

**COUNCIL OF AUSTRALIAN GOVERNMENTS MEETING
19 & 20 APRIL 2010, CANBERRA
COMMUNIQUÉ**

The Council of Australian Governments (COAG) concluded its 29th meeting in Canberra today. The Prime Minister, Premiers, Chief Ministers and the President of the Australian Local Government Association were joined by Treasurers for the meeting.

COAG, with the exception of Western Australia, reached an historic agreement on health and hospitals reform – the establishment of a National Health and Hospitals Network. This represents the most significant reform to Australia’s health and hospitals system since the introduction of Medicare, and one of the largest reforms to service delivery in the history of the Federation. These reforms will deliver better health and hospitals by:

- helping patients receive more seamless care across sectors of the health system;
- improving the quality of care patients receive through high-performance standards and improved engagement of local clinicians; and
- providing a secure funding base for health and hospitals into the future.

In addition, a package of \$5.4 billion in reforms and investment will provide:

- recurrent funding for around 22,000 additional elective surgery procedures in 2013-14;
- additional funding for emergency department services to implement a new four-hour National Access Target to ensure patients are admitted, referred or discharged within four hours of presentation to an emergency department. This will support the delivery of around 805,000 emergency department attendances in 2013-14;
- personalised care with greater flexibility for patients with diabetes, as a first step in transforming the way patients with chronic disease are treated;
- 1,375 more general practitioners (GPs) practising or in training by 2013, and 5,500 new GPs or GPs undergoing training in the next decade;
- 680 more specialist doctors in the next decade;
- around 5,000 aged care places or beds over four years;
- 1,316 new sub-acute care beds by 2013-14; and
- 1,200 packages of sub-acute care over four years. Sub-acute care includes rehabilitation, palliative care, mental health and geriatric services in hospitals, residential services and community-based settings.

Western Australia has not agreed to either the retention of the goods and services tax (GST) or the associated funding governance arrangements. Western Australia and the Commonwealth have agreed to continue discussions.

The reforms and investments agreed by COAG, with the exception of Western Australia, will drive major improvements in service delivery and better health outcomes for Australians. A summary of the measures announced today is available at Attachment A.

A NATIONAL HEALTH AND HOSPITALS NETWORK

COAG, with the exception of Western Australia, today agreed to establish a National Health and Hospitals Network to deliver better health and better hospitals for all Australians.

These reforms respond to the major challenges facing the health and hospital system, including:

- the growth and ageing of the population;
- community expectations on hospital waiting times not being met;
- overlapping responsibilities and lack of coordination and integration of service systems that lead to patients ‘falling through the cracks’;
- gaps in the provision of primary health care services;
- high and increasing rates of chronic disease; and
- the need to improve efficiency to give taxpayers and governments confidence that health and hospital funding goes as far as possible.

These reforms build on the strengths of the current health system – such as access to primary health care through Medicare, and free public hospital treatment for public patients – and will ensure that these remain sustainable into the future. Most importantly, they build on the skills and dedication of Australia’s hard working doctors, nurses and other health professionals.

The establishment of the National Health and Hospitals Network and the further reforms and investment respond to an extensive and thorough process of community consultation and expert advice. This process has included over 100 community consultations conducted by the Commonwealth, a wide range of consultations conducted by State and Territory (State) governments, and the National Health and Hospitals Reform Commission’s comprehensive structural review of Australia’s health and hospital system.

In addition, COAG noted the progress made on Indigenous health issues since the 2008 National Healthcare Agreement. The reforms agreed today aim to contribute to the improvement of health outcomes for Indigenous Australians through greater integration between hospital, general practice and primary health care services; governance structures focused at the local level; and public hospital funding mechanisms that recognise the needs of regional and remote areas.

Overview of Structural Reforms to Establish a National Health and Hospitals Network

COAG, with the exception of Western Australia, agreed to major reforms to Commonwealth and State roles and responsibilities, to ensure future generations of Australians enjoy world-class, universally accessible health care. COAG, with the exception of Western Australia, has agreed that:

- the Commonwealth will become the majority funder of Australian public hospitals, by funding 60 per cent of the efficient price of all public hospital services delivered to public patients;
- the Commonwealth will have funding and policy responsibility for GP and primary health care services, and aged care services. States will work together with the

Commonwealth on system-wide primary health care policy and integration of service planning and delivery;

- responsibility for hospital management will be devolved to new Local Hospital Networks in order to increase local autonomy and flexibility so that services are more innovative and responsive to local needs;
- Local Hospital Networks will be paid on the basis of a national efficient price for each public hospital service they provide to public patients under Local Hospital Network Service Agreements with the States;
- some small regional and rural public hospitals, and other agreed services, will be block funded consistent with Community Service Obligations, reflecting the higher costs associated with delivering services in these areas; and
- new, higher national standards and transparent reporting will provide Australians with more information than ever before about the national, state and local performance of the health system.

COAG discussed the forthcoming response to the *Review of Australia's Future Tax System*. The Commonwealth committed that no State would be worse off financially as a result of the Commonwealth's implementation of reforms.

Reforms to Roles and Responsibilities

Public Hospitals

COAG, with the exception of Western Australia, agreed that the Commonwealth will fund 60 per cent of the national efficient price of public hospital services delivered to public patients. The national efficient price is an independent and objectively determined calculation of the cost of providing public hospital services. The Commonwealth will also fund 60 per cent of capital, research and training in public hospitals, and over time move to fund 100 per cent of the national efficient price of 'primary care equivalent' outpatient services.

This commitment means that the Commonwealth will be responsible for absorbing the majority of cost growth in the health and hospital system. It represents a substantial increase that will permanently reverse the decline in the Commonwealth funding contribution for public hospital services over the past decade. The States can be confident that the Commonwealth Government will pay a fixed majority share of public hospital funding.

COAG, with the exception of Western Australia, also agreed that State governments will remain system managers for public hospitals, and will be the single purchasers – through Service Agreements – of all public hospital services to be delivered by Local Hospital Networks. The Commonwealth will play no role in the negotiation or implementation of Local Hospital Network Service Agreements.

Primary Health Care and Aged Care

COAG, with the exception of Western Australia, agreed the Commonwealth will have full funding and policy responsibility for GP and primary health care, as defined in the National Health and Hospitals Network Agreement, including community health centres, primary mental health care, immunisation, and cancer screening programs. The Commonwealth will build on its responsibility for general practice and primary health care with the introduction of primary health care organisations. These bodies will be responsible for improving integration of services and reducing access gaps so that their local community can access care that meets local needs. Existing service delivery arrangements will be maintained for a period of five years unless otherwise agreed by governments.

COAG, with the exception of Western Australia, further agreed the Commonwealth will have full funding and policy responsibility for aged care. These reforms include a transfer to the Commonwealth of current resourcing for aged care services from the Home and Community Care (HACC) program (except in Victoria). In aged care, these reforms will support the development of a nationally consistent aged care system, covering basic home care through to nursing homes. Transition to the new aged care arrangements will occur in a way that ensures there is no disruption to the current recipients of these services, including younger people with disabilities who are currently receiving care in aged care services.

All States, with the exception of Western Australia, will work with the Commonwealth on system-wide primary health care policy, including where coordination is required to improve system integration or service planning.

Having one level of government responsible for the majority of hospital funding and all of primary health care and aged care will create strong incentives to support a healthier community and reduce pressure on hospitals. This will also help reduce cost-shifting and blame-shifting.

Local Hospital Networks

Local Hospital Networks will be the direct managers of single or small groups of public hospital services and their budgets through a professional Governing Council, in order to devolve operational management for public hospitals and accountability for delivery to the local level. They will be held directly accountable for hospital performance. Local Hospital Networks will engage with the local community and local clinicians to incorporate their views into the day-to-day operation of hospitals, especially regarding the quality and safety of patient care. Local Hospital Networks will work with new primary health care organisations to support more integrated care and help ensure patients experience smooth transitions between sectors of the health system.

Activity Based Funding

COAG, with the exception of Western Australia, agreed that the Commonwealth will provide funding for Local Hospital Networks for each service they provide to a public patient, through activity based funding. This reform will deliver much greater transparency than

current arrangements, under which Commonwealth contributions to public hospital funding are not explicitly tied to the delivery of services. It will give governments and the community confidence that scarce health funds are being used as efficiently as possible.

Other Commonwealth Funding

The Commonwealth will pay its portion of funding directly to the States for a range of services that are best managed on a State-wide basis, including:

- funding for research and training delivered in public hospitals;
- block funding for agreed functions and services, and community service obligations required to support small regional and rural public hospitals; and
- a funding stream for public hospital capital investment (other than minor capital which will be directly managed by Local Hospital Networks).

Independent Hospital Pricing Authority

COAG, with the exception of Western Australia, agreed that an Independent Hospital Pricing Authority – at arm’s length from Commonwealth and State governments – will set the national efficient price for the Commonwealth’s contribution to public hospital services. The Independent Hospital Pricing Authority will also be responsible for determining the Commonwealth’s payments for block funding. To ensure a smooth transition for services and ensure that no State is worse off, the transition to activity based funding will occur over some time.

As a further measure to address cost-shifting, the Independent Hospital Pricing Authority will be empowered to make binding determinations about cost-shifting and cross border issues in the health and hospital system.

Financing the National Health and Hospitals Network

The Commonwealth and all States, with the exception of Western Australia, agreed that these reforms will be financed through a combination of:

- funding sourced from the National Healthcare Specific Purpose Payment;
- an agreed amount of State GST revenue, which would then be allocated on States’ behalf to health and hospitals reform; and
- additional top-up funding to be paid by the Commonwealth, reflecting the Commonwealth’s greater responsibility for financing growth in hospital costs.

The Commonwealth and all States, apart from Western Australia, agreed that from 1 July 2011, an agreed amount of GST revenue will be retained and allocated by the Commonwealth to health and hospital services. Each State’s retained GST will be allocated to health and hospital services in that State. This will be revenue-neutral for States. The amount of GST to be retained and allocated to health and hospitals will then be fixed from 2014-15, based on 2013-14 costs.

Under this arrangement, the Commonwealth’s funding contribution will be paid into a National Health and Hospitals Network Fund.

Joint intergovernmental authorities ('Funding Authorities') which are State-based will receive funds from both the Commonwealth (through the National Health and Hospitals Network Fund) and State governments, and will directly pay Local Hospital Networks on an activity basis for public hospital services. This will deliver complete transparency about what funding is provided to public hospitals, and the services they deliver to the community.

These Funding Authorities will be established in each State, with a board of supervisors to oversee the distribution of funds to Local Hospital Networks. Each Funding Authority's board will comprise three members: an independent chair, chosen jointly by the Commonwealth and the relevant State, one member appointed by the Commonwealth, and one member appointed by the relevant State. Their function relates to payments, and they will have no policy or operational role. The objective of all governments is to have total transparency about the funding flows and related services delivered through each Funding Authority. Funding Authorities will provide reports to the Commonwealth and the relevant State about their activities.

The National Health and Hospitals Network Fund will also direct payments to States for the Commonwealth's contribution to 60 per cent of the cost of research and training undertaken in public hospitals, large-scale capital investment, and block funding for agreed functions and services and community service obligations required to support small regional and rural public hospitals. This funding will be provided to States as part of their role as system managers for public hospital service planning and policy.

The National Health and Hospitals Fund will also provide a stream of funding to States for the continued delivery of GP and primary health care services for which full funding and policy responsibility is being transferred to the Commonwealth. This will allow the Commonwealth, over time, to develop a unified national policy framework and funding model for primary health care, ensuring national consistency and reduced duplication in delivery of primary health care services.

As well as providing total transparency about funding flows and service delivery, this reform will provide an increasing benefit to States over time, as the gap widens year on year between the growth of general consumption – the GST revenue base – and increasing health costs. The Commonwealth will absorb an estimated \$15.6 billion in additional growth costs from 2014–15 to 2019–20 by 'topping up' payments to the States. The benefits to States will grow significantly beyond this period. All States will be no worse off in the short term, and better off over the longer term.

The Commonwealth will guarantee that the 'top-up' payment during the period 2014-15 to 2019-20 will be no less than \$15.6 billion. In the eventuality that the Commonwealth's responsibility for health system growth is not as large as the predicted \$15.6 billion, States will spend the residual as additional funding for any health service that will assist in ameliorating the growth in demand for hospital services, including programs for chronic disease management, preventive health, mental health, hospital admission avoidance programs and hospital early discharge programs.

To give States certainty and security for the future, the Commonwealth committed to exercising best endeavours to continue existing safeguards or pass legislation putting in place safeguards for these arrangements. These safeguards would provide that:

- no changes to the GST arrangements will be permitted without agreement by both houses of Commonwealth Parliament;
- if the Commonwealth seeks to vary the National Health and Hospitals Network Agreement in a way that involves substantial financial detriment to States, it would need to provide three months' notice, gain COAG's agreement to the proposed variation, and pass a resolution of both houses of Commonwealth Parliament approving the variation; and
- Commonwealth funding under the National Health and Hospitals Network Agreement is ongoing and automatic. This means this top-up funding would not be subject to annual Budget processes or alteration by the Commonwealth executive, and States would be able to legally enforce Commonwealth top-up payments.

COAG also agreed to review existing National Partnership Agreements upon their completion, to determine whether there will be a continuation of funding, which could be rolled into recurrent funding arrangements under relevant National Agreements.

Transparent Performance Reporting

COAG agreed, with the exception of Western Australia, to transparent performance reporting against high national standards and other performance indicators to provide Australians with more information than ever before about the performance of their health and hospital services.

Hospital Performance Reports and Healthy Community Reports (on primary health care performance) will help Australians make more informed choices about their health services, and support the spread of effective practices across the country.

A new, independent National Performance Authority will be responsible for local level performance reporting. The Hospital Performance Reports prepared by the Authority will show how Local Hospital Networks, the hospitals within them, and private hospitals perform against new national standards, and other performance indicators, including on:

- public hospital emergency department and elective surgery waiting times;
- adverse events in hospitals;
- patient satisfaction; and
- financial management.

In addition, new clinical safety and quality standards will be developed by a permanent Australian Commission on Safety and Quality in Health Care. The independent National Performance Authority will be responsible for reporting on performance against these standards, across both primary care and public hospitals.

Investments to build on the National Health and Hospitals Network

The establishment of a National Health and Hospitals Network provides the foundation for major additional investments to deliver better health and better hospitals for all Australians.

COAG, with the exception of Western Australia, also agreed to provide \$5.4 billion, from 1 July 2010, for reforms and investment to tackle key pressure points now and help meet the growing demands of the future. This includes:

- \$3.4 billion to improve access to public hospital services, including \$1.62 billion to deliver 1,316 sub-acute care beds;
- \$436 million for primary care – to deliver integrated care for people with diabetes;
- \$643 million for the health workforce – to train more health professionals and make the most of the skills and dedication of our existing workforce;
- \$739 million to improve access in the community to high-quality aged care; and
- \$174 million to improve our mental health system, including \$115 million in new funding.

Public Hospitals

Emergency Departments

In order to improve timely treatment in emergency departments, COAG agreed, with the exception of Western Australia, to the staged implementation of a four-hour National Access Target. When fully implemented, this means that anyone presenting to a public hospital emergency department will be admitted, referred for treatment or discharged within four hours of presentation, where it is clinically appropriate to do so. Patients who present to an emergency department are prioritised based on the severity of their condition. For triage category 1 patients (critically ill patients requiring immediate attention) the target will commence from 1 January 2011. All triage category patients will be subject to the access target by 1 January 2015.

To support the achievement of this target, the Commonwealth will provide the States with up to \$750 million in facilitation, reward and capital funding over four years. This will support the delivery of around 805,000 emergency department attendances in 2013-14.

The funding will comprise:

- \$250 million in upfront payments to the States to facilitate improved emergency department performance;
- \$250 million in reward payments over four years from 1 January 2011; and
- \$250 million for emergency department capital.

The implementation of the four-hour National Access Target will be developed in consultation with the clinical community and will apply to patients where this is clinically appropriate and consistent with national clinical guidelines where these are available.

Application of the four-hour target will be moderated in remote and other areas of Australia where there is a significant undersupply of GPs and significant impediments to accessing

a GP. Application of the target in these circumstances will be agreed between the Commonwealth and individual jurisdictions, and be subject to periodic review.

The Commonwealth recognises its policy and funding responsibility for primary health care, and that emergency departments are not the most appropriate or efficient setting for the treatment of primary care patients. A review of the operation of this National Access Target will occur in 2014-15.

Elective Surgery

COAG, with the exception of Western Australia, agreed to implement access targets for elective surgery so that, by December 2014, 95 per cent of patients waiting for surgery in categories 1 and 2 will be treated within clinically recommended times. COAG, with the exception of Western Australia, further agreed that by December 2015, 95 per cent of patients in category 3 would be treated within clinically recommended times.

Implementation of this elective surgery access target will be staged to allow for gradual improvements each year, building on the targets set for the Elective Surgery Waiting List Reduction Plan, with interim annual targets agreed between the Commonwealth and each State.

COAG, with the exception of Western Australia, agreed to provide \$650 million over four years to implement this target – expected to support an additional 22,000 elective surgery procedures each year by 2013-14 – and to provide a further \$150 million for elective surgery capital to support the construction of facilities such as day surgery centres, elective surgery centres, and information technology to reform clinical and management systems. The Commonwealth will meet 60 per cent of the recurrent cost of services provided from 2014-15.

Sub-Acute Care

The Commonwealth will provide \$1.62 billion to fund fully the capital and recurrent costs of an estimated 1,316 real, new, sub-acute care beds by 2013-14. These real, new beds in the public hospital system will improve access to sub-acute care for patients needing these services, while reducing pressure on public hospitals. By improving the capacity of the public hospital system to provide appropriate care for people with sub-acute care needs (including those requiring palliative care), health outcomes and quality of life will improve for many vulnerable patients who would otherwise be inappropriately cared for in an acute care facility or discharged prematurely to residential care or into the community.

Flexibility to establish Priorities

The targets established under these measures will be nationally consistent. However, COAG also recognised that each State is at different stages of progress against these targets.

For this reason, COAG agreed, with the exception of Western Australia, that an individual State, with the agreement of the Commonwealth, will have the flexibility to direct funds

allocated across the emergency department, elective surgery and sub-acute measures to the highest priority within their jurisdiction. In this context, a further \$200 million will be provided by the Commonwealth for States to use flexibly across the three measures to drive improvements in health system and hospital performance. States will need to meet all relevant targets in order for reward payments to be made.

General Practice and Primary Health Care

The Commonwealth will invest \$436 million to transform the way patients with chronic disease are treated – beginning with the nearly one million patients who suffer from diabetes. Patients will be able to enrol with a GP who will:

- become responsible for managing their care;
- help organise access to additional services as set out in a personalised care plan; and
- be paid, in part, on the basis of their performance in keeping their patients healthier.

Workforce

The Commonwealth will make a \$643 million investment to deliver:

- 1,375 more GPs practising or in training by 2013, and 5,500 new GPs or GPs undergoing training in the next decade;
- 975 places each year for junior doctors to experience a career in general practice during their postgraduate training period;
- 680 more specialist doctors in the next decade;
- 400 more clinical training scholarships over four years for allied health students in rural and regional areas; and
- a rural locum scheme to support 400 allied health professionals.

Consistent with previous COAG decisions, the States, with the exception of Western Australia, reconfirmed their commitment to provide adequate clinical training opportunities that complement these new training places.

Aged Care

The Commonwealth will invest \$739 million in aged care, including \$280 million to the States to support older Australians eligible for aged care who are staying a long time in public hospitals. This investment will support around 5,000 places or beds and 1,200 packages of care by 2013-14. They will increase the capacity of the aged care system, increase primary care services provided to people in aged care, and strengthen consumer protection in aged care.

COAG, with the exception of Western Australia, agreed to work together to support the development of a nationally consistent aged care system – covering basic home care through to nursing homes. The Commonwealth will establish a network of one-stop shops for people needing information and access to aged care. Over time, these one-stop shops may link with Local Hospital Networks and primary health care organisations, to create communities of interest at the local level.

To increase further the capacity of the aged care system, COAG agreed, with the exception of Western Australia, to work to release more land for aged care facilities and accelerate planning approval processes so that aged care facilities and places become operational more quickly.

Mental Health

COAG agreed, with the exception of Western Australia, that the Commonwealth will take responsibility for primary mental health care services for common disorders such as anxiety and depression, including those currently provided by the States.

The Commonwealth will provide \$174 million to improve our mental health system, including \$115 million in new funding.

This includes \$78.3 million over four years to deliver up to 30 new youth-friendly services and to provide extra funding for the existing 30 *headspace* sites. Local *headspace* services provide an entry point to existing primary, community based and specialist mental health services, as well as broader drug and alcohol, vocational and screening programs. Each service employs a range of youth workers and mental health professionals, but also refers young people to other appropriate services. Once the new sites are fully established they should provide support and early intervention services for an additional 20,000 young people each year.

Every State will get extra services, with sites determined in consultation with jurisdictions to ensure coverage in areas of social disadvantage, with a current deficit of youth services, and to leverage existing infrastructure and ensure strong links with specialist child and adolescent services.

Funding of \$24.8 million over four years will be provided to expand the Early Psychosis Prevention and Intervention Centre (EPPIC) model, building on the successful implementation of this model in Victoria. With State contributions this will mean that up to 3,500 young people aged between 16 and 25 years and their families will benefit from improved detection of, and earlier treatment and support for, early psychosis.

A further \$13 million over two years will be provided to employ an additional 136 mental health nurses and provide an estimated 11,700 extra services. The Mental Health Nurse Incentive Program is demand-driven and the places will be available nationally.

Some \$57.4 million over four years will be directed to care packages to better support up to 25,000 people with severe mental illness, to be delivered by Access to Allied Psychological Services arrangements. Funding and packages will be broadly distributed to services on a per capita basis.

In addition, COAG agreed, with the exception of Western Australia, that the significant investment in sub-acute care of \$1.62 billion will also support the provision of additional 'step up, step down' sub-acute services for people with mental health needs, easing their transition from acute care to the community. COAG agreed, with the exception of Western

Australia, to undertake further work on the scope for additional mental health service reform for report back in 2011, including the potential for further improvements to the allocation of roles and responsibilities in the mental health sector.

The Commonwealth identified its intention to provide greater policy and funding leadership for specialist community mental health services over time.

E-Health

COAG noted the importance of continuing to work towards a National Individual Electronic Health Record system and agreed to prioritise discussions over the coming months to move towards the implementation phase.

Improving Cancer Care

COAG noted that cancer remains the leading cause of premature death in Australia, placing a significant ongoing burden across the entire Australian community.

While there has been recent investment to improve the availability of diagnostic and treatment services, including the Commonwealth's Regional Cancer Centre Program, COAG agreed that more could be done to ensure cancer is diagnosed and treated in a consistent way based on best practice.

COAG agreed that Victoria and the Commonwealth would lead work, under the auspices of Health Ministers, to report back to COAG in 2011, on the most effective cancer diagnosis, treatment and referral protocols, to be developed with expert clinical input.

Implementation of the National Health and Hospitals Network

All jurisdictions committed to working together and delivering on the National Health and Hospitals Network Agreement.

COAG agreed, with the exception of Western Australia, that Senior Officials will meet in the immediate future to commission a final work plan for implementation arrangements for the reforms outlined above, for agreement by COAG out-of-session by 30 June 2010.

NATIONAL INTERNATIONAL STUDENT STRATEGY

The international education industry in Australia has grown rapidly. In 2009 there were 491,000 students from more than 190 countries studying in Australia. There has been rapid growth in the number of international students studying vocational education and training courses in particular. All governments agree this growth has resulted in pressures on regulating the quality of the market and ensuring that international students have access to adequate support and infrastructure.

COAG has noted that good progress is being made toward finalising the International Students Strategy for Australia.

To support the Strategy, COAG today agreed to a suite of practical initiatives:

- an international student consultative committee will be established to give international students a national forum to put forward their views on issues affecting their study and living experience in Australia;
- international students will benefit from a national community engagement strategy that will facilitate connections between international students and the broader community, including increased understanding of rights and support services;
- a Study in Australia information portal will provide a single source of authoritative, comprehensive, accurate and up-to-date information for students, including information on personal safety, student support services, and tenancy and employment rights and responsibilities;
- Provider Closure Taskforces in each State will ensure rapid and coordinated support for students in the event of provider closure;
- from mid-2010, international students will be required to provide evidence of health insurance cover for their proposed visa duration at the time of visa application. This will help guard against failure by students to renew coverage; and
- from 1 January 2011, international students will have access to an independent statutory complaints body, as international education providers will be required to use this as their external complaints and appeals process. Where a complaint or education provider is not covered by a State's statutorily independent complaints mechanism, the Office of the Commonwealth Ombudsman will act as the external complaints mechanism.

These initiatives support the findings of the Baird Review of the *Education Services for Overseas Students (ESOS) Act 2000*. The findings of the Baird Review have a strong focus on improving regulatory and consumer protection arrangements, and complement the outcomes of the International Students Strategy for Australia. COAG noted that a staged response to the Baird Review was underway by the Commonwealth, including consultation with the States and the international education sector.

COAG noted that early measures have already been taken to strengthen regulation and education quality. Governments have implemented a program of rapid quality and financial viability audits of international education providers and require that all providers re-register under tighter new criteria in 2010. COAG also acknowledged work with overseas governments to improve the regulation of education agents operating in their countries.

Strengthened migration policy arrangements will also encourage international students to focus on obtaining a quality education from a quality provider and will ensure that student visa applicants have the necessary funds to live in Australia.

The Strategy builds on efforts undertaken at all levels of government to improve the safety and wellbeing of international students and to ensure the ongoing quality and sustainability of the sector. COAG acknowledged measures to focus on and increase police surveillance of high crime areas and the engagement of police, multicultural affairs agencies and other

community groups in programs to improve the safety and wellbeing of the community, including international students.

Australian Police Commissioners have agreed that through the Australian and New Zealand Policing Advisory Agency (ANZPAA), police would share best-practice safety initiatives related to international students and ANZPAA would work with stakeholders as appropriate to disseminate this information.

BUSINESS REGULATION AND COMPETITION

COAG is continuing to progress its ambitious microeconomic reform agenda to enhance long-term productivity growth. Reforms have already been completed on harmonisation of domestic and export wine labelling requirements and towards achieving a consistent and efficient system of environmental assessment and approval when Commonwealth and State processes are involved.

Several areas of regulation reform are expected to be completed in 2010, including the establishment of a national health professional registration and accreditation scheme; an Australia-wide trade measurement system; a national system for the licensing and supervision of trustee corporations; nationally consistent rail safety legislation; and the Standard Business Reporting initiative. Major progress is expected on other reforms, including a national electronic conveyancing system, payroll tax harmonisation and consumer credit. When completed, these reforms will have substantial benefits for consumers and businesses.

COAG noted that on 23 December 2009 the COAG Reform Council provided to the Prime Minister the first of its annual performance reports on the National Partnership to Deliver a Seamless National Economy. The report was for the most part positive, finding good or satisfactory progress against 18 of the 27 deregulation priorities and four of the eight competition reforms.

COAG also agreed to additional reforms for the not-for-profit sector, including an implementation plan and governance structure to develop a nationally consistent approach to fundraising regulation, and the adoption of a standard chart of accounts where possible by 1 July 2010. This will further reduce the regulatory burden and improve public confidence in the not-for-profit sector.

COAG further agreed to the release for public consultation, in May 2010, of a draft national law for uniform national regulation of the legal profession.

HOUSING SUPPLY AND AFFORDABILITY

The housing market faces significant pressures, with population growth and a healthy economy continuing to add to strong housing demand. Housing supply has not responded as strongly as it could have to this demand. Unless demand-side pressures are well understood and supply-side constraints are identified and addressed it is likely there will be greater pressure on house prices.

The housing supply pipeline comprises the stages of housing development from land identification, release and zoning, through to infrastructure planning and subdivision approval, construction and titling of the subdivision, and finally dwelling approval and construction. The National Housing Supply Council has found significant variation across jurisdictions in the time taken for each of these stages, and identified the need for continuing effort to improve the efficiency of the planning system.

COAG today endorsed a housing supply and affordability reform agenda and timeline (Attachment B). The agenda focuses on the primary areas where gains may be achieved in decreasing the time it takes to bring housing to the market, reforming government policies that act as barriers to supply or that artificially stimulate demand and ensuring efficient use of existing housing stock.

The agenda focuses on a range of areas for potential reform, including planning and zoning governance reforms; considering national principles for residential development infrastructure charging; examining relevant Commonwealth and State taxation settings (with the timing to be dependent on the Commonwealth Government's response to *Australia's Future Tax System*); and extending government land audits and examining private holdings of large parcels of land to assess the scope for increasing competition and bringing land quickly to market.

The cohesive microeconomic reform agenda should substantially improve the responsiveness of supply in the housing market. COAG agreed that the Ministerial Council for Federal Financial Relations, together with a representative of the Australian Local Government Association, would examine housing policy work already underway in other COAG processes to determine whether that work provides the best opportunities for substantial improvement in housing supply and affordability. The Ministerial Council will examine all current and future work in other COAG processes that will impact on housing supply and affordability. This will ensure a cohesive national approach and that work is progressing to achieve good housing policy outcomes.

REVIEW OF MINISTERIAL COUNCILS

Following an independent review of Ministerial Councils by Dr Allan Hawke, COAG has accepted the need to effect fundamental reform to the Ministerial Council system by March 2011. This will focus Councils on national strategic priorities and will see new ways for COAG and its Councils to identify and address issues of national significance.

COAG has agreed in principle to reforms that will see current Ministerial Councils rationalised to 11 or fewer Councils overseeing key areas of ongoing importance to both the Commonwealth and the States, including health, education and training, community services, infrastructure, police and emergency services, and financial relations.

COAG will also convene from time to time Select Councils of Ministers when it requires advice on particular matters within specific timeframes.

REPORT FROM THE COORDINATORS-GENERAL ON THE NATION BUILDING AND JOBS PLAN

On behalf of all Coordinators-General, the Commonwealth Coordinator-General forwarded to COAG a report on progress in implementation of the Nation Building – Economic Stimulus Plan (the Plan). One year on, the Plan continues to progress well as projects move into the construction and delivery phase.

Since the last COAG meeting in December 2009, significant progress has been made in delivering the Plan. At the end of February 2010, the construction phase continues to escalate, with more than 38,700 (79 per cent) of the major building and construction projects underway. Over one quarter of these projects are now completed (nearly 13,900).¹ Since COAG's last meeting, there have been around 14,800 projects commenced and over 9,600 projects completed.

\$28.6 billion of \$30.1 billion in funding (95 per cent) has been approved, and of this more than 53 per cent (\$15.2 billion) has been paid by the Commonwealth, with over one third being reported as spent (34 per cent or \$9.8 billion).

It was acknowledged that it had been a remarkable job to get over 13,000 projects from conception to completion so rapidly, with many more thousands of projects underway. This had been achieved through high levels of cooperation and collaboration between the Commonwealth and the States.

Overall, the Plan has helped Australia to have one of the strongest performing economies in the developed world through:

- supporting business and consumer confidence, which has rebounded more quickly in Australia than in other OECD countries;
- softening the impact of the global recession on the labour market through supporting employment. This has resulted in an unemployment rate that has remained low compared with other advanced economies, and employment has grown over the past year, compared with falls in many other countries;
- building infrastructure by delivering over 49,000 construction and infrastructure projects; and

¹ Major projects include projects undertaken by the States, the Commonwealth directly, Block Grant Authorities and other agencies within jurisdictions. It excludes the Energy Efficient Homes Package and Social Housing: Repairs and Maintenance.

- investing in future long-term economic growth through the Plan's critical economic infrastructure investment. This is building productive capacity and providing strong foundations for sustainable growth into the future.

COAG reiterated its commitment to ongoing collaboration and focus to deliver the Plan and its programs on target, while achieving value for money within each project and within the overall Commonwealth funding investment.

One of the Plan's programs, the Energy Efficient Homes Package, was discontinued on 19 February 2010.

Further information is available in the *Nation Building – Economic Stimulus Plan, Commonwealth Coordinator-General's Progress Report to 31 December 2009*, available at <http://www.economicstimulusplan.gov.au/pages/theplan.aspx>.

COORDINATOR-GENERAL FOR REMOTE INDIGENOUS SERVICES – PROGRESS STATUS REPORT ON RECOMMENDATIONS

COAG noted the Working Group on Indigenous Reform's progress status report addressing the recommendations of the 4 December 2009 report of the Coordinator-General for Remote Indigenous Services.

In noting the report from the Working Group, COAG restated its commitment to closing the gap on Indigenous disadvantage and to continued active consideration of the needs of the 29 priority communities under the National Partnership on Remote Service Delivery when implementing COAG National Partnerships relevant to remote communities. COAG also committed to continuing its monitoring of progress of the National Partnership on Remote Service Delivery through existing mechanisms.

COAG also agreed to amend the National Partnership to recognise the important role local government or other municipal service providers have in ensuring the effective delivery of the Partnership in each priority community, with the detail of these service provider commitments to be captured in a Local Implementation Plan for each priority community.

STEERING COMMITTEE FOR THE REVIEW OF GOVERNMENT SERVICE PROVISION – TERMS OF REFERENCE

COAG agreed to new terms of reference and a charter of operations for the Steering Committee for the Review of Government Service Provision and revised terms of reference for the *Report on Government Services*. This implements a recommendation of the 2009 review of the *Report on Government Services*, which COAG endorsed at its last meeting.

The Steering Committee, which comprises officials from Commonwealth and State governments, plays an important role in publishing performance information about services

provided by governments. Better information improves government accountability and contributes to the wellbeing of all Australians by driving better government service delivery.

The new terms of reference and charter of operations are available at Attachment C. They provide enhanced strategic direction for the Steering Committee and alignment with contemporary performance reporting requirements under the federal financial relations framework. They also encourage improved public accessibility to information about government performance.

PANDEMIC NATIONAL ACTION PLAN

COAG agreed updates to the *National Action Plan for Human Influenza Pandemic* in light of the lessons learned from the pandemic H1N1 in 2009. The new Action Plan outlines a framework for a response focused on management and communications arrangements, which will allow for greater flexibility when responding to a pandemic. The revised plan has been simplified to produce a less prescriptive, more high-level document, which can accommodate jurisdictional variations in operational action during a pandemic.

COAG REFORM COUNCIL APPOINTMENTS

COAG noted the reappointment of Mr Paul McClintock AO as Chairman of the COAG Reform Council for a period of three years. It agreed to the reappointment, as Councillors, of Mr Peter Corish AM (until 27 June 2011), Dr Doug McTaggart (until 31 December 2011) and Mr John Langoulant (until 13 April 2013).

REVIEW OF SPECIFIC RENEWABLE ENERGY TARGET ISSUES

COAG noted the Commonwealth announcement of 26 February 2010 to make significant changes to the Renewable Energy Target (RET) scheme, involving two separate parts – the Small-scale Renewable Energy Scheme and the Large-scale Renewable Energy Target. These changes are intended to address concerns being considered by the COAG Review of Specific RET Issues regarding Renewable Energy Certificate (REC) prices and additional RECs not backed by generation as part of the Solar Credits mechanism. The remaining matters within the scope of the review will be finalised for consideration by COAG at its next meeting.

**HOSPITALS AND HEALTH REFORM
KEY DELIVERABLES FROM MAJOR INITIATIVES**

1. Sub-acute Care (\$1.62 billion)

- From 2010-11, the number of sub-acute beds will ramp up to reach 1,316 additional beds in the public hospitals system by 2013-14.
- The funding for these beds could be directed to rehabilitation, step down, mental health and palliative care beds.

2. Elective Surgery (\$800 million)

\$650 million over four years in recurrent funding

- By 2013-14, 22,000 additional elective surgery procedures in that year.

\$150 million in capital funding

- The equivalent of 15 new operating theatres or seven day surgery centres nationwide.

3. Emergency Departments (\$750 million)

\$500 million in recurrent funding

- This will provide for the equivalent to an estimated 805,000 emergency department attendances in 2013-14 – these patients will be admitted, referred or discharged within the new four-hour target.

\$250 million in capital funding

- The equivalent of 10 new emergency departments or walk-in centres nationwide.

4. Flexible Funding (\$200 million) – To be Directed at Emergency Departments, Elective Surgery or Sub-Acute Care

The distribution of these funds will be agreed between the Commonwealth and each State. This will support the equivalent of either:

- 325,000 emergency department attendances per annum – these patients will be admitted or discharged within the new four-hour target;
OR
- 13,700 additional elective surgery procedures per annum;
OR
- 300 additional sub-acute beds.

5. Multi-Purpose Services (\$120 million) - Capital Funding and Changes to Guidelines

- On any given day an additional 586 older Australians will be cared for in a more appropriate aged care facility in rural and regional Australia.
- In order to cater for the broader needs of the community, many of these facilities will have a small number of acute beds and an urgent care centre in order for a local GP to provide a full range of primary health care services.

6. Zero-Real Interest Loans (\$143 million)

- An additional 2,500 aged care beds, which will be ongoing into the future.

7. Long Stay Older Patients (\$280 million)

- 2,000 long stay older patients supported per annum.

8. Mental Health (an additional \$115 million taking total investment in mental health to \$174 million)

In addition to sub-acute beds available at (1) above.

- Doubling the number of *headspace* services from 30 to 60 (\$78.3 million):-
 - providing early intervention and mental health support for an additional 20,000 young people each year.
- Expanding the Early Psychosis Prevention and Intervention Centre model (\$24.8 million):-
 - with additional state contributions, up to 3,500 young people and their families will benefit from improved detection and earlier treatment and support.
- Supporting up to 136 additional mental health nurses (\$13 million):-
 - providing an estimated 11,700 extra services.
- Providing more flexible care under the existing Access to Allied Psychological Services Program (\$57.4 million):-
 - to provide care to up to 25,000 people with severe mental illness.

HOUSING REFORM AGENDA AND TIMELINE

COAG has agreed that the Housing Supply and Affordability Reform Working Party report to COAG, via the Ministerial Council for Federal Financial Relations, on:

- the housing supply pipeline, comprising an examination of:-
 - the potential to reform land aggregation, zoning and planning processes and governance, including assessing and leveraging the work of Housing and Planning Ministers and the Business Regulation and Competition Working Group (by mid-2010),
 - nationally consistent principles for housing development infrastructure charges (by mid-2010),
 - the merits of measures to ensure greater consistency across jurisdictions, including local governments planning approval processes, in the application of building regulations (by mid-2010),
 - the impacts of titling systems (such as residential strata title arrangements) on the housing supply market (by end-2010),
 - the efficiency and effectiveness of housing supply/land release targets (by end-2010),
 - whether strategic planning requirements for cities should be extended to other high growth/large population regions across the country (mid-2011), and
 - extending the land audit work to examine ‘underutilised’ land and to examine private holdings of large parcels of land (by mid-2010); and
- government policies that may act as barriers to supply or that stimulate demand, comprising an examination of:-
 - the impact of the First Home Owners Scheme (by end-2010),
 - Commonwealth policies that impact the housing market (by end-2010),
 - the impact of both Commonwealth and State energy efficiency regulations and environmental acts, including the *Environmental Protection and Biodiversity Conservation Act 1999*, on house prices (by end-2010),
 - the impact of both supply and demand side affordable housing initiatives (such as inclusionary zoning, dwelling mix and distribution of lot sizes) on the housing market (by mid-2011), and
 - relevant Commonwealth and State taxation settings (with timeline to be dependent on the Commonwealth government’s response to *Australia’s Future Tax System*).

STEERING COMMITTEE FOR THE REVIEW OF GOVERNMENT SERVICE PROVISION

Terms of Reference

- | | |
|--|---|
| <p>(1) The Steering Committee for the Review of Government Service Provision (the Steering Committee) was established by the Council of Australian Governments (COAG) and comprises representatives of the Commonwealth, State and Territory governments.</p> | <p>Constitution and authority of Steering Committee</p> |
| <p>(2) The Steering Committee will operate according to a Charter of Operations.</p> | |
| <p>(3) As an integral part of the national performance reporting system, the Steering Committee informs Australians about services provided by governments and enables performance comparisons and benchmarking between jurisdictions and within a jurisdiction over time. The Steering Committee and its working groups are supported by a Secretariat located within the Productivity Commission as a neutral body that does not represent any jurisdiction.</p> | <p>Objectives</p> |
| <p>(4) Better information improves government accountability and contributes to the wellbeing of all Australians by driving better government service delivery. To this end, the Steering Committee will:</p> <ul style="list-style-type: none"> i. measure and publish annually data on the equity, efficiency and cost effectiveness of government services through the <i>Report on Government Services</i> ii. produce and publish biennially the <i>Overcoming Indigenous Disadvantage</i> report iii. collate and prepare performance data under the Intergovernmental Agreement on Federal Financial Relations, in support of the analytical role of the COAG Reform Council and the broader national performance reporting system iv. initiate research and report annually on improvements and innovation in service provision, having regard to the COAG Reform Council's task of highlighting examples of good practice and performance perform any other related tasks referred to it by COAG. | <p>Outputs</p> |

(5) The *Report on Government Services* and the *Overcoming Indigenous Disadvantage* report will be produced subject to additional terms of reference.

- (6) To support the quality and integrity of these products, the Steering Committee will:
- i. ensure the integrity of the performance data it collects and holds
 - ii. exercise stewardship over the data, in part through participation in data and indicator development work of other groups that develop, prepare and maintain data used in Review reports, and through reporting outcomes of Steering Committee data reviews to authorities such as Heads of Treasuries and COAG, to ensure its long term value for comparisons of government service delivery, and as a research and evidence tool for the development of reforms in government service delivery
 - iii. ensure that performance indicators are meaningful, understandable, timely, comparable, administratively simple, cost effective, accurate and hierarchical, consistent with the principles for performance indicators set out under the Intergovernmental Agreement on Federal Financial Relations
 - iv. keep abreast of national and international developments in performance management, including the measurement and reporting of government service provision.

Data quality and integrity

(7) The Steering Committee's ability to produce meaningful comparative information requires timely access to data and information. All jurisdictions have committed to facilitate the provision of necessary data, either directly or via a data agency, to meet Steering Committee timelines and to ensure the Steering Committee can meet its obligations to COAG.

(8) The Steering Committee will seek to maximise the accessibility to governments and the Australian community of the performance data it collects and collates, taking advantage, where appropriate, of developments in electronic storage, manipulation and publication of data. It will work with other government agencies in Australia undertaking similar work to ensure a consistent and best practice approach.

Accessibility

- (9) The Steering Committee will also, subject to direction from COAG, and in recognition of its role in the broader national performance reporting framework:
- i. have regard to the work program of the COAG Reform Council and provide such data as is required by the Council for the performance of its functions
 - ii. align, insofar as possible, the data collected and indicators developed with those under the National Agreements, avoiding duplication and unnecessary data collection burdens on jurisdictions
 - iii. drive improvements in data quality over time, in association with the Ministerial Council for Federal Financial Relations, the COAG Reform Council, other Ministerial Councils and data agencies.

Relationships
within the
national
perform-
ance
reporting
system

STEERING COMMITTEE FOR THE REVIEW OF GOVERNMENT SERVICE PROVISION

Charter of Operations

- | | |
|---|-------------|
| (1) This charter of operations sets out the governance arrangements and decision making processes for the Steering Committee for the Review of Government Service Provision (the Steering Committee). It should be read in conjunction with the Council of Australian Governments (COAG)-endorsed terms of reference for the Steering Committee. Additional information on the Steering Committee's policies and principles can be found in the introductory chapters of relevant reports and the 'Roles and responsibilities of Review participants' document. | Preamble |
| (2) COAG established the Steering Committee in 1993, to produce ongoing comparisons of the efficiency and effectiveness of Commonwealth, State and Territory government services (through the <i>Report on Government Services</i> [ROGS]) and to compile and assess service provision reforms. | History |
| (3) In December 2009, COAG confirmed the ROGS should continue to be the key tool to measure and report on the productive efficiency and cost effectiveness of government services, as part of the national performance reporting system. | |
| (4) The Steering Committee comprises senior officials from the central agencies (First Ministers, Treasuries and Finance departments) of the Commonwealth, States and Territories. The Steering Committee is chaired by the Chairman of the Productivity Commission. | Membership |
| (5) In recognition of the value of expert technical advice, and the need for collaborative action, the Steering Committee may include observers from relevant data agencies. | Observers |
| (6) The Steering Committee and its working groups are supported by a Secretariat located within the Productivity Commission. The Secretariat is a neutral body and does not represent any jurisdiction. | Secretariat |
| (7) The Steering Committee may establish working groups, cross-jurisdictional or otherwise, to provide expert advice. Working groups typically comprise a convenor drawn from the membership of the Steering Committee and State, Territory and Commonwealth government representatives from relevant departments or agencies. Working group members should have | |

appropriate seniority to commit their jurisdictions on working group matters and provide strategic policy advice to the Steering Committee.

(8) In recognition of the value of expert technical advice and close relationships with data development bodies and agencies, working groups may include observers from relevant data agencies or, where a data agency is not available, Ministerial Council data sub-committees. Furthermore, working groups may consult with data agencies or sub-committees, as appropriate, on technical issues requiring expert consideration.

Working groups

(9) Working groups may contribute to and comment on drafts of Steering Committee reports, and make recommendations to the Steering Committee on matters related to their areas of expertise.

(10) Working groups are advisory bodies and do not endorse report content. As far as practicable, working groups adopt a consensus approach to making recommendations to the Steering Committee. Where working groups do not reach consensus, alternative views should be provided to the Steering Committee for decision.

(11) As far as practicable, the Steering Committee adopts a consensus approach to decision-making. Where consensus is not reached, decisions are based on majority vote of Steering Committee members, with each jurisdiction's members having one joint vote. (Observers may not vote.) Should the Steering Committee be equally divided, the Chairman has a casting vote.

Governance and
decision-
making
arrangements

(12) Steering Committee members from one jurisdiction may choose not to publish information relating to their own jurisdiction but may not veto the publication of information relating to other jurisdictions.

(13) The Steering Committee may draw on the expert advice of its Secretariat, working groups and of specialist data and other organisations, but it is not bound by such advice.

The Report on Government Services

Terms of Reference

- | | |
|---|------------------------------|
| (1) The Steering Committee will measure and publish annually data on the equity, efficiency and cost effectiveness of government services through the Report on Government Services (ROGS). | Outputs and objectives |
| (2) The ROGS facilitates improved service delivery, efficiency and performance, and accountability to governments and the public by providing a repository of meaningful, balanced, credible, comparative information on the provision of government services, capturing qualitative as well as quantitative change. The Steering Committee will seek to ensure that the performance indicators are administratively simple and cost effective. | |
| (3) The ROGS should include a robust set of performance indicators, consistent with the principles set out in the Intergovernmental Agreement on Federal Financial Relations; and an emphasis on longitudinal reporting, subject to a program of continual improvement in reporting. | |
| (4) To encourage improvements in service delivery and effectiveness, ROGS should also highlight improvements and innovation. | |
| (5) The Steering Committee exercises overall authority within the ROGS reporting process, including determining the coverage of its reporting and the specific performance indicators that will be published, taking into account the scope of National Agreement reporting and avoiding unnecessary data provision burdens for jurisdictions. | Steering Committee authority |
| (6) The Steering Committee will implement a program of review and continuous improvement that will allow for changes to the scope of the ROGS over time, including reporting on new service areas and significant service delivery areas that are jurisdiction-specific. | |
| (7) The Steering Committee will review the ROGS every three years and advise COAG on jurisdictions' compliance with data provision requirements and of potential improvements in data collection. It may also report on other matters, for example, ROGS's scope, relevance and usefulness; and other matters consistent with the Steering Committee's terms of reference and charter of operations. | Reporting to COAG |