

EXPLANATORY STATEMENT

Issued by authority of the Treasurer

Federal Financial Relations Act 2009

*Federal Financial Relations (National Partnership payments) Determination No. 104
(March 2016)*

The *Intergovernmental Agreement on Federal Financial Relations* (the IGA) provides a robust foundation for collaboration on policy development and service delivery between the Commonwealth and the States and Territories (the States), and facilitates the implementation of economic and social reforms in areas of national importance.

In agreeing the new framework for federal financial relations, the Commonwealth committed to the provision of on-going financial support for the States' service delivery efforts through:

- general purpose financial assistance, including the on-going provision of GST payments, to be used by the States for any purpose;
- National Specific Purpose Payments (National SPPs) to be spent in the key service delivery sectors; and
- National Partnership payments to support the delivery of specified outputs or projects, to facilitate reforms or to reward jurisdictions that deliver on nationally significant reforms.

The federal financial framework commenced on 1 January 2009. The payment provisions of the IGA are provided by Section 16 of the *Federal Financial Relations Act 2009* (the FFR Act).

National Partnership payments

The FFR Act provides for the Minister to credit amounts to the COAG Reform Fund for the purpose of providing financial assistance to the States in the form of National Partnership payments. The *COAG Reform Fund Act 2008* established the COAG Reform Fund and specifies that it is a Special Account for the purposes of the *Public Governance, Performance and Accountability Act 2013*.

To improve transparency, the Minister's determinations in respect of National Partnership payments are legislative instruments and will be registered on the Federal Register of Legislation, but will not be disallowable.

- This clarifies that determinations made by the Minister under subsection 9(1) would not otherwise be legislative instruments within the meaning of section 5 of the *Legislative Instruments Act 2003*.
- The Minister has an obligation under the IGA to make National Partnership payments in a prescribed manner. Exemption from the disallowance provisions allows the Minister to meet this obligation.

Consultation

The IGA was subject to extensive consultation with the States and was agreed by COAG on 29 November 2008. The IGA is publicly available on the Council for Federal Financial Relations website. There is also extensive consultation with the States on National Partnership payments as they are also required to sign relevant National Partnerships.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

It is difficult to assess the human rights compatibility of either the determination or the making of National Partnership payments as the amounts paid to each state vary each month, since individual States meet varying milestones and benchmarks under different National Partnerships. However, in general, National Partnerships will promote multiple human rights by facilitating the provision of additional funding to the States to support service delivery in a range of areas. As such, neither this determination nor the making of National Partnership payments could be said to have a detrimental impact on any human rights.

Commencement

The determination commences on the day it was made.