

MEETINGS OF HEADS OF GOVERNMENT

Talking Points

- . In my letter to you of 16 March, I indicated that I see value in regular discussions at Head of Government level, and that I am prepared to consider improvements to existing consultative arrangements.
- . I also indicated, however, that the Commonwealth has a number of difficulties with specific aspects of your proposal for a Council of the Federation.
- . I am, however, prepared to consider the proposal set out in the agenda paper before us which identifies a number of issues for our consideration
 - is that a useful basis for discussion?
- . There are three specific issues in the paper that we need to resolve – the name, membership and chairing arrangements.

Name

- . My preference in this area is "[name]":
 - can we agree on that?
- [If raised:** Why the Commonwealth cannot accept "Council of the Federation"].
- the title "Council of the Australian Federation" has come to be associated with the States' specific proposal which we cannot accept;
 - the use of the term "Federation" has been held to have implications for rotating chairs and for observer status only for local government.

Membership

- . Local Government plays an important role in many areas of government and will have an important contribution to make to a number of the issues
 - I propose that the President of the ALGA should have full membership so that he can contribute to the items which affect local government, just as he has done constructively in the processes to date.

Chair

- . I would be seeking your agreement that the Prime Minister be the permanent chair of meetings of this body:
 - to reflect the particular position of the Commonwealth in the Federation.

[If raised: Hosting arrangements].

- . I would be happy to agree that the meetings be hosted by Premiers and Chief Ministers in rotation.

[If raised: The Commonwealth's difficulties with the "Council of the Federation" proposal].

- . It was proposed to cover also the co-ordination of fiscal policy and the size of the public sector
 - annual financial Premiers Conference and Loan Council meetings already provide an appropriate vehicle for co-ordination of economic policy.
- . The States argue that it would approve any new tied grants
 - the Commonwealth could not accept that it must submit all proposals for new Tied Grants to Heads of Government for approval.

- . Council resolutions would be carried by unanimous vote
 - the Commonwealth could not agree to a structure where it could be overruled on its important functions, for example, on economic policy.
- . The chair would be rotated among all of its members
 - a rotating chair would not recognise the special position of the Commonwealth in the Federation.

[If raised: Protocol for operation of Ministerial Councils].

- . The Commonwealth believes that Ministerial Councils should remain an important instrument for inter-governmental co-operation and is prepared to agree to jointly develop protocols for their operation.

Desired Outcome

- . Agreement to the proposal set out in the agenda paper.

Background

States see the establishment of a formal and permanent mechanism for future meetings as symbolising an "equal partnership" and providing a means by which Heads of Government can bring a whole-of-government view to major intergovernmental issues. In particular, the proposed use of "Federation" in the title is seen as implying a partnership among equals, without recognition of the special position of the Commonwealth in the Federation. It is on such a basis that the ALGA would have only observer status and that the Chair would rotate among all of the members. As the Commonwealth does not support either of these propositions, we should avoid use of the term "Federation" in the title.

The role of the States' proposed "Council of the Federation" would include co-ordination of fiscal policy, the size and shape of the public sector and the approval of tied grants. As well as having the Chair rotate, Council resolutions would be carried by unanimous vote. States see the Council as providing an important

mechanism for controlling much of the work of Ministerial Councils.

The States may propose that the Commonwealth co-operate in developing protocols for the operation of Ministerial Councils, in particular to address their concern that papers for meetings have often been circulated by the Commonwealth immediately prior to the meeting - too late to allow consideration by State Cabinets where appropriate. It would seem reasonable to agree to joint development of a suitable protocol.