

## Financial Assistance for Police Officers

### NATIONAL PARTNERSHIP FOR STREAMLINED AGREEMENTS

| Formalities and operation of schedule        |  |              |             |         |         |       |                               |              |             |             |       |  |      |      |      |      |   |      |      |      |      |
|--|--|--------------|-------------|---------|---------|-------|-------------------------------|--------------|-------------|-------------|-------|--|------|------|------|------|---|------|------|------|------|
| Parties                                      | Commonwealth<br>New South Wales  |              |             |         |         |       |                               |              |             |             |       |  |      |      |      |      |   |      |      |      |      |
| Effect on other agreements                   | The Project Agreement on Financial Assistance for Police Officers that commenced on 11 October 2018 is replaced by this Agreement and Schedule. This Schedule is expected to expire on 30 June 2023.   |              |             |         |         |       |                               |              |             |             |       |  |      |      |      |      |   |      |      |      |      |
| Purpose                                      | <p>This Schedule will support the delivery of financial assistance from the Commonwealth to New South Wales. The Parties will equally share the costs of reimbursing New South Wales' police officers for additional taxes they pay for certain voluntary superannuation contributions.</p> <p>Eligible contributions are those made in each of the financial years from 2016-17 to 2019-20 which, in total for the year, exceed the annual concessional contributions cap due to the impact of compulsory employer contributions to superannuation for death and disability insurance premiums.</p>   |              |             |         |         |       |                               |              |             |             |       |  |      |      |      |      |   |      |      |      |      |
| Estimated financial contributions            | <p>The Commonwealth will provide an estimated total financial contribution to New South Wales of \$7.62m in respect of this Schedule, noting this does not include payments made prior to 1 July 2020 under the previous agreement.</p> <p><b>Table 1</b></p> <table border="1"> <thead> <tr> <th>(\$ million)</th> <th>2020-21</th> <th>2021-22</th> <th>2022-23</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>Estimated total budget</b></td> <td><b>10.16</b></td> <td><b>4.30</b></td> <td><b>0.78</b></td> <td>15.24</td> </tr> <tr> <td>Less estimated National Partnership Payments</td> <td>5.08</td> <td>2.15</td> <td>0.39</td> <td>7.62</td> </tr> <tr> <td>Balance of non-Commonwealth contributions</td> <td>5.08</td> <td>2.15</td> <td>0.39</td> <td>7.62</td> </tr> </tbody> </table> | (\$ million) | 2020-21     | 2021-22 | 2022-23 | Total | <b>Estimated total budget</b> | <b>10.16</b> | <b>4.30</b> | <b>0.78</b> | 15.24 | Less estimated National Partnership Payments | 5.08 | 2.15 | 0.39 | 7.62 | Balance of non-Commonwealth contributions | 5.08 | 2.15 | 0.39 | 7.62 |
| (\$ million)                                 | 2020-21  | 2021-22      | 2022-23     | Total   |         |       |                               |              |             |             |       |  |      |      |      |      |   |      |      |      |      |
| <b>Estimated total budget</b>                | <b>10.16</b>   | <b>4.30</b>  | <b>0.78</b> | 15.24   |         |       |                               |              |             |             |       |  |      |      |      |      |   |      |      |      |      |
| Less estimated National Partnership Payments | 5.08   | 2.15         | 0.39        | 7.62    |         |       |                               |              |             |             |       |  |      |      |      |      |   |      |      |      |      |
| Balance of non-Commonwealth contributions    | 5.08   | 2.15         | 0.39        | 7.62    |         |       |                               |              |             |             |       |  |      |      |      |      |   |      |      |      |      |
| Additional terms                             | <p>The Commonwealth will provide a calculator, which will allow New South Wales to determine which excess contributions are eligible for reimbursement, and how much the reimbursement will be.</p> <p>New South Wales will assess and certify the eligibility of the affected police, and reimburse them.</p> <p>If claims for reimbursements exceed the estimated financial contribution outlined in Table 1, the Commonwealth will provide further funding to meet half of the additional cost of the claims in accordance with this Agreement.</p>   |              |             |         |         |       |                               |              |             |             |       |  |      |      |      |      |   |      |      |      |      |

| Table 2: Performance requirements, reporting and payment summary        |  |                |  |
|---|--|----------------|--|
| Output  | Performance milestones   | Report due     | Payment  |
| Temporary financial assistance from the Commonwealth to New South Wales | NSW has made reimbursement payments to relevant recipients for eligible excess concessional contributions and related FBT (if any) for 2018-19.<br>Reports for reimbursements relating to the 2016-17 to 2019-20 financial years respectively are due by 31 October in 2018, and 31 August in each of the years from 2019 to 2021. | 31 August 2020 | <ul style="list-style-type: none"> <li>Half of the actual amount New South Wales reimburses its police officers for additional taxes they pay on eligible excess concessional contributions that, in total for the year, exceed the annual concessional contributions cap due to the impact of compulsory employer contributions to superannuation for death and disability insurance premiums.</li> <li>Half of the actual amount (if any) New South Wales pays in fringe benefit tax (FBT) in respect of these reimbursements to its police officers.</li> </ul> |
|   | NSW has made reimbursement payments to relevant recipients for eligible excess concessional contributions and related FBT (if any) for 2019-20.<br>Reports for reimbursements relating to the 2016-17 to 2019-20 financial years respectively are due by 31 October in 2018, and 31 August in each of the years from 2019 to 2021. | 31 August 2021 |  |
|   | NSW has made reimbursement payments to relevant recipients for eligible excess concessional contributions and related FBT (if any) for 2016-17 – 2019-20.<br>A final report for reimbursements relating to the 2016-17 to 2019-20 financial years is due by 31 March 2023.   | 31 March 2023  |  |

This schedule was agreed by the Commonwealth and New South Wales when the overarching National Partnership was signed.

## APPENDIX

### Payment eligibility

1. Commonwealth payments will only be made:
  - a. For actual amounts (if any) New South Wales pays in fringe benefits tax in respect of the reimbursements and/or the actual amounts New South Wales pays in additional income to compensate officers for the additional income tax they pay on the compensation;
  - b. on the basis of police officers' marginal tax rates plus the 2 per cent Medicare levy. It does not include reimbursement for the additional Medicare levy surcharge incurred by officers earning more than \$90,000 in the year;
  - c. for police officers who have signed an application form affirming that they have not released, and do not plan to release, any excess concessional contributions from superannuation to pay the excess concessional contributions tax; and
  - d. annually in arrears after New South Wales reimburses police officers for taxes paid on eligible excess concessional contributions made in the financial years 2016-17, 2017-18, 2018-19, and 2019-2020 and after New South Wales has paid FBT (if any) in respect of the reimbursements.
  
2. The eligible excess contribution amount will be capped at the *lesser* of:
  - a. the notional cap space; i.e. the concessional cap for the financial year minus the compulsory employer superannuation contributions (not including the compulsory *employer* insurance contributions);
  - b. the compulsory employer insurance contributions;
  - c. the total voluntary concessional superannuation contributions; and
  - d. the officer's total excess concessional contributions for the year, net of any compulsory *employee* insurance contributions paid from pre-tax income
  
3. Payments will not be made for:
  - a. Excess concessional contributions which police officers have chosen to release from superannuation;
  - b. Excess non-concessional contributions, since these are under the control of the individual officer;
  - c. Compulsory employee insurance contributions paid from pre-tax income;
  - d. Claims made after the final reporting date of 31 March 2023, even if New South Wales or the police officers would otherwise be eligible for reimbursement; or
  - e. Claims for which payments have been made previously.