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Government Relations

Barton Deakin Brief: 40th Council of Australian Governments Meeting

24 July 2015

The Prime Minister, the Hon Tony Abbott MP, yesterday hosted a special meeting of the Council of Australian Governments' (**COAG**) in Sydney.

This gathering was attended by the respective Premiers and Chief Ministers of each State and Territory and the President of the Australian Local Government Association (**ALGA**), all of whom also met with the Prime Minister at a 'Leader's Retreat' held on Wednesday 22 July.

Key outcomes in the special COAG meeting *communiqué* and the Leaders Retreat *communiqué* include:

- Agreement amongst all COAG leaders not to rule out any potential changes to Commonwealth or State taxes through the White Paper on Taxation Reform process;
- An in-principle agreement to broaden the Goods and Services Tax (**GST**) to online overseas foreign transactions lower than $1000 Australian dollars;
- A commitment to reform the vocational education and training sector, with further consideration of a proposal to shift responsibility for these matters from States and Territories to the Commonwealth;
- Consensus on a national plan to address the threat posed by terrorism and extremist ideology;
- Acceptance of the interim expert advice provided with respect to preventing domestic violence against women and children; and
- Unanimous support for the Northern Territory's proposal to gain statehood by 1 July 2018.

The previous COAG leaders' meeting was held in Canberra on 20 April 2014.

This Barton Deakin Brief highlights the key issues on the COAG agenda in 2015.

Federalism and Taxation Reform

The COAG leaders have agreed not to rule any potential changes to Australia's tax framework, despite a divergence of views on the best approach to raise revenue for State and Territory spending on services. The Premier of New South Wales (**NSW**), the Hon Mike Baird MP, has suggested increasing the rate of the GST from 10 per cent to 15 per cent, without extending the range of items subject to the tax. Alternatively, the Premier of Victoria, the Hon Daniel Andrews MP, has proposed lifting the Medicare Levy by one per cent to support funding for health. Other State and Territory leaders have differing positions and qualifications on these two initial proposals.

The Leaders' Retreat *communiqué* notes that all COAG first ministers agree that there will be a 'significant gap between the resources necessary to maintain and improve services into the future, and the revenue currently available.' The total fiscal gap in the health portfolio is estimated to reach

$35 billion annually by 2030. The COAG leaders stated that any changes to federal revenue arrangements should be aimed at promoting fairness and efficiency over the long term.

Negotiations on these issues will continue over the coming months through the COAG forum and the consultation process on the development of two Commonwealth White Papers on Reform of the Federation and Taxation. Both White Papers were commissioned by the government following plans outlined prior to the 2013 Federal Election. They are due to be published by the end of 2015.

Moreover, all COAG participants expressed in-principle support for the GST to be extended to all online sale transactions from overseas valued at less than AUD$1000. This issue will be discussed and progressed at an upcoming meeting of COAG Treasurers.

In order to progress discussions on federation reform and the allocation of roles and responsibilities between different levels of government, COAG's Expert Panels will work with individual COAG leaders to discuss potential reform proposals:

- **School Education -** Premier of Queensland and the Chief Minister of the Australian Capital Territory (**ACT**);
- **Health -** Premiers of Victoria and Tasmania;
- **Training -** Premiers of Victoria and Western Australia (**WA**);
- **Revenue and Housing -** Premiers of NSW and Queensland;
- **Early Childhood Learning -** Premier of South Australia (**SA**), Chief Minister of the Northern Territory (**NT**) and the President of the ALGA; and
- **Indigenous Issues -** Premier of WA and Chief Minister of the NT.

Reform to vocational education and training arrangements was flagged by the leaders, with further discussions to focus on bestowing responsibility for these matters on the Commonwealth. The Leader's Retreat *communiqué* states that there is a 'misalignment' between the content of training qualifications and the needs of industry and business.

Barton Deakin's June 2014 Brief on the Terms of Reference for the Commonwealth White Paper on Reform of the Federation can be read here.

On 20 March 2015, Treasurer Hockey initiated the Taxation Reform White Paper process with the release of a comprehensive *Discussion Paper* canvassing a broad range of issues. This document contains extensive data and analysis relating to the federal taxation arrangements and state-based taxes. Barton Deakin's summary of this document can be read here.

Counter-Terrorism Measures

The Prime Minister hosted COAG's first meeting on counter-terrorism since 2005. All leaders agreed to develop a long-term plan for cooperation on emerging national security challenges.

Titled *Australia's Counter-Terrorism Strategy*, COAG's agreement is based on five central elements:

1. Challenging violent extremist ideologies;

2. Stopping people from becoming terrorists by working with community members who are often in the best position to identify at-risk individuals and prevent them from engaging with violent extremism;
3. Shaping the global environment, including through out military contribution to the coalition against the group self-described as Islamic State (**IS**);
4. Disrupting terrorist activity within Australia through the joint efforts of our law enforcement and intelligence agencies; and
5. Effective response and recovery arrangements in the event of an attack.

The COAG leaders also agreed to introduce a streamlined *National Terrorist Threat Advisory System*, as recommended by the Commonwealth's *Review of Australia's Counter-Terrorism Machinery*. The *final report* of this review was released on 23 February 2015.

The current system, comprised of a four-tier Public Alert system and a classified Australian Security Intelligence Organisation (**ASIO**) threat level, will be replaced with a public five-tier National Terrorism Threat level system.

Further information can be found on the Australian Government's national security website. The Prime Minister's media release on COAG's national approach to counter-terrorism can be read here.

Domestic Violence

COAG re-examined the issue of domestic violence against women and children. Various commitments will be progressed before the next COAG meeting in late 2015. All jurisdictions will:

- Continue with the planned national campaign, with a focus on influencing the attitudes of young people towards violence;
- Receive expert advice on an effective targeting and messaging strategy for the national campaign;
- Consider possible options involving the use of technology to keep women safe; and
- Review the *Model Law Framework for Domestic Violence Orders* and *National Perpetrators Standards*.

An Australian Government fact sheet on the COAG Advisory Panel on Reducing Violence against Women and their Children can be accessed here. COAG Leaders discussed these issues with the 2015 *Australian of the Year* Ms Rosie Batty.

National Ice Action Strategy

The *National Ice Taskforce*, situated in the Commonwealth Department of Prime Minister and Cabinet, presented to COAG an interim report on the development of a *National Ice Action Strategy*. All state and territory governments agreed to six key areas of action to inform the Action Strategy:

1. Focusing law enforcement actions;
2. Targeting primary prevention;
3. Improving access to early intervention, treatment and support services;
4. Supporting local communities to respond;

5. Improving tools for frontline workers; and
6. Improving and consolidating research and data.

The COAG *communiqué* noted the 'complex' issues around ice and noted COAG's intention to give individuals and families affected by ice a single point of contact for support information such as counselling. The COAG Leaders met with the head of the Taskforce, Mr Ken Ley, the former Chief Commissioner of Victoria Police.

Northern Territory Statehood

At the Leaders' Retreat, COAG first ministers expressed unanimous, in-principle support for a proposal from the Chief Minister of the NT, the Hon Adam Giles MLA, to progress a bid for the NT to become Australia's seventh state by 1 July 2018.

Section 121 of the Australian Constitution grants the Federal Parliament the power to 'admit' or 'establish' new States within the Commonwealth. In 1998, over 52 per cent of NT voters rejected a referendum on the NT becoming a state.

Any proposal to confer statehood upon the NT would potentially raise other issues not canvassed in substantive detail at the COAG Leaders' Retreat. All six Australian states, regardless of their population, are represented by 12 Senators in the Commonwealth Parliament. The NT and ACT boast just two Senators each. Should the NT become a state, it may seek to gain further Senate representation. Moreover, the seven-point star on the Australian flag may need to be amended to reflect any changes to the federation.

A media release on this issue from Chief Minister Giles can be accessed here.

Further information

A press release from the Prime Minister details the outcomes of the Leaders Retreat - see here.

Opening remarks from the Prime Minister, Premiers, Chief Minister and ALGA President at the Leaders' Retreat can be read here.

The COAG website contains further information on the federal reform agenda.

Barton Deakin's Briefs on previous COAG meetings are available below:

- 20 April 2015;
- 10 October 2014; and
- 2 May 2014.

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