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Council of Australian Governments' Communique 8-9 June 1993

The Council of Australian Governments held its second meeting in Melbourne. The Council comprises the Prime Minister, Premiers and Chief Ministers and the President of the Australian Local Government Association.

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Mabo

The Council had a lengthy discussion of the issues which need to be resolved in formulating an appropriate response to the High Court decision in the Mabo Case which recognises a form of native title to land. No course of action was agreed by this meeting and member governments will be considering their positions further.

Micro-Economic Reform

The Council discussed a range of micro-economic reform issues. It noted that progress is being made in the area of micro-economic reform including reform in the electricity, water and transport areas. The Council agreed that the momentum for reform needs to be maintained in the interests of improving the competitiveness of Australia in the international economy. It therefore agreed that a working group of Commonwealth, State and Territory senior officials (chaired by the Department of the Prime Minister and Cabinet) should report to the next meeting of the Council of Australian Governments with an agenda for further micro-economic reform to be undertaken at a national level.

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Electricity Industry Reform

Since the National Grid Management Council (NGMC) was established in July 1991, relevant Heads of Government have extensively considered the arrangements necessary to give effect to their decision to implement a competitive electricity supply industry in eastern and southern Australia. On this occasion they discussed two NGMC reports - one on the structure of the transmission network across eastern and southern Australia and one on the NGMC's recent work including proposals for a detailed timetable of the steps which need to be taken to commence a competitive market.

The Prime Minister, the Premiers of New South Wales, Victoria, Queensland and South Australia and the Chief Minister of the Australian Capital Territory agreed to have the necessary structural changes put in place to allow a competitive electricity market to commence as recommended by the NGMC from 1 July 1995.

These structural changes will include the establishment of an interstate electricity transmission network with those States which are already inter-connected, together with Queensland, working towards implementation by 1 July 1995 of the Multiple Network Corporation (MNC) structural option outlined in the NGMC's report. Under this proposal, the transmission elements of relevant existing electricity utilities are to be separated out from generation and placed in separate corporations. South Australia is considering the use of a subsidiary structure pending the resolution of cost issues associated with separating

transmission from its vertically integrated authority. Resolution of those issues would enable the adoption of the MNC model.

Tasmania reserves its position pending the outcome of its current electricity industry review.

In making this commitment the Council noted that the establishment of an interstate electricity market and the implementation of the MNC model requires the settling of a number of important and sensitive issues including market trading arrangements, grid pricing and regulatory framework, budgetary impact on the States, the resolution of tax compensation issues and reform arrangements for the Snowy Mountains Scheme.

It was agreed that there be a progress report on these, and a range of operational matters under examination by the NGMC, to the next Council of Australian Governments meeting. Heads of Government endorsed the NGMC's commitment to consult closely with key stakeholders in carrying through its work.

Heads of Government also agreed to the further examination, during the establishment of the MNC structure, of whether the network structure for governments to work towards should be a national network corporation or another option.

The conclusions of a response to the NGMC's reports prepared by senior officials for Heads of Government which were endorsed are attached ([Attachment A](#)), together with the NGMC's timetable of events leading up to a 1 July 1995 commencement of a competitive electricity market.

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Water Resources Policy

As requested at its December 1992 meeting, the Council received a report from officials on the current state of play in both urban and rural water use. The report noted that, while progress has been made in reforming pricing, allocation and other aspects of the industry, there are still significant economic and environmental benefits to be derived from adoption of a range of measures to overcome impediments to reform.

The Council has therefore asked a working group of officials, with an independent chair, to develop and report on a strategic framework for efficient and sustainable reform of the water industry, which, at the same time, takes account of the technical and policy diversity that exists across the States and Territories.

The report is also to address the future roles of the Council of Australian Governments and Ministerial Councils in the reform process, other mechanisms and a proposed timetable for implementation. The report is to be completed in time for consideration by Heads of Government at the next meeting of the Council.

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Free and Fair Trade in Natural Gas

The Council received a report from the Australian and New Zealand Minerals and Energy Council on removal of governmental impediments to free and fair trade in natural gas. The report noted that, while Australia has abundant reserves of natural gas, on present indications additional interstate Sales of gas will be required in the near term. Heads of Government agreed to co-operate in the development of policies and arrangements covering the gas industry which are pro-competitive, facilitate the development of gas markets on commercial criteria and remove impediments to free and fair trade in gas.

To this end, the Council has called for a further report from officials for its next meeting on progress towards a pro-competitive framework for the natural gas industry, within and between jurisdictions. In this connection, officials have been asked specifically to review existing regulatory arrangements, within and between jurisdictions, including those applying to third-party access to gas pipelines.

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International Convention on Biological Diversity

The Council noted that the Commonwealth had consulted with the States and Territories on the implications of Australia ratifying the International Convention on Biological Diversity, in accordance with the Intergovernmental Agreement on the Environment. It agreed that the substantive obligations arising from the Convention could be met with only minor changes to the current policy and program frameworks of Australian governments. The Council supported the Commonwealth proceeding immediately to ratify the Convention.

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Review of Ministerial Councils

Heads of Government have acted decisively to apply discipline and streamlining to governmental activities by halving the number of Ministerial Councils. Heads of Government have also agreed to a range of efficiency and effectiveness measures in relation to the operations of those Councils that remain.

The Council of Australian Governments has taken the decision to halve the existing 45 Ministerial Councils to 21 following a review of the scope, distribution and number of Councils. Details are provided at [Attachment B](#).

The reduction is to be carried out and support structures appropriately reviewed by January 1994.

The decision will reduce costs associated with providing administrative support for such Councils and costs associated with Ministerial and officer travel and accommodation at meetings.

This rationalisation will also improve the quality of policy development emanating from these Councils. Bringing together interrelated functions and activities in this way will result in more integrated policy development and will enable Ministerial Councils to take a strategic view of the issues beyond the interests of a particular group.

The reduction in the number of Councils is to be achieved by the combination of a number of existing Councils after consideration of portfolio arrangements across jurisdictions, common membership, existing back-to-back meeting arrangements and overlap of responsibilities.

Although in many instances existing Councils will be combined, this will not mean that constituent Councils will necessarily lose their identity entirely. In several cases, legislation requires that some combining Councils retain a separate identity.

The Council further endorsed recommendations to improve the efficient operation of Ministerial Councils specifically relating to the powers, scope, organisation, formation, chairing, meeting arrangements, agenda prioritising and confidentiality of Ministerial Councils. In this regard the Council agreed that meetings of Ministerial Councils would only take place in the capital cities of Australia and Alice Springs.

Heads of Government reaffirmed that Ministerial Councils play a

vital role in the facilitation of consultation and cooperation between Governments, and noted that when Ministers have the authority of their respective Governments, then Councils determine matters to finality in their area of concern quickly and efficiently.

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Concessions/Fringe Benefits

The Council noted the work to date of the Commonwealth-State working group set up at the December 1992 Council of Australian Governments meeting to review the allocation of functional responsibilities in the area of fringe benefits and concessions and identify and cost options for reform.

From 1 April 1993, the Commonwealth abolished the separate fringe benefits income and assets tests for the Pensioner Health Benefits (PHB) card, extending the card to an additional group of part-pensioners and older long term beneficiaries. States and Territories agreed to extend their concessions to this group for the period 1 April to 30 June 1993, on the basis of a Commonwealth commitment to meet their full additional costs over this period. An initial payment of \$17.5m was made to States and Territories on 1 April 1993. The Commonwealth has agreed to provide an additional payment of \$0.8m for local government's direct costs. The Council further agreed that a decision on the amount of additional payment to the States and Territories for the June quarter will be deferred until the 5 July financial Premiers' Conference.

The Council agreed that further work should continue on options for longer term arrangements in this area and referred this matter for decision at the 5 July financial Premiers' Conference. To cover the interim period until the decision is made on long-term arrangements, the Commonwealth agreed to continue interim compensation to States, Territories and local governments for a period of one month, with this funding to be paid retrospectively and to be taken into account in the longer-term 1993-94 funding arrangements.

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Commonwealth-State Roles and Responsibilities

The Council noted that the range and nature of government functions has evolved rapidly in recent times and is continuing to

do so. Policy interrelationships have become more important, leading to a sharing of responsibilities among the various levels of government. In this process, however, the respective roles of governments have become increasingly blurred impacting on the efficient and effective delivery of government services.

Consistent with the program of micro-economic reform which should encompass all sectors of the Australian economy and our continuing need to become more competitive internationally, the Council accepts that there is an obligation on governments to ensure that their joint working arrangements are as efficient and effective as possible. At the same time, increasing efficiency and removing unnecessary overlap and duplication of service provision will improve clarity and accountability and enable governments to deliver better outcomes to their citizens.

Recognising the progress that has already been made in clarifying roles and responsibilities, the Council agreed that it would be useful to take broad stock of the intergovernmental arrangements in functional areas involving shared responsibilities and to identify priority areas where progress can be made.

The Council agreed to establish a Working Group to identify those functional areas which exhibit inefficiencies in existing intergovernmental arrangements and where there is scope for clarification of the roles and responsibilities. The Working Group is to be comprised of a representative from the Commonwealth and each State and Territory Government. Where appropriate, representatives from the Australian Local Government Association will also attend. It will report to the next meeting of the Council of Australian Governments which will consider what further work should be undertaken.

The criteria to be used by the Working Group in this process are at [Attachment C](#).

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Centenary of Federation

The Council agreed to establish a broadly based National Advisory Committee to develop an options paper identifying goals and strategies for the centenary of federation in accordance with the attached terms of reference ([Attachment D](#)).

It further agreed that, after discussions with other Premiers and Chief Ministers and with the Prime Minister aimed at achieving a broadly representative Committee, each Premier and Chief Minister will nominate a representative to the Committee. The

Commonwealth will chair the Committee, and will appoint such further persons to the Committee as might be needed to ensure that the Committee as a whole is broadly representative of the community.

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Republic Advisory Committee

The Council noted that the Republic Advisory Committee and its consultations are limited to clarifying the minimum constitutional change necessary for a republic. In particular, the Council noted that the work of the Committee was intended as a first step in an extended process of informed community debate which will allow full expression of the range of views held by Australians on this matter. It was agreed that the States and Territories would be consulted by the Commonwealth in further consideration of this issue.

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Functional Foods

The Council agreed that Governments should facilitate efforts by the Australian food industry to capitalise on growth in export markets. They noted that there is potential for growth in markets for functional foods, a class of foods that have been derived from existing foods and reformulated to perform a specific function relating to human health. To this end the Council agreed that the current restrictions specified in the Australian Food Standards Code, which inhibit the development of functional foods, need to be reviewed as a matter of priority. The Council noted that the National Food Authority is conducting a standard by standard review and agreed that review of those standards relating to functional foods should be expedited.

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Uniformity of Public Holidays

Heads of Government have acted to overcome the wasteful situation where parts of Australia are closed down while other parts remain open because of the lack of uniformity in the observance of public holidays.

It has been agreed that there should be uniform Australian Public Holidays and the dates on which Public Holidays are observed

should be certain.

Christmas Day, Boxing Day and New Year' s Day will be observed on 25 December, 26 December and 1 January respectively; Australia Day will be observed on 26 January; ANZAC Day on 25 April; and Good Friday, Easter Saturday and Easter Monday will continue to be observed on the days set according to formulae traditionally followed for these public holidays in Australia.

Heads of Government have agreed that a Working Group of officials will be set up to ensure uniformity for substituted Public Holidays when Public Holidays fall on a weekend. The Working Group will also examine the observance of Labour Day and make a recommendation on an appropriate date for its uniform observance. The Working Group will report back to the next meeting of the Council.

The Council has no intention of reducing the number of public holidays. Rather, the objective is to achieve uniformity in the observance of public holidays. This is an important micro-economic reform with the potential to avoid the costs and disruption for business that occurs under the present arrangements.

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Attachments

- Attachment A - Electricity Industry Reform - [HTML](#)
- Attachment B - Rationalisation of Ministerial Councils - [HTML](#)
- Attachment C - Commonwealth-State Roles and Responsibilities - [HTML](#)
- Attachment D - National Advisory Committee on the Celebration of the Centenary of Federation - [HTML](#)

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