




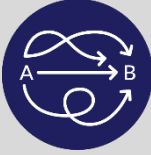










Appendix D: Commonwealth funding agreement negotiation principles

Principles	Basis	Questions to consider
 <p>Alignment with Territory strategic objectives, priorities, policies and constitutional role</p>	<p>Maximise economic, social and fiscal outcomes for Territorians and mitigate transfer of Commonwealth responsibilities or liabilities to the Territory</p>	<p>Does the agreement align with Territory strategic objectives, priorities and policies? Does the agreement seek to transfer responsibilities or liabilities to the Territory?</p>
 <p>Alignment with the four Closing the Gap Priority Reforms</p>	<p>Maximise life outcomes for Aboriginal Territorians</p>	<p>Does the agreement service or impact Aboriginal Territorians? If so:</p> <ul style="list-style-type: none"> • Does the agreement formalise partnerships and shared decision making with Aboriginal and Torres Strait Islander people? • Does the agreement facilitate building strong Aboriginal and Torres Strait Islander community-controlled sectors? • Is the agreement culturally safe and responsive to the needs of Aboriginal and Torres Strait Islander people? • Does the agreement support locally-relevant and disaggregated data and information to support Aboriginal and Torres Strait Islander communities on Closing the Gap?
 <p>Clear policy rationale, evidence base and program logic¹</p>	<p>Minimise projects and programs without a supporting evidence base and maximise projects and programs that provide good economic, social and fiscal outcomes for Territorians</p>	<p>Is there clear evidence and policy rationale that supports the need for the agreement? Are the reforms/programs/initiatives committed to in the agreement evidence based and fit for purpose in the Territory context?</p>
 <p>Clear responsibilities and balanced accountabilities¹</p>	<p>Minimise delivery and financial risks</p>	<p>Are individual and or joint responsibilities clear? Are accountabilities balanced across the parties? Does the Territory carry greater risk of accountabilities? Are Territory accountabilities within the Territory's control?</p>

Principles	Basis	Questions to consider
 <p>SMART² performance indicators, milestones, outputs and outcomes¹ that are simple and transparent</p>	<p>Maximise effective transparent performance assessment and minimise complexity and administrative costs</p>	<p>Are payments linked to a discrete number of SMART performance indicators? Are performance indicators linked to activities within the Territory's control? Does the Territory have or have the ability to obtain resources, including staffing, materials and supplies, necessary to achieve performance indicators?</p>
 <p>Autonomy and flexibility¹</p>	<p>Minimise restrictions on delivery and existing programs and funding</p>	<p>Does the agreement allow the Territory to determine delivery and contingency options? Does the agreement impose restrictions on existing Territory programs and or funding?</p>
 <p>Adequate funding</p>	<p>Minimise financial risks from cost overruns, inadequate indexation, co-contributions and funding reductions for financial efficiencies achieved</p>	<p>Does funding adequately compensate the Territory for delivery costs, potential overruns and other risks? Does funding include adequate indexation across future years? Does the agreement require co-contributions from the Territory and does the Territory have the capacity to meet these?</p>
 <p>Value for money and effort¹</p>	<p>Minimise investment in activities that deliver poor returns on effort and expense</p>	<p>Has value analysis been undertaken? Will the agreement deliver value for money and effort? Is the outcome proportional to the investment?</p>
 <p>Limit consequential financial and service delivery impacts</p>	<p>Minimise impacts to other revenue sources such as GST, programs and expenditures</p>	<p>Will the agreement materially impact other revenue sources such as GST revenue? Will the agreement materially impact existing programs and expenditures?</p>

Principles	Basis	Questions to consider
 <p>Appropriate minimal reporting¹</p>	<p>Minimise administrative and system costs, reporting is no more than 6-monthly, which evidences cost-effectiveness but not through a financial acquittal</p>	<p>Are cost, scope and frequency of reporting commensurate to funding and overall risks? Are there existing systems and data sources available to deliver reporting or will new systems be required? Is the Territory being asked to report cost effectiveness processes undertaken or provide an unnecessary financial acquittal? Is reporting on a calendar-year basis for the education sector and a financial-year basis for all other sectors?</p>
 <p>Review and evaluation</p>	<p>Maximise effective performance assessment and any future agreement extension</p>	<p>Does the agreement include provisions for review and evaluation? Are review and evaluation points appropriate and aligned with realistic implementation and program maturity timing?</p>
 <p>Consistency with IGA FFR and FFA principles³ and agreement templates⁴</p>	<p>Minimise ad hoc processes resulting in administrative costs</p>	<p>Is the agreement consistent with IGA FFR and FFA principles and agreement templates? Would any inconsistent terms set a negative precedent for future agreement negotiations?</p>
 <p>Funding certainty and streamlined agreements¹</p>	<p>Minimise administrative costs and maximise funding certainty by reducing the number and frequency of agreement renewals and negotiating longer-term agreements</p>	<p>Is there opportunity to combine the proposal to an existing agreement through a variation? Is the agreement a short-term extension for a long-term investment?</p>
 <p>Manage expectations</p>	<p>Minimise risk of expectations to permanently maintain programs/activities</p>	<p>Will the agreement create ongoing Commonwealth and community expectations?</p>

1 Overlaps with [Intergovernmental Agreement on Federal Financial Relations \(IGA FFR\)](#) and/or [Federation Funding Agreement \(FFA\) principles](#).

2 Specific, Measurable, Achievable, Relevant, and Time-Bound.

3 [IGA FFR and FFA principles](#)

4 [Federation Funding Agreement schedule templates](#)