

# **COUNCIL OF AUSTRALIAN GOVERNMENTS' MEETING**

## **SYDNEY**

**3 July 2008**

### **COMMUNIQUE**

The Council of Australian Governments (COAG) held its 22nd meeting today in Sydney. The Prime Minister, Premiers, Chief Ministers and the President of the Australian Local Government Association, were joined by Commonwealth and State and Territory Treasurers. This meeting capitalises on the work on the new reform agenda agreed at COAG's meetings in Melbourne on 20 December 2007 and Adelaide on 26 March this year, with real progress made towards achieving a seamless national economy.

Leaders reaffirmed their commitment to the goals of the COAG Reform Agenda to address the challenges of boosting productivity, increasing workforce participation and mobility and delivering better services for the community. This reform agenda will contribute to the broader goals of social inclusion, closing the gap on Indigenous disadvantage and environmental sustainability.

COAG welcomed the substantial progress on the broad reform agenda across business regulation and competition, health and ageing, early childhood, education and training, housing, Indigenous reform, infrastructure, climate change and water and the new financial relations framework.

Today, COAG has delivered on the first tranche of these reforms, with significant initiatives in regulatory reform which will make it easier to do business across Australia and benefit consumers. COAG will take further decisions to address these major challenges at its meetings in October and December 2008.

#### **A Seamless National Economy**

COAG acknowledged that Australia's overlapping and inconsistent regulations impede productivity growth. Without change Australia's future living standards would be compromised, the competitiveness of the economy reduced and our ability to meet the challenges posed by an ageing population diminished.

Many of the challenges facing the economy can only be addressed through more effective Commonwealth-State arrangements. By moving towards a seamless national economy through the reform of business and other regulation, COAG's reforms will make it easier for businesses and workers to operate across State and Territory (State) borders. These reforms will make life simpler for businesses and consumers, while continuing to provide the necessary protections and access for consumers and the community.

Leaders signed an historic agreement to end the fragmented and inconsistent approach to the protection of workers' occupational health and safety. This will see the

implementation of uniform legislation, complemented by consistent compliance and enforcement. The harmonisation of occupational health and safety regimes has long been identified as a key issue for business, with the inconsistencies of current approaches resulting in unnecessary cost and complexity, particularly for those businesses that operate across jurisdictions. COAG recognised legitimate concerns about workplace safety and reaffirmed its requirement that there be no reduction or compromise in workplace safety.

COAG has also agreed to develop a national trade licensing system that will remove inconsistencies across State borders and allow for a much more mobile workforce. Under current arrangements, an array of occupational trades is licensed to varying requirements in each State. COAG's agreement today will result in a new national system that will be signed off by COAG in December 2008. The system will see a national approach to the licensing of a range of economically important trades. COAG has agreed that the national system will initially apply to the following trades:

- air conditioning and refrigeration mechanics occupations;
- building occupations;
- electrical occupations;
- land transport occupations (passenger vehicle drivers, dangerous goods);
- maritime occupations;
- plumbing occupations; and
- property agent occupations.

COAG also agreed to a new Business Names Registration system. This significant initiative will establish a one-stop online shop for businesses to interact with government, that will mean businesses can apply for their business name and Australian Business Number in one step. Once the system is in operation, businesses operating in more than one State will no longer need to register separately in each jurisdiction, leading to significant savings in registration fees. The system will also provide an interface for improved interactions between business and government, placing information needed by business operators in one place, regardless of their location.

A new Standard Business Reporting program was also agreed by COAG that will radically streamline the myriad of financial reporting requirements on businesses. It will provide a new online reporting channel to government.

The Commonwealth is committing \$243 million to this program over four years. Standard Business Reporting will save business around \$800 million each year once it is fully implemented. The work will be led by the Commonwealth Treasury and involve the Australian Bureau of Statistics, the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission, the Australian Taxation Office along with State revenue offices. These key stakeholders will develop a standard reporting definition that will make it easier for businesses to identify the necessary information to be included in business accounting software and send this on-line direct to participating agencies. More information about the initiative is available at [www.coag.gov.au](http://www.coag.gov.au).

COAG has agreed to measures that will result in better protections for financial consumers across Australia with the Commonwealth to take over responsibility for the regulation of trustee companies, mortgage broking, margin lending and non-deposit lending institutions as well as remaining areas of consumer credit. Against this background in regard to the regulation and provision of financial counselling COAG agreed that the Business Regulation and Competition Working Group would examine this matter and report back in October 2008.

National regulation through the Commonwealth of consumer credit will provide for a consistent regime that extinguishes the gaps and conflicts that may exist in the current regime. The new regime is anticipated to introduce licensing, conduct, advice and disclosure requirements that meet the needs of both consumers and businesses alike. A seamless national regime will assist in ensuring that consumers are better protected in their dealings with credit products and credit providers, including brokers and advisers.

COAG today took a significant step in streamlining the processes associated with ensuring the safety of consumer products. COAG has agreed that the Commonwealth will assume responsibility for the making of permanent product bans and standards under the *Trade Practices Act 1974*. States will retain powers to issue interim product bans.

A new electronic conveyancing system is to commence in 2010. It will provide an efficient national platform to settle property transactions, lodge instruments with land registries and meet associated duty and tax obligations electronically through a national system. The system is anticipated to reduce substantially costs to business through reduced delays and expense associated with transferring title, simplification processes, elimination of costs and complexities of dealing with eight different systems and increased accuracy in transactions.

Harmonised payroll tax administration has been introduced from 1 July 2008 through the adoption, in a range of areas, of common treatment of various employee allowances and lodgment dates. This is a significant reform and will result in substantial administrative savings for business.

Further regulatory reforms agreed by COAG include the first phase of regulatory changes in the chemicals and plastics industry, with further measures to be considered by COAG in October 2008, the development of a national construction code, and the development of a national consumer policy framework and will consider recommendations on the framework in October 2008. These reforms will make life simpler for businesses and consumers dealing with these issues, while continuing to provide the necessary protections and access for consumers and the community.

The Productivity Commission has estimated that the consumer policy framework reforms alone could provide a net gain to the community of between \$1.5 billion and \$4.5 billion a year, through more effective consumer laws and better enforcement, and increasing productivity and innovation, through reducing compliance costs for business and increasing consumer confidence.

COAG has also agreed to a number of priority areas for competition reform, covering anti-dumping, parallel importation of books, rationalisation of occupational licences, national transport policy and further reforms to infrastructure access, with implementation plans to be considered in October 2008. The Commonwealth will request the Productivity Commission to undertake reviews of Australia's anti-dumping system and parallel import restrictions on books.

The financial impacts of the reforms related to the seamless national economy, including on States' revenue and costs, will be calculated and incorporated in the overall finalisation of financial arrangements between the Commonwealth and the States. Furthermore, the Commonwealth will make incentive payments in respect of major progress on regulatory reform.

### **New Commonwealth-State Financial Framework**

At its March 2008 meeting, COAG agreed to a new model for federal financial relations, with priority being to modernise payments for specific purposes and the development of National Partnership payments.

At that meeting, COAG acknowledged that the Commonwealth should be responsible for its election commitments. In a number of the reports from Working Groups Commonwealth election commitments have legitimate and additional financial implications for the States and Territories. Consideration of these costs will be included as an addition to the work of Treasurers in the final determination of the new generation Specific Purpose Payments (SPPs) at year's end.

At today's meeting, COAG noted the preliminary Statements of Objectives, Outcomes, Outputs and Performance Measures for the new funding agreements prepared by the Health and Ageing, Productivity Agenda, Housing and Indigenous Reform Working Groups and the Community and Disability Services Ministers' Conference.

In October 2008 COAG will be considering the proposed approach for the new COAG intergovernmental agreement on financial relations together with drafts of each new SPP and proposals for National Partnership payments. In December 2008 COAG will finalise funding arrangements as part of settling the new intergovernmental agreement on financial relations.

COAG also agreed to the new performance reporting framework developed by the Ministerial Council for Commonwealth-State Financial Relations to enhance the public accountability of all governments within the new funding arrangements. COAG further agreed to the expanded role of the CRC in relation to this new framework. Further details on the role of the CRC are at Attachment A.

### **Major Reform Priorities**

Through the Business Regulation and Competition, Health and Ageing, Productivity Agenda, Indigenous Reform and Climate Change and Water Working Groups potential major reforms have been identified. COAG has agreed that, the most significant and far reaching of these proposed reforms are:

- a seamless national economy and broader regulatory reform processes and competition reform;
- the new Commonwealth-State financial arrangements;
- preventative health;
- complex chronic disease management;
- hospitals (including the primary care interface and activity-based funding reform);
- fixing the intersection of aged care and disability services, roles and responsibilities;
- schools - the educational needs of low socio-economic status school communities and improving the quality of teaching in schools;
- national reform of the vocational education and training sector;
- children and family centres, as part of a broader early childhood development agenda;
- potential COAG reforms in the areas of adaptation and energy efficiency; and
- key Indigenous measures collectively under the heading of “Closing the Gap”.

COAG has requested that these reforms and significant service delivery improvements be further developed for consideration in October 2008.

The joining of major reform and other significant service delivery improvements, with the prospects of delivery of reform to financial relations between governments and the continuing improvement in the delivery of basic government services will result in a landmark achievement for Australia. The prosperity of the nation and the wellbeing of Australians will increase. Indeed, the scope of the reforms is broader and more far reaching than the national competition policy reforms of the 1990s.

## **Health**

COAG endorsed a \$136.4 million organ and tissue donation reform package to improve Australia’s flagging donation rate. This package will aim to establish from 1 January 2009, a world-class comprehensive national system of organ and tissue donation, led by the Commonwealth and delivered in partnership with the States. These reforms will provide long-lasting and transformative benefits for the approximately 1,800 Australians in need of an organ transplant at any one time.

The 2020 Summit reinforced the need for a reinvigorated national approach to organ and tissue donation. This package builds upon international models of best practice in the clinical systems for maximising the number of organ and tissue donors, for promoting community awareness and for supporting donor families.

The National Plan to Boost Organ Donation will fund a network of specialist doctors and clinical nurse educators in public and private hospitals around Australia to focus solely on organ and tissue donation. It will provide funds to hospitals for the additional staffing, bed and infrastructure costs associated with the donation process. This national effort will be spearheaded by an independent national authority for organ donation and transplantation. The new authority will report to COAG, within its first year of operation, on an implementation plan for each element of the reform package and it will report progress against concrete outcome measures.

COAG has an ambitious health and ageing reform agenda proposed for implementation from 2009. This includes a substantial program of hospital reform, improvements to Indigenous health, chronic disease management and preventative health care. When fully implemented, reforms will improve the health outcomes for all Australians, contributing to increased productivity. The Commonwealth and the States will continue to work cooperatively to progress this vital program of reform.

### **Productivity, Education, Skills and Early Childhood**

COAG welcomed the significant progress of the Productivity Agenda Working Group in developing Statements of Objectives, Outcomes, Outputs and Performance Measures in the key areas of early childhood development, schooling and skills and workforce development. The effort of all governments working together on reform, underpinned by clear goals of what needs to be achieved in these areas, is critical to ensuring that all Australians have access to the quality education, training and support they need to be equipped for a life of success in learning and employment.

COAG considered preliminary work on important reforms that will focus on giving children the best possible start in life and on delivering early childhood services such as health, care, education and family support. COAG agreed to the development of a broad national strategy for early childhood development for consideration in October 2008.

Reforms in schools will aim to support all teachers and school leaders in lifting the ability of all young Australians to engage, learn and achieve in schooling, and ensure they are well prepared for life and further learning. COAG will consider proposals in this area in October 2008.

COAG further endorsed the need for a new wave of national reform focused more squarely on the users of the vocational education and training system, including in relation to competition, contestability, regulation, quality assurance and consumer information. The proposals will also be considered by COAG in October 2008.

### **Additional 50,000 Vocational Education and Training Places in Health**

As requested at its March 2008 meeting, COAG received advice from Skills Australia on the possible allocation of up to 50,000 additional vocational education and training places over three years for national priority health occupations under the Productivity Places Program.

COAG agreed that all governments would immediately roll-out the first 4,500 places of the 50,000 to be allocated to the priority health occupations, with detailed arrangements to be agreed between jurisdictions by 31 July 2008. In the light of the urgent need for these training places in the health sector, the Commonwealth has agreed to fund fully the government contributions to the costs of this training during the period to 31 December 2008, with this additional funding contribution to be recognised in the financial arrangements for the new agreement from 1 January 2009. COAG noted the commitment by all jurisdictions to work towards the full implementation of the Productivity Places Program over the four years from

1 January 2009 as a part of the negotiation of the new national agreement on vocational education and training.

### **Indigenous Reform – Closing the Gap**

Leaders agreed to sustained engagement and effort by all governments over the next decade and beyond to achieve the Closing the Gap targets for Indigenous people.

As a first step, COAG agreed in principle to a National Partnership with joint funding of around \$547.2 million over six years to address the needs of Indigenous children in their early years.

The National Partnership is based on evidence that improvements in Indigenous child mortality require better access to antenatal care, teenage reproductive and sexual health services, child and maternal health services and integrated child and family services. Bilateral plans for implementing the reforms will be agreed between each jurisdiction and the Commonwealth for COAG's consideration in October 2008. COAG further agreed to consider in mid 2009 a progress report and advice about the contribution of COAG's broader reform agenda to overcoming Indigenous children's disadvantage. The Commonwealth will continue to explore with the States the role that conditions on benefit payments could play in increasing the take up by vulnerable families, including vulnerable Indigenous families, of early childhood, family support and child and maternal health services.

COAG agreed that the Working Group on Indigenous Reform (WGIR) should continue to develop reform proposals for improving community safety, remote service delivery and Indigenous economic development and active welfare for consideration in October 2008. In addition, COAG requested the WGIR, in conjunction with other Working Groups, to report to COAG in December 2008 on how COAG's broader reform agenda will deliver an integrated strategy on closing the gap for all Indigenous people.

### **Child Protection**

COAG requested advice from the Community and Disability Services Ministers' Conference on how to improve sharing of information about families and children at risk between governments at the local level and between governments and non-government organisations, with Ministers to report back to COAG in October 2008. In developing that report, the Conference will have regard to expert advice.

COAG noted the work underway on a National Child Protection Framework to improve child protection outcomes and agreed that it would be considered at the December 2008 COAG meeting.

COAG agreed that governments would continue to work together to enhance coordination at the local level to improve prevention and early intervention for families and children at risk. COAG welcomed the role of the National Child Protection Clearing House in disseminating best practice nationally.

## **Housing**

COAG agreed that the initial priorities for the Housing Working Group were to develop service delivery improvements to reduce homelessness, and to address the level of overcrowded housing experienced by Indigenous people and improving social housing. COAG noted the potential for reform of social housing is an issue that needs further analysis and advice.

## **Water**

COAG signed an intergovernmental agreement (IGA) on Murray-Darling Basin Reform that establishes the new governance of the Murray-Darling Basin. Notably, the IGA includes arrangements for critical human needs, comprehensive and consistent trading arrangements across the Basin and the transition of the Murray-Darling Basin Commission to the new Murray-Darling Basin Authority. This agreement cements the Memorandum of Understanding agreed in March.

Under the IGA, governments commit to a new culture and practice of Basin-wide management and planning, through new structures and partnerships. Key elements of the arrangements are the preparation of a whole of Basin Plan by an independent, expert Murray-Darling Basin Authority. Central to the Basin Plan will be sustainable diversion limits on water use in the Basin to ensure the long-term future health and prosperity of the Murray-Darling Basin and to safeguard the water needs of the communities that rely on its water resources.

The Commonwealth has agreed in principle to provide close to \$3.7 billion for significant water projects in South Australia, New South Wales, Victoria, Queensland and the ACT, subject to a due diligence assessment of the social, economic, environmental, financial and technical aspects of the projects. These projects include the in-principle agreement in March to fund up to \$1 billion of the Stage Two Food Bowl Project in Victoria, and provide a balanced response to the water infrastructure and reform needs of all the Murray-Darling Basin States.

### *New South Wales*

Overall the Commonwealth will provide up to \$1.358 billion to New South Wales, for new priority water projects, subject to due diligence, in addition to the existing commitment to Menindee Lakes.

This commitment includes about \$650 million to private irrigators, subject to due diligence, to support water saving upgrades of private infrastructure in New South Wales.

The Commonwealth will contribute up to \$708 million to New South Wales, subject to due diligence, for a suite of initiatives. Up to \$137 million will be provided for projects, currently at the conceptual planning stage that reduce water loss on farms by piping stock and domestic supply systems, including \$90 million for the south of the Basin and \$47 million for the north of the Basin. Support will also be provided for several projects that are at the design stage. These include up to \$300 million for modernising the infrastructure associated with direct river diverters - \$200 million in

the north and \$100 million in the south. In addition, up to \$221 million will be provided to upgrade the accuracy of water metering, which is essential to the management of water resources. Most of these funds will be directed at metering groundwater and unregulated streams (\$131 million) and the remaining \$90 million will be used to replace existing customer-owned meters with State Water-owned meters. A further \$50 million will be provided to improve the management of water on the floodplains through modifications to floodplain structures and extractions.

### *Victoria*

The Commonwealth will provide up to \$103 million to Victoria for the Sunraysia Modernisation Project, subject to due diligence. The proposal will modernise the remaining three irrigation districts of Merbein, Mildura and Red Cliffs. This is in addition to the in-principle agreement in March 2008 to fund up to \$1 billion of the Stage 2 Food Bowl Project in Victoria. This brings the Commonwealth commitment to Victoria for priority infrastructure projects to \$1.103 billion.

### *Queensland*

The Commonwealth will provide up to \$510 million towards Queensland's priority projects, subject to due diligence. The Queensland Government is ready to roll-out community level irrigation planning and infrastructure investment. The Commonwealth will provide up to \$115 million to assist Queensland with this project. Sunwater is currently planning the modernisation of its delivery system to reduce water loss and the Commonwealth will contribute up to \$40 million to assist the modernisation process. The use of coal seam gas water, currently having to be dealt with as a significant waste management issue, is a potential significant water resource. The Commonwealth will provide \$5 million for the conduct of a detailed feasibility study to examine the viability of using coal seam gas water as an alternate water resource. In addition to these infrastructure projects, the Commonwealth will provide up to \$350 million for the future purchase of water entitlements from willing sellers in the Queensland section of the Murray-Darling Basin. Together, these initiatives will deliver long lasting benefits to Murray-Darling Basin communities in Queensland and downstream.

### *South Australia*

The Commonwealth will provide up to \$610 million towards South Australia's priority projects, subject to due diligence.

Up to \$220 million will be provided for projects that upgrade irrigation infrastructure and improve river management. These projects include up to \$120 million for an integrated network of pipelines to service townships, communities and irrigators currently reliant on the Lower Lakes for their water supplies, thereby vastly improving their water security and water quality. To support greater water use efficiency, up to \$100 million will also be provided for irrigation and river management initiatives in the Riverland and elsewhere. The South Australian Government has invested significant resources in planning these projects and they can be rolled out expeditiously.

Up to \$110 million will be provided by the Commonwealth in partnership with the South Australian Government to assist its project aimed at reinvigorating the irrigation sector in the Riverland. These funds will be made available to support modernisation of private irrigation infrastructure. Further, in recognition that some South Australia irrigators may wish to sell their water entitlements voluntarily, the Commonwealth is making up to \$80 million immediately available for the purchase of water entitlements from willing sellers.

Separately, up to \$200 million will be provided to support an enduring response to the environmental problems facing the Lower Lakes and Coorong given these sites national and international significance. To accelerate this work, the Commonwealth has agreed to advance \$10 million to South Australia to undertake the feasibility work necessary to expedite this important project.

#### *Australian Capital Territory*

The Commonwealth will provide the Australian Capital Territory with up to \$85 million, subject to due diligence, to implement measures to reduce salt outflows. Planning for this project is already underway and it will benefit the Australian Capital Territory and communities downstream of the Australian Capital Territory through reduced salt loads.

#### *Private Irrigation Infrastructure Operators*

The Commonwealth recognises that some irrigation infrastructure in the Basin is privately owned. To this end, substantial funding will be made available for private irrigation infrastructure operators. Most of this funding will be in New South Wales given the significant number of private irrigation corporations in that State with some funding available to South Australia and Victoria. The Commonwealth agreed to work with the States in rolling out this program.

The commitment to these new projects add to the existing Commonwealth commitments to infrastructure projects in the Basin, including in Victoria, the Wimmera-Mallee Pipeline (\$99 million), in New South Wales, \$400 million for the Menindee Lakes and \$16.3 million to the Nyngan-Warren Pipeline and the Lithgow-Oberon recycled water projects, in South Australia, \$160 million to the Upper Spencer Gulf desalination plant. Overall, the Commonwealth has now committed about \$4.3 billion across the Basin to water infrastructure projects and early provision of funds for purchasing water entitlements from willing sellers. These measures will reduce water loss and return water to the environment to help restore the sustainability of the resource and enable a long-term future for the communities of the Basin.

COAG reaffirmed its commitment under the National Water Initiative to reconsider the limit on out-of-district trade of permanent water entitlements in the Southern Murray-Darling Basin. COAG stated its ambition to increase the cap from four per cent to six per cent by the end of 2009. Future changes in the limit would be preceded by wide consultation with the communities prior to any decision being made.

COAG further agreed to a set of Basin-wide principles for the use of environmental water to help improve the coordination and delivery of environmental water across the Basin.

### **Climate Change**

COAG noted the significant progress being made on the climate change agenda, including on developing the National Renewable Energy Target Scheme, options for feed-in tariffs and measures to accelerate energy efficiency enhancements. COAG noted the extensive consultations being undertaken by the Commonwealth in relation to the Emissions Trading Scheme (ETS) and that all jurisdictions are assessing the complementarity of their existing climate change measures.

### **Infrastructure**

In relation to the Infrastructure Working Group it was noted that Infrastructure Australia is receiving the information it requires from jurisdictions for the National Infrastructure Audit and the development of an infrastructure priority list for COAG's consideration in early 2009.

### **Australia's Security and Emergency Management Arrangements**

COAG considered several issues in relation to Australia's security and emergency management arrangements. Following a review of the National Emergency Protocol, COAG agreed to adopt *Model Arrangements for Leadership during Emergencies of National Consequence* to guide national efforts in coordinating the response to, and recovery from, emergencies of national consequence. These model arrangements will also guide work by the Ministerial Council for Police and Emergency Management (MCPPEM) in developing Australia's governance arrangements for a catastrophic natural disaster.

COAG also asked the MCPPEM to propose a way forward for a nationally-consistent community emergency warning system, for consideration by COAG at its October 2008 meeting. This will involve an examination of new technologies, including systems for issuing telephone-based alerts, which would build on existing mechanisms to provide an enhanced capacity to issue warnings to the community in the event of an emergency. Given the potential of such a system to save lives, COAG has asked that it be developed as a matter of priority.

COAG agreed to adopt a nationally-consistent approach to the regulation of the private security industry, focusing initially on the guarding sector of the industry, to improve the probity, competence and skills of security personnel and the mobility of security industry licences across jurisdictions. COAG asked the MCPPEM, in consultation with the Security Industry Regulators Forum, to undertake further work on minimum regulatory standards for the technical sector of the industry by mid 2009, as well as proposals for a possible national system for security industry licensing by mid 2010.

## **Problem Gambling**

COAG asked the Commonwealth Treasurer to arrange for the Productivity Commission to update its 1999 inquiry into problem gambling.

## **Intergovernmental Agreements**

Other agreements today included the signing of an updated:

- Food Regulation Intergovernmental Agreement that will ensure a more effective, cooperative national approach to food safety and regulation in Australia and New Zealand; and
- Gene Technology Intergovernmental Agreement that reaffirms the commitment of all governments to a nationally-consistent scheme for gene technology.

## **Next Meeting**

Following an offer from the Western Australian Government, COAG agreed to hold its next meeting in Perth on 2 October 2008.