

24 September 2026

Danielle Wood
Chair
Productivity Commission
4 National Circuit
Barton ACT 2600

By email: chair@pc.gov.au; ctg.review.2026@pc.gov.au
cc. Commissioners Angela Jackson and Selwyn Button

Dear Chair,

It is with reluctance that we make this submission to your Closing the Gap review.

For eighteen years under Closing the Gap, governments have set targets, measured gaps, reported disappointing results, commissioned even more programs and services, and repeated the exercise in the hope that outcomes will eventually change. They have not. Repeating this cycle ad nauseam will not produce a different result.

Closing the Gap has been progressively reduced to the annual administration of a placebo.

Fewer than 400 Indigenous children are born in Cape York each year. Yet after nearly two decades of effort under Closing the Gap by the Australian and Queensland governments, there is still no sign of a fundamental shift in outcomes. If governments cannot produce results for children at this scale, Australia has a development problem.

Cape York Institute made a substantial submission to the Commission's 2023 review of the National Agreement on Closing the Gap. We argued that Closing the Gap lacked the most basic requirement of any serious reform agenda: a theory of change explaining how the outcomes it measures are actually to be achieved. We proposed a developmental framework centred on building human capability.

It is difficult not to conclude that we wasted our time. On this fundamental question, nothing has changed since the previous review.

The Commission's Call for Submissions gives us little confidence that the hard questions will now be asked. The review remains overwhelmingly concerned with implementation of the existing architecture: whether governments are sharing decision-making, strengthening the community-controlled sector, transforming their organisations, improving cultural safety and sharing data.

But the failure to Close the Gap is not principally a failure of effort or intent. Governments have devoted decades, billions of dollars and enormous administrative effort to the task. It is a failure of diagnosis and design.

Indigenous agency, local authority, community control and reform of the way governments work with Aboriginal and Torres Strait Islander people are all important. Cape York has argued for these

things for decades. But this focus leaves the prior question unanswered: *what is the developmental process through which reforms are expected to produce the radically different life outcomes promised?* How will the Priority Reforms ensure that a child in Cape York learns to read, acquires the capabilities required for work, has access to a job and ultimately becomes a capable and independent adult? Cultural safety may improve the quality of a service, while community control and shared decision-making may determine who delivers services and how policy is made. These things are important, but in themselves they do not produce literacy, employment, assets or independence.

The Commission's productivity work examines human capital, skills, labour force participation and the productive capacity of the economy. Its Closing the Gap work documents, year after year, the outcomes of entrenched disadvantage and unrealised human capability.

The two intellectual programs have barely met.

For the institution charged with advancing Australia's productivity, this is a striking omission. It is especially difficult to understand now, when Australia is engaged in one of its most intense debates about productivity in decades. Governments and the Commission are searching for ways to lift investment, innovation, skills, competition and economic dynamism.

The development of people and the development of the economy are inseparable. A society builds its future productive capability through the capabilities its children progressively acquire.

Although Closing the Gap applies specifically to Indigenous Australians, most of the outcomes it seeks to improve—education, employment, health, housing, safety and justice—matter equally for other Australians in the Bottom Million, regardless of background. Closing the Gap's failure should concern every Australian because it calls into question the very capacity of our governments to solve problems.

This review must confront the fundamental question raised by decades of failure: *is the architecture itself capable of producing development?* The Commission should undertake the developmental inquiry that has been missing from Closing the Gap. It should bring to that task what distinguishes the Productivity Commission from every other body involved: its expertise in productivity, economic participation, labour markets and the conditions that enable productive participation.

Our submission will propose how this might be done.

We would welcome the opportunity to meet with the Commissioners conducting this review before we finalise it. These issues should be discussed at the outset, before the Commission's analytical framework has hardened.

Yours sincerely,

Noel Pearson
Founder

Fiona Jose
Executive Co-Chair