

Extract from *Hansard*

Thursday, 28 May 2009

Budget Estimates Committee - Premier and Cabinet

Dr M.D. NAHAN: My question relates to budget paper No 2, volume 1, page 86. The second dot point refers to the Council of Australian Governments reform agenda. Can the Premier outline what he expects from COAG reforms in the next 12 months or so?

Mr C.J. BARNETT: COAG has been very active in the past seven months. I think there have been four COAG meetings. There is another one related to Indigenous issues about to be held in Darwin, the so-called Closing the Gap. From my observations over the past eight months or so, the COAG arrangement is becoming increasingly important in Australian administration. Indeed many things are being dealt with at COAG before they are dealt with in either the national or state Parliaments.

I do not know whether there is any one simple answer to the member for Riverton. COAG really has an agenda across every portfolio now. National partnerships are being agreed to. My observation is that it is working well. I think it is fair to say that the bureaucracies in the federal and the state areas, right down to each individual agency, are working in an extraordinarily cooperative way. That is perhaps unusual. COAG meetings do not tend to divide into the cliché of state versus commonwealth arguments any more, which is what went on in the past; basically they are about issues. I think we will probably have a future at many COAG meetings. Nevertheless, I found it to be a refreshingly effective forum and something I did not expect.

Dr M.D. NAHAN: Moving from a line item, there have been major changes to the grants system targeted at a general outcome; how is that working?

Mr C.J. BARNETT: I think that has a fair bit to go. I might ask the director general to make some comments on that. I think a lot of work is going on. I am particularly concerned, as I am sure the member for Riverton is, about the way in which goods and services tax formulas will be determined in the future. There is certainly a focus away from simply accounting inputs onto achieving results, and I think there is a lot of work to be done on that. Does the director general want to make some comments, as he is close to both sides of the fence?

Mr P. Conran: The objective of specific purpose payment reforms was to consolidate a range of SPPs from a couple of hundred down to five or six and to put less conditionality on those SPPs and to govern SPPs through a series of national partnership agreements. The theory of that has always been quite a good one. In strong economic times it is quite an easy mechanism to proceed with. In tighter times however it is a little more difficult. What we are finding is that there is some conditionality coming back into the national partnership agreements. There is probably not as much conditionality as previously existed, but there is still a bit of a creep back.

The commonwealth is a creature of habit, in part, and it has a view that it should be able to put some conditions, strong conditions, on the funding that it provides. If we look at areas such as the new round of education funding, the commonwealth has quite clearly put additional conditions on that funding, which are in the nature of the former SPPs. That is probably understandable, given that the commonwealth is putting the whole sum of money in there. However, it is an issue that shows some real signs of improvement from a state perspective, but there is still a bit of a tendency for the commonwealth to put some conditions back into the regimes.