

NATIONAL PARTNERSHIP AGREEMENT ON INDIGENOUS ECONOMIC PARTICIPATION

Council of
Australian
Governments

An agreement between

- the **Commonwealth of Australia** and
- the **States and Territories**, being:
 - ◆ the State of New South Wales;
 - ◆ the State of Victoria;
 - ◆ the State of Queensland;
 - ◆ the State of Western Australia;
 - ◆ the State of South Australia;
 - ◆ the Australian Capital Territory; and
 - ◆ the Northern Territory of Australia.

The Indigenous Economic Participation National Partnership will contribute to the Council of Australian Governments (COAG) target to halve the gap in employment outcomes between Indigenous and non-Indigenous people within a decade.

National Partnership Agreement on Indigenous Economic Participation

PRELIMINARIES

1. This agreement is created subject to the provisions of the *Intergovernmental Agreement on Federal Financial Relations* and should be read in conjunction with that Agreement and subsidiary schedules. In particular, the schedules include direction in respect of performance reporting and payment arrangements.
2. The Parties are committed to addressing the issue of social inclusion, including responding to Indigenous disadvantage. That commitment is embodied in the objectives and outcomes of this agreement. However, the Parties have also agreed other objectives and outcomes - for example, in the National Indigenous Reform Agreement - which the Parties will pursue through the broadest possible spectrum of government action. Consequently, this agreement will be implemented consistently with the objectives and outcomes of all National Agreements and National Partnerships entered into by the Parties
3. In December 2007, the Council of Australian Governments (COAG) agreed to a partnership between all levels of government to work with Indigenous communities to close the gap in Indigenous disadvantage.
4. In recognition that outcomes for Indigenous Australians remain well below those of non-Indigenous Australians, COAG agreed to six targets. COAG has also identified seven building blocks that need to be in place in order to comprehensively address the current level of disadvantage.
5. On 26 March 2008, COAG agreed to a new national target for its reform agenda – halving the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade. On 3 July 2008, COAG leaders reaffirmed this commitment and agreed to sustained engagement and effort by all governments over the next decade and beyond to achieve the Closing the Gap targets for Indigenous people.
6. This National Partnership Agreement, which contributes to the Closing the Gap targets agreed in the National Indigenous Reform Agreement, has been established by the Commonwealth and the States and Territories contributing to the COAG target to halve the gap in employment outcomes. The Agreement involves complementary investment and effort by the Commonwealth and the States and Territories to significantly improve opportunities for Indigenous people to engage in private and public sector jobs through:
 - (a) creating real sustainable employment in areas of government service delivery that have previously relied on subsidisation through the Community Development Employment Projects program;

- (b) strengthening current government procurement policies to maximise Indigenous employment;
- (c) incorporating Indigenous workforce strategies into all new major COAG reforms thereby contributing to the Closing the Gap targets; and
- (d) reviewing all Public Sector Indigenous employment and career development strategies to increase employment to reflect national Indigenous working age population share by 2015, currently projected to be at least 2.6 per cent.

PART 1 – FORMALITIES

Parties to this Agreement

- 7. In entering this Agreement, the Commonwealth and the States and Territories recognise that they have a mutual interest in improving outcomes in the area of Indigenous Economic Participation and need to work together to achieve those outcomes.

Term of the Agreement

- 8. This agreement will commence as soon as the Commonwealth and one other Party signs the agreement and will expire on 30 June 2013 or earlier termination as agreed in writing by the Parties.

Delegations

- 9. The Minister for Families, Housing, Community Services and Indigenous Affairs is authorised to agree the Implementation Plan on behalf of the Commonwealth.
- 10. State and Territory Ministers responsible for Indigenous affairs are authorised to agree the Implementation Plan on behalf of their State or Territory.

Interpretation

- 11. Unless otherwise specified, the following terms and definitions are used throughout this Agreement:
 - (a) *The Australian Employment Covenant*: a private sector initiative to rally employers to commit to providing opportunities for 50,000 Indigenous Australians.
 - (b) *Agreement*: this Agreement and any attached bilateral Implementation Plans, schedules or annexures.
 - (c) *CDEP*: the Community Development Employment Projects program.
 - (d) *COAG*: the Council of Australian Governments (COAG) or any body delegated by COAG to operate on its behalf within the context of this Agreement.
 - (e) *In-kind Contribution*: a contribution to the achievement of this Agreement's objectives in the form of services rather than in funding and in the context of the Agreement includes integration of existing resources and/or services into implementation of the measures in this Agreement.

- (f) *Milestone*: a significant event or point in time within the delivery of the objectives of this Agreement.
- (g) *Parties*: the Commonwealth and the States and Territories.
- (h) *Performance Indicators*: the indicators used to monitor the progress towards achievement of the activities as specified in the relevant Implementation Plans.

PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS

Objectives

12. Through this Agreement, the Parties aspire to halving the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.
13. The Agreement will improve opportunities for Indigenous people to find and retain employment and connect more Indigenous people with employment and the real economy. It will build on COAG's other five targets for addressing Indigenous disadvantage which will enhance the capacity of Indigenous people to participate in the economy:
 - (a) closing the gap in life expectancy within a generation;
 - (b) halving the gap in mortality rates for Indigenous children under five within a decade;
 - (c) ensuring all Indigenous four years olds in remote communities have access to early childhood education within five years;
 - (d) halving the gap in reading, writing and numeracy achievements for Indigenous children within a decade; and
 - (e) at least halving the gap for Indigenous students in year 12 attainment or equivalent attainment rates by 2020.
14. This Agreement is complementary to ongoing welfare payment reform being taken forward separately by the Commonwealth from 2009-10.
15. The Agreement comprises four elements that form a combined strategy to significantly contribute to halving the Indigenous employment gap. Together, the Commonwealth and States and Territories will invest \$228.8 million over five years in this strategy.

Element 1: Creating real sustainable employment in areas of government service delivery that have previously relied on subsidisation through CDEP

16. In rural and remote Indigenous communities where employment is largely derived from government service provision, CDEP has been used to support a range of community and municipal services as well as economic development opportunities.
17. CDEP is being reformed by the Commonwealth to focus on providing better work readiness training, on-the-job work experience and assistance to take up jobs outside CDEP.
18. As part of the CDEP reforms, the Commonwealth and the States and Territories will create around 2,000 sustainable jobs from appropriate CDEP activities that are currently supporting the delivery of government services. This number comprises around 1,280 jobs supporting Federal Government service delivery and around 720 jobs in state, territory and local

government services. All jobs created will be in rural and remote areas of Australia in locations and sectors where jobs have not been funded through similar measures. The jobs created from this measure will be sustainable, ongoing and continue to be identified as employment opportunities for Indigenous people.

19. Noting that the above job numbers are based on best currently available estimates, job numbers will be confirmed by all parties during the implementation phase of the measure. Details of these jobs, including agreement on the treatment of jobs supporting local government service delivery will be settled by no later than February 2009.
20. This element does not cover CDEP positions in the Torres Strait as a detailed assessment has yet to be undertaken. CDEP in this region is managed by the Torres Strait Regional Authority as a separate program from the Commonwealth's CDEP program. The Commonwealth and the Queensland governments will work with the Torres Strait Regional Authority and Indigenous Regional Councils to identify and convert CDEP-subsidised positions delivering government services and convert them into properly paid jobs in the implementation phase of this measure.

Element 2: Strengthening current government procurement policies to maximise Indigenous employment

21. As major purchasers of goods and services, the Commonwealth and State and Territory Governments are in a position to increase Indigenous economic participation and employment by introducing or strengthening Indigenous employment requirements in government procurement processes.
22. Strengthened procurement provisions will be implemented in all jurisdictions with a particular focus on large construction projects, maintenance contracts, cleaning and infrastructure projects agreed through the COAG Infrastructure Working Group. By requiring successful contractors of major projects to implement Indigenous training, employment and supplier strategies, jobs will be created for Indigenous Australians, the skills of Indigenous Australians will be developed and Indigenous businesses will be created and supported.
23. The Commonwealth will establish an advisory service to support agencies (including State and Territory Government agencies):
 - (a) implement procurement requirements regarding Indigenous employment and provide enabling services through existing Indigenous and mainstream employment programs;
 - (b) implement change management strategies to support changes to procurement policies and practices; and
 - (c) report annually on procurement requirements.
24. In addition to strengthening procurement policies to maximise Indigenous employment, the Commonwealth will also explore options to assist the expansion of Indigenous business opportunities through support for the establishment of an Indigenous supplier network. The Commonwealth will also consider options for Commonwealth procurement strategies to incorporate these Indigenous supplier arrangements once they are developed.

Element 3: Incorporating Indigenous workforce strategies into all new major COAG reforms contributing to the Closing the Gap targets

25. The Commonwealth and the States and Territories are investing significantly in capital development, procurement and service delivery through the full range of COAG reforms. Incorporating Indigenous workforce strategies into all new major COAG reforms emerging from

the reform agenda, including in infrastructure construction projects agreed through the COAG Infrastructure Working Group, will leverage this investment to drive employment outcomes.

26. Workforce strategies will have as core components the acquisition of recognised and accredited mainstream qualifications and articulated training pathways for Indigenous Australians. In particular, those reforms targeted specifically at the Closing the Gap targets should also support achievement of the target to halve the gap in employment outcomes.

Element 4: Reviewing all Public Sector Indigenous employment and career development strategies to increase employment to reflect population share by 2015

27. Direct investment by government in employing Indigenous people can provide an immediate impact on halving the employment outcomes gap. However, currently, the proportion of Indigenous people in employment in the Public Sector is below the Indigenous share of the working age population.
28. Public Sector employment through public sector Indigenous employment and career development strategies will be strengthened by the Commonwealth and the States and Territories with a view to achieving Indigenous participation in public sector employment that reflects working age population share and improving representation at higher levels.
29. A national target of at least 2.6 per cent of public sector employment for Indigenous employment across all classifications by 2015 has been set by COAG to increase employment to reflect the expected national Indigenous working age population share. All parties to this Agreement commit to implement Public Sector Indigenous employment strategies to meet this target, to employ up to 8,000 Indigenous people noting that jurisdiction-specific targets are to be developed and agreed, recognising that the proportion of Indigenous population varies significantly across States and Territories.

Governance

30. The parties to the Agreement will cooperate to work through red-tape issues or barriers, join up programs and initiatives and provide high level support for the implementation of all elements of the Agreement. Jurisdictional and regional arrangements will be implemented to support delivery of the Agreement and will include mechanisms to engage corporate leadership, including through the Australian Employment Covenant.

Outcomes

31. The Agreement will contribute to the following outcomes:
 - (a) in combination with other COAG reforms and other Commonwealth and State and Territory initiatives, halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade, involving employment growth of around 100,000 jobs for Indigenous people;
 - (b) the proportion of welfare payments as part of overall Indigenous household income declines as the call on welfare payments by working aged Indigenous Australians is reduced and tax revenue is increased;
 - (c) the Indigenous working age population has the depth and breadth of skills and capabilities required for the 21st century labour market;
 - (d) Indigenous people of working age are represented in all employment sectors and at all levels of the labour market within ten years; and

- (e) the productive capacity of the economy is increased by enhancing workforce participation and retention across the labour market.

Outputs

- 32. The Agreement will contribute to reducing the gap by improving opportunities for Indigenous people to engage in private and public sector jobs through the following outputs:
 - (a) around 2,000 CDEP participants will be transitioned into properly paid jobs through the conversion of CDEP positions supporting the delivery of government services into real jobs;
 - (b) up to 3,000 jobs will be created by changes to Commonwealth procurement processes; and
 - (c) up to 8,000 Indigenous people will be employed by strengthening Public Sector Indigenous employment and career development strategies.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

- 33. The existing split of Commonwealth and State responsibilities will be clarified through the implementation of the Agreement. The Commonwealth will lead implementation of the Agreement in partnership with State and Territory governments in recognition of Commonwealth responsibility for employment assistance and welfare benefits and the shared responsibility with the States and Territories for industry and business development.
- 34. To realise the objectives and commitments in this Agreement, each Party has additional specific roles and responsibilities, as outlined below.

Role of the Commonwealth

- 35. The Commonwealth will have responsibility for:
 - (a) creating properly paid positions for the delivery of up to 1,280 Commonwealth government service delivery jobs which have previously relied on CDEP subsidies, with jobs to be in place by 1 July 2009;
 - (b) requiring successful contractors of major projects to implement Indigenous training, employment and supplier strategies; and
 - (c) establishing an advisory service to support agencies (including State and Territory Governments) to develop, implement and manage Indigenous employment procurement requirements in their procurement arrangements.

Role of the States and Territories

- 36. The States and Territories will have responsibility for:
 - (a) creating properly paid positions for the delivery of up to 720 State government service delivery jobs which have previously relied on CDEP subsidies, comprising up to an estimated:
 - (i) 338 jobs in Western Australia;

- (ii) 274 jobs in Queensland;
- (iii) 72 jobs in South Australia; and
- (iv) 36 jobs in New South Wales;

with jobs to be in place by 1 July 2009. Where States identify municipal services positions within these estimates, agreement on the treatment of these will be settled by all parties in the implementation phase by no later than February 2009; and

- (b) developing and implementing change management strategies to support changes to procurement policies and practices and implement procurement requirements regarding Indigenous employment.

37. In light of the ACT's circumstances, the Commonwealth and the ACT will determine bilaterally the nature of the ACT's participation in this agreement.

Joint Responsibilities

38. Both Commonwealth and State and Territory governments will have joint responsibility for:

- (a) working with the private sector, local government and Indigenous communities in the development of strategies to improve Indigenous employment outcomes;
- (b) creating properly paid positions for the delivery of municipal services which have previously relied on CDEP subsidies;
- (c) developing transitional strategies in communities particularly affected by the CDEP reforms;
- (d) incorporating Indigenous workforce principles into delivery of government services and working together to link-up education, training, and support to maximise Indigenous participation and career progression in remote service delivery positions;
- (e) engaging with employers currently and potentially contracted to Commonwealth and State and Territory governments to advise them of changes to government procurement policies; and
- (f) working collaboratively to develop Indigenous workforce strategies.

PART 4 – PERFORMANCE BENCHMARKS AND REPORTING

Performance benchmarks and indicators

- 39. The objective of the Agreement is to contribute to the COAG target to halve the gap in employment outcomes between Indigenous and non Indigenous Australians within a decade.
- 40. The gap in the Indigenous workforce-aged employment to population ratio (also known as the employment rate) at the 2006 Census was around 24 percentage points. To reduce this gap to 12 percentage points by 2018, Indigenous employment growth of around 100,000 over ten years would be needed. This represents a 63 per cent total increase on the number of Indigenous people employed at mid 2006.

41. Current projections indicate that this National Partnership will assist up to 13,000 Indigenous people into employment over a five year period.
42. Assessment of the contribution that the implementation of the Agreement makes towards the target of halving the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade will have reference to the following performance indicators and administrative data:
 - (a) the number of CDEP positions converted into properly waged jobs, as a performance indicator for Element 1;
 - (b) the publication of revised procurement policies that maximise Indigenous employment, as a performance indicator for Element 2;
 - (c) the incorporation of Indigenous workforce strategies into major COAG reform implementation plans, as a performance indicator for Element 3;
 - (d) Commonwealth and State and Territory administrative data relevant to the participation of Indigenous employees in public sector positions as a performance indicator for Element 4;
 - (e) Indigenous employment by industry, occupation, and full-time/part-time status;
 - (f) the proportion of welfare payments as part of overall household income;
 - (g) the number of Indigenous people on workforce age income support payments; and
 - (h) the number of Indigenous people still in employment three months after placement in employment (post program monitoring).
43. In addition, the following performance data sources will be used:
 - (a) the employment to population ratio (based on Census data);
 - (b) the employment to population ratio (based on Labour Force Survey data);
 - (c) the unemployment rate (based on Labour Force Survey data); and
 - (d) the Labour Force Participation rate (based on Labour Force Survey data), which is a measure of the overall success of the Agreement.

Implementation plan

44. The Parties will agree Bilateral Implementation Plans to achieve the objectives of this Agreement to be developed cooperatively by all Parties within three months of signing the Agreement. The Plans will set out the specific actions in each jurisdiction.
45. The Plans will be reviewed by the Parties on a biannual basis:
 - (a) the Commonwealth will maintain the Plans and provide updated Plans to the States and Territories following reviews;
 - (b) the Plans will include the timelines for achieving the performance benchmarks, including phased achievement of performance benchmarks where appropriate; and

- (c) amendments to the Plans can be requested by a State or Territory at any time, to accommodate emerging issues. These amendments will be agreed with the Commonwealth.

Reporting

- 46. The Commonwealth will monitor the overall implementation of the Agreement as detailed in the agreed Implementation Plans. The Commonwealth will report annually to COAG on implementation of the Agreement.
- 47. The States and Territories will each provide a detailed report on a biannual basis to the Commonwealth against the performance indicators and timelines relating to creating real sustainable employment in areas of government service delivery, strengthening current government procurement policies to maximise Indigenous employment and Public Sector recruitment initiatives.
- 48. The reports will be provided within one month of the end of the relevant period, or as otherwise specified in the agreed Implementation Plans.
- 49. Reporting under this National Partnership will comply with the requirements of Schedule C to the *Intergovernmental Agreement on Federal Financial Relations*.

PART 5 – FINANCIAL ARRANGEMENTS

Funding

- 50. The elements in the Agreement draw on existing government programs both at a Commonwealth and State and Territory level. However, there will be additional investment by the Commonwealth and the States and Territories.
- 51. The Commonwealth will commit a total of \$172.7 million over five years for the Agreement, to provide sustainable employment in government-funded service delivery and programs through the conversion of CDEP positions into properly waged jobs (including \$15.0 million in 2008-09).
- 52. The States and Territories will commit a total of \$56.2 million over five years to provide sustainable employment in government-funded service delivery and programs through the conversion of CDEP positions into properly waged jobs (including \$4.3 million in 2008-09). Subsequent agreements in relation to creating properly waged municipal services jobs may involve further Commonwealth and State and Territory investment.
- 53. Commonwealth and State and Territory costs will be met with new money.

PART 6 – GOVERNANCE ARRANGEMENTS

Dispute resolution

- 54. Any Party may give notice to other Parties of a dispute under this Agreement.
- 55. The relevant delegates will attempt to resolve any dispute in the first instance.

56. If a dispute cannot be resolved between the relevant delegates, it may be escalated to the Working Group on Indigenous Reform (WGIR) for consideration, or should the WGIR be dissolved, the relevant Ministerial Council or Working Group.
57. If a dispute cannot be resolved by the relevant Ministerial Council or COAG Working Group, it may be referred by a Party to COAG for consideration.

Review of the Agreement

58. The Agreement will be reviewed in 2012, the final year of the Agreement, with regard to progress made by the Parties in respect of achieving the agreed outcomes.

Variation of the Agreement

59. The Agreement may be amended at any time by agreement in writing by all the Parties and under terms and conditions as agreed by all Parties.
60. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all the other Parties in writing.

The Parties have confirmed their commitment to this agreement as follows:

Signed *for and on behalf of the Commonwealth of Australia by*

The Honourable Kevin Rudd MP

Prime Minister of the Commonwealth of Australia

February 2009

Signed *for and on behalf of the State of New South Wales by*

Signed *for and on behalf of the State of Victoria by*

The Honourable Nathan Rees MP

Premier of the State of New South Wales

December 2008

The Honourable John Brumby MP

Premier of the State of Victoria

December 2008

Signed *for and on behalf of the State of Queensland by*

Signed *for and on behalf of the State of Western Australia by*

The Honourable Anna Bligh MP

Premier of the State of Queensland

December 2008

The Honourable Colin Barnett MP

Premier of the State of Western Australia

December 2008

Signed *for and on behalf of the State of South Australia by*

Signed *for and on behalf of the Australian Capital Territory by*

The Honourable Mike Rann MP

Premier of the State of South Australia

December 2008

Jon Stanhope MLA

Chief Minister of the Australian Capital Territory

December 2008

Signed *for and on behalf of the Northern Territory by*

The Honourable Paul Henderson MLA

Chief Minister of the Northern Territory of Australia

December 2008