

# FEDERAL FINANCIAL RELATIONS (GENERAL PURPOSE FINANCIAL ASSISTANCE) DETERMINATION NO. 63 (JUNE 2014)

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I, JOSEPH BENEDICT HOCKEY, Treasurer, make this Determination under section 9 of the *Federal Financial Relations Act 2009*.

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JOSEPH BENEDICT HOCKEY

Dated: 18 June 2014

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## PART 1 — PRELIMINARY

### Name of Determination

1. This determination is the *Federal Financial Relations (General purpose financial assistance) Determination No. 63 (June 2014)*.

### Commencement

2. This determination commences on the day on which this determination is made.

### Definitions

3. The following definitions are used throughout this determination:

***Act*** means the *Federal Financial Relations Act 2009*.

***COAG Reform Fund*** means the COAG Reform Fund established by section 5 of the *COAG Reform Fund Act 2008*.

***Drawing right*** means a drawing right issued under section 27 of the *Financial Management and Accountability Act 1997*.

***Intergovernmental Agreement*** means the *Intergovernmental Agreement on Federal Financial Relations* that took effect on 1 January 2009. The *Intergovernmental Agreement* provides an overarching framework for financial transfers between the Commonwealth and the States and related collaboration on policy development and service delivery.

***State*** includes the Australian Capital Territory and the Northern Territory.

### **Exemption from section 42 (disallowance) of the *Legislative Instruments Act 2003***

4. Subsection 9(5) of the Act provides that this determination is a legislative instrument, but section 42 (disallowance) of the *Legislative Instruments Act 2003* does not apply to this determination.

## **PART 2 — PURPOSE**

### **Provision of financial assistance**

5. This determination is made, in accordance with section 9 of the Act, for the purpose of providing financial support for the States' service delivery efforts through general purpose financial assistance to be used by the States for any purpose.

### **Terms and conditions**

6. Subsection 9(2) of the Act requires that an amount determined under subsection 9(1) must be credited to the COAG Reform Fund.

7. The *COAG Reform Fund Act 2008* established the COAG Reform Fund and specifies that it is a Special Account for the purposes of the *Financial Management and Accountability Act 1997*.

8. Subsection 7(2) of the *COAG Reform Fund Act 2008* requires that the terms and conditions on which financial assistance is granted through the COAG Reform Fund are to be set out in a written agreement between the Commonwealth and the State.

9. The terms and conditions for all payments of general purpose financial assistance are provided in 'Schedule D — Payment Arrangements' to the *Intergovernmental Agreement*. Schedule 1 to this determination provides a summary of the relevant provisions for general purpose financial assistance.

## **PART 3 — GENERAL PURPOSE FINANCIAL ASSISTANCE**

### **Determination**

10. In accordance with subsection 9(1) of the Act, the amounts specified in Table 1 are to be credited to the COAG Reform Fund before being paid on 23 June 2014 to the States specified in that table for the purpose of making a grant of general purpose financial assistance to those States.

**Table 1: General Purpose financial assistance for payment on 23 June 2014**

State	Amount of General purpose financial assistance
New South Wales	-
Victoria	-
Queensland	-
Western Australia	\$102,423,884.82
South Australia	-
Tasmania	-
Australian Capital Territory	\$3,109,281.98
Northern Territory	-
<b>Total</b>	<b>\$105,533,166.80</b>

11. Schedule 2 to this determination provides further information on these payments

12. The terms and conditions for all payments of general purpose financial assistance are provided in 'Schedule D — Payment Arrangements' to the *Intergovernmental Agreement*.

### Drawing rights limits

13. Subsection 9(3) of the Act provides that the total amount credited to the COAG Reform Fund for the purpose of making a grant of general purpose financial assistance in the financial year starting on 1 July 2013 must not exceed \$1,500,000,000.

14. The amounts specified in Table 2 are the total amounts determined in the 2013-14 financial year in respect of general purpose financial assistance, including this determination.

**Table 2: Total cumulative payments of general purpose financial assistance in 2013-14**

State	Amount of General purpose financial assistance
New South Wales	\$50,514,861.91
Victoria	\$25,257,430.96
Queensland	-
Western Australia	\$1,172,284,895.05
South Australia	-
Tasmania	-
Australian Capital Territory	\$37,311,384.42
Northern Territory	\$4,714,929.13
<b>Total</b>	<b>\$1,290,083,501.47</b>
General drawing rights limit for 2013-14	\$1,500,000,000.00
Remaining drawing rights limit for 2013-14	\$209,916,498.53

15. The total amount determined for payment of general purpose financial assistance to date in the 2013-14 financial year does not exceed the general drawing rights limit.

## SCHEDULE 1

### SUMMARY OF RELEVANT AGREEMENTS FOR GENERAL PURPOSE FINANCIAL ASSISTANCE

Payment title	Purpose	Relevant agreement
Compensation for impact on royalties of excise amendment	The Commonwealth provides general purpose financial assistance to compensate Western Australia for the loss of royalty revenue resulting from the removal in the 2008-09 Budget of the exemption of condensate from crude oil excise.	Schedule D – Payment arrangement of the Intergovernmental Agreement
Taxation compensation in respect of Snowy Hydro Limited	The Commonwealth provides compensation payments to New South Wales and Victoria, in the form of general purpose financial assistance, for Commonwealth taxes paid by Snowy Hydro Ltd in proportion to the States' shareholdings. Payments are made in accordance with the Snowy Hydro Tax Compensation Deed between the Commonwealth, New South Wales and Victoria. These taxes would have previously been payable to the States through tax equivalence regime payments.	Schedule D – Payment arrangement of the Intergovernmental Agreement
ACT Municipal Services	The Commonwealth provides general purpose financial assistance to the Australian Capital Territory to: <ul style="list-style-type: none"> <li>assist in meeting the additional municipal costs which arise from Canberra's role as the national capital; and</li> <li>compensate the Australian Capital Territory for additional costs resulting from the national capital planning influences on the provision of water and sewerage services.</li> </ul>	Schedule D – Payment arrangement of the Intergovernmental Agreement
Royalty payments		
— <i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i>	The Commonwealth provides general purpose financial assistance to Western Australia from royalties payable under the <i>Offshore Petroleum (Royalty) Act 2006</i> in respect of the North West Shelf oil and gas project off the coast of Western Australia. The Commonwealth collects these royalties because it has jurisdiction over off-shore areas.  These royalties will be shared between the Commonwealth (approximately one third) and Western Australia (approximately two thirds). These payment arrangements are in accordance with section 75 of the <i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i> .	Schedule D – Payment arrangement of the Intergovernmental Agreement
— Ranger Project Area	The Commonwealth will provide general purpose financial assistance to the Northern Territory in lieu of royalties on uranium mining due to the Commonwealth's ownership of uranium in the Northern Territory.	Schedule D – Payment arrangement of the Intergovernmental Agreement

## SCHEDULE 2

### AMOUNTS OF GENERAL PURPOSE FINANCIAL ASSISTANCE ON 23 JUNE 2014 (\$)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>General Revenue Assistance</b>									
Compensation for impact on royalties of excise amendment	-	-	-	3,355,239.34	-	-	-	-	3,355,239.34
ACT Municipal Services	-	-	-	-	-	-	3,109,281.98	-	3,109,281.98
Offshore Petroleum & Greenhouse Gas Storage Act 2006	-	-	-	99,068,645.48	-	-	-	-	99,068,645.48
<b>Total General Revenue Assistance</b>	-	-	-	<b>102,423,884.82</b>	-	-	<b>3,109,281.98</b>	-	<b>105,533,166.80</b>