

Aboriginal and Torres Strait Islander Outcome Budgeting Landscape Report

2020-21



Acknowledgement of Country

The NSW Treasury acknowledges that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork: 'Regeneration' by Josie Rose



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Note

This Report presents a baseline view of the status of Aboriginal and Torres Strait Islander outcomes in Outcome Budgeting, based on 2020-21 Cluster Outcome and Business Plans. NSW Treasury acknowledges the significant work undertaken by Clusters to better embed First Nations outcomes in Outcome Budgeting and that at the time of release many Clusters have implemented new measures in their updated Outcome and Business Plans which cover some of the recommendations in this Report. Where a recommendation has been implemented in a Cluster's updated 2021-22 Outcome and Business Plan, it has been noted. The report also draws out lessons from reviewing First Nations outcomes for Government's application of Outcome Budgeting across cluster boundaries. Future iterations of this Report will provide a timely analysis of measures in updated Outcome and Business Plans and will measure the change from the baseline.

Executive Summary

Outcome Budgeting is one of the NSW Government's key tools to enable evidence-based, outcome-focused investment decisions and business planning across the sector.

The Outcome Budgeting framework ensures that public resources are allocated strategically in line with the NSW Government's priorities to achieve tangible outcomes within the capacity of each Cluster and Agency. As Clusters adopt this approach and transition their reporting and strategic planning towards a greater outcome focus, it is important that the outcomes being achieved work for all people within NSW, including Aboriginal and Torres Strait Islander communities.

The NSW Treasury ('Treasury') is committed to ensuring that the NSW Government's investment into First Nations communities is effective, efficient and delivers positive outcomes for these communities. As a step towards realising this commitment, Treasury has undertaken work to understand how First Nations outcomes have been embedded by Clusters in their outcome and business planning, and to identify where there are opportunities to better align the NSW Government's priorities. These priorities include the National Agreement on Closing the Gap's five Priority Reforms¹ (including the NSW-specific Priority Reform Five) and 17 Socio-economic Outcomes.

The Aboriginal and Torres Strait Islander Outcome Budgeting Landscape Report ('the Report') and its recommendations seek to improve government transparency and accountability for driving improved outcomes for First Nations peoples, in alignment with Closing the Gap Priority Reform Three (*Transforming government organisations*).

The Report presents a sector-wide view of the landscape of First Nations outcomes in the outcome and performance framework as at September 2021, highlighting where existing measures aligned with Closing the Gap are embedded and where there are opportunities for improvement.

Treasury acknowledges the Outcome and Business Plan is a high level roadmap to achieve organisational goals and priorities that may not always capture the details of a Cluster's progress against all Government priorities, and may not represent the full scope and depth of their engagement with Aboriginal and Torres Strait Islander outcomes.

This Report has the following key objectives:

- to bring a greater focus on First Nations outcomes across NSW Government agencies, using the Outcome Budgeting framework
- to support a consistent approach to aligning Outcome Budgeting to the NSW Government's commitment under Closing the Gap
- to support strategic and evidence-based investment into First Nations communities; and
- to draw out lessons and experiences from current approaches to First Nations outcomes that could help the NSW Government better direct focus towards cross-government outcomes.

Treasury's analysis of 2020-21 Outcome and Business Plans has found that:

- across the Outcome Budgeting landscape, as at September 2021, there were a total of 10 Outcome Indicators and 40 Program Performance Measures specific to First Nations communities.
 - Three of nine Clusters (Education, Premier and Cabinet, and Stronger Communities) had embedded at least one Outcome Indicator specific to First Nations peoples.
 - Five Clusters (Customer Service, Health, Planning, Industry & Environment, Stronger Communities and Treasury) had embedded at least one Program Performance Measure specific to First Nations peoples.



- seven of the 17 Closing the Gap Socio-Economic Outcomes were reflected in an existing Outcome Budgeting measure, with three of these being at the Outcome Indicator level; and
- there are opportunities for all Clusters to better reflect the NSW Government's First Nations outcomes priorities in their outcome and business planning by embedding new measures to capture the performance of existing programs and services.

Treasury has consulted with all Clusters to gain an understanding of the perceived challenges and opportunities across the sector in embedding Clusters' First Nations-specific priorities as Outcome Indicators and Program Performance Measures.

Findings suggest that, although there is a varied degree of Outcome Budgeting maturity across the sector, there are six key challenges to embedding First Nations measures in Outcome Budgeting and Outcome and Business Plans:

- determining the appropriate measures to include
- hesitancy for Clusters to take end-to-end accountability for outcomes they have limited control over, or where key drivers are the responsibility of other Clusters

- reporting timeframes constraining what measures can be developed, consulted on, approved and monitored
- data gathering and reporting challenges
- varying levels of awareness of Outcome Budgeting within Clusters; and
- in some cases, varying executive support or accountability for First Nations outcomes.

The Report makes ten general recommendations and a number of recommendations specific to each Cluster's outcome and business planning processes that seek to respond to the challenges identified in Treasury's consultations, while better aligning and reflecting First Nations priorities across the sector.

This Report establishes a baseline view of where First Nations outcomes have been embedded in Clusters and Agencies in the 2020-21 Sector Outcomes and Performance Cycle (which have since been updated).

The Report is the first in a series of regular reporting that will provide insight into NSW Government's investment in, and performance of, First Nations outcomes.

List of key recommendations

Improving Cluster focus on First Nations outcomes



1

Explore opportunities for cross-Cluster collaboration on First Nations outcomes

Treasury recommends that NSW Government further explore opportunities for cross-Cluster collaboration to drive co-ordinated and outcome-focused investment in First Nations outcomes.



2

Clusters develop Outcome Indicators aligned with Closing the Gap

Treasury recommends that, for each Closing the Gap Socio-Economic Outcome, the Cluster with lead accountability develop a corresponding Outcome Indicator that demonstrates the performance of the NSW Government relating to that particular outcome.



3

All Clusters develop new or refine existing First Nations-specific Program Performance Measures

Treasury recommends that all Programs that have a First Nations focus or significant cohort should have appropriate First Nations-related Program Performance Measures.



4

Develop First Nations-focused measures in partnership

Treasury recommends that any First Nations-related measures (Outcome Indicators or Program Performance Measures) should be developed in collaboration with internal teams focused on First Nations outcomes and in partnership with First Nations communities if appropriate.



5

Highlight where change priorities are contributing to First Nations outcomes

Treasury recommends that Clusters explain how their change priorities are being leveraged to deliver improved outcomes for First Nations people and communities.



6

Include a breakdown of First Nations expenditure

Treasury recommends that Clusters include a breakdown of financial resources that have been allocated to First Nations-specific programs and services in their Outcome and Business Plans (OBPs).



7

Establish a First Nations outcomes community of practice

Treasury recommends that a community of practice be established within NSW Government, which focuses on First Nations outcomes to foster collaboration and communication across First Nations service delivery teams and teams responsible for outcome and business planning.

Improving whole-of-government approaches to First Nations outcomes



8

Treasury to develop a framework to consider impacts of budget and policy initiatives on First Nations outcomes

It is recommended that, in partnership with First Nations stakeholders and Clusters, Treasury establish a process and framework to consider the impact of relevant budget and policy initiatives on First Nations outcomes as part of Treasury's assessment within the budget process.



9

Treasury to report on progress across First Nations outcomes in the Annual State Budget Papers

It is recommended that the NSW Government report annually on whole-of-government progress against First Nations outcomes within the State Budget.



10

Draw out lessons for collaboration across agencies on cross-Cluster outcomes

It is recommended that Treasury undertake further work to identify options to guide greater cross-cluster collaboration and reporting on outcomes more generally to further develop the Outcome Budgeting approach.

Introduction

In the past, attempts by governments to improve outcomes for Aboriginal and Torres Strait Islander peoples have failed. Too often governments have not paid enough attention to the outcomes that First Nations communities want to achieve for themselves, focusing instead on the outputs and services they think communities should have.

The National Agreement on Closing the Gap commits the NSW Government to working in partnership with First Nations communities and peak organisations to address the inequality between Aboriginal and Torres Strait Islander and non-First Nations people. This includes taking action to support the wellbeing of First Nations communities across areas, including health, education, justice, housing and land and water management. To meet this challenge, the NSW Government must ensure that its investment into First Nations communities is sufficient, co-ordinated and outcomes-focused.

The NSW Government's approach to investment decision-making has shifted over the last four years to incorporate a greater focus on outcomes, with the implementation of Outcome Budgeting — an approach to decision making that recognises that the allocation of public resources should be based on the outcomes achieved for people, not the amount spent.

This Outcome Budgeting framework integrates outcomes performance information with financial data by tying the State's investments to outcomes achieved for the people of New South Wales (NSW). The data reported within the Outcome Budgeting framework informs investment prioritisation and decision-making by identifying outcomes and programs that are delivering intended outcomes and those that may require more attention.

As a framework that incorporates government activity across the whole of the NSW public sector, Outcome Budgeting can be leveraged to align and drive investment in priorities across government. Now, with NSW committing to the National Agreement on Closing the Gap, there is an opportunity to support

a co-ordinated approach to these commitments by aligning the Closing the Gap Outcomes, Targets and Priority Reforms to the Outcome and Performance Framework.

This Report examines the current outcomes landscape to develop an understanding of how First Nations outcomes, targets and programs are currently embedded in Clusters' outcome and business planning and reporting.

It then presents findings on key challenges and issues Clusters face in embedding First Nations outcomes. This is based on an examination of 2020-21 Outcome and Business Plans and consultations with representatives from each government Cluster, the NSW Coalition of Aboriginal Regional Alliances (NCARA) and the Coalition of Aboriginal Peak Organisations (CAPO).

Finally, the Report proposes a number of recommendations to improve how First Nations outcomes are embedded in Clusters' governance and planning. Central to this endeavour is developing a model for embedding greater cross-Cluster collaboration and enhancing accountability by further harnessing the Outcome Budgeting framework.

The findings and recommendations of this Report may also inform work to enhance the outcomes focus of other cross-cutting issues across government (including domestic and family violence and mental health, for example).

Methodology

In preparing this Report, Treasury conducted an analysis of all Cluster 2020-21 Outcome Business Plans, to understand where First Nations outcomes are currently embedded and to identify opportunities to leverage Outcome Budgeting to improve First Nations outcomes.



Consequently, the Report presents a point in time analysis (as at September 2021) and Treasury acknowledges that many Clusters have since made further iterations and improvements to their outcome and business planning.

The Outcome and Business Plan is an internal Cluster planning document that is used to inform cabinet decision-making. Given these documents are cabinet-in-confidence and not publicly available, the Report seeks to limit discussion of OBPs to general features, and does not relay specific program-level information. State Outcomes and Outcome Indicators, which are reported on publicly in Budget Paper 2, are discussed more specifically.

In March 2021, on Treasury's advice, the NSW Cabinet Expenditure Review Committee (ERC) requested that all Clusters further embed First Nations-related measures in updated Outcome and Business Plans in line with the National Agreement on Closing the Gap.

Following this determination, Treasury conducted consultations with key representatives across all nine NSW Government Clusters to better understand the challenges and opportunities for each Cluster in embedding First Nations outcomes in its outcome and business planning.

In these consultations, Cluster representation included teams with carriage of the Cluster's outcome and business planning, Aboriginal outcomes and policy teams, finance teams and other key contributors.

Two rounds of consultations were held:

- first with individual Clusters between March and May 2021; and
- a second cross-Cluster round in July 2021.

Some of the general recommendations of this Report were issued to Clusters in July 2021 as guidance for updating Outcome and Business Plans ahead of the 2021 Outcome and Business Plan submissions to the Expenditure Review Committee (ERC).

Treasury also consulted two Aboriginal representative bodies in developing this Report:

- the NSW Coalition of Aboriginal Peak Organisations (CAPO); and
- the NSW Coalition of Aboriginal Regional Alliances (NCARA).

In addition to Cluster consultations, this Report and its recommendations have been written in close collaboration with several teams within Treasury, including the Outcome Budgeting policy team and Treasury's 'Customer Relationship' teams, who provide regular advice and feedback to Clusters on their performance and expenditure against State Outcomes.

Treasury acknowledges that the publication of this Report is occurring after Clusters have finalised updates to their plans for 2021-22. The recommendations for Clusters contained in this Report are based on the 2020-21 documents, meaning some recommendations have already been addressed in updated versions of Outcome and Business Plans.



Context and background

The approach and recommendations of this Report are informed by several other current NSW Government priorities: the National Agreement on Closing the Gap, the NSW Indigenous Expenditure Report, and the Premier's Priorities. This section provides a brief overview of these priorities as they relate to this Report.

Closing the Gap

The National Agreement on Closing the Gap (the National Agreement), signed by the Premier on behalf of NSW Government on 30 July 2020, marks a new way for governments to work with Aboriginal and Torres Strait Islander peoples through genuine partnership and shared decision-making.

As a signatory to the National Agreement, the NSW Government has committed to working in partnership with First Nations communities towards 17 Socio-Economic Outcomes and Targets and five Priority Reforms¹ that address the entrenched inequality between First Nations and non-First Nations Australians.

Under this commitment, the NSW Government and other jurisdictions are required to develop implementation plans and report regularly to the National Joint Council on Closing the Gap (chaired by the Commonwealth Government and the Coalition of Aboriginal Peak Organisations).

Aboriginal Affairs NSW, within the Premier and Cabinet Cluster, has led the development of NSW Government's first *Implementation Plan 2021-22* (NSWIP). This Plan details the commitments of the NSW Government over the next year and beyond to address the Closing the Gap Outcomes, Targets, and Priority Reforms. The first iteration of the NSWIP focuses on the five Priority Reform areas, which all Clusters share responsibility for, while also outlining key existing government initiatives that align with the 17 Socio-Economic Outcomes.

During the community consultation process, Aboriginal Affairs NSW noted community engagements 'highlighted a need for enhanced transparency and accountability about the outcomes delivered by government funding and services'.²

This Report and its recommendations seek to improve government transparency and accountability for driving improved outcomes for First Nations peoples, in alignment with Priority Reform Three (*Transforming government organisations*).

Embedding First Nations outcomes in Outcome and Business Plans in line with Closing the Gap will also provide Cabinet with regular updated performance information to inform ongoing investment in achieving the Closing the Gap Targets and Priority Reforms.

¹ The fifth priority reform is specific to NSW and is related to employment, business growth and economic prosperity.



Indigenous Expenditure Report

The NSW Government is currently undertaking a review of the State's expenditure on First Nations communities and will publish a comprehensive Indigenous Expenditure Report in July 2022 to inform strategic investment into achieving First Nations outcomes.

An interim Indigenous Expenditure Report has already been published, which provides insight into the NSW public sector's investment into First Nations-specific programs and services. These reports, together with this Aboriginal and Torres Strait Islander Outcome Budgeting Landscape Report, will enable the NSW Government and First Nations communities to have a view of how First Nations expenditure is mapped to outcomes, and where there are opportunities to reprioritise or invest further.

The Premier's Priorities

The Premier's Priorities³ outline the NSW Government's commitment to tackling key issues to improve the quality of life of NSW citizens through ambitious targets. As at September 2021, eight of the priorities related to areas that directly align to Closing the Gap Outcomes and/or Targets, including:

- bumping up education results for children
- increasing the number of Aboriginal young people achieving their learning potential
- protecting the State's most vulnerable children
- increasing permanency for children in out-of-home care
- reducing domestic violence reoffending
- reducing recidivism in the prison population
- reducing homelessness; and
- reducing the rates of suicide deaths towards zero.

These areas of alignment are important to note in the context of Outcome Budgeting. Many Clusters have embedded the Premier's Priorities as Outcome Indicators and/or Program Performance Measures within the Outcome Budgeting Structure.

As Closing the Gap Outcomes are further embedded in Outcome Budgeting, there may be opportunity to strategically align existing measures relating to the Premier's Priorities with measures that reflect a commitment to driving outcomes for First Nations populations in these priority areas.

² NSW Implementation Plan for Closing the Gap, p. 29. Accessed 8/09/2021. Available at <<https://www.aboriginalaffairs.nsw.gov.au/closingthegap/nsw-implementation-plan/2021-22-implementation-plan/NSW-Implementation-Plan-2021-22.pdf>>

³ Refers to Premier's Priorities which were current in the 2020-21 year.

The Outcomes Landscape

The Outcome Budgeting Framework

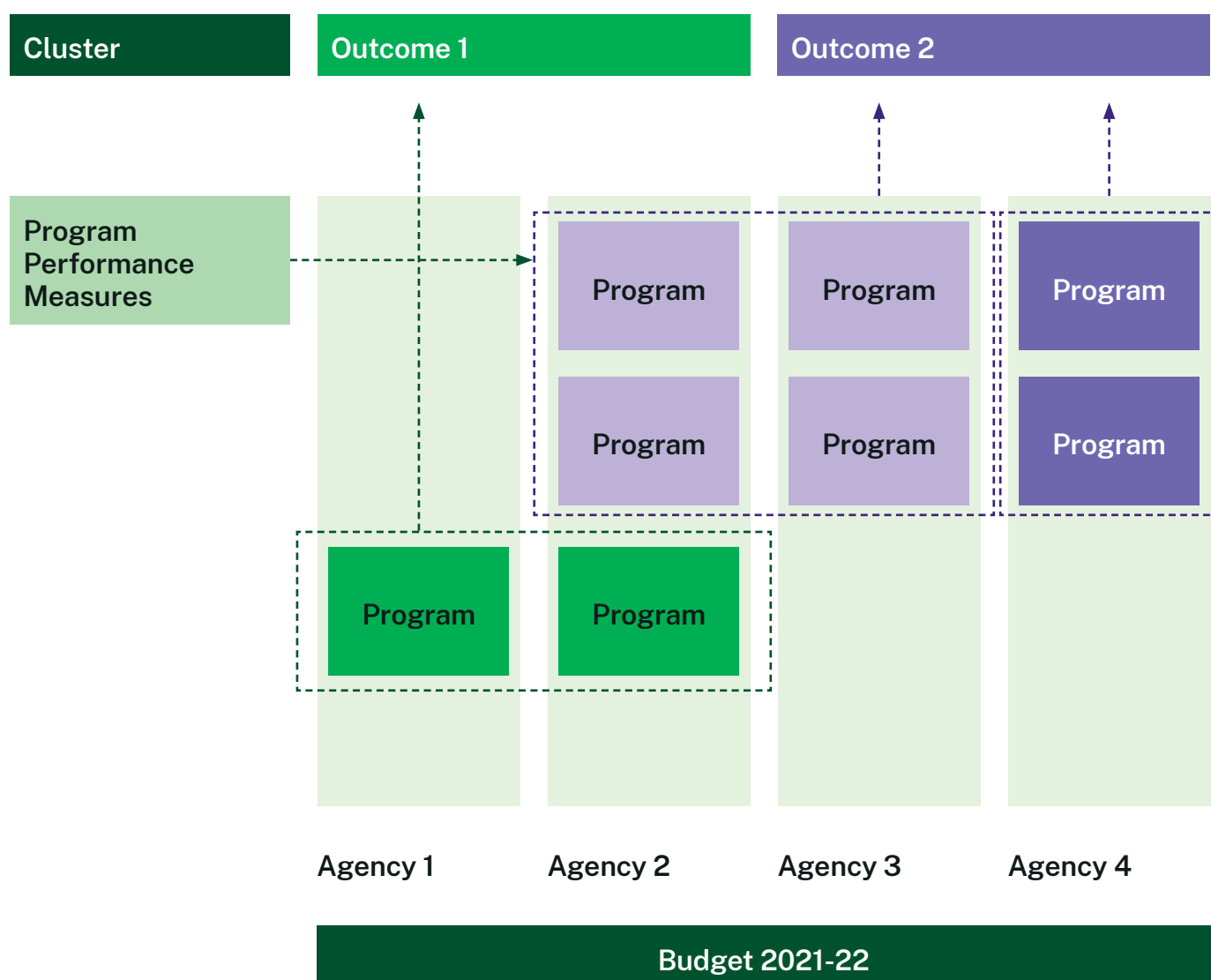
In the 2017-2018 Budget, the NSW Government announced Outcome Budgeting as a major reform to progressively develop and refine a framework that embeds government accountability for achieving Outcomes for the people of NSW and facilitates performance informed investment decision-making.

The *Government Sector Finance Act 2018* underpins the framework to promote accountability, transparency and reporting by requiring Government Sector Finance (GSF) agencies to keep performance information (as outlined in Part 8 of the Act).

Outcome Budgeting recognises that the allocation of public resources should be based on the outcomes achieved for the people of NSW, not the amount spent.

Under the Outcome and Performance Framework ('the Framework'), new and existing government initiatives are required to contribute to one or more of the 37 State Outcomes. Outcome Indicators measure progress against each State Outcome, and Program Performance Measures (PPMs) indicate the performance of Programs that sit under, and contribute towards, State Outcomes.

Figure 1: The Outcome and Performance Framework



The Framework is designed to tie the total State Budget to Outcomes for the people of NSW. From its inception, this Framework integrates significant government priorities, such as the Premier's Priorities.⁴

In signing the National Agreement on Closing the Gap, the NSW Government has committed to ambitious targets in outcome areas that relate to many of its core service areas, including health, education, housing and family services.

Aligning NSW's State Outcomes with the NSW Government's commitments under Closing the Gap enables a more coordinated and effective approach to investing in First Nations programs and services and ensures that strategic resource allocation decisions consider this important commitment.

This commitment was recognised by NSW Cabinet's Expenditure Review Committee in March 2021, where it was requested that updated Outcome and Business Plans better embed Indigenous-related measures that are aligned with Closing the Gap as Outcome Indicators and Program Performance Measures, within existing resources.

The following section of this Report surveys the Outcome Budgeting landscape as reflected in 2020-21 OBPs with a focus on First Nations-related outcomes and measures.

⁴ Treasury Policy Paper 18-09: Outcome Budgeting, p. 11. Accessed 8/09/2021. Available at: <<https://www.treasury.nsw.gov.au/sites/default/files/2018-12/TPP18-09%20Outcome%20Budgeting.pdf>>

First Nations outcomes in Outcome Budgeting

As of September 2021, the NSW Government is committed to 37 State Outcomes.



Of these State Outcomes, one is specific to First Nations peoples (Empowering Aboriginal Communities, within the Premier & Cabinet Cluster).

This State Outcome covers the activities of Aboriginal Affairs. In 2020-21, total investment into this State Outcome was \$42.8 million.

Three out of the nine NSW Government Clusters have embedded First Nations-specific Outcome Indicators.



In total, 10 out of 195 Outcome Indicators across the 37 State Outcomes are specific to First Nations peoples.

Two young girls smiling



These Outcome Indicators fall within three Clusters:

Education

Five First Nations-specific Outcome Indicators across two State Outcomes:

- **Best start in life for young children**

Proportion of enrolled Aboriginal children who are enrolled in an early childhood education program, are enrolled for at least 600 hours in the year before school

- **Educational foundations for success**

Proportion of Aboriginal students attaining Year 12, while maintaining their cultural identity

- **Educational foundations for success**

Proportion of Aboriginal students in public schools in the top two NAPLAN bands for reading and numeracy

- **Educational foundations for success**

Reduce the gap between Aboriginal and non-Aboriginal students in public schools reporting a sense of belonging, expectations for success and advocacy at school; and

- **Educational foundations for success**

Proportion of Aboriginal students in public schools above the national minimum standard for reading and numeracy.

Premier & Cabinet

Four First Nations-specific Outcome Indicators within the *Empowering Aboriginal Communities* State Outcome:



100 per cent compliance with the Stolen Generations Reparations Scheme;



Development and inclusion of measures relating to 'Closing the Gap' priority reforms



Increase in government contracts awarded to Aboriginal businesses in line with the Aboriginal Procurement Policy target



Number of Aboriginal Language Boards having developed and implemented local language programs within their community.

Stronger Communities

One First Nations-specific Outcome Indicator within the *Active and inclusive communities* State Outcome:

Number of Aboriginal people in senior leadership roles.

In the Framework, a number of Programs contribute to each State Outcome.⁵ A Program is 'a collection of activities, tasks, divisions or functions of an agency, designed to deliver specific outputs that contribute towards achieving a State Outcome.' Program Performance Measures capture the performance of a Program in contributing towards its relevant State Outcome.

Four Clusters have embedded Program Performance Measures specific to First Nations peoples: Customer Service, Planning, Industry and Environment, Stronger Communities, and Treasury.

Of approximately 650 Program Performance Measures across NSW Government, 40 are First Nations-specific measures with a majority of measures included within the Stronger Communities (19 PPMs) and Planning, Industry and Environment (16 PPMs) Clusters.

These existing First Nations-specific measures reflect some of the NSW Government's commitments to driving improved outcomes in First Nations communities, including some measures that are already aligned to Closing the Gap outcome areas.

Further work is needed, however, to embed these outcomes in the Outcome Budgeting Structure and build the maturity of Clusters' approaches to measuring and reporting on First Nations outcomes.



For example, 10 out of the 17 Closing the Gap Socio-Economic Outcomes are not reflected by a related First Nations-specific measure at any level while four are reflected by one or more related Program Performance Measures and three are reflected by one or more related Outcome Indicators.

Some Closing the Gap Outcome areas have a corresponding universal measure within the Outcome Budgeting Structure, but not a First Nations-specific measure. For example, the Health Cluster includes the Outcome Indicator 'Towards zero suicides', focused on suicide prevention in the general population. However, it does not include a measure for suicide prevention within the First Nations population for which there is an existing specific Closing the Gap outcome.

Having a consistent approach to embedding Closing the Gap outcomes and other First Nations outcomes within Outcome Budgeting will ensure that performance against these outcomes is reviewed regularly and informs government decision-making from initial investment decisions, to implementation, progress reporting and evaluation.

⁵ Treasury Policy Paper 18-09, p. 8.

Challenges and opportunities

Through consultations conducted with all NSW Government clusters and a review of 2020-21 Cluster Outcome and Business Plans and performance data, Treasury found that there were a number of overarching themes that emerged regarding challenges to, and opportunities for, embedding First Nations outcomes in the Outcome Budgeting Structure and Cluster Outcome and Business Plans.

This section of the Report discusses these observations, highlighting the key challenges faced and opportunities for Clusters and agencies in developing greater maturity in embedding First Nations outcomes.

Before making these observations, it is important to note that there is varied maturity of Outcome Budgeting between Clusters for several reasons, including:

- some Clusters are newly formed, or have been operationally impacted by machinery of government changes
- for some Clusters, transitioning to outcome-focused business planning has been more challenging than for others. An example of this varied maturity is clearly seen in how Program Performance Measures are integrated into Cluster 2020-21 OBPs – some Clusters have developed a full suite of measures and are focused on refining existing measures, while some Clusters have only started drafting or piloting them.⁶

Treasury plays an important role as the steward of Outcome Budgeting to note opportunities to drive improvements and ensure that the framework is effective, inclusive, and benefits all citizens of NSW.

Varying degree to which First Nations-related measures are embedded across Clusters

There is a varying degree to which First Nations-related measures have been embedded in 2020-21 Outcome and Business Plans.

- Premier & Cabinet is the only Cluster with a First Nations-specific State Outcome, while Education and Stronger Communities have each identified one or more First Nations-specific Outcome Indicators.
- Four of the nine Clusters have identified at least one Program Performance Measure specific to First Nations peoples. Two Clusters (Transport and Regional NSW) have not identified any First Nations-specific measures in their respective Outcome and Business Plans (however neither of these two Clusters have responsibility for specific Closing the Gap Outcomes).

This variance in some cases reflects different levels of maturity between Clusters' implementation of Outcome Budgeting. For example, the Education and Premier & Cabinet Clusters have not yet developed a full suite of Program Performance Measures for inclusion in their OBPs, so did not report any First Nations-specific measures at this level.

⁶ Treasury has only recently required collection of Program Performance Measure data from all Clusters.



In other cases, the variance appropriately reflected the differing scale and number of First Nations-specific programs and services delivered by the Cluster. For example, First Nations Year 12 attainment, as a focus spanning the entire NSW public school system, is included as a higher-level Outcome Indicator. Meanwhile, the performance of discrete programs, such as the Department of Planning, Industry and Environment's Roads to Home program, are measured through associated Program Performance Measures.

Sometimes, the inclusion of First Nations-specific measures and content in Cluster OBPs also reflects differences between Clusters' approaches to First Nations outcomes. For example, Planning, Industry & Environment's OBP includes significant reference to its Cluster wide *Our Place on Country Aboriginal Outcomes Strategy*, including a chapter highlighting Cluster initiatives under the strategy. The Stronger Communities OBP includes First Nations outcomes as a cross-cutting priority across each of its State Outcomes. Other Clusters do not have a centralised Aboriginal outcomes function or Cluster-wide strategy for working with First Nations communities or did not refer to it in their OBP.

Some of the variance between Clusters also reflects differences in how the Outcome Budgeting framework has been applied. For example, although all Clusters fund some First Nations-specific programs and services, not all Clusters reflect these by embedding relevant Program Performance Measures.

Similarly, some Clusters supplement reporting on key measures with more detailed descriptions of how select programs and services are contributing towards these measures. For example, the Health Cluster's OBP includes key information describing activities that contribute to the performance of each of its Outcome Indicators, including how the Get Healthy in Pregnancy program has focused on engaging First Nations women.

Challenges to embedding First Nations outcomes

Through Treasury's consultations, the Report has identified six key challenges that most or all Clusters have faced in embedding First Nations outcomes in their Outcome and Business Plans.

Determining appropriate measures to include in the Outcome and Business Plan

The first challenge relates to determining measures that are appropriate and feasible to include as Outcome Indicators or Program Performance Measures. Some Clusters serving multiple ministers, such as Stronger Communities, experience greater challenges in aligning Outcome Indicators with ministerial priorities.

In addition, some participants had an understanding that Outcome Indicators should represent measures connected to significant investment and were concerned that existing resource allocation to First Nations programs did not meet this threshold. With respect to Program Performance Measures, some Cluster participants noted that, while there is significant program-level data collected across their Cluster, it is necessary to be purposeful in selecting measures most aligned to Cluster priorities to be included in the Outcome and Business Plan and performance reporting.

Programs, in the context of Outcome Budgeting, are groups or 'buckets' of activities funded within the Cluster's budget. This means Program Performance Measures will not represent the performance of every initiative that falls in a particular Program. This was especially relevant to larger and more complex Clusters such as Stronger Communities and Planning, Industry & Environment to ensure reporting requirements are not overly burdensome.

Lack of 'end to end' accountability for certain outcomes

During consultations, many Cluster representatives noted there were limitations to what their respective Cluster could influence through its programs and activities to improve certain outcomes. This meant some Clusters were reticent to include ambitious measures that they could not be accountable for 'end to end.'

This was especially the case for health and socio-economic outcomes, which often involve multiple complex drivers. For example, in the case of health outcomes multiple studies have suggested that social determinants of health, including access to education, housing and income, account for between 30-55 per cent of health outcomes.⁷

Similarly, employment impacts on justice outcomes and early childhood development can impact education outcomes. This was perceived as a challenge in the context of some of the Closing the Gap Outcomes and Targets, many of which are impacted by services provided by several Clusters.

The Policy and Guidelines Paper, TPP 18-09: Outcome Budgeting, acknowledges that State Outcomes can be impacted by a range of factors that fall outside of a Cluster's activities and suggests a pragmatic approach for each Cluster to select its Outcome Indicators, based on services.⁸

So far, implementation of Outcome Budgeting has facilitated inter-agency coordination within Clusters, with multiple agencies and delivery groups often contributing to the same State Outcome. For example, Planning, Industry and Environment's Maximise community benefit from government land and property State Outcome brings together Programs from the Housing and Property delivery group together with Programs from the Place Design & Public Spaces delivery group under a common purpose.

While this can act to reduce silos within a Cluster, the Outcome Budgeting reform has not yet been implemented to accommodate outcomes with more complex drivers that span across multiple Clusters.

Timeframes related to Outcome and Business Plans

An Outcome and Business Plan is an annual agreement between the NSW Government, Cluster Ministers and the Cluster Secretary that covers the rolling four-year horizon. This horizon informs what targets are set and to what timeframes.

Some participants, noting that measures included in OBPs need to show meaningful performance information on an annual basis in line with Cabinet review processes, were hesitant to include Closing the Gap targets in their Cluster OBP as they are set to a ten-year timeframe and may not align with data reporting timeframes. For example, the Health Cluster is responsible for leading government efforts to close the gap in life expectancy by 2031.

Cluster participants suggested that this target would be difficult to report on in Outcome and Business Plans as data is reported at a federal level only every three to four years, and state-based public health interventions are unlikely to report significant impacts on the target's progress on an annual basis.

Data gathering and reporting challenges

Participants from some Clusters shared that there were challenges to collecting and reporting on the right data to effectively monitor First Nations outcomes.

Participants from some Clusters, including Regional NSW and Transport, noted that they are still developing the capability to collate data across different agencies and divisions in a consistent and reportable format. For example, while Transport collects data on expenditure with Aboriginal businesses and employment opportunities supported in line with the Aboriginal Procurement Policy (APP), participants noted data cannot consistently be disaggregated to the project level, reducing accountability for meeting APP targets.

Some Cluster programs and services also had limited capability to report on First Nations outcomes-related measures due to not having reliable data on the First Nations identification of its customers.

Varying levels of awareness of the Outcome Budgeting framework

Another challenge that was observed across several Clusters in embedding First Nations outcomes in OBPs relates to who is involved in the outcome and business planning process.

As a budgeting document, responsibility for coordinating and developing a Cluster's OBP is generally allocated to a Cluster's finance team or other corporate services function.

⁷ World Health Organisation: https://www.who.int/health-topics/social-determinants-of-health#tab=tab_1

⁸ TPP18-09, p. 7.

Some Clusters had consulted widely in the development of their OBPs. For example Education's OBP had been informed by their Aboriginal Outcomes teams, well promoted within the Department, and aligned closely to the Cluster's Strategic Plan.

Other Clusters had engaged internal staff to a lesser extent and had not promoted the Cluster's State Outcomes and Outcome Indicators internally.

Some participants expressed hesitancy about sharing the document internally due to confidentiality concerns and sought clarification on how widely it ought to be shared within the Cluster.

Executive support and accountability for First Nations outcomes

Participants across several Clusters noted that a challenge to embedding First Nations outcomes in the OBP was a lack of executive support for or awareness of First Nations-related priorities.

Some participants, including from the Transport and Regional NSW Clusters, suggested that executive support and accountability for outcomes was a key determinant of the focus and inclusion of First Nations-related measures in outcome and business planning processes.

One participant used the example of the Premier's Priorities, which had been successfully implemented within their Cluster, in part through the relevant Deputy Secretaries being held accountable through KPIs in their contracts.

All Clusters identified opportunities to better embed First Nations-related measures

Despite the above challenges, all Clusters identified that there were opportunities to better embed First Nations-related measures in future updates to OBPs.

Many of these opportunities related to leveraging existing programs and initiatives that had not yet been included in the OBP. For example, participants from Customer Service noted opportunities to develop measures relating to visits its mobile Service NSW centres make to First Nations communities to provide access to services.

Participants from Transport suggested inclusion of a measure related to support for First Nations businesses in line with Closing the Gap Priority Reform 5. Participants from some Clusters suggested that Treasury issue guidance on how First Nations outcomes could be better embedded in OBPs.

Many Clusters expressed interest in greater opportunities for cross-Cluster collaboration on outcomes

Many Cluster representatives agreed that establishing mechanisms for further cross-Cluster collaboration in the Outcome Budgeting framework presents an opportunity to address the challenge of owning end-to-end accountability for certain outcomes.

Defining a shared outcome and set of indicators, with clear roles and responsibilities between agencies, are all examples of options raised that were thought could help ensure co-ordinated investment decisions across government and shared accountability for complex and broad-reaching outcomes.

It was also suggested that cross-Cluster outcomes could be enhanced by linked or shared data sets to create opportunities to better understand service interactions from a customer perspective and provide a whole-of-government view of where there is over-or under-performance in programs.

Close up of baby looking over his mother's shoulder



General Recommendations

Based on analysis of Clusters' 2020-21 OBPs and consultations with all nine NSW Government Clusters, Treasury has developed nine recommendations to better embed First Nations outcomes across the Outcome Budgeting Structure and Cluster Outcome and Business Plans.

These recommendations are intended to create a consistent approach to embedding First Nations outcomes and align NSW's investments into First Nations communities with government priorities and commitments.

The recommendations are focused on aligning priorities with our commitments under Closing the Gap, including the NSW Government's core commitment to working in partnership with First Nations communities to drive First Nations outcomes.

Explore opportunities for cross-Cluster collaboration on First Nations outcomes

Outcome Budgeting is intended, among other things, to transform resource allocation processes from having an 'agency focus' where resource allocation decisions are focused on individual agencies to an 'outcome focus' where cross-Cluster collaboration and a whole-of-government perspective is encouraged.⁹

Given the commitment and responsibilities across government in working towards Closing the Gap, this aspect of the Outcome Budgeting reform presents an opportunity to enable better coordination and effective investment into achieving Closing the Gap outcomes. However, the findings presented above suggest that in practice, there has so far been limited cross-Cluster collaboration facilitated by Outcome Budgeting reform.

Further investigation of existing barriers to collaboration would provide insights into how Outcome Budgeting can be better implemented to drive cross-Cluster collaboration.

Attention is required to address how the Outcome Budgeting framework can be harnessed in a way that drives collaboration across Clusters, especially with respect to outcomes with complex determinants such as the Closing the Gap Socio-Economic Outcomes.

Further work could inform the best approach to enabling greater collaboration, including identifying outcome areas where there is an interest in increased collaboration, as well as an understanding of where differing approaches might face challenges or advantages.

⁹ TPP 18-09, p. 2.



Closing the Gap: a pilot for cross-Cluster outcomes?

Treasury found throughout its consultations on First Nations outcomes that there is a desire among many Cluster representatives for Clusters to work more collaboratively towards shared outcomes.

The National Agreement on Closing the Gap commits NSW Government to work in partnership with Aboriginal and Torres Strait Islander peak organisations and other community representatives to achieve its Outcomes, Targets and Priority Reforms. It is supported by a strong governance structure that features both shared and agency-level accountability, shared decision-making with First Nations communities and strong Cabinet oversight. It has also facilitated collaboration between Clusters through a number of Officer-Level Working Groups, each based around a Priority Reform or Socio-Economic Outcome area.

By leveraging the existing commitment across government to Closing the Gap, as well as the established governance and accountability structures, there is opportunity to explore how Outcome Budgeting could reflect and further strengthen these cross-Cluster efforts.

It is recognised however that these features are unique to Closing the Gap and may not exist for other cross-Cluster priorities, therefore further exploration is needed to assess the merits of this model.

Further consultation could build upon the findings of this Report and provide a greater understanding of the challenges and opportunities involved in establishing a cross-Cluster State Outcome.

If successful, such a pilot could inform future processes to drive greater collaboration across Clusters in other policy areas.

Treasury recognises that greater exploration of existing cross-Cluster collaboration mechanisms, a more thorough analysis of the purpose, challenges and opportunities of the Outcomes Budgeting Framework and greater consultation is needed before this work can advance.

Recommendations

Improving Cluster focus on First Nations outcomes



1

Explore opportunities for cross-Cluster collaboration on First Nations outcomes

Treasury recommends that NSW Government explore opportunities to leverage the Outcome Budgeting framework to support greater collaboration between Clusters in achieving First Nations outcomes. Further work is needed to determine the best approach.

2

Clusters develop Outcome Indicators aligned with Closing the Gap



Treasury recommends that, for each Closing the Gap Socio-Economic Outcome, the Cluster with lead responsibility develop a corresponding Outcome Indicator that demonstrates the performance of the Government relating to that particular outcome. Including Closing the Gap measures as Outcome Indicators reasserts the accountability of the relevant portfolio Minister, in line with Closing the Gap governance structures.

These measures should be integrated into agency planning and management processes and should be able to be measured accurately and regularly. Appendix A contains a figure demonstrating how each Closing the Gap Socio-Economic Outcome aligns with existing State Outcomes.

3

All Clusters develop and refine First Nations-specific Program Performance Measures



Treasury recommends that all Programs that have a First Nations focus or significant cohort should have appropriate First Nations-related Program Performance Measures.

Any Programs with a First Nations focus or universal Programs with a significant First Nations cohort should have appropriate First Nations-related Program Performance Measure(s) (of any measure type), that measure progress towards improved outcomes for First Nations communities in alignment with Closing the Gap. Clusters should also examine whether their current Programs appropriately reflect the Cluster's First Nations-related priorities.

4

Develop First Nations-focused measures in partnership



Treasury recommends that any of the above First Nations-related measures (Outcome Indicators or Program Performance Measures) should be developed in collaboration with internal teams focused on First Nations outcomes, and in partnership with First Nations communities if appropriate. This collaboration should extend to data collection and reporting practices, in line with principles of First Nations data sovereignty.

To accurately reflect Cluster outcomes and activities, the business planning process should be informed by collaboration with a range of teams within Clusters. Outcome Indicators and Program Performance Measures should be informed through collaboration with relevant stakeholders within Clusters. Similarly, First Nations-focused measures should be developed in collaboration with internal Cluster teams focused on First Nations outcomes.

In addition, where appropriate, developing and reporting on First Nations-focused measures should also be informed through partnership with First Nations communities, for example through peak representative bodies. This ensures communities can benefit from and participate in decision making that affects them and reflects the NSW Government's partnership with the NSW Coalition of Aboriginal Peak Organisations through the NSW Implementation Plan for Closing the Gap.

It also supports Aboriginal and Torres Strait Islander peoples' right of self-determination, ensuring that First Nations communities help to identify the outcomes they believe should be prioritised.

5 Explain where change priorities are contributing to First Nations outcomes

Treasury recommends that Clusters explain how their change priorities are being leveraged to deliver improved outcomes for First Nations people and communities.



Change Priorities outline the Cluster's implementation strategy for their State Outcomes, ensuring the Cluster has the capacity to deliver on its Outcomes. Treasury's *Outcome and Business Plan Guidance* document includes specific guidance on how to describe and develop these Change Priorities, in alignment with the Cluster's existing priorities.

In describing their Change Priorities, Clusters should explain where these priorities are building its capacity to deliver improved outcomes for First Nations peoples and communities as articulated in its Outcome Indicators and Programs. Change Priorities should align with broader Cluster-wide First Nations priorities where relevant.

6 Include a breakdown of First Nations expenditure

Treasury recommends that Clusters include a breakdown of financial resources that have been allocated to First Nations-specific programs and services (as provided to Treasury earlier in 2021 through data collection for the *NSW Interim Indigenous Expenditure Report*).

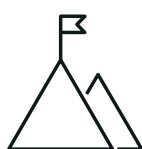


Treasury's *Outcome and Business Plan Guidance* requires that the Budgeting for Outcomes chapter analyses expenditure to demonstrate how the Cluster's financial resources contribute to State Outcomes and outline the Cluster's investment decision-making process and business performance.

In detailing how financial resources contribute to State Outcomes, Clusters should provide a breakdown of financial resources that have been allocated to First Nations-specific programs and services, including disaggregation by service delivery provider and by geographic region (where possible). This breakdown should include recurrent and capital expenditure.

It is recommended that detailed First Nations-related expenditure be provided in an appendix. Including this data will enable ERC to keep informed as to how services are being delivered to First Nations communities and where there may be opportunity to build the community-controlled sector.

7 Establish a First Nations outcomes community of practice



Treasury recommends that a community of practice be established, which focuses on First Nations outcomes to foster collaboration and communication across First Nations service delivery teams and teams responsible for outcome and business planning.

8 Treasury to develop a framework to consider impacts of budget and policy initiatives on First Nations outcomes



It is recommended that Treasury establish a process and framework in partnership with First Nations stakeholders to consider the impact of relevant budget and policy initiatives on First Nations outcomes as part of Treasury's assessment within the budget process. This should be considered alongside other distributional impacts supported by robust business cases, such as in the assessment of new policy proposals.

This framework should be applied to initiatives over a certain value that are likely to impact First Nations peoples, and could leverage existing work within Treasury, including the Closing the Gap short form business case and the Aboriginal Economic Prosperity Outcomes Framework.

This measure has been identified to facilitate earlier outcome-focused assessment of initiatives that considers impacts on First Nations communities more holistically. It follows the example of other Departments, including the Department of Communities and Justice, which has introduced an internal Aboriginal Impact Statement for major submissions.

9 Treasury to report on progress on First Nations outcomes in annual State Budget Papers



It is recommended that Treasury report annually on whole-of-government progress against First Nations outcomes within the State Budget. This will provide the public with more transparency as to the outcomes being achieved by Government investment in programs and services for First Nations peoples, including those aligned with Closing the Gap.

10 Draw out lessons for collaboration across agencies on cross-Cluster outcomes



It is recommended that Treasury undertake further work to identify options to guide greater cross-cluster collaboration and reporting on outcomes to further develop NSW's outcome budgeting approach.



Department of Communities and Justice's Aboriginal Impact Statement

The AIS supports the Department to develop reforms that address core target areas under the strategy, and is underpinned by principles, including:

- determine how the needs and interests of Aboriginal people will be reflected in the work; and
- respect and value the cultural and historical legacy of Aboriginal and Torres Strait Islander people in NSW.

Under the guidelines, staff from the Department must complete an Aboriginal Impact Statement for all Cabinet submissions, all NSW led inter-jurisdictional proposals and any other initiative expected to have an impact on Aboriginal and Torres Strait Islander peoples.

Cluster-specific findings and recommendations

In addition to the above sector-wide observations and recommendations, Treasury's analysis and consultation with Clusters revealed opportunities for specific Clusters to better embed First Nations outcomes in the Outcome Budgeting Structure and their Outcome and Business Plans.

This section details Cluster-specific observations and analysis related to First Nations outcomes in the Outcome Budgeting landscape. These observations are based on desktop analysis of Cluster Outcome and Business Plans and insights from consultations with key representatives from Clusters.

Treasury acknowledges that Cluster Outcome and Business Plans are evolving documents. Where a recommendation has been implemented in a Cluster's updated 2021-22 OBP, it has been noted.

Customer Service

Overview

The Customer Service Cluster was established in 2019 and includes more than 30 agencies, entities and business units including Service NSW, Revenue NSW, and the State Insurance Regulatory Authority.

The Cluster's main focus is on delivering an improved customer experience for NSW residents accessing government services. The Customer Services Cluster is responsible for delivering three State Outcomes:



Excellence in customer service



Digital leadership and innovation in government services



Fair, secure and efficient markets

It also has responsibility for Closing the Gap Outcome 17, focused on ensuring Aboriginal and Torres Strait Islander peoples have access to information and services enabling decision-making regarding their own lives.

The Customer Service OBP gives a detailed overview of the Cluster's strategic priorities and key deliverables, including how its *DCS Connect* strategy aligns with the three State Outcomes. The Cluster has clearly defined Programs and sub-programs with associated Program Performance Measures that connect Programs with the relevant State Outcome.

Due to the Cluster's decentralised structure and recent formation, there is currently no centrally coordinated approach to First Nations outcomes and service delivery, with First Nations focused initiatives often occurring at an agency or program level.

Only one of these initiatives is reflected in the Outcome and Business Plan (OBP), with two Program Performance Measures measuring the performance of the Cluster in increasing First Nations birth registrations. These measures contribute to the Service Excellence for People Program within the *Excellence in Customer Service* State Outcome.

It is worth noting there is also a Program Performance Measure monitoring the value of debts resolved through Work and Development Orders (WDOs) as part of the Fairer Fines program, which provides vulnerable customers the option to pay fines through activities such as unpaid work or a vocational course. Although this measure is not First Nations-specific, the value of WDOs has shown to have a positive impact on outcomes for First Nations customers through helping break the fines debt cycle.

Discussion and recommendations

There are opportunities for the Customer Service Cluster to better embed First Nations-related measures in its OBP and measure outcomes for First Nations peoples by including measures that reflect other existing initiatives, such as Service NSW's Mobile Service Centres which provide access to government services for remote communities.

Treasury recommends

1. The Cluster develop new First Nations-specific measures, including an Outcome Indicator that aligns with Closing the Gap Outcome 17, indicating the Cluster's performance in providing access to information and services that empower First Nations peoples to make informed decisions about their own lives.

There is also opportunity for the Cluster to leverage its recently published *Aboriginal Customer Engagement Strategy* to inform future OBP measures to ensure outcomes being measured are in alignment with the priorities of First Nations communities.

10 Treasury notes the updated 2021-22 Customer Service OBP includes an Outcome Indicator measure in alignment with Closing the Gap Target 17.

Education

Overview

The Education Cluster consists of the Department of Education, the NSW Education Standards Authority and TAFE NSW. The Cluster is responsible for delivering public education and supporting the broader education sector, from early childhood education, through primary and secondary school and into vocational and higher education. Education is responsible for delivering four State Outcomes:



Best start in life for young children



Educational foundations for success



High quality standards for schooling in NSW



Skilled and employable workforce

Under the National Agreement on Closing the Gap, the Cluster is responsible for leading NSW's efforts towards Targets and Outcomes 3, 5, 6 and 7 which cover access to early education, Year 12 attainment, tertiary education and training and employment after school.

Best start in life for young children



(Indicator: Proportion of enrolled Aboriginal children who are enrolled in an early childhood education program, are enrolled for at least 600 hours in the year before school)

Educational foundations for success



(Indicator: Proportion of Aboriginal students attaining Year 12, while maintaining their cultural identity).¹¹

Of these, Outcomes 3 and 5 are well represented in Education's Outcome Budgeting structure, with two corresponding Outcome Indicators included under the following State Outcomes:

Further to these measures, Education has included three other Outcome Indicators focused on improving NAPLAN results, student wellbeing and literacy and numeracy among First Nations students at public schools. These measures also support progress towards First Nations young people achieving their full learning potential, in alignment with Closing the Gap Outcome 5.

In 2020-21, Education's OBP focused on the activities and priorities of the Department of Education, meaning it did not include outcomes or programs delivered by NESA or TAFE.¹²

At the time of finalising the 2020-21 OBP, the Department of Education was in the process of continuing to update and refine its Outcome Budgeting architecture to fully embed a consistent and coherent program logic. This included identifying ongoing programs of work and specific change initiatives within each outcome and organising the broader *Educational foundations for success* Outcome into the four key focus areas of student wellbeing, academic achievement, student equity and independence.

Nevertheless, the OBP demonstrates a clear commitment to achieving outcomes for First Nations young people, especially in early childhood, education and schooling.

The OBP explains opportunities to lift the Department's performance against the State Outcomes by highlighting key initiatives and actions that are designed to progress the Department towards achieving its Outcome Indicator targets. This demonstrates how performance information from Outcome Indicators is shaping the Department's priorities.

In the context of the Department's First Nations outcomes, the OBP outlines some important actions to improving access to early childhood education and lifting Year 12 attainment, including through introducing targets at a school-based level through school Strategic Improvement Plans.

¹¹ This measure is a Premier's Priority.

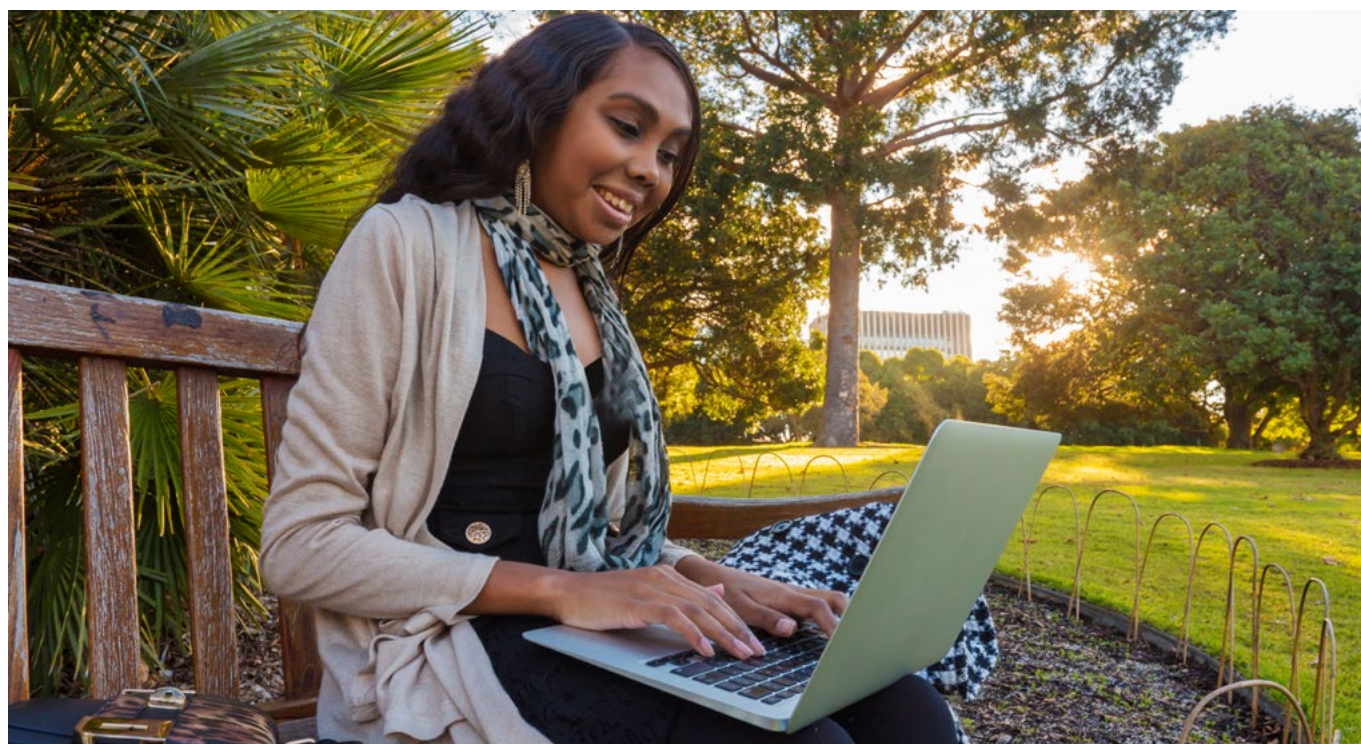
¹² The exclusion of NESA and TAFE is being addressed in 2021-22, with each agency developing its own Outcome and Business Plan. Agency-level OBPs provide the opportunity for a Cluster to strengthen its outcome logic down to the level of discrete programs and services that an agency delivers.

Discussion and recommendations

The Cluster's approach to embedding First Nations outcomes in Outcome Budgeting could be strengthened by the inclusion of Outcome Indicators

related to Closing the Gap Outcomes 6 and 7, and the development and inclusion of program-level measures, as Program Performance Measures, that highlight the impact of key initiatives in working towards the higher-level Outcome Indicators.

Young student on campus



Treasury recommends

1. Education include new Outcome Indicators under its *Skilled and employable workforce* Outcome that align with Closing the Gap Outcomes 6 and 7, which aim to lift the proportion of First Nations young people in training or employment.
2. The Department and agencies also develop program performance measures that demonstrate the impact of its key First Nations-related programs and activities in contributing towards broader state-specific outcomes. For example, the Department has recently completed the co-design of a NSW Aboriginal early childhood education strategy (the *First Steps Strategy*), which sets performance targets for achieving increased Aboriginal participation and engagement in early years education.

Treasury encourages

1. The Department to develop similar program performance measures that track the impact of programs and activities in contributing towards improved outcomes for First Nations communities against all relevant state outcomes.
2. Similarly, the Department's OBP lists key initiatives and actions to support higher Year 12 attainment rates for First Nations students, such as the inclusion of school-level targets for First Nations Year 12 attainment under the Strategic Improvement Plans initiative.

Measurements of the impact of these key programs should be included as Program Performance Measures to give greater insight into programs and initiatives that are driving performance of the Outcome Indicator.

Health

Overview

The Health Cluster comprises the NSW Ministry of Health, NSW's 15 Local Health Districts (LHDs) and various Health organisations that make up the NSW public health system, including NSW Ambulance and Health Infrastructure. It oversees the largest public health system in Australia. The Cluster has carriage of five State Outcomes:



Keeping people healthy through prevention and health promotion



Our people and systems are continuously improving to deliver the best health outcomes and experiences



People receive high-quality, safe care in our hospitals



People can access care in out of hospital settings to manage their health and wellbeing



People receive timely emergency care

Within the Ministry of Health, the Centre for Aboriginal Health (CAH) works in partnership across the Health Cluster to deliver a culturally safe and responsive health system and foster equal health outcomes for First Nations and non-First Nations populations.

Under NSW's implementation of the National Agreement on Closing the Gap, the Health Cluster is responsible for leading the NSW Government's response to Outcomes 1, 2, 4 and 14.

The targets associated with these outcomes aim to close the gap in life expectancy, increase the proportion of babies born with a healthy birthweight, increase the proportion of children who are developmentally on track and reduce the rate of suicide within First Nations populations.

The Health Cluster OBP gives a comprehensive overview of the Cluster's State Outcomes and Outcome Indicators, Programs, and Change Priorities. There is also a long Appendix, which lists the Cluster's Program Performance Measures (referred to as KPIs) and commentary around their performance context. The impacts of the COVID-19 pandemic are highlighted, as they have affected each Outcome.

There are no First Nations-specific Outcomes or Outcome Indicators within the Health Cluster OBP. However, measurement of one Outcome Indicator (*Children fully immunised at one year of age*) is disaggregated by First Nations status.

There are also no First Nations-specific Program Performance Measures. However, three of the non-specific measures are disaggregated by First Nations status as part of the OBP's commentary on the broader measures. These measures relate to patient experience of mental health care from community and hospital mental health services, and unplanned hospital readmissions following separation for all admissions.

The OBP also refers to some key services and programs for First Nations populations, primarily under the *Keeping people healthy through prevention and health promotion Outcome*. This includes information on how the Get Healthy in Pregnancy program is engaging First Nations women to improve maternal and infant health.

The OBP does not refer directly to the work of the Centre for Aboriginal Health.

Discussion and recommendations

As with several of the other 13 Closing the Gap Socio-Economic Outcomes, the four Closing the Gap Outcomes under Health's remit have complex social and economic determinants.

Some of these determinants can be influenced by the Cluster's programs and activities, but many fall outside of the health system's direct influence. Some of these other determinants can be influenced by other areas of government policy including education and housing.

Notwithstanding these complexities, there are further opportunities for the Health Cluster to lead and embed First Nations-focused measures as Outcome Indicators and Program Performance Measures in its Outcome Budgeting structure.

Treasury recommends

1. The Cluster acknowledge its leading role in delivering services to ensure Aboriginal and Torres Strait Islander peoples in NSW enjoy long and healthy lives along with the broader population in alignment with Closing the Gap Outcome 1.

While changes in life expectancy are measured at a lower frequency than may be appropriate for Outcome Budgeting measures, further measures could be included that capture key drivers of life expectancy, such as prevalence rates of certain risk factors (for example smoking or dietary factors) and rates of accessing health services. Including references to the work of the Centre for Aboriginal Health would further strengthen First Nation aspects of their OBP.

2. The Cluster also develop or refine an Outcome Indicator that aligns with Closing the Gap Outcome 2. It is worth noting that there are two existing Outcome Indicators around maternal health: one that measures referrals to the Get Healthy in Pregnancy program and one that measures the proportion of women quitting smoking during the second half of pregnancy.

These existing measures could be refined or complemented by a further measure that indicates the health system's performance in increasing the proportion of Aboriginal and Torres Strait Islander children born healthy and strong.

3. The Cluster include a measure at the Outcome Indicator level that indicates progress towards increasing the proportion of Aboriginal and Torres Strait Islander children assessed as developmentally on track in alignment with Closing the Gap Outcome 4. This measure could draw on data from the existing Building Strong Foundations early childhood service and NSW Health funded Aboriginal Maternal Infant Health Services.

4. The Health Cluster include contextual information disaggregating its existing Towards Zero Suicides Outcome Indicator by First Nations status to highlight resource allocation needs and priorities in this area. The Health Cluster's 2020-21 OBP helpfully highlights the Cluster's work partnering with Aboriginal Community Controlled Health Organisations (ACCHOs) in providing culturally relevant suicide prevention services.

Further information regarding the Cluster's partnership with ACCHOs in this and other community-based health initiatives could better demonstrate the Cluster's progress in building the community-controlled sector in alignment with Closing the Gap Priority Reform 2.

Planning, Industry & Environment

Overview

The Planning, Industry & Environment Cluster is led by the Department of Planning, Industry & Environment and includes agencies such as the NSW Environment Protection Authority, the Aboriginal Housing Office, and the Natural Resources Commission.

The Cluster brings together specialists in urban and regional planning, industry, water, environment and property and housing. The Cluster is responsible for four State Outcomes:



Connecting communities to resilient and sustainable energy and local environments



Maximise community benefit from government land and property



Sustainable, secure and healthy water resources and services



Create a strong and liveable NSW

The Planning, Industry & Environment (PIE) Cluster works across several areas that impact First Nations peoples, including land use and native title, management of National Parks, water access and housing.

Planning, Industry and Environment has a Cluster-wide First Nations outcomes strategy, *Our Place on Country*. The strategy recognises how the Cluster's work impacts Country and seeks to support the aspirations of First Nations communities through partnership and co-design, embedding Aboriginal cultural knowledge in programs and services and fostering economic independence.

Under NSW Government's implementation of Closing the Gap, the Cluster has lead responsibility for Outcomes 9 and 15a and 15c relating to access to appropriate and affordable housing, and maintaining a distinctive cultural, spiritual, physical and economic relationship with land and inland waters.

The Aboriginal Housing Office leads progress towards Outcome 9, while Outcome 15 involves the administration of the *Native Title Act (1993) Cth*, the *Aboriginal Land Rights Act 1983*, the *Water Management Act (2000)* and the *Crown Land Management Act (2016)* as well as several other initiatives, including joint management of NSW National Parks and managing the Crown Reserve.

The Planning, Industry & Environment OBP gives a detailed overview of the Cluster's priorities and how they link to its State Outcomes, including budgeting information down to the Program level.

The OBP also includes an appendix outlining the suite of Program Performance Measures, including targets and description that link to each of the Cluster's Programs, displaying the Cluster's developing maturity in integrating Outcome Budgeting down to the Program level.

The Planning, Industry & Environment OBP has well developed content articulating how the Cluster is driving First Nations outcomes including through the *Our Place on Country* strategy and significant programs. This includes Roads to Home, which delivers essential road infrastructure upgrades to a number of discrete Aboriginal communities in partnership with Local Aboriginal Land Councils.

The Planning, Industry & Environment Outcome Budgeting structure does not articulate any First Nations-specific State Outcomes or Outcome Indicators. However, within the structure, there are three Programs and 17 Program Performance Measures specific to First Nations peoples.

These measures mostly relate to the activities of the Aboriginal Housing Office (AHO) and the Roads to Home initiative, but also include measures around land granted to Local Aboriginal Land Councils, Aboriginal joint management of National Parks and land-use planning capacity building with LALCs.

Discussion and recommendations

The inclusion of the above measures and the OBP's integration of the Cluster's *Our Place on Country* strategy reflect the Cluster's maturity in driving outcomes with First Nations communities and

stakeholders. Nevertheless, there is opportunity for Planning, Industry and Environment to further embed and refine First Nations-related measures in its Outcome Budgeting structure to align with the NSW Government commitments under Closing the Gap.

People attending
a business meeting



Treasury recommends

1. The Cluster elevate and refine or form new measures relating to Aboriginal housing and land rights to the Outcome Indicator level under the existing Maximise community benefit from government land and property Outcome, in alignment with Closing the Gap outcomes and targets 9 and 15.

This better reflects the NSW Government's public commitment to achieving these outcomes, aligns Closing the Gap priorities to the Outcome Budgeting process and strengthens the Government's accountability to these commitments.¹³

Noting the consultation and work with First Nations communities that has formed the Cluster's existing *Our Place on Country* strategy, these measures can align with the Closing the Gap outcomes in such a way as is consistent with the Cluster's strategy. For example, an Outcome Indicator targeting land outcomes for First Nations peoples could go beyond measuring an increase in landmass granted to Aboriginal communities to include measures of effectiveness of the Cluster's programs in facilitating greater control, economic prosperity and self-determination in relation to land use.

2. The Cluster also continue developing and strengthening First Nations-related Program Performance Measures (PPMs) that indicate the performance of some of the Cluster's key programs and services that impact First Nations peoples. There is opportunity to develop new PPMs to reflect existing the Cluster's programs that are referred to in the OBP. Examples include water, sewerage, and waste collection services to Aboriginal communities.

To deepen the outcome focus at a Program level, it is recommended that output measures be accompanied by other measure types such as effectiveness and equity measures.

¹³ Treasury notes the Planning, Industry & Environment Cluster has made a commitment in its updated 2021-22 OBP to develop new Indigenous Outcome Indicators in consultation with First Nations staff.

Premier and Cabinet

Overview

The Department of Premier and Cabinet is the lead agency within the Premier and Cabinet Cluster, which also consists of 21 separate agencies. The Cluster is responsible for co-ordinating and delivering the government's objectives across a number of areas including infrastructure, investment attraction, economic and industry development, long term planning, arts and culture, First Nations policy and stewardship of the public service.

Under the Outcome Budgeting structure, the Cluster leads the delivery of four State Outcomes:



Accountable and Responsible Government



Effective and Coordinated Government



Empowering Aboriginal Communities



Excellence in arts, culture and heritage

The Cluster's *Empowering Aboriginal Communities* outcome is the only Outcome focused on First Nations communities and predominantly reflects the programs and activities of Aboriginal Affairs NSW, the NSW Government's lead agency for First Nations policy and community engagement.

In addition to leading the co-ordination and governance of NSW's response to the National Agreement on Closing the Gap, the Premier and Cabinet Cluster also has lead accountability for Closing the Gap Outcomes 8 (economic participation and employment) and 16 (strengthening Aboriginal languages).

Investment NSW is the lead agency for Outcome 8 and was established in early 2021 to co-ordinate NSW's economic development and investment attraction initiatives. The Aboriginal Languages Trust is focused on growing and nurturing Aboriginal languages throughout NSW and leads government efforts towards Closing the Gap Outcome 16.

The Premier and Cabinet Cluster's 2020-21 OBP provides a high-level overview of the Cluster's Outcome Budgeting structure, with a focus on reporting against Outcome Indicators.

The OBP does not currently report any Program Performance Measures. Across its four State Outcomes the Cluster currently has five Outcome Indicators that are specific to First Nations peoples:



Accountable and responsible government

Increase number of Aboriginal senior leaders in government



Empowering Aboriginal communities

Compliance with the Stolen Generations Reparations Scheme guidelines



Empowering Aboriginal communities

Development and inclusion of measures relating to 'Closing the Gap' priority reforms



Empowering Aboriginal communities

Increase in government contracts awarded to Aboriginal businesses in line with the Aboriginal Procurement Policy target



Empowering Aboriginal communities

Number of Aboriginal Language Boards having developed and implemented local language programs within their community

The latter of these indicators, measuring the number of Aboriginal Language Boards implementing local programs, broadly aligns with Closing the Gap Target 16 (a sustained increase in number and strength of Aboriginal and Torres Strait Islander languages being spoken).

Discussion and recommendations

There are several opportunities for the Cluster to further drive First Nations outcomes through its outcome and business planning processes.

With the creation of Investment NSW, which incorporates the functions of the former

NSW Treasury Jobs, Investment and Tourism group, there is opportunity for the Cluster's updated OBP to include new measures to reflect Investment NSW's lead responsibilities under Closing the Gap (including driving First Nations employment in alignment with Outcome 8 and supporting the growth of First Nations businesses in alignment with Priority Reform 5).

Treasury recommends

1. The Cluster develop at least one Outcome Indicator focused on increasing First Nations employment and economic participation, and supporting the growth of First Nations businesses. This Outcome Indicator is to be included under the State Outcome that reflects the additional responsibilities absorbed by the Department of Premier and Cabinet with the establishment of Investment NSW.

Accountability for this measure should be transferred to the new Enterprise, Investment and Trade Cluster from 1 April 2022, in accordance with machinery of government changes.

There is opportunity to further refine existing Outcome Indicators under the *Empowering Aboriginal Communities* Outcome to ensure that measures are capturing meaningful performance information that is outcome focused.

The Cluster seeks to achieve this Outcome through driving transformation in Aboriginal community-government relationships, driving sustainable economic prosperity, and driving government strategy and reform that supports community aspirations.

Treasury considers the current suite of Outcome Indicators, listed in the previous section, are limited in their ability to demonstrate progress in performance against this Outcome. For example, the Stolen Generations Reparations Scheme compliance measure, while reflecting an important policy output, is baselined at 100 per cent and simply reflects the continuation of a government commitment. There is scope to expand the suite of metrics to provide a more nuanced view of the Cluster's performance.

2. The Premier and Cabinet Cluster further develop and refine its existing set of Outcome Indicators to ensure measures and targets are outcome focused in supporting the empowerment of First Nations communities. This could include the creation of new Outcome Indicators to complement existing measures.¹⁴

There is currently one program that sits under the Empowering Aboriginal communities Outcome. However, the OBP does not include Program Performance Measures under this Program. Associated performance measures should demonstrate the change a program has achieved in alignment with the relevant State Outcome. Noting the central agency role of Aboriginal Affairs NSW and Premier and Cabinet

more broadly, some of these measures could be qualitative, which is consistent with the Outcome Budgeting policy.¹⁵

3. The Cluster develop a suite of Program Performance Measures that indicate the performance of the Cluster's Programs in driving First Nations outcomes. These measures should align with Closing the Gap where relevant but also reflect the government's other commitments, noting Aboriginal Affairs' role in coordinating OCHRE (Opportunity, Choice, Healing, Responsibility and Empowerment), the NSW Government's plan for Aboriginal affairs and other initiatives.

There is opportunity for Premier and Cabinet's OBP to better articulate how the Cluster's change priorities are being leveraged to achieve First Nations outcomes. One of these change priorities is 'Evolution of DPC', which involves further embedding 'the agency ethos of delivery, service and actions to put the needs of the community of NSW at the centre'. A measure of success included in this priority is 'ensuring First Nations Peoples' needs and aspirations are central to government decision making'.

4. Future iterations of the OBP provide further explanation as to how the Cluster is achieving this through its change priority activities.

¹⁴ Treasury notes the Premier and Cabinet Cluster has revised its Outcome Indicators under Empowering Aboriginal Communities to reflect its leadership of Closing the Gap implementation and Target 16 (Aboriginal languages) and has embedded further measures relating to each of the five Priority Reform areas.

¹⁵ TPP18-09, p. v.

Regional NSW

Overview

The Regional NSW Cluster consists of the Department of Regional NSW and four cluster agencies: NSW Rural Assistance Authority, Regional Growth NSW Development Corporation, Local Land Services and NSW Food Authority.

The Cluster was established in 2020 to provide a dedicated focus on regional issues and perspectives within NSW Government. To deliver on this, Regional NSW is responsible for delivering four State Outcomes:



Productive and sustainable land use



Stronger primary industries



Mineral and petroleum industries generating prosperity, safely



Stronger and cohesive regional communities and economies

The Regional NSW Cluster does not have lead responsibility for any of the 17 Closing the Gap outcomes. However, the Cluster leads several programs that contribute to Closing the Gap outcomes and supports other clusters to deliver their responsibilities in regional NSW. For example, the Department of Regional NSW's Aboriginal Cultural Fishing program supports Closing the Gap Outcome 15b (Aboriginal people maintain a distinctive cultural, spiritual, physical, and economic relationship with waters).

As a central agency for Regional NSW, the Cluster also plays an important role coordinating and supporting place-based approaches to drive outcomes for regional communities, including many First Nations communities. This includes supporting Local Decision-Making processes, establishing Regional Aboriginal Partnerships and other community specific projects and activities. Establishing place-based approaches is a key deliverable under the National Agreement on Closing the Gap.¹⁶

The Cluster's OBP is well developed and incorporates all elements set out in Treasury guidance. Its State Outcomes are each mapped to specific delivery entities within the Cluster.

In the 2020-21 OBP, Regional NSW did not include any Outcome Indicators or Programs or Program Performance Measures that are specific to First Nations peoples. However, other sections the OBP contain several references to existing First Nations programs and initiatives, including:



Supporting the advancement of Aboriginal communities in regional NSW through land activation



Economic and community development; Regional Youth and Aboriginal Advancement program



The Aboriginal Landcare program



Aboriginal Cultural Fishing programs

¹⁶ See the National Agreement on Closing the Gap, p. 8.

Further, the Cluster has adopted a specific change priority to support the delivery of Aboriginal outcomes. This priority recognises the role Regional NSW can and will fulfil to work with First Nations Peoples, families and communities towards a better future.

This priority aims to build relationships, opportunity and respect with First Nations peoples and communities. It will leverage the existing strengths and capabilities across the Cluster to ensure that First Nations Outcomes are embedded across the full breadth and depth of Regional NSW State Outcomes and through day-to-day operations. This will include:



A focus on Regional NSW workforce capability



Opportunities for First Nations people and businesses



Enhancing broader community understanding and appreciation of First Nations peoples' expertise, knowledge and culture

The framework to deliver on this priority will be developed in partnership with First Nations staff, communities, businesses and other government agencies.

Recognising that the OBP is a high-level planning document, Regional NSW also builds oversight and evaluation of First Nations outcomes into ongoing processes and requirements. For example through:

- Cluster governance:
 - with the establishment of an Aboriginal Outcomes team to oversee and promote Aboriginal Outcomes through cluster operations, activities and projects
 - representation in the Partnership Working Group on Closing the Gap
 - building cultural competency and increasing DRNSW's Aboriginal workforce; and
 - inclusion of Aboriginal impact statement requirements on internal submissions.
- internal reporting of Aboriginal Outcomes to inform departmental priorities; and
- evaluation of Aboriginal Outcomes within program and activity evaluations.

Discussion and recommendations

The Regional NSW Cluster has an opportunity to further embed First Nations-related measures and outcomes in its OBP to reflect the ongoing focus it has on supporting better First Nations outcomes.

Treasury recommends

1. As additional data becomes available on a regional basis, Outcome Indicators could be further disaggregated to identify First Nations populations (for example, indicators relating to employment growth, labour force and wellbeing). This would provide insight into differences in Outcomes for First Nations and non-Indigenous people.
2. This could also be supplemented with additional Program Performance Measures that demonstrate the equity of beneficiaries of large general activities and projects, recognising the importance of driving First Nations outcomes through these, as well as through specific activities and projects.¹⁷

¹⁷ Treasury notes Regional NSW has developed new Program Performance Measures in its 2021-22 OBP in line with this recommendation.

Stronger Communities

Overview

The Stronger Communities cluster was established in 2019, combining the previously separate justice, policing and emergency services functions, and family and community services functions.

The Cluster's activities spread across six ministerial portfolios. While the cluster is large and complex, its common goal is to create a safe, just, resilient and inclusive NSW where everyone has the opportunity to realise their potential.

The Cluster is led by the Department of Communities and Justice, and also incorporates 35 Cluster agencies including the NSW Police Force, Legal Aid NSW and the NSW Rural Fire Service.

The Cluster is responsible for delivering five of the Premier's Priorities, and seven of the 37 State Outcomes which are listed below:



Efficient and effective legal system



Safer communities



Prepared for disasters and emergencies



Reducing reoffending



Children and families thrive



People have a safe and affordable place to live



Active and inclusive communities

The Cluster also has lead responsibility under the NSW Government's response to Closing the Gap for four of the Socio-Economic Outcomes and Targets (10, 11, 12 & 13). These outcomes relate to ensuring adults and young people are not overrepresented in the criminal justice system, children are not overrepresented in the child protection system, and that families and households are safe from domestic and family violence.

The Cluster also significantly contributes to Outcome 9 through its management of some social housing.

The Stronger Communities Cluster's OBP is complex due to the size of the Cluster and its carriage of seven State Outcomes. There is a strong focus on improving First Nations outcomes throughout the OBP, with the Cluster choosing to embed Aboriginal priorities as one of two 'Cluster Priorities' separately under each State Outcome (with the other priority focused on improved outcomes for people experiencing domestic and family violence).

This means there is not only relevant performance data, but narrative detailing some of the priorities and reforms being undertaken under each State Outcome. For example, the Aboriginal outcomes priorities listed under *Children and families thrive* Outcome include Aboriginal case management policy, reducing overrepresentation and responding to the Family is Culture report.

The OBP also explicitly references the Cluster's commitment to the Closing the Gap targets.

Under its seven State Outcomes the Cluster has 30 Outcome Indicators (including Premier's Priorities) and over 200 Program Performance Measures. Of these there is one First Nations-specific Outcome Indicator (*number of Aboriginal people in senior leadership roles*) and 18 First Nations-specific Program Performance Measures relating to Cluster activity in child protection, out of home care, homelessness, juvenile justice, offender management, policing, and legal and victim services.

It is worth noting that the Department of Communities and Justice has an internally-focused Outcomes Delivery Plan (ODP) that supports the Cluster-wide OBP. The ODP focuses on how the Department will achieve its State Outcomes at a more granular level than the OBP, highlighting existing and new initiatives to deliver on its outcomes. Included in the ODP are a suite of ten 'Aboriginal Outcome Indicators' that closely align to the Closing the Gap outcomes.

Discussion and recommendations

The Stronger Communities Cluster's OBP can build on its strong focus on First Nations outcomes to further embed First Nations-related measures in line with Closing the Gap. The Cluster's lead role in the NSW Government's response to Closing the Gap Outcomes and Targets 10, 11, 12 and 13, although referenced in the OBP, could be better integrated into the Outcome Budgeting structure as Outcome Indicators.

Elderly man and woman talking



Treasury recommends

1. The Stronger Communities Cluster embed its 'Aboriginal Outcome Indicators' alongside other Outcome Indicators in reporting to Cabinet and Treasury.
2. First Nations-specific PPMs include some measures that demonstrate the effectiveness of early intervention and prevention programs and other targeted programs such as Circle Sentencing, in addition to its demand-driven services, to inform the NSW Government of opportunities

for further investment into effective services. As the Cluster's Outcome Budgeting approach matures, there could be further opportunity for the Cluster to drive cross-Outcome collaboration, performance and resource allocation. The Cluster's OBP notes the many intersections between its State Outcomes, with activities under one outcome often contributing to the performance of another.

3. Cluster continue developing its data and outcomes maturity to facilitate cross-Outcome collaboration and coordination within the Cluster. This approach could be leveraged to drive First Nations outcomes through more integrated and customer-centric service delivery.

Transport

Overview

The Transport Cluster is responsible for leading the development of a safe, efficient, integrated transport system that keeps people and goods moving, connects communities and shapes the future of our cities, centres and regions.

The Cluster is led by Transport for NSW (TfNSW) and incorporates a number of agencies including Sydney Metro, Sydney Trains, the State Transit Authority and NSW TrainLink. The Cluster is responsible for the delivery of three State Outcomes:



Connecting our customers' whole lives



Successful places for communities



Sustainable transport systems and solutions supporting economic activity

This Cluster does not have lead responsibility for any of the Outcomes and Targets under Closing the Gap. However, the Cluster plays a significant role in making NSW a better place to live, work and visit, in accordance with its vision.

The Cluster provides connections between communities, delivers services that can enable better access to employment, education and key sites in support of several Closing the Gap outcome areas. The size of the Transport portfolio (the Cluster received \$16.2 billion recurrent funding and \$16.8 billion for capital expenditure in the 2020-21 Budget alone¹⁸) also enables the Cluster to drive outcomes for First Nations peoples and businesses through the scale of its employment and procurement activities.

Transport also has a range of plans and initiatives to guide and drive its efforts in improving outcomes for First Nations peoples and communities.

- Transport launched its inaugural Aboriginal Maritime Safety Plan 2020–22 to help prevent boating fatalities and serious injuries involving First Nations people. Waterways are important places for First Nations people to connect with family members, attend funerals and participate in cultural events.
- Transport has made significant investment in Aboriginal suppliers, centred around procuring goods and services, and in construction. Transport has spent \$22 million with Aboriginal-owned businesses on goods and services. In construction, Transport has spent more than \$105 million on Aboriginal participation, with around 400 Aboriginal people employed.
- Transport's Driver Licensing Access program helps customers with getting driving experience and their licence, as well as regaining their licence after suspension or cancellation. This aims to increase access to driver licensing. It improves social outcomes by expanding support and mentoring for people who face barriers to the driver licensing system. As part of this, it targets Aboriginal communities which in turn means their communities are more connected.
- There is increased focus on using Traditional Place Names across NSW. Transport started a pilot program to help connect road users to Country by using traditional names on roadside place signs.

The Transport Cluster's OBP situates its State Outcomes in the context of its pre-existing *10-year Blueprint*, which is focused on preparing Transport to deliver its priorities over a longer 10-year timeframe.

The Transport Outcomes Framework allows the Cluster to measure more granular change on a more frequent basis that can then contribute to the higher-level State Outcomes. The OBP also signals a commitment to continuing to mature its Outcome Budgeting framework, providing a line of sight from the broader outcomes down to individual services and programs.

¹⁸ See 2020-21 Budget Paper 2, p. 8-1.

Discussion and recommendations

This Cluster's OBP does not include any First Nations-specific Outcome Indicators, Programs or Program Performance Measures. The OBP contains two passing references to First Nations communities and sites in reference to connecting the Central West and Orana, and in providing transport links to Aboriginal precincts and sites.

The Cluster has opportunity to leverage some of its existing initiatives and programs to better embed First Nations-related measures in its Outcome and Business Plan.

Woman outside
a shopping strip



Treasury recommends

1. The Cluster develops measures, as Outcome Indicators or Program Performance Measures, that reflect its contribution to driving First Nations outcomes. These measures should align with Closing the Gap outcomes where appropriate and might include performance against the Aboriginal Procurement Policy and First Nations employment outcomes.

Measures may reflect programs that contribute indirectly to Closing the Gap outcomes. For example the Driver Licensing Access Program removes barriers that prevent First Nations people from entering the driver licensing system and can enable young people to access employment and education while reducing the overrepresentation of First Nations people in road fatalities.¹⁹ Another example could entail measuring projects providing access to Aboriginal cultural precincts. Measures such as these could be embedded within existing Transport State Outcomes and Programs.

2. Transport's OBP also include further narrative and context as to how the Cluster's approach to First Nations outcomes, including how it is working with First Nations stakeholders to deliver culturally appropriate services and its key priorities in this context. For example, this might include the Cluster's commitments under its Reconciliation Action Plan.

It is recommended these actions and commitments be embedded as a change priority, to enable the Cluster to explain how it is delivering on these commitments and aligns with Closing the Gap Priority Reform 3 (*Transform government organisations so they work better for Aboriginal and Torres Strait Islander people*).²⁰

¹⁹ See [https://www.officeofroadsafety.gov.au/nrss/resources-fact-sheets/First Nations-Australians](https://www.officeofroadsafety.gov.au/nrss/resources-fact-sheets/First-Nations-Australians)

²⁰ Treasury notes that Transport's 2021-22 OBP includes a section articulating its First Nations priorities, including a plan to develop First Nations-specific Program Performance Measures where appropriate.

Treasury

Overview

The Treasury Cluster leads the economic, jobs and investment conversation across NSW. The Cluster plays a central agency function and is responsible for the management of NSW state finances and assets, including delivery of the NSW Budget, and providing analysis and advice to support the delivery of State Outcomes.

The Cluster consists of NSW Treasury and a number of agencies and state-owned corporations, including State Super and iCare. The Treasury cluster is responsible for delivering three State Outcomes:



A strong, resilient and diverse economy



A sustainable fiscal environment enabling delivery of outcomes



Stewardship of the public sector performance and financial system

With the transfer of the Tourism, Trade, Investment & Precincts division to the newly formed Investment NSW within DPC, Treasury does not have lead responsibility for any of the Closing the Gap Outcomes and Targets. However, as steward of public sector finances, the Cluster plays an important role in driving First Nations outcomes through its leadership of Outcome Budgeting and providing culturally informed advice to support effective and outcome focused investment into First Nations communities.

The Cluster also leads the implementation of the sector-wide Aboriginal Procurement Policy which aims to increase investment into Aboriginal businesses.

Treasury's OBP provides a detailed overview of its approach to delivering its three State Outcomes, including updated performance data for Outcome Indicators and Program Performance Measures. The OBP includes narrative that contextualises performance information and explains how the Cluster plans to deliver against its targets.



People attending a business meeting

Discussion and recommendations

None of the Cluster's nine Outcome Indicators are First Nations-specific. However, there are two Program Performance Measures:

- one that tracks the performance of the Aboriginal Procurement Policy in supporting employment opportunities for First Nations people and awarding contracts to First Nations businesses; and

- another measuring the number of First Nations senior leaders in line with the Premier's Priority to build a 'World class public service'.

These measures support progress against Priority Reform 5 and Outcomes 7 and 8 of Closing the Gap.

Treasury recommends

1. Treasury could better reflect its role as a central agency in driving First Nations outcomes in its OBP by introducing further measures, as Outcome Indicators or Program Performance Measures.

These measures relate to Treasury's role in improving economic wellbeing for First Nations communities, for example through its work developing the Aboriginal Economic Prosperity Outcomes Framework (AEPOF), and the delivery of its Indigenous Expenditure Report. These measures should be developed in consultation with First Nations stakeholders including First Nations staff.²¹

The Cluster could also include more information in the OBP regarding how it is leveraging its change priorities to drive First Nations outcomes. Noting that current change priorities include cross-cutting measures such as delivering an outcome focus across the sector, developing a diverse team and implementing strategic policy, this section could provide further explanation as to how the Cluster is mobilising resources to deliver on its First Nations outcomes.



²¹ Treasury's 2021-22 OBP includes four additional First Nations-specific Program Performance Measures reflecting its work in economic wellbeing and outcomes for Aboriginal and Torres Strait Islander people.

Conclusion and next steps

This Report presents an analysis of the landscape of First Nations outcomes within the Outcome Budgeting Framework and recommendations for Clusters to further develop their 'outcome maturity' with respect to First Nations outcomes.

As a sector-wide framework that ties investment decision-making to outcomes, Outcome Budgeting should reflect the existing commitments and priorities of the NSW Government in achieving outcomes for the people of NSW, including the NSW Government's commitment to the Closing the Gap Outcomes and Targets.

This Report makes a number of recommendations to guide Clusters to better embed First Nations-related measures in alignment with Closing the Gap in a way that considers some of the key challenges identified in driving First Nations outcomes.

A key finding of the Report is the need for the NSW Government to undertake further work to consider how Outcome Budgeting might foster greater collaboration between Clusters in achieving outcomes.

Treasury will work in collaboration with Clusters to explore opportunities for leveraging the Outcome Budgeting Framework to reflect and enhance cross-Cluster collaboration on outcomes, looking towards a solution that can align resources and capabilities across Clusters in a more holistic way, while preserving strong accountability and governance mechanisms.

This Report will also complement other work in Treasury to measure NSW Government's expenditure on First Nations-specific programs and services, as well as the benefit First Nations peoples receive from non-targeted programs and services.

Embedding First Nations measures in Outcome Budgeting will enable the NSW Government to align current First Nations expenditure to the State Outcomes as well as identify existing gaps and duplication in current services.

With the inclusion of new First Nations-specific measures, updated OBPs will enable NSW Government to have more informed conversations about the performance of First Nations outcomes and where further investment or reprioritisation might be needed.

This will also support the prioritisation of Closing the Gap initiatives in the upcoming budget process.

This Report establishes a baseline view of the NSW Government's priorities for driving First Nations outcomes, as has been reflected through the Outcome Budgeting framework. This baseline will enable future analysis of the next tranche of Outcome and Business Plans to provide a whole-of-government view of the NSW Government's performance in First Nations outcomes and the sector's developing maturity in embedding First Nations outcomes in the framework.

Glossary of terms



Cluster

A linked group of NSW Government departments, agencies and organisations (for example the Education Cluster consists of the Department of Education, the NSW Education Standards Authority, and TAFE).



Outcome Budgeting

NSW Government's approach to budgeting that links government expenditure to non-financial performance information to focus on achieving outcomes.



Outcome and Business Plan

A four-year agreement (reviewed annually) between the NSW Government, Cluster Minister and Cluster Secretary, setting out outcome-focussed performance objectives and how to achieve them using its resources over the next four years.



Outcome and Performance Framework

A common approach for Clusters to link expenditure to activities and the outcomes being achieved, consisting of State Outcomes, Outcome Indicators, Programs, and Program Performance Measures.



Outcome Indicator

A measure of progress in achieving a particular State Outcome. Outcome Indicators are accompanied by targets that set the desired level of performance.



Program

In the context of Outcome Budgeting, a Program is a collection of activities that a Cluster undertakes to achieve a State Outcome.



Program Performance Measure

A measure of the performance of each Program used to assess efficiency, effectiveness, or equity in delivering objectives.



State Outcome

An outcome that articulates the primary purpose for which public resources are being invested to deliver goods and services in line with the goals and priorities that the government is seeking to achieve for citizens and businesses.

Appendix

Alignment of 2020-21 State Outcomes to Closing the Gap

Closing the Gap outcome	Outcome 1 Everyone enjoys long and healthy lives	Outcome 2 Children are born healthy and strong	Outcome 3 Children are engaged with high quality, culturally appropriate early childhood education in their early years	Outcome 4 Children thrive in their early years
Lead Dep/ Agency	Health	Health	Education	Health
State Outcomes		Keeping people healthy through prevention and health promotion	Best start in life for young children	Keeping people healthy through prevention and health promotion
Outcome Indicators		Pregnant women quitting smoking by the second half of their pregnancy Get Healthy Information and Coaching Service-Get Healthy in Pregnancy Referrals	Proportion of enrolled Aboriginal children who are enrolled in an early childhood education program, are enrolled for at least 600 hours in the year before school	Children fully immunised at one year of age

- Indicates Indigenous-specific target or Outcome
- Indicates program (where Outcome Indicator not relevant)

Outcome 5	Outcome 6	Outcome 7	Outcome 8
Students achieve their full learning potential	Students reach their full potential through early education pathways	Youth are engaged in employment or education	Strong economic participation and development of people and their communities
Education	Education	Education	DPC
Educational foundations for success	Skilled and employable workforce	Skilled and employable workforce	
Proportion of Aboriginal students attaining Year 12, while maintaining their cultural identity	Proportion of NSW working age population with qualification at or above Certificate III	Proportion of young people in NSW who are in education, training and employment	
Proportion of Aboriginal students in public schools in the top two NAPLAN bands for reading and numeracy	Proportion of NSW government funded VET graduates who are employed after training	Proportion of NSW government funded VET graduates who are employed after training	
Reduce the gap between Aboriginal students in public schools reporting a sense of belonging, expectations for success and advocacy at school	Proportion of NSW employers satisfied with VET training meeting their skill needs	Educational foundations for success	
Proportion of Aboriginal students in public schools above the national minimum standard for reading and numeracy		Proportion of all recent school leavers (who left school the previous year) participating in higher education, training or work	
Increase the proportion of Aboriginal students attaining year 12 by 50 per cent by 2023, while maintaining their cultural identity			
Increase the proportion of public school students in the top two NAPLAN bands (or equivalent) for literacy and numeracy by 15 per cent by 2023, including through statewide roll out of Bump ItUp			

Closing the Gap outcome	Outcome 9 People can secure appropriate, affordable that is aligned with their priorities and need	Outcome 10 Adults are not overrepresented in the criminal justice system	Outcome 11 Young people are not overrepresented in the criminal justice system	Outcome 12 Children are not overrepresented in the child protection system
Lead Dep/ Agency	DPIE (AHO)/DCJ	DCJ	DCJ	DCJ
State Outcomes	Maximise community benefit from government land	Reduce reoffending	Reduce reoffending	Children and families thrive
Outcome Indicators	Empowering Aboriginal communities for independent social and economic futures (AHO)	Proportion of adult offenders released from custody who have a new proven personal, property or serious drug offence in the 12 months following release	Number of young people each year who reoffend within 12 months of participation in a Youth Justice Conference or completion of a custodial order or sentence to a supervision order	Number of children and young people exiting out-of-home care to restoration, guardianship or adoption
	DCJ	Proportion of adult offenders receiving a supervised community sentence who have a new prove personal, property or serious drug offence within 12 months of sentence		Number of entries to out-of-home care
	People have a safe and affordable place to live	Safer communities		
	Proportion of tenants successfully transitioning out of social housing annually	Rate of property crime in NSW per 100,000 population		
	Proportion of social housing applicants each year who are diverted from social housing to the private rental market not returning for further assistance 12 months later	Rate of violent crime in NSW per 100,000 population		
Premier's priority		Reduce adult reoffending following release from prison by 5 per cent by 2023		Double the number of children in safe and permanent homes by 2023 for children in, or at risk of entering, out-of-home care



Indicates Indigenous-specific target or Outcome



Indicates program (where Outcome Indicator not relevant)

<p>Outcome 13</p> <p>Families and households are safe</p>	<p>Outcome 14</p> <p>People enjoy high levels of social and emotional wellbeing</p>	<p>Outcome 15</p> <p>People maintain a distinctive cultural, spiritual, physical and economic relationship with their land and waters</p>	<p>Outcome 16</p> <p>Cultures and languages are strong, supported and flourishing</p>	<p>Outcome 17</p> <p>People have access to information and services enabling participation in informed decision-making affecting their own lives</p>
DCJ	Health	DPIE	DPC	DCS
Children and families thrive	Keeping people healthy through prevention and health promotion	Maximise community benefits from government land	Empowering Aboriginal communities	Excellence in customer service
Proportion of children and young people reported at risk of significant harm (ROSH) who are re-reported within 12 months of closure of plan	Towards zero suicides	Empowering Aboriginal communities for independent social and economic futures	Number of Aboriginal Language Boards having developed and implemented local language programs within their community	Percentage of transactions available digitally through Service NSW
Number of people charged with a domestic violence assault who had an earlier domestic assault charge in the last 12 months				Increase the number of government services where customers only have to "Tell government once"
Safer communities				Customer satisfaction with services across government
Rate of domestic violence related assault incidents recorded by police involving grievous bodily harm				
Decrease the proportion of children and young people re-reported at risk of significant harm by 2 per cent by 2023	Reduce the rate of suicide deaths in NSW by 20 per cent by 2023			
Reduce the number of domestic violence reoffenders by 25 per cent by 2023				Increase the number of government services where citizens of NSW only need to "Tell Us Once" by 2023

NSW Treasury

Published by NSW Treasury

First published February 2022

T22/00281

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For further Information or clarification on issues raised in the discussion paper, please contact:

Strategic & Aboriginal Outcomes, NSW Treasury

52 Martin Place
Sydney NSW 2000

W: treasury.nsw.gov.au

GPO Box 5469
Sydney NSW 2001

E: AboriginalOutcomes@treasury.nsw.gov.au