

South Australia

# Treasurer's Instructions 17 — Public Sector Initiatives

under the *Public Finance and Audit Act 1987*

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### 1—Title

These instructions form part of *Treasurer's Instructions (General)* and may be referred to as *Treasurer's Instructions 17 — Public Sector Initiatives*.

### 2—Commencement

These instructions come into operation on 1 March 2022.

### 3—Objects

The object of these instructions is to ensure that public sector initiatives are—

- (a) justified; and
- (b) subject to the appropriate approvals before they proceed.

### 4—Strategic plans and objectives

The Chief Executive of a public authority must ensure a public sector initiative is clearly linked to, and consistent with—

- (a) the strategic plans of the public authority; and
- (b) the public authority's objectives as directed by the Government.

### 5—Approval to proceed

- (1) The Chief Executive must ensure that expenditure is not incurred by the relevant public authority in connection with a public sector initiative unless—
  - (a) the public sector initiative is approved under subclause (2); or
  - (b) the expenditure is necessary in order to prepare a justification statement.

- (2) An approval for a public sector initiative to proceed may be given by—
- (a) an employee or an occupant of a position in the public authority authorised by the Chief Executive to act under this instruction, where the estimated cost of the public sector initiative is less than an amount specified by the Chief Executive in the authorisation; or
  - (b) the Chief Executive, where the estimated cost of the public sector initiative is less than \$15 000 000 (or a lesser amount designated by the Treasurer for the relevant public authority); or
  - (c) the Minister, where the estimated cost of the public sector initiative is less than \$50 000 000 (or a lesser amount designated by the Treasurer for the relevant public authority); or
  - (d) Cabinet.
- (3) The Chief Executive of a public authority must ensure that the authorisations for the purpose of subclause (2)(a) do not authorise an employee or an occupant of a position in the public authority to approve a public sector initiative with an estimated cost greater than the lesser of—
- (a) \$ 1 500 000; or
  - (b) an amount designated by the Treasurer for the relevant public authority.
- (4) A person acting under subclause (2)(a) or (b) must not approve a public sector initiative unless that person—
- (a) has considered the justification statement for the public sector initiative; and
  - (b) is satisfied that the public authority has (or is reasonably expected to have) sufficient financial resources available to meet the estimated cost of the public sector initiative.
- (5) Where approval of a public sector initiative is sought under subclause (2)(c) or (d), the submission to the Minister or Cabinet seeking that approval must—
- (a) set out the conclusions of the justification statement; and
  - (b) be accompanied by or incorporate written advice from the Department of Treasury and Finance on the budget impact, and other relevant budgetary aspects, of the initiative where—
    - (i) the estimated cost of the initiative is \$15 000 000 or more; or
    - (ii) the public authority does not have sufficient financial resources to proceed; and
  - (c) be accompanied by or incorporate written advice from Infrastructure SA, where the public sector initiative is related to a major infrastructure project.

## **6—Justification statement**

- (1) The Chief Executive of a public authority must ensure that a justification statement is prepared for each public sector initiative and that it sets out the implications of the public sector initiative with respect to the financial performance of the public authority and the State Budget.

- (2) The justification statement should—
  - (a) apply evaluation principles that are appropriate for the size and nature of the public sector initiative being evaluated; and
  - (b) having regard to the estimated cost, magnitude and sensitivity, include sufficient scope and details to enable the approver to make a decision on an informed basis.

## 7—Capital plans of public corporations

Instructions 5(1) to 6(2) do not apply to a proposed public sector initiative of a public corporation within the meaning of the *Public Corporations Act 1993*, if—

- (a) the initiative has been assessed on commercial grounds in accordance with—
  - (i) appropriate evaluation principles; and
  - (ii) other requirements set out in the public corporation's performance statement, such as the corporation's hurdle rate of return; and
- (b) the initiative is included in the corporation's capital plan; and
- (c) the corporation's capital plan has been endorsed as part of the performance statement required under section 13 of the *Public Corporations Act 1993* or another Act.

## 8—Interpretation

- (1) *Treasurer's Instruction 1 - Interpretation and Application* provides general definitions and principles for the application of these instructions.
- (2) *Treasurer's Instruction 2 - Financial Management* sets out additional requirements in relation to the authorisations and internal controls required by these instructions.
- (3) A reference in these instructions to the estimated cost of an initiative is a reference to the total amount of the Government contribution (i.e. money and in-kind) estimated to be used for the initiative, inclusive of GST.
- (4) For the avoidance of doubt, a reference in these instructions to the estimated cost of an initiative does not include the expenditure incurred in preparing the justification statement.
- (5) Guidance on the application of evaluation principles is available from—
  - (a) the *Better Regulation Handbook* published by the Department of the Premier and Cabinet; and
  - (b) the *Guidelines for the Evaluation of Public Sector Initiatives* published by the Department of Treasury and Finance; and
  - (c) the *Infrastructure SA Cost Benefit Analysis Guidelines* published by Infrastructure SA.
- (6) Additional guidance, forms and resources are available to finance officers from the Department of Treasury and Finance's extranet ([dtfextra.sa.gov.au](http://dtfextra.sa.gov.au)).

- (7) For the purpose of these instructions—

**justification statement** means a written justification for undertaking a public sector initiative, which evaluates the benefits, costs and risks associated with the public sector initiative, and provides the rationale for the proceeding with the initiative in the manner proposed;

**major infrastructure project** has the same meaning as in the *Infrastructure SA Act 2018*;

**public sector initiatives** means—

- (a) a new plan, project or program proposed by a public authority to achieve a particular outcome; or
- (b) a substantial change in an existing plan, project or program being undertaken by a public authority.

## 9—Transitional

- (1) The transitional provisions set out in *Treasurer's Instruction 1 - Interpretation and Application* apply.
- (2) An approval to proceed under the revoked TI will have effect for the purposes of these instructions.
- (3) For the purpose of the transitional provisions—

**revoked TI** means *Treasurer's Instruction 17 - Evaluation of and Approvals to Proceed with Public Sector Initiatives* effective 4 April 2020.