NSW GOVERNMENT | The Treasury

Treasury Circular

NSW TC 15/09
16 April 2015

Accounting for Long Service Leave and Annual Leave

This Treasury Circular outlines the accounting treatment for long service leave (LSL), annual leave and related on-costs, applicable to NSW public sector agencies (including Statutory State Owned Corporations (SOCs)) for financial years ending on or after 30 June 2015.

This Circular withdraws and supersedes Treasury Circular NSW TC14/04. It incorporates changes arising from a recent actuarial valuation of LSL performed by Treasury's actuary. Key changes are as follows:

- Changes in LSL on-cost factors applicable to Crown Funded LSL agencies and Agency Funded Crown LSL Pool agencies (refer Part A Section 3, Table 1)
- Superannuation on-cost factors for NSW Health are now aligned with other agencies (refer Part A Section 3, Table 1)
- Changes in the current and non-current allocation of LSL and related on-costs liabilities (refer Part C, Section 1).

This Treasury Circular is issued as a direction under Section 9 and 45E of the *Public Finance and Audit Act 1983.* A separate reference to the Circular will also be included in the Statement of Corporate Intent of SOCs.

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Background

Accounting for Long Service Leave (LSL) and annual leave[1] is outlined in the Australian Accounting Standard AASB 119 *Employee Benefits*[2] . Since the previous Treasury Circular (NSW TC14/04) was issued on 19 March 2014, there have been no major changes in AASB 119.

This Circular is updated as a result of a recent actuarial valuation of LSL liabilities. Key changes arising from the actuarial valuation are as follows:

- Changes in LSL on-cost factors applicable to Crown Funded LSL agencies and Agency Funded Crown LSL Pool agencies (refer to Part A Section 3, Table 1)
- Superannuation on cost factors for NSW Health are now aligned with other agencies (refer Part A Section 3, Table 1)
- Changes in the current and non-current allocation of LSL and related on-costs liabilities (refer to Part C, section 1).

Part A of this Circular sets out the accounting treatment for LSL and related on-costs. Part B sets out the accounting treatment for annual leave and related on-costs; and Part C discusses the presentation and disclosure requirements for LSL and annual leave.

Application

This Circular is issued for financial years ending on and after 30 June 2015 and is issued as a Treasurer's Direction in accordance with Sections 9 and 45E of the *Public Finance and Audit Act 1983*. This Circular applies to all entities that must prepare general purpose financial reports under the Act, including Statutory SOCs. A specific reference to the Circular will be included in the Statement of Corporate Intent of SOCs. This Circular withdraws and supersedes NSW TC14/04.

This Circular must also be read in conjunction with NSW TC14/06 *Funding Arrangements for LSL and Transferred Officers Leave Entitlements*, NSW TC14/07 *Financial Accounting Arrangements for the Crown Entity* and NSW TC15/07 *Financial and Annual Reporting requirements arising from personnel service arrangements* (or replacement Circulars).

[1] LSL is often termed "extended leave" and annual leave is often termed "recreation leave". However, for the purposes of this Circular they will be referred to as LSL and annual leave respectively.

[2] Refer to compiled AASB 119 (operative date from 1 July 2014) on the AASB website: www.aasb.gov.au

PART A - LONG SERVICE LEAVE AND RELATED ON-COSTS

1. Recognition and measurement of LSL

Employees reach an unconditional legal entitlement to LSL after a qualifying period of service (e.g. seven or ten years). For shorter service periods, LSL may be payable on exit in some (but not all) circumstances.

Under accrual accounting, a LSL liability is recognised even though a legal entitlement may not have yet arisen:

> "… an obligation is created when the employee renders service that will provide entitlement to the benefit if the specified event occurs. The probability that the specified event will occur affects the measurement of the obligation, but does not determine whether the obligation exists" (AASB 119 para. 72).

The liability for LSL is measured as the present value of the estimated future cash outflows to be made by the employer for services provided by employees up to the reporting date (AASB 119 para. 155). The discount rate used must be determined by the 'market yields on government bonds', consistent with the estimated term of the obligation (refer AASB 119 para. Aus 83.1)[3].

AASB 119 permits the use of short hand measurement techniques to approximate the present value of the LSL liability (para. 60). The difference between the short hand method and a full present value method must be periodically compared and adjustments made for any material differences.

The Crown assumes the LSL liability of certain General Government Sector (GGS) agencies. These agencies do not recognise a LSL liability in their Statement of Financial Position; instead they recognise equivalent revenue for the liabilities assumed by Crown.

For the purpose of LSL in the NSW public sector, agencies are assigned to one of three categories:

- Category 1 - Crown Funded LSL Agencies;
- Category 2 - Agency Funded Crown LSL Pool; and
- Category 3 - all other residual agencies covered by the *Government Sector Employment Act 2013*.

The accounting treatment for LSL and related on-costs will vary depending on the category.

Category 1 – Crown Funded LSL Agencies are GGS agencies whose LSL liability, including some LSL on-costs, is assumed by the Crown. Category 1 agencies are listed in Appendix 1 of Treasury Circular NSW TC 14/06 or its replacement Circular.

Category 2 – Agency Funded Crown LSL Pool agencies are GGS agencies that make regular contributions to the LSL Pool (the Pool). These agencies directly meet their LSL obligations to employees and are subsequently reimbursed by the Crown Finance Entity (CFE)[4] for LSL payments made to employees. Category 2 agencies are listed in Appendix 2 of NSW TC 14/06 or its replacement Circular.

Category 3 – All other residual agencies covered by the *Government Sector Employment Act 2013* who assume their own LSL liability and related on-costs.

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[3] The government bond rate is the appropriate discount rate for both not-for-profit (refer AASB 119 para. Aus 83.1) and for-profit entities (refer to NSWTC 11/17, NSWTC 15/03 and NSWTC14/05 or replacement Circulars) in the NSW public sector.

[4] The CFE manages a number of functions, including LSL on behalf of the Crown.

2. Accounting for LSL and related on-costs

2.1 Category 1 – Crown Funded LSL Agencies

Recognition in financial statements

Category 1 agencies recognise a LSL expense and related on-costs expense in the Statement of Comprehensive Income when employees have rendered related services to the entity.

The Crown assumes the LSL liability and the defined benefits superannuation on-cost liability (refer to Part A Section 3, Table 1) for Category 1 agencies. That is, their liability is extinguished; and therefore, they do not recognise a LSL liability or the defined benefits superannuation on-cost liability in their Statement of Financial Position. Instead, Category 1 agencies recognise a revenue equivalent to the liability assumed by the Crown.

All other LSL on-costs, outlined in Part A Section 3, Table 1, are not assumed by the Crown and are the responsibility of the agency. The liabilities arising from these on-costs remain with the agency and need to be classified between current and non-current liabilities. Part C, Section 1 of this Circular provides guidance on current and non-current classification.

Reporting to CFE

Each month, Category 1 agencies must report to the CFE the movement in LSL entitlements. The details required in the monthly LSL journals are outlined in NSW TC14/06 or its replacement Circular.

At the end of the financial year, based on the information provided by agencies (refer to Appendix A), the CFE will advise the present value of the LSL liability and the defined benefits superannuation on-cost liability assumed by the Crown (refer to Part A Section 4).

The CFE adopts a short hand method to approximate the LSL liability assumed by making a projection for each employee based on their current salary, LSL entitlement and other factors as advised by Treasury’s actuary. The projected future cash flows are then discounted to their present value using the Commonwealth government bond rate at year end.

2.2 Category 2 - Agency Funded Crown LSL Pool Agencies

Recognition in financial statements

Category 2 agencies make regular cash contributions to the Pool held by the CFE in accordance with NSW TC14/06 or its replacement Circular. Agencies recognise these contributions as an expense in the Statement of Comprehensive Income.

Subsequently, Category 2 agencies receive reimbursements from the CFE for LSL payments made to employees. Agencies recognise the present value of the amount of payments expected to be made to employees as a LSL liability, along with a corresponding asset[5] for the amount expected to be reimbursed by the CFE in the Statement of Financial Position.

Category 2 agencies are responsible for the LSL on-costs and must include the on-costs expense and liability in their own financial statements. Category 2 agencies can use the factors applicable to the Category 1 agencies, as calculated by Treasury’s actuary, outlined in Part A Section 3, Table 1.

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[5] Reimbursement from the CFE is ‘virtually certain’ and satisfies the criteria for recognition as a separate asset in accordance with AASB 119 para. 116.

Reporting to CFE

Each month, Category 2 agencies report to the CFE the amount of cash payments made to the CFE. The method to calculate the LSL contributions and the reimbursement procedure are outlined in NSW TC14/06 or its replacement Circular.

At the end of the financial year, CFE advises agencies the present value of their LSL liability based on the aggregate nominal LSL entitlements provided by agencies (refer Section 4).

No cash payments to the CFE are required to fund the difference between the present value of LSL entitlements, as calculated by CFE, and the LSL nominal value in agency records (i.e. as the present value of LSL liability varies year to year).

2.3 Category 3 - all other residual agencies covered by the *Government Sector Employment Act 2013*

Agencies that are not Crown Funded LSL Agencies or not part of the Agency Funded Crown LSL Pool must either use the full present value methodology in accordance with AASB 119, or a short hand method to approximate the present value of the LSL liability. If using a short hand method, agencies must periodically compare the difference between using the short hand method and the full present value method and adjust for any material differences. This may require a periodic actuarial review.

3. On-costs on LSL

There are various on-costs incurred in relation to LSL. Defined benefit superannuation on-costs incurred on Category 1 agencies are assumed by the Crown. A summary of appropriate factors to calculate these costs are as follows:

Table 1: Agency LSL on-cost factors

On-costs on LSL[6]	Treatment in agency	NSW Health and other agency factor %[7]
Superannuation – defined benefits[8]	Category 1 agency - Assumed by the Crown Category 2 agency - Not assumed by the Crown	1.2% of present value of the total LSL liability*
Superannuation – defined contribution	Not assumed by the Crown	3.8% of present value of the total LSL liability*
Annual leave accrued while on LSL taken in service	Not assumed by the Crown	4.2% of present value of the total LSL liability[9] *
Workers Compensation Insurance	Not assumed by the Crown	1.0% of present value of the total LSL liability*
Payroll Tax	Not assumed by the Crown	NSW Health-Nil[10] 5.45% of present value of the total LSL liability for other agencies*

* Present value of the LSL liability as advised by the CFE.

6 No allowance for LSL accruals while on LSL is required as Treasury's actuary has included this in the present value of LSL.

7 The on-cost factors provided are intended to be generally appropriate across Crown Funded LSL Agencies and Agency Funded Crown LSL Pool entities, including NSW Health and other agencies. However, where there are indications that the on-cost factors are not appropriate (i.e. where they would give rise to material misstatements) due to the different circumstances of the particular agency, the agency should discuss this with NSW Treasury.

8 The Crown will report this to each agency after the agency submits Appendix A (refer Part A, Section 4).

9 This applies to agencies with an average annual leave accrual of between 4 and 4.5 weeks per year. If an agency has an average annual leave higher than 4.5 weeks per year, it can scale the factor in proportion to its average annual leave as 4.2% x average leave accrual in weeks per year / 4.25 weeks per year.

10 Under the *Payroll Tax Act 2007*, wages paid or payable by a health care service provider are exempt from payroll tax.

As a result of a recent actuarial valuation of LSL performed by Treasury's actuary, the defined benefit superannuation on-cost as well as the defined contribution superannuation on-cost has changed for 2014/15. The factors for 2013/14 defined benefit superannuation on-cost were 1.8% for NSW Health and 2.4% for other agencies; and factors for the defined contribution superannuation on-cost were 3.68% for NSW Health and 3.15% for other agencies. These changes and their impact to agencies are to be treated in the current year as a change in estimate, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.*

The same factors are applied to both the current and non-current portion of the LSL liability. Agencies must separately identify payroll tax (expense and liability) for TOES reporting to Treasury, so that it can be eliminated in the consolidated financial statements of the State.

4. Reporting requirements for Category 1 and Category 2 agencies

Category 1 and Category 2 agencies must provide the following information to CFE by completing Appendix A by **17 June** of each year:

- The aggregate nominal LSL balances (LSL entitlement *x* salary) as at 30 April for employees with more than five years' service; and

- Estimated total annual salary of all employees (i.e. not just those employees included in the LSL calculation) for the financial year.

These calculations should be based on current pay rates. Detailed information at the individual employee level is not required. Departments are responsible for coordinating with the agencies within their Departments to avoid any possible errors due to duplication or omission of LSL liabilities being reported in Appendix A.

CFE will calculate and advise agencies the present value of LSL liability, and for Category 1 agencies, the related on-costs liability assumed by the Crown. This will be done within 5 working days after 30 June (i.e. 7 July 2015 for 2014/15) via a return of the completed Part B of Appendix A from CFE to the agencies.

This information will be used by agencies to complete the certificate of LSL reconciliation in the Crown Data Return and to calculate their own year-end LSL journals. This must be done annually as part of the requirement of the annual "*Financial Accounting Arrangements for the Crown Entity*" Circular.

5. Special arrangements for 2014/15 due to change in on-cost factors

For 2014/15 only, agencies should treat expenses relating to the "change in factors" as actuarial adjustments. The correct TOES expense accounts are -

- For increase: E0500242 Actuarial triennial review-change in LSL on cost assumptions
- For decrease: E0500243 Actuarial triennial review-Cr/change in LSL on cost assumptions

Note that agencies must continue to report the normal annual on-cost expense separately from accounts E0500242/3. Agencies should report the nominal annual on-costs to the usual TOES salaries, payroll tax expense and workers' compensation expense accounts.

PART B – ANNUAL LEAVE AND RELATED ON-COSTS

1. Recognition and Measurement of Annual Leave

In accordance with AASB 119 para. 9, annual leave can only be recognised as a short-term employee benefit where these benefits are expected to be settled *wholly* before 12 months after the end of the annual reporting period in which the employees render the related service. Short-term annual leave is measured on an undiscounted basis using remuneration rates expected to be paid when the obligation is settled (AASB 119 para. 11). For example, liability estimates would take account of any 1 July pay increases payable to employees of public sector agencies.

In the NSW public sector, it is unlikely that the annual leave benefit will be settled wholly before 12 months after the end of the annual reporting period. As a result, annual leave is likely to be a long-term employee benefit which AASB 119 requires to be measured at the present value of the estimated future cash outflows to be made to employees for services provided.

However in practice, depending on the profile of the annual leave benefits, the impact of measuring annual leave as a short-term (undiscounted) employee benefit rather than a long-term employee benefit (present value) may be immaterial.

Specifically, Treasury has confirmed that even where annual leave is determined as a long-term employee benefit, GGS agencies can apply the nominal (undiscounted) balance plus the annual leave entitlements accrued while taking annual leave (i.e. annual leave-on-annual leave liability) to approximate the present value of the annual leave liability.

Treasury's actuary supports the view that the net impact of salary inflation, promotional increases and discounting to present value is likely to be immaterial to annual leave.

The annual leave-on-annual leave liability is calculated at a factor of 7.9%[11] on the nominal value of annual leave.

For example, if an agency has a nominal value of annual leave totalling $1,000,000, the present value[12] is calculated as follows:

Nominal value of annual leave	$1,000,000
Annual leave on annual leave liability of 7.9%	$ 79,000
Present value of annual leave	$1,079,000

Treasury notes that in the majority of cases the net impact of salary inflation, promotional increases and present value discounting would be immaterial, but if an agency has a high proportion of annual leave balances significantly in excess of 40 days, they should consider projecting future cash outflows expected to be made to employees and discounting the projected annual leave to its present value. This should be assessed by each agency every year.

NSW public sector agencies outside the GGS should review the treatment of their annual leave liability, including assessing whether there is likely to be any material difference between the present value and undiscounted basis.

[11] This applies to agencies with an average annual leave accrual of between 4 and 4.5 weeks per year. If an agency has an average annual leave accrual higher than 4.5 weeks per year, it can scale the factor in proportion to its average leave as 7.9% x average leave accruals in weeks per year/4.25 weeks per year.

[12] The present value is used as a basis for calculating annual leave on-costs as discussed in Part B, Sections 2.1 to 2.3 of this Circular.

2. Calculating and accounting for on-costs on annual leave

As with other employee benefits, where material, the on-costs associated with annual leave (i.e. payroll tax, workers compensation insurance, LSL and superannuation), are recognised as expenses and liabilities (and revenue, where assumed by the Crown) when employees have rendered related services to the entity.

For Category 1 - Crown Funded LSL Agencies, the on-costs of defined benefit superannuation and LSL accruing while on annual leave are assumed by the Crown (refer section 2.1 and 2.3 below). These agencies should not accrue these on-costs as liabilities. Instead, the amount assumed by the Crown must be recognised as revenue.

The calculations of certain on-costs are outlined below. If there has been a change in the factors previously applied, the change and its impact to agencies is to be treated in the current year as a change in estimate, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

2.1 Defined benefit Superannuation on-cost on annual leave

The defined benefit superannuation on-cost factor to be applied to the present value of annual leave balances is calculated as:

Proportion of annual leave liability attributed to defined benefit superannuation members	*X*	*Proportion of annual leave that is taken is service*	*X*	*Accruing defined benefit superannuation costs*

Based on Treasury actuary's assessment, the accruing defined benefit superannuation cost on annual leave taken in service is 14% (for GGS agencies whose defined benefit superannuation is assumed by the Crown)[13].

For example, if an agency has 30% of its annual leave liability attributed to defined benefit superannuation members and if 90% of annual leave is taken in service, the defined benefit superannuation on-cost factor to be applied to the present value of annual leave balance is calculated as follows:

30% x 90% x 14% = 3.78%

The accounting treatment for defined benefit superannuation on-cost on annual leave will vary depending on whether the agency's defined benefit superannuation is assumed by the Crown, as discussed below.

Defined benefit superannuation assumed by the Crown

Where defined benefit superannuation is assumed by the Crown (refer NSW TC14/05 or its replacement Circular), any additional superannuation liability accruing on the annual leave liability is also assumed by the Crown and is recognised as an expense and revenue.

These agencies must report the defined benefit on-cost on annual leave assumed by the Crown in the Crown Data Return. This must be done annually as part of the requirement of the annual Treasury Circular "*Financial Accounting Arrangements for the Crown Entity*".

Defined benefit superannuation not assumed by the Crown

For those agencies whose defined benefit superannuation is not assumed by the Crown, the defined benefit superannuation on-cost on annual leave is recognised as an expense and liability.

[13] Other agencies (whose defined benefit superannuation and LSL are not assumed by the Crown) should determine their own accruing defined benefit cost and LSL factors on annual leave. They can consider the rate of 14% (defined benefit cost - Part B, Section 2.1 of this Circular) and of 2.1% (LSL cost - Part B, Section 2.3 of this Circular) as a guide.

2.2 Defined contribution superannuation on-cost on annual leave

The defined contribution superannuation on-cost factor to be applied to the present value of annual leave balances is calculated as:

Proportion of annual leave liability attributed to defined contribution superannuation members	X	*Proportion of annual leave that is taken is service*	X	*Accruing defined contribution rate applying in the year following the balance date*[14]

For example, for the year end 30 June 2015, if an agency has 70% of its annual leave liability attributed to defined contribution superannuation members and if 90% of annual leave is taken in service, and the accruing defined contribution rate for the year 2015/16 is 9.5%[14], the defined contribution superannuation on-cost factor to be applied to the present value of annual leave balances is calculated as follows:

70% x 90% x 9.5% = 5.99%

The defined contribution superannuation on-cost is not assumed by the Crown. Agencies should recognise this on-cost as an expense and liability in their financial statements.

2.3 On-cost of accruing LSL on annual leave

Based on Treasury's assessment, the on-cost factor of accruing LSL on annual leave to be applied to the present value of annual leave balances is 2.1%[15].

For example, if an agency has a $1,079,000 annual leave present value balance (including the 7.9% annual leave-on-annual leave factor) at the year end, the on-cost of accruing LSL on annual leave is calculated as follows:

$1,079,000 x 2.1% = $22,659

The accounting treatment for on-cost of accruing LSL on annual leave will vary depending on whether the agency's LSL liability is assumed by the Crown, as discussed below.

LSL liability assumed by the Crown

As discussed in Part A, the Crown assumes the LSL liability of Category 1 - Crown Funded LSL Agencies. For these agencies, the related LSL accruing cost on annual leave is also assumed by the Crown. Category 1 agencies recognise an expense and revenue for any LSL liability accruing on the annual leave liability assumed by the Crown.

Category 1 agencies must report the on-cost of accruing long service leave on annual leave assumed by the Crown in the Crown Data Return. This must be done annually as part of the requirement of the annual Treasury Circular "*Financial Accounting Arrangements for the Crown Entity*".

LSL liability not assumed by the Crown

For agencies whose LSL liability is not assumed by the Crown, the on-cost of accruing long service leave on annual leave is recognised as an expense and liability.

[14] Agencies should refer to defined contribution superannuation rate (or known as superannuation guarantee rate) for the year following the balance date on ATO website: www.ato.gov.au

[15] Crown Funded LSL Agencies must apply this 2.1% in their calculations. This rate assumes 90% of annual leave is taken in service. Other GGS agencies whose LSL is not assumed by the Crown, should apply 2.1% in their calculations. Where there is a material difference from 90% annual leave taken in service, agencies can scale the factor by % annual leave taken in service / 90% X 2.1%.

PART C – PRESENTATION AND DISCLOSURE – LSL AND ANNUAL LEAVE

1. Current / non-current liabilities

Under paragraph 69 of AASB 101 *Presentation of Financial Statements*, liabilities must be classified as current where the agency does not have an unconditional right to defer the settlement of a liability for at least 12 months after the reporting period.

All annual leave and unconditional LSL must be classified as a current liability even where the agency does not expect to settle the liability within 12 months.

AASB 119 contains requirements about the recognition and measurement of employee benefits. AASB 101 covers requirements on whether an item is presented as current or non-current. AASB 101 current and non-current classifications do not necessarily align with the distinction between short-term and long-term employee benefits under AASB 119. For example, an unconditional LSL liability must be classified as 'current' in the Statement of Financial Position (per AASB 101), but it must be recognised and measured as a long-term employee benefit (per AASB 119 para. 69).

Based on actuarial advice for LSL assumed by the Crown, on average approximately 92% of the LSL and related on-costs liabilities is current and 8% non-current (previously 95% current and 5% non-current). Agencies should use this as the basis for the current/non-current allocation, unless they can demonstrate otherwise.

Similarly, annual leave must be classified as current in the Statement of Financial Position, but it may be recognised and measured as a long-term employee benefit.

AASB 101 (para. 61), states that for each liability line item that combines amounts expected to be settled no more than 12 months after the reporting period and more than 12 months after the reporting period, an entity must disclose the amount expected to be settled after more than 12 months. Therefore, in the notes to the financial statements, the current liability (i.e. annual leave and current portion of LSL) must be split between what is expected to be settled within 12 months and what is expected to be settled in more than 12 months after the reporting period.

2. Other disclosure requirements

Disclosure requirements for GGS agencies are outlined in the Financial Reporting Code.

Agencies should refer to applicable Accounting Standards for further guidance on financial statement disclosures regarding LSL and annual leave. For example, AASB 101 may require separate disclosure of employee benefit expenses, where material. For-profit entities may also be required to make additional disclosures, where required by AASB 124 *Related Party Disclosures*.

Appendix A

LSL Return: Category 1 - Crown Funded LSL Agencies and Category 2 - Agency Funded Crown LSL Pool agencies

Submit this form by **17 June** of each year to:

Senior Financial Accountant Email: Crown_Entity@treasury.nsw.gov.au

Part A

Actuarial valuation of LSL liability as at 30 June 20______

Agency name ___________________________________ Agency or Profit centre number______________

Email____Telephone____________

In accordance with this Circular (NSW TC15/09), we have calculated the nominal value of LSL balance as at 30 April 20____ for employees that have completed 5 or more years of service.

	$'000
Present value of LSL - As at the end of the previous year *(Opening current and non-current LSL balance, as advised by CFE in the previous year. The balance excludes any on-costs)*	_________________
Estimated Total Annual Salary of *all* Employees[16]	_________________
Nominal value of LSL current year- As at 30 April	_________________

**For more guidance in completing this form, refer to accompanying notes particularly Part A Section 4 of this Circular (for Crown Funded LSL Agencies and Agency Funded Crown LSL Pool.)*

Explanations for any large movements in the LSL balance (*if applicable*):	Signed _____________ Date_________ Name____________________

Part B

Completed by the CFE

(The CFE will convert nominal value to present value and send to you within 5 working days after 30 June (i.e. 7 July 2015 for 2014/15)

Liabilities assumed by the Crown as at 30 June 20__________

	$'000
LSL present value - As at 30 June 20__________ (*Base for calculating on-costs*)	_________________
On-Costs assumed by the Crown, excluding Category 2 - Agency Funded Crown LSL Pool agencies[17]**:** Defined benefit superannuation on-cost (1.2% for NSW Health and other Crown Funded LSL Agencies)	_________________
Total LSL present value and related on-costs assumed by the Crown	=================

______________________________ ______________

Senior Financial Accountant (CFE) Date

(Attach a copy of this signed certificate with your Crown Data Return)

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[16] This represents the estimated aggregate salaries paid during the financial year, where the salary is, at any time, the actual salary applicable for determining LSL payments in service.

[17] The defined benefit superannuation on-cost is not included in the Category 2 - Agency Funded Crown LSL Pool calculations.