

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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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 2025 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.[1]

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 and Finance (DTF) 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; Sport and Recreation
- **Hon Roger Cook MLA**, Premier; Minister for State Development; Trade and Investment; Economic Diversification
- **Hon Stephen Dawson MLC**, Minister for Regional Development; Ports; Science and Innovation; Medical Research; Kimberley
- **Hon Amber-Jade Sanderson MLA**, Minister for Energy and Decarbonisation; Manufacturing; Skills and TAFE; Pilbara
- **Hon David Michael MLA**, Minister for Mines and Petroleum; Finance; Electoral Affairs; Goldfields-Esperance; Leader of the House

DTF 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 DTF 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.

[1] 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 DTF policy analyst, from the Federal Financial Relations Unit (ffr@dtf.wa.gov.au) for Commonwealth Funding Agreements or from the Better Regulation Unit (BRU - betterregulation@dtf.wa.gov.au) to confirm that the information is complete, prior to lodging the formal submission.

1.5. Consultation – Department of Treasury and Finance

All matters needing consideration by ERC require separate analysis by DTF. It is of the utmost importance that consultation with DTF 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 submission involves climate-related 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 DTF 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 DTF 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 DTF within an agreed timeframe. For further information, see DTF'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 DTF's Sunset Clause Guide available on the DTF website.

It is crucially important that before lodging a submission you consult with your DTF agency analyst in the development of the Evaluation Plan Summary to avoid unnecessary delays in consideration of the submission.

1.8. 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.

1.9. 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 DTF 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.

1.10. 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 DTF analyst and to consult with their analyst and DTF's Infrastructure Strategy and Policy directorate (samf@dtf.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.

1.11. 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 Local Government, Industry Regulation and Safety (DLGIRS), as well as DTF.

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

1.12. 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.

1.13. Submissions Relating to the Commissioning of Community Services

Submissions related to procurements under the Delivering Community Services in Partnership Policy should address the Financial Guidelines for Government Agencies – Commissioning Community Services.

1.14. Submissions Relating to the Seven Cities Policy

In April 2026, the Government announced its Seven Cities vision for regional WA, which is a long-term plan to promote regional economic development and deliver quality infrastructure and services throughout the State.

Submissions related to the policy are required to include the relevant disaggregated 'by city' financial data (and supporting information). This applies to all initiatives that are wholly or partially funded by the State Government (regardless of value or scope) and includes both projects in development and future projects with approved funding.

Whilst the boundary for each city is defined by the Australian Bureau of Statistics' Significant Urban Areas (SUA) geographic classification, submissions that include economic and social infrastructure or services that are located outside the SUA but that are functionally linked to the city should also be identified.

1.15. 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 DTF. 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@dtf.wa.gov.au.

1.16. 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.

1.17. 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.

1.18. 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.

2.2.1 Classification of ERC Submissions

The Agency Submission Contents Page and Template include a number of classification fields to support consistent identification, assessment and reporting of Budget proposals. Each field serves a different purpose and should be completed independently.

In particular:

- Submission Criterion identifies the basis on which the proposal is eligible to be considered through the relevant Budget or Mid-year Review process;
- Submission Theme identifies and applicable whole-of-government initiative, policy or reporting lens;
- Submission Type describes the overall financial nature of the proposal; and
- financial adjustments supporting the submission must be separately recorded and classified in SIMS at the individual adjustment level.

Classification fields should be completed according to their individual purpose. Selection of a particular Submission Criterion does not determine the Submission Theme or Submission Type and vice versa.

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

2.3.3 Title

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

2.3.4 Initiative

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

2.3.5 Submission Criterion

Submissions should align with the criteria approved by Cabinet. Agencies should select the most criterion that most accurately reflects the authority or basis for the proposal to come forward. Applicable criteria will be determined for each Budget and Mid-year Review process and communicated through the relevant Circularor Budget process guidance.

Where a proposal could potentially fall within more than one criterion, agencies should select the most specific applicable criterion.

The Submission Criterion is an eligibility classification. It does not describe the financial nature of the proposal or whether the proposal relates to a broader Government initiative or reporting theme.

2.3.6 Submission Type

A submission may contain more than one type of financial impact. Agencies should identify all Submission Types that materially form part of the proposal.

Submission Type is a submission-level classification and should provide a high-level description suitable for the ERC submission. It does not replace the more detailed classification of individual financial adjustments in SIMS.

2.3.7 Classification of Financial Adjustments in SIMS

The Submission Type entered into the ERC Agency Submission Template provides a high-level description of the financial nature of the proposal. Where a submission contains more than one financial component, those components must be appropriately disaggregated in SIMS.

Each individual SIMS adjustment must be assigned a single Adjustment Type that reflects the financial nature of that adjustment.

A single ERC submission may therefore have multiple Submission Types and be supported by multiple SIMS adjustments with different Adjustment Types.

2.3.8 Submission Theme

Unlike Submission Criterion, themes do not determine whether a proposal is eligible to be considered. They provide additional information about the proposal and support identification and reporting of expenditure against Government priorities and other cross-government initiatives.

More than one Submission Theme may apply to a proposal Agencies should select all applicable themes.

2.3.9 Government Goal

Government Goal identifies the Government Goal to which the proposal contributes and provides a strategic alignment between the proposal and the Government's broader Outcomes Based Management Framework. Select the most relevant item from the dropdown menu.

2.3.10 SIMS Adjustment IDs

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

2.3.11 Compliance and Assurance Information

Answer the questions in this section using the dropdown boxes, noting further guidance is provided in the sections below. Ensure the appropriate appendices are completed and lodged as part of the final submission.

2.3.12 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 DTF) and attached to the submission.

2.3.13 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 DTF'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 DTF agency analyst.

Your DTF 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:

2.3.14 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 DTF agency analyst.

2.3.15 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.

2.3.16 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.

2.3.17 Data Sources (Program Results Evidence)

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

2.3.18 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.

2.3.19 Evaluation Management

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

2.3.20 Infrastructure Proposals

Identify whether the submission concerns investment in a State-owned asset. DTF must confirm the submission meets the requirements of the Strategic Asset Management Framework for Asset Investment proposals. The *Infrastructure Western Australia Act 2019* requires agencies to arrange an Infrastructure WA assessment of infrastructure proposals equal to or greater than $100 million prior to a Government investment decision.

2.3.21 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 DTF.

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 DTF 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 DTF agency analyst.

2.3.22 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.

If a submission relates to expenditure that is targeted towards, predominantly impacts, or disproportionately affects Aboriginal people and communities, there is a requirement to complete Appendix A3. You must:

- Identify the relevant type of Aboriginal expenditure (see categories below);
- Identify any relevant Closing the Gap Targets and Outcomes; and
- Identify and describe in your submission how the proposal has considered the Closing the Gap Priority Reforms, including any planned actions to support the Priority Reforms during implementation.

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; and
- **General or citizen centric expenditure** – spending on programs that are delivered to all Western Australian citizens, including programs that may have a disproportionate impact on Aboriginal people but are not specifically designed for or used by Aboriginal people.

Aboriginal expenditure is 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. 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.

2.3.23 Climate-Related Expenditure

The WA Government has committed to adapting to climate change and working with all sectors of the economy to achieve net zero greenhouse gas emissions by 2050. The Government has also set targets for reducing emissions from Government operations. Tracking climate-related Government expenditure can support and enhance Western Australia's response to climate change.

If a submission involves spending in response to climate change, there is a requirement to identify the type(s) of climate-related expenditure by completing Appendix A4. When completing Appendix A4 please identify the type(s) of climate-related expenditure the submission aligns with:

- **Climate change mitigation expenditure** - spending that contributes to the objectives of reducing or avoiding the emission of greenhouse gases, or removing them from the atmosphere.
- **Climate change adaptation expenditure** - spending that contributes to the objectives of reducing the vulnerability of human or natural systems to the current or expected impacts of climate change by reducing exposure to climate hazards and risks and/or enhancing adaptive capacity and resilience.
- **Other climate-relevant expenditure** - spending that enables or supports the transition to a low carbon economy or other action in response to climate change but that may not be considered climate mitigation or adaptation under the definitions above.

2.3.24 Seven Cities Expenditure

If the submission relates to the Seven Cities policy, agencies must identify the applicable city/cities and detail the associated expenditure in Appendix A5. The expenditure data should reflect the total spend (recurrent and capital), regardless of funding source.

2.3.25 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?

2.3.26 Strategic Alignment

Outline how the submission links to one of the Government Goals and the expected impact – be specific about outcomes and performance indicator(s) and how they would be reported and measured, including timing of delivery.

2.3.27 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 DTF 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

Impact on State Finances	[Current year] $'000	[Budget year] $'000	[Forward Estimate year 1] $'000	[Forward Estimate year 2] $'000	[Forward Estimate year 3] $'000
Adjustment to Approved Expense Limit	-	600	600	600	600
General Government Net Operating Balance	-	(600)	(400)	(400)	(400)
Total Public Sector Net Debt	-	600	1,000	1,400	1,800
Asset Investment Program	-	-	-	-	-
Adjustment to Approved Salaries Expense Limit [(a)]	-	535	535	535	535
Additional FTEs	-	4	4	4	4
Impact on Treasurer's Advance	-	-	-	-	-
Source of Funding					
Cash at Bank [(b)]	-	600	-	-	-
Own-source Revenue	-	-	200	200	200
Additional Appropriation	-	-	400	400	400

(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.

(b) Own-source revenue or other surplus cash balances should be considered as a funding source prior to a request for additional appropriation funding.

I confirm that the financial impacts of this submission have been appropriately reflected in SIMS and that where the submission contains more than one adjustment type, the financial impacts have been separately classified in SIMS.

.....

INSERT NAME (SIGNED)
CHIEF FINANCE OFFICER
DEPARTMENT ABC

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

Subheadings should be used to identify related information, such as Streamlined Budget Process interactions and External Funding Sources.

A Streamlined Budget Process subheading should be used if the submission seeks to increase net debt and the agency incurring the net debt is an 'opted-in' Streamlined Budget Process (SBP)[2] 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 DTF agency analyst in this regard). Please note that the incentive funding forfeited should not be detailed in the Financial Implications table.

An External Funding Source subheading should 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.

2.3.28 Background

Information provided in the background section should be split using appropriate subheadings. 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.

Add an Agency Delivery Performance subheading where applicable to include a 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.

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.

2.3.29 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 DTF.

[2] Refer to the SBP agency guide on the government website for more information.

2.3.30 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.

2.3.31 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.

1 ERC PROCESS

1.1. 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.

1.2. ERC Submissions

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 DTF with electronic copy of the ERC submission and provide Executive Government Services with the hardcopy of the submission.

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 DTF 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 DTF 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 Commonwealth funding agreements, as described in section 4.5.2.

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

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 DTF recommendations. If so, then the Minister does not generally need to attend the meeting. If a Minister disagrees with the DTF 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. DTF 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 DTF-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, DTF 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.Instead, 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 2 etc.) at the top right-hand corner of the first page of the attachment. Attachments should also be paginated.

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

2 GUIDANCE ON APPROVAL PROCESS FOR COMMONWEALTH FUNDING AGREEMENTS

Commonwealth grants are a significant source of revenue for the State Government. This revenue generally comes with conditions that shape policy, service delivery and funding choices. Because of these conditions, funding agreements with the Commonwealth should receive a high level of cross-government scrutiny before they are entered into.

2.1. Scope

The following types of agreement are subject to the processes outlined in this chapter:

- the Intergovernmental Agreement on Federal Financial Relations (IGAFFR);
- National Agreements with funding implications;
- Federation Funding Agreements (FFAs) and FFA Schedules;
- agreements that create spending obligations for the State (e.g. to commence or contribute to new projects, increase funding for services, or other actions that would normally be considered by ERC);
- contracts with the Commonwealth to provide services or infrastructure; and
- competitive bid processes that will result in agreements or contracts with the Commonwealth.

2.2. Roles and Responsibilities

The **Lead Agency** is responsible for:

- identifying Western Australian priorities and considering key risks and opportunities, in collaboration with DPC and DTF;
- seeking Ministerial and whole-of-government endorsement of strategic goals, including through the development of a formal Negotiation Strategy if required;
- directly negotiating with the relevant Commonwealth agency;
- consulting with other State agencies and stakeholders on cross-agency issues;
- engaging with other States and Territories through multilateral forums where they exist, or directly where they do not, in order to understand and pursue aligned positions where possible; and
- preparing and submitting all relevant documentation to seek approval to sign a negotiated agreement.

The **DPC** supports lead agencies to achieve the best outcomes for Western Australia when negotiating with the Commonwealth by:

- engaging State and Territory First Minister's departments to support national consistency on critical issues and ensure Western Australia's interests are represented;

- providing advice on Government priorities and collaborating with agencies to develop whole-of-government positions;
- providing advice on engagement approaches with the Commonwealth, informed by an awareness of Commonwealth priorities and negotiating tactics;
- assisting lead agencies to draft negotiating strategies, and supporting lead agencies in the Commonwealth Funding Agreement Steering Committee process (see below); and
- guiding intergovernmental best practice across the Western Australian public sector.

DPC also supports the Premier's participation at National Cabinet and the Council of the Australia Federation. Funding related negotiations are often discussed in these forums including via First Secretaries and First Deputies groups.

The **DTF** has an oversight role to ensure Commonwealth funding negotiations and agreements integrate with Western Australia's budget priorities and processes. DTF engages with its counterparts in other States through a number of forums and supports the Treasurer in funding-related negotiations through the Board of Treasurers (comprising Treasurers from all States and Territories) and the Council on Federal Financial Relations (comprising Treasurers of the Commonwealth and all States and Territories).

The **Commonwealth Funding Agreement Steering Committee (CFASC)** comprises senior officials of DPC and DTF. It helps facilitate coordinated and consistent whole-of-government positions in Commonwealth funding negotiations for sensitive and high-value agreements. CFASC may request agencies to prepare Negotiation Strategies for such agreements for review and endorsement by CFASC and consideration by ERC.

2.3. General Principle for Western Australia Committing to Commonwealth funding agreements

Appropriate authorisation must be obtained from the Western Australian Government before a commitment is made to any element of a Commonwealth funding agreement.

2.4. Submission to ERC before an agreement has been drafted or finalised

2.4.1 Negotiation Strategies

Where an agreement involves significant funding or cross-agency impacts, a whole-of-government Negotiation Strategy may be required. Agencies should seek guidance from DPC and DTF regarding whether a Negotiation Strategy is required for a particular agreement.

Where an agreement involves a significant reform or new policy approach, or where the Western Australian Government does not have a clear, existing policy position, it will generally be more appropriate for the Negotiation Strategy to be considered by Cabinet rather than ERC. Agencies should seek guidance from DPC and DTF regarding which forum is more appropriate for a particular Negotiation Strategy. Examples of matters that will be taken into consideration include where many agencies are likely to be affected by the agreement, the agreement is inconsistent with a State Government election commitment, or where the agreement reverses long-standing Western Australian policy. The quantum of funding associated with the agreement need not be significant if other substantial policy considerations are involved.

A Negotiation Strategy must be:

- drafted by the lead negotiation agency in collaboration with DPC, DTF, and any other line agencies likely to receive funding or have obligations under the agreement;
- reviewed and endorsed by CFASC prior to consideration by ERC; and
- submitted for ERC (or Cabinet if deemed more appropriate) consideration by the relevant portfolio Minister, consistent with normal processes.

A Negotiation Strategy must address:

- the degree of alignment between the proposed Commonwealth funding and related conditions and Western Australia's existing policy and budgetary priorities;
- risks and opportunities associated with the proposed Commonwealth funding and related conditions;
- key goals or outcomes that must be achieved in the negotiation for it to be in Western Australia's interest to make an agreement with the Commonwealth ('threshold issues'); and
- proposed governance, multilateral engagement and other strategic approaches that will support achievement of Western Australia's goals for the negotiation.

A Negotiation Strategy may be submitted to ERC or Cabinet at any time, though preferably prior to negotiations commencing with the Commonwealth or relatively early in the negotiation period. This will ensure that negotiations reflect an endorsed, whole-of-government position.

Approval of the final negotiated agreement would generally be sought in a subsequent ERC submission. However, where there is urgency and a reasonable understanding of the likely final agreement, ERC's consideration of the Negotiation Strategy may include a recommendation for the Minister to finalise the agreement in concurrence with the Premier and Treasurer.

If ERC is not able to consider a Negotiation Strategy or finalisation of an agreement in a timely manner, submission to Cabinet should be considered. Lead agencies should seek advice from DPC and DTF in this case.

2.4.2 Proposals and Competitive Bids

The Commonwealth may seek proposals or bids for funding. This may occur where it wants to allocate funding on a competitive basis between States and/or other proponents. It may also occur where funding is allocated on a known (e.g. per capita) basis across States, but the Commonwealth is seeking a role in selecting projects.

Participation in Commonwealth bid processes must balance the Commonwealth's expectations and timeframes with the need for sufficient Western Australian Government scrutiny of bids. Approvals to submit proposals and bids to the Commonwealth proceed as follows:

- Lead agencies to prepare an ERC submission using the standard template, including completed Commonwealth Funding Agreement Assessment (CFAA) forms (see **4.6 – Commonwealth Funding Agreement Assessment Form**).
- Where possible, the proposal or bid to the Commonwealth should be included as an attachment to the ERC Submission.
- Generally, ERC Submissions relating to proposals or bids will be considered under the TDA, with additional concurrence sought from the Premier.
- If a proposal or bid has significant implications for State funding decisions or cross-portfolio impacts, it may instead be considered by ERC.

Following Commonwealth approval of the bid and provision of the final agreement:

- ERC approval should be sought before signing an agreement; or
- the agreement may be approved without returning to ERC through concurrence from the Treasurer and Premier prior to signing an agreement; or
- the final agreement falls within the criteria of **4.7 – Agreements Exempted from ERC Approval** and no further approval is required.

2.4.3 Budget submissions

On occasion, the Commonwealth funding being offered may be known with certainty, but the terms of an agreement may still be under negotiation. In this case, an agency may seek to have the funding recognised in a Budget or Mid-year Review submission.

Where the agreement is sufficiently low value and low risk (determined in consultation with DTF and DPC) the recommendations to ERC may seek authorisation for negotiations to occur within specific parameters, and for the Minister to sign without further authorisation.

For more significant or higher risk agreements, the recommendations to ERC should seek negotiations to occur within specific parameters, with approval of the agreement to be provided at a later stage before signing. The recommendations should specify whether this later approval will be by ERC, via TDA, or by the Minister obtaining the concurrence of the Premier and Treasurer.

2.5. Approval for Signing a Final or Near-final Agreement (where ERC/TDA has not previously determined an alternative authorisation path)

Once negotiations are concluded and the Commonwealth has offered a final or near-final agreement, it is the agency's responsibility to manage the ERC/Cabinet approval requirements. Different paths are outlined in the following sections, but in each case, the agency must:

- prepare and attach a completed CFAA (see **4.6 – Commonwealth Funding Agreement Assessment Form**); and
- attach a copy of the final or near final agreement.

ERC submissions on Commonwealth funding agreements are subject to the same rules as other submissions to ERC.

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.

2.5.1 Inclusion in agency Budget submissions

Where the Commonwealth has offered a final or near-final agreement, it may be included for approval in an agency's Budget or Mid-Year Review submission rather than as a separate ERC submission. A completed CFAA must be included as an attachment to the Budget or Mid-year Review submission. The recommendations to ERC should explicitly seek approval to sign the agreement.

2.5.2 Decision by TDA

Agreements with a State funding contribution of $5 million or less over the term of the agreement may be considered under the TDA, at the discretion of the Treasurer's Office.

Consideration under the TDA requires completion of a full ERC submission using the template provided at Appendix A, including a CFAA.

2.5.3 Decision by Concurrence

Where urgent authorisation to sign an agreement is required (precluding ERC/Cabinet or TDA consideration), authorisation may be sought by concurrence between the relevant portfolio Minister, Treasurer and Premier.

The lead agency must prepare sufficient documentation to describe the policy, service delivery and financial implications and risks of signing the agreement, and attach the final agreement offered by the Commonwealth. A full ERC Submission using the template provided at Appendix A, including a CFAA, is preferable.

2.6. Commonwealth Funding Agreement Assessment Form

The Commonwealth Funding Agreement Assessment (CFAA) form is an essential part of any submission seeking approval to sign a Commonwealth funding agreement, ensuring that key issues arising in funding agreements have been identified and addressed. A template is at Appendix C.

The lead agency must complete Part A of the CFAA form.

Part A must be signed by a relevant agency officer and submitted to DTF (ffr@dtf.wa.gov.au) and DPC (igr-WA@dpc.wa.gov.au) along with a final ERC submission and a copy of the final agreement.

Part B and Part C of the CFAA form will be completed by DTF and DPC respectively and returned to the line agency for submission of the full ERC Submission through normal processes.

2.7. 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. • *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.*
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. • *This is usually for Commonwealth Own Purpose Expenses (COPEs), where the agency was approved by ERC/Cabinet or TDA to participate in a competitive bid. The agreement should be offered on the same terms and conditions as the approved bid, otherwise another approval is needed.*
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 public sector professional capabilities and organisational systems. • *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).*

2.7.1 Adjusting Approved Budget Settings

If an agency wishes to adjust its approved budget settings (e.g. expense limits) to reflect an agreement that was exempt from ERC consideration, it must seek this adjustment as part of regular Budget or Mid-year Review processes. This would typically be a minor parameter-type adjustment.

2.7.2 Reporting on Agreements that Do Not Require Government Approval

If an agreement meets the exemption criteria, or for any other reason has not received formal Government approval, the agency must report that it was signed in an Exempt Agreements Report to the Treasurer. These reports must be provided to DTF by 31 August each year, and disclose agreements signed in the financial year ending the previous 30 June.

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

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

2.8. Advising Central Agencies of Completion of Agreement

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