

Council of Australian Governments Meeting

Canberra, 13 April 2012

Communiqué

The Council of Australian Governments (COAG) held its 32nd meeting in Canberra today. 2012 marks 20 years since COAG first met in December 1992. The Prime Minister, Premiers, Chief Ministers and the President of the Australian Local Government Association attended the meeting.

Skills Reform

COAG signed up to an ambitious set of reforms to the national training system; agreeing to a revised National Agreement for Skills and Workforce Development and a new National Partnership Agreement on Skills Reform. Implementation Plans will be negotiated between governments by 30 June 2012.

Reforms under the National Agreement and National Partnership will provide the skills that Australian businesses and individuals need to prosper in a rapidly changing economy.

Key reforms include:

- ensuring working age Australians without qualifications can get the skills they need to get higher skilled jobs in today's economy, by introducing a **national training entitlement** for a government-subsidised training place to at least the first Certificate III qualification;
- reducing upfront costs for students undertaking higher level qualifications, by offering **income-contingent loans** for government-subsidised Diploma and Advanced Diploma students;
- improving the confidence of employers and students in the quality of training courses, by developing and piloting **independent validation of training provider assessments** and implementing strategies which enable TAFEs to operate effectively in an environment of greater competition;
- improving access to information about training options, training providers and provider quality on a **new My Skills website**, so students and employers can make better choices about the training they need; and
- **supporting around 375,000 additional students** over five years to complete their qualifications, and improving training enrolments and completions in high-level skills and among key groups of disadvantaged students, including Indigenous Australians.

These reforms will support Australian businesses and drive improvements in productivity by growing the pool of skilled workers, encouraging existing workers to up-skill and supporting higher levels of workforce participation.

Business Advisory Forum

Noting the speed of economic change, increasing globalisation and structural shifts in the economy, participants in the Business Advisory Forum expressed their confidence in the capacity of Australia to address change and secure prosperity. The Prime Minister, Premiers and Chief Ministers thanked the leaders of businesses and business groups for their constructive engagement on regulatory and competition reform at the Forum, and particularly welcomed the paper prepared by the Business Council of Australia (BCA).

Following discussions at the Business Advisory Forum, COAG agreed to progress six priority areas for major reform to lower costs for business and improve competition and productivity.

The reform priorities are:

- addressing duplicative and cumbersome environment regulation;
- streamlining the process for approvals of major projects;
- rationalising carbon reduction and energy efficiency schemes;
- delivering energy market reforms to reduce costs;
- improving assessment processes for low risk, low impact developments; and
- best-practice approaches to regulation.

First Ministers reaffirmed COAG's commitment to high **environmental standards**, while reducing duplication and double-handling of assessment and approval processes. To achieve these commitments, our governments will work together to:

- fast-track the development of bilateral arrangements for accreditation of state assessment and approval processes, with the frameworks to be agreed by December 2012 and agreements finalised by March 2013;
- develop environmental risk- and outcomes-based standards with States and Territories by December 2012; and
- examine and facilitate removal of unnecessary duplication and reduce business costs for significant projects.

COAG acknowledged the Commonwealth's existing final approval responsibilities for projects within its current jurisdiction affecting world heritage sites and specific areas of action, including nuclear actions, defence development and developments affecting Commonwealth waters. The Commonwealth will work with the States and Territories to improve the process

for approvals of these categories, agreed bilaterally or collectively, for consideration by COAG at its next meeting.

The Prime Minister, Premiers and Chief Ministers tasked Heads of Treasuries to scope urgently the BCA's proposal to benchmark Australia's **major project development assessment processes** against international best practice, and to report to COAG through Senior Officials. COAG agreed that the construction industry is a significant contributor to Australia's economic and social wellbeing. COAG noted that Heads of Treasuries have been asked to undertake analysis of construction industry costs and productivity, and agreed to consider the outcomes of this work through Senior Officials. Both should occur within a month, including the possibility of referral of one or a combination to the Productivity Commission.

Premiers and Chief Ministers agreed to examine reforms that could be undertaken at the State and Territory level to improve the approval process for major projects, for discussion at the next Business Advisory Forum. All levels of government will work toward a range of additional approaches, including the creation of taskforces for major projects, so that approvals are administered by a single State agency and unnecessary duplication in Commonwealth and State processes is removed.

COAG recognised the need to prioritise the completion of a review of **unnecessary carbon reduction and energy efficiency schemes** and asked its new Taskforce (see below) to provide urgent advice in advance of the next COAG meeting on how to fast track and rationalise policies and programs that are not complementary to a carbon price, or are ineffective, inefficient or impose duplicative reporting requirements on business.

COAG reaffirmed its commitment to reforms to increase competition in interconnected **energy markets**. COAG will consider at its next meeting proposals to bring forward existing reviews in electricity and natural gas markets as key steps towards improving competition and the efficiency of electricity networks to ensure that energy regulation places greater weight on the outcomes for consumers.

COAG discussed progress by State and Territory governments on **development assessment reforms**, and acknowledged the need to ensure these processes operate efficiently and do not create unnecessary delays for development proposals. Premiers and Chief Ministers agreed to consider adopting ambitious targets to improve development assessment processes for discussion at the next Business Advisory Forum.

COAG agreed to consider concrete measures to **lift regulatory performance**, including reducing complexity and duplication and increasing transparency and accountability. This will be informed by the current work of the Productivity Commission on the efficiency and quality of Commonwealth, State and Territory and COAG Regulation Impact Assessment arrangements, due to be completed in late 2012.

COAG further recognised that small to medium enterprises are particularly vulnerable to unnecessary regulation and the accumulation of regulation. COAG agreed that the new Commonwealth Minister for Small Business, and the relevant State and Territory Ministers, would engage the Small Business Advisory Committee, the Council of Small Business of Australia and State and Territory Chambers of Commerce to identify examples of burdensome or unnecessary regulations that frustrate businesses on a day to day basis, and to report back to First Ministers. COAG directed the Taskforce (see below) to prepare a comprehensive report on the red-tape challenge for its next meeting.

COAG committed to reduce reporting burdens on business. COAG asked the Taskforce to report on specific ways to remove overlaps in Commonwealth and State and Territory reporting obligations, including the expanded use of online business reporting, for consideration at its next meeting.

COAG agreed the new productivity-enhancing regulatory and competition reform agenda will be supported by a *National Productivity Compact: Regulatory and Competition Reform for a more Competitive Australia*. The Compact between the Commonwealth, States and Territories and business will set out a high-level statement on principles for effective regulation and reform. The Compact will be developed by COAG Senior Officials, in consultation with business, and finalised at the next Business Advisory Forum.

To develop the policy and timetable for this ambitious new reform agenda, COAG agreed to establish a cross-jurisdictional Taskforce, chaired by the Secretary of the Commonwealth Department of Finance and Deregulation, comprising a senior Commonwealth Treasury official and Deputy Secretary representatives from both First Ministers and Treasury departments in the States and Territories, reporting to COAG through First Ministers' Senior Officials.

The Taskforce will provide advice to COAG for its next meeting on:

- the detail of the specific reforms discussed at the Business Advisory Forum, outlined above;
- the likely costs and benefits of the reforms, drawing on high-level advice from the Productivity Commission and an assessment against COAG's reform principles; and

- sensitivities, stakeholder views and implementation pathways and challenges.

COAG noted the existing work on future regulation and competition reform, undertaken by the Business Regulation and Competition Working Group and the Standing Council on Federal Financial Relations, and asked the Taskforce to provide advice on the merit of these proposals in the context of a focused productivity-enhancing reform agenda. COAG agreed that the Business Regulation and Competition Working Group would see the completion of the existing Seamless National Economy reforms by the end of 2012 but would not continue beyond this, being replaced by the Taskforce.

COAG noted that the Forum will reconvene in the second half of 2012 to review and assess progress.

Progress on Seamless National Economy Reforms

COAG released its response to the recent COAG Reform Council 2010-11 Report on the National Partnership Agreement to Deliver a Seamless National Economy. COAG agreed to amend the Implementation Plan with respect to consumer credit and the national mine safety framework. COAG noted the importance of completing the current Seamless National Economy agenda. It released two report cards on the implementation of its deregulation priorities and competition reforms, demonstrating progress with 16 of the 27 deregulation priorities and two of the eight competition reforms now completed.

Given the priority placed on completing the Seamless National Economy reforms by a wide range of Australian businesses at the Business Advisory Forum, Leaders focused on two of the most important deregulation priorities.

COAG noted progress on establishing a national occupational licensing system. The system aims to deliver considerable benefits to business, consumers and the wider community through enhanced mobility of licensed trades between jurisdictions. Progress includes:

- passage of the Occupational Licensing National Law in most jurisdictions;
- appointment of the Board of the National Occupational Licensing Authority (NOLA); and
- agreement between NOLA and the New South Wales Government Licensing Service to provide a national licensing register.

There has been significant industry input in licensing policy development over the past 18 months, and continuing cooperation between jurisdictions on implementation issues and drafting the legislation and regulation.

COAG agreed the need for a best-practice approach to regulation and committed to release the Consultation Regulation Impact Statements (RIS) that reflect this approach for electrical; plumbing and gasfitting; refrigeration and air-conditioning; and property occupations in the

first half of 2012. This will enable stakeholders to comment on the options for the detailed licensing schemes for each occupation, which include the status quo, national licensing and automatic mutual recognition. COAG further committed to work toward agreement to the framing legislation and regulation by the end of 2012. Given the complexity of the reform, it will now commence from 2013. In the lead-up to the commencement of the reform, COAG will consult stakeholders on the options contained in the RIS and raise awareness of the reform.

On occupational health and safety reform, of the nine jurisdictions, six have legislated the new workplace safety arrangements and one other is in the process of legislating the reform. COAG agreed that the current occupational health and safety laws will be reviewed by the end of 2014. The Commonwealth noted that the National Partnership Agreement to Deliver a Seamless National Economy contains reward payments for successful implementation of these measures.

National Disability Insurance Scheme

The Commonwealth and all States and Territories reaffirmed their commitment to a National Disability Insurance Scheme. They recognised a growing need to support the most needy and vulnerable people in the community, and that for many, lifetime support for income, accommodation and services is a necessity.

COAG also acknowledged that change can only be achieved, step by step, over a number of years. In particular, current services and support must be maintained through any transition period. Also, it is essential that the support of family members, friends and volunteers is maintained.

Approximately 70 per cent of disability care and support services are funded by State and Territory Governments. To develop a national scheme, it was recognised that the level and share of Commonwealth funding will need to increase.

The national scheme will be cognisant of, and build upon, existing services, recognising that services are best managed and delivered as close as possible to those requiring them. The Commonwealth and the States and Territories will collaborate on its development and implementation.

The diversity within and between States and Territories will need to be taken into account with each State offering a mix of services as either government-provided services, funded services from the not-for-profit sector or self-managed funding.

Broad principles have been agreed and now require more detail and tangible progress. A careful and cautious approach will be taken to ensure that expectations remain realistic. All governments recognise the importance of identifying who will and will not be covered by the proposed reforms and what level of service will be provided. The early work will concentrate on achieving clarity and consistency in eligibility criteria, portability of benefit entitlements and funding of an NDIS.

COAG released high-level principles that will guide governments' consideration of the Productivity Commission's recommendations on an NDIS (Attachment A).

COAG asked its Select Council on Disability Reform to undertake further work on funding, governance and the scope of eligibility and support as a matter of priority, to enable COAG's consideration at its next meeting in 2012.

COAG also released a progress report which identifies some of the challenges associated with these complex reforms and the issues that need to be balanced in the design of an NDIS (Attachment B). The progress report will inform engagement with the community on an NDIS design over the coming months.

School Funding Reform

COAG noted the Commonwealth is pursuing school funding reform with the objectives of reinforcing reforms to improve school performance and ensuring equity in resourcing. The Commonwealth acknowledged the reform efforts underway across jurisdictions. It invited the participation of the States and Territories in developing advice for COAG on options for funding reform, in the light of the recent Review of Funding for Schooling (the Gonski Review). The Commonwealth shared with the States and Territories the high-level objective and principles that will guide its work on school funding reform.

Mental Health Reform

COAG signed a new National Partnership Agreement Supporting National Mental Health Reform. This agreement provides \$200 million in Commonwealth funding, alongside investments by the States and Territories, to improve outcomes for people with severe and persistent mental illness. Through the delivery of 16 projects across the States and Territories, more people with severe and persistent mental illness and complex care needs will be able to access supported accommodation and avoid emergency department presentations and associated hospital admissions, through better supports to maintain their recovery in the community (see Attachment C for details of the 16 projects).

Work on the draft Ten Year Roadmap for National Mental Health Reform is continuing and COAG will consider the Roadmap later in 2012. COAG acknowledged the strong interest expressed by the mental health sector and the wider community during national consultations on the draft Roadmap in January 2012.

Presentations on Issues Relevant to Sustainability and Urban Liveability

COAG noted the presentations from the States and Territories on issues relevant to sustainability and urban liveability, including: achieving better value from infrastructure funding, planning controls on non-aviation development on airport land, engaging the private sector to create better public spaces, improving regional resettlement, working across borders and sustainable development in northern Australia. COAG also noted the continuing commitment of each government to improve the administration and planning for sustainable cities. The effective organisation and planning of cities is vital for sustainable growth, increased productivity and wellbeing.

All governments actively participated in the review of capital city strategic planning systems undertaken by the COAG Reform Council. The Council's recent report provides useful information for all governments to consider. COAG agreed to continued intergovernmental collaboration and that further work on cities would be taken forward by the COAG Standing Council on Transport and Infrastructure.

Not-For-Profit Reform

COAG today agreed to take the first steps towards developing an effective approach to the regulation of Australia's not-for-profit (NFP) sector.

COAG tasked the NFP Reform Working Group with reviewing, developing and recommending NFP regulatory reform options to COAG including:

- considering the adoption or application of a Commonwealth statutory definition of charity;
- a nationally consistent approach to fundraising regulation;
- reviewing legal, governance and reporting regulation for the NFP sector; and
- considering approaches to harmonise the test for determining non-charitable activities of charities.

The work of the NFP Reform Working Group will build on the cooperation already achieved to implement successfully a national standard chart of accounts and recognises the critical role that the not-for-profit sector plays in enriching our communities and delivering effective services.

COAG agreed that the NFP Reform Working Group be asked to report to COAG at or before its next meeting, and ahead of the Commonwealth introducing the Australian Charities and NFP Commission legislation, on the process to avoid or minimise any regulatory duplication between jurisdictions, particularly around statutory reporting and governance requirements.

Expiring National Partnership Agreements

COAG noted the work underway through the Standing Council on Federal Financial Relations on expiring National Partnership Agreements, and agreed to consider the outcome of that work at its next meeting.

International Education

COAG noted progress in implementing the strategic review of the student visa program. In relation to the review of the student visa Assessment Level framework, COAG agreed to expedite the implementation of the revised framework for low immigration risk providers so that they are able to have access to streamlined student visa assessments in the second half of 2012.

GST Distribution Review

COAG noted that the interim report of the GST Distribution Review will be released by the Commonwealth, prior to the Commonwealth Budget.

Canberra

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