



# 2023–24 NSW Indigenous Expenditure Report



---

## Acknowledgement of Country

We acknowledge that Aboriginal and Torres Strait Islander people are the First Peoples and Traditional Custodians of Australia, and the oldest continuing cultures 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.



### Leanne Mulgo Watson

The illustrations in this report are by Leanne Mulgo Watson, a Darug artist, illustrator and educator, and the daughter of Aunty Edna Watson and Uncle Allan Watson, elders of the Darug community. Leanne was born and raised in Sydney, and has spent her life living, promoting and protecting Darug culture, people and places.

She started painting at a young age, taught by her mother and her brother Bundeluk Watson. Leanne's artwork is inspired by her family, Darug country, the environment and life experiences. She is the author/illustrator of two books, *Cooee Mittigar* and *Sharing*.

Leanne has also been Director of the Darug Custodian Aboriginal Corporation (DCAC) for the past 15+ years.





# Contents

Treasurer's message	5
Executive summary	6
<b>1. Why this report is needed</b>	<b>10</b>
1.1 Opportunities through expenditure reporting	12
1.2 Meeting Closing the Gap commitments	13
<b>2. How we calculate First Nations expenditure</b>	<b>14</b>
2.1 How expenditure is classified	16
2.2 Estimating First Nations specific expenditure	18
2.3 Estimating the First Nations share of general expenditure	19
<b>3. First Nations specific expenditure</b>	<b>22</b>
3.1 Overview	23
3.2 Service provider type	24
3.3 Evaluation rate	26
3.4 Breakdown by service area	28
<b>4. First Nations share of general expenditure</b>	<b>32</b>
4.1 Overview	33
4.2 Education	38
4.3 Justice	43
4.4 Social services	58
4.5 Health	68
Appendix: Detailed methodology	72
References	79

---

## Abbreviations

ABS	Australian Bureau of Statistics
ACCO	Aboriginal community controlled organisation
ACCHO	Aboriginal community controlled health organisation
AHO	Aboriginal Housing Office
AIHW	Australian Institute of Health and Welfare
ALS	Aboriginal Legal Service
BOCSAR	Bureau of Crime Statistics and Research, NSW
COFOG-A	Classification of the Functions of Government – Australia
DCJ	Department of Communities and Justice
GFS	Government Finance Statistics
LECC	Law Enforcement Conduct Commission
LGA	Local government area
NDIS	National Disability Insurance Scheme
NSA	National Skills Agreement
NSW CAPO	NSW Coalition of Aboriginal Peak Organisations
NSWPF	NSW Police Force
ODPP	Office of the Director of Public Prosecutions
OECD	Organisation for Economic Cooperation and Development
OOHC	Out-of-home care
RAPP	Regional Aboriginal Partnerships Program
ROGS	Report on Government Services
SOW	Services Our Way
TAFE	Technical and Further Education
TEI	Targeted Earlier Intervention
VET	Vocational Education and Training
YKC	Youth Koori Court



# Treasurer's message

## First Nations people should have the most say in decisions that affect them.

The 2023–24 NSW Indigenous Expenditure Report is a step towards improving how this happens.

The NSW Government aims to play our part so that First Nations communities and policymakers can increasingly influence and improve how resources are allocated.

The 2024 Productivity Commission Review of the National Agreement on Closing the Gap made it clear that governments must continue to find more ways to do this.

New South Wales is the only Australian jurisdiction that reports regularly on expenditure on government services and programs for First Nations communities.

By making this report a normal part of how we do things, we make sure everyone can work out what we are doing, where resources are going, what is working and what can be improved.

It's a small but important part of our commitment to work closely with First Nations people.

Working together with people in First Nations communities in New South Wales is the right way forward.

I commend this report and those who will use it to make New South Wales a better place for all.



A stylized, handwritten signature in dark ink, consisting of several loops and a long horizontal stroke.

**The Hon. Daniel Mookhey MLC**  
NSW Treasurer

# Executive summary

## The 2023–24 NSW Indigenous Expenditure Report fulfills the NSW Government’s commitments under the National Agreement on Closing the Gap to review and classify government expenditure on First Nations people.

As the primary fiscal and economic advisor for the NSW Government, Treasury plays a central role in advising and reporting on how NSW resources are allocated and prioritised. Treasury recognises that providing First Nations communities with access to expenditure data is a critical step in building genuine partnership between government and First Nations communities and supporting First Nations self-determination.

The most recent review of the National Agreement on Closing the Gap by the Productivity Commission found that health and socioeconomic parity for First Nations people has not been achieved, despite repeated iterations of the agreement since 2008.<sup>1</sup> Structural changes from a fiscal, economic and policy perspective are needed to improve outcomes and overcome the ongoing effects of colonisation and historical government policies that are still felt today.

This report seeks to reduce information asymmetries between government and First Nations communities around where funding goes for First Nations people and programs. This improves transparency and accountability around government investment decisions and empowers First Nations communities to participate in decision making from an informed position. This acknowledges that investment is more effective when it is aligned with the needs, priorities and aspirations of First Nations people and communities.

New South Wales remains the only jurisdiction in Australia to regularly report on First Nations expenditure and to have embedded this as part of core business. Prior to the introduction of this report, information on NSW Government expenditure for First Nations people and programs was ad hoc and often not publicly available.

This report finds that there are opportunities to improve outcomes for First Nations people, and support more effective investment, by reviewing the current profile of government expenditure for First Nations people and programs in New South Wales. While the report identifies evidence-based opportunity areas, it does not seek to provide solutions to these highly complex policy challenges. The findings of this report are intended to be used by First Nations communities in partnership with government to consider and design appropriate policy responses and priorities.

## \$1.2 billion in First Nations specific expenditure

In 2023–24, the NSW Government budgeted an estimated \$1.2 billion on First Nations specific (targeted) services and programs. This represents a relatively small proportion (1.0 per cent) of NSW Government expenditure. These figures reflect budgeted 2023–24 expenditure and present the most recent available data.

The majority (60.7 per cent) of funding for First Nations specific programs and services went to NSW Government service providers. Around 30.9 per cent (or \$357.6 million) was directed to Aboriginal community controlled organisations (ACCOs). Evidence shows that First Nations people are more likely to engage and receive culturally appropriate services if they are designed and delivered by and for First Nations people. This presents an opportunity for government to work in partnership with First Nations people to identify where funding could be reasonably redirected to First Nations led service providers.

There is limited evidence about the effectiveness of currently funded First Nations specific programs and services, with less than 12 per cent having a completed evaluation to date.<sup>2</sup> Evaluation is an essential tool to inform evidence-based decision making. It helps to assess if government investment is effective in achieving outcomes and can be used to improve the design and delivery of First Nations services and programs. Work is underway to lift the quality and quantity of evaluations for First Nations initiatives through the Closing the Gap Forward Evaluation Schedule and the design and delivery of a NSW First Nations Investment Framework (see section 3.3). This work will form a critical step in improving the evidence available to inform resource allocation.

Levels of investment across service areas vary substantially for First Nations specific programs and services. The service areas that are budgeted to receive the largest share of First Nations specific expenditure are housing and community amenities, education and social protection. Opportunities are identified for consideration of further investment in First Nations economic development and initiatives that support and build First Nations cultural outcomes.

## \$5.8 billion attributed to First Nations people for general services across 18 service areas

Most NSW Government expenditure attributed to First Nations people sits within general (non-targeted) services and programs. Across the 18 non-targeted service areas assessed, the NSW Government is estimated to have spent \$5.8 billion on First Nations people. This represents around 4.9 per cent of total NSW Government expenditure in 2021–22. These figures are based on 2021–22 actual expenditure, as this is the most recent full year for which data is available to calculate the proportion that can be attributed to First Nations service users.

The high proportion of expenditure on First Nations people through non-targeted service areas highlights the important role that these services and programs play in impacting First Nations social, economic and cultural outcomes.

A large driver of non-targeted expenditure for First Nations people relates to the over-representation of First Nations people in the criminal justice, out-of-home care (OOHC) and child protection systems. The design and development of effective and culturally responsive policy solutions in partnership with First Nations people is critical to addressing this.

Treasury estimates that if the First Nations' share of spending on justice, OOHC and child protection in New South Wales matched the First Nations population share, there would be avoided costs of around \$1.8 billion per year.<sup>3</sup> Opportunities for investment in early intervention and diversion should be considered in light on these long-term potential avoided costs. Reducing interaction with these systems has a range of benefits for long-term outcomes at both the individual and community level. This represents a significant reform opportunity to create a more sustainable, effective and appropriate justice and child protection system for First Nations people and families in New South Wales.

Expenditure attributed to First Nations people within the education and health systems was overall more aligned with population and student shares, noting exceptions for mental health and special education services, where First Nations people showed higher relative rates of representation in expenditure.

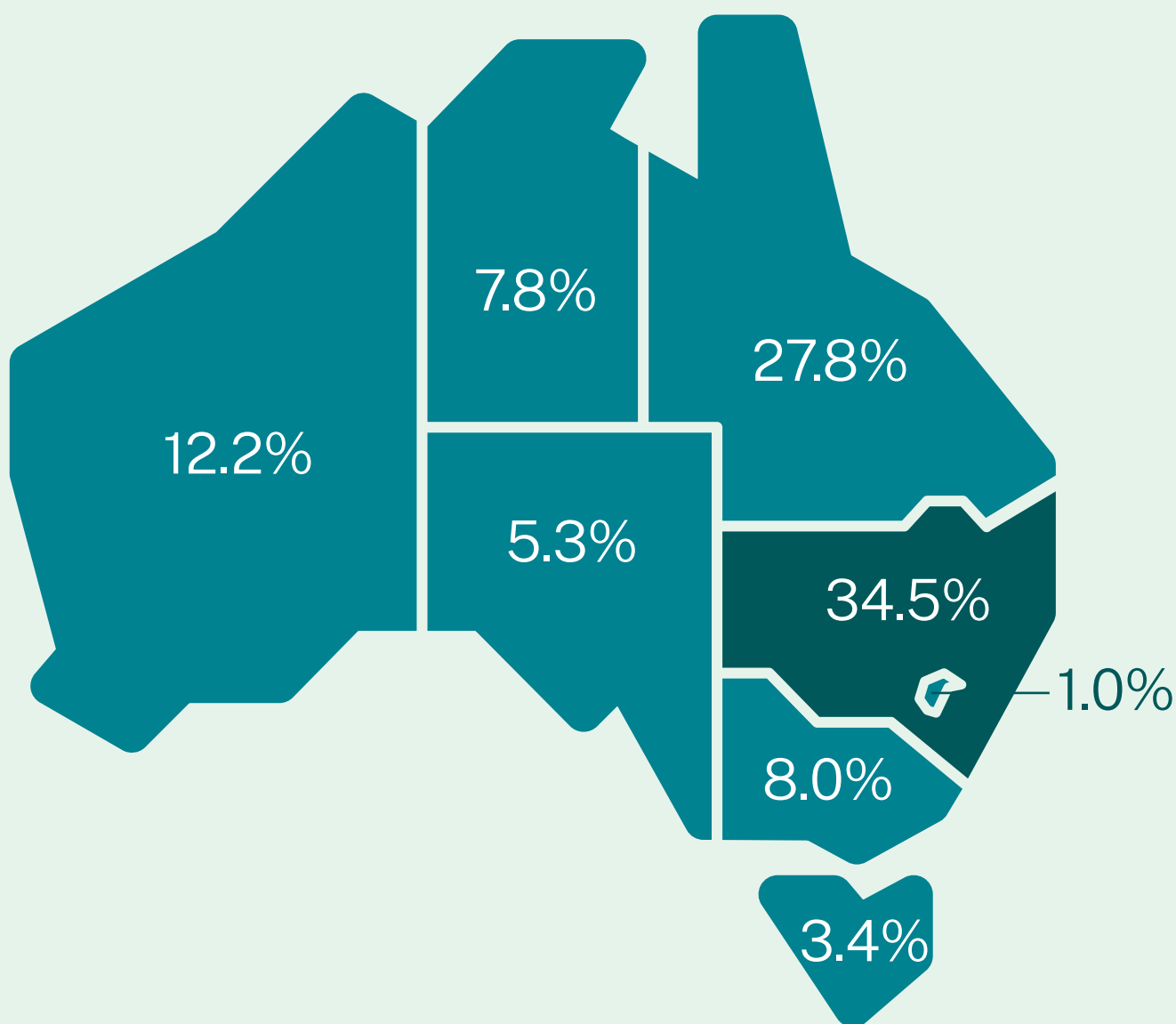
2 Based on data collected by Aboriginal Affairs NSW through the 2023–24 Closing the Gap Forward Evaluation Schedule.

3 This estimated avoided cost represents the difference in the 2021–22 First Nations share of expenditure for these service areas with an alternative where service use was representative of the First Nations population share. The population proportions used for comparison are 4.2 per cent (the NSW First Nations population share) for Justice services and 7.7 per cent (the NSW First Nations population share of children aged 0–17) for out-of-home care and child protection services. This is a crude estimate and does not account for any other variations that may impact the First Nations expenditure share.



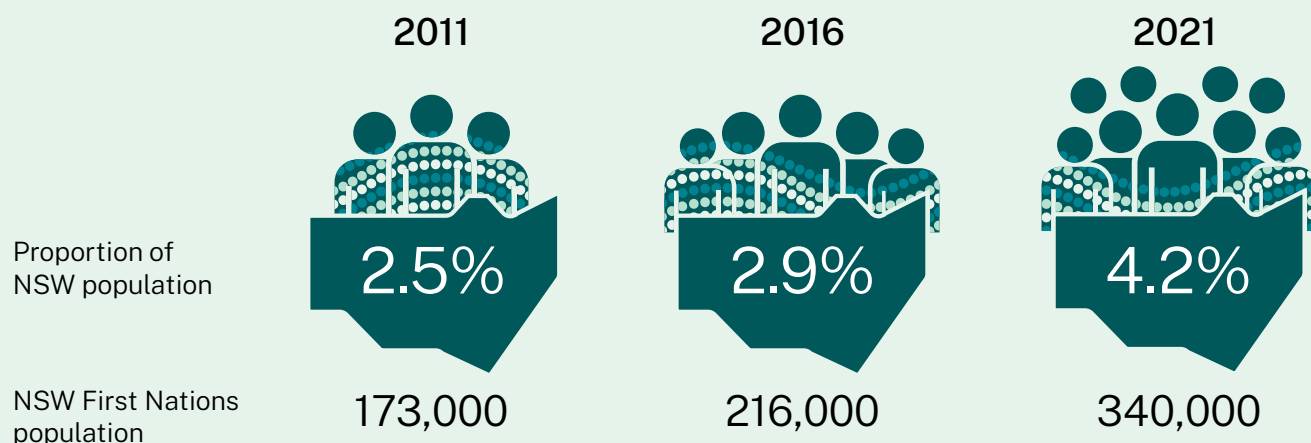
# The NSW First Nations population

New South Wales is home to 34.5 per cent of all First Nations people in Australia – more than any other state or territory

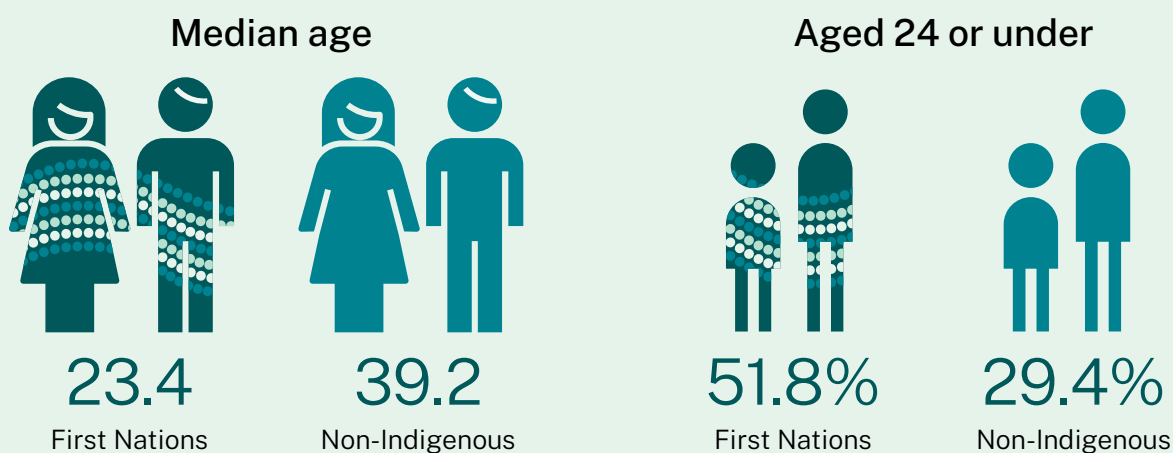


Source: ABS 2021 Estimated resident population released in 2023.

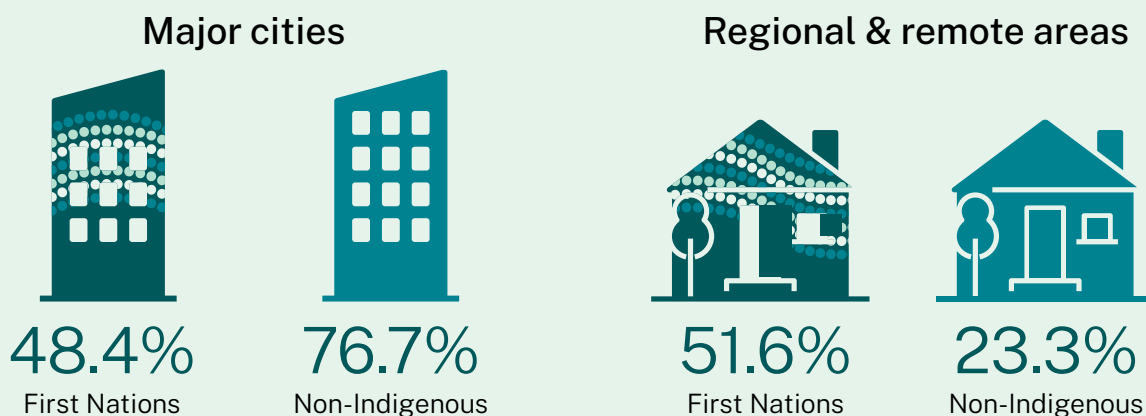
# The First Nations population is growing



# The First Nations population is younger on average



# The First Nations population is more geographically spread



Source: 2011 and 2016 figures reflect ABS Census data, all other figures are based on the ABS 2021 Estimated resident population by First Nations status released in 2023.  
Note: All figures are for New South Wales unless otherwise stated.



---

# Why this report is needed



---

# 1



---

This report seeks to improve outcomes for First Nations people and communities through increasing the quality and quantity of information available to inform government investment.

These insights can be used by a variety of stakeholders, including First Nations communities and organisations, the NSW Government, policymakers and the citizens of New South Wales.



# 1.1 Opportunities through expenditure reporting

This report aims to contribute to better resource allocation and improved outcomes in the following ways.

## **Sharing data and information on government expenditure on First Nations communities and programs.**

Availability of First Nations expenditure data is a critical step in building genuine partnership between government and First Nations communities. Reporting on First Nations expenditure:

- improves community access to information
- builds transparency and accountability around government investment decisions
- enables First Nations communities to participate in shared decision making from an informed position.

## **Quantifying the proportion of government investment that goes to ACCOs.**

Investing in ACCOs:

- increases the number of community-led and culturally appropriate services with benefits for engagement and effectiveness
- provides opportunities to work in partnership with First Nations people and organisations for the delivery of self-determined approaches.

## **Identifying areas of government expenditure where First Nations people are over-or-under-represented.**

This will guide policymakers as they:

- investigate why First Nations people are over-or-under-represented in different expenditure areas
- seek out opportunities for policy reform that would better align expenditure with First Nations needs, values and aspirations.

## **Identifying First Nations programs funded by government that have and have not been evaluated.**

Evaluations:

- are an important source of evidence for assessing whether programs and services are achieving their intended outcomes
- help to inform program design and resource allocation, including opportunities for re-prioritisation.

# 1.2 Meeting Closing the Gap commitments

In July 2020, Australian governments and First Nations communities committed to working together in full and genuine partnership under the National Agreement on Closing the Gap (CtG). This agreement is underpinned by the principle that self-determination and a partnership-based approach are critical to attaining positive outcomes for First Nations people and communities.<sup>4</sup>

Self-determination refers to ‘an ongoing process of choice’ and recognises that First Nations people are collectively best placed to make decisions about matters that affect First Nations communities.

Genuine partnership between governments and First Nations people requires access to data to inform shared decision making. A critical step in achieving this is enabling access to government expenditure information. With this information, First Nations people and communities can be actively involved in resource allocation decisions that support First Nations social, economic and cultural aspirations.

Clause 113 of the National Agreement on CtG requires governments to review and classify expenditure on First Nations programs and services, and to identify opportunities for reallocation of resources to First Nations organisations, particularly in the ACCO sector. The 2023–24 NSW Indigenous Expenditure Report (2023–24 NSW IER) meets and extends beyond these requirements by also estimating the First Nations share of general government expenditure for selected service areas.

The 2023–24 NSW IER also directly contributes towards the following aspects of the CtG Priority Reforms:

- 1. Priority Reform One**  
by enabling shared decision making and a partnership-based approach with First Nations communities.
- 2. Priority Reform Two**  
by identifying funding to the ACCO sector and opportunities for re-allocation to First Nations-led services.
- 3. Priority Reform Three**  
by transforming government organisations to be accountable and responsive to the needs of First Nations people.
- 4. Priority Reform Four**  
by ensuring that First Nations communities have shared access to data and information.



---

# How we calculate First Nations expenditure





---

This report is the third of its kind and builds on the methodology of previous releases.



For the preparation of these reports, Treasury works collaboratively with agencies across the NSW Government sector to collect and quantify First Nations expenditure data. Central collection of this data allows New South Wales, for the first time, to quantify and report on expenditure for First Nations people at the whole-of-state level. Prior to the introduction of this report, information on NSW Government expenditure for First Nations people and programs was ad hoc and often not publicly available.

First Nations specific and general expenditure are reported in different financial years in this report. For targeted expenditure, Treasury has sought to share the most recent available budgeted figures for 2023–24. For calculating the First Nations share of general expenditure there is a greater time lag due to the availability of data required to inform the methodology, including service user data. Treasury is working towards data collection and reporting improvements to resolve this for future reports. Treasury will continue to work in partnership with NSW Government agencies to expand the methodology and improve the availability, quality and timeliness of First Nations expenditure data.

# 2.1 How expenditure is classified

This section outlines the types of expenditure that are included and excluded from this report and how expenditure is grouped and presented.

## 2.1.1 Types of expenditure

The term ‘expenditure’ in this report refers to recurrent expenditure in the General Government sector. It excludes:

- capital expenditure<sup>5</sup>
- expenditure by public non-financial corporations
- economic flows such as the ‘net acquisition of non-financial assets’ (e.g. dividends from asset sale proceeds)
- transactions between NSW Government agencies (such as a grant and revenue transaction from one agency to another) to avoid double counting
- direct Commonwealth expenditure on First Nations communities (such as First Nations health programs).<sup>6</sup> However, expenditure is included where initiatives are co-funded via grants to the NSW Government and the NSW Government is responsible for the management and delivery (such as grants provided under national health and education agreements).

<sup>5</sup> Capital expenditure relates to funds used to acquire, upgrade and maintain assets, such as property, buildings, technology or equipment.

<sup>6</sup> Parliament of Australia 2023.

## 2.1.2 Expenditure classification by service user

To quantify government investment in programs and services for First Nations people, Treasury has classified expenditure into two kinds:

- **First Nations specific expenditure** (or ‘targeted’ expenditure) is spending on programs and services specifically designed for and provided to First Nations people and communities.<sup>7</sup> These programs can be directly identified and do not need to be estimated.
- **General expenditure** (or ‘non-targeted’ expenditure) is spending on the general population that is not specific to First Nations people. The First Nations component of general expenditure is estimated using service use measures.

Combined, these two amounts form the total NSW Government expenditure on First Nations people for a given financial year (Figure 1).

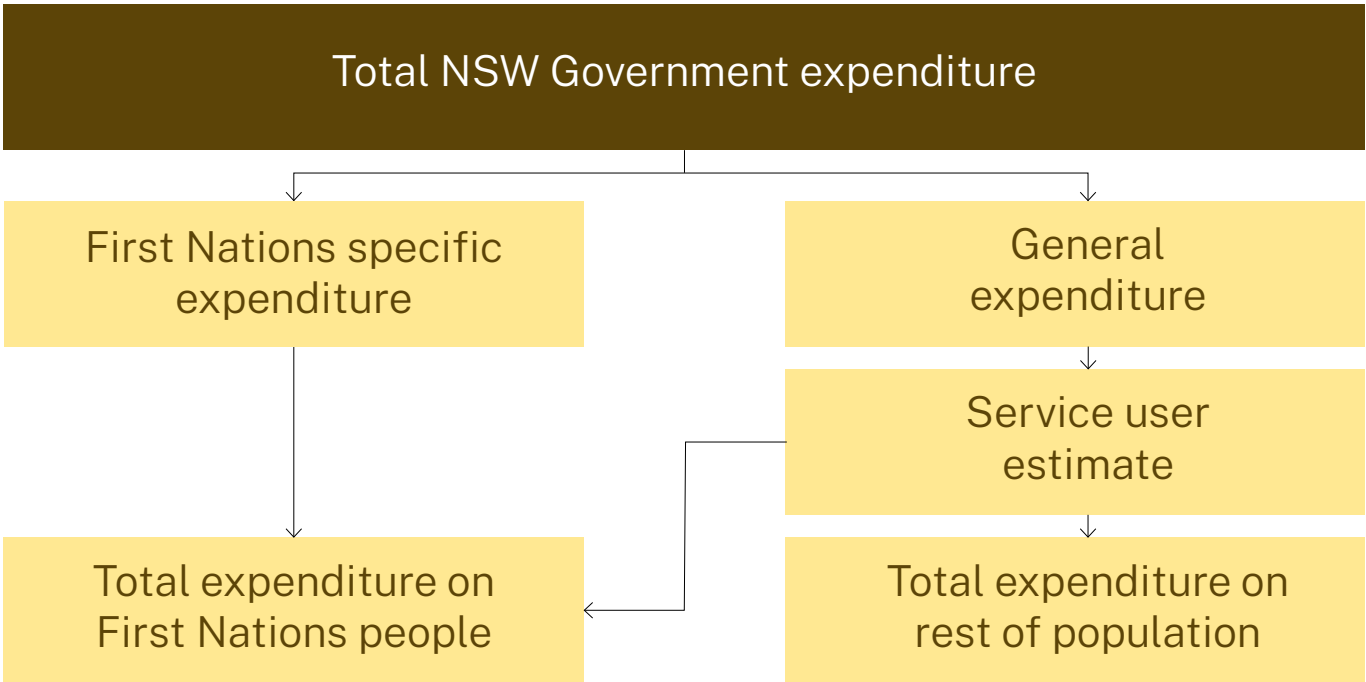
## 2.1.3 Expenditure classification by purpose

In this report, First Nations expenditure is presented using the Organisation for Economic Co-operation and Development’s (OECD) ‘Classification of the Functions of Government – Australia’, known as COFOG-A. This system classifies expenditure by the purpose for which the funds are intended to be used.

COFOG-A forms part of the Australian Government Finance Statistics (GFS) framework. The Australian Bureau of Statistics (ABS) uses it to measure the financial activities of the Commonwealth, State and Territory governments and is an internationally accepted standard for classification.<sup>8</sup>

COFOG-A allows for a uniform analysis of government expenditure on specific functions or policy areas, over time and across jurisdictions. Classifying expenditure in this way also maintains consistency in data quality and reporting as the functions of individual government agencies change over time.

Figure 1: Two types of NSW Government expenditure for First Nations people



7 Government procurement spend with First Nations businesses is not captured under targeted expenditure unless it is for the procurement of goods and services that exclusively benefit First Nations people.  
8 Australian Bureau of Statistics 2015(a).



# 2.2 Estimating First Nations specific expenditure

This report presents estimates of NSW Government expenditure for First Nations specific programs and services by COFOG-A category. This expenditure data is based on 2023–24 budgeted figures as reported by portfolios in their respective 2022–23 data returns.

## 2.2.1 Service areas covered

Data collected and reported for the targeted expenditure category covers all COFOG-A service areas and represents a complete view of NSW Government First Nations specific expenditure.

## 2.2.2 How targeted expenditure is quantified

It is assumed that 100 per cent of expenditure on First Nations targeted programs and services is used by First Nations people. As such, no methodology is required to calculate a First Nations usage share as the full program funding amount is for First Nations service users.

## 2.2.3 Data collection process

Treasury's reporting processes now ensure that all NSW Government portfolios annually provide data regarding their First Nations specific programs and services. This reporting captures:

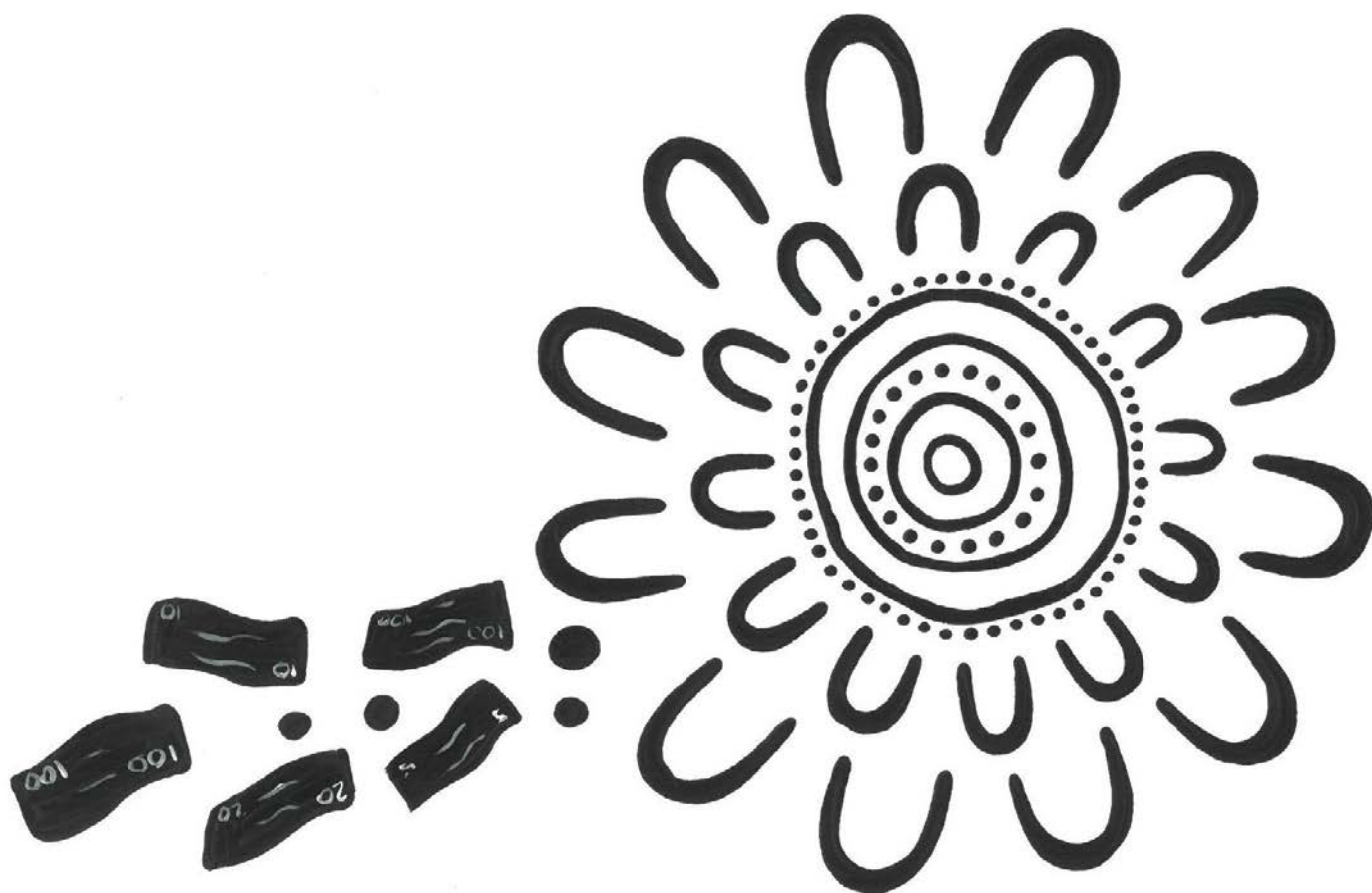
- actual and projected expenditure
- program or service type and purpose
- the service delivery provider and type
- information related to program evaluations
- geographical disaggregation of data (where available).

## 2.3 Estimating the First Nations share of general expenditure

Where the NSW Government spends money on the entire New South Wales population, this report attempts to estimate the proportion that is spent on First Nations people.

Estimating non-targeted expenditure is a much more complex task than the estimation of targeted spending described in section 2.2.

Non-targeted expenditure data in this report includes analysis of selected service areas. The estimates for these service areas are currently only available for the 2021–22 financial year. At the time of data collection, 2021–22 was the latest complete financial year available. Treasury will work with agencies to improve the timeliness of the methodology for future reports.



## 2.3.1 Service areas covered

This report captures non-targeted expenditure data for 18 COFOG-A service areas, for which Treasury has an agreed methodology with the relevant portfolio agency. It includes new service areas alongside updated service areas since the release of the last report. The service areas covered in this report include:



### Education services

- vocational education (new)
- training services (new)
- government primary education
- government secondary education
- special education



### Justice services

- police services (new)
- criminal courts (new)
- access to justice (new)
- prisons



### Social services

- family support (new)
- out-of-home care and child protection
- social housing
- disability



### Health services

- specialised medical services
- paramedical services
- general hospital services
- specialised hospital services
- mental health institutions.

These 18 service areas are estimated to account for almost half (45.6 per cent) of total NSW Government expenditure in 2021–22 (detailed breakdown in the Appendix).<sup>9</sup> The remaining service areas and associated First Nations shares are not reported. Over time, Treasury intends to expand the scope of this report to include all service areas across government, as well as to refine the methodology for existing service areas.

## 2.3.2 How non-targeted expenditure is quantified

Treasury uses aggregated expenditure figures and removes inter-agency transactions to avoid double counting. This expenditure is then broken down into various COFOG-A classifications.

Calculation of the First Nations share of government expenditure on general services then requires methodologies to estimate the share of expenditure that can be attributed to First Nations service users across different service areas.

The quantification of the First Nations share of general expenditure in this report builds on the methodology used by the Australian Productivity Commission for their 2017 Indigenous Expenditure Report.<sup>10</sup> Further detailed information on this methodology and how it has been applied across NSW services and programs can be found in the Appendix.

## 2.3.3 Data collection process

Treasury held consultation sessions with First Nations partners to identify priority service areas for inclusion in the non-targeted section of this report. These consultations sought to ensure that service areas that are of the most interest and usefulness to First Nations people and communities were prioritised.

These sessions demonstrated the need to understand the breadth of First Nations experiences across service areas, particularly where First Nations people are over-represented. This led to the identification of new services where the report could assist in analysing expenditure on First Nations people.

Following identification of priority service areas, Treasury held consultation sessions with relevant government agencies. These sessions were used to scope data availability and variables (such as age, gender and location), develop an agreed methodology, and establish data sharing arrangements and agreed project timeframes.

Treasury will continue to work on embedding an annual reporting process with agencies for the collection of non-targeted expenditure data. This will include the development and application of appropriate methodologies for new service areas.

<sup>9</sup> This includes expenditure within the General Government sector only and does not include expenditure associated with public non-financial corporations or public financial corporations.

<sup>10</sup> Australian Productivity Commission 2017.



## 2.3.4 Limitations of data, methodology and interpretation of findings

Figures presented in this report represent the best available estimates but are subject to limitations that should be taken into consideration when reading, discussing, interpreting and drawing conclusions about findings. It should be kept in mind when interpreting findings that:

- The data presented in this report represents a partial estimate of total NSW Government expenditure on First Nations people, with some general expenditure areas yet to be included.
- Data presented in this report shows a limited point-in-time analysis and may not be representative of the profile of NSW Government expenditure in other years.
- The quality and type of data held and collected varies across service areas and portfolios, with some having more detailed and accurate information available than others.
- Expenditure data does not assess or reveal the effectiveness of programs or services. Approaches such as program evaluation and economic appraisal are needed to understand and assess the impact of expenditure in achieving outcomes.

Treasury has performed due diligence in verifying data quality to a reasonable standard, including comparison against other information sources. Improvements in the quality of data will heavily rely on improvements in the collection and reporting of this information by NSW Government portfolios. These improvements will take time and will involve substantial changes to current data collection and reporting practices. Treasury will continue to work with NSW Government portfolios to minimise the impact of these limitations on data availability, quality and expenditure estimates.

This forms part of a broader, whole-of-government program of work to improve First Nations access to government held data (see Box 1).

### Box 1

## Making government held data more visible and accessible to First Nations communities

The NSW Data Connector Service is one part of a joint program of work between the NSW Government and NSW Coalition of Aboriginal Peak Organisations (NSW CAPO). It was established in 2023 as part of a two-year program to meet commitments under the National Agreement on CtG Priority Reform Four. The service aims to empower First Nations people by providing data and information relevant for Communities to inform decisions and future plans.

The Data Connector Service is made up of Data Connectors which are specialised individual roles, many of whom are First Nations, who are embedded within NSW Government portfolios. The purpose of the Data Connector Service is to provide a single point of contact for First Nations communities and organisations to request access to government-held data. There is also a central team, based in The Cabinet Office, that supports and oversees the service.

This work also includes the development of a data map, to provide a picture of the data and information NSW Government agencies hold that is relevant for First Nations communities and organisations. The aim of this is to support communities in identifying what data they may want, and to create greater transparency and accountability. The creation of a data map will be community-led to ensure it is easy to understand, relevant, and useful for communities across the state.



---

# First Nations specific expenditure

---

# 3

# 3.1 Overview

In 2023–24, budgeted First Nations specific expenditure was

\$1.2 billion

This represents

1.0 per cent

of total NSW Government expenditure

In 2023–24, the NSW Government committed \$1.2 billion on targeted services and programs for First Nations people in New South Wales. This equates to approximately 1.0 per cent of total budgeted NSW Government expenditure. This is equivalent to expenditure of around \$3,402 per First Nations person.<sup>11</sup>

The service areas that are budgeted to receive the largest share of targeted expenditure for First Nations programs and services in 2023–24 are shown in Figure 2 and include:



housing and community amenities (\$301.8 million)



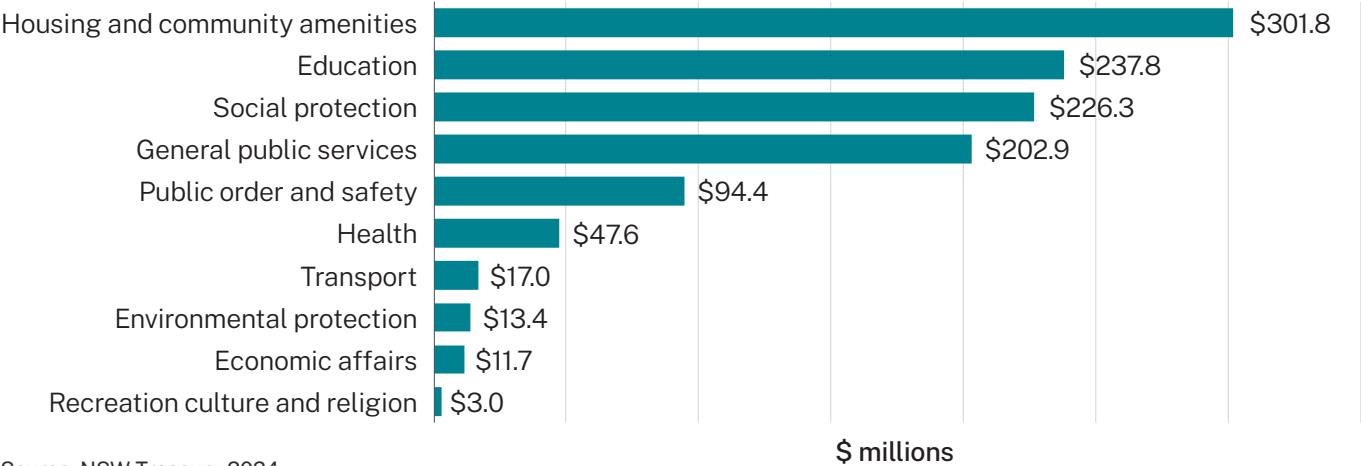
education (\$237.8 million)



social protection (\$226.3 million)

Figure 2: Housing, education and social protection receive the most First Nations specific funding

First Nations specific expenditure, by COFOG-A, 2023–24



Source: NSW Treasury 2024.

11 This figure represents the total NSW Government First Nations specific expenditure divided by the NSW First Nations population as per the ABS Estimated Resident Population (ABS 2023).



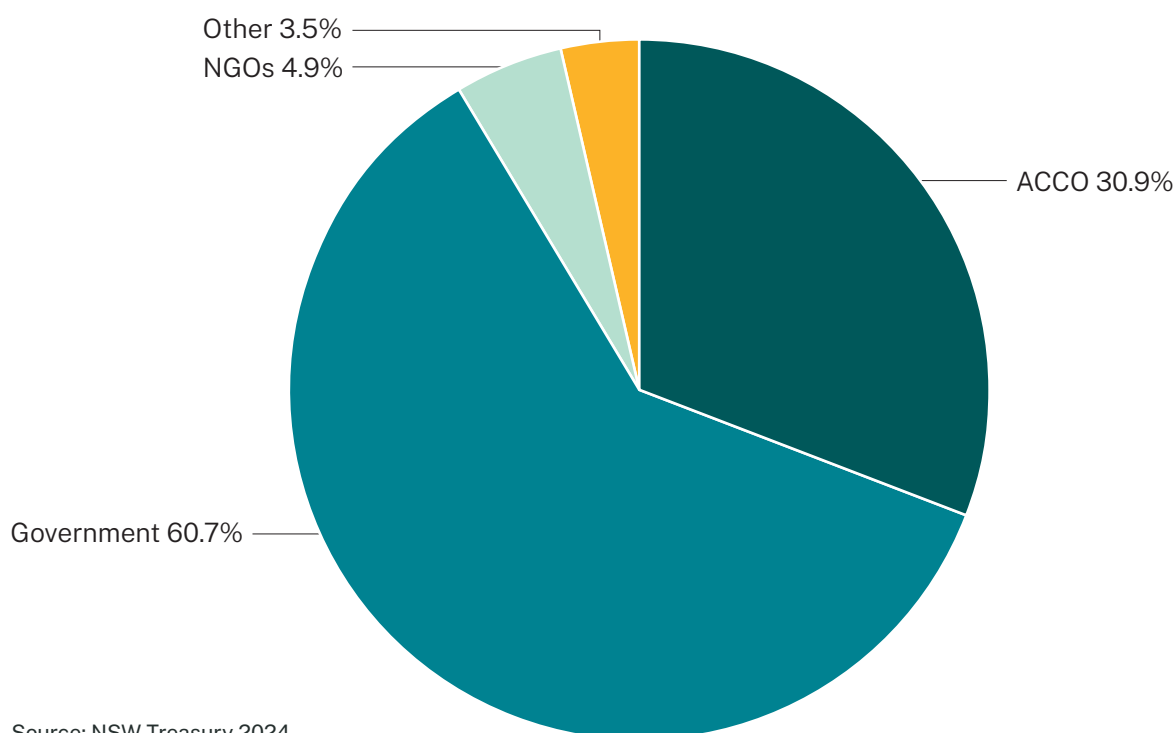
## 3.2 Service provider type

Treasury captures service delivery provider data when collecting targeted expenditure information from NSW Government agencies. The purpose is to understand what type of providers are being funded to deliver services to First Nations people in New South Wales.

In 2023–24, the majority (60.7 per cent) of funding for First Nations specific programs and services went to NSW Government service providers (Figure 3). Around 30.9 per cent (\$357.6 million) was directed to the ACCO sector.

**Figure 3: The bulk of funding for First Nations services went to government providers**

First Nations specific expenditure, by service provider type, 2023–24



Source: NSW Treasury 2024.

The large share of First Nations specific expenditure directed to government services, in part, reflects the functions of core government services and agencies. Examples include the Aboriginal Housing Office (AHO), the functions of Aboriginal Affairs NSW, and funding for First Nations students in primary and secondary schools.

The proportion of funding for First Nations specific programs and services that is directed to the ACCO sector varies across portfolios (see Table 1). While in some cases this reflects the nature of the service area, there may be opportunities for NSW Government to further identify where service delivery could be reasonably transitioned to ACCOs.

Investment in ACCOs strongly aligns with Priority Reform Two of the National Agreement on CtG, which commits the NSW Government to build up the ACCO sector. The NSW Government is working in partnership with NSW CAPO and other First Nations partners to identify government services that can be delivered by ACCOs and support the growth of the sector. This acknowledges that services provided by ACCOs are often preferred over mainstream services, achieve better results and employ more First Nations people.<sup>12</sup>

**Table 1: Proportion of First Nations specific funding directed to ACCO service providers by NSW Government portfolios, 2023–24<sup>13</sup>**

Portfolio <sup>14</sup>	Expenditure directed to ACCOs	Proportion of Portfolios total First Nations specific spend
Customer Service	\$6,000	<1.0%
Enterprise, Investment Trade	\$97,000	2.5%
Planning, Housing and Infrastructure	\$32,377,000	8.8%
Education	\$14,424,700	6.2%
Health	\$47,571,000	100%
Premier's Department	\$38,417,000	32.0%
Regional	\$55,100	<1.0%
Stronger Communities	\$222,767,000	70.2%
Transport	\$1,869,000	11.0%

<sup>12</sup> Department of the Prime Minister and Cabinet 2020.

<sup>13</sup> The proportion of First Nations specific funding that could be reasonably re-directed to ACCOs varies by portfolio, with some having larger amounts of targeted funding tied to the core business of Government agencies (such as Aboriginal Affairs within the Premier's Department).

<sup>14</sup> NSW Treasury and The Cabinet Office are not service delivery agencies and do not directly fund or provide programs for citizens that could be delivered by ACCOs.

# 3.3 Evaluation rate

Evaluation is an essential tool to inform evidence-based decision making. It helps to assess if government investment is effective in achieving outcomes and can be used to improve the design and delivery of services and programs. Evaluation also helps to promote transparency and accountability in the use of public funds.

To build an evidence base around what works in achieving outcomes for First Nations people, the NSW Government, in partnership with NSW CAPO, has committed to the implementation of a CtG Forward Evaluation Schedule (the Evaluation Schedule). The Evaluation Schedule seeks to establish a forward plan with all NSW Government agencies for the evaluation of First Nations specific initiatives, annually monitor progress towards this plan and use findings to drive more evidence-based decision making.

All NSW Government agencies are required to periodically evaluate initiatives to ensure they are achieving intended outcomes and are providing a social benefit and value for money.<sup>15</sup> In New South Wales, 11.5 per cent of currently funded First Nations specific programs have been evaluated to date. Data collected through the Evaluation Schedule identified a further 57.7 per cent of programs that have an evaluation (or a form of performance assessment, accountability or review) planned, in development or underway (Figure 4).

Around a quarter (25.1 per cent) of programs receiving First Nations specific funding have requested an exemption from the Evaluation Schedule stating that the program or service:

- is business as usual expenditure and does not need to be evaluated
- is a one off or time-limited initiative
- has no evaluation budget for the program
- has minimal expenditure
- is part of a broader mainstream program.

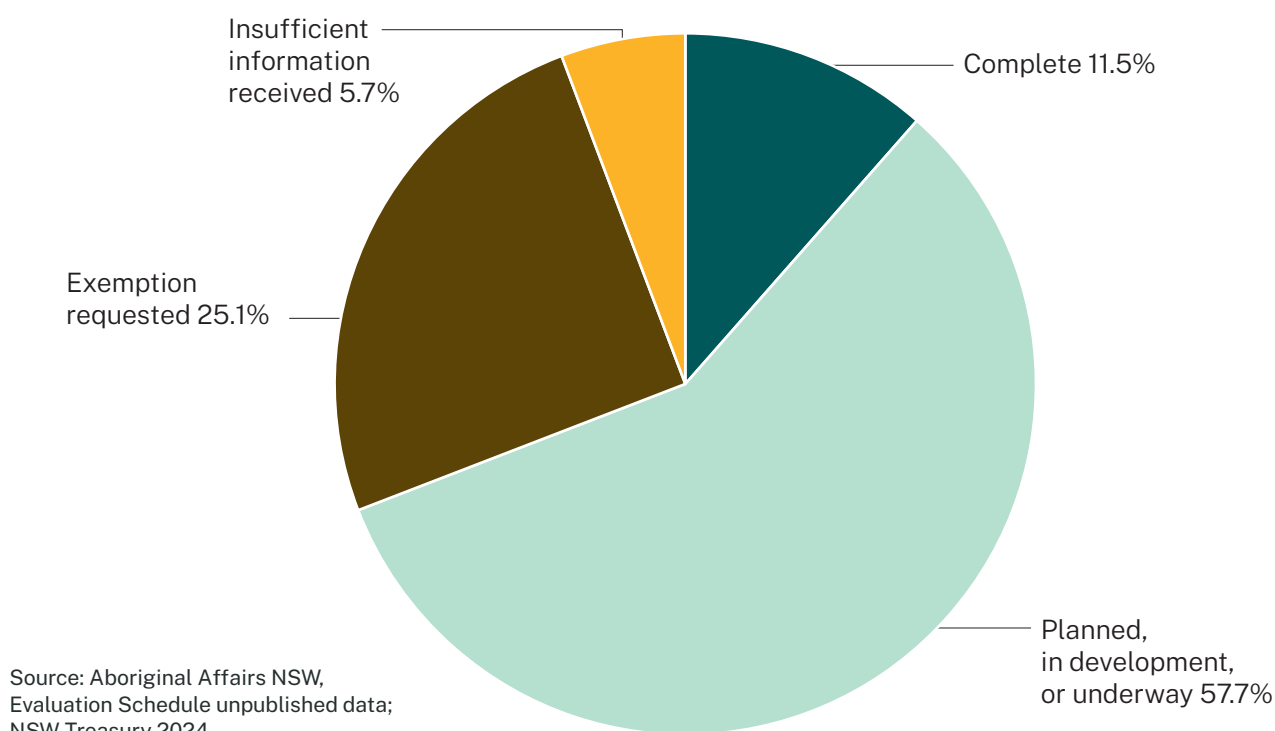
Requests for exemptions from evaluation are being worked through with NSW Government agencies in partnership with NSW CAPO to ensure evaluation can usefully inform future funding decisions and program design.

---

<sup>15</sup> NSW Treasury 2023(b).



**Figure 4: Over half of all First Nations specific programs have an evaluation underway, in development or planned**  
Evaluation status, First Nations specific programs and services, 2023–24



The data presented in Figure 4 is based on the first data collection for the Evaluation Schedule and provides indicative insights. For the purposes of the Evaluation Schedule, all identified First Nations specific initiatives were considered in scope for evaluation. The process for current and future Evaluation Schedules is being revised to limit exemptions and strengthen data collection and analysis.

Treasury is also progressing work to lift the quality of evidence for programs and services that impact First Nations people through the delivery of a First Nations Investment Framework (see Box 2).

## Box 2

### Lifting the quality of evidence for programs that impact First Nations people

Treasury is delivering on its commitment under the 2022–24 NSW Implementation Plan for CtG, with the design and implementation of a First Nations Investment Framework (The Framework).

The Framework will provide guidance on how to effectively partner with First Nations people and organisations to design policy through the whole-of-policy cycle, including business case development, economic appraisal and evaluation. It seeks to address common gaps in knowledge and capability identified through research on current practice and consultation with stakeholders across government and First Nations community organisations.

Over the long-term, application of the Framework will lift the quality and cultural responsiveness of initiatives and provide community led evidence to inform how initiatives are designed, prioritised and funded.

The Framework is scheduled for release mid-2024 and will supplement the NSW Government's existing suite of policies and guidance.

# 3.4 Breakdown by service area

This section outlines total budgeted NSW Government expenditure on First Nations specific programs and services by COFOG-A classification.<sup>16</sup>



## 3.4.1 Housing and community amenities

The NSW Government is budgeted to spend **\$301.8 million** on First Nations specific programs and services for housing and community amenities in 2023–24. This is the largest area of First Nations specific expenditure and accounts for over a quarter (26.1 per cent) of all targeted expenditure.

The AHO makes up most of the expenditure for this service area, with \$251.9 million budgeted for 2023–24. This is primarily made up of:

- \$139.2 million towards managing and coordinating capital and maintenance works for First Nations social and community housing.
- \$60.0 million for ‘Closing the Gap – Housing Solutions’. This initiative seeks to deliver new homes, improve living conditions, provide stable housing for women and families, support the First Nations community housing provider sector, and create jobs for First Nations people.

The Department of Planning, Housing and Infrastructure also contributes to First Nations housing and community amenities; it is the second largest contributor, with \$48.4 million budgeted in 2023–24. This is primarily made up of:

- \$32.4 million for the Roads to Home program, which is a community-led planning and infrastructure program aiming to address longstanding access inequality experienced by 61 Discrete Aboriginal Communities across New South Wales.
- \$5.1 million for remedial works to clean up and repair Me-Mel Island, ahead of transferring ownership back to traditional owners.

<sup>16</sup> Detailed definitions of COFOG-A categories can be found at ABS 2015(c).



## 3.4.2 Education

The NSW Government is budgeted to spend **\$237.8 million** on First Nations specific education programs in 2023–24. This accounts for 20.6 per cent of the total targeted spend.

Education is a human right and a vital service that can be leveraged to improve life outcomes for people. Current statistics highlight a disparity in educational outcomes between First Nations and non-First Nations students.<sup>17</sup>

The Department of Education is the largest contributor to this service area and is responsible for \$217.7 million of the total First Nations education allocation. The single largest program is the 'Aboriginal background equity loading provision' (\$123.9 million), which delivers needs-based funding directly to New South Wales public schools to meet the learning needs of First Nations students. The allocation of this provision is left to the discretion of schools and to date there has been no evaluation of the impact of this funding for improving First Nations student outcomes.



## 3.4.3 Social protection

The NSW Government is budgeted to spend **\$226.3 million** for First Nations social protection services and programs in 2023–24. This accounts for just under one fifth (19.6 per cent) of the total targeted spend.

The Department of Communities and Justice (DCJ) is responsible for almost all expenditure in this service area, accounting for around \$222.8 million. First Nations specific services within the out-of-home-care (OOHC) and permanency support systems are the largest programs in this service area with a budgeted expenditure of \$150.5 million. These programs support vulnerable First Nations children and young people who are considered to not be able to live safely with their parents, including general foster care, kinship care, residential care, adoptions and restorations.



## 3.4.4 General public services

The NSW Government is budgeted to spend **\$202.9 million** on First Nations specific programs for general public services. This accounts for 17.6 per cent of the total targeted spend.

General public services consist of government expenditure that are not connected with a specific function and which are usually undertaken by central offices. Expenditure associated with Aboriginal Affairs NSW within the Premier's Department is the largest driver (\$119.6 million) of this expenditure. Aboriginal Affairs NSW is responsible for First Nations programs and services including \$38.2 million for the operations of regional offices and directorates, \$36.4 million for Closing the Gap initiatives to be delivered in partnership with NSW CAPO and \$18.9 million for the Stolen Generation Reparations Scheme. This expenditure area also includes \$2.0 million towards NSW Aboriginal Regional Alliances under the Local Decision Making model.

17 Australian Institute of Health and Welfare 2024.





## 3.4.5 Public order and safety

The NSW Government is budgeted to spend **\$94.4 million** in 2023–24 on First Nations specific programs and services for public order and safety. This accounts for 8.2 per cent of the total targeted spend.

All expenditure captured under public order and safety can be attributed to the Stronger Communities portfolio. Within this portfolio, DCJ is one of biggest drivers of expenditure (\$36.3 million) including:

- \$20.1 million for a range of justice programs that seek to improve justice outcomes and reduce First Nations over-representation in the justice system.
- \$9.2 million to deliver culturally appropriate court initiatives such as targeted assistance for First Nations defendants in the Sydney Drug Court (\$6.3 million) and the Youth Koori Court (YKC) (\$2.4 million).
- \$6.9 million for programs associated with prisons such as Bail Advocacy and Support Services (\$2.4 million), NSW Aboriginal Justice Partnership (\$1.8 million) and the Aboriginal Throughcare Strategy (\$1.1 million).

Legal Aid NSW is also a large contributor to this service area, with \$45.1 million budgeted in 2023–24. Including:

- The Women's Domestic Violence Court Advocacy Program (\$38.2 million), which provides specialist support services for First Nations women experiencing domestic and family violence.

NSW Police has a total of \$8.0 million budgeted for First Nations programs including:

- \$6.0 million for First Nations community liaison officers to provide positive communication between NSW Police and First Nations communities.
- \$200,000 for the Aboriginal Strategic Crime Prevention grants for crime prevention and community safety initiatives. These grants seek to promote increased engagement and decrease the over-representation of First Nations people in the criminal justice system.



## 3.4.6 Health

The NSW Government is budgeted to spend **\$47.6 million** on First Nations specific health programs and services. This accounts for 4.1 per cent of the total targeted spend.

All expenditure captured in this group is grant funding awarded to Aboriginal community controlled health organisations (ACCHOs). The Ministry of Health's Centre for Aboriginal Health has responsibility for providing grants to ACCHOs, which provide health, drug and alcohol and family services for First Nations communities. The Commonwealth Government also provides direct funding towards First Nations health programs provided by ACCHOs in New South Wales that is not captured in this report.



## 3.4.7 Transport

The NSW Government is budgeted to spend **\$17.0 million** on First Nations specific transport programs in 2023–24. This accounts for 1.5 per cent of the total targeted spend.

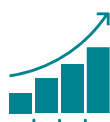
Transport for NSW has a range of First Nations focused road safety and transport initiatives designed to promote accessibility of driving services and road safety. A key program is the Driver Licensing Access Program (DLAP) with \$5.3 million budgeted in 2023–24. The objectives of the DLAP are to provide culturally appropriate support and resources that assist First Nations people to obtain, retain and regain their driver licence across all stages of the licensing pathway. Improved access to a drivers licence can contribute towards other outcomes in education, employment and health.



### 3.4.8 Environmental protection

The NSW Government is budgeted to spend **\$13.4 million** on First Nations specific programs and services under the environmental protection service group. This accounts for 1.2 per cent of the total targeted spend.

Programs and services provided by the NSW Government's Local Land Services agency under the Regional NSW portfolio is the primary contributor to this spend (\$11.4 million). This includes \$5.3 million for First Nations cultural and community engagement. This budget facilitates co-design on a number of activities including Aboriginal cultural heritage assessments, First Nations community advisory groups, and cultural burning. The Aboriginal Ranger Program is also funded \$4.0 million under this service group.



### 3.4.9 Economic affairs

The NSW Government is budgeted to spend **\$11.7 million** on First Nations specific programs and services under the economic affairs service area. This accounts for 0.9 per cent of the total targeted spend.

The largest expenditure in this area is for the Regional Aboriginal Partnerships Program (RAPP) delivered by Regional NSW, with \$7.1 million budgeted in 2023–24. This program builds on strong cultural connections to achieve positive economic, social and cultural outcomes. It seeks to establish focused partnerships with First Nations youth, schools and businesses to support more meaningful and stable employment outcomes.

New South Wales is the only jurisdiction in Australia with a fifth Priority Reform for CtG on employment, business growth and economic prosperity. This Priority Reform focuses on growing the First Nations business sector in partnership. It recognises that First Nations businesses are often vehicles of self-determination and drive positive employment, training and social outcomes. There is scope to explore opportunities for further government investment in this area to drive outcomes and build the First Nations economy.



### 3.4.10 Recreation, culture and religion

The NSW Government is budgeted to spend **\$3.0 million** on First Nations specific programs and services for recreation, culture and religion. This accounts for 0.3 per cent of the total targeted spend. This is the smallest group of targeted expenditure.

Recreation, culture and religion consists of expenditure for the provision of sporting and recreational services, cultural services and government expenditure on religious and other community services. Targeted programs and services delivered by the Department of Enterprise, Investment and Trade (\$988,000), Historic Houses Trust of NSW (\$957,700) and Museum of Applied Arts and Sciences (\$924,000) are the drivers of First Nations expenditure in this service area.

NSW Treasury undertook a listening series and interview series with First Nations communities and organisations to understand economic prosperity from a First Nations perspective. The findings outlined the importance of culture for many First Nations people as the foundation for social, economic and individual wellbeing.<sup>18</sup> Connection to culture and Country provide First Nations people with a range of health, wellbeing, cultural, socio-political, economic and environment benefits.<sup>19</sup> This consultation has informed the inclusion of culture in the First Nations Investment Framework as both a key input and outcome of targeted initiatives. Opportunities to invest further in these areas should be explored as a way to support better outcomes for First Nations people and communities.

<sup>18</sup> Inside Policy 2021 and NSW Treasury 2021.

<sup>19</sup> Weir, J et al. 2011.



---

# First Nations share of general expenditure



# 4

# 4.1 Overview

In 2021–22, the First Nations share of general expenditure was estimated at

**\$5.8 billion**  
across 18 service areas

This represents  
**4.9 per cent**  
of total NSW Government expenditure

In 2021–22, it is estimated that the NSW Government spent \$5.8 billion on First Nations people across the 18 non-targeted service areas included in this chapter.<sup>20</sup> This represents around 4.9 per cent of total NSW Government expenditure in 2021–22.

The 18 service areas are grouped into four headline categories:



Education



Justice



Social services



Health

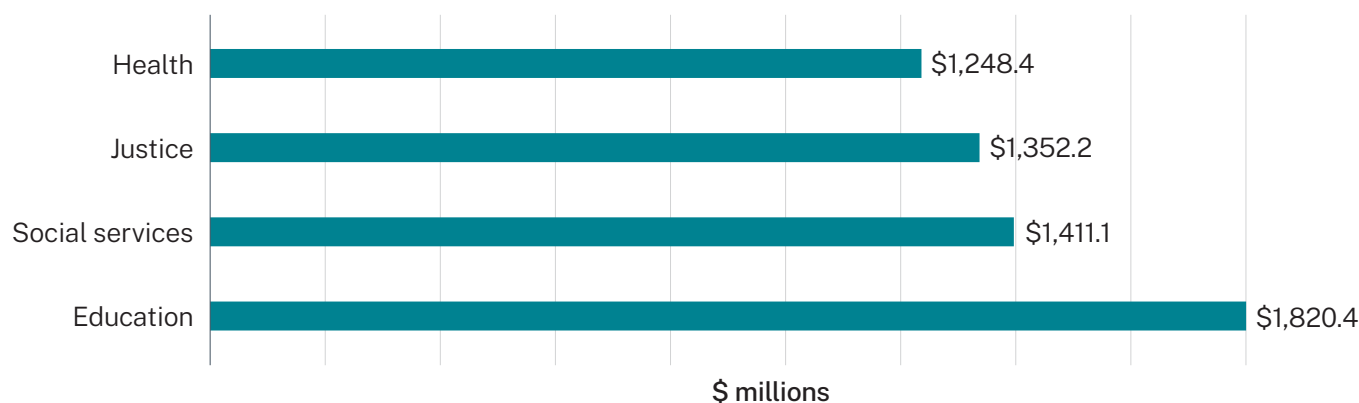
Education had the highest overall expenditure, with \$1.8 billion estimated to have been spent on First Nations students in 2021–22 (Figure 5). This was followed by justice and social services with expenditure of around \$1.4 billion each respectively, as well as an estimated \$1.2 billion for health services provided to First Nations people.

20 All figures presented are in nominal prices and have not been adjusted.



**Figure 5: Education had the highest total non-targeted spend on First Nations people**

First Nations share of general expenditure, by service area, 2021–22



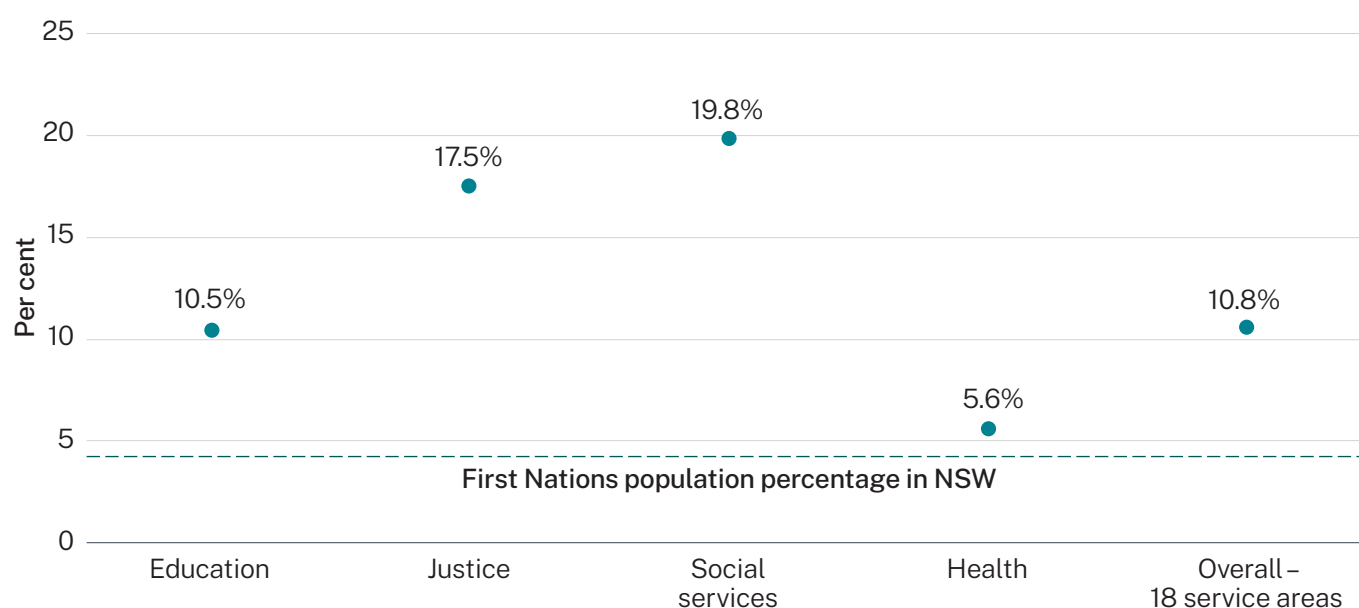
Source: NSW Health; NSW Department of Communities and Justice; NSW Department of Education; NSW Treasury 2024.

#### 4.1.1 Proportion of expenditure on First Nations people by service area

The First Nations share of expenditure across the four categories for 2021–22 is estimated to be 10.8 per cent on average (Figure 6). This is higher than the First Nations population share of 4.2 per cent, showing a disproportionate level of expenditure on First Nations people in these service areas. The rate of over-representation varies across categories, with the First Nations share of expenditure being highest for social services and justice and lowest for health.

**Figure 6: First Nations people are over-represented in expenditure across all service areas**

NSW Government general expenditure, First Nations attributable, by category, 2021–22



Source: NSW Treasury 2024.



#### 4.1.2 Potential for cost reductions and improved outcomes through justice, OOHHC and child protection reform

Treasury estimates that if the First Nations' share of spending on justice, OOHHC and child protection in New South Wales matched the First Nations population share, there would be avoided costs of around \$1.8 billion per year. Opportunities for investment in early intervention and diversion should be considered in light of these long-term potential avoided costs.<sup>21</sup>

This estimated avoided cost includes:

- **\$1,028 million** or a 76.1 per cent reduction in expenses for First Nations justice services. This is calculated based on a representative proportion of expenditure for First Nations people in the justice system (4.2 per cent aligning with the New South Wales First Nations population share).
- **\$745 million** or a 81.4 per cent reduction in expenses for First Nations children in the child protection and OOHHC systems. This is calculated based on a representative proportion of expenditure for First Nations children in these systems (7.7 per cent aligning with the First Nations share of children aged 0–17).

While the estimated avoided costs are simplified representations based on population proportions, they highlight the need for in-depth consideration of the financial and socio-economic impacts of First Nations over-representation in these systems. The design and development of effective and culturally responsive policy solutions are critical to addressing these issues.

Undertaking targeted policy reform can address not only high service costs, but also contribute to better life outcomes for First Nations people and communities. Evidence shows that interaction with these systems can perpetuate cycles of intergenerational disadvantage.<sup>22</sup> First Nations children placed in OOHHC are over 16 times more likely to be placed in youth justice supervision than the rest of the population, and 68 per cent more likely to appear in Children's Courts.<sup>23</sup>

The benefits of keeping First Nations families together and placing children within family networks and kinship care are well established.<sup>24</sup> Family structures and links with community are critical to First Nations children's sense of identity, culture, and self-determination, with a direct impact on mental health, socio-economic wellbeing and suicide rates.<sup>25</sup>

The high rates of First Nations imprisonment also limit access to Country and kin, culturally appropriate healthcare, education, employment opportunities, mental health care and disability services.<sup>26</sup> This can compound socio-economic disadvantage with impacts for overall individual and community outcomes.<sup>27</sup>

21 This estimated cost saving represents the difference in the 2021–22 First Nations share of expenditure for these service areas with an alternative where service use is representative of the First Nations population share. This is a crude estimate and does not account for any other variations that may impact the First Nations expenditure share.

22 Australian Institute of Criminology 2023.

23 Australian Law Reform Commission 2018.

24 Australian Institute of Health and Welfare 2021.

25 Australian Institute of Health and Welfare 2021.

26 Australian Indigenous Doctors' Association 2022.

27 Aboriginal and Torres Strait Islander Health Performance Framework 2024.

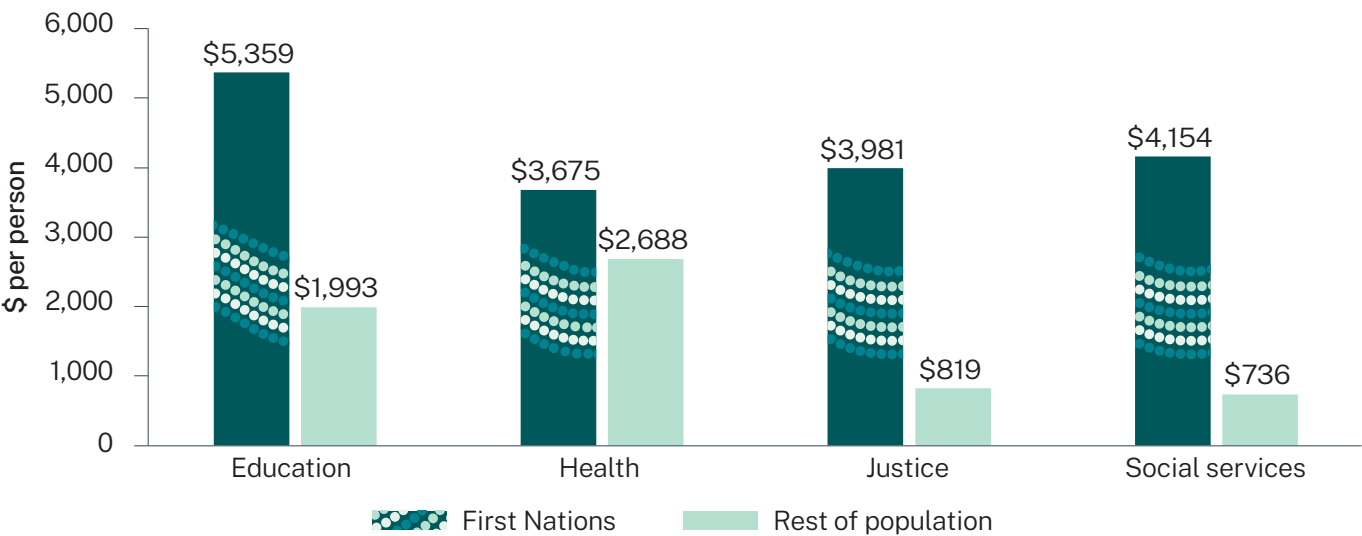
### 4.1.3 Expenditure per person

#### By service area

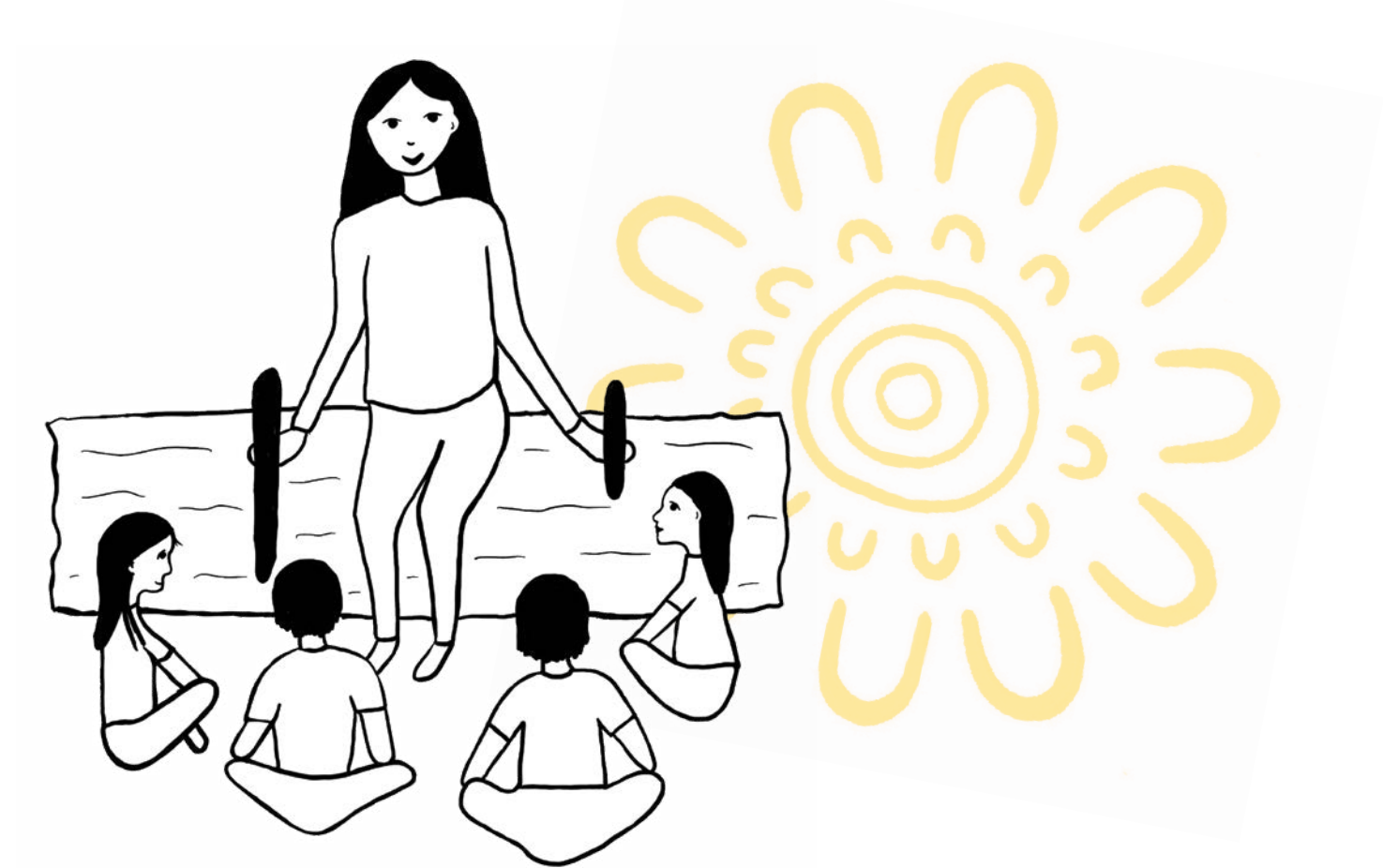
For 2021–22, the First Nations share of general expenditure across the four categories translates to approximately \$17,168 per First Nations person. This compares to an estimated expenditure of \$6,236 per person for the rest of the population in New South Wales. The largest differential in spend is within the social services category (Figure 7).

**Figure 7: Social services has the highest difference in per person expenditure**

NSW Government general expenditure, per person, by category, 2021–22



Note: Per-person estimates are based on the ABS Estimated Resident Population (ABS ERP 2023).  
Source: NSW Treasury 2024.



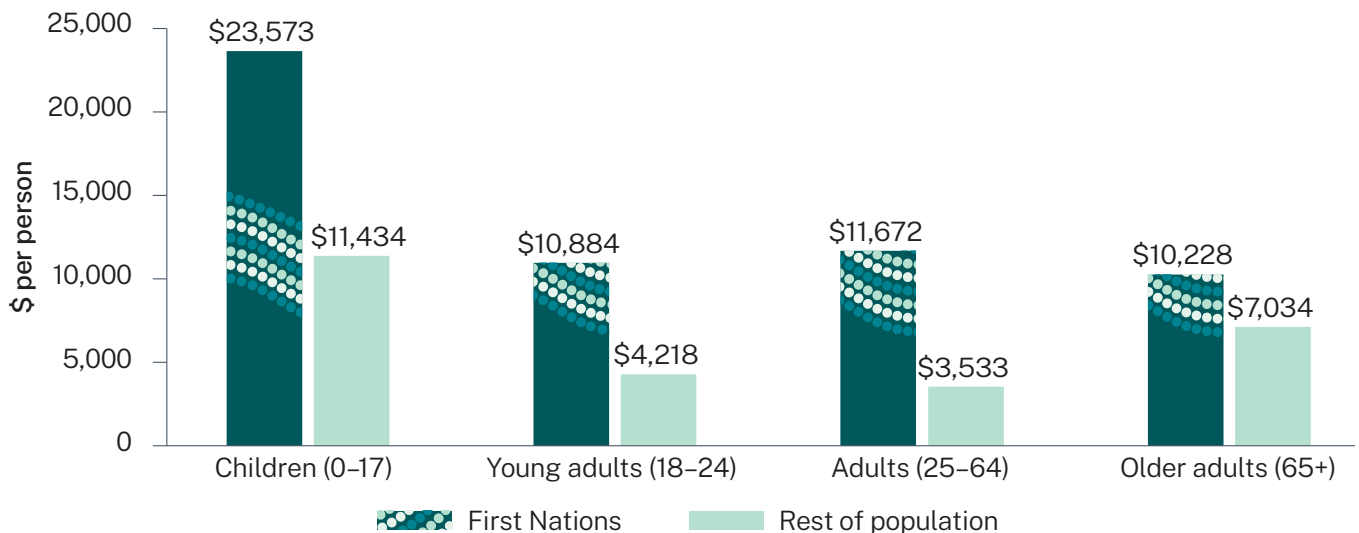
## By age group

Figure 8 presents the 2021–22 First Nations share of general expenditure by age group. This shows that:

- The First Nations share of general expenditure is highest for children (ages 0 to 17). This reflects over-representation of First Nations children in the OOHC and child protection systems, and the fact that children are enrolled in school.
- For First Nations people, older adults represent the lowest per-person expenditure. This differs from the rest of population, where older adults account for the second highest level of expenditure after children.

**Figure 8: Expenditure is highest on First Nations children driven by OOHC, child protection and education**

NSW Government general expenditure, per person, by age group, 2021–22



Note: Per-person estimates are based on the ABS Estimated Resident Population (ABS ERP 2023).  
Source: NSW Treasury 2024.

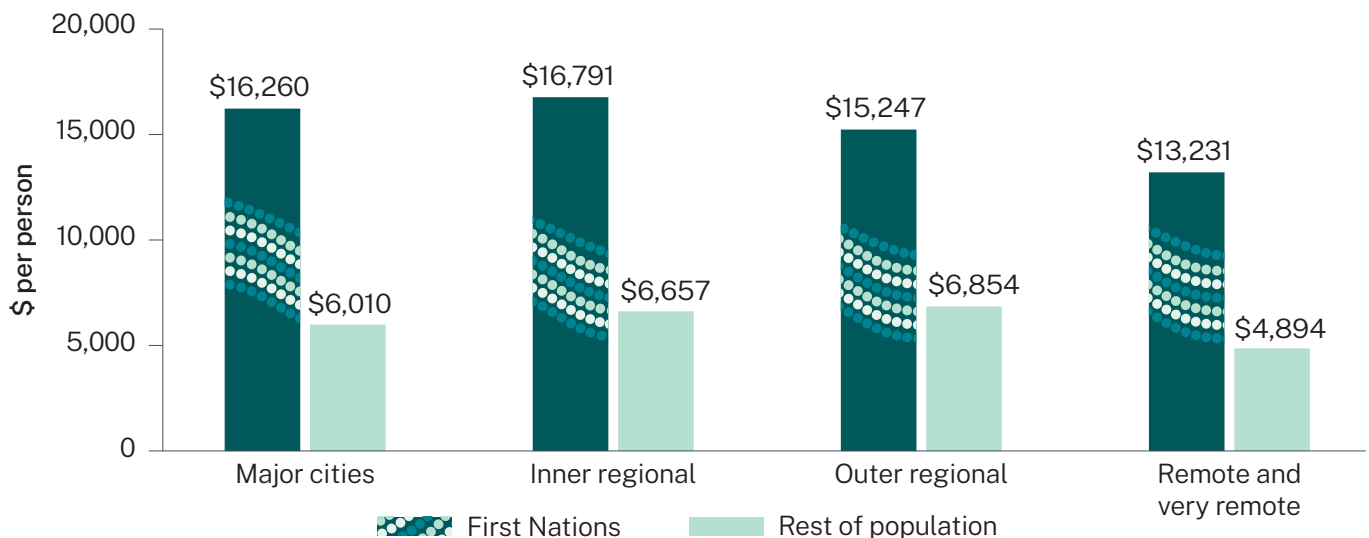
## By geographical spread

Where resources are invested geographically is important for First Nations outcomes, as First Nations people are more geographically spread across New South Wales, including regional and remote areas.

Figure 9 shows that for First Nations people, the per-person share of general expenditure is highest in inner regional areas and lowest in remote and very remote areas. This likely reflects the lower levels of service accessibility and delivery in remote parts of the State.

**Figure 9: Government expenditure in inner regional areas exceeds major cities on a per person basis**

NSW Government general expenditure, per person, by remoteness, 2021–22



Source: ABS ERP 2023; NSW Treasury 2024.



## 4.2 Education

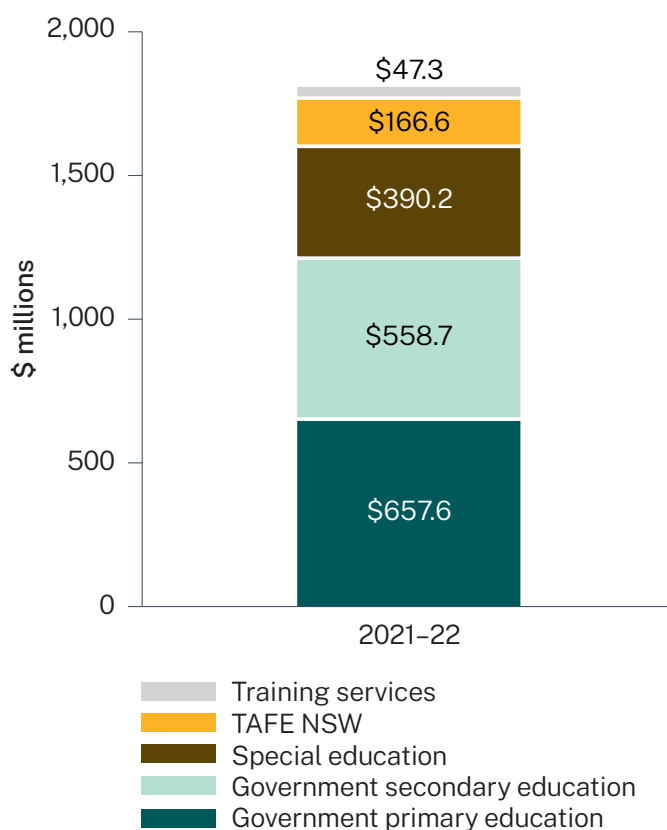
In 2021–22, the NSW Government is estimated to have spent \$1.8 billion on education for First Nations students across five service areas (Figure 10). This represents 10.5 per cent of a total \$17.2 billion spent on education services in 2021–22.

Government primary and secondary education account for the majority (67 per cent) of First Nations expenditure in this category with a combined estimate of \$1.2 billion. The education portfolio is responsible for the education system, including the provision of government primary and secondary education and the vocational education sector.



**Figure 10: The majority of First Nations education expenditure is for primary and secondary education**

NSW Government general expenditure, education services, First Nations attributable, 2021–22

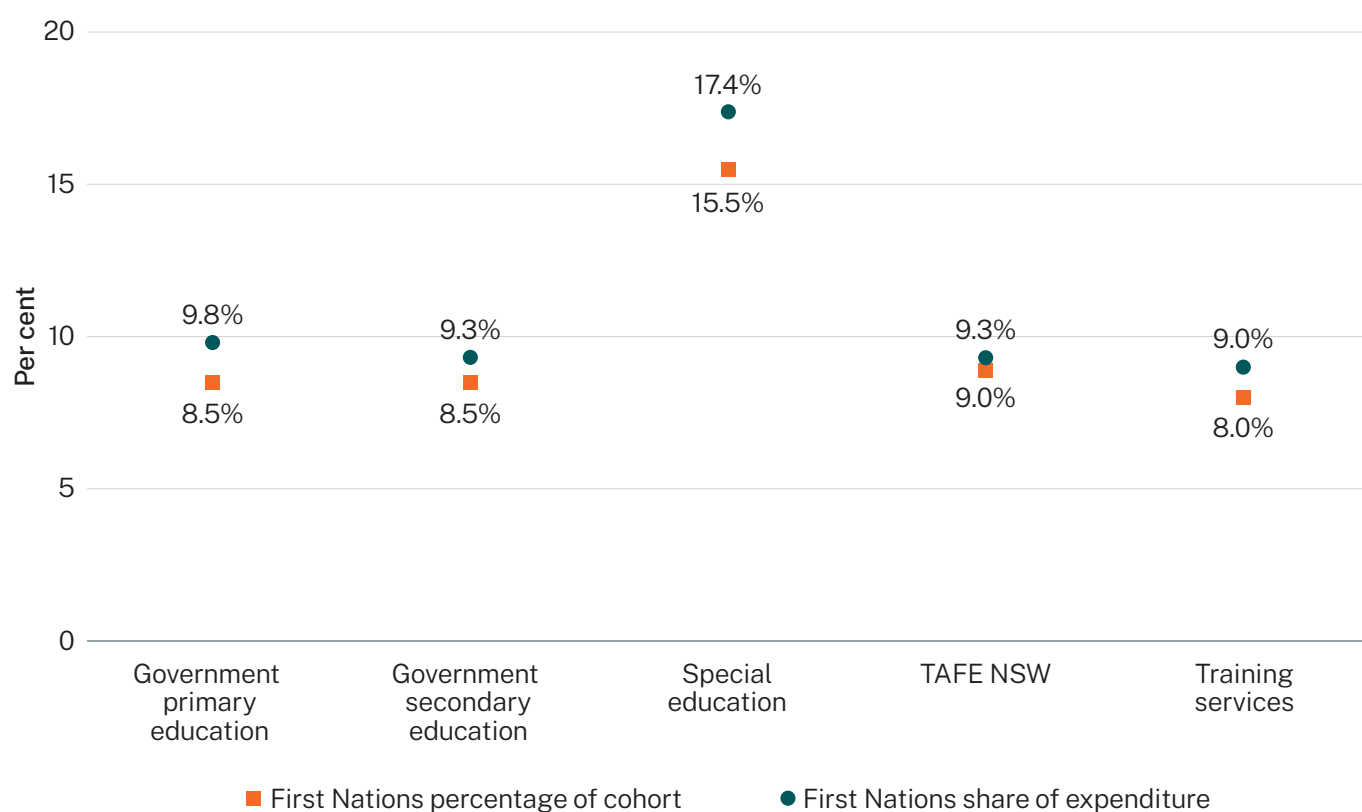


Source: NSW Treasury 2024.

When looking at the share of expenditure across the five service areas, First Nations students account for marginally higher shares of general expenditure when compared to the proportion of First Nations students (Figure 11).

**Figure 11: The First Nations share of education expenditure is slightly higher than the proportion of First Nations students**

NSW Government general expenditure, education services, First Nations attributable, 2021–22



Source: NSW Treasury 2024.

## 4.2.1 Government primary and secondary education

For 2021–22, the NSW Government is estimated to have spent \$657.6 million and \$558.7 million on First Nations students for government primary and secondary education respectively. Expenditure captured under these categories is reflective of state funded education programs. It does not include expenditure associated with private schools.

Primary education includes programs that provide a sound knowledge of reading, writing, simple mathematics and an elementary knowledge of other subjects for children ages 5 to 7 until ages 10 to 12. Secondary education includes educational programs that extend primary schooling programs for a period of 4 to 6 years.

First Nations children make up 8.5 per cent of all school aged children aged 5 to 17 in New South Wales. The higher First Nations share of expenditure for government primary and secondary education likely reflects geographical and learning based loadings within school budget allocations, reflecting the higher proportion of First Nations students in regional and remote areas.<sup>28</sup>

## 4.2.2 Special education

Special education or Schools for Specific Purposes (SSPs) provide specialist and intensive support in a dedicated setting for students with moderate to high learning and support needs. SSPs support students with intellectual disability, mental health issues, autism, physical disability or sensory impairment, as well as students with learning difficulties or behaviour disorders.

First Nations students account for \$390.2 million or 17.4 per cent of special education expenditure. Expenditure for special education services in this report relate to:

- special education programs provided by SSPs.
- the administration and operation of SSPs.
- scholarships, grants and other allowances that support students enrolled in special education programs.

This classification includes education of children in custody or on remand but excludes special education programs that are integrated into mainstream primary or secondary education.

First Nations students account for 15.5 per cent of students engaged in special education programs. Research shows that First Nations students:

- are equally represented in SSPs enrolling students for autism, physical, sensory and intellectual disabilities.
- are over-represented in SSPs enrolling students under the categories of emotional disturbance, behaviour disorder and juvenile detention.<sup>29</sup>

There is an opportunity for the NSW Government to understand and examine First Nations over-representation in the latter SSPs and evaluate the impact of these institutions in improving educational and life outcomes. In particular, the appropriateness and effectiveness of SSPs to meet the unique learning and cultural needs of First Nations children.

## 4.2.3 Vocational education and training (VET)

The NSW Government is estimated to have spent \$213.9 million on First Nations students in 2021–22 for VET services, including technical and further education (TAFE) NSW and Training Services NSW. This represents around 9.2 per cent of the total \$2.3 billion spent on these services in 2021–22.

VET services play a crucial role in developing a productive and highly skilled workforce.<sup>30</sup> It aims to enable people to participate effectively in the labour market, to help young people to transition from school to work, and to help adult workers to move into and between jobs.<sup>31</sup>

In New South Wales, TAFE NSW is the NSW Government's public provider of VET. Training Services NSW within the Department of Education administers funding and works with industry providers and the community on VET. Together, each department has leveraged opportunities to work with one another, in a State and Commonwealth capacity. An example being the Nations Skills Agreement (NSA) to strengthen the VET sector (see Box 3).

28 NSW Department of Education 2022.

29 Graham, J 2012.

30 VET includes TAFE and colleges and other institutions that provide VET services.

31 Australian Productivity Commission 2020.

## TAFE NSW expenditure by region

Figure 12 shows the share of expenditure on TAFE NSW services for First Nations students, the highest of which were:

**87 per cent in Brewarrina**

**78 per cent in Central Darling**

**76 per cent in Coonamble**

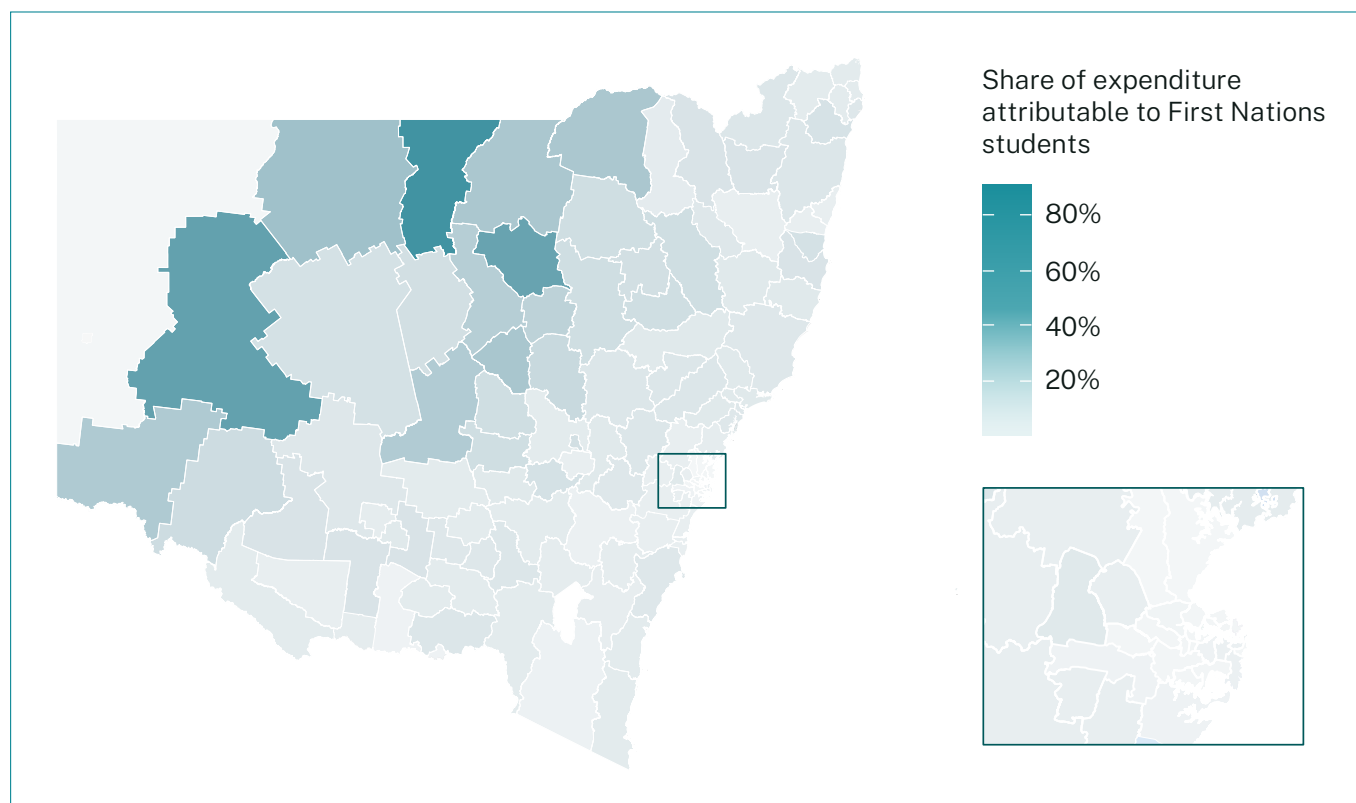
**52 per cent in Narromine**

**50 per cent in Moree Plains**

**49 per cent in Walgett**

**Figure 12: TAFE NSW expenditure attributed to First Nations people is proportionately highest in the north west of the State**

TAFE NSW expenditure, First Nations attributable, by student Local Government Area, 2021–22



Note: TAFE expenditure does not include the private VET sector.  
Source: ABS ERP 2023; NSW Treasury 2024.





### Box 3

## The National Skills Agreement to strengthen VET sector

The NSW Government and Commonwealth Government have recently entered into a national partnership agreement designed to strengthen the VET sector. The NSA commenced in January 2024 and is focused on:

- delivering high-quality, responsive and accessible education and training to boost productivity.
- supporting Australians to obtain the skills they need to participate in rewarding work.
- ensuring Australia has the skilled workforce needed for the delivery of high-quality services.<sup>32</sup>

The NSA provides states and territories with access to additional Commonwealth investment of \$4.1 billion over 5 years from 2024. Among other things, the NSA aims to:

- Work closely with First Nations people, communities and training providers to support skill development that supports career opportunities.
- Improve completion rates and support students who face barriers, with a coordinated national effort to lift completion rates and improve outcomes for students and apprentices.
- Improve foundation skills and provide a coordinated effort to ensure that Australian adults lacking language, literacy, numeracy and digital skills can gain essential skills for work and career progression on successful completion of a VET course or an apprenticeship.
- Improve workforce capability and develop a VET workforce blueprint to strengthen and support a high-quality teacher workforce, to deliver up-to-date training and to provide an industry-relevant curriculum.

Given the high proportion of First Nations people engaged in VET, in particular in regional and remote areas, it's important that this investment is effectively evaluated to assess its impact on sustainable employment outcomes.

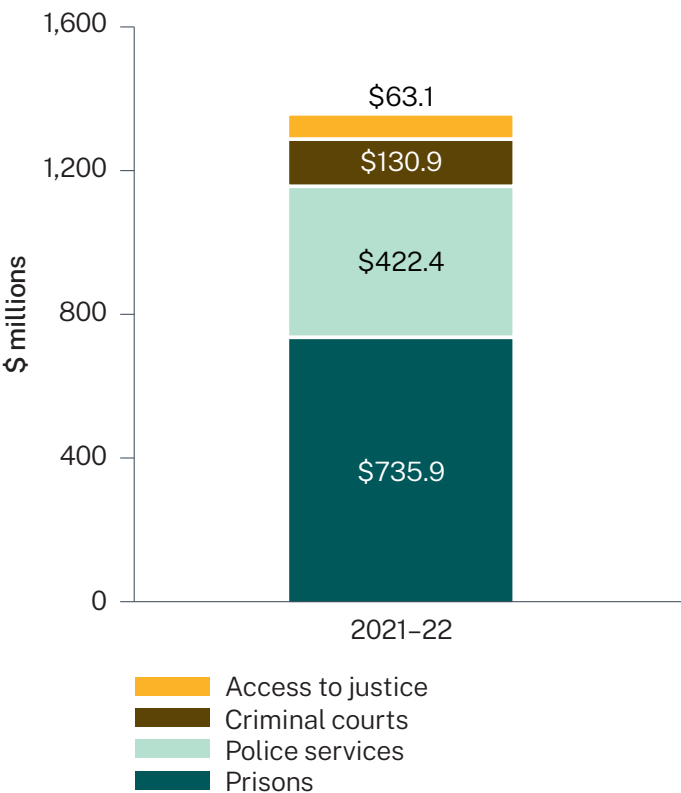
32 Department of Employment and Workplace Relations 2023.

# 4.3 Justice

In 2021–22, the NSW Government is estimated to have spent \$1.4 billion on First Nations people for services related to the criminal justice system (Figure 13). This represents 17.5 per cent of the NSW Government’s \$7.7 billion spend on this service area. Over half (54.4 per cent) of this expenditure relates to First Nations people in the prison system.

**Figure 13: Prisons form the majority of First Nations justice spending**

NSW Government general expenditure, First Nations attributable, Justice Services, 2021–22



Source: NSW Treasury 2024.

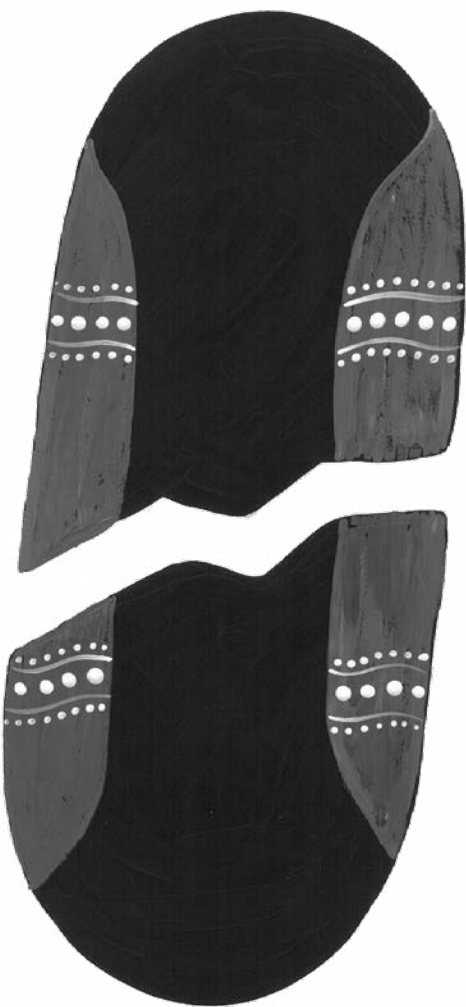
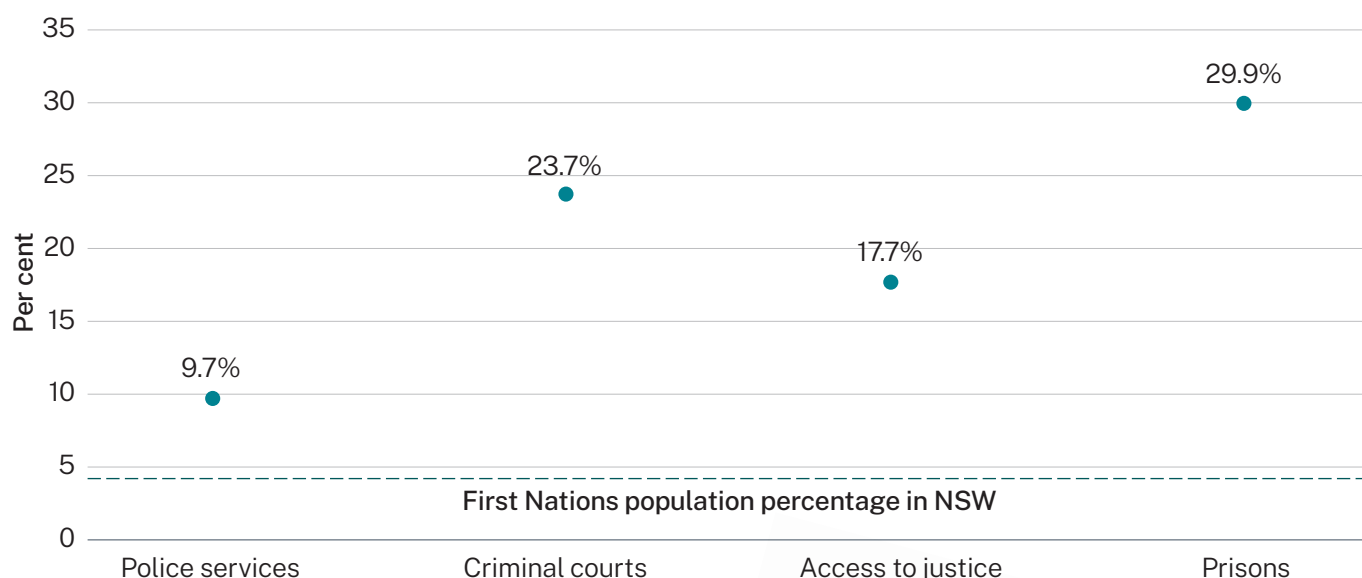


Figure 14 shows the proportion of expenditure on First Nations people for these service areas in comparison to the First Nations population share. The rate at which First Nations people are over-represented in these service areas varies, with prisons having the highest proportional share of service area expenditure for First Nations people at 29.9 per cent.

#### Figure 14: First Nation people are over-represented across all justice services

NSW Government general expenditure, by service area, First Nations attributable, 2021–22



Source: ABS ERP 2023; NSW Treasury 2024.

In New South Wales, the Stronger Communities portfolio is responsible for the criminal justice system. This includes the functions within DCJ, as well as NSW Police and Legal Aid NSW.

High expenditure reflects the over-representation of First Nations people across all stages of the criminal justice system. First Nations people make up 30.4 per cent of the adult prison population in New South Wales and 58.4 per cent of the youth detention population.<sup>33</sup> The over-representation of First Nations people in custody is a matter of long-standing and justified public concern. This suggests the need for targeted reform to reduce First Nations representation in these systems, including identification of opportunities for diversionary and preventative measures.



33 NSW Bureau of Crime Statistics and Research 2023.

### 4.3.1 Police services

In 2021–22, the NSW Government is estimated to have spent \$422.4 million on First Nations people related to police services. This represents 9.7 per cent of the total \$4.3 billion spend in this service area.

Police services captures the administration of police affairs and services as well as maintenance of arrest records and statistics related to police work, road traffic regulation and control; these reflect the activities of the NSW Police Force (NSWPF). It also captures investigations into major crime and corruption and law enforcement integrity, done by the NSW Crime Commission and the Law Enforcement Conduct Commission (LECC). This is a new service area for this report.

In 2021–22, First Nations people were involved in around 10 per cent of the interactions that NSW Police had with the public. This figure formed the basis for apportioning police expenditure in this report. This represents a disproportionately high level of interactions with First Nations people. Further detail on the methodology, including limitations for estimating the First Nations share of police expenditure can be found in the Appendix.

### Per person expenditure

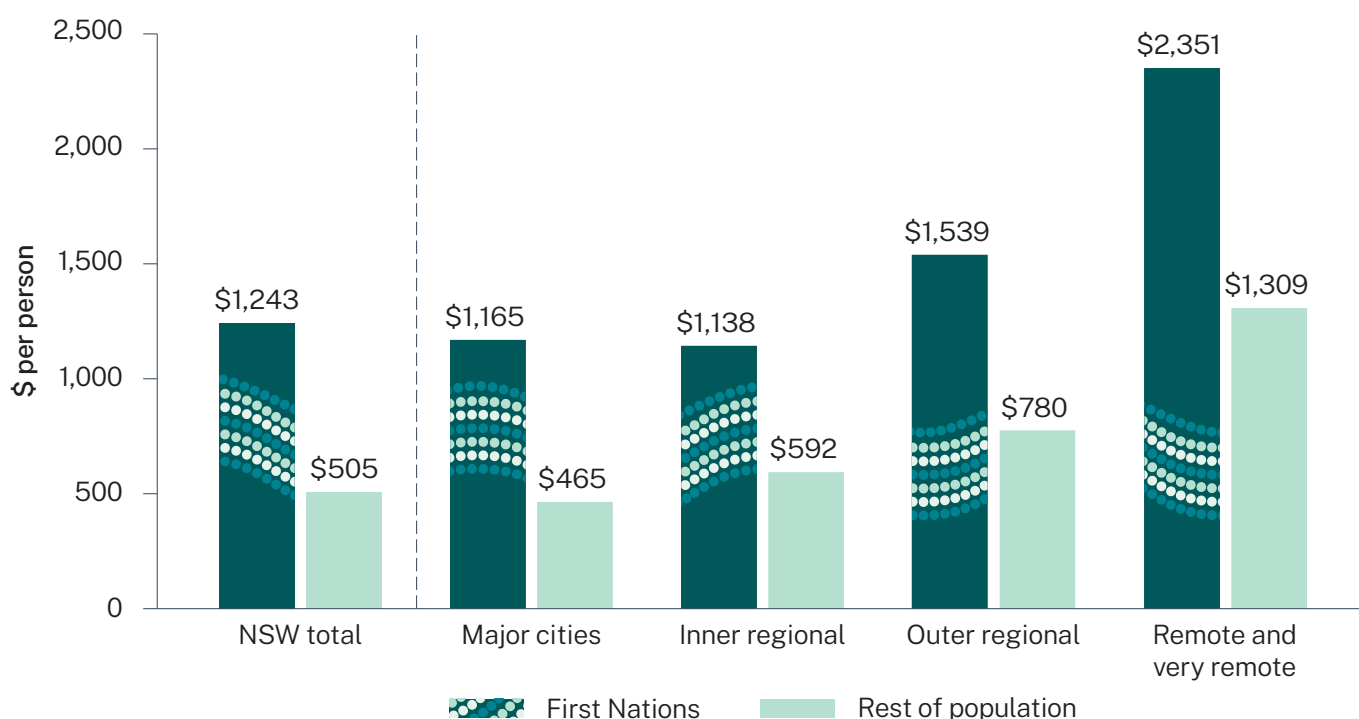
Police expenditure for 2021–22 was estimated to be \$1,243 per person for the First Nations population and \$505 for the rest of the population (Figure 15).

This expenditure increases with remoteness, for both First Nations people and the rest of population. This likely reflects the increased costs of providing services to regional and remote areas and the lower population to police ratio. Across all regions, policing expenditure is higher for First Nations people on a per person basis than for the rest of population.

The difference in per person police expenditure between First Nations people and the rest of population changes with the level of remoteness. Major cities show the largest differential with per person expenditure 2.5 times higher for First Nations people than the rest of population. Remote and very remote areas have the lowest differential with expenditure 1.7 times higher for First Nations people.

**Figure 15: Police expenditure per person is higher for First Nations people and rises with remoteness**

NSW Government general expenditure, police services, per person, 2021–22



Source: ABS ERP 2023; NSW Treasury 2024.



## Use of police discretion and impact on First Nations communities

The NSW Police, with authority from the Law Enforcement (*Powers and Responsibilities*) Act 2002 (NSW), is given a high level of discretionary powers in conducting its work. These discretionary powers include deciding if and how to investigate anyone believed to have committed a crime.<sup>34</sup>

Police officers are typically the first point of interaction a person has with the criminal justice system. These interactions and the level of discretion available to police officers are key factors that influence downstream expenditure and demand across the criminal justice system.

Analysis of NSW Police data by the Redfern Legal Centre highlights that:

- First Nations people are twice as likely to be targeted for police personal searches compared to the rest of the New South Wales population.
- First Nations people in certain parts of Sydney are up to 11 times more likely to be targeted for personal searches and up to 7 times more likely in some regional areas.
- First Nations children in the 10-year-old age group (the age of criminal responsibility in New South Wales) are targeted in 54 per cent of the searches in this age group.<sup>35</sup>

Research also shows that while overall use of force by police has declined in the period from 2018–19 to 2021–22, use of force against First Nations people has increased over this period, accounting for 47 per cent of instances in 2021–22.<sup>36</sup>

Considering the disproportionate personal searches and use of force on First Nations people, there is a need to examine policing strategies, particularly on First Nations people. This is supported by data from the NSW Bureau of Crime Statistics and Research (BOCSAR) showing that in over 80 per cent of instances, personal searches do not reveal any evidence of a crime, across both First Nations people and the rest of the population.<sup>37</sup>

Programs that provide early intervention support to high risk First Nations youth, such as project *Walwaay* (Box 4) demonstrate the positive impact that can be achieved through locally led partnership based approaches.<sup>38</sup>

### Box 4

## Project *Walwaay* providing opportunities for at-risk First Nations youth in Dubbo

Project *Walwaay* was established by the Orana Mid-Western Police District in 2019 to address the over-representation of Dubbo's First Nations youth in the criminal justice system. The program consisted of three police officers and a First Nations community liaison officer. The project was named by the local Elders group, who bestowed the name 'Walwaay', which is Wiradjuri for 'young man'.

The project provides opportunities for at-risk First Nations young people to succeed through diversionary programs, education and employment. The program took a joined-up approach across government in partnership with community leaders, and included engagement in fitness activities, social meals, mentoring from First Nations elders, school drop-off services where applicable, and other educational resources.

An assessment of program outcomes revealed a decrease in school suspensions, improved access to health care and dental services and a 60 per cent reduction in First Nations youth participants entering the criminal justice system.<sup>39</sup>

34 University of New South Wales 2023.

35 Redfern Legal Centre 2023, based on data provided by the NSW Police Force.

36 Redfern Legal Centre 2023.

37 Analysis based on data from BOCSAR and NSWPF.

38 Australian Institute of Criminology 2021.

39 Australian Institute of Criminology 2021.



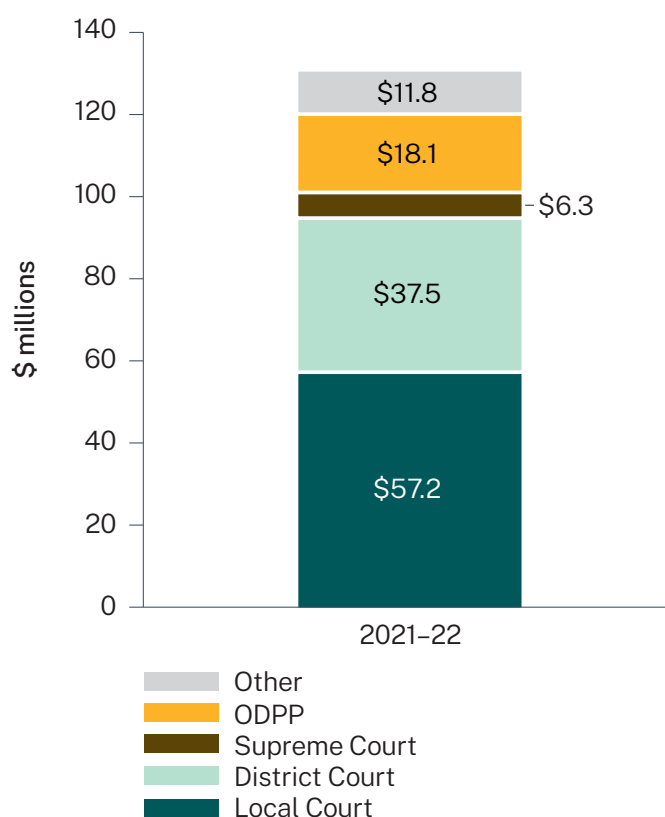
### 4.3.2 Criminal courts

The NSW Government is estimated to have spent \$130.9 million on First Nations people in 2021–22 across the criminal courts service area (Figure 16). This represents 23.7 per cent of the \$552.8 million NSW Government spend on criminal courts in 2021–22.

In New South Wales, criminal courts expenditure sits predominately within the Stronger Communities portfolio. This includes administrative and corporate support provided by DCJ to NSW courts and tribunals. This expenditure also captures expenditure associated with supporting agencies within the portfolio such as Legal Aid NSW, the Office of the Director of Public Prosecutions (ODPP) and the Crown Solicitor's Office.<sup>40</sup>

**Figure 16: Local courts make up the highest share of First Nations criminal court expenditure**

NSW Government general expenditure, First Nations attributable, by court level, 2021–22



Source: NSW Department of Communities and Justice 2024; NSW Treasury 2024.

<sup>40</sup> Note that costs associated with civil courts and legal services were out of the scope of this report and are not included in these figures.

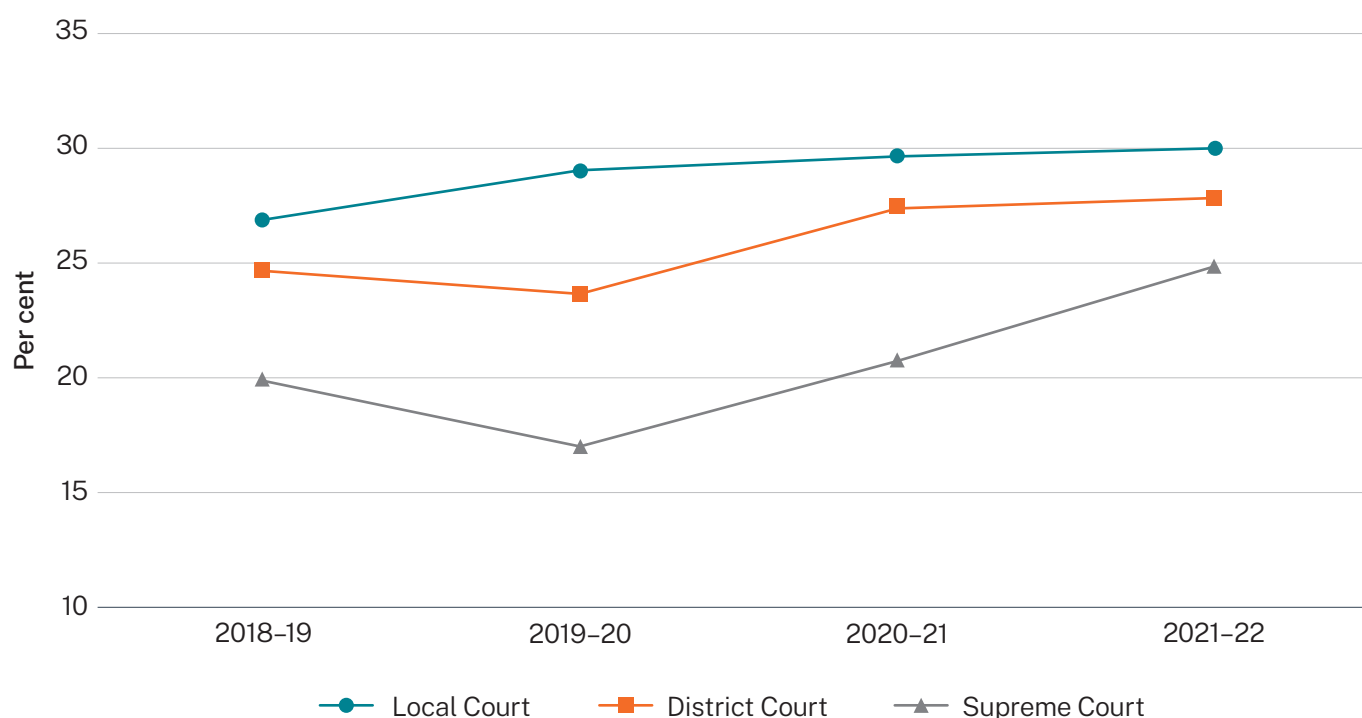
## First Nations solutions needed for diversion from the court system

An analysis of BOCSAR data shows that First Nations people are over-represented as criminal defendants across all levels of the court system and are increasing as a proportion of criminal defendants over time (Figure 17). The data analysed found:

- Approximately 15 to 30 per cent of criminal defendants identify as First Nations people, with variation by level of court.
- Over-representation is significant for local courts with 27–30 per cent of criminal defendants identifying as First Nations.
- The First Nations share of criminal defendants increased across all levels of court from 2018–19 to 2021–22.

**Figure 17: The share of criminal defendants who are First Nations is increasing over time**

First Nations people's share of criminal defendants, by level of court, 2018–19 to 2021–22



Source: BOCSAR 2024; NSW Treasury 2024.

Effective and culturally appropriate diversionary initiatives can contribute towards addressing the increasing number of First Nations people interacting with the court system. Evidence around First Nations led diversionary initiatives such as Circle Sentencing and Youth Koori Court (YKC) have shown success in reducing rates of recidivism (see Box 5). Opportunities to build on and invest in community led models should be prioritised in partnership with First Nations people and communities.

## Box 5

# Investing in successful First Nations diversionary programs

### Circle Sentencing

A study by BOCSAR has found that First Nations people who participate in Circle Sentencing have lower rates of imprisonment and recidivism than First Nations people who are sentenced in the traditional way.

Circle Sentencing is a restorative justice program available to First Nations offenders appearing in specific local courts in New South Wales. Under Circle Sentencing, the presiding magistrate works with a group of First Nations Elders, victims, respected members of the community and the offender's family to determine the appropriate sentence.

BOCSAR compared offenders participating in Circle Sentencing to similar (First Nations) offenders participating in traditional sentencing over the period 1 March 2005 to 31 August 2018.

After controlling for defendant-case characteristics and the passage of time, BOCSAR found that offenders undergoing Circle Sentencing:

- are 9.3 percentage points less likely to receive a prison sentence
- are 3.9 percentage points less likely to reoffend within 12 months
- take 55 days longer to reoffend if and when they do.<sup>41</sup>

The NSW Government invested a further \$4.2 million at the 2022–23 Budget to expand the Circle Sentencing program from 12 to 20 high-priority local court locations across New South Wales.

### Youth Koori Court

YKC is an alternative case management process specifically for First Nations young people. The YKC is a modified process within the Children's Court. It has the same powers as the Children's Court but uses a different process to better involve First Nations young people, their families and the broader First Nations community in the court process.

A BOCSAR study compared sentencing and re-offending outcomes for 151 First Nations young people who participated in the YKC with 2,883 comparable First Nations young people who proceeded through the usual Children's Court process.<sup>42</sup> BOCSAR found that there is an association between the YKC and the diversion of young First Nations people from custody, and an association between the participation in the YKC program and reduced risks of imprisonment and re-offending rates.

The program has seen the following impacts on imprisonment and re-offending:

- First Nations participants were 5.9 per cent less likely to be sentenced to a Juvenile Control Order.
- First Nations participants were 7.6 per cent less likely to be reconvicted within 12 months of their court finalisations.

An additional \$5.8 million was provided in the 2022–23 budget towards expanding the YKC program to the Children's Court at Dubbo and fund other related services.

<sup>41</sup> Yeong, S and Moore, E 2020.

<sup>42</sup> Ooi, E and Rahman, S 2022.



## Opportunities through bail reform

The New South Wales court system plays a key role in impacting downstream criminal justice system expenditure. Bail decisions made by judges and magistrates directly impact the prison population.

Data published by BOCSAR provides evidence of significant differences in bail refusals for First Nations defendants at their first court appearance compared to the rest of the population. When examining an offender's bail status at their first court appearance in the 12 months to June 2022, BOCSAR found 18.3 per cent of First Nations people were refused bail compared to 9.8 per cent of non-First Nations people.<sup>43</sup>

When comparing data on bail refusals by offence types, the research found:

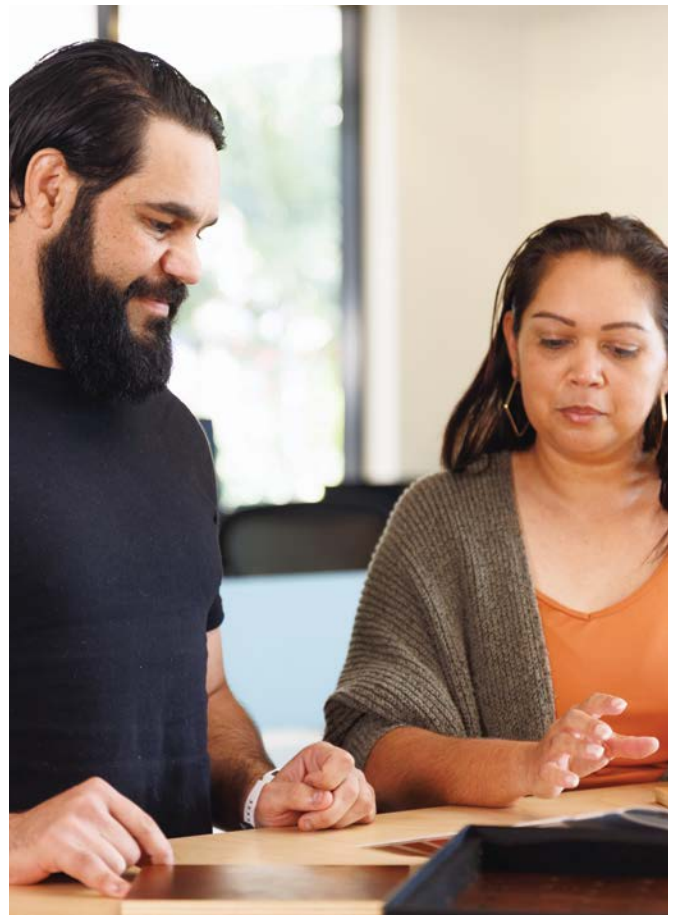
- a 12.3 per cent difference for fraud, deception and related offences (26.9 per cent for First Nations people, compared to 14.6 per cent for non-First Nations adults)
- an 11.3 per cent difference for acts intended to cause injury (22.8 per cent for First Nations people, compared to 11.5 per cent for non-First Nations adults)
- a 10.1 per cent difference for thefts and related offences (22.7 per cent of First Nations people, compared to 12.6 per cent for non-First Nations adults)
- a 6.9 per cent difference for public order offences (21.1 per cent for First Nations people, compared to 14.2 per cent for non-First Nations adults).<sup>44</sup>

This indicates an opportunity for policy interventions to address drivers of First Nations over-representation in the prison system, including the potential presence of institutional bias.<sup>45</sup> Changes to bail legislation and conditions can have disproportionate impacts on First Nations people. To achieve positive change it is essential that reforms in this space are designed in partnership with First Nations people and communities, including consideration of the long-term impact on First Nations outcomes and downstream criminal justice expenses.

## A need for increased investment in early intervention

Early intervention programs aim to prevent offending before it begins with identified at-risk people. This differs from diversion, which relates to processes and interventions once a person has been engaged within the criminal justice system.

It is possible that substantial cost savings can be realised through investment in early intervention programs for First Nations communities through reducing downstream costs within the justice system. There is a strong case for further government investment in effective early intervention programs.<sup>46</sup> Although early intervention programs require up-front investment, in the long run effective programs can reduce overall costs through reduced rates of arrest and incarceration.<sup>47</sup> This is supported by cost-benefit analysis research on adult criminal justice programs, which reveal an opportunity for the NSW Government to increase resources for targeted early intervention programs.<sup>48</sup>



43 NSW Bureau of Crime Statistics and Research 2023(b).

44 NSW Bureau of Crime Statistics and Research 2023(b).

45 Klauzner, I 2023.

46 Vignaendra, S and Fitzgerald, J 2006.

47 Vignaendra, S and Fitzgerald, J 2006.

48 Washington State Institute for Public Policy 2023.

### 4.3.3 Access to justice services

The NSW Government is estimated to have spent \$63.1 million on First Nations clients in 2021–22 for access to justice services (Figure 18). This represents 17.7 per cent of the \$356.7 million Legal Aid NSW budget.

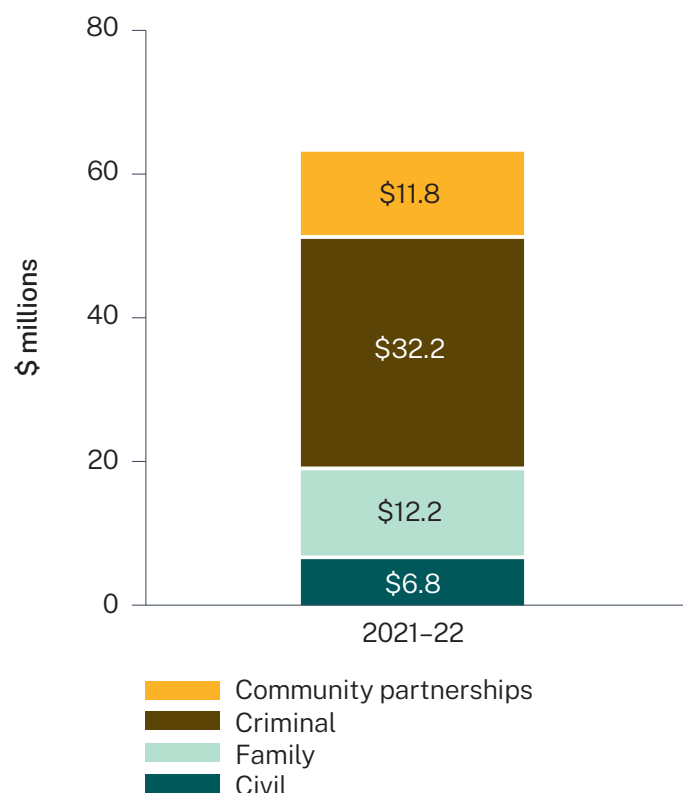
Legal Aid NSW is the state-wide independent government provider of access to justice services. Legal Aid NSW provides services for criminal law matters involving police, family law matters that involve children or abusive partners, and civil law matters that instigate fundamental needs such as housing, income support or access to health and disability services and support. Legal Aid NSW also provides in-house legal advice and representation for eligible clients.

Funding is also provided for community partnerships, which includes initiatives such as community legal centres, regional outreach clinics and health justice partnerships.

Figure 19 below shows that First Nations people are over-represented across all access to justice services.

**Figure 18: Criminal law services make up the largest share of First Nations access to justice expenditure**

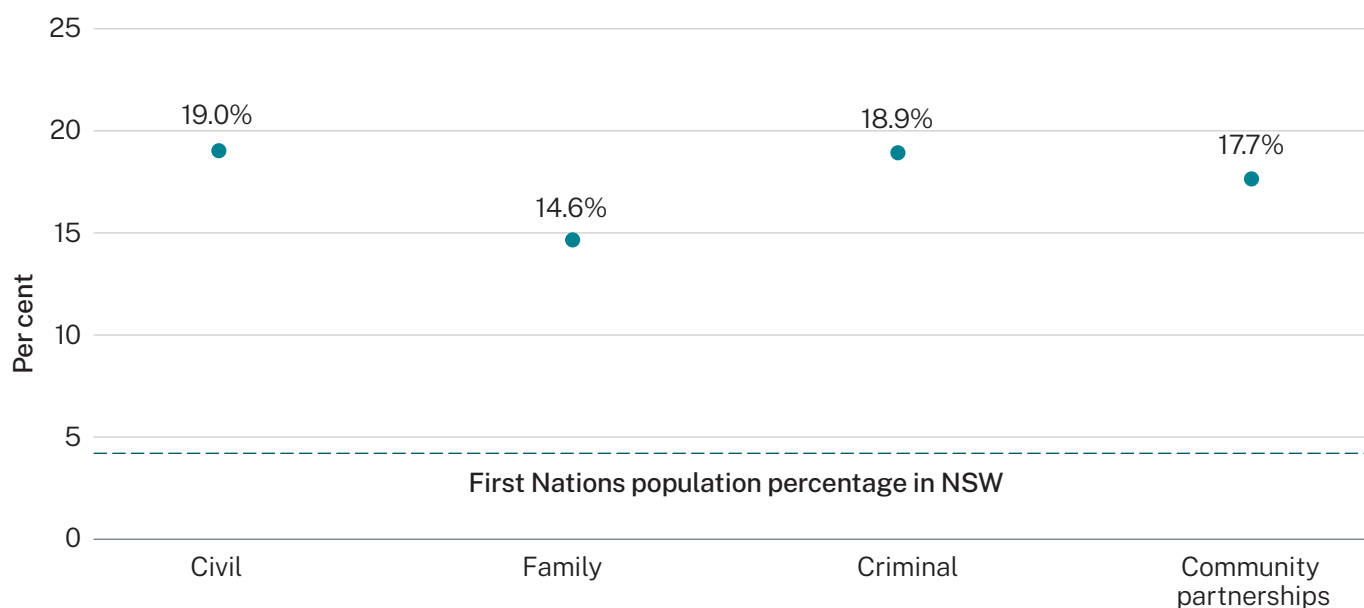
NSW Government general expenditure, attributable to First Nations people, access to justice services, 2021–22



Source: Legal Aid NSW 2024; NSW Treasury 2024.

**Figure 19: First Nations people are over-represented in all access to justice services**

First Nations people's share of Legal Aid NSW services received, by type of law component, 2021–22



Source: Legal Aid NSW 2024; NSW Treasury 2024.

## Review of funding for Legal Aid and Aboriginal Legal Service (ALS)

The percentage of Legal Aid clients who are First Nations people has risen from 14.2 per cent in 2016–17 to 21.3 per cent in 2021–22.<sup>49</sup> Legal Aid NSW's annual report stated that the increased demand can be partly attributed to funding constraints at the ALS.

The growth in demand for Legal Aid NSW services by First Nations clients highlights an opportunity to review the overall resourcing levels of the ALS. This aligns with Priority Reform Two of the National Agreement on CtG to prioritise funding to ACCOs who are best placed to provide culturally appropriate services to First Nations clients.

Legal aid services are also partially funded by the Commonwealth Government. Analysis from Price Waterhouse Coopers Australia highlighted that state contributions have grown faster than Commonwealth contributions. As a proportion of total legal aid funding:

- Commonwealth contributions have reduced from 34 per cent in 2011–12 to 28 per cent in 2021–22
- State funding share has increased from 45 per cent in 2011–12 to 63 per cent in 2021–22.<sup>50</sup>

There is currently an independent review of the existing National Legal Assistance Partnership underway, due to be released in May 2024. The review will seek to address the resourcing requirements of legal assistance providers and salary parity for First Nations Legal Services. Consideration of the findings of the review will inform future Commonwealth-state funding arrangements for legal aid services in New South Wales. Any changes to future funding levels should ensure that First Nations people have appropriate access to First Nations-led legal services.

### Box 6

## The Aboriginal Legal Service

The ALS is Australia's first community-run and free legal assistance service, setting the model for several First Nations legal services since its inception. Born out of a protest movement, the ALS now has over 250 staff across 23 locations in New South Wales and the Australian Capital Territory, providing holistic and culturally safe legal services to First Nations people.

In addition to providing services in criminal law, children's care and protection, and family law, the ALS also provides support to First Nations communities in accessing bail, advocating for at-risk tenants, providing civil court referrals, and supporting the community with the aim to ultimately reduce First Nations contact with the justice system.<sup>51</sup>

Since 2018, demand for the ALS has increased by up to 100 per cent, but core funding has declined in real terms.<sup>52</sup> Due to this, the ALS has had to freeze operations in 13 local courts in regional New South Wales.<sup>53</sup> Over 21 per cent of Legal Aid NSW's criminal services were provided to First Nations people in 2021–22, with the increased demand from First Nations clients partly attributed to funding constraints at the ALS.<sup>54</sup>

Opportunities to embed a sustainable Commonwealth-state funding model for the ALS will be considered through the review of the National Legal Assistance Partnership.

49 Legal Aid NSW 2022.

50 Based on national analysis by Price Waterhouse Coopers (2023).

51 Australian Charities and Not-For-Profits Commission 2024.

52 Aboriginal Legal Services (NSW/ACT) Limited 2024.

53 Aboriginal Legal Services (NSW/ACT) Limited 2024.

54 Legal Aid NSW 2022.

## A need for place-based solutions

Treasury analysed access to justice expenditure on a geographical basis using client LGAs. In 2021–22, Figure 20 shows the First Nations share of access to justice expenditure was:

**93 per cent in Brewarrina**

**87 per cent in Bourke**

**83 per cent in Central Darling**

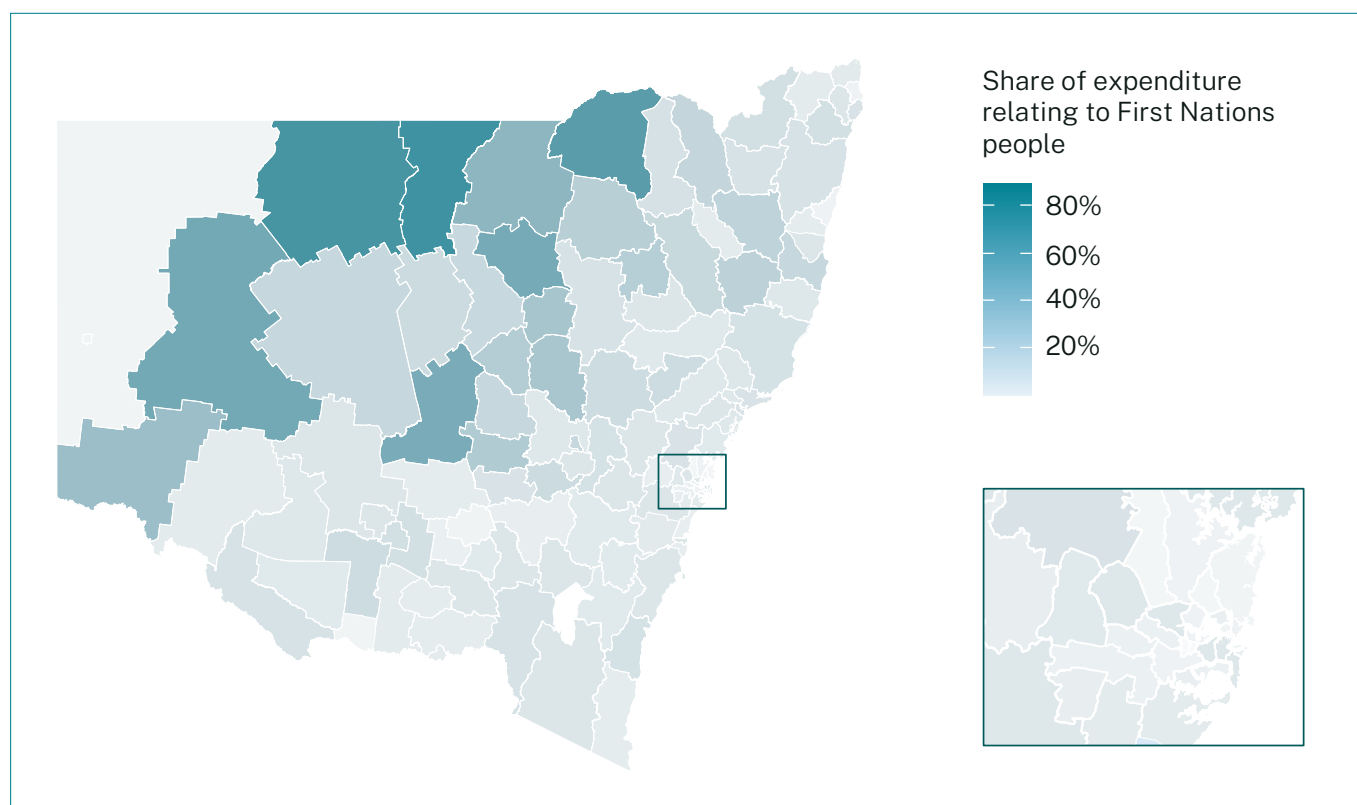
**80 per cent in Moree Plains**

**74 per cent in Coonamble**

As the First Nations share of expenditure is over 80 per cent for some LGAs there is a strong need for place-based solutions. The high proportion of expenditure also demonstrates the need for culturally appropriate services to meet the needs of First Nations clients in these areas.

**Figure 20: The proportion of access to justice services expenditure attributed to First Nations people is highest in central northern New South Wales**

NSW Government general expenditure, access to justice services, First Nations attributable, by client LGA, 2021–22



Source: ABS ERP 2023; NSW Treasury 2024.

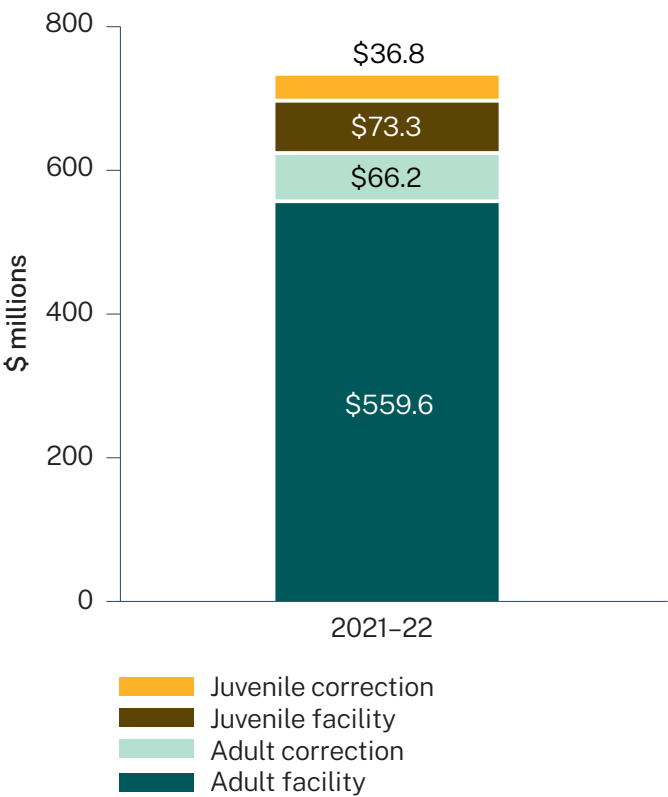


4.3.4 Prisons

The NSW Government is estimated to have spent \$735.9 million on First Nations people across the prison system in 2021–22 (Figure 21). This represents 29.9 per cent of total NSW Government prison expenditure. The majority (76.0 per cent) of this expenditure is for adult prison facilities.

Figure 21: \$735.9 million attributable to First Nations people for prisons

NSW Government general expenditure, prison services, First Nations attributable, 2021–22

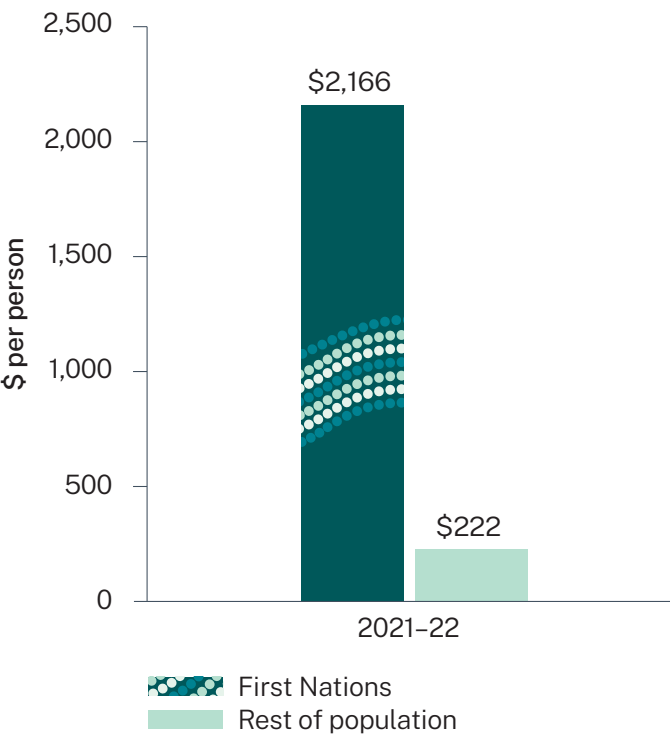


Source: NSW Department of Communities and Justice; NSW Treasury 2024.

Figure 22 shows that expenditure per person for the First Nations population is almost ten times higher than the rest of the population.

Figure 22: Per person First Nations prison expenditure is around 10 times higher than the rest of the population

NSW Government general expenditure, per person expenditure on prison services, 2021–22



Source: ABS ERP 2023; NSW Treasury 2024.

## Reviewing the age of criminal responsibility

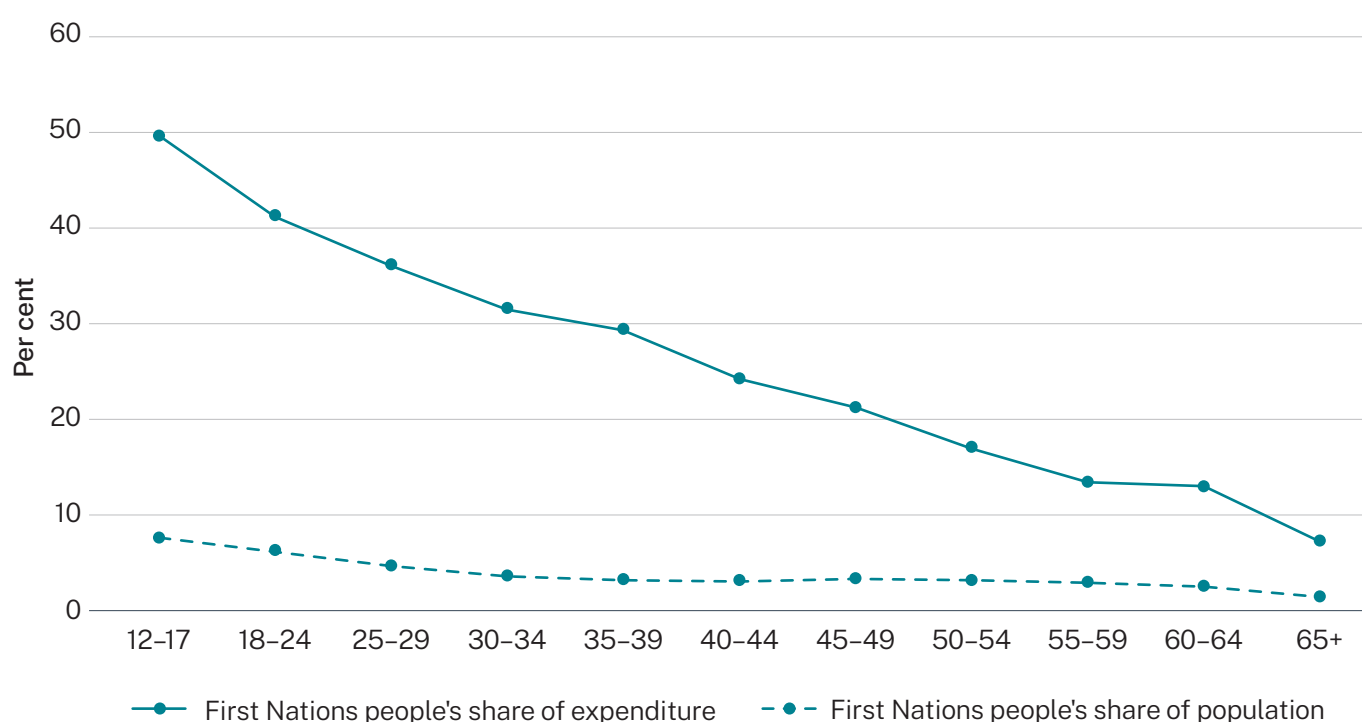
The age of criminal responsibility in New South Wales and all jurisdictions in Australia except the territories, is currently set at 10 years of age. This is among the lowest of any developed country, and the United Nations and many experts recommend the age of criminal responsibility to be a minimum of 14 years of age.<sup>55</sup>

There is strong evidence that raising the age of criminal responsibility would deliver social and economic benefits.<sup>56</sup> It is estimated that First Nations children account for \$110.1 million or 46.4 per cent of the total \$237.4 million for Youth Justice.

Studies have revealed that the younger a child is when they encounter the criminal justice system, the more likely they are to reoffend.<sup>57</sup> Raising the age of criminal responsibility could reduce recidivism rates and create an opportunity to identify children at risk and engage with appropriate early intervention services.<sup>58</sup> This has the potential to generate substantial savings through avoided future costs and improve long-term life outcomes for First Nations children and young people. Figure 23 shows the First Nations proportion of total prison expenditure by age group.

**Figure 23: First Nations youth aged 12–17 account for half of all prison expenditure within their age group**

NSW Government general expenditure, prison services, First Nations attributable, by age group, 2021–22



Source: Corrections Research Evaluations and Statistics 2024; Research and Information Youth Justice 2024; NSW Treasury 2024.

55 Powell, Z 2023.

56 Council of Attorneys-General 2020.

57 Nicolson, S et al. 2019.

58 Cunneen, C 2017; Haysom, L 2022; Standing Council of Attorneys-General 2023.

## Breaking the cycle of re-offending

Cost to government could be significantly reduced by the identification and implementation of targeted programs that effectively reduce entrance and re-entrance into the prison system. High rates of re-offending are observed within the First Nations prison population with 35 per cent of adult offenders, and 31.2 per cent of youth offenders, having returned to custody within 12 months of release.<sup>59</sup>

Examples of early intervention courses and traineeship programs whilst incarcerated are proven to reduce the rate of re-offending (see Boxes 7 and 8 below).



### Box 7

## Reducing recidivism through training

Providing pathways out of prison to employment and training is known to be effective in reducing recidivism. Research undertaken by BOCSAR on participants in the Corrective Services Industries (CSI) NSW Traineeship Program highlighted this causal link.<sup>60</sup> Offender trainees who complete the course receive a qualification as well as a Certificate of Proficiency to support post-release employment opportunities.

The research found in the 12 months after release from prison, 23.6 per cent of trainees were convicted for a new offence and 12.7 per cent were re-imprisoned. In contrast, those who did not participate in the traineeship; 48.3 per cent were convicted of a new offence and 24.9 per cent were re-imprisoned.<sup>61</sup>

While the number of First Nations trainees included in this study was small, the reduction in serious offending remains encouraging. There is a need for more research and evaluation of programs aimed at reducing recidivism for First Nations people to understand what works. Exploring the effectiveness of custody-based education and training programs for First Nations people, particularly from a cultural perspective could greatly impact recidivism rates.

<sup>59</sup> NSW Bureau of Crime Statistics and Research 2022.

<sup>60</sup> Ooi, J 2021.

<sup>61</sup> Ooi, J 2021.

## JUSTICE REINVESTMENT

Community-led solutions to Aboriginal over imprisonment

### Box 8

#### The Maranguka Justice Reinvestment project

Justice reinvestment is a data driven approach to criminal justice reform that redirects funding from prisons to address the underlying structural causes of incarceration through preventative, diversionary and community centred initiatives.

The Maranguka Justice Reinvestment project is Australia's first community led place-based justice reinvestment model, and is a collaboration between Just Reinvest NSW, the Bourke Tribal Council and the Bourke First Nations community. The model has been designed on a life-stage approach, considering the factors that impact individuals at various stages of their lives and how best to support children, youth, adults and families to reduce contact with the criminal justice system.

An assessment of the project conducted by KPMG in 2017 shows a gross impact of \$3.1 million resulting from the reinvestment in Bourke, an impact five times greater than the operational costs in 2017.<sup>62</sup> In addition, the following positive metrics were observed:

- domestic violence reported to police reduced by 23 per cent and reoffending reduced by 19 per cent
- juvenile charges in several offence categories reduced by 38 per cent and bail breaches by juveniles reduced by 27 per cent
- days spent in custody by adult offenders reduced by 42 per cent, and bail breaches reduced by 14 per cent.

These findings are supported by international evidence on the effectiveness of place-based justice reinvestment solutions to reduce incarceration and recidivism rates.<sup>63</sup> This evidence warrants further consideration of opportunities to expand investment for these programs in partnership with New South Wales First Nations communities.

<sup>62</sup> KPMG 2018.

<sup>63</sup> Indigenous Justice Clearinghouse 2017.

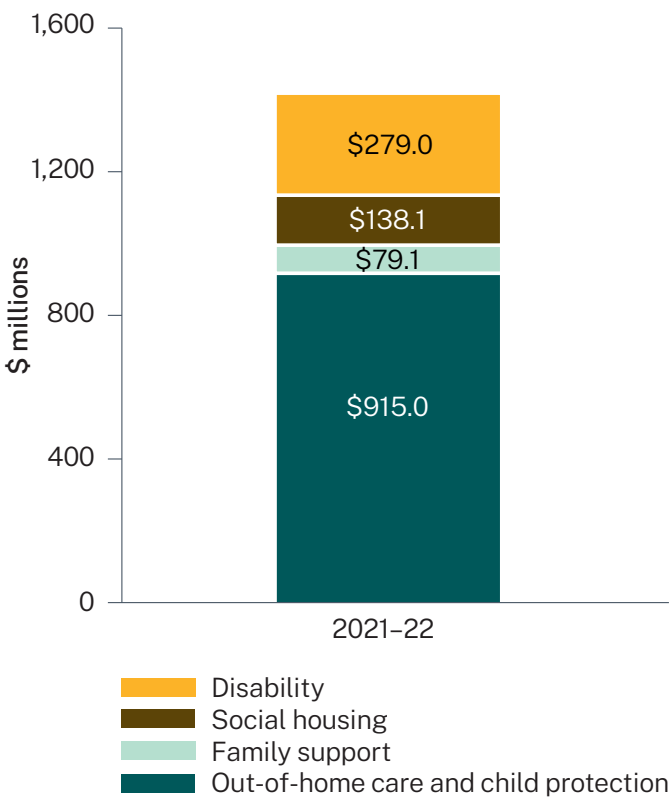


# 4.4 Social services

In 2021–22, the NSW Government is estimated to have spent \$1.4 billion on social services for First Nations people (Figure 24). This represents 19.8 per cent of a total \$7.1 billion spend on these service areas.

Social services help protect society’s most vulnerable. They support families and children through programs and services, benefits and payments.<sup>64</sup> For the purposes of this report, ‘social services’ has been defined as including OOHC and child protection, family support, social housing and disability services.

**Figure 24: The majority of social services expenditure for First Nations people is for OOHC and child protection**  
NSW Government general expenditure, social services, First Nations attributable, 2021–22



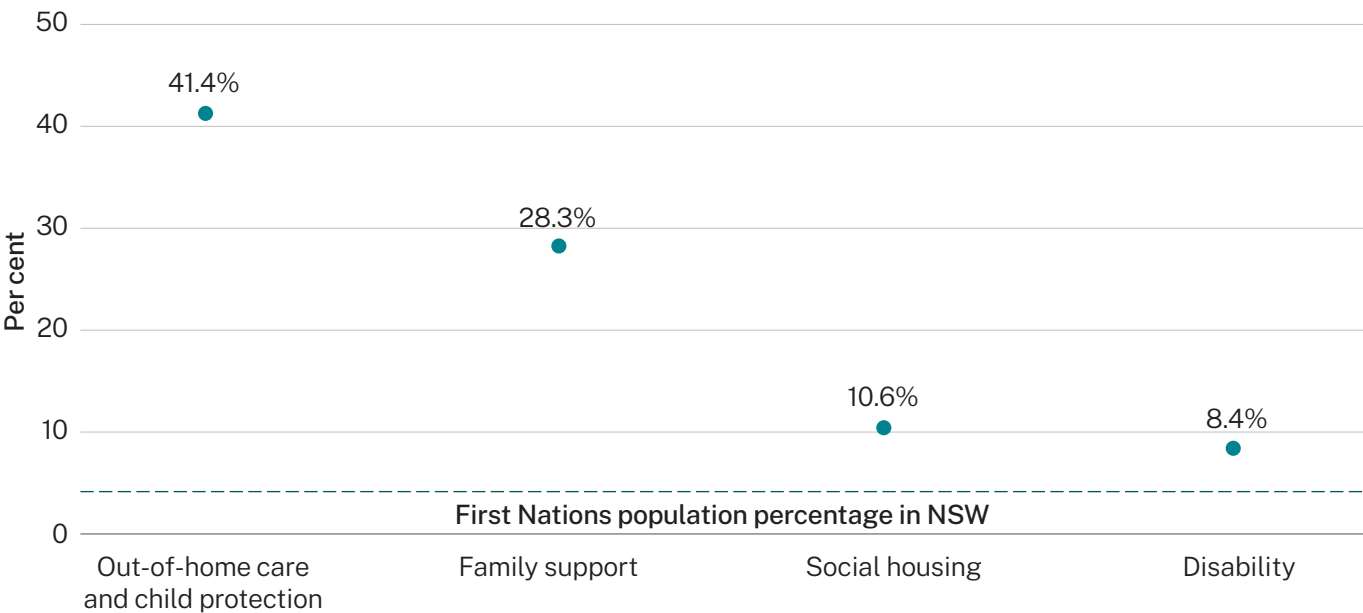
Source: NSW Department of Communities and Justice 2024; NSW Treasury 2024.

64 Department of Social Services 2023.

First Nations people are over-represented in expenditure across all areas of social services (Figure 25). This is particularly acute for OOHC and child protection, with over 40 per cent of all expenditure for this service area attributed to First Nations children and families.

**Figure 25: Over 40 per cent of OOHC and child protection expenditure is attributed to First Nations children and families**

NSW Government general expenditure, social services, First Nations attributable, 2021–22



Source: ABS ERP 2023; NSW Treasury 2024.



## 4.4.1 Child protection and OOHC

The NSW Government is estimated to have spent \$915.0 million on First Nations children across the child protection and OOHC systems in 2021–22 (Figure 26).

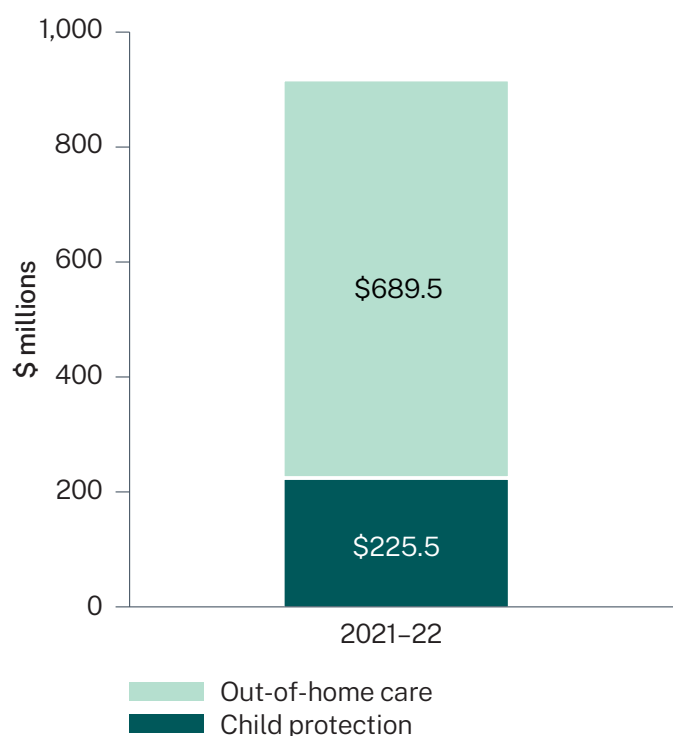
As at June 2022, First Nations children made up 43.8 per cent of all children and young people in OOHC, with over 6,600 First Nations children in care.<sup>65</sup> Since June 2019, there has been a 10 per cent decline in the total number of children and young people in OOHC. While this trend has been observed across the board, the number of First Nations children in OOHC has declined at a slower rate (less than 1 per cent).<sup>66</sup>

Despite reductions in the number of children entering these services, this has not translated to a decline in expenditure, reflecting the increasing cost of providing these services, as well as a growing number of children in expensive emergency arrangements.<sup>67</sup>

On a per person basis, this expenditure is around 16 times higher for the First Nations population than the spend for the rest of the population for this service area (Figure 27).

**Figure 26: \$915 million in OOHC and child protection expenditure for First Nations people**

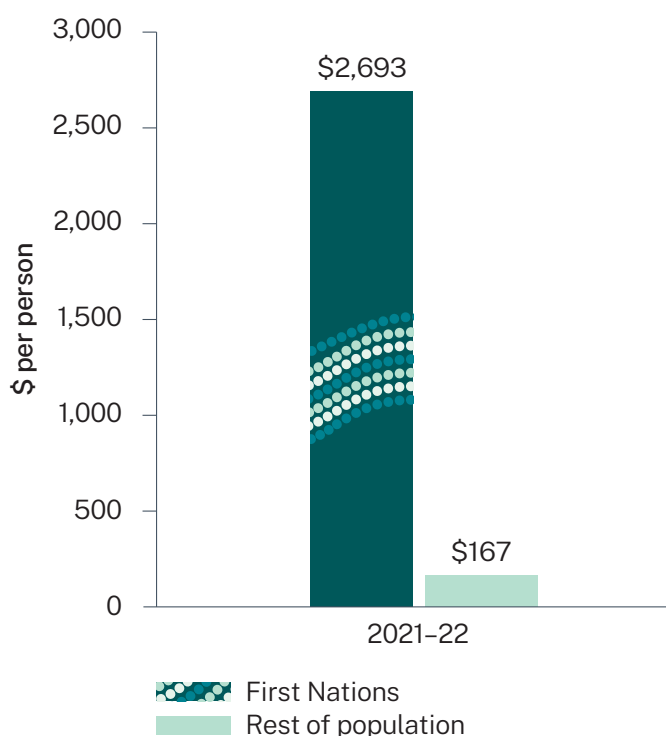
NSW Government general expenditure, OOHC and child protection services, First Nations attributable, 2021–22



Source: NSW Department of Communities and Justice; NSW Treasury 2024.

**Figure 27: First Nations OOHC and child protection spending is around 16 times higher than the rest of the population on a per-person basis**

NSW Government general expenditure, per person, OOHC and child protection services, 2021–22



Source: ABS ERP 2023; NSW Treasury 2024.

<sup>65</sup> NSW Department of Communities and Justice Statistics 2022.

<sup>66</sup> NSW Department of Communities and Justice Statistics 2022.

<sup>67</sup> Department of Communities and Justice 2023(b).

## A need for place-based solutions

Analysis of the First Nations proportion of expenditure for OOHC and child protection by LGA reveals large variations across geographic regions (Figure 28). The proportion of expenditure on First Nations children in some LGAs is over 80 per cent. The LGAs with the highest First Nations shares of expenditure are:

**99 per cent in Brewarrina**

**95 per cent in Moree Plains**

**94 per cent in Bourke**

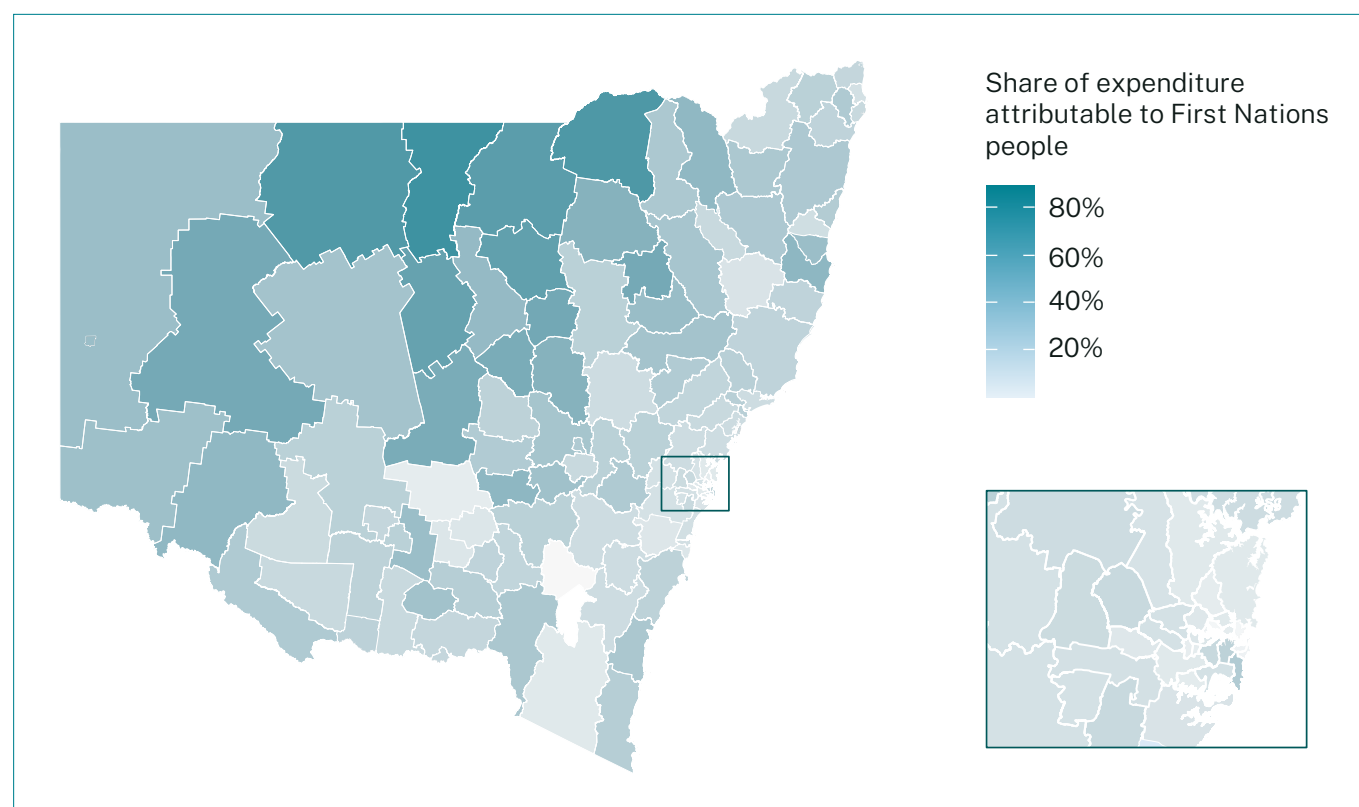
**92 per cent in Walgett**

**88 per cent in Bogan**

These findings highlight the need for targeted policy responses and opportunities for place-based solutions for regions where First Nations children represent a significant proportion of expenditure for these services.

**Figure 28: The proportion of child protection and OOHC expenditure attributed to First Nations people is highest in central northern and western New South Wales**

NSW Government general expenditure, child protection and OOHC, by LGA, First Nations attributable, 2021–22



Source: ABS ERP 2023; NSW Treasury 2024.





## Box 9

### The AbSec Guardianship Support Model

After reforms to the child protection system were introduced by the NSW Government in 2015 to promote permanency orders, the number of First Nations children moved onto guardianship orders has increased significantly each year. These types of permanency order were found to be inappropriate for First Nations children, resulting in more First Nations children being left without adequate support for their immediate and long-term needs.<sup>68</sup>

Starting in 2020, the NSW Child, Family and Community Peak Aboriginal Corporation (AbSec) worked towards addressing issues arising from the shift to guardianship orders and led a co-design process to develop the type of supports wanted by families in two select areas in New South Wales. The model for guardianship support seeks to establish a network of available services, supports and resources, to be delivered by ACCOs to ensure that Aboriginal children on guardianship orders have access to the supports they and their families need to thrive.<sup>69</sup>

It highlights the importance of First Nations led and designed initiatives. The trial of the guardianship support model will be evaluated by DCJ, as will the Aboriginal-led commissioning approach to build an evidence base that will achieve better First Nations child and family outcomes.

The Aboriginal Guardianship Support Model is built on the following components:



Family support



Information, advice  
and referral



Advocacy support



Cultural support



Community  
connection support



Networks and  
partnership

<sup>68</sup> AbSec 2022(a).

<sup>69</sup> AbSec 2022(b).

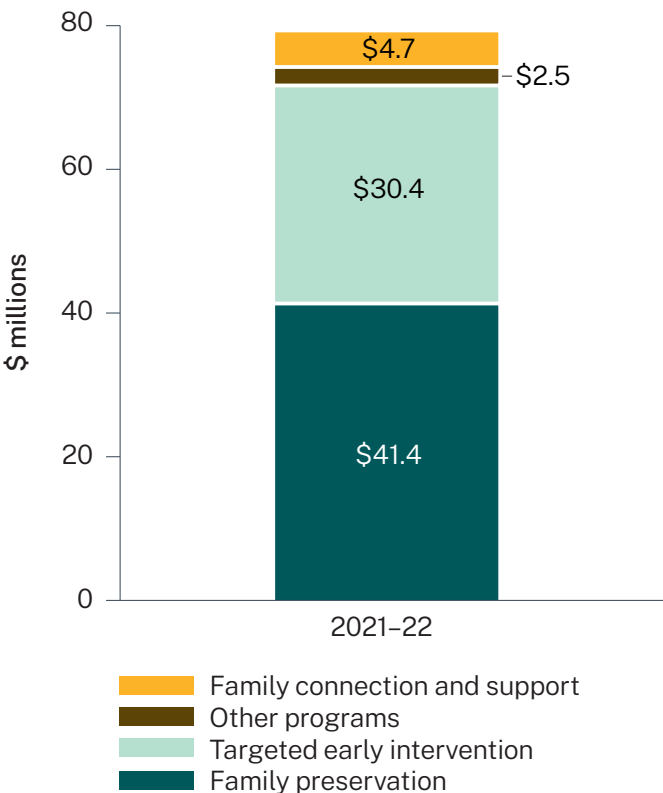
### 4.4.2 Family support

In 2021–22, the NSW Government is estimated to have spent \$79.1 million on First Nations people for family support services (Figure 29). This represents 28.3 per cent of the \$278.9 million of total expenditure in this service area.

Family support services are developmental (for youth), and supportive (for families) in nature. This category includes expenditure related to child protection treatment and support services. It also includes intensive family support specialist services that aim to prevent the imminent separation of children from their primary caregivers as a result of child protection concerns and reunify families where separation has already occurred.

**Figure 29: Family preservation and targeted early intervention services drive First Nations family support expenditure**

NSW Government general expenditure, family support services, First Nations attributable, 2021–22

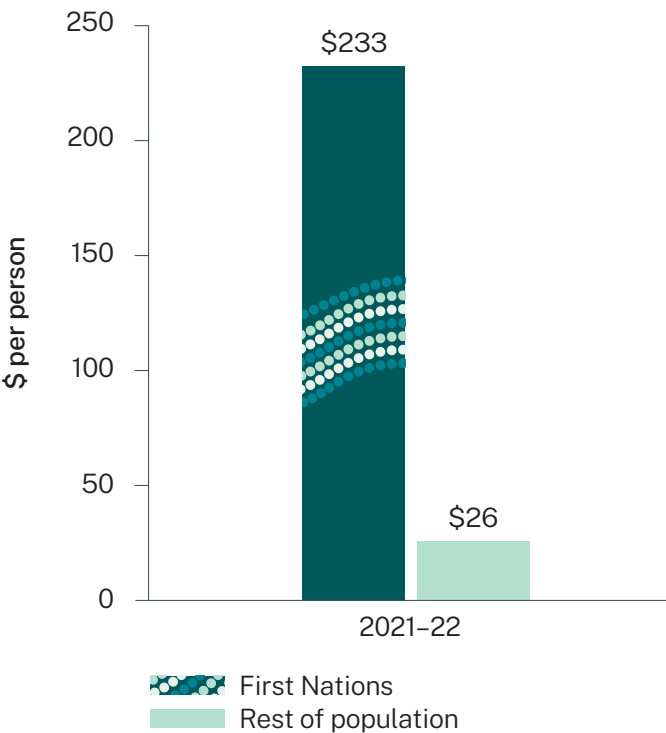


Source: NSW Department of Communities and Justice; NSW Treasury 2024.

Expenditure for the First Nations population on a per person basis is almost nine times higher than for the rest of the population for family support services (Figure 30).

**Figure 30: First Nations family support expenditure is around nine times higher than the rest of the population on a per-person basis**

NSW Government general expenditure, per person, family support services, 2021–22



Source: ABS ERP 2023; NSW Treasury 2024.

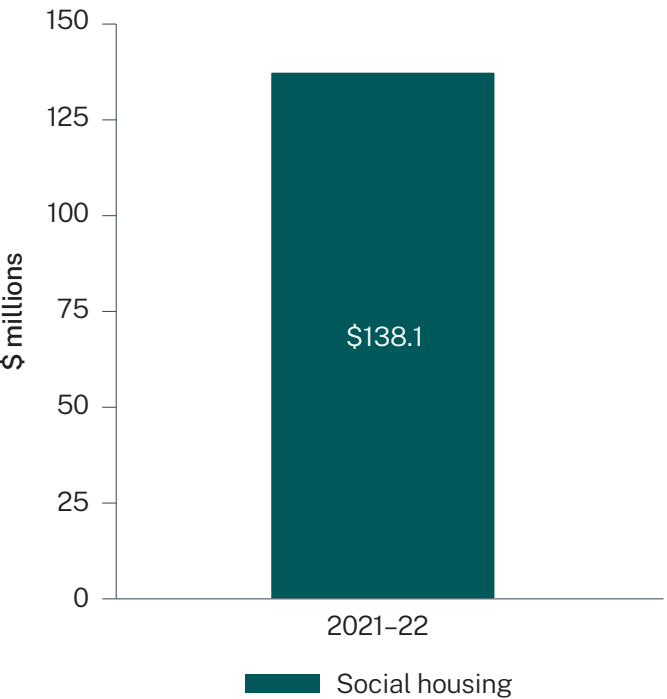
### 4.4.3 Social housing

In 2021–22, the NSW Government is estimated to have spent \$138.1 million on the provision of social housing that can be attributed to First Nations people (Figure 31). This represents 10.6 per cent of New South Wales’s total \$1.3 billion social housing spend.

Social housing is provided through DCJ and captures expenditure towards both public housing (that is government owned) and community housing (owned or managed by not-for-profit groups).<sup>70</sup>

**Figure 31: First Nations people receive \$138.1 million of social housing support**

NSW Government general expenditure, social housing services, First Nations attributable, 2021–22



Source: NSW Department of Communities and Justice; NSW Treasury 2024.

### Investment in regional and remote housing

Social housing provides security and stability to tenants, with associated health, social and economic benefits. For First Nations people, secure and stable housing is a significant social determinant of health and wellbeing. In addition to other stated benefits, having access to stable housing can help maintain a First Nations household’s connection to Country, culture and to community.<sup>71</sup> Conversely, research has shown that inadequate housing and overcrowding negatively impacts mental and physical health, particularly for First Nations people living in remote areas with limited housing options.<sup>72</sup>

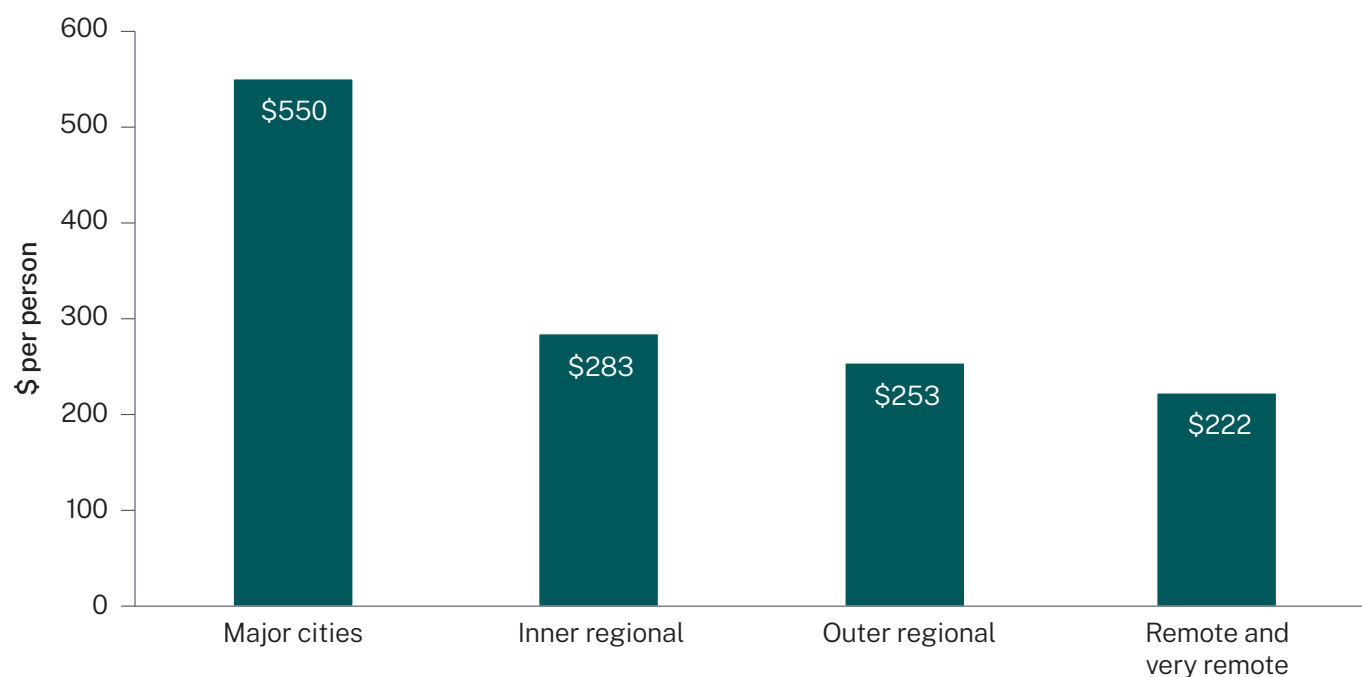
Figure 32 shows that per person social housing investment for the First Nations population decreases by remoteness level. This may reflect the higher land and housing prices within major cities. This may also indicate a need for an increased level of housing investment in remote areas where overcrowding is most acute for First Nations households (Figure 33). Around 26.6 per cent of First Nations households in remote and very remote regions of New South Wales live in overcrowded conditions.



70 The Aboriginal Housing Office also provides First Nations-specific social housing. This is captured within targeted expenditure (see section 3.4.1).  
71 Australian Institute of Health and Welfare 2022.  
72 Foster, G et al. 2011.

**Figure 32: Major cities receive the most social housing spending per person for First Nations people**

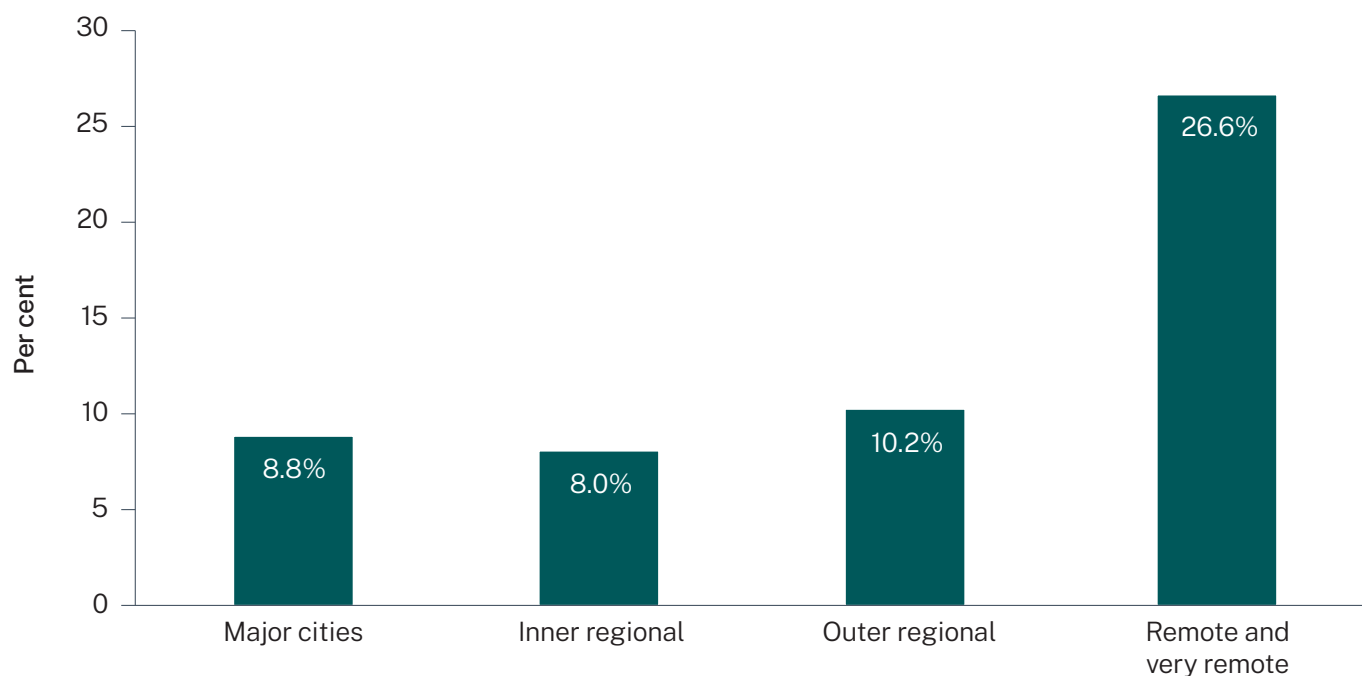
NSW Government general expenditure, social housing services, First Nations attributable, per person, by remoteness, 2021–22



Source: ABS ERP 2023; NSW Treasury 2024.

**Figure 33: Overcrowding is more acute in remote and very remote areas**

Proportion of First Nations households in living in overcrowded conditions, by remoteness, 2021–22



Source: Census 2016.



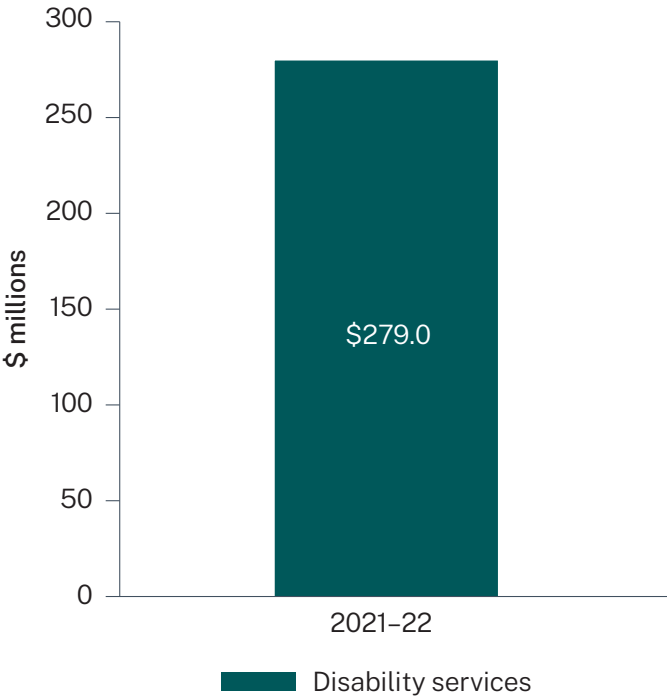
4.4.4 Disability services

In 2021–22, the NSW Government is estimated to have spent \$279.0 million on the provision of disability services for First Nations people (Figure 34). This represents around 8 per cent of the \$3.3 billion for disability services. Expenditure for disability services includes funding provided by the NSW Government under the National Disability Insurance Scheme (NDIS).

The NDIS is jointly funded by state and Commonwealth Governments and is delivered by the National Disability Insurance Agency. The NDIS provides funding for eligible people with disability to access services and support that contribute toward an improved quality of life, including engagement in the community, economy and early intervention.

Figure 34: \$279.0 million in disability services expenditure for First Nation people

NSW Government general expenditure, disability services, First Nations attributable, 2021–22



Source: NSW Department of Communities and Justice 2024; NSW Treasury 2024.

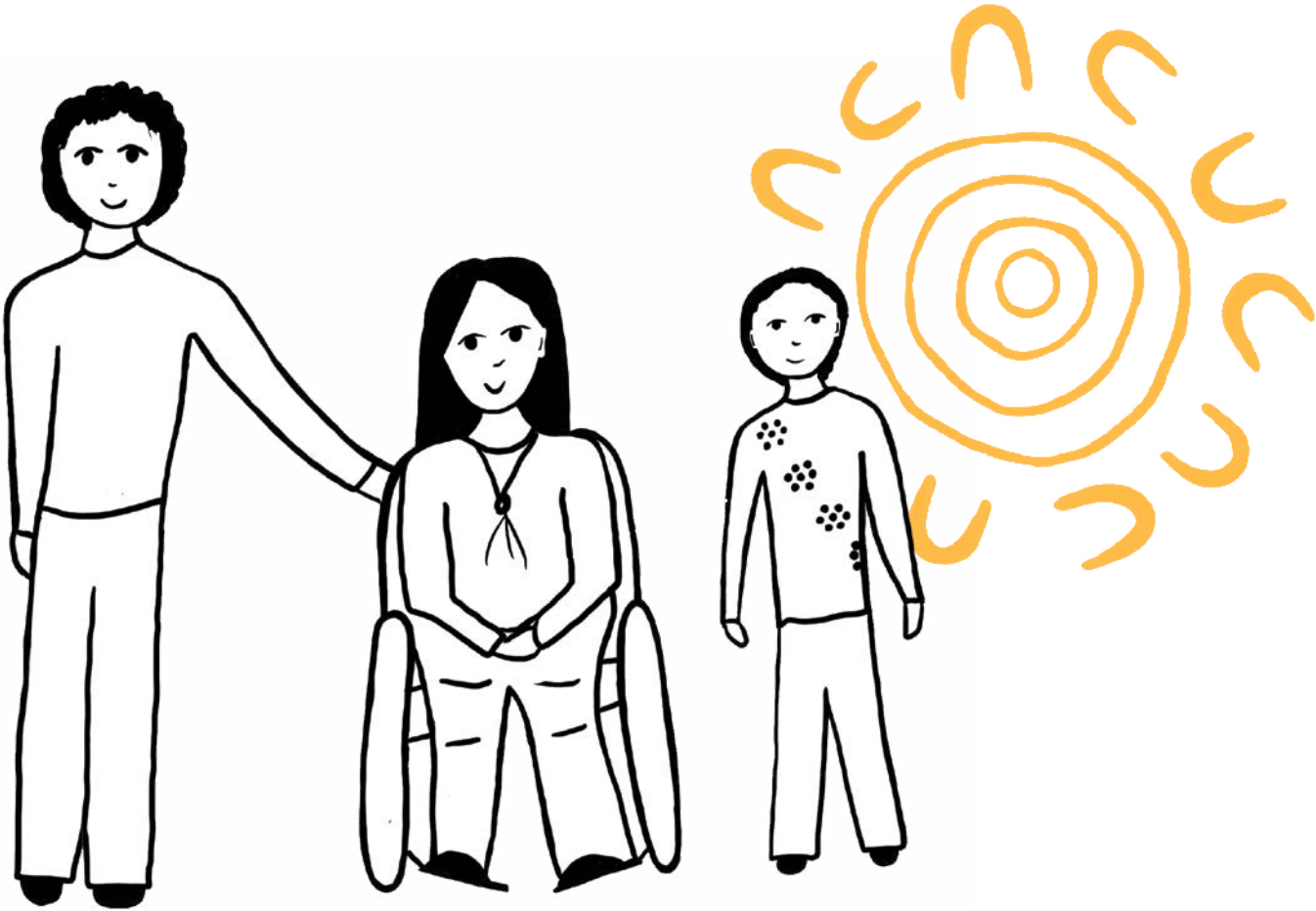
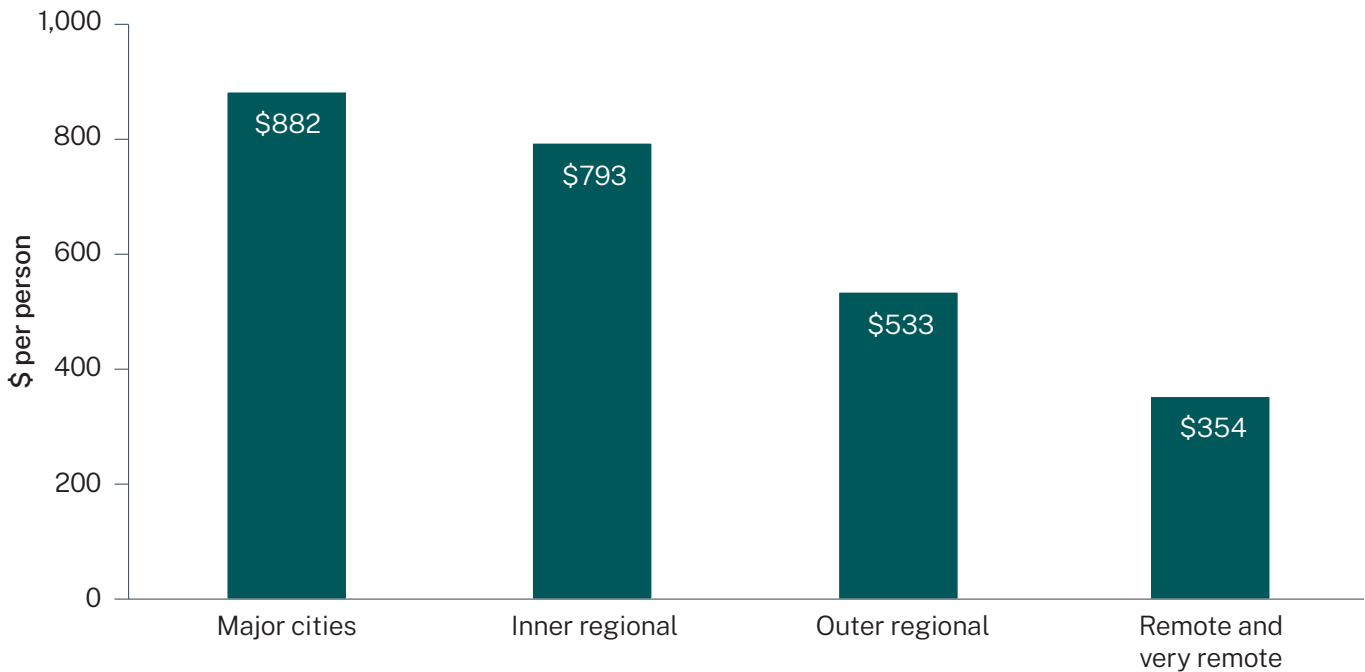


Figure 35 shows per person expenditure for disability services for the First Nations population decreases with remoteness. This regional breakdown reveals a significant difference in investment in disability services between First Nations people living in major cities versus regional and remote areas. This is likely reflective of lower accessibility of disability services in more remote areas as well as indicating potential unmet need in these regions.

**Figure 35: Expenditure on disability services for First Nations people decreases with remoteness**

NSW Government general expenditure, disability services, First Nations attributable, per person, by remoteness, 2021–22



Source: NSW Treasury 2024.

**Improving access for First Nations people to disability services**

The NDIS provides funding to eligible people with disability to gain more time with family and friends, greater independence, access to new skills, jobs, or volunteering in their community, and an improved quality of life. It also connects anyone with a disability to services.

Data published by the ABS based on the 2018 Survey of Disability, Ageing and Carers (SDAC) found that almost one quarter (24.0 per cent) of First Nations people had a disability. The SDAC is limited to First Nations people living in households and does not include people living in cared accommodation. It also does not include people living in very remote areas or Discreet Aboriginal Communities.

As at 30 June 2022, there were 161,055 NDIS participants in New South Wales of which 12,940 identified as First Nations, accounting for 8 per cent of all active participants.<sup>73</sup> While not all people with a disability are eligible for the NDIS, this indicates a likely under-servicing of First Nations people within the NDIS.

A report prepared by Deloitte for the 2023 Disability Royal Commission found that while demand is growing for First Nations disability services, First Nations NDIS participants are 28 per cent less likely to receive care via the NDIS than their non-First Nations counterparts. The research finds that some of these disability services could be described as ‘unsafe, traumatising and inequitable’.<sup>74</sup> Investment in ACCO and ACCHO led disability services could aid in overcoming challenges for First Nations people in accessing appropriate and effective disability supports.

73 National Disability Insurance Scheme 2022.  
74 Disability Royal Commission 2023.

# 4.5 Health

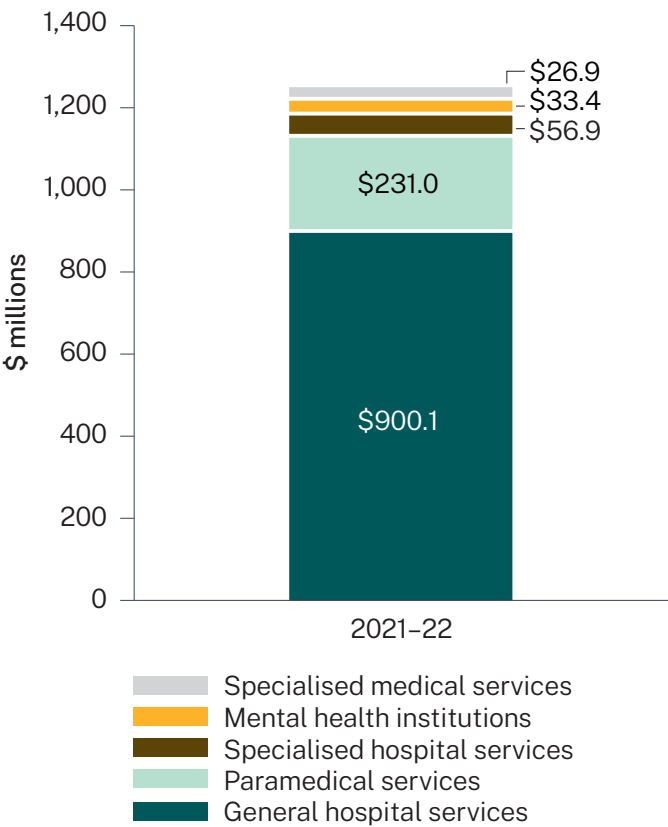
In 2021–22, the NSW Government is estimated to have spent \$1.2 billion on First Nations patients for health services. This represents 5.6 per cent of a total \$22.1 billion health spend.

In New South Wales, the Health portfolio is responsible for the public health system. This system operates more than 220 public hospitals, as well as providing community health and other public health services for the community. It uses a network of local health districts, speciality networks and non-government affiliated health organisations, known collectively as NSW Health.

Figure 36 shows that general hospital expenses made up the majority (75 per cent) of expenditure on health services for First Nations people at \$900.1 million. First Nations attributable expenditure as a proportion of total spend across the five service areas was highest for mental health institutions, representing 10 per cent of expenditure in this service area (Figure 37).

**Figure 36: General hospital services is the largest driver of First Nations health expenditure**

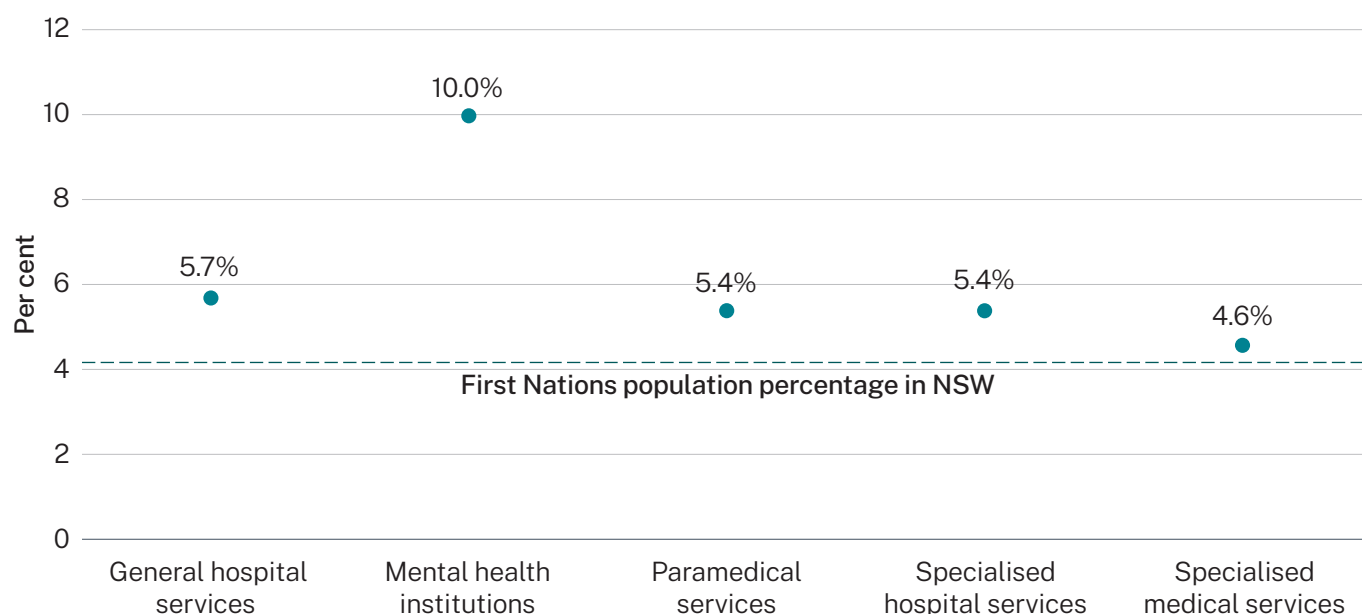
NSW Government general expenditure, health services, First Nations attributable, 2021–22



Source: NSW Health 2024; NSW Treasury 2024.

**Figure 37: Mental health institutions had the highest First Nations share of expenditure**

NSW Government general expenditure, by health service, First Nations attributable, 2021–22



Source: NSW Health 2024; NSW Treasury 2024.

### 4.5.1 General hospital services

In 2021–22, the NSW Government is estimated to have spent \$900.1 million on First Nations patients for general hospital services. This represents 5.7 per cent of the \$15.9 billion of total general hospital spend. General hospital services include designated in-patient units within hospitals such as psychiatric, psycho-geriatric and ‘nursing-home type’ units, and select general clinics including both drug and alcohol treatment and free-standing clinics.

The majority of expenditure within this category is reflective of the public health services provided by NSW Health. The Bureau of Health’s Information report into First Nations people’s experience of hospital services highlighted the importance of the patient experience when providing these services. The report stated that 70 per cent of First Nations patients who had the support of a First Nations Health Worker rated their care as ‘very good’, which is significantly higher than those who were not supported by a First Nations Health Worker (58 per cent).<sup>75</sup>

### 4.5.2 Specialised hospital services and specialised medical services

In 2021–22, the NSW Government is estimated to have spent \$56.9 million and \$26.9 million on First Nations patients for specialised hospital and medical services. This is a 5.4 per cent and 4.6 per cent share of expenditure. Specialised hospital services and specialised medical services covers services provided by specialised hospitals, medical clinics, and specialist medical practitioners. These services deliver treatments to particular conditions, diseases or types of patients.

<sup>75</sup> Bureau of Health Information 2021.



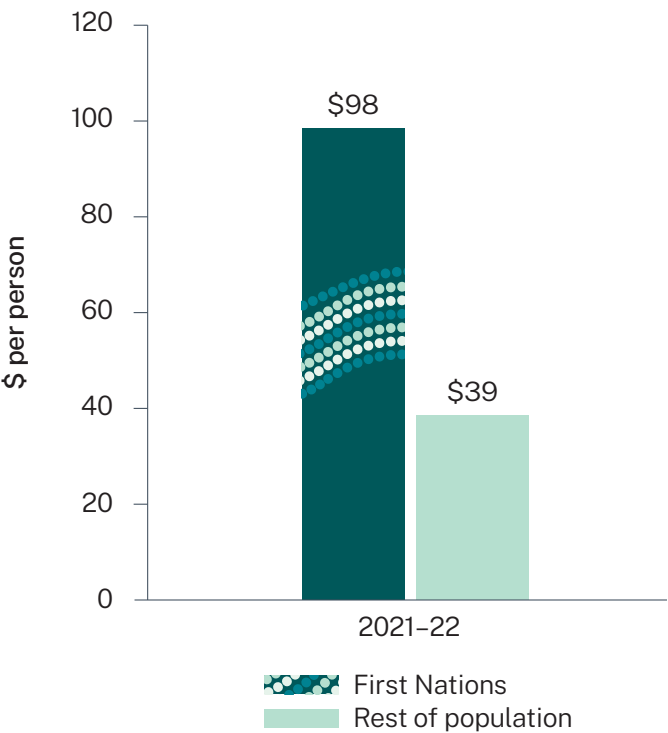
### 4.5.3 Mental health institutions

In 2021–22, the NSW Government is estimated to have spent \$33.4 million on First Nations patients for mental health institutions. Mental health institutions are established for the sole purpose of providing care and treatment to patients experiencing psychiatric, mental, or behaviour disorders within admitted units, specialised psychiatric hospitals and psych-geriatric nursing homes. This service area does not include the provision of mental health services provided in a hospital setting; these are covered through general hospital services.<sup>76</sup>

The First Nations share of expenditure for mental health institutions (10 per cent) is almost double the share of expenditure for other health services captured in this chapter. Figure 38 shows mental health institution expenditure per person for the First Nations population is 2.5 times higher than non-First Nations people.

**Figure 38: Per person First Nations mental health institution expenditure is more than double the rest of population**

NSW Government general expenditure, per person, mental health institutions, 2021–22



Source: ABS ERP 2023; NSW Treasury 2024.

This higher proportion of spend is reflective of rates of psychological distress, whereby 31 per cent of First Nations people have reported high to very high levels of psychological distress, compared to 13 per cent of non-First Nations adults.<sup>77</sup> This may be the impact of historical government policies where those who have been removed from family, or have had relatives removed, have higher rates of psychological distress (38 per cent).<sup>78</sup>

Providing effective and appropriate mental health care to First Nations people requires an understanding of culturally safe, appropriate and sensitive service delivery. Key to this is the provision of care by First Nations service providers and ACCHOs. In increasing the effectiveness of mental health services provided to First Nations people, there is opportunity for the NSW Government to further identify opportunities to prioritise funding to enable ACCHOs to increase the availability of their services across New South Wales.

76 It is important to recognise that as a result, this does not represent the entirety of NSW Government’s mental health expenditure.  
77 Australian Institute of Health and Welfare 2020.  
78 Australian Institute of Health and Welfare 2020.



---

# Appendices and References



# Detailed methodology

## Australian Productivity Commission methodology

The quantification of the First Nations share of general expenditure in this report builds on the methodology used by the Australian Productivity Commission for their 2017 Indigenous Expenditure Report.

$$\text{First Nations share of general expenditure} = \text{General expenditure} \times \text{Service use measure} \times \text{Under-identification} \times \text{Cost differential} \times \text{Targeted service adjustment factor}$$

In the formula above:

**Non-targeted expenditure** applies to the whole service area for the general population.

**Service use measure** as defined by the Australian Productivity Commission is a measure of the use of services that is closely linked with, or a proxy for, the impact that First Nations Australians have on the total expenditure of providing mainstream services. This captures the service user share that relates to First Nations people.

**Under-identification** is an upwards adjustment for known under-reporting of First Nations status.

**Cost differential** is an adjustment for known differences in the unit cost between First Nations and other people.

**Targeted service adjustment factor** is an adjustment to prevent double counting between targeted and non-targeted services. This factor identifies any targeted expenditure that may already be included in the COFOG-A groups and is removed to avoid double counting.

The formula has been structured to enable a single service use measure, as defined above, to be selected for each segment of a service area. This may be:

- A whole COFOG-A group in some cases, such as government primary education, which uses the number of government primary school students as a unit of measure.
- Part of a COFOG-A group such as social housing, which is split into public housing and community housing, with different service use measures applied to each.

The methodology used in this report expands and enhances the Australian Productivity Commission's formula as follows:

- It provides detailed breakdowns of expenditure for programs and services under a COFOG-A classification, where an appropriate service user measure is available.
- It analyses expenditure by region, age, and other factors where possible.

---

## Application of formula segments

The above formula is applied separately to each service area of NSW Government spending identified. Definitions of each segment of the formula are provided below:

**Table 2: How this report approaches each component of the formula**

Component	Approach
<b>Expenditure</b>	The primary source for expenditure information is Treasury's financial reporting system. More detailed breakdowns have been required from portfolio finance teams in some cases.
<b>Service use measure</b>	A service use measure has been selected for each area of service, drawing input from the Productivity Commission's method and cluster consultations.
<b>Under-reporting of First Nations status</b>	To allow for under-identification that occurs when people choose not to disclose their First Nations status. Methods are consistent with the Productivity Commission's Service Use Manual. Primarily, this adjustment assumes that people with unknown First Nations status have a similar distribution of responses to those with a known First Nations status.
<b>Cost differential</b>	This report understands and accounts for differences in unit costs based on information provided by agencies and analysing granular datasets. For example, unit costs differences for providing services for First Nations users compared to non-First Nations service users.
<b>Targeted service adjustment factor</b>	Consistent with the Productivity Commission, this report collects data on complementary and substitute targeted programs to ensure funding is not double counted.



## Worked example of estimating the First Nations share of general expenditure

Box 10 provides a worked example of how the First Nations share of general expenditure is calculated for child protection.

### Box 10

## Estimating First Nations people's share of spending on child protection

This box provides an example of how the methodology estimates the First Nations share of expenditure in child protection. Note service user figures are fictional and have been provided to understand the allowance for under-reporting and unknown status.

In 2020–21, NSW Government financial data shows that \$566 million is spent on child protection services (excluding OOHHC).

To estimate the share of these child protections services that relates to First Nations people:

- An appropriate service measure is selected for buckets of expenditure. For child protection, we have selected:
  - Child protection notifications for expenditure incurred responding to notifications (\$37 million)
  - Child protection investigations for the remainder of expenditure related to investigations (\$529 million).
- Analysis of service data provided by DCJ found that:
  - 80 notifications (40 per cent) relate to First Nations children; 100 notifications (50 per cent) relate to non-First Nations people; and 20 notifications (10 per cent) relate to service users with an unknown status
  - 80 investigations (40 per cent) relate to First Nations children; 100 investigations (50 per cent) relate to non-First Nations people; and 20 investigations (10 per cent) relate to service users with an unknown status.

To account for under-reporting and unknown status of service user data the methodology assumes the same distribution as known status. Therefore, the methodology accounts for unknown service users by:

- Apportioning 44.4 per cent to known First Nations user (80/180)
- Apportioning 55.6 per cent to non-First Nations users (100/180).

Therefore, the apportioning of 20 (10 per cent) is distributed at the same ratio, accounting for rounding, resulting in:

- 89 notifications for First Nations children ( $44.4 \text{ per cent} \times 20 = 8.9$ , then  $8.9 + 80$ )
- 111 notifications for non-First Nations children ( $55.5 \text{ per cent} \times 20 = 11.1$ , then  $11.1 + 100$ ).

The same process is applied to investigations. Then assuming there is no cost differential based on advice from DCJ and available data not identifying a differential in cost per notification or investigation for First Nations children, it is estimated:

- Costs responding to notifications for First Nations children are estimated at \$16.5 million (44.5 per cent of \$37 million)
- Costs for investigations for First Nations children are estimated at \$235.4 million (44.5 per cent of \$529 million).

## Service areas covered by the methodology for general expenditure

**Table 3: Expenditure by COFOG classification 2022–23**

COFOG service area	Total NSW Government expenditure	Expenditure captured in this report	Percentage captured in this report
General public services	\$23,215,280	–	–
Defence	–	–	–
Public order and safety	\$9,883,341	\$7,705,567	78.0%
Economic affairs	\$5,164,613	–	–
Environmental protection	\$2,004,928	–	–
Housing and community amenities	\$2,376,451	–	–
Health	\$29,432,848	\$22,102,738	75.1%
Recreation, culture and religion	\$1,646,972	–	–
Education	\$20,079,040	\$17,280,519	86.1%
Social protection	\$8,922,572	\$7,117,845	79.8%
Transport	\$16,088,713	–	–
<b>Total</b>	<b>\$118,814,758</b>	<b>\$54,206,669</b>	<b>45.6%</b>

# Methodological limitations

Considering the diverse functions and activities of the NSW Government there are limitations in the application of the methodology to calculate the First Nations share of general expenditure. These include:

- Costs are assumed to be incurred in proportion to the selected service use measure, accounting for known cost differences between population groups, which may not always be the case in practice.
- Overhead costs are allocated to individuals to reflect the total cost of delivering services (rather than being allocated to interactions in the service system).
- Analysis cannot account for all differences in unit cost without either detailed costing studies of individual programs or an overhaul of the collection of information by government.<sup>79</sup>
- Application of the COFOG-A framework may not directly align with how NSW Government agencies budget and report on finances for their own purposes.
- Reporting on COFOG-A in Treasury's financial reporting system (PRIME) is mapped through the existing agency and program structure, which may not provide a like for like reflection of expenditure.
- Accounting for inter-agency transactions poses issues: NSW Government agencies report financial information that includes transactions with other agencies, while Treasury reports on aggregates after removing these inter-agency transactions to avoid double counting.

## Data limitations

There are a range of data quality and availability issues that impact the attribution of general government expenditure to First Nations people. Overarching data limitations include:

- Inconsistent and low-quality data across some service areas, particularly historical information where services have been outsourced.
- Lack of information on First Nations status for some service areas and lack of other associated demographic information.
- Data quality and consistency issues across years limit the ability for time series analysis.
- Limited availability of expenditure data by region or location.

Data limitations are particularly evident when utilising data from multiple data sources. Different areas of NSW Government capture and report on data differently, as each portfolio has different data and reporting requirements, collects information for different purposes and definitions often differ between reporting agencies.

## Data and methodology for specific service areas

### Government primary, secondary and special education (updated service area)

Following consultation with the Department of Education (DoE) after the publication of the previously released IER it was agreed updated service user data for the 2021–22 financial year would not be provided. DoE highlighted resourcing concerns regarding the large-scale data collection of the entire government school population. In addition, DoE stated that there is minimal change in the composition of service users, particularly when conducting a year-on-year comparison.

To estimate the figures provided in this report, in agreement with DoE, Treasury applied the same proportion of service users for 2020–21 against updated financials for 2021–22. Treasury will continue to work with DoE on the ongoing application of the methodology for these service areas to ensure it is as accurate and informative as possible.

### Police services (new service area)

The methodology used by the NSWPF to assign expenditure to First Nations people relies on police asking the mandatory Aboriginality identifier question. This requirement was instituted in early 2022, making comparisons with prior years' data unreliable.

To estimate expenditure within NSW Police it is first allocated to six regions. Each region is a collection of NSW Police Area of Commands/NSW Police Districts. Expenditure for First Nations people within each region is then estimated based on the proportion of total NSW Police interactions that involve a First Nations person and includes recorded interactions with a person of interest (POI), a named person, or a victim of an incident.

---

79 Note most costs in health and disability sectors are itemised in IT systems. As a result, uncertainty is lower in estimates for these two sectors.

Expenditure related to First Nations people is potentially underestimated because:

- First Nations people involved in police interactions may choose not to disclose their First Nations status.
- The methodology does not consider the variation in cost of different types of interactions. For example, criminal offences are likely to consume more police resources than traffic offences. According to BOCSAR data, First Nations people were involved in approximately 20 per cent of criminal offences compared to 8 per cent for traffic and commuter offences.

Detailed expenditure allocations could not be provided based on the type of activity (e.g. criminal investigations, traffic and commuter offences, victim support, general community support at public events), and as a result there is a risk the estimates do not give adequate weight. In addition, police data was also not available for prior years before 2021–22 as the Aboriginality identifier question became mandatory for NSW Police to ask in early 2022.

Given the size of identified expenditure on First Nations people in justice services, there is an opportunity to improve the limitations in the existing methodology. Providing detailed breakdowns will enable expenditure to be more accurately apportioned relating to costs variations of different police interactions.

## Criminal courts

To estimate expenditure for criminal courts, it is first classified into three categories – criminal courts, civil courts and access to justice – based on advice from NSW Government agencies. Following this, First Nations share of criminal court expenditure was estimated as follows:

- **Local, District and Supreme courts:** allocated by level of court based on First Nations people's share of defendants in Criminal Court finalisations.
- **Office of the Director of Public Prosecutions:** allocated based on the First Nations share of criminal defendants in cases with ODPP involvement.
- **Other:** First Nations' share of expenditure was estimated as the weighted average of the other two categories above.

## Access to justice (new service area)

Estimates for access to justice services captures expenditure driven by Legal Aid NSW, including Legal Services and Community Partnerships.

For Legal Services:

- Non-targeted expenditure is first apportioned to each of criminal law, civil law and family law service using the expenditure breakdown from Legal Aid's annual report. Note the breakdown into types of law service is based on expenditure using an uneliminated basis as the breakdown using an eliminated basis is not available.
- Expenditure for First Nations people is estimated using the proportion of total number of services provided to First Nations people within each type of law service. The number of services provided was not available for two of the eight services. These two services have been apportioned based on the remaining services.
- All services are assumed to have the same unit cost due to lack of cost data by service type.

For Community Partnerships, First Nations people's share of total expenditure is assumed to be the same as Legal Services due to the lack of client data. Expenditure estimates by age are not available due to data quality issues.

## Child protection and OOHC (updated service area)

For results presented in the main body of the report, First Nations expenditure for OOHC and child protection is calculated based on the assumption that all clients with unknown First Nations status are non-Indigenous, i.e. all expenditure for these clients is assumed to be non-Indigenous expenditure.

This approach is adopted based on advice from DCJ and is a change to the methodology used in previous reports. In previous reports the methodology adopted the 'standard approach' i.e. expenditure for clients with unknown status is apportioned between First Nations and non-Indigenous people based on the same breakdown of expenditure for clients with known status. DCJ advised there is some uncertainty in this assumption as data collection of child protection and OOHC has improved.



## Family support (updated service area)

For family support services, Targeted Earlier Intervention (TEI) expenditure was calculated based on the known proportions of TEI expenditure against program activities 'Targeted Support' and 'Intensive Support' during 2020–21 and 2021–22. These proportions were applied to the overall family support budget for the years 2018–19 and 2019–20 and thus are approximated using the same methodology outlined for 2020–21 and 2021–22.

The report uses the 'standard approach' to allow for under-reporting of First Nations status for family support. The standard approach apportions expenditure for clients with unknown status based on the same breakdown of expenditure for clients with known status. DCJ indicated that this assumption is uncertain, and that it is possible that all clients with unknown First Nations status are non-First Nations. Although the robustness of data for family support is not as strong as child protection and OOHHC.

## Social housing (updated service area)

Expenditure for all areas except social housing aligns with NSW financial reporting estimates by COFOG-A category. Consistent with the 2022 Indigenous Expenditure Report, for social housing, Treasury has aligned financial reporting definitions to the Productivity Commission Report on Government Services (ROGS), as this could be more readily broken into the required categories.

Expenditure is based on ROGS rather than COFOG-A classifications. To provide a full picture of social housing, social housing expenditure from the Land and Housing Corporation has been included even though it is not part of the general government sector.

Expenditure is apportioned using the number of households for public housing and community housing separately, which allows for differences in average cost between public and community housing.

## Health services (updated service area)

Following consultation with the Ministry of Health (Health) after the publication of the previously released IER it was agreed updated service user data for the 2021–22 financial year would not be provided. Health highlighted concerns regarding the large-scale data collection and the application of the COFOG-A framework which may not truly reflect the expenditure associated with a patient's journey through the complex health system.

To estimate the figures provided in this report, in agreement with Health, Treasury applied the same proportion of service users for 2020–21 against updated financials for 2021–22. Treasury will continue to work with Health on the ongoing application of the methodology for these service areas to ensure it is as accurate and informative as possible.

# References

Aboriginal Housing Office, *Services Our Way Policy Framework*, NSW Government, 2021.

Aboriginal Legal Service (NSW/ACT) *Annual Report 2021–22*, Aboriginal Legal Service (NSW/ACT) Limited, 2022.

Aboriginal Legal Service (NSW/ACT), *Emergency funding needed to prevent imminent service freezes: Aboriginal and Torres Strait Islander Legal Services*, Media Release, 2023.

Aboriginal Legal Service (NSW/ACT), *Criminal law services frozen at 13 Local Courts*, Media Release, 2023.

AbSec 2022(a), *Working with community to develop an Aboriginal Guardianship Support Model for better outcomes*, AbSec Website, NSW Child, Family and Community Peak Aboriginal Corporation, accessed 10 April 2024.

AbSec 2022(b), “New supported for Aboriginal children and young people on guardianship”, Media Release, AbSec Website, accessed 10 April 2024.

Australian Bureau of Statistics 2015(a), *Institutional units and sectors*, ABS Website, Australian Government, accessed 21 June 2023.

Australian Bureau of Statistics 2015(b), *Law courts and associated activities (COFOG-A 033)*, ABS Website, Australian Government, accessed 11 August 2023.

Australian Bureau of Statistics 2015(c), *The classification of the functions of government – Australia*, ABS Website, Australian Government, accessed 11 August 2023.

Australian Bureau of Statistics 2017, *Construction the biggest riser in Aboriginal and Torres Strait Islander industry data*, ABS Website, Australian Government, accessed 5 October 2023.

Australian Bureau of Statistics 2021, *Census – 2011, 2016, 2021 Population Data [TableBuilder]*, ABS Website, Australian Government, accessed 30 August 2023.

Australian Bureau of Statistics 2021, *Understanding change in counts of Aboriginal and Torres Strait Islander Australians: Census*, ABS Website, Australian Government, accessed 5 December 2023.

Australian Bureau of Statistics 2023, *Estimates of Aboriginal and Torres Strait Islander Australians*, ABS Website, Australian Government, accessed 3 November 2023.

Australian Charities and Not-for-Profit Commission 2024, *Aboriginal Legal Services (NSW/ACT) Limited*.

Australian Human Rights Commission 2023, *Right to Self-determination*, Australian Human Rights Commission Website, accessed 7 October 2023.

Australian Indigenous Doctors’ Association, *Incarceration: The disproportionate impacts facing Aboriginal and Torres Strait Islander people*, 2022.

Australian Institute of Criminology 2021, “Project Walwaay recognised for providing opportunities for at-risk young people in Dubbo”, Article, Australian Institute of Criminology Website, Australian Government, viewed 5 August 2023. <https://www.aic.gov.au/media-centre/news/project-walwaay-recognised-providing-opportunities-risk-young-people-dubbo>

Australian Institute of Health and Welfare, *Indigenous mental health, housing and homelessness*. Produced for the Indigenous Mental Health and Suicide Prevention Clearinghouse, Australian Government, 2022(b).

Australian Institute of Health and Welfare, *Contribution of chronic disease to the gap in mortality between Aboriginal and Torres Strait Islander people and other Australians*, AIHW, Australian Government, Canberra, 2011.

Australian Institute of Health and Welfare, *National Social Housing Survey 2021*, AIHW, Australian Government, Canberra, 2022(a).

Australian Institute of Health and Welfare, *Aboriginal and Torres Strait Islander Health Performance Framework 2020 summary report*, AIHW, Australian Government, Canberra 2020.

Australian Institute of Health and Welfare, *Aboriginal and Torres Strait Islander Health Performance Framework 2020 summary report*, AIHW, Australian Government, Canberra 2020.

Australian Institute of Health and Welfare *Permanency outcomes for children in out-of-home care: indicators*, AIHW, Australian Government, Canberra, 2023.

Australian Institute of Health and Welfare, *Connection between family, kinship and social and emotional wellbeing*, AIHW, Australian Government, Canberra, 2021.

Australian Law Reform Commission, *Crossover out-of-home care into detention*, 2018.

Australian Productivity Commission, 2017 *Indigenous Expenditure Report*, Australian Government, Canberra, 2017.

Australian Productivity Commission, *National Agreement for Skills and Workforce Development Review – Study Report*, Australian Government, Canberra, 2020.

Australian Productivity Commission, *Review of the National Agreement on Closing the Gap – Study Report*, Australian Government, Canberra, 2024.

Bureau of Health Information, *The Insights Series – Aboriginal people's experiences of hospital care*, BHI, Sydney, 2021.

Chamberlain C, Gray P, Bennet D, et al, *Supporting Aboriginal and Torres Strait Islander Families to Stay Together from the Start (SAFeST Start): Urgent call to action to address crisis in infant removals*. The Australian Journal of Social Issues. 57, 2. p.252–273. 2022.

Council of Attorneys-General, *DRAFT Final Report 2020 - Council of Attorneys-General, Age of Criminal Responsibility Working Group*, Standing Council of Attorneys-General, Western Australia, 2022.

Cunneen, C, *Arguments for Raising the Minimum Age of Criminal Responsibility*, Research Report, Comparative Youth Penalty Project, University of New South Wales, 2017.

Department of Employment and Workplace Relations, *National Skills Agreement*, DEWR, Australian Government, Canberra, 2023.

Department of Social Services, *Families and Children*, DSS Website, Australian Government 2023, accessed 12 August 2024.

Department of the Prime Minister and Cabinet, *National Agreement on Closing the Gap*, Australian Government, Canberra, 2020.

Foster G, Gronda H, Mallett S, Bentley R, *Precarious housing and health: research synthesis*, Australian Housing and Urban Research Institute, Hanover Welfare Services, University of Melbourne, University of Adelaide and Melbourne City Mission, Australia, 2011.

Graham J, *Disproportionate over-representation of Indigenous students in New South Wales government special schools*, Cambridge Journal of Education, 42, 2, p. 171., 2012.

Griffin T and Andrahannadi U, *VET delivery in regional, rural and remote Australia: barriers and facilitators*, National Centre for Vocational Education Research, Adelaide, 2023.

Inside Policy, *An evaluation of the Youth Koori Court Process – Final Report*, NSW Department of Communities and Justice, Sydney, 2022.

Inside Policy, *Listening series for the development of NSW's Aboriginal Economic Prosperity Outcomes Framework – Consultation Report*, NSW Treasury, Sydney, 2021.

Klauzner I, *Investigating bias towards Aboriginal people in police bail decisions*, Crime and Justice Bulletin No. 256, NSW Bureau of Crime Statistics and Research, NSW Government, Sydney, 2023.

Legal Aid NSW, "Who we are", NSW Legal Aid Website, NSW Government, 2023, viewed 3 September 2023. <https://www.legalaid.nsw.gov.au/about-us/who-we-are>

Legal Aid NSW, *Annual Report 2021–22*, NSW Government, 2022.

Local Court New South Wales, *Chief Magistrate and other judicial officers*, Local Court New South Wales Website, NSW Government, 2023, viewed 3 September 2023. <https://localcourt.nsw.gov.au/about-us/chief-magistrate.html>

Macrotrends, *Australia Crime Rate & Statistics 1990–2024*, Macrotrends Website, 2024, viewed 3 September 2023. <https://www.macrotrends.net/global-metrics/countries/AUS/australia/crime-rate-statistics>

Mitchell J, Burns N, Glozier N, Nielssen O, *Homelessness and predictors of criminal reoffending: A retrospective cohort study*, Australian Institute of Health Innovation, Macquarie Medical School, Sydney, 2023.

Morley S, *What works in effective Indigenous community-managed programs and organisations*, Australian Institute of Family Studies, Canberra, 2015.

National Aboriginal Community Controlled Health Organisation, “Aboriginal Community Controlled Health Services are more than just another health service”, Media Release, NACCHO Website, 2021, viewed 3 October 2023. <https://www.naccho.org.au/app/uploads/2021/09/Key-facts-1-why-ACCHS-are-needed-FINAL.pdf>

National Aboriginal Community Controlled Health Organisation, *Employment White Paper – Submission to the Department of Treasury*, NACCHO, Canberra, 2022.

National Centre for Vocational Education Research, *Government-funded student outcomes 2022: Data Builder*, Variable, Category, Outcome by Group, State/territory, NCVER, Adelaide 2022.

National Centre for Vocational Education Research, *From VET to sustainable employment for Aboriginal and Torres Strait Islander peoples*, NCVER, Adelaide, 2023(a).

National Centre for Vocational Education Research, *Total VET students and courses 2022*, NCVER, Adelaide, 2023(b).

National Disability Insurance Scheme, NSW NDIS Q4 Quarterly Performance Report 2021–22, Australian Government, Canberra, 2022.

Nicolson S, Newell S, Flanagan V, Kay H-S, Potts H and Sanchez G, *Children’s Rights Report 2019-In Their Own Right: Children’s Rights in Australia*, Australian Human Rights Commission, Canberra, 2019.

NSW Bureau of Crime Statistics and Research, *Aboriginal adults June 2022 and Aboriginal young people June 2022*, NSW Government, Sydney, 2022.

NSW Bureau of Crime Statistics and Research, *Aboriginal over-representation in the NSW Criminal Justice System quarterly update June 2023*, NSW Government, Sydney, 2023(a).

NSW Bureau of Crime Statistics and Research, *Bail in NSW*, NSW Government, Sydney, 2023(b).

NSW Department of Communities and Justice Statistics, *Annual Statistical Report 2021–22 Children and Families Thrive–OOHC*, NSW Government 2023(a), accessed 12 August 2023.

NSW Department of Communities and Justice, “Labor confirms \$200 million lifeline to keep vulnerable kids safe”, Media Release, NSW Government 2023(b), viewed 10 August 2023, <https://www.nsw.gov.au/media-releases/200-million-to-keep-vulnerable-kids-safe>

NSW Department of Education, *2021 schools and students statistical bulletin*, NSW Government, Sydney, 2022.

NSW Police Force, *Annual Report 2021–22*, NSW Police, NSW Government, Sydney, 2022.

NSW State Library 2017, *NSW State Courts, Courts and Tribunals*, NSW Government, 2017, accessed 12 August 2023 <https://legalanswers.sl.nsw.gov.au/hot-topics-courts-and-tribunals/nsw-state-courts>

NSW Treasury, *Budget Paper No. 3-Infrastructure Statement 2023–24*, NSW Government, Sydney, 2023(a).

NSW Treasury, *First Nations Business Sector Report –A return to prosperity*, NSW Government, Sydney, 2022.

NSW Treasury, *Listening Series for the development of NSW’s Aboriginal Economic Prosperity Outcomes Framework*, NSW Government, Sydney, 2021.

NSW Treasury, *Policy and Guidelines: Evaluation*, TPG22-22, NSW Government, Sydney, 2023(b).

Ooi E, and Rahman S, *NSW Youth Koori Court reduces custody rates for Aboriginal young people*, NSW Bureau of Crime Statistics and Research, Sydney, 2022.



Ooi E, *Vocational training in NSW prisons: Exploring the relationship between traineeships and recidivism*, Crime and Justice Bulletin No. 239, NSW Bureau of Crime Statistics and Research, Sydney, 2021.

Parliament of Australia, *Indigenous Affairs*, Budget Resources, Australian Government 2023, [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_departments/Parliamentary\\_Library/Budget/reviews/2023-24/IndigenousAffairs](https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/Budget/reviews/2023-24/IndigenousAffairs)

Police Citizens Youth Clubs, “About Us”, PCYC Website, 2023, visited 3 June 2023. <https://www.pcynew.org.au/about-us>

Powell Z, “Stop jailing kids: calls grow to raise age of criminal responsibility”, 30 June 2022, Central News, 2022, visited 12 August 2023. <https://centralnews.com.au/2022/06/30/stop-jailing-kids-calls-grow-to-raise-age-of-criminal-responsibility/>

Price Waterhouse Coopers, *The benefits of providing access to justice*, National Legal Aid, Australia, 2023.

Redfern Legal Centre 2023, *NSW Police Person Searches – A Disproportionate Impact*.

Redfern Legal Centre 2023, *First Nations People Bear the Brunt of NSW Police Use of Force*.

Rose V, Jacob C, Roberts J, et al *Evaluation of the Permanency Support Program: Final Report*, Centre for Evidence and Implementation, NSW Department of Communities and Justice, Sydney, 2023.

Smith A, Frawley J and Pechenkina E, *Identifying strategies for promoting VET to higher education transitions for Indigenous learners*, The National Centre for Student Equity in Higher Education, Curtin University, Perth, 2017.

Standing Council of Attorneys-General, *Age of Criminal Responsibility Working Group Report*, SCAG, Western Australia, 2023.

Stringfellow R, Tauri J and Richards K, *Prevention and early intervention programs for Indigenous young people in Australia and Aotearoa New Zealand*, Indigenous Justice Clearinghouse. 2022.

Technical and Further Education NSW, *NSW Skills Board – Industry Engagement Plan and Response to NSW VET Review Report*, NSW Department of Education, Sydney, 2023.

Teperski A and Rahman S, *Why are Aboriginal adults less likely to receive cannabis cautions?*, Crime and Justice Bulletin No. 258, NSW Bureau of Crime Statistics and Research, Sydney, 2023.

Vignaendra S and Fitzgerald J, *Reoffending among young people cautioned by police or who participated in a youth justice conference*, Crime and Justice Bulletin No 103, NSW Bureau of Crime Statistics and Research, Sydney, 2006.

Vos T, Carter R, Barendregt J, Mihalopoulos C, et al, *Assessing Cost Effectiveness in Prevention – ACE Prevention: Final Report*, University of Queensland, Brisbane and Deakin University, Melbourne, 2010.

Washington State Institute for Public Policy, *Adult Criminal Justice Benefit-Cost Results*, WSIPP, Olympia, Washington, 2023.

Weir J, Stacey C and Youngetob K, *The Benefits of Caring for Country*, Department of Sustainability, Environment, Water, Population and Communities, Australian Government, Canberra, 2011.

Williams M and Ragg M, *Evaluation of Legal Aid NSW Civil Law Service for Aboriginal Communities*, 2019.

Yao W, *Police Discretion: A Power that Can Be Abused and Should Be Regulated*, Atlantis Press, University of New South Wales, Kensington, 2023.

Yeong S and Moore E, *Circle Sentencing, incarceration and recidivism*, Crime and Justice Bulletin No. 226, NSW Bureau of Crime Statistics and Research, Sydney, 2020.



---

# NSW Treasury

Published by NSW Treasury

First published June 2024

T24/00862

This publication is protected by copyright. With the exception of (a) any coat of arms, logo, trade mark or other branding; (b) any third party intellectual property; and (c) personal information such as photographs of people, this publication is licensed under the Creative Commons Attribution 3.0 Australia Licence.

The licence terms are available at the Creative Commons website at:  
[creativecommons.org/licenses/by/3.0/au/legalcode](https://creativecommons.org/licenses/by/3.0/au/legalcode)

NSW Treasury requires that it be attributed as creator of the licensed material in the following manner: © State of New South Wales (NSW Treasury), (2024).

Image credits: iStock, Tristan Stefan Edouard

---

52 Martin Place  
Sydney NSW 2000

W: [treasury.nsw.gov.au](https://treasury.nsw.gov.au)

GPO Box 5469  
Sydney NSW 2001