The Council of Australian Governments (COAG) held its 33rd meeting in Canberra today. The Prime Minister, Premiers, Chief Ministers and the President of the Australian Local Government Association (ALGA) attended. The Leaders acknowledged this was the final COAG meeting for Councillor Genia McCaffery, President of ALGA, and thanked her for her contribution.

National Disability Insurance Scheme

COAG noted progress in establishing the first stage of a National Disability Insurance Scheme (NDIS) from July 2013, and that the Commonwealth has reached in-principle agreement with South Australia, Tasmania and the Australian Capital Territory for a launch to commence from July 2013. These jurisdictions agreed to engage closely in the implementation of the first stage, noting this will inform the move to a national insurance-based approach to disability care and support.

These jurisdictions agreed to work together on the development of Commonwealth legislation to establish both the scheme and a national launch agency to administer the scheme during the launch phase. The agency will be responsible for managing Commonwealth and State funds in a single national pool, and undertaking planning, assessment and approval of individual support packages.

The Commonwealth, South Australia, Tasmania and the Australian Capital Territory welcomed the opportunity to establish launch sites so that, from July next year, governments will start the first stage of an NDIS and improve the quality of support for people with a disability and their carers. These jurisdictions agreed that participants in the launch sites will receive ongoing support until a decision is taken to move to a full NDIS. All governments also agreed that the funding and governance arrangements agreed for launch do not create a precedent for the full scheme.

COAG welcomed a report from the Select Council on Disability Reform on progress with establishing an NDIS. First Ministers discussed funding and governance options for an NDIS and agreed to consider these issues further at their next meeting in 2012.

As part of its report, the Select Council has proposed an approach to defining eligibility and reasonable and necessary support under an NDIS, building on the work of the Productivity Commission. COAG agreed that, as a first step to settling the design of an NDIS, consultation with people with a disability, their families and carers, the workforce
and disability sector and peak bodies would commence from late August on this approach. These consultations would occur through Commonwealth and State Advisory Groups that have been established to support government consideration of an NDIS. The consultations will inform the final approach to eligibility and reasonable and necessary support to be agreed by COAG, as well as further work on how these definitions would work in practice, and how they would be reflected in legislation, regulations or guidelines.

**Future Competition and Regulatory Reform**

COAG noted the progress report from its inter-jurisdictional Taskforce which was set up to advise COAG following the successful Business Advisory Forum meeting in April. The Taskforce has been consulting with peak business bodies and other organisations interested in specific reforms, including conservation groups which have an interest in environmental regulation reforms.

COAG reiterated its commitment to reducing duplication and double-handling of environmental assessment and approval processes while maintaining high environmental standards that are risk- and outcomes-based. In line with the timing agreed at the COAG meeting in April, consultations are underway and negotiations for bilateral agreements are about to commence.

The Taskforce has worked with the Select Council on Climate Change to examine options to expand and expedite planned reviews into the complementarity of climate change measures with a carbon price. Significant progress has been made in establishing the scope for reform and in identifying measures for review. This process will be largely completed by late 2012.

On energy market reform, considerable work is already in train through the Standing Council on Energy and Resources. COAG expressed concern over the recent substantial electricity price increases arising from factors including increases in transmission and distribution charges and requested energy ministers to focus current reviews of market regulation in the interconnected market on achieving efficient future investment which does not result in undue price pressures on consumers and business. COAG noted the Taskforce’s advice that the current program of work is consistent with its original vision for an interconnected national electricity market. Nonetheless, noting the interest of governments, business and consumers in competitive markets, COAG asked the Taskforce to undertake further work and advise COAG in late 2012 on any additional action required to deliver a regulatory framework that promotes a competitive retail electricity market, including appropriate support for vulnerable customers, and efficient
investment.

Work to develop best-practice approaches to lift regulatory performance and policy initiatives to meet the red tape challenge is also being advanced.

COAG noted that a report would be provided to the next meeting of the Business Advisory Forum and recommendations to COAG in late 2012.

**Progress on Seamless National Economy Reforms**

COAG has released two report cards on the implementation of its deregulation priorities and competition reforms under the National Partnership Agreement to Deliver a Seamless National Economy.

COAG welcomed completion of the business names reform and noted that 17 of the 27 deregulation priority reforms are now operational and three of the eight competition reforms are complete.

In relation to directors’ liability reform, to ensure the operation of directors’ liability is applied in a nationally consistent and principle-based manner in future legislation, COAG agreed to a set of Principles and Guidelines, noting that this reform is still under consideration by the Queensland Government.

COAG welcomed the release last week for consultation of the Regulation Impact Statement (RIS) for electrical occupations, under the National Occupational Licensing Scheme reform, and noted the three remaining RISs are about to be released for consultation.

COAG welcomed the progress on infrastructure reform, the National Construction Code, chemicals and plastics reform, e-conveyancing reform, legal professions reform and trades licensing.

**Construction Industry Costs and Productivity**

COAG agreed to establish an independent review panel to conduct a broad ranging investigation into cost, competitiveness and productivity challenges in the commercial, civil and large scale residential construction industry. COAG will appoint three eminent persons with relevant expertise to conduct the review over the next 12 months and report back to COAG. A secretariat within the Department of the Prime Minister and Cabinet, comprising Commonwealth and State representatives, will support and report directly to the review panel. The panel will undertake analysis and consider reforms that could be pursued nationally or by individual Commonwealth, State, Territory and Local governments. Terms of reference are attached.
Expanding National Partnerships

COAG noted that a number of programs under National Partnerships have supported increased service levels. COAG recognised the importance of a coordinated approach to the consideration of ongoing funding for National Partnerships. It endorsed the criteria developed by Heads of Treasuries to determine the treatment of expiring National Partnerships. COAG also agreed to establish a working group to report back to COAG in September, to provide early identification of those agreements expiring on or before 30 June 2013 that have led to increased service levels, and options for their treatment if they were continued, noting that any Commonwealth funding decisions are contingent on Commonwealth Budget processes.

Improving Funding Arrangements

COAG discussed ongoing concerns about the proliferation of National Agreements, National Partnership Agreements and Project Agreements. COAG is committed to ensuring that only matters of truly national significance will be progressed as new multilateral National Partnership Agreements, with consideration of existing or alternative funding mechanisms before any new funding agreements are entered into. To support this, the working group which will consider expiring agreements will also consider and recommend measures to streamline the development and administration of selected funding agreements, for reporting to COAG at its December 2012 meeting.

National Response to Organised Crime and Firearms

COAG acknowledged that organised crime and firearms-related issues are of considerable concern to all governments and the community, and noted the initiatives agreed through the Standing Council of Police and Emergency Management (SCPEM). COAG agreed that the Commonwealth will continue to work with the States on a coordinated approach to organised crime, and firearms-related crime, in line with the work agreed by SCPEM.

Not-for-Profit Reform

COAG reconfirmed the objective of minimising regulatory compliance costs to the not-for-profit sector and requested further advice from Senior Officials on any legislative and regulatory changes required to achieve this objective. This includes legislative impacts of the proposed Australian Charities and Not-for-profits Commission Bill. Senior Officials will finalise this work within a month and before the Bill is settled for introduction to the Commonwealth Parliament in August 2012.
COAG agreed to consider before the end of 2012, the results of a regulatory impact assessment on governance and reporting standards in the not-for-profit sector, in light of the proposed Bill.

Royal Succession

Leaders confirmed Australia’s support for changes to the rules for Royal Succession agreed by leaders of the Realms on 28 October 2011 which would: allow for succession regardless of gender; and, remove the bar on succession for an heir and successor of the monarch who marries a Catholic.

New Zealand Engagement in COAG Fora

COAG welcomed New Zealand’s move from long-term observer to a member of the National Counter-Terrorism Committee and the National Emergency Management Committee to ensure the closest possible coordination and cooperation on counter-terrorism and emergency management issues.

Canberra
25 July 2012
ATTACHMENT A

Terms of Reference: COAG Review Panel on Construction Costs and Productivity

The construction sector is a significant industry for Australia. Constraining cost growth and improving productivity has the potential to deliver economic benefits nationally. Accordingly, COAG is establishing an independent Review Panel to conduct a broad ranging investigation into cost pressures, competitiveness and productivity in the commercial, civil and large-scale residential construction industry.

The Review Panel will consist of three eminent independent people with relevant legal, industry, workplace relations and economic expertise. The membership of the Panel will be agreed by COAG, with all jurisdictions able to nominate potential candidates. A secretariat comprised of expertise seconded from Commonwealth, State and Territory departments, will support and report directly to the Review Panel. The Secretariat will be located in the Department of the Prime Minister and Cabinet, given its role as the COAG Secretariat.

The Review will undertake analysis and develop findings on the following issues:

- **Market structure**: The level of concentration in the various sectors of the construction industry; how this has changed over time; the drivers of these trends and what effect has this had on construction costs; and the openness of the market to domestic and foreign suppliers of goods and services, including barriers to market entry. The relationship between public sector demand for construction (in terms of level and timing) and costs.

- **Regulations and compliance**: Assessing and identifying opportunities to reduce the costs of compliance in the construction sector while maintaining quality and safety standards; patchwork regulatory arrangements across jurisdictions and associated risk mitigation costs; impacts of building energy efficiency standards.

- **Taxation and other charges**: The impact of taxes, duties and developer charges on overall construction costs, and the appropriateness and efficiency of these taxes and charges.

- **Labour costs, skills and workplace relations**: The availability of suitably skilled labour in the construction sector, including: options for improving skills development; labour mobility including trades licensing and mutual recognition; attracting and retaining skilled workers in the industry; the current and future role of Australia’s migration program. The role played by industrial relations, noting the current and recent reviews of workplace relations legislation. The role that innovative management, new technology, project management and business practices could play in improving efficiency in the delivery of projects.

- **Other arrangements**: Examining issues and costs associated with the allocation of risk, regional market structure and labour force differences, availability of finance,
contracting arrangements and delivery models for construction projects. Examining the factors impacting on new technology uptake. Examining the rate of insolvency in the sector.

The Panel will consider reforms that could be pursued nationally or by the Commonwealth Government or individual State, Territory and Local governments. Where appropriate, the Panel will use suitably comparable international or jurisdictional benchmarks to assess performance, identify the factors driving regional differences, and develop recommendations.

The Panel will draw on any relevant existing reviews and work being undertaken that have implications for the construction sector. This includes the work being undertaken as a part of the Seamless National Economy reforms, such as the work on a National Construction Code, a national trade licensing system, national work health and safety laws, and work being undertaken as part of priorities identified by the COAG Business Advisory Forum including major project approvals and development approvals.

The Panel will consult with any stakeholders it sees fit and that it determines are relevant to the inquiry.

The Panel will be established in September 2012 and release a discussion paper by the end of the year; and a final report provided directly through COAG Senior Officials to COAG around July 2013.

Funding arrangements for the review panel and Secretariat will be settled by Senior Officials following today’s COAG meeting.

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<tr>
<th>Date</th>
<th>Event</th>
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<tr>
<td>July to August 2012</td>
<td>COAG determines terms of reference and panel appointments.</td>
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<tr>
<td>September 2012</td>
<td>Panel and secretariat in place.</td>
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<tr>
<td>November to December 2012</td>
<td>Discussion paper prepared and issued publicly to construction industry stakeholders.</td>
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<tr>
<td>April 2013</td>
<td>Submissions received from States and Territories and construction industry stakeholders. Panel conducts meetings with key construction industry stakeholders.</td>
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<tr>
<td>May to June 2013</td>
<td>Final report prepared.</td>
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<td>31 July 2013</td>
<td>Final report delivered to COAG for public release.</td>
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