



# **Review of the National Agreement on Closing the Gap**

Review paper 2: Proposed approach and invitation to engage with the review



**The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.**

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### **The Productivity Commission**

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Further information on the Productivity Commission can be obtained from the Commission's website ([www.pc.gov.au](http://www.pc.gov.au)).

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### **Review paper 2: Proposed approach and invitation to engage with the review**

The Commission has released this paper to help people contribute to the review of the National Agreement on Closing the Gap ('the review'). It outlines:

- what the review is about
- a proposed approach for the review
- information the Commission is seeking
- how people can engage with the review.

Participants should not feel that they are restricted to comment only on matters raised in this paper. The Commission wishes to receive information on any issues that participants consider relevant to the review.

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### **Key dates**

Receipt of terms of reference	7 April 2022
Due date for submissions	12 December 2022
Release of draft report	June 2023
Final report to the Joint Council on Closing the Gap	December 2023

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# 1. About the review

In 2020, all Australian Governments and the Coalition of Aboriginal and Torres Strait Islander Peak Organisations (the Coalition of Peaks) signed the National Agreement on Closing the Gap. The objective of the Agreement is ‘to overcome the entrenched inequality faced by too many Aboriginal and Torres Strait Islander people so that their life outcomes are equal to all Australians’ (cl. 15).

The central pillars of the Agreement are its four Priority Reforms. These Reforms focus on changing the way governments work (figure 1).

- **Priority Reform One — Formal partnerships and shared decision making.** ‘Aboriginal and Torres Strait Islander people are empowered to share decision-making authority with governments to accelerate policy and place-based progress on Closing the Gap through formal partnership agreements’ (cl. 17a)
- **Priority Reform Two — Building the community-controlled sector.** ‘There is a strong and sustainable Aboriginal and Torres Strait Islander community-controlled sector delivering high quality services to meet the needs of Aboriginal and Torres Strait Islander people across the country’ (cl. 17b)
- **Priority Reform Three — Transforming government organisations.** ‘Governments, their organisations and their institutions are accountable for Closing the Gap and are culturally safe and responsive to the needs of Aboriginal and Torres Strait Islander people, including through the services they fund’ (cl. 17c)
- **Priority Reform Four — Shared access to data and information at a regional level.** ‘Aboriginal and Torres Strait Islander people have access to, and the capability to use, locally-relevant data and information to set and monitor the implementation of efforts to close the gap, their priorities and drive their own development’ (cl. 17d).

Implementation of these Priority Reforms is intended to accelerate improvements in socioeconomic outcomes for Aboriginal and Torres Strait Islander people — the Agreement currently contains 17 socioeconomic outcome areas and associated targets.

## The Commission’s task

The Parties to the Agreement have committed to independent oversight and accountability of progress under the Agreement. This includes the Productivity Commission undertaking a comprehensive review of progress every three years; this is the first such review. It is an opportunity to highlight where governments are changing the way they operate, where outcomes are improving for Aboriginal and Torres Strait Islander people, and where additional effort is needed.

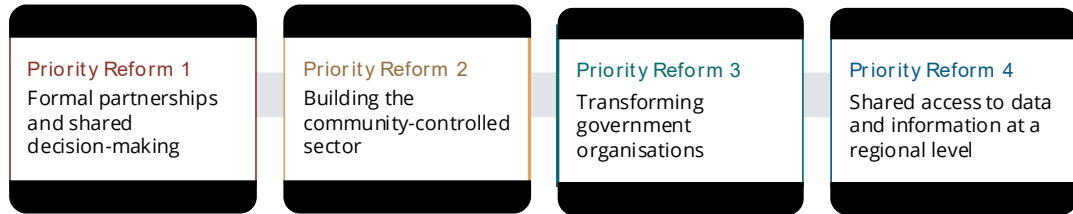
The Commission’s task involves assessing progress against the Agreement’s four Priority Reforms and 17 socioeconomic outcomes and to examine the factors affecting progress (appendix A contains the review’s terms of reference). Our final report will be delivered to the Joint Council on Closing the Gap by December 2023 and will be followed within 12 months by an Aboriginal and Torres Strait Islander-led review (cl. 121).

This paper:

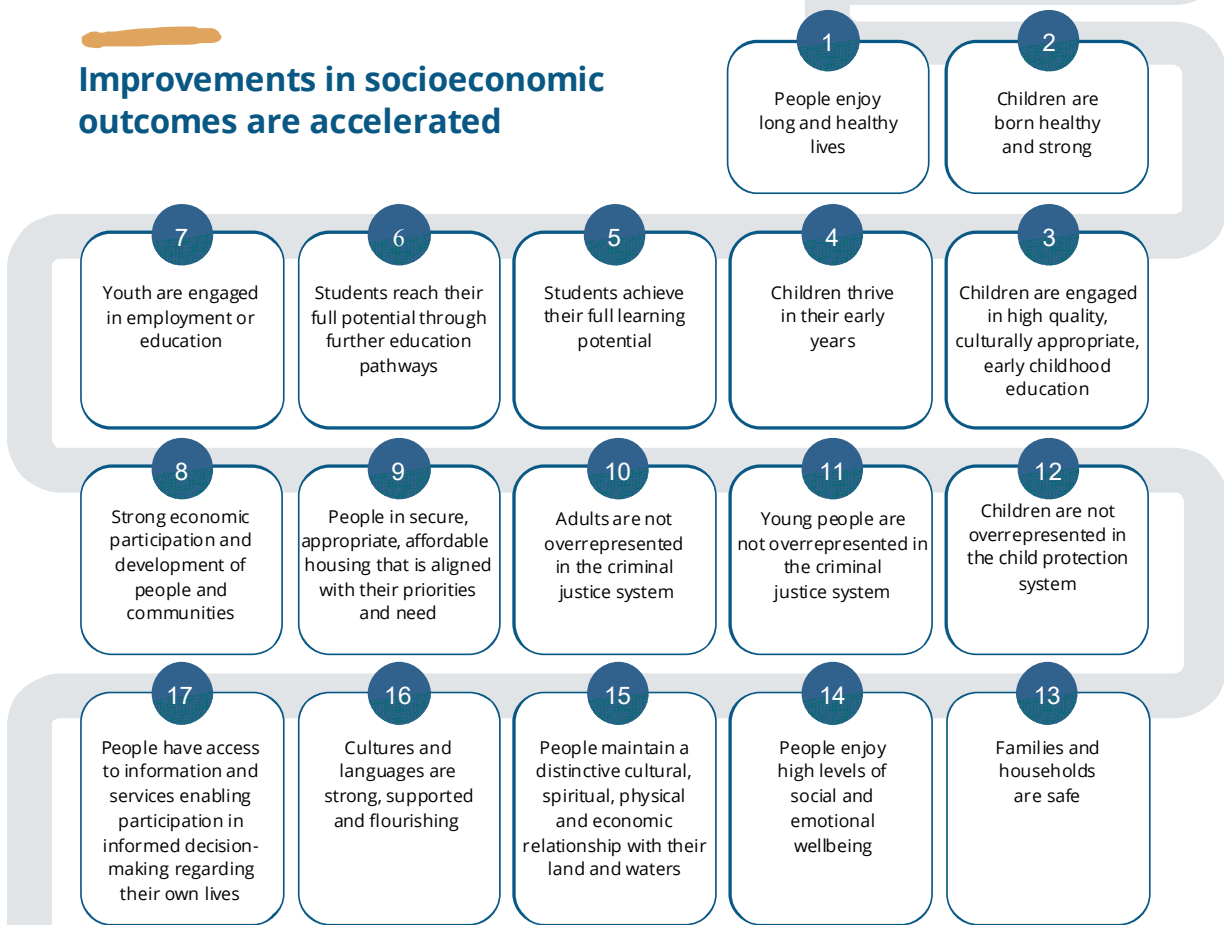
- outlines the Commission’s proposed approach to the review (section 2)
- asks you questions about the proposed approach and the implementation of the Agreement (section 3)
- details how you can engage with the Commission (section 4).

**Figure 1 – The program logic underpinning the National Agreement on Closing the Gap**

**Priority Reforms are fully implemented**



**Improvements in socioeconomic outcomes are accelerated**



**Objective is achieved**

To overcome the entrenched inequality faced by too many Aboriginal and Torres Strait Islander people so that their life outcomes are equal to all Australians

Source: Productivity Commission (2022), *Annual Data Compilation Report*, p. 11.

## 2. A proposed way to assess progress

### Focusing on the Priority Reforms

The Priority Reforms represent a new way of working for governments and set the Agreement apart from its predecessor, which largely focused on setting targets for socioeconomic outcomes. The new Agreement represents a ‘fundamentally new way of developing and implementing programs that impact on the lives of Aboriginal and Torres Strait Islander people’ (cl. 4). The Parties have agreed that implementing the Priority Reforms in full ‘will support an accelerated achievement of the socioeconomic targets’ (cl. 80).

For these reasons, the Commission proposes to place a greater emphasis in this first review on progress towards the Priority Reforms and the factors affecting progress.

The Commission proposes to assess progress towards the Priority Reforms in two ways:

- first, by assessing progress against the specific commitments in the Agreement (table 1, pp. 4-5)
- second, by assessing the broad range of actions governments are taking, as set out in their Implementation Plans (table 2, p. 6). This assessment will include the use of case studies to illustrate what’s working, what isn’t working, and why.

In assessing progress on the commitments in the Agreement and the range of actions governments are taking, the Commission will be seeking to understand whether they will collectively lead to the structural changes envisaged by the Priority Reforms. The Agreement recognises that ‘structural change in the way Governments work with Aboriginal and Torres Strait Islander people is needed to close the gap’ (cl. 6). Such change can be interpreted as deep and enduring changes to systems, processes and institutions. It is these sorts of changes that the Commission would like to pay particular attention to in the review, including through case studies.

### Using case studies to understand progress

Australian governments have committed to a large number of actions to give effect to the Priority Reforms (and to achieve the socioeconomic outcomes). Preliminary analysis by the Commission indicates that there are over 2000 individual actions listed in jurisdictions’ Implementation Plans.

It is not feasible to assess each of the actions in detail, so the Commission plans to use case studies to help understand what governments are doing, whether what they are doing is effective, and the factors contributing to success. The benefit of using a case study approach is that it allows for in-depth exploration of issues in their real-life settings. Case studies will be supported by quantitative data and analysis where appropriate and available.

The case studies are expected to vary in terms of their subject, scope and level of detail. For example, they could involve looking at a suite of initiatives within a given policy area (for example, child health), the effects of a national policy or a policy implemented in a single jurisdiction, or a detailed examination of a location-specific program in a particular place. The Commission is seeking to use multiple case studies for each of the Priority Reforms and some socioeconomic outcomes.

The Commission is considering using the following criteria to select case studies:

- the extent to which Aboriginal and Torres Strait Islander people’s knowledge and perspectives can inform the case study

- how strongly the relevant government actions link to the Priority Reforms or relevant socioeconomic outcomes
- prioritising actions relating to the five policy priority areas identified in the Agreement (justice, social and emotional wellbeing, housing, early childhood care and development, Aboriginal and Torres Strait Islander languages) or the sectors targeted for strengthening (early childhood care and development, housing, health and disability)
- the potential learning benefits of the policy, where policies or actions that are being implemented in individual communities or jurisdictions could be scaled up
- the resources allocated to the policy action (if more money is allocated to something it is in general more important to understand whether it is achieving positive outcomes).

**Table 1 – Each Priority Reform comes with some specific commitments<sup>a</sup>**

<p><b>Priority Reform One</b> Formal partnerships and shared decision making</p>	<p>Under the Agreement the Parties commit to 'building and strengthening structures that empower Aboriginal and Torres Strait Islander people to share decision-making authority with governments to accelerate policy and place-based progress against Closing the Gap' (cl. 28). This will be supported by specific commitments including:</p> <ul style="list-style-type: none"> <li>• undertaking a stocktake of partnership arrangements (cl. 36a)</li> <li>• reviewing and strengthening existing partnerships (cl. 36b)</li> <li>• reporting on the review of existing partnerships to Joint Council (cl. 36c)</li> <li>• establishing a joined up approach to five policy priority areas (cl. 38). The five policy priority areas are: justice, social and emotional wellbeing, housing, early childhood care and development, and Aboriginal and Torres Strait Islander languages</li> <li>• establishing six new place-based partnerships (cl. 39).</li> </ul>
<p><b>Priority Reform Two</b> Building the community-controlled sector</p>	<p>Under the Agreement the Parties commit to 'building formal Aboriginal and Torres Strait Islander community-controlled sectors to deliver services to support Closing the Gap' (cl. 42). This will be supported by specific commitments including:</p> <ul style="list-style-type: none"> <li>• identifying sectors for joint national strengthening effort every three years through Sector Strengthening Plans (cl. 49)</li> <li>• developing the first four Sector Strengthening Plans (cl. 52). The first four sectors are: early childhood care and development, housing, health and disability</li> <li>• agreeing additional sectors for Sector Strengthening Plans (cl. 53)</li> <li>• implementing measures to increase the proportion of services delivered by Aboriginal and Torres Strait Islander organisations, particularly community-controlled organisations, through: <ul style="list-style-type: none"> <li>– funding prioritisation policies that preference Aboriginal and Torres Strait Islander organisations in decisions about the provision of services to Aboriginal and Torres Strait Islander people and communities (cl. 55a)</li> <li>– allocating a meaningful proportion of funding to Aboriginal and Torres Strait Islander organisations where new funding initiatives are decided by governments that are intended to service the broader population (cl. 55b).</li> </ul> </li> </ul>
<p><b>Priority Reform Three</b> Transforming government organisations</p>	<p>Under the Agreement all Parties commit to 'systemic and structural transformation of mainstream government organisations to improve accountability and respond to the needs of Aboriginal and Torres Strait Islander people' (cl. 58), 'to ensure government mainstream institutions and agencies are free of institutionalised racism and promote cultural safety in line with the transformation elements' (cl. 60) and to 'challenge unconscious biases that</p>



result in decisions based on stereotypes' (cl. 61). This will be supported by specific commitments including:

- sharing and publishing engagement approaches that give effect to the transformation elements on engagement (cl. 63)
- engaging with Aboriginal and Torres Strait Islander representatives before, during and after emergencies such as natural disasters and pandemics (cl. 64)
- Government Parties' investment in mainstream institutions and agencies not coming at the expense of investment in Aboriginal and Torres Strait Islander community-controlled services (cl. 66)
- identifying, developing or strengthening an independent mechanism, or mechanisms, that will support, monitor and report on the transformation of mainstream agencies and institutions (cl. 67).

**Priority Reform Four**  
Shared access to data and information at a regional level

Under the Agreement the Parties agree that location-specific data and information is most useful to Aboriginal and Torres Strait Islander organisations and communities 'to obtain a comprehensive picture of what is happening in their communities and make decisions about their futures' (cl. 70). Recognising this, the Parties have agreed to establish data projects in up to six locations across Australia (cl. 74).

a. The table does not list commitments relating to annual reporting or future consideration of changes to the Agreement which are common across the Priority Reforms.

## Assessing progress on the socioeconomic outcomes

The Commission regularly publishes data on how the socioeconomic outcomes are tracking against the targets in the Agreement. This is a requirement of the Agreement and is an important accountability mechanism. The review does not intend to replicate that work and instead intends to go beyond the data and explore the factors affecting progress, especially how what governments are doing is influencing socioeconomic outcomes.

Given the Agreement is in its early stages and there is limited data available on some socioeconomic outcomes, the Commission proposes to focus on a subset of outcomes. The selection of outcomes is expected to be guided by:

- what we hear from Aboriginal and Torres Strait Islander people about which socioeconomic outcomes matter most
- available data on progress, so that socioeconomic outcomes that are showing healthy signs of progress and ones that are not can be further explored (at the national or jurisdictional level). This approach aligns with the Agreement, which notes that the review's findings will inform ongoing implementation 'by highlighting areas of improvement, and [emphasising] where additional effort is required' (cl. 123).
- whether there is a clear link with the Priority Reforms (for example, the Justice Policy Partnership under Priority Reform One might be influencing incarceration rates). Taking this approach is intended to build understanding about how the theory of change underpinning the Agreement is playing out in the real world.

## Potential changes to the Agreement

In addition to assessing progress and what works in relation to the Priority Reforms and socioeconomic outcomes, the terms of reference for the review ask the Commission to 'provide recommendations, where relevant, to the Joint Council on Closing the Gap on potential changes to the Agreement and its targets, indicators and trajectories, and on data improvements' (appendix A).

This could include making suggestions on matters relating to the governance and accountability mechanisms in the Agreement, as well as ways to overcome any barriers to the successful implementation of the Priority Reforms and associated commitments in the Agreement. The review is also an opportunity to look at the data that are used to measure progress. For example, there may be challenges in the interpretation and collection of data for targets and indicators. If these challenges cannot be overcome — whether through agreement on data sources used or additional data collection — the Commission may make suggestions to the Joint Council about modifications to the Agreement to ensure Parties can be held accountable for its ongoing implementation.

**Table 2 – Examples of actions listed by governments that seek to contribute to the Priority Reforms<sup>a</sup>**

<p><b>Priority Reform One</b> Formal partnerships and shared decision making</p>	<ul style="list-style-type: none"> <li>• Creating or strengthening policy partnerships in sectors (for example, education, health and housing) to drive Aboriginal and Torres Strait Islander community-led approaches to service delivery.</li> <li>• Establishing place-based partnerships to respond to local priorities.</li> <li>• Funding and reviewing partnerships (for example, through partnership stocktakes).</li> <li>• Identifying ways to work more effectively across governments and improve outcomes in policy priority areas, starting with adult and youth incarceration.</li> <li>• Changing engagement strategies, such as meeting with communities to develop shared milestones and achievements for partnerships.</li> </ul>
<p><b>Priority Reform Two</b> Building the community-controlled sector</p>	<ul style="list-style-type: none"> <li>• Developing peak bodies and/or partnerships across governments, Aboriginal and Torres Strait Islander Community Controlled Organisations (ACCOs), and Aboriginal and Torres Strait Islander organisations and communities.</li> <li>• Supporting capacity building of ACCOs and their workforces.</li> <li>• Improving funding delivery to ACCOs (for example, by using longer grant periods and pooled funding arrangements).</li> <li>• Increasing funding for Aboriginal and Torres Strait Islander organisations or diverting existing funding to Aboriginal and Torres Strait Islander organisations.</li> </ul>
<p><b>Priority Reform Three</b> Transforming government organisations</p>	<ul style="list-style-type: none"> <li>• Addressing racism and promoting cultural safety within government organisations (for example, through training and enhanced reporting mechanisms).</li> <li>• Integrating government service provision with Aboriginal and Torres Strait Islander organisations and people (for example, where ACCOs and government services complement one another, or where ACCOs connect people to government services).</li> <li>• Improving government organisations' engagement with Aboriginal and Torres Strait Islander people (for both policy development and service delivery).</li> <li>• Embedding understanding of Aboriginal and Torres Strait Islander cultures in government organisations and service delivery (including through Reconciliation Action Plans and similar initiatives).</li> </ul>
<p><b>Priority Reform Four</b> Shared access to data and information at a regional level</p>	<ul style="list-style-type: none"> <li>• Developing data strategies and plans (including digital inclusion strategies) which embed principles of Indigenous data sovereignty.</li> <li>• Publishing regional data and information on dashboards.</li> <li>• Developing data sharing agreements and enacting legislation to allow information to be shared safely.</li> <li>• Working with communities to identify locations for, and implement, community data projects.</li> </ul>

a. Government Parties' Implementation Plans include comprehensive lists of actions against each Priority Reform — this table is a high-level summary of the type of actions listed against each Priority Reform.

## 3. The Commission is seeking your views

To inform our assessment of progress against the Agreement, the Commission would like to hear your views and perspectives on:

- the proposed approach to the review outlined in this paper
- ideas for case studies to demonstrate what is working well and where improvement is needed
- progress against each of the four Priority Reforms and the socioeconomic outcomes.

The following pages include specific questions relating to each of these areas but the Commission welcomes all input on the Agreement, its implementation and this review.

The questions here are not intended to limit what information you share with the Commission, and submissions or discussions you have with the Commission do not need to address all of the questions.

Section 4 of this paper details how you can engage with the Commission.

### Questions relating to the Commission's proposed approach to the review

- How could the Commission's proposed approach to the review (described in section 2 of this paper) be strengthened? Are there alternative ways of assessing progress?
- How can the Commission's review be done in a way that will complement the Aboriginal and Torres Strait Islander-led review?
- The Commission published an engagement approach in July 2022. It included the principles of engagement being fair and inclusive, open and transparent, ongoing and reciprocal. Do you have any feedback on the engagement approach or how we can put those principles into practice throughout the review? The engagement approach can be found at [www.pc.gov.au/inquiries/current/closing-the-gap-review/engagement](http://www.pc.gov.au/inquiries/current/closing-the-gap-review/engagement).

### Questions relating to the selection of case studies

- The Commission would like to include case studies that cover the range of actions that governments are taking to implement the Priority Reforms (summarised in table 2). The case studies would focus on what's working, and why, and what isn't working, and why.
- Can you provide examples of specific government policies or programs that are making a strong contribution (or are posing a barrier) to progressing the Priority Reforms or socioeconomic outcomes that the Commission should focus on as case studies? Please also provide any existing evaluations, data or other research that could support the Commission's analysis.
- What criteria should the Commission use to select case studies? Are the Commission's suggested criteria in section 2 appropriate? Are there other criteria the Commission should use?

## Questions relating to Priority Reform One

- The Agreement states that 'when Aboriginal and Torres Strait Islander people have a genuine say in the design and delivery of services that affect them, better life outcomes are achieved' (cl. 6).
  - Can you expand on why genuine partnership and shared decision making are important for Closing the Gap, and what success looks like?
- To what extent are government agencies sharing decision making with Aboriginal and Torres Strait Islander people?
- What actions are governments taking that are making a difference to shared decision making? Are there actions that are working or not working?
- The Agreement defines the strong partnership elements, which can be used to evaluate partnerships, but does not define what a partnership is. What is a partnership for the purpose of the Agreement?
- Can you provide examples — whether before or after the Agreement was signed (July 2020) — where partnerships or shared decision making have made a difference (positively or negatively) in the community?
- How should government engagement processes take account of the diversity of views and perspectives in individual communities and with respect to particular policy matters?
- What are the barriers to making formal partnerships or shared decision making work in practice? These could relate, for example, to resourcing constraints, insufficient time allowed for feedback, or where partnerships are developed and operationalised in a transactional (rather than relational) way.
- Do existing partnerships meet the strong partnership elements in the Agreement? To what extent:
  - are partnerships accountable to communities and the part of government that is responsible for the relevant policy area?
  - are formal agreements in place where it is clear who is doing what?
  - is decision making shared between Aboriginal and Torres Strait Islander people and governments?
- What is the best way to measure progress on Priority Reform One?
- Do you have any observations on the Justice Policy Partnership and how it is being implemented?
- Do you have any observations on place-based partnerships? How will the six new place-based partnerships differ from existing place-based approaches?
- Have the development of formal partnerships and shared decision making been appropriately funded? If not, what are the funding needs created by these initiatives? What governance arrangements are needed around funding arrangements?
- How does Priority Reform One interact with the other three Priority Reforms?

## Questions relating to Priority Reform Two

- The Agreement states that Aboriginal and Torres Strait Islander community-controlled services ‘achieve better results, employ more Aboriginal and Torres Strait Islander people and are often preferred over mainstream services’ (cl. 43).
  - Can you provide examples of where Aboriginal and Torres Strait Islander community-controlled services provide better outcomes, compared to mainstream service providers? What are the main reasons for why better outcomes are achieved?
- Have you observed any changes in the way governments are providing funding to Aboriginal and Torres Strait Islander community-controlled organisations, or increases in funding?
- What funding models work well for ACCOs and why?
- What actions are governments taking that are making a difference to the community-controlled sector? Are there actions that are not working?
- What is working well in the community-controlled sector, and what barriers still need to be addressed to strengthen the sector?
- What are the lessons from the first round of Sector Strengthening Plans? Will they help strengthen the community-controlled sector? Why, or why not? And how?
- For sectors that have previously not had a strong community-controlled presence, what is needed to support and strengthen community control?
- How can we determine if the community-controlled sector is getting stronger? Are there factors to consider in addition to the elements of a strong community-controlled sector stated in the Agreement (cl. 45)?
- How does Priority Reform Two interact with the other three Priority Reforms?

## Questions relating to Priority Reform Three

- The Agreement commits governments to ‘systemic and structural transformation of mainstream government organisations to improve accountability and respond to the needs of Aboriginal and Torres Strait Islander people’ (cl. 58).
  - Are there areas of government — policy development or service provision — that have improved over time to better meet the needs of Aboriginal and Torres Strait Islander people? Which areas? And how did they improve?
- Which government organisations or parts of government organisations are most in need of transformation in terms of being free of institutionalised racism and providing services that are culturally safe and responsive to the needs of Aboriginal and Torres Strait Islander people, and why?
- What actions are governments taking that are making a difference to how they operate and work with Aboriginal and Torres Strait Islander people? Are there actions that are not working?
- Priority Reform Three is about what governments do but it also involves a commitment to transformation in the services that governments fund (for example, where they award contracts for the delivery of particular services). How can governments deliver on that commitment?
- What are the barriers to progress in transforming government organisations, and how can they be overcome? What are the enablers for progress in transforming government organisations?
- Are there examples of government institutions that have undergone significant and deliberate cultural change? What made that change possible?
- Governments around Australia have each committed to developing or strengthening an independent mechanism (or mechanisms) to ‘support, monitor, and report on the transformation of mainstream agencies and institutions’ (cl. 67).
  - What features do these mechanisms need to have?
  - How should they operate, including in their reporting functions and ongoing engagement with Aboriginal and Torres Strait Islander people?
  - Do you have any observations on work done to date by governments to put the independent mechanism in place?
- How does Priority Reform Three interact with the other three Priority Reforms?

## Questions relating to Priority Reform Four

- The Agreement states that '[s]hared access to location specific data and information will support Aboriginal and Torres Strait Islander communities and organisations to support the achievement of the first three Priority Reforms' (cl. 69).
  - How will shared access to data support shared decision making, build the community-controlled sector and transform government organisations? Are there examples where this has happened in the past?
- What actions are governments taking that are making a difference to Aboriginal and Torres Strait Islander communities and organisations' access to data? Are there actions that are not working?
- What are the priority policy areas and geographic locations where data are needed for Aboriginal and Torres Strait Islander people to participate in shared decision making? Similarly, what are the priority data needed to build the community-controlled sector and transform government organisations?
- What institutional arrangements will ensure that Aboriginal and Torres Strait Islander communities and organisations can access the data and information they need?
- What barriers do government agencies face in providing data? Are there examples where those barriers have been overcome in the past? How was that done?
- What barriers do Aboriginal and Torres Strait Islander communities and organisations face in accessing and using data? Are there examples where those barriers have been overcome in the past? How was that done?
- What structures and protocols need to be in place so that governments can share data with Aboriginal and Torres Strait Islander communities and organisations? What are the checks and balances needed to ensure data are shared appropriately?
- Four data projects are already under way: one in each of Blacktown (New South Wales), the Kimberley region (Western Australia), Maningrida (Northern Territory) and the western suburbs of Adelaide (South Australia). Two others are still to be established (in Victoria and Queensland).
  - Do you have any comments on how the data projects are progressing?
  - Has the process of choosing locations been appropriate?
  - Will the data projects meet the needs of the community? How? If not, why not?
- How does Priority Reform Four interact with the other three Priority Reforms?

## Questions relating to the socioeconomic outcomes

- Which socioeconomic outcomes should the Commission focus on in the review, and why?
- Are the targets and indicators for the socioeconomic outcomes appropriate?
- Can you point to instances where implementing the Priority Reforms is having a tangible effect on the socioeconomic outcomes?

## 4. How you can engage with the review

The Commission has already met with a number of organisations and will continue to do so throughout the review. We are conducting engagement in line with the engagement approach published in July 2022 (available at [www.pc.gov.au/inquiries/current/closing-the-gap-review](http://www.pc.gov.au/inquiries/current/closing-the-gap-review)).

The Commission is flexible in how you can engage with us. You can:

- make a submission (which can include text, images and audio-visual files)
- send us a brief comment
- meet with us virtually (which could become an oral submission if that is your preference)
- meet with us in person.

To make a submission or brief comment visit [www.pc.gov.au/inquiries/current/closing-the-gap-review](http://www.pc.gov.au/inquiries/current/closing-the-gap-review).

If you want to speak with us, including to arrange a meeting or make an oral submission, you can call us on 02 6240 3252. You can also email us at [CTG.Review@pc.gov.au](mailto:CTG.Review@pc.gov.au).

Submissions to feed into the Commission's draft report are due by 12 December 2022.

The Commission will be holding meetings on the review in 2022 and 2023.

The timeline for the review is available at [www.pc.gov.au/inquiries/current/closing-the-gap-review](http://www.pc.gov.au/inquiries/current/closing-the-gap-review).



## A. Terms of reference

I, Josh Frydenberg, pursuant to Parts 2 and 4 of the *Productivity Commission Act 1998*, hereby request that the Productivity Commission undertake a review of progress on Closing the Gap.

### Background

The goal of the National Agreement on Closing the Gap (the Agreement) is to overcome the entrenched inequality faced by too many Aboriginal and Torres Strait Islander people so that their life outcomes are equal to all Australians. The Agreement was developed in partnership between Aboriginal and Torres Strait Islander representatives and all Australian governments and commits governments to working in full and genuine partnership with Aboriginal and Torres Strait Islander people in making policies to close the gap.

The Agreement is built around four Priority Reform outcomes and 17 socioeconomic targets (and agreement to develop two additional targets, on inland waters and community infrastructure). The socioeconomic outcomes focus on measuring the life experiences of Aboriginal and Torres Strait Islander people. The Priority Reform outcomes are:

- Strengthening and establishing formal partnerships and shared decision-making.
- Building the Aboriginal and Torres Strait Islander community-controlled sector.
- Transforming government organisations so they work better for Aboriginal and Torres Strait Islander people.
- Improving and sharing access to data and information to enable Aboriginal and Torres Strait Islander communities to make informed decisions.

Parties to the Agreement agreed that the Productivity Commission will undertake a comprehensive review of progress every three years. The review is to inform the ongoing implementation of the Agreement by highlighting areas of improvement and emphasising where additional effort is required to close the gap. Parties have committed to undertaking actions if the review indicates that achievement of any of the targets that are set out in the Agreement is not on track.

This review will complement the Independent Aboriginal and Torres Strait Islander led review of progress.

### Scope of the inquiry

In undertaking the review, the Productivity Commission should:

1. analyse progress on Closing the Gap against the four Priority Reform outcome areas in the Agreement;
2. analyse progress against all of the socioeconomic outcome areas in the Agreement; and
3. examine the factors affecting progress.

The Productivity Commission should provide recommendations, where relevant, to the Joint Council on Closing the Gap on potential changes to the Agreement and its targets, indicators and trajectories, and on data improvements.

In undertaking the review, the Productivity Commission should have regard to all aspects of the Agreement, consider all parties' implementation and annual reports, and draw on evaluations and other relevant evidence.

## **Process**

The Productivity Commission is to consult broadly, particularly with Aboriginal and Torres Strait Islander people, communities and organisations, and should invite submissions and provide other options for people to engage with the review. The Productivity Commission should publicly release a draft report and provide its final report to the Joint Council on Closing the Gap by the end of 2023. The final report will also be published.

**The Hon Josh Frydenberg MP**

Treasurer

[Received 7 April 2022]