EXPENDITURE REVIEW COMMITTEE (ERC) - HANDBOOK

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1. ERC Submissions – Procedures for Both Ministers and Agencies

What Is The ERC?

Cabinet established the Expenditure Review Committee (ERC) in March 2017 as a Standing Committee of Cabinet. The ERC considers all policy issues with financial implications and recommends a course of action to Cabinet on these issues.¹

Ministers have the option of lodging submissions with financial implications either directly to Cabinet or the ERC in the first instance.

For Cabinet submissions with financial implications, the Department of Treasury (Treasury) will advise if it believes a submission should be referred to the ERC.

The voting members of the ERC can vary, but as at March 2017 comprise the Treasurer (Chair), Premier, Deputy Premier and Minister for Education and Training. Treasury and the Department of the Premier and Cabinet (DPC), along with the Offices of the Treasurer and Premier, provide the ERC with policy advice to assist with the decision-making process. The DPC provides secretarial support to the Committee.

What Does The ERC Do?

The principal function of the ERC is the formulation of the annual State Budget. Outside the budget process, the ERC monitors the delivery of strategic Government commitments, the achievement of Government desired outcomes and other matters with major financial and/or economic impacts.

The costing and regulatory impact of all proposals considered by the ERC must be evaluated by the Treasury before they are submitted to the ERC or Cabinet.

Ministerial Responsibilities

Ministers should deliver both existing and new service delivery proposals from within the annually approved financial parameters of the portfolio (i.e. expense limits, net debt and appropriations), through a process of ongoing prioritisation (both within and between agencies). As such, submissions to the ERC should generally only be undertaken as part of the annual budget process.

¹ Please refer to the Cabinet Handbook for further information on Cabinet policies and procedures.
When making submissions to the ERC, Ministers should note the following:

- new service delivery proposals are only to be submitted as part of the annual budget process, or upon the explicit request of the ERC and/or Cabinet;

- proposals of a regulatory nature must be assessed by the Regulatory Gatekeeping Unit (RGU) for compliance with the Regulatory Impact Assessment process by the Department of Finance before being presented to the ERC; and

- proposals concerning existing service delivery commitments should be submitted to the ERC predominantly as part of the annual budget process, and outside the budget process:
  - upon the request of the ERC and/or Cabinet; or
  - upon the direction of the Minister, but only if it can be demonstrated that:
    - the existing commitment is under immediate threat of not delivering the desired outcome within the approved financial parameters; and
    - the financial impact cannot be met from within existing resource allocations across the portfolio.

Ministerial Offices should direct agencies that requests for new and additional funding are only to be submitted as part of the annual budget process and not outside this timeframe, in order to preserve the integrity of the budget process.

**Agency Responsibilities**

Agencies’ accountability extends to managing within existing expense limits and using cash balances as a source of funding in the first instance, as per the ‘Cash Management Policy’\(^2\). This responsibility is also outlined in the annual resource agreement signed by the Minister, Accountable Authority and the Treasurer.

Agencies should include policy proposals for new or additional funding as part of the annual budget process for consideration by the ERC within the context of the whole-of-government prioritisation process. ERC meetings outside the budget process are specifically intended to address urgent, strategically important or politically sensitive policy issues, as determined by the ERC.

All submissions to the ERC must contain the required level of detail as outlined in Chapter 2, otherwise they will be returned to the Minister’s office and result in unnecessary time delays. Agencies may seek assistance from their respective Treasury policy analyst to confirm that the information is complete and from the RGU (regulatorygatekeeping@finance.wa.gov.au) as to whether the proposal would need to comply with the Regulatory Impact Assessment process, prior to lodging the formal submission.

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\(^2\) The Cash Management Policy is available from the Department of Treasury website.
Consultation – Departments of Treasury and Finance

All matters needing consideration by the ERC require a separate analysis by the Departments of Treasury and Finance (Regulatory Impact Assessment). It is of the utmost importance that consultation with the Treasury occurs throughout the drafting stages of the submission.

What To Include In An ERC Submission

An ERC submission should be prepared in accordance with the template disclosed in Chapter 2 and must be limited to eight pages. Any additional documentation relevant to the submission should only be provided to the Treasury policy analyst (i.e. supporting business cases, Regulatory Impact Statements or more detailed reports). The supporting documentation will be available to the ERC at the meeting, and upon request.

Agencies are responsible for ensuring that the detail in an ERC submission is sufficient to enable sound judgements to be made on the proposal’s merit and whether resources, such as additional funding, should be allocated to it. Such detail would include:

- the reason for the proposal (i.e. why is the initiative required?);
- the reason why the proposal requires consideration outside the annual budget process;
- whether the proposal concerns the implementation of a 2017 election commitment;
- Sunset Clause application: whether the proposal is subject to the Sunset Clause requirements (details below), if so, you must include an Evaluation Plan Summary, detailing:
  - Program Information, including Cessation Date;
  - Program Intent;
  - Policy Results, identifying outcomes and outputs, detailing baseline and time-bound targets (interim and final) and data sources;
  - Program Structure; and
  - Evaluation Management.
- the proposed funding source(s);
- whether or not a duplicate service exists;
- whether the proposal is of regulatory nature, and if so, whether it has complied with the Regulatory Impact Assessment process; and

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The ERC submission template is available upon request from the Principal Co-ordinator (see Page 1 for contact details).

All new service delivery proposals (or extension of existing service delivery proposals) that decrease the net operating balance by $5 million or more in any one year will be subject to a Sunset Clause (i.e. funding will be automatically ceased at a Cabinet agreed date and program continuation will be subject to Government consideration of a program evaluation).
• an overview of the consultation process undertaken and the level of support for the proposal by stakeholders.

**Sunset Clauses**

**Application**

Submissions that are proposed to impact the net operating balance by $5 million or more in any one year are subject to a Sunset Clause. This requirement applies to both submissions that seek to implement a new program or extend an existing program.

Advice must be sought from your Treasury agency analyst on the applicability of Sunset Clause requirements to your submission prior to lodging the submission for ERC consideration. It is recognised that in some cases although a submission meets the relevant threshold it may not be suited to the program evaluation requirements below. The Treasurer has the discretion, as the Chair of ERC, to exclude or apply Sunset Clause requirements to a submission.

If a submission is considered by you not to be subject to a Sunset Clause the justification must be included in the submission and agreed with your Treasury agency analyst.

If a submission is subject to a Sunset Clause, the submission must include an Evaluation Plan Summary and, if approved, a full evaluation plan is to be developed collaboratively with Treasury within an agreed timeframe. For further information, see Treasury’s *Sunset Clause Guide*.

A Sunset Clause affected program will have a pre-agreed program funding cessation date. This does not necessarily mean the program will cease, but rather builds in a decision point for Government to assess the effectiveness of the program in the current policy context. This assessment will be informed by a program evaluation the scope of which – the Evaluation Plan – must be agreed as a part of the initial funding submission.

**Evaluation Plan**

Program performance evaluation is an essential part of program funding decision making.

Agreeing the Program Intent, Program Results (and how those results will be measured), Program Structure and Program Cessation Date as a part of the initial decision allows agencies to track performance from the date of implementation and ultimately allows an agency to justify a program’s continuation relative to its measured performance over time.

Guidance on the development of an Evaluation Plan is summarised in Section 2 *Content of Submissions to the Expenditure Review Committee* and detailed in Treasury’s *Sunset Clause Guide* available on the Treasury website.

It is crucially important that before lodging a submission you consult with your Treasury agency analyst in the development of the Evaluation Plan Summary to avoid unnecessary delays in consideration of the submission.
Submissions On Across Agency Or Joined-Up Government Initiatives

If an ERC submission concerns an issue or initiative that crosses agency responsibilities, it is recommended that a ‘lead’ agency and Minister be nominated. Each agency contributing to the initiative’s desired outcome needs to be disclosed, together with the effectiveness indicator(s) that will be used to measure its particular contribution to the outcome. Defined timelines should also be specified.

The appointment of a lead agency and Minister facilitates the allocation of responsibility for the extensive consultation process required to determine resourcing requirements, and avoids duplication and fragmentation as part of the ERC process. The lead agency and Minister will also be responsible for providing any progress reports to the ERC.

Submissions Seeking Commonwealth Reward Funding

Some reform National Partnership agreements under the Intergovernmental Agreement on Federal Financial Relations attract reward funding to the State on achieving significant reforms. Upon receipt from the Commonwealth, reward funding is held in the Treasury Consolidated Account.

As agreed by Cabinet on 2 October 2013, reward payments can only be made to agencies where the ERC and Cabinet have agreed to the proposed use of the reward funding. An agency submission to ERC for access to reward funding should only be made after funds have been received.

Submissions On Asset Investment

Submissions to initiate projects for asset investment should comply with the Capital Investment Policy of the Strategic Asset Management Framework (SAMF). This policy can be found at the following website address: http://www.treasury.wa.gov.au/cms/content.aspx?id=1269&terms=capital+investment+policy.

Where additional appropriation is required to meet asset investment cost increases on an existing approved project, then the agency should consult with the Treasury’s Infrastructure Policy and Planning directorate in the first instance.

Submissions On Labour Relations Issues

Submissions on labour relations issues (such as the setting of negotiation parameters for Enterprise Bargaining Agreements) should be lodged following consultation with the Department of Commerce, as well as the Treasury.

It is of the utmost importance that consultation with the Departments of Treasury and Commerce occurs throughout the drafting stages of the submission and in a manner that allows for a thorough assessment of the proposed agreements.
**Submissions Of A Regulatory Nature**


A regulatory submission should only be lodged with the ERC after assessment by the RGU within the Department of Finance. To ensure that your submission is compliant with the Guidelines, consultation with the RGU should occur at the earliest possible point in the submission’s development.

**Budget Bilateral Process**

Every year prior to the annual budget bilateral process, a template is provided by the Treasury to agencies to use as it reflects the current priorities of the Government. The budget template is only to be used during the current budget bilateral cycle.

The budget templates from previous years should always be discarded in favour of the current year’s budget template. Outside of the budget bilateral cycle, agencies should prepare submissions in accordance with the template disclosed in Chapter 2.

Formal advice to Ministers on ERC decisions during this period will be relayed by the Principal Co-ordinator via email to Chiefs of Staff and Executive Officers. The Treasury will provide relevant advice to agencies either verbally or via email. The Treasury does not provide formal advice to agencies.

**Mid-Year Review Process**

The standard template is used for the Mid-Year review process (see Chapter 2). The Treasury will manage any specific process for Mid-Year review, particularly any involving adjustments.
2. CONTENT OF SUBMISSIONS TO THE EXPENDITURE REVIEW COMMITTEE

I Address

The submission must be addressed as follows:

MINISTER FOR [RELEVANT PORTFOLIO]

SUBMITS TO

TREASURER
AND CHAIRMAN
EXPENDITURE REVIEW COMMITTEE

II Title

The title of the submission should be short and relevant to the proposal.

III Urgency

The urgency of the proposal needs to be clearly demonstrated. Why does the submission require urgent consideration by the ERC outside the budget process?

IV Election Commitments

The section outlines whether the proposal concerns the implementation of a 2017 election commitment.

V Sunset Clause Application

Does this submission have a net operating balance impact at or above $5 million in any one year: Yes ☐ No ☐
(if No, move to Outcome Based Management and delete the remainder of this section)

If Yes, is the submission subject to a Sunset Clause: Yes ☐ No ☐
(if No provide justification and delete remainder of this section, if yes complete the Evaluation Plan Summary in consultation with the Department of Treasury)

Evaluation Plan Summary

An important part of Government decision-making is how a program's performance will be monitored over time.

It is crucially important that the structure of how the program’s performance will be measured is agreed as a part of the initial funding submission and this will allow implementing agencies to collect relevant data from the date of program implementation.
The Evaluation Plan Summary will establish the structure of Treasury’s program evaluation should program extension be sought.

Details on the development of an Evaluation Plan are available in the Sunset Clause Guide and details on program evaluation are available on the Treasury website, or from your Treasury agency analyst.

Your Treasury agency analyst should be engaged to assess the Evaluation Plan Summary to avoid unnecessary delays in the consideration of your funding submission.

Your Evaluation Plan Summary must include the following elements:

**Program Information**

Identify whether the submission is for a new or existing program.

List program dates, including cessation date.

Identify the date that the program (and the associated resource allocation) is scheduled to cease.

The program funding cessation date can be as late as the final forward estimate year (for example, if funding was approved as a part of the 2014-15 Budget, the first year of funding is 2014-15, second 2015-16, final 2016-17 and no funding allocated in 2017-18 (the final out-year)).

It is recognised that there will be circumstances where program design is not suited to program evaluation occurring within this timeframe (for example, the program’s delivery will take a longer period to illustrate interim results). A cessation date later than the standard set above must be appropriately justified (and will be analysed by your Treasury agency analyst).

**Program Intent**

High level mission statement: why the program is needed and what the program intends to achieve, in terms of benefits to stakeholders and the wider community.

**Program Results**

What are the outcomes that the program is to achieve, including interim milestones. These outcomes need to be defined using SMART criteria:

- Specific: the program outcome is clear and unambiguous;
- Measurable: the program outcome is quantifiable;
- Attainable: the program outcome is realistic;
- Relevant: the program outcome matters to Government; and
- Time bound: the target date for achieving the program outcome.
The interim milestones should allow for measuring progress toward achieving the overall program outcomes.

**Data Sources (Program Results Evidence)**

For each program outcome, describe how data will be collected and over what period of time.

**Program Structure**

Flexibility in program delivery is a key feature of Government decision-making. The Evaluation Plan Summary must demonstrate that:

- the program delivery structure allows the program to be ceased without unintended consequences (should program results not be achieved); and
- the proposed structure of delivery provides the best value for money option.

**Evaluation Management**

- Indicate how the evaluation will be conducted, including the proposed budget and FTE allocations.

**VI Outcome Based Management**

If the submission increases an agency’s Total Cost of Services by $20 million or more across the forward estimates period, or by 2% or more in the Budget year, the associated impact on the agency’s existing Outcome Based Management (OBM) reporting structure should be quantified for ERC consideration: if it is not, it is unlikely that the submission will be supported by Treasury.

This requirement includes outlining how the Agency Level Desired Outcome(s) and associated Key Effectiveness Indicator(s) and Service(s) and associated Key Efficiency Indicator(s) will be affected for the year in which the expense is incurred.

In all cases an increase in the Total Cost of Services must be reflected in the agency’s Service summary and this effect quantified, as Services must be linked with Agency Level Desired Outcomes. The associated impact on Key Efficiency Indicator(s) (Service) and Key Effectiveness Indicators (Agency Level Desired Outcome) may be too insignificant to quantify and in such instances consideration should be given to revising the agency OBM framework (with your Treasury agency analyst and the Office of the Auditor General), as opposed to simply not applying the requirement.

Further information on the OBM framework is available on the Treasury website (OBM), or from your Treasury agency analyst.

**VII Recommendation**

The recommendations should be numbered and must be clear and concise in stating what the ERC is requested to do, i.e. ‘approve’, ‘note’ or otherwise.
VIII Financial Implications

The Chief Finance Officer of the implementing agency must endorse (sign) the proposal’s financial implications.

The financial implications section should demonstrate that the submission to the ERC is necessary as:

- the additional financial impact of the existing commitment cannot be met from within existing resource allocations across the Ministerial portfolio; and
- the agency does not have surplus cash or additional net appropriated own-source revenue that could be used to fund the proposal.

The submission should clearly outline the impact of the proposal on the net operating balance and net debt levels over the budget and forward estimates period, as well as any increases to the implementing agency’s expense limit, salary expense cap and FTE staff numbers. The impacts should represent the total cost of the proposal, including:

- non-cash items, such as depreciation and accrued leave entitlements;
- allowances for cost escalation; and
- the financial impacts on other agencies (either direct, or due to flow-on effects).

The financial implications section should also include information on how the proposal is to be funded over the budget and forward estimates period. Ministers are expected to utilise cash reserves resulting from internal savings as the primary funding source.
Example

Department ABC requires four additional FTEs (at a total cost of around $600,000 per annum) to continue its skilled migration assistance program at an acceptable standard. The agency proposes to fund the cost from cash reserves in the first year and estimates that increased retained revenue of $200,000 will partly fund the costs from then onwards. Department ABC requests additional appropriation to fund the balance.

Example of Department ABC’s Financial Table

<table>
<thead>
<tr>
<th>Impact on State Finances</th>
<th>[Current Year] $'000</th>
<th>[Forward Estimate year 1] $'000</th>
<th>[Forward Estimate year 2] $'000</th>
<th>[Forward Estimate year 3] $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustment to Approved Expense Limit</td>
<td>600</td>
<td>617</td>
<td>635</td>
<td>653</td>
</tr>
<tr>
<td>General Government Net Operating Balance</td>
<td>-600</td>
<td>-417</td>
<td>-430</td>
<td>-443</td>
</tr>
<tr>
<td>Asset Investment Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Public Sector Net Debt</td>
<td>600</td>
<td>1,017</td>
<td>1,447</td>
<td>1,890</td>
</tr>
<tr>
<td>Adjustment to Approved Salaries Expense Limit⁵</td>
<td>600</td>
<td>617</td>
<td>635</td>
<td>653</td>
</tr>
<tr>
<td>Additional FTEs</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at Bank ⁶</td>
<td>600</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other – Increased Revenue</td>
<td>-</td>
<td>200</td>
<td>205</td>
<td>210</td>
</tr>
<tr>
<td>Additional Appropriation</td>
<td>-</td>
<td>417</td>
<td>430</td>
<td>443</td>
</tr>
</tbody>
</table>

Signed - Chief Finance Officer of Department ABC.

With regard to the Impact on State Finances table, please note that an increase in the approved expense limit is reflected as a positive figure, which, if not offset by an increase in own-source revenue or external funding, will result in a reduction (or negative figure) of the net operating balance. Increases in net debt should be shown as a positive figure and be cumulated over the budget and forward estimates period. For further assistance with completing the table, please contact your Treasury agency analyst.

⁵ Salaries expense limit comprises salaries plus district allowance (excluding superannuation).

⁶ Own source revenue or other surplus cash balances should be considered as a funding source prior to a request for additional appropriation funding.
IX Streamlined Budget Process

This section needs to be completed if the submission seeks to increase net debt and the agency incurring the net debt is an ‘opted-in’ Streamlined Budget Process (SBP)7 agency. The quantum of SBP incentive funding forfeited resulting from this submission coming forward for ERC consideration in the current year must be detailed in this section, as well as any rationale for it being retained by the agency (please consult with your Treasury agency analyst in this regard). Please note that the incentive funding forfeited should not be detailed in the Financial Implications table.

X External Funding Source

This section needs to be completed if the submission proposes to use funding sources other than additional appropriation or cash reserves, such as Commonwealth funding or increased retained revenue. The method and probability of securing the proposed external funding source must be clearly demonstrated. Ministers should also state the suggested alternative funding scenario in case the external funds do not or only partially eventuate.

XI Background

The background of the submission should outline the key risks to Government if the proposal is not approved. In addition, this section should state the rationale for the proposal, its development and any previous ERC or Cabinet decisions. Where relevant, comparisons and statistics from other jurisdictions can also be included in this section.

XII Consultation

This section should list which key stakeholders have been consulted, whether consultation was appropriate given the proposal’s Regulatory Impact Assessment and the outcome of the consultation process. Particular emphasis should be put on the outcome of the consultation with the Treasury.

XIII Signature

The responsible Minister is to sign and date the submission. Submissions that do not have Ministerial approval will not be accepted under any circumstances.

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7 Refer to the Streamlined Budget Process agency guide on the Treasury website for more information.
3. ERC Process

Agenda Setting

The Treasurer, as Chair of the ERC, sets the agenda and determines the relative priority of the agenda items.

Agenda items are compiled from:

- Cabinet submissions with financial implications
- submissions referred for consideration by Cabinet;
- submissions in response to requests for information by the ERC; and
- direct submissions from Ministers.

15-Working Day Rule

ERC submissions are subject to the 15-Working Day Rule. Ministerially endorsed submissions need to be received by the ERC Principal Co-ordinator, Cabinet Secretariat, at least 15 working days prior to the meeting at which the matter is scheduled for consideration. Failure to comply with the 15-Working Day Rule will, in the first instance, result in the Chair removing the item from the agenda and listing it on the next meeting’s agenda.

Ministers seeking to retain the item on a specific ERC agenda, must provide the submission accompanied by a written request (addressed to the Treasurer and lodged with the ERC Principal Co-ordinator, Cabinet Secretariat) to waive the 15-Working Day Rule. These requests should outline the reasons for the urgency, as well as why the submission could not be lodged within the specified timeframes. The Chair will adjudicate on the inclusion of late items on the agenda.

Also, the costing of the proposal must have been evaluated by the Treasury and Regulatory Impact Assessment compliance obtained prior to the submission being lodged.

Treasurer’s Delegated Authority

Cabinet has delegated authority to the Treasurer to make decisions on submissions which have a financial impact of $2 million or less.

Where it is determined that approval under the Treasurer’s Delegated Authority is appropriate, the relevant Minister will receive a letter signed by the Treasurer outlining the extent and content of his approval. This approval is immediate and does not require Cabinet endorsement except when determined by the ERC to be appropriate. The exception to this is when a request relates to Commonwealth funding agreements (See page 21).

The Treasurer’s Delegated Authority can be delegated to another ERC Minister for matters which relate to the Treasurer’s portfolio or for some other reason which may lead to a perceived conflict of interest.

Matters considered under the Treasurer’s Delegated Authority are forwarded to the ERC, and via the ERC minutes to Cabinet, for noting only.
**Lodgement Of ERC Submissions**

All submissions to the ERC must be Ministerially endorsed.

The submission should be addressed to the Treasurer, as Chair of the ERC, and lodged with the ERC Principal Co-ordinator, Cabinet Secretariat as follows:

Anne Polski  
Principal Co-ordinator  
Expenditure Review Committee  
Cabinet Secretariat  
Department of the Premier and Cabinet  
1 Parliament Place  
West Perth WA 6005

Contact: 6552 5440  
anne.polski@dpc.wa.gov.au

When Cabinet recommends that a submission it has considered be referred to the ERC, the Principal Co-ordinator, ERC, will receive the submission directly from the Cabinet Secretariat. There is no need for Ministers to lodge the submission again with the ERC.

Receipt of ERC submissions will be acknowledged by the Principal Co-ordinator; however, the Treasurer, as Chair of the ERC, sets the agendas and determines the relative priority of the agenda items.

**ERC Meetings - Frequency**

The Chair determines the frequency of the ERC meetings. However, outside the budget process, the ERC generally meets every month between June and September and more frequently during the Mid-Year Review process in October, November and December.

**ERC Meetings – Attendance by Ministers**

ERC meetings are closed meetings. Ministers can attend ERC meetings in support of their agenda items upon invitation from the Chair only. This invitation is issued by the Principal Co-ordinator on his behalf. It is at a Minister’s discretion to appoint advisors to accompany him or her to the meeting, although the number of advisors should be kept to two people. As a guide, a Minister’s Chief of Staff and the Director General of the implementing agency are considered appropriate advisors.

If, once a Minister receives the relevant excerpt of the agenda and considers the recommendation of the Treasury, he determines he is in agreement with those recommendations, then he does not need to attend the meeting unless he believes it necessary. In this case, written advice from his Chief of Staff or Appointment Secretary to the Principal Co-ordinator advising of the agreement is required (an email will suffice). The Principal Co-ordinator will relay this advice to the Treasurer.

If a Minister disagrees with the Treasury recommendations, then it is strongly recommended that the Minister attend the meeting and address the ERC.
When attending the ERC meeting, Ministers will be requested to wait outside the meeting room until such time that the ERC is ready to receive the visitors relevant to the agenda item. Visitors will then be collected and guided to the meeting room.

Ministers are requested to refrain from distributing additional documentation at the meeting. Due to the limited time available, it is recommended that Ministers focus on verbally presenting the issue to the ERC and answering any queries that the ERC might pose.

**ERC Recommendations**

At the meeting, the ERC formulates a recommended strategy in respect to each issue it considers. The recommendations of each ERC meeting are then incorporated into a Cabinet submission, prepared by the Principal Co-ordinator under the signature of the Treasurer, seeking approval by Cabinet.

General recommendations of the ERC which may require agency action will be relayed formally to the Minister's Chief of Staff by the Principal Co-ordinator in the form of a written memorandum. This occurs once the ERC minutes are approved by Cabinet.

**Presentation and Assembly of Documents**

It is important that quality of presentation is maintained in ERC submissions and that all submissions are consistent with the following guidelines.

- **Paper**
  - Submissions must be printed single sided on white A4 size paper;
  - Should not be longer than 8 pages;
  - The layout of the template must not be altered in any way; and The template is available from the Principal Co-ordinator and any difficulty with formatting should be referred to her.

- **Number of copies of submission**
  Only the original of the ERC submission should be lodged with the Principal Co-ordinator. The document(s) should be clipped together, not stapled.

  See separate details on supplying attachments.

- **Assembly of documents**
  Submissions should be assembled in the following order, working from the top down:
    - Minute (Appendix A); and
    - Attachments (optional).

  These documents together comprise an ERC submission.

  It is not necessary to send a covering memo with the submission, unless it is a late item (see Page 13, 15-Working Day Rule) or provides additional information relating to the lodgement of the submission. Submissions should not be sent in plastic covers.
- **Print size and spacing**
  Except in pre-printed attachments, print size should not be smaller than 10 point or larger than 12 point and line spacing should be single on both the minute paper and any attachments.

- **Margins and page numbering**
  A 2cm margin should be allowed on the left hand side of each page. This is essential for the collation of papers.

  The minute should be page numbered. The page number should be shown at the bottom right hand corner of the page and be indicated as page 1 of 4 etc. Pages of the minute should be numbered consecutively.

- **Colour Charts and Graphs**
  Please DO NOT insert coloured charts and/or graphs within the body of the minute, rather make reference to them as an Attachment.

- **Attachments**
  Supporting papers (maps, attachments, tables etc) should be on A4 paper whenever possible.

  The set of attachments accompanying the original submission should be single-sided, preferably in black and white and unstapled.

  This need not apply where multiple copies are being provided (for large, coloured or bound documents). File clips are preferred to stapling the documents.

  **Thirty (30) copies are to be submitted if the attachments are in bound form or cannot be reproduced easily on a photocopier.**

  All attachments should be clearly labelled (eg Attachment 1 (or A); Attachment 2 (or B) etc.) at the top right hand corner of the first page of the attachment. Attachments should also be paginated.

  The attachments must also be referenced sequentially in the body of the minute if they are to form part of the official record of the ERC.

- **Template**
  All headings on the template must be completed and where not applicable the words “Not applicable” should be inserted.

  **Minister for:** list only the Ministerial portfolio relevant to the submission.

  **Title of minute:** Should be succinct and relevant. Written in **Bold** and **UPPERCASE**.

  **Recommendation:** The recommendations in the minute should be numbered (i.e. not in point form) and clearly state what the ERC is being asked to do, i.e., note/endorse/approve.

  **Signature and date:** Only the responsible Minister is to sign and date the electronic submission. An unsigned or undated submission will not be processed. Copied signatures will not be accepted under any circumstances. Submissions signed by heads of agencies will also not be accepted under any circumstances.
4. GUIDANCE ON APPROVAL PROCESS FOR COMMONWEALTH FUNDING AGREEMENTS

This chapter provides guidance on the approval process for new and substantially revised Commonwealth-State funding agreements.

4.1 Why is there an approval process for agreements with the Commonwealth?

The process reduces the risk of the State signing agreements that have no clear net benefits or are inconsistent with State policy or approach to service delivery.

A high level of scrutiny is required before entering into agreements with the Commonwealth, in order to better assess the wide range of considerations involved. Issues identified with previous and existing agreements include:

- inconsistency with State government objectives, policies and strategic directions;
- the transfer of responsibilities from the Commonwealth to the State without appropriate financial compensation;
- imposition of national regulation with questionable benefits, or significant costs;
- poor value for money from arrangements involving finite Commonwealth funds;
- increasing funding requirements for activities that would be difficult to cease when Commonwealth funding ceases;
- State exposure to the risk of cost over-runs;
- the displacement of existing State activities due to capacity constraints; and
- the potential for the majority of the funding to be offset by a reduction in Goods and Services Tax (GST) grant entitlements over time.

4.2 Scope

The ERC approval process for Commonwealth funding agreements covers:

- all National Partnership agreements (including Project Agreements);
- Implementation Plans under National Partnership agreements;
- Intergovernmental Agreements with funding or policy implications for the State;
- competitive bids for Commonwealth funding; and
- Commonwealth Own Purpose Expenditures (COPEs).

The approval requirement applies to revisions to agreements, as much as to new agreements, unless the exclusion criteria in section 4.5 are met.
4.3 Commencing the Process

The approval process starts when the agency, with the agreement of its Minister:

- has received a final agreement offer from the Commonwealth; or
- has finalised a competitive bid for Commonwealth funding but before that bid is lodged with the Commonwealth; or
- wants to obtain pre-approval for a cluster of low risk and low value agreements.

The overall process is outlined in the flow chart on the following page.

4.4 The Commonwealth Funding Agreement Assessment form

The Commonwealth Funding Agreement Assessment (CFAA) form must be filled in when approval for an agreement is sought. The form is intended to reveal the policy merit, financial implications (both State and Commonwealth) and service delivery implications of proposed agreements. The CFAA serves two purposes:

1) a checklist when reviewing draft agreements and negotiating changes with the Commonwealth; and

2) an attachment to the ERC submission, to provide information about the proposed agreement.

In addition, adhering to the CFAA (for relevant agreements) will assist in ensuring Commonwealth compliance with the letter and the spirit of the Intergovernmental Agreement on Federal Financial Relations, including outcomes-based public accountability, collaborative working arrangements and service level flexibility.

The CFAA Template can be found at Appendix B. Process instructions are in section 4.8.
ERC Approval Process for Commonwealth Funding Agreements

Are the exclusion criteria of the ERC Handbook satisfied? (see ERC Handbook section 4.5)

- **No**
  - Prepare CFAA
  - Submit to ERC (see ERC Handbook section 4.8)
  - Can the agreement be considered under a TDA? (see ERC Handbook section 4.7)
    - **No**
      - Considered by ERC
      - If Approved
        - Approved by Cabinet
        - Cabinet Services advises Minister of decision
        - Minister signs
      - **If Pre-approved**
        - Include in annual Pre-approved Agreements Report
    - **Yes**
      - Submit to Treasurer
      - Noted by ERC
      - Include in annual Out-of-Scope Agreements Report

- **Yes**
  - Do not prepare CFAA
  - Minister signs without ERC approval
  - Include in annual Out-of-Scope Agreements Report
4.5 **Can the agreement be excluded from the process?**

An agreement can be excluded from the process in either of the two following ways:

- it meets all the criteria in Table A, and at least one criterion from Table B; or
- it meets all the criteria in Table A, the value of the agreement is $5 million or less (total State and Commonwealth contribution over the term of the agreement), and it meets at least one criterion from Table C.

### Table A

*All criteria in this Table must be met*

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The agency has the capacity to enter the agreement without seeking further funding</td>
</tr>
<tr>
<td>2.</td>
<td>The agency is satisfied that the proposed agreement is an efficient use of resources to achieve its objectives</td>
</tr>
<tr>
<td>3.</td>
<td>The agency complies with all other accountability requirements mandated by legislation, Cabinet, Ministers and Treasury/DPC processes, including any requirements to review programs with sunset clauses</td>
</tr>
</tbody>
</table>

### Table B

*Only one criterion in this Table must be met*

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>It is extending a previous agreement on substantially the same terms, where continuation was understood and expected by the State at the time of signing the previous agreement</td>
</tr>
<tr>
<td>2.</td>
<td>It involves only minor variations to an existing agreement without any foreseeable material consequences</td>
</tr>
<tr>
<td>3.</td>
<td>It is a low risk Implementation Plan that is consistent with its parent National Partnership, where that National Partnership was previously approved by ERC/Cabinet (Treasury could advise)</td>
</tr>
<tr>
<td>4.</td>
<td>It is the outcome of a successful competitive bid that was previously approved by ERC/Cabinet and reflects the bid’s original intent (Treasury could advise)</td>
</tr>
</tbody>
</table>

### Table C

*Only one criterion in this Table must be met*

*Note: No criteria may be selected from this table unless the value of the agreement is $5 million or less (total State and Commonwealth contribution over the term of the agreement).*

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The intended outcome of the arrangement is to progress relevant professional capabilities and working arrangements, or modify processes under an existing agreement, that may improve the quality of its service delivery</td>
</tr>
<tr>
<td>2.</td>
<td>The arrangement is to facilitate funding from the Commonwealth on behalf of a non-government third party, whether or not the funding passes through the State agency, and where this activity is core business of the agency</td>
</tr>
<tr>
<td>3.</td>
<td>The agreement is with a party that has a related agreement with the Commonwealth, but the State does not have a direct agreement with the Commonwealth</td>
</tr>
<tr>
<td>4.</td>
<td>The agreement is with a body outside the Commonwealth government sector as defined by the Australian Bureau of Statistics</td>
</tr>
<tr>
<td>5.</td>
<td>It is with a Commonwealth agency that is 'sufficiently independent'</td>
</tr>
</tbody>
</table>
A sufficiently independent Commonwealth body is an entity that:

- is not a Ministerial office or Commonwealth department; and
- conducts negotiations to enter an agreement at arm’s length from any associated Commonwealth department or Minister. Specifically, the body:
  - does not receive Ministerial or departmental approval/direction/advice for pursuing, negotiating or entering into the agreement;
  - does not provide status reports or comments on negotiations to Ministers or departments; and
  - does not need Ministerial or departmental approval for incurring expenditure under the agreement.

**Effect of an exclusion under this section**

If an agreement is excluded under this section, then a CFAA need not be filled out. The agency may proceed with making the agreement, but must report on it in its Out-of-scope Agreements Report to the Treasurer. These reports must be provided to Treasury, at officer level, by 31 August each year, and disclose agreements signed in the financial year ending the previous 30 June.

The Out-of-scope Agreements Report template is provided at Appendix C. Agencies which did not have excluded agreements in a financial year must still submit a nil return Out-of-scope Agreements Report.

Agencies must still seek ERC approval if they wish to adjust approved budget settings (e.g. expense limits) to reflect out of scope agreements. It is expected this would occur as part of regular Budget or Mid-year Review processes.

**4.6 Can the agreement be pre-approved?**

Agencies may seek an annual pre-approval for a cluster of like agreements that:

- form part of their core business;
- are low risk and low value;
- are reasonably predictable in number and funding quantum; and
- the agency has a mandated authority (e.g. through legislation or the State budget process) to seek external funding to supplement their budget.

When seeking pre-approval, an agency should follow the same process as for other in-scope agreements, but rather than relating to a particular agreement, the submission would seek approval to sign an indicative number of like agreements with an estimated value. Pre-approval should relate to agreements expected to be signed in a single financial year. Treasury advice should be sought regarding whether particular types of agreements qualify for pre-approval.
All agreements that have been signed under a pre-approval must be reported in a Pre-approved Agreements Report for that year. These reports reconcile the pre-approval with the resulting agreements and must be provided to Treasury, at officer level, by 31 August, following the end of financial year in which the agreements were signed.

The Pre-approved Agreements Report template is provided at Appendix D. Unlike Out-of-scope Agreements Reports, no nil return is required for years in which an agency did not have pre-approvals.

4.7 **Can the agreement be considered under the Treasurer's Delegated Authority?**

Agreements with a financial impact on State finances of $2 million or less in net debt terms, compared to the published forward estimates, may potentially be considered under a Treasurer’s Delegated Authority (TDA). It is Treasury’s role to recommend to the Treasurer for an agreement to be considered under TDA, but agencies may suggest such action at officer level.

- Treasury may request additional information from the agency to help it consider if the issues warrant the full ERC process being followed.

Regardless of the eventual approval path (ERC or TDA), the agency should proceed on the basis of a full ERC submission (see section 4.8). Should Treasury recommend that the agreement be considered under TDA, it will redirect the submission from the ERC Secretariat to the Treasurer.

If the Treasurer approves the agreement under TDA, the following steps will occur:

- the Treasurer will advise the relevant Minister of the Treasurer’s approval, highlighting that final confirmation through noting by the ERC and Cabinet must be received prior to signing of the agreement;

- ERC will note the agreement;

- ERC Minutes will be noted by Cabinet; and

- the Principal Coordinator will inform the relevant Minister of the approval via a written memorandum.
4.8 The ERC approval process

It is the agency’s responsibility to manage the ERC approval process, including the completion of all sections of the CFAA. The agency should:

- prepare a submission to the ERC, using the standard template (see Appendix A). It is envisaged that submissions would be relatively brief;
  - a submission to the ERC seeking approval for an agreement with the Commonwealth is subject to the same rules as other submissions to the ERC, such as a possible requirement for an Evaluation Plan (see section under ‘Sunset Clauses’ from Page 4);
  - attach a copy of the draft agreement;
  - attach a completed CFAA (see instructions below); and
  - ask their Minister to sign the submission and lodge it with the Principal Co-ordinator, ERC, Cabinet Secretariat.

If the ERC (or Treasurer, if approval is redirected for TDA – see section 4.7) approves the agreement, the decision (as recorded in the ERC Minutes) will need to be raised verbally in Cabinet by either the Treasurer or relevant portfolio Minister and noted in the Cabinet Minutes.

Cabinet Services will inform the relevant Minister of the decision once Cabinet has approved the ERC Minutes.

Completing the CFAA

The agency has responsibility for managing the completion of all sections of the CFAA. The agency should:

- fill out its section of the CFAA (the agency may provide a draft to Treasury in advance, for comment);
- email Treasury and DPC with a request to fill in their CFAA sections; attaching:
  - the CFAA, with the agency section complete and signed;
  - a copy of the agreement;
  - for pre-approval under section 4.6 – copies of previous similar agreements, or other information about likely future agreements; and
  - other material Treasury and DPC are likely to request to assist them in completing their sections; and
- aggregate its section with those received back from Treasury and DPC for the next stage of the approval process.
MINISTER FOR

SUBMITS TO

TREASURER
AND CHAIRMAN
EXPENDITURE REVIEW COMMITTEE

TITLE

URGENCY

ELECTION COMMITMENTS

Does this submission concern the implementation of a 2017 election commitment? [ ] Yes [ ] No

If yes, which election commitment?

Provide the title of the election commitment.

SUNSET CLAUSES

Does this submission have a net operating balance impact at or above $5 million in any one year:

[ ] Yes
[ ] No [move to Outcome Based Management and delete the remainder of this section]

If yes, is the submission subject to a Sunset Clause?

[ ] Yes [please complete the Evaluation Plan Summary in consultation with the Department of Treasury]
[ ] No [if No provide justification and delete remainder of this section]

Evaluation Plan Summary

Complete the Evaluation Plan Summary detailed on the next page.

It is a mandatory requirement that the Evaluation Plan Summary is first reviewed by the Department of Treasury prior to formal ERC submission.

For further details about completing this document see the Sunset Clause Guide.

*If funding is approved, a Full Evaluation Plan is to be developed collaboratively with the Department of Treasury, within an agreed timeframe.*
PROGRAM INFORMATION

Status
- New
- Existing

Dates
- Start:
- Cessation:

PROGRAM INTENT

Key Objectives

PROGRAM RESULTS

1. OUTCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>Baseline</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Year 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Year 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Year 3</td>
</tr>
</tbody>
</table>

Data Sources

2. OUTCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>Baseline</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Year 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Year 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Year 3</td>
</tr>
</tbody>
</table>

Data Sources

1. OUTPUT

<table>
<thead>
<tr>
<th>Description</th>
<th>Baseline</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Year 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Year 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Year 3</td>
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</table>

Data Sources

2. OUTPUT

<table>
<thead>
<tr>
<th>Description</th>
<th>Baseline</th>
<th>Target</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Year 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Year 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Year 3</td>
</tr>
</tbody>
</table>

Data Sources

PROGRAM STRUCTURE

Detail the following:
- how the program will be implemented;
- what alternative implementation methods were considered and the reasons for rejecting them; and
- how the implementation structure suits program cessation and the steps taken to ensure cessation is achievable.

EVALUATION MANAGEMENT

Who will conduct the evaluation?
- Agency
- Consultant
- Both

Budget Allocation

FTE Allocation

---

8 Copy and complete this section for all program outcomes and outputs (i.e. description, baseline, target and data sources).

9 Amend dates as required (i.e. include 2017-18, 2018-19, etc)
OUTCOME BASED MANAGEMENT
Will this submission increase the agency’s Total Cost of Services by $20 million or more in total across the forward estimates period, or by more than 2% in the current year: Yes ☐ No ☐

(if No, move to Recommendation and delete the remainder of this section)
If Yes, please complete the relevant sections of the financial implications table; for example, if the funding is sought in the current year or in the forward estimates (or both) this will guide which sections of this table must be completed.

RECOMMENDATION
That the ERC (note/endorse/approve)

FINANCIAL IMPLICATIONS

<table>
<thead>
<tr>
<th>Impact on State Finances</th>
<th>[Current year] $'000</th>
<th>[Forward Estimate year 1] $'000</th>
<th>[Forward Estimate year 2] $'000</th>
<th>[Forward estimate year 3] $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustment to Approved Expense Limit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>General Government Net Operating Balance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Asset Investment Program</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Public Sector Net Debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjustment to Approved Salaries Expense Limit (10)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additional FTEs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash at Bank</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additional Appropriation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

---

10 Salaries expense limit comprises salaries plus district allowance (excluding superannuation).
### Commonwealth Funding Agreement Assessment Template

**Part A: Lead Agency to Complete**

**Title Of Agreement**

<table>
<thead>
<tr>
<th>TYPE OF FUNDING AGREEMENT</th>
<th>Other agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>IGA on Federal Financial Relations</td>
<td>Other agreements</td>
</tr>
<tr>
<td>National Partnership</td>
<td>Intergovernmental Agreement</td>
</tr>
<tr>
<td>Implementation Plan</td>
<td>COPE (delivered by Funding Deed or similar)</td>
</tr>
<tr>
<td>Project Agreement</td>
<td></td>
</tr>
</tbody>
</table>

**IS THIS CLASSIFICATION APPROPRIATE?**
- YES
- NO

#### OVERVIEW

**PURPOSE**
Why is the State considering signing this agreement? Explain

**LINE AGENCIES**
Does this initiative impact on other state line agencies? Explain
- If yes, have they been consulted?
- If yes, do they support signing the agreement?

**OTHER JURISDICTIONS**
Have other jurisdictions been consulted? Explain
- If yes, have they raised any significant issues or indicated they may not sign?

#### CONSISTENCY WITH STATE POLICY & APPROACHES TO SERVICE DELIVERY

**How does the agreement relate to the State’s own priorities?** Explain

Outline any risks that have been identified for:
- the State: Explain
- the Commonwealth: Explain

**Does the agreement impact on the ability to comply with the Salary Expense Cap?** Explain

**Does the agreement allow the State to unilaterally tailor service delivery to meet its specific circumstances and needs?** Explain

**Does the initiative involve transferring responsibilities between levels of Government?** Explain

**Is the State already undertaking similar activities?** Explain

**Does agency capacity exist to deliver the reform/service without encroaching on existing/planned service provision?** Explain

- YES
- NO
### FINANCIAL IMPLICATIONS OF THE AGREEMENT

Complete the following table:

<table>
<thead>
<tr>
<th>Financial Implications</th>
<th>[Current year] $'000</th>
<th>[Forward Estimate year 1] $'000</th>
<th>[Forward Estimate year 2] $'000</th>
<th>[Forward estimate year 3] $'000</th>
<th>[Forward Estimate year 4] $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth Contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• recurrent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• asset investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• recurrent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• asset investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional FTEs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The table should include estimates of implicit costs such as where the Commonwealth pays for new infrastructure and the State must meet ongoing recurrent costs or where increased employment leads to higher wage costs.

**Signature**

**Chief Financial Officer, Insert Agency**  
______________________________  
Insert CFO’s Name  

Has the agency included a provision for the external funding into its budget and forward estimates?  
☐ Yes  ☐ No

Explain

If a State contribution is required, will this be funded from within the agency’s existing approved budget?  
☐ Yes  ☐ No

Explain

Does the agency commit to funding any cost over-runs from within its existing approved budget, and not seek any additional funding from the State?  
☐ Yes  ☐ No

Explain

**CONSISTENCY WITH THE INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCE RELATIONS**

Treasury Intergovernmental Relations can advise on completing this section.

| Does the agreement focus on achieving clear outcomes? (i.e. is it clear what measurable benefit the agreement is seeking to achieve) | ☐ Yes  ☐ No |
| Does the initiative impose Commonwealth controls on State policy responsibilities? | ☐ Yes  ☐ No |
| Are payments clearly linked to a limited number of measurable and achievable performance benchmarks? | ☐ Yes  ☐ No |
| Is the frequency and quantity of reporting requirements commensurate with the level of risk? (e.g. size of administrative costs relative to the level of funding) | ☐ Yes  ☐ No |

**IMPLICATIONS BEYOND THE TERM OF THE AGREEMENT**

What are the implications for service delivery when the agreement expires?  
Explain

What are the financial implications when the agreement expires?  
Explain

Are there FTE implications when the agreement expires?  
Explain

Does the agreement create ongoing community expectations?  ☐ Yes  ☐ No  
Explain

**Signature**

**Executive Director, Insert Agency**  
______________________________  
Insert Executive Director’s Name  

**Director General, Insert Agency**  
______________________________  
Insert Director General’s Name  

______ / ____ / _____
## Part B: Department of Treasury to Complete

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does Treasury believe that this agreement is ready for ERC consideration?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does Treasury recommend the agreement be considered under Treasurer’s Delegated Authority?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Will this agreement (when considered with other expected agreements) impede the State from advancing its own priorities?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### FINANCIAL IMPLICATIONS OF THE AGREEMENT

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are financial implications for the State clear (i.e. size &amp; risks)?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Will the agreement impact on the agency’s ability to deliver existing services?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What is the risk that the agency will require further funding?</td>
<td>None</td>
<td>Low</td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the agreement have finance or FTE implications beyond its expiry date?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Signature**

Director, **Treasury**

<table>
<thead>
<tr>
<th>Insert Director’s Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>_<em><strong><strong><strong>/_</strong></strong></strong></em>/________</td>
</tr>
</tbody>
</table>

### CONSISTENCY WITH THE INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the proposed form of agreement appropriate?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the agreement follow the nationally agreed templates? (<a href="http://www.federalfinancerelations.gov.au">www.federalfinancerelations.gov.au</a>)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the agreement focus on achieving clear outcomes (i.e. is it clear what measurable benefit the agreement is seeking to achieve)?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the agreement include clearly defined roles and responsibilities and include minimal shared roles?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are payments clearly linked to a limited number of measurable and achievable performance benchmarks?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If no, explain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the funding likely to have an impact under the Commonwealth Grants Commission’s assessments in the GST sharing arrangement? If so, what is the anticipated effect?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have other jurisdictions’ Treasuries been consulted?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If yes, have they raised any significant issues/indicated they may not sign?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Any other comments on the agreement?

**Signature**

**Director**

**Treasury Intergovernmental Relations**

<table>
<thead>
<tr>
<th>Insert Director’s Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>_<em><strong><strong><strong>/_</strong></strong></strong></em>/________</td>
</tr>
</tbody>
</table>

## Part C: Department of the Premier and Cabinet to complete

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have other jurisdictions’ Departments of the Premier and Cabinet been consulted?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If yes, have they raised any significant issues/indicated they may not sign?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
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<tr>
<td>Is the proposed agreement consistent with State Policy and approaches to Service Delivery?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is signing this agreement consistent with whole of government priorities?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does DPC believe that this agreement is ready for ERC consideration?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Signature**

**Director, DPC**

<table>
<thead>
<tr>
<th>Insert Director’s Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>_<em><strong><strong><strong>/_</strong></strong></strong></em>/________</td>
</tr>
</tbody>
</table>
### OUT-OF-SCOPE AGREEMENTS REPORT

<table>
<thead>
<tr>
<th>Agreement Name</th>
<th>Date Signed</th>
<th>Purpose</th>
<th>Term</th>
<th>Parties and Funding Commitment</th>
<th>Relevant Exclusion Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Deed on XYZ</td>
<td>dd-mm-20zz</td>
<td>To advance …</td>
<td>July 20zz to June 20zz</td>
<td>C’wlth Dept of A - $xx.x million State Office of B - $yy.y million over the term of the agreement</td>
<td>Involves only minor variations to the existing agreement without any foreseeable material consequences</td>
</tr>
</tbody>
</table>

**Note:** Under the ERC/Commonwealth funding agreements approval process, all new or substantially revised agreements with the Commonwealth should either be approved by ERC (including pre-approvals) or listed in this table.
## PRE-APPROVED AGREEMENTS REPORT

<table>
<thead>
<tr>
<th>WA Agency:</th>
<th>Department of XYZ</th>
<th>Contact:</th>
<th>John Citizen, 6551 1***, <a href="mailto:john.citizen@government.wa.gov.au">john.citizen@government.wa.gov.au</a></th>
<th>Date Submitted:</th>
<th>dd-mm-20zz</th>
</tr>
</thead>
</table>

### PRE-APPROVAL DETAILS

<table>
<thead>
<tr>
<th>Program</th>
<th>Date Approved by ERC</th>
<th>Number Expected</th>
<th>Parties and Total Estimated Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploratory programs to … [amend or delete this example, where required]</td>
<td>dd-mm-20zz</td>
<td>YY</td>
<td>C’wilh Dept of A - $xx.x million State Office of B - $yy.y million over the term of the agreements</td>
</tr>
</tbody>
</table>

### RESULTANT AGREEMENTS

<table>
<thead>
<tr>
<th>Agreement Name</th>
<th>Date Signed</th>
<th>Purpose</th>
<th>Term</th>
<th>Parties and Funding Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Funding Deed on XYZ [amend or delete this example, where required]</td>
<td>dd-mm-20zz</td>
<td>To advance …</td>
<td>July 20zz to June 20zz</td>
<td>C’wealth Dept of A - $xx.x million State Office of B - $yy.y million over the term of the agreement</td>
</tr>
<tr>
<td>2.</td>
<td></td>
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<tr>
<td>3.</td>
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<tr>
<td>4.</td>
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<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Under the ERC/Commonwealth funding agreements approval process, agencies that seek pre-approval for a cluster of agreements with the Commonwealth should enter details of the resultant agreements in this table, once signed.