

EXPLANATORY STATEMENT

Issued by authority of the Assistant Minister for Competition, Charities and Treasury

Federal Financial Relations Act 2009

Federal Financial Relations (National Specific Purpose Payments for 2023-24) Determination 2025

Section 12 of the *Federal Financial Relations Act 2009* (the Act) provides that financial assistance is payable in accordance with that section to a State or Territory, for a financial year, for the purpose of expenditure on skills and workforce development. For the purposes of section 12, the Minister may determine the manner in which the total amount of all financial assistance payable to the States, the Australian Capital Territory and the Northern Territory (States and Territories) for a financial year under section 12 is to be indexed (relative to the previous financial year) and the manner in which the total amount is to be divided between the States and Territories.

Item 9 of Schedule 6 to the *Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Act 2024* preserves section 12 of the Act for the 2023-24 financial year.

The purpose of the *Federal Financial Relations (National Specific Purpose Payments for 2023-24) Determination 2025* (the Determination) is to determine the manner in which the total amount of all financial assistance payable to the States and Territories for a financial year under section 12 of the Act is to be adjusted for the 2023-24 financial year and the manner in which the total amount under section 12 is to be divided between the States and Territories.

Under the *Intergovernmental Agreement on Federal Financial Relations* (the IGA) and the Act, the Commonwealth provides payments to support the States and Territories delivery of programs, services and reforms with skills and workforce development. The details of the funding arrangements and the conditions the States and Territories need to meet to receive Commonwealth funding are set out in the IGA.

The National Specific Purpose Payments for Skills and Workforce Development (governed by the IGA) and the National Agreement for Skills and Workforce Development (NASWD) support these funding arrangements from 1 July to 31 December 2023 for the 2023-24 financial year. From 1 January 2024, the National Skills Agreement (NSA) came into effect and supports these funding arrangements for the remainder of the 2023-24 financial year. Details of States and Territories' final entitlements under these arrangements are outlined in Table 1 in [Attachment C](#).

The amounts specified in the Determination to be paid to each State and Territory have been calculated in accordance with the IGA and the NSA.

Advance payments relating to skills and workforce development are made throughout the financial year based on estimates of each jurisdiction's anticipated entitlement for

that year. Any adjustment between the advances paid to a jurisdiction and the jurisdiction's determined entitlement is made in the first practicable payment after the Determination is made.

The IGA was subject to extensive consultation with the States and Territories and was signed by all jurisdictions. The IGA is publicly available on the website of the Council on Federal Financial Relations. Ongoing consultation with the States and Territories on federal financial relations occurs regularly, including most recently in developing the NSA.

Details of the Determination are set out in Attachment A.

The Determination is a legislative instrument for the purposes of the *Legislation Act 2003*. In accordance with subsections 44(1) and 54(1) of the *Legislation Act 2003*, the Determination is not subject to disallowance or sunseting under the Act and the *Legislation Act 2003* on the grounds that the instrument is part of an intergovernmental scheme and gives effect to agreements between the Commonwealth and each of the States, the Australian Capital Territory and the Northern Territory. The instrument's operation is effectively mechanical in that it simply details financial assistance to be provided to a State or Territory based on that State or Territory having satisfied the necessary agreed criteria.

A Policy Impact Analysis is not required as the Determination is machinery in nature (OIA24-07548).

The Determination commenced the day after it was registered on the Federal Register of Legislation.

A statement of Compatibility with Human Rights is at Attachment B.

ATTACHMENT A

Details of the Federal Financial Relations (National Specific Purpose Payments for 2023-24) Determination 2025

This Attachment sets out further details of the Determination.

Section 1 – Name

This section specifies the name of the Determination is the *Federal Financial Relations (National Specific Purpose Payments for 2023-24) Determination 2025*.

Section 2 – Commencement

This section prescribes that the Determination commences the day after it is registered on the Federal Register of Legislation.

Section 3 – Authority

This section provides that the Determination is made under the *Federal Financial Relations Act 2009*.

Section 4 – Definitions

This section provides definitions for the purposes of the Determination.

Section 5 – National specific purpose payments for skills and workforce development for 2023-24

This section sets out the amounts required to be paid by the Commonwealth in respect of the 2023-24 financial year to each State and Territory to support the States and Territories delivery of programs, services and reforms for skills and workforce development.

This section also explains the manner in which the total amount to paid to the States and Territories has been indexed for 2023-24 (relative to 2022-23) and the manner in which the total amount available has been divided amongst the States and Territories.

The manner in which the total amount has been indexed has been calculated in accordance with the National Specific Purpose Payments for Skills and Workforce Development (Skills NSPP) (governed by the Intergovernmental Agreement on Federal Financial Relations) and the National Skills Agreement (NSA). The NSA came into effect from 1 January 2024. In accordance with clause A11 of the NSA, the new funding arrangements under the NSA are designed to replace the Skills NSPP.

Statement of Compatibility with Human Rights

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

Federal Financial Relations (National Specific Purpose Payments for 2023-24) Determination 2025

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

The *Federal Financial Relations (National Specific Purpose Payments for 2023-24) Determination 2025* determines the manner in which the total amount of all financial assistance payable to the States and Territories for a financial year under section 12 of the Act is to be indexed for the 2023-24 financial year and the manner in which the total amount under section 12 is to be divided between the States and Territories.

Section 12 of the Act provides financial assistance to a State or Territory, for a financial year, for the purpose of expenditure on skills and workforce development.

Human rights implications

This Legislative Instrument engages:

- the right to education, as referred to in Article 13 of the *International Covenant on Economic, Social and Cultural Rights* (done at New York on 16 December 1966 ([1976] ATS 5)) (ICESCR), Articles 28 and 29 of the *Convention on the Rights of the Child* (done at New York on 20 November 1989 ([1991] ATS 4)) (CRC) and Article 24 of the *Convention on the Rights of Persons with Disabilities* (done at New York on 30 March 2007 ([2008] ATS 12)) (CRPD); and
- the right to work and rights in work, as referred to in Article 6 of the ICESCR and Article 27 of the CRPD.

This Instrument supports the above rights by providing funding to support the States and Territories delivery of programs, services and reforms with respect to skills and workforce development.

Commonwealth funding in support of the States and Territories delivery of programs, services and reforms with respect to skills and workforce development has been increased for 2023-24 in line with the *Intergovernmental Agreement on Federal Financial Relations* and the National Skills Agreement.

Conclusion

This Legislative Instrument is compatible with human rights as it supports the right to education, the right to work and rights in work by providing funding to the States and

Territories to deliver programs, services and reforms with respect to skills and workforce development.

ATTACHMENT C

Table 1: Details of the amounts to be paid to each State, the Australian Capital Territory and Northern Territory for the 2023-24 financial year

Item	For this State:	Commonwealth contribution under the National Specific Purpose Payments for Skills and Workforce Development (1 July 2023 –31 December 2023)	Minimum Commonwealth contribution under the National Skills Agreement (1 January 2024 – 30 June 2024)	Commonwealth contribution of flexible funding above the minimum up to Cap 1 under the National Skills Agreement	Commonwealth contribution of flexible funding above Cap 1 and up to Cap 2 under the National Skills Agreement	Total
1	New South Wales	\$261,047,583.48	\$261,047,583.48	\$29,391,402.24	\$43,253,069.53	\$594,739,638.73
2	Victoria	\$213,733,425.83	\$213,733,425.83	\$24,064,291.29	\$35,413,569.45	\$486,944,712.40
3	Queensland	\$171,095,359.43	\$171,095,359.43	\$19,263,662.45	\$28,348,852.65	\$389,803,233.96
4	Western Australia	\$90,615,338.29	\$90,615,338.29	\$10,202,399.96	\$15,014,088.52	\$206,447,165.06
5	South Australia	\$57,760,760.29	\$57,760,760.29	\$6,503,296.13	\$9,570,401.49	\$131,595,218.20
6	Tasmania	\$17,786,571.07	\$17,786,571.07	\$2,002,593.77	\$2,947,063.46	\$40,522,799.37
7	Australian Capital Territory	\$14,553,231.46	\$14,553,231.46	\$1,638,551.39	\$2,411,330.24	\$33,156,344.55
8	Northern Territory	\$7,849,730.15	\$7,849,730.15	\$883,802.77	\$1,300,624.66	\$17,883,887.73
Total		\$834,442,000.00	\$834,442,000.00	\$93,950,000.00	\$138,259,000.00	\$1,901,093,000.00

