

Drafting Checklist

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This checklist should be read in conjunction with the SMART milestone guidelines on page 2.



Ensure

	The correct sectoral FFA template has been used
	The schedule title aligns with the title in Budget Paper 3 or MYEFO Appendix C Annex A (where possible)

Check purpose

	Aligns with policy authority
	Is flat, factual and avoids political language
	Refers only to funding for this program or project

Check estimated financial contribution

	Total Commonwealth contribution matches funding allocated at Budget, and each year's Commonwealth contribution reflects the correct financial year (consult your external budgets team)
	Equals the unrounded funding listed under each milestone (with annual totals then rounded to 0.1 million)
	Does not exceed total Commonwealth funding if milestones are framed as 'up to' a dollar amount

Check additional terms

	Are only used where essential
	Do not duplicate or contradict content contained in the IGA or the relevant sectoral FFA
	Are in line with and do not contradict FFA Principles



Check performance milestones

Clearly and succinctly state:

	The exact deliverable or outcome required to meet the milestone (e.g. objective targets or expected evidence requirements)
	Who is required to do what (e.g. state submission of a report or Cth acceptance of that report)
	Payments are made on milestone completion, not in advance
	The exact funding associated with the milestone (represented in dollars)
	Any evaluation requirements or inputs needed to support evaluating the measure/project

Only use where essential

	\$0 payment milestones, very low value milestones, highly subdivided milestones, upfront payments (which must still be tied to a milestone)
	Reporting requirements more frequent than six-monthly
	References to external documents other than the sectoral FFA

Do not use

	Imprecise words, including 'may', 'could' or 'can'
	Percentage-based completion milestones (e.g. 'Milestone 1: construction is 25% complete')
	Percentage-based payments (e.g. '50% of the total is due at milestone 1')
	Milestones due later than mid-May for payment that financial year



Please complete and **provide** this checklist **along with the schedules** to Treasury's Federal Finances Unit for review at state.payments@treasury.gov.au.

If there are deviations from the checklist, please discuss with us and provide additional details when submitting.

SES Clearing Officer

(insert Name Surname)



Milestone Drafting Guidance

federalfinancialrelations.gov.au



Overview of Federation Funding Agreements (FFA) Schedules

FFA Schedules give clear direction for projects involving Commonwealth funding.

It is important these directions are clear and specific to enable Commonwealth officials to assess whether milestone requirements have been achieved, and whether a payment should be made. Milestones should be clear so Treasury knows when and exactly how much to pay each state and territory (state).

Treasury is bound by the *Federation Reform Fund Act 2008* (Part 3, 7(2)), which specifies that payments to states must be made in accordance with the terms and conditions set out in a written agreement signed by the Commonwealth and the state. Treasury can only make payments after a Minister or their delegate has certified that a milestone has been satisfied.

Accountability

The FFA Framework provides the overarching policy framework against which the Commonwealth discharges its obligations under the *Public Governance, Performance and Accountability Act 2013*, *Federation Reform Fund Act 2008* and *Federal Financial Relations Act 2009*. This includes ensuring expenditure would be a proper use of Commonwealth money.

Accountability should be a key focus when drafting an FFA schedule. Under the FFA Framework, the Commonwealth and states commit to improving accountability and transparency as a key objective of the Intergovernmental Agreement on Federal Financial Relations.

The commitment to improving accountability is reinforced by the FFA Principles: new funding agreements will promote strong economic, social and fiscal outcomes (Principle 1); and reporting should include what measured outcomes were achieved and evidence on their cost effectiveness (Principle 8).



We recommend applying a modified version of SMART logic to milestone development:

Specific



The milestone should clearly state what product/document the Commonwealth needs from the state government.

Measurable



The content of the product in the milestone should have clear, trackable indicators of success.

Achievable/appropriate



The milestone should be something the state can reasonably do within the timeframe of the milestone, and the associated payment should be appropriate (or commensurate) for the amount of work required.

Relevant/respecting autonomy



The milestone demonstrates that it is achieving the policy intent, while also respecting that a state may wish to achieve the milestone in a way that suits its circumstances.

Timely



Milestones are, at most, on half-yearly bases, and due dates give sufficient time for milestones to be assessed in the same financial year. There may be exceptions for more frequent reporting required to adequately manage program risks.

Further detail on milestone construction is available in the [sectoral FFAs](#).