

**Standing Committee on Finance and Public Administration**

ANSWER TO QUESTION ON NOTICE

Finance and Deregulation Portfolio

Department of Finance and Deregulation

Supplementary Estimates Hearing – October 2010

**Outcome 1, Program NA**

**Topic: Federal Financial Relations (FFR) Framework - assessment, payment mechanisms and processes**

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**Senator Fierravanti-Wells asked:**

**Mr Tune**—A reward payment is a payment that is paid on the basis of milestones achieved, so it is a second post. There is an assessment done by the COAG Reform Council, an independent council which provides advice to the government about how successful the achievement of milestones has been. The government then makes a decision on whether it allocates the reward—

**Senator FIERRAVANTI-WELLS**—And Finance monitors those?

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**Senator FIERRAVANTI-WELLS**—Could you take on notice, just by way of background, the process of the monitoring, if you do not mind.

**Answer:**

Some National Partnership Agreements between the Commonwealth and the States and Territories contain a reward payment provision. If a National Partnership agreement contains a reward provision, the COAG Reform Council (CRC) will conduct an independent assessment. The CRC reports to the Prime Minister, as chair of COAG, on the outcomes of its independent assessment of the achievement of performance benchmarks by the States and Territories to reward improved performance in areas that form part of the COAG reform agenda that have associated reward payments.

Once the CRC has finalised its report, the Commonwealth Treasury prepares a submission, in consultation with the Department of the Prime Minister and Cabinet and the relevant Commonwealth portfolio minister, for Cabinet consideration.

Finance maintains a close working relationship with both the Treasury and Department of the Prime Minister and Cabinet on COAG issues. Relevant areas of the department consistently monitor each stage of the process from the CRC's review to the Cabinet decision on the reward payment.