



**Australian Government**

Australian Government response to the  
Productivity Commission's  
***Expenditure on Children  
in the Northern Territory***  
(final report; 2020)

18 May 2021



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## Introduction

1. The Australian Government welcomes the Productivity Commission's (PC's) final report, titled 'Expenditure on Children in the Northern Territory', and thanks the PC for conducting a thorough investigation into Australian and Northern Territory government funding and services for children and families in the Northern Territory.
2. The Australian Government commissioned the PC to conduct this research as part of our commitment to the recommendations of the *Royal Commission into the Protection and Detention of Children in the Northern Territory 2017* (Royal Commission). The PC commenced its study on 1 April 2019 and publicly released its final report on 8 April 2020.
3. Consistent with the Royal Commission's findings, the PC's final report outlines that the Australian and Northern Territory Governments make funding decisions in relative isolation, leading to fragmentation, inefficiencies in service delivery, and significant overlap in expenditure effort.
4. The Australian Government recognises that many families in the Northern Territory face significant adversity, with children in the Northern Territory being more likely than Australian children overall to come into contact with the child protection system and experience high levels of socioeconomic disadvantage.<sup>1</sup> The report also highlights that children and families in the Northern Territory, and the services that support them, face various challenges which can contribute to and exacerbate poor outcomes.
5. The report acknowledges the significant contribution that the Australian Government makes to services aimed at preventing harm to children and young people in the Northern Territory (\$225 million in 2018-19<sup>2</sup>), and notes a number of positive reforms are already being implemented as well as pockets of good practice across governments.
6. The Australian and Northern Territory Governments have been working together to deliver on our agreed Royal Commission recommendations. The PC's final report – with 11 recommendations across four reform areas – will assist both governments as we continue to collaborate on progressing important reforms for Northern Territory children and families.

## Government Position

7. The Australian Government supports in-principle the PC's final report, including the areas of reform outlined. However, while holding significant merit, the PC's suggested reforms also introduce additional operational and strategic complexity. As a result, detailed consideration of each recommendation, including risks, timing, policy alignment, capacity building and resourcing requirements by each agency will be essential for steady, realistic and informed planning and implementation.
8. Through our ongoing engagement with the Northern Territory Children and Families Tripartite Forum (Tripartite Forum), the Australian and Northern Territory Governments have established vital groundwork in order to progress a number of recommendations outlined in the PC's final report.

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<sup>1</sup> Productivity Commission 2020, *Expenditure on Children in the Northern Territory*, Study Report, Canberra.

<sup>2</sup> This figure does not include National Partnership funding such as Northern Territory Remote Aboriginal Investment (NTRAI) or universal services funding.

9. This groundwork includes planning for a joint or 'coordinated' funding framework between the Australian and Northern Territory Governments, which was a key recommendation from the Royal Commission. The intent of this framework is to set out an agreed approach to plan, fund and deliver services for families and children in the Northern Territory in a more collaborative way, to achieve shared child safety and wellbeing outcomes.
10. Once developed and agreed by Government, the funding framework will likely form a crucial component of the proposed 10-year Generational Strategy for Children and Families in the Northern Territory (Generational Strategy). The Generational Strategy was also a recommendation of the Royal Commission, and aims to create a strategic framework to govern services based on local/core service delivery models to improve the lives of families and children in the Northern Territory.
11. Ongoing consultation with government agencies, service providers, peak bodies, and other relevant stakeholders, including families, will be crucial to ensuring the Generational Strategy and funding framework address the needs, priorities and service preferences of each community and region. Sufficient time is needed to give due respect to this process.
12. We are operating under unusual circumstances. Responding to the COVID-19 pandemic has demonstrated good practice which can be built on. It has also produced unprecedented challenges, adding to the complexity of reform.
13. Nevertheless, the Australian Government is committed to working with the Northern Territory Government to coordinate funding, engage and work with communities, improve the way we capture and share data, and strengthen institutions in the Northern Territory to deliver better safety and wellbeing outcomes for children and families.
14. The National Agreement on Closing the Gap (enacted 27 July 2020) is a formalised mechanism to support a coordinated effort across the Commonwealth with the Northern Territory – as with all states and territories, local government and the Coalition of Aboriginal and Torres Strait Islander Peak Organisations. It is the first framework designed to overcome inequality and achieve equal life outcomes, developed in formal partnership between governments and Aboriginal and Torres Strait Islander people themselves. Alignment of the PC's 'Reform Areas' with Closing the Gap's 'Priority Reforms' is essential to furthering the aims of both.

### **Reform Area 1: Coordinated funding underpinned by regional plans<sup>3</sup>**

15. The PC found that children and family services are fragmented across places and providers, and collectively fail to meet the expressed needs and priorities of communities, children and families. The PC recommended governments establish a formal coordination process in which they agree on what types and combination of services they will each fund in which locations, informed by regional plans developed with communities. These arrangements aim to reduce duplication of effort, promote cohesion, deliver an equitable distribution of government funds and better meet the needs of families and children.
16. The Australian Government agrees that regional plans are valuable and will explore trialling an integrated approach for regional planning which complements existing efforts. Implementing such an approach requires consideration of varying levels of community readiness, the capacity of locally based organisations, and implications for current operating arrangements for regional staff.

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<sup>3</sup> PC's Reform Area 1 aligns with Closing the Gap's Priority Reforms 1 and 3 – 'Formal partnerships and shared decision-making' and 'Shared access to data and information at regional level'.

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17. The Australian Government will continue to build upon our experience facilitating community planning through various place-based initiatives. This includes working in partnership with the Northern Territory Government to implement their Local Decision-Making policy, such as through the Barkly Regional Deal, Multi-Agency Partnership Agreements, and Empowered Communities. We are also delivering on locally designed plans of action to stimulate place based and collective impact practice through initiatives such as *Stronger Places*, *Stronger People* and *Stronger Communities for Children*.
18. Since the Royal Commission, three new mechanisms have been established to better coordinate efforts across and between governments and agencies. These are the Tripartite Forum, Commonwealth Interdepartmental Committee on the Royal Commission, and the Northern Territory Children and Families Coordination Group.
19. The Australian Government is working with the Northern Territory Government in consultation with the Tripartite Forum on a joint funding framework, which will set out a formal coordination process for funding for agreed relevant services.
20. The PC identified the Australian Government's Intensive Family Support Services, administered by the Department of Social Services (DSS), and the Northern Territory Government's Intensive Family Preservation Service may enable an early opportunity to trial a more coordinated approach to funding. DSS has been working with Territory Families to agree on a shared approach to program review and staged improvement.
21. The National Indigenous Australians Agency (NIAA) has negotiated a new Indigenous Advancement Strategy (IAS) Funding Agreement with Territory Families to support the continuation of family safety activities for an additional two years until 2022. This is occurring within the context of an integrated service system, and will inform how a joint funding framework could operate.
22. In addition, the Australian Government and Indigenous Australians are co-designing options for an Indigenous voice at a local, regional and national level. As part of this process, the Local and Regional Co-design Group was established by the Minister for Indigenous Australians on 4 March 2020. The Group has developed proposals for how Indigenous Australians in local communities and regions could come together for greater input into local and regional decision-making in partnership with all levels of government. Broad public consultation has been undertaken on these proposals and advice will be provided to Government by mid-2021.

## **Reform Area 2: Longer-term, more collaborative contracting of service providers<sup>4</sup>**

23. The PC observed that current funding arrangements can create uncertainty for providers, and be ineffective and inflexible in addressing complex and long-term issues. The PC therefore advocated for a longer term (minimum of seven years) and more collaborative approach to contracting service providers that:
  - has a relational approach and focuses on continuous improvement
  - ensures funding reflects the full cost of service delivery
  - takes into account the providers' ability to provide culturally appropriate services
  - aims to deliver better long-term outcomes for children, families and communities.

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<sup>4</sup> PC's Reform Area 2 aligns with Closing the Gap's Priority Reforms 1 and 2 – 'Formal partnerships and shared decision-making' and 'Building the community controlled sector'.

24. The large number of Australian Government grants means it is necessary to have a degree of consistency across states and territories, notwithstanding the unique context of the Northern Territory. As a result, any unilateral reforms must be carefully managed, although these reforms are supported in-principle.
25. The Australian Government acknowledges the uncertainties short-term contracts create, particularly to organisations trying to build capacity and plan long-term. However, default seven-year contracts for children and family services also pose particular challenges, even with mitigation strategies such as early termination clauses. Whilst supporting planning continuity and staff retention, longer-term agreements may not be suitable in all circumstances, and may lock out new organisations and entrench ineffective providers. Conversely, shorter-term grant agreements may be appropriate in some circumstances to be responsive to changing community needs. The Australian Government will therefore continue to promote and facilitate longer-term agreements where they provide value.
26. The Australian Government has made substantive progress with relational contracting through Multi-Agency Partnership Agreements between the NIAA, the Northern Territory Government and various local Aboriginal corporations, which set out aligned community and government priorities, and focus on building organisational capability.
27. Further to this, the Australian Government is committed to increasing the participation of communities in the design of grant activities to ensure our grants are fit-for-purpose, consider the full cost of service delivery, especially in remote areas, and ensure there is sufficient time for providers to design appropriate services and apply for funding. For example, under the IAS, grant proposals are developed with or by the community or group that will be impacted by the activity whilst also being aligned with NIAA investment commitments and processes.
28. The Australian Government is also committed to building the capacity and sustainability of Aboriginal organisations. We are doing this through initiatives including:
  - funding support through the Aboriginal Governance and Management Program
  - succession planning between Aboriginal and mainstream organisations where there is a commitment to transition a service
  - partnership approaches in funded activities to enable skills sharing between organisations.

### **Reform Area 3: Better data at the regional and community level<sup>5</sup>**

29. The PC determined the funding landscape for children and family services is opaque, making it difficult to gain an overall picture of service delivery and assess current services. This includes a lack of oversight of how service delivery is contributing to outcomes for children and families, and how these outcomes are changing over time. For these reasons, the PC recommended better, more transparent data should be shared at the community level. Specifically, governments should:
  - harness existing children and family data to develop and share community snapshots
  - develop a public list of children and family services available in each community
  - adopt a continuous improvement approach to monitoring and evaluation of services, including supporting more active participation of communities.

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<sup>5</sup> PC's Reform Area 3 aligns with Closing the Gap's Priority Reform 3 – 'Shared access to data and information at regional level'.

30. The Australian Government recognises the value of high-quality data to inform planning of policy, programs and services. This is why we are undertaking initiatives to improve how we collect, capture and share data on services in the Northern Territory through the Data Exchange, a two-way partnership of information sharing between funding agencies and organisations, enabling smarter and more efficient ways of improving service delivery.
31. The Australian Government recognises that accountability and access to the data being interpreted is another critical consideration to drive transparency. An example of the Australian Government's commitment to this can be seen through the National Agreement on Closing the Gap. One of the four key priority reforms the National Agreement is centred around is 'building better data and sharing access to the right data to support Indigenous communities to make informed decisions with us.'
32. The Australian Government supports the suggestion of using existing reporting methods and measures, such as using geographical units set by the Australian Bureau of Statistics, in order to establish and maintain consistent reporting and categorisation across Australian governments and agencies. This is key in comparing, contrasting and learning from data across time and location, not just in the Northern Territory. There are also several Australian Government initiatives underway to streamline program reporting. For example, the NIAA has reduced the frequency of performance reporting for lower risk grants.
33. The NIAA's IAS Evaluation Framework is also a notable example of how the Australian Government is taking a continuous improvement approach to evaluation, and is designed to ensure evaluations are high quality, ethical, inclusive and focused on improving outcomes for Indigenous Australians.

#### **Reform Area 4: Stronger supporting institutions<sup>6</sup>**

34. In their last reform area, the PC expressed a view that institutions will need to be strengthened in order to support implementation of the reforms and identified some opportunities for growth within existing government structures.
35. The PC recommended governments should support and authorise regional network staff to work with service providers to improve services and with communities to develop regional plans. Further, the PC recommended the role of the Tripartite Forum should be expanded to provide advice to governments on how funding is allocated.
36. The Australian Government values the essential contribution of communities in regional planning, and supports further consideration of how regional staff can play a central role in relational contracting going forward. This will occur in the context of broader discussions about how to establish and sustain regional planning processes. These discussions will take place within and between Governments, communities, Indigenous organisations, peak bodies and other forums such as the Tripartite Forum.
37. Work is already underway to strengthen the Tripartite Forum. At the Forum's 18 May 2020 meeting, members agreed in principle to expand the Forum's role in accordance with the PC's recommendation. The Government looks forward to continuing work with the Tripartite Forum and supporting its role in providing strategic advice to governments.

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<sup>6</sup> PC's Reform Area 2 aligns with Closing the Gap's Priority Reforms 2 and 3 – 'Building the community controlled sector' and 'Transforming Government organisations'.

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38. In June 2020, DSS provided \$1 million in departmental funds (ad-hoc) to the Tripartite Forum's Secretariat (delivered by Northern Territory Government's Reform Management Office) in response to the PC's recommendations. This funding was provided to support the Forum's forward work agenda and build community sector capacity to contribute to the development of the Generational Strategy.

## Conclusion

39. The National Agreement on Closing the Gap is the centrepiece of Indigenous policy in Australia. Closing the Gap and the PC's report are both founded on the values of shared commitment and shared responsibility. The four reform areas in the PC's report are aligned with the four Key Reforms of Closing the Gap: '*Confirming the centrality of joint-decision making*', '*Building the Aboriginal and Torres Strait Islander community controlled service sector*', '*Transforming mainstream government services*', and '*Improving data to support informed decision-making*'.
40. The Australian Government acknowledges the efforts and contributions of all those involved in the PC's study.
41. The Australian Government would also like to extend special thanks to all community members, organisations, peak bodies and government agencies who have taken the time to contribute to this study, including those who provided data, participated in visits and roundtables, and made submissions.
42. Ensuring children thrive, feel safe and supported is an important priority of the Australian Government. As we take the next steps to improve how governments fund and manage the services that support children in the Northern Territory, we remain committed to working in partnership with the Northern Territory Government, Indigenous Australians and the community sector, ensuring children and families are at the centre of the reform process.