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Mr Alan Henderson AM  
Chairperson  
Commonwealth Grants Commission  
86-88 Northbourne Avenue  
Braddon ACT 2612

15 JUN 2013

Dear Mr Henderson

I am writing to you to convey the enclosed terms of reference for the Commission's *2015 Methodology Review of GST Revenue Sharing Relativities*.

As you know, on 30 March 2011, the Government appointed the Hon John Brumby, Mr Bruce Carter and the Hon Nick Greiner AC to review Australia's system of distributing the GST amongst the States and Territories. The final report of the *GST Distribution Review* (Review) was released publicly on 30 November 2012. I discussed the recommendations of the Review with my State colleagues at the Standing Council on Federal Financial Relations meeting of 3 April 2013. The Standing Council agreed to initiate an expedited methodology review, including asking the Commission to take into account certain recommendations from Chapters 3, 6 and 7 from the Review.

The terms of reference also ask the Commission to consider the appropriate treatment of disability services during the transition to DisabilityCare Australia and once the full scheme is operating nationally and school education funding under the National Education Reform Agreement funding arrangements.

This review will require close and regular engagement with the Commonwealth and States. The terms of reference require the Commission to provide a draft report within 12 months of receipt of the terms of reference. The final report is due by 28 February 2015, in order to inform consideration of the 2015-16 GST revenue sharing relativities.

I appreciate that this will be a challenging task for the Commission, however I have every confidence that you can deliver within these timeframes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Wayne Swan', written over a white background.

WAYNE SWAN

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