

Priority Reform 1.3

Report of Preliminary Findings
January 2024



NSW Coalition of Aboriginal Peak Organisations (NSW CAPO)



















ACKNOWLEGEMENT OF COUNTRY

We acknowledge and pay respect to the Traditional Owners of the lands upon which we work and meet, and the lands that we travel through on our journeys throughout New South Wales to help in Closing the Gap.

We would also like to acknowledge our Ancestors and Elders – Past and Present, and the Stolen Generation People of this state.

We recognise the unique cultural and spiritual relationship, and celebrate the contributions of Aboriginal peoples, to the state of New South Wales.



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DESIGN AND ART

The artwork and layouts for this document were designed by Monique Rennie, a proud Gomeroi/Kamilaroi woman living on Wonnarua country in the Upper Hunter growing up on Biripi country in the Manning Valley.

After working as an in-house designer for the past 6 years providing support to First Nations employment and advocacy, I am proud to move into a space where I can pursue my own creative needs while living closer to Country. I am passionate about using my design skills to support and empower other First Nations Australians and their businesses.

I am proud to wear my values on my sleeve as we all strive together toward an equitable future for our First Nations Australians and for the protection of Country.

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By early 2024 From early 2024 to mid 2024 By 30 June 2024

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EXECUTIVE SUMMARY

The New South Wales (NSW) Coalition of Aboriginal Peak Organisations ('NSW CAPO') is a collective of peak Aboriginal Community-Controlled Organisations ('ACCOs') in NSW. NSW CAPO provides a strong, independent, and coordinated voice to address issues affecting Aboriginal people in NSW. NSW CAPO, through the National Coalition of Aboriginal and Torres Strait Islander Peak Organisations, is a signatory alongside the NSW Government to the National Agreement on Closing the Gap ('the National Agreement') in NSW.

The National Agreement is premised on the notion that improvements in the lives of Aboriginal people will be accelerated when Aboriginal representatives, chosen by Aboriginal people, are fully involved in decisions with government on policies and programs that have a significant impact on their lives. Underpinned by this premise, the National Agreement is a commitment from all governments to a fundamentally new way of working to 'close the gap'. This new way of working is set out in four Priority Reforms. Additionally, NSW has developed a fifth priority reform focussed on areas of employment, business growth and economic prosperity.

As part of Priority Reform One of the National Agreement the NSW Government (and all levels of Australian governments) have committed 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". The National Agreement sets out that this commitment will be delivered through the establishment of formal partnerships between government and Aboriginal and Torres Strait Islander representatives and includes key elements that all partnerships should entail (the 'strong partnership elements').

One key element is the recognition of the funding needed for Aboriginal and Torres Strait Islander parties to participate in partnerships and for there to be genuine shared decision making, as outlined at Clause 33: "The Parties recognise that adequate funding is needed to support Aboriginal and Torres Strait Islander parties to be partners with governments in formal partnerships".

In its 2022-2024 NSW Implementation Plan for Closing the Gap ('NSW Implementation Plan'), the NSW Government further committed to a range of actions to meet Priority Reform One, including Key Action Two to "Develop a funding approach and resources to support ACCO participation in partnerships1".



Priority Reform 1.3

In the spirit of the National Agreement and the NSW Implementation Plan, it is understood that embedding Priority Reform One is about empowering Aboriginal and Torres Strait Islander peoples to enact self-determination in partnership with all levels of government, and that doing so will result in better outcomes for Aboriginal and Torres Strait Islander people, without which the Closing the Gap targets and outcomes will not be met².

This project (also known as the Priority Reform 1.3 initiative, or element three of Priority Reform One), seeks to address this key element of Priority Reform One under the National Agreement, and Key Action Area Two of the 2022-24 NSW Implementation Plan for Closing the Gap by undertaking research and community consultation

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NSW Government (Aboriginal Affairs NSW) 2022, NSW Closing the Gap Implementation Plan 2022-2024, p.30.

² For further information: CAPO and COAG 2019, "Partnership Agreement on Closing The Gap 2019-2029", pp. 1-20; Australian Government Productivity Commission 2023 Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information paper 2, Draft Report, pp. 1-29; and Joint Select Committee on Constitutional Recognition Relating to Aboriginal and Torres Strait Islander Peoples, 2018, Final report, pp.15, 77, 116, 149,

regarding the funding issues that prevent and inhibit effective partnerships i.e., shared decision-making partnerships between ACCOs and government. The project's deliverables are to:

- 1. Produce a comprehensive research paper on the current and required funding for partnerships between ACCOs and government (the PR1.3 Report of Preliminary Findings).
- 2. Use these findings to inform the design of a budget proposal and disbursement model for addressing these funding deficiencies to support ACCO's participation in partnerships with government going into the future.

The focus of PR1.3 is on the funding element of the agreed strong partnership elements, which is an enabler of many of the other 'strong partnership elements' outlined in the National Agreement (Clause 32). Its purpose is not to identify or analyse all the elements that constitute an effective partnership, or to test the merits of the strong partnership elements.

A 'partnership' for the purpose of the project is one that meets the formal partnership definition in the National Agreement— agreed arrangements (policy and place-based) between governments (local, state and territory and national levels) and Aboriginal and Torres Strait Islander people that set out who makes decisions, how decisions are made, and what decisions will be about — as well as the agreed 'strong partnership elements', which recognises the need for adequate funding for Aboriginal and Torres Strait Islander parties to fully participate in partnerships and for there to be genuine shared decision making (Clause 33).

As this project focuses on NSW, it will encompass all partnerships in operation in NSW in which any level of government is involved (local, state or national), and where the NSW Government is a participant or a funding source, along with other levels of government or non-government organisations.

The budget proposal refers to the amount or level of funding that is required to support partnerships, the types of costs that will be covered by the funding and how the funding can be used and over what period. The disbursement model relates to the arrangements for how the funding should be managed and accessed — such as decision-making on funding, eligibility and prioritisation, compliance, and reporting requirements.

The full text of the relevant National Agreement clauses and the NSW Implementation Plan can be accessed through the links provided at the Appendix to this report.

The Report

This report — the Report of Preliminary Findings — delivers on one above by summarising the key findings arising from research, consultation and engagement activities undertaken in the first stage of the project as follows:

- Consultation and engagement with Aboriginal Community Controlled Organisations (ACCOs), including a recent survey (the 'PR1.3 Survey') conducted by NSW CAPO to comprehend the challenges and obstacles that ACCOs encounter when engaging and participating in partnerships with government.
- A desktop (literature) review of quantitative and qualitative data, publicly available reports, and scholarly and grey literature to identify good or better practice in funding and disbursement models for effective partnerships between government and Aboriginal and Torres Strait Islander people and organisations, from Australian and international examples; and comparison of existing practice in NSW against the characteristics of better practice models identified.
- Consultation with NSW Government agencies to understand government's perspectives on the experiences and barriers to engaging in strong partnerships with Aboriginal and Torres Strait Islander parties.

Key Messages

- Commitment to Genuine Partnerships: Governments have recognised and committed to providing
 adequate funding to enable genuine partnerships with Aboriginal partners, through the National
 Agreement. Underpinning this commitment is an agreement and shared belief that doing so will result
 in better outcomes for Aboriginal people, without which the Closing the Gap targets and outcomes
 will not be met and will unlikely lead to cost savings longer term through more effective and efficient
 policy implementation and service delivery.
- 2. Characteristics of Effective Funding Models for Genuine Partnerships: Better practice funding and disbursement models have some common characteristics to enable genuine partnerships. A comprehensive review of local and international examples highlight the importance of sufficient, secure, flexible, and low administrative burden funding, with shared decision making.
- 3. Assessment of the Current Partnership Landscape in NSW: Review of current practice in partnerships in NSW, based on the findings of the PR1.3 Survey, desktop research and analysis and initial consultations with NSW Government agencies, which shows the situation in NSW currently is not in line with the commitments under the National Agreement and NSW Implementation Plan or the characteristics of better practice funding and disbursement models for partnerships.
- 4. **Sustained Investment:** Highlights examples of current and emerging better practice in partnerships in NSW, and other jurisdictions across Australia, but acknowledges this is an area in which all jurisdictions face shared challenges and will require long-term, sustained investment from governments to change ways of working and meet the National Agreement commitments.

Following this, the report provides:

- A summary of the overall preliminary findings and recommendations from the project activities to date and implications for the next project phase.
- An outline of the remaining steps for the project.
- A series of appendices with further detail of the findings from the individual project activities and information sources as follows:
 - » Appendix A: findings from the PR1.3 Survey
 - » **Appendix B:** findings of the desktop review of domestic and international partnership arrangements and literature; and
 - » Appendix C: summary of key themes from initial consultations with NSW Government agencies.





1. COMMITMENT TO **GENUINE PARTNERSHIPS**

The following section sets out the context for the project — the commitments under National Agreement and the NSW Implementation Plan to fund partnerships which are underpinned by collective acknowledgment by all Australian governments, about the importance of shared decision-making and genuine partnerships with Aboriginal and Torres Strait Islander parties.

Partnerships Commitments under the National Agreement

The objective of the National Agreement is to enable Aboriginal and Torres Strait Islander people and governments to work together to overcome the inequality experienced by Aboriginal and Torres Strait Islander people and achieve life outcomes equal to all Australians.

As outlined in the Executive Summary, underpinning the National Agreement is the shared belief that improvements in the lives of Aboriginal people will be accelerated when Aboriginal representatives, chosen by Aboriginal people, are fully involved in decisions with government on policies and programs that have a significant impact on their lives.

As part of Priority Reform One of the National Agreement all levels of Australian government have committed 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". The National Agreement sets out that this commitment will be delivered through the establishment of formal partnerships between government and Aboriginal and Torres Strait Islander representatives and includes key elements that all partnerships should entail.

'Formal Partnerships' are defined as "agreed arrangements (policy and place-based) between governments and Aboriginal and Torres Strait Islander people that set out who makes decisions, how decisions are made, and what decisions will be about"³. Priority Reform One also introduces two specific types of formal partnerships — policy and place-based — as follows:

- policy partnerships are created for the purpose of working on discrete policy areas; and
- place-based partnerships are between government and Aboriginal and Torres Strait Islander representatives, and others by agreement, from specific geographical regions.⁴

The purpose of both types of partnerships is to:

- drive Aboriginal and Torres Strait Islander community-led outcomes on Closing the Gap;
- enable Aboriginal and Torres Strait Islander representatives, communities, and organisations to negotiate and implement agreements with governments to implement all Priority Reforms and policy and place-based strategies to support Closing the Gap;
- support additional community-led development initiatives; and
- bring together all government parties, together with Aboriginal and Torres Strait Islander people, organisations, and communities to the collective task of Closing the Gap⁵

One of the strong partnership elements is the recognition of the funding needed for Aboriginal and Torres Strait Islander parties to participate in partnerships and for there to be genuine shared decision making.

NSW Government (Aboriginal Affairs NSW) 2022, **NSW Closing the Gap Implementation Plan 2022-2024**, p.30

NSW Government (Aboriginal Affairs NSW) 2022, NSW Closing the Gap Implementation Plan 2022-2024, p.29-31

⁵ For further discussion on these points see for example: Coalition of Aboriainal and Torres Strait Islander Peak Organisations and the Council of Australian nents (COAG) 2019, "Par tnership Agreement on Closing The Gap 2019-2029", pp. 1-20; Australian Government Productivity Commission 2023 Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information paper 2, Draft Report, pp. 1-29; and Joint Select Committee on Constitutional Recognition Relating to Aboriginal and Torres Strait Islander Peoples, 2018, Final report, pp.15, 77, 116, 149.

As outlined at Clause 33 of the National Agreement "The Parties recognise that adequate funding is needed to support Aboriginal and Torres Strait Islander parties to be partners with governments in formal partnerships. This includes agreed funding for Aboriginal and Torres Strait Islander parties to:

- engage independent policy advice;
- meet independently of governments to determine their own policy position;
- support strengthened governance between and across Aboriginal and Torres Strait Islander organisations and parties;
- and engage with and seek advice from Aboriginal and Torres Strait Islander people from all relevant groups within affected communities, including but not limited to Elders, Traditional Owners, and Native Title Holders".

As summarised in the Productivity Commission's 2023 draft report of its Review of the National Agreement on Closing the Gap: "shared decision-making seeks to empower Aboriginal and Torres Strait Islander people with the authority to determine the best ways to design and deliver policies and services to achieve better outcomes for Aboriginal and Torres Strait Islander people. It acknowledges that governments lack the capacity to fully understand and deliver on the unique priorities of Aboriginal and Torres Strait Islander people. Full and genuine partnership arrangements should deliver not just an opportunity for Aboriginal and Torres Strait Islander people to share a seat at the table with governments to formulate policy recommendations - but ensure that their authority in these spaces can influence government decisions, or at least better hold governments to account for these decisions"6.

From an economic perspective, as is recognised by the Productivity Commission report and others, more effectively designed and delivered policies and services present a more efficient use of private and public resources⁷. This in turn can have broader economic implications, particularly for services that are fundamental to further economic and social participation. More effective provision of services can not only improve the wellbeing of individuals but also that of whole communities — particularly where publicly funded policies and services and infrastructure play a more central role, for instance due to geographic remoteness and thin markets⁸. Put another way, investment in stronger partnerships is likely to lead to cost savings in the long run through more effective and efficient policy implementation and service delivery.

It is noted that the Commission's final report is to be handed to the Joint Council on Closing the Gap in December 2023 and publicly released shortly after. Therefore, it was not yet available at the time of developing this report.

Partnership Commitments under the NSW Implementation Plan

Through the NSW Implementation Plan, the NSW Government further commits to a range of actions to meet Priority Reform One, including under Key Action 2:

Key Action Area 2: All partnership arrangements in NSW work effectively to advance progress on Closing the Gap through joint decision-making and self-determination

We know there are a significant number of partnerships and quasi-partnerships that already exist between governments and Aboriginal communities and organisations. Ensuring that all of these partnerships are formalised and are clearly aligned with the principles of a strong partnership, as outlined in the National Agreement, will significantly improve the ability of Aboriginal communities to drive the progress they want to see on Closing the Gap commitments.

What you have told us

strengthening to support genuine partnerships, including staff working on the ground, embedded in community organisations:

- "Fund community organisations and provide for real shared decisionmaking."
- "Current partnerships are not coordinated and rely on the generosity of people."
- "[We] need stronger community support structures. Work with communities to build their capacity so that they are able to build capacity of all other community members, making stronger communities, and better people making better decisions."

We need partnerships to be genuine, be long-term, have equal power-sharing, be meaningfully responsive to community needs, be accountable and have community at their centre:

- "Formal partnerships are good; however, improved accountability and firm KPIs need to be in place as part of reaching agreements."
- "[There are] lots of agreements to work in partnership but what that looks like has never been nutted out."

We need to strengthen partnerships that are already in place rather than duplicating; if community partnerships already exist, resource them and support: them to work to community agendas:

- "Use the ones that are already there."
- "Revisit partnerships every 6 months, making sure they are working."

What we will do

We need equitable funding and capacity: Develop a funding approach and resources: Minister for to support ACCO participation in partnerships:

- By 2023, we will review funding barriers that prevent effective partnership between ACCOs and governments, and generate a clear picture of funding requirements for partnerships. This will also consider potential funding requirements to support community capabilitybuilding initiatives - potentially in governance, succession planning and other identified areas.
- By 2024, based on this research, we will design a funding approach to address these issues to make sure all ACCOs have access to the necessary funding to engage in meaningful and genuine partnerships with government organisations. This will overcome significant funding issues that prevent effective participation in partnerships.

Align partnerships with the National Agreement and community expectations: Aboriginal Affairs

- In 2022, we are conducting a Partnerships Stocktake to review what local partnerships currently exist.
- By 2023, we will review how well these partnerships align to the partnership elements of the National Agreement and what opportunities there are for improvement, in collaboration with Aboriginal members of those partnerships. This resulted in publication of the '2022 Partnership Stocktake.
- In 2024, we will use this review to strengthen existing partnerships by starting to align all partnerships in NSW to the National Agreement. We will work closely with communities to ensure these partnerships align with community priorities for strong partnerships and are driven by community agendas. We will work closely with state government agencies and local councils to embed these partnership principles.

Accountable minister and agency

Aboriginal Affairs

Department of Premier and Cabinet

: Minister for

Department of Premier and Cabinet



⁶ Australian Government Productivity Commission 2020, Review of the National Agreement on Closing the Gap, Information Paper 2 'Priority Reform 1 -Partnership and shared decision-making', p.21.

⁷ See for example: Australian Government Productivity Commission 2023, Review of the National Agreement on Closing the Gap, Draft report, Box 8, p.39; Dillon, MC 2021, The New Policy Architecture for Closing the Gap: Innovation and Regression, Centre for Aboriginal Economic Policy Research ANU College of Arts & Social Sciences, Discussion Paper No. 299/2021 Australian National University, p. 11, Accessed: 6.12.2023, URL https://caepr.cass.anu.edu.au/ sites/default/files/docs/2021/11/CAEPR_Discussion_Paper_299_2021.pdf; Deloitte Access Economics 2016, Cost-benefit and funding analysis for the Danila Dilba Health Services, p.ivaccessed 6.12.203, URL: https://ddhs.org.au/sites/default/files/media-library/documents/deloitte-au-economics-danila-dilba-health-service-cost-benefit-funding-analysis-111116.pdf

⁸ Australian Government Productivity Commission 2023, Review of the National Agreement on Closing the Gap, Information Paper 2 'Priority Reform 1 -Partnership and shared decision-making', p.21.

What you have told us

We need full community involvement and transparency on what the partnership is trying to achieve and to ensure this goal is driven by community:

- "From the grassroot up, not the other way around."
- Transparency and accountability are needed.

We need clear mechanisms for communities to raise concerns and issues:

 "As a community member, where can I go with this issue?"

What we will do

- Reform accountability and transparency measures in partnerships to ensure they are culturally appropriate:
- By 2023, we will trial different options in partnership with communities to increase the accountability of partnerships, potentially including:
 - » partnership milestones and achievements being agreed with community, including regular check-ins
 - » regular open forums and meetings with key community stakeholders to discuss partnership progress
 - » regular publishing of reports, accessible by public and community a culturally appropriate evaluation framework for partnership funding arrangement/memorandum of understanding (MOU) template development
 - » reform of incentive structures in government and standard templates to embed partnership requirements
 - » creation of transparent lines of communication to raise issues directly.

Accountable minister and agency

Minister forAboriginal Affairs

Department of Premier and Cabinet

Key Findings

The NSW Government and all Australian governments have recognised the importance of shared decision making and genuine partnerships with Aboriginal and Torres Strait Islander parties:

- The National Agreement commits governments to shared decision making with Aboriginal representatives on policies and programs that have a significant impact on them through the establishment of formal partnership arrangements.
- The New South Wales Government has committed, through the National Agreement and its own Implementation Plan, to adequately fund Aboriginal parties in partnership.

Underpinning this commitment is an agreement and shared belief that doing so will result in better outcomes for Aboriginal people, without which the Closing the Gap targets and outcomes will not be met and will likely lead to long-term cost savings through more effective and efficient policy implementation and service delivery.

All Australian governments, including the NSW Government, have recognised that funding is an important enabler of genuine partnerships with Aboriginal and Torres Strait Islander parties and committed to provide adequate and equitable funding to support genuine partnerships, and recognised some of the types of costs incurred by Aboriginal partnerships in engaging in partnerships, including to:

- · engage independent policy advice;
- meet independently of governments to determine their own policy position;
- support strengthened governance between and across Aboriginal and Torres Strait Islander organisations and parties; and
- engage with and seek advice from Aboriginal and Torres Strait Islander people from all relevant groups within affected communities, including but not limited to Elders, Traditional Owners, and Native Title Holders.





2. CHARACTERISTICS OF EFFECTIVE FUNDING MODELS FOR GENUINE PARTNERSHIPS

There is a high-level understanding and commitment that adequate funding is needed to resource Aboriginal parties to participate as equal partners in partnerships and some recognition of the types of costs incurred in engaging in partnerships. To dig deeper into this and better understand how the design of funding and disbursement models influence partnerships, the project reviewed local and international partnership examples and scholarly and grey literature. From this, some characteristics of better practice funding and disbursement models for genuine partnerships between governments and First Nations peoples were identified.

The purpose of this project is not to identify all the characteristics or elements that comprise a genuine partnership between First Nations peoples and government. There is much discussion of these broader characteristics in the literature — both domestic and international. For example, characteristics such as ensuring there are clear roles and responsibilities for both parties; clear governance structures; and recommendations for types of accountability and evaluation mechanisms.

In contrast, the availability of information on funding and disbursement models is very limited or often unclear (e.g., it is not possible to determine the funding arrangements discussed are genuinely for shared decision making or partnerships versus service or program delivery). Where funding is mentioned, it is usually only at a high-level, acknowledging that funding or resourcing in general is needed to enable parties to participate as equal partners in partnerships with governments, but with no accompanying information on resourcing levels or models.

The Productivity Commission's 2023 draft report of its Review of the National Agreement on Closing the Gap supported this assessment for all Australian jurisdictions, including NSW. The Commission's report found that the information on what funding has been provided to Aboriginal and Torres Strait Islander organisations to participate in Priority Reform One partnerships was insufficient and greater transparency, including the publication of stocktakes and partnership agreements, would be needed to inform an assessment on the adequacy of funding. The Commission's review also called for greater transparency — recommending the stocktakes, partnership agreements and other documents that have been developed under the Agreement be published. Further discussion of the Commission's report and examples from other Australian jurisdictions are provided at Appendix A.

Considering these limitations, the following section identifies five features or characteristics of 'better practice' in funding and disbursement models from the available examples and literature.

Examples of the common funding and disbursement models for partnerships between governments and First Nations peoples were also identified in the desktop review and are provided at Appendix A.



Funding is provided on a long-term basis

Longer term funding for participation in partnerships focused on long term, complex issues, is seen as necessary to address power inequalities among parties in and aspiring to enter partnerships with governments.

Short-term funding creates uncertainty and diminishes trust in relationships —Aboriginal participants are less likely to feel they can speak freely or on equal terms if funding is constantly uncertain, and especially where the government participant is also the funding decision maker.

- The nature and length of partnerships is contextual and there is no one size fits all. The literature concludes that funding length and uncertainty, particularly where partnerships are addressing long term, complex issues, and where the partnership agreement is often for a longer time frame e.g. five or ten years, the period of associated funding does not align. For such partnerships, the definition of long-term funding is inconsistent across the literature. However, one-year or fewer funding periods are generally considered problematic, while longer funding periods are believed to be more beneficial, with some domestic and international examples indicating that a funding period of at least five years enables positive outcomes.
 - » For example, in the case of the place-based partnership with Doomadgee in Queensland, originally the Queensland State Government made a commitment of a four year budget allocation of \$3.1 million to the pilot but only proposed \$563,000 for 2022-23 (a single year commitment) to Goonawoona Jungai Ltd to be formalised through a service agreement. Goonawoona Jungai Ltd, the ACCO party to the agreement, was reluctant to accept funding through such an arrangement, as they considered it to be inconsistent with a true partnership approach. After an iterative process, Goonawoona Jungai signed a longer cooperation agreement with the Queensland Government and received their first tranche of funding in May 2023°. Further details on the cooperation agreement were not easily accessible.
 - » Examples in the international literature, such as the Indigenous Natural Resource Partnerships Program and Northern Participant Funding Program in Canada, the Infrastructure Acceleration Fund between Māori and Iwi First Nations peoples and the New Zealand Ministry of Housing and Urban Development¹⁰, received funding for five years. The greater funding security is suggested to have enabled more genuine shared decision-making by reducing power imbalances and enabling the First Nations party to negotiate more freely without fear of reprisal. In these examples, the result has been to differing degrees greater Indigenous control, ongoing input and Indigenous self-governance embedded within the partnership processes.

Funding is sufficiently flexible to cover a range of costs

Funding needs to be flexible to cover a range of different types of costs such as travel, sitting fees, administration, engagement of subject matter experts, community consultation and engagement.

This characteristic is consistent with the types of costs recognised in the National Agreement (Clause 33). This discussion was commonly presented in the literature as concerns with tied grants or restricted or ringfenced funding models as being too limited. Funding models are outlined in detail at Appendix A however, in summary:

 tied, restricted funding is where funds are allocated for a specific purpose, such as for administering services or participating in partnership engagement activities with government and recipients must follow the governance guidelines or conditions associated with the funding governance requirements; and

⁹ Australian Government Productivity Commission 2020, Review of the National Agreement on Closing the Gap, <u>Information Paper 2 'Priority Reform 1 – Partnership and shared decision-making'</u>, p.16.

¹⁰ Kāinga Ora Homes and Communities (KOHC) 2023, Kāinga Ora Homes and Communities Infrastructure Acceleration Fund: Laying the foundation for new communities and neighbourhoods throughout Aotearoa New Zealand, Accessed: 10.9.2023; URL: https://kaingaora.govt.nz/working-with-us/hous-ing-acceleration-fund/ (ROHC 2023, Who We Are: The formation of Kāinga Ora, Accessed: 10.9.2023; URL: https://kaingaora.govt.nz/wbout-us/who-we-are/; and KOHC 2023, Urban development and Public Housing Industry Hub, Accessed: 10.9.2023; URL: https://kaingaora.govt.nz/urban-development-and-public-housing/industry-hub/filterArticles?tag=Partnerships.

• ringfenced or earmarked funding models is where funding can be spent on a specific purpose(s) but not on other 'policy' initiatives — the extent to which the policy initiatives that are 'excluded' are defined, varies, with the aim ensuring funding is directed towards its intended purposes or effectively "ringfenced'11.

Submissions to the 2023 Productivity Commission's review of the National Agreement raised similar concerns:

- The Coalition of Peaks submission noted that: "The majority of Peaks are not yet receiving appropriate, dedicated, and secure funding to ensure they can act as accountable partners and fulfil their roles under the National Agreement. In some cases where funding has been provided, the terms of the funding arrangements have not necessarily met the spirit of the National Agreement and new arrangements are not always working to chart a course to better practice. We have found examples where funding is short-term, been allowed to lapse despite ongoing work or is under-estimating salaries, oncosts, and overheads" 12.
- Regarding the NT Aboriginal Justice Agreement, the Aboriginal Peak Organisations Northern Territory (APONT's) submission said that: "... partnership and shared-decision making is committed to by the way of the establishment of Law and Justice Groups (LJGs) (equivalent to the North Australian Aboriginal Justice Agency (NAAJA's), Community Justice Groups (CJGs)) and the Local Decision-Making Framework. However, there has been no indication of any funding or resources intended for such groups, by the way of sitting fees, travel, consultation, interpretive services, and training, to implement the actions aligned to them in the implementation plans, such as developing pre-sentencing reports for the community courts or culturally safe mediation." Further it said that "there is significant potential for place-based partnerships, such as the LJGs and CJGs, and more broadly the NT Justice Policy Partnership to influence the decrease in incarceration rates of Aboriginal people in the NT but not without resourcing, authentic consultation and agreed, mutually respected balance of power" 15.

Funding is sufficient and flexible to cover a range of participants

Funding needs to be sufficient and flexible to all different participants in a partnership, from peak organisations to independent representatives and smaller organisations, and the community level itself.

Governments commonly establish funding arrangements with a peak body to represent Aboriginal people, particularly for policy-based partnerships — examples in NSW include NSW CAPO in the Closing the Gap Partnership with NSW Aboriginal Education Consultative Group (NSWAECG) in the Walking Together, Working Together Partnership Agreement and in the Aboriginal Language and Culture Nest community partnerships. However, except for a few examples where government funds individuals, other independent representatives and smaller organisations, or even community members, are engaged or participate in the forming of policy positions and funding is insufficient or inflexible to compensate those participants.

For community level engagements, such funding could be used to provide incentive vouchers to participate but for individual participants or smaller organisations they are seeking compensation for their time, at a minimum.

¹³ APONT 2022, **Submission 10 - Aboriginal Peak Organisations Northern Territory (APO NT) - Closing the Gap Review - Commissioned study (pc.gov.au)**, submission no.10, pp. 3-4.



¹¹ Long, NV, Richardson, M & Stähler, F 2023, 'Issue linkage versus ringfencing in international agreements', The Scandinavian journal of economics, vol. 125, no. 2, pp. 489–516.

¹² Coalition of Peaks 2023, <u>Submission to the Productivity Commission review of the National Agreement on Closing the Gap</u>, submission no. 25, Attachment 1. p. 9.

An example of such concerns is in the case of the Agreement to Implement the Justice Policy Partnership (JPP). The JPP is one of the the five national level policy partnerships in place in Australia (including in NSW). The JPP's purpose is 'to establish a mechanism for the parties to develop a joined-up approach to Aboriginal and Torres Strait Islander justice policy, with a focus on reducing adult and youth incarceration'. Its primary function is to make recommendations to reduce overincarceration¹⁴. Assessments of the JPP's implementation to date have found that it has been slow, with only two out of 11 intended actions implemented. It has been highlighted by the Productivity Commission and the Commonwealth Attorney-General's Department in 2023 that:

- funding levels have underestimated the time required for ACCOs to participate fully or have not had sufficient, consistent (long-term) funding for Aboriginal and Torres Strait Islander representatives to engage fairly and equitably in the partnerships;¹⁵
- structural barriers are hindering JPP, including delayed funding to engage National Aboriginal and Torres
 Strait Islander Legal Service (NATSILS), a limited ability for NATSILS to support independent members
 in engagements, and insufficient time and resourcing has impacted on Indigenous participatory parity¹⁶;
 and
- independent representatives and smaller organisations have reported it has been difficult to engage with the process due to a lack of funding funding has been channeled to NATSILS, but there has been a limited ability for NATSILS to support independent members in engagements¹⁷.

For further discussion of the JPP see Appendix A.

Shared Decision Making for Funding Distribution

A joint, shared responsibility for the disbursement or distribution of funding within a partnership is preferable to reduce power imbalances. Where co-funding and/or administration of funding by an independent body is possible, this can further enhance sharing of power and decision making.

Funding disbursement decision making influences the balance of power in partnerships.

The Productivity Commission's draft report of its Review of the National Agreement on Closing the Gap highlights that shared decision-making within partnerships seeks to empower Aboriginal and Torres Strait Islander people with the authority to determine the best ways to design and deliver policies and services to achieve better outcomes for Aboriginal and Torres Strait Islander people¹⁸. But the review also found that shared decision-making is rarely being achieved in practice in Australia today:

- Some organisations that the Commission engaged with said that governments were still reluctant to relinquish any control or shift the balance of power around policy decisions, funding and/or the key performance indicators they consider representing value to the community, which makes shared decision-making and community-control virtually impossible¹⁹.
- Further, the report notes that "governments ultimately retain authority for making decisions about the quantum and mix of spending across the range of public goods and services that it provides to the community, including for health, education, infrastructure, and so on. But beyond this, there is significant scope for funding decisions to be made by others. This could involve ACCOs making decisions about how to best direct a given amount of government funding to meet local needs (or on a larger scale, regional needs). It could also involve individual ACCOs making decisions about how to allocate funding across the range of services they provide, through long-term flexible funding contracts with governments" 20.

In a report of the findings of a 2022 Ngarala Duba Roundtable convened by Aboriginal Affairs NSW, and the NSW Council of Social Services, an audience member described centralised (government-led) decision making for funding as 'lazy, safe, risk-adverse. Government acknowledges that place-based/community led responses are optimal so it's not acceptable to continue to deliver top-down responses"²¹.

Local and international examples of where the Aboriginal party had been successful in shifting the power imbalance included in co-financing or co-funding models includes:

- In 2017, Wungening Aboriginal Corporation was able to expand their services to women and families facing domestic violence through a joint venture with several Western Australian government agencies, including the Children Protection and Family Support Department, the Housing Authority, Lotterywest, and the Indigenous Land and Sea Corporation²².
- The Anindilyakwa Land Council signed a local decision-making agreement with the Northern Territory Government in 2018, using mining royalties in addition to government funds to invest in sectors like housing, education, and justice to meet the priorities of traditional owners and communities²³.
- In the Northern Territory, co-funding of a partnership between Northern Territory Executive Council on Aboriginal Affairs (NTECAA) and the Northern Territory Government enabled collaboration with community and the successful nomination and establishment of Manigrida as a national Closing the Gap Place-based Partnership location and community data project site²⁴.

Other examples have sought to address the power imbalance by using an independent authority to administer funding.

In Canada, Aboriginal people had established private place-based partnerships with resources companies, such as the Native American Resource Partners (NARP) and Tall Cree First Nations Energy Partnership, and energy gas resource development agreements with First Nations, Metis and Inuit peoples in Canada and with Tribal Nations in the United States²⁵.

Administration of funding by an independent body was recognised as likely to be more difficult in government partnerships as compared with private partnerships. But it was suggested that a government partner could also seek to have a different area of its agency manage the funding administration/contract management from which funding distribution or policy decisions are made. Where such options are not possible, at minimum, a joint responsibility for the disbursement or distribution of funding within the partnership is preferable.

- Australian examples where elements of this approach have been embedded included the creation of the Northern Territory Aboriginal Investment Corporation (NTAIC) governance of the Aboriginals Benefit Account (ABA).
 - » The NTAIC was first established and convened in 2022 and will be responsible for investing funding from the ABA and managing the grants process. The twelve member NTAIC Board is 'Aboriginal-controlled' and comprised of two representatives from each of the four NT Land Councils, two independent directors appointed by the Australian Government and two independent directors appointed by the Board²⁶.

Further details on the ABA which has undergone a series of changes to its governance and decision-making structures and adopting different models is provided at Appendix A.

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²⁶ Northern Territory Aboriginal Investment Corporation (NTAIC) 2023, 'About us', 'Home' and 'Our Governance Framework', NTAIC Website; Accessed 16.9.23; URL: <www.ntaic.org.au>.



¹⁴ Justice Policy Partnership Secretariat 2021, **Agreement to implement the Justice Policy Partnership**, Australian Government Attorney General's Department Website, p2.

¹⁵ See Productivity Commission 2023, **Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2**, Draft Report, pp. 1-29; and Justice Policy Partnership Secretariat, 2023, **Justice Policy Partnership Annual Report 2022**, Australian Government Attorney-General's Department, pp.9-10.

¹⁶ See Productivity Commission 2023, Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2, Draft Report, pp. 1-29; and Justice Policy Partnership Secretariat, 2023, Justice Policy Partnership Annual Report 2022, Australian Government Attorney-General's Department, pp.9-10.

See Productivity Commission 2023, Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2, Draft Report, pp. 1-29; and Justice Policy Partnership Secretariat, 2023, Justice Policy Partnership Annual Report 2022, Australian Government Attorney-General's Department, pp.9-10.

Productivity Commission 2023, <u>Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2</u>, Draft Report, p.21.

¹⁹ Productivity Commission 2023, <u>Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2</u>, Draft Report, p.20.

²⁰ Australian Government Productivity Commission 2020, **Review of the National Agreement on Closing the Gap**, Draft Report, p.37.

²¹ New South Wales Council of Social Services (NCOSS) 2022, **Non-Government Organisations Roundtable Ngarala Duba: Closing the Gap Aboriginal and Torres Strait Islander leadership and Employment in the Social Service Sector,** p.23.

²² WA Government 2017 cited in Australian Government Productivity Commission 2020, Review of the National Agreement on Closing the Gap, **Information Paper 2 'Priority Reform 1 – Partnership and shared decision-making'**, p.20.

²⁵ ALC (NT Government and Anindilyakwa Land Council) 2018, Groote Archipelago Local Decision Making Agreement.

²⁴ Indigenous Justice Clearinghouse (IJC) 2022, Northern Territory Closing the Gap Annual Report 2022, Accessed: 14.9.2023; URL: https://www.indigenous-justice.gov.au/resources/northern-territory-closing-the-gap-annual-report-2022/.

²⁵ Canada NewsWire 2012, "Tall Cree First Nations Enters Energy Partnership with Native American Resource Partners", Ottawa News Article, Accessed:

^{10.9.2023;} URL: https://www.proquest.com/docview/1035146914?accountid=15112&parentSessionId=gmQQ8nfenIdnW%2BtnSZp33iYYgE1li-FEuE5ZLuIMvUiQ%3D&pq-origsite=primo.

International examples of this practice include:

- The Infrastructure Acceleration Fund partnership between Kainga Ora (Maori and Iwi), Ministry of Housing and Urban Development, and private and not-for-profit developers in New Zealand, where territorial authorities, developers and First Nations people submit applications for resources for projects to Kāinga Ora who, along with input from other government agencies, make an evaluation²⁷.
- A Memorandum of Understanding (MOU) between the Assembly of First Nations (AFN) and Indigenous and Northern Affairs Canada (a policy-based partnership), where Assembly of First Nations Chiefs Committee on Fiscal Relations provide leadership and implementation oversight of the MOU ensuring the new fiscal relationship between AFN and governments has ongoing input and Indigenous self-governance embedded within the partnership processes²⁸.

Balancing Administrative Requirements for Improved Accessibility

An enduring concern for all Aboriginal participants in all types of funding arrangements with government agencies was to ensure the administrative burden to apply for and comply with arrangements was as streamlined and minimal as possible. Funding levels should sufficiently account for the time it takes to meet such requirements.

While it is understood that some monitoring and reporting is necessary and beneficial to enable learnings for the continual improvement of partnerships, opportunities to streamline arrangements were encouraged, as were the requests to ensure that levels of funding sufficiently take account of the actual time it takes to meet such requirements. As the 2023 Productivity Commission review summarises: "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...needed"29.

Key Findings

Domestic and international examples and scholarly and grey literature supports the recognition and commitments made under the National Agreement and NSW Implementation Plan that funding is needed to resource a full range of Aboriginal parties to participate as equal partners in partnerships, as well as the type of costs incurred in engaging in partnerships.

The design or characteristics of funding and disbursement models can influence the effectiveness of partnerships — including the balance of power, shared decision-making and community-control.

While acknowledging the limited publicly accessible examples and scholarly and grey literature available, the project identified five better practice characteristics of funding and disbursement models to enable genuine and effective partnerships between Aboriginal people and governments, summarised in the table below.

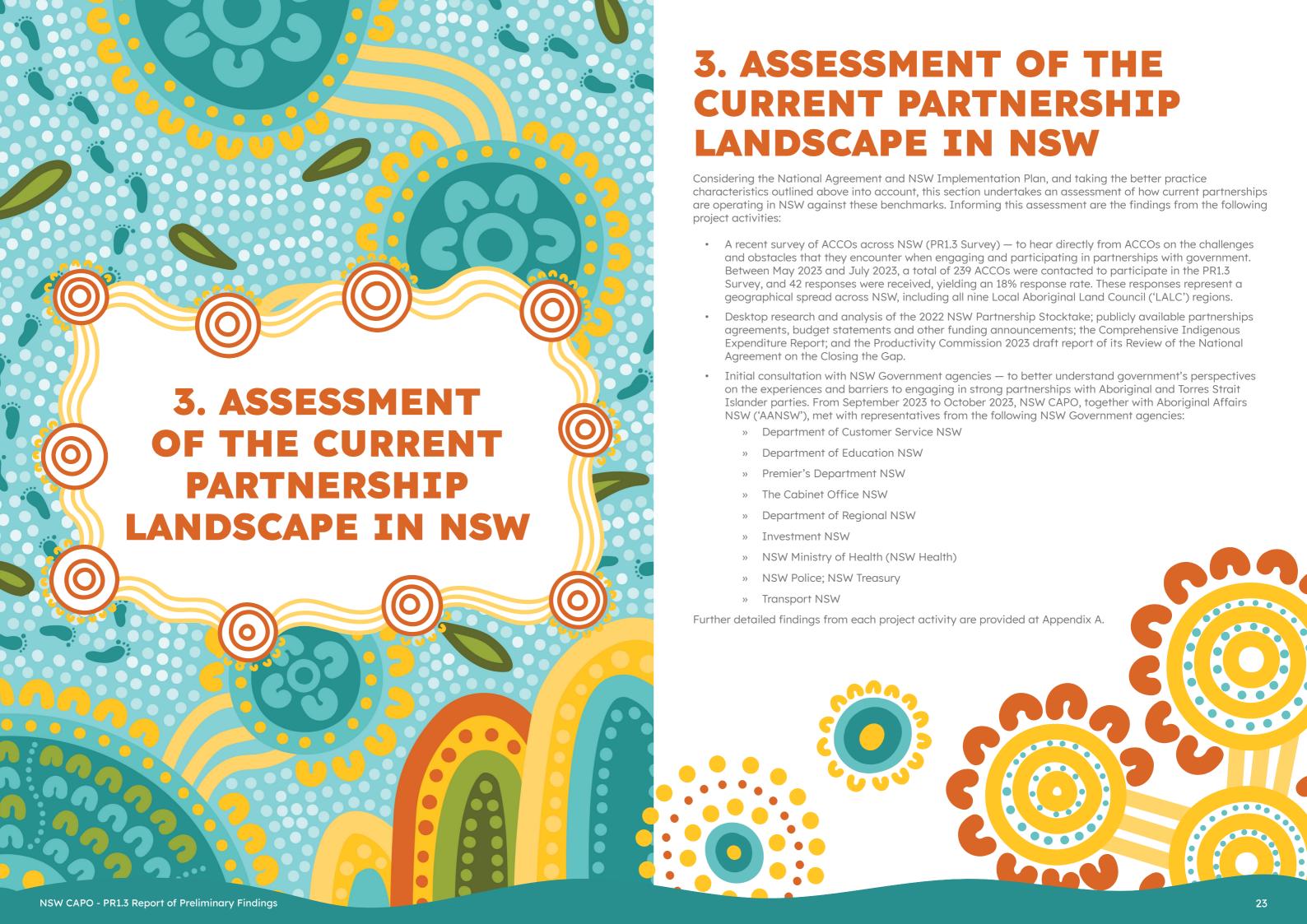
Characteristic	Description
Funding is secure and aligned with the length of the partnership	Longer term funding of five years or more for participation in partnerships focused on long term, complex issues is seen as necessary to address power inequalities among parties in and aspiring to enter partnerships with governments.
Funding is sufficiently flexible to cover a range of costs	Funding needs to be flexible to cover a range of different types of costs such as travel, sitting fees, administration, engagement of subject matter experts, community consultation and engagement.
Funding is sufficient and flexible to cover a range of participants	Funding needs to be sufficient and flexible to all participants in a partnership, from peak organisations to independent representatives with smaller organisations, and the community level itself.
governments are jointly responsible for funding	A joint, shared responsibility for the disbursement or distribution of funding within a partnership is preferable to reduce power imbalances. Where cofunding and/or administration of funding by an independent body is possible this can further enhance sharing of power and decision making.
There is a low administrative burden for funding applicants and recipients	The administrative requirements, including monitoring and reporting associated with partnership funding should be as low and streamlined as possible, and funding levels should sufficiently account for the actual time it takes to meet such requirements.



²⁷ Kāinga Ora Homes and Communities (KOHC) 2023, Kāinga Ora Homes and Communities Infrastructure Acceleration Fund: Laying the foundation for new communities and neighbourhoods throughout Aotearoa New Zealand, Accessed: 10.9.2023; URL: https://kaingaora.govt.nz/working-with-us/housing-acceleration-fund/infrastructure-acceleration-fund/; KOHC 2023, Who We Are: The formation of Kāinga Ora, Accessed: 10.9.2023; URL: https:// kaingaora.govt.nz/about-us/who-we-are/; and KOHC 2023, Urban development and Public Housing Industry Hub, Accessed: 10.9.2023; URL: https:// ${\bf kaing a or a.govt.nz/urban-development-and-public-housing/industry-hub/filter Articles? tag=Partnerships.}$

²⁸ Indigenous Services Canada 2017, A new approach: Co-development of a new fiscal relationship between Canada and First Nations, Government of Canada Website. Accessed November 2023.

²⁹ Australian Government Productivity Commission 2020, **Review of the National Agreement on Closing the Gap**, Draft Report, p.5.



Diverse Nature of Partnerships in NSW

In 2022, NSW CAPO in partnership with the Department of Premier and Cabinet (now Premier's Department), Aboriginal Affairs, undertook a Partnership Stocktake, the purpose of which was to understand the partnership arrangements currently in place in NSW. The Closing the Gap Analysis of the 2022 Partnership Stocktake was published in October 2023³⁰. Over 230 inputs were provided to the report via a Partnership Stocktake Template completed by NSW Government clusters and local councils and 31 inputs were assessed as being partnerships, i.e., the partnership had an element of shared decision-making.

As outlined above, Clause 30b of the National Agreement introduces two types of formal partnerships — policy and place-based. In the 2022 NSW Partnership Stocktake, of the 31 'partnerships':

- 52% (16) were categorised as place based.
- 35% (11) were categorised as policy partnerships.
- 13% (four) were a mix with both policy/place-based elements.

Within these two main categories of partnerships, the partnerships in the 2022 NSW Partnership Stocktake varied but generally fell into the following sub-categories:

- · Policy focused partnerships, operating at a state-wide level, such as the NSW Aboriginal Health Partnership Agreement 2015-2025.
- Local place-based partnerships between one level or agency of government and one ACCO, often a local government or council and one ACCO — such as a local council's Aboriginal Reference Group.
- Local place-based partnerships between multiple levels of governments or multiple government agencies with multiple ACCOs. An example is the Maranguka Collaboration Agreement focused on justice, which includes the following members: Maranguka, Bourke Tribal Council, Just Reinvest NSW and the Aboriginal Legal Service Limited, Department of Social Services, Department of Regional NSW, National Indigenous Australians Agency, Dusseldorp Forum, Bourke Shire Council, Lendlease, Department of Education, Skills and Employment, and Gilbert + Tobin.
- Regional place-based partnerships operating across multiple local government areas (LGAs), and/or with multiple levels of governments or agencies and multiple ACCOs. An example is the Three Rivers Regional Assembly.
- Blended policy-place based partnerships at the local or regional level (but below state-wide). This encapsulates the different partnership tiers between the Department of Regional NSW and ACCOs across the state, such as with the New England REZ First Nations Working Group, and the Illawarra Wingecarribee Alliance Aboriginal Corporation.

Consultations with NSW Government agencies echoed these findings. The more formal, longer standing partnerships highlighted by agencies were captured in the 2022 NSW Partnership Stocktake. Newer partnerships not captured included the NSW CAPO-NSW Government Closing the Gap partnership focussed on the NSW Implementation Plan, and includes funding of \$3.9 million over three years (from 2022/23 to 2025/26) to employ dedicated NSW CAPO staff to support the partnership, participate in the development and delivery of the NSW Closing the Gap Implementation Plan, and conduct community consultations³¹. Some informal partnerships were also mentioned, that were mostly captured in the broader 230 inputs, but which had not been jointly assessed as meeting the definition of partnership.

Out of the 42 survey respondents to the PR1.3 survey, five (12%) were involved in partnerships with governments that were part of the final agreed partnerships list to the 2022 NSW Partnership Stocktake. However, 65% of respondents mentioned that they received some form of funding from government (either program or service delivery, sometimes under multiple agreements), and all survey respondents were asked questions about the design of a future budget and disbursement model, therefore some findings can be extrapolated from the broader group's experiences as the concerns raised are likely to have similar effects on reinforcing inequalities for shared-decision making models.

30 The analysis report is available on the Aboriginal Affairs NSW website at: https://www.aboriginalaffairs.nsw.gov.au/media/website_pages/closingthegap/whats-new/CTG-Wesite-Whats-New-Closing-the-Gap-Analysis-of-2022-Partnerships-Stocktake-Data.pdf

31 NSW Government (Aboriginal Affairs NSW) 2022, NSW Closing the Gap Implementation Plan 2022-2024, p.15.

Funding Inadequacies and Insecurities

As outlined in more detail in this section of the report, overall funding levels are insufficient and insecure, hindering fair and equitable partnership engagement, especially for smaller organisations.

The 2022 NSW Partnership Stocktake, referenced above, assessed 31 partnerships against a set of criteria to determine whether they met the 'strong partnership elements' as defined in the National Agreement. This included an assessment of the level of funding provided for a partnership on the following scale:

- Unknown (0) no information or insufficient information provided.
- Not a partnership (1) there is no funding available for Aboriginal parties to the agreement.
- Partnership (2) some funding is available to Aboriginal parties (e.g., compensation for meeting participation).
- Strong partnership (3) sufficient funding is provided for Aboriginal parties to the partnership, allowing participation in partnership decisions, including through engagement of external advice, allowing to meet independently of governments to determine policy positions, engaging staff, supporting strengthened governance between and across Aboriginal parties and engagement with Aboriginal community groups directly.

Of the 31 partnerships:

- 19% (6) did not provide sufficient information to make an assessment (a score of zero).
- 58% (18) no funding was evident (a score of one).
- 23% (7) included some funding for Aboriginal parties (a score of two).
- no partnerships were assessed as strong (a score of three).

From analysis of the raw data, of the small number of partnerships where it was identified some funding was provided, the detail is limited but the general trends were as follows:

- For place-based partnerships between one ACCO and one government partner, often no funding was provided, only in-kind support provided by the government partner e.g., for a local council to chair, take minutes of meetings but Aboriginal representatives volunteered their time.
- For a small number of policy-based partnerships or blended partnerships (a mix of policy and placebased) a peak advisory body had received a direct funding contract for staff to participate in the partnership, including to provide secretariat support.
- There are a few references made to grant funding in the stocktake. But not enough information is available to confirm if the grant funding is for delivery of an agreed project or service that may arise from the partnership rather than for shared decision making or governance of the partnership itself.

Consultations with NSW Government agencies also had similar findings, noting the nature of activities under partnerships and funding varied, including:

- Most partnerships did not currently include funding for non-service delivery, partnership or shareddecision making activities.
- Many existing partnerships were centred around service or program delivery arrangements such as health, transport, and infrastructure.
- The partnerships were often replicated at the local level, but local level arrangements were more likely to be informal and unfunded.
- Any funding provided was usually on a short-term basis, of one to two years, in grant form.
- There were examples of lower-level community partnership initiatives on a one-off project or initiative



In most instances, it was not possible to further triangulate the data provided in the 2022 NSW Partnership Stocktake with other publicly available sources.

Of those in the 2022 NSW Partnership Stocktake that did indicate there was a formal partnership agreement or terms of reference (ToRs) in place (12 out of 31, or 39%), eight of these agreements or ToRs are publicly available, and a further four were characterised as 'publicly flagged'. For the latter, in practice, this meant the existence of the partnership is acknowledged on both parties' websites, but the agreement or ToRs (or associated funding information) were not accessible. Of those released publicly, again the funding detail is limited.

Further examples of specific reference from the 2022 Partnership Stocktake include:

- The Maranguka Collaboration Agreement partnership had the most publicly accessible information in relation to its funding and disbursement model. The Maranguka Collaboration Agreement is linked to the Stronger Partnerships, Stronger People initiative, and uses a place-based pooled or limited funding pool model (see Appendix A for further detail on this type of model). This approach is said to enable a dedicated funding pool to flow through to provide funding resources in high potential communities so 'backbone functions' that enable participation of stakeholders can occur. The Australian Government has committed up to \$35 million to the first five-year phase of the Stronger Places, Stronger People initiative until 30 June 2024. A further \$64 million has been committed over six years to 30 June 2029 to extend and enhance the existing partnerships under the initiative. There is also significant investment from state and territory governments and in some cases philanthropic organisations. The initiative covers ten communities across Australia, including Bourke and the Macleay Valley in NSW³².
- The NSW Comprehensive Indigenous Expenditure Report (2021/2022), which meets the commitment under Clause 113 of the National Agreement to report on current spending for Aboriginal and Torres Strait Islander related programs and services, provides a useful general understanding of the estimated level and proportion of NSW Government expenditure for Aboriginal and Torres Strait Islander people and communities within certain focus areas. But the report does not, either in aggregate or in detail, identify expenditure on partnerships or shared decision making specifically. While it is likely that aspects of the expenditure include partnerships elements, it is not possible to make conclusions about trends in relation to partnerships spending from this most recent report.
- A 2022 review of place-based partnerships in NSW focused on preventative approaches to address Aboriginal over-representation in the justice system, reiterated the urgent need for sustained funding to ensure the perspective of Aboriginal communities are represented³³.

It is noted, however, that the 2022 Partnership Stocktake does not encompass the five national level policy partnerships in place in NSW, including justice (adult and youth incarceration), social and emotional wellbeing (mental health), housing, early childhood care and development and Aboriginal and Torres Strait Islander languages. As outlined above, some assessments have been made regarding the Justice Policy Partnership's (JPP) operations, as it has been in operation the longest (since September 2021), and these assessments support the findings of the 2022 Partnership Stocktake and the other limited publicly available information, including that delayed funding to engage NATSILS in the JPP, a limited ability for NATSILS to support independent members in engagements, and insufficient time and resourcing has impacted on Indigenous participatory parity³⁴.

These findings were further supported in the results of the PR1.3 Survey.

When asked about the most significant constraint to effective partnerships with the government, 43% of the survey respondents ranked unrealistic timeframes and short-term funding (single year or less) as the highest constraint, with a further seven (17%) ranking it the second highest constraint. To note:

- half or 50% of the survey respondents indicated that any current funding agreements they held with government were for a period of less than 2 years;
- 31% had partnerships that were funded for less than three years;
- 36% had funding that lasted between three and five years; and
- only 12.5% had secured a five-year partnership with government.

Note that these percentages add up to more than 100% as some respondents held multiple funding agreements with government.

Consistent under resourcing is resulting in ongoing missed opportunities to initiate and engage in partnerships, including to secure funding. While ACCO's involved in partnerships with NSW Governments are not consistently recording when resourcing barriers result in missed opportunities, 89% of respondents commented that they had 'missed opportunities' to apply for funding due to resource constraints since 2020.

Flexibility Gaps in Current Funding Approaches

PR1.3 Survey Participants also indicated that funding for partnerships was too inflexible and did not sufficiently cover all the types of costs incurred in participating in partnerships.

When asked about the activities they were participating in outside the scope of existing funding agreements with government, respondents specifically noted the following unpaid engagements by their respective organisations:

- 48% are engaged in the co-design of service delivery models.
- 69% are engaged in partnership or advisory working/focus groups.
- 50% are engaged in consultation and the provision of other policy-based advice.

When asked to rank non-financial barriers affecting their organisation's effectiveness, limited opportunity to engage with the government in codesigning programs, services, and funding agreements; and inflexible terms and conditions, including the inability to negotiate the terms and conditions of funding agreements to meet community-specific needs, featured as key concerns for respondents — although they ranked lower in the list of concerns than short-term funding arrangements, as noted above.

In the free text responses to the survey, however, some respondents expanded on this theme and raised the inflexibility of agreements as limiting their ability to pay staff engaging in partnership/advisory work, conducting consultations and focus groups, supplying additional data and reports requested by government agencies, and paying for policy or specialist advice and other advisory services.

A specific request by one respondent was made for additional funding to develop interagency consortia formation and cross-agency communication, for example ensuring funding does not limit ACCOs ability to pool and share skill sets, run projects and events together.

Again, it is caveated that funding described by survey respondents is not necessarily specific to partnerships or shared decision making. But the findings are likely to have a similar effect for shared decision-making models. Further, most of the costs or concerns raised by survey respondents are consistent with those recognised in the National Agreement, including to: engage independent policy advice; meet independently of governments to determine their own policy positions; support strengthened governance between and across Aboriginal and Torres Strait Islander organisations and parties; and engage with and seek advice from Aboriginal and Torres Strait Islander people from all relevant groups within affected communities. Yet are currently unfunded. 40 out of 42 survey respondents (95%) commented that it would be preferable for governments to fund unpaid partnership-related work.



³² Australian Government Department of Social Services (DSS) 2023, Families and Children: Stronger Places, Stronger People, Accessed: 8.9.23; available at: https://www.dss.gov.au/families-and-children-programs-services/stronger-places-stronger-people.

³³ Alison, F 2022, Redefining Reinvestment. An opportunity for Aboriginal communities and government to co-design justice reinvestment in NSW, Final Report, Just Reinvest NSW, pp. 2-28, Accessed: 1/9/2023; URL: https://opus.lib.uts.edu.au/bitstream/10453/164509/2/Redefining%20Reinvestment_JRN-SW_Report.pdf.

⁵⁴ See Productivity Commission 2023, **Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2**, Draft Report, pp. 1-29; and Justice Policy Partnership Secretariat, 2023, **Justice Policy Partnership Annual Report 2022**, Australian Government Attorney-General's Department, pp.9-10.

Shared Decision-Making for Funding Distribution

Decisions about the disbursement of funding within partnerships is seen as one-sided. The 2022 NSW Partnership Stocktake found that "currently, government is not sufficiently guided in funding decisions and its own delivery by Aboriginal perspectives"35.

Responses from the PR1.3 Survey mirror these findings. When asked about the preferred characteristics for a future budget proposal and disbursement model for partnerships, respondents comments indicated a desire for the funding disbursement model to be administered or maintained independently of government.

Other Australian-wide studies have also found similar findings:

- A 2021 ANU Centre for Aboriginal Economic Policy Research discussion paper notes that some governments have increased funding but that higher costs and not allowing Aboriginal people to set the rules of co-production, including funding distribution means governments hold the balance of power and are still missing the mark by not aligning consultation processes with Aboriginal expectations of genuine engagement and codesign. The paper contends governments often reinforce inequalities by denying Aboriginal and Torres Strait Islander people the ability to set the terms for collaboration³⁶.
- The Productivity Commission's draft report of the review of the National Agreement for Closing the Gap found that shared decision-making is rarely being achieved in practice in Australia today — governments were still reluctant to relinquish any control or shift the balance of power around policy decisions, funding and/or the key performance indicators they consider representing value to the community, which makes shared decision-making and community-control virtually impossible³⁷.

In consultations, common challenges cited by NSW government agencies in partnering or engaging with ACCOs acknowledged concerns related to inflexibility of procurement and financial policies and guidelines and risk. Some government agencies saw the need for changes to such policies and guidelines to be driven centrally — such as by NSW Treasury — and felt there was limited ability at the agency level to act. While others said there was a 'devolved' approach in place across the NSW Government and it was more of an issue of awareness and understanding than inflexibility.

The administrative burden of applying for and complying with funding

Ease of access to funding, reporting requirements and transparency of decisions related to partnerships were also raised by PR1.3 Survey respondents as important considerations. In ranking preferred characteristics (from four choices) for a future funding and disbursement model, the responses were as follows (note there were 37 responses to this question in total).

Concerns about the administrative burden of applying and complying with funding arrangements was a common feature of responses throughout the survey, not just in responses to this question.

In consultations with NSW government agencies, some agencies acknowledged the administrative burden of complying with funding was sometimes not commensurate with the size of a procurement or risk and recognised the need to improve on this aspect of funding agreements.

Characteristic	Ranked 1st	Ranked 2nd	Ranked 3rd	Ranked 4th
Submission management, including a periodic application model (quarterly biannually, annually) compared to one that ACCOs can apply to on a rolling basis.	8 (or 22%)	12 (or 32%)	14 (or 38%)	3 (or 8%)
The reporting requirements associated with funding, including stream-specific reporting and general funds reporting.	2 (or 5%)	7 (or 19%)	9 (or 24%)	19 (or 52%)
Ensuring there is a clear, open, and transparent framework and governance for the administration of the fund, including eligibility criteria for stream-specific and general funding, application and assessment processes, the timely outcome of submissions, the provision of meaningful feedback where an organisation is unsuccessful for funding, and publication of information related to the successful award of funds.	8 (or 22%)	11 (or 30%)	8 (or 22%)	10 (or 26%)
Prioritisation of ACCOs for Aboriginal funding.	19 (or 51%)	7 (or 19%)	6 (or 16%)	5 (or 14%)

Key Findings

An assessment of current practice in partnerships in NSW — based on the findings from a recent survey of ACCOs across NSW, desktop research and analysis and initial consultations with NSW Government agencies — shows the situation in NSW currently is not in line with the commitments under the National Agreement and NSW Implementation Plan; and that the characteristics of better practice funding and disbursement models for partnerships between government and Aboriginal partners are not consistently in practice in NSW today.

A picture is painted of a very stretched ACCO sector in NSW - at capacity and unable to participate as genuine partners with government in formal partnerships, both existing and new. The ACCO sector is also currently bearing unfunded costs to participate in and develop partnerships.

ACCOs current abilities to engage in partnership activities in NSW is being hindered by inadequate funding, which is often short-term and insecure in nature. Consistent under resourcing is also resulting in ongoing missed opportunities to initiate and engage in partnerships, including to secure longer term service delivery funding. Concerns about the administrative burden of applying and complying with funding arrangements were another common feature of ACCOs experiences.

ACCOs are calling for greater resource certainty: sufficient funding and time for participation in partnerships is necessary to address power inequalities among parties in and aspiring to enter partnerships with governments. Most of the concerns or costs raised by ACCOs are consistent with those recognised in the National Agreement as requiring adequate funding to be partners with government in formal partnerships including to:

- engage independent policy advice;
- meet independently of governments to determine their own policy positions;
- · support strengthened governance between and across Aboriginal and Torres Strait Islander organisations and parties; and
- engage with and seek advice from Aboriginal and Torres Strait Islander people from all relevant groups within affected communities.

Yet such costs remain unfunded in NSW today.



⁵⁵ Alison, F 2022, Redefining Reinvestment. An opportunity for Aboriginal communities and government to co-design justice reinvestment in NSW, Final Report, Just Reinvest NSW, p. 5, Accessed: 1/9/2023; URL: https://opus.lib.uts.edu.au/bitstream/10453/164509/2/Redefining%20Reinvestment_JRNSW_

³⁶ Dillon, MC 2021, Codesigning in the Indigenous Policy Domain: Risks and Opportunities, Centre for Aboriginal Economic Policy Research ANU College of Arts & Social Sciences, Discussion Paper No. 296/2021 Australian National University, pp. 1-32, Accessed: 2.9.2023; URL: https://openresearch-repository.anu. edu.au/bitstream/1885/224450/1/CAEPR_DP_no_296_2021_Dillon.pdf

³⁷ Productivity Commission 2023, Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2, Draft Report, p.20.



4. SUSTAINED INVESTMENT

The final key message arising from the initial stages of the project is that while there are some examples of existing and emerging better practice in partnerships within NSW and other Australian jurisdictions, the need to improve how partnerships are resourced and funded is well recognised as a shared challenge. Realising these improvements will require systemic and transformative change to ways of working, in line with the commitments under the National Agreement and NSW Implementation Plan.

Current and emerging better practice in partnerships in NSW

Since the signing of the National Agreement the number of partnerships between ACCOs and NSW governments has grown and further plans for more partnerships have been announced, including:

- 13 Officer Level Working Groups to address each priority reform and target area in NSW.
- Plans for three place-based pilot locations across the state one metropolitan, one regional and one remote, which will include one in Tamworth.

The growth in partnerships, as well as the commitments to further growth, is being viewed positively as allowing ACCOs a greater opportunity to demonstrate their ability to deliver culturally responsive and affirming services to their communities with the support of governments, as well as their commitment to engaging and participating in research to enhance partnerships with government.

The Productivity Commission's draft report of its Review of the National Agreement on Closing the Gap noted the Commission also heard from ACCOs that in 'certain instances governments are taking small steps to change the 'business as usual' approach to relationships and engagement', with some now more willing to partner and trial new approaches³⁸.

Initial consultations with NSW government agencies revealed a recognition of the need for improvement in partnerships and engagement with ACCOs and other community-controlled governance arrangements. Several initiatives have been recently established or are in development to enhance engagement, including:

- a refresh of the Aboriginal Health Plan (the current plan is for 2010 to 2023 and will soon expire) and development of a new Aboriginal Health Governance and Accountability Framework by the Ministry of Health NSW³⁹:
- an Indigenous Outcomes Budgeting Report and Framework, alongside the Indigenous Expenditure Review by NSW Treasury⁴⁰:
- the release of the Department of Regional NSW's inaugural Aboriginal Outcomes Strategy⁴¹; and
- development of 'Partnership Strengthening Toolkit' by NSW CAPO and AANSW as phase two of the 2022 NSW Partnership Stocktake⁴².

NSW government agencies also provided examples of where they had implemented various models of education and awareness raising, such as tailored feedback following procurement, adapting intellectual property requirements in contracts to respect community ownership, and cultural competency training, with positive impacts on engagement and partnerships with ACCOs.

- Productivity Commission 2023, Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2, Draft Report, p.5.
- ³⁹ NSW Government (Aboriginal Affairs NSW) 2022, **2022-2024 NSW Implementation Plan for Closing the Gap**, p.63.
- ⁴⁰ NSW Government (Treasury) 2022, Aboriginal and Torres Strait Islander Outcome Budgeting Landscape Report, accessed November 2023
- ⁴¹ NSW Government (Department of Regional NSW) 2022, **Aboriginal Outcomes Strategy**, Corporate Publication, accessed November 2023.
- 42 NSW Government (Aboriginal Affairs NSW) 2023, Closing the Gap Priority Reform One: NSW 2022 Partnerships Stocktake Analysis, p.:



Jurisdiction Improvement Efforts

This report has recognised some examples of better practice in Australia. Noteworthy examples of where specific partnerships were able to meet some of the better practice characteristics identified in the desktop review included: the establishment of the Northern Territory Aboriginal Investment Corporation (NTAIC) to govern the Aboriginals Benefit Account; and co-funding models in Western Australian and the Northern Territory which had been successful in shifting the power imbalance in partnerships.

Most jurisdictions have also completed partnership stocktakes to varying degrees of public accessibility. Only three jurisdictions (Victoria, Queensland, and the Australian Government) had published reviews of their partnerships at the time the Productivity Commission released its draft report (July 2023). The 2022 NSW Partnership Stocktake was subsequently published in October 2023. Some notable examples of approaches to shared-decision making in Victoria's stocktake, which are also highlighted in the Productivity Commission's report include:

- Establishment of the First People's Assembly of Victoria: The Assembly is the first democratically elected body of Aboriginal Victorians in the State's history and has been tasked with establishing the framework that will support future Treaty negotiations, in partnership with government. To reflect diversity of Aboriginal voices across Victoria, the Assembly is made up of 21 general members elected by Aboriginal Victorians across five voting regions and 11 seats reserved for members of formally recognised Traditional Owner groups⁴³.
- Establishment of the Closing the Gap Partnership Forum: In 2022, the Victorian Government facilitated a community-based selection process to establish a new Partnership Forum, Victoria's formal partner for decision-making on Closing the Gap. ACCOs and Traditional Owner groups elected representatives from across 14 sectors to be members of the Partnership Forum, in a process run independently of government⁴⁴. In relation to funding it is noted, "as per the National Agreement (Clause 33), sector representatives will be funded to engage regularly with their sector and report back to the Partnership Forum, as well as to meet independently and build strong internal governance. Approximately [\$x million] is allocated for the Partnership Forum for each financial year until 2023-24. The Partnership Forum is time-limited to ensure alignment progress in Victoria's treaty process"45. The funding amount for the Partnership Forum could not be confirmed from other publicly available sources.

Despite these positive examples, the overall assessment, as highlighted in the Productivity Commission's report is that while there are "pockets of success" overall, the Commission's engagements (with over 120 Aboriginal and Torres Strait Islander organisations) have not identified systemic change in when and how decisions are made, indicating limited progress in governments sharing decision-making⁴⁶. This highlights that the challenge is not unique to NSW but serves as a collective reminder of the imperative for improvements in partnerships funding and practices on a broader scale.

- ⁴³ Victorian Government 2022, Victorian Government Aboriginal Affairs Report 2022, p.16.
- ⁴⁴ Victorian Government 2022, Victorian 2021 Closing the Gap Data Tables September 2022, Data Table B, pp.4-5.
- ⁴⁵ Victorian Government 2022, Victorian 2021 Closing the Gap Data Tables September 2022, Data Table B, pp.4-5.
- 46 Australian Government Productivity Commission 2023 Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information paper 2, Draft Report, p.33.

Transforming ways of working will require sustained, long-term investment

As was outlined above, the National Agreement includes commitments from all Australian governments to a fundamentally new way of working to 'close the gap', set out in four Priority Reforms. As outlined in Clause 7 of the National Agreement, this is an unprecedented shift in the way governments work, by encompassing shared decision-making on the design, implementation, monitoring and evaluation of policies and programs to improve life outcomes for Aboriginal and Torres Strait Islander people.

The acknowledgement of this shared challenge reinforces the pressing need for systemic changes to foster more effective partnerships. But such systemic and transformative change is neither easy nor quick. The Productivity Commission's report found that this transformation of government agencies ways of working has only just begun⁴⁷. Achieving such change demands sustained, enduring investment and concerted efforts from governments, working in genuine partnership with Aboriginal and Torres Strait Islander parties.

The Commission also called for partnerships to be resourced as long-term investments⁴⁸. Aboriginal and Torres Strait Islander people want to set the priorities and provide input, but they need funding support for this to happen. Without it, the number and frequency of meetings means that many cannot adequately participate as it takes them away from their core service delivery work for too long without replacement⁴⁹. The risk of inadequate, uncertain funding is that partnership processes may be viewed as disingenuous by Aboriginal and Torres Strait Islander groups and communities and reduce their capacity and willingness to participate⁵⁰. This will significantly limit the effectiveness of partnerships in improving outcomes for Aboriginal and Torres Strait Islander people, without which the Closing the Gap targets and outcomes will not be met and there will be an increased likelihood of wasted government and community resources.

Key Findings

There are examples of current and emerging better practice in partnerships in NSW, and other jurisdictions across Australia. But it is recognised that this is an area in which NSW — and all jurisdictions — need to improve. The challenge is shared. Transformative and systemic change to ways of working is needed and has been committed to under the National Agreement.

Such changes will neither be easy nor quick and will require sustained investment and effort from governments, in partnership with Aboriginal and Torres Strait Islander parties, to fully realise.



⁴⁷ Australian Government Productivity Commission 2023, Review of the National Agreement on Closing the Gap, **Draft Report**, p.4.

⁴⁸ Australian Government Productivity Commission 2023 Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information paper 2. Draft Report, p.37.

⁴⁹ Australian Government Productivity Commission 2023 Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information paper 2, Draft Report, p.37.

⁵⁰ Australian Government Productivity Commission 2023 Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information paper 2, Draft Report, p.37.



5. PRELIMINARY FINDINGS AND RECOMMENDATIONS

This report detailed the findings from the activities of the initial phase of the project, which involved:

- Consultation and engagement with Aboriginal Community Controlled Organisations (ACCOs), through a recent survey (the PR1.3 Survey) to understand the challenges and obstacles that ACCOs encounter when engaging and participating in partnerships with government.
- A desktop review of quantitative and qualitative data, publicly available reports, and scholarly and grey literature to identify better practice in funding and disbursement models for effective partnerships between government and Aboriginal and Torres Strait Islander people and organisations, from Australian and international examples.
- Initial consultation with NSW Government agencies to understand government's perspectives on the experiences and barriers to strong partnerships with Aboriginal and Torres Strait Islander parties.

The report emphasises the collective acknowledgment by the NSW Government, and all Australian governments, about the significance of shared decision-making and genuine partnerships with Aboriginal and Torres Strait Islander parties. Commitments, outlined in the National Agreement and NSW Implementation Plan, emphasise the need for adequate funding to enable Aboriginal and Torres Strait Islander parties to be partners with governments in formal partnerships, grounded in the belief that this approach will yield better outcomes for Indigenous Australians, crucial for achieving the Closing the Gap targets and likely to result in cost savings long-term through more effective and efficient policy implementation and service delivery.

The need for funding as a crucial enabler for genuine partnerships is supported by domestic and international examples and scholarly and grey literature. The report identified five better practice characteristics of funding and disbursement models to enable genuine and effective partnerships between Aboriginal peoples and governments as follows:

- Funding is secure and aligned with the length of the partnership: Longer term funding of five years or more for participation in partnerships focused on long term, complex issues is seen as necessary to address power inequalities among parties in and aspiring to enter partnerships with governments.
- Funding is sufficiently flexible to cover a range of costs: Funding needs to be flexible to cover a range of different types of costs such as travel, sitting fees, administration, engagement of subject matter experts, community consultation and engagement.
- Funding is sufficient and flexible to cover a range of participants: Funding needs to be sufficient and flexible to all different participants in a partnership, below peak organisations to independent representatives and smaller organisations, and the community level itself.
- Aboriginal people and governments are jointly responsible for funding distribution decisions: A joint, shared responsibility for the disbursement or distribution of funding within a partnership is preferable to reduce power imbalances. Where co-funding and/or administration of funding by an independent body is possible this can further enhance sharing of power and decision making.
- There is a low administrative burden for funding applicants and recipients: The administrative requirements, including monitoring and reporting associated with partnership funding should be as low and streamlined as possible, and funding levels should sufficiently account for the actual time it takes to meet such requirements.

Or put another way, strong and effective partnerships between governments and Aboriginal and parties rely on funding for the Aboriginal party that is sufficient, secure (long-term), flexible, has a low administrative burden and where decision-making is shared.

But an evaluation of current practice in NSW, based on the PR1.3 Survey, desktop research, and consultations with government agencies, reveals a significant gap between the situation in NSW now and the National Agreement and NSW Implementation Plan commitments and the better practice characteristics.

Instead, the ACCO sector in NSW appears severely overstretched, lacking the capacity to genuinely engage as partners with governments in both existing and new formal partnerships. ACCOs are grappling with unfunded costs associated with participating in and developing partnerships.

Inadequate and often short-term and insecure funding are major constraints, creating uncertainty and diminishing trust in partnerships — Aboriginal participants are less likely to feel they can speak freely or on equal terms if funding is constantly uncertain, and especially where the government participant is also the funding decision maker. This consistent under-resourcing is also leading to missed opportunities for initiating and sustaining partnerships, including for Aboriginal parties to secure longer-term service delivery funding. Concerns about the administrative burden of funding arrangements are also prevalent among ACCOs.

In response to these challenges, ACCOs are advocating for greater resource certainty, emphasising the need for sufficient funding and time to address power imbalances and participate effectively in partnerships. Most of their requests — for adequate funding and the types of costs incurred in engaging in partnerships — are consistent with those outlined in the National Agreement (Clause 33), already committed to by the NSW and all Australian governments, but which remain unfunded in NSW today.

While acknowledging examples of existing and emerging better practice in partnerships in NSW and other Australian jurisdictions, the need for improvement in funding partnerships is well recognised as a shared challenge. Realising these improvements will require systemic and transformative change to ways of working, in line with the commitments under the National Agreement and NSW Implementation Plan.

Such fundamental change will be neither easy nor quick. It will require enduring investment and concerted efforts from governments, working in genuine partnership with Aboriginal and Torres Strait Islander parties. Long-term, sustained government investment will be a prerequisite.

Therefore, the design of options for a new budget and disbursement model — the next stage of this project — will be a critical component to realising the commitments and in strengthening partnerships in NSW.

More broadly, the findings of this report echo the conclusions of the 2023 Productivity Commission's draft report of its Review of the National Agreement on Closing the Gap, including that greater transparency is needed on what funding has been provided to Aboriginal and Torres Strait Islander organisations to participate in the partnerships established under the National Agreement. For example, future NSW Indigenous Expenditure Reports could work towards gathering and publishing expenditure on partnerships or shared decision making, that is disaggregated from service delivery or program-related expenditure.





6. NEXT STEPS FOR THE PROJECT



The next stage of this project will build upon this Report of Preliminary Findings by developing options for a budget and disbursement model for recommendation to the NSW Government, through the following activities and indicative timelines.

By early 2024

Develop an options paper for funding and disbursement models that includes a working logic based on:

- A set of principles to underpin the new funding proposal and disbursement model, which incorporate the best practice model characteristics.
- An average cost for different categories of partnerships identified through the desktop review using a case study approach and benchmarking approach which seeks to reflect:
 - » the types of costs ACCOs may reasonably incur to participate fully in partnership; and
 - » the intensity and complexity of engagement required from ACCOs in the partnership.
- The partnership categories identified in the desktop review were:
 - » policy focused partnerships, operating at a state-wide level;
 - » local place-based partnerships between one level or agency of government and one ACCO, often a local government council and one ACCO;
 - » local place-based partnerships between multiple levels of governments or multiple government agencies with multiple ACCOs (but within one local government area);
 - » regional place-based partnerships operating across multiple local government areas (LGAs), and with multiple levels of governments or agencies and multiple ACCOs; and
 - » blended policy and place-based partnerships at the local or regional level (but below the statewide level).
- An assessment of the merits of the common funding and disbursement models identified in the desktop review, including hybrid or blended models.
- Options for funding eligibility and prioritisation.

From early 2024 to mid 2024

Test and refine these options with relevant stakeholders, including NSW CAPO, ACCO participants in the PR1.3 Survey and 2022 NSW Partnership Stocktake, and NSW Government agencies.

By 30 June 2024

Develop a Final Report with recommendations to the NSW Government, including a preferred fund and disbursement model and additional options for disbursement models. The funding and disbursement models proposal will include:

- a detailed outline of the logic and analysis underpinning the model costing and characteristics;
- proposed eligibility for and prioritisation of funding, including fund management and administration;
- an estimated of the expected growth of partnerships over time.





APPENDIX A: FINDINGS FOR THE PR1.3 SURVEY

This Appendix provides a summary of the findings from a recent survey of ACCOs across NSW (PR1.3 Survey). The purpose of the PR1.3 Survey was to hear direct from ACCOs on the challenges and obstacles that ACCOs encounter when engaging and participating in partnerships with government.

Between May 2023 and July 2023, a total of 239 ACCOs were contacted to participate in the PR1.3 Survey, and 42 responses were received, yielding an 18% response rate. These responses represent a geographical spread across NSW, including all nine Local Aboriginal Land Council ('LALC') regions.

Out of the 42 survey respondents, 5 (12%) were involved in partnerships with governments that were part of the final agreed partnerships list to the 2022 NSW Partnership Stocktake (outlined in more detail below). However, 65% of respondents mentioned that they received some form of funding from government (either program or service delivery, sometimes under multiple agreements), and all survey respondents were asked questions about the design of a future budget and disbursement model, therefore some findings can be extrapolated from the broader group's experiences as the concerns raised are likely to have similar effects on reinforcing inequalities for shared-decision making models. Additionally, while the funding referred to by survey respondents is not specific to partnerships or shared decision-making, most of the costs and concerns are consistent with those recognised in Clause 33 of the National Agreement, including the need to:

- Engage independent policy advice.
- Meet independently of governments to determine their own policy positions.
- Support strengthened governance between and across Aboriginal and Torres Strait Islander organisations and parties.
- Engage with and seek advice from Aboriginal and Torres Strait Islander people from all relevant groups within affected communities.

From the perspective of respondents, the following barriers and solutions were proposed to enable effective partnerships with the government, and genuine shared decision-making:

• **Barrier:** Insufficient funding, capacity, and resources were predominant and consistent themes in the PR1.3 Survey, with a significant proportion of respondents engaged in unpaid partnership-related work.

Proposed Solution: Adequate funding to support meaningful participation in equitable, genuine decision-making partnerships is the proposed solution, with 40 out of 42 survey respondents (95%) commenting that it would be preferable for governments to fund unpaid partnership-related work. Respondents specifically noted the following unpaid engagements by their respective organisations:

- » 48% are engaged in the co-design of service delivery models.
- » 69% are engaged in partnership or advisory working/focus groups.
- » 50% are engaged in consultation and the provision of other policy-based advice.

Such activities are consistent with those recognised in the National Agreement (Clause 33) as requiring adequate funding to be partners with government in formal partnerships. Yet are currently unfunded.

- **Barrier:** 43% of respondents ranked unrealistic timeframes and short-term funding (single year or less) as the most significant constraint to effective partnerships with the government, with a further seven (17%) ranking it the second highest constraint. To note:
 - » half or 50% of the survey respondents indicated that any current funding agreements they held with government were for a period of less than 2 years;
 - » 31% had partnerships that were funded for less than three years;
 - » 36% had funding that lasted between three and five years; and
 - » only 12.5% had secured a five-year partnership with government.

Note that these percentages add up to more than 100% as some respondents held multiple funding agreements with government.

Proposed Solution: Survey respondents said that a policy framework to ensure all funding is multi-year to enable strategic and workforce planning, organisational capacity building, and meaningful program evaluation was identified as the most effective and impactful resolution.

- Barrier: 35% of respondents ranked the second-highest constraint to effective partnerships with the government as the provision of government funding to non-ACCOs or other government agencies for the delivery of Aboriginal programs and services.
 - Again, this was seen as diminishing trust in partnerships and is not in keeping with the commitment and spirit of Priority Reform Two under the National Agreement — to build the community-controlled sector.
- Proposed Solution: A policy framework to ensure ACCOs are the preferred applicants for funding targeted to Aboriginal communities was the identified solution by survey respondents, including ensuring that ACCOs have the support required during the application process to demonstrate their capacity as preferred candidates.
- Barrier: Consistent under resourcing is resulting in ongoing missed opportunities to initiate and engage in partnerships, including to secure funding. While ACCO's involved in partnerships with NSW governments are not consistently recording when resourcing barriers result in missed opportunities, 89% of respondents commented that they had 'missed opportunities' to apply for funding due to resource constraints since 2020.
- **Proposed Solution:** The following were identified as solutions by survey respondents:

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- » A minimum benchmark for time to apply for grants and funding, enabling organisations to plan and allocate resources (e.g., 6-8 weeks).
- » An accessible pool of experienced grant writers that organisations can engage to support their grant and funding applications.

- Barrier: Limited opportunity to engage with the government in co-designing programs, services, and funding agreements, and inflexible terms and conditions, including the inability to negotiate the terms and conditions of funding agreements to meet community-specific needs, were key concerns for survey respondents.
- Proposed Solution: In ranking preferred characteristics (from four choices) for a future funding and disbursement model, the responses were as follows:

Characteristic	Ranked 1st	Ranked 2nd	Ranked 3rd	Ranked 4th
Submission management, including a periodic application model (quarterly biannually, annually) compared to one that ACCOs can apply to on a rolling basis.	8 (or 22%)	12 (or 32%)	14 (or 38%)	3 (or 8%)
The reporting requirements associated with funding, including stream-specific reporting and general funds reporting.	2 (or 5%)	7 (or 19%)	9 (or 24%)	19 (or 52%)
Ensuring there is a clear, open, and transparent framework and governance for the administration of the fund, including eligibility criteria for stream-specific and general funding, application and assessment processes, the timely outcome of submissions, the provision of meaningful feedback where an organisation is unsuccessful for funding, and publication of information related to the successful award of funds.	8 (or 22%)	11(or 30%)	8 (or 22%)	10 (or 26%)
Prioritisation of ACCOs for Aboriginal funding.	19 (or 51%)	7 (or 19%)	6 (or 16%)	5 (or 14%)

Other solutions commented on by ACCOs to eliminate barriers to effective partnerships with the government included:

- A framework to ensure that grants and funding processes are aligned with ACCO aspirations to develop capacity, grow services, and enhance community impact and reach.
- Centralisation of available grants and funding, with transparent and consistent application processes to avoid duplication.
- A consistent and transparent reporting mechanism across government departments to avoid duplication

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APPENDIX B: FINDINGS FROM THE DESKTOP REVIEW

This Appendix summarises the findings from the desktop review, which focused upon the following key areas:

- 1. Providing an overview of existing partnerships in operation in NSW.
- 2. Identifying characteristics of good or better practice funding and disbursement models for effective partnerships between governments and Aboriginal peoples from local and international literature and a review of existing local and international partnerships.
- 3. A comparison of existing practice in NSW against the characteristics of better practice models, and broader findings and conclusions.

The section is structured by the sources used to inform the desktop review, including:

- 1. the 2022 NSW Partnership Stocktake;
- 2. publicly available partnership agreements, budget statements and other funding announcements;
- 3. the NSW Treasury Comprehensive Indigenous Expenditure Report 2021 2022;
- 4. 2023 Productivity Commission draft report of its Review of the National Agreement on the Closing the Gap which also includes details from other jurisdictions' partnership stocktakes; and
- 5. domestic and international scholarly and grey literature.

It is noted that the ability to understand and make assessments on the current operations of partnerships in NSW was limited by the availability of publicly accessible information.

The full desktop review can be shared upon request and includes the full list of references used to inform its findings.

B1. 2022 NSW Partnership Stocktake

In response to Clause 36 of the National Agreement, in 2022, NSW CAPO in partnership with the Department of Premier and Cabinet (now Premier's Department), Aboriginal Affairs, undertook a Partnership Stocktake, the purpose of which was to understand the partnership arrangements currently in place in NSW. The Closing the Gap Analysis of 2022 Partnership Stocktake Data was published in October 2023, however, of specific note:

- Over 230 inputs were provided to the report via a Partnership Stocktake Template completed by NSW government clusters and local councils.
- 31 inputs were assessed as being partnerships, i.e., the partnership had an element of shared decision-making, of which:
 - » 52% (16) were categorised as place based.
 - » 35% (11) were categorised as policy partnerships.
 - » 13% (four) were a mix with both policy/place-based elements.
- Under the National Agreement, 'Formal Partnerships' are defined as 'agreed arrangements (policy and place-based) between governments and Aboriginal and Torres Strait Islander people that set out who makes decisions, how decisions are made, and what decisions will be about' (Section 12).

- Priority Reform 1 also introduces two specific types of formal partnerships: policy and place-based:
 - » policy partnerships are created for the purpose of working on discrete policy areas; and
 - » place-based partnerships are between government and Aboriginal and Torres Strait Islander representatives, and others by agreement, from specific geographical regions (clause 30b).
- The purpose of both types of partnerships is to:
 - » drive Aboriginal and Torres Strait Islander community-led outcomes on Closing the Gap;
 - » enable Aboriginal and Torres Strait Islander representatives, communities, and organisations to negotiate and implement agreements with governments to implement all Priority Reforms and policy specific and place-based strategies to support Closing the Gap;
 - » support additional community-led development initiatives; and
 - » bring together all government parties, together with Aboriginal and Torres Strait Islander people, organisations, and communities to the collective task of Closing the Gap (Clauses 31a to d).
- Within these two main categories of partnerships, the partnerships identified in the 2022 NSW Partnership Stocktake varied but generally fell into the following sub-categories:
 - » Policy focused partnerships, operating at a state-wide level, such as the NSW Aboriginal Health Partnership Agreement 2015-2025.
 - » Local place-based partnerships between one level or agency of government and one ACCO, often a local government council and one ACCO such as a local council's Aboriginal Reference Group.
 - » Local place-based partnerships between multiple levels of governments or multiple government agencies with multiple ACCOs. An example is the Maranguka Collaboration Agreement focused on justice, which includes the following members: Maranguka, Bourke Tribal Council, Just Reinvest NSW and the Aboriginal Legal Service Limited, Department of Social Services, Department of Regional NSW, National Indigenous Australians Agency, Dusseldorp Forum, Bourke Shire Council, Lendlease, Department of Education, Skills and Employment, and Gilbert + Tobin.
 - » Regional place-based partnerships operating across multiple local government areas (LGAs), and/or with multiple levels of governments or agencies and multiple ACCOs. An example is the Three Rivers Regional Assembly.
 - » Blended policy-place based partnerships at the local or regional level (but below state-wide). This encapsulates the different partnership tiers between the Department of Regional NSW and ACCOs across the state, such as with the New England REZ First Nations Working Group, and the Illawarra Wingecarribee Alliance Aboriginal Corporation.
- i. The Partnership Stocktake also assessed these 31 partnerships against a set of criteria to determine whether they met the strong partnership elements as defined in the National Agreement. This included an assessment of the level of funding provided for a partnership on the following scale:
 - » Unknown (0) no information or insufficient information provided.
 - » Not a partnership (1) there is no funding available for Aboriginal parties to the agreement.
 - » Partnership (2) some funding is available to Aboriginal parties (e.g., compensation for meeting participation).
 - » Strong partnership (3) sufficient funding is provided for Aboriginal parties to the partnership, allowing participation in partnership decisions, including through engagement of external advice, allowing to meet independently of governments to determine policy positions, engaging staff, supporting strengthened governance between and across Aboriginal parties and engagement with Aboriginal community groups directly.
- ii. Of the 31 partnerships:
 - » 19% (6) did not provide sufficient information to make an assessment (a score of zero)
 - » 58% (18) no funding was evident (a score of one)
 - » 23% (7) included some funding for Aboriginal parties (a score of two)
 - » no partnerships were assessed as strong (a score of three)

From analysis of the raw 2022 NSW Partnership Stocktake data, of the small number of partnerships where it was identified some funding was provided, the detail is limited but the general trends were as follows:

- For place-based partnerships between one ACCO and one government partner, often no funding was provided, only in-kind support provided by the government partner e.g., for a local council to chair, take minutes of meetings but Aboriginal representatives volunteered their time.
- For a small number of policy-based partnerships or blended partnerships (a mix of policy and placebased) a peak advisory body had received a direct funding contract for staff to participate in the partnership, including to provide secretariat support.
- There are a few references made to grant funding in the stocktake. But not enough information is available to confirm if the grant funding is for delivery of an agreed project or service that may arise from the partnership rather than for shared decision making or governance of the partnership itself.

Since signing the National Agreement, more partnerships in NSW have been announced, including:

- i. 13 Officer Level Working Groups to address each priority reform and target area in NSW.
- ii. Plans for three place-based pilot locations across the state one metropolitan, one regional and one remote, which will include one in Tamworth.

Funding arrangements for participation in these new partnerships are yet to be finalised.

Local Government partnerships

The Australian Local Government Association (ALGA) has not submitted a partnership stocktake, however stated in their second annual report, '... where applicable for example in NSW, relevant state and territory local government associations and individual councils have had some involvement in the stocktake'⁵¹. The ALGA encouraged inputs by local councils to the 2022 NSW Partnership Stocktake⁵².

As noted above, local place-based partnerships between one level or agency of government and one ACCO, often a local government council and one ACCO were a common type of partnership present in NSW (and other jurisdictions across Australia). But these were often informal and funding for these partnerships (outside some in-kind secretariat support by the council) was often not present.

The ALGA has developed its own Closing the Gap Implementation Plan and in this, under Priority Reform One actions, has committed: "to identify principles relevant to (and case studies if appropriate) effective partnerships involving local governments that builds on successes seen through the stocktake and health check process. These principles should be made publicly available and build upon the characteristics of shared decision making outlined in the National Agreement at (Clause 32c)⁵³". In its latest Annual Report on Closing the Gap (2022), progress against the commitment was noted as follows "work has commenced on collating case studies of effective partnerships involving local governments and associations. A deeper analysis will be undertaken to understand the factors of success and draft principles will be canvassed in relevant forums"⁵⁴.

The Local Government New South Wales (LGNSW) also worked with the NSW Office of Local Government and Aboriginal Affairs NSW to produce a Closing the Gap factsheet for local government⁵⁵. The factsheet provides suggestions and examples of how councils can contribute to Closing the Gap priority reform areas and socioeconomic outcomes including through council plans and delivery programs under the Integrated Planning and Reporting Framework.

Case studies of existing partnerships in place in NSW are included in the factsheet (and detailed further in its 2022 Annual Report). There are specific suggested actions and prompts for local councils in relation to Priority Reform 1 and the establishment of partnerships, including to "establish formal agreements and/or enhance existing agreements to meet strong partnership elements under the National Agreement" The example of North Sydney Council and Metropolitan Local Aboriginal Land Council's Principles of Cooperation Agreement

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 $^{^{51}\,}$ ALGA 2022, ALGA Closing the Gap 2022 Annual Report, p. 7.

⁵² LGSNW 2022, **Stocktake of Partnership Arrangements - Template**, LGNSW Website.

⁵³ ALGA 2021, Closing the Gap Implementation Plan, ALGA website, access November 2023, p.8.

⁵⁴ ALGA 2022, **ALGA Closing the Gap 2022 Annual Report**, p.7.

⁵⁵ LGNSW, Closing the Gap Guidance Factsheet, available at https://www.aboriginalaffairs.nsw.gov.au/media/website_pages/closingthegap/how-you-can-be-involved/Closing-the-Gap-Factsheet-for-Local-Councils.pdf, accessed November 2023.

⁵⁶ LGNSW, Closing the Gap Guidance Factsheet, p.2.

is used as a good example of setting out how the parties will work together and establish a framework to consider development proposals⁵⁷. There is, however, no specific discussion of resourcing or funding of partnerships. The further detail on case studies in the 2022 Annual Report also does not include information about funding or resourcing for the subject partnerships.

B2. Partnership Agreements, Budget Statements, and other Announcements

In most instances, it was not possible to further triangulate the data provided in the Partnership Stocktake with other publicly available sources or to validate whether a formal partnership agreement is in place and any funding arrangements. Of those that did indicate there was a formal agreement or terms of reference (ToRs) in place (12 out of 31, or 39%), eight of these agreements or ToRs are publicly available, and a further four were characterised as 'publicly flagged'. For the latter, in practice, this meant the existence of the partnership is acknowledged on both parties' websites, but the agreement or ToRs (or associated funding information) were not accessible. Of those released publicly, again the funding detail is limited.

National Policy Partnerships

The National Agreement commits governments to establishing 11 new policy and place-based partnerships. It is noted that the 2022 NSW Partnership Stocktake does not encompass the five national level policy partnerships in place in NSW, including justice (adult and youth incarceration), social and emotional wellbeing (mental health), housing, early childhood care and development and Aboriginal and Torres Strait Islander languages.

Of these, the Agreement to Implement the Justice Policy Partnership (JPP) has been in operation the longest (since September 2021) and some assessment of its operations has been made. The JPP's purpose is 'to establish a mechanism for the Parties to develop a joined-up approach to Aboriginal and Torres Strait Islander justice policy, with a focus on reducing adult and youth incarceration'. Its primary function is to make recommendations to reduce overincarceration⁵⁸.

The Agreement to Implement the JPP is public and accessible⁵⁹. The Agreement is high level and acts like a Memorandum of Understanding, whereby parties are committing to work together towards a future goal. The detail regarding funding is principle-based — the section on Resourcing (Clauses 42-45) recognise that adequate funding is needed for Aboriginal parties to participate as equal partners and recognises the need for additional funding for the Coalition of the Peaks — as well as a commitment from the Commonwealth Government to fund the establishment of the JPP, including resourcing for the JPP Secretariat and reasonable meeting costs such as travel for the JPP, and sitting fees for the participation of the independent Aboriginal and Torres Strait Islander members of the JPP. No further detail on funding is included in the Agreement to Implement.

In the JPP's 2022 Annual Report it outlines the JPP has received funding from the Australian Government of \$7.6 million over three years for partnership activities including:

- \$2.4 million to National Aboriginal and Torres Strait Islander Legal Services (NATSILS) to engage in the JPP;
- \$2.2 million to Aboriginal and Torres Strait Islander Legal Services (ATSILS) to enhance data and analytics capability to inform the JPP and build organisational capability in line with Priority Reform 2 of the National Agreement;
- \$1.7 million to the Australian Government Attorney-General's Department for secretariat and policy work;
 and

.....

• \$1.3 million to the National Indigenous Australians Agency for policy work⁶⁰.

The funding agreement between the Commonwealth Government and NATSILS is not publicly available. But the 2022 JPP Annual Report states: "Funding actions may include directly funding Aboriginal and Torres Strait Islander parties to engage independent policy advice or meet independently of government representatives to determine their own policy positions. It may also include funding to support strengthened governance between and across Aboriginal and Torres Strait Islander organisations and people; and for Aboriginal and Torres Strait Islander parties to engage with and seek advice from relevant groups within affected communities. The provision of adequate funding by government parties will also support the development of stronger relationships between Aboriginal and Torres Strait Islander parties, other relevant organisations such as ATSILS, ACCOs and other Peaks with federal, state and territory representatives"61.

These statements are consistent with those recognised in the National Agreement Clause 33 as requiring adequate funding to be partners with government in formal partnerships.

But assessments of the JPP's implementation to date have, found that it has been slow, with only two out of 11 intended actions implemented. Further, it has been highlighted by the Productivity Commission and the Commonwealth Attorney-General's Department in 2023 that:

- iii. funding levels have underestimated the time required for ACCOs to participate fully or have not had sufficient, consistent (longer-term) funding for Aboriginal and Torres Strait Islander representatives to engage fairly and equitably in the partnerships; and
- iv. structural barriers are hindering JPP, including delayed funding to engage NATSILS, a limited ability for NATSILS to support independent members in engagements, and insufficient time and resourcing has impacted on Indigenous participatory parity⁶².

The remaining four national policy partnerships have been in place since 2022 but are at varying stages of progress. Overall funding amounts for the remaining policy partnerships have been publicly announced (\$10.2 million over 3 years for early childhood; \$8.6 million over 3 years for mental health; \$9.2 million over 3 years for housing; and \$11 million, unspecified timeframe, for languages) but the allocation of the amounts within this for partnership or shared-decision making is either not yet finalised or not publicly available⁶³.

Place-based partnerships

The National Agreement also commits parties to establishing six new place-based partnerships by 2024. NSW's plans for pilot locations were acknowledged in Section 2(a) above. The place-based partnerships are still in their infancy, with selected locations currently working through the documentation and resourcing for the partnerships. For this reason, these partnerships were also not included in the 2022 NSW Partnership Stocktake. As was detailed by the Productivity Commission's 2023 draft report of its Review of the National Agreement on Closing the Gap funding has been committed for some of the place-based partnerships:

- the Queensland Government committed \$563,000 in 2022-23 to support the place-based partnership
 in Doomadgee. But this money was initially proposed to be allocated through a service agreement.
 Goonawoona Jungai was reluctant to accept funding through such an arrangement, as they considered
 it to be inconsistent with a true partnership approach. After an iterative process, Goonawoona Jungai
 signed a cooperation agreement with the Queensland Government and received their first tranche of
 funding in May 2023;
- for the Tamworth place-based partnership, funding has been secured via priority reform initiatives
 under the NSW 2022-23 Budget to support delivery of Closing the Gap. The budget proposal included
 resourcing for a project manager and a policy officer. While it took longer to secure the funding this way,
 the partnership now has a dedicated funding stream, and both NSW CAPO and the NSW Government
 have the financial and human resources devoted to delivering on this commitment under the National
 Agreement;
- the NT Government has committed \$250,000 to support the establishment of the place-based partnership and community data project in Maningrida;

⁵⁷ LGNSW, Closing the Gap Guidance Factsheet, p.2.

⁵⁸ Justice Policy Partnership, Australian Government Attorney General's Department Website, p2.

⁵⁹ Available at Justice Policy Partnership Secretariat 2021, **Agreement to implement the Justice Policy Partnership**, Australian Government Attorney General's Department Website.

⁶⁰ Justice Policy Partnership Secretariat , 2023, Justice Policy Partnership Annual Report 2022, Australian Government Attorney-General's Department, p.16.

⁶¹ Justice Policy Partnership Secretariat, 2023, Justice Policy Partnership Annual Report 2022, Australian Government Attorney-General's Department, p.16.

⁶² See Productivity Commission 2023, **Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2**, Draft Report, pp. 1-29; and Justice Policy Partnership Secretariat, 2023, Justice Policy Partnership Annual Report 2022, Australian Government Attorney-General's Department, pp.9-10.

⁶³ Australian Government Productivity Commission 2020, Review of the National Agreement on Closing the Gap, Information Paper 2 'Priority Reform 1 – Partnership and shared decision-making', p.9.

- for other places, funding to support the development of the partnerships is still being negotiated, like in East Kimberley;
- the South Australian Aboriginal Community Controlled Organisation Network (SAACCON) is aiming to
 establish a dedicated pool of flexible funding which Aboriginal and Torres Strait Islander organisations in
 the western suburbs can use for advice and capacity development throughout the partnership process;
 and
- in Victoria, work is underway by the Partnership Forum to scope and endorse a project proposal which will be part of the 2024-25 state budget submission⁶⁴.

As the Productivity Commission also concluded, it is, however, too early to assess whether the funds will be sufficient for partnership activities⁶⁵.

B3. Comprehensive Indigenous Expenditure Report

Clause 113 of the National Agreement sets out requirements for government to report on current spending for Aboriginal and Torres Strait Islander related programs and services, by quantifying non-targeted expenditure for Aboriginal and Torres Strait Islander people in NSW. The resulting Comprehensive Indigenous Expenditure Report (2021/2022), as released by NSW Treasury in September 2022, following an Interim Expenditure Report released in November 2021, gives a general understanding of the estimated level and proportion of NSW Government expenditure for Aboriginal and Torres Strait Islander people and communities within certain focus areas.

The following key highlights regarding expenditure are noted in the report and from analysis of the supporting Treasury Cluster data:

- i. As historical expenditure data prior to this point is not reliably available, 2021/2022 has been used as the starting point. Between 2021/2022 to 2022/23, NSW Government total targeted expenditure increase by 19%, with expenditure increasing by 0.47% in 2022-23.
- ii. Non-targeted expenditure on Aboriginal and Torres Strait Islander peoples has been identified across 12 service areas including child protection, out-of-home-care, and prisons, and was estimated as \$4.5 billion in 2020/2021.
 - » Stronger Communities expenditure across four services areas (Child Protection and Out-of-Home Care, Prisons, Disability and Social Housing) was estimated at \$1.9 billion or 21% of total expenditure
 - » Child Protection and Out-of-home Care (\$802 million) has the highest share of expenditure with 42% attributable to Aboriginal and Torres Strait Islander service use.
 - » Prisons (\$660 million) also has a high share of expenditure with 29% attributable to Aboriginal and Torres Strait Islander service use.
 - » Education expenditure across the Government Primary, Secondary and Special Education was estimated at \$1.5 billion or 11% of total expenditure.
 - » Health expenditure across five service areas (General Hospital Services, Paramedical Services, Specialised Hospital and Medical Services, and Mental Health Institutions) was estimated at \$1.1 billion or 6% of total expenditure.
- iii. Based on the projections provided, funding is, however, expected to decrease by 17% from 2024/2025, with a downward trend projected to continue until 2026/2027.

Partnership and shared decision-making', p.16.
 Australian Government Productivity Commission 2020, Review of the National Agreement on Closing the Gap, <u>Information Paper 2 'Priority Reform 1 – Partnership and shared decision-making'</u>, p.16.

⁶⁴ Australian Government Productivity Commission 2020, Review of the National Agreement on Closing the Gap, **Information Paper 2 'Priority Reform 1**

iv. Actual and projected spending on service and program delivery by ACCOs as a proportion of total service delivery to Aboriginal and Torres Strait Islander peoples is also projected to broadly decrease from 23% in 2022/2023 through to 18% 2026/2027. This is reflective in the breakdown of service delivery providers with spending on non-Aboriginal service sector increasing or staying stable in comparison to ACCOs.

The Comprehensive Indigenous Expenditure Report (2021/22) does not, either in aggregate or in detail, identify expenditure on partnerships or shared decision making specifically. While it is likely that aspects of the expenditure include partnerships elements, it is not possible to make conclusions about trends in relation to partnerships spending from this most recent report.

B4. Productivity Commission's 2023 Review of the National Agreement on Closing the Gap and other jurisdictions' partnership stocktakes

Specific findings from the Productivity Commission's draft report of its Review of the National Agreement on Closing the Gap, released in July 2023, have been detailed above. Overall, the report finds the information on what funding has been provided to Aboriginal and Torres Strait Islander organisations across Australia to participate in Priority Reform 1 partnerships is insufficient and greater transparency, including the publication of stocktakes and partnership agreements, would be needed to inform an assessment on the adequacy of funding.

The Commission's review also called for greater transparency — recommending the partnership stocktakes, partnership agreements and other documents that have been developed under the National Agreement should be published.

This assessment applies to NSW and limits the availability of information to understand and make further assessments on the current operations of partnerships. But NSW is not unique. The review highlights this an area with which all jurisdictions are seeking to improve and there are limited examples of good practice in place currently.

- Most jurisdictions have completed Partnership Stocktakes to varying degrees of public accessibility.
 Only three jurisdictions had published reviews of their partnerships at the time the Productivity
 Commission released its report (in July 2023). The 2022 NSW Partnership Stocktake was published
 subsequently (in October 2023).
 - » Victoria, Queensland and the Australian Government had published their Partnership Stocktakes as of July 2023. Each has taken a different approach to assessing their partnerships (and do not always use assessment criteria that are consistent with the strong partnership elements).
 - » Queensland's stocktake includes high level information about partnership funding, which varies between partnership types, but does not make an assessment about the adequacy of funding⁶⁷.
 - Many partnerships are unfunded, or funding relates to a broader program and it is not clear what aspect is for the shared-decision making partnership. Where funding exists, it is often limited to sitting fees or reimbursement of time for Aboriginal participants.
 - There are some exceptions to this, such as the Community Justice Groups, and the Department of Children, Youth Justice and Multicultural Affairs (Children and Families) Family Caring for Family (Kinship Care Project) with Queensland Aboriginal and Torres Strait Islander Child Protection Peak (QATSICPP). In the latter, for example, QATSICPP has a contract for \$491,810 (over two years to develop a standalone kinship care program.

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⁶⁶ Australian Government Productivity Commission 2020, Review of the National Agreement on Closing the Gap, **Information Paper 2 'Priority Reform 1**

⁻ Partnership and shared decision-making', p25.

⁶⁷ See Queensland Government Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts 2022, Queensland's Closing the Gap 2022 Stocktake of Partnership Arrangements, available at https://www.dsdsatsip.qld.gov.au/resources/dsdsatsip/work/atsip/reform-tracks-treaty/closing-gap/stocktake-partnership-arrangements-2022.pdf, Accessed November 2023.

QATSICPP is to facilitate co-design and implementation in partnership with Goolburri and ATSICHS. Funding to organisations supporting QATSICPP Family Caring for Family Project was provided to support their participation: \$60,000 provided to Goolburri; and \$60,000 provided to ATSICHS⁶⁸.

- » The Commonwealth Government's Partnership Stocktake (published as an Appendix to its 2022 Closing the Gap Annual Report) identified 31 partnerships and shared decision-making arrangements that meet some or all the strong partnership elements set out in Clauses 32 and 33 of the National Agreement. But no detail on funding is provided in the stocktake it only indicates (via a 'tick') whether Clause 33 is met but no details are provided.
- » Victoria's Partnership Stocktake (published as part of its 2021 Closing the Gap Data Tables) includes an assessment of some of the strong partnership elements in Clause 32 of the National Agreement but does not include an assessment of the adequacy of funding (Clause 33)⁷⁰. But some further details about funding of the partnerships are included in the Victorian Government Aboriginal Affairs Report 2021 as follows:
 - (again) funding for Aboriginal parties was usually in the form of sitting fees and funding for the partnership commonly involved funding of Victorian Public Servant positions to provide secretariat support to the partnership; and
 - in some examples, venue and accommodation support was also provided for Aboriginal members' participation⁷¹.
- » There are, however, notable examples of approaches to shared-decision making in Victoria's stocktake, which are also highlighted in the Productivity Commission's report:
 - Establishment of the First People's Assembly of Victoria: The Assembly is the first democratically elected body of Aboriginal Victorians in the State's history and has been tasked with establishing the framework that will support future Treaty negotiations, in partnership with government. To reflect diversity of Aboriginal voices across Victoria, the Assembly is made up of 21 general members elected by Aboriginal Victorians across five voting regions and 11 seats reserved for members of formally recognised Traditional Owner group⁷².
 - Establishment of the Closing the Gap Partnership Forum: In 2022, the Victorian Government facilitated a community-based selection process to establish a new Partnership Forum, Victoria's formal partner for decision-making on Closing the Gap. ACCOs and Traditional Owner groups elected representatives from across 14 sectors to be members of the Partnership Forum, in a process run independently of government⁷³. In relation to funding it is noted, "as per the National Agreement (Clause 33), sector representatives will be funded to engage regularly with their sector and report back to the Partnership Forum, as well as to meet independently and build strong internal governance. Approximately [\$x million] is allocated for the Partnership Forum for each financial year until 2023-24. The Partnership Forum is time-limited to ensure alignment progress in Victoria's treaty process"⁷⁴. The funding amount for the Partnership Forum could not be confirmed from other publicly available sources.
- The Productivity Commission's report concludes that overall, based on the limited information that is available from these stocktakes and reviews, it is not possible for the Productivity Commission to assess
- 68 Queensland Government Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts 2022, **Queensland's Closing the Gap 2022 Stocktake of Partnership Arrangements**, p.5.
- 69 Australian Government National Indigenous Australians Agency 2022, **Commonwealth Closing the Gap Annual Report 2022**, Appendix 1: Appendix 1 Commonwealth Partnership Stocktake 2022, pp.131-135.
- ⁷⁰ Victorian Government 2022, Victorian 2021 Closing the Gap Data Tables September 2022, Data Table B, pp.2-9.

- the quality of the partnerships and whether the principle of shared decision-making is being achieved⁷⁵.
- As outlined in the Executive Summary, the Commission's review highlights that shared decision-making within partnerships seeks to empower Aboriginal and Torres Strait Islander people with the authority to determine the best ways to design and deliver policies and services to achieve better outcomes for Aboriginal and Torres Strait Islander people⁷⁶. But the review also found that shared decision-making is rarely being achieved in practice in Australia today.
 - » Some organisations that the Commission engaged with said that governments were still reluctant to relinquish any control or shift the balance of power around policy decisions, funding and/or the key performance indicators they consider representing value to the community, which makes shared decision-making and community-control virtually impossible⁷⁷.
 - Further, the report notes that "governments ultimately retain authority for making decisions about the quantum and mix of spending across the range of public goods and services that it provides to the community, including for health, education, infrastructure, and so on. But beyond this, there is significant scope for funding decisions to be made by others. This could involve ACCOs making decisions about how to best direct a given amount of government funding to meet local needs (or on a larger scale, regional needs). It could also involve individual ACCOs making decisions about how to allocate funding across the range of services they provide, through long-term flexible funding contracts with governments" 78.

It is noted that the Commission's final study report is to be handed to the Joint Council on Closing the Gap in December 2023 and publicly released shortly after, and therefore was not yet available at the time of drafting this report.

B5. Domestic and international scholarly and grey literature

To identify characteristics of better practice funding and disbursement models for effective partnerships between governments and Aboriginal people, a review of local and international partnership examples and literature was completed.

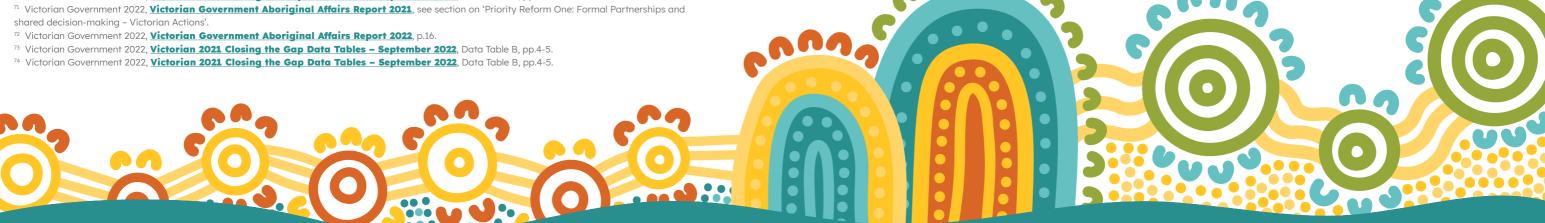
Across other Australian jurisdictions and internationally the focus of the literature often was not on the funding element of partnerships, instead attention is given to all the characteristics or elements that comprise an effective partnership between Aboriginal people and government, thereby limiting the available information to draw from. As noted in Section 2(d) above, the Productivity Commission's review reiterated the lack of publicly accessible information and examples from all Australian jurisdictions and levels of government on this topic.

Examples of different funding and disbursement models

- ⁷⁵ Productivity Commission 2023, **Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2,** Draft Report, p. 18.
- ⁷⁶ Productivity Commission 2023, **Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2**, Draft Report, p.21.
- 77 Productivity Commission 2023, Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2. Draft Report, p.20.

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78 Australian Government Productivity Commission 2020, **Review of the National Agreement on Closing the Gap**, Draft Report, p.37.



The review of better practice models identified common funding and disbursement models used for partnerships between Aboriginal people and governments, with examples provided and the merits of the different models discussed.

At the highest level, the most common funding models were general grant or specific purpose payment (SPP) models. A SPP is more commonly known as tied funding, where funding is provided on the expectation that a certain outcome or result is achieved — effectively ringfencing the funding. Within these two general categories there are different models for administering and/or disbursing funding in practice discussed in turn below.

(i) Tied, restricted funding

Where funds are allocated for a specific purpose, such as for administering services or participating in partnership engagement activities with government. Recipients must follow the governance guidelines or conditions associated with the funding governance requirements.

The former Aboriginals Benefit Reserve (ABR) was an example of tied funding, where mining royalties were distributed across three predetermined categories to benefit First Nations people living in the Northern Territory⁷⁹. The ABR, now known as the Aboriginals Benefit Account (ABA), has undergone a series of changes to its governance and decision-making, adopting different models. The ABA is a Special Account which receives monies from the Commonwealth based on the value of royalties generated from mining on Aboriginal land in the Northern Territory.

In 1999, the ABR was administered by a section of the Northern Territory State Office of the Aboriginal and Torres Strait Islander Commission in Darwin, known as the ABR Secretariat. The ABR had three main categories of distribution for the mining royalties: land council administration costs (40 percent); affected areas money (30 percent) to be distributed to Aboriginal organisations in areas affected by mining operations; and a grants program, residual costs (30 percent) for a grants program for the benefit of Aboriginal people living in the Northern Territory; the administrative costs of the ABR; and the administrative costs of the land councils when the Minister agreed that it was needed⁸⁰.

An Aboriginal advisory committee to the ABA gave the Minister recommendations for the awarding of grants. The advisory committee consisted of 15 members, with a chair appointed by the minister and the remaining 14 members elected from the membership of the for Aboriginal Land Councils in the Northern Territory⁸¹.

In 1998, a Review of the Aboriginal Land Rights (Northern Territory) Act by John Reeves QC recommended creation of a Northern Territory Aboriginal council to administer the ABR, to which the Aboriginal Land Councils responded that they should manage the ABR, and the funds be placed under direct Aboriginal control. This recommendation was not adopted by government at first, instead it was agreed that the role of the ABR advisory committee would be expanded but management was retained by government — by the then Aboriginal and Torres Strait Islander Commission and subsequent iterations of the agency, most recently the National Indigenous Australians Agency⁸².

Recent reforms have, however, transferred control from government to a new Aboriginal-led corporate Commonwealth entity, the Northern Territory Aboriginal Investment Corporation (NTAIC). The NTAIC was first established and convened in 2022 and will be responsible for investing funding from the ABA and managing the grants process. The twelve member NTAIC Board is 'Aboriginal-controlled' and comprised of two representatives from each of the four NT Land Councils, two independent directors appointed by Australian Government and two independent directors appointed by the Board⁸³.

The NTAIC has also redesigned the ABA grant program to be more simplified and streamlined — applicants can apply at any time for grants of between \$250,000 and \$1.5 million with outcomes announced on a rolling basis, following scheduled meetings of the Board and its Grants subcommittee⁸⁴.

- ⁷⁹ Fischer, C 2007, International Experience with Benefit-Sharing Instruments for Extractive Resources, pp. 1-81, Accessed: 8.9.2023; URL: http://re.indiaenvironmentportal.org.in/files/RFF-Rpt-BenefitSharing.pdf.
- ⁸⁰ Fischer, C 2007, International Experience with Benefit-Sharing Instruments for Extractive Resources, pp. 1-81, Accessed September 2023.
- 81 Fischer, C 2007, International Experience with Benefit-Sharing Instruments for Extractive Resources, Accessed September 2023, p.23.
- ⁸² Fischer, C 2007, International Experience with Benefit-Sharing Instruments for Extractive Resources, Accessed September 2023, p.23.
- 83 Northern Territory Aboriginal Investment Corporation (NTAIC) 2023, 'About us', 'Home' and 'Our Governance Framework', NTAIC Website; Accessed 16.9.23;
- 84 NTAIC 2023, 'About us', 'Home' and 'Our Governance Framework', NTAIC Website; Accessed 16.9.23; URL: <www.ntaic.org.au>

(ii) Earmarked funding:

Where funding can be spent on a specific purpose(s) but not on other 'policy' initiatives. The extent to which the policy initiatives that are 'excluded' are defined, varies, with the aim ensuring funding it directed towards its intended purposes or effectively "ringfenced'85. Examples include:

- The ABR outlined above had elements of this the 40-30-30 per cent rule was effectively automatic earmarking of the mining royalties⁸⁶.
- The National Health and Medical Research Councils' (NHMRC) 2002 Road Map which allocated 5 per cent of their budget to be directed to: Indigenous health research under "People Support Awards"; and NHMRC Capacity Building Grants in Population Health Research.
 - » Decision making for these grants through a Grant Review Panel and support from External Assessors — were chosen by NHMRC staff for their expertise and experience and seeks to have representation with appropriate expertise in the in the field of Aboriginal and Torres Strait Islander Health Research but this is not necessarily a First Nations person or organisational representative⁸⁷.

(iii) Co-funding or financing:

Where the two levels of government or two parties share funding88.

- An example of co-financing by different levels of government is the \$44 million investment in the Aboriginal-owned Assets Program, linked to the 2022 Community Local Infrastructure Recovery Package, is co-financed by the Commonwealth and NSW Government to repair, restore and better social infrastructure damaged by 2022 Floods⁸⁹.
- Other examples are detailed further below in the section on better practice characteristics.

(iv) Place-based or limited funding pools:

Typically based around a 'backbone' or lead organisation (or group of organisations) in a local community which hold the government funding and coordinate local partners to meet their shared outcome.

- An example is the Maranguka Collaboration Agreement linked to the Stronger Partnerships, Stronger People initiative.
 - » A 2016 review by KPMG of the Maranguka Justice Reinvestment Project under the Agreement noted it took a several years to get traction the attraction of significant philanthropic funding with 'very few ties' in 2014 was seen as pivotal to enabling experimentation and community development with the philanthropic funders providing resources to establish and operate the 'backbone' organisation (Maranguka) over a three-year period between 2016-17 and 2018-19 with dedicated staffing and an annual staffing cost of \$554,800°1.
 - » The exact arrangements for Maranguka's resourcing is unclear but it is understood that part of the government funding announced for the partnerships will be put towards funding to resources the operations of the Maranguka backbone team and the Bourke Tribal Council, moving away from reliance on philanthropic funding.

⁹¹ KPMG 2016, Unlocking the Future: Maranguka Justice Reinvestment Project in Bourke, Preliminary Assessment, Accessed 17.9.23, pp.vi.



⁸⁵ Long, NV, Richardson, M & Stähler, F 2023, 'Issue linkage versus ringfencing in international agreements', The Scandinavian journal of economics, vol. 125, no. 2, pp. 489–516.

⁸⁶ Long, NV, Richardson, M & Stähler, F 2023, 'Issue linkage versus ringfencing in international agreements', The Scandinavian journal of economics, vol. 125, no. 2, pp. 489–516.

⁸⁷ Australian Government National Health and Medical Research Council (NHMRC) 2018, Targeted Call for Research Scheme – specific peer review guidelines, Accessed 16.9.23; URL: https://www.nhmrc.gov.au/sites/default/files/documents/attachments/TCR-scheme-specific-peer-review-guidelines.pdf.
88 Hagen, J & Malmberg, H 2022, 'A cofinancing model for disability insurance and local government employers', Social policy & administration, vol. 56, no. 4, pp. 661–680.

⁸⁹ New South Wales Government Department of Regional New South Wales 2023, Aboriginal-owned Assets Program Frequently Asked Questions", Accessed: 8.9.2023.

⁶⁰ KPMG 2016, Unlocking the Future: Maranguka Justice Reinvestment Project in Bourke, Preliminary Assessment, Accessed 17.9.25; URL: https://www.parliament.nsw.gov.au/ladocs/submissions/59833/Attachment%20-%20KPMG%20Preliminary%20Assessment%20Maranguka%20
Justice%20Reinvestment%20Project.pdf.

(v) Hybrid or blended models:

The disbursement models outlined above can operate as a standalone model or can be combined within one partnership.

• For example, a proposed Pama Futures hybrid partnership funding distribution model seeks to allocate resources for inclusive participation via an amalgamated distribution framework so the Pama peoples (of the Cape York region) can have their needs and priorities considered fairly by being involved in shaping funding processes, including budgets for this partnership, enabling funding distribution to be controlled closer to home rather than by government representatives⁹².

Competitive tendering and other commissioning processes

The application process for securing funding within the different models — mostly focused on competitive tendering and other commissioning processes — was also discussed.

- The findings of a 2022 Ngarala Duba Roundtable convened by Aboriginal Affairs NSW, and the NSW Council of Social Services was that competitive tendering and other commissioning processes created 'false efficiencies', wasted resources across the sector, and lead to a one-size-fits-all approach. Roundtable participants noted it has most impact on ACCOs who are unable to compete with larger or better resourced organisations, and who have skill sets and strengths not recognised by current practices⁹³.
 - » Creating commissioning processes that replicate existing ones but with Aboriginal leads was also not seen as addressing these inefficiencies⁹⁴.

Characteristics of better practice models

From the limited scholarly and grey literature available, as well as assessment of individual partnerships publicly available, five characteristics of better practice funding and disbursement models were identified, summarised in the table and outlined further with examples in turn below.

Characteristic			
Funding is provided on a long-term basis	Longer term funding for participation in partnerships is seen as necessary to address power inequalities among parties in and aspiring to enter partnerships with governments.		
Funding is sufficiently flexible to cover a range of costs	Funding needs to be flexible to cover a range of different types of costs such as travel, sitting fees, administration, engagement of subject matter experts, community consultation and engagement.		
Funding is sufficient and flexible to cover a range of participants	Funding needs to be sufficient and flexible to all different participants in a partnership, from peak organisations to independent representatives and smaller organisations, and the community level itself.		
Aboriginal people and governments are jointly responsible for funding distribution decisions	A joint, shared responsibility for the disbursement or distribution of funding within a partnership is preferable to reduce power imbalances. Where co-funding and/or administration of funding by an independent body is possible this can further enhance sharing of power and decision making.		
There is a low administrative burden for funding applicants and recipients	The administrative requirements, including monitoring and reporting associated with partnership funding should be as low and streamlined as possible, and funding levels should sufficiently account for the actual time it takes to meet such requirements.		

Pama Futures 2023, "We are Cape York: Pama Futures Indigenous designed and led", Accessed: 3.9.2023; URL: https://pamafutures.org.au/; Ten20 Foundation 2019, "Funding community led place-based practice: Insights and actions for funders and communities", Accessed: 3.9.2023; URL: https://www.socialventures.com.au/assets/Funding-community-led-place-based-practice-report.pdf; Joint Select Committee on Constitutional Recognition Relating to Aboriginal and Torres Strait Islander Peoples, 2018, Final report

Funding is provided on a long-term basis:

Longer term funding for participation in partnerships is seen as necessary to address power inequalities among parties in and aspiring to enter partnerships with governments. Short-term funding of arrangements creates uncertainty and diminishes trust in relationships — First Nations participants are less likely to feel they can speak freely or on equal terms if funding is constantly uncertain, and especially where the government participant is also the funding decision maker.

- The period that is understood to constitute long-term funding is not defined but a single year or less is seen especially problematic and the longer the funding period can be, the better.
- An Australian example of where single year funding was seen as problematic was outlined in Section 2(b) above, the case of the place-based partnership with Doomadgee in Queensland.
- Examples in international literature where partnerships received funding for a period of five years with beneficial outcomes included the Indigenous Natural Resource Partnerships Program and Norther Participant Funding Program in Canada, and the Infrastructure Acceleration Fund between Māori and Iwi First Nations peoples and the New Zealand Ministry of Housing and Urban Development⁹⁵.

Funding is sufficiently flexible to cover a range of costs:

Funding needs to be flexible to cover a range of different types of costs such as travel, sitting fees, administration, engagement of subject matter experts, community consultation and engagement. This is consistent with the types of costs recognised in the National Agreement Clause 33. This discussion was commonly presented as concerns raised with tied grants or restricted or ring-fenced funding models as being too limited. Submissions to the Productivity Commission's 2023 draft report of its Review of the National Agreement on Closing the Gap also raised these concerns:

- The Coalition of Peaks submission noted that: "The majority of Peaks are not yet receiving appropriate, dedicated, and secure funding to ensure they can act as accountable partners and fulfil their roles under the National Agreement. In some cases where funding has been provided, the terms of the funding arrangements have not necessarily met the spirit of the National Agreement and new arrangements are not always working to chart a course to better practice. We have found examples where funding is short-term, been allowed to lapse despite ongoing work or is under-estimating salaries, oncosts, and overheads".
- In regard to the NT Aboriginal Justice Agreement, the Aboriginal Peak Organisations Northern Territory (APONT's) submission said that: "... partnership and shared-decision making is committed to by the way of the establishment of Law and Justice Groups (LJGs) (equivalent to the North Australian Aboriginal Justice Agency (NAAJA's) Community Justice Groups (CJGs)) and the Local Decision-Making Framework. However, there has been no indication of any funding or resources intended for such groups, by the way of sitting fees, travel, consultation, interpretive services, and training, to implement the actions aligned to them in the implementation plans, such as developing pre-sentencing reports for the community courts or culturally safe mediation ... There is significant potential for place-based partnerships, such as the LJGs and CJGs, and more broadly the NT Justice Policy Partnership to influence the decrease in incarceration rates of Aboriginal people in the NT but not without resourcing, authentic consultation and agreed, mutually respected balance of power".

Funding is sufficient and flexible to cover a range of participants:

Funding needs to be flexible to cover a range of different participants, below peak organisations to independent representatives and smaller organisations, and the community level itself.

- Governments had commonly established funding arrangements with a peak body to represent First Nations peoples particularly for policy-based partnerships.
 - » Examples in NSW include NSW CAPO in the Closing the Gap Partnership and NSWAECG in the Walking Together, Working Together Partnership Agreement and in the Aboriginal Language and Culture Nest community partnerships.

⁹³ New South Wales Council of Social Services (NCOSS) 2022, Non Government Organisations Roundtable Ngarala Duba: Closing the Gap Aboriginal and Torres Strait Islander leadership and Employment in the Social Service Sector, pp. 1-49, Accessed: 8.9.2023; URL: https://www.aboriginalaffairs.nsw.gov.au/media/website_pages/closingthegap/whats-new/Non-Government-Organisation-Roundtable-Report.pdf.

⁹⁴ New South Wales Council of Social Services (NCOSS) 2022, Non Government Organisations Roundtable Ngarala Duba: Closing the Gap Aboriginal and Torres Strait Islander leadership and Employment in the Social Service Sector, pp. 1-49, Accessed: 8.9.2023; URL: https://www.aboriginalaffairs.nsw.gov.au/media/website_pages/closingthegap/whats-new/Non-Government-Organisation-Roundtable-Report.pdf.

⁹⁵ K\u00e4inga Ora Homes and Communities (KOHC) 2023, K\u00e4inga Ora Homes and Communities Infrastructure Acceleration Fund: Laying the foundation for new communities and neighbourhoods throughout Aotearoa New Zealand, Accessed: 10.9.2023; URL: https://koHC 2023, Who We Are: The formation of K\u00e4inga Ora, Accessed: 10.9.2023; URL: https://kaingaora.govt.nz/about-us/who-we-are/; and KOHC 2023, Urban development and Public Housing Industry Hub, Accessed: 10.9.2023; URL: https://kaingaora.govt.nz/urban-development-and-public-housing/industry-hub/filterArticles?tag=Partnerships.

⁹⁶ Coalition of Peaks 2023, **Submission to the Productivity Commission review of the National Agreement on Closing the Gap**, submission no. 25,

⁹⁷ APONT 2022, **Submission 10 - Aboriginal Peak Organisations Northern Territory (APO NT) - Closing the Gap Review - Commissioned study** (pc.gov.au), submission no.10, pp. 3-4.

- But other independent representatives and smaller organisations, or even community members are engaged or participate in the forming of policy positions and funding was insufficient or inflexible to compensate the other participants.
- For community level engagements, such funding could be used to provide incentive vouchers to participate but for individual participants or smaller organisations they were seeking compensation for their time, at a minimum.
 - » For example, in the case of JPP mentioned above, independent representatives and smaller organisations have reported it has been difficult to engage with the process due to a lack of funding. Funding has been channeled to NATSILS as the First Nations party, but the Productivity Commission and the federal Attorney-General's Department have raised concerns about a limited ability for NATSILS to support independent members in engagements⁹⁸.

First Nations people and governments are jointly responsible for funding distribution decisions:

Funding disbursement decision making influences the balance of power in partnerships.

- The Productivity Commission review, outlined above, noted governments were viewed as reluctant to relinquish any control or shift the balance of power which made shared decision-making and community-control virtually impossible 99.
- In the Ngarala Duba Roundtable report mentioned previously, an audience member described centralised (government-led) decision making for funding as 'lazy, safe, risk-adverse. Government acknowledges that place-based/community led responses are optimal so it's not acceptable to continue to deliver top-down responses"100.

Local and international examples of where the First Nations party had been successful in shifting the power imbalance included in co-financing or co-funding models.

- In 2017 Wungening Aboriginal Corporation was able to expand their services to women and families facing domestic violence through a joint venture with several Western Australian Government agencies, including the Children Protection and Family Support Department, the Housing Authority, Lotterywest, and the Indigenous Land and Sea Corporation¹⁰¹.
- The Anindilyakwa Land Council signed a local decision-making agreement with the Northern Territory Government in 2018, using mining royalties in addition to government funds to invest in sectors like housing, education, and justice to meet the priorities of traditional owners and communities¹⁰².
- In the Northern Territory, co-funding of a partnership between Northern Territory Executive Council on Aboriginal Affairs (NTECAA) and the Northern Territory Government enabled collaboration with community and the successful nomination and establishment of Manigrida as a national Closing the Gap Place-based Partnership location and community data project site (IJC, 2022).

Other examples have sought to address the power imbalance by using an independent authority to administer funding.

• In Canada, First Nations people had established private place-based partnerships with resources companies, such as the Native American Resource Partners (NARP) and Tall Cree Frist Nations Energy Partnership, and energy gas resource development agreements with First Nations, Metis and Inuit peoples in Canada and with Tribal Nations in the United States¹⁰³.

Administration of funding by an independent body was recognised as likely to be more difficult in government partnerships as compared with private partnerships. But it was suggested that a government partner could also seek to have a different area of its agency manage the funding administration/contract management

from that on which funding distribution or policy decisions are made. Where such options are not possible, at minimum, a joint responsibility for the disbursement or distribution of funding within the partnership is preferable.

- Australian examples where elements of this approach have been embedded included NTAIC governance
 of the ABA outlined above.
- International examples of this practice include:
 - » The Infrastructure Acceleration Fund partnership between K\u00e4inga Ora (M\u00e4ori and Iwi), Ministry of Housing and Urban Development, and private and not-for-profit developers in New Zealand, where, territorial authorities, developers and First Nations submit applications for resources for projects to K\u00e4inga Ora who, along with input from other government agencies, make an evaluation¹⁰⁴.
 - » A Memorandum of Understanding (MOU) between the Assembly of First Nations (AFN) and Indigenous and Northern Affairs Canada (a policy-based partnership), where Assembly of First Nations Chiefs Committee on Fiscal relations provided leadership and implementation oversight of the MOU ensuring the new fiscal relationship between AFN and governments would have ongoing input and Indigenous self-governance embedded within the partnership processes¹⁰⁵.

There is a low administrative burden for funding applicants and recipients:

An enduring concern for all First Nations participants, in all types of funding arrangements with government agencies, was to ensure the administrative burden to apply for and comply with funding arrangements was as streamlined and low as possible.

While it is understood that some monitoring and reporting is necessary and beneficial to enable learnings for the continual improvement of partnerships, opportunities to streamline arrangements were encouraged, as were the requests to ensure that levels of funding sufficiently take account of the actual time it takes to meet such requirements. As the 2023 Productivity Commission review summarises: "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...needed" 106.

Assessment of current practice in NSW

Noting the limitations of the data in making strong conclusions, the desktop review assessed what was working well and not so well in current practice in NSW against the characteristics of better practice models. It found, while there were some specific examples of where practice was improving in NSW, in general:

- The overall level of funding is inadequate for ACCOs to participate effectively in existing partnerships but is also resulting in missed opportunities to initiate and engage in new partnerships.
- Funding is insecure and short term which contributes to power inequalities in partnerships, as well as difficulties for ACCOs in attracting and retaining staff.
- Funding is inflexible and does not cover all the types of costs incurred by ACCOs in engaging in partnerships.
- Decisions about the disbursement of funding within partnerships is seen as one-sided (i.e., there is no joint decision making about funding disbursement or distribution within partnerships).
- The administrative burden of applying for and complying with funding is too high.

Conclusions

The findings of the desktop review demonstrate that strong and effective partnerships between government and Aboriginal people rely on funding for the Aboriginal party that is sufficient, secure (long-term), flexible, has a low administrative burden and where decision-making is shared.

With a few exceptions, such characteristics of better practice funding and disbursement models for partnerships between government and Aboriginal partners in NSW appear to not be consistently in practice today.

⁹⁸ See Productivity Commission 2023, Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2, Draft Report, pp. 1-29; and Justice Policy Partnership Secretariat, 2023, Justice Policy Partnership Annual Report 2022, Australian Government Attorney-General's Department, pp.9-10..

Productivity Commission 2023, <u>Priority Reform 1: Partnerships and shared decision-making, Review of the National Agreement on Closing the Gap Information Paper 2</u>, Draft Report, p.20.

New South Wales Council of Social Services (NCOSS) 2022, Non Government Organisations Roundtable Ngarala Duba: Closing the Gap Aboriginal and Torres Strait Islander leadership and Employment in the Social Service Sector, p.23.

WA Government 2017 cited in Australian Government Productivity Commission 2020, Review of the National Agreement on Closing the Gap, <u>Information</u>

Paper 2 'Priority Reform 1 – Partnership and shared decision-making', p.20.

¹⁰² ALC (NT Government and Anindilyakwa Land Council) 2018, Groote Archipelago Local Decision Making Agreement.

¹⁰³ Canada NewsWire 2012, "Tall Cree First Nations Enters Energy Partnership with Native American Resource Partners", Ottawa News Article, Accessed: 10.9.2023; URL: https://www.proquest.com/docview/1035146914?accountid=15112&parentSessionId=gmQQ8nfenIdnW%2BtnSZp33iYYgE1liFEuE5ZLuIMvUiQ%3D&pq-origsite=primo.

¹⁰⁵ Indigenous Services Canada 2017, A new approach: Co-development of a new fiscal relationship between Canada and First Nations, Government of Canada Website, Accessed November 2023.

Australian Government Productivity Commission 2020, **Review of the National Agreement on Closing the Gap**, Draft Report, p.5.



APPENDIX C: KEY THEMES FROM NSW GOVERNMENT CONSULTATION

This Appendix summarises the key themes from initial consultations with NSW Government agencies to better understand government's perspectives on the experiences and barriers to engaging in strong partnerships with Aboriginal and Torres Strait Islander parties.

From September 2023 to October 2023, NSW CAPO and together with Aboriginal Affairs NSW ('AANSW'), met with representatives from the following NSW Government agencies:

- Department of Customer Service NSW
- Department of Education NSW
- Premier's Department NSW
- · The Cabinet Office NSW
- Department of Regional NSW
- Department of Enterprise, Investment and Trade NSW
- NSW Ministry of Health (NSW Health)
- NSW Police
- NSW Treasury
- Transport NSW

It is noted that several agencies undertook to send through additional information following consultation, however, not all of which has been received at the time of drafting this report. The points below are based primarily on the consultations and are not necessarily representative of the full breadth of activities an agency is undertaking.

- NSW Government agencies outlined a range of different formal and informal partnerships in existence which varied in formality and focus.
 - » The more formal, longer-standing partnerships were mostly captured in the 2022 NSW Partnership Stocktake outlined above, including:
 - The NSW Aboriginal Health Partnership Agreement 2015-2025.
 - The NSW Department of Education partnership with the NSW Aboriginal Education Consultative Group ('NSW AECG') for 2020-2030.
 - The different partnership tiers between the Department of Regional NSW and ACCOs across the state, such as with the New England REZ First Nations Working Group, and the Illawarra Wingecarribee Alliance Aboriginal Corporation.

- » Newer partnerships not captured in the stocktake include the NSW CAPO-NSW Government Closing the Gap partnership focussed on the NSW Implementation Plan.
- The nature of activities under partnerships and funding varied, as follows, including:
 - » Most partnerships did not currently include funding for non-service delivery, partnership or shared-decision making activities.
 - » Many existing partnerships were centred around service or program delivery arrangements such as health, transport, and infrastructure.
 - » There were examples of lower-level community partnership initiatives on a one-off project or initiative basis.
 - » Any funding provided was usually on a short-term basis, of one to two years, in grant form.
 - » The partnerships were often replicated at the local level, but local level arrangements were more likely to be informal and unfunded.

All government agencies consulted expressed an understanding of the need and a desire for improvement in partnerships and engagement with ACCOs and other community-controlled governance arrangements. To address this, several different initiatives had been recently established or were under development across NSW Government to try and improve aspects of engagement with and procurement of ACCOs and other community-controlled governance arrangements, including:

- a refresh of the Aboriginal Health Plan (the current plan is for 2010 to 2023 and will soon expire) and development of a new Aboriginal Health Governance and Accountability Framework by the Ministry of Health NSW¹⁰⁷;
- an Indigenous Outcomes Budgeting Report and Framework, alongside the Indigenous Expenditure Review by NSW Treasury;¹⁰⁸
- the release of the Department of Regional NSW's inaugural Aboriginal Outcomes Strategy¹⁰⁹; and
- development of 'Partnership Strengthening Toolkit' by NSW CAPO and AANSW as phase two of the 2022 NSW Partnership Stocktake¹¹⁰.

Common challenges cited by government agencies in partnering or engaging with ACCOs related to inflexibility of procurement and financial policies and guidelines and risk, including but not limited to:

- concerns about probity when engaging with ACCOs as a funding applicant being seen to be favouring
 an organisation through the provision of additional information or support for applications or grant
 writing, or more tailored feedback.
- limited knowledge of the OCHRE Plan (the community-focused plan for Aboriginal Affairs in NSW commits the NSW Government to a different way of working with and in support of Aboriginal communities by building strong working partnerships), and other similar strategies such as the Aboriginal Procurement Plan among agency staff.
- the business maturity of ACCOs, many in their infancy, made it difficult to meet the required financial checks and standards for procurements.
- ACCOs were often not aware of standard requirements such as the need to hold public liability or professional indemnity insurance.
- ACCOs need upfront payments to help support business operations but value-for-money requirements in procurement discourage this.
- expenditure on marketing was being discouraged within government which limited agencies' ability to advertise procurements more widely or by varied mechanisms.
- some agencies acknowledged the administrative burden of complying with funding was sometimes not commensurate with the size of a procurement or risk.

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Some government agencies saw the need for changes to such policies and guidelines to be driven centrally—such as by NSW Treasury—and felt there was limited ability at the agency level to act. While others said there was a 'devolved' approach in place across the NSW Government and it was more of an issue of awareness and understanding than inflexibility.

Some agencies also provided examples of where they had been able to put in place different models or overcome some of these challenges through education and awareness raising, including through:

- · more tailored and comprehensive feedback to Aboriginal organisations following a procurement.
- adaptation of the standard intellectual property (IP) requirements in government contracts to reflect the ability for community to maintain ownership of the IP.
- cultural competency training which was said to have had positive impacts for the operation of partnerships, as well as for other procurement panels across agencies.

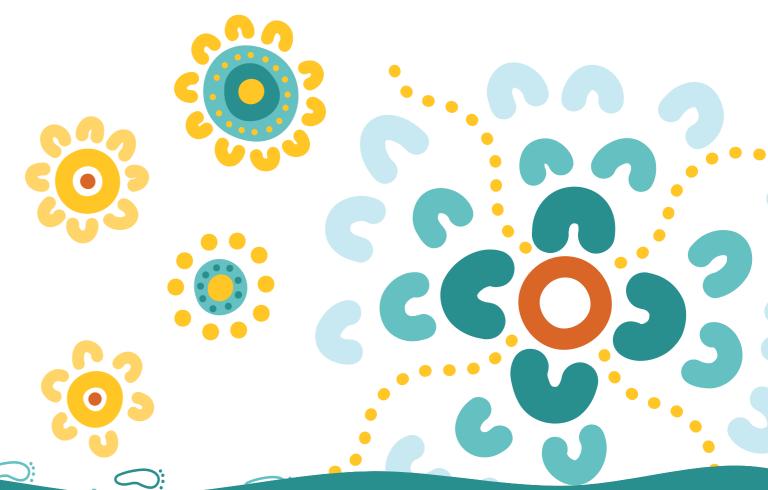
Conclusions

Consultations with NSW Government agencies highlighted that existing partnerships with ACCOs and other Aboriginal community leadership vary in formality and intent, and many are related to service or program delivery rather than shared-decision making.

If funding exists, it is mostly short term and in the form of a grant. Funding generally does not flow down to local levels of partnerships. This is consistent with the findings of the PR1.3 Survey and desktop review.

The main concerns for government agencies in engaging with ACCOs in partnerships, or other funding arrangements, related to inflexibility of procurement and financial policies and guidelines and risk. There are, however, initiatives underway across NSW Government to overcome some of these challenges and examples of better practice at the individual agency level was present or emerging.

Overall, however, agencies acknowledged that current practice in engaging in partnerships with Aboriginal and Torres Strait Islander organisations needed improvement and was not enabling Aboriginal parties to participate fully as partners with government.



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NSW Government (Aboriginal Affairs NSW) 2022, 2022-2024 NSW Implementation Plan for Closing the Gap, p.63.

NSW Government (Treasury) 2022, Aboriginal and Torres Strait Islander Outcome Budgeting Landscape Report, accessed November 2023.

NSW Government (Department of Regional NSW) 2022, Aboriginal Outcomes Strategy, Corporate Publication, accessed November 2023.

¹¹⁰ NSW Government (Aboriginal Affairs NSW) 2023, Closing the Gap Priority Reform One: NSW 2022 Partnerships Stocktake Analysis, p.3.



Coalition of Peaks:

https://coalitionofpeaks.org.au/

Closing the Gap:

https://www.closingthegap.gov.au/

The National Agreement:

https://www.closingthegap.gov.au/national-agreement

Comprehensive Indigenous Expenditure Report:

https://www.treasury.nsw.gov.au/ier

Productivity Commission Closing the Gap Dashboard:

https://www.pc.gov.au/closing-the-gap-data/dashboard



CONTACT THE TEAM

You can contact the Priority Reform 1.3 team at:

Trista Hickey

Project Manager

02 9689 4405 trista.hickey@alc.org.au

Karla Scully

Senior Project Officer

02 9689 4506 karla.scully@alc.org.au

Billie Delboux

Project Officer

02 9689 4466 billie.delboux@alc.org.au

or via email: ctgprojects@alc.org.au

