



Review of the National Agreement on Closing the Gap

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

Plain English version



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.

The Productivity Commission

The Productivity Commission looks at issues affecting the welfare of Australians. This includes economic, social and environmental issues. We are separate to the Australian Government, but we advise it on these matters.

Our advice helps governments make better policies for Australians' long-term benefit.

An Act of Parliament underpins our independence. A concern for the wellbeing of the whole community drives our processes and outputs. These are open for public scrutiny.

Find out more about the Productivity Commission: www.pc.gov.au

About review paper 2

This paper is about a review of the National Agreement on Closing the Gap (National Agreement). It outlines:

- what the review is about
- a proposed approach for the review
- information that we are seeking
- how you can engage with the review.

We tell you the clauses to check in the National Agreement as we refer to them.

You do not have to comment only on what is in this paper.

You can talk about any issues that you think are important for the review.

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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Contents

1. About the review	1
Our task	1
2. A proposed way to assess progress	3
Focusing on the Priority Reforms	3
Using case studies to understand progress	3
3. Seeking your views	8
Questions	8
4. How to engage with the review	12
A. Terms of reference	13

1. About the review

National Agreement on Closing the Gap

The National Agreement on Closing the Gap is between these Parties:

- All Australian governments
- The Coalition of Aboriginal and Torres Strait Islander Peak Organisations (Coalition of Peaks)

The Parties signed the National Agreement in 2020. Its purpose 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’ (clause 15).

The National Agreement has 4 Priority Reforms. These Priority Reforms are about changing the way governments work (figure 1).

- **Priority Reform One – Formal partnerships and shared decision making.** Aboriginal and Torres Strait Islander people and governments share authority on decisions. Formal partnership agreements make progress happen faster on Closing the Gap (clause 17a).
- **Priority Reform Two – Building the community-controlled sector.** The sector can deliver high quality services to meet Aboriginal and Torres Strait Islander people’s needs (clause 17b).
- **Priority Reform Three – Transforming government organisations.** Governments, their organisations and their institutions are accountable for Closing the Gap. They and their services are culturally safe and respond to Aboriginal and Torres Strait Islander people’s needs (clause 17c).
- **Priority Reform Four – Shared access to data and information at a regional level.** Aboriginal and Torres Strait Islander people can access and use relevant data. Data help to set and track efforts to close the gap, priorities and development (clause 17d).

There are 17 socioeconomic outcome areas with targets in the National Agreement. When the Priority Reforms happen, these outcomes should happen faster.

Our task

The Parties agreed that the Commission will keep track of progress.

We are doing a thorough review every 3 years. This is the first review. It will show:

- where governments are changing how they work
- where outcomes are improving for Aboriginal and Torres Strait Islander people
- where there needs to be more effort.

We will:

- assess progress against the 4 Priority Reforms and 17 socioeconomic outcomes.
- find out what affects progress (the terms of reference are at Appendix A).

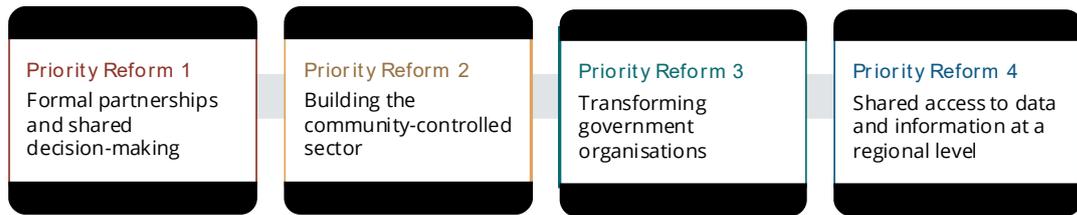
We will deliver our final report to the Joint Council on Closing the Gap by the end of December 2023. One year later, there will be an Aboriginal and Torres Strait Islander-led review (clause 121).

In this paper, we:

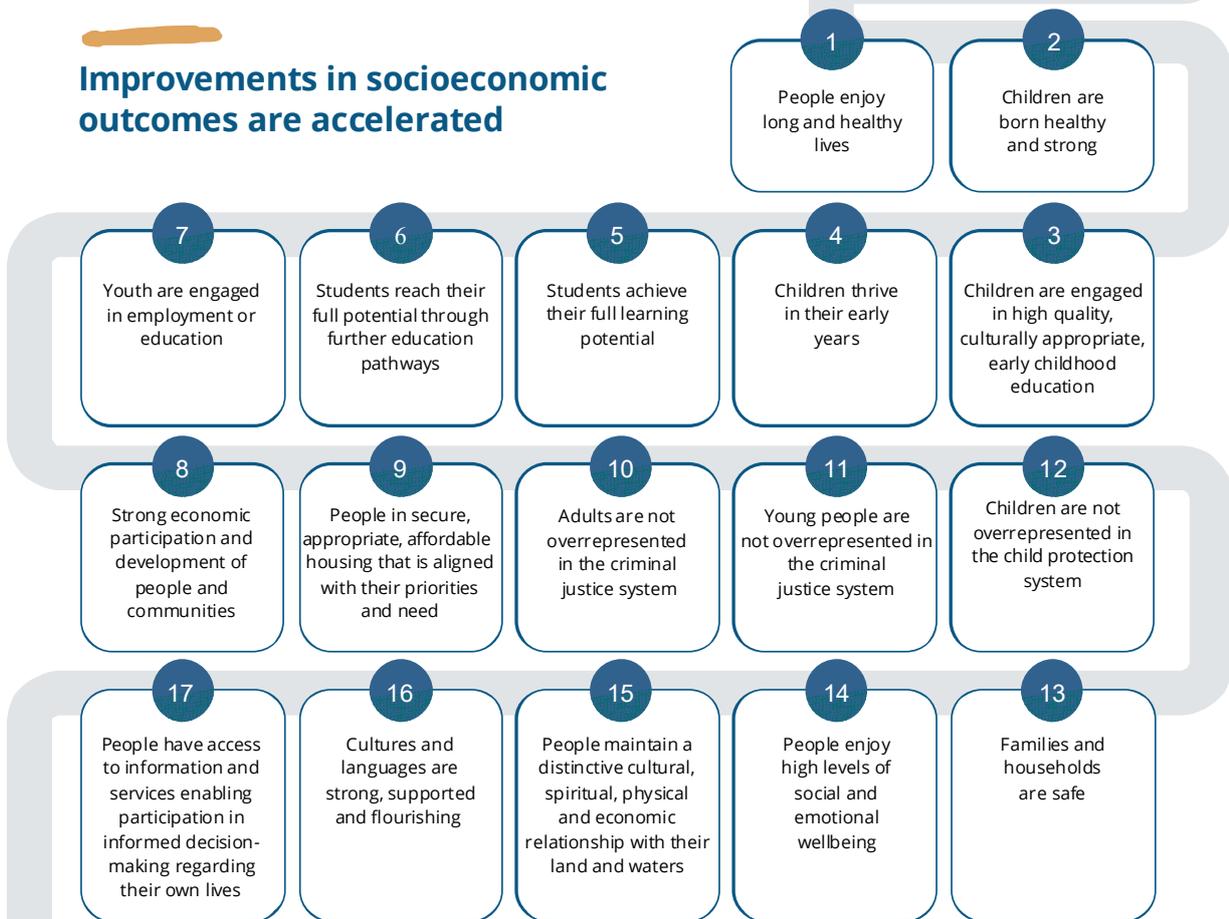
- outline how we propose to do the review (section 2)
- ask you questions about the approach and implementing the National Agreement (section 3)
- tell you how you can engage with us (section 4).

Figure 1 – The logic behind 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

2. A proposed way to assess progress

Focusing on the Priority Reforms

The National Agreement is the new way to make and put in place programs that affect Aboriginal and Torres Strait Islander people (clause 4).

The Priority Reforms in the National Agreement are a new way of working for governments. Before the National Agreement, the Government set targets for socioeconomic outcomes. These related to health, preschool, school and jobs.

When the Priority Reforms happen in full, the targets will happen faster (clause 80).

In this review, we propose to show progress towards the Priority Reforms and factors that affect progress.

We propose to do this in 2 ways:

- Assess **progress against the commitments** in the National Agreement (table 1, pages 4 to 5).
- Assess the **broad range of actions governments are taking**, as set out in their Implementation Plans (table 2, page 6). This assessment will include case studies to show what is working, what is not working, and why.

We want to find out if these 2 things, together, will lead to the changes we expect from the Priority Reforms.

The National Agreement says that governments must change their structures. Then they could work better for Aboriginal and Torres Strait Islander people and close the gap (clause 6). This means deep and lasting changes to systems, processes and institutions.

We are looking at these types of changes in the review, including through case studies.

Using case studies to understand progress

Australian governments have committed to many actions to:

- put the Priority Reforms in effect
- achieve the socioeconomic outcomes.

We have found there are over 2,000 actions listed in governments' Implementation Plans.

We cannot assess each of the actions in detail. Instead, case studies can help us find out:

- what governments are doing
- if what governments are doing is working
- the factors of success.

Case studies let us look at issues deeply in their real-life settings. Data and analysis will support case studies where possible.

We expect the case studies to vary in subject, scope and level of detail. For example, they could involve:

- some initiatives from a certain policy area (for example, child health)
- the effects of a national policy or a policy taking place in a state or territory
- a detailed look at a program that is specific to a place.

We will use multiple case studies for each of the Priority Reforms and some socioeconomic outcomes.

Proposed criteria to select case studies

This is the criteria we would use to choose case studies:

- The extent to which Aboriginal and Torres Strait Islander people’s knowledge and perspectives can inform the case study.
- How strongly the government actions link to the Priority Reforms or socioeconomic outcomes.
- Favouring actions relating to:
 - the 5 policy priority areas in the National Agreement:
 - » Justice
 - » Social and emotional wellbeing
 - » Housing
 - » Early childhood care and development
 - » Aboriginal and Torres Strait Islander languages
 - the sectors the National Agreement says to make stronger:
 - » Early childhood care and development
 - » Housing
 - » Health
 - » Disability
- The possible learning benefits of the policy, where a policy in one community or region could change to suit another.
- The resources given to the policy action (if something gets more money, it is more important to understand whether it is doing well).

Table 1 – Each Priority Reform comes with some specific commitments*

<p>Priority Reform One Formal partnerships and shared decision making</p>	<p>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’ (clause 28).</p> <p>Commitments to support this:</p> <ul style="list-style-type: none"> • Take stock of partnership arrangements (clause 36a). • Review and strengthen partnerships (clause 36b). • Report on the review of partnerships to Joint Council (clause 36c). • Establish a joined-up approach to 5 policy priority areas (clause 38): <ul style="list-style-type: none"> – justice – social and emotional wellbeing – housing – early childhood and development – Aboriginal and Torres Strait Islander languages. • Establish 6 new place-based partnerships (clause 39).
<p>Priority Reform Two Building the community-controlled sector</p>	<p>Parties commit to ‘building formal Aboriginal and Torres Strait Islander community-controlled sectors to deliver services to support Closing the Gap’ (clause 42).</p> <p>Commitments to support this:</p>

- Identify sectors to make stronger with a joint national approach every 3 years through Sector Strengthening Plans (clause 49).
- Develop the first 4 Sector Strengthening Plans (clause 52) in:
 - early childhood care and development
 - housing
 - health
 - disability.
- Agree on more sectors for Sector Strengthening Plans (clause 53).
- Take actions to grow the share of services delivered by Aboriginal and Torres Strait Islander organisations (particularly community-controlled organisations) through:
 - funding prioritisation policies that favour Aboriginal and Torres Strait Islander organisations in decisions about providing services to Aboriginal and Torres Strait Islander people and communities (clause 55a)
 - giving meaningful funding amounts to Aboriginal and Torres Strait Islander organisations where government decides new funding to service the broader population (clause 55b).

Priority Reform Three
Transforming government organisations

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' (clause 58)
- 'to ensure government mainstream institutions and agencies are free of institutionalised racism and promote cultural safety in line with the transformation elements' (clause 60)
- to 'challenge unconscious biases that result in decisions based on stereotypes' (clause 61).

Commitments to support this:

- Share and publish ways to engage that give effect to the transformation elements on engagement (clause 63).
- Engage with Aboriginal and Torres Strait Islander representatives before, during and after emergencies such as natural disasters and pandemics (clause 64).
- Do not invest in mainstream organisations at the cost of Aboriginal and Torres Strait Islander community-controlled services (clause 66).
- Find, make or strengthen a separate way to support, monitor and report on the changes in mainstream agencies and institutions (clause 67).

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

Parties agree that local 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' (clause 70).

Parties agreed to establish data projects in up to 6 locations across Australia (clause 74).

* The table does not list:

- commitments relating to annual reporting
- future changes to the National Agreement which are common across the Priority Reforms.

Assessing progress on the socioeconomic outcomes

We publish data about the outcomes and their progress against the targets.

Parties agreed to this, and it keeps them accountable.

This review does not intend to do the same work. This review goes beyond data. It looks at what affects progress, like how government actions affect outcomes.

The National Agreement is in its early stages. There are not many data on some of the outcomes.

This is what will guide our choices on the outcomes we propose to focus on:

- The outcomes Aboriginal and Torres Strait Islander people say matter most.
- Whether there are data on progress, so we can look at outcomes that show progress and ones that do not (at the national, state or local level). This aligns with the National Agreement. It says the review's findings will inform ongoing implementation 'by highlighting areas of improvement, and where additional effort is required' (clause 123).
- Whether there is a clear link with the Priority Reforms (for example, the Justice Policy Partnership under Priority Reform One might change how many people go to prison). This would help us to know how the logic behind the National Agreement applies in the real world.

Potential changes to the National Agreement

Our duties are in the terms of reference (appendix A).

We assess progress and what works with the Priority Reforms and socioeconomic outcomes. We may also recommend to Joint Council:

- changes to the National Agreement and its targets, indicators and trajectories
- data improvements.

This could include:

- matters about the governance and accountability mechanisms in the National Agreement
- ways to fix problems in implementing the Priority Reforms and their commitments.

The review is also a time to look at the data that we use to measure progress. For example, there may be issues in how we:

- understand data
- collect data for targets and indicators.

We might solve these issues if there is agreement about:

- which data sources to use
- extra data collection.

If not, we may suggest to Joint Council to change the National Agreement so it holds Parties to implementing it.

Table 2 – Government actions towards the Priority Reforms*

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

* Government Parties' Implementation Plans list actions against each Priority Reform. This table shows some types of actions listed against each Priority Reform.

3. Seeking your views

We would like to know what you think about:

- the proposed approach to the review outlined in this paper
- ideas for case studies to show what is working well and what is not
- progress against each of the 4 Priority Reforms and the socioeconomic outcomes.

The next pages have questions about each of these areas. In your submission, you can answer these questions. Or you can share any other information on:

- the National Agreement itself
- what is happening under the National Agreement
- this review.

Details for where to send your submission are in section 4.

Questions

Our proposed approach to the review

See our proposed approach in section 2.

- How could we make our proposed approach to the review stronger? Are there other ways to assess progress?
- How could we do the review so it complements the Aboriginal and Torres Strait Islander-led review?

We also put an engagement approach online in July 2022 ([pc.gov.au/inquiries/current/closing-the-gap-review/engagement](https://www.pc.gov.au/inquiries/current/closing-the-gap-review/engagement)). It states the principles of engagement: fair and inclusive; open and transparent; ongoing and reciprocal.

- What do you think about the engagement approach?
- How can we put the principles into practice throughout the review?

Choosing case studies

See section 2. We propose to include case studies that cover governments' range of actions to implement the Priority Reforms. The case studies would focus on what is and is not working and why. Answers to these questions would help us pick case study subjects.

- What are some government policies or programs that do (or make it hard to) progress the Priority Reforms or socioeconomic outcomes?
- What are some evaluations, data or other research that could support our analysis?
- What criteria should we use to select case studies? Do you agree with our proposed criteria in section 2? Are there other criteria we should use?

Priority Reform One (clause 28)

This Priority Reform is about Aboriginal and Torres Strait Islander people having a genuine say on the delivery and design of services that affect them. When this happens, they get better life outcomes.

Questions

- Why are genuine partnership and shared decision making important for Closing the Gap? What does success look like?
- How are governments sharing decision making with Aboriginal and Torres Strait Islander people?
- What government actions make a difference to shared decision making? Which actions work? Which actions do not work?
- The National Agreement says what makes a strong partnership. It does not define a partnership. What is a partnership that would work for the National Agreement?
- What partnerships or shared decision making have you seen making a difference? This might be positive or negative. It could be before or after the National Agreement began (July 2020).
- When government asks communities for input, how should they include all views about policies?
- What are the problems with making formal partnerships or shared decision making work in practice? For example, this might be about:
 - resourcing
 - time set aside for feedback
 - where partnerships happen as transactions (give and take) instead of relationships.
- Do any partnerships meet the strong partnership elements in the National Agreement? How are they:
 - accountable to communities and the part of government that looks after the policy area?
 - clear on who is doing what? Are there formal agreements in place?
 - sharing decision making between Aboriginal and Torres Strait Islander people and governments?
- What is the best way to measure progress on Priority Reform One?
- What do you think about the Justice Policy Partnership and how it is being implemented?
- What do you think about place-based partnerships? How will they differ from current place-based approaches?
- Is there enough money going into developing formal partnerships and shared decision making? If not, what do these initiatives need funding for? What does government need to do to make funding arrangements?
- How does Priority Reform One interact with the other 3 Priority Reforms?

Priority Reform Two (clause 42)

This Priority Reform recognises Aboriginal and Torres Strait Islander community-controlled services:

- get better results
- employ more Aboriginal and Torres Strait Islander people.

And that people prefer them over mainstream services.

Questions

- When have community-controlled services gotten better outcomes than mainstream service providers? List the main reasons for why they got better outcomes.
- What are some changes in how governments fund community-controlled organisations? Have you seen funding going up?
- What funding models work well for ACCOs and why?
- What is government doing to support the community-controlled sector? Are there actions that are not working?

- What is working well in the community-controlled sector? What barriers are in the way to make the sector stronger?
- What are the lessons from the first round of Sector Strengthening Plans? Why and how will they help make the community-controlled sector stronger (or not)?
- What do sectors need for stronger community control if they do not already have it?
- How can we find out if the community-controlled sector is getting stronger? What should we consider as well as the elements of a strong community-controlled sector in the National Agreement (clause 45)?
- How does Priority Reform Two interact with the other 3 Priority Reforms?

Priority Reform Three (clause 58)

This Priority Reform holds governments to changing systems and structures for:

- better accountability
- responding to Aboriginal and Torres Strait Islander people's needs.

Questions

- Which areas of government that make policies or provide services have gotten better at meeting the needs of Aboriginal and Torres Strait Islander people? How did they improve?
- Which government organisations or parts of government organisations most need to change and why? This is in terms of:
 - being free of institutionalised racism
 - giving services that are culturally safe and respond to the needs of Aboriginal and Torres Strait Islander people.
- What is government doing to change how it operates and works with Aboriginal and Torres Strait Islander people? Are there actions that are not working?
- Priority Reform Three is about what governments do. It is also about how governments fund services (for example, where they give contracts to deliver certain services). How can governments deliver on this?
- What gets in the way of government organisations changing? How do governments overcome these problems? What helps them to change?
- When has a government institution had big and intended cultural change? What made that change possible?

Governments said they will each make or change an independent way to 'support, monitor, and report on the transformation of mainstream agencies and institutions'.

- What features do these mechanisms need to have?
- How should the mechanisms work? How should they report to and engage with Aboriginal and Torres Strait Islander people?
- What do you think about governments' work so far to put the mechanism in place?
- How does Priority Reform Three interact with the other 3 Priority Reforms?

Priority Reform Four (clause 69)

This Priority Reform asks that Aboriginal and Torres Strait Islander peoples have shared access to relevant data and information. This will help to achieve the first 3 Priority Reforms.

Four data projects are already happening. They are in:

- Blacktown (New South Wales)

- the Kimberley region (Western Australia)
- Maningrida (Northern Territory)
- the western suburbs of Adelaide (South Australia).

Two more will be in Victoria and Queensland.

Questions

- How will shared access to data:
 - support shared decision making?
 - build the community-controlled sector?
 - transform government organisations?
- Are there examples where shared access to data has happened?
- What is government doing to change Aboriginal and Torres Strait Islander communities' and organisations' access to data? Are there actions that are not working?
- What are the locations and priority policy areas where Aboriginal and Torres Strait Islander people need data to take part in shared decision making?
- What are the priority data needed to build the community-controlled sector and change government organisations?
- What do organisations need to do so that Aboriginal and Torres Strait Islander communities and organisations can access the data and information they need?
- What gets in the way of governments giving data? How have governments overcome these problems in the past?
- What are the issues with getting and using data for Aboriginal and Torres Strait Islander communities and organisations? How have they solved these issues in the past?
- What rules and systems must be in place so that governments can share data with Aboriginal and Torres Strait Islander communities and organisations? What needs to happen so that data are shared well?
- Do you have any comments on how the data projects are progressing?
- Has the process of choosing locations for the data projects been appropriate?
- How will the data projects meet the needs of the community? If they will not, why not?
- How does Priority Reform Four interact with the other 3 Priority Reforms?

Socioeconomic outcomes

- Which outcomes should we focus on in the review and why?
- Are the targets and indicators with the outcomes appropriate?
- Can you give an example of when the Priority Reforms have had a real effect on the outcomes?

4. How to engage with the review

We have already met with some organisations and will keep doing so as the review goes on. We are engaging in line with the approach we put online in July 2022 (pc.gov.au/inquiries/current/closing-the-gap-review/engagement).

We are open to how you want to engage with us.

Through our website you can:

- make a submission in text, images and audio-visual files
- send us a brief comment.

Or you can contact us to request to:

- meet with us online (which could then be an oral submission if you like)
- meet with us in person.

You can submit your views or make a comment on this paper until 12 December 2022. We will hold meetings on the review in 2022 and 2023.

View the timeline, make a submission or comment at pc.gov.au/inquiries/current/closing-the-gap-review

Contact our team:

- Call 02 6240 3252
- Email CTG.Review@pc.gov.au

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]