

COUNCIL OF AUSTRALIAN GOVERNMENTS' MEETING

8 JUNE 2001

CANBERRA

COMMUNIQUE

INTRODUCTION

The Council of Australian Governments today held its tenth meeting in Canberra. The Council, comprising the Prime Minister, Premiers and Chief Ministers and the President of the Australian Local Government Association (ALGA), had wide ranging discussions on important areas of national interest.

This Communique sets out the agreed outcomes of the discussions.

FOOT AND MOUTH DISEASE

Australia is free from major exotic animal diseases such as Foot and Mouth Disease (FMD). If an outbreak of FMD was to occur in Australia, there would be a major impact on the agricultural sector, the national economy and rural and regional Australia. Losses in export revenue for the livestock sector alone are conservatively estimated to amount to at least \$5.8 billion in the first year. Recovery costs for agriculture and other affected sectors of the economy would be likely to amount to billions of dollars over several years after the outbreak has been eradicated.

The Commonwealth government in its 2001-02 Budget has committed a further \$593 million over five years to strengthen Australia's border agencies in their work to counter threats from exotic pests and diseases, which is particularly relevant to the risks of foot and mouth disease in current circumstances. A range of emergency response plans is also in place to deal with an emergency situation should an outbreak occur.

The Council noted that if a significant outbreak of FMD occurred in Australia, the technical, logistical, social and financial response needed to manage the situation would be on a whole-of-government level not experienced before in peacetime. Appropriate plans therefore need to be upgraded and tested. The Council agreed to the continued high priority review and revision of national whole-of-government frameworks for the prevention, preparedness for, and management of a major emergency disease outbreak, such as FMD. COAG agreed to establish a Foot and Mouth Disease Taskforce under the oversight of COAG Senior Officials to coordinate the development of these frameworks. The Taskforce will be chaired by the Commonwealth and comprise two officials from each jurisdiction – one from First Ministers' departments and one

from the lead line agency. A representative from ALGA will attend the Taskforce.

The Council also agreed to:

- the development by States/Territories and the Commonwealth of complementary whole-of-government frameworks, for their respective jurisdictions, in enhancing:
 - peak level arrangements across and within jurisdictions (beyond the well tested agricultural arrangements);
 - emergency roles and linkages across Commonwealth agencies;
 - emergency roles and linkages across and within State/Territory agencies including the use of all their relevant powers to control emergency outbreaks;
- the need to adequately support, implement and test these frameworks;
- the Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ), or its successor, reporting after its August 2001 meeting to members of COAG out-of-session on the outcomes of its review of emergency animal disease prevention, preparedness and response arrangements;
- the provision to members of COAG out-of-session, by mid-October 2001, of a report by COAG Senior Officials outlining the whole-of-government frameworks; and
- the holding as soon as possible of a full-scale simulation under third party oversight to test the arrangements.

ENERGY POLICY

The Council considered energy policy on a national level, recognising that the energy sector affects the lives of all Australians and that it underpins responsible and sustainable development, international competitiveness and economic growth. COAG also recognised that energy markets should operate to maximise provision of reliable energy services and that the effective operation of an open and competitive energy market contributes to delivering benefits to households, small business and industry. COAG noted key strategic issues for Australia's energy future, including the important emerging role gas will play in any national energy policy because of its domestic abundance and flexibility and it is a clean energy source. The challenge for the energy sector is to deliver these benefits within a sustainable development framework and to meet expectations of social responsibility and responsiveness to consumers.

All Australian Governments reaffirmed their existing commitments to currently-agreed principles, reforms and currently-announced timetables underpinning the development of the national electricity and gas markets and reform of the energy sector. However, COAG noted the concerns of Queensland and South Australia that while they will make their best endeavours, they were not prepared to reaffirm current contestability extension timetables. COAG also agreed to a national energy policy framework to guide future energy policy decision-making by jurisdictions.

Against this background, COAG agreed on the following priority actions:

In order that Governments can provide effective policy leadership to meet the opportunities and challenges facing the energy sector, COAG agreed to establish a new Ministerial Council on Energy and to provide it with a series of priority tasks for its consideration and resolution. These tasks include examining: future energy use scenarios for Australia; potential for harmonising regulatory arrangements; opportunities for increasing interconnection and system security in electricity and gas; and ways of enhancing cooperative energy efficiency activities. COAG also agreed that the new Council be established and meet as soon as possible including to oversee the processes of the independent review (see below), which is designed to provide a firm information basis for future government decisions on energy market development and for the Council's future work.

COAG noted the establishment of a National Electricity Market (NEM) policy Forum of Ministers with specific policy responsibilities in relation to the NEM from NSW, Victoria, Queensland, South Australia and the ACT, in which the Commonwealth and Tasmania will participate. In the context of previous COAG agreements to establish a NEM, the Forum will give urgent attention to NEM issues of impediments to investment in interconnection, transmission pricing, regulatory overlap, market behaviour (eg. rebidding) and the effectiveness of regulatory arrangements in promoting efficient market outcomes. It will also address regional boundaries and demand side participation.

In this context, COAG agreed to request the National Electricity Code Administrator (NECA) to review Value of Lost Load (VoLL). COAG also agreed to request NECA give early attention to NEM bidding and rebidding rules in its current review under the National Electricity Code.

The Forum will report to members of COAG following its first meeting in late June on key approaches and timetables for addressing these priority issues.

In light of strategic issues affecting Australia's future energy requirements and the need to respond to likely future challenges and international developments, COAG agreed to an independent review of energy market directions so that

further Australian energy market development can be focussed on areas likely to generate the most significant benefits.

COAG agreed that this review will identify the strategic issues for Australian energy markets and the policies required from Commonwealth, State and Territory governments. The Panel will consist of three eminent, technically qualified persons with the Commonwealth to select the chair and the two further members to be agreed by the Commonwealth, the States and Territories. The Review, which will include a public consultation and submission process, will report within 12 months of its commencement, with its report being provided concurrently to all COAG members through the new Ministerial Council on Energy. Costs of the Review will be shared on a 50:50 basis between the Commonwealth and the States/Territories.

Further details of COAG's agreement, including agreed terms of reference for COAG's independent review of energy market directions can be found at www.dpmc.gov.au/docs/comm_state_index.cfm

REVIEW OF MINISTERIAL COUNCILS

Following a review of the number and role of Ministerial Councils, Heads of Government have agreed to a streamlining of Ministerial Councils which combines a number of Councils in related functional fields, to strengthen their strategic direction and improve opportunities for cooperative policy development. The proposed changes are outlined at www.dpmc.gov.au/docs/comm_state_index.cfm

The Council further agreed that Senior Officials would develop, for consideration out-of-session by COAG, a proposal for a more fundamental structural reform to the Ministerial Council system.

As part of the review of Ministerial Councils, COAG agreed to introduce new "Guidelines for the Creation of New Ministerial Councils". The guidelines introduce a series of issues to be addressed before a Council can be established. COAG further agreed upon a revised version of the existing Broad Protocols and General Principles for the Operation of Ministerial Councils with a view to improving the overall coordination, efficiency and effectiveness of Ministerial Councils.

In this context, COAG agreed that local government be represented appropriately on Ministerial Councils where there was a clear local government interest.

Heads of Government reaffirmed that Ministerial Councils play an important role in facilitating consultation and cooperation between Governments. The agreed changes will improve the co-ordination and integration of policy and other issues of common interest within the Federation.

REVIEW OF DISASTER RELIEF AND MITIGATION

The Council agreed to commission a wide-ranging review of how Australia deals with natural disasters. Across the nation, the economic cost of natural disasters averages over \$1.1 billion annually. The review will examine arrangements for natural disaster relief and community recovery, gaps in disaster insurance, disaster mitigation programmes, and Australia's capacity to respond to such emergencies. All jurisdictions, and ALGA, will take part in the review, which will be chaired by the Commonwealth. Through this important review governments will jointly assess the effectiveness of programmes to reduce the risks associated with disasters, and to help communities manage, respond and recover from them. In doing so, the review will identify options for improving on existing arrangements.

RECONCILIATION FRAMEWORK

The Council confirmed its continuing commitment to addressing the social and economic disadvantages experienced by many indigenous Australians.

All governments have reported progress in implementing the reconciliation framework agreed by the Council in November 2000. Governments have focussed on responding to the three priority areas for action under the framework – community leadership, reviewing and re-engineering programmes and services to achieve better outcomes for indigenous peoples, and building links between the business sector and indigenous communities to advance economic independence. The Council noted that the development of partnerships between indigenous peoples and governments, greater flexibility and coordination between programmes, and a focus on practical outcomes for local communities are key factors in advancing reconciliation.

Ministerial Councils continue to play an important role in the implementation of the reconciliation framework and are progressing the development of action plans, benchmarks and reporting strategies for improving outcomes for indigenous peoples.

The Council noted that it would continue to review progress under the reconciliation framework, and that a detailed report on progress achieved by governments and Ministerial Councils would be coordinated by the Senior Officials' Working Group and provided to the Council by the end of 2001.

NATIONAL ACTION PLAN FOR SALINITY AND WATER QUALITY

The Council reviewed the substantial progress being made in giving effect to the National Action Plan for Salinity and Water Quality in Australia agreed on by COAG at its 3 November 2000 meeting. The Commonwealth, State and Territory governments, as well as ALGA reiterated their commitment to

working with regional communities to address the problems arising from increasing salinity and deteriorating water quality and to finalising the structure and implementation arrangements required for Action Plan projects to commence.

The Council noted that the Commonwealth and South Australia would sign the first Bilateral Agreement under the National Action Plan today and that the ACT will sign the Intergovernmental Agreement, joining Queensland, South Australia and the Northern Territory, which have already done so.

The Council also agreed to the establishment of a Natural Resource Management Ministerial Council to oversee implementation of the Action Plan as part of its consideration of the review of Ministerial Councils.

ASSISTED REPRODUCTIVE TECHNOLOGY, INCLUDING HUMAN CLONING

The Council committed itself to achieving nationally consistent provisions in legislation to prohibit human cloning¹.

It also agreed that jurisdictions work towards nationally consistent approaches to regulate assisted reproductive technology and related emerging human technologies.

In reaching agreement on this latter issue Heads of Government were acutely aware of the need to engage the community on the matter and to ensure that all sectors of the community benefit fully from advances in medical science while prohibiting unacceptable practices. The Council has sought a report from Health Ministers by the end of the year on technical issues with the aim of a nationally consistent approach being in place in all jurisdictions by June 2002.

OTHER MATTERS

The Council discussed the Commonwealth, States and Territory Governments responses to the collapse of HIH Insurance Group and agreed to support the Royal Commission. The Prime Minister briefed the Council on Commonwealth actions for the expeditious establishment of the Royal Commission.

The Prime Minister advised the Council that the Commonwealth would introduce amendments to the *Insurance Act 1973* into the current sitting of the Commonwealth Parliament, to reform the prudential regulation of the general insurance industry.

¹ The definition of human cloning will take account of the Australian Health Ethics Committee's advice that a distinction must be drawn between the cloning of human beings, which is ethically unacceptable (and legally prohibited in three States), and the cloning of such parts as DNA or cells which has brought benefits to both science and medicine.

Heads of Government also discussed the relationship between health and aged care policies, and housing and noted that these issues are being dealt with by respective Ministers.

Heads of Government noted the High Court decision (in *Brodie v Singleton Shire Council*; *Ghantous v Hawkesbury City Council*, 31 May 2001) in relation to the “highway rule” and agreed to commission the Australian Transport Council to examine the implications of this decision and report back to Heads of Government, out-of-session if required.

Council of Australian Governments

8 June 2001