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Orange Local Aboriginal Land Council: Submission to the Productivity Commission Closing the Gap Review 2026

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Summary

Introduced in 2008, Closing the Gap has been the dominant Indigenous Affairs policy for successive Federal, State and Territory Governments.

It differs from previous approaches in its transparency and reporting. Ambitious targets in relation to health, school attendance, incarceration, employment, family violence and other factors were set and are reported on annually.

Unfortunately, almost two decades after it commenced, the national effort on Closing the Gap has stalled, with most targets not on track to be met and some going backwards.

However, national and state-based reporting masks regional variations whereby some communities are thriving relative to others where outcomes remain bleak.

What has been missing from the current approach to Closing the Gap is a better identification of the local factors which can drive improved Closing the Gap outcomes followed by support for local leadership to achieve these.

The central west NSW city of Orange is one local community that has the potential to demonstrate how Closing the Gap can work at the local level when strong Aboriginal institutions are given real authority over priorities, resources and evidence. Our community has a ten-year Aboriginal Place Based Plan, Ngumbaaydyil, mature Aboriginal-controlled organisations and a record of practical collaboration. What holds us back is the way funding is designed and administered. The Orange Local Aboriginal Land Council (OLALC) and the Orange Aboriginal Medical Service (OAMS) together manage more than 50 separate government funding agreements worth over $15 million a year, and none of that funding is linked to the targets in our Place Based Plan.

This submission responds to the Productivity Commission's terms of reference and its questions on shared decision-making, the community-controlled sector, government transformation, data, and community-led efforts. It draws on the Orange Alliance's proposal for a place-based reform pilot.

Our central recommendation is that governments partner with Orange in a bounded, two-year pilot that aligns or pools existing Commonwealth and NSW funding against the Orange Aboriginal Place Based Plan, with local Aboriginal institutions accountable for allocating it against agreed outcomes. The pilot requires no new funding, beyond one-off establishment costs. However, it would change how existing funding is governed, allocated and accounted for, and it would give the

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Productivity Commission and Governments a tested model of Priority Reforms 1 to 4 working together in one place.

About Orange Local Aboriginal Land Council

OLALC is an Aboriginal community-controlled organisation established under the *NSW Aboriginal Land Rights Act 1983*, governed by a board elected by its members. We hold responsibilities for land, culture, housing and community development on Wiradjuri Country in and around Orange, and we currently deliver 20 Commonwealth and NSW Government funded programs worth $8.04 million annually.

We work alongside other strong Aboriginal institutions in Orange:

- **Orange Aboriginal Medical Service (OAMS)** delivers health and social services under 35 funding agreements from six Commonwealth and nine NSW funding sources, worth $7.48 million.
- **The Ngumbaay Yindyamarra Agreement** formalises collaboration between OAMS, OLALC and the Orange Aboriginal Education Consultative Group (OAECG).
- **The Orange Alliance** is an emerging partnership that seeks stronger Aboriginal authority to connect local priorities, investment and Closing the Gap outcomes.

Our community's direction is set by the **Orange Aboriginal Place Based Plan 2024–2034, Ngumbaaydyil**. It builds on a 2014–2024 Social Development Plan and the community knowledge and aspirations gathered through its review. The NSW Government's Supporting Local Partnerships (SLP) project helped accelerate the link between the Place Based Plan, organisational planning and implementation, but the leadership and relationships on which this work rests were in place well before it.

What the Orange experience shows about progress under the Agreement

Orange has the ingredients the Agreement depends on: effective and stable local leadership, well governed Aboriginal organisations that are experienced in program delivery and an endorsed community plan. Progress is constrained by how governments fund, contract and account for their investment.

Aboriginal strength is already in place (Priority Reform 2)

Orange's organisations show collaboration in practice through joint tendering, shared reporting, an OAMS–OLALC shared services relationship, and decisions about where programs sit according to each organisation's strengths. Relationships with local schools connect young people and families with trusted Aboriginal adults and support before crisis. The lesson for sector strengthening is for governments to recognise demonstrated capability and local authority with an understanding that not every partnership starts from the same point.

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Funding is fragmented and short term (terms of reference: dedicated and mainstream funding)

The Productivity Commission has been asked whether dedicated and mainstream funding is being mobilised effectively. In Orange, it is not.

Organisation	Funding agreements	Annual value	Reporting burden
OAMS	35, from 6 Commonwealth and 9 NSW sources	$7.48 million	155 separate mandatory reports in 2025–26
OLALC	20 programs	$8.04 million	Each acquitted separately, quarterly or six-monthly, plus year-end acquittal

None of the program funding we receive from Government is linked to the Closing the Gap targets in our Place Based Plan. Each agreement has its own purposes, measures, templates and reporting periods, which consumes local capability and makes it impossible to see the combined contribution of government spending to local outcomes. Contracts of one, three or four years sit uneasily beneath a ten-year community direction, and relationships, workforce development and prevention all need continuity.

Shared decision-making stops short of resources (Priority Reform 1)

The Federal Government has a formal partnership with the Coalition of Peaks. This is replicated at the state level with the partnership between the NSW Government and the NSW Coalition of Aboriginal Peak Organisations (CAPO).

However, shared decision-making would improve if partnerships were also formalised at the local community level where leaders are most in touch with the circumstances and needs of their people.

While the development of Closing the Gap Place Based Plans is welcome, the effectiveness of these plans would be improved if they were more closely linked to the funding communities receive and community leaders were given greater ability to determine how these funds are allocated. The NSW Government's Closing the Gap commitments are also currently disconnected from its OCHRE policy and its emphasis on local decision-making. By enabling local leadership to be responsible and accountable for resource allocation and prioritisation, these two policy objectives can be aligned.

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Accountability sees providers more clearly than place (Priority Reform 3)

Separate contracts make each provider's obligations visible, but they do not make the combined contribution of governments and mainstream services responsive to local Aboriginal priorities. As a result, Aboriginal organisations are held to account for outcomes shaped by services, decisions and resources they do not control.

Data serves reporting more than community (Priority Reform 4)

Currently, there is insufficient measurement of progress against the Closing the Gap targets at the local level. As a result, it is impossible to identify the likely regional variations in progress against the targets. Anecdotally, we are confident that where leadership is effective and programs are delivered well communities thrive. But there is currently inadequate local data to test these assumptions.

Currently, data is dispersed, definitions are inconsistent and reporting focuses too heavily on participation and outputs rather than outcomes. A pile of compliant program reports can still leave community without a useful account of what has changed or where gaps remain. Aboriginal authority over the purpose, collection, access, interpretation and publication of data is central to informed self-determination, and public funding should not of itself give governments unrestricted access to information held by Aboriginal organisations.

There is an urgent need for increased data collection at the local level so that progress can be measured against the Closing the Gap targets in a way that respects Indigenous data sovereignty principles.

A successful approach waiting to be tested: the Orange place-based reform pilot

The Productivity Commission has been asked to identify successful approaches, partnerships and delivery models. Orange offers one that is ready to test. The Orange Alliance has proposed a bounded, low-risk pilot that re-aligns existing Closing the Gap-related funding and accountability around an Aboriginal-led, place-based delivery model.

How the pilot would work

1. Existing Commonwealth and NSW funding streams relevant to Closing the Gap outcomes in Orange are pooled or formally aligned.
2. Funds are allocated to the Orange Alliance and invested against the Orange Aboriginal Place Based Plan as the primary local implementation framework.
3. Local Aboriginal institutions take responsibility for allocating resources across agreed priorities, within a disciplined reporting and assurance framework.

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4. Governments retain oversight through outcomes-based milestones in place of program-by-program management.

The pilot asks for no new money, beyond initial start-up costs. However, it would re-wire how existing funding is governed, allocated and accounted for. Peak bodies would keep their strategic, monitoring and advocacy roles, and both the National Indigenous Australians Agency and NSW Aboriginal Affairs would keep stewardship and oversight with less transactional burden. The pilot gives government a sanctioned learning space to test place-based funding alignment without dismantling existing arrangements.

Governance to match the responsibility

Delivery responsibility must be matched by governance capable of stewarding whole-of-government investment. The Orange pilot would rely on:

- a clear separation between governance (strategy, policy and accountability) and management (operations, delivery and risk);
- integrated planning and reporting that links long-term strategy, annual plans, budgets and performance;
- CEO-level authority matched to explicit accountability for outcomes; and
- strengthened assurance that gives central agencies the confidence to align or pool funding.

This approach mirrors established public-sector practice, including NSW local government reform.

Why Orange

Forty years of research by the Harvard Project on American Indian Economic Development finds that First Nations communities flourish when four things are present. Their findings about what matters to secure success are also relevant to Australia:

Sovereignty Matters

When Native nations make their own decisions about what development approaches to take, they consistently out-perform external decision makers on matters as diverse as governmental form, natural resource management, economic development, health care, and social service provision.

Culture Matters

Successful economies stand on the shoulders of legitimate, culturally grounded institutions of self-government. Indigenous societies are diverse; each nation must

equip itself with a governing structure, economic system, policies, and procedures that fit its own contemporary culture.

Institutions Matter

For development to take hold, assertions of sovereignty must be backed by capable institutions of governance. Nations do this as they adopt stable decision rules, establish fair and independent mechanisms for dispute resolution, and separate politics from day-to-day business and program management.

Leadership Matters

Nation building requires leaders who introduce new knowledge and experiences, challenge assumptions, and propose change. Such leaders, whether elected, community, or spiritual, convince people that things can be different and inspire them to take action.

Orange has strong leadership, well-governed institutions and a community grounded in Wiradjuri culture. What it lacks is the ability to make its own decisions about development, because current funding arrangements do not allow it.

Orange is also a practical demonstration site. Its institutions are stable and experienced in delivering government programs across health, housing, youth, employment and social outcomes. It has an endorsed, evidence-informed Place Based Plan already linked to service delivery, and it already generates delivery data that can show whether system alignment improves outcomes. Its scale is large enough to test system reform and contained enough to manage risk.

What success looks like

After two years, the pilot would be assessed against five questions:

- Are Closing the Gap outcomes being addressed at the local level?
- Has funding alignment reduced fragmentation and transaction costs?
- Has accountability shifted toward outcomes rather than activities?
- Has local decision-making improved responsiveness and integration?
- Has government confidence in place-based delivery increased?

If it succeeds, the pilot provides a template other communities can adapt to their own circumstances. If it does not, it remains a contained experiment with lessons for all parties.

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How the pilot would give effect to the Priority Reforms

Priority Reform	What the pilot would change in Orange
1. Formal partnerships and shared decision-making	Local Aboriginal authority over how resources are allocated against community priorities
2. Building the community-controlled sector	Dependable, longer-term funding that sustains Aboriginal-controlled capability and recognises partnership work as a legitimate cost
3. Transforming government organisations	Contracting, payment and reporting that are coherent, timely and proportionate to risk
4. Shared access to data and information	Locally collected, Aboriginal-governed evidence used to make decisions and measure progress

Recommendations

OLALC asks the Productivity Commission to recommend that the Commonwealth and NSW Governments jointly:

Test place-based funding alignment

1. Partner with Orange in a two-year place-based reform pilot that pools or formally aligns existing Commonwealth and NSW Closing the Gap-related funding against the Orange Aboriginal Place Based Plan, with outcomes-based oversight and independent evaluation.
2. Link community Place Based Plans to binding funding, governance and accountability arrangements, so that local priorities influence real resource decisions.

Make funding fit the change sought

3. Fund locally determined Place Based Plans over a minimum of four years, with extensions based on performance against locally collected, Aboriginal-governed evidence linked to Closing the Gap outcomes.
4. Recognise coordination, governance, community participation, data stewardship and learning as legitimate costs of implementation, funded alongside service delivery.
5. Consolidate and simplify contracting, payment, reporting and acquittal so that the burden is proportionate to risk and capability, and report publicly on progress in reducing the number of separate agreements held by ACCOs.

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6. Adopt fair, jointly agreed processes for varying funding agreements, recognising work done in good faith, paying on time and treating underspends transparently.

Share power with local Aboriginal institutions

7. Ensure state partnership arrangements with peak bodies draw directly on local Aboriginal leadership and delivery expertise, with peaks focused on strategy, monitoring and advocacy and funding decisions made closer to community.
8. Recognise demonstrated capability and legitimate local authority, including elected Aboriginal boards, when assessing readiness for greater decision-making responsibility.

Make accountability reciprocal and useful

9. Hold the combined investment of government and mainstream services in a place accountable to local Aboriginal priorities, and require governments to explain funding decisions, including the reasons when proposals are not supported.
10. Resource Aboriginal-governed local data and evaluation that measure changes in local authority, service responsiveness and family experience, alongside longer-term outcomes, consistent with Indigenous Data Sovereignty principles.
11. In NSW, align Closing the Gap implementation more closely with OCHRE so that local decision-making and self-determination are pursued through a single, coherent approach.

OLALC would welcome the opportunity to host the Commission on Country in Orange and to discuss this submission further.