



Your reference: 17/82624

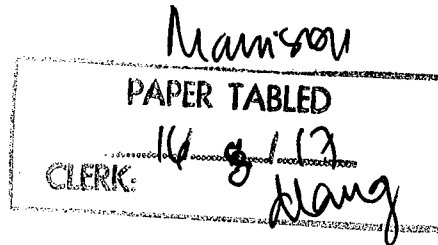
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5 June 2017

Mr Tony Ferrall  
Secretary  
Department of Treasury and Finance  
GPO Box 147  
Hobart TAS 7001

ORIGINAL PAPER  
No. 365  
Laid upon the Table  
16/8/17

Dear Mr Ferrall

**State submissions to the Inquiry into Horizontal Fiscal Equalisation**

Thank you for your letter regarding the Commission's call for submissions to its Inquiry into Horizontal Fiscal Equalisation, in which you request an extension of the deadline for State and Territory submissions.

Your letter is timely, reaching us on the first day of our initial consultation with State and Territory governments last week. This allowed us to discuss the best way forward in a practical sense with the first two jurisdictions. And what I propose in this letter addressed (for them) the timing concerns you raise.

As you note, the Commission is working to a tight timeframe. The Commission is required to prepare a draft report, hold public hearings and deliver a final report by 31 January 2018. Recognising these timeframes, and the relatively well-informed stakeholder group for this Inquiry, the Commission eschewed our tradition of preparing an Issues Paper as a precursor to calling for submissions. Instead on 19 May 2017, soon after receipt of the terms of reference, the Commission issued a request for initial submissions with a guidance note. This was with a view to providing interested parties (and especially State and Territory governments) with six weeks to prepare submissions.

We understand that preparing submissions in this time frame may be challenging, but our reporting imperatives see us needing submissions by 30 June 2017.

The Commission is especially mindful of the time required for most State and Territory jurisdictions to secure Cabinet approval of submissions. The Commission has previously been flexible in how we receive input from States and Territories, including agreeing to receive draft, in-confidence submissions (pre Cabinet clearance). And we would be happy to do the same in this Inquiry and for the circumstances that you raise. This has worked well for the Commission and State and Territory

jurisdictions on past inquiries, most recently from my own experience on the Natural Disaster Funding Inquiry.

This would allow the Commission to maintain work momentum by way of our early incorporation of that material into our analysis and early drafting. Formal submissions, once cleared by your respective Cabinets, can arrive by your proposed date of 1 August 2017. Only the latter approved submissions would be made available on our website and ultimately cited in our draft report.

We look forward to working with you on this Inquiry.

If you or your colleagues wish to discuss this further, please contact Mary Cavar on 03 9653 2187.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Karen Chester', with a stylized flourish at the end.

Karen Chester  
Acting Chair

CC

Rob Whitfield, Secretary, New South Wales Treasury

David Martine, Secretary, Department of Treasury, Victoria

Jim Murphy, Under Treasurer, Queensland Treasury

Michael Barnes, Under Treasurer, Department of Treasury, Western Australia

David Reynolds, Under Treasurer, Department of Treasury and Finance, South Australia

David Nicol, Under Treasurer, Department of Treasury, Australian Capital Territory

Craig Graham, Under Treasurer, Northern Territory Treasury