

GPO Box 1428
Canberra City ACT 2601
Telephone 02 6240 3202
Facsimile 02 6240 3300
www.pc.gov.au

5 December 2017

From the Chairman's Office

The Hon Scott Morrison MP
Treasurer
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Correspondence Received - Office of the Treasurer	
Office Circulation	
<input type="checkbox"/> Treasurer	<input type="checkbox"/> Contact Adviser -
<input type="checkbox"/> Chief of Staff	<input type="checkbox"/> Other Adviser -
	<input type="checkbox"/> DLOs -
- 6 DEC 2017	
Departmental Action	
<input type="checkbox"/> Acknowledge	<input type="checkbox"/> Briefing
<input type="checkbox"/> Substantive Response	<input type="checkbox"/> Speech
<input type="checkbox"/> Appropriate Action	<input type="checkbox"/> Refer to
<input type="checkbox"/> Information	<input type="checkbox"/> No Further Action
<input type="checkbox"/> Constituent Response	<input type="checkbox"/> URGENT
<input type="checkbox"/> Signatory	

Dear Treasurer

Following up informal advice to you last week, I am writing to advise that the submission date for the Commission's final report on *Horizontal Fiscal Equalisation* (HFE) should preferably be moved to 15 May 2018. This represents a three month deferral from the Terms of Reference, which requested that the Commission provide a final report to the Government by 31 January 2018.

We have recently conducted extensive public hearings around the country, after the release of the draft report in October 2017. The Commission now proposes to undertake additional consultation and analysis of the transition issues associated with a revised system of HFE, as proposed in the draft report. The additional time would also enable the Commission to undertake further analysis of the effect the current HFE system has on the incentives for State and Territory Governments to undertake reform.

s.22(1)(a)(ii)

Document 1

s.22(1)(a)(ii)

Yours sincerely



Peter Harris AO
Chairman



TREASURER

Mr Peter Harris AO
Chairman
Productivity Commission
Locked Bag 2
Collins Street East
Melbourne VIC 8003

Dear Mr Harris

I refer to your letter of 5 December 2017 seeking agreement to extend the timeframe for the Productivity Commission's final report on Horizontal Fiscal Equalisation (HFE), currently scheduled to be provided to the Government in January 2018.^{s.22(1)(a)(ii)}

I agree with your proposed revised timing for the HFE Inquiry, such that the Commission's final report will be provided to the Government by 15 May 2018. I note that the extended timeframe will enable the Commission to undertake additional consultation, including with the State and Territory treasuries, as well as analysis of transition issues and further analysis of the impact the current HFE system has on incentives for the States and Territories to undertake reforms.

^{s.22(1)(a)(ii)}

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Scott Morrison'.

The Hon Scott Morrison MP
02 / 01 / 2018