



Government of **Western Australia**  
Department of **Treasury**

# Program Evaluation: Sunset Clauses

## Agency Guide

**December 2020**

Program Evaluation: Sunset Clauses – Agency Guide  
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Further information relating to this report may be obtained by emailing [info@treasury.wa.gov.au](mailto:info@treasury.wa.gov.au) or [program.evaluation@treasury.wa.gov.au](mailto:program.evaluation@treasury.wa.gov.au)

# Contents

<b>1. What is a Sunset Clause? .....</b>	<b>1</b>
<b>2. Why are Sunset Clauses needed?.....</b>	<b>3</b>
What is a Program? .....	3
<b>3. What do you need to do if your program is subject to a Sunset Clause? .....</b>	<b>4</b>
Completing the Sunset Clauses Section of the ERC Submission .....	5
Program Information.....	5
Cessation Date .....	5
Program Intent.....	5
Program Results.....	5
Program Structure .....	7
Evaluation Management.....	8
Completing Full Evaluation Plan.....	8
Further Guidance .....	9
<b>Appendix A: Sunset Clauses Section of ERC Submission Template .....</b>	<b>10</b>
<b>Appendix B: Completed Examples of Sunset Clauses Section of ERC Submission Template.....</b>	<b>13</b>



# 1.What is a Sunset Clause?

From 1 January 2014, all new programs (or the extension of existing programs) that impact the State's net operating balance by \$5 million or more in any one year:

- are subject to a Sunset Clause, whereby resources are allocated to the program for a finite period of time (the default period is three years)<sup>1</sup>;
- require a comprehensive evaluation plan to be developed and a program evaluation to be undertaken by the agency; and
- require continuation of the program (and the associated resource allocations) beyond this period of time be subject to consideration by the Expenditure Review Committee (ERC) and Cabinet, informed by a program evaluation.

The Sunset Clause program impacts agencies as follows:

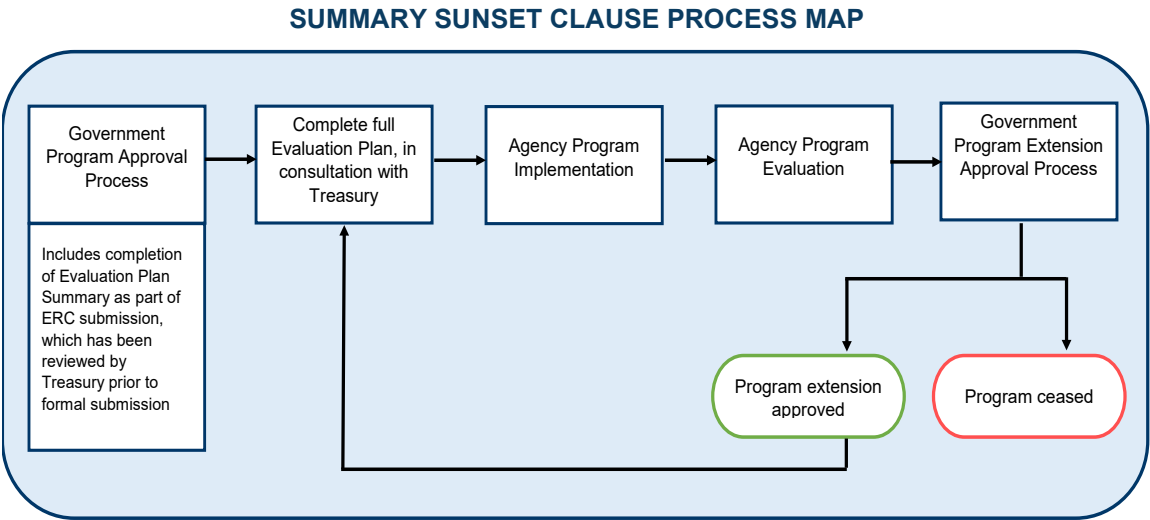
- when drafting an ERC submission that seeks to commence a material program, or material extension of a pre-existing program (net operating balance impact of \$5 million or more in any one year), agencies need to include an evaluation plan summary and consult Treasury on the content of this document. This document will specify (among other things), the intended program results (outcomes), defined in the SMART criteria<sup>2</sup>;
- following Cabinet endorsement of the program:
  - a full evaluation plan is to be developed in consultation with Treasury, within an agreed timeframe;
  - agency budget and financial reporting must reflect the finite nature of the program;
  - agency program implementation is consistent with, and data is collected on performance against, the Cabinet endorsed SMART program results; and
  - prior to the program's scheduled cessation date, agencies must conduct a program evaluation (should your Minister seek to extend the program beyond its scheduled cessation date).

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<sup>1</sup> It may not be practical for all material initiatives to be subject to a Sunset Clause (for example, substantial revenue growth as a result of increases in fees and charges). However, it is at the Treasurer's discretion as the Chair of the ERC as to whether a material program is subject to a Sunset Clause. You should discuss applications with your Treasury agency analyst.

<sup>2</sup> Detailed on Page 6 of this document.

Figure 1



## 2. Why are Sunset Clauses needed?

Currently, agencies' annual recurrent budgets represent an accumulation of all ongoing programs as endorsed by a variety of Governments over time. Once implemented (and rolled-up in base line budget allocations), there is limited capacity for the ERC and Cabinet to ascertain:

- the effectiveness of the program;
- the applicability of the program to the current policy context; or
- whether the program's delivery model presents the best value for money option.

Sunset clauses allow for the evaluation of programs leading to a better understanding of which programs work and where redesign may be needed.

To help understand why Sunset Clauses are needed, it is helpful to clarify what a program is in this context, and therefore to which programs Sunset Clauses might apply.

### What is a Program?

A program is an activity, project, policy, intervention, initiative or strategy undertaken by or for Government that intends to have a specific impact (i.e. Government is choosing to do something to achieve some result).

A program can also include related Government spending on a single intended outcome.

Programs can vary in size and structure, with the largest generally comprised of many sub-programs delivered by multiple agencies and/or in partnership with non-government organisations.

The funding source does not impact on the definition of the program.

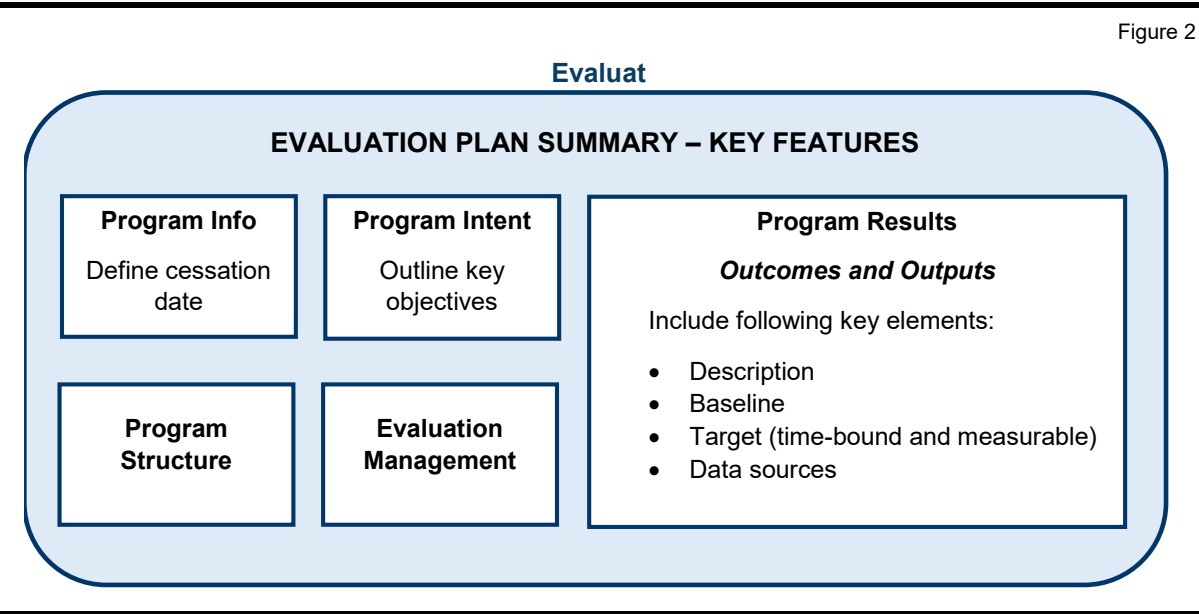
Education, health, policing services, etc. are not programs, as they are deemed functions. Programs deliver Government functions.

A program can be as broad as all Government expenditure to reduce cost of living pressures in the State or as specific as a single social concession. In other words, it can be a program of related expenditure or a single initiative.

### 3.What do you need to do if your program is subject to a Sunset Clause?

The ERC handbook and submission template have been updated to stipulate that ERC submissions subject to a Sunset Clause must include an **Evaluation Plan Summary**. A (larger) full evaluation plan is to be completed only if funding is approved.

Figure 2



It is strongly advised that agencies consult with Treasury on the formulation of the evaluation plan summary. Ideally, the evaluation plan summary presented to the ERC will reflect the agreed position between your agency, your Minister and Treasury.

The following section provides an overview of the components comprising the evaluation plan summary. See Appendices A and B for details and examples in the development of these components.



## Completing the Sunset Clauses Section of the ERC Submission

The Sunset Clauses Section of the ERC submission template is provided in Appendix A, and a worked example in Appendix B. Some key areas to consider when completing this template are detailed below.

### Program Information

Detail program information, including program status (i.e. new / existing program) and program dates, including cessation date.

### Cessation Date

A program cessation date must be nominated for all Sunset Clause affected programs.

The default program cessation date will be three years from the planned commencement of the program. For example, if the program is proposed to start on 1 July 2014, the program (and its associated resource allocations) should be scheduled to cease on 30 June 2017. This, however, needs to be balanced with the requirements to produce meaningful results. In some instances, scheduling program cessation four or five years from commencement may be more appropriate. Where a program is intended to operate for longer than the standard three-years, a detailed explanation must be included in the ERC submission.

The program cessation date also drives deadlines for Government's consideration of program evaluation should program extension be sought by your Minister.

### Program Intent

Outline key objectives of the program, including why the program is needed and what the program intends to achieve for stakeholders and the wider community.

### Program Results

Clearly specify the key outcomes and outputs of the program. Complete the following sections of the Evaluation Plan Summary for each outcome and output:

- *Description* – clearly define the outcomes / outputs to be achieved.
- *Baseline* – quantify the baselines against which the outcomes / outputs will be measured (e.g. 2012 student enrolment levels of 90% in year before full time schooling).
- *Target* – clearly state the targets to be achieved, ensuring this is time-bound and measurable (e.g. 25% increase by end of year one, a cumulative 55% increase by end of year two, 75% increase by end of year three).

- *Data sources* – identify data sources / methods (e.g. student enrolment data) and how the data will be collected and by whom (e.g. service providers, consultation with partner agencies).

Examples of outputs and outcomes are provided below.

**Table 1: Examples of Outputs and Outcomes**

Output	Outcome
<b>Definition:</b> <i>The product or service to be delivered.</i>	<b>Definition:</b> <i>The result or impact of the program</i>
<b>Examples</b>	
1. The provision of a parenting program for parents of children aged 0-2 years. This includes workshops and resource material.	1. By the end of year three of the program (2020), 75% of participants in the metropolitan area have applied the strategies provided.
2. Provision of workforce preparation course to a defined number of participants.	2. By year three of the program (2020), 65% of participants state that the program assisted them in achieving employment within one year of attending the course.
3. Provision of a grant to local community sports organisations to cover the cost of individual fees for children aged 5-10 years.	3. By the end of year three (2020), the participation of children aged 5-10 years in local community sport has increased by 20%.

The outcomes and outputs should relate directly to the key objectives of the program. The outcomes and outputs must be used to structure the evaluation and track progress towards achieving the program's intended results.

To determine appropriate outcomes, ensure that they are consistent with the SMART criteria:

- specific (clear and unambiguous);
- measurable;
- attainable (neither out of reach nor too easily attainable);
- relevant; and
- time-bound.

It is important to ensure that the key outcomes are measurable and time-bound in order to demonstrate the impact of the program, and the extent to which the key outcomes have been achieved.

Measurable indicators assist with tracking program progress, and help the evaluator decide what data needs to be collected. When determining the indicators, state both current indicators (baseline) and target indicators (change).

## Program Structure

Flexibility in program delivery is a key feature of Government decision making: if the measured interim or final program results are not being achieved, Government must be confident that the program can be ceased without unintended consequences.

All ERC submissions must therefore detail:

- 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.

Key areas to consider for each of these questions are detailed below:

1. How will the program be implemented?

- Will you seek to employ additional FTE? – If so, provide detail on role and proposed number
- Are there other similar government programs implemented and what structure has been used and at what cost (either in Western Australia or other jurisdictions)?
- Will the agency contract out the service to an external third party – how long will contracts be established for, what will the contracts establish, what will the third party do?

2. What alternative program delivery methods were considered and the reasons for not pursuing these further?

- Could the program be delivered in a different way and at what cost?
- Are there alternative service providers that provide similar services (either in Western Australia or other jurisdictions)?

3. How is the program implementation structure suited to program cessation and what steps have been taken to ensure cessation is achievable?

- How long will contracts with the private sector/non-Government sector be established for?
- How will surplus FTE be managed – does the agency have similar roles for surplus FTE, how will the agency budget for severance offers?
- What stakeholders will be affected and how will their expectations be managed?

## Evaluation Management

State who will conduct the evaluation, and how the evaluation will be resourced (including estimated budget and FTE allocations). **Please note any estimated evaluation budget and FTE are to be assigned from the overall program funding request.**

## Completing Full Evaluation Plan

If funding is approved, a full Evaluation Plan is to be developed in consultation with the Department of Treasury, within an agreed timeframe.

The program evaluation essentially seeks to address three questions:

1. Is the program effective in achieving its intended outcomes?
2. Is the program structure delivering results efficiently (i.e. in terms of resources), or could alternative service delivery models be adopted; and
3. What would be the impact of program cessation on stakeholders and/or the wider community?

For details of a full Evaluation Plan, see the [Evaluation Guide](#). This includes the structure below which can be used to guide the content of the Evaluation Plan

- program intent and rationale;
- program logic map;
- outcomes measurement framework;
- evaluation purpose;
- evaluation approach and method;
- evaluation budget, resourcing and team;
- key evaluation questions;
- data collection and analysis;
- evaluation activities, deliverables and timeframes;
- identification of key stakeholders;
- risk identification and analysis; and
- communications strategy.

## Further Guidance

For further information please refer to the:

- ERC handbook available on the Department of Premier and Cabinet website on [WA.gov.au](http://WA.gov.au);  
or
- Treasury's Evaluation Guide on [WA.gov.au](http://WA.gov.au).

Your Treasury agency analyst can also be contacted for further information on the Sunset Clauses process or in the application of Sunset Clauses.

## Appendix A: Sunset Clauses Section of ERC Submission Template

### SUNSET CLAUSES

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

<input type="checkbox"/> Yes
<input type="checkbox"/> No <i>[move to Outcome Based Management]</i>

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

<input type="checkbox"/> Yes <i>[please complete the Evaluation Plan Summary (Appendix A1) in consultation with the Department of Treasury]</i>
<input type="checkbox"/> No <i>[if No provide justification]</i>

### Evaluation Plan Summary

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.*

## Appendix A1 - Evaluation Plan Summary

PROGRAM INFORMATION		
Status	<input type="checkbox"/> New <input type="checkbox"/> Existing	
Dates	Start:	Cessation:
PROGRAM INTENT		
Key Objectives		
PROGRAM RESULTS		
1. OUTCOME <sup>3</sup>		
Description		
Baseline		
Target <sup>4</sup>	Year 1	
	Year 2	
	Year 3	
Data Sources		
2. OUTCOME		
Description		
Baseline		
Target	Year 1	
	Year 2	
	Year 3	
Data Sources		
1. OUTPUT		
Description		
Baseline		
Target	Year 1	
	Year 2	
	Year 3	
Data Sources		
2. OUTPUT		
Description		
Baseline		
Target	Year 1	
	Year 2	
	Year 3	
Data Sources		
PROGRAM STRUCTURE		
Detail the following:		
<ul style="list-style-type: none"> <li>how the program will be implemented;</li> </ul>		

<sup>3</sup> Copy and complete this section for all program outcomes and outputs (i.e. description, baseline, target and data sources).

<sup>4</sup> Amend dates as required (i.e. include 2017-18, 2018-19, etc)

## Program Evaluation – Sunset Clauses

<ul style="list-style-type: none"><li>• what alternative implementation methods were considered and the reasons for rejecting them; and</li><li>• how the implementation structure suits program cessation and the steps taken to ensure cessation is achievable.</li></ul>	
<b>EVALUATION MANAGEMENT</b>	
<i>Who will conduct the evaluation?</i> <input type="checkbox"/> Agency <input type="checkbox"/> Consultant <input type="checkbox"/> Both	
<i>Budget Allocation</i>	
<i>FTE Allocation</i>	



# Appendix B: Completed Examples of Sunset Clauses Section of ERC Submission Template

## SUNSET CLAUSES

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

<input checked="" type="checkbox"/> Yes
<input type="checkbox"/> No [move to Outcome Based Management]

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

<input checked="" type="checkbox"/> Yes [please complete the Evaluation Plan Summary (Appendix A1) in consultation with the Department of Treasury]
<input type="checkbox"/> No [if No provide justification]

## Evaluation Plan Summary

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.*

## Example A of Sunset Clause Evaluation Plan Summary

PROGRAM INFORMATION	
Program Title	Clarifying private health insurance (PHI) for public patients
Status	<input type="checkbox"/> New <input checked="" type="checkbox"/> Existing
Dates	Start: 1 July 2018 Cessation: 30 June 2021
PROGRAM INTENT	
Program Intent	The PHI program intends to help patients in public hospitals access their PHI for treatment if they have the necessary cover.
Key Objectives	1. To increase the number of patients in public hospitals accessing their PHI by 2 percentage points from the current baseline between 2018 and 2020.

	2. To increase the current level of revenues from private health funds by \$10 million between 2018 and 2020.	
PROGRAM RESULTS		
1. OUTCOME (typically an outcome is the impact of a service or an intervention)		
Description	The PHI program will increase the number of patients electing to use their PHI in public hospitals.	
Baseline	[insert figures from most recent and relevant time period]	
Target	2018	The proportion of patients accessing their PHI for treatment in public hospitals increases by 1 percentage point from 2017 levels.
	2019	The proportion of patients accessing their PHI for treatment in public hospitals increases by 1 percentage point from 2018 levels.
	2020	The proportion of patients accessing their PHI for treatment in public hospitals has increased by 2 percentage points by 2020.
Data Sources	Public hospital data and data from Australian Centre for Health Research.	
2. OUTCOME		
Description	[complete for next outcome, and paste additional lines in for additional outcomes until all have been captured]	
Baseline		
Target	Year 1	
	Year 2	
	Year 3	
Data Sources		
1. OUTPUT (typically an output is the activities or products of an intervention)		
Description	The PHI program will provide 1,000 new brochures explaining the benefits of PHI for patients. The patient will not incur any out-of-pocket expenses.	
Baseline	[insert figures from most recent and relevant time period]	
Target	2018	500 new patient brochures printed and distributed.
	2019	500 new patient brochures printed and distributed.
Data Sources	Public hospital patient liaison office.	
2. OUTPUT		
Description	[complete for next output, and paste additional lines in for additional outputs until all have been captured]	
Baseline		
Target	Year 1	
	Year 2	
	Year 3	
Data Sources		
PROGRAM STRUCTURE		
The PHI project will work with Western Australian public hospitals to identify current barriers to patients accessing their PHI in public hospitals. It will place out-posted officers from the Departments of Health and Treasury into public hospitals to work closely in partnership over a 2 year period to determine problems and solutions and to test		

the validity of potential solutions. A comprehensive evaluation report will be completed for ERC at least 6 months prior to the end of the funding period in 2021 to inform future directions of the project.

#### EVALUATION MANAGEMENT

Who will conduct the evaluation?

☒ Agency ☐ Consultant ☐ Both

Budget Allocation Estimated budget of \$200,000.

FTE Allocation Estimated staffing allocation: 4 FTE. A working group consisting of relevant agency representatives including Treasury will oversee the project.

#### Example B of Sunset Clause Evaluation Plan Summary

PROGRAM INFORMATION		
Program Title	Juvenile Detention Education Program	
Status	<input type="checkbox"/> New <input checked="" type="checkbox"/> Existing	
Dates	Start: 1 July 2014	Cessation: 30 June 2019
PROGRAM INTENT		
Program Intent	Reduce recidivism rates of juveniles in detention.	
Key Objectives	<p>This program will realign existing mandatory juvenile detention education programs, by:</p> <ol style="list-style-type: none"> <li>1. aligning with school curriculum;</li> <li>2. increasing engagement with the education sector to determine juveniles' level of education;</li> <li>3. teaching low risk juveniles in detention at school sites (as opposed to in detention facilities);</li> <li>4. having high risk juveniles remain on-site with teachers being brought onsite; and</li> <li>5. giving 'ex-students' the opportunity to return to detention-site school where requested to ensure continuity.</li> </ol>	
PROGRAM RESULTS		
1. OUTCOME		
Description	Total recidivism rate for all juveniles in detention falls from current 75% to 50% at program completion (being five years from implementation).	
Baseline	75% recidivism rate	
Target <sup>5</sup>	Year 1 - 2	<ul style="list-style-type: none"> <li>Return to formal education is 10% higher for participants in comparison to non-participants.</li> <li>Improved mental health of participants measured by a 10% reduction in doctor visits for mental health issues.</li> </ul>
	Year 3	<ul style="list-style-type: none"> <li>Recidivism rates for program participants are 50% lower than for non-program participants.</li> <li>Number of program participants increases to 75% (an increase of 5% per annum).</li> </ul>
	Year 4-5	<ul style="list-style-type: none"> <li>Total recidivism rates for all juveniles in detention falls from current 75% at program start to 50% after five years.</li> </ul>

		• Juveniles' ability to secure job after detention has increased by 5%.
<i>Data Sources</i>	Recidivism rate data and educational data from agency. Consideration needs to be given to how to measure / collect data to report against 'juveniles' ability to secure job after detention has increased by 5%'.	
<b>1. OUTPUT</b>		
<i>Description</i>	Delivery of tailored education program to enable low risk juvenile detention inmates to attend mainstream school.	
<i>Baseline</i>	[insert figures from most recent and relevant time period]	
<i>Target</i>	<i>Year 1</i>	
	<i>Year 2</i>	
	<i>Year 3</i>	
<i>Data Sources</i>	Attendee register maintained by agency. Annual review of attendance rates (completion of program) and quality assessment.	
<b>PROGRAM STRUCTURE</b>		
<p>\$5 million p.a. is sought to contract teaching services from the DoE (no alternatives have been considered viable).</p> <p>The DoE has advised that the supply of teaching services are already available and if the program ceases these services will be absorbed into the pre-existing public education system.</p> <p>\$5 million per annum is sought for additional security to be contracted from the private sector to oversee the increased number of school visits by juveniles (DoC has similar contracts in place with private sector providers already and would have to employ additional FTE if the function was not to be outsourced, although costs would be similar the increased capacity could not be effectively redeployed).</p> <p>Contracts will be renegotiated every three years (in line with Sunset Clause funding arrangements).</p> <p>The DoE has also advised that there are 10 school sites within reasonable distance from current juvenile detention facilities and minor upgrades at a cost of \$10 million in total would be required.</p> <p>The minor upgrades will likely remain productively employed if the program ceases.</p> <p>Alternatively students could stay on detention centre sites at no additional cost. This approach has not been recommended as the juveniles connection with the school is seen as an important factor in increasing educational outcomes and the possibility of education continuing after detention is complete.</p>		
<b>EVALUATION MANAGEMENT</b>		
<p><i>Who will conduct the evaluation?</i></p> <p><input checked="" type="checkbox"/> Agency   <input type="checkbox"/> Consultant   <input type="checkbox"/> Both</p>		
<i>Budget Allocation</i>	Estimated budget of \$200,000.	
<i>FTE Allocation</i>	Estimated staffing allocation: 4 FTE. A working group consisting of relevant agency representatives including Treasury will oversee the project.	