

Tuesday, 18 June 2019

NSW TO DRIVE REFORM OF FEDERAL FINANCIAL RELATIONS

NSW will deliver a roadmap to more sustainable funding arrangements and greater financial autonomy for the State with the announcement of a Federal Financial Relations Review (FFR Review) as part of today's 2019-20 NSW Budget.

The review, to be chaired by prominent businessman Mr David Thodey AO and supported by an eminent panel, will reinvigorate the conversation between states and the Commonwealth over current funding arrangements.

Treasurer Dominic Perrottet said it was incumbent on NSW as the nation's largest economy to lead the way, shape the national agenda, and provide impetus for reform.

"We need to refresh the national conversation on how we can leverage our federation to deliver sustainable funding arrangements for our State," Mr Perrottet said.

"There have been a number of reviews into federal financial relations, but they have mostly been conducted by the Commonwealth. Our review will provide a much-needed state perspective.

"The states and territories are at the frontline of delivering vital government services and infrastructure. We need a stable, reliable revenue base that provides us with the flexibility to independently plan and deliver the services our people need."

An independent panel, supported by NSW Treasury, will be formed in the coming months to oversee the review. The panel will consult widely with the community before delivering its report, expected to be handed down in the first half of 2020.

The panel will be charged with finding ways to give states that embrace reform more autonomy and more flexibility, making dynamic federalism a reality.

Almost 40 per cent of NSW revenue currently comes from the Commonwealth's coffers.

Mr Perrottet said Mr Thodey would bring a wealth of corporate and government experience to the role of Chair of the FFR Review.

"I am very happy David has agreed to take on this important role and help develop constructive ways to ensure NSW is getting the very best value for its citizens' money," Mr Perrottet said.

"Mr Thodey is the current Chair of the CSIRO, a former CEO of Telstra and of IBM's Australian operations. He understands intimately how government, business and finance work."

Mr Perrottet said the Review was not just about putting NSW in a stronger position to chart its own course – but was about strengthening the whole nation with a more dynamic form of ‘bottom-up federalism’, driven by strong states that compete and collaborate to better all of Australia.

“Commonwealth funding arrangements have become too complex and too restrictive. For some states, their share of Commonwealth funding can be a disincentive to reform,” Mr Perrottet said.

“Through fiscal discipline and strong economic management, we have become the engine room of the national economy, but instead of being rewarded for our success, NSW has been penalised at a federal level, with the Commonwealth and other states reaping the benefits.

“We need to find a fresh way forward. We know that reforms are more likely to be successful when the states and the Commonwealth work collaboratively.

“These challenges are not unique to NSW. The cooperative involvement of all states and territories through the Board of Treasurers will be critical to achieving meaningful and enduring reform.”

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