



**Council of Australian Governments (COAG)**  
**What's Going On?**  
**An NCOSS Analysis of the Fourth COAG Communiqué**  
29 November 2008

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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 its commitment to keeping the sector informed and involved NCOSS has committed to producing an analysis of each of the COAG communiqués in 2008. We have attempted to assess what the announcements really mean (progress, no progress, more meetings of "working parties", possible distractions etc) for NSW. This is the third in that series of analysis.

## **Aboriginal People**

At this meeting of COAG previous commitments about closing the gap between Aboriginal and non-Aboriginal people were re-stated. These are:

- 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.

There is now a new National Agreement on Indigenous reform and two new National Partnership Payments (NP), building on the October 2008 NP of \$564 million of joint funding over 6 years. The new NPs cover economic participation (\$172.7 million Commonwealth and \$56.2 million States/Territories over 5 years) to assist up to 13,000 Indigenous Australians into employment and Remote Service Delivery (\$291.2 million over 6 years) to provide services in 26 regions. These regions are comprised of 15 communities in the Northern Territory, four locations in the Cape York and Gulf regions in Queensland, three in Western Australia (at least two would be in the Kimberley), two in the Anangu Pitjantjatjara Yankunytjatjara Lands in South Australia and two remote locations in the Murdi Paaki region in western New South Wales.

As part of the reforms the Overcoming Indigenous Disadvantage Report (Productivity Commission) will be aligned with the closing the gap targets.

COAG will convene a dedicated meeting to closing the gap in 2009.

## Climate Change

There has been agreement on a set of national principles for Feed-in Tariff schemes and to review existing schemes.

The National Energy Efficiency Strategy and a proposed single overarching framework for accelerating energy efficiency reforms have been deferred until early 2009.

A set of principles have been agreed to for States/Territories and the Commonwealth to streamline existing climate change measures in 2009.

The national Renewable Energy Target will be considered at the first COAG meeting in 2009.

## Disability

The Commonwealth will provide \$5.3 billion total funding over five years under the new National Disability Agreement. This represents an increase of \$408 million or approximately 8.3%. Priorities for this Agreement will include services that provide skills and improve independence for people with disability, as well as stable and sustainable living arrangements and assistance for families and carers.

The Commonwealth funding commitment to the National Disability Agreement includes

- an additional \$1.3 billion over five years, incorporating the promised Disability Assistance Package into the special purpose payment base funding
- the \$408 million increase over five years for the reforms
- around 6% indexation

Under the National Disability Agreement, the States will provide

- improved access to “disability care”
- consideration of a single point of access
- nationally-consistent assessment and quality assurance processes
- a focus on early intervention
- more consistent access to disability aids and equipment
- greater flexibility in funding
- enhanced capacity for service providers to develop, train and employ care workers

The Agreement commits Governments to work together to improve the measurement of unmet demand for disability services.

### *NCOSS comment:*

The increased funding under the National Disability Agreement is welcomed as an important initial commitment to expand and improve supports to people with disability and their social inclusion. A commitment to greater flexibility in funding should incorporate more creative methods of supporting people with disability, especially with emphasised decision-making by the person and services customized to the person’s individual needs, requirements and priorities. NCOSS acknowledges the needs for better ways to identify unmet demand but cautions that this should not delay the delivery of supports to people and families now in need.

## Early Childhood

Some progress in implementing the Commonwealth Government's early childhood education and care was made at the COAG meeting. COAG agreed to National Partnerships to implement universal access to a quality early childhood education in the year prior to school and to remove TAFE fees for diplomas and advanced diplomas in children's services

The Commonwealth had previously agreed to provide \$970 million over five years, including \$15 million for data development and evaluation, and \$955 million through a five-year National Partnership payment to States/Territories that have committed to achieving universal access to early childhood education for all children in the year before school by 2013.

The pre-school program will be delivered by a four-year university-qualified early childhood teacher, in accordance with a national early years learning framework for 15 hours a week and 40 weeks a year. States/Territories must ensure it will be accessible across a diversity of settings, in a form that meets the needs of parents and in a manner that ensures cost does not present a barrier to access.

Significantly, the distribution of funding across in the first four years will have an emphasis on assisting those jurisdictions that are further behind in the delivery of pre-school services, but that also recognises the primary responsibility of States/Territories for pre-school provision and improving performance. Funding from the final year will be on a four year old population basis.

Each jurisdiction will have a plan to implement the change. These plans are still being developed.

COAG also agreed to fund States/Territories to remove fees for the Diplomas and Advanced Diplomas of children's services courses delivered at TAFE institutions and other government training providers. The estimated funding is \$8.5 million for 2009. A longer term arrangement will be negotiated by the parties to this agreement for the period 2010-12.

## Education and Training

There are 2 Specific Purpose Payments (SPPs) covering Education and Training,

- the National Schools SPP (\$18 billion – distributed on the basis of students enrolled full time in Government schools) and
- the National Skills and Workforce Development SPP( \$6.7 billion – distributed per capita).

There are also a number of National Partnerships (NPs)

- Smarter Schools – Quality Teaching (\$550 million - \$200 million to facilitate reforms and \$350 million as reward payments for improved teacher remuneration structures, increased school based decision making and improved support for teachers in “hard to teach” and disadvantaged schools).

- Smarter Schools – Low SES School Communities (\$1.1 billion - \$1.5 billion over 7 years – to be matched by State investment)
- Smarter Schools – Literacy and Numeracy (\$540 million - \$150 million to facilitate reform initiatives and \$350 million to reward “ambitious” improvement. The States are to match the facilitation funding using existing or redirected funding)
- Productivity Places Program (\$1.2 billion over 4 years – targeted to areas of current and emerging skill shortages where the Federal Government meets 100% of the costs of training for job seekers and 50% for existing workers)

The Federal Government also agreed to provide \$807 million to meet the costs incurred by the States and Territories in implementing the National Secondary School Computer Fund which was an election commitment to provide all Year 9 to 12 students with a computer.

The States and Territories will develop their own implementation plans for the NPs and negotiate Bilateral Agreements with funding offers based on these plans.

The NSW Treasurer estimates that NSW will receive a total of \$1.1 billion for these agreements (SPPs and NPs) up to 2012-13.

The National Schools SPP will require

- Implementation of the National Curriculum
- New performance reporting framework which will be public and will include
  - Performance of individual schools
  - Plain language student reports

These requirements are in addition to targets previously agreed

- Lifting the proportion of young people who complete Year 12 or equivalent to 90% by 2020
- At least halve the gap for indigenous students year 12 or equivalent attainment rates by 2020
- Halving the gap for indigenous students in reading writing and numeracy by 2018

The National Schools SPP applies only to Government schools with the funding arrangements for non Government schools being provided through legislation, the proposed Schools Assistance Bill 2008. This Bill, if enacted, would require the same accountability and performance framework as the National Schools SPP.

The National Skills and Workforce Development SPP is aiming to increase the skill levels of all working age Australians to meet the depth and breadth of skills and capabilities required in a fast evolving labour market.

## **Federal Financial Arrangements**

COAG has agreed to a new Inter-Governmental Agreement between the Commonwealth and the States and Territories. The aim is to allow States and Territories greater flexibility by reducing Commonwealth directives on service delivery. It is also meant to provide clearer specification about the roles and responsibilities of the Commonwealth and

States/Territories. Part of this process is the rationalisation of Specific Purpose Payments (SPPs), reducing the number from over 90 to just 5. (See this link for further discussions about SPP in Health - [http://www.ncoss.org.au/hot/health\\_ngo/position-statement-spps.pdf](http://www.ncoss.org.au/hot/health_ngo/position-statement-spps.pdf)).

An additional \$7.1 billion will be given to States/Territories for the new national SPPs over the next 5 years. These will be distributed on an equal per capita basis, though the schools SPP will be distributed according to full-time enrolments in government schools.

The SPPs are:

- \$60.5 billion in a National Healthcare SPP;
- \$18 billion in a National Schools SPP;
- \$6.7 billion in a National Skills and Workforce Development SPP;
- \$5.3 billion in a National Disabilities Services SPP; and
- \$6.2 billion in a National Affordable Housing SPP.

These agreements will contain objectives, outcomes, outputs and performance indicators and the role and responsibilities of the Commonwealth and States/Territories. The COAG Reform Council will monitor and assess outcomes and benchmarks. They will report publicly on an annual basis.

Previously COAG had also agreed to National Partnership payments for specific projects and to assist or reward States/Territories that deliver nationally significant reforms. This will include incentive payments.

The first of the National Partnerships will commence in 2009 and include:

- Hospitals and Health Workforce Reform;
- Preventative Health;
- Taking Pressure off Public Hospitals;
- Smarter Schools - Quality Teaching;
- Smarter Schools - Low SES School Communities;
- Smarter Schools - Literacy and Numeracy;
- Productivity Places Program;
- Fee Waiver for Childcare Places;
- Indigenous Remote Service Delivery;
- Indigenous Economic Development;
- Remote Indigenous Housing;
- Indigenous Health;
- Social Housing;
- Homelessness; and
- Seamless National Economy.

## Health

A total package of \$64.4 over five years has been announced for Health. This package is being distributed across the States and Territories on an equal per capita (population) basis. NSW share of this package is estimated to be approximately \$20.5bn over 5 years.

At a broad level, the following have been agreed as objectives and outcomes for the health and hospital system:

- children are born and remain healthy;
- Australians manage the key risk factors that contribute to ill health;
- Australians have access to the support, care and education they need to make healthy choices;
- the primary health care needs of all Australians are met effectively through timely and quality care in the community;
- people with complex care needs can access comprehensive, integrated and coordinated services;
- Australians receive high-quality hospital and hospital related care;
- older Australians receive high-quality, affordable health and aged care services that are appropriate to their needs and enable choice and seamless, timely transitions within and across sectors;
- patient experience: Australians have positive health and aged care experiences which take account of individual circumstances and care needs;
- social inclusion and Indigenous health: Australia's health system promotes social inclusion and reduces disadvantage, especially for Indigenous Australians; and
- sustainability: Australians have a sustainable health system.

NCOSS is very supportive of a number of these principles.

A number of performance measures relating to these outcomes have been identified, including:

- preventable disease and injuries;
- timely access to GPs, dental and other primary health care professionals;
- life expectancy, including the gap between Indigenous and non-Indigenous Australians;
- waiting times for services;
- net growth in the health workforce.
- reduced incidence and prevalence of sexually-transmitted infections and sentinel blood borne viruses (for example, Hepatitis C, HIV) for Indigenous and non-Indigenous Australians;
- increased immunisation rates for vaccines in the national schedule;
- reduced waiting times for selected public hospital services;
- a reduction in selected adverse events in acute and sub-acute care settings compared to 2008-09 levels;
- a reduction in unplanned/unexpected readmissions within 28 days of selected surgical admissions compared to 2008-09 levels;
- increased rates of services provided by public hospitals per 1,000 weighted population by patient-type compared to 2008-09 levels;
- timely access to GPs, dental and primary health care professionals; and

- a reduction in selected potentially avoidable GP type presentations to emergency departments.

The overall package includes funding for a new National Healthcare SPP as well as a number of National Partnership (NP) payments. These agreements will be in January 2009.

## **National Healthcare SPP**

A funding framework for the national healthcare SPP has been agreed, and will include \$60.5bn over five years. The NSW Treasurer has indicated that an additional \$1.5bn over five years will be provided to NSW through this agreement.

This is a significant additional investment in health, and provides a substantially different financial framework for health services in both the short and medium term than the recent NSW mini-budget would indicate. The full consequences of this are not yet clear, but NCOSS will continue to monitor this situation – particularly given the cuts announced to NSW Health funded non-government organisations (NGOs) (See NCOSS website for further information)

Responsibilities and reporting requirements will be specified in the SPP, and will be monitored by the ‘independent’ COAG reform council. They will also be available publicly on an annual basis.

However, the reporting frameworks have not been made publicly available and as such there is only broad information available (outlined above). NCOSS and a number of non-government organisations have expressed concerns that an amalgamation of SPPs needed to ensure protection of funding for non-hospital services, particularly for primary and community health activities, including funding that is currently directed to NGOs (see joint communiqué on NCOSS website for more information). There is still no clarity on this issue.

Agreement has been reached to an indexation rate of 7.3 per cent, a rise from 5.3 per cent but less than the 9 per cent that was being asked for as a better reflection of health-indexation.

Also of note, additional funding available for 08/09 has been earmarked for sub-acute care beds – a move that is aimed at “freeing up” beds in other parts of the system by allowing for “older people to leave hospital and help free up hospital beds”. It is not yet clear how this will roll out in NSW, but the recommendations of the recent Audit Office report *Delivering Health Care out of hospitals* should be integrated with the implementation of this additional funding in NSW to ensure a comprehensive and integrated pathway for older people leaving acute care settings.

## **National Partnership (NP) Payments**

A number of NP payments have been announced, including:

- Hospitals and health workforce reform: \$1.7bn across the country over five years, including \$1.1bn for a health workforce package. The states are expected to contribute \$540m in funding. This package includes funding for an increase in the clinical training subsidy, an increase in postgraduate training places, the establishment of a national health workforce agency and statistical register and capital infrastructure for training, particularly in rural and regional areas.

- **Preventative Health:** Under this NP the Commonwealth is providing \$448.1m over four years, and \$872.1m over six years starting from 2009-10, which is mooted to potentially support a number of obesity, smoking, chronic disease and social marketing objectives as well as the possible establishment of a national preventative health agency. More direct commitments have been made to increase the proportion of the population that is within the healthy body weight range, that meet national guidelines for physical activity and health eating and reduces the proportion of adults smoking daily. NCOSS welcomes targeted funding for preventative health. It appears that the priorities for this funding are reflecting the priorities of the national preventative health taskforce set out in *Australian: the healthiest country by 2020*. Whilst we are supportive of these priorities, we would encourage a broader framework for understanding preventative health that was inclusive of a range of other issues, for example, mental health and sexual and reproductive health.
- **Taking Pressure off public hospitals:** This is a one-off payments for 2008-09 of \$750m to provide 1.9m emergency department services. The intention of this funding is to relieve pressure on emergency departments while the primary care reforms are being implemented. Whilst as a short term measure NCOSS can see that providing additional funding for acute services as a result of increased demand that can and should be managed through primary health care settings may help to ameliorate some of the pressure on hospital demand, we have consistently maintained that investment should be made to expand primary care. As such, there would also have been some logic to investing this one-of payment into primary health care – even while primary care reforms are being developed.
- **E-health:** Continued funding to the National E-Health Transition Authority (NEHTA) of \$218 million (50:50 cost share with States) has been agreed to cover the period of mid 2009 to mid 2012. This funding has been provided to enable the progress of existing programs, which includes the development of an Individual electronic health record. It is not yet clear if this will have implications for the development of the NSW electronic health record, for which the pilot has recently been extended and information on the final evaluation should shortly be available.
- **Indigenous Health NP:** \$1.6bn has been allocated across the country over four years (\$866 Commonwealth and \$772 States) to address closing the gap targets. This includes expanded primary health care and targeted prevention activities to reduce chronic disease, including by reducing the smoking rate, reducing the burden of disease, increased uptake of MBS primary health care items, improved coordination of care and a reduction in length of hospital stay and readmissions.

### **Funding and service delivery reform for community mental health**

Despite indications at the previous COAG meeting, this issue was not dealt with. The communiqué indicates that a request has been made for a more detailed proposal to be provided in the first half of 2009. The Commonwealth is currently responsible for a number of components of the COAG National Action Plan on Mental Health (including the Personal Helpers and Mentors Program (PHaMs) and Day-to-Day living. There was a commitment at the last meeting that the current mix of service providers, including NGOs, will continue.

### **Housing and Homelessness**

The homelessness and housing package announced at COAG includes base funding for programs under the proposed new National Affordable Housing Agreement and three separate National Partnership agreements dealing with Homelessness Recurrent, Social Housing and Remote Indigenous Housing.

### **National Affordable Housing Agreement**

The National Affordable Housing Agreement (NAHA) will from 1 January replace payments to the States and Territories that were previously made under the Commonwealth State Housing Agreement (CSHA) and the Supported Accommodation Assistance Program (SAAP V) Agreement. The CSHA agreement previously included earmarked allocations for community and indigenous housing and for capital stock for crisis services under CAP. These payments, plus Commonwealth SAAP funding, will now be bundled up into a single block affordable housing payment to the States and Territories.

It is expected that the NAHA will include a range of housing reform measures, including measures to:

- improve the integration between the homelessness service system and mainstream services,
- reduce concentrations of disadvantage in public housing estates,
- improve access to mainstream housing (including home ownership) by indigenous people,
- enhance the capacity and growth of the community housing sector, and
- implement planning reforms for greater efficiency in the supply of housing.

COAG agreed to only a modest improvement in the base funding allocation to NAHA, compared to the Commonwealth's existing forward estimates. The additional funding totals just \$46.4 million over the four years 2009/10 to 2012/13. It appears that this increase, when combined with the existing forward estimates, will provide for base NAHA funding to be indexed by 2% a year. This compares to the 7.3% annual indexation that applies to the new National Healthcare Agreement.

### **Homelessness Recurrent NP**

The Homelessness Recurrent NP provides for additional Commonwealth funding for homelessness programs of \$400 million over the four years from 2009/10 to 2012/13. With the States and Territories being required to match the Commonwealth contribution on a dollar for dollar basis, the total additional funding available will be \$800 million nationally. This is clearly a substantial additional funding injection.

Of this amount NSW is expected to receive an additional \$102 million over 4 years from the Commonwealth, with an additional \$204 million available to be spent when State matching funding is included.

The specific purposes for which this additional funding will be applied will not be revealed until the release of the Commonwealth Government's forthcoming Homelessness White Paper. According to media reports, the White Paper will be released before Christmas.

Both the text of the Homelessness Recurrent NP, and the bilateral NSW Implementation Plan, are expected to be finalised by 1 April 2009. NCOSS and the NSW homelessness peaks will be seeking to closely engage with relevant government agencies during this process.

## **Social Housing NP**

The Social Housing NP provides for a total Commonwealth capital contribution of \$400 million over 2 years to a Social Housing Growth Fund for the construction or acquisition of new public and community housing dwellings. States and Territories are not required to match this contribution.

NSW is likely to receive around \$126.4 million over 2 years.

The small size of the Growth Fund is a major disappointment. There will need to be a renewed campaign from the sector to secure further and larger capital injections into the fund.

COAG also deferred action on a range of other required enhancements to the social housing system, including the possible introduction of a per-dwelling subsidy from the Commonwealth to make the public housing system more financially sustainable. These matters have been deferred to further consideration by COAG at an unspecified future meeting.

## **Remote Indigenous Housing NP**

COAG agreed to a 10 year Remote Indigenous Housing NP worth \$1.94 billion, of which \$834.6 million will be available for the years 2008/09 to 2012/13. This is all Commonwealth funding, and the States and the Northern Territory not being required to make matching contributions.

NSW is expected to receive \$202 million over five years under this NP.

## **Older People**

Many of the general Health commitments will directly benefit older people.

Some Health announcements specific to older people include:

- \$500 million additional Commonwealth funding in 2008/09 for an extra 1,600 sub-acute beds to enable older people to leave hospital "and help free up hospital beds". This announcement promises an increase in sub-acute capacity of 5% per year over four years.
- One of the ten agreed objectives for accountability and reporting in the health and hospital system is that "older Australians receive high-quality, affordable health and aged care services that are appropriate to their needs and enable choice and seamless, timely transitions with and across sectors"
- Another of the objectives commits to an improved patient experience in health and **aged care** that responds to individual circumstances and care needs

NCOSS comment:

It is now clear that COAG considers aged care services as a continuation of the health system, and not as a separate sector under the same Health Minister. The implications of this shift will become clear in coming months as the reforms are implemented. The decision about splitting the HACC program into separate population groups and jurisdictions has been postponed until 2009.

## **Roles and Responsibilities for Funding and Service Delivery**

Reform of the roles and responsibilities of the Commonwealth and State/Territory Governments in terms of funding and service delivery will be considered in 2009. In the first half of 2009 this will be in relation to community mental health, disability services and aged care. Concerns remain that splitting disability and aged care could result in more people falling through the 'gaps' as well as concerns as to where 'carers' would sit within this change.

## **Water**

There will be a faster processing of temporary water trades and the development of a national water modelling strategy. COAG agreed to the adoption of the enhanced national urban water reform framework to improve the security of urban water.

In the Murray-Darling Basin the Commonwealth and Basin jurisdictions recovered water entitlements of approximately 177 gigalitres per annum, costing \$295 million.