

COUNCIL OF AUSTRALIAN GOVERNMENTS' MEETING

MELBOURNE

20 DECEMBER 2007

COMMUNIQUE

The Council of Australian Governments (COAG) held its 20th meeting today in Melbourne. In addition to the Prime Minister, Premiers, Chief Ministers and the President of the Australian Local Government Association (ALGA), Commonwealth and State and Territory Treasurers also attended.

COAG recognised that there was a unique opportunity for Commonwealth-State cooperation, to end the blame game and buck passing, and to take major steps forward for the Australian community.

COAG agreed to a new model of cooperation underpinned by more effective working arrangements. COAG identified seven areas for its 2008 work agenda:

- health and ageing;
- the productivity agenda – including education, skills, training and early childhood;
- climate change and water;
- infrastructure;
- business regulation and competition;
- housing; and
- Indigenous reform.

In a break with previous practice, COAG established seven working groups each overseen by a Commonwealth Minister, with deputies who are nominated by the States and Territories at a senior departmental level. These groups will also include senior officials from all jurisdictions. COAG also agreed to the terms of reference for each of the groups (see attached). A nominee of ALGA will be included in the working groups on climate change, infrastructure and housing.

In a major step forward, COAG agreed to begin changing the nature of Commonwealth-State funding arrangements by agreeing to focus more on outputs and outcomes, underpinned by a commitment from the Commonwealth Government to provide incentive payments to drive reforms. This will include reform of Specific Purpose Payments and this will be a priority item for consideration by Treasurers at a meeting in January to report to the next COAG meeting.

COAG agreed on the urgency of progressing the reform work program to increase the productive capacity of the economy, address the inflationary pressures that are emerging, and to deliver a higher quality of service to the Australian community.

To drive reforms, COAG agreed that it would meet four times in 2008.

At its March meeting next year, each of the working groups will provide COAG with its Commonwealth-State implementation plans for the major Commonwealth election commitments.

Along with delivering on this agenda through the course of 2008, COAG agreed that decisions on directions for major policy initiatives for the longer term reform agenda will be taken during 2008.

Previously agreed work under the National Reform Agenda will continue in addition to COAG's work on the Health Workforce Intergovernmental Agreement and counter terrorism.

Senior officials will take stock of other outstanding matters under the COAG agenda ahead of COAG's next meeting.

While COAG agreed to a work program and timetable for 2008, the Commonwealth and the States and Territories have also agreed to immediate action on their own work agendas.

Elective Surgery Waiting Times

Consistent with the Commonwealth Government's commitment to reduce by 25,000 the number of Australians who are facing clinically unacceptable waiting times for elective surgery, the Commonwealth today provided an upfront package of \$150 million for 2008 – a 50 per cent increase on its election commitment. Treasurers and Health Ministers will meet in January to finalise the details of the distribution and implementation of this funding.

Lengthy elective surgery waiting times are a major community concern.

This is a practical initiative to improve public hospital performance on elective surgery and represents a major commitment to ensuring Australians accessing public hospitals for elective surgery do not wait unreasonably for their operations.

The Commonwealth's investment will support a range of strategies – including contracting out elective surgery to the private sector – to reduce the backlog and improve elective surgery throughput into the future.

Computers in Secondary Schools

COAG agreed today to accelerate work on the National Secondary School Computer Fund.

Once fully implemented this initiative will benefit around one million secondary students nationwide each year.

The States and Territories agreed to immediately conduct an audit of their schools so that Commonwealth funding can be targeted where it is most needed and where there is capacity to use it effectively. This audit will be completed by mid-February 2008.

The completion of this audit by mid-February 2008 will speed up the roll out of technology to our schools.

Indigenous Australia

COAG agreed the 17 year gap in life expectancy between Indigenous and non-Indigenous Australians must be closed.

COAG today agreed to a partnership between all levels of government to work with Indigenous communities to achieve the target of closing the gap on Indigenous disadvantage. COAG committed to:

- closing the life expectancy gap within a generation;
- halving the mortality gap for children under five within a decade; and
- halving the gap in reading, writing and numeracy within a decade.

COAG recognised the pathway to closing the gap is inextricably linked to economic development and improved education outcomes.

COAG also specifically addressed the importance of tackling the debilitating effect of substance and alcohol abuse on Indigenous Australians.

The Commonwealth agreed to double the \$49.3 million in funding previously provided by COAG in 2006 for substance and alcohol rehabilitation and treatment services, particularly in remote areas.

The States and Territories, in turn, committed to complementary investments in services to support this initiative.

These will include, but are not limited to, strengthened policing of alcohol management plans and licensing laws and additional treatment and family support services.

COAG has also agreed that States and Territories will report transparently on the use of their Commonwealth Grants Commission funding which is on the basis of Indigenous need funding for services to Indigenous people.

MELBOURNE

WORKING GROUP ON HEALTH AND AGEING

OBJECTIVES

To improve health outcomes for all Australians and the sustainability of the Australian health system. This will involve the consistent effort of all governments, as well as active engagement with individual Australians, healthcare workers, business and the broader community. The National Health and Hospitals Reform Commission (NHHRC) will assist with this task.

Reform will extend across the full range of preventative, primary, acute and aged care, and across the public and private sectors. It will extend across every region of Australia, and include the challenges faced in major cities, regional areas and remote communities.

COMMONWEALTH/STATE IMPLEMENTATION PLANS TO BE DELIVERED TO THE MARCH 2008 COAG MEETING:

- Tackling elective surgery waiting times
- Investing in aged care, especially in transition care
- Investing in public dental programs
- Preventative health care
- GP superclinics

INDICATIVE FORWARD WORKPLAN FOR 2008

- Consideration of a Commonwealth/State agreement across the full range of health and wellbeing issues, including outcomes, measures of progress and accountability arrangements.
- The new Preventative Health Care Partnership, with particular emphasis on children and Indigenous Australians, including for example the key risk factors driving increasing rates of diabetes, cancer and poor mental health.
- Consideration of e-health, workforce planning and public hospital emergency departments.
- Key reform directions in relation to ageing, including the need for greater levels of community-based care, opportunities for more seamless delivery, delivery of aged care places and the intersection between aged care funding, HACC and disability funding.
- Linking with broader consideration of social inclusion and indigenous reform, given the importance of health and well being to tackling disadvantage.
- Ongoing engagement with the NHHRC to ensure alignment between its work and that of the Working Group.

NATIONAL HEALTH AND HOSPITALS REFORM COMMISSION

Terms of Reference

Australia's health system is in need of reform to meet a range of long-term challenges, including access to services, the growing burden of chronic disease, population ageing, costs and inefficiencies generated by blame and cost shifting, and the escalating costs of new health technologies.

The Commonwealth Government will establish a National Health and Hospitals Reform Commission to provide advice on performance benchmarks and practical reforms to the Australian health system which could be implemented in both the short and long term, to address these challenges.

- (1) By April 2008, the Commission will provide advice on the framework for the next Australian Health Care Agreements (AHCAs), including robust performance benchmarks in areas such as (but not restricted to) elective surgery, aged and transition care, and quality of health care.
- (2) By June 2009, the Commission will report on a long-term health reform plan to provide sustainable improvements in the performance of the health system addressing the need to:
 - a) reduce inefficiencies generated by cost-shifting, blame-shifting and buck-passing;
 - b) better integrate and coordinate care across all aspects of the health sector, particularly between primary care and hospital services around key measurable outputs for health;
 - c) bring a greater focus on prevention to the health system;
 - d) better integrate acute services and aged care services, and improve the transition between hospital and aged care;
 - e) improve frontline care to better promote healthy lifestyles and prevent and intervene early in chronic illness;
 - f) improve the provision of health services in rural areas;
 - g) improve Indigenous health outcomes; and
 - h) provide a well qualified and sustainable health workforce into the future.

The Commission's long-term health reform plan will maintain the principles of universality of Medicare and the Pharmaceutical Benefits Scheme, and public hospital care.

The Commission will report to the Commonwealth Minister for Health and Ageing, and, through her to the Prime Minister, and to the Council of Australian Governments and the Australian Health Ministers' Conference.

The Commonwealth, in consultation with the States and Territories from time to time, may provide additional terms of reference to the Commission.

The Commission will comprise a Chair, and between four to six part-time commissioners who will represent a wide range of experience and perspectives, but will not be representatives of any individual stakeholder groups.

The Commission will consult widely with consumers, health professionals, hospital administrators, State and Territory governments and other interested stakeholders.

The Commission will address overlap and duplication including in regulation between the Commonwealth and States.

The Commission will provide the Commonwealth Minister for Health and Ageing with regular progress reports.

WORKING GROUP ON THE PRODUCTIVITY AGENDA EDUCATION, SKILLS, TRAINING AND EARLY CHILDHOOD DEVELOPMENT

OBJECTIVES:

To pursue substantial reform in the areas of education, skills and early childhood development, to deliver significant improvements in human capital outcomes for all Australians. To strengthen Australia's economic and social foundations through this reform workplan, including in relation to teacher quality.

These objectives involve additional effort, greater collaboration and sharper focus on improving outcomes – starting with the earliest years, and moving through school and into the training system. Reform will involve collaboration across the public and private sector, and a genuine partnership involving parents, children, students, employers and all levels of government.

COMMONWEALTH/STATE IMPLEMENTATION PLANS TO BE DELIVERED TO MARCH 2008 COAG MEETING:

- Improving and expanding vocational and technical education by developing future management arrangements for the Australian Technical Colleges and creating an additional 450,000 training places over the next four years.
- Oversighting the work of implementation groups involving the State/Territory Independent and Catholic school systems for the Commonwealth's Digital Education Revolution and trades training centres in secondary schools.
- Promoting the study of Asian languages in schools.
- Investing in early childhood education through universal access to early learning for all four year olds and increasing the quality and availability of child care.
- Nominating representatives to the National Curriculum Board and participating fully in the development and implementation of a national curriculum in key learning areas by 2010.
- Lifting the Year 12 or the equivalent retention rate to 90 per cent by 2020.

INDICATIVE FORWARD WORK PROGRAM FOR 2008:

- Consideration of Commonwealth-State agreements on Schools, Vocational Education and Training and Indigenous Education.
- Reforms in the areas of early childhood, skills and work force development.
- Determine priorities for the contribution of the education, skills, training and early childhood development agenda to the overall challenge of labour supply.
- In addition determine priorities for the contribution of education, skills, training and early childhood development to broader objectives for social inclusion and Indigenous reform, given the critical importance of these areas in creating opportunity and tackling disadvantage.

WORKING GROUP ON CLIMATE CHANGE AND WATER

OBJECTIVES:

To ensure an effective national response to climate change, encompassing:

- a single national Emissions Trading Scheme (ETS) incorporating State schemes;
- a nationally-consistent set of climate change measures to support the ETS; and
- a national cooperative approach to long-term adaptation to climate change.

To ensure sustainable water use across Australia.

COMMONWEALTH/STATE IMPLEMENTATION PLANS TO BE DELIVERED TO THE MARCH 2008 COAG MEETING:

Climate Change

Plan for achieving the national expanded Mandatory Renewable Energy Target (MRET) by 2009, and interim report on progress.

Commonwealth will work with States and Territories (and other stakeholders) on its plan for finalising design and implementation of the ETS. The Working Group will be the vehicle for Commonwealth consultation with the States and Territories.

Implementation plan for developing a coherent and streamlined set of climate change measures across jurisdictions to complement Commonwealth implementation of the ETS.

Water

Report to COAG on the state of play with water reform encompassing:

- a stocktake of rural water reforms;
- progress on the assessment of irrigation infrastructure;
- progress in the development of water markets; and
- a stocktake of key challenges facing urban water supply.

INDICATIVE FORWARD WORK PROGRAM FROM MARCH:

Climate Change

Report to COAG by September 2008 with final MRET design and proposals for a streamlined set of complementary policies across jurisdictions.

Develop options to accelerate uptake of energy efficiency measures.

Long-term adaptation to climate change, including accelerating implementation of actions under the agreed National Adaptation Framework across all jurisdictions.

Water

Ensuring sustainable water use across Australia

National Water Initiative

Urban water

- long-term planning
- improving supply and demand scenarios
- water reform
- supply options

INFRASTRUCTURE WORKING GROUP

OBJECTIVES:

Better coordination of infrastructure planning and investment across the nation, across governments and the private sector.

To identify and remove blockages to productive investment in infrastructure.

COMMONWEALTH/STATE IMPLEMENTATION PLANS TO BE DELIVERED TO MARCH 2008 COAG MEETING:

The Commonwealth will consult with the States and Territories on the establishment of the Infrastructure Australia Council, including on board nominees, with the aim of establishing the Council as soon as possible in 2008.

The Working Group will develop an implementation plan covering:

- mechanisms for Infrastructure Australia to report to COAG;
- scope of the National Infrastructure Audit (the Audit), which is to examine the future capacity of transport, energy, communications and water infrastructure which is required materially to improve national productivity; and
- a forward work program for Infrastructure Australia, including scope for streamlining of planning and approval processes, standardisation of project appraisal techniques and the guidelines and principles for the assessment of Public Private Partnerships.

TIMELINES:

In early 2008, the Commonwealth will advise the States and Territories on structure and working arrangements for the Council and seek nominations.

The Working Group will provide an implementation plan to COAG by March 2008.

POSSIBLE FURTHER STAGE 2 REFORMS:

Following completion of the Audit, the Working Group will develop strategies to address any identified bottlenecks and deficiencies and develop options for better coordination of infrastructure planning and investment across jurisdictions and the private sector, including possible improvements to both Commonwealth, State and local planning mechanisms (including Auslink).

BUSINESS REGULATION AND COMPETITION WORKING GROUP

OBJECTIVES:

To accelerate and broaden the regulation reduction agenda to reduce the regulatory burden on business.

To accelerate and deliver the agreed COAG regulatory hot spots agenda.

To further improve processes for regulation making and review, including exploring a national approach to processes to ensure no net increase in the regulatory burden, and common start dates for legislation.

To deliver significant improvements in Australia's competition, productivity and international competitiveness.

COMMONWEALTH/STATE IMPLEMENTATION PLANS TO BE DELIVERED TO MARCH 2008 COAG MEETING:

- Plans identifying a first tranche of new regulatory reform initiatives. Priority areas for further or new action could include OH&S, payroll tax administration, building codes, trade and professional recognition, simplified accounting methods for the hospitality sector and BAS simplification.
- Strategies and implementation plans for reducing the regulatory burden, including alternative regulatory regimes and processes for offsetting new regulations.
- Plans to accelerate the existing regulatory hot spots agenda.
- A plan for addressing areas of regulation that impede national workforce mobility or skills acquisition, including through possible national systems for trade and professional qualifications and licensing.
- Assist the COAG Reform Council to prepare a report for COAG on progress with existing energy, transport and infrastructure regulation and best practice regulation reforms.

INDICATIVE FORWARD WORK PROGRAM FROM MARCH:

Specific regulatory reform milestones to be developed for the priority areas and agreed progressively over 2008, for possible application of incentive payments, with the first comprehensive stocktake on implementation progress by the end 2008.

Identify and develop action agendas for other regulatory reforms and national approaches to legislation in key areas of the economy that will significantly improve productivity and enhance workforce mobility and participation.

Take stock of results and initiate action on each jurisdiction's annual regulation burden review.

Carry forward and take decisions on the existing competition work stream, for example, the transport pricing work stream.

Analyse appropriate models for future regulation of national markets such as for water trading, the energy market, consumer policy and regulation affecting national workforce mobility.

HOUSING WORKING GROUP

OBJECTIVES:

To improve housing affordability for home buyers and ease rental stress, particularly for low to moderate income households.

To halve the number of homeless people turned away from shelters within five years.

To ensure all levels of government work together to improve housing affordability and negotiate a new National Housing Affordability Agreement, which builds on previous agreements and includes housing for Indigenous people.

To improve housing supply, including through release of surplus Commonwealth, State and Territory land for housing development.

To improve social and community housing.

COMMONWEALTH/STATE IMPLEMENTATION PLANS TO BE DELIVERED TO THE MARCH 2008 COAG MEETING:

- A \$500 million Housing Affordability Fund with the goal of streamlining development approval processes and reducing infrastructure charges and developer costs.
- A National Rental Affordability Scheme, addressing rental affordability, by increasing the supply of affordable rental housing, conditional on financial support from the States and Territories.
- Building 600 new houses and units for homeless people, requiring a matching investment and the release of suitable land from the States and Territories.
- A plan for an audit of Commonwealth, State and Territory land for possible release for housing development (excluding operating Defence bases).
- The Commonwealth will seek State and Territory participation in the work of its new National Housing Supply Research Council, which will coordinate housing research and report on the adequacy of construction and land supply for the next 20 years.

INDICATIVE FORWARD WORK PROGRAM FROM MARCH:

Consideration of a new National Housing Affordability Agreement that will replace the Commonwealth State Housing Agreement when it expires in June 2008.

Develop specific objectives for Indigenous Australians and for social inclusion.

WORKING GROUP ON INDIGENOUS REFORM

OBJECTIVES

To close the gap on Indigenous disadvantage and in particular to:

- close the life expectancy gap within a generation;
 - halve the gap in mortality rates for Indigenous children under five within a decade; and
 - halve the gap in reading, writing and numeracy achievements within a decade
- in a partnership between all levels of government and with Indigenous communities.

The pathway to closing the gap is inextricably linked to economic development and improved education outcomes.

COMMONWEALTH/STATE IMPLEMENTATION PLANS TO BE DELIVERED TO THE MARCH 2008 COAG MEETING:

- Ensuring that the implementation of other Commonwealth election commitments in health, education and housing address Indigenous disadvantage where appropriate.

INDICATIVE FORWARD WORK PROGRAM FOR 2008

- Identification of duplication and overlap between Commonwealth and States with new framing recommendations on roles and responsibilities.
- Ensuring that new Commonwealth/State agreements in health, schools and housing contain specific targets for Indigenous Australians.
- Reducing alcohol and substance abuse and its impact on families, safety and community wellbeing.
- Addressing passive welfare.
- Identifying further joint reforms and implementation timetables by the end of 2008, including in the following areas:
 - basic protective security from violence for Indigenous parents and children;
 - early childhood development interventions;
 - a safe home environment;
 - access to suitable primary health services;
 - supporting school attendance;
 - employment and business development opportunities; and
 - involving local Indigenous people in the formulation of programs that support them.
- Optimal service delivery for small remote communities.