

COUNCIL OF AUSTRALIAN GOVERNMENTS' MEETING
10 FEBRUARY 2006
COMMUNIQUE

The Council of Australian Governments (COAG) held its 17th meeting today in Canberra. The Council, comprising the Prime Minister, Premiers, Chief Ministers and the President of the Australian Local Government Association, had detailed discussions on a number of issues of national importance.

This was an historic meeting with significant outcomes. All governments have seized a unique opportunity to work together to deliver a substantial new National Reform Agenda embracing human capital, competition and regulatory reform streams.

The National Reform Agenda is aimed at further raising living standards and improving services by lifting the nation's productivity and workforce participation over the next decade.

COAG agreed to concrete, practical initiatives in the areas of improved health services, skills recognition, infrastructure regulation and planning and a lessened regulatory burden on business.

COAG discussed mental health as an issue of national significance.

COAG also discussed national pandemic preparedness, counter-terrorism and biofuels.

This Communiqué sets out the agreed outcomes of COAG's deliberations. Attachments to the Communiqué provide additional detail and are available on the website at www.coag.gov.au

A NEW NATIONAL REFORM AGENDA

COAG has today agreed a National Reform Agenda to help underpin Australia's future prosperity. This new wave of collaborative reform builds on the success of a quarter of a century of national economic and social policy reform, which has fundamentally reshaped the Australian economy and increased living standards. As national demographic trends begin to bite and global competition intensifies, it is vital that all governments work together to deliver the best possible reform outcomes for Australia. Complacency is not an option.

COAG noted that with an ageing population, there will be relatively fewer Australians of working age. To avoid putting too great a burden on those already in work, more Australians need to realise their potential by entering or rejoining the workforce. At the same time, in the face of intense global competition and changes in technology any reduction in workforce participation needs to be offset by improvements in the ability of the workforce and in productivity.

The proposed agenda is ambitious and broad based. It will enhance the capability and contribution of the Australian people – the nation's human capital. It will continue competition reforms to make our markets work more efficiently and will reduce the regulatory burden on Australian business.

The COAG National Reform Agenda aims to deliver significant economic and social rewards. Heads of Treasuries have advised that it has the potential to deliver over the next decade benefits of the same size, if not even larger, than those achieved in the last decade from the implementation of national competition policy and associated reforms. The Productivity

Commission has estimated that national competition reforms have permanently increased the level of Australia's GDP by 2.5 per cent, or \$20 billion.

The three streams of the COAG National Reform Agenda - human capital, competition and regulatory reform - are discussed in turn.

HUMAN CAPITAL

A healthy, skilled and motivated population is critical to workforce participation and productivity, and hence Australia's future living standards. By focusing on the outcomes needed to enhance participation and productivity, the human capital stream of reform aims to provide Australians with the opportunities and choices they need to lead active and productive lives. A full set of recommendations in the area of human capital reform agreed by COAG are at Attachment A to this Communiqué.

Policies to improve health and education outcomes, and encourage and support work, are closely inter-related. COAG agreed to play a leadership role to facilitate policy integration and the adoption of a longer-term policy perspective across governments and portfolios.

The human capital agenda outlined here represents an ambitious partnership. To achieve the level and breadth of progress our nation needs, COAG agreed that all governments would commit to reform across health, education and training and encouraging and supporting work. In some cases there is agreement on what should be done in general terms; in other cases, a number of diverse and innovative approaches need to be tried.

The different circumstances in a country as large and varied as Australia require diverse kinds of actions rather than a 'one size fits all' approach. The best approach is to focus on long-term outcomes, measures and, where appropriate, milestones, coupled with transparent assessment and reporting, to encourage continuous improvement by all jurisdictions.

COAG has therefore agreed that the human capital stream of reform should focus on a robust framework for achieving the outcomes that will boost participation and productivity.

COAG agreed that human capital reform will be focussed first and foremost on a limited number of outcomes. Indicative outcomes that require further detailed consideration could include:

- a reduction in the proportion of the working-age population not participating in the workforce due to illness, injury or disability;
- a reduction in the prevalence of key risk factors that contribute to chronic disease;
- a reduction in the incidence of chronic disease;
- increased effectiveness of the health system in achieving health outcomes;
- an increase in the proportion of children entering school with basic skills for life and learning;
- an increase in the proportion of young people meeting basic literacy and numeracy standards, and improved overall levels of achievement;
- an increase in the proportion of young people making a smooth transition from school to work or further study;
- an increase in the proportion of adult workers who have the skills and qualifications needed to enjoy active and productive working lives; and
- encourage and support increased workforce participation among key groups.

The next step is for COAG to finalise the outcomes and associated progress measures, and, in some cases, actions and milestones, against which jurisdictions' performance will be assessed.

To hold jurisdictions accountable for achieving these outcomes, COAG agreed that the progress of jurisdictions would be independently assessed and transparently reported. The process for this is discussed below under 'Implementing the National Reform Agenda'.

Health

Good health underpins the wellbeing and quality of life of Australians. Preventing ill health and improving physical and mental health helps people to participate in work and makes them more productive when they do so.

Health Promotion and Disease Prevention

Reducing the incidence of chronic disease (such as diabetes, cancer and mental illness) means fewer people not working due to illness, injury and disability.

Risk factors such as poor diet, physical inactivity, smoking, alcohol misuse and excess weight contribute to chronic disease. COAG agreed that health promotion, prevention and early intervention strategies and investment are required to reduce the incidence of chronic disease, and improve overall health outcomes.

An Effective Health System

Health is also a large sector of the economy, accounting for around 10 per cent of GDP and growing.

A considerable proportion of health service delivery is undertaken through payments for specific purposes from the Commonwealth to the States and Territories. Financial incentives created by such arrangements need to support the best possible utilisation of health resources for the purposes of advancing health outcomes.

COAG agreed that Commonwealth-State Specific Purpose Payments (SPPs) that significantly affect the health system should be reviewed prior to their renegotiation. The reviews are intended to identify any elements of SPPs that, if changed, could contribute to better health outcomes.

Education and Training

Skills development helps realise the potential of citizens, and of the nation. Continuous and lifelong learning gives more people the tools to participate in work and underpins more successful and rewarding careers when they do so.

Early Childhood Development

COAG noted the importance of all children having a good start to life. Opportunities to improve children's life chances, especially for children born into disadvantaged families, exist well before children begin school, and even before birth.

High quality and integrated early childhood education and care services, encompassing the period from prenatal up to and including the transition to the first years of school, are critical to increasing the proportion of children entering school with the basic skills for life and learning.

COAG will give priority to improving early childhood development outcomes, as a part of a collaborative national approach.

Core Skills Attainment: Literacy and Numeracy

COAG noted the compelling evidence on the effects of core skills, particularly literacy and numeracy, on school retention, and subsequent workforce participation and productivity outcomes.

While the Program for International Student Assessment conducted in OECD countries indicates that Australia performs significantly above the OECD average, our overall performance is still below the world's best and the distribution of outcomes is wider for us than for many comparable countries.

COAG is committed to increasing the proportion of young people attaining and meeting basic literacy and numeracy standards.

Transition from School to Work or Further Study

The transition from school to work or further study represents an important step on the path to an active and productive working life. Completing school or gaining an equivalent qualification is critical to subsequent economic opportunities.

Numerous Commonwealth, State and Territory government reforms and service improvements aim to assist those who have left school early and those at risk of leaving school early. COAG has asked that work be undertaken to ensure that the policies and programs relating to transition pathways from school to work are delivered effectively.

COAG has requested the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) to report back to it by June 2006 on strategies to ensure that policies and programs relating to transition pathways from school to work are developed and delivered to achieve nationally agreed objectives, and to ensure that information is collected to track youth transitions.

Adult Learning

With a declining proportion of the population being of working age, and with the premium for skilled workers increasing, Australia needs to increase the proportion of adults who have the skills and qualifications needed to enjoy active and productive working lives.

Encouraging and Supporting Work

Growing the workforce requires a focus on those groups with the greatest potential to increase their participation. International benchmarking suggests that the greatest potential to achieve higher participation is among people on welfare, the mature aged and women. There is also clear evidence that Indigenous Australians are less likely to be participating in work than non-Indigenous Australians.

COAG noted the range of policies in place and significant recent reforms to enhance workforce participation. COAG agreed to the goal of further improving the labour market participation of key groups.

COMPETITION

The competition stream of the COAG national reform agenda is a substantial addition to, and continuation of, the highly successful National Competition Policy reforms. It will further boost competition, productivity and the efficient functioning of markets. It focuses on further reform

and initiatives in the areas of transport, energy, infrastructure regulation and planning and climate change technological innovation and adaptation.

This important work follows the successful formula of past competition policy reforms, with governments working together to identify reform opportunities, and agreeing on a process for delivering. While there will again be difficult adjustment tasks associated with reform, with goodwill and common effort, these can be overcome to deliver benefits for the nation as a whole.

National Competition Policy Review

COAG endorsed a new National Competition Policy (NCP) reform agenda aimed at providing a supportive market and regulatory framework for productive investment in energy, transport and other export-oriented infrastructure, and its efficient use, by improving pricing and investment signals and establishing competitive markets. COAG noted the Productivity Commission's conclusion that NCP has delivered substantial net benefits to the Australian economy and across the community, and all governments recommitted to the principles contained in the Competition Principles Agreement. A full set of recommendations agreed by COAG are at [Attachment B](#) to this Communiqué.

Energy

Structural reforms undertaken under NCP and other COAG initiatives since the early 1990s have significantly improved the efficiency of the energy sector. While Australians enjoy lower electricity and gas prices than much of the developed world and secure energy markets help underpin Australia's industrial base, further reform would yield significant efficiency and energy security benefits.

In recognition that past energy market reform has focussed on improving supply efficiency, COAG has agreed to improve price signals for energy consumers and investors. Actions include committing to the progressive national roll out of 'smart' electricity meters from 2007 to allow the introduction of time of day pricing and to allow users to better manage their demand for peak power only where benefits outweigh costs for residential users and in accordance with an implementation plan that has regard to costs and benefits and takes account of different market circumstances in each State and Territory.

COAG also agreed to ensure the electricity transmission system supports a national electricity market, providing energy users with the most efficient, secure and sustainable supply of electricity from all available fuels and generation sources, and include where appropriate an increased share of renewable energy. COAG committed to adopt suitable policy settings, governance and institutional arrangements and other actions to improve the framework for planning and network investment and to streamline regulation.

COAG recommitted as well to broad ranging COAG reforms currently being progressed by the Ministerial Council on Energy, and timelines for their implementation by early 2008.

COAG agreed to establish quickly a high-level, expert Energy Reform Implementation Group to report back to COAG before the end of 2006 with proposals for:

- achieving a fully national electricity transmission grid;
- measures that may be necessary to address structural issues affecting the ongoing efficiency and competitiveness of the electricity sector; and
- any measures needed to ensure transparent and effective financial markets to support energy markets.

Transport

The dispersed nature of Australia's population and markets underlines the importance of efficient transport infrastructure to improving productivity. Transport already generates approximately five per cent of GDP and Australia's freight task is expected to almost double over the next 20 years. COAG has agreed to improve the efficiency, adequacy and safety of Australia's transport infrastructure by committing to high priority national transport market reforms including to:

- ask the Productivity Commission to develop proposals for efficient pricing of road and rail freight infrastructure through consistent and competitively neutral pricing regimes, in a manner that maximises net benefits to the community, in particular rural, regional and remote Australia. The Productivity Commission will make recommendations to COAG by end 2006 on optimal methods and possible implementation timeframes. The inquiry will include analysis of how particular communities might be impacted. When COAG considers this report it will ensure that the interest of rural, regional and remote Australia are addressed;
- harmonise and reform rail and road regulation within five years, including productivity-enhancing reforms, improved road and rail safety regulation and performance-based standards for innovative vehicles that do less road damage;
- strengthen and coordinate transport planning and project appraisal processes to ensure the best use of public investment by adopting Australian Transport Council-endorsed national guidelines for evaluating new public road and rail infrastructure projects by December 2006; and
- reduce current and projected urban transport congestion, within current jurisdictional responsibilities, informed by a review into the main causes, trends, impacts and options for managing congestion focusing on national freight corridors.

Infrastructure Regulation

At its June 2005 meeting, COAG noted the recommendations of the Exports and Infrastructure Taskforce and agreed that the regulation of ports and export-related infrastructure be considered in the COAG Review of NCP.

COAG signed a Competition and Infrastructure Reform Agreement to provide for a simpler and consistent national system of economic regulation for nationally-significant infrastructure, including for ports, railways and other export-related infrastructure. The agreed reforms aim to reduce regulatory uncertainty and compliance costs for owners, users and investors in significant infrastructure and to support the efficient use of national infrastructure.

This important Agreement includes that, wherever possible, third-party access to services provided by means of significant infrastructure facilities should be on the basis of terms and conditions commercially agreed in negotiations between the access seeker and the operator of the infrastructure. Where third-party access regimes are needed, the Competition Principles Agreement will be amended to incorporate the following principles:

- all third-party access regimes will include objects clauses that promote the economically efficient use of, operation and investment in, significant infrastructure;
- all access regimes will include consistent principles for determining access prices; and
- where merits review of regulatory decisions is provided for, the review will be limited to the information submitted to the regulator.

The Agreement also includes:

- new requirements that regulators will be bound to make regulatory decisions under an access regime within six months, provided the regulator has been given sufficient information;
- to promote consistency, all State and Territory access regimes will be submitted for certification by 2010 following agreement on a streamlined certification process;
- implementation of a simpler and consistent national system of rail access regulation for agreed nationally-significant railways using the Australian Rail Track Corporation access undertaking as a model;
- that each jurisdiction review the regulation of its ports and port authority, handling and storage facility operations at significant ports to ensure that where economic regulation is warranted it conforms with agreed access, planning and competition principles; and
- commitment to principles to enhance the application of competitive neutrality to government business enterprises engaged in significant business activities in competition with the private sector.

COAG noted the Commonwealth's view that, while it welcomes the new arrangements, it considers a single regulator for export infrastructure is preferable and that it reserves the right to legislate to that effect if the new arrangements are not effective.

COAG noted concerns raised by States and Territories regarding implications of some development on Commonwealth property (not including Defence) and agreed to refer the issue to the Australian Transport Council to examine.

Infrastructure Planning

COAG noted progress in the implementation of the six infrastructure measures agreed at its June 2005 meeting. Implementation arrangements agreed by COAG include: a commitment to complete all 24 corridor strategies under AusLink by 30 June 2007 at the latest; extending the corridor strategies to include relevant capital city and associated regional ports on the AusLink National Network; undertaking a stocktake of logistics chains of national importance and encouraging industry to establish their own logistics chain coordination arrangements; and establishing a 'one-stop shop' in each jurisdiction by 30 June 2006 for significant development projects.

COAG also noted that the format and content of the five-yearly infrastructure reports to be provided by each jurisdiction had been agreed out-of-session. The reports will provide a strategic overview of existing infrastructure, a pragmatic outlook for infrastructure demand, and a forward-looking strategic assessment of future needs. The first set of reports will be provided to COAG by 31 January 2007.

Climate Change

COAG agreed to adopt a new national Climate Change Plan of Action ([Attachment C](#)) and to establish a high-level interjurisdictional Climate Change Group to oversee implementation of the Plan's recommendations.

COAG recognises the differences between the Commonwealth and the State and Territory governments, yet agreed there is an important opportunity for all levels of governments to work co-operatively on climate change policy and action. In addition to a number of specific actions the Plan sets out a framework of policy principles designed to lay the foundation for further cooperative work in the future.

Governments agree on the need to accelerate significantly our conversion to low emissions practices and technologies to reduce the risk of dangerous climate change and provide greater investment certainty in the light of greenhouse risk.

Key initiatives in the Plan include:

- a national framework for the take-up of renewable and low emission technologies;
- a national climate change adaptation framework to assist effective risk management by business and community decision-makers;
- a study to identify the gaps in technology development;
- a \$100,000 study to examine options, such as a new dedicated Centre for Climate Change Science and Knowledge, for ensuring that Australia's scientific research resources are organised to effectively support climate change decision-making at the national and regional levels;
- acceleration of work by Ministerial Councils, that are investigating options to strengthen emissions reporting approaches; and
- all relevant Ministerial Councils to consider any climate change implications of their decisions and activities.

Reports on how to address any gaps will be provided to COAG later this year. In order to involve the community and business in the implementation of the various elements of the Plan of Action the COAG Climate Change Group will hold public fora in the first half of 2006.

REDUCING THE REGULATORY BURDEN

The regulatory reform stream of the COAG National Reform Agenda focuses on reducing the regulatory burden imposed by the three levels of government. COAG agreed that effective regulation is essential to ensure markets operate efficiently and fairly, to protect consumers and the environment and to enforce corporate governance standards. However, the benefits from each regulation must not be offset by unduly high compliance and implementation costs.

COAG agreed to a range of measures to ensure best-practice regulation making and review, and to make a "downpayment" on regulatory reduction by taking action now to reduce specific regulation "hotspots". It is expected that further action to address burdensome regulation and red tape will be taken as the Commonwealth considers and responds to the report of the Taskforce on Reducing the Regulatory Burden on Business, and as State, Territory and local governments undertake their own regulation review processes.

COAG agreed that all governments will:

- establish and maintain effective arrangements to maximise the efficiency of new and amended regulation and avoid unnecessary compliance costs and restrictions on competition;
- undertake targeted public annual reviews of existing regulation to identify priority areas where regulatory reform would provide significant net benefits to business and the community;
- identify further reforms that enhance regulatory consistency across jurisdictions or reduce duplication and overlap in regulation and in the role and operation of regulatory bodies; and
- in-principle, aim to adopt a common framework for benchmarking, measuring and reporting on the regulatory burden.

COAG also agreed to address six priority cross-jurisdictional 'hot spot' areas where overlapping and inconsistent regulatory regimes are impeding economic activity:

- rail safety regulation;
- occupational health and safety;
- national trade measurement;
- chemicals and plastics;
- development assessment arrangements; and
- building regulation.

Further details are in [Attachment B](#).

IMPLEMENTING THE NATIONAL REFORM AGENDA

COAG has agreed in principle to establish new and robust intergovernmental arrangements for the governance of its National Reform Agenda. Governments at all levels will have a central and continuing role in elaborating and implementing the agenda.

There are several steps that need to be taken to advance the National Reform Agenda. COAG has agreed to the objectives, priority areas and in-principle institutional arrangements and financial arrangements for the new National Reform Agenda.

The National Reform Agenda will be supported by Intergovernmental Action Plans (IAPs). These IAPs, to be agreed by COAG, will set out, as appropriate, agreed outcomes and commitments, progress measures, actions and milestones.

COAG Reform Council

COAG has agreed in principle to establish a COAG Reform Council (CRC) to report to COAG annually on progress in implementing the National Reform Agenda. It is envisaged that the CRC will be an independent body that will replace the National Competition Council (NCC) which has played a pivotal role in the achievement of the NCP reforms since 1996.

The primary role of the CRC would be to report to COAG annually on progress towards the achievement of agreed reform milestones and progress measures across the broad National Reform Agenda. The CRC is also expected to undertake the current functions of the NCC under Part IIIA of the *Trade Practices Act 1974* in relation to third-party access to infrastructure.

A final decision on the CRC will be subject to a business plan for the CRC, the development of IAPs, and agreement on financial arrangements under the NRA.

Funding Arrangements

All governments agreed that this important reform agenda should be progressed for the benefits it will confer on Australians.

The key task for all governments is to now work together to translate the broad reform agenda agreed today into clear measurable outcomes and concrete actions.

The Commonwealth has indicated that it will provide funding to the States and Territories on a case-by-case basis once specific implementation plans have been developed if funding is needed to ensure a fair sharing of the costs and benefits of reform. Payments to the States and Territories and, where appropriate, to local government, would be linked to achieving agreed actions or progress measures and to demonstrable economic benefits, and would take into

account the relative costs and proportional financial benefits to the Commonwealth, the States and Territories and local government of specific reform proposals.

Any funding could take the form of Commonwealth and/or shared funding for specific initiatives, and/or payments from the Commonwealth linked to results. Any funding would be in addition to other Commonwealth funding.

The CRC would report transparently to COAG on the performance of all jurisdictions (including the Commonwealth). The Commonwealth would decide on payments to States and Territories, based on those reports.

BETTER HEALTH FOR ALL AUSTRALIANS

COAG today agreed to a \$1.1 billion reform package to achieve better health for all Australians. Over the next five years this investment will:

- establish a new approach to promotion, prevention and early intervention;
- provide better care for people in the community, including in rural and remote Australia;
- provide better care for older people in hospitals; and
- provide better care for younger people with disabilities in nursing homes.

Funding of \$660 million will be provided by the Commonwealth and \$480 million by the States and Territories.

Promoting Good Health, Disease Prevention and Early Intervention

COAG recognises the importance of good health, disease prevention and early intervention and has announced the *Australian Better Health Initiative*, that will start to re-focus the health system and will see the Commonwealth and States and Territories working together, and with the community, to promote good health and tackle chronic disease. This component of the package is linked to the National Reform Agenda in that over time it will assist in raising productivity and workforce participation.

From 1 July 2006, \$500 million will be provided over four years, comprising \$250 million from the Commonwealth and \$250 million from States and Territories, for:

- *promoting healthy lifestyles* through nationally-consistent messages on health, implementing nationally-consistent school canteen guidelines and school-based and local programs to facilitate and support lifestyle changes;
- *supporting early detection of lifestyles risks and chronic disease* through a new *Well Person's Health Check* which will be available nationally people around 45 years old with one or more identifiable risks that lead to chronic disease;
- *supporting lifestyle and risk modification* through referral to services that assist people wanting to make changes to their lifestyle. Assistance could include nutritional advice, advice on weight management, support to give up smoking, and counselling;
- *encouraging active self-management of chronic disease* with services ranging from group-based courses to different forms of counselling; and
- *improving integration and coordination of care* so that people with chronic conditions can receive more flexible and innovative support.

People being treated for cancer will be supported better by new arrangements for case conferencing for cancer specialists through the MBS, and by improved state health coordination services for cancer patients.

Improving Care and Support in the Community, including in Rural and Remote Areas

The new effort in promoting good health, prevention and early intervention will be complemented by action to improve care and support in the community. COAG signed a Heads of Agreement to establish a National Health Call Centre Network which will take its first calls by July 2007 and aim to achieve national coverage within four years. Any individual, anywhere in Australia, will be able to ring for advice on health matters. The Commonwealth will provide funding of \$96 million, while States and Territories will provide funding of \$80 million over four years from 2006-07. The National Health Call Centre Network will particularly assist people in rural and remote communities along with more mobile populations, and will be evaluated to assess its efficacy.

COAG agreed that the National Health Call Centre Network would not be limited to information and triage advice only but from the outset would be committed to maximising the effective use of general practitioners, on a 24 hour basis noting that telephone triage services would be provided by nurses.

COAG agreed that the delivery of mental health services will be an integral element of the National Health Call Centre Network, with funding of up to \$20 million over four years from the Commonwealth and the States and Territories, in addition to the \$176 million described above.

COAG also agreed that there would be recognition of existing and proposed State and Territory based health call centres including establishment costs, and to ensure the National Network builds on these networks.

COAG has also agreed that there be more timely and consistent assessments for frail older people by Aged Care Assessment Teams and simplified entry and assessment processes for the *Home and Community Care Program*, with funding from the Commonwealth of \$18 million over four years from 2006-07.

Better Services for Rural and Remote Communities

COAG discussed the challenges in delivering health and community care services to people in rural and remote areas and agreed that from 1 July 2006 measures will be introduced to improve access to primary care services in small rural and remote towns. Rural health and community care programs will be better managed by the Commonwealth and States and Territories each consolidating funding for specifically nominated areas, delivering the potential for more services and greater flexibility at the community level. Where the local rural hospital is the best available residential care alternative for older public patients, rural hospitals will be supported to provide more age-friendly services and facilities and new multi-purpose services may be established.

Improving Care in Hospitals and in Residential Settings

Measures will commence 1 July 2006 to improve care for older patients in public hospitals to minimise their length of stay, to avoid readmission and to improve care services when people live long term in smaller rural hospitals. The Commonwealth will provide funding of \$150 million over four years to the States and Territories to provide these improved services for older people.

COAG is particularly pleased to announce a commitment to start to reduce the number of younger people with disabilities living in residential aged care services. A new five-year program will begin in July 2006, with funding of up to \$122 million from the Commonwealth and up to \$122 million from States and Territories, and will be implemented in close consultation with younger people, their families and carers. The program will initially target people aged under 50 in residential aged care services. The program will also provide cost-effective alternative residential care services for some younger people with disabilities, improve support services for those who continue to stay in residential aged care and may assist younger people who are at risk of entering nursing homes.

Strengthening the Health System and its Infrastructure

Health Workforce

COAG recognises the challenges facing Australia regarding the health workforce and the need for national systemic reform to workforce and health education structures. COAG welcomes the Productivity Commission's report on Health Workforce released in January 2006 and supports its key directions. COAG has endorsed the National Health Workforce Strategic Framework. Given the significance of the recommendations of the Productivity Commission's Report, COAG has asked Senior Officials to undertake further work on the recommendations and related issues and report to it in mid-2006. This work will include, but not be limited to, the number and distribution of training places, the organisation of clinical education and training, and accreditation and registration.

COAG noted the significant investment by the Commonwealth and States and Territories to date to address the health workforce shortage. COAG recognised the urgency of addressing the national health workforce shortage and required Senior Officials to provide COAG in June 2006 with detailed information on the number of additional Commonwealth student places required along with related measures needed to ameliorate the situation.

COAG agreed that the current cap on full fee paying medical places for domestic students should be lifted from 10 per cent to 25 per cent. COAG noted the Commonwealth's intention to lift current loan assistance for medical students to \$80,000. The Commonwealth and States and Territories agreed that these new measures are not to displace current places or future increases in Commonwealth funded student places.

COAG also agreed to a national assessment process for overseas qualified doctors to ensure appropriate standards in qualifications and training as well as increase the efficiency of the assessment process.

Progress Towards Electronic Health Records

To underpin the efforts in refocusing the health system to promote better health and community care for all Australians, COAG agreed to accelerate work on a national electronic health records system to build the capacity for health providers, with their patient's consent, to communicate quickly and securely with other health providers across the hospital, community and primary medical settings. The Commonwealth will contribute \$65 million and the States and Territories \$65 million in the period to 30 June 2009.

A detailed Action Plan, to give effect to these decisions, is at [Attachment D](#) to this Communiqué.

MENTAL HEALTH

COAG recognised that mental health is a major problem for the Australian community. COAG acknowledged that governments have made significant recent investments in the area but also noted that additional resources will be required from all governments to address the issues. COAG has asked Senior Officials to prepare an action plan to be brought forward for its consideration as soon as possible and no later than June 2006 and include:

- a renewed focus on promotion, prevention and early detection and intervention - including reducing the impact on mental health of substance abuse, including illicit drugs (such as cannabis and amphetamine-type substances) and alcohol;
- getting the balance right between hospital care, community and primary care and the best type of accommodation for people who are unable to manage on their own;
- improving and integrating the care system to enable the right care to be accessed at the right time, including mental health services, primary care, general practice, private psychiatric services and emergency department services;
- improving participation in the community and employment, including greater use of non-government organisations and improved community-based and cross-sectoral supports for people with mental illness and their families such as supported accommodation, rehabilitation services and respite care; and
- addressing structural issues such as workforce changes including the roles of different professions;
- increasing the role of psychologists and other health professionals in primary care;
- increasing the health workforce available to address mental health issues.

COAG has also agreed that the delivery of mental health services would be an integral element of the new National Health Call Centre Network.

A NEW NATIONAL APPROACH TO APPRENTICESHIPS, TRAINING AND SKILLS RECOGNITION

COAG has reached agreement on a package of measures designed to underpin a new genuinely national approach to apprenticeships, training and skills recognition and alleviate skill shortages currently evident in some parts of the economy. While governments have today agreed to tackle some of the obstacles within the system of government, industry also has a critical role to play in creating solutions. In preparing these measures, COAG officials consulted with industry bodies and unions.

The Commitment to Quality Training

To ensure and assure the quality of outcomes from the training system, COAG has agreed to accelerate the introduction of a national outcomes-based auditing model and stronger outcomes-based quality standards for registered training organisations in consultation with key parties including employers, regulators and unions. Specific quality assurance measures have also been built into the proposals.

A More Mobile Workforce to Help Meet Skills Needs

As licensing and skills recognition issues cross ministerial portfolios in all jurisdictions, it is necessary for COAG to exercise high-level leadership. Accordingly, COAG has asked Senior Officials from the Prime Minister's, Premiers' and Chief Ministers' departments to oversee the process and report to COAG on progress as milestones are achieved.

COAG has agreed to new measures to enable people with trade qualifications to move more freely around Australia without undergoing additional testing and registration processes. COAG has agreed that governments will work with employers and unions to put in place more effective mutual recognition arrangements across States and Territories for electricians, plumbers, motor mechanics, refrigeration and air-conditioning mechanics, carpenters and joiners and bricklayers (skills shortage trades) by June 2007 and by December 2008 for all licensed occupations where people normally receive certificates and diplomas.

Industry and regulators will be involved, along with other stakeholders, to ensure that a streamlined, nationally-consistent system is achieved without increased regulation, while also meeting the commitment to quality standards, including public and worker safety.

To further assist in meeting skills shortages, COAG has agreed to new arrangements to make it easier for migrants with skills to Australian standards to work as soon as they reach Australia. It does not involve any change to the migration policy.

A new streamlined and robust off-shore skills assessment process, to Australian standards, will be put in place in the five main source countries for our skilled migrants by December 2008, initially for skills shortage trades and later for other occupations in the skilled migration program. The overseas assessments will be conducted under the auspices of Trades Recognition Australia (TRA) by accredited organisations or individuals with a proven record in delivering high-quality skills assessments. The TRA will be resourced to guarantee the quality of assessments and protect Australian standards.

This will be mirrored by a parallel on-shore assessment arrangement for those who are living in Australia and want skills achieved overseas recognized, and provisional licensing so that people with recognised overseas qualifications can work under supervision for short periods, while they complete licensing requirements.

A More Flexible and Responsive Training System

COAG has also agreed to a set of measures to make sure Australia's training and apprenticeship systems offer more flexible pathways into skills-shortage trades.

By December 2006 all governments will have put in place arrangements that allow apprentices and trainees to work as qualified tradesmen and tradeswomen as soon as they have demonstrated competency to industry standards, without having to wait out a set time period or make special application.

By December 2006 also, legislative, regulatory and educational barriers will be removed so that school-based apprenticeships are nationally available as a pathway for school students where there is industry demand. Industrial barriers will also be removed to enable school-based apprenticeship participation in skills shortage industries where there is industry demand.

To make the most of existing skills in the workforce, COAG has agreed that a better process to recognise the existing skills of all people entering training will be introduced by January 2007, so that workers do not have to repeat or undertake training for skills they have already acquired on the job. New funding to be agreed between the Commonwealth and States and Territories on a bilateral basis will be provided to help training organisations and assessment centres establish or improve recognition processes.

In many industries there is already a range of certificate-level qualifications. COAG has agreed that the Construction and Property Services Industry Skills Council will be asked to develop

additional nationally portable qualifications in the General Construction Training Package by 30 June 2006.

Targeted Response to Skill Shortages in Regions

COAG has agreed to establish a new Commonwealth regional program in collaboration with the States and Territories to commence in July 2006 to address the supply of skilled labour to industries and regions. Integrated strategies will be developed for selected regions to identify solutions to labour market needs in regions and industries of strategic importance in the Australian economy.

To support the new national approach, COAG has also agreed that Commonwealth, States and Territories will cooperate more closely in sharing labour market information so as to better understand the extent and location of skills shortages.

Next Stages of Reform

COAG has agreed that further work on reform is needed to continue to increase the contribution of the vocational education and training system to the productivity of Australia's workforce and has asked for a further report examining:

- the growing need for higher level skills;
- cultural and workplace change to lift educational participation and attainment;
- possible reforms to funding and other mechanisms to make the training system more responsive to demand;
- options to increase Australia's investment in vocational education and training;
- enhancing user choice through meaningful and timely performance information;
- more appropriate regulation of education and training providers; and
- building stronger relationships between firms and training providers.

A report to this end will be provided to COAG by the Ministerial Council on Vocational and Technical Education by December 2006.

The full action plan for this package can be found at Attachment F to this Communiqué.

OTHER ISSUES

Pandemic Prevention and Preparedness

COAG agreed to develop an Australian Influenza Pandemic Prevention and Preparedness Action Plan (the National Action Plan) by mid-2006. The plan will bring together nationally-consistent measures which aim to prevent bird flu coming into Australia. It will also identify a coordinated rapid response in the event of a pandemic developing. COAG also agreed to test the National Action Plan in a national domestic exercise later in 2006.

Counter-Terrorism

COAG received a report on the progress made on a number of counter-terrorism initiatives since its special counter-terrorism meeting on 27 September 2005. It agreed the details of the scope, form and process for the review of counter-terrorism legislation in 2010 as set out in Attachment G to this Communiqué and adopted the National Emergency Protocol (Attachment H) that it had asked be prepared at its 27 September 2005 meeting.

COAG endorsed the broad approach being undertaken in relation to developing a Code of Practice for closed-circuit television systems for the mass passenger transport sector, subject to further work by the working group and agreed that the Code be finalised by mid 2006.

Indigenous Issues

COAG noted the continuing good progress made in advancing the principles set out in the National Framework of Principles for Government Service Delivery to Indigenous Australians. Cross-jurisdictional collaboration has been advanced through bilateral agreements on service delivery. The Commonwealth has signed agreements with the Northern Territory, Queensland and South Australia, and agreements with other jurisdictions are progressing well.

Good progress is also being made in advancing the principle of shared responsibility with government and communities working in partnership to identify priorities and improve outcomes.

COAG further noted the continuation of its Indigenous trials, announced at the April 2002 meeting, which are demonstrating that a partnership approach between governments and communities can make a real difference for Indigenous Australians.

Biofuels

COAG welcomed the report of the Prime Minister's Biofuels Taskforce and noted the actions that governments were taking to encourage the development of the biofuels industry.

Cloning and Human Embryo Research Legislation Review (the Lockhart Review)

The independent review of the Prohibition of Human Cloning Act 2002 and the Research Involving Human Embryos Act 2002 conducted by Legislation Review Committee and chaired by the late Justice John Lockhart concluded in December 2005. COAG agreed that Senior Officials would report back at the next COAG meeting.

Future Meeting

COAG indicated a desire to hold its next meeting in June 2006.