

NSW Treasury

Policy and Guidelines: Funding for Redundancy Payments

TPG23-23

22 December 2023

Acknowledgement of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

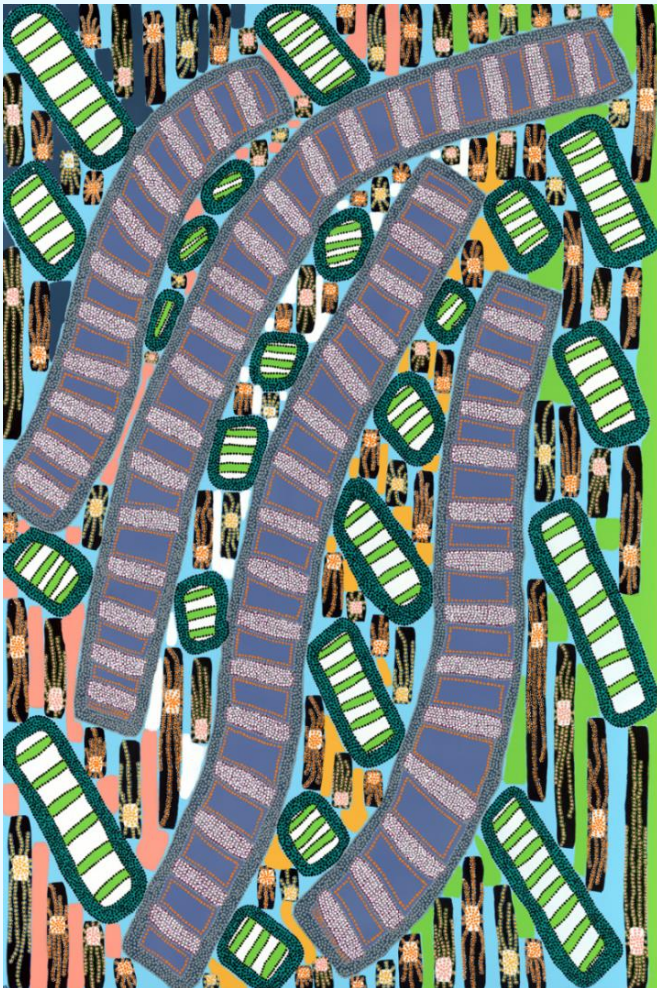
We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork:

Regeneration by Josie Rose



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Key information	
Treasury Policy and Guidelines (TPG) is relevant to?	<input checked="" type="checkbox"/> GSF Agencies <input type="checkbox"/> General Government Sector <input type="checkbox"/> Public non-financial corporation <input type="checkbox"/> Public financial corporation <input type="checkbox"/> State Owned Corporations <input type="checkbox"/> Other
	<input type="checkbox"/> Executive agencies related to Departments
	<input type="checkbox"/> Subsidiaries of the NSW Government established under the Corporations Act 2001
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<input checked="" type="checkbox"/> MANDATORY POLICY compliance set out by NSW Treasury.	
<input type="checkbox"/> RECOMMENDED POLICY reflecting best practice standards.	
<input type="checkbox"/> GUIDANCE/ADDITIONAL INFORMATION to provide clarity or explain requirements in detail.	

Revision history				
Document version number	Approval Date	Author	Approver	Description

1. Funding for redundancy payments

Purpose

This document outlines the requirements to access funding arrangements for redundancy payments that are available to assist agencies to meet the one-off costs associated with redundancies.

This document incorporates references and requirements relating to other policy instruments, including the *Premier's Memorandum M2023-06 NSW Government Sector Workforce Mobility Placement Policy* and *Premier's Memorandum M2011-11 Changes to the Management of Excess Employees (M2011-11)*.

Background

In accordance with *Premier's Memorandum M2011-11 Changes to the Management of Excess Employees*, agencies can apply to the NSW Treasury for support for the cost of redundancy payments.

Mobility of employees across the public sector is a priority for the NSW Government and can reduce the need for redundancies. This mobility is supported by the *Premier's Memorandum M2023-06 NSW Government Workforce Mobility Placement Policy* which facilitates matching employees with vacancies, both within their agency and across the public sector.

The concurrence of the Premier's Department is required prior to an agency approving a redundancy program. The Premier's Department will consider an agency's efforts in applying the *Premier's Memorandum M2023-06 NSW Government Mobility Placement Policy* before providing concurrence.

If redundancies are necessary and the program has the concurrence of the Premier's Department, funding assistance may be made available to assist agencies implement required workforce changes.

Agencies must first obtain the approval of the Premier's Department prior to implementing a redundancy or redeployment program even if the agency is not seeking funding assistance for the redundancy program.

Related obligations

Premier's Memorandum M2011-11 Changes to the Management of Excess Employees provides the policy basis for redundancy payments to the agencies.

Premier's Memorandum M2023-06 NSW Government Sector Workforce Mobility Placement Policy provides further guidance to agencies on the non-executive employee's placement process.

The *Senior Executive Mobility Guidelines* provides further guidance to agencies on senior executive employee's mobility requirements.

Policy coverage

Applicability to agencies

This policy applies to all General Government Sector agencies.

This policy does not generally apply to Public Non-Financial Corporations and Public Financial Corporations, including State Owned Corporations. Exception may be made under limited circumstances – for example, if the agency receives significant operating subsidies or budget-funded grants to deliver programs.

Applicability to employment types

This policy applies to the redundancy of non-executive employees.

This policy applies to the termination of the employment of senior executive employees where the termination of the employment is a result of the role or position being deleted from the agency's organisational structure. It is a requirement that the role or position is no longer required by the agency, that it will not be re-established, and that it results in genuine savings.

This policy does not apply to casual, temporary or fixed term employment.

Summary of requirements

Mandatory

Agencies must complete a **three-step approval process** to access the redundancy funding:

Step 1: Agencies must obtain approval from the Premier's Department prior to an agency approving redundancy or redeployment programs.

Step 2: Agencies must obtain approval from Treasury for the redundancy program **before** the program is implemented and provide a confirmation of compliance with the *Premier's Memorandum M2023-06 NSW Government Sector Workforce Mobility Placement Policy* and the *Premier's Memorandum M2011-11 Changes to the Management of Excess Employees*.

Step 3: Agencies must obtain approval from Treasury for the reimbursement of redundancy costs **after** the program is implemented.

The redundancy program cannot be announced by the agency until approvals for the redundancy program have been obtained under Step 1.

Delegated authority to approve redundancy funding

The written submission from the relevant agency should be duly signed by an authorised officer in accordance with the delegation sections under the *Government Sector Finance Act 2018*.

Step 1 Concurrence of the Secretary of the Premier's Department

The Secretary, Premiers Department, must provide concurrence for the requested redundancy or redeployment program. The Secretary will consider an agency's compliance with the *Premier's Memorandum M2023-06 NSW Government Workforce Mobility Placement Policy* before providing concurrence.

Step 2 Approval of the Redundancy Program

The Digital Treasury Operations Handbook outlines the authorised officers with the delegated authority to approve the redundancy program. Treasury approval for the redundancy program is required to be obtained in accordance with the Digital Treasury Operations Handbook.

Step 3 Approval of the Redundancy Reimbursement

Treasury approval for the reimbursement of redundancy payments under an approved and budgeted redundancy program is required to be obtained in accordance with the Digital Treasury Operations Handbook.

2. Requirements to access funding

All agencies must complete a three-step approval process to access redundancy funding.

Step 1: Concurrence agreement of the Secretary, Premier's Department

Step 1 requires the concurrence of the Secretary of the Premier's Department prior to an agency announcing redundancy or redeployment programs.

Agencies can refer to the Premier's Department for the process guide and templates for requesting approvals and concurrence.

The process for concurrence is as follows:

A. Before requesting concurrence, the following conditions must be met:

Non-executives: The agency must have reached agreement with the Workforce Mobility Placement Team in the Premier's Department confirming that mobility options have been exhausted before proceeding. The Workforce Mobility Placement Team can be consulted via mobility@premiersdepartment.nsw.gov.au.

Senior Executives: The agency must have reached agreement with the Public Service Commission confirming that mobility options have been exhausted before proceeding. Agencies can consult the Public Service Commission via executiveservices@psc.nsw.gov.au.

B. Once the relevant agency has exhausted all efforts to use the mobility provisions (or other relevant provisions) to match impacted employees with vacancies, agencies are required to:

- Prepare the pro-forma briefing template to the Premier's Department ensuring that the relevant agencies authorised officers have been consulted. Guidance should be sought from the Workforce Mobility Placement Team on the requirements that must be met in completing the briefing template.
- Submit the completed briefing template to the Workforce Mobility Placement Team for review.
- The Workforce Mobility Placement Team will review the submission for compliance with the *Premier's Memorandum M2023-06 NSW Government Sector Workforce Mobility Placement Policy*
- The Workforce Mobility Placement Team will advise the requesting agency and NSW Treasury of the outcome.

If, after this step, the agency is requesting approval to access redundancy funding assistance from Treasury, the relevant agency can commence Step 2.

Agencies that have obtained a Step 1 approval are required to submit a final business proposal (FBP) in Prime that outlines the approved forecast redundancy expenditure.

Recommendation

Agencies are encouraged to consult with Premier's Department and the Public Service Commission at an early stage on the requirements to satisfy the concurrent agreement of the Premier's Department.

Agencies can seek advice where necessary from the Premier's Department via: strategicimplementationgroup@premiersdepartment.nsw.gov.au.

Step 2: Approval of the redundancy program

Step 2 requires the relevant agency to obtain approval from Treasury for the redundancy program **before** the program is implemented.

The process is as follows:

- A. The relevant agency must make a written submission to Treasury. The written submission must be approved by the relevant agencies authorised officer and should include the following:
 - i. the approval details of the redundancy program under Step 1, including a copy of the completed briefing template and confirmation of the concurrent approval of the Premier's Department.
 - ii. details of the redundancy program including arrangements for managing the process and the timelines for the redundancy program.
 - iii. reasons for the redundancy programs and why the roles are being abolished.
 - iv. a schedule showing the roles that are expected to be abolished, the associated salaries and estimated redundancy payments.
 - v. the dates on which employees are expected to exit via voluntary redundancy and/or be made excess.
 - vi. confirmation that the roles are being deleted from the agency organisational structure and will not be re-established so that that there is an ongoing expense reduction to the agency from the redundancy program.
 - vii. Confirmation that the redundancies will result in a genuine reduction in roles that leads to genuine long-term savings.
 - viii. Where the savings are to be applied to meet an existing savings target (e.g., for efficiency dividends), the agency forward estimates will already have been adjusted to reflect the savings. The submission must be clear that the savings are being applied for this purpose.
 - ix. The calculations included in the submission are to show both the estimated annual savings and the expected redundancy costs.
- B. Treasury will review the submission to verify that the redundancy program and supporting calculations are consistent with the *Premier's Memorandum M2023-06 NSW Government Sector Workforce Mobility Placement Policy* and the *Premier's Memorandum M2011-11 Changes to the Management of Excess Employees*.
- C. Treasury will inform the relevant agency of the outcome following the review.
- D. Once approved, the relevant agency can commence the implementation of the redundancy program.

Recommendation

Agencies are encouraged to consult with their Treasury Policy and Budget Customer Relationship Lead prior to submitting a written proposal for redundancy payments. Where applicable, agencies can use the written request under Step 1 for obtaining Step 2 approval.

Step 3: Approval of the redundancy cost reimbursement

Step 3 requires the relevant agency to obtain approval from Treasury for the reimbursement of actual redundancy costs **after** the redundancies have been paid.

The process is as follows:

- A. The relevant agency must make a written submission to Treasury. The written submission must be approved by the relevant agency's authorised officer and should include the following:
 - i. a final schedule showing the roles that have been abolished, the associated salaries and the actual redundancy payments made, and
 - ii. supporting detail for the calculations including the relevant employees wage rate, grade, length of service and associated redundancy payments.
- B. Treasury will review the submission to verify that the redundancy program has been approved and that the redundancy cost reimbursement is aligned with the expected costs.
- C. Treasury will also undertake an assessment of the agency's ability to absorb the cost of the redundancies within existing budgets.
- D. Treasury will inform the relevant agency of the outcome following the review.
- E. Subject to approval, the relevant agency can submit a reimbursement claim (refer Attachment 1) to the NSW Treasury. A redundancy grant from Treasury will then be provided to the agency.

Recommendation

Agencies can seek reimbursement from Treasury after the costs have been paid. Agencies are encouraged to consult with Treasury Policy and Budget Customer Relationship Lead prior to submitting the reimbursement claim for redundancy payments.

3. Reimbursement of redundancy payments

Costs directly associated with the redundancy program may be reimbursed by Treasury.

Agency payments eligible for redundancy funding

The following costs are eligible for redundancy funding:

- payments in lieu of termination notice
- severance payments
- standard incentive payments.

The following costs are not eligible and must be borne by the agency:

- annual leave payments (these are not a redundancy costs)
 - retirement fund (superannuation) benefits
 - long service leave payments (these are not a redundancy cost).
-

Reimbursement and reporting for redundancy costs

The relevant agency seeking a redundancy reimbursement should consult and provide the relevant documents to their Treasury Policy and Budget Customer Relationship Lead:

- letter(s) from the relevant agency requesting the redundancy funding
- approval by the delegated authority approving the step 1 and 2 redundancy program implementation
- approval by the delegated authority approving the step 3 redundancy reimbursement
- confirmation of compliance with the policy in relation to the redundancy reimbursement claim from the agencies
- completed reimbursement form (see Appendix 1)

Agencies must ensure that the completed reimbursement form is duly signed by an authorised officer in accordance with delegation sections under the *Government Sector Finance Act 2018*.

All reimbursement claims should be submitted to crown_reimbursements@treasury.nsw.gov.au.

4. Reporting requirements

Estimated redundancy payments form part of the financial projections provided by agencies to Treasury. The accuracy of the forecast is important for Treasury in considering the implications for the State Budget.

Agencies should ensure that the projections provided to Treasury are as accurate as possible. Agencies should consult with Treasury on revising their projections for redundancy costs.

Agencies with an approved redundancy program (step 1 approval) are required to submit a final business proposal (FBP) in Prime that outlines the approved forecast redundancy expenditure.

For reporting purposes, the following account codes should be used when reporting in Prime:


- AE201041051 Redundancy or Restructuring Expenses – to be used by the relevant agency to record the redundancy costs
- AR102091030 Redundancy Grant Revenue – to be used by the relevant agency when the redundancy costs are reimbursed from the Crown in right of the State of NSW
- AE209010990 Recurrent Grant Expense - Redundancy Funding – to be used by the Crown for the redundancy grant paid to the relevant agency.

All agencies are required to report the redundancy program approved and implemented but not reimbursed by Crown in the annual Crown Data Return submission.

Recommendation

For Prime reporting, agencies should only report a redundancy cost and grant from the Crown once step 1 approval have been obtained.

Appendix 1: Reimbursement form for redundancy payments template

 <p>NSW GOVERNMENT</p> <p>NSW Treasury 52 Martin Place Sydney NSW 2000</p>	<p>Please email the completed form to: EMAIL: crown_reimbursements@treasury.nsw.gov.au</p> <p style="text-align: center;">CROWN - REDUNDANCY REIMBURSEMENT</p> <p>AGENCY NAME: _____</p> <p>Agency Prime Code: _____ Date: _____</p> <p>Please reimburse the undermentioned amounts to the:</p> <p>Operating account Name: _____</p> <p style="text-align: center;">(BSB) _____ (ACCOUNT) _____</p> <p>Bank account held at: _____</p> <p style="text-align: center;">(eg, ANZ, Westpac etc, including location)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">CROWN FINANCE ENTITY PAYMENTS ACCOUNT</th> <th style="width: 15%;">Staff No. (headcount)</th> <th style="width: 30%;">CROWN ACCOUNT NO.</th> <th style="width: 20%;">AMOUNT</th> </tr> </thead> <tbody> <tr> <td>Redundancy Grant</td> <td></td> <td>843121</td> <td></td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td colspan="3" style="text-align: right;">TOTAL</td> <td> </td> </tr> </tbody> </table> <div style="margin-top: 20px;"> <p>Date: _____</p> <p>Contact: _____</p> <p>Telephone No.: _____</p> <p>Email address: _____</p> </div> <div style="margin-top: 20px;"> <p>Attestation</p> <p>I confirm that the redundancy reimbursement claim complies with the Treasury Redundancy Policy. I confirm we have paid out the redundancies to the employees and are claiming a reimbursement of expenditure from the Crown.</p> <p>Approval under Section 5.5 of the Government Sector Finance Act 2018</p> </div>	CROWN FINANCE ENTITY PAYMENTS ACCOUNT	Staff No. (headcount)	CROWN ACCOUNT NO.	AMOUNT	Redundancy Grant		843121														TOTAL			
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Appendix 2: Roles and responsibilities of agencies, Premier's Department and Treasury

Roles and responsibilities	
Premier's Department	<ul style="list-style-type: none"> • Provide advice to the agencies on the process for obtaining concurrence approval to commence the redundancy program • Review the written submission from agencies requesting the approval for concurrence. • Determine that the agency complies with the Premier's Memorandum M2023-06 NSW Government Sector Workforce Mobility Placement Policy • Provide concurrence where the submission satisfies the assessment criteria
Treasury – Policy and Budget Customer Relationship Lead	<ul style="list-style-type: none"> • Provide advice to the agencies on the policy and process for obtaining redundancy funding • Receive and review written submissions from agencies • Consult with the Treasury Finance whether the relevant budget is available • Determine that the redundancy program and supporting calculations are consistent with the Premier's Memorandum M2023-06 NSW Government Sector Workforce Mobility Placement Policy and M2011-11 Changes to the Management of Excess Employees • Inform agencies on the outcome of the review of the submission for the redundancy program • Receive the reimbursement request and other supporting documents from agencies • Submit the required documents to Treasury Finance team to process the payment to the agencies
Treasury – Finance	<ul style="list-style-type: none"> • Develop, promote, and review the policy. • Receive the requests for the reimbursement payments from the Agencies and/or Treasury Policy and Budget's team. • Process the payment of the redundancy reimbursement requests to the agencies nominated bank account • Provide advice to the agencies on the policy and process for accessing the redundancy funding
Agencies requesting the Redundancy Funding	<ul style="list-style-type: none"> • Provide the Premier's Department and Treasury with information on the redundancy implementation program and any other relevant information upon request. • Provide Treasury with a written submission for the redundancy program and reimbursement of costs. • Provide Treasury with the updated calculations of redundancy costs • Provide Treasury with the redundancy amounts accrued for the financial year in the Crown Data Return. • Update the budgeted and projected costs in Prime for the approved redundancy program.

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