



**Premier
& Cabinet**

Type:

Department of Premier and Cabinet
Circular

Identifier:

C2014-04

Status:

Archived

C2014-04 Cabinet Standing Committee on Expenditure Review - Procedures and Operational Rules - 2014

Description

- The Cabinet Standing Committee on Expenditure Review (ERC) has agreed to the Procedures and Operational Rules for 2014.
- The role of ERC is to assist Cabinet and the Treasurer in framing the fiscal strategy and the Budget for Cabinet's consideration, driving expenditure controls and monitoring financial performance, and considering proposals with financial implications brought forward by Ministers.
- The points below summarize the procedures and operational rules to assist agencies to prepare submissions for ERC's consideration.

Function and Subject	
Governance (1)	Boards and Committees

Detailed Outline

Role of the Committee

The role of the Cabinet Standing Committee on Expenditure (Expenditure Review Committee or ERC) is to assist Cabinet and the Treasurer in:

- framing the fiscal strategy and the Budget for Cabinet's consideration
- driving expenditure controls within agencies and monitoring financial performance
- considering proposals with financial implications brought forward by Ministers.

ERC is the only committee of Cabinet that can recommend any new spending or revenue proposals to Cabinet.

All spending, revenue or tax expenditure proposals by Ministers must be considered by ERC prior to final Cabinet approval unless otherwise agreed by the Premier, Deputy Premier and Treasurer.

Funding decisions

Generally all funding decisions for recurrent and capital proposals, including new proposals, should be considered in the Budget process by ERC. If a proposal is submitted for consideration outside the Budget process, the Minister will consult with the ERC Chair to reach agreement that the matter can be listed. The Minister will need to demonstrate the proposal is:

- unavoidable;
- unforeseeable;
- genuinely urgent and cannot be considered in the Budget process; and
- cannot be accommodated within existing resources.

A new proposal is considered to be one that will have a certain or potential financial impact on existing estimates within the forward estimates period or beyond. A new proposal must be fully offset by savings or involve movement of funds between years or within the Cluster. Savings must represent genuine savings to the Budget.

The savings required to offset any new proposal are in addition to those that ERC may ask Ministers to bring forward in other processes and will not count towards any other savings unless agreed by ERC.

A proposal which involves legislation or change in policy and is significantly dependent on financial or Budget consideration should be referred to ERC for advice on funding implications before final Cabinet consideration.

Procedures and rules

The Treasurer is the Chair of the ERC. The Treasurer determines the order of proceedings, and summarises the decisions made for recording by the note takers. The Secretary, Department of Premier and Cabinet, is the Secretary to the Committee. The Department

of Premier and Cabinet and Treasury will provide note takers for meetings.

Papers and advice

Minutes and papers must be lodged at least 5 business days before a scheduled meeting (i.e. 5pm on the Tuesday before a Tuesday meeting).

All matters requiring a decision of ERC must be accompanied by a formal paper. The relevant Coordinating Minister is to sign all Minutes brought forward from within their Cluster, in consultation with Portfolio Minister(s) as required.

Minute preparation

Minutes must be prepared in consultation with Treasury and other central agencies as well as other affected agencies.

Recurrent and capital proposals must comply with the appropriate business case requirements. In addition, capital proposals must comply with Total Asset Management policy as well as Procurement policy. All proposals and offsetting savings must be fully costed and verified by Treasury using an agreed costing methodology before consideration by ERC.

All proposals are to be identified as ongoing or for a finite period. All new proposals will provide for a review date and outline a performance review, evaluation and monitoring framework consistent the requirements outlined in **C2013-08 Program Evaluation and the NSW Government Evaluation Framework** (http://www.dpc.nsw.gov.au/announcements/circulars/2013/c2013-08_program_evaluation_and_review).

Overview

Who needs to know and/or comply with this?	
Departments	Executive agencies related to Departments
Advisory Entities (including Boards and Committees)	Separate agencies
Statutory Authorities/Bodies	Subsidiaries of the NSW Government established under the Corporations Act
Councils under the Local Government Act	
Universities	

AR Details

Date Issued	Mar 12, 2014	Review Date	Jun 13, 2024
Replaces		Replaced By	

Contacts			
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Publishing Entity	Department of Premier and Cabinet	Issuing Entity	Department of Premier and Cabinet