

RESOURCE AGREEMENT

between the

MINISTER FOR X (name of Portfolio)

the

ACCOUNTABLE AUTHORITY OF X (name of agency)

and the

TREASURER

For the financial year ending 30 June 2013

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## 1.0 INTRODUCTION

### 1.1 Purpose

This agreement records undertakings by:

- the Minister - that the agency level desired outcomes and performance targets identified in the Budget Statements and summarised in the attached Appendix are consistent with the broader strategic policy direction and priorities of the Government;
- the Accountable Authority - to efficiently deliver the services and to achieve the desired outcomes and targets (both financial and non-financial) specified in the Budget Statements and the Appendix, while ensuring the development and maintenance of high quality human and capital resources of the agency; and
- the Treasurer - subject to Parliament's approval, to provide financial resources to facilitate achievement of the agreed outcomes and performance targets.

These undertakings are made to allocate accountabilities for the budget, including for achieving the agreed expense limit and other budget targets. Material breaches of the agreed expense limit are to be reported to Cabinet's Economic and Expenditure Reform Committee.

### 1.2 Term and Scope

This agreement primarily covers the period from 1 July 2012 to 30 June 2013, as well as information on forecast outcomes and targets in future years (where appropriate). References to the Budget and Budget Statements are to the 2012-13 Budget and Budget Statements, unless the context implies otherwise. All parties recognise the importance of ongoing review to ensure:

- targeted outcomes represent maximum benefit to the community;
- optimal combination of services to achieve the identified outcomes;
- services are delivered at least cost;
- there is co-ordinated effort (where appropriate) to facilitate whole-of-government and cross-agency initiatives; and
- approved FTE levels are managed, monitored and reported against.

### 1.3 Signatures of the Parties

\* The

Accountable  
Authority is  
the Chief

**Minister**

Dated

Executive  
Officer in the  
case of a  
Department  
and the

**Treasurer**

Dated

**Accountable Authority** \*

Dated

Chairperson (or nominated member) for a Statutory Authority.

## STRATEGIC CONTEXT

### 2.1 Relationship to Government Goals

The Budget Statements identify links between the Government's goals articulated for the 2012-13 Budget, and the following agency level Government desired outcomes (Treasury example):

- *Sustainable and transparent public sector finances.*
- *A strong and competitive State economy.*
- *Value for money outcomes in service delivery and infrastructure provision.*

### 2.2 Performance Monitoring

Progress towards the agency level Government desired outcomes is to be monitored with the assistance of audited key effectiveness indicators. Key efficiency indicators will be used to assist in monitoring service delivery. These performance indicators, together with performance targets, will be published in the Budget Statements and actual results against these targets will be disclosed in the agency's annual report as required by the *Financial Management Act 2006*.

### 2.3 Significant Issues Impacting the Agency

All parties recognise that this section of the Budget Statements describes:

- the key external influences (including risks) which impact on operations;
- past and present trends in those influences; and
- potential future trends in the operating environment, including the:
  - effect on demand; and
  - effect on cost.

## 2.4 Whole-of-Government and Cross-Agency Initiatives

The parties acknowledge that there is a shared accountability for the successful implementation of whole-of-government reform initiatives, including procurement reform and corporate services reform.

In addition to the preceding whole-of-government initiatives, X (name of agency) also contributes to the following key cross-agency initiatives (where applicable):

<b>Table 1</b>				
<b>Cross-Agency Initiatives</b>				
<b>Initiative</b>	<b>Related outcome</b>	<b>Contributing agencies</b>	<b>Financial commitment</b>	<b>Target result for the budget year</b>

Drafting note: The Minister and lead agency with responsibility for co-ordinating the delivery and reporting on each of the preceding State Government cross-agency initiatives, are to be identified.

### 3.0 FINANCIAL MANAGEMENT

#### 3.1 Responsibility for Financial Management

This agreement recognises the shared financial management responsibilities of the parties. In broad terms the Treasurer, as representative of the State, represents the State's ownership interest in **X (name of agency)**. It is the Minister and the Accountable Authority's role to agree to work to achieve the financial targets as specified in section 3.2.

#### 3.2 Financial Targets

The Minister and the Accountable Authority, subject to changes in Government policy, undertake to ensure that the total amount of resources disclosed in the Budget Statements for the budget year is managed to achieve:

- the endorsed expense limit, identified as the total cost of services in the Budget Income Statement (which impacts on the Government's expense growth target for the general government sector). The expense limit is a critical parameter within which the budget must be managed. Approval of Cabinet/the Economic and Expenditure Reform Committee is required to spend beyond this limit in the budget year or the forward estimate years;
- the net cost of services in the Budget Income Statement (which impacts on the Government's net operating balance target for the general government sector);
- the equity target in the Budget Balance Sheet (which impacts on the Government's net worth target);
- net cash movements in the Budget Cash Flow Statement (which impact on the Government's net debt target);
- the approved Full Time Equivalent (FTE) staff level; and
- consistency between **X's** (name of agency) internal asset management plan and the asset investment program disclosed in the Budget Statements.

Actual results against these financial targets will be disclosed in the agency's annual report as required by the *Financial Management Act 2006*.

#### 3.3 Ownership Interest

**X (name of agency)** must account for capital appropriations as equity contributions by the State.

The State is entitled to make such decisions as it sees fit concerning **X's (name of agency)** capital, defined as assets less liabilities (equity) as per the Australian Accounting Standards. These decisions include those regarding:

- equity contributions;
- distribution of net proceeds of asset disposal; and
- treatment of operating surpluses.

### **3.4 Reporting**

The Accountable Authority will provide information to the Department of Treasury to enable compliance with the requirements of the *Government Financial Responsibility Act 2000*, together with financial data in accordance with existing reporting arrangements.

### **3.5 Administered Transactions**

The Budget Statements disclose details of expenses/income planned to be incurred/received on behalf of the State, as well as assets and liabilities administered on behalf of the State. The Minister and the Accountable Authority undertake to ensure the effective management of these administered items on behalf of the Government.

## **4.0 AMENDMENTS TO THE AGREEMENT**

This agreement may be amended with the consent of all parties. Amendments shall become a written attachment to the agreement.

Renegotiation of this agreement may be a consequence of changes to:

- Government policy;
- economic parameters;
- demand for services; and/or
- administrative arrangements that have a material impact.

Where there is a function transfer, the Accountable Authority shall provide sufficient information to enable all relevant agencies to report on the transferred functions and associated assets and liabilities during the year.

## Appendix

### DETAILS OF DESIRED OUTCOMES, SERVICES AND PERFORMANCE TARGETS

#### (Treasury example)

#### Government Desired Outcomes, Key Effectiveness Indicators and Targets <sup>(a)</sup>

	2012-13 Target
<b>Desired Outcome: Sustainable and transparent public sector finances.</b>	
Status of the State's credit rating <sup>(b)</sup> .....	Triple -A
Unqualified audit opinion on the Annual Report on State Finances .....	Yes
<b>Desired Outcome: A strong and competitive State economy.</b>	
Accuracy of key economic forecasts:	
Employment level.....	+/- 5 %
GSP growth.....	+/- 5 %
Accuracy of key general government revenue forecasts:	
Tax and mining revenue .....	+/- 5%
GST revenue .....	+/- 5%
<b>Desired Outcome: Value for money outcomes in service delivery.</b>	
% of DTF's material resource allocation recommendations complying with service provision analysis framework	90%
% of highest value agencies complying with SAM framework or equivalent accredited mechanism.....	100%

(a) More details of effectiveness indicators in annual report.

(b) WA's credit rating is currently assessed by Standard and Poor's and by Moody's.

## Services, Key Efficiency Indicators and Targets

Service/Key efficiency indicators	2012-13 Target
<b>1. Financial Management and Reporting</b>	
Cost of financial management reporting per \$m general government sector expenses.....	\$380
% of financial reports released as per agreed timeframes.....	100%
<b>2. Economic and Revenue Forecasts and Policy Development</b>	
% of ministerials, briefings or reports provided within agreed timelines .....	85%
% of regulatory impact statements assessed within agreed timeframes .....	80%
<b>3. Evaluation and Planning of Government Service Delivery and Infrastructure Provision</b>	
% of ministerials, briefings or reports provided within agreed timeframes .....	85%
Cost of infrastructure management per \$m of forward estimates capital program .....	

## Financial Targets

	2012-13 Budget Estimate \$'000
<b>Total Cost of Services (i.e. endorsed expense limit) .....</b>	<b>270,000</b>
<b>Net Cost of Services (details in the Income Statement) .....</b>	<b>160,000</b>
<b>Total Equity (details in the Statement of Financial Position) .....</b>	<b>257,000</b>
<b>Net Increase/(Decrease) in Cash Held (details in the Statement of Cashflows) .....</b>	<b>551</b>
<b>Full Time Equivalent (FTE) staff level .....</b>	<b>1,200</b>