

[About COAG](#)[COAG Membership](#)[COAG Meeting
Outcomes](#)[COAG Secretariat](#)[Treaties Council](#)[Ministerial Councils](#)[Intergovernmental
Agreements](#)[Issues by Subject](#)[Mutual Recognition](#)[Related Links](#)

Council of Australian Governments' Meeting 11 April 1995

The fifth meeting of the Council of Australian Governments completed today has been the most important since its establishment. In a spirit of co-operation Heads of Government have signed major agreements that will boost the competitiveness and growth prospects of the national economy and improve the effectiveness of public housing and health and community services so they better meet the needs of clients. As a result, the Australian federation will be economically stronger and more equitable as it approaches its centenary in 2001.

The Council supported the national competition policy reform package and signed agreements implementing these reforms. The reforms involve extending trade practices legislation to State and Local Government business enterprises and unincorporated businesses, providing access to essential facilities and encouraging competition in the business activities of governments and other sectors of the economy through a program of regulation review, enhanced prices oversight, application of competitive neutrality principles and procedures for structural reform of public monopolies.

In respect of public housing, the Council endorsed reforms that will establish a performance-based approach, focused on client outcomes and clearly delineated roles and responsibilities.

The Council also agreed to an action plan for fundamental reform in the delivery of health and community services, based on three streams of care - general, acute and co-ordinated - and a new outcome-based approach to planning and funding services.

The Communique sets out the agreed outcomes of the discussions on these and other issues.

Page Index

- [Competition Policy](#)

- [Health and Community Services](#)
 - [Public Housing](#)
 - [Centenary of Federation](#)
 - [Northern Territory Statehood](#)
 - [Treaties](#)
 - [Water Resource Policy and Regulatory Reform](#)
-
- [Attachments](#)

Competition Policy

The Council agreed to a national competition policy legislative package providing for uniform protection of consumer and business rights and increased competition in all jurisdictions. The Prime Minister, Premiers and Chief Ministers signed two Inter-governmental Agreements to implement the package. The Council reaffirmed its commitment to continuing microeconomic reforms in key industries, and this was reflected in a third Agreement which also provides for financial arrangements, including a series of competition payments.

The Council emphasised that the competition policy reform package would enhance the national economic interest by improving Australia's international competitiveness as well as enhancing the interests of Australian consumers. Consumers will benefit from lower prices for government services as a result of the implementation of the package over time.

The national competition policy package incorporates changes resulting from widespread public comment following release of the draft package in September 1994. These changes more clearly reflect the fact that competition policy is an integral part of the broader policy concerns of Governments and the community.

The Competition Policy Reform Bill was introduced into the Commonwealth Parliament on 29 March 1994. The two Inter-governmental Agreements which complete the package were tabled at the same time. Further amendments to the Bill were agreed by the Council and will be incorporated in the Bill following the Council meeting.

The Council agreed on a mechanism for voting on amendments to the Competition Code. The Commonwealth will have two votes and a casting vote with each of the other parties having a single vote. This will provide meaningful State and Territory participation in changes to the competitive conduct rules while maintaining a consistent national scheme.

The Council supported the Commonwealth's Competition Policy

Reform Bill, with further amendments as agreed. The Bill provides for:

- the revision of the competitive conduct rules of trade practices legislation and their extension to cover State and Local Government business enterprises and unincorporated businesses;
- a legislated right to negotiate access to services provided by means of facilities of national significance; and
- amendments to the Prices Surveillance Act to enable price surveillance of Government businesses and to formalise the prices monitoring functions.
- The Prime Minister, Premiers and Chief Ministers signed three Inter-governmental Agreements:
- the Conduct Code Agreement, which sets out the agreed basis for the extension of the Trade Practices Act and consultative processes on modifications to the competition law and appointments to the Australian Competition and Consumer Commission (ACCC);
- the Competition Principles Agreement, which establishes agreed principles on structural reform of public monopolies, competitive neutrality between the public and private sectors, prices oversight of utilities and other corporations with significant monopoly power, a regime to provide access to essential facilities and a program of review of legislation restricting competition. This Agreement also deals with consultative processes on appointments to the National Competition Council (NCC);
- appointments to the ACCC and NCC will be a matter of close consultation between the parties and will require the support of the Commonwealth and a majority of the parties; and
- the National Competition Policy and Related Reforms Agreement which provides that the Commonwealth will maintain the real per capita guarantee of financial assistance grants to the States and Local Government on a rolling three year basis, and for further financial assistance to the States in the form of competition payments. The per capita element will have an estimated annual cost to the Commonwealth of \$2.4 billion by 2005-2006. The Competition Payment will be provided in three tranches which, together with the per capita component of the FAGs pool, are dependent on States meeting agreed reform objectives as assessed by the NCC. The first tranche of the Competition Payment will commence in 1997-98 and will be \$200 million in 1994-95 prices. The payment will be indexed annually to maintain its real value. The second and third tranches will

commence in 1999-2000 and 2001-2002 respectively. The second tranche will be a payment of \$400 million in 1994-95 prices and the third tranche, \$600 million in 1994-95 prices. The Agreement is at [Attachment A](#). The Competition Payments will be quarantined from assessment by the Commonwealth Grants Commission.

The Premiers and Chief Ministers agreed to pass the required application legislation to apply the Competition Code within State and Territory jurisdictions within 12 months of the Competition Policy Reform Bill receiving the Royal Assent.

The ACCC will be responsible for the enforcement of the competition and consumer protection provisions of the Trade Practices Act, making determinations under the access regime, and prices surveillance. The NCC will exercise recommendatory powers on access and price surveillance issues and will have advisory powers on matters determined by governments, including compliance with the National Competition Policy and Related Reforms Agreement.

The Council agreed to the following timetable for implementation:

subject to passage in Commonwealth Parliament, the amendments to the competitive conduct rules will commence in July 1995. The new institutional arrangements and the access regime will commence in the second half of 1995 or shortly thereafter; and

under the Competition Principles Agreement, Governments agreed to publish policy statements on competitive neutrality and the application of the Competition Principles Agreement to local government (in consultation with local government) by June 1996. Governments agreed to develop a timetable by June 1996 for the review and, where appropriate, reform of all existing legislation which restricts competition by year 2000.

[back to top ▲](#)

Health and Community Services

The Council agreed to launch major longterm reforms of health and community services, with a view to providing services which meet people's needs better and which contain in-built incentives for the most effective use of funds.

The Council endorsed a paper prepared by officials recommending the directions, key elements and major milestones

of reform. A copy is at [Attachment B](#).

Australia's health and community services have significant strengths, including Medicare, which is the linchpin of the health system. However, all jurisdictions have a continued and legitimate joint interest in building a better system which:

meets people's needs better, by: -

- promoting more choice in the range of services and how they are delivered,
- providing better information to assist people to access and identify appropriate services,
- promoting continuity of care, including better coordination and packaging of services; and

delivers services efficiently and contains costs, by: -

- promoting planning by governments focused on outcomes and investment in prevention and early intervention,
- planning and managing services as close as possible to the service delivery level, and
- providing incentives for best practice and substitution of more appropriate services which minimise gaps and get best value for money.

The key elements of reform are:

Organisation of Services

The boundaries of existing programs will be redrawn to group services together into three 'streams': general care, acute care and coordinated care;

Planning Arrangements

New structures will be developed to enable governments to plan, fund and manage services on the basis of care outcomes rather than program inputs;

Funding Arrangements

New arrangements will be developed to reflect better the variety of care and support needs of people; facilitate improved continuity of care; and support service reform; and

Data

An improved, nationally consistent data base will be developed to

refocus health and community services towards meeting people's needs; to allow more accurate monitoring and assessment of care needs; and to ensure that best practice approaches to treatment and support are provided.

The Council endorsed an Action Plan setting out a staged approach for the implementation of the reform agenda and involving consultation with the community before introduction of major change.

Health and Community Services Ministers will oversee work on the Action Plan and will provide an interim report to Heads of Government by September 1995, with a full report for consideration at the first Council meeting in 1996. This will provide the basis for considering the allocation of roles and responsibilities between levels of government.

[back to top ▲](#)

Public Housing

The Council considered a report from Housing Ministers and agreed to major reforms to achieve better housing outcomes. This reform agenda is to be further developed and finalised during 1995.

In the short term, progress towards the new model of housing assistance will be achieved through the re-negotiation in 1995 of the Commonwealth-State Housing Agreement.

The reforms will bring about a fundamental shift in roles and responsibilities entailing the Commonwealth accepting responsibility for income support and housing affordability and the States and Territories for housing services and tenancy and property management. The Commonwealth will rely more on monitoring outcomes to pursue agreed objectives, thereby giving the States and Territories more flexibility in delivering housing assistance.

The Council called for final proposals to be made available for consideration by Heads of Government before the final draft of the new Commonwealth-State Housing Agreement is considered by the Commonwealth, State and Territory Governments. Heads of Government will consider the proposals at their first meeting in 1996, including the issue of whether the next Commonwealth-State Housing Agreement is to be for 3 or 6 years.

[back to top ▲](#)

Centenary of Federation

The Council established the Centenary of Federation Advisory Committee in 1993 to develop an options paper identifying possible goals and strategies to celebrate the centenary of Federation. Its report, *2001: A Report from Australia*, was released in August 1994.

The Council has agreed to establish a working group of officials from all jurisdictions that will consider how to progress arrangements for the celebration of the centenary of Australia's Federation, including: centenary goals and themes; planning and implementation mechanisms; administrative arrangements; and funding. The group, to be chaired by the Commonwealth, will provide a report to the Council by 31 August 1995.

The Terms of Reference for the Working Group are at [Attachment C](#).

[back to top ▲](#)

Northern Territory Statehood

The Council noted the establishment of a working group of Commonwealth and Northern Territory officials to consider and report on issues relating to the possible grant of Statehood to the Northern Territory. The Commonwealth's participation is without any commitment as to the outcome. The Terms of Reference for the working group are at [Attachment D](#). The working group is to forward its report to the Prime Minister and the Chief Minister of the Northern Territory by the end of 1995.

In the event a decision is made to proceed to Statehood, then the Commonwealth and Northern Territory will consult with the States regarding the Constitutional and legal implications of Statehood.

[back to top ▲](#)

Treaties

Following the Leaders' Forum on 24 February 1995, the States and Territories forwarded an agreed position paper to the Commonwealth proposing reforms to the treaties process.

The Council has agreed that the Commonwealth-State Standing Committee on Treaties will discuss the proposals for reform to the treaties process made in the position paper of the States and

Territories. The Standing Committee will report back to the next meeting of the Council on the States' and Territories' proposals with respect to:

- Commonwealth Parliamentary handling of treaties, in the context of the report of the Senate inquiry into possible Parliamentary involvement in the exercise of the external affairs power and the Government's response to it;
- recommendations for the Commonwealth-State consultation process; and
- recommendations for improvements to the information provided on treaties.

[back to top ▲](#)

Water Resource Policy and Regulatory Reform

In the lead up to the meeting, the Council agreed to initiatives in the areas of water resource policy and regulatory reform.

The Council agreed to the public release of three documents:

- the Second Report of the Working Group on Water Resource Policy;
- the Report of the Expert Group on Asset Valuation Methods and Cost-Recovery Definitions for the Australian Water Industry; and
- Principles and Guidelines for National Standard Setting and Regulatory Action.

Australian Heads of Government and the Prime Minister of New Zealand have also agreed to the release of a discussion paper on a proposal for the trans Tasman mutual recognition of standards for goods and occupations.

[Attachment E](#) contains descriptions of each of these documents, together with advice of how they can be obtained.

Attachments

- Attachment A - Agreement to Implement the National Competition Policy and Related Reforms Between the Commonwealth of Australia, the State of New South Wales, the State of Victoria, the State of Queensland, the State of Western Australia, the State of South Australia,

the State of Tasmania, the Australian Capital Territory,
and, the Northern Territory of Australia - [HTML](#)

- Attachment B - Key Decisions on Health and Community Services - [HTML](#)
- Attachment C - Centenary of Federation Working Group Terms of Reference - [HTML](#)
- Attachment D - Northern Territory Statehood Working Group Terms of Reference - [HTML](#)
- Attachment E - Water Resource Policy and Regulatory Reform - [HTML](#)

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[Back to
Top](#) 