

INDONESIA- AUSTRALIA

COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT



Outcomes: Skills development

Australia's well-established and dynamic higher education system is one of the fastest growing education exports, up 17 per cent in 2018. Australia is a popular destination for Indonesian students, with nearly 21,000 enrolments to study in Australia in 2018. The Indonesia-Australia Comprehensive Economic Partnership (IA-CEPA) will open new opportunities for Indonesians to receive world-class training in Australia and in Indonesia by Australian training providers and has the potential to grow the number of Indonesian students seeking to study in Australia.

Key Outcomes

Australia and Indonesia have agreed to a skills development package of outcomes that guarantees Australian vocational education and training providers can establish majority-owned training institutions in Indonesia. The skills package also includes a work and holiday visa outcome, reciprocal skills exchange program and workplace skills training program that will help build people-to-people links and increase the Indonesia literacy of Australian business – leading to deeper and broader relationships and opportunities for both Indonesia and Australia.

Vocational Education

For the first time in any FTA, Indonesia has offered commitments on a wide range of technical and vocational education, guaranteeing that Australian providers can establish majority Australian-owned joint ventures in Indonesia, and guaranteeing the conditions in which they can operate.

- IA-CEPA guarantees that Australian suppliers can own 67 per cent of investments in the vocational education and training sector (known in Indonesia as work training)
- IA-CEPA will provide certainty for Australian providers that they can establish a work training business anywhere in Indonesia and that the requirements for Australian trainers are accepted in Indonesia
- Australian training providers in this sector benefit from commitments that guarantee they can offer all Australian Qualifications Framework qualifications and Indonesian Qualifications Framework qualifications levels 1-5 in subject matters including technical engineering, business administration, languages, tourism, management, information technology, art and agriculture.



Reciprocal Skills Exchange Program

- A Memorandum of Understanding on the Indonesia-Australia Skills Development Exchange Pilot Project responds directly to a suggestion from the Indonesia-Australia Business Partnership Group – representing both Australian and Indonesian industry – to give businesses from each country the opportunity to send people with tertiary level skill qualifications to work for up to six months in the other country. On entry into force of IA-CEPA, the pilot project will apply to the following sectors: financial and insurance services; mining, engineering and related technical services; and, information media and telecommunications services. The pilot program will start with up to 100 exchanges in each direction in the first year, rising to 500 exchanges in the fifth year. Under the pilot program Australians will not need to obtain a work permit and the Indonesian Government has simplified the approval process for sponsor organisations in Indonesia. This is an excellent example of how the IA-CEPA and related agreements will help businesses develop the capabilities of their staff, while also building stronger people-to-people links and promoting cross-cultural awareness.

Work and Holiday Arrangement

- Australia and Indonesia have a separate arrangement that allows Australian and Indonesian travellers aged between 18 and 30 to work and holiday in the other country for up to 12 months. This arrangement provides an incentive for young people from both countries to deepen their understanding of the history, culture and economy of their close neighbour country. The annual limit of Work and Holiday visas for Indonesians will expand from the current 1,000 places to 4,100 places on entry into force of IA-CEPA and will be stepped up each year to 5,000 by the 6th year. The arrangement allows Indonesians to develop their skills through short term work in Australia and gives Australian businesses and their employees the opportunity to work with young Indonesians and to benefit from the perspectives they bring.

Workplace Skills Training Program

- A Memorandum of Understanding between Australia and Indonesia will focus on skills development through a pilot program on workplace-based training. The pilot will allow up to 200 Indonesians per year to receive workplace skills training in Australia. The participants must be sponsored by an approved organisation in Australia and may undertake workplace-based training in Australia for up to six months in the following sectors: education, tourism, telecommunications, infrastructure development, health, energy, mining, financial services and information communication and technology. This is a further example of IA-CEPA and related agreements providing opportunities for skills development that will help our close neighbour, Indonesia, build the skills of its young people and forge the lasting people-to-people links on which the future relationship of Indonesia and Australia will depend.