

Council of Australian Governments Meeting

Canberra 19 August 2011

Communiqué

The Council of Australian Governments (COAG) held its 31st meeting in Canberra today. The Prime Minister, Premiers, Chief Ministers and the President of the Australian Local Government Association attended the meeting. The Leaders acknowledged the significant contribution to COAG deliberations that the South Australian Premier, the Hon Mike Rann MP, has made over many years, in particular in the areas of health reform, mental health, climate change response, the River Murray and social inclusion.

Australia's Resilient Economy

COAG discussed recent developments in the global economy, noting that, while global financial markets have been volatile, overall global growth remains firm and, in particular, strong growth in China and elsewhere in our region is expected to continue.

COAG agreed that Australia is well placed to ride out the current global turbulence. Our solid economic growth, strong labour market, healthy public finances and well-regulated and well-capitalised financial institutions place us in good stead. Furthermore, we have a proven track record in dealing with global instability.

A key reason for optimism is Australia's close links to the strong growth in our region. This growth is boosting Australia's terms-of-trade, lifting our national income and creating many new opportunities. However, this also poses challenges for many Australian firms that are now exposed to greater international competition, a strong exchange rate, and greater competition for inputs to production.

For this reason, and to help insulate the Australian economy from global instability, COAG affirmed its resolve to implement productivity and participation enhancing reforms to strengthen the Australian economy, with its world-class education and training systems, to help Australian firms to adjust to changes occurring outside Australia and take advantage of new opportunities.

Progress on Seamless National Economy Reforms

In a major step forward in improving the efficiency of transport regulation, COAG today announced the signing of three new Intergovernmental Agreements on heavy vehicles, rail and maritime safety. The heavy vehicle regulator reforms alone are worth up to \$30 billion to the national economy over 20 years. Western Australia did not formally sign the Heavy Vehicle Regulator

Intergovernmental Agreement but expressed support for these reforms. Subject to Western Australia's concerns being addressed, Western Australia will sign the heavy vehicle Intergovernmental Agreement.

National transport regulators are to be in place for heavy vehicles, rail and maritime safety by January 2013. The signing of Intergovernmental Agreements to this end represents a landmark microeconomic reform through establishment of national standards, which when complete will significantly reduce the number of regulators. There will also be benefits to safety, for example, an interstate train will operate on one signalling regime, no matter what jurisdiction it is in.

COAG noted that the new national maritime regulatory scheme will not extend to non-commercial vessels such as rowing and sailing craft that are owned by individuals, schools or community groups such as sea scouts.

COAG also agreed that, while small commercial vessels will fall within the scope of the regulatory scheme, day-to-day regulation will be delegated to the relevant State or Territory agency, through the Intergovernmental Agreement and the underpinning legislation.

In welcoming the further progress made under the Seamless National Economy initiative, with the establishment to date of 14 national regulatory frameworks since 2008, COAG emphasised the importance of continuing to pursue ambitious competition and regulatory reform. To this end, COAG has agreed to consider before the start of 2012 detailed options for further competition and regulatory reform, following consultation with business and other stakeholders.

Efficient and effective planning of our cities and towns is vital to productivity and investment. Governments at all levels have responsibility for approvals and it is important each jurisdiction administers its approvals processes well and in a coordinated manner with other levels of government.

COAG has a number of streams of work already under way, such as the strategic capital cities planning work being undertaken by the COAG Reform Council; the regulation and competition reform agenda; and, housing supply and affordability reform.

COAG agreed that the States and Territories will continue to attach a high priority to the long-term planning of cities and will respond within six months to the assessment of strategic plans by the COAG Reform Council.

COAG noted that each State and Territory is continuing to act to improve significantly its statutory planning systems and thus improve efficiency, reduce costs and improve timeliness and investment certainty.

New National Reform Agenda for Environmental Regulation

COAG has agreed on the need for major reform of environmental regulation across all levels of government to reduce regulatory burden and duplication for business and to deliver better environmental outcomes, including through greater use of regional planning and strategic assessments. To this end, a cross-jurisdictional working group of senior officials is to develop options and implementation arrangements for this reform agenda. The working group will report to COAG with a package of options for regulatory reform by the end of 2011 and with a completed reform agenda and detailed implementation arrangements for COAG approval at its first meeting in 2012. This reform will be part of the next tranche of the Seamless National Economy agenda.

The protection of Australia's unique environment and heritage is a responsibility and priority for all Australian governments. Environmental assessment and approvals processes are a critical means of providing protection for our unique environment, while supporting our economic development. First Ministers consider that national reforms are needed to integrate better State, Territory and Commonwealth regulatory arrangements for environmental protection.

Sustainability and Congestion

COAG recognised that the sustainability and liveability of our cities and issues such as congestion are significant concerns for many living in major centres. The work that COAG commissioned on capital city strategic planning will be completed at the end of 2011 and COAG will have a broader discussion about this matter at its next meeting. A number of First Ministers agreed to take the lead on areas of reform. Work will be brought back to the next COAG meeting on infrastructure financing delivering better value infrastructure (New South Wales), planning controls over Commonwealth land (Victoria), providing services and infrastructure to a growing and dispersed population (Queensland) and sustainable development in northern Australia (Northern Territory).

Productivity Commission Report on Disability Care and Support

COAG welcomed the public release of the Productivity Commission's final report on Disability Care and Support and agreed on the need for major reform of disability services in Australia through a National Disability Insurance Scheme.

COAG will develop high-level principles, by the end of 2011, to guide consideration of the Productivity Commission recommendations regarding a National Disability Insurance Scheme, including for foundation reforms, funding and governance. Given the high priority that all governments place on disability care and support, COAG agreed to the establishment of a Select Council of Treasurers and Disability Services Ministers, chaired by the Commonwealth, to consider the recommendations of the Productivity Commission's report. The Select Council will commence work immediately, and will reflect and give effect to the principles, to be agreed by COAG. The Select Council will provide an initial report to COAG at its first meeting in 2012.

COAG agreed to progress quickly the measures agreed as part of the National Disability Agreement that have also been identified as foundation reforms for a National Disability Insurance Scheme, including development of a national assessment framework; nationally consistent service and quality standards for the disability services sector; and a comprehensive national disability services workforce strategy.

COAG also noted the Productivity Commission's recommendations in relation to a National Injury Insurance Scheme and agreed to work together to consider the Productivity Commission's recommendation.

COAG noted that disability services are currently the responsibility of State and Territory governments. All governments recognised that addressing the challenges in disability services will require shared and coordinated effort.

Mental Health Reform

At the suggestion of Premier Mike Rann, COAG had the opportunity to discuss priorities for mental health reform with three eminent Australian mental health experts:

Professor Patrick McGorry AO; Mr Frank Quinlan; and Monsignor David Cappo AO. Indeed, COAG acknowledged the leadership of Premier Rann in driving improvements to Australia's mental health system.

COAG recognised the increased investment in mental health in recent years, including through the COAG National Action Plan on Mental Health 2006-2011, the substantial additional investment by States and Territories in recent years, and the Commonwealth's additional investment of \$2.2 billion over five years from 2011-12. COAG also acknowledged the need to continue to improve and integrate mental health and other support services and to ensure a better response to the needs of people with severe and debilitating mental illness so they stay well. In this, COAG noted the importance of attending to the needs of young and Indigenous Australians and remote communities.

Accordingly, COAG agreed to commence work on the development of a National Partnership Agreement on Mental Health which would focus on: stable accommodation and support; and the presentation, admission and discharge planning in major hospitals and emergency departments, and related support services. By addressing priority service gaps in Australia's mental health system the National Partnership will help move Australia's mental health system away from crisis-driven activity towards prevention, early intervention and care in the community.

COAG also agreed to commence work on a Ten Year Roadmap for National Mental Health Reform (the Roadmap) that will set out the vision, priorities, and main steps in achieving this vision.

The proposed National Partnership and the Roadmap will be considered by COAG before the end of 2011.

Health Reform

Further solid progress was made on the implementation of reforms to Australia's health system. Today COAG announced the Chairs and Deputy Chairs of two of the key bodies that will oversee and implement these major reforms, the National Health Performance Authority (NHPA) and the Independent Hospitals Pricing Authority (IHPA).

The IHPA will set the national price for public hospital services and will develop a national activity-based funding system. Mr Shane Solomon will be the inaugural Chair of the interim IHPA. Mr Jim Birch will be appointed as the inaugural Deputy Chair of the interim IHPA. COAG also announced today that the interim IHPA will be established, as an executive agency, separate from any Commonwealth government department, effective from 1 September 2011. COAG intends that the interim IHPA will be replaced with an independent statutory authority once the Commonwealth Parliament has passed the necessary legislation.

The new NHPA will ensure that Australians can access accurate and up-to-date information about how their health system performs so they can choose the best care.

Ms Patricia Faulkner AO will be appointed as the inaugural Chair of the NHPA. Mr John Walsh will be appointed as the inaugural Deputy Chair of the NHPA.

These are important steps in implementing the National Health Reform Agreement that COAG agreed on 2 August 2011. This historic agreement will deliver the funding public hospitals

need, with unprecedented levels of transparency and accountability, and less waiting time for patients.

Revitalising the National Vocational Education and Training System

A strong vocational education and training (VET) sector, supporting high-level skills and workforce development, will be crucial as the Australian economy undergoes a major economic transformation as a result of the mining boom, new technologies, clean energy, infrastructure investments (like the National Broadband Network), the transition to a knowledge and service-based economy and demographic change. High-quality training will help workers and businesses take up new opportunities emerging in the economy, and allow Australian businesses to improve their competitiveness in global markets.

Fundamental reform of the VET sector is required to increase participation and ensure training is more responsive to the needs of industry and individuals in a dynamic economy. Building on the success of recent government policies in increasing growth in training activity and in higher qualifications, COAG agreed to adopt a new national framework of objectives and principles for a reformed national VET system. This framework will guide the development of reform directions for consideration by COAG in early 2012, following extensive consultations with stakeholders.

COAG acknowledged that some States have already moved and others are moving to a more flexible and demand-driven training system, seeking greater contestability of funding for public training and greater competition between providers. The key role of TAFE as the public provider in a competitive market was recognised and supported, including its delivery of high-cost technical training, encouraging participation of disadvantaged students and offering services in regional and remote areas.

COAG agreed that future reform directions should continue to encourage increased take-up of higher-level qualifications to improve the employment resilience and productivity of Australia's workforce and the standard of learning outcomes, including through the possible use of income contingent loans for publicly subsidised diploma and above qualifications. The importance of strengthened pathways between sectors was also acknowledged as an important objective of reform.

All governments also agreed that greater transparency in the system is needed to support informed choices by employers and students, aligning training reform directions with similar improvements to transparency and accountability in the schools and health sectors. It was agreed that governments will work cooperatively on improved information sharing including through the implementation of the My Skills website to improve access to information and support informed choice; the

introduction of a Unique Student Identifier; and the enhanced collection and sharing of VET data to improve accountability of outcomes.

COAG further agreed that the reforms should continue to drive improved quality in the sector, including through the newly established regulatory arrangements, a renewed focus on VET teacher development and the introduction of stronger quality measures for VET providers.

COAG noted the importance of international education to Australia in creating closer ties with other countries and strengthening our bilateral relationships. All governments welcomed international students in our universities and other educational institutions, and the richness and diversity they add to education and society in Australia.

COAG noted the range of factors impacting on international student numbers, including the high exchange rate, increased competition and changes to visa requirements aimed at strengthening the integrity of the international education industry. Building on the recently launched COAG International Student Strategy for Australia 2010-14, which includes important measures to safeguard international student welfare, COAG agreed that the Commonwealth would engage with the States and Territories in developing its response to the Strategic Review of the Student Visa Program undertaken by the Hon. Michael Knight, AO, by October 2011. COAG noted the support of States and Territories for an evaluation of the scope for a three-year working visa for graduates with university or higher level vocational qualifications where a skills shortage exists. COAG also agreed to consider measures to address the visa status of international students in Australia who commenced their courses ahead of recent visa changes.

Commonwealth's Proposed Clean Energy Package

COAG received a presentation from the Prime Minister on the Clean Energy Future package, including assistance to be provided to households, communities and businesses across Australia to manage the transition to a clean energy economy.

Record of Appreciation

COAG warmly acknowledged the outstanding contribution to all levels of government of the retiring Secretary of the Department of the Prime Minister and Cabinet, Mr Terry Moran, AO, over a career spanning four decades, and thanked him for his service to the nation and significant contribution to economic and social policy reform.

Canberra

19 August 2011