



Australian Government
Productivity Commission

July 2023

Review of the National Agreement on Closing the Gap

Draft report
Executive summary



This is a draft report prepared for further public engagement and input.
The Commission will finalise its report after these processes have taken place.

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).

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Opportunity for comment

The Commission thanks all participants, particularly Aboriginal and Torres Strait Islander people, for their contribution to the review, and now seeks additional input for the final report.

You are invited to examine this draft report and comment on it by written submission to the Productivity Commission, preferably in electronic format, by Friday 6 October 2023.

Further information on how to provide a submission is included on the review website: www.pc.gov.au/inquiries/current/closing-the-gap-review.

The Commission will prepare the final report after further submissions have been received and it will hold further discussions with participants. The Commission will forward the final report to the Joint Council on Closing the Gap in December 2023.

Commissioners

For the purposes of this review and draft report the Commissioners are:

Michael Brennan	Chair
Romlie Mokak	Commissioner
Natalie Siegel-Brown	Commissioner

Disclosure of interests

The *Productivity Commission Act 1998* (Cth) specifies that where Commissioners have or acquire interests, pecuniary or otherwise, that could conflict with the proper performance of their functions they must disclose those interests.

Commissioner Mokak advised that he is a patron of Winnunga Nimmityjah Aboriginal Health and Community Services, ACT; and a board member of the Australian Institute of Health and Welfare.

Commissioner Siegel-Brown advised that she is a member of the Independent Truth and Treaty Body, Queensland; and Board Director, Ageing and Disability Advocacy Australia.

Acknowledgements

The Productivity Commission acknowledges that Aboriginal and Torres Strait Islander people are the first storytellers of this land and Traditional Owners of Country on which we now live and work. We recognise their continuing connection to lands, waters, communities and cultures. We pay our respects to Aboriginal and Torres Strait Islander cultures, and to Elders past and present.

Aboriginal and Torres Strait Islander people should be aware that this report may contain the names of people who have since passed away.

The Productivity Commission thanks members of the community as well as organisations and government agencies who have provided data and other information for use in this review.

We would particularly like to thank Aboriginal and Torres Strait Islander people and organisations, who generously shared their stories and insights with the Commission.



About the artwork – Yindyamarra ‘Connection’

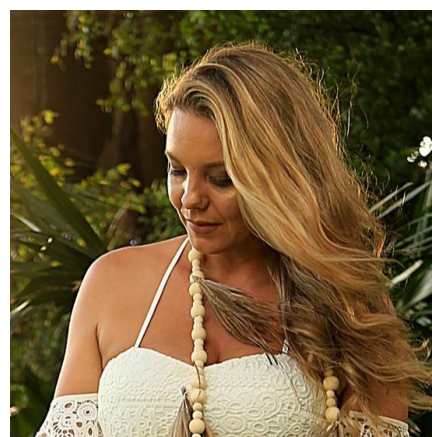
The artwork titled Yindyamarra ‘Connection’ was created for the Productivity Commission’s visual identity for the first review of progress under the National Agreement on Closing the Gap.

The artwork was created by Aboriginal artist Lani Balzan to represent all Australians and Torres Strait Islander people and the lands together. Building and making decisions together to help Close the Gap between our cultures.

Lani believes; that we can work together to help make changes by allowing all to be included in decision making. One can carry in their normal and usual way without ever making change because it works at the time. Sometimes we need to look at different ways and think outside of the box to make changes and let other voices be heard allowing many different perspectives to be viewed.

“Our Aboriginal culture has always been sacred but never embraced by majority of non-indigenous people. In previous years there was limited public education as there is today to help Close the Gap between our people and Non-Indigenous people.”

Throughout the artwork Lani has used specific elements and symbols to tell the story. Information on the elements and symbols can be found on our website.



About the artist

Lani Balzan is an Aboriginal artist and graphic designer specialising in designing Indigenous canvas art, graphic design, logo design, Reconciliation Action Plan design and document design.

Lani is a proud Aboriginal woman from the Wiradjuri people of the three-river tribe. Her family originates from Mudgee but she grew up all over Australia and lived in many different towns starting her business in the Illawarra NSW and recently relocating to Mid-North Queensland.

In 2016 Lani was announced as the 2016 NAIDOC Poster Competition winner with her artwork ‘Songlines’. This poster was used as the 2016 NAIDOC theme across the country.

Lani has been creating Aboriginal art since 2013 and has continued success across the country. One of her biggest goals and inspirations with creating Aboriginal art is to develop a better connection to her culture and to continue to work towards reconciliation; bringing people and communities together to learn about the amazing culture we have here in Australia.

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Executive summary



In 2020, all Australian governments, along with the Coalition of Aboriginal and Torres Strait Islander Peak Organisations, signed the National Agreement on Closing the Gap (the Agreement). They committed to mobilising all avenues available to them to achieve the objective of the Agreement – which is to overcome the entrenched inequality faced by too many Aboriginal and Torres Strait Islander people so that their life outcomes are equal to those of all Australians’.

The Productivity Commission’s first review of the Agreement shows that governments are not adequately delivering on this commitment. Progress in implementing the Agreement’s Priority Reforms has, for the most part, been weak and reflects a business-as-usual approach to implementing policies and programs that affect the lives of Aboriginal and Torres Strait Islander people. Current implementation raises questions about whether governments have fully grasped the scale of change required to their systems, operations and ways of working to deliver the unprecedented shift they have committed to.

It is too easy to find examples of government decisions that contradict commitments in the Agreement, that do not reflect Aboriginal and Torres Strait Islander people’s priorities and perspectives and that exacerbate, rather than remedy, disadvantage and discrimination. This is particularly obvious in youth justice systems.

Without stronger accountability for its implementation across all government organisations, the Agreement risks becoming another broken promise to Aboriginal and Torres Strait Islander people.

The Agreement sits within an evolving landscape

The landscape in which the Agreement sits today is fundamentally different to that which existed at the time it was signed in 2020, and indeed during the time of its predecessor, the National Indigenous Reform Agreement. The Agreement is now one of several key commitments made by governments to improve the lives of Aboriginal and Torres Strait Islander people. This includes a legislated Indigenous Voice to Parliament in South Australia, legislated Treaty and Truth telling processes in Victoria and Queensland, and the upcoming referendum to change the Constitution to recognise the First Peoples of Australia by establishing an Aboriginal and Torres Strait Islander Voice. These initiatives may result in new decision-making and accountability structures that could provide a further catalyst for changes to the way governments work with Aboriginal and Torres Strait Islander people. But, regardless of the outcomes of these processes, governments still have a responsibility to implement what they committed to in the Agreement. Into the future, consideration will need to be given to how the Agreement complements and can be strengthened by this architecture.

It is clear from the Commission’s engagement across the country that there is strong support for the Agreement’s Priority Reforms. They are seen as prerequisites for governments adopting a fundamentally new way of developing and implementing 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 central pillars of the Agreement are its four Priority Reforms.

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

These reforms are aimed at accelerating improvements in life outcomes for Aboriginal and Torres Strait Islander people (measured against 17 socio-economic outcomes). They are supported by a range of mechanisms to drive change, including commitments to develop place-based partnerships, policy partnerships

and plans for strengthening key sectors (initially covering the priority policy areas of justice, social and emotional wellbeing, health, housing, early childhood care and development, disability and languages).

Although there are pockets of good practice, overall progress against the Priority Reforms has been slow, uncoordinated and piecemeal. Despite over 2,000 initiatives being listed in governments' first implementation plans for Closing the Gap, many of these reflect what governments have been doing for many years. Actions often focus on the 'what' with little, if any, detail on the 'how' or the 'why'. There is, for the most part, no strategic approach that explains (and provides evidence for) how the initiatives that governments have identified will achieve the fundamental transformation envisaged in the Agreement. This makes it near impossible for Aboriginal and Torres Strait Islander people, and the broader Australian community, to use these plans to hold governments to account.

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

The Agreement commits governments to building and strengthening structures that empower Aboriginal and Torres Strait Islander people to share decision-making authority with governments (Priority Reform 1). Partnerships – place-based partnerships and policy partnerships – are the key mechanism used in the Agreement to achieve this.

Some governments have demonstrated a willingness to partner and share decision-making in some circumstances, however this is not observed more widely and, in some instances, there is contradictory practice. Governments are not yet sufficiently investing in partnerships or enacting the sharing of power that needs to occur if decisions are to be made jointly. There appears to be an assumption that 'governments know best', which is contrary to the principle of shared decision-making in the Agreement. Too many government agencies are implementing versions of shared decision-making that involve consulting with Aboriginal and Torres Strait Islander people on a pre-determined solution, rather than collaborating on the problem and co-designing a solution.

- Policy partnerships (relating to justice, social and emotional wellbeing, housing, early childhood care and development, and Aboriginal and Torres Strait Islander languages) currently function as forums for discussion, with little if any authority for shared decision-making on significant policy matters.
- Place-based partnerships under the Agreement are in their very early stages, but governments appear to have been willing to be guided by Aboriginal and Torres Strait Islander organisations and communities in the selection of locations. This is a necessary first step for the future viability and progress of the partnerships.

The elements of shared decision-making articulated in Priority Reform 1 do not appear to have been adopted in wider practice, beyond formal partnerships. This is despite the recognition that shared decision-making is essential to building trust and paving the way for implementation of all of the Priority Reforms.

Government policy doesn't reflect the value of the community-controlled sector

Governments have acknowledged that in a broad range of service delivery areas, Aboriginal and Torres Strait Islander community-controlled services generally achieve better results for Aboriginal and Torres Strait Islander people, and so they have agreed that more services should be delivered by Aboriginal community-controlled organisations (ACCOS) (Priority Reform 2). But they have taken few tangible steps to strengthen the various sectors to increase the proportion of services delivered by ACCOS.

The Commission heard from a number of ACCOS that they are sometimes treated as passive recipients of government funding, and that governments do not recognise that ACCOS are critical partners in delivering government services tailored to the priorities of their communities. This may be a symptom of unequal

bargaining power with government agencies, and a government approach to contracting that does not appreciate the knowledge that ACCOs bring to developing service models and solutions that are culturally safe and suited to communities. The Commission heard that where services are being shifted from mainstream service providers to ACCOs, governments often rigidly apply generic, pre-existing models of service and program design, instead of allowing ACCOs to design services and measure outcomes in ways that best suit their communities.

- In most jurisdictions, it is unclear how much funding is allocated to ACCOs and non-Indigenous, non-government organisations (NGOs), as most governments (with the exception of the NSW and ACT Governments) have not published their expenditure reviews (and some have not undertaken them). But we have heard that funding is continuing to go to NGOs and government service providers when it could be going to ACCOs. This could in part be addressed through changes to commissioning processes and contracting, to ensure that only service providers with the capability to provide culturally safe services are selected.
- Some governments (including Victoria, New South Wales, South Australia and Western Australia) are planning or piloting reforms to how they commission the services of ACCOs. But it remains to be seen if these reforms will be translated into lasting and widespread changes. Improvements to funding and contracting of ACCOs – including more flexible and longer-term contracts that cover the full costs of services, and reduced reporting burdens – are also needed.

The transformation of government organisations has barely begun

The Agreement requires systemic and structural transformation of mainstream government agencies and institutions to ensure they 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 (Priority Reform 3).

There is a stark absence of whole of government or organisation-level strategies for driving and delivering transformation in line with Priority Reform 3. We are yet to identify a government organisation that has articulated a clear vision for what transformation looks like, adopted a strategy to achieve that vision, and tracked the impact of actions within the organisation (and in the services that it funds) toward that vision.

Some government organisations are engaging in self-assessment exercises to understand what transformation is needed. But transformation can only be realised by drawing on the experiences and perspective of those who governments serve – in this case, Aboriginal and Torres Strait Islander people – and working together with this knowledge to develop a strategy. Without external perspectives government agencies will not be able to overcome any ‘blind spots’ relating to institutional racism, cultural safety and unconscious bias.

Governments’ efforts to date have largely focused on small-scale, individual actions (such as cultural capability training and workforce strategies to increase public sector employment of Aboriginal and Torres Strait Islander people) rather than system-level changes to policies and practices (although some positive changes to Cabinet and Budget processes have been implemented in several jurisdictions, including in the Australian, NSW and NT Governments).

There has been limited progress on putting in place an independent mechanism that will support, monitor and report on the transformation of government organisations in most jurisdictions.

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

Priority Reform 4 requires governments to implement large-scale changes to data systems and practices to enable Aboriginal and Torres Strait Islander people to participate in decision-making about data and to use

data for their own purposes. Governments have made little progress on enacting these changes – Aboriginal and Torres Strait Islander organisations are continuing to report difficulties accessing government-held data, and often the data that is collected by government agencies does not reflect the realities of, or hold meaning for, Aboriginal and Torres Strait Islander people. As an illustration, the data held by government is often not able to be disaggregated at a local scale, and state- or territory-level data does not reflect what is happening within communities.

One of the reasons why there has been limited progress in implementing large-scale changes to data systems and practices in line with Priority Reform 4 could be that there is not a shared understanding of what Priority Reform 4 is trying to achieve. The Commission heard that Aboriginal and Torres Strait Islander people view Indigenous data sovereignty as the purpose of Priority Reform 4, but this is not clearly reflected in the text of the Agreement, nor in many governments' statements of what they are doing (in implementation plans, for example). Without clarity on this, there is unlikely to be meaningful and sustained progress on Priority Reform 4.

- The community data projects (a commitment under the Agreement) are behind schedule, and it is too early to assess their progress. But a promising sign is that governments are looking to Aboriginal and Torres Strait Islander partners to set priorities in many of these projects.

Performance reporting provides only a partial picture of progress

The Agreement specifies performance monitoring and public reporting arrangements to support transparency and public accountability for progress against socio-economic outcomes and the Priority Reforms. However, there are significant challenges in the design and implementation of these arrangements.

- Even though the Priority Reforms are the foundation of the Agreement, no data is being reported on the agreed targets or supporting indicators for the Priority Reforms. These are critical gaps in data.
- Progress towards socio-economic outcomes is measured against national-level targets, with no indication of how jurisdictions should be held to account for their contribution.

Data still needs to be reported for all of the targets under the Priority Reforms, four of the 19 socio-economic targets, 143 supporting indicators and 129 data development items. The scale of the data development task means that it is unlikely that all of these will be developed within 10 years of the commencement of the Agreement (that is, by 2030). Improved governance arrangements and careful prioritisation of data development efforts are needed.

Stronger accountability mechanisms are needed to drive change

Despite the range of accountability mechanisms in the Agreement, the Commission's assessment is that they are not sufficient to influence the type of change envisaged in the Agreement. The existing mechanisms lack 'bite' – they are not sufficiently independent, do not contain timely and appropriate consequences for failure, obscure the individual responsibilities of each party and are not informed by high-quality evaluation.

Aboriginal and Torres Strait Islander bodies could shine a spotlight

In recent years, Aboriginal and Torres Strait Islander bodies have been established in jurisdictions across Australia, and others are proposed or are being developed. They include 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, and justice commissions. Each of these bodies will (or could) have a role to play in holding governments to account for actions affecting Aboriginal and Torres Strait Islander people. Similarly, the independent mechanism may be positioned to

shine a spotlight on good and bad practices under the Agreement and advocate for improved policies, programs and services affecting Aboriginal and Torres Strait Islander people, though its role may need to expand beyond Priority Reform 3 to include the Agreement in its entirety.

Clearer responsibilities for driving action within the public sector

Governments have not been delivering on their commitments to improve how the public sector designs and delivers policies and services that reflect the priorities and needs of Aboriginal and Torres Strait Islander people. They now need to establish stronger mechanisms so that they are held accountable for making changes from within. It is not acceptable for government employees to treat adhering to the principles of the Agreement as optional – these principles reflect essential capabilities and behaviours without which governments cannot hope to deliver on their Closing the Gap commitments.

The Commission is proposing several ways of embedding responsibilities for driving action within the public sector. These are:

- designating a senior leader or leadership group to drive change throughout the public sector in each jurisdiction
- embedding responsibility for doing the work to improve the public sector's relationship with Aboriginal and Torres Strait Islander people into the core employment requirements, and performance assessments, of all public sector CEOs, executives and employees
- ensuring that central agencies lead the changes to Cabinet, Budget, funding and contracting processes that are needed to deliver the outcomes of the Agreement
- establishing or enhancing sector-specific accountability mechanisms (such as Aboriginal and Torres Strait Islander Children's Commissioner roles).

Publishing meaningful implementation plans, reports and documents

Implementation plans and annual reports need to be documents that drive improved outcomes for Aboriginal and Torres Strait Islander people. To make them more useful, governments need to work more closely with Aboriginal and Torres Strait Islander partners. They need to agree on what actions are the most substantive and critical to achieving the objectives of the Agreement and how they will be implemented, and articulate these in their implementation plans and annual reports.

Greater transparency is also needed so that the Australian community can hold governments to account. Governments should publish the stocktakes, partnership agreements and other documents that have been developed under the Agreement.

Opportunity to respond to this draft report

The Commission is requesting further information on a range of issues and feedback on its draft recommendations. These can be found starting on page 8.

The views put forward in this draft report and accompanying information papers are not our final views. The Commission would like to hear from Aboriginal and Torres Strait Islander people and organisations, governments and the broader community on the content of the draft report and information papers, which will be taken into account before we finalise them. Submissions and brief comments are welcome by **6 October 2023**.

The Commission will also be conducting a further round of engagements with Aboriginal and Torres Strait Islander people, organisations and communities, as well as more targeted engagement with government agencies across jurisdictions.

The final report will be provided to the Joint Council on Closing the Gap by the end of 2023.

A guide to this draft report and accompanying information papers

This draft report (which includes an assessment of progress against the key commitments in the Agreement that can be found in the attachment to this paper) is supported by seven information papers available on the Commission's website (www.pc.gov.au/inquiries/current/closing-the-gap-review). These papers provide further detail (including case studies) on each of the main topics covered in this report. The information papers cover:

- the context and origins of the Agreement and the approach the Commission has taken to conduct the review, including who we engaged with (information paper 1)
- an assessment of progress against each of the four Priority Reforms in the Agreement (information papers 2-5)
- an assessment of the Agreement's performance reporting approach (information paper 6)
- the Commission's suggestions for embedding and strengthening accountability for implementing the Agreement (information paper 7).

These papers are complementary to this draft report. It is not necessary for you to read these papers to understand where the Commission has arrived at in its review or what our draft recommendations are.

Information requests and draft recommendations

The Commission is seeking further information on the matters outlined in the information requests below. We are also seeking feedback on the draft recommendations. In particular:

- Are the draft recommendations comprehensive? Does anything need to be added or removed from them?
- If implemented, will the draft recommendations be effective? How could they be made more effective?
- What else is underway that should be taken into account in making these recommendations?

Priority Reforms



Information request 1 Effectiveness of policy partnerships

The Commission is seeking further information on the effectiveness of the structure and governance arrangements for the Justice Policy Partnership and other policy partnerships established under the National Agreement on Closing the Gap.

- Are adequate support structures (such as resourcing and sufficient timeframes to provide views) in place to enable the participation of Aboriginal and Torres Strait Islander people and organisations? What else would help to support participation?
- How do policy partnerships build accountability into their structure and governance?
- Are the policy partnerships the right mechanism to address change across the five sectors? Are there other mechanisms that would be more effective?



Information request 2 Shifting service delivery to Aboriginal community-controlled organisations (ACCOs)

The Commission is seeking further information on:

- examples of good practice in transferring service delivery from mainstream organisations to ACCOs
- the risks to the sustainability of ACCOs from simply 'lifting and shifting' mainstream services into ACCO delivery
- putting obligations for governments into service delivery contracts, such as requirements for governments to provide data to ACCOs to enable them to design and deliver services that best meet the priorities and needs of service users
- the extent to which, in transferring service delivery from mainstream organisations to ACCOs, governments are reforming the way that services are contracted, funded, delivered, reported against and evaluated.



Information request 3 Transformation of government organisations

There is some information on how government organisations are implementing Priority Reform 3 in Closing the Gap implementation plans, annual reports and other public-facing documents, but this information is largely inadequate to understand whether government organisations have grappled with the nature and scale of change required.

The Commission is seeking additional information from government organisations on how they are implementing Priority Reform 3.

- What work have government organisations done to understand the systemic and structural changes that they need to make to improve accountability and respond to the needs of Aboriginal and Torres Strait Islander people?
- How have government organisations sought to address institutionalised racism?
- How have government organisations changed their organisational cultures and priorities to align with the principles of Priority Reform 3?
- How have these changes been reflected in government organisations' structures, operations and decision-making?
- What overarching changes need to occur at the whole-of-government level to ensure that changes within government organisations are not isolated activities?
- What role should truth-telling play in implementing Priority Reform 3?

The Commission has a strong preference that this information be provided by individual government organisations as public submissions to this review.



Information request 4 Indigenous data sovereignty and Priority Reform 4

What are the substantive differences between the way Priority Reform 4 is currently described in the National Agreement on Closing the Gap and an explicit reference to Indigenous data sovereignty as the objective of Priority Reform 4?

If the Agreement had Indigenous data sovereignty as the explicit objective of Priority Reform 4, what would governments have to do differently compared to what they have already committed to?



Information request 5

Legislative and policy change to support Priority Reform 4

What, if any, legislative or policy barriers are preventing governments from sharing data with Aboriginal and Torres Strait Islander people and organisations, or giving Aboriginal and Torres Strait Islander people more control over how data about them is governed?

What changes are needed to overcome these barriers, and what would be the costs and benefits of these changes?

Tracking progress



Draft recommendation 1

Appointing an organisation to lead data development under the Agreement

Responsibility for data development under the Agreement is currently split across multiple working groups and organisations, including the Productivity Commission. Without stronger data governance arrangements, there is a risk that the most important data to tracking progress under the Agreement will not be prioritised and developed.

An organisation or entity with dedicated resourcing and staffing to lead data development should be appointed. It should have the technical and cultural capability, resourcing and authority to lead this work and engage data custodians and Aboriginal and Torres Strait Islander organisations and communities in the development of appropriate solutions. There are many possible options for the organisation, including an independent research centre, government department, independent government agency, or a unit within a department or agency.

The chosen organisation's responsibilities should include leading work with parties to the Agreement to:

- develop a shared understanding and explicitly articulate **a conceptual logic underpinning the performance monitoring approach**. This should connect key reform actions and outputs under the Priority Reforms to the resulting intermediate outcomes intended to drive improvements in Aboriginal and Torres Strait Islander life outcomes. Intermediate outcomes should include common drivers of change across the socio-economic outcomes, where appropriate
- identify the most **critical indicators of change** under the Agreement and prioritise them for data development, following the conceptual logic
- determine the most **appropriate level of geographic data disaggregation** to hold jurisdictions to account for progress at a regional level, balancing community needs and data limitations
- coordinate and **develop solutions for indicators without data** with data custodians and Aboriginal and Torres Strait Islander organisations and communities.



Information request 6

Characteristics of the organisation to lead data development under the Agreement

If an organisation (such as an independent research centre, government department, independent government agency or a unit within a department or agency) were appointed to lead data development work to track progress under the Agreement (as per draft recommendation 1):

- What governance structure would ensure it has the authority and capability to deliver?
- What capabilities, skills or attributes should the organisation's leadership and staff have?
- How might it apply principles of Indigenous data sovereignty and governance in data development?



Information request 7

Performance reporting tools – dashboard and annual data compilation report

The Commission is seeking further information on how the performance reporting tools in the Agreement (namely the dashboard and annual data compilation report (ADCR)) are currently being used and how they could be improved.

- Who are the intended audiences for the dashboard and ADCR?
- How well do the dashboard and ADCR meet the needs of their intended audiences?
- Are there features or types of supporting information that should be included in the dashboard or ADCR to support the use and interpretation of the data?
- What information should the Agreement's performance reporting focus on providing relative to other reporting frameworks and tools (for example, the Aboriginal and Torres Strait Islander Health Performance Framework)?
- Is there a need for additional reporting tools to support the intended purposes of monitoring performance against the Agreement?



Information request 8

Quality of implementation plans and annual reports

Clauses 108 and 118 of the Agreement include clear criteria on how implementation plans and annual reports should be prepared and what they should include. This includes that implementation plans:

- are whole-of-government plans
- are developed and delivered in partnership with Aboriginal and Torres Strait Islander partners
- set out how existing policies and programs will be aligned to the Agreement
- set out actions to achieve the Priority Reforms, socio-economic outcomes and targets
- include information on funding and timeframes for actions.

The plans must also demonstrate the parties' commitment to undertake all actions in a way that takes full account of and promotes the cultures of Aboriginal and Torres Strait Islander people.

Annual reports should demonstrate how efforts, investment and actions are aligned and support the achievement of Closing the Gap goals.

Jurisdictions are not consistently preparing implementation plans and annual reports that meet these criteria. Current implementation plans list hundreds of piecemeal actions with, for the most part, no explanation of how the agreed actions are expected to result in the desired change. Annual reports do not include all the actions in implementation plans so there is no way to track progress or judge success or failure.

The Commission is seeking further information on how to improve the quality of governments' implementation plans and annual reports, and what is needed for governments to prepare the plans and reports according to the agreed criteria. Could this include a function for an external group (such as the independent mechanism) to assess adherence to the criteria?

A growing role for Aboriginal and Torres Strait Islander bodies in holding governments to account



Information request 9

Independent mechanism in the broader landscape

The Agreement provides for an independent mechanism that will drive accountability by supporting, monitoring and reporting on governments' transformations. But new and emerging Aboriginal and Torres Strait Islander bodies (such as the proposed Voice to the Australian Parliament and Government, state and territory representative bodies, a Voice to State Parliaments, Treaty processes, and justice commissions) will (or could) also have a role to play in accountability more broadly. With this in mind the Commission is seeking further information on the future role and functions of the independent mechanism.

- What are the essential features of the independent mechanism?
- What levers should the independent mechanism have to enable it to hold governments to account?
- Should the independent mechanism have a broader role – beyond Priority Reform 3 – so that it can drive accountability for progress towards all of the Priority Reforms in the Agreement?
- How could the independent mechanism improve the timeliness of accountability?
- How should the independent mechanism be situated with respect to the new and emerging Aboriginal and Torres Strait Islander bodies (such as the proposed Voice to the Australian Parliament and Government, state and territory representative bodies, Voices to State Parliaments, treaty processes, and justice commissions)? Is a stand-alone independent mechanism still required?
- What role should the independent mechanism play in reviewing and/or approving Closing the Gap implementation plans and annual reports?

Assigning clearer responsibilities and accountability for driving action within the public sector



Draft recommendation 2

Designating a senior leader or leadership group to drive jurisdiction-wide change

In each jurisdiction, a senior leader (such as the Secretary of the Prime Minister's, Premier's or Chief Minister's department, or the Public Sector Commissioner) or a leadership group with a wide span of influence (such as the Secretaries Board or another senior leadership group) should be tasked with promoting and embedding changes to public sector systems and culture. The objective of this task would be to identify and eliminate institutional racism, and to improve cultural capability and relationships with Aboriginal and Torres Strait Islander people, throughout the public sector.

At a minimum, this should include supporting the change with:

- continuous, consistent communication
- role modelling and reinforcement
- encouragement and support for desired behaviours
- relevant tools and skills-building.



Information request 10

Senior leader or leadership group to drive change in the public sector

Which senior leader or leadership group should be tasked with promoting and embedding changes to public sector systems and culture, in order to improve cultural capability and relationships with Aboriginal and Torres Strait Islander people and to eliminate institutional racism throughout the public sector?

- What tasks should they be assigned (see draft recommendation 2)?
- What would be the advantages and disadvantages of your preferred leader or leadership group?
- What particular skills or attributes would they need in order to improve cultural capability and relationships with Aboriginal and Torres Strait Islander people throughout the public sector?
- How would the role, powers and functions of this leader or leadership group need to change in order for them to succeed in this specific role?
- How could this leader or leadership group drive accountability right through the public sector, including operationally on the ground?



Draft recommendation 3

Embed responsibility for improving cultural capability and relationships with Aboriginal and Torres Strait Islander people into public sector employment requirements

The Queensland Government has recently implemented legislation which requires public sector CEOs, executives and employees to enhance their cultural capability and support the state government in reframing its relationship with Aboriginal peoples and Torres Strait Islander peoples.

The Australian, territory and other state governments should ensure that the employment requirements of all public sector CEOs, executives and employees require them to continually demonstrate how they have sought to:

- improve their cultural capability
- develop relationships with Aboriginal and Torres Strait Islander people
- identify and eliminate institutional racism
- support the principles outlined in the National Agreement on Closing the Gap.

These requirements should flow through into the performance agreements and KPIs of CEOs, executives and employees, with the strongest requirements placed on CEOs and executives.



Draft recommendation 4

Central agencies leading changes to Cabinet, Budget, funding and contracting processes

The Australian, state and territory governments should ensure that whole-of-government processes actively drive changes to deliver the outcomes of the National Agreement on Closing the Gap.

- At a minimum, this will require central agencies to review Cabinet, Budget, funding and contracting arrangements to ensure that they support the Agreement and its Priority Reforms.
- In many cases, this will require changes to Cabinet, Budget, funding and contracting arrangements to better support the Agreement, as well as guidance for agencies about best-practice approaches.



Information request 11 **Sector-specific accountability mechanisms**

The Commission is seeking further information on how well sector-specific accountability mechanisms (such as sector regulators, complaints commissioners and ombudsmen) are working for Aboriginal and Torres Islander people.

- What makes these sector-specific accountability mechanisms effective or ineffective?
- How could they contribute to enhancing accountability for outcomes under the National Agreement on Closing the Gap?
- How can dedicated Aboriginal and Torres Strait Islander accountability mechanisms (such as Aboriginal and Torres Strait Islander Children's Commissioner roles) help to improve accountability to Aboriginal and Torres Strait Islander people?

Improving transparency about actions taken to implement the Agreement



Draft recommendation 5 **Include a statement on Closing the Gap in government agencies' annual reports**

The Australian, state and territory governments each have legislation or rules that require government agencies to prepare annual reports containing certain specified information. They should amend the relevant legislation or rules to include a requirement for every agency to include a statement in its annual report on the substantive activities it undertook to implement the Agreement's Priority Reforms and the demonstrated outcomes of those activities.



Draft recommendation 6 **Publish all the documents developed under the Agreement**

To improve transparency and make it easier to assess progress, the Australian, state and territory governments should make public all of the outputs that are developed under the Agreement. This includes:

- partnership stocktakes
- partnership agreements
- expenditure reviews
- evaluations.

