

Financial Assistance for Police Officers

FEDERATION FUNDING AGREEMENT – NSW POLICE FORCE PAYMENT SUPPORT

Table 1: Formalities and operation of schedule

Parties	Commonwealth New South Wales																				
Duration	This Schedule is expected to expire on 30 June 2026.																				
Purpose	This Schedule will support the delivery of financial assistance from the Commonwealth to New South Wales to compensate police officers for additional taxes paid on eligible superannuation contributions and for reduced eligibility for Commonwealth means-tested payments.																				
Estimated financial contributions	<p>The Commonwealth will provide an estimated total financial contribution to New South Wales of \$72.0 million in respect of this Schedule.</p> <p>The Parties will equally share the costs of reimbursing New South Wales’s police officers for additional taxes they pay for eligible superannuation contributions (Table 1). This includes the cost of any fringe benefits tax paid on the reimbursements.</p> <table><tr><th>Table 1 (\$ million)</th><th>2023-24</th><th>2024-25</th><th>2025-26</th><th>Total</th></tr><tr><td>Estimated total budget</td><td>0.0</td><td>18.0</td><td>26.0</td><td>44.0</td></tr><tr><td>Less estimated National Partnership Payments</td><td>0.0</td><td>9.0</td><td>13.0</td><td>22.0</td></tr><tr><td>Balance of non-Commonwealth contributions</td><td>0.0</td><td>9.0</td><td>13.0</td><td>22.0</td></tr></table> <p>The Commonwealth will reimburse to New South Wales the cost of providing a single lump-sum payment to eligible low- and middle-income police officers (Table 2). This is to compensate officers for reduced eligibility for Commonwealth means-tested payments due to exceeding the concessional contributions cap.</p>	Table 1 (\$ million)	2023-24	2024-25	2025-26	Total	Estimated total budget	0.0	18.0	26.0	44.0	Less estimated National Partnership Payments	0.0	9.0	13.0	22.0	Balance of non-Commonwealth contributions	0.0	9.0	13.0	22.0
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Additional terms	<p><i>Eligible superannuation contributions</i></p> <p>Eligible superannuation contributions are those made voluntarily in the financial years from 2023-24 to 2024-25 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> <p><i>Eligible officers</i></p> <p>Individuals who are or were a serving police officer in New South Wales in financial years 2023-24 or 2024-25. New South Wales will assess and certify the eligibility of the affected police and pay any required financial assistance to eligible officers.</p> <p>See Appendix for further details on payment eligibility.</p>																									

Table 2: Performance requirements, reporting and payment summary			
Output	Performance milestones	Est. Report date	Payment
Temporary financial assistance from the Commonwealth to New South Wales	<p>Provision of a performance report:</p> <p>a) detailing the below itemised information for each affected police officer included in the report:</p> <ol style="list-style-type: none"> individual reference number for auditing (generated by NSW) in respect of reimbursement for additional taxes paid on eligible superannuation contributions <ol style="list-style-type: none"> excess contribution tax paid on eligible excess concessional contributions fringe benefits tax paid on reimbursements in respect of lump sum payments: <ol style="list-style-type: none"> adjusted taxable income confirmation of liability for excess contribution tax amount of lump sum payment (grossed up for income tax) per eligible officer estimated additional income tax on lump sum payments <p>b) signed as a true and accurate record by the NSW Police chief financial officer, based on the information available at the time.</p> <p>for the 2023-24 financial year.</p>	13 June 2025	<ul style="list-style-type: none"> 50% of the value of NSW reimbursements to eligible police officers for additional taxes paid in 2023-24 (see Appendix for eligibility) 50% of the fringe benefits tax amount incurred by NSW. 100% of the value of NSW lump sum payments to eligible low- and middle-income police officers. <p>Up to \$55,000,000.00</p>

	<p>Provision of a performance report containing the same details as above for the 2024-25 financial year.</p> <p>As needed, a further performance report containing details of any residual payments to eligible officers for the 2023-24 financial year that were not included in the original performance report for the 2023-24 financial year.</p>	31 March 2026	<ul style="list-style-type: none"> • 50% of the value of NSW reimbursements to eligible police officers for additional taxes paid in 2024-25 (see Appendix for eligibility) and 2023-24 (if applicable) • 50% of the fringe benefits tax amount incurred by NSW. • 100% of the value of NSW lump sum payments to eligible low- and middle-income police officers. <p>Up to \$17,000,000.00 (plus any residual payments for the 2023-24 financial year).</p>
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The Parties have confirmed their commitment to this schedule as follows:

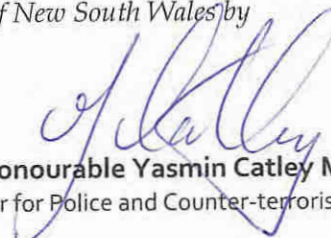
Signed for and on behalf of the Commonwealth of Australia by



The Honourable Stephen Jones MP
Assistant Treasurer

4 March 2025

Signed for and on behalf of the State of New South Wales by



The Honourable Yasmin Catley MP
Minister for Police and Counter-terrorism

14 March 2025

APPENDIX

Eligible Recipients

Reimbursement for additional tax paid on superannuation contributions

1. NSW police officers are eligible for reimbursement if they incur additional tax liabilities on superannuation contributions in either 2023-24 or 2024-25 due to the impact of compulsory employer superannuation contributions for death and disability insurance premiums.

Lump-sum payment for low- and middle-income earners

2. NSW police officers are entitled to a lump-sum payment if they exceed the concessional contributions cap in either 2023-24 or 2024-25 due to the impact of compulsory employer superannuation contributions for death and disability insurance premiums and in the same financial year have an adjusted taxable income of \$135,000 or less.
 - a. Eligible officers will receive an after-tax payment of \$1,500. This payment can only be claimed for either the 2023-24 or 2024-25 financial year but not both (i.e. a maximum of **one** after-tax payment of \$1,500 per officer).
 - b. If an eligible officer has one or more child in childcare over the course of the financial year, they will receive an additional after-tax payment of \$1,000. This payment can only be claimed for either the 2023-24 or 2024-25 financial year but not both (i.e. a maximum of **one** additional after-tax payment of \$1,000 per officer).
 - c. For the avoidance of doubt:
 - i. the income test will apply to officers alone and will not include the adjusted taxable income of their partners
 - ii. an officer may receive the additional \$1,000 after-tax payment even if their partner also received the additional \$1,000 after-tax payment in respect of the same child or a different child
 - iii. the actual amount of the lump sum payment will be grossed up to reflect a net receipt of \$1,500 (or \$2,500 if the second component is included for a child in childcare) after subtracting the officer's estimated resulting increased income tax.

Payment eligibility

1. Commonwealth payments will be made:

- a. for amounts New South Wales incurs 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 lump-sum payments;
 - b. on the basis of police officers' marginal tax rate plus the 2 per cent Medicare levy. It does not include reimbursement for the additional Medicare levy surcharge that could be incurred by officers; and
 - c. annually in arrears after New South Wales: reimburses police officers for taxes paid on eligible excess concessional contributions made in 2023-24 and 2024-25; incurs any FBT in respect of the reimbursements; and pays single lump sum payments to eligible officers.
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 non-concessional contributions, since these are under the control of the individual officer;
 - b. compulsory employee insurance contributions paid from pre-tax income;
 - c. claims made after the final reporting date of 31 March 2026, even if New South Wales or the police officers would otherwise be eligible for reimbursement; or
 - d. claims for which payments have been made previously.