

# THE FEDERATION

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# Six steps to reform:

- **Explain the challenges**
- **Recognise the benefits of federalism**
- **Get the model right**
- **Promote cooperative federalism**
- **Address VFI and HFE**
- **Start a national conversation**

# First, explain the challenges:

- Resources boom is over
- Productivity growth lagging
- World growth sluggish
- Infrastructure deficit
- Health costs rising
- Unsustainable budget positions



*In the absence of an agreed national reform program, real living standards will continue to fall*

# Second, recognise the benefits

## The '6 Cs':

- A **Check** on power
- **Choice** and diversity
- **Customisation** of policies
- **Competition** between states
- **Creativity**
- **Cooperation**

# Third, get the model right

- An independent COAG Secretariat
- Governance reform
  - Agreed forward agenda
  - Code of conduct
- Clearly defined responsibilities – the states doing more, not less
- A Federation Reform Council – because what gets measured, matters

# Fourth, promote cooperative federalism

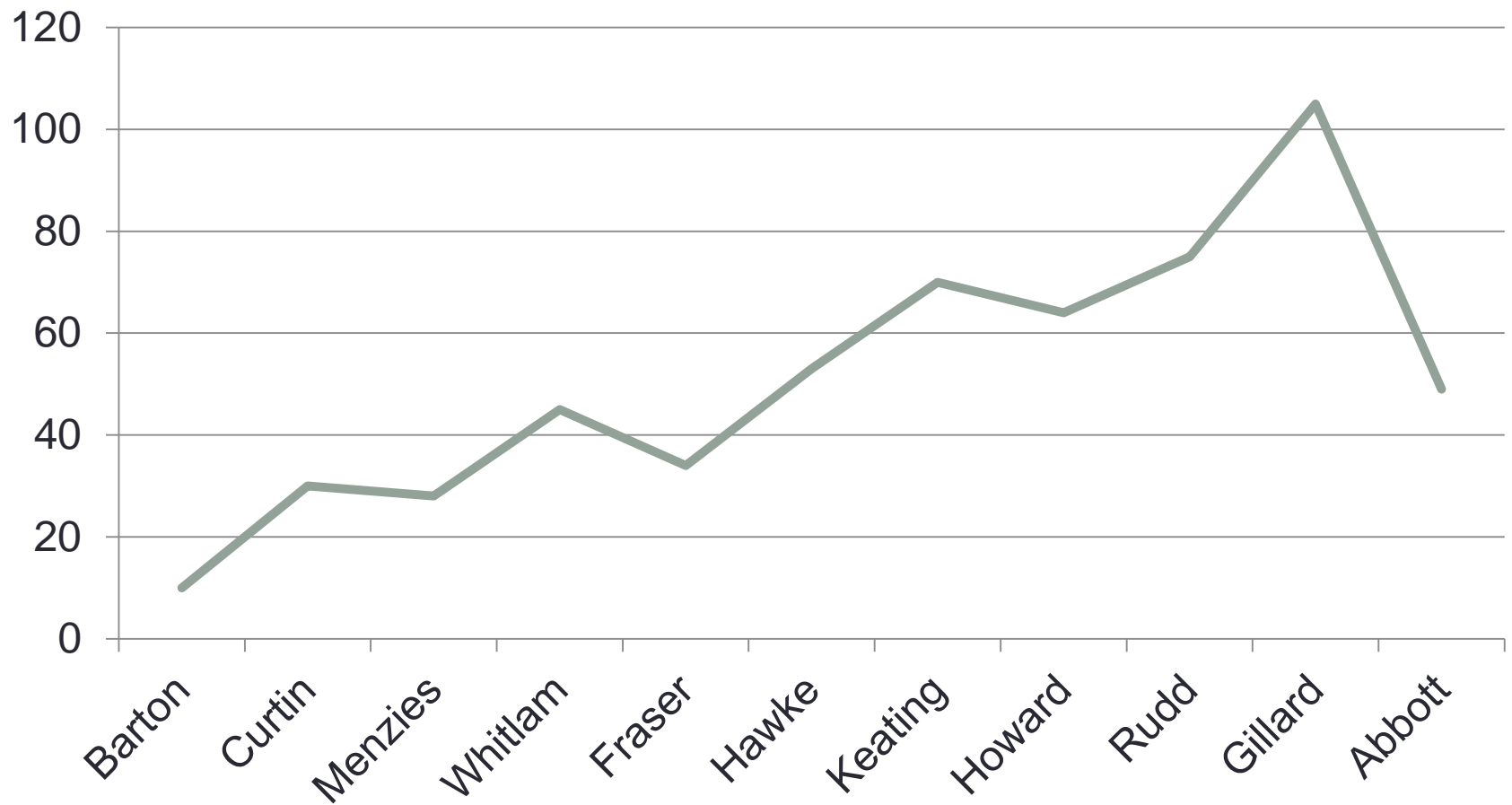
Eg:

- National Competition Policy
- National Reform Agenda

‘At the heart of this model is the idea that agreement over objectives doesn’t have to mean uniformity over the means to achieve them ... what mattered was whether the outcomes were being achieved, not how that was to be done.’

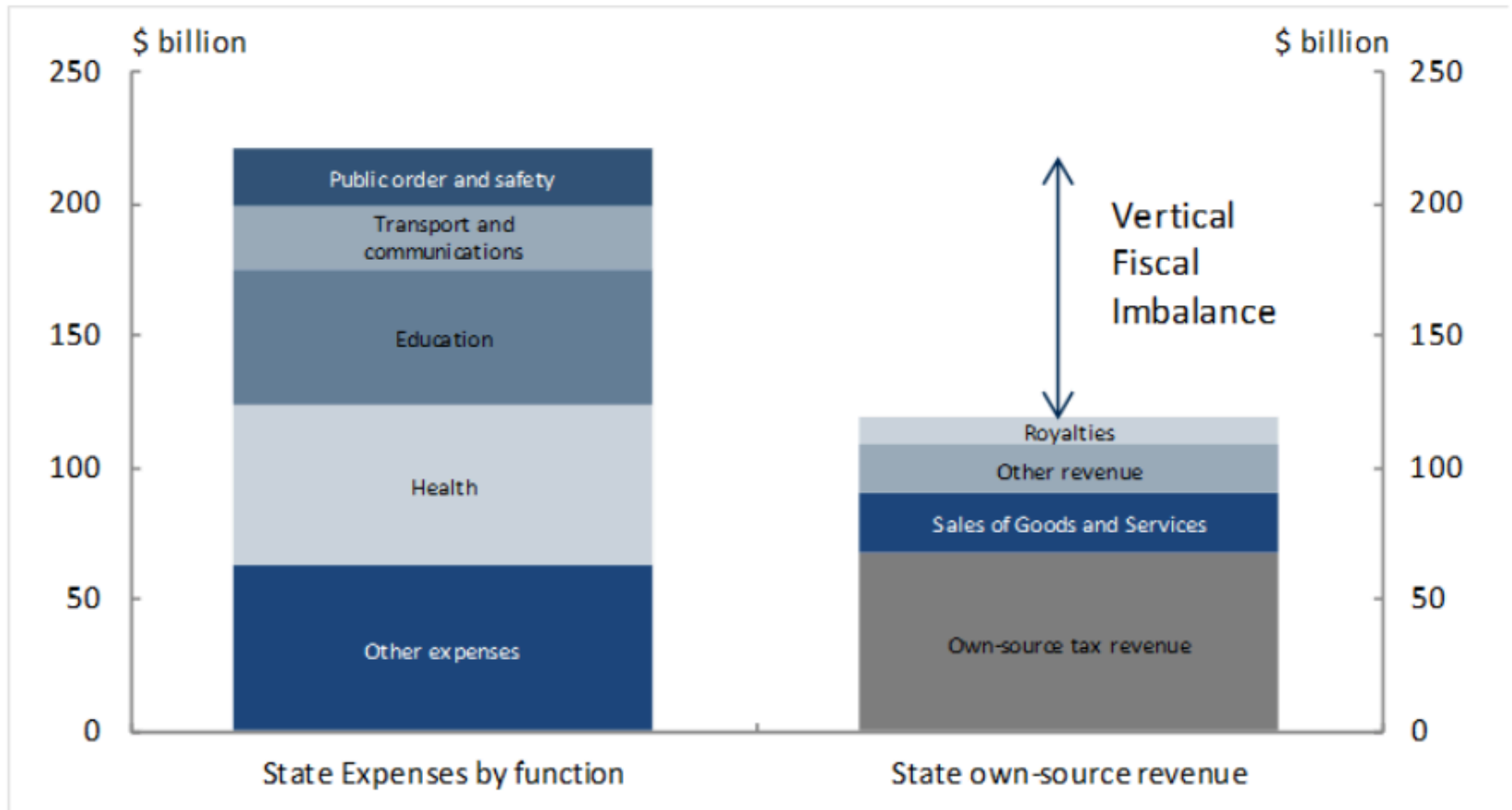
Geoff Gallop, former Premier of Western Australia

# The growing federal government:



# Fifth, address VFI and HFE

## VFI:



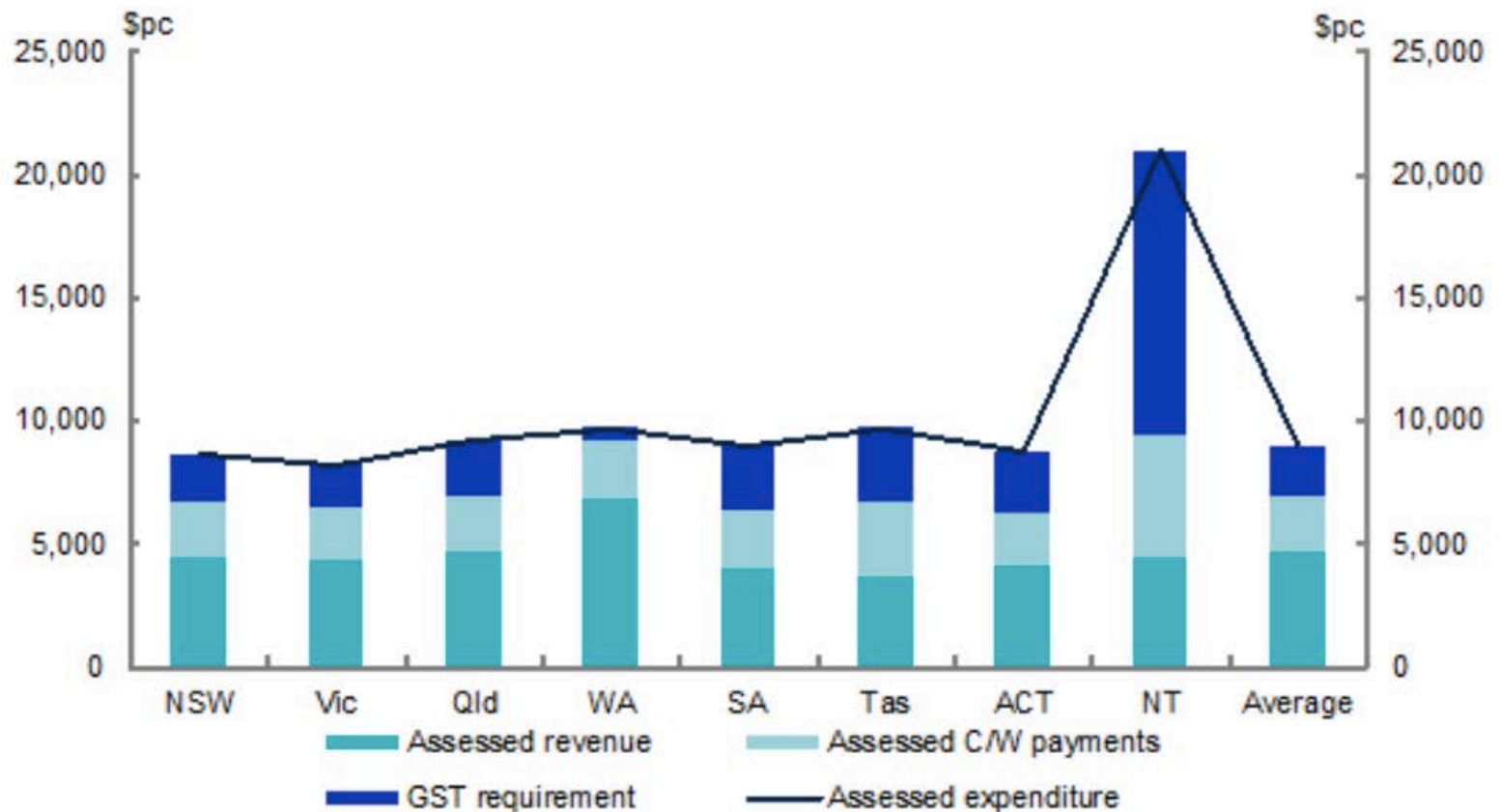
Source: 2013-14 State Budgets; Australian Government, 2013b.



# Fifth, address VFI and HFE

## HFE:

Figure 1.2 GST requirement, 2010-11



Sixth, start a national conversation ...

