

Council for the Australian Federation Meeting

May 2014

The Council for the Australian Federation (CAF) met in Sydney on 18 May following the announcement of the 2014–15 Federal Budget. All State Premiers and Territory Chief Ministers were in attendance, with the exception of Western Australian Premier the Hon Colin Barnett MP.

At the meeting, the first ministers ‘firmly and unequivocally’ rejected the Federal Government’s cuts to health and education funding, and called for an urgent meeting of the Council of Australian Governments (COAG) to address concerns arising out of the Federal Budget.

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Overview – The Council for the Australian Federation

The Council was formed in October 2006. The group seeks to promote and enhance the federal system of government in Australia and comprises Premiers and Chief Ministers of all Australian states and territories.

The Council for the Australian Federation aims to strategically shape the national policy agenda and meets from time to time to discuss and resolve important issues independently of the Commonwealth.

In 2013 the Council reviewed its operations and reaffirmed its objectives. The Council's objectives are to:

- work toward common understanding of the states' and territories' positions in relation to policy issues involving the Commonwealth Government; and
- take a leadership role on key national policy issues, including the Federation, that are not addressed by the Commonwealth Government.

The Council funds research and releases reports on topics related to its mission and activities. Issues that have been addressed include climate change, implementation of the National Reform Agenda, tax reform and the drought in Australia.

The current Chair is the Premier of Queensland, the Hon Campbell Newman MP.

CAF response to the 2014–15 Federal Budget

In its communiqué, CAF stated that the funding cuts for States and Territories, and the manner in which they were imposed, will cause immediate and significant impacts on the hospital system and permanent structural deterioration in the recurrent funding of the State and Territory Governments.

CAF rejected the \$80 billion in cuts to health and education proposed in the Federal Budget, arguing that it would have a ‘massive impact’ on frontline services for all Australians and significantly impact on the fiscal sustainability of the States and Territories.

The Federal Budget also cut, deferred or abandoned \$3 billion worth of funding agreements with State and Territory Governments in the health portfolio. CAF expressed grave concern that as a result, the Federal Budget would have immediate impacts on frontline services and the cost of living.

CAF noted that as a result of the Budget, from 1 July 2014 there will be a reduction in funding for 1200 hospital beds across Australia and the withdrawal of over \$300 million a year from concessions for pensioners and seniors.

The agreements abandoned or deferred in by the Coalition Federal Government in the health portfolio are listed below.

CAF called for the following:

- an urgent COAG meeting to address concerns over the Federal Budget before 1 July 2014; and
- the acceleration of the White Papers on the reform of the Federation.

National Partnership Agreements impacted by the 2014-15 Federal Budget

Health

The following agreements will be cut, deferred or abandoned:

- The **National Health Reform Agreement**, signed by all States and Territories and the Commonwealth in 2011, which aimed to deliver better access to services, improve local accountability and transparency, enable greater responsiveness to local communities and provide a stronger financial basis for Australia’s health system into the future.

The discontinuation of the Agreement will lead to a \$1.8 billion reduction in funding for the health system starting from 2014–15. The Agreement is available [here](#).

- The **National Partnership Agreement on Preventive Health (NPAPH)**, established in 2008, which aims to address the rising prevalence of lifestyle related chronic diseases. The agreement would have provided \$367 million in funding for preventive health education programs until 2018. A key feature of the NPAPH was the Australian National Preventative Health Agency, which has

also been abolished by the Federal government.

The Hawker Britton Agency Snapshot on the Australian National Preventative Health Agency is available [here](#).

- The **National Partnership Agreement for adult public dental services**, established in 2013, which was to expand services for adults in the public dental system, assisting up to 1.4 million low income adults to receive dental services. The agreement would have provided \$390 million to help reduce the waiting lists for public dental care, which currently stand at around 400 000 people.
- The **Dental Flexible Grants Program**, established in 2013, which provided \$229 million in grants to fund programs that fill gaps in the dental system, particularly for indigenous communities and for services in outer metropolitan and rural areas.
- The **National Partnership Agreement on Improving Public Hospital Services**, which was to provide \$201 million from 2014–15 to help States and Territories improve public patient access to elective surgery, emergency department and sub-acute care services in hospitals.

Pensioners Concession Card and Seniors Cards

The Federal Budget also announced the termination of the **National Partnership Agreement on Certain Concessions for Pensioners Concession Card and Seniors Card Holders** from 1 July 2014, which provided State and Territory Governments with \$1.3 billion over the forward estimates to provide concessions for pensioners and seniors.

Education funding changes

The Budget also impacted on bilateral agreements between the Commonwealth and the States and Territories for school funding over the next six years through the *Better Schools Plan*.

Under the Plan, every school in a signatory State or Territory was to receive on average around an extra \$1.6 million in funding over six years. This represented \$9.8 billion in extra funding over six years from 2014–15 and was designed ensure that schools could provide more one-on-one individual attention for every student.

Ahead of the 2013 Federal election, Labor had agreements with the New South Wales, Tasmanian, Victorian, South Australian and ACT governments. Since the 2013 Federal election, the Federal government has entered into separate agreements with the Queensland, Northern Territory and Western Australian governments on a different model.

The 2014–15 Federal Budget revealed that the Coalition Government will only provide one third of the federal funding that was set out in the Agreements with the States and Territories.



Although the Budget provides continued funding for the plan over the next four years, the Better Schools Plan operated on a six-year model. The Agreements signed with five jurisdictions ahead of the 2013 Federal election reflected this, with two-thirds of funding coming in the final two years.

Instead of continuing school funding in accordance with the Better Schools Plan, funding will be indexed to inflation from 2018.

The Hawker Britton Occasional Paper on the Better Schools Plan is available [here](#).

Further information

The Hawker Britton Occasional Paper on the Council of Australian Governments (COAG) is available [here](#).

The Council for the Australian Federation (CAF) website is available [here](#).