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PERFORMANCE
REPORTING FOR
OUTPUT GROUP 1:
ECONOMIC AND
INDUSTRY POLICY



Output	Performance information
<p>Advice, briefing and support to the Prime Minister and assistance in coordination of the Budget, government policies on economic, industry, infrastructure and environment policy issues, including matters relating to regional, communications, transport, science, resources, energy, competition, sport, tourism, small business and natural resources, including on presentation of the government's decisions in these areas.</p>	<p><i>Quality:</i></p> <ul style="list-style-type: none"> The degree of satisfaction of the Prime Minister, the Parliamentary Secretary, their offices and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the quality and timeliness of advice and the achievement of key tasks. Annual evaluation of the Budget preparation and coordination process.
<p>Manage and coordinate the work program of the Council of Australian Governments.</p>	

ROLE OF THE DIVISIONS

At 30 June 2008, Output Group 1 had one output and functionally consisted of two divisions:

- Economic Division, and
- Industry, Infrastructure and Environment Division.

Output Group 1 activities include:

- policy advice on economic, industry, infrastructure and environment issues
- coordination of Budget processes, including through the department's participation in the Budget Coordination Committee, and
- effective Council of Australian Governments (COAG) operations.

Economic Division provides advice, briefing and support to the Prime Minister and the Executive group in relation to:

- macroeconomic policy, including fiscal and monetary policy advice
- domestic and international economic conditions, including the outlook
- developments in financial markets, including financial sector policy
- workplace relations and wages policy
- taxation and superannuation policy, and
- Commonwealth–state financial relations.

The division also provides overall coordination of the department's involvement in the Budget process.

Industry, Infrastructure and Environment Division

provides information, analysis and advice to the Prime Minister and the Executive group on industry and environment policy covering:

- manufacturing and resource industries
- agriculture, fisheries and forestry
- natural resource management and heritage
- climate change, infrastructure and science
- competition policy, energy and transport
- communications and broadcasting
- small business and regulation reform, and
- tourism and customs.

The division is involved in progressing government priorities with key stakeholders and other agencies (at both a federal and state level), and helps coordinate the implementation of the government's policies. The division maintains a network of contacts in various departments and agencies and conducts regular consultation on government and policy issues. In addition, we provided secretariat services to COAG up to 30 June 2008, and coordinated and monitored the implementation of COAG reforms and decisions.

OUR PERFORMANCE

We have received positive feedback, both formal and informal, from the Prime Minister's Office and the Executive in relation to the quality and timeliness of our work and, in particular, our coordination of the Budget process.

Following are some key achievements from 2007–08.

Macroeconomic policy: Economic Division provided the Prime Minister with regular advice on domestic and international economic conditions and the outlook. This was in addition to advising the Prime Minister on issues of strategic macroeconomic and international importance, including:

- global food security
- international financial market developments and the US subprime crisis
- housing market developments and housing affordability, and
- global commodity prices, particularly oil.

Together with the Department of the Treasury (Treasury) and the Reserve Bank of Australia, the division represented the department on the Joint Economic Forecasting Group, which is involved in processes that underpin the Budget.

We also provided advice on financial sector and corporations policy (including Australia's adoption of a crisis management framework), and contributed to the whole-of-government response to Foreign Investment Review Board proposals.

Fiscal policy: At a whole-of-government level, the department continued to participate in the Budget Coordination Committee with the Department of Finance and Deregulation (Finance) and Treasury to support senior ministers' consideration of policy proposals with financial implications, both during the Budget process and throughout the year. We continued our work of commenting on individual proposals, to ensure appropriate financial information was available to ministers, and we provided advice to the Prime Minister on the fiscal outlook and the associated fiscal strategy.

Within the department, Fiscal Policy Branch engaged in extensive consultation with divisions, helping to assess new policy proposals against other competing government priorities, and giving guidance on Budget processes, accounting and presentation of financial information.

We also provided advice to the Prime Minister on a number of fiscal policy issues, including:

- the establishment of the Building Australia Fund, the Education Investment Fund, the Health and Hospitals Fund, and the ongoing operations of the Future Fund
- public financial management issues, including simplification of the financial framework and advice on Budget accounting standards, including accounting harmonisation, and
- Commonwealth–state financial relations, including the implications of the Commonwealth Grants Commission processes for policy proposals, the development of the new Commonwealth–State Financial Framework, and developments in state financial positions.

Taxation policy: We advised the Prime Minister on revenue proposals in the 2008–09 Budget context, including advice on:

- changes to a number of tax expenditures
- personal income tax changes, and
- proposals relating to goods and services tax and excise.

Superannuation policy: We provided advice to the Prime Minister on a range of superannuation policy issues, including the Military Superannuation Review.

Workplace relations: We advised the Prime Minister on the implementation of the government's workplace relations and occupational health and safety policies, including on:

- transitional amendments to the *Workplace Relations Act 1996*
- development of substantive legislation for the government's new workplace relations system
- the Australian Fair Pay Commission's 2008 minimum wage determination, and

- harmonisation of occupational health and safety laws.

Communications: We advised the Prime Minister on the government's election commitments to roll out a National Broadband Network, the implementation of a cyber-safety strategy, and the switchover to digital television.

Transport and regional: We advised on funding arrangements for key land transport and regional programs and the implementation of election commitments, including the establishment of Infrastructure Australia to develop a nationally coordinated approach to infrastructure reform.

Environment and heritage: We advised the Prime Minister on heritage and environment issues, including the Great Barrier Reef, whaling and international fishing issues.

We coordinated the government's input to the APEC-endorsed *Coral Triangle Initiative on coral reefs, fisheries and food security*. The initiative plans to conserve the long-term benefits of the marine and coastal natural resources of the Coral Triangle, which comprises Indonesia, the Philippines, Malaysia, East Timor, Papua New Guinea, and the Solomon Islands.

Climate change: We advised the Prime Minister on design options for the emissions trading scheme and the development of the green paper.

We provided advice to the Prime Minister on the COAG Climate Change and Water Working Group, encompassing energy efficiency, renewable energy, adaptation and complementary measures.

Sustainability: We led an interdepartmental committee (IDC) on government leadership in sustainability that examined measures to reduce greenhouse gas emissions, energy use, water consumption, and waste from government operations.

Equine influenza: We advised government on options to help horse owners and horse-reliant businesses affected by the August 2007 outbreak of equine influenza.

Drought—exceptional circumstances:

We provided advice to the Prime Minister on the ongoing drought situation and options to help businesses and communities that were adversely affected.

Under arrangements for drought assistance, the Minister for Agriculture, Fisheries and Forestry needs to seek the Prime Minister's agreement to declare an area affected by exceptional circumstances. We provided advice for all new and extended declarations to the Prime Minister (or the Parliamentary Secretary to the Prime Minister) within two working days of receiving the request.

Wheat marketing: We advised the Prime Minister on the implementation of reformed wheat marketing arrangements.

Natural resource management: We advised the Prime Minister on natural resource management policy, including the development and implementation of the \$2.25 billion Caring for our Country program, which integrates the Natural Heritage Trust and the National Landcare, Environmental Stewardship and Working on Country programs.

Water: We provided and coordinated whole-of-government policy advice to the Prime Minister on water issues, including the implementation of the approximately \$12 billion Water for the Future program. The division supported the Prime Minister in achieving two COAG agreements with the Murray–Darling Basin states on water reform in the basin: the memorandum of understanding in March and the intergovernmental agreement in July 2008. We also continued to advise the Prime Minister on low inflow contingency planning in the Murray–Darling Basin.

Whaling: We advised the Prime Minister of developments in the Southern Ocean during the 2007–08 whaling season. We chaired an IDC and coordinated the whole-of-government response to interactions between Japanese whalers and non-government organisations during the season.

Competition policy and reforms to the *Trade*

Practices Act 1974: We advised the Prime Minister on competition policy, including the Australian Competition and Consumer Commission inquiries into petrol prices and grocery prices. We advised the Prime Minister on the implementation of reforms to the *Trade Practices Act 1974* (the Act), including amendments arising from the 2004 Senate Economics References Committee inquiry into the effectiveness of the Act in protecting small business.

Customs: We advised the Prime Minister on the work of the Passenger Facilitation Taskforce in improving border processing arrangements and the work to improve trade facilitation, and participated in IDCs to advance this work.

Tourism: We advised the Prime Minister on the development of a new National Long-Term Tourism Strategy and participated in an IDC to advance this work, in addition to advising the Prime Minister on support for, and participation in, World Youth Day.

Industry, science, resources and energy:

We advised the Prime Minister on a range of developments in the manufacturing and resources sectors, including the expansion of Australia's minerals industry, the development of Australia's coal, liquefied natural gas and other energy industries, and developments in the automotive sector. We also provided advice on a range of science and sports policy issues, including Australia's bid to host the 2018 FIFA World Cup.

COAG and Commonwealth–state relations:

The COAG meeting on 20 December 2007 agreed to a new model of cooperation underpinned by more effective working arrangements. Highlighting the urgency to progress national reforms that build the economy's productive capacity, it was agreed that COAG will now meet more regularly, including four times in 2008.

COAG is focusing on the development and implementation of its reform agenda through the activities of the following seven working groups:

- health and ageing
- the productivity agenda, including education, skills, training and early childhood
- climate change and water
- infrastructure
- business regulation and competition
- housing, and
- Indigenous reform.

We helped establish the working groups and support arrangements, and we played a leading role across all working groups to progress COAG's new national reform agenda.

Each working group is led by an Australian Government Minister, with assistance from a state or territory-nominated deputy at a senior departmental level. Senior Australian Government officials also participate in the working groups to support the ministers.

Implementation plans for each working group were agreed by COAG at its 26 March 2008 meeting, as the basis for further work.

These reforms will be coupled with a new federal financial relations framework that will clarify roles and responsibilities, provide jurisdictions with greater flexibility to allocate resources where they will produce the best outcomes for the community, and provide incentives for reforms through National Partnership payments.

A new intergovernmental agreement will be developed to underpin the financial framework and provide an ongoing basis for a cooperative working relationship between governments. The new arrangements will start on 1 January 2009 (or 1 July 2009 for the National Healthcare Agreement) and all aspects will be actively monitored through COAG.

The division has contributed significantly to the development of the new financial relations framework, including the work being undertaken by the Treasurer's Ministerial Council for Commonwealth–State Financial Relations on the new Commonwealth–State Financial Framework, the reporting model and the role of the COAG Reform Council (CRC).

Business Regulation and Competition

Working Group: The division provided secretariat services to the Business Regulation and Competition Working Group from its inception until April 2008 when this function was transferred to the Department of Finance and Deregulation. We have continued to provide advice to the Executive and the Prime Minister on issues related to the business regulation and competition reform agenda.

COAG Reform Council (CRC): Following the CRC's establishment in April 2007, the division provided an interim secretariat for the CRC, overseeing the preparation of the CRC's first report to COAG as well as preparing for the establishment of the permanent secretariat. The CRC established its permanent secretariat in Sydney, with the first staff member starting work in March 2008 and three staff members being in place by 30 June 2008.

The CRC delivered its first report on the implementation of the National Reform Agenda in the transport, energy, infrastructure, building and trade measurement sectors to the 26 March 2008 meeting of COAG.

This meeting also substantially expanded the CRC's role in the context of the new Commonwealth–State Financial Framework. Within this framework, the CRC will:

- report on performance information against national Specific Purpose Payments
- be an independent assessor of whether predetermined milestones and performance benchmarks have been met under National Partnership arrangements, and
- highlight examples of good performance and practice through these reporting and assessment processes.

COAG achievements for the year:

- In support of COAG's ambitious 2008 reform agenda, the department is providing strategic policy direction in liaison with Australian Government and state senior officials. We are also overseeing the activities of the COAG working groups and providing secretariat support for COAG meetings.
- We have also made significant contributions to work being undertaken by the Ministerial Council for Commonwealth–State Financial Relations on the new Commonwealth–State Financial Framework, the reporting model, and the expanded role of the COAG Reform Council.
- While we play an active role in supporting and coordinating the work of all seven working groups, we have had a particular focus on business regulation and competition. We provided secretariat services to the working group from its inception until April 2008 when this function was transferred to the Department of Finance and Deregulation.
- Through these activities, we have made a significant contribution towards COAG reform outcomes to date. These include:
 - the development of working group implementation plans
 - agreement to 27 areas of regulatory reform
 - an intergovernmental agreement on Murray–Darling Basin reform, and
 - agreement on the key elements of a new framework for Commonwealth–state financial arrangements, due to be finalised by the end of 2008.