

COUNCIL OF AUSTRALIAN GOVERNMENTS MEETING

PERTH

2 October 2008

COMMUNIQUE

Preamble

The Council of Australian Governments (COAG) held its 23rd meeting today in Perth. The Prime Minister, Premiers, the Chief Minister of the Northern Territory and the President of the Australian Local Government Association, were joined by Commonwealth, State and Northern Territory Treasurers. Australian Capital Territory (ACT) officials attended as observers against the background of the forthcoming ACT election.

Further tangible steps were taken in the course of the meeting to advance COAG's reform agenda to boost productivity, increase workforce participation and mobility and deliver better services to the community. The reform agenda also contributes to the broader goals of social inclusion, closing the gap on Indigenous disadvantage and environmental sustainability.

COAG agreed that the present unprecedented upheaval in global financial markets and renewed international scrutiny of their regulation underlines the importance of pressing forward with the COAG reform agenda to enhance the productive capacity and flexibility of the Australian economy. Building on its agreement in July 2008, COAG endorsed an implementation plan to strengthen the Australian financial services and credit regulation framework.

Global Financial Market Conditions

COAG discussed the most recent news of continuing disruption to global financial markets, particularly out of the United States. This disruption has resulted in significant falls in equity prices and continues to affect the cost and availability of financing to businesses and households in many countries around the world.

COAG recognised that the strong capital position of Australia's banks and other financial institutions provides an important buffer for the domestic economy against the developments in the rest of the world. Nevertheless, leaders also acknowledged that Australia could not fully insulate itself from developments overseas, and that a prolonged global financial crisis would affect the Australian economy through financial and trade linkages, and through the effects on confidence.

COAG commended international efforts to address the crisis and urged Australian financial markets regulators to maintain their very close contact with market participants during this difficult period.

Financial Regulation and Consumer Protection

COAG has been pursuing regulatory reforms to enhance market stability and to ensure appropriate protection of consumers, the need for which has been heightened because of global market instability.

COAG agreed to an implementation plan for the regulation of remaining areas of consumer credit. This follows COAG's earlier decision that the Commonwealth would assume responsibility for the regulation of mortgages, mortgage broking, margin lending and all remaining areas of consumer credit, such as pay-day lending and financial counselling services.

This reform will be implemented in a phased approach, beginning with the transfer of responsibility for trustee companies and existing key credit regulation, including the Uniform Consumer Credit Code as phase one. The Commonwealth, States and Territories will ensure that legislation giving effect to phase one of the reform agenda will be introduced in the first half of 2009. COAG has also agreed to an implementation plan for phase two, the regulation of remaining areas of consumer credit, including pay-day lending (for example, pawnbrokers), credit cards, store credit, investment and small business lending, and personal loans, so that the reform package is completed in the first half of 2010.

COAG also agreed to a new consumer policy framework comprising a single national consumer law based on the *Trade Practices Act 1974*, drawing on the recommendations of the Productivity Commission and best practice in State and Territory consumer laws, including a provision regulating unfair contract terms.

The new national consumer law will deliver on COAG's commitment to a seamless national economy by providing a uniform and higher level of protection for Australian consumers and addressing weaknesses in existing laws. The new policy framework will improve consumer law enforcement powers, reduce compliance costs for business and increase access to information regarding dispute resolution and consumer issues.

The Productivity Commission has estimated the economic benefits of the framework at between \$1.5 billion and \$4.5 billion a year.

COAG signed an intergovernmental agreement (IGA) formalising its commitment to the reform of Australia's personal property securities law. The reform will establish a single online national system governing the registration and regulation of securities held against personal property. Signing the IGA will lead to significant cost savings for business through reduced compliance costs and greater choice and certainty for consumers and businesses who borrow money against secured personal property.

Federal Financial Relations

In recognition of the large amount of work undertaken by COAG Working Groups regarding reform of Federal financial relations, COAG agreed to bring forward the date of its December meeting to 17 November 2008, in Canberra.

Infrastructure

COAG is committed to supporting better coordination of infrastructure planning and investment across the nation, across governments and the private sector, and to identifying and removing blockages to productive investment in infrastructure.

The Commonwealth has agreed to ask Infrastructure Australia to bring forward by the end of 2008, an interim report on the National Infrastructure Audit and the Infrastructure Priority List. The interim report will enable the Commonwealth, advised by Infrastructure Australia, to make timely decisions on projects that will advance Australia's nation building agenda. States and Territories will progress any further submissions to Infrastructure Australia as a matter of priority.

National Public Private Partnerships. In March 2008, COAG agreed that one of the first priorities for Infrastructure Australia would be the development of best practice guidelines for the assessment of Public Private Partnerships (PPPs).

At today's meeting, COAG agreed to the National Public Private Partnerships Overview, which sets out elements of a best practice approach to the development of PPPs, based primarily on the guidelines which operate in New South Wales, Victoria and Queensland. A more detailed National PPP Guidelines package will be finalised and submitted to COAG's meeting in November.

Reform of Roles and Responsibilities in Community Mental Health, Aged Care and Disability Services

As a major step in the new Commonwealth-State relations framework, COAG agreed to progress reforms to roles and responsibilities between the Commonwealth and States and Territories for community and residential care services for aged people, community and residential care for people with disabilities and community care and support services for people with mental illness. These reforms will help build seamless service systems to meet better the needs of the aged, people with disability, people with mental illness and their carers on a national basis.

The development of a reform package will be underpinned by the following principles:

1. **continuity of care for clients, which is responsive to changing needs:** delivered by seamless and responsive services tailored to changing care needs;
2. **simple access to services:** delivered by streamlined assessment and eligibility criteria;

3. **seamless transition of care for clients:** delivered by an assurance of client choice to receive ongoing 'care in place', and smooth interfaces between care systems;
4. **simplified accountability of governments to the community:** delivered by clearer responsibility of levels of government for policy and service provision to a particular client group;
5. **reform of roles and responsibilities should be budget-neutral for both levels of government:** delivered by the transfer of current funding to mirror the transfer of responsibilities for service provision; and
6. **creation of a national aged care system and national disability service system for community and residential care:** delivered by strengthened policy responsibility for delivery of the spectrum of community and residential care services for a particular client group.

COAG has also directed Senior Officials to establish a Roles and Responsibilities Working Group to develop a reform package for consideration by COAG at its next meeting. This work will include consultation with local government. This will deliver on COAG's commitment to fix the intersection of aged care and disability services and clarify the roles and responsibilities of governments. Governments are committed to working together to make sure that transition to new arrangements is managed carefully to ensure continuity of care for clients. The current mix of service providers will continue, including local government, state agency and non-government providers.

Closing the Gap for Indigenous Australians

COAG has agreed to six ambitious targets for closing the gap between Indigenous and non-Indigenous Australians across urban, rural and remote areas:

- to close the gap in life expectancy within a generation;
- to halve the gap in mortality rates for Indigenous children under five within a decade;
- to ensure all Indigenous four years olds in remote communities have access to early childhood education within five years;
- to halve the gap in reading, writing and numeracy achievements for Indigenous children within a decade;
- to halve the gap for Indigenous students in year 12 attainment or equivalent attainment rates by 2020; and
- to halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.

Today COAG reaffirmed the national importance of closing the gap between Indigenous and non-Indigenous Australians and agreed to hold a dedicated meeting in 2009 to:

- agree between all governments, a national strategy for achieving the six COAG Closing the Gap targets;

- provide a formal opportunity for exchange between jurisdictions of programs and initiatives that are working successfully to advance the areas covered by the Closing the Gap targets; and
- maximise the contribution that private and community sector initiatives in education, employment, health and housing can make to the success of the overall strategy.

Indigenous Early Childhood Development

In a further demonstration of all governments' commitment to sustained engagement and effort in achieving COAG's Closing the Gap targets for Indigenous people, leaders signed COAG's first National Partnership (NP) covering Indigenous Early Childhood Development. This follows in-principle agreement at the July 2008 COAG meeting to address the needs of Indigenous children in their early years, with an initial focus from birth to three years. Bilateral plans for implementing the reforms have been developed between each jurisdiction and the Commonwealth.

Through the agreement, the Commonwealth and the States and Territories will work together to improve the early childhood outcomes of Indigenous children by addressing the high levels of disadvantage they currently experience to give them the best start in life. The NP comprises \$564 million of joint funding over six years to address the needs of Indigenous children in their early years. As part of the initiative, 35 Children and Family Centres are to be established across Australia to deliver integrated services that offer early learning, child care and family support programs. The funding will also increase access to ante-natal care, teenage reproductive and sexual health services, and child and maternal health services.

Climate Change and Water

Energy Efficiency

COAG has agreed to develop a National Strategy for Energy Efficiency, to accelerate energy efficiency efforts across all governments and to help households and businesses prepare for the introduction of the Commonwealth Government's Carbon Pollution Reduction Scheme (CPRS). Streamlined roles and responsibilities for energy efficiency policies and programs are to be agreed by end December 2008, and implementation of this Strategy will be finalised by June 2009, to ensure that programs assisting households and businesses to reduce their energy costs are in place prior to the introduction of the CPRS.

As a first step towards establishing a truly national approach, COAG has agreed to develop, subject to a regulation impact statement, national legislation for appliance energy performance standards and labelling to simplify enforcement and ensure consistency, and to direct officials to develop this option for COAG consideration as part of the National Strategy for Energy Efficiency. This will reduce transaction costs for business and accelerate the rollout of new standards and labels for products.

Carbon Capture and Storage

Carbon Capture and Storage has been identified globally as one of the major pathways to lower carbon dioxide emissions. In July 2008, the Group of Eight (G8) economies set the goal to commit by 2010, to at least 20 fully integrated industrial-scale demonstration projects to enable the broad deployment of carbon capture and storage technology by 2020.

Today COAG has noted the Commonwealth's Global Carbon Capture and Storage Initiative, announced by the Prime Minister on 19 September 2008, to accelerate the development and deployment of carbon capture and storage technology.

COAG agreed that the Commonwealth would work with State and Territory governments to finalise the design of the Global Carbon Capture Storage (CCS) Institute, and also to facilitate the deployment of carbon capture storage technology on an industrial-scale to enable commercial utilisation.

The new Global Institute, as announced on 19 September 2008, will be a catalyst for accelerating projects through facilitating commercial-scale demonstration projects, and identify and support research.

COAG has also agreed today that jurisdictions will expedite the introduction of nationally-consistent regulation of carbon capture storage, including the geological storage of carbon dioxide.

Murray-Darling Basin

COAG noted progress towards implementing the previously agreed Murray-Darling Basin reforms. The new Murray-Darling Basin Authority is now operational and its Acting Chair/Chief Executive has been appointed, pending separation of the positions through legislation. The Authority's immediate priority is to commence planning for the preparation of the Basin Plan, due in early 2011.

The Basin States are in the process of introducing legislation to refer powers for management of the Murray-Darling Basin to the Commonwealth and the Commonwealth has introduced the *Water Amendment Bill 2008*. New South Wales has completed this process. Together, these measures will enable the Murray-Darling Basin to be managed as one river system. The Murray-Darling Basin Commission will be wound up and its functions transferred to the new Authority. The Basin Plan will include provisions for critical human needs, and the Australian Competition and Consumer Commission will have an enhanced role in the water market.

COAG noted the continuing deterioration of inflow conditions in the southern Murray-Darling Basin. COAG also noted the progress since July 2008 on the four per cent interim limit, and that States have been working cooperatively together on improving consistency. COAG agreed that progress would be reviewed on all measures in early 2009.

Furthermore, COAG noted the increasing levels of water trading that have continued as a result of the National Water Initiative.

COAG agreed that the Murray-Darling Basin jurisdictions and the Commonwealth would jointly report regularly on progress with environmental water recovery from water purchasing and water saving infrastructure projects and other initiatives in the Basin.

National Curriculum Board

COAG has agreed to the establishment of the National Curriculum Board as a statutory authority under Commonwealth legislation accountable to all Australian governments and welcomed the expansion of its role, which, for the first time, brings together the functions of national curriculum, assessment and data management, analysis and reporting at a national level.

Following consultation with the States and Territories, the Commonwealth legislation will be introduced as soon as possible to establish the authority in 2009.

A Seamless National Economy

A single system for the registration of business names is another key element of a seamless national economy. An implementation plan for the Australian Business Number (ABN) and Business Names Project has been agreed by COAG. This important project is being developed to deliver a seamless, single online registration system for ABNs and Business Names, enabling business to register both for their ABN and Business Name in one transaction, as well as undertake other information discovery and transactions with government.

As previously agreed, the financial impacts of the reforms related to the seamless national economy, including on States' revenue and costs will be calculated and incorporated in the overall finalisation of financial arrangements between the Commonwealth and the States.

COAG welcomed the final research report from the Productivity Commission on chemicals and plastics regulation, and agreed that improved and better coordinated governance structures are required to advance reform in this area. COAG has directed the Ministerial Taskforce on Chemicals and Plastics Regulatory Reform to develop a governance structure for oversight regulatory reform for consideration at its November 2008 meeting, and for relevant ministerial councils to report in November, through the COAG Business Regulation and Competition Working Group, on responses and implementation plans for the relevant Productivity Commission recommendations.

Security and Emergency Management

Terrorism remains a serious threat to Australia, and Australia's counter-terrorism arrangements are continually evolving to address the security environment. During the last five years, the COAG Review of Hazardous Material has provided advice to COAG on measures to improve the security of hazardous materials including ammonium nitrate, biological materials and radiological materials.

Today COAG considered the final report of the Hazardous Materials Review on the Management of Chemicals of Security Concern. COAG agreed to establish a Chemical Security Management Framework that will reflect an agreed approach to minimising the potential of chemicals to harm the Australian community, industry and infrastructure and signed an IGA which will facilitate implementation of the Framework.

The Framework provides a structured process for the development and implementation of measures to enhance the security of chemicals on an ongoing basis, proportionate to the assessed risk. The measures are intended to assist security and law enforcement agencies in minimising the risk of terrorist use of chemicals, while not impeding the legitimate use of chemicals.

COAG also noted an update on the consideration of the recommendations for reform in the regulation of security-sensitive ammonium nitrate in the recent Productivity Commission report on chemicals and plastics regulation. Final advice on the Productivity Commission's recommendations on security-sensitive ammonium nitrate will be considered by COAG in early 2009.

COAG noted the Ministerial Council on Police and Emergency Management – Emergency Management report on the progress of developing a nationally-consistent, telephone-based community emergency warning system. A nationally-consistent community emergency warning system will enhance the current capability to provide timely and accurate warnings in the event of emergencies, and provide useful information and advice on individual and community responses. COAG has requested that all remaining tasks, including a cost-benefit analysis, be completed by the end of 2008.

Child Protection

At its July 2008 meeting, COAG noted the work underway on a National Child Protection Framework that would be considered at the November 2008 COAG meeting.

At that meeting, COAG requested advice from the Community and Disability Services Ministers' Conference (CDSMC) on how to improve sharing of information between governments and non-government organisations on families and children at risk, with Ministers to report in October 2008.

Today COAG endorsed the recommendations from the CDSMC on improving information sharing on children and families at risk, including the development of new Commonwealth-

State measures to help locate children at serious risk of abuse or neglect when their whereabouts are unknown.

COAG also agreed to develop a new protocol for information sharing between Centrelink and child protection agencies and to include Centrelink in the national “Child Protection Alerts System” by the end of 2008.

COAG further agreed that the Commonwealth would resolve outstanding issues surrounding the use of Centrelink information by the end of 2008.

Inter-jurisdictional Exchange of Criminal History Information for People working with Children

Leaders agreed in principle to a framework for an inter-jurisdictional exchange of criminal history information for screening of people working with children at the April 2007 COAG meeting.

COAG at this meeting received an update on the development of an implementation plan and noted that a finalised plan on the inter-jurisdictional exchange of a range of criminal history information for people working with children will be available for consideration at its next meeting. COAG noted that all jurisdictions, with the exception of Victoria, would exchange information on non-conviction charges for screening of people working with children.

Binge Drinking

COAG noted Ministerial Council on Drug Strategy’s (MCDS) progress in developing options to reduce binge drinking including in relation to closing hours, responsible service of alcohol, reckless secondary supply of alcohol and the alcohol content in ready-to-drink beverages.

COAG will consider the MCDS’s final report in early 2009 and will use it to decide on practical steps governments can take to address alcohol abuse in Australia.

Next Meeting

COAG will hold its next meeting in Canberra on 17 November 2008.

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