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COUNCIL FOR THE AUSTRALIAN FEDERATION

COMMUNIQUÉ

MELBOURNE, 13 October 2006 - The Council for the Australian Federation met today for its inaugural meeting and discussed significant areas of national interest. The Council comprises all State Premiers and Territory Chief Ministers and is chaired by South Australian Premier Mike Rann.

The Council for the Australian Federation has been created by the Premiers and Chief Ministers of all States and Territories as a means of working together to improve the way that the States and Territories deliver the many key services that affect Australians' daily lives – public education, health and hospitals, police services and emergency management, urban and rural development, the environment, water, transportation infrastructure and services, and cultural and recreational amenities.

The Premiers and Chief Ministers expressed a desire that the Council should act both as a forum for joint State and Territory action on matters of national significance, and as a strategic body that can help shape and set the national policy agenda.

Premiers and Chief Ministers recognise that, in a country as large and varied as Australia, a diversity of approaches is required. The pursuit of uniformity for its own sake will rarely deliver the best outcome. The great strength of Australia's federal structure is that it allows the flexibility to deliver solutions that reflect the unique context, issues and priorities across each jurisdiction. Australia's federal structure is a key part of our democratic system, ensuring that no one view can dominate to the exclusion of all others.

Australia has been transformed over the past twenty years as governments have pursued sustained economic and social reform. This new Council will complement the important ongoing work of the States and Territories with the Commonwealth through the Council of Australian Governments (COAG). The best outcomes for Australia will be achieved not through 'blame-shifting' and criticism but through the kind of collaborative activity currently being undertaken through COAG.

The National Reform Agenda is designed to achieve major long term outcomes for all Australians. It has been well recognised - and modelling has confirmed – that the National Reform Agenda will position Australia as a skilled, healthy, educated and prosperous society.

It is crucial for the success of the comprehensive approach set out in the National Reform Agenda that it reflects a new way of doing business between the Commonwealth and the States and Territories.

In particular, we acknowledge that over successive COAG meetings since June 2005, the States, Territories and the Commonwealth have succeeded in creating the nucleus of a new type of cooperative federalism in this country, through the new National Reform Agenda.

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At the core of that vision has been this simple idea: that Australia faces unprecedented challenges in sustaining our prosperity in the face of ever intensifying global competition, in particular the rise of the giants of our region in China and India. We can become more competitive, and enjoy the potential prosperity that these new circumstances may offer us, or we can increasingly be consigned to also-ran status in a booming region, to the detriment of future generations of Australians.

In the face of the challenge to become more competitive, we as leaders also have a simple choice: to pull together or to pull apart -- to cooperate on the challenges that face us.

Premiers and Chief Ministers today signed an intergovernmental agreement to establish the Council for the Australian Federation. The agreement emphasises both co-operation between States and Territories and also the advantage of a diversity of policy approaches based on regional necessities. The text of the intergovernmental agreement is included at [Attachment A](#).

This Communiqué sets out the agreed outcomes of the discussions at the meeting of the Council for the Australian Federation today.

National Reform Agenda

In July 2006, COAG reaffirmed its February 2006 commitment to progress the National Reform Agenda (NRA) to help underpin Australia's future prosperity.

Today, the Council affirmed its commitment to the National Reform Agenda (NRA), encompassing human capital, competition and regulatory reforms, to help increase the nation's productivity and workforce participation.

COAG agreed that the NRA would provide a new approach to intergovernmental relations, based on the following principles:

- a long-term and integrated agenda across governments and portfolios to increase the nation's productivity and workforce participation over the next decade;
- recognition of the importance of jurisdictional diversity and flexibility for policy innovation in specific policy reform proposals;
- a focus on measurable outcomes in human capital reform, specifically eleven high-level indicative outcomes; and
- Commonwealth funding to the States and Territories be provided 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.

The Council called on the Commonwealth to embrace this new way of working together in the national interest. The Council called on the Commonwealth to cooperate with the States and Territories in the design and delivery of major policy initiatives to ensure these policies work on the ground.

The Council expressed concern at the Commonwealth's approach of unilateral announcements of specific initiatives in important areas of NRA reform, without consultation with States and Territories about these policies and how they would be implemented.

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The Council for the Australian Federation is concerned that the Skills Package announced by the Commonwealth on 12 October does not address Australia's most pressing skills issues as identified by industry – the 86 occupations listed as being in demand for migration purposes.

The unilateral announcement by the Commonwealth does not recognise that Australia's national training system has been developed as a cooperative effort between the Commonwealth, State and Territory Governments. The Commonwealth clearly needs to do more to work with the States and Territories to ensure that Australia's training system is properly resourced to meet the skills shortages crisis.

The Commonwealth must ensure that additional courses in areas of skill shortages are able to be provided through the Vocational Education and Training System by allocating specific funds to expand the national training system in higher skill courses.

In addition, the Commonwealth must take steps to reform its employer incentive scheme so that it focuses on areas of skill demand.

The Council noted that, for the NRA to be successful, a ten-year integrated approach is required which recognises jurisdictional flexibility and the need for a fair sharing of the costs and benefits of reform. This includes an independent assessment of these costs and benefits by the COAG Reform Council.

States and Territory Premiers have responsibility for nominating the Deputy Chair of the COAG Reform Council. The Council confirmed its support for appointing Dr Geoff Gallop as Deputy Chair of the COAG Reform Council and committed to establish the COAG Reform Council as quickly as possible.

Harmonisation of regulatory regimes

Today, all States and Territories signed an intergovernmental agreement committing to harmonisation of key areas of workers compensation and occupational health and safety schemes and, in the next six months, to develop proposals to further harmonise the administration of workers compensation and occupational health and safety systems, teacher registration and administration of payroll tax.

This intergovernmental agreement is in line with the ten-point action plan recently signed by Victoria and NSW to harmonise key areas of their WorkCover schemes.

Once implemented, this reform will result in the regulatory frameworks covering workers compensation and occupational health and safety schemes across Australia in States being brought into greater uniformity.

This commitment is to pursue practical actions to achieve consistency by encouraging relevant Ministerial Councils, insurers and regulators to pursue harmonisation opportunities.

This is a significant first step toward harmonisation of administrative elements of workers compensation and occupational health and safety administrative schemes.

Drought and water reform

Much of Australia is in the grip of perhaps the most severe drought since the great Federation drought of 1902. Parts of Australia have received record low winter rainfalls, with this year's August being the driest on record. This has exacerbated the dry conditions that most of southern Australia has been experiencing over the last 10 years. There can be no doubt that this is truly an exceptional circumstance. Drought conditions are being faced from Western Australia through South Australia to the eastern states, but communities facing similar problems are receiving manifestly different levels of federal government support. There is a need for a national approach to recovery. Drought doesn't stop at state borders; neither should support for communities.

The Council calls upon the Reserve Bank to take into account the severe impact of drought on economic growth and recognise that any interest rate rise will have a devastating impact on farmers and rural communities.

A great amount of existing drought assistance to the rural community is provided by the States and Territories. Individual State and Territory Governments have developed a wealth of knowledge about drought programs to support communities and drought program relief delivery. The Council has agreed to undertake urgently, in consultation with farmers and rural industries and communities, a national evaluation of existing drought relief initiatives with a view to identifying best practice programs for implementation across Australia. A particular focus of this review will be identification of improved administrative arrangements to cut through any red tape which is identified as impeding the rapid provision of support to affected communities.

Applications to the Commonwealth for Exceptional Circumstances assistance are made by affected industries, local government and the Farmers Federations and community representatives. The Council calls upon the Commonwealth to similarly undertake an urgent review of its current criteria and processes for Exceptional Circumstances payments with a view to ensuring that drought-affected communities do not have to deal with unnecessary red tape and delays in accessing Exceptional Circumstances assistance.

The Council welcomes recognition from the Commonwealth that Australian water planning is by far the world's best. The Council recognised that there is still a need for better national coordination on water reform and every major city and significant parts of rural Australia are facing water restrictions of varying levels. States and Territories need to work cooperatively with each other and with the Commonwealth Government to address water management and water reform, and jurisdictions need to recognise that they are equal partners.

A particular challenge facing Australia at the moment is the fragmented approach to water management on a national level. In recent years, attempts have been made by jurisdictions such as the establishment of the National Water Commission to create a mechanism for coordinating the development of water policy.

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The Council recognises that the National Water Initiative and the National Water Commission was intended to be a cooperative exercise between States and Territories. However, there have been difficulties in the implementation of this cooperative spirit under the current regime. States and Territories agree to work together to develop a proposal to reflect the intent of cooperation and collaboration on water reform between States, Territories and the Commonwealth.

The Council has requested officials to develop national principles for urban water planning. These principles should recognise the challenges faced by governments planning secure water futures for our cities and regional towns, including: the impacts of climate change on water supplies; the need to manage for both drought and long-term population trends; finding new sources of supply, especially through water recycling; reducing demand by making our cities more water efficient and encouraging commonsense water-wise behaviours; and ensuring the environmental health of the rivers surrounding cities and towns.

The Council has also requested the development of national best practice guidelines for urban water planning, to draw on the experiences of jurisdictions around Australia in developing strategies to ensure a balance between demand and supply. The guidelines will offer practical assistance to cities and towns in developing and/or reviewing their water plans. They will cover such matters as: risk management approaches; options identification and analysis; and public consultation approaches.

The Council agrees to:

- call on the Commonwealth to work with the States and Territories to urgently provide funding for the projects of State and National significance through the Australian Government Water Fund;
- consider a national rollout of an assessment tool for reducing water and energy usage in new developments; and
- develop and implement of a national system for reporting water consumption by largest users, building on systems already put in place by the Victorian and Queensland Governments to encourage greater efficiency in the use of this precious resource.

Bushfire Preparedness

The bushfire threat to southern Australia this season cannot be overstated. The Council for the Australian Federation (CAF) noted that the 2006/07 fire season has well above average risk and confirmed that interstate and national arrangements are in place to support requests of assistance between jurisdictions.

A key element of these arrangements is the National Aerial Fire Fighting agreement. Because of the current serious situation faced across Australia, the Council calls on the Commonwealth to respond to this early and severe fire season by providing an enhanced service over the current summer. The Council also calls on the Commonwealth to extend its commitment beyond the current season.

Premiers and Chief Ministers agreed to commit to the closest possible cooperation between jurisdictions to ensure there is an effective response to the current high-risk fire season.

Infrastructure

The Council noted the importance of infrastructure to the economic and social well-being of the nation.

The time has come for a national strategy on infrastructure planning to reduce inefficiencies and ensure that infrastructure is provided in places and for Australians who need it.

The Council has agreed to begin the work on national planning for infrastructure.

Education

Australia has a world-class education system that has consistently achieved results well above the international average.

In the OECD Programme for International Student Assessment (PISA) 2003 Australian students achieved results that were significantly above the OECD average in mathematical and scientific literacy, reading and in the special category of problem solving¹.

These results emulate Australia's success in the first PISA cycle, released in 2000. At the time of the release of the 2003 PISA results the then Minister for Education, Science and Training, Hon Brendan Nelson MP, put out a media release titled *OECD study ranks Australian schools students amongst the world's best*².

The Commonwealth Government should be celebrating the success of our nation's education system rather than demanding uniformity for its own sake. We must have policy that recognises teachers as an important resource and should avoid policies which divide them.

The Council for the Australian Federation supports ongoing reform at both a local and national level to ensure that the high standard of education in Australia continues.

The 1999 *Adelaide Declaration on National Goals for Schooling in the Twenty-First Century* committed all Australian governments to an agreed national framework for schooling. The Adelaide Declaration established co-operation between governments as the means to achieve the best outcomes for students. The Adelaide Declaration does not support central mandating of uniform national policy.

Through the Ministerial Council for Education, Employment, Training and Youth Affairs the following have also been achieved:

- National Goals for Schooling;
- Nationally consistent statements of learning outcomes;
- National key performance measures for student achievement;

¹ Australia was outperformed by only one country in reading literacy (Finland); by three countries in scientific literacy (Finland, Japan and Korea); by four countries in mathematical literacy (Hong Kong-China, Finland, Korea and the Netherlands), and by four countries in problem solving (Korea, Hong Kong-China, Finland and Japan).

² Media release, 7 December 2004.

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- National literacy and numeracy assessment in Years 3, 5, 7 and 9.

States and Territories are also contributing strongly to the Council of Australian Governments (COAG) human capital reform agenda to:

- Improve early childhood development to ensure that all children start school with a readiness to learn;
- Lift the standards of numeracy and literacy in the community; and
- Improve school-to-work transitions.

Despite the high standard of education in Australia and the ongoing reform to maintain these high standards the Commonwealth Government continues to play politics with education.

Since the 1999 *Adelaide Declaration on National Goals for Schooling* was struck, the Commonwealth has increasingly placed conditions on education funding to impose its views on States and Territories, rather than pursuing a more collaborative and productive approach. This has occurred while the Commonwealth has substantially increased funding to non-government schools, while not investing commensurately in government schools.

Recent public statements by the Commonwealth that it is considering imposing a centrally mandated school curriculum upon States and Territories further undermines the Adelaide Declaration's collaborative approach. The Council concludes that the Commonwealth has abandoned the spirit and intent of the Adelaide Declaration. States and Territories will remain focused on achieving the best possible outcomes for Australian children and their families by concentrating on the common objectives of all Australian governments.

The Council will review the Adelaide Declaration to ensure that it continues to provide the best possible framework for the education of our children. The review will be chaired by Dr Peter Dawkins, Secretary of the Victorian Government Department of Education and Training with senior officials from all of the States and Territories.

The Council also urges the Commonwealth to focus on removing its own barriers to improving education standards. As first steps it could increase the allocation of funded places to teacher training institutions to meet the demand for teachers into the future, remove Fringe Benefits Tax requirements from teacher training scholarships offered by States, and ensure that its funding for schools is based on need so that funding for public schools at least keeps pace with that for non government schools.

Climate Change

The Council agreed to develop a dialogue between sub-national governments in Australia and the United States of America on climate change. The proposed dialogue aims to improve the information flows between sub-national governments in Australia and the USA on policies to address climate change.

Future Work Programme

The Council for the Australian Federation will develop a dynamic work-plan that generates public debate and that sets the agenda on matters of national public policy that are important to all States and Territories.

There are a number of policy areas that are not being progressed quickly enough nationally that should be championed by the Council. There are also matters which will shape the way that States and Territories work within our Federation. Key among these will be the State and Territory response to the High Court decision on industrial relations.

The Council for the Australian Federation will consider a wide range of topics in the future that meet the tests of being able to be actioned by the Council; being strategic in nature; and needing promotion by the Council in absence of Commonwealth leadership.

The Council agreed to pursue a forward work program with a focus on:

1. Opportunities to improve crucial areas of service delivery such as health, ageing and education, including through a better functioning Specific Purpose Payment system; and
2. Other issues of strategic importance, including work on the future of the Federation, to be commissioned by Queensland and Victoria on behalf of the Council for the Australian Federation, foreshadowing a Constitutional Convention.

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*An agreement to establish the
Council for the Australian Federation*

dated this 13th day of October 2006

between

the State of New South Wales and the State of Queensland and
the State of South Australia and the State of Tasmania and
the State of Victoria and the State of Western Australia and
the Australian Capital Territory and the Northern Territory of Australia

Recitals

The First Ministers of the above-named Australian States and Territories have agreed to create the Council for the Australian Federation as part of their plan to protect, maintain and revitalise the Australian federation and build a more collaborative, co-operative and effective federal system. First Ministers recognise that:

Australia was established as a federation in 1901 under the Commonwealth Constitution. The six States, the Northern Territory, and the Australian Capital Territory are core components of the Australian federation, as is the Commonwealth.

Federalism is based on shared principles, including respect for constitutions and the division of powers. It allows for diversity in policy priorities and their implementation coupled with the freedom to consult and co-operate on common matters where this promises the best outcomes.

There is a need to institute a new era of intergovernmental collaboration by promoting a constructive dialogue between the States and Territories so as to advance the interests of Australians and Australia.

There are and will be issues that are of importance to the States and Territories in which the Commonwealth Government has only limited involvement, or in which the Commonwealth may decline to become involved.

To operate effectively into the future the federation must evolve, and through the Council for the Australian Federation First Ministers are committed to providing the necessary leadership through institutional innovation.

The Council for the Australian Federation will be an enduring and evolving institution that will be flexible, efficient and able to anticipate and act quickly to make Australia work better for Australians.

Creation of the Council for the Australian Federation

The Premiers of the States and the Chief Ministers of the Territories establish the Council for the Australian Federation (the Council). The common objectives and organisation of the Council are as described in this Founding Agreement (the Agreement).

Composition of the Council

The Governments of the six States and the two self-governing mainland Territories of Australia are members of the Council. A member will be represented on the Council by their Premier or Chief Minister. In exceptional circumstances, a Premier or Chief Minister may designate a minister as a substitute representative for a meeting of the Council.

Objectives of the Council

The objectives of the Council are:

- to provide leadership on and promote innovative solutions to matters important to Australians
- to promote constructive engagement with the Commonwealth Government and Parliament on matters of national interest
- to promote and communicate to the Australian people the benefits of Australia's federal system in providing a diversity of policy options

- to complement the work of the Council of Australian Governments and facilitate COAG-based agreements with the Commonwealth by working towards a common position among the States and Territories, and
- to reach, where appropriate, collaborative agreements on cross-jurisdictional issues where a Commonwealth imprimatur is unnecessary or has not been forthcoming

In pursuit of these objectives, the Council will:

- examine opportunities for greater consistency of State and Territory laws and practice
- examine Commonwealth Government measures that have a major impact on States and Territories
- examine State and Territory government measures that require co-ordination with the Commonwealth
- examine matters that are relevant to States and Territories and that have long-term implications for Australia
- identify ‘best practice’ innovations in relation to State/Territory programs, policy developments and service regimes, and share and exchange information, perspectives and experiences, including acting as a neutral repository for statistical and benchmarking information
- commission joint studies, and
- develop shared policies and positions

Organisation of the Council

Chair

Premiers and Chief Ministers will take turns chairing the Council on a rotational basis to be agreed. The term of office of the chair is one year. The chair will act on behalf of the Council according to the directions received from it.

The deputy chair of the Council is the Premier or Chief Minister who will chair the Council in the following year.

Meetings

There will be at least one meeting of the Council per year in the State or Territory of the incoming chair at a location to be determined by the Council. The Council may hold further meetings in other locations at its discretion.

A quorum of the Council is 75% of its members.

The Council may decide, from time to time, to invite representatives of other bodies to its meetings. However, such representatives will not take part in any decision-making process.

The Council anticipates that decisions will be unanimous and will be reached through consensus. A consensus occurs when no members are against a proposed resolution. However, the Council may decide an issue by majority vote with the agreement of all members.

All decisions of the Council will be recorded in writing.

The Council may take decisions agreed through correspondence between members and the chair of the Council. The chair shall immediately notify all members of decisions agreed through correspondence.

A decision may only be disclosed to third parties (including the media) if the Council has made a decision to allow such disclosure or unless required by law.

Agenda

The chair of the Council will determine agenda items in consultation with the other Premiers and Chief Ministers. Agenda papers will be prepared by the jurisdiction that has suggested the agenda item. The Secretariat to the Council may assist that jurisdiction in preparing such agenda papers. Otherwise, agenda papers will be prepared by the jurisdiction of the chair or by the Secretariat alone.

Secretariat

The Council will make arrangements for the establishment and operation of the Secretariat including the appointment of the head of the Secretariat.

The Secretariat will report to the Council. For routine matters, the Secretariat will report to the chair of the Council for the time being. The Secretariat will be located in Canberra or such other location as may be determined by the Council.

The Secretariat will assist the chair in the preparation for meetings of the Council and perform any task that the Council assigns to it. The Secretariat will not perform a lobbying function on behalf of the Council nor purport to represent the views of the Council or any of its members, except where it has been given express instructions to do so by decision of the Council.

The Secretariat will be funded by the States and Territories according to their representation in the Senate of the Commonwealth Parliament.

Other matters

Amendment

This Agreement may be amended with the written consent of three quarters of the members (six jurisdictions).

Any amendments which have been made to this Agreement will be set out in a document which is distributed to all members and which will include a reference to the date the amendment will come into force.

A member may withdraw from this Agreement by giving not less than six months notice, in writing, to each of the other members. If a member withdraws from this Agreement, this Agreement will remain in force in relation to the remaining members.

Review

The objectives, functions and organisation of the Council will be reviewed no later than five years after this Agreement comes into effect.

Reservations

Nothing in this Agreement alters the legislative or other power of the State and Territory legislatures or Governments of the day or the rights of any of them with respect to the exercise of their legislative, executive or other powers under the various Constitutions.

Commencement

This Agreement commences when it has been signed on behalf of all members.

IN WITNESS WHEREOF this Agreement has been executed this 13th day of October 2006 by the Premiers and Chief Ministers of the States and Territories at Melbourne, Victoria:

Australian Capital Territory

New South Wales

Northern Territory

Queensland

South Australia

Tasmania

Victoria

Western Australia

**AGREEMENT BY THE STATES AND TERRITORIES
ON
HARMONISATION OF WORKERS COMPENSATION AND OCCUPATIONAL
HEALTH AND SAFETY ARRANGEMENTS**

Harmonisation of Workers Compensation and Occupational Health and Safety Arrangements

1. State and Territory Premiers and Chief Ministers recognise the importance of workers compensation and occupational health and safety arrangements for employers and employees across Australia and have agreed on the importance of harmonising key elements of their schemes.
2. This agreement is based on a previous agreement between Victoria and New South Wales to implement a ten-point action plan to harmonise their WorkCover schemes.
3. States and Territories agree to, where feasible:
 - Develop uniform WorkCover claim and premium forms with common and more efficient lodgement processes.
 - Develop common administrative processes for premium payments and payroll declaration including payment plan options.
 - Establish 'one-stop shops' within each WorkCover Insurance Agent to service multi-state employers. Account managers will provide a single point of entry for common claims and premium estimation reports, and resolving queries.
 - Implement new 'mutual recognition' rules to enable return to work co-ordinators to work across States when supporting injured workers.
 - Implement new mutual recognition arrangements for construction induction cards issued in both States and adoption of the national training agenda for OHS induction training for the construction industry.
 - Implement mutual recognition of plant and machinery and a uniform system of accreditation of verifiers of pieces of plant and machinery.
 - Align regulatory approaches in domestic construction industry in collaboration with employers and unions.
 - Share advertising campaigns focussed on improving safety at work.
 - Use common guidance material for employers to help improve workplace safety and compliance with workers compensation.
 - In line with the work of the Heads of Workers Compensation Authorities, implement a common 'gateway' analysis for employers applying for self-insurance, including the development of uniform financial indicators and a common audit tool to assess safety performance.
4. Where workers compensation insurance is privately underwritten and a jurisdiction cannot commit their insurers to implement parts of the plan, the jurisdiction commits to those items that they can implement and to working with insurers to implement the intent of the remaining items so far as is practicable.
5. States and territories agree that the Council for the Australian Federation will give further consideration to the harmonisation of enforcement, compliance and administrative arrangements of workers compensation and occupational health and safety schemes.
6. States and Territories agree to establish one or more inter-jurisdictional working groups which will meet regularly to ensure efficient implementation of the actions,

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and to identify further opportunities to reduce the administrative workload of multi-state employers. The working groups will seek to co-ordinate their work with relevant initiatives of the Heads of Workers' Compensation Authorities, Heads of Workplace Safety Authorities and the Australian Safety and Compensation Council.

Further Work Program on Harmonisation

State and Territory Premiers and Chief Ministers agreed to complete initial work within six months on harmonisation of the regulatory regimes for teacher registration, administration of payroll tax, and other aspects of the administration of occupational health and safety and workers compensation schemes.

Signed for and on behalf of each of the parties by:

The Honourable Morris Iemma MP)
Premier of New South Wales)

The Honourable Steve Bracks MP)
Premier of Victoria)

The Honourable Peter Beattie MP)
Premier of Queensland)

The Honourable Alan Carpenter MLA)
Premier of Western Australia)

The Honourable Mike Rann MP)
Premier of South Australia)

The Honourable Paul Lennon MHA)
Premier of Tasmania)

Jonathan Donald Stanhope MLA)
Chief Minister of the Australian Capital Territory)

The Honourable Clare Martin MLA)
Chief Minister of the Northern Territory)

13 October 2006

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