

# Making a federal case out of it: Promoting reform in the COAG context

Mary Ann O'Loughlin

Executive Councillor & Head of Secretariat

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‘There can be few things less fashionable than Australian federalism, and most of these live at the bottom of stagnant ponds.’

Greg Craven

## COAG Reform Council

- Independent organisation set up by COAG to assess and report on the performance of governments
- Roles and responsibilities defined under the Intergovernmental Agreement on Federal Financial Relations
- Reports annually to COAG on:
  - National Agreements
  - National Partnerships
  - aggregate pace of activity in progressing reform agenda

‘Just as the founders knew a united Australia had to be a federation, so they were convinced that a federation was a good thing for a united Australia to be.’

Greg Craven

‘The founding fathers were great lawyers  
but bad accountants.’

Greg Craven

‘...along with the incidence of poisonous reptiles, Australia is a world leader in vertical fiscal imbalance, and the states are about as relatively poor as it is possible for federal components to be.’

Greg Craven

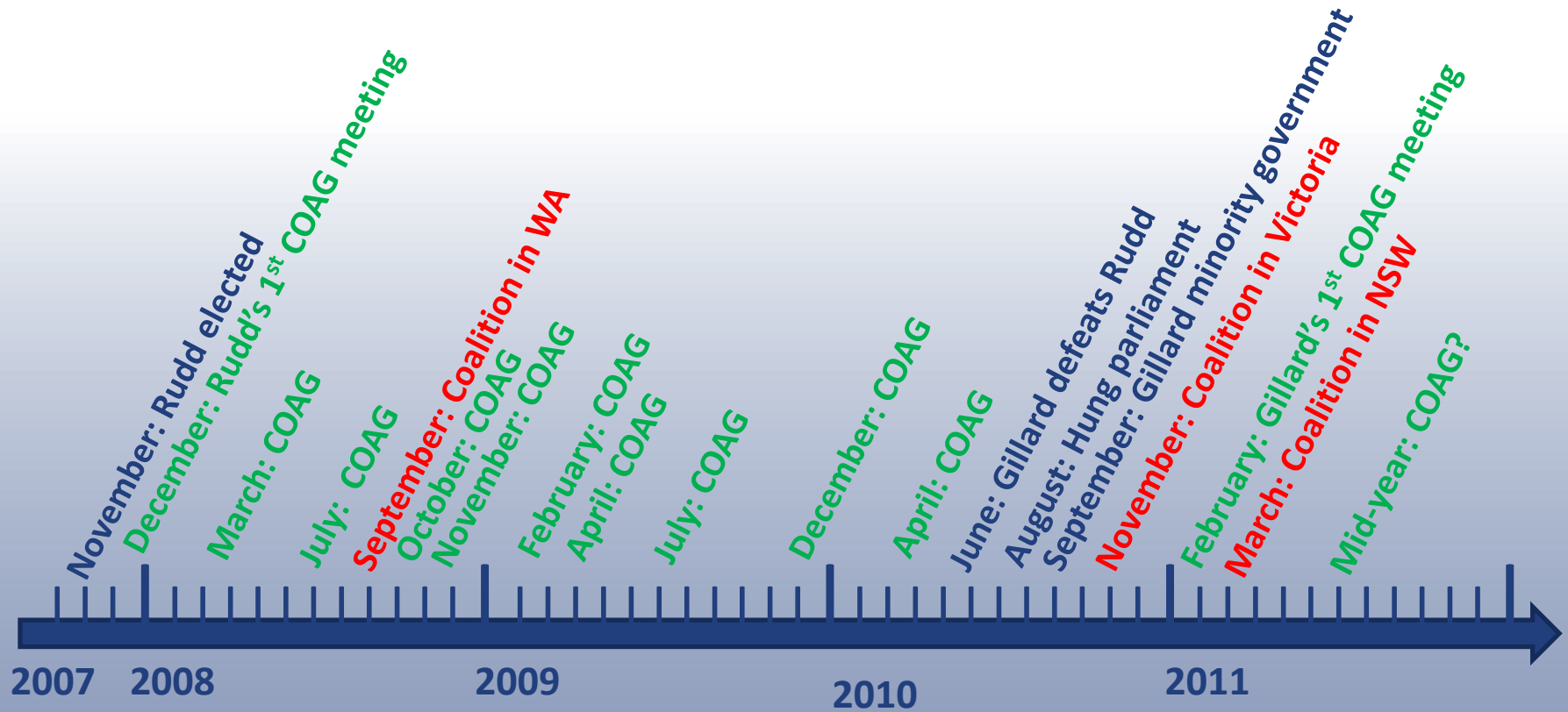
‘a bold experiment’

Terry Moran, 2009



‘Fiscal federalism is dead; feral fiscalism – in which each jurisdiction tries to snatch revenues from others – has replaced it.’

Henry Ergas, AFR, 27 May 2011



# 'China boom pushes fiscal federalism to breaking point'

Michael Stutchbury, Weekend Australian, May 2011

## Key institutional features of framework

- Rigorous focus on achievement of outcomes
- Clearly defined roles and responsibilities
- Improved, simpler financial arrangements
- Stronger incentives to implement economic and social reforms
- Performance reporting and enhanced public accountability

## Focus on the achievement of outcomes

- Clearly stated and agreed objectives & outcomes
- Performance indicators to measure governments' progress
- No financial or other input controls or prescriptions on service delivery by States
  - providing flexibility in how services are provided to achieve outcomes

## Clearly defined roles and responsibilities

- Clearly defined roles and responsibilities will:
  - avoid any unnecessary and costly duplication
  - enhance the accountability of governments to the community.

Improved, simplified financial arrangements

## Performance reporting & enhanced public accountability

‘The accountability of governments to the public will be enhanced through simpler, standardised and more transparent public performance reporting for all jurisdictions.’

Intergovernmental Agreement on Federal  
Financial Relations (cl. C-1)

## Stronger incentives to implement economic and social reform

- Financial and non-financial incentives
  - National Partnership payments
  - stronger public accountability for performance

## Public accountability as an incentive for reform

- Are the levers strong enough?

‘COAG will monitor progress on all aspects of the framework for federal financial relations.’ (cl. 12)



‘A stronger federation requires a genuine balance in roles and responsibilities, based on a culture of cooperation and collaboration.’

Terry Moran, June 2011

‘psychological challenge of epic proportions’

Greg Craven