EXPLANATORY STATEMENT

Issued by authority of the Assistant Minister for Productivity, Competition, Charities and Treasury and Parliamentary Secretary to the Treasurer

Federal Financial Relations Act 2009

Federal Financial Relations Amendment (Temporary Energy Bill Relief Payments) Determination 2026

Subsection 15E(2) of the *Federal Financial Relations Act 2009* (the Act) provides that the Minister must determine that an amount specified in the determination is to be paid to a State, the Australian Capital Territory or the Northern Territory (States) for the purpose of making a grant of financial assistance for the purpose of expenditure in accordance with the temporary energy bill relief agreement. Under subsection 15E(1), the Minister must do this in respect of a State for a financial year if that State is a party to that agreement and the financial year is either 2022-23 or 2023-24.

The purpose of the *Federal Financial Relations Amendment (Temporary Energy Bill Relief Payments) Determination 2026* (the Instrument) is to amend the *Federal Financial Relations (Temporary Energy Bill Relief Payments) Determination 2025* (the 2025 Determination) to determine additional amounts with respect to New South Wales, Tasmania and the Australian Capital Territory. The 2025 Determination determined initial amounts to be paid by the Commonwealth under this scheme to the States in respect of the 2022-23 and 2023-24 financial years.

Advance payments in respect of temporary energy bill relief were made throughout 2023-24, 2024-25 and 2025-26 based on an assessment of the States' apparent entitlements in respect of the 2023-24 financial year. The Instrument reconciles these advances to the relevant States under this scheme in the 2023-24 financial year and the final entitlement, as set out in the Determination, by amending the relevant amounts under the 2025 Determination.

Under the Intergovernmental Agreement on Federal Financial Relations and the Act, the Commonwealth provides payments to the States and Territories to support state service delivery of economic and social reforms. The details of the funding arrangements as they relate to support for the delivery of temporary and targeted relief from high energy bills for households and small businesses are set out in a temporary energy bill relief agreement entered into between the Commonwealth and one or more of the States and Territories.

The Instrument is a legislative instrument for the purposes of the *Legislation Act 2003* (Legislation Act). In accordance with subsection 15E(3) of the Act and subsection 44(1) of the Legislation Act, the instrument is not subject to disallowance. In accordance with subsection 54(1) of the Legislation Act, the Instrument is not subject to sunsetting, on the grounds that it is part of an intergovernmental scheme and gives effect to agreements between the Commonwealth and each of the States and Territories. The Instrument's operation is effectively mechanical in that it simply updates the details of financial assistance to be provided to a State or Territory based on that State or Territory having satisfied the necessary agreed criteria. The Instrument is repealed after commencement under subsection 48A(1) of the Legislation Act as its only effect is to amend another

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legislative instrument without making any application, saving or transitional provisions relating to that amendment.

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

Details of the Instrument are set out in Attachment A.

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ATTACHMENT A

Details of the *Federal Financial Relations Amendment (Temporary Energy Bill Relief Payments) Determination 2026*

Section 1 – Name

This section provides that the name of the instrument is the *Federal Financial Relations Amendment (Temporary Energy Bill Relief Payments) Determination 2026* (the Instrument).

Section 2 – Commencement

The Instrument commenced on the day after the instrument is registered on the Federal Register of Legislation.

Section 3 – Authority

The Instrument is made under the *Federal Financial Relations Act 2009* (the Act).

Section 4 – Schedules

This section provides that each instrument specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1 – Amendments

Schedule 1 makes amendments to the *Federal Financial Relations (Temporary Energy Bill Relief Payments) Determination 2025*. Specifically, it amends section 6, which is made for the purposes of subsection 15E(2) of the Act. This section sets out a table, each item of which specifies an amount that is to be paid to the State or Territory (State) specified in the item, for the 2023-24 payment year, for the purpose of making a grant of financial assistance for the purpose of expenditure in accordance with the temporary energy bill relief agreement. The amendments vary the specified amounts to reflect additional payments to be made to New South Wales, Tasmania and the Australian Capital Territory.

Item 1 introduces a new table item 1 to determine an amount of $284,635,368.75 to be paid to New South Wales for the 2023-24 payment year. This reflects total payments to be paid to that State for that year for the abovementioned purposes.

Item 2 amends table item 6, relating to amounts of financial assistance to Tasmania. $29,729,750.00 is substituted for $29,714,637.50, reflecting additional assistance to Tasmania of $15,112.50.

Item 3 amends table item 7, relating to amounts of financial assistance to the Australian Capital Territory. $8,324,781.25 is substituted for $8,324,562.50, reflecting additional assistance to the Australian Capital Territory of $218.75.

Item 4 amends the total row of the table, to reflect the new total of amounts of financial assistance for the 2023-24 payment year of $1,002,808,146.35.

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