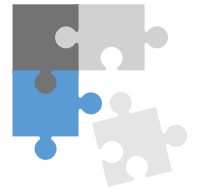


# Commonwealth Agency Quick Reference Guide: Navigating the Federation Funding Agreements process



## Policy authority


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

1. **Request a payment classification** from [cope@finance.gov.au](mailto: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** (Federation 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](mailto: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)*

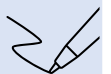


### How often are pathway decisions being made?

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 7<sup>th</sup> 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](mailto:state.payments@treasury.gov.au).