

NATIONAL PARTNERSHIP AGREEMENT TO DELIVER A SEAMLESS NATIONAL ECONOMY

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 State of Tasmania;
 - ◆ The Australian Capital Territory; and
 - ◆ The Northern Territory of Australia.

An agreement between the Commonwealth and the States and Territories to facilitate the implementation and reward the delivery of reforms that assist in the creation of a seamless national economy.

National Partnership Agreement to Deliver a Seamless National Economy

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 March 2008, the Council of Australian Governments (COAG) endorsed a far-reaching reform agenda, oversighted by the Business Regulation and Competition Working Group (BRCWG), for reducing the costs of regulation and enhancing productivity and workforce mobility in areas of shared Commonwealth, State and Territory responsibility.
4. In July 2008, COAG agreed that the seamless national economy initiatives were amongst the most significant and far-reaching of the potential reforms identified by COAG.
5. This National Partnership (NP) Agreement to Deliver a Seamless National Economy (the Agreement) recognises the implementation of the reforms progressed through the BRCWG. The NP payment model involves:
 - (a) 'facilitation' payments that recognise the net set-up costs and revenue forgone by the States and Territories as a result of implementing the reforms set out in paragraph 14(a) of this Agreement; and
 - (b) a 'reward' component, with payment contingent on independent assessment that clearly defined key milestones have been achieved.
6. The COAG reform agenda is intended to deliver more consistent regulation across jurisdictions and address unnecessary or poorly designed regulation, to reduce excessive compliance costs on business, restrictions on competition and distortions in the allocation of resources in the economy.

PART 1 – FORMALITIES

Parties to this Agreement

7. In entering this Agreement, the Commonwealth and the States and Territories (the Parties) recognise that they have a mutual interest in the creation of a seamless national economy and need to work together to achieve this objective.

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 as agreed in writing by the Parties.

PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS

Objectives

9. Through this Agreement, the Parties commit to:
 - (a) continuing to reduce the level of unnecessary regulation and inconsistent regulation across jurisdictions;
 - (b) delivering agreed COAG deregulation and competition priorities; and
 - (c) improving processes for regulation making and review.

Outcomes

10. The Agreement will contribute to the following outcomes:
 - (a) creating a seamless national economy, reducing costs incurred by business in complying with unnecessary and inconsistent regulation across jurisdictions;
 - (b) enhancing Australia's longer-term growth, improving workforce participation and overall labour mobility; and
 - (c) expanding Australia's productive capacity over the medium-term through competition reform, enabling stronger economic growth.

Implementation Plan

11. The Parties agree to the Implementation Plan (Attachment A) to achieve the objectives of this Agreement. The Implementation Plan will be reviewed by the Parties on an annual basis to ensure that it reflects any new commitments made by COAG in this area.
 - (a) The Commonwealth will maintain the Implementation Plan and will be responsible for updating the Implementation Plan with the agreement of the States and Territories, as progress is reviewed.
 - (b) The Implementation Plan will include the timelines for achieving the key milestones.
 - (c) In addition to the annual review of the Implementation Plan, amendments to the Implementation Plan can be requested by COAG or any of the Parties to the Agreement at any time, to accommodate emerging issues. These amendments will be agreed with the other Parties.

Outputs

12. The objectives and outcomes of this Agreement will be achieved by implementing the following detailed, substantive reform agenda agreed by COAG in March 2008 and set out in the Implementation Plan.
13. The Implementation Plan articulates the policy outcomes sought in each reform area and, where possible, also identifies key milestones for jurisdictions in progressing each reform.
14. The Implementation Plan comprises three streams:
 - (a) the 27 deregulation priorities agreed by COAG in March 2008;
 - (b) the eight priority areas for competition reform agreed by COAG in July 2008, comprising:
 - (i) five new priority areas: review of Australia's anti-dumping and countervailing system; review of parallel importation of books; rationalisation of occupational licences; further national transport policy reform; and further reforms to infrastructure access, and
 - (ii) implementation of reforms agreed through previous COAG processes, and endorsed by the BRCWG, in the three areas of energy, transport and infrastructure; and
 - (c) regulatory reform that continues to develop and enhance existing processes for regulation making and review to increase the efficiency of regulation. These processes will continue to have regard to the regulatory management principles agreed by COAG in April 2007 as part of the National Reform Agenda, and subsequently endorsed by the BRCWG.
15. Under this Agreement, the Commonwealth will provide funding only in respect of those elements of the Implementation Plan described in paragraph 14(a).
16. In relation to key milestones that are yet to be agreed in any of the 27 deregulation priorities or the eight competition reform priorities in the Implementation Plan, these will be subject to COAG agreement and assessment of the costs and benefits of next stage reforms.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

17. To realise the objectives and commitments in this Agreement, each Party has specific roles and responsibilities, as outlined below.

Role of the Commonwealth

18. The Commonwealth will have responsibility for a national regulatory system in the areas of:
 - (a) trade measurement;
 - (b) regulation of trustee companies;
 - (c) regulation of mortgage broking, margin lending, non-deposit taking institutions and the remaining areas of consumer credit;
 - (d) registering business names;
 - (e) personal property securities; and

- (f) standard business reporting.
- 19. The Commonwealth will have primary responsibility, in co-operation with States and Territories, for implementing competition reform in the two priority areas of anti-dumping and countervailing system and parallel importation of books.
- 20. The Commonwealth and States and Territories will have shared responsibility for implementing competition reform in the remaining six priority areas.

Role of the States and Territories

- 21. The States and Territories will have responsibility to work together, and for many specific reforms to work jointly with the Commonwealth, to implement a coordinated national approach in areas of:
 - (a) uniform occupational health and safety laws;
 - (b) environmental assessment and approvals;
 - (c) payroll tax;
 - (d) electronic conveyancing;
 - (e) licensing of tradespeople;
 - (f) consumer policy framework;
 - (g) product safety regulation;
 - (h) health workforce;
 - (i) rail safety regulation;
 - (j) development assessment;
 - (k) a new National Construction Code;
 - (l) chemicals and plastics regulation;
 - (m) food regulation;
 - (n) mine safety;
 - (o) oil and gas regulation;
 - (p) maritime safety;
 - (q) wine labelling; and
 - (r) directors' liability.
- 22. The States and Territories will also have shared responsibility with the Commonwealth for regulatory reform.

PART 4 – PERFORMANCE BENCHMARKS AND REPORTING

Performance benchmarks and indicators

23. The Commonwealth, the States and Territories agree to meet the following key milestones (set out in detail in the Implementation Plan). This will involve the Commonwealth, States and Territories:
 - (a) implementing all 27 deregulation priorities in the specified timeframes, as set out in Part 1 of the Implementation Plan;
 - (b) implementing all eight competition reform items in the specified timeframes, as set out in Part 2 of the Implementation Plan; and
 - (c) implementing, by 30 June 2009, respective jurisdictional commitments to improve processes for regulation making and review outlined in Appendix C to the COAG Regulatory Reform Plan of April 2007, and subsequently endorsed by the BRCWG, as referred to in Part 3 of the Implementation Plan.
24. Achievement of these key milestones will be assessed annually for the Commonwealth and each State and Territory by the COAG Reform Council (CRC).

Reporting

25. The reporting requirements under this Agreement should be read in conjunction with the provisions in Schedule C to the Intergovernmental Agreement on Federal Financial Relations.
26. Each party will provide a detailed report to the CRC on its progress against the key milestones for each financial year of the Agreement as detailed in the Implementation Plan.
27. The reports will be provided within three months of the end of the financial year, or as otherwise specified in the Implementation Plan.

PART 5 – FINANCIAL ARRANGEMENTS

Funding

28. The Commonwealth will make National Partnership payments to the States and Territories pursuant to this Agreement.
29. The total amount of funding available to the States and Territories in each financial year will be:
 - (a) 2008-09 — a facilitation payment of \$100 million;
 - (b) 2009-10 — zero;
 - (c) 2010 11 — zero;
 - (d) 2011-12 — a reward payment of \$200 million; and
 - (e) 2012-13 — a reward payment of \$250 million.
30. Distribution of these funding allocations will be on an equal per capita basis among the States and Territories as set out in the following table:

Table 1: Distribution of Funding between the States and Territories based on per capita distribution

	2008-09	2009-10	2010-11	2011-12	2012-13	Total
	\$m	\$m	\$m	\$m	\$m	\$m
NSW	32.552	0.0	0.0	64.212	79.910	176.673
Vic	24.774	0.0	0.0	49.554	61.943	136.272
Qld	20.104	0.0	0.0	41.010	51.582	112.697
WA	10.133	0.0	0.0	20.683	26.021	56.838
SA	7.477	0.0	0.0	14.725	18.316	40.518
Tas	2.322	0.0	0.0	4.533	5.621	12.476
ACT	1.610	0.0	0.0	3.220	4.026	8.856
NT	1.028	0.0	0.0	2.062	2.580	5.671
Total	100.0	0.0	0.0	200.0	250.0	550.0

Payment schedule

31. The Commonwealth will provide facilitation payments to the States and Territories in 2008-09 as set out in Table 1 above.
32. The Commonwealth will provide reward payments to the States and Territories following CRC advice as to the achievement of key milestones, as set out in the Implementation Plan for the 27 deregulation priorities. The maximum distribution of funds to be paid is set out in Table 1 above.
33. Progress in relation to the eight competition reform items and in relation to further regulatory reform as set out in Parts 2 and 3 of the Implementation Plan will not be the subject of reward payments.
34. In advising the Commonwealth on its assessment of progress against key milestones as set out in paragraph 32, the CRC must have regard to the following:
 - (a) notwithstanding clause 32, States and Territories will continue to be eligible for their full reward payment in accordance with the timetable set out in Table 1 in relation to the 27 deregulation priorities, if one of the 27 priorities has not met the nominated key milestone for that year, provided that the priority is not in relation to:
 - (i) occupational health and safety,
 - (ii) licensing of tradespeople,
 - (iii) trade measurement,
 - (iv) consumer policy framework,
 - (v) product safety regulation,
 - (vi) regulation of trustee companies,
 - (vii) regulation of mortgage broking, margin lending, non-deposit taking institutions and the remaining areas of consumer credit,

- (viii) registering business names,
 - (ix) personal property securities, and
 - (x) standard business reporting;
- (b) States and Territories will be eligible for full or partial reward payments in accordance with the timetable set out in Table 1 above, reflecting an assessment by the Commonwealth of the overall level of progress by each individual jurisdiction against all of the key milestones in respect of the 27 deregulation priorities set out in Part 1 of the Implementation Plan, based on the advice of the CRC; and
- (c) the Commonwealth will ensure, in consultation with the States and Territories, that the Implementation Plan is amended prior to any CRC review to reflect any delays by the Commonwealth in the achievement of its milestones that impact on State and Territory capacity to meet milestones.
35. Any reward payments which are not allocated by the Commonwealth in any particular year because of underperformance in one or more jurisdictions will be retained by the Commonwealth and made available to the relevant jurisdiction in the subsequent year, subject to performance.

PART 6 – GOVERNANCE ARRANGEMENTS

Dispute resolution

36. Any Party may give notice to other Parties of a dispute under this Agreement.
37. If a dispute is unable to be resolved between the Parties, it may be referred by a Party to COAG for consideration.

Review of the Agreement

38. The Commonwealth will review the Agreement, in consultation with the States and Territories, in 2011. The review will consider matters including CRC reports and advice and the progress made by the Parties against the Implementation Plan.

Variation of the Agreement

39. 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 the Parties.
40. A Party to the Agreement may terminate its 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*

The Honourable Nathan Rees MP
Premier of the State of New South Wales
December 2008

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

The Honourable Anna Bligh MP
Premier of the State of Queensland
December 2008

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

The Honourable Mike Rann MP
Premier of the State of South Australia
February 2009

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

Jon Stanhope MLA
Chief Minister of the Australian Capital Territory
December 2008

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

The Honourable John Brumby MP
Premier of the State of Victoria
December 2008

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

The Honourable Colin Barnett MP
Premier of the State of Western Australia
December 2008

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

The Honourable David Bartlett MP
Premier of the State of Tasmania
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