SNAICC
National Voice for our Children

SUBMISSION TO THE AUSTRALIAN NATIONAL AUDIT OFFICE - AUDIT OF CLOSING THE GAP IN EARLY CHILDHOOD DEVELOPMENT AND SCHOOLING

SNAICC – National Voice for our Children | ORIC 8450 | ABN 42 513 562 148

T3 Building, Suite A, Level 8, 36 Wellington Street, Yálla-birr-ang/Collingwood VIC 3066
PO Box 1144, Yálla-birr-ang/Collingwood VIC 3066 | 1300 762 422 | www.snaicc.org.au

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About this submission

SNAICC – National Voice for Our Children (SNAICC) welcomes the opportunity to provide input into the Australian National Audit Office audit of Closing the Gap in early childhood development and schooling.

This submission reflects SNAICC's work with the Department of Education (DE), the Department of Social Services (DSS)[1], and the National Indigenous Australians Agency (NIAA) across a range of early years policy, funding and partnership mechanisms. It draws on the commitments made under the National Agreement on Closing the Gap and its Priority Reforms to assess policy, funding, and reporting, which align closely with the audit scope.

There are strong examples of promising work underway, including:

- Collaborative partnerships, such as the Early Childhood Care and Development Policy Partnership, which have supported shared decision-making and driven policy reform;
- Investments in initiatives such as Connected Beginnings and Early Years Support, which are improving culturally safe service delivery; and
- Progress on funding reform, including development of a new ACCO funding model for integrated early years services.

However, there are also areas where further effort is required to fully implement the National Agreement. In particular:

- Sector strengthening is not consistently prioritised, limiting the ability and growth of ACCOs to meet demand for high-quality, culturally responsive services;
- Short-term funding undermines stability for peak bodies and service providers, and does not reflect the scale of investment needed to meet developmental and school readiness outcomes;
- Partnerships are too often limited to discrete projects and dependent on individual staff, rather than being embedded in structures and supported through institutional reform;
- Structural transformation under Priority Reform Three remains limited, with cultural capability not yet matched by whole-of-government accountability frameworks; and

[1] SNAICC's work with DSS largely falls outside the scope of this audit, as it primarily relates to Safe and Supported, including governance support and co-development of the Aboriginal and Torres Strait Islander First Action Plan 2023–2026.

- Indigenous Data Sovereignty principles are not consistently embedded, and there is limited investment in Aboriginal and Torres Strait Islander-led data development to measure child development and learning in ways that reflect community priorities.

Priority Reform One – Genuine Partnerships and Shared Decision-Making

Overview

Priority Reform One seeks to embed genuine shared decision-making authority between Aboriginal and Torres Strait Islander people and governments through formal partnership arrangements. There are positive examples of the Commonwealth working in collaboration with Aboriginal and Torres Strait Islander organisations to improve outcomes for children and families. However, these partnerships are not yet consistently embedded across government. This section reflects on promising initiatives and continuing challenges, drawing on experiences from SNAICC and broader sector partners in the Closing the Gap architecture.

What is working well?

Connected Beginnings program

One of the strongest examples of genuine partnership is the *Connected Beginnings Program* (CB) program. This program is targeted at increasing Aboriginal and Torres Strait Islander child and family access to early childhood, maternal and child health, and family support services in their local communities.

A wide range of complex and persistent barriers stand between many Aboriginal and Torres Strait Islander families and the early years services that provide the foundations for lifelong safety, wellbeing and learning. These barriers include wide geographic service gaps, shortfalls in cultural safety, and chronic workforce challenges. The accessibility of culturally responsive early childhood education and care has significant implications for the wellbeing and development of Aboriginal and Torres Strait Islander children in their early years. One in three Aboriginal and Torres Strait Islander children are developmentally vulnerable in two domains or more, compared to one in five non-Indigenous children[2]. The rate of developmental vulnerability has increased for Aboriginal and Torres Strait Islander children since 2018, yet the rate is declining for non-Indigenous children. The Productivity Commission has reported that progress towards Target 4 to improve child development in all five AEDC domains to 55% has also worsened[3].

DE provides funding for the CB program and SNAICC became the official Community Partner of CB in 2021. SNAICC's role is to guide and implement an approach to increase the number of Aboriginal and Torres Strait Islander community-owned CB sites in consideration of Priority

[2] Australian Early Development Census 2021. Retrieved from https://www.aedc.gov.au/data-explorer/.
[3] Productivity Commission 2023, 'Closing the Gap Information Repository Socioeconomic outcome area 4'. Retrieved from https://www.pc.gov.au/closing-the-gap-data/dashboard/socioeconomic/outcome-area

Reforms 1 and 2. Since 2021, the footprint of the CB program has expanded significantly, with fifty sites operating nationally. These services are delivered by locally based ACCOs, ensuring culturally safe environments and community leadership. The achievement of fifty CB sites means the program has the potential to support 20% of Aboriginal and Torres Strait Islander children aged 0–5, and arrest and reverse the current trajectory of Target 4.

The CB program is a practical example of how working through genuine partnership is improving the availability and quality of universal services for Aboriginal and Torres Strait Islander children and families[4]. The partnership has been most effective when Priority Reforms are embedded in program governance, when internal frameworks within the Department of Education value Aboriginal and Torres Strait Islander knowledge, and when decision-making is shared throughout planning and implementation. Reporting mechanisms are designed to be flexible and reflective to encourage transparency and continual improvement.

The Early Childhood Care and Development Policy Partnership

The *Early Childhood Care and Development Policy Partnership* (ECCDPP), co-chaired by SNAICC and the Department of Education, is another example of DE working in partnership with Aboriginal and Torres Strait Islander leaders in policy development. Priority Reform One makes provision for Policy Partnerships, as mechanisms that bring together Aboriginal and Torres Strait Islander and government leaders to share decision-making responsibility.

Summarised broadly, the impact of the ECCDPP looks like:

- The Partnership commissions Aboriginal and Torres Strait Islander-led research into the structural barriers that Aboriginal and Torres Strait Islander children and families encounter when accessing the services they want and need.
- Through quarterly shared decision-making meetings, Aboriginal and Torres Strait Islander leaders and governments identify and agree on the strategic policy windows and the policy, regulatory and legislative levers that create the authorising environment for reform.
- The Partnership is a mechanism for governments to design the implementation and roll-out of reform in partnership with Aboriginal and Torres Strait Islander leaders, enhancing the precision of reform efforts and reducing the risk of resource wastage.

This impact is illustrated by a case study related to the development of funding model reform for early childhood development and care. In 2024, the ECCDPP made seven recommendations to the Joint Council on Closing the Gap[5]. These recommendations sought Joint Council agreement

[4] Department of Education (2025) *Celebrating 50 Connected Beginnings sites across Australia*, Department of Education, Australian Government. Retrieved from: https://www.education.gov.au/newsroom/articles/celebrating-50-connected-beginnings-sites-across-australia
[5] Early Childhood Care and Development Policy Partnership 2024, *Meeting Seven Outcomes*, pg. 3. Retrieved via: ECCDPP-Meeting-7-Outcomes.pdf

that jurisdictions develop implementation advice in response to the findings of the *Funding Model Options for ACCO Integrated Early Years Services Final Report* and the *Systematic Evidence Review on Optimal Hours of Early Childhood Education and Care for Aboriginal and Torres Strait Islander Children*. Both research reports were commissioned by the ECCDPP to further development of its Year 1 Priorities.

The ACCO funding model report recommended a block-based funding model with needs-based multipliers to change how governments fund ACCO providers of integrated early years services to better align with the principles of certainty, control, reliability, responsiveness and administrative simplicity. In its systematic evidence review, dandolopartners found there is no one-size-fits all "optimum" hours of ECEC for Aboriginal and Torres Strait Islander children as every child, family and community is different. The report therefore recommended enabling Aboriginal and Torres Strait families to adopt their preferred hours of ECEC by providing an entitlement to 30-hours of ECEC per week. This would help those wanting to increase hours to do so, notwithstanding ongoing barriers to inclusion and accessibility, and noting that other families may prefer not to increase hours.

The evidence review clearly highlighted what Aboriginal and Torres Strait Islander children need to get the most out of a universal ECEC entitlement and contributed to the evidence base advocating for the reforms implemented by the Early Childhood Education and Care (Three Day Guarantee) Bill 2025, which removed the Activity Test and increased weekly ECEC entitlements for Aboriginal and Torres Strait Islander children[6].

Both reports were shared with the Productivity Commission to inform its inquiry into Early Childhood Education and Care. The Inquiry final report recommended governments "consider funding arrangements for Aboriginal community-controlled organisations delivering ECEC and other integrated early years services through a process of shared decision-making" and identified "the Early Childhood Care and Development Policy Partnership is the most appropriate forum for this process to take place".[7] These achievements demonstrate the value of formalised, well-resourced partnership mechanisms. In recognition of this, in December 2024, the Commonwealth announced an investment of $11.4 million to extend the Partnership for another three years (2025-26 to 27-28)[8].

SNAICC and DE Partnership Agreement

[6] Department of Education (2025) '3-day guarantee – legislation passed'. *Department of Education, Australian Government.,* Retrieved from: https://www.education.gov.au/newsroom/articles/3day-guarantee-legislation-passed#:~:text=The%203%2Dday%20guarantee%20will,each%20week%20for%20each%20child.

[7] Productivity Commission 2024, 'A path to universal early childhood education and care – Inquiry Report', pg. 88. Retrieved via Volume 1: A path to universal early childhood education and care

[8] SNAICC – National Voice for Our Children 2024, *Media Release – MYEFO – A win for Aboriginal and Torres Strait Islander children*. Retrieved via: 241218-MYEFO-a-win-for-Aboriginal-and-Torres-Strait-Islander-Children.pdf

In 2024–25, the Commonwealth provided core funding to peaks such as SNAICC and NATSIEC for the first time[9]. This funding formally recognises the expertise of Aboriginal and Torres Strait Islander organisations and supports their ongoing contributions to early childhood policy and program development. It also provides stability to support sector-wide engagement and system-strengthening activities. Regular meetings between SNAICC's leadership and the Department of Education's Deputy Secretary, as well as presentations to departmental policy groups, have contributed to a clearer and more coordinated partnership approach.

SNAICC also recently signed a *Formal Partnership Agreement* with DE to promote a more joined-up approach to support policy and program design and implementation aimed at improving Aboriginal and Torres Strait Islander educational opportunities and outcomes[10].

However, there is currently no formal mechanism that allows SNAICC to engage directly with Education Ministers, though SNAICC is able to engage with Community Services Ministers via the Safe and Supported governance structure[11]. Establishing a direct connection between SNAICC and Education Ministers would enable more timely policy development in the early years portfolio and strengthens the authorising environment for shared decision-making under Priority Reform One.

What are some of the challenges?

While significant progress has been made, formal shared decision-making partnerships under Priority Reform One are not yet systemic across government. Key policy strategies, including the DSS *Early Years Strategy First Action Plan 2024-2027* and the DE draft National Vision for Early Childhood Education and Care were initially developed with limited opportunity for early input from SNAICC or other sector stakeholders[12][13].

SNAICC was a member of the Advisory Group for the 10-year Early Years Strategy 2024-2034, but engagement occurred at a stage where the opportunity to shape the strategic framing and policy direction was limited. Late-stage engagement increases the risk that major policies are not aligned with the actual needs and aspirations of Aboriginal and Torres Strait Islander communities and reduces the effectiveness of reform efforts at a local level.

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[9] SNAICC – National Voice for Our Children (2024) *Media Release – Federal Budget Impact on Closing the Gap For Children*. Retrieved via: 240514-FedBudget-response.pdf

[10] https://www.education.gov.au/closing-gap/resources/formal-partnership-agreement-australian-government-department-education-and-snaicc-national-voice

[11] The Shared Decision-Making Committee comprises members of the Aboriginal and Torres Strait Islander Leadership Group and representation from the Australian Government, state and territory governments. The Committee reports to Community Services Ministers for all items relating to Safe and Supported business. See Safe and Supported: the National Framework for Protecting Australia's Children 2021–2031 pg. 52.

[12] Draft National vision for early childhood education and care - Department of Education, Australian Government

[13] Department of Education. *National vision for early childhood education and care – Consultation*. Retrieved from: https://www.education.gov.au/early-childhood/about/strategy-and-evaluation/national-vision

Similarly, the Early Childhood Education Care Worker Retention Payment, which supports ECEC services to increase the award rate for teachers and educators by 15% over the grant period, was initially designed with limited early consultation with the ACCO sector[14].

SNAICC and DE have since worked together to address implementation issues, ensuring ACCO services in rural and remote areas are better supported. This collaboration drew DE's attention to the role of peak bodies and intermediary organisations to support the sector to navigate large-scale reform. In recognition of this, in February 2025, DE provided $10 million to fund organisations, including SNAICC, to help ECEC providers engage with the worker retention payment[15].

Within the ECCDPP, true shared decision-making remains in part aspirational due to various inter-related factors:

- Aboriginal and Torres Strait Islander members often hold multiple governance roles across overlapping initiatives. This results in increased workload, risks of burnout, and accountability pressures. In many cases, representatives are directly accountable to their communities in ways that are more immediate and personal than the formal accountability structures applying to government representatives. While governments retain decision-making authority, Aboriginal and Torres Strait Islander members are often expected to explain or justify progress, even when key decisions sit outside their control.
- The short-term nature of initial funding periods also limits strategic planning. Although the ECCDPP has now secured funding until 2028, the delay in longer-term commitments affected its capacity to develop complex work, such as sustainable funding models for integrated early years services.
- Coordination between Commonwealth agencies—particularly DE, DSS and NIAA—has been inconsistent. While each department brings relevant expertise, their engagement within the ECCDPP has sometimes been fragmented. A more unified approach would reduce the administrative burden on peak bodies and ACCOs and improve policy alignment across portfolios.
- ACCOs continue to encounter systemic barriers when engaging with government, including power imbalances, funding arrangements that prioritise compliance over collaboration, and practices that do not always reflect cultural safety. In some cases, SNAICC has worked with services and government to rebuild trust and support more productive relationships. These experiences point to the need for consistent, whole-of-

[14] Department of Education (2025) *Early childhood wages*, Department of Education, Australian Government. Retrieved from: https://www.education.gov.au/early-childhood/providers/workforce/wages
[15] More support for worker retention payment applicants - Department of Education, Australian Government

government investment in cultural capability and clearer protocols for partnering with Aboriginal and Torres Strait Islander organisations.

Barriers to the full implementation of Priority Reform One also occur in the context of procurement and the exchange of cultural intellectual property. While SNAICC has successfully negotiated Indigenous Data Sovereignty protections for ECCDPP research projects, these approaches are not yet standard across departments. Broader reforms are needed to support shared ownership of cultural knowledge and recognise the role of ACCOs in research and data stewardship. The ECCDPP has developed a Probity Framework to guide shared procurement, demonstrating that shared decision-making can coexist with and strengthen probity and accountability.

To improve the implementation of Priority Reform One, the Commonwealth should consider the following:

- Establish an independent accountability mechanism to monitor departmental progress under Priority Reform One, as recommended in the Productivity Commission review (Action 1.4).
- Embed early engagement with Aboriginal and Torres Strait Islander peaks across Cabinet, budget and policy processes to support shared power and decision-making.
    - In practice, this could involve monthly meetings between Peaks and Ministers for Education, Social Services and Indigenous Affairs, and requiring public servants to engage with peaks during Department, Cabinet and Budget processes.
    - Departments should also advocate for the work of these partnerships internally to Ministers and senior officials' groups such as the Early Childhood Policy Group.
- Provide sustained, adequate funding to the Policy Partnerships, peak bodies and strategic oversight roles such as the National Commissioner for Aboriginal and Torres Strait Islander Children and Young People to enable meaningful participation and long-term planning.
    - This includes co-designing a sustainable funding model for all Policy Partnerships and providing dedicated core funding to the Coalition of Peaks and individual peaks to support their policy and program work.
- Invest in tailored cultural capability programs across departments, encouraging strong working relationships with ACCOs and valuing Aboriginal and Torres Strait Islander knowledges.
    - This should include department-specific initiatives, such as the First Nations Disability Dialogue series, which focused on intersectionality and practical strategies for implementation.

- Reform procurement and research contracting processes to align with Indigenous Data Sovereignty principles and support shared ownership of community-generated knowledge.

Priority Reform Two – Building the Community-Controlled Sector.

Overview

Priority Reform Two aims to build the Aboriginal and Torres Strait Islander community-controlled sector through increased government investment. ACCOs deliver trauma-informed, culturally responsive services to Aboriginal and Torres Strait Islander children and families, driving progress on Closing the Gap early childhood and schooling targets. In contrast, non-Indigenous services without Aboriginal and Torres Strait Islander leadership often report difficulties engaging Aboriginal and Torres Strait Islander families—frequently due to services not being culturally safe, accessible, or aligned with community strengths and needs[16].

In line with Clause 55 of the National Agreement, Commonwealth Departments are responsible for implementing funding prioritisation policies to preference ACCOs in the provision of services to Aboriginal and Torres Strait Islander communities. Clause 55(b) also commits governments to allocate a meaningful proportion of funding intended to service a broader population across the socio-economic outcome areas of the Agreement to ACCOs.

What is working well in terms of funding arrangements?

SNAICC Early Years Support Program

The Commonwealth's initial investment in SNAICC's *Early Years Support* (EYS) program has been instrumental in strengthening the ACCO early years sector nationally. The EYS program currently supports 37 ACCO integrated early years services. Additional Commonwealth funding allowed SNAICC to extend this support to states and territories beyond the original program footprint of New South Wales, Victoria and Western Australia.

SNAICC EYS staff build trusting relationships with service leaders, and this opens the door to connecting services and their staff with tailored support and tools that assist ACCOs to deliver high-quality, culturally safe education and to navigate complex regulation and legislation. For example, EYS advisors also support ACCOs in navigating policy reforms, including the Early Childhood Education and Care Worker Retention Payment. The independent evaluation of the program by Deloitte concluded that ACCO services that participate in the program believe SNAICC EYS has been successful in creating a positive impact: in fact, 79% of ACCO services agreed or strongly agreed that Aboriginal and Torres Strait Islander children at their service have benefited from the service's engagement with SNAICC EYS. This investment in resources,

[16] Campbell MA, Hunt J, Scrimgeour DJ, Davey M and Jones V (2016) *Contribution of Aboriginal Community-Controlled Health Services to improving Aboriginal health: an evidence review*, Australian Health Review, 42(2): 218–226. https://doi.org/10.1071/AH16149

workforce development and improved service quality (measured through improved National Quality Standard ratings) leads to children and families getting more from their engagement with integrated and holistic ECEC[17].

Through the 2024-25 Mid-Year Economic Financial Outlook, SNAICC received extension funding to continue the EYS program until December 2025. Presently, there is uncertainty about the longevity of the EYS program as the Commonwealth has not shared its plans to fund EYS on an ongoing basis. This uncertainty prevents SNAICC EYS from planning ahead and responding to demand and interest from ACCO service providers in other jurisdictions. As demonstrated by the EYS evaluation, there is strong evidence and sector support for recurrent, long-term investment in this program with a dedicated focus on sector-strengthening.

National Child and Family Investment Strategy & Innovation Fund

The Innovation Fund, delivered through the National Child and Family Investment Strategy, ensures ACCOs and partnered organisations are prioritised in child and family service grants. Funding criteria require partnerships to be formal, with over 50% of project budgets allocated to ACCOs, promoting accountability and genuine collaboration. Information sessions held by DSS in early 2025 provided further guidance for applicants. This initiative is a positive step toward funding transition and sector growth.

Grants Connected Policy

The upcoming Closing the Gap Grants Connected Policy, developed by NIAA and Prime Minister and Cabinet, also aims to embed Aboriginal and Torres Strait Islander organisation-first principles into all new Commonwealth grants. The policy aims to address Action 1.2 and 3.2 of the Productivity Commission's recommendations and promote consistent, cross-agency application of Clause 55 [18]. SNAICC and other Peaks have been engaged during development and broadly support the approach, though successful implementation will depend on Cabinet approval and consistent departmental application.

What are some of the key challenges?

While positive progress has been made in strengthening the early childhood development and schooling system through partnership and targeted funding initiatives, there remain structural challenges that limit the full implementation of Priority Reform Two. These challenges relate to the scale and consistency of government investment in the Aboriginal and Torres Strait Islander

[17] Deloitte Access Economics (2025) *Final Report – Evaluation of SNAICC Early Years Support*, pg. 48.
[18] Productivity Commission (2024) *Review of the National Agreement on Closing the Gap*, p. 13. Retrieved from: https://www.pc.gov.au/inquiries/completed/closing-the-gap-review/report/closing-the-gap-review-report.pdf

community-controlled sector, particularly in relation to long-term funding certainty, appropriate funding models, and the mechanisms that enable greater community-led service delivery.

The Early Childhood Care and Development Sector Strengthening Plan (SSP) and the *National Aboriginal and Torres Strait Islander Early Childhood Strategy* are important frameworks that were negotiated in partnership with Aboriginal and Torres Strait Islander peak bodies and therefore, provide a robust roadmap for government investment in ACCO-led early years' service delivery.

The full implementation of these plans is constrained by the absence of a clear, cohesive resourcing plan. The 2023 Commonwealth DE update on the implementation of the ECCD Sector Strengthening Plan acknowledged the majority of actions do not have an 'initial resource commitment' identified[19]. Inadequate resourcing prevents the Commonwealth from meeting their commitments to the ACCO sector. An evaluation framework for all Closing the Gap Sector Strengthening Plans has been commissioned by NIAA but has not yet been finalised. As departments seek to embed long-term change, it is important to ensure implementation efforts are adequately funded, monitored, and coordinated in partnership with Aboriginal and Torres Strait Islander organisations.

Initiatives such as the EYS program provide valuable backbone support to community-controlled early childhood education and care services that reduce developmental vulnerability and create an opportunities for early intervention and prevention support. Sustained investment will be important to maintain trust-based relationships with services, support national expansion of successful models, and ensure continued improvement in service quality.

There is also an opportunity for the Commonwealth to strengthen alignment between child and family services funding arrangements, Priority Reform Two and Clause 55. ACCOs are best placed to provide culturally responsive, high-quality early intervention and prevention services that prevent family contact with the child protection and youth justice systems, in line with Closing the Gap Targets 11 and 12.

ACCOs delivering child and family services have extremely limited access to sustained child and family services funding. Consequently, there is an urgent need for the Commonwealth to address long-standing under-investment in ACCOs and increase child and family services funding to ACCOs to a level that is proportionate to the over-representation of Aboriginal and Torres Strait Islander children in out-of-home care. This is the benchmark recommended in SNAICC's annual Family Matters report.

[19] National Indigenous Australians Agency 2023, 2023 Sector Strengthening Plan Action Updates. Retrieved via SSP - Action Updates - 2023 - Annual Report - ECCD

These funding barriers are examined in the *Stronger ACCOs, Stronger Families (SASF)* research report. This report was the first phase of the SASF initiative which aims to increase ACCO involvement in delivering Family and Children Activity (FaC) programs funded by DSS. DSS engaged SNAICC in 2022 to conduct research with ACCOs to understand their challenges with accessing DSS funding and delivering FaC programs. The research also highlighted the strengths of ACCOs and their unique cultural model of care which cannot be replicated by mainstream organisations.

The Commonwealth has taken steps to scope mechanisms that support the transition of existing child and family services funding from the non-Indigenous sector to ACCOs in response to community needs. For example, under the *Stronger ACCOs, Stronger Families* initiative, Stage 2 is testing more equitable partnership arrangements in service delivery. These pilot activities are important foundations for reform but will need to be matched by broader changes to ensure community-led organisations are recognised as preferred providers.

The DSS-led review of children, youth and parenting programs under the FaC Activity presents a significant opportunity for the Commonwealth to bring a major funding stream into alignment with the National Agreement on Closing the Gap. Existing FaC Activity contracts account for over $215 million per year[20]. Aboriginal and Torres Strait Islander children and families are accessing FaC Activity programs at much higher rates than non-Indigenous families, yet DSS data shows that only 4% of organisations delivering FaC Activity services directly (as the contract-holder) are ACCOs[21].

Commonwealth commitment to transition a proportion of existing FaC Activity funding to ACCOs, in line with the rate of over-representation underpinning Target 12, will support the Commonwealth to meet its commitments to the Safe and Supported Aboriginal and Torres Strait Islander First Action Plan and Priority 1A of the Early Childhood Care and Development Policy Partnership.

To improve the implementation of Priority Reform One, the Commonwealth should consider the following:

- Implement Aboriginal and Torres Strait Islander organisation-first procurement policies across DE, DSS, and NIAA, including full implementation of the Grants Connected Policy.
- Resource the implementation of the National Child and Family Investment Strategy with clear timelines and funding allocations.

[20] Department of Social Services 2024, Families and Children Activity – Review of Children, Youth and Parenting Programs Discussion Paper, pg. 3. Retrieved via Families and Children Activity - Review of Children, Youth and Parenting Programs - Discussion Paper
[21] Families and Children Activity - Review of Children, Youth and Parenting Programs - Evidence Paper pg. 22

- Accelerate development and implementation of a dedicated funding model for ACCO integrated early years services, in partnership with the ECCDPP.
- Significantly increase the number of ACCOs delivering FaC Activity services from 2026, including transitioning contracts currently held by non-Indigenous providers.
- Commit to long-term funding and national expansion of the EYS program to ensure consistent backbone support for ACCO ECEC services across all jurisdictions.

Priority Reform Three – Transforming Government Organisations

Overview

Despite its importance, the Productivity Commission has identified Priority Reform Three as the least progressed reform area, with efforts often characterised by incremental change rather than structural transformation[22]. Feedback from SNAICC and the ACCO sector supports this assessment, with capacity across departments varying significantly in terms of cultural responsiveness and trauma-informed practice.

What is working well?

There are examples of promising government practice that reflect the intent of Priority Reform Three, particularly in relation to the delivery of services in partnership with Aboriginal and Torres Strait Islander organisations, communities and people. The Connected Beginnings (CB) program supports the structured transition of early years funding to Aboriginal and Torres Strait Islander community-controlled organisations through formal partnership agreements. This approach is helping to increase the number of ACCO-led sites and redirect investment to the community-controlled sector[23]. The CB model provides a strong example of culturally safe and responsive service delivery and demonstrates the potential of structured, partnership-based funding models.

In addition, intermediary initiatives such as EYS are helping to manage the interface between government departments and service providers, supporting cultural safety and reducing administrative burden[24]. These initiatives can help streamline engagement and provide services with a trusted mechanism for navigating funding processes.

Some departments have also taken steps to improve funding transparency and engagement with Aboriginal and Torres Strait Islander organisations. For example, peak bodies have been invited to present to senior government forums on sector funding priorities, and collaborative briefings have been held in advance of program rollouts. These approaches support shared understanding, enable early feedback, and help services prepare for implementation.

There are also examples of departments engaging in transparent communication and shared decision-making, particularly where individual staff bring strong cultural capability and commitment

[22] Productivity Commission 2024, 'Review of the National Agreement on Closing the Gap', p. 58. Retrieved from: https://www.pc.gov.au/inquiries/completed/closing-the-gap-review/report/closing-the-gap-review-report.pdf.
[23] Department of Education. *Connected Beginnings Program Overview*. 2024. https://www.education.gov.au/connected-beginnings
[24] SNAICC. *Early Years Support Program Evaluation: Final Report*. Deloitte Access Economics, 2024. https://www.snaicc.org.au/eys-evaluation

to the work. These examples show that when supportive systems and relationships are in place, progress can be achieved.

What are some of the key challenges?

Despite these examples, system-level implementation of Priority Reform Three remains limited. Progress towards genuine partnerships is often dependent on the skills and relationships of individual government staff, rather than embedded structures or processes. This can lead to inconsistency in the quality of partnerships and uncertainty when staff move on. Without adequate onboarding and sustained internal support, newly appointed staff may lack the experience required to engage meaningfully with Aboriginal and Torres Strait Islander organisations. For example, in recent program rollouts such as the ECEC Workforce Retention Payment, services reported inconsistent communication and limited understanding of ACCO governance models, requiring additional clarification and support.

The Productivity Commission review also noted that cultural capability initiatives in government agencies must be matched by structural reform. Challenges include assumptions about ACCO capability, limited recognition of Aboriginal and Torres Strait Islander knowledge systems, and inconsistent application of Indigenous Data Sovereignty principles. This has been observed in instances where policy frameworks draw on cultural knowledge without clear agreement on ownership or protocols for its use. Addressing these issues will be essential to strengthening government partnerships and building trust.

Aboriginal and Torres Strait Islander organisations also report continued administrative burden associated with government engagement. The *Stronger ACCOs, Stronger Families Report* concluded that ACCOs are overburdened by administrative requirements for accessing and managing the multiple funding streams that are required to deliver the range of holistic services needed to support children and families. Service providers are often asked to respond to requests outside formal grant requirements, with little recognition of the workforce or resourcing implications. These requests can include multiple ad hoc data collections, unscheduled reporting updates, or requests to attend short-notice consultations. While intermediaries can help to mitigate this, the underlying structural issues in government administrative practices remain and can detract from service delivery. Recommended Action 4 in the Stronger ACCOs, Stronger Families Support suggests practical ways that government departments can centralise access to information about funding and review reporting requirements across other portfolios to consolidate these requirements and prevent ACCOs from duplicating data and effort.

There also continues to be a lack of government transparency regarding the levels of funding directed to Aboriginal and Torres Strait Islander organisations, compared with non-Indigenous organisations (this is outlined in more detail below).

How can governments strengthen implementation of Priority Reform Three?

Government departments can build on current progress by embedding successful practices and expanding structured mechanisms for partnership. As outlined in the Productivity Commission's Recommendation 3, there are opportunities to:

- Develop and execute transformation strategies across portfolios.
- Review funding and contracting rules to embed accountability for the Priority Reforms.
- Reform Cabinet and Budget processes to support shared decision-making.
- Establish senior leadership groups in each jurisdiction to champion cultural capability and reform.
- Embed cultural capability expectations within public sector employment frameworks.

There is also an opportunity for government departments to:

- Play a more active role in stewarding investment to Aboriginal and Torres Strait Islander organisations, recognising them as preferred providers of early years and family support services.
- Work with peak bodies to design long-term strategies for the transition of funding from non-Indigenous providers to ACCOs in a structured, transparent and equitable way.
- Expand successful models like Connected Beginnings and Early Years Support that reduce administrative burden and strengthen sector capacity.

Priority Reform Four – Shared Access to Data and Information at a Regional Level

Overview

Priority Reform Four commits Australian governments to improve how they collect, use and share the data to better meet the needs of Aboriginal and Torres Strait Islander people. SNAICC acknowledges the Productivity Commission has recommended substantial changes to this Priority Reform that will be implemented by the Data Policy Partnership. The Agreement does not explicitly commit governments to working towards achieving Indigenous Data Sovereignty and this omission has contributed to a skill gap and lack of progress within government.

What is working well?

The establishment of the Data Policy Partnership provides a mechanism for long-term collaboration between government agencies and Aboriginal and Torres Strait Islander organisations on data governance. SNAICC is a Coalition of Peaks member of the Data Policy Partnership and will contribute expertise in early childhood and schooling data. Though still early in its establishment, this forum has potential as a valuable platform for embedding Aboriginal and Torres Strait Islander perspectives in national reporting and measurement frameworks.

SNAICC's partnership agreement with the Department of Education has a Data Sharing clause (Clause 10), which states the responsibility of the department to share data that it owns with SNAICC to support shared decision-making. These types of clauses reduce the administrative burden for Peaks, inform better policy development and promote trusting relationships between government and Peaks.

What are some of the key challenges?

Under-investment in Aboriginal and Torres Strait Islander-led research and the Closing the Gap data development plans remains a major constraint on the sector's ability to inform policy and hold governments accountable for implementing their commitments to the National Agreement.

Data gaps persist across multiple Closing the Gap indicators. According to the 2024 Annual Data Compilation Report, there is no available data for all Priority Reform targets, four socio-economic targets, 143 supporting indicators, and all 123 data development items[25]. The lack of comprehensive and culturally relevant data reduces the capacity to assess progress accurately,

[25] Closing the Gap Annual Data Compilation Report. July 2024. https://www.pc.gov.au/closing-the-gap-data

especially in outcome areas where individual wellbeing is shaped by cultural identity, connection to Country, and intergenerational knowledge.

There are also structural barriers to improving data governance, including the absence of a central Aboriginal and Torres Strait Islander-led data body. Recent recommendations by the Productivity Commission and the ANZSOG/ANU Priority Reforms Performance Measurement Project report advocate for the establishment of a dedicated Indigenous Data Bureau to strengthen coordination and support implementation of Indigenous Data Sovereignty[26]. The scoping of the Bureau will be an early-stage priority of the Data Policy Partnership.

Data collection and quality remain inconsistent across jurisdictions. For example, variability in the support provided to educators during Australian Early Development Census collection cycles can affect the reliability of results against Target 4. These inconsistencies make it difficult to track progress over time or draw accurate comparisons between locations.

A further challenge is a lack of public government reporting on the levels of funding directed to Aboriginal and Torres Strait Islander organisations, compared with non-Indigenous organisations. This reduces transparency and constrains the ability of communities and policymakers to assess whether investments under Priority Reform Two are contributing to Closing the Gap outcomes. Expanding reporting on government expenditure to ACCOs—such as through the Report on Government Services—would support stronger accountability and inform future funding approaches. The Family Matters Report is an important transparency mechanism in this respect, because it gathers together ACCO investment data from child protection agencies and departments. SNAICC cannot compel agencies and departments to provide this data, so there are often scenarios where jurisdictions choose not to share ACCO investment data with SNAICC.

How government can strengthen implementation of Priority Reform Four

- Commit resourcing to the early childhood development and schooling projects identified in the Closing the Gap Data Development Plan.
- Continue investing in SNAICC Early Years Support program and integrated early years services as a source of data to measure progress against Target 3.
- Work with the Data Policy Partnership and sector partners to ensure Targets 3 and 4 use culturally validated developmental measures.
- Improve alignment of data measurement with cultural determinants of health, including cultural identity, self-determination, and connection to community-controlled services.
- Expand indicator reporting and include measures such as primary carer education level.

[26] Productivity Commission. *Review of the National Agreement on Closing the Gap*. Chapter on Priority Reform Four. 2024.

- Improve national reporting on funding to ACCOs, and invest in community-led tools like the SNAICC Early Years Support dashboard.
- Ensure future data measures support strengths-based, community-defined approaches to wellbeing.

SNAICC looks forward to continuing to engage with ANAO over the course of this important audit.

END