical use of financial services for the State and GSF agencies;
 5. optimally manage the State's balance sheet and facilitate best practice cash management including cash forecasting;
 6. drive efficiency and digitisation of payments for the State and GSF agencies.
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Interpretation:

accountable authority for a GSF agency has the same meaning as in section 2.7 of the GSF Act.

appropriation payment procedure means a procedure for the payment of funds appropriated for the activities of a GSF agency to that agency's banking account.

arrangement has the same meaning as in section 6.5 of the GSF Act.

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

cash management means a tool for the efficient and effective financial management and stewardship of government money.

entity has the same meaning as in section 2.1 of the GSF Act.

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

financial service agreement is an arrangement for a financial service. This includes an arrangement that is new or extended from a previous arrangement.

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

government money has the same meaning as in section 1.4 of the GSF Act.

investment has the same meaning as in section 6.9 of the GSF Act.

payment means the tender of money or its equivalent by one party to another in exchange for goods or services provided by them, or to fulfil a legal obligation.

product agreement (or service order) means the product agreement entered for products and services for the GSF agency under a State financial service agreement.

product terms and conditions mean product terms and conditions in a product agreement.

relevant banking service means a banking service (such as a banking account, a cash management account, term deposit or bank bill) provided by a relevant entity.

relevant entity means an entity that is not a GSF agency.

Secretary means the Secretary of NSW Treasury.

Special Deposits Account (SDA) has the same meaning as in section 4.15 of the GSF Act.

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

State owned corporation has the same meaning as in section 1.4 of the GSF Act.

Treasury means NSW Treasury.

Treasury Banking System means the grouping of banking accounts managed by Treasury, for the purpose of managing government money and liquidity for the State.

working account money has the same meaning as in section 4.17(2) of the GSF Act.

Direction:

1. Use of financial services

- (1) A GSF agency, the accountable authority for a GSF agency and government officers must not use a financial service provided by a relevant entity (including to open or operate banking accounts of the agency) unless the financial service is provided under a State financial service agreement.
- (2) Clause 1(1) does not apply where:
 - (i) an exemption has been granted for the use of the financial service by the GSF agency, accountable authority for the GSF agency or government officer in accordance with clause 6; or
 - (ii) a financial arrangement approval given under section 6.23(1) of the GSF Act authorises the use of the financial service by the GSF agency, accountable authority for the GSF agency or government officer.
- (3) Before using a financial service provided under a State financial service agreement, a GSF agency, the accountable authority for a GSF agency and government officers must:
 - (i) notify Treasury that the GSF agency proposes to enter into a product agreement (or similar) under a State financial service agreement;
 - (ii) enter into a product agreement (or similar) as a principal agency; and
 - (iii) provide Treasury copies of material as the Secretary, or a person nominated by the Secretary, requires,unless an exemption from these requirements has been granted in accordance with clause 6.
- (4) A GSF agency must not depart from the product terms and conditions defined under a State financial service agreement unless an exemption has been granted in accordance with clause 6. A GSF agency may request that additional products and services be made available under a State financial service agreement.
- (5) The Secretary, or any person nominated by the Secretary, may request information from a GSF agency, the accountable authority for a GSF agency or government officer in respect of any financial service that is not provided under a State financial service agreement.
- (6) Where an investment is a deposit of money using a relevant banking service that is not provided under a State financial service agreement, a GSF agency must not make any application for a financial arrangement approval under section 6.23 of the GSF Act to enter that investment unless an exemption has been granted in accordance with clause 6.

2. Use of banking accounts

- (1) For the purpose 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 of money is an “investment” under the GSF Act, that does not fall within paragraph (1) (such as the deposit of money into a term deposit), the investment is not authorised under this Treasurer’s direction for the purpose of section 6.22(1) of the Act. A GSF agency will need to ensure that the investment is otherwise “authorised” for the purposes of section 6.22(1) of the Act – for example, by obtaining a financial arrangement approval issued by the Treasurer under section 6.23 of the GSF Act.

- (2) Any money or funds held by a GSF agency (whether government money or not) must be placed in a banking account provided under a State financial service agreement unless an exemption has been granted in accordance with clause 6.
- (3) A GSF agency, the accountable authority for a GSF agency and government officers must place all government money (which includes Special Deposits Account money and working account money), in a banking account that is linked to the Treasury Banking System, unless an exemption has been granted in accordance with clause 6.
- (4) Interest payable on a banking account of a GSF agency under the Treasury Banking System is to be paid to the Treasurer or to any other entity nominated by the Treasurer, unless an exemption has been granted in accordance with clause 6.

3. Cash management and cash forecasting

- (1) For the purposes of managing the State’s cash, the Secretary, or a person nominated by the Secretary may, in respect of a GSF agency:
 - (i) require the agency to submit a cash forecast to Treasury using a system and/or process prescribed by the Secretary (or a person nominated by the Secretary);
 - (ii) set an appropriation payment procedure (where funds are appropriated for the agency’s activities);
 - (iii) set a procedure for managing money in an agency banking account;
 - (iv) set a minimum and/or a maximum level of funds that may be held in an agency banking account; and
 - (v) set performance targets for an agency’s cash forecasting and cash management procedures.
- (2) An exemption may be granted in accordance with clause 6, from any requirement under this clause 3(1).

4. Use of bank guarantees

- (1) A GSF agency must not:
 - (i) request a GSF agency to procure a bank guarantee for the benefit of a GSF agency; or
 - (ii) procure a bank guarantee for the benefit of a GSF agency.
- (2) Clause 4(1) does not apply where:
 - (i) an exemption has been granted for the use of the bank guarantee by the GSF agency in accordance with clause 6; or

(ii) the GSF agency receiving or procuring the bank guarantee is a State owned corporation.

Note: A GSF agency may request a bank guarantee from a non-GSF agency or procure a bank guarantee for the benefit of a non-GSF agency (subject to any required financial arrangement approval).

5. A payment made or received by a GSF agency

- (1) For a payment that is received or made by a GSF agency, the accountable authority for a GSF agency or a government officer, the Secretary or any person nominated by the Secretary may:
 - (i) set any payment method, process or procedure to be used or accepted by the GSF agency through any payment service provided to the GSF agency under a State financial service agreement (so long as the method, process or procedure set allows for any applicable legislative requirements);
 - (ii) determine whether a surcharge fee may, must or must not be charged to the customer and determine the amount of that surcharge fee (in relation to payments accepted by the GSF agency using payment services provided under a State financial service agreement), where the GSF agency has statutory authority to charge the surcharge fee;
 - (iii) set a requirement for how a tax invoice and/or remittance information may be sent or received;
 - (iv) determine the payment data to be captured; and
 - (v) set a rule about the timing of the payment made by a GSF agency to a supplier and any related penalty fee for not meeting the required timeframe.
- (2) A GSF agency, the accountable authority for a GSF agency and government officers must cease the use of a cheque and/or a money order to:
 - (i) make a payment to a GSF agency; and
 - (ii) make a payment to a government agency that is not a GSF agency (that is, a local, State, Territory, or a Commonwealth government agency in Australia) unless the government agency requires payment by way of cheque or money order.
- (3) An exemption may be granted in accordance with clause 6 from any requirement made under clause 5(1) or clause 5(2).

6. Exemptions from this direction

- (1) The Treasurer, the Secretary or a person nominated by the Secretary may grant an exemption, in writing, where allowed under this direction.
- (2) The Treasurer, the Secretary or a person nominated by the Secretary for the purposes of clause 6(1) may give an exemption on his or her own initiative, or on an application by an accountable authority for a GSF agency, or a person nominated by the accountable authority.
- (3) An accountable authority for a GSF agency, or a person nominated by the accountable authority, may apply to the Treasurer, the Secretary or a person nominated by the Secretary, in writing, for an exemption for the purposes of clause 6(1).

Note: A person nominated by the accountable authority for a GSF agency should specify in the application that he or she has been so nominated, for the purposes of clauses 6(2) and 6(3). The form and content of the nomination is a matter for the accountable authority.

This Direction replaces:

Treasurer's Direction TD22-30 Management of cash, banking and payments

This is a Direction made under section 3.1, 6.15, 6.19 and 6.22 of the *Government Sector Finance Act 2018 (NSW)* and clause 6A of the *Government Sector Finance Regulation 2018 (NSW)*.

End date or review date for this Direction:

This Direction is to be reviewed on or before Monday, 1 November 2027

Related Documents:

(Legislative) References:

Division 3.1 of Part 3, Part 6 of the *Government Sector Finance Act 2018 (NSW)* and clause 6A of the *Government Sector Finance Regulation 2018 (NSW)*.

Daniel Mookhey MLC

Treasurer

Tuesday, 3 October 2023