

Submission to the Productivity Commission

Closing the Gap Review 2026

Governance and leadership capability as the foundation of self-determination

Submitted in a personal capacity

October 2026

Statement of capacity

I make this submission in a personal capacity. I am an employee of the Australian Public Service. The views expressed are my own. They do not represent the views of my employer or the Australian Government. This submission draws only on publicly available sources, listed in the references.

Publication. I request that this submission be published in de-identified form. I do not consent to publication of my name or identifying details.

Summary

Closing the Gap depends less on programs than on First Nations organisations and communities having the authority to decide and the capability to decide well. The National Agreement commits governments to the first through self-determination (clause 17) and to the second through building the community-controlled sector (clause 45). In practice, governments treat them as separate. Authority is treated as a matter for consultation, and capability as something bought as training. Progress on both has been slow and uneven.

This submission argues that governance and leadership capability and self-determination are a single foundation. Every further decision under the Agreement, from funding mechanism to regional structure to what is measured, either grows both or erodes both. It proposes a design test the Commission can apply to any government action, and a model for where governance and leadership capability should sit within the Agreement and the Australian Government.

It also asks a question the evidence base has not answered. Governments have known since 2006 that short-term, grant-funded, consultant-delivered governance training does not build capability. They keep funding it. Section 3 sets out why the model persists, and why the Commission, rather than any single agency, is the body able to stop it. Section 7 sets out what continuing the current model costs.

The evidence base is Australian, cumulative and consistent from 2006 to 2025. Canada's ten-year grant and certification system and New Zealand's devolved commissioning of Whānau Ora reinforce it. Every independent source reviewed contradicts the current Australian model, where an organisation receives a short grant and is left to find a consultant trainer.

Recommendations

1. Stop funding what has no evidence. Governments should publish a stocktake of what they spend on governance and leadership capability and what it bought. Any capability funding modality without published evaluation evidence of effect after two funding cycles should be discontinued. The Australian Government should implement the Commission's 2020 Indigenous Evaluation Strategy.
2. Fund the local role. Fund a governance support officer in every community or cluster, employed by a sector-owned regional hub or backbone, for no less than five years on a ten-year plan with published gates. Fund it as infrastructure under Priority Reform 2, with indicators on the Commission's dashboard.
3. Give the sector the standard. Fund a First Nations-led governance standards and certification function, built on the Australian Indigenous Governance Institute or a body the sector nominates, on the model of Canada's First Nations Financial Management Board. Certification should unlock longer funding terms and pooled finance.
4. Anchor it above the contract. Name capability infrastructure in the next Agreement and in the legislated independent oversight the Commission recommended in 2024. Separate commissioning from delivery from day one.

Attachment A sets out ten design tests the Commission can apply to any capability proposal.

1. The foundation: capability and self-determination are one

Self-determination is the right to decide. Capability is the power to decide well and carry the decision through. The National Agreement holds both: Clause 17 rests the Agreement on self-determination and Clause 45 commits governments to a strong community-controlled sector. The Agreement does not say that the two cannot be delivered separately, but the evidence does.

Authority without capability collapses into administration. Canada's Auditor General found in May 2026 that only 39 per cent of ten-year grant files held all required monitoring reports, and attributed the gap to limited financial capacity and difficulty securing auditors. Capability without authority collapses into compliance training. Australia's Priority Reform 2 record confirms it. The Commission found in 2024 that governments "relabel business-as-usual" and that "government knows best" thinking persists.

The Harvard Project on American Indian Economic Development studied this for 35 years. It has consistently found that Indigenous nations that make their own decisions outperform outside decision-makers, and they do so through capable institutions of their own design that match their own culture. Authority comes first, institutions follow and outcomes follow institutions. Australia's instinct repeatedly runs the other way: prove capability, then earn authority. That sequence never ends, because the funder decides when capability is proven.

Read together, the two findings give a sequencing rule. Authority and capability funding move together. Capability support is funded first, by no more than one funding cycle, and transfers of authority are scheduled against published gates rather than left to the funder's discretion. Canada moved the money and let capacity support lag. Australia withholds authority until capacity is proven. The evidence supports neither sequence and points to a course between the two.

Indigenous people must be in control, take risks and learn from the lessons of the past. Indigenous people need to set their own priorities, rather than have them set by the Canberra bubble.

Professor Marcia Langton, ANZSOG, 2019

The foundation test

Before any Closing the Gap decision is made, two questions apply.

- Does this transfer or protect First Nations authority to decide?
- Does this build First Nations capability to exercise that authority?

The test does not operate as a veto. Some decisions will answer no to one question for good reason. What it requires is that the answer and the reason be written down and published. A decision that answers no to both, with no published reason, is business as usual with a Closing the Gap label. The Commission could apply this test to every action in every jurisdiction's implementation plan. On the evidence in section 2, most current governance capability spending would fail the first question.

2. Why the current model has failed

The dominant Australian model gives an Aboriginal community-controlled organisation a short grant and expects it to find a consultant trainer. Independent research has said since 2006 that this cannot work. No government has answered these findings.

Year	Source	Finding
2006	ANU Indigenous Community Governance Project (Hunt and Smith)	Governance capability "requires the regular delivery and reinforcement of flexible, customised training, on the ground, where it is needed". Found "funding shortfalls and poor government coordination of governance training, education and mentoring". Rapid turnover "particularly damaging".
2012	Closing the Gap Clearinghouse, resource sheet 10 (AIHW and AIFS)	Capacity strengthening needs "collaboration, trust and long-term commitment". Fails under "ad hoc funding" and "fragmented or rapidly changing government processes". Imposed one-size-fits-all approaches "unlikely to be workable or sustainable".
2015	AIFS, What works in effective Indigenous community-managed programs (Morley)	Success needs community control, existing leadership and "adaptable timelines rather than strict adherence to short-term implementation deadlines". Barriers: "stop-start funding".
2017	Productivity Commission, Introducing competition and informed user choice into human services	Default contract lengths for family and community services "should be increased to seven years, to enable investment by providers and ensure continuity for users".
2020	KPMG for the Department of Health, Organisational enablers for the ACCHS sector	Governance is one of eight interdependent enablers. Boards need capability development, not one-off training. Stakeholders proposed combining administration into "one single backroom process".
2020	Productivity Commission, Indigenous Evaluation Strategy	Agencies should evaluate what matters to Aboriginal and Torres Strait Islander people and publish the results. The Strategy has not been implemented across the Australian Government.
2022	SNAICC, Stronger ACCOs, Stronger Families	Each ACCO manages an average of 22 funding agreements, 60 per cent under \$100,000. Governance, program design and evaluation have no dedicated funding. Contracts run two to four years against the seven the Commission recommended in 2017.
2023	ANU, OCHRE Local Decision Making evaluation, stage 2	Regional alliances "punching above their weight" on volunteer effort and thin secretariats. "Progress under LDM has been ad hoc." Devolution "has eluded LDM participants".
2023	ANAO, NIAA management of provider fraud and non-compliance	Management of provider fraud and non-compliance found partly effective. In the author's reading, the funder's visibility of the providers it funds remains limited.
2023	ORIC Yearbook 2022-23	65.5 per cent of corporations required to lodge 2021-22 reports had done so by 30 June 2023. One in three had not. Director and officer conduct remains the top area of complaint.

Year	Source	Finding
2024	Productivity Commission, first Closing the Gap review	Governments "relabel business-as-usual, or simply tweak existing ways of working".
2025	Empowered Communities Lessons Learned (Reddel and others, for NIAA and EC Leaders)	Turnover in agency and backbone staff the biggest threat to continuity. "Absence of agile funding arrangements" the significant barrier.

The mechanism of failure

The grant-to-consultant model fails in its design as well as its execution.

1. It buys an event, not a relationship. Every source above says capability grows through sustained, in-place support, whereas a grant buys training and workshop days.
2. It puts the weakest organisation in charge of procurement. A board with a governance problem must specify, select and manage a governance consultant. SNAICC found ACCOs already carry 22 agreements each.
3. It leaves nothing behind, because the consultant leaves with the knowledge. The Clearinghouse warned in 2012 that training "under the guise of capacity building" substitutes for real development.
4. It is invisible to the funder, since a grant acquitted with an attendance sheet says nothing about whether the board can now govern.
5. It resets every cycle. Contracts run two to four years (SNAICC 2022), and staff turnover in both the organisation and the regional office erodes what was built (Empowered Communities 2025).
6. It ignores the market. In thin and remote markets there is no consultant to find. The grant funds a fly-in practitioner from a capital city or nothing. The fee, the knowledge and the employment all leave the community with the consultant.

The Commonwealth's principal governance lever confirms the pattern. The Strengthening Organisational Governance policy seeks for Indigenous Advancement Strategy recipients receiving more than \$500,000 a year to incorporate under the CATSI Act or the Corporations Act. PwC Indigenous Consulting evaluated it from 2020. The final report was published in November 2023. The Government's published position remains that it is "considering the findings".

What is not known

No government can tell the Commission what it spends on First Nations governance and leadership capability, through which modalities, or what the spending achieved. The author could find no published consolidated figure for any jurisdiction. Grants are acquitted against activity. Consultant engagements sit in procurement systems under generic categories. Evaluation, where it exists, is not published.

The absence of a figure is significant, because a funding model that cannot report what it bought cannot be defended on evidence. Recommendation 1 asks the Commission to require a published

stocktake as the first step. The Commission's own Indigenous Evaluation Strategy, delivered in 2020, set out how evaluation should be done. It has not been implemented.

3. Why the model persists

The evidence against the grant-to-consultant model has been public for twenty years, yet the model continues. The Commission's call for submissions asks what aspects of funding strengthen or undermine reciprocity and trust. The answer lies in five mechanisms that keep a model every review has criticised in place as the default.

1. It suits the funder's risk settings, not the outcome. A grant transfers delivery risk, workforce liability and procurement effort to the recipient and an attendance sheet acquits it. A failed workshop is the provider's failure, while a failed program is the agency's. The model is selected because it is safe for the funder, whether or not it works.
2. It is remedial, not developmental. Capability funding is often triggered by a compliance finding, a funder's concern or a regulator's intervention. ORIC data show one in three corporations behind on reporting and director conduct the top complaint. Capability money arrives as a response to failure. Recipients experience it as a sanction, which destroys the trust clause 45 depends on.
3. It fits the budget architecture. A governance support officer is a recurring liability across forward estimates. A consultant engagement is a one-off line inside an existing grant. Annual appropriations and three-year grant rounds select the worse option by default.
4. The money leaves the community. As set out in section 2, a fly-in engagement takes the fee, the knowledge and the employment with it, where a locally employed role would keep them. The NDIS Review's thin-market analysis, discussed in section 5, shows that pooled demand fixes this where price loadings do not.
5. There is no authorising environment for evidence-led change. The Commission found in 2024 that governments relabel business as usual. The Empowered Communities review found turnover strips institutional memory from agencies and backbones alike. Nothing in the current system obliges an agency to stop a modality that has never shown an effect. A new model carries risk for the official who proposes it, while repeating the old one carries none, so continuity is rewarded and described as prudence.

A double standard

In 2023 the Australian Government issued the APS Strategic Commissioning Framework. It requires agencies to identify core work that should be done by their own employees, not outsourced to consultants and contractors, and to bring it in-house. More than 100 agencies set targets to return \$527 million of work in 2024-25. The Government's stated reason is that outsourcing core work hollows out capability.

The same Government funds community-controlled organisations to buy consultants for their core work of governing. The logic it applies to itself, that capability is built by doing the work with your own people over time, is the logic every source in section 2 applies to the sector. The Commission

should name the inconsistency. If outsourcing core capability is wrong for the Commonwealth, it is wrong for the organisations the Commonwealth funds.

Flip the burden of proof

The current settlement requires the sector to prove that a new model works before it is funded. It requires nothing of the existing model. Recommendation 1 reverses that. A funding modality that cannot show published evidence of effect after two cycles should stop. The Indigenous Evaluation Strategy already provides the method, and this review provides the occasion to apply it. Without that rule, the next review in 2029 will cite the same sources and reach the same finding.

4. What Canada and New Zealand show

Canada: certification unlocks authority and money

Canada built a system in which demonstrated governance capability earns long-term, flexible funding and access to capital. The First Nations Fiscal Management Act 2005 created First Nations-led institutions: the Financial Management Board, which certifies financial administration laws and performance; the First Nations Finance Authority, which pools borrowing for certified Nations; and the Tax Commission. Certification is standards-based, voluntary and owned by the sector.

From 2019, certified First Nations could move from annual, program-specific agreements to a single ten-year grant. By September 2025, 191 recipients were in the grant and more than \$6.5 billion had been distributed. Annual funding grew from \$0.64 billion in 2019-20 to \$1.68 billion in 2024-25.

The Auditor General's May 2026 audit found the department never evaluated whether the grant closed socio-economic gaps or advanced self-determination. Only 39 per cent of files held all required monitoring reports, attributed to limited financial capacity and difficulty securing auditors. Two founding commitments, a default-prevention policy and a mutual accountability framework, remained unmet. The Auditor General recommended more capacity support and annual measurement of the gap.

Lesson. The structure works: a sector-owned standard, a tangible reward for meeting it, and pooled finance. It failed where Australia fails, in measurement and in capacity support that lagged the money. Authority without measurement invites clawback. The Financial Management Board took two decades to build. Australia should start now and expect the same horizon.

New Zealand: devolved commissioning works, and remains exposed

From 2014, Te Puni Kōkiri contracted three Māori-led commissioning agencies to invest Whānau Ora funds. The agencies commissioned providers, employed navigators and built whānau planning capability. A 2018 review credited results to culturally grounded practice and skilled navigators. During COVID-19 the agencies distributed about 240,000 care packages, ran more than 40 mobile clinics and reached about 400,000 people. That response was designed by Māori institutions with delegated funds rather than by government.

On 1 July 2025 the Government replaced all three agencies with four new ones after a retender, separating commissioning from delivery following a Public Service Commission review that found

conflicts of interest. About 600 kaimahi faced job uncertainty. Twenty years of infrastructure sat on a contract and was retendered in twelve months.

Iwi post-settlement governance entities tell a parallel story. Ngāi Tahu and Waikato-Tainui built substantial governance capability because Treaty settlements gave them assets worth governing. Capability grew from authority and assets rather than from training.

Lesson. Devolved commissioning delivered. A navigator workforce embedded in whānau built capability at the household level. Commissioning and delivery must be separated from day one. The 2025 retender showed that a model held only by contract lasts only as long as ministerial confidence in it.

5. What the evidence says works

Each element below is drawn from the sources in sections 2 and 4. None is asserted without evidence.

Element	Source	What it looks like on the ground
Place-based	Hunt and Smith 2006; Empowered Communities 2025; OCHRE LDM 2023	Support delivered in the region by people who stay, through a resourced hub or backbone that holds a capability budget.
Support as well as training	Clearinghouse 2012; KPMG 2020	Mentoring, on-call advice, board observation, hands-on help with the audit and the grant application. Not a course.
Longer term	SNAICC 2022; AIFS 2015; PC 2017; Canada ten-year grant	Minimum five-year agreements, seven recommended, on a ten-year plan with published gates.
Accountable and transparent	ANAO 2023; PC 2024; SNAICC 2022; Canada OAG 2026	A published standard, published funding flows, and outcome measures the sector helped set. Measured before the money moves.
Communities of practice	Empowered Communities 2025; Wenger 2002	Paid regional coordinators, peer-led, with separate streams for boards and for executives. Measured by problems solved, not attendance.
A legacy in every community	Hunt and Smith 2006; OCHRE 2023; Whānau Ora navigators	A governance support officer employed locally by the hub for the program term.
Shared services in thin markets	NDIS Review 2023; KPMG 2020; SNAICC 2022	Sector-owned regional company secretariat, finance, compliance and grant-writing functions. Members join by choice.
Government capability too	Clearinghouse 2012; SNAICC 2022; EC 2025	APS partnership and cultural capability built alongside, not assumed.

Grants, panels and who holds the pen

The Commonwealth Grants Rules and Principles 2024 define a grant as financial assistance that helps the recipient achieve its objectives while addressing government outcomes (paragraph 2.3). Procurement of goods and services is not a grant (paragraph 2.6). A consultant panel that a

government agency procures to deliver governance support to organisations is a procurement. Government is the client and the organisation merely the site of delivery, which inverts Priority Reform 2.

The evidence favours a hybrid in which government funds, a sector-owned body sets the standard and regional hubs commission support from a pool the sector helps select. Government retains direct procurement for the one thing it must own: the evidence base and the evaluation. The CGRPs permit longer-term grant agreements where the activity warrants it, which allows hubs to be funded for five years or more.

Hubs must not repeat the Whānau Ora fault

A hub that commissions support, runs shared services and employs the local workforce holds the same conflict that ended New Zealand's first commissioning agencies. The design must answer it from the start. Commissioning of external support sits under one governance arm with an independent selection process. Shared services and the governance support officer workforce sit under another, as delivered services the hub is accountable for. Conflicts are declared and published. Members can choose an external provider from the pool instead of the hub's own service. Test 7 in Attachment A applies to the hub as much as to anyone it funds.

Communities of practice

Wenger's definition has three parts: a shared domain, a community that builds relationships, and a shared practice of tools and stories. Government-sponsored communities of practice usually have the first and fail on the other two. The mechanics that make them work are a real shared problem, a paid coordinator, a predictable rhythm, peers teaching, artefacts members own, safety from the funder, layered participation and cultural governance of the community itself. The Empowered Communities review found backbones already perform several of these functions and that newcomers arrive with no shared knowledge. Those functions amount to a community of practice in all but name, and the newcomers' lack of shared knowledge shows that one is needed.

Shared services in thin and remote markets

The NDIS Review's 2023 alternative commissioning paper is the most rigorous Australian analysis of thin markets. Capacity-building support markets in remote areas were 7.5 to 15 times more concentrated than non-remote. Price loadings of 40 to 50 per cent did not close the gap: 27 per cent of very remote participants still had no provider. On Mornington Island, pooling demand through a coordinated funding proposal lifted average annual participant expenditure from \$652 to \$7,027 within twelve months. Supply followed pooled demand where price loadings had failed to attract it.

The same logic applies to governance. In practice, that could mean one regional company secretary serving eight boards, with a single finance and audit function and a single grant-writing team. SNAICC's finding that organisations carry 22 agreements each argues for a shared contracts function rather than 22 sets of training. The evidence points to five design rules: the sector owns the shared service, members join by choice and can leave, demand is pooled before supply is sought, the service is funded as infrastructure, and it is piloted before it is scaled.

The legacy role, and what it costs

The strongest single design change is a governance support officer in every community or cluster, employed by the hub or backbone and funded for the program term. Whānau Ora navigators are the working precedent: a locally employed workforce that carried the model through a pandemic and outlasted the agencies that employed them. The OCHRE evaluation found regional alliances failing for want of exactly this secretariat capacity. Hunt and Smith asked for it in 2006.

The cost is a salary per community or cluster. As an illustration only, 150 cluster-based roles at a fully loaded cost of \$150,000 each is about \$22.5 million a year. That figure should be set against what collective government agencies at all levels currently spend on governance consultants and training, which is unknown. The current approach has had two decades to show results.

6. Where governance and leadership capability should sit

In the Agreement

Priority Reform 2 is delivered through four Sector Strengthening Plans: early childhood care and development, housing, health and disability. Each addresses workforce, capital, service delivery and peak body capacity within its sector. None treats governance and leadership capability as cross-sector infrastructure. An organisation delivering in three sectors meets three plans and no single governance capability commitment. The Commission's dashboard carries no measure of governance capability and no target for the share of capability funding held by the sector.

Governance and leadership capability should be named as a standing function under clause 45, spanning the Sector Strengthening Plans, with two indicators on the Commission's dashboard: the share of capability funding commissioned by community-controlled bodies, and the number of organisations meeting a sector-owned governance standard. A third indicator belongs under Priority Reform 1: the number of funding and policy decisions where the regional recommendation was adopted.

The Commission recommended legislated independent oversight in each jurisdiction in 2024. Capability infrastructure belongs inside that oversight, so that it cannot be retendered out of existence as Whānau Ora was.

Who sets the standard

Australia already has a First Nations-led governance institution. The Australian Indigenous Governance Institute holds the Indigenous Governance Toolkit and runs the Indigenous Governance Awards. It has no mandate and no funding to set a sector-owned standard or to certify against one. The Commission should recommend that governments fund that function, through AIGI or a body the sector nominates, rather than create a new institution from nothing. Canada's Financial Management Board shows where this could lead, and AIGI is the nearest existing starting point.

In the Australian Government

The Australian Government's role is that of steward rather than commissioner. It funds a First Nations-led standards and certification function. It funds regional hubs for five years or more. It sets outcome measures with the sector and evaluates against them. It publishes what it spends and what it bought. It builds its own staff's partnership capability, which the Clearinghouse, SNAICC and the

Empowered Communities review all identify as a precondition. It does not select consultants, run workshops or chair communities of practice.

Governance capability is also the precondition for the regionalised decision-making that the Australian Government has committed to in its own planning. Regional decision-making bodies need governance capability to decide well. The organisations that will deliver under regional arrangements need it to be funded and to perform. Capability is the infrastructure the rest of the system stands on, rather than a program line, and should be funded as such, ahead of and alongside any regional funding reform.

A ten-year sequence

Years	Government funds	Transfers to the sector	Gate
1 to 2	Published spend stocktake; hub accreditation; backbone governance; coordinator and support officer roles; baseline measure	Selection of capability providers	Hubs accredited; baseline and stocktake published
3 to 5	Pooled regional capability fund; communities of practice; shared services	Commissioning of capability support; input to regional investment decisions	Independent review; Priority Reform 2 indicators moving; modalities without evidence discontinued
6 to 10	Sector-owned certification function; finance facility feasibility	Certification standard; eligibility decisions for multi-year funding	Named in the Agreement or legislation

7. The cost of the status quo

Governments have been told for more than twenty years that our current way of working does not build capability. In June 2004 the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs tabled Many Ways Forward, its inquiry into capacity building and service delivery in Indigenous communities, with separate chapters on the capacity of Indigenous organisations and the capacity of government agencies.

Hunt and Smith reported in 2006 that governance capability needs regular, customised support on the ground.

In 2012 the Australian National Audit Office found that three Commonwealth departments responded to capacity constraints in Indigenous organisations mainly by increasing monitoring and reporting, and gave less weight to risks arising outside those organisations.

A decade later SNAICC found each ACCO managing an average of 22 funding agreements, which suggests the reporting load has grown since the audit.

The outcomes record sits alongside that history. The Closing the Gap Report 2019 found two of the seven targets set in 2008, early childhood education and Year 12 attainment, on track. When the

next report was tabled in February 2020, the then Prime Minister said a "top-down, government-knows-best" approach had failed to deliver.

Five years into the National Agreement that followed, the Commission's July 2025 Annual Data Compilation Report found four of 19 targets on track, with outcomes worsening for adult imprisonment, children in out-of-home care, suicide and early childhood development.

The fiscal cost is large and poorly understood. The Commission's 2017 Indigenous Expenditure Report estimated direct government expenditure on Aboriginal and Torres Strait Islander people at \$33.4 billion in 2015-16. Around 18 per cent went to targeted programs, and targeted spending held at about \$6 billion a year in real terms from 2008-09.

The 2017 report is the most recent edition the author could locate, and none of its categories isolates spending on governance and leadership capability (section 2). Governments cannot say what the current model costs, so they cannot say what changing it would save.

The costs of continuing the status quo extends beyond the budget. Each two-to-four-year contract cycle (SNAICC 2022) restarts capability work, and most targets in the Agreement fall due in 2031, about two funding cycles away. Capability funding that arrives as a sanction (section 3) wears down the trust that clause 45 relies on. Each fly-in engagement takes the fee, the knowledge and the employment out of the community, and the Empowered Communities review named staff turnover as the biggest threat to continuity.

The sources cited in this submission run from 2004 to 2026, and on governance capability they agree. If Recommendation 1 is not adopted, the 2029 review will be able to cite every one of them again. The question for the Commission is how many more reviews must record the same finding before governments are required to act on it.

Recommendation 1 provides that requirement.

8. Response to the Commission's questions

This submission does not address every question in the call for submissions paper. It responds to the following.

Commission theme and question	Where addressed
Building the community-controlled sector: how are governments and the sector strengthening capacity, workforce, leadership and sustainability; who determines success; how are ACCOs involved in developing measures	Sections 2, 5 and 6
Building the community-controlled sector: what aspects of funding strengthen or undermine reciprocity and trust	Section 2 (mechanism of failure); section 3 (why the model persists); section 5 (grants and panels)
Community-led efforts: impact of place-based partnerships; what resourcing and system supports are needed	Section 5 (place-based, legacy role); section 6
Policy development and delivery: what is needed to build public service capability; approaches that support mutual learning	Section 3 (double standard); section 5 (government capability); section 6 (Australian Government role)

Commission theme and question	Where addressed
Governance of the Agreement: how could the Priority Reforms be better integrated; what would strengthen accountability	Section 6 (in the Agreement); recommendations 1 and 4
Impact on outcomes: are outcomes and targets appropriately defined and measured	Section 2 (what is not known); section 6 (indicators); section 7 (cost of the status quo)

Attachment A: Ten design tests

Each test is the foundation test applied to one design choice. A capability proposal that fails more than three is a training program.

Test	Evidence	Pass looks like
1. Does capability lead to a decision?	Harvard Project; EC 2025	A named authority transfers when the standard is met
2. Who sets the standard?	Canada FMB; AIGI	A sector-owned body, not the funder
3. Who buys the support?	CGRPs 2.3 and 2.6; NZ commissioning	The organisation or hub commissions; government funds
4. Is the region the unit?	EC 2025; OCHRE 2023	An accredited hub or backbone holds the budget
5. Is the backbone funded first?	EC 2025 turnover finding	Backbone governance and coordinators funded before programs
6. Is the horizon ten years?	Canada; SNAICC 2022; PC 2017	Five-year minimum agreements, ten-year plan, published gates
7. Is commissioning separate from delivery?	Whānau Ora 2025	Hubs commission under one arm and deliver under another; conflicts declared and published; members may choose an external provider
8. Are boards and executives served separately?	Wenger; Hunt and Smith	Distinct governance and operations streams
9. Is the measure built before the money moves?	Canada OAG 2026; PC 2024; PC 2020	Priority Reform 2 indicators published in year one; spend stocktake published
10. Is it anchored above the contract?	Whānau Ora retender; PC 2024	Named in the Agreement or legislation, reported annually

Against current Australian settings: government procures capability (fails 3), funding is annual or three-year (fails 6), no sector-owned standard exists outside health (fails 2), Priority Reform 2 has no capability indicator and no spend figure (fails 9), and capability leads to compliance rather than authority (fails 1). That is five failures before any program design begins.

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