28 October 2026

Selwyn Button and Angela Jackson
Commissioners
Australian Government Productivity Commission

Submitted via email

Dear Commissioners

headspace welcomes the opportunity to contribute to the Productivity Commission's second review of the National Agreement on Closing the Gap.

Our submission focuses on how the Australian Government can extend the practical obligations of the Priority Reforms beyond government departments to the mainstream organisations, commissioning bodies and service systems they fund. Our experience shows that, while change is possible, relying on organisational goodwill and individual leadership makes reform uneven, fragile and difficult for Aboriginal and Torres Strait Islander communities to hold to account.

headspace recommends that governments:

- extend proportionate accountability for the Priority Reforms through public funding, commissioning, accreditation and reporting frameworks, including requirements for cultural governance and genuine shared decision-making
- reform commissioning and procurement to strengthen Aboriginal community-controlled youth services, while embedding Indigenous Data Governance and culturally safe data practices across the data lifecycle.

Reform should give First Nations leaders, organisations, young people and communities meaningful authority over priorities, resources, service design, implementation, data and accountability. It should also create sustainable pathways for community-controlled organisations to lead services, with the long-term funding, workforce development, infrastructure and reciprocal support needed for success.

headspace would welcome the opportunity to discuss these recommendations with the Commission in more detail.

Yours sincerely

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headspace National submission to the Productivity Commission Review of the National Agreement on Closing the Gap 2026

About headspace National

headspace National Youth Mental Health Foundation welcomes the opportunity to contribute to the Productivity Commission's second review of the National Agreement on Closing the Gap. headspace provides early intervention mental health services to young people aged 12–25 through a national network of centres, digital services and outreach in schools and communities. The headspace model brings together support for mental health, physical and sexual health, alcohol and other drug concerns, and work and study.

headspace centres are operated by lead agencies commissioned by Primary Health Networks (PHNs), under a licence and model requirements set by headspace National. This gives headspace National a system stewardship role, but not direct control over all commissioning, funding or employment decisions across the network. Our experience therefore offers insight into both the opportunities and limitations facing a large, government-funded mainstream organisation seeking to align its governance, service model and partnerships with the National Agreement.

In 2024-25, headspace provided support to 10,122 First Nations young people through headspace centres, representing 12 per cent of all young people accessing these services. During the same year, 1,057 First Nations young people accessed eheadspace, or 7 per cent of all young people accessing our digital service. This representation is above the national population, where 6 per cent of Australians aged 12 to 25 years identify as Aboriginal and Torres Strait Islander.

About our submission

The Productivity Commission is undertaking this review at a point of urgency for First Nations people in Australia. Progress across the socio-economic outcomes remains mixed, with several outcomes affecting children and young people worsening or lacking sufficient data for assessment. While previous reviews have found isolated examples of good practice, the findings also indicate the Agreement is yet to provide the system-wide transformation needed to improve outcomes for First Nations peoples.

headspace National's central submission is that governments must extend the practical obligations of the Priority Reforms beyond government departments to the mainstream organisations, commissioning bodies and service systems they fund. At present, alignment too often depends on organisational goodwill and individual leadership. This makes reform uneven, fragile and difficult for Aboriginal and Torres Strait Islander communities to hold to account.

Our experience also shows that change is possible when cultural governance, shared decision making, community-controlled partnerships, workforce development and Indigenous Data Sovereignty are treated as core organisational and service-system responsibilities. We are

committed to the ongoing work needed to improve cultural safety, address racism and strengthen shared decision making.

Recommendations

1. **Extend accountability for the Priority Reforms to publicly-funded organisations.** Embed proportionate obligations in government funding, commissioning, accreditation and reporting frameworks, with public reporting on progress.
2. **Reform commissioning and procurement to grow and strengthen Aboriginal community-controlled youth services.** Preference ACCOs and fund locally determined transitions, sustainable capability and reciprocal support from mainstream organisations where wanted.
3. **Require cultural governance and genuine shared decision making across the service system.** Give First Nations leaders, organisations and service users defined authority over priorities, resources, design, implementation and accountability.
4. **Strengthen Indigenous Data Governance and culturally safe data practices across the data lifecycle.** Governments should work with Aboriginal and Torres Strait Islander people, organisations and communities to establish meaningful influence over data priorities, collection, access, interpretation, reporting and use.

Overarching proposition: make the National Agreement apply through the systems governments fund

The National Agreement recognises that government organisations and the services they fund must transform. In practice, however, many government-funded organisations are not required to demonstrate how they are implementing the Priority Reforms or to report publicly on progress. For organisations such as headspace National, alignment can therefore depend on voluntary commitment rather than a clear system expectation.

This accountability gap can impact on the outcomes achieved under the National Agreement. It limits the leverage available to Aboriginal and Torres Strait Islander communities, staff and leaders seeking change. It also makes it harder for mainstream organisations to require alignment from commissioning partners, lead agencies and other organisations on which service delivery depends. Without appropriate accountabilities, progress can slow, even where there is goodwill.

Governments should create a cascading accountability framework across service delivery. Relevant obligations should be built into intergovernmental agreements, portfolio funding arrangements, PHN commissioning requirements, mainstream service contracts, model and accreditation standards, and annual reporting. Requirements should be scaled to organisational size and influence, with early implementation focused on large national service systems capable of reaching many communities and shaping practice across sectors.

Priority Reform 1: formal partnerships and shared decision-making

Partnerships are strongest where Aboriginal and Torres Strait Islander organisations enter early, hold defined decision rights, receive adequate resourcing and can influence funding, service design, workforce, implementation and evaluation. In contrast, consultation after core decisions have been made is not shared decision making.

headspace seeks to partner with community-controlled organisations, Elders and First Nations community leaders to improve access to culturally responsive and locally relevant support for young people. These partnerships help ensure that services are informed by community priorities, local knowledge and a First Nations approach to social and emotional wellbeing. Across the headspace network, partnerships support activities such as service co-design, outreach, and community engagement.

To understand and strengthen our partnerships, headspace National gathers information about how centres connect with First Nations communities and organisations. This information has been captured through network cultural capability surveys and our model integrity process, providing the organisation with a clearer picture of First Nations participation in governance, service design and continuous improvement.

Recent consultations on improving data processes (see Priority Reform 4 below) included onsite discussions at headspace centres in NSW, VIC, WA, SA and the NT, and additional online consultations that included First Nations staff and youth and family reference group members. The consultations explored ideal solutions and any innovative practices for wider sharing, but also surfaced a lack of clarity and transparency about the purpose and value of data collection, and a perception that it was to serve system and government reporting requirements rather than focusing on engagement of First Nations young people or exploring culturally relevant assessment and outcome measurement tools.

This work also highlights a broader accountability gap: the existence of a partnership does not, by itself, demonstrate shared authority or community benefit. Governments and funded services should work with ACCOs and communities to define and assess partnership quality, including influence over decisions, reciprocity, trust, continuity, accountability and practical effects. Measures should distinguish genuine relationships with community-controlled and Aboriginal-led organisations from general community engagement, and should not rely only on consortium membership, attendance or meeting counts.

Priority Reform 2: build the community-controlled sector

headspace supports the Agreement's commitment to building formal Aboriginal and Torres Strait Islander community-controlled sectors to deliver services to support Closing the Gap. Aboriginal and Torres Strait Islander community control is an expression of self-determination. Community-controlled organisations are also well placed to deliver holistic, culturally grounded and locally accountable support.

Yet mainstream commissioning processes can privilege organisational scale, pre-existing infrastructure, short procurement timeframes and narrow clinical specifications. These settings can exclude or disadvantage ACCOs and undervalue social and emotional wellbeing, outreach,

cultural authority and relationship-based practice. In the context of headspace, this means very few headspace centres are delivered by ACCO lead agencies; Primary Health Networks (who commission headspace centres) have predominantly selected mainstream organisations as lead agencies.

headspace's experience also shows that government procurement settings can prevent otherwise viable partnerships from proceeding. In some remote contexts, headspace National sought to commission directly with community-controlled organisations but was unable to continue with that approach under the applicable commissioning arrangements. Major commissioning and procurement decisions should therefore be assessed against the Priority Reforms before they are finalised, including whether they strengthen local authority and sustainable ACCO capability, support complementary use of specialist youth mental health infrastructure, and avoid fragmented or duplicative service systems.

In recognition of these challenges, headspace National has worked closely with the Institute for Urban Indigenous Health to co-design and establish a headspace service in metropolitan Brisbane. The service, Staying Deadly | headspace Deception Bay, adapts elements of the mainstream headspace model and systems to local priorities and is delivered by IUIH as the lead agency. This type of partnership demonstrates the value of combining the cultural authority, community relationships and holistic practice of the community-controlled sector with headspace National's youth mental health infrastructure, model support and national learning.

While this proactive approach led to the establishment of an ACCO-led service, pathways are needed for suitable mainstream services to transition to ACCO-led delivery. Government should establish explicit pathways for more services, including youth mental health services in metropolitan, regional and remote communities, to make this transition. These decisions should be made with local communities and prospective ACCO partners—not through population thresholds alone—and accompanied by establishment and ongoing funding, workforce development, agreed transition plans, role clarity, mutual capability-building and shared accountability.

Workforce investment should include traineeships, shared employment models, culturally safe supervision, local leadership and career pathways, while recognising community knowledge, cultural authority, outreach and relationship-building.

Transition must not mean transferring responsibility or risk without the capability, infrastructure and sustained support required for success. Governments should provide long-term, flexible funding for establishment and transition, core governance and administration, workforce and organisational development, relationship-building and evaluation—not only direct service activity. This support should enable models to be adapted to Country, community priorities and local understandings of social and emotional wellbeing.

Where an ACCO is selected to lead service delivery, this needs to be supported with appropriate resourcing. This should include links to relevant mainstream services, so that the community-controlled sector can benefit from the learnings and experience of services like headspace, while adapting existing models to local needs.

Priority Reform 3: transforming organisations and funded services

As a not-for-profit organisation, headspace is not a party to, or accountable under, the National Agreement on Closing the Gap. However, we note the Agreement's call to embed cultural safety, address institutional racism, share power and increase transparency.

Since our submission to the first Productivity Commission review in 2022, headspace National has continued to work to establish and strengthen cultural governance arrangements across headspace, to combat racism and improve the cultural safety and responsiveness of services for First Nations young people. Our cultural governance arrangements place First Nations leadership, knowledge and lived experience at the centre of decision making. These arrangements include:

- the headspace National Strategic Plan sets a clear strategic priority to embed cultural safety and strengthen cultural capability across headspace, to meet the social and emotional wellbeing needs of First Nations young people
- a Cultural Governance Advisory Committee, a board committee providing oversight, guidance and accountability on all First Nations matters
- the First Nations Wellbeing and Engagement division, established to lead change across the headspace network, and provide First Nations executive leadership
- the First Nations Youth Advisory Council, providing perspectives that inform headspace services, strategy and decision making for First Nations young people, families and communities
- the headspace First Nations Cultural Governance Framework, providing a clear pathway to embed cultural considerations into decision-making, service delivery and organisational systems, to strengthen cultural capability, accountability and trust across the headspace network.

These arrangements mean headspace is stewarded by First Nations people and First Nations ways of knowing, being and doing, for all First Nations matters. They provide mechanisms to support self-determination, improve cultural safety and for First Nations young people, family, communities and staff, and incorporate practices such as cultural supervision in service delivery. These arrangements also help staff across headspace to continue to learn and reflect about racism, grow their cultural capability and to practice anti-racism. This makes embedding cultural governance an effective reform tool to address racism across service governance, design and delivery.

Case study: aligning the headspace Model Integrity Framework with cultural governance
headspace National has reviewed the headspace Model Integrity Framework (hMIF)—used to assess how centres implement the headspace model—to better align this with our First Nations Cultural Governance Framework and cultural governance principles.

The changes strengthen expectations that cultural safety, First Nations participation and local relationships are now considered as core elements of model integrity, rather than optional or separate activities. This provides a practical mechanism for translating organisation-wide cultural governance commitments into service expectations, reflection and continuous improvement across the network. The framework and its implementation will continue to

evolve under First Nations guidance and in response to learning from centres, young people and communities.

Addressing racism, embedding cultural safety and improving transparency and power sharing all require deliberate, ongoing action. headspace's experience illustrates practical steps a mainstream organisation can take, but it should not be read as evidence that cultural safety or genuine power-sharing has been fully achieved, or as a reason for mainstream organisations to retain control. Our cultural governance arrangements continue to evolve, and their value depends on First Nations leaders, young people and communities having meaningful authority, adequate resourcing and clear pathways to hold the organisation to account.

We recommend governments introduce explicit requirements for funded mainstream organisations to change their ways of working to embed cultural safety and address institutional racism.

The same approach is needed for the First Nations youth workforce. Growth in workforce numbers is important but insufficient unless roles carry genuine authority and are supported by culturally safe supervision, career and leadership pathways, appropriate role design and protection from excessive cultural load. Investment should recognise community knowledge, cultural authority, outreach and relationship-building as core capabilities rather than ancillary activities.

Priority Reform 4: Indigenous Data Sovereignty and Governance

Data from young people, family and service providers is a cornerstone of good care planning, service improvement and accountability. Priority Reform 4 provides the opportunity to transform First Nations data sovereignty and governance.

Implementation should uphold Aboriginal and Torres Strait Islander peoples' right to self-determination by enabling authority over decisions about what data are collected, the purposes of the collection, how data are interpreted and represented, who can access them, and how they are used, shared and governed.

Requirements should recognise trust and relationship-building as essential to data collection; support locally relevant priorities and flexible, accessible ways for young people to share information; increase the use of culturally relevant, strengths-based social and emotional wellbeing indicators; and better capture outreach, community engagement and culturally grounded supports.

Communities should receive locally meaningful information in forms that support their own decision-making. Quantitative service data should be interpreted under appropriate First Nations governance, with appropriate safeguards against deficit-based or decontextualised conclusions, and be complemented by community knowledge and lived experience. Data systems should serve community priorities and learning, not primarily upward reporting to government.

headspace has developed a comprehensive minimum data set and supporting data platforms, to enable national-level monitoring, evaluation, reporting and continuous improvement. However, we recognise that for First Nations young people, mainstream health data systems and processes often reproduce historical harms, reinforce deficit narratives and act as barriers to help seeking.

In alignment with the National Agreement, headspace is working towards incorporating principles of First Nations data governance, collection and sharing in our data ecosystem. As a first step, headspace National has reviewed what, when and how we collect data to identify options for improvements so that First Nations young people feel respected, safe, and supported when engaging with headspace services. This project identified a range of areas for consideration, including recognising trust and relationship building as essential to data collection, reducing the burden of data entry, and improving the accessibility and inclusiveness of data collection. We are currently planning how the improvements identified through the project can be embedded within our data collection system, while continuing to scope and define how headspace can incorporate Indigenous Data Sovereignty principles across all other elements of the data lifecycle. More information about this project can be found in **Attachment A**.

The project also recommended advocating for more culturally relevant reporting indicators and outcomes, recognising that headspace operates within a broader data environment shaped by government policy, legislation, and funding and reporting requirements. The operationalisation of Indigenous Data Sovereignty and Indigenous Data by governments will provide the authorising environment for funded services to move from data about First Nations young people towards data practices shaped by First Nations governance and purpose.