



The Council for the Australian Federation (CAF) was established in October 2006. CAF is an intergovernmental forum for State and Territory First Ministers through which States and Territories undertake joint action and help shape the national policy agenda.

CAF's key achievements since October 2008 are outlined below. CAF's [previous Report Card](#) (from October 2006 to October 2008) is available on the CAF website.

Shaping the national policy agenda

During 2008-09, CAF demonstrated leadership on a range of issues of national importance.

Climate change

Since the establishment of CAF, States and Territories have demonstrated an ongoing commitment to addressing and adapting to climate change.

Premiers and Chief Ministers continued their national leadership on responding to climate change. CAF promoted collaboration and information sharing on climate change across jurisdictions by showcasing current best practice policy initiatives aimed at reducing greenhouse gas emissions and adapting to climate change through the publication of [Climate Change: Best Practices by State and Territory Governments in Australia](#).

CAF also commissioned Access Economics to investigate the potential impact on States and Territories of the Commonwealth Government's proposed Carbon Pollution Reduction Scheme (CPRS).

Three reports were released on the CAF website, which build on the modelling outlined in the Commonwealth White Paper and provide analysis of the impacts of a CPRS:

- on gross state production through to 2020-21 ([Report 1 – Fiscal Report](#))
- on industry and regional sectors ([Report 2 – Impacts on Disadvantaged Regions](#))
- on State, Territory and regional economies in the long term, including the opportunities arising in climate change response ([Report 3 – State and Regional Economic Futures Report](#)).

In addition, CAF promoted discussion with the Commonwealth Government of issues relating to emissions reduction in agriculture and associated land uses. For example, the CAF chair wrote to the Prime Minister in August 2009 to express State and Territory concerns about the draft National Carbon Offset Standard and to provide suggestions for broadening its scope to facilitate domestic emissions abatement opportunities.

Tax reform

Building on individual submissions by States and Territories, CAF agreed to make a [joint submission](#) to the Commonwealth's Henry Tax Review (Australia's Future Tax System). Over the past decade, States and Territories have undertaken substantial reform, including major reviews, the abolition of a number of taxes, and major legislative and administrative reforms. In seeking further opportunities to make Australia's tax system and federal financial arrangements more efficient and effective, CAF proposed a reform agenda consisting of:

- exploration of tax sharing arrangements to secure and strengthen the state revenue base for the funding of services
- continued reform of the state taxation system through the rationalisation of tax design, collection and administration
- reform of Commonwealth taxation.

The CAF submission provides a positive reform agenda to advance national economic reform and reorient federal financial arrangements to increase the fiscal autonomy and revenue capacity of States and Territories. CAF looks forward to working with the Commonwealth in the future to explore ideas for further tax reform and has agreed to undertake work to look at the introduction of a fringe benefits tax concession or exemption for public transport costs.



Response to the Hawke Review

In August 2009, CAF responded to the Interim Report of the *Independent Review of the Environment Protection and Biodiversity Conservation Act 1999* (Hawke Review). The CAF Chair wrote to Dr Allan Hawke suggesting directions for reform to streamline environmental assessment and approval processes for major projects by improving interactions between the Commonwealth and States and Territories.

States and Territories look forward to working with the Commonwealth to implement reforms, particularly those that make greater use of strategic assessments, bilateral agreements around project approvals, and greater cooperation in the listing of protected species.

Policy innovation

Strengthening cooperative federalism

One of CAF's objectives is to promote and communicate to the Australian people the benefits of Australia's federal system in providing diverse policy options. CAF is focused on exploring practical ways to improve our federal system of government and harness the significant benefits this offers Australians.

CAF has established a [Federalism Repository](#) to capture the many documents and debates on Australia's federal future. The repository provides citations and links to federalism resources, including journal articles, speeches, conference papers, organisations and research programs.

State and Territory leaders committed to advance the cause of cooperative federalism, releasing the third of CAF's Federalist Paper series, [Federalist Paper 3: Common Cause – Strengthening Australia's Cooperative Federalism](#), authored by Professors John Wanna (Australian and New Zealand School of Government), John Phillipmore and Alan Fenna, and Dr Jeffrey Harwood (John Curtin Institute of Public Policy). The paper builds on [Federalist Paper 1: Australia's Federal Future](#) and the opportunities for federalism reform presented by the Commonwealth Government's commitment to cooperative federalism and the reinvigorated COAG process. The paper points to the foundational importance of three areas in enhancing the way Australian Governments work together to deliver outcomes for the community:

- principles to guide cooperative federalism
- new institutional structures and funding frameworks involving legal, institutional and constitutional change
- cultural change across organisations supporting the federation, including new cultural practices and attitudes.

Policy Clearing House

The establishment of a Policy Clearing House was flagged as a key component of CAF at its inception. The Policy Clearing House aims to capitalise on the benefits of federalism by promoting innovation and facilitating the sharing of best practice policy.

Work to establish the Policy Clearing House is currently underway. The Policy Clearing House will provide a space within the CAF website where jurisdictions can share information on policy initiatives. It will allow States and Territories to quickly locate information in areas of policy interest, be linked with officers in other jurisdictions to gain assistance in implementing new programs and learn from the experiences of other States and Territories whilst mitigating the potential for overlap and duplication. Such rapid transfer of knowledge will aid States and Territories in maintaining their competitive edge in the globalised economy.

Conclusion

CAF is committed to making a practical contribution to policy and reforms and its 2009–10 work program will continue to build on areas where CAF has already demonstrated national leadership. CAF has agreed to a forward work program designed to impact on three key areas of significance to all Australians:

- enhancing Australia's productivity to promote growth
- responding to climate change
- making our federal system work more effectively and efficiently for the benefit of all Australians.