

**COUNCIL FOR THE AUSTRALIAN FEDERATION**

**COMMUNIQUÉ**

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**SYDNEY, 9 February 2007** – The Council for the Australian Federation held its second meeting today in Sydney. The Council was established in October 2006 and comprises the Premiers and Chief Ministers of the States and Territories. It is both a strategic body that will help shape and set the national policy agenda, and a forum for joint State and Territory action.

The meeting was attended by all State Premiers, the Chief Minister from the Northern Territory and the Acting Chief Minister from the Australian Capital Territory and was chaired by the Honourable Mike Rann MP, Premier of South Australia. The Council had detailed discussions on a number of matters of national significance.

The Council is committed to a robust federal system, acknowledging the need for policies that harness the benefits of varied climates, geography, demographics, resources and industries. The Council recognised that in diversity Australia has a great resource: the flexibility for various regions of Australia to promote reforms that are on the forefront of international best practice.

Australia's federal system enables governments to take different approaches in pursuit of shared objectives. It encourages innovation and experimentation in the ways in which services are delivered. It provides an opportunity for new approaches to national issues to be promoted.

For example, States and Territories have led national debate on tackling climate change, on improving Australia's prosperity, skills and health through the National Reform Agenda and on seeking to find a solution on water management in Australia.

The Council pledged to continue the pressure on the Commonwealth government to support reform for the benefit of the nation and called on the Commonwealth to join with the States and Territories in a common endeavour on a range of critical issues.

**Water Reform**

Premiers and Chief Ministers noted at the National Water Summit on 8<sup>th</sup> February some additional information provided by the Prime Minister, which went to a number of the issues of concern to Premiers and Chief Ministers, in particular a commitment by the Prime Minister that the proposed National Plan for Water Security will be funded entirely from new Commonwealth money.

Premiers and Chief Ministers agreed that it is important to address the impacts of climate change and this is why they are working co-operatively with the Commonwealth to address water security in the Murray-Darling Basin. However, it is equally important that State and Territory governments also address the causes of climate change.

At the National Water Summit the Prime Minister made major concessions on:

- retention of current ownership arrangements for water;
- sustaining existing shares of Murray-Darling Basin water;
- no disturbance of urban water supplies;
- compensation to those who are obliged to relinquish part of their water entitlements;

- no cuts to the National Action Plan on Salinity, the National Heritage Trust, or the Australian Government Water Fund;
- no direct takeover of natural resource management issues; and
- a commitment to continue the Living Murray initiative.

As water is such a critical national issue, where a once in a generation opportunity is available to move consistently on problems such as those in the Murray-Darling Basin, Premiers and Chief Ministers agreed that they would consider at a further meeting on 23 February a report on a detailed assessment of the Prime Minister's previous and revised proposals, which takes into account the interests of irrigators, communities and industries reliant on the Murray-Darling Basin, and the environment.

Premiers and Chief Ministers also agreed, in the spirit of co-operative federalism, that they would strive to reach an agreement with the Commonwealth on those matters best dealt with at the national level.

Premiers and Chief Ministers noted that the Prime Minister revealed that the \$10 billion funding commitment over 10 years was for water projects across the whole of Australia, not just the Murray-Darling Basin. This highlights the funding shortfall for the national plan, in particular for the Murray-Darling Basin.

The issues to be addressed in relation to the Prime Minister's proposal include:

- governance and institutional arrangements;
- the necessary legislative structures to implement the proposal;
- the clarification of the funding shortfall and the financial implications of the proposal for jurisdictions;
- transitional arrangements to any new model;
- integration with Natural Resource Management and land use planning and development; and
- the scope of the proposal including the status of the Darling and other tributaries.

NSW maintains its in-principle support for the referral of its powers to the Commonwealth, but all Premiers and Chief Ministers agreed that more detail needs to be developed on the proposal and they have committed to resolve the outstanding matters through a working group of senior officials reporting back to First Ministers.

Premiers and Chief Ministers also agreed that membership of the proposed new expert-based Commission would need to be jointly decided between all Murray-Darling Basin jurisdictions. The decisions and the advice of the Commission will be made public and a Minister acting contrary to that advice would need to table reasons in Parliament.

They also called upon the Prime Minister to ensure that the National Plan for Water Security is implemented consistently with the principles of the National Water Initiative and that the Commonwealth continue to expedite their response to major project bids to the Australian Water Fund.

### **National principles for urban water planning, and national best practice guidelines for urban water planning**

Water resources in many Australian cities are facing unprecedented pressure as the current prolonged drought continues unabated. Water storage levels in most major cities are below 40% capacity, with water restrictions in place to reduce demand. Declining storage levels are generally attributed to dry conditions with below average rainfall. A comparison of the preceding 12 months shows that all capital cities with the exception of Darwin have experienced average or, more commonly, very much

below average rainfall. Further, in November 2006, Darwin witnessed its driest start to the wet season since 1976.

As so many jurisdictions are facing similar pressures (storage levels declining and rainfall below average) in terms of securing water resources for cities, it is sensible to share experiences in managing the supply/demand balance for sustaining existing populations and providing for growth. All jurisdictions are undertaking long term planning for urban water supplies, utilising a range of strategies to meet future water demands.

The States and Territories have developed for consultation draft national principles for urban water planning, and are preparing draft best practice guidelines.

These tools are being developed with a view to offering practical assistance to governments, large metropolitan utilities and utilities in regional areas which may be seeking to secure their urban water supplies through better planning. It is intended that the adoption of the principles and guidelines will be voluntary.

The Council agreed today to continue to press ahead with ways to further improve water management through better urban water planning, reductions in water usage in new developments and more robust reporting of water consumption.

The Council also agreed to:

- continue to investigate the national applicability of BASIX through the Local Government and Planning Ministers' Council. States and Territories will report to the Council for the Australian Federation within 12 months on the costs, benefits, feasibility and implementation pathways to adopting a tool to reduce water and energy usage in new residential developments. Adoption of the BASIX or similar system nationally has the potential to save in the order of 25 million tonnes of CO<sub>2</sub> and 630 billion litres of water over a ten year period; and
- consider a report on the development of a national system for reporting water consumption by largest users.

## **Climate Change**

There is an undeniable need for prompt Government action on climate change in Australia.

The recent findings of the Intergovernmental Panel on Climate Change's (IPCC) Fourth Assessment Report that the warming of the world's climate system is unequivocal and accelerating confirm the seriousness of climate change for the Australian economy, the Australian environment and the Australian people. The Report now confirms that the impacts of climate change are 'very likely' human-induced.

The current drought and increasing pressure on our water resources, serve to underline that ours is a continent which is highly vulnerable to the impacts of climate change.

The IPCC underlines the risk for Australia in terms of a hotter, more drought-prone future, with more extreme weather events.

Australia's business community is also increasingly calling for policy certainty and an emissions trading scheme to help manage the transition of our economy to a low-carbon future.

Clearly it is the responsibility of Governments to invest in the prosperity of current and future generations of Australians, addressing the risks of climate change by significantly reducing our greenhouse gas emissions and transitioning our economy through a period of adjustment.

Climate change is one of the pre-eminent challenges for our economies and for the Federation. Climate change is of critical significance to State and Territory interests and the national economy. We have a key role in the areas of water, energy transport, land-use planning, environmental protection and agriculture. As States and Territories, we have already led the way on a climate change response in Australia, through commitments such as emissions reduction targets, the implementation of renewable energy schemes and the development of an emissions trading scheme.

Today, the Premiers and Chief Ministers of the State and Territory Governments have signed a Declaration on Climate Change, paving the way for an enduring national response. The Premiers and Chief Ministers have called upon the Commonwealth Government to join them in endorsing the following principles as the basis for a national approach to the national challenges of climate change:

1. Governments must work together to deliver a national response
2. Prompt action is essential
3. Efficient, effective and enduring investment is the key
4. A national emissions trading scheme is an indispensable step
5. A national emissions trading scheme must be designed to stimulate investment in new low emissions technologies while at the same time protecting Australia's energy intensive, export industries.
6. Australia must maintain its competitive advantage
7. Adapting to unavoidable climate change will require governments, industry and the community to work together
8. Governments need to create an investment environment that promotes new economic opportunities
9. Governments must establish accreditation, assessment and reporting tools
10. International linkages are essential
11. Decisions on adaptation and mitigation must be informed by the highest quality research

Today's Declaration is supported by a series of actions to be pursued immediately by State and Territory Governments. In addressing climate change States and Territories will:

- support a national summit, involving business, to conclude the development phase and begin the implementation of the national emissions trading scheme;
- strengthen the standards and ensure consistent accreditation for GreenPower and emission offsets, including a possible national registry of carbon offsets;
- accelerate the National Framework on Energy Efficiency (NFEE), with clear actions and timetables (to improve the efficiency of appliances and buildings);
- develop a national mandatory energy efficiency system (requiring industry to implement any energy efficient opportunities with less than a 3-year payback);
- explore incentives for the take up of decentralised renewables (including residential solar panels);
- promote the adoption of new technologies that can remove, or substantially reduce, emissions from the burning of fossil fuels; and
- undertake a vulnerability analysis across all sectors of the Australian economy.

The Council expressed strong support for a national climate change summit and agreed to call on the Commonwealth Government to also support and participate in the Summit.

Premiers and Chief Ministers also reiterated their request that the Prime Minister place the development of a national emissions trading scheme on the agenda for the next COAG meeting.

### **Progress update from the National Emissions Trading Taskforce**

The Council notes that Australian States and Territories have been leading the way in Australia in commissioning work on designing a national emissions trading scheme, following the formation of the National Emissions Trading Taskforce in 2004. In August 2006 the Taskforce released a Discussion Paper, which outlined a possible design for such a scheme. Around 130 stakeholders have welcomed the opportunity to provide a submission in response.

Despite the lead taken by the States and Territories in this area, the Commonwealth established its Task Group on Emissions Trading, which reports on 31 May 2007.

The Council supports in principle the need for an emissions trading scheme, subject to the following principles:

1. Commonwealth participation is essential
2. A very significant priority is the need to stimulate research and investment in renewable technologies, innovative carbon capture technology and clean-coal technologies that maximise the economic benefits from Australia's plentiful coal reserves
3. Permit auction revenues should be divided among States and Territories in a way that produces equitable outcomes
4. Energy-intensive, trade-exposed industries should be protected from the impact of the scheme while competing nations are not subject to commensurate emissions reduction policies
5. The scheme design addresses the issue of providing greater long term certainty for investors in energy and energy-intensive industries
6. The scheme must be implemented as part of a coherent package of measures, including those in sectors not initially covered by the trading scheme

Premiers and Chief Ministers expressed their expectation that the Prime Minister would make a commitment to the introduction of a national emissions trading scheme following receipt of the Task Group report in May 2007.

If the Commonwealth refuses to commit at this time, the States and Territories will introduce an emissions trading scheme by the end of 2010.

Accordingly, the Council calls on the Commonwealth to require the Task Group to take into account, and build upon, the work that has already been done by States and Territories to design a national emissions trading scheme, rather than reinventing the wheel, and to work collaboratively with the States and Territories through COAG on the design of a domestic scheme, which recognises the needs of each jurisdiction and is capable of international recognition.

### **Drought**

The current drought over much of southern and eastern Australia is one of the most extensive and prolonged drought events to be observed since European settlement. Farmers and rural communities continue to face serious difficulties in managing the extended drought conditions.

The Council acknowledged that improved administrative arrangements are required to cut through the red tape that has impeded the rapid provision of support to affected communities.

Significant assessment delays are causing further difficulty to farmers and communities experiencing prolonged drought conditions. Today, the Council again called upon the Commonwealth to further streamline its Exceptional Circumstances assessment process by improving its use of the National Agricultural Monitoring System.

### **Constitutional Convention**

Premier Beattie has argued that the Commonwealth Government, supported by High Court decisions, is eroding the power of the States and Territories and their ability to meet the needs of the public.

Today, the Council reaffirmed its support for a Constitutional Convention to be held in February 2008, after the next federal election. Since the High Court decision on Work Choices in November 2006, the need for States and Territories to consolidate their role in Australia's federal system has become even more pressing.

The Council has requested that further work be undertaken on the options for terms of reference of a proposed Constitutional Convention, including possible structural and participation models. The Council will be inviting the Commonwealth Government to participate in any Convention.

The Council also expressed support for the Northern Territory's aspirations to become a State.

### **Health**

#### *Health Reform*

The Council today discussed the importance of health and health care to the Australian community, particularly the value that Australians place on the effective delivery through our federal system of health services. At the state level, there is broad capacity to trial a wider range of new and innovative strategies to improve health outcomes.

Australia has one of the best health systems in the world. However, like other countries, it faces the imminent challenges of an ageing population and dramatic increases in the rates of chronic disease.

Our federal health system must respond to these challenges effectively and safely, while increasing quality of care. To do this it needs to make the most of skilled health professionals, increase flexibility and responsiveness, and increase the emphasis on promoting good health, preventing disease and intervening early. However, the confusion between State and Territory and Commonwealth responsibility in the funding and delivery of health care, which has led to gaps and duplication in service delivery, is an impediment to further action.

The financial arrangements underpinned by the Australian Health Care Agreements (AHCAs), which expire on 30 June 2008, have imposed a disproportionate burden on State and Territory Governments. States and Territories now bear the full risk of growth in both costs and demand, with the Commonwealth refusing to match substantial State and Territory funding contributions.

Declining Commonwealth funding for public hospitals is causing hardship for families, the elderly and those with disabilities.

As the Commonwealth Government spends less on our public hospitals, State and Territory governments are spending more to address rising costs and increasing demands. Meanwhile there is no obligation for the Commonwealth Government to match these contributions. In addition, current arrangements do not provide State and Territory governments with the flexibility to invest more in the promotion of good health, prevention and early intervention.

Health is too important for inefficiencies in funding and other arrangements to continue to impede flexible and innovative service delivery.

The Council recognises the opportunities for improvement afforded by upcoming negotiations with the Commonwealth Government over the Australian Health Care Agreements.

Health care costs continue to rise, with expenditure on public hospitals in 2004-05 increasing by almost five per cent, compared to 2003-04, to more than \$21.7 billion.

The Council noted that from 1994-95 to 2004-05 Commonwealth funding for public hospitals fell from 47.6% to 44.2% (a decline of 3.4%). Meanwhile States and Territories raised their funding share from 43.3% to 48% (a rise of 4.7%) over the same period. This trend is occurring in the context of rising overall expenditure on public hospitals (acute and psychiatric) to more than \$21.7 billion in 2004-05, an increase of 4.9% since 2003-04. To take up this challenge, the Council today endorsed a set of principles to guide continuing health care reform, and particularly the vital negotiations over the Australian Health Care Agreements (Attachment 2). These guiding principles aim to:

- § ensure quality and safety is central to health care;
- § increase patient-centred care;
- § strengthen primary care – that is, care by GPs and community health services and their integration with public hospitals;
- § reduce the health gap between those with the best health and those with the worst health in Australia, with a particular focus on improving the health status of Aboriginal and Torres Strait Islander peoples;
- § increase the robustness and flexibility of the health system;
- § improve responsibility-sharing for funding, risks and benefits;
- § improve the use of health information, including by realising the benefits of information and communications technology;
- § improve the health system across its entirety; and
- § strengthen the health workforce.

The Council called on the Commonwealth Government to work collaboratively with the States and Territories to return the Australian Health Care Agreements to a funding arrangement which will ensure individuals and communities, especially those most in need, have fair access to high quality public health services, including public hospitals, across the country, and in so doing promote innovation and flexibility to ensure that our health system remains at the forefront of those in the world.

The Council noted that State and Territory Health Ministers also met today to hold initial discussions on the AHCAs. The Council agreed that all States and Territories will undertake work, through their Health Ministers in consultation with First Ministers, to identify viable options for improving outcomes for Australians on health care. First Ministers will also consider new models of funding for health to improve the prevention, early intervention and management of chronic disease, and call on the Commonwealth to be a willing partner in considering much-needed health system reform.

### *Dental Health*

The public dental system plays a critical role in providing general dental and denture care, as well as emergency care, for many children and adults with a health care or pensioner card. State Governments have progressively increased investment in public dental services, which has led to some significant improvements in service provision but a combined Commonwealth-State effort is required.

In 1996 the Commonwealth abolished the Commonwealth Dental Health Program. The scheme supported the State run public dental services, with funding of \$100 million in 1995/96. A review by the Australian Institute of Health and Welfare found the program enabled 200,000 extra people to access dental care per annum, shortened waiting times and reduced the need for teeth extraction.

The Commonwealth's inclusion of limited dental care in Medicare rebates for treatment of chronic conditions has failed to make a significant impact on the need for dental care. Equally, the Commonwealth's private health insurance rebate does not assist access to dental care for the many Australians who do not have and cannot afford private health insurance. While private dentists do have an important role to play in the provision of care to low income Australians, even with relatively generous incentives, they will not be able to service all the need in the community.

Commonwealth support of dental training is also required. A substantial increase in training places and an improved distribution of these places would make a significant difference to access to care and the population's oral health

The recent House of Representatives report, 'The Blame Game', asserted that access to public dental services is a joint responsibility of the Commonwealth and State Governments. This report recommends that the Commonwealth supplement State funding for public dental services.

The Council agrees to call on the Commonwealth to:

- reinstate funding for public dental services to increase access to dental care, to be provided in partnership with State and Territory delivery systems;
- extend and simplify the Medicare Enhanced Primary Care system to:
  - more effectively provide a broader range of dental care to people with chronic and debilitating conditions;
  - attract more dentists from private practice to participate, and make the scheme easier for patients, by relaxing current limitations; and
  - fund treatment for people through public dental hospital care.

### **National Reform Agenda**

The next Council of Australian Government (COAG) meeting in April 2007 will consider the implementation of the first tranche of proposals for human capital, competition and regulation reform under the National Reform Agenda (NRA). This COAG presents an opportunity for all Australian governments to demonstrate their commitment to genuine, long-term reform.

Over the past two years, COAG has agreed to a number of NRA-related packages which have demonstrated the genuine willingness of governments to work together.

Today, the Council re-affirms its commitment to the next wave of national reform through the NRA. The Council is committed to implementing reforms that increase the nation's productivity and workforce participation over the next decade. However, the Council reiterates its consistent position that agreement to the NRA will be dependent on:

- reform being an equal partnership between Commonwealth, State and Territory governments; including through a genuinely independent COAG Reform Council;
- recognition of the importance of jurisdictional diversity and flexibility for policy innovation in specific policy reform proposals;
- the Commonwealth meeting its reform responsibilities, including through a forward plan that delivers specific commitments in its own areas of responsibility; and
- a funding agreement that supports and encourages reform by all governments, and results in a fair sharing of costs and benefits.

State and Territory Treasuries have estimated that, over 25 years, implementation of the NRA could increase Australia's GDP by between 9 and 14 per cent, and increase annual government budget balances by over \$40 billion. This modelling also confirms that the Commonwealth benefits disproportionately from the fiscal benefits from reform.

The Productivity Commission is scheduled to release its modelling of the potential benefits of the NRA in late February 2007. Should this modelling be in line with expectations, Premiers and Chief Ministers will raise with the Prime Minister how the benefits of reform can be fairly shared.

The Council reaffirmed that an independent COAG Reform Council is required to assess reform proposals and monitor reform progress over the next decade. The Council notes that the Commonwealth has finally provided nominations for the CRC, enabling it to be established before COAG.

### **Nuclear Enrichment, energy generation and waste storage**

The Council acknowledges the concerns expressed by large sections of the Australian community about the potential environmental and human health impacts of nuclear power plants including waste transportation and disposal, and weapons proliferation

The Council recognises that climate change is a key challenge for the federation. However there are more cost effective options for cutting greenhouse gas emissions in the medium to long term, such as clean coal, carbon capture and storage, and the greater uptake of natural gas and renewable energy, which do not have the risks associated with nuclear generation.

The States and Territories are making significant progress in encouraging the use of alternative energy sources.

The Council can see no current sound economic or other reason for establishing an Australian nuclear power industry, and affirms its opposition to nuclear power generation.

The Council calls on the Prime Minister to provide assurances that federal powers will not be used to impose nuclear power stations or waste dumps on the States and Territories.

### **High Court decision on WorkChoices**

The Federal Government has made major changes to Australia's industrial relations laws. These changes have put at risk the basic working conditions and employment security of Australian workers.

The States and Territories have put in place a range of legislative and other measures that seek to protect workers from the deleterious effects of the

WorkChoices legislation, so far as this is possible. State and Territory leaders noted the value of continued dialogue and co-operation between the jurisdictions in developing further measures.

### **Changes to Community Development Employment Project (CDEP)**

The Council noted the Commonwealth Government's changes to the Community Development Employment Project (CDEP) program. In particular, the potential negative impact these changes will have on employment opportunities for Indigenous people, remote, regional and urban communities, small business and local service delivery and projects, as well as the potential for the Commonwealth Government to shift costs onto State, Territory and local governments.

If CDEP reforms are to deliver real employment opportunities for Indigenous people, collaboration with State and Territory Governments is essential.

The Council also noted the work of the CDEP Taskforce established by the Western Australian Government and agreed that the Western Australian Premier will report back on the Taskforce's findings at the next Council meeting. .

### **Tax concessions for emergency service volunteers**

The Council recognises the critical contribution that emergency services volunteers make to local communities in Australia, particularly in regional Australia. The Council today congratulated Australia's emergency service volunteers, in particular those fighting the many bushfires threatening individuals, properties and local communities around the country. Their selfless and courageous contribution is respected across the nation. The Council also recognised the importance of supporting the emergency service organisations, as well as the employers of the volunteers themselves.

The Council noted that there have been a number of forums at a national level that have examined models for supporting emergency services volunteers. It has been recognised that using the national tax system is supported by many stakeholders. The Council calls upon the Commonwealth Government to provide tangible recognition and support for Australia's emergency service volunteers through the tax system.

### **Airports – Commonwealth land planning issues**

For a number of years, various State and Territory governments have been concerned about many elements of airport master plans approved under the Commonwealth *Airports Act 1996*, particularly in the area of non-aviation related land-use and activities.

The Council today agreed to write to the Prime Minister requesting a revision of the *Airports Act 1996* so that all non-aviation related development (excluding defence and airport ancillary developments inside of terminal buildings) on airport land is subject to relevant State and Territory planning laws, policies and procedures.

Currently, the Commonwealth Minister for Transport is responsible for approving proposed development on land at the 22 privately leased airports across Australia.

The pattern of airport-lessee companies maximising available airport land for non-aviation commercial developments may result in inappropriate development and leaves State and Territory Governments and communities to bear the cost of infrastructure required to support the development.

In addition, protecting airport critical infrastructure is paramount. The current arrangements can lead to unassessed security and public safety risks. For example,

a proposed retail development at Sydney airport is in very close proximity to a number of taxiways and the third runway. Development plans such as these must take into consideration the potential safety and security issues associated with increased public access.

The Council acknowledges that any existing development proposals will be assessed under the current Commonwealth regime, such as the one planned for Hobart International Airport.

### **Joint Ministerial Declaration for mutual recognition of occupational licences**

Today, the Council for the Australian Federation members jointly signed a declaration to remove impediments to the movement of skilled workers within Australia and help address skills shortages.

This will be achieved through the enhancement of mutual recognition across Australia of occupational licences in 22 occupations in six priority trade areas.

The declaration clearly identifies licence equivalents across all Australian jurisdictions in the following trade areas: electricians, plumbers, carpenters, joiners and bricklayers, refrigeration and air-conditioning mechanics, and motor mechanics.

This initiative has been a good example of inter-governmental collaboration. It has produced a tangible product that will be an important resource that will enable tradespeople to determine whether their occupational licence will be recognised in another State, and will benefit industry and regulators.

The 22 occupations covered in the declaration represent stage 1 with further Ministerial declarations covering the remaining vocationally-trained licensed occupations to be made through to the end of 2008.

The Council acknowledged the hard work of members of different trades, industry and regulators to achieve this result in a short space of time. The Council acknowledged the significant resources and coordination provided by the Commonwealth Government in bring this initiative to fruition.

### **Progress reports**

The Council noted the continuing progress on several streams of work commissioned at its last meeting. Inter-jurisdictional working groups have been formed to progress work in the areas of regulatory regime harmonisation and education.

### **Forward work program for the Council for the Australian Federation**

The Council agreed that the CAF Secretariat, being established in Brisbane, will develop options for the terms of reference of a proposed convention including possible structural and participation models for the next CAF meeting.

The Council also noted that the Secretariat would develop alternative model(s) of specific purpose funding that would improve crucial areas of service delivery for CAF's consideration at the next meeting.

**APPENDIX A: CLIMATE CHANGE DECLARATION**

**COUNCIL FOR THE AUSTRALIAN FEDERATION  
DECLARATION ON CLIMATE CHANGE**

**COMMITMENT**

**Climate Change is upon us. Without enduring solutions, we put at risk the prosperity of current and future generations of Australians. The time has come for governments to work together and show bold leadership.**

**The Premiers and Chief Ministers of the Australian States and Territories call on the Commonwealth Government to join with them in endorsing the following declaration, which commits Australian Governments to tackling climate change, working with the private sector and the community, and taking prompt action to protect State and national interests.**

**PREAMBLE**

*State and Territory Governments are directly affected by the impacts of climate change and they have primary responsibility in a range of areas that directly relate to climate change policy including water, energy, transport, land-use planning, environmental protection and agriculture.*

*State and Territory Governments have already led the way in setting the national agenda; in particular through commitments to emissions reduction targets, the development of emissions trading and implementation of renewable energy schemes.*

*Whilst recognising that actions currently taken in Australia by governments, industry and the community are already resulting in emissions reduction, much more needs to be done.*

*In looking to the future of climate change policy in Australia, the Council for the Australian Federation,*

*Accepts the scientific evidence demonstrating that human activities are already having an impact on the global climate, and that to avoid dangerous climate change deep cuts in global greenhouse gas emissions will be required by mid-century;*

*Recognises that responding to climate change is one of the most significant economic issues facing Australia and the international community;*

*Recognises that the benefits of strong and prompt action to address climate change far outweigh the economic costs of not acting;*

*Recognises that there will be an increasing need for significant research and investment across a wide range of sectors;*

*Recognises that when making long-term investment decisions, the private sector requires greater certainty from governments with respect to climate change policy;*

*Recognises that it is in Australia's best interests to demonstrate global leadership by being at the forefront of emerging market opportunities;*

*Affirms the constitutional roles and responsibilities of State and Territory governments in the development and delivery of climate change policy.*

9 FEBRUARY 2007

**On this basis, the Premiers and Chief Ministers of the States and Territories declare their commitment to tackling climate change as one of the pre-eminent challenges confronting the Australian Federation.**

**Commonwealth participation in a national emissions trading scheme is essential. However, if the Commonwealth Government refuses to commit to introduce emissions trading by the end of 2010, States and Territories will do so.**

## **PRINCIPLES FOR A PROSPEROUS ECONOMY UNDER CLIMATE CHANGE**

*The Council for the Australian Federation adopts the following Principles as the basis for addressing climate change:*

### **1. Governments must work together to deliver a national response to the widespread economic challenge of climate change**

Climate change represents the 'greatest and widest ranging market failure ever seen'<sup>1</sup> and therefore necessitates government intervention. While the challenges presented by climate change are great, they are not insurmountable if governments work together. It is the responsibility of all Australian governments to work collaboratively across their respective jurisdictions.

A national approach to coordinating policy settings with the cooperation of the Commonwealth is desirable to achieve stable and effective outcomes. State and Territory governments will continue to collaborate on national policies, most notably, the development of a framework for a national emissions trading scheme, and seek a genuine partnership with the Commonwealth Government in developing and implementing such policies.

### **2. Prompt action is essential if we are to reduce the long term impacts of climate change and insure against costly and significant disruptions to our economies**

It is now clear that in order to avoid dangerous climate change, deep cuts in global greenhouse gas emissions will be required. The longer we delay the necessary investment to achieve these reductions, the higher the transitional costs will be. Many other nations have already commenced the economic adjustment process. Australia must avoid the inefficiencies and costs associated with falling behind then having to 'catch up' to our international competition.

It is also critical to recognise those willing to take early action. Policy settings must provide adequate incentives for those who take early action.

### **3. Efficient, effective and enduring investment is the key and it is the responsibility of Governments to provide a conducive and certain policy environment**

Climate change will impact on the Australian economy by altering climatic conditions and water availability, as well as forcing constraints on carbon emissions. These impacts will be felt throughout the economy and will necessitate wide-scale investment.

While climate change is recognised by business leaders as being strategically important to their operations, investment decisions will be delayed in the face of policy uncertainty – particularly, uncertainty regarding future constraints on greenhouse gas emissions. It is essential that governments take a holistic view of the impacts of climate change and the necessary economic adjustment process. Governments must work together to provide a clear, comprehensive and conducive policy framework. Government action must remain determined and be focussed on long-term adjustment, providing investor confidence in long-policy settings.

### **4. A national emissions trading scheme is an indispensable step in reducing Australia's greenhouse gas emissions**

A constraint on emissions and a price on carbon is a vital step in reducing Australia's national emissions profile. Early action that sees the introduction of a carbon price is gaining support nationally and internationally from the business community. Alongside an enhanced focus on innovation and adaptation, an

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<sup>1</sup> Stern Review: The economics of climate change

Emissions Trading Scheme is fundamental to driving investment in the technologies and skills necessary to meet this challenge. States and Territories have led the way in a comprehensive review of the potential design of such a scheme through the National Emissions Trading Taskforce (NETT). The Commonwealth Government's involvement in such a scheme is ideal, particularly as it would broaden the scope of policy options available. However, Australia's exposure is such that the Federal Government must now either commit to supporting the States and Territories in developing a timetable for the introduction of such a scheme, or commit to not hindering such efforts.

A national emissions trading scheme must be capable of being linked to and eventually interoperable with those developed elsewhere. Having an established and operating scheme will allow Australia to influence the design of future international linkages.

**5. A national emissions trading scheme must be designed to stimulate investment in new low emissions technologies while at the same time protecting Australia's energy-intensive export industries.**

State and Territory Governments have been working together through the National Emissions Trading Taskforce on the design principles for such a scheme in Australia.

Governments agree that of very significant priority is the need to stimulate research and investment in new, clean-coal technologies that maximise the economic benefits from Australia's plentiful coal reserves.

It will also be essential that, in designing a national emissions trading scheme, measures will need to be adopted to protect Australia's energy-intensive export industries from the impacts of the scheme, thereby neutralising the effects of the scheme on the international competitiveness of these industries.

**6. Australia must maintain its competitive advantage while the global community transitions to a low carbon future**

Australia has benefited greatly from its resources sector. These industries have been the source of a great proportion of the national export income underwriting our trade balance, as well as the source of direct and indirect employment in regional areas of all States and Territories.

New policies must be flexible enough to continue to capitalise on Australia's competitive advantages while ensuring domestic actions are consistent with a low carbon future. Australia must actively pursue investment in low-carbon technologies and processes (particularly clean coal), ensuring the long term sustainability of the sectors that have been so vital to our economic prosperity. Australian governments must adopt policies that maintain the competitive advantages our resources sector and other energy-intensive export industries.

**7. Adapting to unavoidable climate change will require governments, industry and the community to work together where a period of structural adjustment may be necessary**

As a result of historical emissions, some degree of climate change is now upon us and will increasingly be felt by a wide range of sectors throughout the economy and across supply chains. We must adapt to the climate change that is already 'locked in' while at the same time reducing future emissions.

Investment decisions will need to take into account not only the current observable impacts of climate change but also the trajectory of future impacts. Governments have a critical role in developing a shared understanding of these impacts. Further, the relationship between investment cycles and the impacts of

climate change must be better understood and policies developed to encourage the necessary adjustment to maintain Australia's economic prosperity.

Clearly effective adjustment strategies will need to identify impacts on communities and the natural environment. Areas of agriculture, water and drought, infrastructure, coasts, human health and biodiversity are among those that demand a comprehensive and long-term adaptation response.

The Commonwealth has been working with the States and Territories to develop such a framework, but there is an urgent need for better and shared understanding of specific sectoral and regional impacts in the Australian context.

**8. Governments need to create an investment environment that promotes new economic opportunities, including emergent industries, technologies and markets**

Making the transition to a low-carbon economy and adapting to the impacts of climate change will generate numerous market opportunities for innovative products and services. These opportunities will vary from State to State and from region to region. Areas of economic development will include new public and private infrastructure; industrial processes and methods; agricultural and land management practices; power generation; carbon capture and storage (particularly geosequestration); energy efficiency; transport technologies; and building practices and urban development. To promote these opportunities successfully, governments need to create an investment environment that encourages innovation through research and development and the deployment of new technologies and skills.

**9. Governments must establish accreditation, assessment and reporting tools as the basic building blocks of climate change policy**

While governments will continue to pursue a range of policy initiatives addressing the market failure of climate change, there are essential foundational elements that are required across many of these policies. These fundamental policy settings will act as building blocks for wider structural reform, including policies that ensure consistent and transparent frameworks for accreditation, accounting and reporting.

Where policies have impacts beyond jurisdictional boundaries, States and Territories will endeavour to ensure they are flexible and complementary.

**10. International linkages are essential in pursuing ambitious, internationally complementary and best-practice climate change policies**

While all nations must share responsibility for tackling climate change, no jurisdiction has a monopoly over the preferred policy response. A collaborative approach to addressing climate change is essential for ensuring harmonised and complementary policies as well as identifying best practice actions. State and Territory governments will engage in sub-national dialogues to access and share innovative policy ideas and identify successful strategies implemented in other jurisdictions.

**11. Decisions on adaptation and mitigation must be informed by the highest quality research in a form capable of being used by decision-makers in industry and the community.**

Decision-makers in industry, the community and government need to make informed choices to support climate change adaptation and mitigation. Research commissioned by the Council of Australian Government has indicated that there is a significant gap in relevant research in a form capable of being used by decision-makers.

9 FEBRUARY 2007

More detailed information is needed on the regional and sector-specific impacts of climate change. Research must be enhanced on the impacts of climate change on coastal regions, water resources, biodiversity, agriculture, fisheries, health, buildings, cities and industries. Governments will need to collaborate with industry and the community in establishing and funding research institutions that accelerate the current level of research in areas relevant to decision-makers.

**PRINCIPLES FOR FURTHER HEALTH REFORM AND THE NEXT AUSTRALIAN HEALTH CARE AGREEMENTS – COUNCIL OF THE AUSTRALIAN FEDERATION (FEBRUARY 2007)**

**Quality and safety**

Quality, safety and evidence-based practice are fundamental drivers of health care.

**Increase patient-centred care**

The health system and its financing should support more patient-centred care, including improved health consumer experiences, greater continuity of care and improved health outcomes, while continuing to promote universality, equity of access, and patient choice.

**Strengthen primary care**

Strong primary health care, including primary medical care and community-based health services, underpins health system improvement.

**Reduce the health gap**

The gap between those with the best health and those with the worst health, in the Australian population, should be reduced. This should occur through particular effort to improve the health status of population groups with the greatest need, in particular Aboriginal and Torres Strait Islander peoples.

**Increase robustness and flexibility**

The health system must be robust enough to ensure sustainability to external pressures, and flexible enough to adapt to new circumstances. The system must have the capacity to progress innovation and develop value-added service models that deliver improved patient care and better health outcomes.

**Improve responsibility-sharing for funding, risks and benefits**

Responsibility for health services is shared across levels of government, but more clarity is needed on the responsibilities at each level. Governments should work together to make a realistic assessment of the cost of delivering health services. This needs to be matched by more appropriate contributions from governments and other funders (e.g. private health insurance) so that health service funding requirements are met. The financial risks and benefits should be shared between levels of government.

**Improve the use of health information**

Health information will empower individuals, providers and communities.

**Improve the health system**

Health system improvement needs to be viewed in its entirety, across all parts of the health care system. The societal determinants of health must be taken into account in planning and implementing system improvements.

**Strengthen the health workforce**

Workforce development is vital to reform, including continuous improvement in the level, mix and distribution of health care professionals..