



# **EXPENDITURE REVIEW COMMITTEE HANDBOOK**

The Expenditure Review Committee (ERC) Handbook is designed to assist officers to understand the ERC process and prepare papers for submission to ERC.

It is important that high standards are maintained. Submissions that do not comply with the required standards outlined in the Handbook will not be accepted.

As a Sub-Committee of Cabinet, the principles contained in the Cabinet Handbook apply.

Enquiries regarding the ERC process or specific submissions should be directed to:

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Department of the Premier and Cabinet  
Western Australia  
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# EXPENDITURE REVIEW COMMITTEE HANDBOOK

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## **1. ERC SUBMISSIONS – PROCEDURES FOR BOTH MINISTERS AND AGENCIES**

### **1.1. What is ERC?**

Cabinet established the Expenditure Review Committee (ERC) in March 2021 as a Standing Committee of Cabinet. ERC considers all policy issues with financial implications and recommends a course of action to Cabinet on these issues.<sup>1</sup>

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

The voting members of the ERC can vary, but currently comprises the:

- **Hon Rita Saffioti MLA** (Chair), Deputy Premier; Treasurer; Minister for Transport; Tourism
- **Hon Roger Cook MLA**, Premier; Minister for State and Industry Development, Jobs and Trade; Public Sector Management; Federal-State Relations
- **Hon Sue Ellery MLC**, Minister for Finance; Commerce; Women's Interests
- **Hon Stephen Dawson MLC**, Minister for Emergency Services; Innovation and the Digital Economy; Science; Medical Research; Minister assisting the Minister for State and Industry Development, Jobs and Trade
- **Hon David Michael MLA**, Minister for Mines and Petroleum; Ports; Road Safety; Minister Assisting the Minister for Transport

Treasury and the Department of the Premier and Cabinet (DPC), along with the Office of the Treasurer, provide ERC with policy advice to assist with the decision-making process. Executive Government Services within DPC provides secretarial support to the Committee.

### **1.2. What Does ERC Do?**

The principal function of ERC is the formulation of the annual State Budget. Outside the Budget process, 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 ERC must be evaluated by Treasury before they are submitted to ERC or Cabinet.

### **1.3. 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 ERC should generally only be undertaken as part of the annual Budget process.

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<sup>1</sup> Please refer to the Cabinet Handbook for further information on Cabinet policies and procedures.

When making submissions to 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 ERC and/or Cabinet;
- proposals of a regulatory nature may require formal assessment of their impact to be undertaken before they are presented to ERC; and
- proposals concerning existing service delivery commitments should be submitted to ERC predominantly as part of the annual Budget process, but can be submitted outside the Budget process:
  - upon the request of 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
    - 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.

#### **1.4. 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](#). 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 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 ERC.

All submissions to ERC must contain the required level of detail (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 Treasury policy analyst, from the Federal Financial Relations Unit ([TSY-FederalFinancialRelations@treasury.wa.gov.au](mailto:TSY-FederalFinancialRelations@treasury.wa.gov.au)) for Commonwealth Funding Agreements, from the Better Regulation Unit (BRU - [betterregulation@treasury.wa.gov.au](mailto:betterregulation@treasury.wa.gov.au)), and from the Infrastructure Delivery Unit of the Department of Finance ([idu@finance.wa.gov.au](mailto:idu@finance.wa.gov.au)), to confirm that the information is complete, prior to lodging the formal submission.

#### **1.5. Consultation – Department of Treasury**

All matters needing consideration by ERC require separate analysis by Treasury. It is of the utmost importance that consultation with Treasury occurs throughout the drafting stages of the submission.

## **1.6. What to Include in an ERC Submission**

An ERC submission should be prepared in accordance with the template (see ERC Handbook webpage) and should be as succinct as possible (with eight pages being the maximum for each initiative submitted). All additional documentation relevant to the submission should be provided as attachments to the ERC submission (i.e. supporting business cases, Regulatory Impact Statements or more detailed reports). The supporting documentation will be made available to 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 recent 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);
- completed Commonwealth Funding Agreement Assessment templates, for Commonwealth agreements which are proposed to be approved;
- whether or not a duplicate service exists;
- whether the submission relates to Aboriginal expenditure;
- whether the proposal is of a significant regulatory nature, and if so, whether it has complied with the Better Regulation Program; and
- an overview of the consultation process undertaken and the level of support for the proposal by stakeholders.

## **1.7. Sunset Clauses**

### **1.7.1. 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 the approved Evaluation Plan, the scope of which must be agreed as a part of the initial funding submission.

### **1.7.2. 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.

### **1.8. Non-Residential Buildings**

Project costings need to be accurate and aligned with realistic project schedules. If an ERC submission concerns a non-residential building, agencies must confirm that the Department of Finance's Infrastructure Delivery Unit has validated project costings and schedules for non-residential building projects above \$5 million.

This requirement does not apply to projects being delivered by Transport agencies or Public Non-Financial Corporations, or to social housing projects being delivered by the Department of Communities.

### **1.9. Submissions on Cross-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 ERC.

### **1.10. 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 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.

### **1.11. Submissions on Asset Investment**

Submissions on asset investment proposals with an estimated total cost of above \$5 million must meet the requirements of the Strategic Asset Management Framework (SAMF) [Business Case guidelines](#).

Agencies are encouraged to engage early with their relevant Treasury analyst and to consult with their analyst and Treasury's Infrastructure Strategy and Policy directorate ([samf@treasury.wa.gov.au](mailto:samf@treasury.wa.gov.au)) to ensure that business cases are developed in accordance with the SAMF.

Following the requirements in SAMF helps to ensure that project cashflows and the timing of payments are accurately aligned to construction milestones. This includes ensuring that the project schedule in the business case allows sufficient time to develop the project definition plan, and to undertake design and procurement. Further information on the [Strategic Asset Management Framework](#) can be found on the government website.

Business cases and project definition plans on asset investment proposals with an estimated total cost above \$100 million must be assessed by Infrastructure WA prior to being submitted to the ERC. Please refer to guidance provided by Infrastructure WA for further information.

### **1.12. 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 Mines, Industry Regulation and Safety (DMIRS), as well as Treasury.

It is of the utmost importance that consultation with Treasury and DMIRS occurs throughout the drafting stages of the submission and in a manner that allows for a thorough assessment of the proposed agreements.

### **1.13. Submissions Impacting Executive Salary Expenditure Limit (ESEL)**

Submissions that impact the ESEL must be reviewed by the Public Sector Commission prior to being submitted to the ERC. Please refer to guidance provided by the Public Sector Commission.



#### **1.14. Submissions of a Regulatory Nature**

Submissions of a regulatory nature presented to ERC may require formal regulatory assessment, especially if they are likely to have an adverse significant impact on the economy (or any part of it – business, consumers or government). If required, this assessment must be completed before the proposal is submitted to ERC.

In addition, ERC may request that a proposal be subject to formal regulatory assessment.

Guidance for agencies presenting submissions of a regulatory nature to ERC is available from the BRU in Treasury. Guidelines and other support material on regulatory design and assessment published by the BRU can be accessed on the [Better Regulation webpage](#). The BRU can also be contacted via email at [betterregulation@treasury.wa.gov.au](mailto:betterregulation@treasury.wa.gov.au).

#### **1.15. Budget Bilateral Process**

ERC will only accept Budget submissions that comply with the ERC approved criteria/process, as set out in the annual Budget Circular to agencies.

The ERC submission template (refer to the ERC Handbook webpage or the Budget Circular) must be used for each Budget initiative during the Budget Bilateral process, accompanied by a Summary of Submission cover page and an Agency Submission Contents Page.

All Budget initiatives are to be justified in writing by Directors General (or equivalent) and endorsed by the relevant Minister. Ministerially-endorsed submissions are to be lodged with the Treasurer's Office by the advised deadline.

#### **1.16. Mid-year Review Process**

The Mid-year Review outlines developments in the State's financial position and economic outlook since publication of the preceding Budget. This process therefore comprises updates of key parameters impacting the forward estimates and any report backs specifically requested by ERC that require urgent attention.

ERC will only accept Mid-year Review submissions that comply with the ERC approved process, as set out in the annual Mid-year Review Circular to agencies. Ministers will not be required to attend ERC as part of the Mid-year Review unless advised by the Treasurer.

The ERC submission template (refer to the ERC Handbook webpage) is used for the Mid-year Review process, accompanied by a Summary of Submission cover page, and an Agency Submission Contents Page. Any required adjustments are to be justified in writing by Directors General (or equivalent) and endorsed by the relevant Minister. As with the Budget Bilateral process, Ministerially-endorsed submissions are to be lodged with the Treasurer's Office by the advised deadline.

#### **1.17. ERC Submissions Circulated Out-of-Session**

On occasion, when ERC needs to consider an urgent issue that cannot wait for consideration at the next scheduled ERC meeting, it may be decided to circulate the submission to the individual ERC members for consideration and decision-making out-of-session.

Executive Government Services will facilitate the distribution of papers to ERC members to obtain and document approval of the out-of-session submission for the decision to be submitted to Cabinet.

## **2. CONTENT OF SUBMISSIONS TO THE EXPENDITURE REVIEW COMMITTEE**

### **2.1. Summary of Submissions**

The Summary of Submissions page must be used in every instance where initiatives are being submitted for ERC consideration. This template presents the total financial impact of all initiatives submitted for ERC consideration. The financial impact table must be signed by the Chief Finance Officer (or equivalent) and signed and dated by the Director General (or equivalent) and relevant Minister(s). Where an agency is only submitting one initiative this financial impact table will reflect the same as that in the single ERC submission template.

### **2.2. Agency Submission Contents Page**

The Agency Submission Contents Page must be provided when multiple initiatives are being submitted. Where an agency is only submitting one initiative, the Agency Submission Contents Page is not required.

### **2.3. ERC Agency Submission Template**

#### **2.3.1. Address**

The ERC submission must be addressed as follows:

**MINISTER FOR [RELEVANT PORTFOLIO]**

**SUBMITS TO**

**TREASURER AND CHAIR, EXPENDITURE REVIEW COMMITTEE**

#### **2.3.2. Title**

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

#### **2.3.3. Priority**

Item X of X – this should relate to the table of contents priority numbering.

#### **2.3.4. Type of Submission**

The submission may come under one or more of these listed types. Select all that are relevant.

#### **2.3.5. SIMS Adjustment IDs**

Reference number for each adjustment in Treasury's Strategic Information Management System (SIMS). This system is used extensively to collect financial data from government agencies.

#### **2.3.6. Urgency**

The urgency of the proposal needs to be clearly demonstrated. For example, why does the submission require urgent consideration by ERC outside the Budget process?

### **2.3.7. Agency Delivery Performance**

Summary of the agency's view on its capacity to deliver on existing commitments related to the project. Agencies should address recent history of recurrent or capital carryovers, noting unaddressed carryovers may demonstrate to ERC a failure to deliver existing commitments.

### **2.3.8. Election Commitments**

This section outlines whether the proposal concerns the implementation of a recent election commitment. If it does, provide the title of the election commitment.

### **2.3.9. Sunset Clauses**

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. An Evaluation Plan Summary (Appendix A1) will need to be completed (in consultation with Treasury) and attached to the submission.

### **2.3.10. 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 part of the initial funding submission. 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 [Program Evaluation webpage](#), 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:

### **2.3.11. Program Information**

Identify whether the submission is for a new or existing program. List program dates, including cessation date (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 2024-25 Budget, the first year of funding is 2024-25, second 2025-26, final 2026-27 and no funding allocated in 2027-28 (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.

### **2.2.12. 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.

### **2.3.13 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.

### **2.3.14 Data Sources (Program Results Evidence)**

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

### **2.3.15 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.

### **2.3.16. Evaluation Management**

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

### **2.3.17. Infrastructure Proposals**

Identify whether the submission concerns investment in a State-owned asset. Treasury must confirm the submission meets the requirements of the Strategic Asset Management Framework for Asset Investment proposals. Appropriate advice on the proposal from the Department of Finance Infrastructure Delivery Unit must be attached to the submission should the submission relate to non-residential building projects above \$5 million. Infrastructure WA must be consulted on Infrastructure projects where the estimated total cost is \$100 million or above.

### **2.3.18. 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 government website or from your Treasury agency analyst.

### **2.3.19 Aboriginal Expenditure**

The Western Australian (WA) Government, along with all other Australian governments, have committed to the [National Agreement on Closing the Gap](#) (the Agreement) and working with Aboriginal and Torres Strait Islander people, their communities, organisations and businesses to implement the Agreement.

Aboriginal expenditure is now reported annually in the [WA Aboriginal Expenditure Review \(AER\)](#) which delivers on WA's commitment under the Agreement to review and identify current State Government spending on Aboriginal programs and services, further information is available on the [WA AER webpage](#) on the government website.

If a submission relates to spending on Aboriginal programs, services or infrastructure, there is a requirement to identify the type of Aboriginal expenditure (outlined below) the submission relates to and any links to the [National Agreement on Closing the Gap Targets and Outcomes](#) area(s) and/or Priority Reforms by completing Appendix A3.

Three categories of Aboriginal Expenditure are outlined in the AER which include direct and indirect Aboriginal Expenditure. When completing Appendix A3 please identify which of the following expenditure types the submission best aligns with:

- **Aboriginal-specific expenditure (direct expenditure)** – spending on services and programs, which has a direct benefit to improve social and economic outcomes for Aboriginal people and communities;
- **Aboriginal-predominant expenditure (direct expenditure)** – spending on services and programs that are not explicitly targeted to Aboriginal people, but where a large proportion (e.g. > 50%) of service users are, or are expected to be, Aboriginal;
- **General or citizen centric expenditure** – spending on programs that are delivered to all Western Australian citizens.

Appendix A3 should also identify which of the [Closing the Gap Priority Reforms](#) and [Closing the Gap Targets and Outcomes](#) the submission aligns with. [WA reporting on Closing the Gap](#) is facilitated through an Annual Report on Closing the Gap, the WA Closing the Gap Implementation Plan and the AER.

### **2.3.20. Financial Implications**

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

The financial implications section should demonstrate that the submission to 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
- 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.

The financial impacts need to match the corresponding 'sought' SIMS adjustments for all submissions. This will enable Treasury to provide advice to ERC regarding the impact on State finances of the Minister's request. This will also enable agencies to calculate the financial impacts from SIMS using the available reports.

## 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

	[Current year] \$'000	[Budget year] \$'000	[Forward Estimate year 1] \$'000	[Forward Estimate year 2] \$'000	[Forward Estimate year 3] \$'000
<b>Impact on State Finances</b>					
<b>Adjustment to Approved Expense Limit</b>	-	600	600	600	600
<b>General Government Net Operating Balance</b>	-	(600)	(400)	(400)	(400)
<b>Total Public Sector Net Debt</b>	-	600	1,000	1,400	1,800
<b>Asset Investment Program</b>	-	-	-	-	-
<b>Adjustment to Approved Salaries Expense Limit <sup>(a)</sup></b>	-	535	535	535	535
<b>Additional FTEs</b>	-	4	4	4	4
<b>Impact on Treasurer's Advance</b>	-	-	-	-	-
<b>Source of Funding</b>					
<b>Cash at Bank <sup>(b)</sup></b>	-	600	-	-	-
<b>Own-source Revenue</b>	-	-	200	200	200
<b>Additional Appropriation</b>	-	-	400	400	400
<p>(a) Salaries expense limit comprises salaries plus district allowance plus accrued leave, less salaries and wages recoups (excluding superannuation). Any changes to the Executive Salary Expense Limit must be disclosed in the ERC submission and footnoted against the Impact on State Finance's table. The Executive Salary Expenditure Limit comprises executive salaries and wages, but excludes allowances, leave entitlements, fringe benefits tax, superannuation and workers compensation.</p> <p>(b) Own-source revenue or other surplus cash balances should be considered as a funding source prior to a request for additional appropriation funding.</p>					
<p>.....  <b>INSERT NAME (SIGNED)</b>  <b>CHIEF FINANCE OFFICER</b>  <b>DEPARTMENT ABC</b></p>					

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.

### 2.3.21. 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)<sup>2</sup> 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.

<sup>2</sup> Refer to the [SBP agency guide](#) on the government website for more information.

### **2.3.22. 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.

### **2.3.23. 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 priority, and any previous ERC or Cabinet decisions. Where relevant, comparisons and statistics from other jurisdictions can also be included in this section. Include all recurrent and capital costs across the relevant years – for cross agency submissions, the lead agency needs to ensure all costs of all agencies are included.

If relevant, include information on FTEs such as how many additional FTEs are required, role, responsibilities and justification for the increase in FTEs.

### **2.3.24. Consultation**

This section should list which key stakeholders have been consulted and the outcome of this consultation. Particular emphasis should be put on the outcome of the consultation with Treasury.

### **2.3.25. Recommendation**

The recommendations should be numbered and must be clear and concise in stating what ERC is requested to do, i.e. 'approve', 'endorse', 'note' or otherwise.

### **2.3.26. Signature**

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



### **3. ERC PROCESS**

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#### **3.1. 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 ERC; and
- direct submissions from Ministers.

All submissions are to be completed in accordance with the ERC submission template.

#### **3.2. ERC Submissions**

From 1 October 2023, an ERC submission will comprise of a Summary of Submission, an Agency Submission Contents Page (for multiple initiatives) and an ERC Submission for each initiative listed on the Contents Page. The Summary of Submission page must be signed by the Chief Finance Officer, Director General (or equivalent) and the relevant Minister(s) to be considered by ERC. Minister's Offices must lodge signed submissions with the Treasurer's Office.

The Treasurer's Office will then provide Treasury with both the original and an electronic copy of the ERC submission and provide Executive Government Services an electronic copy of the submission. The original document will be forwarded to Executive Government Services by Treasury at a later date to produce the agenda papers for ERC members and for record keeping.

#### **3.3. 15-Working Day Rule**

ERC submissions must be received by the Treasurer's Office 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 accompany the submission with a written request (addressed to the Treasurer) to waive the 15-Working Day Rule. The request should outline the reason(s) 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.

The costing of the proposal must have been evaluated by Treasury prior to the submission being lodged.

#### **3.4. Treasurer's Delegated Authority (TDA)**

Cabinet has delegated authority to the Treasurer to make decisions on submissions that:

- have a net debt impact across the forward estimates of \$5 million or less; or

- contain genuine parameter adjustments, defined as routine, non-discretionary changes to an agency's budget parameters that are outside the agency's control but within existing policy settings.

These adjustments must be agreed between Treasury and the agency and considered by the Treasurer to be both unavoidable and non-contentious.

Cabinet has also delegated authority to the Treasurer to approve certain small Commonwealth funding agreements, as described in section 4.7.

Where it is determined that approval under the TDA is appropriate, the relevant Minister will receive a letter signed by the Treasurer outlining the extent and content of approval. This approval is immediate and does not require ERC or Cabinet endorsement. The Treasurer may determine that a request is contentious and refer the matter to ERC for consideration.

The TDA 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.

### **3.5. 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, have an ERC Coversheet attached to it (see Appendix B), and be **lodged** with the Treasurer's Office as follows (providing **both** a hard copy and electronic copy):

#### **Hard Copy:**

Treasurer  
Level 13, Dumas House  
2 Havelock Street  
WEST PERTH WA 6005  
Contact: 6552 5500

#### **Electronic Copy:**

[treasurer@dpc.wa.gov.au](mailto:treasurer@dpc.wa.gov.au)

When Cabinet recommends that a submission it has considered be referred to ERC, Executive Government Services will liaise with the Treasurer's Office to determine whether a Minister will need to lodge the submission again with ERC. In most instances, a new ERC submission will be required to ensure the relevant criteria has been addressed.

Receipt of ERC submissions will be acknowledged by the Treasurer's Office; however, the Treasurer, as Chair of the ERC, sets the agendas and determines the relative priority of the agenda items.

### **3.6. ERC Meetings – Frequency**

The Chair determines the frequency of the ERC meetings. However, outside the Budget process, ERC generally meets every month and then more frequently during the Mid-year Review process in October and November.

### **3.7. ERC Meetings – Attendance by Ministers**

ERC meetings are closed meetings. Ministers can attend ERC meetings in support of their agenda items upon invitation. The Treasurer's Office will consult with relevant Ministers' Offices to determine whether Ministers are in agreement with Treasury recommendations. If so, then the Minister does not generally need to attend the meeting. If a Minister disagrees with the Treasury recommendations, then the Minister may wish to attend the meeting and address the ERC.

The Treasurer's Office will advise Executive Government Services which Ministers it expects to attend the meeting and Executive Government Services will then issue an invitation to the relevant Ministers. It is at a Minister's discretion to appoint advisors to accompany them 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.

When attending the ERC meeting, Ministers will be requested to wait outside the meeting room until such time that 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 ERC and answering any queries that ERC might pose. If additional documentation will be distributed at the meeting, offices are advised to contact Executive Government Services ahead of the meeting.

### **3.8. ERC Recommendations**

At the meeting, 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 Executive Government Services under the signature of the Chair, seeking approval by Cabinet.

ERC's recommendations will be relayed by Executive Government Services via excerpts of the relevant ERC minutes and Cabinet Decision to the affected Minister for that Minister to pass on to their agencies. Treasury will often provide relevant advice to agencies at an officer level either verbally or via email after the Cabinet Decision is received.

However, any recommendations ERC makes on Treasury-initiated items (i.e. items not responding to a Ministerially-endorsed ERC submission) are not referred to Ministerial Offices via a Cabinet Decision. In these cases, Treasury is responsible for disseminating decisions to relevant agencies at an officer level and Executive Government Services will disseminate decisions to relevant Ministers in consultation with the Treasurer's Office.

### **3.9. 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 (see ERC Handbook webpage for the templates) must be printed single sided on white A4 size paper.
- Submissions should not be longer than eight pages for each initiative.

- The layout of the template must not be altered in any way, including deletion of headings. Where headings are not applicable, insert “Not applicable.”

### **Number of copies of submission**

Only the original of the ERC submission should be lodged with the Treasurer’s Office. The submission should be clipped together, **not stapled**.

Ideally, you should provide both a hard and soft copy. See separate details on supplying attachments.

### **Assembly of documents**

Submissions should be assembled in the following order:

- ERC Coversheet (see Appendix B for template);
- Summary of Submission page, endorsed by the Chief Finance Officer, Director General (or equivalent) and relevant Minister;
- Agency Submission Contents Page (when submitting multiple initiatives);
- ERC submission for each initiative listed on the contents page; and
- attachments (optional).

These documents together comprise an ERC submission.

It is not necessary to send a covering memo with the submission, the ERC Coversheet will suffice, 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 submission and any attachments.

### **Margins and page numbering**

A 2-centimeter margin should be allowed on the left-hand side of each page. This is essential for the collation of papers.

The submission should be page numbered. The page number should be shown at the bottomright-hand corner of the page and be indicated as Page 1 of 4, etc. Pages should be numbered consecutively.

### **Colour Charts and Graphs**

Please DO NOT insert coloured charts and/or graphs within the body of the submission, 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.

Where attachments are in colour or bound (i.e. not easily reproduced on a black and white photocopier) 30 copies will need to be provided to Executive Government Services. Copies of attachments can be double sided and clipped/stapled.

All attachments should be clearly labelled (e.g. Attachment 1; Attachment 2etc.) 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 ERC.

## **4. GUIDANCE ON APPROVAL PROCESS FOR COMMONWEALTH FUNDING AGREEMENTS**

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

### **4.1. Approval process for Agreements with the Commonwealth**

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 to be aware of 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;
- 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**

Commonwealth agreements (whether new or revised) that are subject to the processes described in this chapter include:

- National Partnership agreements (including Project Agreements), now known as Federation Funding Agreements Schedules;
- Implementation Plans under National Partnership agreements;
- Intergovernmental Agreements with funding implications for the State;
- competitive bids for Commonwealth funding; and
- Commonwealth Own Purpose Expenses (COPEs).

Before any negotiations (other than information discussions) commence on sensitive or high-value funding agreements with the Commonwealth, a negotiation strategy will need to be considered by the Commonwealth Funding Agreements Steering Committee and approved/endorsed by ERC.

- The purpose of the Steering Committee is to help ensure that the State Government pursues a coordinated, consistent and strategic whole-of-government approach to negotiations.
- For further advice on the Steering Committee process and the need for a negotiation strategy, please contact DPC and/or Treasury once you become aware of the development of a new Commonwealth funding agreement.

ERC consideration and Cabinet approval is required ahead of signing agreements that do not meet the exemption requirements detailed in section 4.5, were not pre-approved in accordance with section 4.6, and are not approved under a TDA as per section 4.7.

- Intergovernmental agreements with policy implications, but no Commonwealth funding for the State, require Cabinet approval but no ERC consideration, and are therefore outside the scope of this Handbook.

Cabinet approval of an agreement does not extend to approval of actions required to implement the agreement. Where such actions usually require Cabinet approval, such as commencing a new project or increasing funding for services, separate approval will still be required.

### **4.3. Commencing the Process**

The approval process for signing an agreement 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.

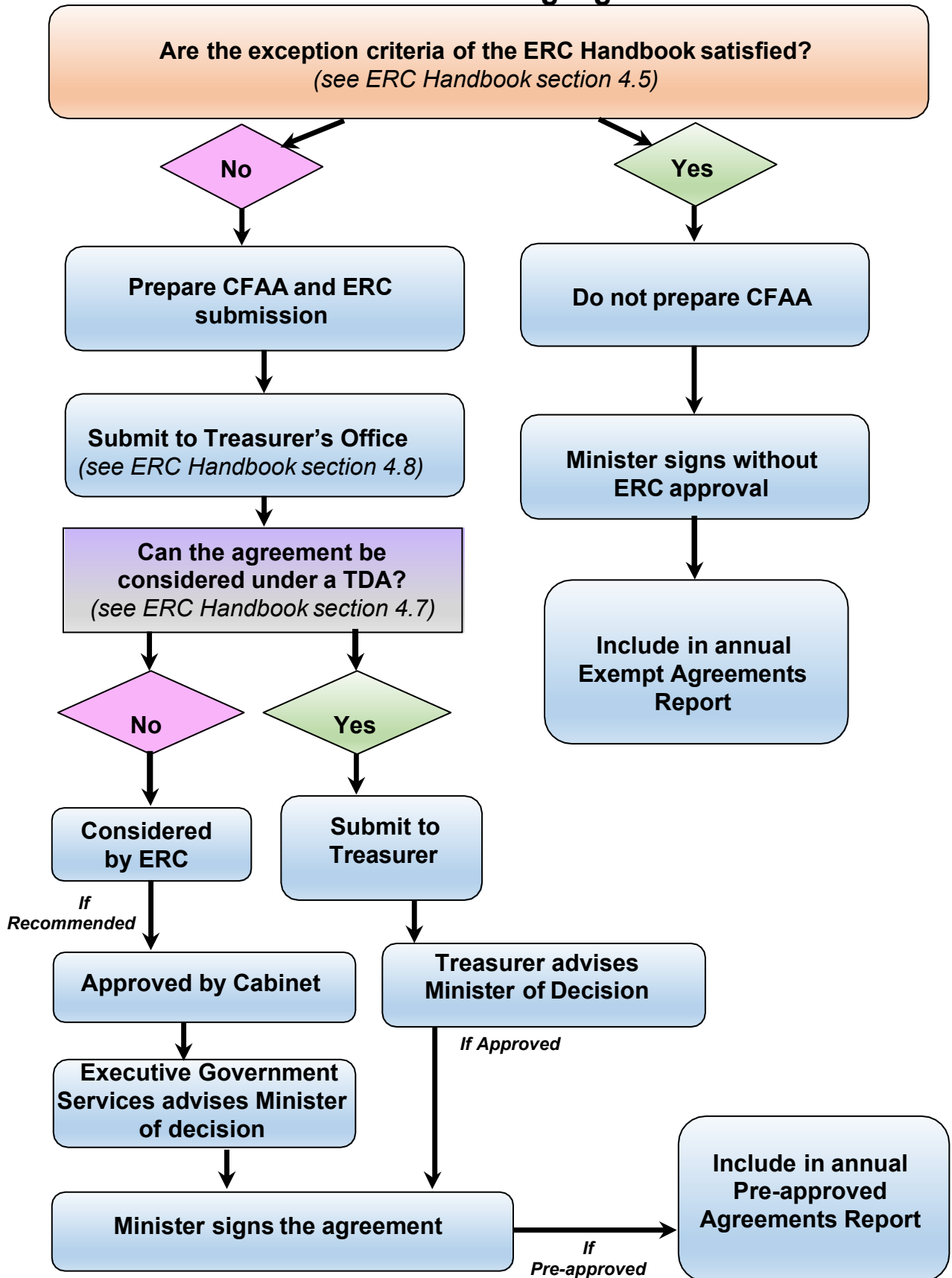
### **4.4. Commonwealth Funding Agreement Assessment Form**

The Commonwealth Funding Agreement Assessment (CFAA) form must be filled in when approval for an agreement is required (whether from Cabinet via ERC or under a TDA). The form is intended to reveal the risks, policy merit and service delivery implications of proposed agreements. The CFAA is to be attached to the ERC submission.

The CFAA also serves as a useful checklist for negotiating agreements with the Commonwealth. Adhering to the CFAA 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 is at Appendix C. Process instructions are in section 4.8.

## Approval Process for Commonwealth Funding Agreements





## 4.5. Agreements Exempted from ERC Approval

An agreement does not require ERC approval if:

- the agency has the capacity to enter into the agreement without requiring additional appropriations now, or in the future, to meet its obligations under the agreement; and
- falls into one of the exemption criteria below:

1.	The agreement extends an agreement on substantially the same terms. <ul style="list-style-type: none"><li>• <i>Extension must be very similar to the existing agreement in terms of type and quantum of services, roles and responsibilities of each government, ability of States to determine their funding contributions without impacting on federal funding, requirements to receive federal funding and type and frequency of reporting.</i></li></ul>
2.	The agreement comprises minor variations to an existing agreement.
3.	The agreement is the outcome of a successful competitive bid that has previously been approved by ERC, and reflects the bid's original intent. <ul style="list-style-type: none"><li>• <i>This is usually for COPEs, where the agency was approved by ERC/Cabinet or TDA to participate to a competitive bid. The agreement should be offered on the same terms and conditions to the approved bid, otherwise another approval is needed.</i></li></ul>
4.	The agreement is a subsidiary document that reflects funding and conditions specified in an agreement already approved by ERC.
5.	The intended outcome of the arrangement is to enhance relevant professional capabilities and organisational systems. <ul style="list-style-type: none"><li>• <i>The goal is to allow existing functions to be done better, not to fund new or expanded or higher levels of outputs and activities (e.g. funding to upskill teachers on cybersecurity, training doctors to utilise equipment).</i></li></ul>

### 4.5.1. Adjusting Approved Budget Settings

If an agency wishes to adjust its approved budget settings (e.g. expense limits) to reflect the new agreement, it must seek this adjustment as part of regular Budget or Mid-year Review processes.<sup>3</sup>

### 4.5.2. Reporting on Agreements that Do Not Require Approval

If an agreement meets the exemption criteria, then an ERC submission and CFAA are not required. The Minister may sign the agreement, but the agency must report that it was signed in an Exempt Agreements Report to the Treasurer. These reports must be provided to Treasury by 31 August each year, and disclose agreements signed in the financial year ending the previous 30 June.

The Exempt Agreements Report template is at Appendix D. Agencies that have not signed such agreements in a financial year must submit a nil return Exempt Agreements Report.

The Treasurer will note the summary of agreements reported as exempted in each financial year via the TDA process as soon as practicable.

<sup>3</sup> This would typically be a minor parameter-type adjustment.

#### **4.6. Agreement Pre-approval**

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

- are COPEs (i.e. not Federation Funding Agreements Schedules);
- 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 pursue.

When seeking pre-approval, an agency should follow the same process as for other 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 that are expected to be signed in a single financial year. However, the pre-approved agreements themselves may extend beyond that year. Treasury advice should be sought regarding whether particular types of agreements qualify for pre-approval.

The agency must report the details of all pre-approvals in a Pre-approved Agreements Report for that year. These reports should reconcile the pre-approval with the resulting agreements. It must be provided to Treasury by 31 August, following the end of financial year in which the agreements were signed.

The Pre-approved Agreements Report template is at Appendix E. Unlike the Exempt Agreements Report, no nil return is required for years in which an agency did not receive pre-approvals.

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#### **4.7. Agreements Considered Under the Treasurer's Delegated Authority**

Agreements with a State funding contribution of \$5 million or less (over the term of the agreement) may potentially be considered under the 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/Cabinet 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.

#### **4.8. Obtaining ERC/Cabinet Approval**

It is the agency's responsibility to manage the ERC/Cabinet approval requirements. The agency should:

- prepare a submission to ERC, using template provided at Appendix A. It is envisaged that submissions would be relatively brief;
  - a submission to the ERC seeking consideration of an agreement with the Commonwealth is subject to the same rules as other submissions to ERC; and
  - a submission can refer to information in the accompanying CFAA rather than repeat that information;
- attach a copy of the draft agreement;
- attach a completed CFAA (see instructions below); and
- ask its Chief Finance Officer, Director General (or equivalent) and Minister to sign the submission and lodge it with the Treasurer's Office.

If ERC recommends approving the agreement, that recommendation will be provided to Cabinet.

Executive Government Services will inform the relevant Minister of Cabinet's decision, after which the Minister may sign the agreement.

##### **4.8.1. Completing the CFAA**

The agency has responsibility for managing the completion of all sections of the CFAA, which is then attached to the ERC Submission. 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;
  - a copy of the agreement; and

- for pre-approval under section 4.6 – copies of previous similar agreements, or other information about likely future agreements; and
- aggregate its section with those received back from Treasury and DPC for the next stage of the approval process.

#### **4.9. Advising Central Agencies of Completion of Agreement**

It is the responsibility of the line agency to provide DPC and Treasury with electronic copies of the agreement, once signed by Western Australia, as soon as is practical.

## **5. MAJOR PROJECTS EXPENDITURE REVIEW SUB-COMMITTEE**

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On 8 June 2021, Cabinet approved the establishment of the Major Projects Expenditure Review Sub-Committee (MPERSC) to improve the Government's oversight of its Asset Investment Program (AIP) and to facilitate increased transparency and timely decision-making around major project delivery.

### **5.1. Purpose and objectives of the MPERSC**

The purpose of the MPERSC is to oversee specific major projects and programs and to provide recommendations to ERC on all aspects of the projects and programs including:

- development and approval of business cases;
- financial impacts;
- implementation schedules;
- cross-government policy impacts; and
- delivery issues.

Projects of high value, risk and/or profile for the Government may be included at the determination of the ERC. It will also provide a forum for the high-level oversight of the overall AIP including project delivery.

The objectives of the MPERSC are to:

1. Undertake by-exception oversight of more detailed reporting and risk management on major projects and programs allowing concise reporting to ERC.
2. Where appropriate, provide agility to major projects and programs by early consideration of Business Cases and supporting reasonable expenditure in lieu of Cabinet and ERC meeting cycles.
3. Ensure the development and delivery of major projects are aligned with the Government's broader policy objectives and monitor overall implementation of the AIP.

### **5.2. Responsibilities of the MPERSC**

The responsibilities of the MPERSC are to:

- Provide timely opportunity to inform, debate and provide government direction on key policy matters, issues and opportunities that will impact on major project delivery.
- Oversee the planning, financing and delivery of major projects and programs within the scope of the MPERSC, including:
  - endorsing business cases, project definition plans and procurement strategies for the projects and programs;
  - approving funding and financing strategies to support the programs and projects;
  - overseeing project budget parameters, monitoring impacts on State finances and providing recommendations to the ERC on any variations to approved budgets;

- overseeing delivery against approved project scope, time, cost and quality parameters and providing recommendations to the ERC on budget, scope and risk management parameters;
  - overseeing project and program governance and amending governance structures as required;
  - approving stakeholder management plans to consult and liaise with community, developers, local governments and other stakeholders;
  - monitoring the strategic communication strategies for the projects in consultation with the Office of the Premier; and
  - where applicable, direct governance groups as needed and resolve issues brought by these groups and delivery agencies through their Ministers.
- Monitor the delivery of the State's AIP through review of regular reporting.

### 5.3. Membership

The members of the MPERSC are the:

- **Hon Rita Saffioti MLA** (Chair), Deputy Premier; Treasurer; Minister for Transport; Tourism
- **Hon Roger Cook MLA**, Premier; Minister for State and Industry Development, Jobs and Trade; Public Sector Management; Federal-State Relations
- **Hon Sue Ellery MLC**, Minister for Finance; Commerce; Women's Interests and
- **Hon Amber-Jade Sanderson MLA**, Minister for Health; Mental Health

### 5.4. Authority

The MPERSC reports directly to the ERC. The ERC, as a standing committee of Cabinet, reports directly to Cabinet.

However, this does not preclude, where an issue is of sufficient sensitivity or urgency, it being submitted directly to the ERC or Cabinet for consideration.

### 5.5. Consultation – Departments of Treasury and Finance

Matters needing consideration by MPERSC require separate analysis by Treasury, and in certain instances, the Department of Finance. It is of the utmost importance that consultation with Treasury and Finance occurs throughout the drafting stages of the submission. Guidance on submissions requiring Finance analysis is provided by Treasury.

### 5.6. Meetings

The MPERSC will meet on a monthly basis or as otherwise determined by the Premier.

A quorum comprises two members.

Any other Ministers may be invited by the Chair.

Other attendees include Directors General, or equivalent, from the Departments of the Premier and Cabinet, Treasury and Finance to support member Ministers and to provide advice to assist informed decision-making.

Directors General may also be requested to attend to support those Ministers invited by the Chair to present to the MPERSC.

Secretariat support will be provided by Executive Government Services (EGS), Department of the Premier and Cabinet.

### **5.7. Meeting Content and Structure**

The MPERSC operates on a 'no surprises' philosophy whereby emerging concerns are raised early to allow for full consideration and informed decision-making.

Meetings will focus on consideration of progress and performance of the progress of works against approved scope, time, cost and quality parameters.

Government agencies responsible for the delivery of the major projects and programs covered by the MPERSC will be required to provide regular reporting (including significant changes to baseline or forecasts) on key aspects including:

- scope;
- budget;
- schedule and key interfaces; and
- risks, opportunities and issues.

Discussion and deliberation will be action and outcome focused. Presentations at meetings by project sponsors are required to focus on issues by exception to allow for appropriate meeting management.

To fulfil its role providing high level monitoring of the State's AIP, the MPERSC will also have a standing agenda item at each meeting whereby one or more Ministers and Directors General/Chief Executive Officers will present on a rotational basis on their AIP program and project delivery.

### **5.8. Meeting Management**

MPERSC meetings will be administered by EGS, the Department of the Premier and Cabinet.

The submission template can be found at Appendix G.

MPERSC submissions must be received by EGS 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 MPERSC agenda must accompany the submission with a written request (addressed to the Treasurer) to waive the 15-Working Day Rule. The request should outline the reason(s) 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. If inclusion is approved, a copy of the waiver letter will be included with the submission as part of the agenda papers, and the submission will be marked as late on the agenda.

All papers that are to be considered by MPERSC at the meeting must be provided to EGS prior to the commencement of the meeting for appropriate distribution, including late or walk-in papers.

The agenda is coordinated by the Department of Treasury with final agenda papers coordinated by the Department of the Premier and Cabinet. EGS will produce and distribute agenda files to MPERSC members and meeting attendees, in hardcopy or via Microsoft Teams.

## **6. ENERGY DECARBONISATION EXPENDITURE REVIEW SUB-COMMITTEE**

The Western Australian Government is committed to achieving:

- economy-wide net-zero emissions by 2050;
- an 80% reduction of Government emissions below 2020 levels by 2030; and
- the closure of all State-owned coal fired power stations by 2030.

Key to achieving these commitments is the implementation of an energy system transition and decarbonisation program to:

- facilitate the transition from coal to renewable and less carbon-intensive forms of energy;
- provide energy security for commercial, industrial and residential customers; and
- support the growth of industry and the State's economy.

The Energy Decarbonisation Expenditure Review Sub-Committee (EDERSC), a sub-committee of the Expenditure Review Committee (ERC), has been established to identify emerging issues and risks with the decarbonisation of the State, including Government's decarbonisation program and industry decarbonisation efforts, and providing recommendations to meet the State's decarbonisation objectives.

### **6.1. Purpose, Objectives and Workstreams of the EDERSC**

The purpose of the EDERSC is to identify emerging issues and risks and provide recommendations to ERC to ensure decarbonisation objectives are met, including:

- development and approval of business cases;
- whole of Government financial impacts;
- whole of Government policy;
- identification and resolution of implementation barriers; and
- industry progress.

The functions of the EDERSC are:

- development of an overarching energy decarbonisation plan that outlines key objectives, focus areas, tasks, timelines, program management and review mechanisms;



- oversight of current energy decarbonisation governance structures and ensuring the projects governed by these structures are being delivered in accordance with Government's commitments, timelines and policy objectives;
- providing policy direction and monitoring the overall implementation of energy decarbonisation work to reach Government targets;
- review and endorsement of business cases and proposed expenditure on energy decarbonisation projects ahead of their consideration by ERC;
- identifying risks, issues and barriers to achievement of energy decarbonisation targets; and
- taking action to respond to risks, issues and barriers or, where necessary, providing recommendations to ERC on action that should be taken.

The workstreams of the EDERSC include, but are not limited to:

- Energy System Security
- Government SWIS Decarbonisation Program (Synergy/Water Corp)
- SWIS Network Expansion
- NWIS/Pilbara
- Coal Supply
- Gas Supply
- Commonwealth Rewiring the Nation Fund

## **6.2. Responsibilities of the EDERSC**

The responsibilities of the EDERSC are to:

- Identify risks and issues facing Government and industry in the implementation of capital programs to meet energy decarbonisation targets;
- Provide advice to ERC regarding the progress of energy decarbonisation programs, including potential delays and mitigations;
- Review and endorse funding and financing strategies to support relevant programs and projects;
- Oversee budget parameters, monitoring impacts on State finances and requesting submissions to ERC on any variations to approved budgets;
- Oversee delivery against approved project scope, time, cost and quality parameters and requesting submissions to ERC on budget, scope and risk management parameters;
- Oversee project and program governance and amending governance structures as required;
- Stakeholder engagement strategies;
- Monitoring the strategic communication strategies for the projects in consultation with the Office of the Premier; and
- Where applicable, direct governance groups as needed and resolve issues brought by these groups and delivery agencies through their Ministers.

## **6.3. Reporting to ERC**

The EDERSC will report to ERC on progress against energy decarbonization objectives and emerging issues.

## 6.4. Supporting Governance of EDERSC

Decarbonisation governance to support the EDERSC includes:

- Energy Decarbonisation Directors General Steering Committee (new)
- Industry Advisory Committee (new)
- Decarbonisation Oversight Committee (existing)
- Collie Coal Working Group (existing)

These groups will report to the EDERSC and the EDERSC will provide a high-level forum for the monitoring of projects being managed under the above groups.

## 6.5. Membership

The members of the EDERSC are:

- **Hon Roger Cook MLA** (Chair), Premier; Minister for State and Industry Development, Jobs and Trade; Public Sector Management; Federal-State Relations
- **Hon Rita Saffioti MLA**, Deputy Premier; Treasurer; Minister for Transport; Tourism
- **Hon Amber-Jade Sanderson MLA**, Minister for Health; Mental Health
- **Hon John Carey MLA**, Minister for Planning; Lands; Housing; Homelessness
- **Hon Reece Whitby MLA**, Minister for Energy; Environment; Climate Action
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## 6.6. Attendance at Meetings

Any Minister other than member Ministers may be invited by the Chair.

Other attendees are to include Directors General or Government Trading Enterprise CEOs as appropriate to support; or those Ministers invited by the Chair.

Secretariat support will be provided by Executive Government Services (Department of the Premier and Cabinet).

Treasury and DPC may provide covering minutes or recommendations to submissions if required.

## 6.7. Quorum

A quorum comprises three members.

## 6.8. Meetings

It is anticipated the EDERSC will meet on a quarterly basis, or as otherwise determined by the Premier. Meetings may be substituted by a meeting of ERC, for example, during Budget and Mid-year Review.

## 6.9. Authority

The EDERSC reports to ERC.

## **6.10 Meeting Management**

EDERSC meetings will be administered by Executive Government Services, the Department of the Premier and Cabinet.

Submissions to the EDERSC are to be lodged with EGS 15 business days before the meeting unless a waiver is sought and approved by the Premier's Office.

The Energy Decarbonisation Directors General Steering Committee comprising Directors General of the Departments of the Premier and Cabinet, Treasury, Mines, Industry Regulation and Safety (including Energy Policy WA), Planning, Lands and Heritage (DPLH), Water Environmental Regulation, and Safety (DWER), and Jobs Tourism, Science, and Innovation (JTSI) will be responsible for considering agenda items and progressing actions arising from the EDERSC.

Final submissions are to be approved and submitted by relevant Ministers, and Executive Government Services will produce and distribute agenda files to EDERSC members and meeting attendees, in hardcopy or electronically.

## **APPENDIX F - EXPENDITURE REVIEW COMMITTEE (ERC) PROCEDURES DURING EMERGENCY SITUATIONS**

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The procedures outlined in this appendix are to be read in conjunction with the ERC Handbook. They are to apply during periods as advised by the Treasurer for acting under a business continuity and/or emergency scenario.

### **1. Attendance**

All attendees to ERC meetings are subject to approval by the Chair. The Chair may determine which attendees are permitted to attend meetings in person or remotely, depending upon the circumstances.

Videoconferencing (e.g. MS Teams) or telephone hook-ups may be used to connect ERC members and invitees remotely to a meeting.

Executive Government Services will be responsible for issuing instructions for meeting attendance and ensuring participating members and invitees are fully prepared.

Members and invitees who have been permitted to participate virtually are to be reminded of the following security protocols:

- Meetings are subject to Cabinet confidentiality.
- Meeting invites are for invited attendees only and under no circumstances are to be copied or forwarded on to others without approval of the Chair.
- Meeting invitees are not to have anyone else in the room who has not been invited.
- Meetings are not to be recorded or screen captured.
- A private internet connection must be used to dial meetings (i.e. public Wi-Fi cannot be used).

### **2. ERC submissions**

The requirement for original signed ERC submissions may be waived by the Treasurer.

In order to obtain an approval to lodge submissions electronically, the Minister's Office should send a request for approval to Executive Government Services for the Chair's approval and state the time period for which the exemption applies.

If approval is given, submissions should be lodged using MS Teams. A separate email to the Treasurer's Office is required to inform them of the lodgement.

Where the Treasurer has already given approval for a Minister to attend all meetings virtually for a set period (due to, for example, a requirement to self-isolate) this will be interpreted to mean that submissions can be lodged electronically, using an electronic signature, during this same period and there is no need to obtain a separate approval to do so.

### **3. ERC files**

If a member has received approval from the Treasurer to receive their ERC file electronically, it will be distributed to that member using Teams.

Executive Government Services will inform members or Ministers' Offices when files have been uploaded onto Teams.

ERC files uploaded onto Teams are to be treated with the highest level of confidentiality. Under no circumstances are there to be copies made (including screenshots or photographs) or shared. Papers will have security controls preventing editing and will be removed from Teams after the conclusion of the meeting.

### **4. ERC Recommendations**

The recommendations of each ERC meeting are incorporated into a Cabinet submission, prepared by Executive Government Services under the signature of the Chair, seeking approval by Cabinet.

In the event of the Treasurer being unavailable to sign the Cabinet submission, soft copies will be forwarded via Teams to the Treasurer's Office.

The Treasurer's Office will arrange for the Cabinet submission to be signed and returned to Executive Government Services.

If the above is not possible, the Treasurer's Office will, on approval of the Treasurer, insert an electronic signature on the submission and return it to Executive Government Services via Teams.

