

**Council of Australian Governments (COAG)
What's Going On?**



**An NCOSS Analysis of the COAG Communiqué
26 March 2008**

April 2008

1. Introduction

1.1 What is the Council of Australian Governments?

The Council of Australian Governments (COAG) held its 21st meeting on the 26 March 2008 in Adelaide. The Prime Minister, Premiers, Chief Ministers and the President of the Australian Local Government Association, were joined by Commonwealth and State and Territory Treasurers. This was the first of four COAG meetings to be held in 2008.

The role of COAG is to initiate, develop and monitor the implementation of policy reforms that are of national significance and which require cooperative action by Australian governments (for example, National Competition Policy, water reform, reform of Commonwealth and State/Territory roles in environmental regulation, the use of human embryos in medical research, counter-terrorism arrangements and restrictions on the availability of handguns). Issues may arise from, among other things: Ministerial Council deliberations; international treaties which affect the States and Territories; or major initiatives of one government (particularly the Australian Government) which impact on other governments or require the cooperation of other governments.¹

1.2 Why do an analysis?

Since the start of 2008, as a result of a change in Government, there has been an increasing amount of change being proposed across Australia. Much of this is to be driven through COAG processes. This change is happening quickly and it can be difficult to stay in touch with what is happening.

As part of it's commitment to keeping the sector informed and involved NCOSS has produced this analysis of the first COAG communiqué. We have attempted to assess what the announcements really mean (progress, no progress, more meetings of "working parties", possible distractions etc) for NSW.

NCOSS intends to continually update this information as more changes occur and more information becomes available.

More information about COAG can be found at their website - <http://www.coag.gov.au/index.htm>

¹ From the COAG Website, About COAG, <http://www.coag.gov.au/about.htm>, viewed 7 April 2008.

2. Ageing and Disability

2.1 Older People and Aged Care Services

- Many of the positive Health announcements will favourably impact on older people.
- The communiqué heading *Health & Ageing*, however, does not specifically provide any indications of change for aged care services.
- There may be an assumption that the health workforce strategies include the aged care workforce but this is not explicit.
- NCOSS welcomes the creation of a new Ministerial Council on ageing which will “facilitate a consistent and coordinated approach to ageing and aged care policy across all levels of government, including reduced duplication of effort and better continuity of service delivery”. In welcoming this recognition at Ministerial level, there is no explanation of how this will impact on the mid-way completed Community Care Reforms and the Council’s relationship/connection to aged care services. The Council should cover issues impacting on all older people, not only focussing on aged care services. Membership of this Council will be of vital interest to the sector.

2.2 HACC and Community Care Services

- It appears that the Home & Community Care HACC program, as the second largest Special Purpose Payment SPP (after Health), will be no longer be a stand-alone SPP. There is no detail on how HACC will be administered under the new Commonwealth State arrangements.
- If HACC was rolled into the Health Agreement, there would need to be strict guarantees that no existing and future growth funding would be lost to the burgeoning need for home support services to older people, people with disabilities and carers in NSW.
- Similarly, HACC has been a system of social and personal supports, remaining non-medicalised and separate from the health system. This has been an inherent strength of the HACC program and must be retained in any new administrative arrangements.

2.3 People with Disability

- Of the five remaining consolidated Special Purpose Payments, one is for disability. This is an important recognition of an increasing population with escalating unmet needs. While there is no further information on the overdue CSTDA [Commonwealth State Territory Disability Agreement], this announcement is warmly welcomed in anticipation of improved funding for supports to people with disability.
- The Rudd Government previously announced there would be a National Disability Strategy that is intended to be a longer term plan, outlasting any five-year CSTDA. As yet, it is unclear where this new National Disability Strategy, the CSTDA and the Disability SPP all interconnect.

3. Health

3.1 Australian Health Care Agreements (AHCA)

COAG has agreed that the new health care agreement will be signed in December with a commencement date of 1 July 2009. The current AHCA is due to expire 30 June 2007. However the Commonwealth has committed funding for the 08/09 financial year (see below). Prior to this both the Commonwealth and NSW Governments had indicated that attempts would be made to maintain the 1 July 2007 deadline for the new funding agreement. It is also worth noting that the funding agreement indicated for a 1 July 2009 start date is not being referred to as an AHAC (see below).

3.2 Public Hospital Funding

The Commonwealth has committed an additional \$500 million in new money for 2008-09 to public hospitals. Data released towards the end of 2007 indicated that over the decade 1995 to 2005 Australian Government funding of public hospitals decreased from 45% to 41% of funding, with State/Territory funding increasing proportionally ([Health expenditure Australia 2005-06](#)). The additional allocation of Commonwealth funding to public hospitals has consequently been broadly welcomed as a move towards a 50/50 Commonwealth/State and Territory funding split for public hospitals.

The next health funding agreement will include a review of indexation formulas (NSW has argued that indexation does is lower than inflation generally and health inflation particularly) and that it should “move to a proper long-term share of Commonwealth funding for the public hospital system”. It is not clear whether this will mean a 50/50 funding split in public hospital funding.

3.3 Reform of Specific Purpose Payments (SPPs)

COAG has agreed to a rationalisation of the number of SPPs, likely to be reduced from 92 to 5 or 6, including one broad ‘health’ funding agreement (the others include affordable housing, early childhood and schools, vocational education and training, and disability services).

The new Intergovernmental agreement on Commonwealth-State financial arrangements will be finalised by the end of 2008, including outputs, outcomes, reforms, performance indicators and funding arrangements. The new agreements will replace income control measures with objectives and outcomes. As NCOSS and a number of other organisations have made clear in our [Position statement on reform of Specific Purpose Payments and Health funding to NSW](#), it is essential that these measures guarantee and strengthen the role of and funding provided for primary health services, including early intervention, prevention and health promotion, as key outcomes and performance measures of health funding. It is also essential that outcomes ensure health services are accessible and delivered equitably across population groups and locations. This is particularly important given that the agreements will provide greater flexibility for jurisdictions (i.e. the NSW Government) in allocating resources.

Changes to the COAG reform council (CRC) will mean that upon COAG request, the CRC will report to the Prime Minister on nationally-comparable performance information for all jurisdictions. NCOSS supports the regular and transparent reporting of performance information.

3.4 National Partnership Agreements

Part of the Commonwealth/State and Territory funding reform process will provide incentives for reform or funding for specific projects in areas of joint responsibility. Payments for medium term health reform will be available from July 2009. It is worth noting that the report of the National Health and Hospital Reform Commission (NHHRC) is due in June 2009. The communiqué indicates that this may result in changes to the new health funding agreement (the SPP), or to NP payments. NCOSS believes that the availability of funding will be an important precondition for health reform, and is supportive of coordination between health funding reform and the work of the NHHRC.

3.5 Reports from working groups

COAG received the implementation plans from the seven working groups established at the December COAG meeting (The health and ageing working group was responsible for developing implementation plans on: tackling elective surgery waiting times; investing in aged care, especially in transition care; investing in public dental programs; preventive health care; GP superclinics).

These implementation plans for health are not publicly available.

In receiving the implementation plans COAG noted that many of them indicated that “election commitments have legitimate and additional financial implications for the States and Territories” which would be considered in the determination of the new SPPs at the end of the year. As an example, a number of organisations have raised concerns about the impact of the [Teen Dental Plan](#) (announced by the ALP during the 2007 federal election) on public dental services. The plan is centred on \$150 towards an “annual dental preventive check” for eligible teenagers, but does not include funding towards any treatment that may result. Given that the population eligible for the Teen Dental Program is also eligible to access public dental services in NSW, uptake of the TDP may result in increased pressure on public dental services in NSW. While NCOSS welcomes any additional funding towards public dental services, we emphasise the need for the NSW Government to make a considerable investment in public dental services, noting NSW has the lowest per capita investment in public dental services of any State or Territory.

3.6 National Registration and Accreditation System

COAG has signed an Intergovernmental agreement on the health workforce. This agreement provides for a national registration system for nine health professions (medical practitioners, nurses and midwives, pharmacists, physiotherapists, psychologists, osteopaths, chiropractors, optometrists and dental care professions (dentists, hygienists, prosthetists and therapists)).

3.7 Health Workforce

COAG announced up to 50,000 additional vocational education and training places over three years from 2008-09. This announcement forms part of the ALPs’ [‘Skilling Australia for the future’](#) 2007 election announcement. It has been indicated that these places may target dental, nursing and Indigenous health. COAG has asked Skills Australia to report to the July 2008 meeting on the allocation of these places.

Given the shortages evident in the dental workforce and the need to expand the delivery of Indigenous health services, particularly culturally appropriate services, NCOSS supports these priority areas. It is worth noting, however, that the lag time between the roll out of these places and entry into the workforce means this is a medium term, rather than immediate, measure. As VET places, it is worth noting that these places will allow for increases in certain parts of the workforce but not all parts (it appears that these places do not include university-based places). Furthermore, it is not clear what these places mean in terms of ongoing health workforce development. NCOSS believes that health workforce issues should be build into health reform and funding, rather than undertaken in a piecemeal way.

3.8 Aboriginal and Torres Strait Islander Health

COAG agreed on a range of actions in relation to Indigenous health, including to provide at least 48 000 dental services over four years through the new Commonwealth Dental Health Program (CDHP), and targeting Indigenous Australians through the Transition Care initiative and the elective surgery waiting list reduction.

3.9 What's missing?

Other than the reference made to dental services to Aboriginal and Torres Strait Islanders through the CDHP, there is still very little information available about the rollout of the new CDHP and the Teen dental program. There is also little information available about how the outcomes and performance indicators for the new health funding agreement are being developed. Generally there is and continues to be a lack of detail around many of these announcements and commitments.

4. Homelessness

4.1 A Place to Call Home

One of the matters considered by the COAG working party on housing is the implementation of A Place to Call Home, a \$150 million Commonwealth initiative to provide 600 additional dwellings for homeless people over 5 years. Under this scheme homeless families and individuals will move straight into supported housing for an initial 12 months. After 12 months has expired the dwelling will then be transferred to the general public housing pool and the household's tenancy extended in accordance with normal public housing tenancy arrangements, removing the need for them to move. The Commonwealth will meet the capital costs of the new dwellings, with the States and Territories being required to provide land and replacement properties from their general pool of housing².

The March meeting of COAG agreed that funding under this initiative will be distributed with reference to the number of homeless people in each jurisdiction. Further details, including the precise allocation for NSW, have so far not been released. There appears to be no provision for expanded funding for support services.

² Taken from ALP media release of 5 November 2007 'A Place to Call Home – Federal Labor's Plan to Build More Homes for Homeless Australians' see <http://www.alp.org.au/media/1107/mshouloo050.php>

4.2 Homelessness White Paper

Separate from COAG, the Prime Minister announced on 29 January that the Government would develop a comprehensive long term plan to tackle homelessness as a matter of national priority.

A three person steering committee, chaired by Tony Nicholson from the Brotherhood of St Laurence, will prepare a Green Paper that will be released in mid May. There will be consultations about the Green Paper until the end of June, and the resulting Government White Paper is due to be released in September³.

4.3 SAAP and the proposed National Affordable Housing Agreement

Funding for SAAP services is currently dealt with under the SAAP V Agreement, which was signed in September 2005. This agreement is not due to expire until June 2010. As part of the process of reducing the number of Commonwealth Specific Purpose Payments, it is expected that SAAP will be incorporated into the proposed new National Affordable Housing Agreement (see Housing section below). Further details on this are not yet available⁴.

5. Housing

The COAG housing working group has a two stage agenda. The first stage covers the implementation of Labor's election commitments, including the National Rental Affordability Scheme, the Housing Affordability Fund, the establishment of a National Housing Supply Research Council and an audit of land holdings by the Commonwealth, States and Territories to identify sites suitable for residential development. The terms of reference also include the implementation of A Place to Call Home, referred to in the section on homelessness above.

The second stage of the work of the housing working group relates to the proposed new National Affordable Housing Agreement, as well as issues to do with indigenous disadvantage and social inclusion⁵.

The proposed First Home Saver Accounts initiative is proceeding outside the COAG agenda. The Government released a discussion paper on the details of this initiative on 8 February, with comments closing on 5 March⁶. The implementation of First Home Saver Accounts is subject to the passage of the necessary legislation.

³ From the media release of 28 March 2008 by the Minister for Housing 'Government holds homelessness roundtable' see

http://www.tanyaplibersek.fahcsia.gov.au/Internet/tanyaplibersek.nsf/content/homelessness_roundtable_28mar08.htm

⁴ Subsequent to the COAG meeting Minister Plibersek has explicitly indicated that the new Agreement will "bundle together the existing Government homelessness and housing subsidies and assistance" see

http://www.tanyaplibersek.fahcsia.gov.au/internet/tanyaplibersek.nsf/content/annual_housing_congress08.htm

⁵ Taken from COAG communiqué 20 December 2007 p.10 see <http://www.coag.gov.au/meetings/201207/index.htm>

⁶ See http://homesaver.treasury.gov.au/content/consultation_paper.asp

5.1 National Rental Affordability Scheme (NRAS)

Under this scheme private institutional investors such as superannuation funds will receive a tax credit of \$6,000 a year over 10 years for new affordable rental properties that are rented at 20% below the prevailing market rent. State and Territory Governments have agreed to provide an additional subsidy of \$2,000 per dwelling in cash or in kind. The Scheme is due to start in 2008-09 and has an initial target of 50,000 new dwellings by 2011-12 and eventually 100,000 dwellings⁷.

NCOSS and Shelter NSW are seeking 16,500 NRAS dwellings for NSW by June 2012, as part of a broader 5 year 25,000 dwelling affordable housing package⁸.

5.2 National Housing Supply Research Council

The proposed National Housing Supply Research Council is designed to provide research, forecasts and policy advice to the Commonwealth Government and COAG and publish an annual State of Supply Report on the supply of land and housing and its relationship with demand. Membership of the Council is to include representation from the social welfare and community housing sectors⁹.

In relation to this initiative the communiqué from the March COAG meeting makes only passing reference to the implementation of initiatives to 'improve the evidence base for housing policy and program development'. However Minister Pliibersek has subsequently stated that she expects to be announcing the membership of the Council by the end of April¹⁰.

5.3 Housing Affordability Fund

Under the Housing Affordability Fund the Commonwealth will invest \$500 million over 5 years to reduce infrastructure (developer) charges and to streamline planning approval processes to assist home purchasers. This fund was announced in the lead up to the election.

The majority of funding is proposed to be spent on assisting councils with the cost of infrastructure in new housing developments so that developer levies can be reduced. Labor's pre-election announcement said that councils would apply through a competitive funding process for a Commonwealth contribution towards local infrastructure costs. Proposals will also have to outline how councils propose to cut red tape and reform planning processes¹¹.

While NCOSS would welcome Commonwealth assistance towards the cost of providing community infrastructure in residential growth areas, \$500 million over 5 years across

⁷ Media release of 3 March 2008 'Government to build 100,000 affordable rental properties and kick-start housing construction reform' see

http://www.tanyapliibersek.fahcsia.gov.au/internet/tanyapliibersek.nsf/content/affordable_rental_3mar08.htm

⁸ NCOSS and Shelter NSW joint media release of 4 March 2008 'Five year plan needed to address housing affordability in NSW' see <http://www.ncoss.org.au/media/current/m080132.html>

⁹ Media release of 26 July 2007 'Rudd Labor to establish National Housing Supply Research Council – looking forward: next 20 years' see <http://www.alp.org.au/media/0707/mshoulootre260.php>

¹⁰ From her speech on 1 April opening a housing conference in Brisbane see

http://www.tanyapliibersek.fahcsia.gov.au/internet/tanyapliibersek.nsf/content/annual_housing_congress08.htm

¹¹ Media release of 30 July 2007 'Federal Labor to invest \$500 million in housing plan saving homebuyers up to \$20,000 on new homes' see <http://www.alp.org.au/media/0707/msloo300.php>

Australia is likely to represent a relatively small contribution to the full cost of such infrastructure. It will therefore be vital that proper criteria are developed for the allocation of such funding. It is also unclear how the Commonwealth will ensure that developers pass on to home purchasers any savings in developer contributions that flow from this initiative.

The Government announced on 3 March that \$30 million would be drawn from this Fund to roll out nationally electronic development assessments and online tracking services to streamline planning approvals and cut the cost of new dwellings¹². COAG at its March meeting asked Local Government and Planning Ministers to make the implementation of this work a priority, with a priority focus on high growth areas.

Otherwise few details are yet publicly available on the implementation of the Housing Affordability Fund.

5.4 Mortgage credit and advice

The question of the Commonwealth assuming responsibility for regulating mortgage credit and advice, including persons and corporations engaged in mortgage broking, is being dealt with through the COAG Business Regulation and Competition working group. It also relates to the Productivity Commission's review of Australia's consumer policy framework, due for finalization by 30 April. COAG is due to agree to a new national approach to mortgage credit and advice at its October meeting¹³.

5.5 National Affordable Housing Agreement

The existing Commonwealth State Housing Agreement is due to expire in June. It is expected that this Agreement is extended for a further 6 months, and possibly longer, while a new National Affordable Housing Agreement is negotiated via the COAG Housing working party. The nature of the new agreement will also be guided by the broader reform of Commonwealth Specific Purpose Payments that is also before COAG.

The progress report of the COAG Housing working party has not been released and the communiqué of the March COAG meeting makes no specific reference to the likely timeframe for the finalization of the new agreement. Informal advice suggests that the Agreement will be broader than the existing CSHA, and will encompass SAAP, Commonwealth Rent Assistance and the First Home Owner Grant as well as those matters covered by the existing CSHA.

The communiqué from the Housing Ministers Conference of 14 March quotes State and Territory Ministers as welcoming the Commonwealth's commitment to a broad based National Affordable Housing Agreement. It goes on to call for a review of the objectives, performance targets and funding mechanisms for indigenous housing and for specific objectives for Indigenous Australians to be included in the new Agreement¹⁴.

¹² Media release of 3 March 2008 'Government to build 100,000 affordable rental properties and kick-start housing construction reform' see http://www.tanyaplibersek.fahcsia.gov.au/internet/tanyaplibersek.nsf/content/affordable_rental_3mar08.htm

¹³ Report of the COAG Business Regulation and Competition working group see http://www.coag.gov.au/meetings/260308/docs/brcwg_implementation_plan.pdf

¹⁴ Communiqué Housing Ministers Conference 14 March.

The communiqué from the Housing Ministers meeting also makes reference to the adoption of an agreed National Regulatory Framework for not for profit (community housing) growth providers, to reduce the reporting and regulatory burden on providers operating across State and Territory borders. The details of this framework are not currently available.

6. Planning

6.1 Land audit

In the lead up to the election Mr Rudd promised to expedite the release of surplus Commonwealth land for housing¹⁵. This initiative is to be coordinated by the proposed National Housing Supply Research Council (referred to under Housing above).

This matter is referred to in passing in the communiqués of the December 2007 and March 2008 meetings of COAG. No further details are yet available.

6.2 Planning reform and building codes

A number of matters relating to development assessment and building codes are before the COAG working group on Business Regulation and Competition. Its workplan was released as an attachment to the communiqué of the March COAG meeting¹⁶.

On *development assessment*, the working group proposes to report to the July COAG meeting (in conjunction with the Housing working group and the Local Government and Planning Ministers Council) on the scope and timelines for taking the streamlining of planning and development assessment processes further; options for the fast-tracking the introduction of common development performance measurement criteria (covering both timelines and costs); and progress with the rapid adoption of electronic development assessment (known as e-planning) across councils¹⁷.

The Government has announced that \$30 million will be available from the Housing Affordability Fund to promote the rollout of *e-planning* by local councils. The communiqué from the March COAG meeting welcomes this measure and requests the Local Government and Planning Ministers' Council to make the implementation of this work a priority. NCOSS supports e-planning initiatives but notes that the cost of its widespread adoption by councils is likely to be very substantial.

While NCOSS supports measured initiatives to improve the efficiency of the development assessment system, we are concerned that rushed and unbalanced attempts to harmonise such arrangements nationally could lead to unintended consequences and further reductions in funding for essential community facilities. The respective roles of the COAG housing working group, the COAG Business Regulation and Competition working group

¹⁵ Media release of 16 October 2007 'Federal Labor's plan to unlock Commonwealth land to help ease the housing affordability crisis' see <http://www.alp.org.au/media/1007/msloo160.php>

¹⁶ See http://www.coag.gov.au/meetings/260308/docs/brcwg_implementation_plan.pdf

¹⁷ Report of the COAG Business Regulation and Competition working group p. 14-15.

and the Local Government and Planning Ministers Council¹⁸ in pursuing this measure are also unclear.

On *building codes, licensing and accreditation*, the Business Reform and Competition working group is considering the merits of a National Construction Code and of mutual recognition or harmonization of practitioner skills. It says the objective is remove 'unnecessary' state- or council- based variations to the Building Code of Australia (BCA) and to establish a nationally consistent approach to licensing and accreditation in the building industry¹⁹. The implications of this are as yet unclear but it appears that COAG will consider initial recommendations on these matters at its July meeting, with an implementation strategy expected at its December meeting.

6.3 Other planning and building matters

The 27 March meeting of Local Government and Planning Ministers agreed to a set of national planning principles for reducing energy and water demand through land use planning and infrastructure design, and to commission work on planning related initiatives to support climate change adaptation²⁰. These matters are not specifically referred to in the communiqué from the March meeting of COAG and it is unclear to what extent these matters are before the COAG Climate Change and Water working group. That working group has been directed to prepare a comprehensive framework for addressing climate change for consideration at the October COAG meeting²¹.

7. Other Issues

7.1 Business Regulation and Competition

COAG describes a new regulatory reform agenda covering nine areas. The areas of particular interest to the community sector are food regulation and directors' liabilities. NCOSs urges the regulatory reform agenda to include the interests of community services in any reviews or reforms in these areas.

7.2 COAG Reform Council

The establishment of a COAG Reform Council CRC is intended to make the outcomes of the COAG's reform processes more publicly transparent. The CRC will publish performance information for each SPP, provide an analytic overview of performance, ensure independent assessment against planned milestones, highlight good practice and monitor the overall pace of activity of SPPs. NCOSs welcomes a new emphasis on transparency, performance reporting and ongoing monitoring by governments.

¹⁸ The communiqué from the 27 March meeting of Local Government and Planning Ministers supported the development of a nationally consistent approach to development, including the increased use of 'complying development' and new protocols to measure the performance of planning systems across the country. These matters were referred to the COAG Housing working group.

¹⁹ Report of the COAG business regulation and competition working group p. 16.

²⁰ Communiqué from the 27 March meeting of Local Government and Planning Ministers.

²¹ Communiqué from 28 March meeting of COAG, p. 7.

7.3 Productivity Commission

The Productivity Commission will report every 2 to 3 years on the economic impacts and benefits of the COAG reform agenda. NCOSS urges that this reporting timetable is upheld.