



Australian Government
Productivity Commission

July 2023

Review of the National Agreement on Closing the Gap

Draft report

Executive summary | Plain English



Executive summary

In 2020, these 2 parties signed the National Agreement on Closing the Gap:

- all Australian governments
- the Coalition of Aboriginal and Torres Strait Islander Peak Organisations.

The Agreement asks for stronger efforts on getting equal life outcomes between:

- Aboriginal and Torres Strait Islander people
- other Australians.

The parties agreed they would do all they could to do this.

The Productivity Commission's first review of the Agreement found governments are not doing their part well enough. Governments' progress to action the Agreement's Priority Reforms has been mostly weak. They are doing business as usual with policies and programs that affect the lives of Aboriginal and Torres Strait Islander people.

Governments said they would commit to big changes. Their efforts show they may not know the size of change needed to their:

- systems
- operations
- ways of working.

We found examples of government making decisions against what they said they would do.

These examples do not reflect Aboriginal and Torres Strait Islander people's goals and views and make disadvantage and discrimination worse. This is clear in youth justice systems.

Governments must be more responsible for their part of the Agreement. If not, it may be another broken promise to Aboriginal and Torres Strait Islander people.

The Agreement sits within an evolving landscape

In 2020, the Agreement replaced the National Indigenous Reform Agreement. Much has changed since then.

It is now one of a few ways governments promise to improve the lives of Aboriginal and Torres Strait Islander people. Some other ways are:

- an Indigenous Voice to Parliament in South Australia
- treaty and truth-telling processes in Victoria and Queensland
- the vote to change the Constitution to:
 - recognise the First Peoples of Australia
 - set up an Aboriginal and Torres Strait Islander Voice.

These could help governments and Aboriginal and Torres Strait Islander people to work together in new ways, including:

- sharing decision-making
- keeping parties accountable.

Governments still must do their duties under the Agreement. In the future, they will also need to think about how the Agreement:

- fits in with these other actions
- can get stronger with these other actions.

As we talked to people across the country, we heard strong support for the Priority Reforms in the Agreement.

People we talked to said they are needed. Governments must use them to make and action policies and programs that affect the lives of Aboriginal and Torres Strait Islander people.

The Agreement's reforms have not been prioritised by governments

The 4 Priority Reforms are central to the Agreement:

1. Formal partnerships and shared decision-making
2. Building the community-controlled sector
3. Transforming government organisations
4. Shared access to data and information at a regional level.

These reforms aim to get better life outcomes for Aboriginal and Torres Strait Islander people. Life outcomes are measured across 17 socio-economic outcomes in the Agreement.

The Agreement also has commitments for:

- place-based partnerships
- policy partnerships
- plans for making key sectors stronger, at first in areas of:
 - justice
 - social and emotional wellbeing
 - health
 - housing
 - early childhood care and development
 - disability
 - languages.

We found some good examples but progress on the Priority Reforms has mostly been slow.

The first implementation plans from across governments had over 2,000 actions. Many of these reflect what governments have already done for many years.

Actions often focus on what they would do rather than detail on how or why.

Governments do not explain or show how these actions will transform lives, as agreed. This makes it very hard for anyone to use these plans to hold governments to account.

The commitment to shared decision-making is rarely achieved in practice

Priority Reform 1 in the Agreement commits governments to build and strengthen structures for Aboriginal and Torres Strait Islander people to share decision-making power.

The Agreement says the main ways to do this are:

- place-based partnerships
- policy partnerships.

Some governments show they want to partner and share decision-making at times. But we did not see this more widely. In some cases, governments acted in conflict with this.

Governments are not yet putting enough effort into partnerships or sharing power for decision-making.

We saw a belief that 'governments know best'. This conflicts with shared decision-making as described in the Agreement.

Many government agencies have met with Aboriginal and Torres Strait Islander people and called it shared decision-making. But government had already made up a solution. Instead, they should work together on the problem and solution.

Policy partnerships have been set up for:

- justice
- social and emotional wellbeing
- housing
- early childhood care and development
- Aboriginal and Torres Strait Islander languages.

They are used as forums to discuss issues. There is not much, if any, power for shared decision-making on big policy matters.

Place-based partnerships are in their very early stages. Aboriginal and Torres Strait Islander organisations and communities helped to pick the places for these partnerships. This first step was needed so the partnerships survive and work in the future.

Parties agreed to shared decision-making. That is important to building trust and paving the way for putting all the Priority Reforms in place.

But we have not seen shared decision-making, as described in Priority Reform 1, outside of formal partnerships.

Government policy does not reflect the value of the community-controlled sector

Governments have said that community-controlled services get better results for Aboriginal and Torres Strait Islander people in many service areas.

Under Priority Reform 2, governments agreed for Aboriginal community-controlled organisations (ACCOs) to deliver more services. But they have taken few real steps to make sectors stronger for ACCOs to do this.

We heard from some ACCOs that:

- they are sometimes given government funding without active involvement
- governments do not see them as critical partners in delivering services to meet their communities' needs.

This may be because they have less power than government agencies, or because government contracts do not value ACCOs' knowledge on service models and solutions that are:

- culturally safe
- suited to communities.

We heard examples of services going from mainstream service providers to ACCOs. But governments often decide exactly how the services will be provided. Instead ACCOs should design services and measure outcomes in ways that best suit their communities.

The Australian, Queensland and Victorian governments published their expenditure reviews. None of the other governments did. This makes it hard to know how much funding they gave to:

- ACCOs
- non-Indigenous, non-government organisations (NGOs).

We did hear that funding goes to NGOs and government service providers when it could go to ACCOs. Governments might change their processes to make sure they choose and contract providers of culturally safe services.

The Victorian, NSW, SA and WA governments are looking at making changes to how they choose ACCOs' services. It is too early to know if this will lead to wide and lasting changes.

Funding and contracting ACCOs must improve. This could include more flexible and longer-term contracts that:

- cover the full costs of services
- reduced reporting burdens.

The transformation of government organisations has barely begun

Priority Reform 3 in the Agreement says government must transform to:

- be accountable for Closing the Gap
- be culturally safe
- respond to the needs of Aboriginal and Torres Strait Islander people.

This includes within:

- government agencies
- government systems and structures
- services funded by government.

We did not find a government organisation that has a clear vision for what change looks like and:

- a strategy to achieve that vision
- a way to track the impact of actions within the organisation (and in the services that it funds) toward that vision.

Some government organisations are trying to work out what kind of changes they need to make. But they can only transform if they draw on Aboriginal and Torres Strait Islander people's experiences and views. Then they must use what they learn and work together to make a strategy.

Without outside views government agencies might miss problems with:

- institutional racism
- cultural safety
- unconscious bias.

So far, governments have mainly done small things like:

- cultural capability training
- workforce strategies to get more Aboriginal and Torres Strait Islander staff.

They do this instead of making changes at the system level, like to their policies and practices.

We saw good changes in the Australian, NSW and NT governments to the way they manage Cabinet and Budget.

Progress on the independent mechanism to track Priority Reform 3 has been slow.

Governments are not enabling Aboriginal- and Torres Strait Islander-led data

Under Priority Reform 4 governments must change the way they collect, manage and use data so Aboriginal and Torres Strait Islander people can:

- make decisions about data
- use data for their own purposes.

Governments have not made much progress on these changes.

Aboriginal and Torres Strait Islander organisations keep saying it is hard to access data from government and the data held by government does not:

- reflect reality
- hold meaning for Aboriginal and Torres Strait Islander people.

For example, it is often not possible to break data down to a local scale. Data at state or territory level do not show what is going on in communities.

There may not be a shared understanding about what Priority Reform 4 is trying to do. This could be why there has not been much progress.

We heard that Aboriginal and Torres Strait Islander people view Indigenous data sovereignty as the purpose of Priority Reform 4. But the Agreement does not say this.

Progress on Priority Reform 4 may not happen until everyone is clear on its purpose.

The parties committed to start community data projects under the Agreement. These are behind schedule. It is too early to check their progress.

Governments are looking to Aboriginal and Torres Strait Islander partners to set goals in many of these projects. This is a good sign.

Performance reporting provides only a partial picture of progress

For clear progress on the socio-economic outcomes and Priority Reforms, the Agreement says there must be:

- performance tracking
- public reporting.

But doing this has been a big challenge.

The Priority Reforms are the basis of the Agreement. Even so, governments report no data on:

- the agreed targets
- indicators that support the Priority Reforms.

These are critical gaps in data.

Also, progress on socio-economic outcomes is measured against national targets. It is not clear how to hold governments accountable for what happens at the regional level.

There are no data developed for:

- any of the targets under the Priority Reforms
- 4 of the 19 socio-economic targets
- roughly 140 supporting indicators
- more than 120 data development items.

We probably will not see these data developed within 10 years from the start of the Agreement (that is, by 2030).

More effort is needed to:

- improve governance
- prioritise data development.

Stronger accountability mechanisms are needed to drive change

The Agreement has a range of ways to keep governments accountable but they:

- are not strong enough
- are not independent enough
- do not have timely and fair penalties for failure
- blur each Party's duties
- are not informed by high-quality evaluation.

Aboriginal and Torres Strait Islander bodies could shine a spotlight

More Aboriginal and Torres Strait Islander bodies have been created in recent years. They are in areas across Australia.

Others are proposed or are being developed, including:

- the proposed Voice to the Australian Parliament and Government
- state and territory Aboriginal and Torres Strait Islander representative bodies
- Voices to state parliaments
- Treaty processes
- justice commissions.

Each of these bodies will (or could) have a role in holding governments to account for actions affecting Aboriginal and Torres Strait Islander people.

The independent mechanism required under Priority Reform 3 could also help to:

- point out good and bad actions under the Agreement
- call for better policies, programs and services affecting Aboriginal and Torres Strait Islander people.

Its role may need to be broader to look at the whole Agreement, not just the duties under Priority Reform 3.

Clearer responsibilities for driving action within the public sector

Governments have not done enough to improve how they make and deliver policies and services that reflect Aboriginal and Torres Strait Islander people's needs and goals.

It is not OK for government staff to treat the Agreement as optional. The Agreement reflects the abilities and behaviours governments must have. Otherwise they cannot hope to deliver on their Closing the Gap commitments.

We propose some ways to embed duties to drive action in the public sector:

- Appoint a senior leader or leadership group to drive change throughout the public sector in each jurisdiction.
- Embed responsibility for all public sector CEO, executive and staff to improve the public sector's relationship with Aboriginal and Torres Strait Islander people into their:

- core employment duties
- performance assessments.
- Make sure central agencies lead the changes to Cabinet, Budget, funding and contracting processes needed to get Agreement outcomes.
- Make or improve sector-specific ways to hold the sector to account (such as Aboriginal and Torres Strait Islander Children’s Commissioner roles).

Publishing meaningful implementation plans, reports and documents

Implementation plans and annual reports must drive better outcomes for Aboriginal and Torres Strait Islander people.

For these to be more useful, governments must work more closely with Aboriginal and Torres Strait Islander partners.

They must agree on the best and most pressing actions to reach the Agreement’s aims and how they will deliver them. Then they must write this in their implementation plans and annual reports.

Governments also need to be more open so Australians can hold them to account.

Governments should publish:

- their stocktakes
- partnership agreements
- other documents they developed under the Agreement.

Opportunity to respond to this draft report

We are asking for:

- **more information on a range of issues**
- **feedback on our draft recommendations (see from page 8 of our draft report).**

The views in this draft report and papers that go with it are not our final views.

We would like to hear on the content of the draft report and information papers from:

- Aboriginal and Torres Strait Islander people and organisations
- governments
- the broader community.

We will take all feedback into account before we finalise the report and papers.

Send us your submissions and brief comments by **6 October 2023**.

We will continue to engage with Aboriginal and Torres Strait Islander organisations and communities. We will also talk to government agencies.

We will give the final report to the Joint Council on Closing the Gap by the end of 2023.

A guide to this draft report and accompanying information papers

The full draft report is on our website: pc.gov.au/inquiries/current/closing-the-gap-review

Our website also has 7 information papers that go into more detail on the main topics in this report.

- Information paper 1 is about the Agreement and the approach we took to do the review, including who we engaged.
- Information papers 2 to 5 look at progress against each of the 4 Priority Reforms in the Agreement.
- Information paper 6 looks at the Agreement's performance reporting approach.
- Information paper 7 has our suggestions for increasing accountability for putting the Agreement in place.

You do not need to read these papers to understand our review or draft recommendations.