

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Prime Minister and Cabinet Portfolio**

**Department of the Prime Minister and Cabinet**

Budget Estimates Hearing 25-29 May 2009

**Question: PM52**

**Topic: Benchmarks**

**Type of Question: Hansard, F&PA 26 May p28**

**Date set by the committee for the return of answer: 10 July 2009**

**Number of pages: 1**

**Senator RYAN-Finally I want to ask about the development and coordination of spending and output benchmarks. I am looking at the national partnership agreement where it actually talks about, as you mentioned earlier, previously budgeted state expenditure, section (b)(iii). Are there any more specific benchmarks that have been developed or are in the process of being developed? These are reasonably broad.**

**Mr Mrdak-There are, and I would be happy to provide to you on notice further details.**

**Answer:** On 25 March 2009, the Ministerial Council for Federal Financial Relations (MinCo) agreed to the framework for establishing the *Benchmarking and Monitoring Arrangements – Nation Building and Jobs Plan* (the Benchmarks).

The Benchmarks were provided to MinCo by the Heads of Treasuries (HoTs) and established expenditure benchmarks in relation to additional Commonwealth Government funding under the *Nation Building and Jobs Plan* (the Plan). The Benchmarks require States to maintain the planned capital effort in the areas of social housing, schools and energy efficient homes.

States are required to report to HoTs on a quarterly basis on expenditure in the previous three months against these benchmarks and should include an explanation in respect of any expenditure that does not meet the agreed benchmarks. Any level of expenditure lower than the benchmark could suggest a reduction in the State's level of capital effort.

MinCo will be responsible for making assessments against the Benchmarks.

When considering whether States have maintained their capital effort, MinCo will take into account that factors outside a State's control may result in a State not meeting the Benchmark.

States are also required to provide a forecast of their expenditure under the Plan for as far forward as possible on a quarterly basis.