

NSW Treasury

Policy and Guidelines: Funding for Redundancy Payments

TPG23-23

30 April 2024

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:

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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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Document contains	
<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
Version 1.0	April 2024	Treasury Finance	Secretary	The updated policy reflects the changes in the concurrence process and provides enhanced clarity to agencies.

1. Funding for redundancy payments

Purpose

This document outlines the requirements to access funding arrangements for redundancy 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 Workforce Mobility Placement Policy* and *Premier's Memorandum M2011-11 Changes to the Management of Excess Employees*.

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 to implement the 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 Workforce Mobility Placement Policy sets out the requirements on agencies in the non-executive employee placement process.

The *Senior Executive Mobility Guidelines* provides further guidance to agencies for priority assignment of senior executive employee 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. A redundancy or redeployment program applies when a non-executive employee enters the management of excess employees process.

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.

Applicability of the concurrence process

In accordance with the *Premier's Memorandum M2023-06 NSW Government Workforce Mobility Placement Policy*, concurrence approval of the Premier's Department only applies to the employment of non-executive employees.

For the termination of senior executive employees, following application of the Senior Executive Mobility Guidelines, the relevant agency can directly commence Step 2.

Summary of requirements

Mandatory

Agencies are required to consult with their Treasury Policy and Budget Customer Relationship Lead prior to commencement of the redundancy process.

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

Step 1: Agencies must obtain concurrence approval from the Premier's Department in accordance with the *Premier's Memorandum M2023-06 NSW Government Workforce Mobility Placement Policy*, prior to an agency approving redundancy or redeployment programs.

Step 2: Agencies must obtain approval from Treasury to access the redundancy funding assistance and provide a confirmation of compliance with the *Premier's Memorandum M2023-06 NSW Government 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 redundancy program has been 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 Premier's Department

The Premier's Department, must provide concurrence for the requested redundancy or redeployment program. The Premier's Department 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 to access the redundancy funding assistance

The Digital Treasury Operations Handbook outlines the authorised officers with the delegated authority to approve the redundancy funding assistance. Treasury approval for the redundancy funding assistance 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 Premier's Department

Step 1 requires the concurrence of the Premier's Department prior to an agency announcing redundancy or redeployment programs for non-executive employees.

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

The process for concurrence of non-executive employees is as follows:

- The agency must have provided the Workforce Mobility Placement (WMP) team in the Premier's Department with the required information to allow for mobility matching in line with the WMP policy.
- If the matching process is unsuccessful after 8 weeks, the WMP team will confirm in writing that the agency has complied with the policy and issue a statement of concurrence.
- The WMP Team can be consulted via mobility@premiersdepartment.nsw.gov.au.

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

For the termination of senior executive employees, following application of the *Senior Executive Mobility Guidelines*, the relevant agency can directly commence Step 2.

Recommendation

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

Agencies are encouraged to consult with the Public Service Commission at an early stage on the requirements and application of the *Senior Executive Mobility Guidelines*.

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

Step 2: Approval to access redundancy funding assistance

Once Step 1 approval has been obtained, Agencies can commence implementing the redundancy program.

For agencies requesting access to the redundancy funding assistance from Treasury, 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 the statement of concurrence from the Premier's Department for non-executive redundancies. For senior executive terminations, a confirmation of compliance with the Senior Executive Mobility Guidelines.
 - ii. details of the redundancy program or senior executive termination including arrangements for managing the process and the timelines for completion.
 - iii. reasons for the redundancy program or senior executive termination and why the role(s) are being abolished.
 - iv. a schedule showing the role(s) that are expected to be abolished, the associated salaries, estimated annual savings and estimated redundancy payments.
 - v. the dates on which employees are expected to exit via voluntary redundancy or be terminated as senior executives.
 - vi. confirmation that the role(s) 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 or senior executive termination 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.
- 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 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.

Recommendation

Agencies that have obtained a Step 2 approval are required to update projections in Prime that outlines the approved forecast redundancy expenditure and grant revenue from Crown.

Where applicable, agencies can use the written request under Step 1 for obtaining Step 2 approval.

Agencies can commence implementation of the redundancy program concurrently whilst Step 2 approvals are underway.

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 cost)
 - 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 2 approval) are required to submit projections 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 2 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;">Treasury</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>		
CROWN FINANCE ENTITY PAYMENTS ACCOUNT	Staff No. (headcount)	CROWN ACCOUNT NO.	AMOUNT
Redundancy Grant		843121	
		TOTAL	
<p style="text-align: center;">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>Date: _____</p> <p>Contact: _____</p> <p style="text-align: center;">Approval under Section 5.5 of the Government Sector Finance Act 2018</p> <p>Telephone No.: _____</p> <p>Email address: _____</p>			

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 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 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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