

Collaborative reform 2008 — 2010: A view from the COAG Reform Council

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Transforming COAG
Public sector reform
Strategic direction
Performance management
Capability, capacity & culture
Concluding thoughts

OUTLINE

TRANSFORMING COAG

3

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The beginning

- Kevin Rudd elected as Prime Minister 24 November 2007
- Meeting of COAG held on 20 December 2007
- Highlights:
 - 7 areas identified for 2008 work agenda
 - working groups overseen by Commonwealth ministers
 - agreement to begin changing the nature of Commonwealth-State funding arrangements
 - focus more on outputs and outcomes
 - underpinned by a commitment from the Commonwealth to provide incentive payments to drive reform
 - agreed to meet 4 times in 2008.

A spanner in the works

October 2008 meeting:

'unprecedented upheaval in global financial markets'

COAG reform agenda

To address the challenges of boosting productivity, increasing workforce participation and mobility, and delivering better services for the community.

To contribute to the broader goals of social inclusion, closing the gap on Indigenous disadvantage, and environmental sustainability.

Intergovernmental Agreement on Federal Financial Relations

- 'represents the most significant reform of Australia's federal financial relations in decades'
 - governs all policy and financial relations between the Commonwealth and the States.

7

New financial arrangements

- National Specific Purpose Payments (SPPs)
 - supported by new National Agreements
- National Partnership payments
 - associated with National Partnership Agreements
- New accountability arrangements
 - to support performance assessment and public reporting.

8

National Specific Purpose Payments

- 90+ different payments = five new National SPPs
 - school education
 - skills and workforce development
 - healthcare
 - affordable housing
 - disability services
- Ongoing financial contributions from Commonwealth
 - States and Territories have full budget flexibility to allocate funds as they see fit to achieve the agreed objectives for the sector.

9

National Agreements

- In specific areas of service delivery:
 - Healthcare, Disability Services, Education, Skills and Workforce Development, Affordable Housing, Indigenous Reform
- Define the objectives, outcomes, outputs, and performance indicators
- Clarify the roles and responsibilities of the Commonwealth and the States and Territories.

10

National Partnerships

- New incentive *payments* to drive reform:
 - to support delivery of specified projects
 - to facilitate reforms
 - to reward jurisdictions that deliver on national reforms
- National Partnership *Agreements* define the objectives, outputs and performance benchmarks
 - Literacy and Numeracy
 - Improving Teacher Quality
 - Preventive Health
 - Elective Surgery Waiting List Reduction Plan
 - Seamless National Economy

11

Commonwealth payments to States, 2007-08 to 2010-11

Payments	2007-08 (%)	2009-10 (%)	2010-11 (%)
Previous payments for specific purpose	42.9	—	—
National Partnership payments	—	29.3	20.6
National Specific Purpose Payments	—	24.8	27.7
GST	57.1	45.2	50.9
Other general revenue assistance	—	0.7	0.8
Total	100.0 (\$74 624 m)	100.0 (\$98 547 m)	100.0 (\$94 082 m)

Source: Commonwealth of Australia 2010, *Australia's Federal Relations*, Budget Paper No. 3, p. 20

PUBLIC SECTOR REFORM

13

Three paradigms of public sector reform

- Command and control
- Devolution and transparency
- Quasi-markets

Michael Barber 2007

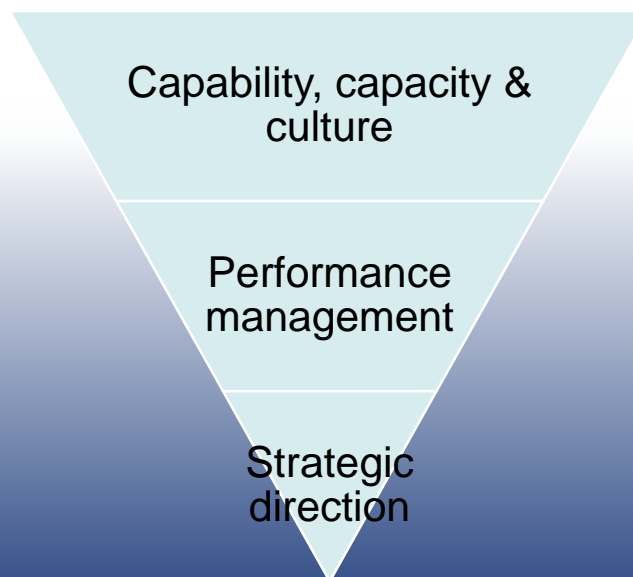
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Devolution and transparency

- Devolution of responsibility
- Transparency
 - drive performance through public reporting of comparative results of differing governments/units
- Recognition of and reward for success.

15

Necessary underpinnings for reform



Michael Barber 2007 16

STRATEGIC DIRECTION

17

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Strategic direction

*COAG Reform Agenda +
reform of the architecture of Commonwealth-State financial relations*

- COAG Reform Agenda is underpinned by a common commitment to clear goals, genuine partnership and the governance and funding arrangements needed to deliver real reform.
- New architecture provides the platform for wide ranging policy reforms to improve economic, social and environmental outcomes.
- A spirit of goodwill has delivered breakthrough agreements in areas unresolved by COAG for too long.
- It will move from the blame game to make federalism again work to deliver real outcomes in the national interest.

COAG Communiqué, March 2008

PERFORMANCE MANAGEMENT

19

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Role of the COAG Reform Council

- Independent organisation set up by COAG to monitor, assess and report on the performance of governments in implementing nationally agreed reforms
- Reports to COAG on:
 - National Agreements
 - National Partnerships
 - aggregate pace of activity in progressing agreed reform agenda
 - other matters referred by COAG
 - review of capital city strategic planning systems.

20

THE YEAR IN REVIEW

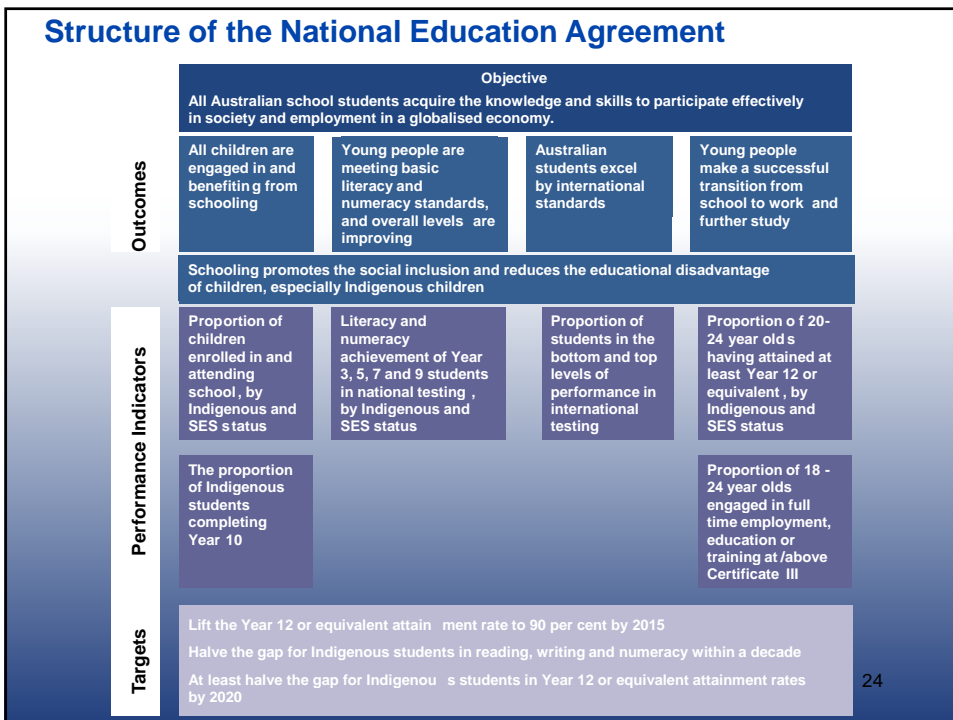
21

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Report	To COAG
National Education Agreement National Agreement on Skills & Workforce Development	Sept 2009
National Partnership to Deliver a Seamless National Economy	Dec 2009
National Healthcare Agreement National Affordable Housing Agreement National Disability Agreement National Indigenous Reform Agreement	April 2010
National Partnership on Elective Surgery Waiting List	July 2010
COAG Reform Agenda: Report on Progress 2010	July 2010

NATIONAL EDUCATION AGREEMENT

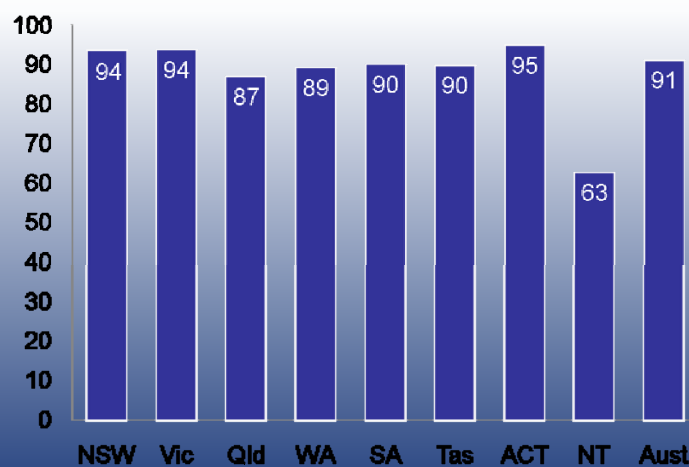
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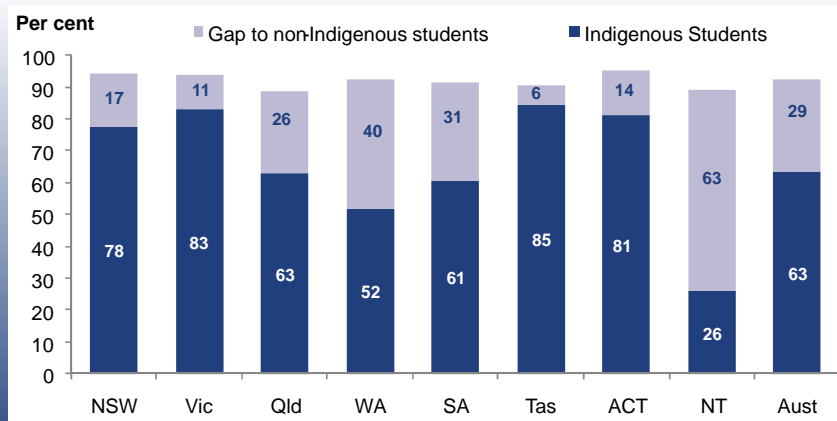
Outcome 2

- Young people are meeting basic literacy and numeracy standards, and overall levels of literacy and numeracy achievements are improving
 - achievement of Year 3, 5, 7 and 9 students in national testing based on National Assessment Program – Literacy and Numeracy (NAPLAN)

Year 5 Reading: proportion of students achieving at or above national minimum standard, 2008



Year 5 Reading: proportion of students achieving at or above national minimum standard, by Indigenous status, 2008



Contextual factors	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Population in most disadvantaged SES area (%)	15	10	13	4	22	33	0.2	34	13
Indigenous population ('000)	153	34	145	71	28	18	4	64	517
Proportion of population Indigenous (%)	2	1	4	3	2	4	1	30	3
Proportion of Indigenous population in remote areas (%)	5	np	22	43	19	np	na	80	25
Indigenous students (%)	4	1	6	7	3	6	2	41	4
Students from a LBOTE (%)	25	24	13	17	15	6	19	26	20
Students in remote areas (%)	1	0.1	3	7	4	1	na	46	2

COAG target

Halve the gap for Indigenous students in reading, writing and numeracy within a decade.

National Partnerships supporting National Education Agreement

National Partnership	Objective
Early Childhood Education	To provide universal access to quality early childhood education by 2013.
Improving Teacher Quality	To sustain a quality teaching workforce by targeting critical points in the teacher 'lifecycle' to attract, train, place, develop and retain quality teachers and leaders.
Literacy and Numeracy	To deliver sustained improvement in outcomes, especially for students who are falling behind, by focusing on the key areas of teaching, leadership, and the effective use of student performance information.
Low Socio-Economic Status School Communities	To transform the way schooling takes place in participating schools and address the challenges facing students in disadvantaged communities.

NATIONAL PARTNERSHIP TO DELIVER A SEAMLESS NATIONAL ECONOMY

31

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Seamless National Economy

36 reform streams:

- 27 deregulation priorities
- eight competition priorities
- ongoing reform of regulation making and review

Stream		Cw/ith	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
1	OHS*									
2	Environmental assessment									
3	Payroll tax									
4	Licensing system*									
5	Health workforce	(There are no 2008–09 milestones for this reform)								
6	Trade measurement*									
7	Rail safety									
8	Consumer law*									
9	Product safety*									
10	Trustee corporations*									
11, 12 & 13	Consumer credit*									
14	Development assessment	(There are no 2008–09 milestones for this reform)								
15	Construction code									
16	Chemicals & plastics									
17	Business names*									
18	Personal property securities*									
19	Business reporting*									
20	Food									
21	Mine safety									
22	Electronic conveyancing	(There are no 2008–09 milestones for this reform)								
23	Oil & gas									
24	Maritime safety									
25	Wine labelling									
26	Directors' liability									
27	Consumer credit (other)*	(There are no 2008–09 milestones for this reform—see Chapter 13)								

33

Stream		Cw/ith	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
1	Anti-dumping/countervailing									
2	Book importation									
3	Energy (NP milestones)									
	Energy (market)									
	Energy (smart meters)									
4	National access regime									
5	Infrastructure (ports)									
	Infrastructure (other)									
6	Occupational licensing									
7	Transport policy									
8	Road reform plan									

34

Summary of progress report

- Satisfactory progress against milestones for:
 - 18 of the 27 deregulation priorities
 - 4 of the 8 competition reforms.
- Failure to meet milestones—or significant risks to future milestones—for:
 - 5 of the 27 deregulation priorities
 - 4 of the 8 competition reforms.
- Energy reforms: the nature of current milestones creates a confusing and partial picture.
- Transport and infrastructure reforms: a significant loss of momentum.

COAG Reform Agenda: Report on Progress 2010

A high level, strategic assessment of how governments are progressing with reform activity and progress towards the COAG reform agenda goals

First report to COAG 30 July 2010

National Partnership on Elective Surgery Waiting List Reduction Plan

- Outcome: a reduction in the number of Australians waiting longer than clinically recommended times for elective surgery by improving efficiency and capacity in public hospitals.
- States and Territories agreed to specific elective surgery volume targets for 3 reporting periods.
- Jurisdictions are eligible for reward payments if they meet their targets.
- First report to COAG July 2010.

THE YEAR+ AHEAD

**COAG
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Report	To COAG
National Education Agreement (2 nd) National Agreement on Skills & Workforce Development (2 nd) Murray-Darling Basin Water Management Partnerships	Sept 2010
National Partnership to Deliver a Seamless National Economy (2 nd) National Partnership on Elective Surgery Waiting List (2 nd) National Partnership on Essential Vaccines	Dec 2010
National Healthcare Agreement (2 nd) National Affordable Housing Agreement (2 nd) National Disability Agreement (2 nd) National Indigenous Reform Agreement (2 nd) National Partnership on Literacy & Numeracy	April 2011

**COAG
Reform Council**

Report	To COAG
National Partnership on Elective Surgery Waiting List (3 rd)	May 2011
COAG Reform Agenda: Report on Progress 2011 (2 nd)	June 2011
National Education Agreement (3 rd) National Agreement on Skills & Workforce Development (3 rd) Murray-Darling Basin Water Management Partnerships (2 nd)	Sept 2011
National Partnership to Deliver a Seamless National Economy (3 rd) National Partnership on Youth Attainment & Transitions	Nov 2011
Capital City Strategic Planning Systems National Partnership on Essential Vaccines (2 nd)	Dec 2011

Water Management Partnerships

- Bilateral agreements between the Commonwealth and the five Murray-Darling Basin States: NSW, Victoria, Queensland, SA, ACT
- Review of:
 - water reforms — ways to achieve balanced and sustainable water use by communities, industry and environment
 - priority projects — infrastructure and investments to improve efficiency of water use
- First report to COAG 30 September 2010

Capital City Strategic Planning Systems

COAG objective:

To ensure Australian cities are globally competitive, productive, sustainable, liveable and socially inclusive and are well placed to meet future challenges and growth.

Review consistency with national criteria

Capital city strategic planning systems should:

- be integrated
- provide for a hierarchy of future oriented and publicly available plans
- provide for nationally-significant economic infrastructure
- address nationally-significant policy issues
- consider and strengthen networks between cities and major regional centres
- provide for planned, sequenced and evidence-based land release
- clearly identify priorities for investment and policy effort by governments
- encourage world-class urban design and architecture
- provide effective implementation arrangements and supporting mechanisms.

Report to COAG end 2011

CHALLENGES

The purpose of performance monitoring & reporting

'...to inform the general public about government performance in making progress towards identified outcomes.'

Intergovernmental Agreement on Federal Financial Relations, c6

Effective performance monitoring & reporting

Important that performance indicators are:

'...meaningful, simple and comprehensible to members of the public, that there is underlying data to support the indicators, and that the indicators meaningfully measure what they purport to measure.'

Intergovernmental Agreement on Federal Financial Relations, c7

National Healthcare Agreement

- 70 performance indicators, 26 progress measures, 15 outputs
- Data only available for 58 of 70 performance indicators
- No quality and safety measures, no patient satisfaction/experience, no data on extent to which services are meeting need
- Steering Committee report: over 600 pages
- Our report: about 300 pages long

'Where is the knowledge we have lost in information?'

T.S. Eliot

47

Key issues

- Conceptual frameworks underpinning the National Agreements — links between performance indicators and outcomes
- Rationalisation of outcomes and performance measures
- Measuring the need for and quality of services
- Data availability and reliability
- The potential of administrative data held by governments

48

CAPABILITY, CAPACITY & CULTURE

49

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‘Culture eats strategy for breakfast.’

Peter Drucker

Cultural shifts

- Focus on outcomes
- Greater transparency and public accountability

‘Those whom we want to hold accountable have a clear understanding of what accountability means: Accountability means punishment.’

Behn, 2001

CONCLUDING THOUGHTS

53

Making reform happen

- Significant reform requires confluence of 2 factors that don't often come together:
 - a broad-based popular sentiment that 'things have to change'
 - leadership that is able to translate this broad dissatisfaction into concrete reform proposals.

Intelligent federalism?

Democracy is superior to other political systems because of the greater number of incentives to encourage intelligence and learning in the process of policy making.

Charles Lindblom 1965

COAG Reform Council: website

For further information, including links to our reports and associated documents, visit:

www.coag.gov.au/crc