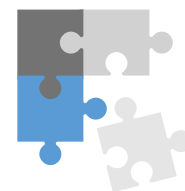


Commonwealth Agency Quick Reference Guide: Navigating the Federation Funding Agreements process



Policy authority


During the process of seeking policy authority on a new policy proposal:

1. **Request a payment classification** from cope@finance.gov.au to determine whether the proposed payment is a specific purpose payment (SPP).
 - Provide information on the contestability and nature of the transaction in your email (see [RMG419](#) for further information).
2. If classified as an SPP, **allocate appropriation funding to Treasury** (COAG Reform Fund) in the costing instead of your agency (except in limited circumstances where payments may be made from a non-Treasury appropriation).

Do you have...?

Policy authority
Payment classification
Funding allocated to Treasury



 Treasury will be notified of a new SPP and will work with agencies from step 2 onwards.

Council on Federal Financial Relations (CFFR) involvement

3. Contact Treasury (state.payments@treasury.gov.au) to **seek agreement on negotiation pathway** from CFFR (pathways A & B) or Treasuries Deputies (pathway C as delegated by CFFR). See [Circular No. 2021/03](#) for further information.

Pathway A: Treasurers lead negotiations

(Generally for Treasury portfolio or requested by National Cabinet)

Pathway B: CFFR maintains active interest while Portfolio Ministers lead negotiations

(Generally for nationally significant agreements)

Pathway C: Portfolio Ministers lead negotiations and sign agreements

(Most agreements are pathway C and executed as FFA schedules)



How often are pathway decisions being made?

CFFR considers pathways A & B quarterly.
Deputies consider pathway C requests monthly.

Drafting Federation Funding Agreements (FFA) schedules

4. **Engage with the states and territories (states)** without prejudice about the delivery approach, stages, timeframe and scheduling.
5. **Draft the agreement** (FFA schedule) using one of the [standard templates](#) on the Federal Financial Relations website.
6. **Circulate the draft agreement to Treasury** (and PM&C via Treasury) for review.
7. Once the draft is agreed with Treasury and PM&C, **circulate the draft to states** for consideration and forward a copy to Treasury. Treasury and PM&C will circulate to their state counterparts in parallel.
 - Any substantive changes proposed by a state must be reviewed by Treasury and PM&C.
8. Once in-principle agreement is reached at officials level, the Commonwealth Minister **offers the agreement to the state Minister(s) for signature**.



How long does it take to negotiate with states?

Depends on complexity of negotiations and number of states involved. Early engagement is key.

How long does Treasury and PM&C review take?

Please allow for at least a week. It may take longer depending on the schedule.

Publication and payments

9. **Send the executed agreement to Treasury** for publication on the Federal Financial Relations website.
10. Commonwealth Minister (or authorised senior official) **assesses milestones and approves payments** if milestone requirements are achieved.
 - Ministers can authorise senior officials to perform this duty on their behalf, but this must be in writing. Ask Treasury for an authorisation template.
11. **Submit payment requests to Treasury** via the Federal Payments Management System (FPMS). Talk to your CFO team about your agency's payment processes.



How often can payments be made?

Treasury makes SPP payments to states on the 7th of each month. FPMS will close around 2 weeks before the payment date.

This guide supplements the [Federal Finances Circulars](#) and [Budget Process Operational Rules](#) (refer Rules 5.5 to 5.10) and should be read in conjunction with these documents.

Further information about Federal Financial Relations is available on <https://federalfinancialrelations.gov.au/>.

If you have any questions on Federation Funding Agreements process, please contact state.payments@treasury.gov.au.