

The Auditor-General
Audit Report No.33 2013–14
Performance Audit

Indigenous Employment in Australian Government Entities

[Across Agencies](#)

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Canberra ACT
29 May 2014

Dear Mr President
Dear Madam Speaker

The Australian National Audit Office has undertaken an independent performance audit across agencies titled *Indigenous Employment in Australian Government Entities*. The audit was conducted in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McPhee', is positioned above the printed name.

Ian McPhee
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office (ANAO). The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits, financial statement audits and assurance reviews of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Australian Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

For further information contact:

The Publications Manager
Australian National Audit Office
GPO Box 707
Canberra ACT 2601

Phone: (02) 6203 7505

Fax: (02) 6203 7519

Email: publications@anao.gov.au

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Audit Team

Elizabeth Wedgwood
Tessa Osborne
Moustafa Abdel-Nasser
Dr Andrew Pope

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Abbreviations

AFP	Australian Federal Police
ANAO	Australian National Audit Office
APS	Australian Public Service
APSED	Australian Public Service Employment Database
APSC	Australian Public Service Commission
COAG	Council of Australian Governments
DEEWR	Former Department of Education, Employment and Workplace Relations
DHS	Department of Human Services
EEO	Equal Employment Opportunity
HRMIS	Human Resources Management Information System
IAGDP	Indigenous Australian Government Development Program
NPA-IEP	National Partnership Agreement on Indigenous Economic Participation
PM&C	Department of the Prime Minister and Cabinet

Glossary

APS agencies	Australian Government public sector entities that operate under the <i>Financial Management and Accountability Act 1997</i> or the <i>Commonwealth Authorities and Companies Act 1997</i> and engage employees under the <i>Public Service Act 1999</i> . APS agencies include: Departments; Statutory Authorities with all employees engaged under the <i>Public Service Act 1999</i> ; Statutory Authorities which have the capacity to engage employees under the <i>Public Service Act 1999</i> , as well as their own enabling legislation (dual staffing bodies); and Executive Agencies.
APS employment classifications	<p>The classification level of APS jobs is based on the duties that are required to be performed. Jobs are classified and paid at different levels according to the complexity, responsibility and skills involved. The most common classifications used are as follows:</p> <ul style="list-style-type: none">• APS 1 and 2—general administrative and service positions, cadetships and trainees;• APS 3 and 4—general entry-level positions and general administrative, technical, project and service positions, and entry-level graduate positions;• APS 5 and 6—senior administrative, technical, project and service positions, which may have supervisory roles;• Executive Level 1 and 2—middle management positions; and• Senior Executive Service Band 1, 2 and 3—senior leadership and management positions.
APSED	The Australian Public Service Employment Database (APSED) which stores the employment data of ongoing and non-ongoing APS employees.

Australian Government entity	An organisation subject to the <i>Financial Management Accountability Act 1997</i> or the <i>Commonwealth Authorities and Companies Act 1997</i> . Australian Government entities include APS agencies and non-APS bodies.
Commonwealth Entity	Under the <i>Public Governance, Performance and Accountability Act 2013</i> which comes into force on 1 July 2014, a Commonwealth entity is described as: <ul style="list-style-type: none"> (a) a Department of State; or (b) a Parliamentary Department; or (c) a listed entity; or (d) a body corporate established by a law of the Commonwealth.
EEO	Equal Employment Opportunity groups are people affected by past or continuing disadvantage or discrimination in employment. For APSED purposes four areas of diversity are identified by the Public Service Commissioner: gender, disability, non-English speaking background and Indigenous status.
Entry-level positions	Generally used to describe positions at the APS 1-3 levels, and can include cadetships, traineeship and graduate positions. Some graduate positions, however, are at the APS 4 level.
Identified Positions	APS positions with specific selection criteria that signify that the role has a strong involvement in issues relating to Aboriginal and Torres Strait Islander people.
Non-APS bodies	Australian Government public sector entities that operate under the <i>Financial Management and Accountability Act 1997</i> or the <i>Commonwealth Authorities and Companies Act 1997</i> and engage employees under their specific legislation.

Ongoing and non-ongoing employment	The APS uses the terms 'ongoing' and 'non-ongoing' employment to mean 'permanent' and 'non-permanent' employment respectively. Ongoing employment is the usual basis for employment in the APS. Non-ongoing employment can include employees engaged for a specific term, the duration of a specified task or for duties that are irregular or intermittent. The <i>Public Service Act 1999</i> provides for both ongoing and non-ongoing employment in the APS.
Pathways Program	An annual, generic, bulk recruitment process managed by the APSC to recruit Indigenous trainees, cadets and entry-level graduates into the Australian Public Service.
Special Measures	A legislative provision that enables APS agency heads to identify particular opportunities as open only to Aboriginal and/or Torres Strait Islander applicants.

Summary and Recommendations

Summary

Introduction

1. There is a considerable gap in employment rates between Aboriginal and Torres Strait Islander (Indigenous) and non-Indigenous Australians. Addressing this gap has been a policy focus for successive Australian governments, and various initiatives have been developed involving both the public and the private sectors. As the Australian Government public sector is one of the largest employers nationally, and offers a diverse range of employment in locations around Australia, it is well placed to directly contribute to improving Indigenous employment outcomes through its own operations.

2. The Council of Australian Governments' (COAG) *National Indigenous Reform Agreement* provides a framework for governments to work together with Indigenous Australians and the broader community to achieve the target of 'Closing the Gap' in Indigenous disadvantage. One of the six 'Closing the Gap' targets is to halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.¹ In addition to implementing a range of existing employment programs aimed at increasing Indigenous employment, governments also acknowledged the need to make direct contributions to improving Indigenous employment opportunities in their own operations. Accordingly, COAG endorsed the National Partnership Agreement on Indigenous Economic Participation (NPA-IEP) in 2009. An element of this agreement was to develop strategies to increase public sector employment to reflect national Indigenous working age population share by 2015, to at least 2.6 per cent. Jurisdictions were given additional flexibility to set their own targets and the Australian Government adopted a target of 2.7 per cent, across all employment classifications for the Australian Government public sector workforce.

1 Council of Australian Governments, *Closing the Gap in Indigenous Disadvantage*, [Internet] available from ,< https://www.coag.gov.au/closing_the_gap_in_indigenous_disadvantage> [accessed 8 May 2014].

Australian Government public sector employment

3. Within the Australian Government public sector there are essentially two different employment frameworks. Employees are either engaged under the *Public Service Act 1999* (Public Service Act), or under entity-specific legislation. In general, employees engaged under the Public Service Act work in an agency governed by the *Financial Management and Accountability Act 1997* (FMA Act), while those working in entities governed by the *Commonwealth Authorities and Companies Act 1997* (CAC Act), are employed under the entity's legislation. Some entities established under the CAC Act, however, engage employees under the Public Service Act, while some FMA Act bodies (for example, the Australian Federal Police) engage employees under their own legislation.

4. The *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which comes into effect on 1 July 2014, will replace the FMA and the CAC Acts, with all entities to be known as Commonwealth entities. Within this arrangement entities will still employ staff under the Public Service Act or entity-specific legislation.

5. The Australian Bureau of Statistics (ABS) reports that, as at June 2013, there were approximately 248 500 Australian Government employees located in metropolitan and regional locations nationally.² Of these, 167 257³ were employed under the Public Service Act. The remaining employees were employed by Australian Government entities under entity-specific legislation. Entities employing staff under the Public Service Act are known as Australian Public Service (APS) agencies. Those employing under other legislation are known as non-APS bodies.⁴ As at February 2014, there were 122 APS agencies⁵,

2 ABS, *Employment and Earnings, Public Sector, Australia, 2012–13*, available from <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6248.0.55.002>> [accessed 16 April 2014].

3 APSC, *State of the Service Report 2012–13*, Canberra, p. 229.

4 For the purpose of this audit report the term Australian Government entities is used to refer to all Australian Government public sector organisations: APS agencies is used to refer to those organisations which are governed by the FMA Act or the CAC Act and engage employees under the *Public Service Act 1999*; and non-APS bodies is used to refer to those organisations which are governed by the FMA Act or the CAC Act and engage employees under their own arrangements.

5 APSC, Australian Public Service agencies, <<http://www.apsc.gov.au/publications-and-media/current-publications/australian-public-service-agencies>> [accessed 21 February 2014].

and 86 non-APS bodies including 66 Commonwealth authorities and 20 companies.⁶

6. The Australian Government target of 2.7 per cent Indigenous representation was to apply to both APS and non-APS bodies; however, as discussed in the following two sections, employment reporting requirements differ between APS and non-APS bodies. This has implications for reporting across the whole Australian Government public sector. Reporting against the target will also vary relative to the total number of non-Indigenous employees. For example, any substantial reduction in APS employee numbers will result in an overall percentage increase in Indigenous employee numbers if there is no similar change in Indigenous employee numbers.

Indigenous APS employment reporting

7. An ongoing commitment to employ Indigenous Australians in the APS is embedded in the Public Service Act. Agency heads are required to establish workplace diversity programs that support inclusive strategies for key diversity groups, including Indigenous Australians, and to review these programs every four years.⁷ APS agencies are also required by legislation to provide human resource (HR) information to the Australian Public Service Commissioner as requested. The Australian Public Service Commission (APSC) maintains this information in a central database, the Australian Public Service Employment Database (APSED). APSED contains a range of APS employment data, including Indigenous employment data.

8. Under the *National Indigenous Reform Agreement*⁸, departments and agencies are asked to give consideration to the use of Indigenous service delivery arrangements, where appropriate, to increase Indigenous employment. However, Indigenous people employed on contract in Australian Government funded Indigenous service delivery are not included in the overall calculation of APS employees, as these individuals are not employed under the Public Service Act.

6 Department of Finance website <http://www.finance.gov.au/sites/default/files/cac_body_list_0.pdf> [accessed 19 February 2014].

7 *Australian Public Service Commissioner's Directions 2013*, consolidated version, November 2013 (s.18 of the *Public Service Act 1999*).

8 The *National Indigenous Reform Agreement* includes a set of Service Delivery Principles for government agencies to include in the design and delivery of programs and services. See Section D: Service delivery principles for programs and services: Page A-21.

Indigenous non-APS employment reporting

9. The non-APS bodies account for approximately 30 per cent of Australian Government employment with each body having its own employment arrangements. Similar to APS agencies, non-APS bodies may provide a range of employment opportunities nationally, and have inclusive strategies to employ key diversity groups. However, as these bodies do not employ staff under the Public Service Act they are not required to provide the APSC with employment data. Under the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*, non-APS bodies with over 40 staff are required to implement equity and diversity programs for designated groups, including Indigenous Australians. Reports, including statistical data, are to be tabled annually in Parliament. Additionally, many non-APS bodies provide employment information in their annual reports, including diversity data in some cases. However there is no central collection point for this data.

Indigenous representation in APS agencies

10. As a result of the different reporting requirements discussed above, there is no comprehensive data set for Indigenous employment in the Australian Government public sector—collated data is available for APS agencies only.

11. Since 2010–11 the percentage representation of Indigenous APS employees has remained largely stable at 2.3 per cent, as shown in Table S1. As at June 2013, 3846 APS employees were identified as Indigenous in APSED, of whom 3365 were employed on an ongoing basis. Disclosure of Indigenous status by employees is voluntary and in the years 2008–13, Indigenous status was not available for over 20 per cent of all APS employees.

Table S1: Indigenous representation in the APS (ongoing and non-ongoing) June 2008 to June 2013

Year (as at June)	2008	2009	2010	2011	2012	2013
Indigenous employees ongoing and non-ongoing (%)	2.4	2.4	2.5	2.3	2.3	2.3

Source: APSC: *State of the Service Report 2012–13*, p. 99.

12. Key features in the makeup of the APS which can influence Indigenous employment patterns include the proportion of APS positions located outside the Australian Capital Territory (ACT). As at June 2013, some 40 per cent of positions were located in the ACT, an increase from 33.3 per cent in 1998.⁹ Concurrently, there has been a general decrease in the number of entry-level roles. For example, the number of APS 1–3 roles, has almost halved nationally¹⁰ from 1998. Thirty three per cent of Indigenous APS employees identified in APSED, are employed at the APS 1 to APS 3 classifications.

13. Over time, the APS has also moved towards a workforce with higher educational qualifications. In 2012–13, 71.6 per cent of those engaged had a graduate qualification. This was considerably higher than in 1998–99 (64.7 per cent).¹¹ The shift to a graduate qualified APS workforce and the generally lower levels of educational qualifications held by Indigenous Australians provide some structural barriers to increasing Indigenous APS representation. In this respect an important workforce planning factor to consider is the level of participation of Indigenous people in the higher education sector. While the number of Indigenous students enrolled at Australian universities has grown by over 40 per cent since 2006¹², Indigenous students are currently estimated to make up 1.4 per cent¹³ of the tertiary student population. Data provided by the Department of Innovation to the ANAO, indicated that in 2012, 985 Indigenous students graduated with a bachelor level degree.¹⁴

9 APSC, *State of the Service Report 2011–12*, Canberra, p. 254.

10 *ibid.*, p. 238.

11 APSC, *State of the Service Report 2012–13*, Canberra, p. 250.

12 Australian Council for Educational Research, Media Release, “Growth in number of Indigenous university students, but still underrepresented”, 4 September 2012, [Internet] available from <<http://www.acer.edu.au/media/growth-in-number-of-indigenous-university-students-but-still-underrepresented/>> (accessed 7 May 2014).

13 Universities Australia, *Indigenous Higher Education*, 14 January 2014, [Internet] available from <<https://www.universitiesaustralia.edu.au/uni-participation-quality/Indigenous-Higher-Education>> [accessed 7 May 2014].

14 Selected Higher Education Statistics. Data provided by the Department of Innovation to the ANAO on 13 September 2013.

Initiatives to support the recruitment of Indigenous employees to Australian Government entities

14. The Public Service Act provides flexibility to recruit and engage employees to meet the legislated requirements of each agency. In relation to Indigenous employment, in addition to open recruitment processes, APS agencies can identify positions as either a *Special Measures* provision or an *Identified Position*. The *Special Measures* provision enables APS agencies to identify particular employment opportunities as being available to Indigenous applicants only. A number of Indigenous-specific recruitment programs operate using the *Special Measures* provision.

15. *Identified Positions* are those with specific selection criteria which signify that the role has a strong involvement in issues relating to Indigenous people. *Identified Positions* are not restricted to Indigenous applicants, but remain open to all eligible applicants. The strategy nevertheless has the potential to increase the competitiveness of Indigenous applicants in the selection process.

16. Australian Government entities can, and do, develop their own tailored Indigenous recruitment programs using these provisions. For example, the Department of Human Services' (DHS) *Indigenous Apprenticeship Program*, recruits entry-level Indigenous candidates to DHS Service Centres, often located in areas of high unemployment, nationally. Similarly, non-APS bodies implement strategies to increase Indigenous employment. For example, the Australian Federal Police (AFP) has implemented the *Aboriginal and Torres Strait Islander Directions Program*, which includes Cadetship, Traineeship, School Based Apprentice Traineeship, and Seconded initiatives.

17. Australian Government entities can also collaborate with either the APSC in the whole-of-Government, *Indigenous Pathways to Employment Program* (Pathways Program); and/or, the Department of Employment and the Department of Education in the *Indigenous Australian Government Development Program* (IAGDP), to make entry-level¹⁵ Indigenous engagements. Both programs operate under the *Special Measures* provision. The Pathways Program is funded by the Australian Government and through levies on APS agencies with more than 200 employees. In 2012–13, 44 entities partnered with the APSC to recruit candidates. The IAGDP was an initiative of the former

15 Entry-level is generally used to describe positions at the APS 1–3 levels, and can include cadetships, traineeships and graduate positions. Some graduate positions however are at the APS 4 level.

Department of Education, Employment and Workplace Relations (DEEWR), the precursor agency to the Department of Education and the Department of Employment which currently fund and manage the IAGDP. In 2013, 11 Australian Government entities sought to engage candidates through the IAGDP.

18. In October 2013 the Australian Government announced interim recruitment arrangements with the APS to help meet the Government's election commitment to reduce the public service by 12 000 employees through natural attrition.¹⁶ Agencies were required to reduce their recruitment activities to avoid new engagements where possible, with priority placed on the redeployment of existing staff. At the time of announcing the interim arrangements, the APS continued to support targeted recruitment programs for entry-level graduates and Indigenous employees.¹⁷

Audit objective, scope and criteria

19. The audit objective was to determine whether Australian Government entities were implementing effective strategies to support increased Indigenous employment.

20. In addition to considering trends across the Australian Government public sector, the ANAO gave specific attention to the following entities:

- Former Department of Education, Employment and Workplace Relations;
- Department of Human Services;
- Department of Agriculture;
- Australian Public Service Commission; and
- Australian Federal Police.

The Administrative Arrangements Order of September 2013, transferred responsibility for Indigenous matters to the Department of the Prime Minister and Cabinet (PM&C). This included reporting against the public sector employment target of the NPA-IEP. In its general role of supporting the

16 *Interim arrangements for APS recruitment*, Media Release, Minister for Employment [Internet] available from <<http://ministers.employment.gov.au/abetz/interim-arrangements-aps-recruitment>> [accessed 12 March 2014].

17 APSC, *Interim arrangements for APS recruitment* [Internet] <<http://www.apsc.gov.au/home/current-priorities/interim-arrangements1>> [accessed 5 March 2014].

Australian Government's engagement with COAG, and more particularly in relation to reporting on the NPA-IEP, PM&C has been consulted during the audit.

21. To form a conclusion against this objective, the ANAO adopted the following high level criteria:

- strategies are in place that encourage Indigenous applicants, support their career development and contribute to the Australian Government target of 2.7 per cent Indigenous representation by 2015;
- human resource systems operate to collect meaningful, accurate and relevant Indigenous employment data which is used to inform practices and refine strategies; and
- progress toward the target of 2.7 per cent representation is periodically reviewed and reported.

Overall conclusion

22. To promote increased Indigenous employment, Australian Government entities currently implement a range of strategies to support the recruitment and retention of Indigenous employees. These include: APS *Special Measures* and *Identified Positions*, and similar recruitment arrangements in non-APS bodies, to attract and recruit Indigenous employees; Indigenous employee representative bodies, mentoring arrangements, and specialised training programs to enhance career development and increase retention; and cultural awareness training for non-Indigenous employees to support an inclusive work environment. The development and implementation of these strategies reflects a commitment to increase Indigenous employment and retention. However, achieving the Australian Government's overall target of 2.7 per cent Indigenous representation in the Australian Government public sector by 2015 is unlikely, based on current data and trends.

23. The target of 2.7 per cent included both APS agencies and other Australian Government bodies. In June 2013, Indigenous representation in the APS was reported by the APSC to be at 2.3 per cent, a decline from 2.9 per cent in 2001, to 2.7 per cent in 2004, and 2.5 per cent in 2010. While there are significant differences in the level of representation achieved by entities in the

public sector, in general, most APS agencies¹⁸ (79 per cent) recorded less than 2 per cent Indigenous representation in their workforces. Overall, based on a total APS population of 167 257, Indigenous employees would need to number 4515, nearly 700 (669) more than are currently employed in the APS, to achieve 2.7 per cent representation in the APS.

24. The overall performance of non-APS bodies is more difficult to assess as a coordinated reporting approach does not exist for these bodies as it does for APS agencies. However some individual entity reporting does exist, which shows, similar to APS agencies, there is considerable variability amongst individual non-APS bodies. The ANAO reviewed a sample of reports from non-APS bodies for the financial year 2012–13 which indicated that Indigenous representation in these organisations varied from 0.11 per cent to 68 per cent. In particular, non-APS bodies with an Indigenous-specific service focus recorded higher representation. Based on available data for individual non-APS bodies, it is likely that non-APS bodies, in general, face similar challenges in recruiting Indigenous employees and contributing to the Australian Government target of 2.7 per cent.

25. Achieving and sustaining employment targets rests on effective recruitment and retention approaches. There have been 1521 engagements of ongoing Indigenous employees since 2009–10. Against this trend however, a larger number of ongoing Indigenous employees (1592) have left the APS over the same period (2009–2013). As a result, despite the resources put into recruitment and retention initiatives, for the four years 2009–10 to 2012–13, there was a net loss of 71 ongoing Indigenous APS employees. A portion of the employees departing each year may be doing so for career development reasons, however, the high number of separations indicates that the selection of suitable candidates and their retention remain an issue for the APS and that, collectively, agencies are not gaining employment outcomes commensurate with their efforts.

26. Entities examined in detail by the ANAO, with some exception, had in place current, Indigenous-specific plans which provided a variety of strategies and initiatives for the recruitment and retention of employees. The ability to monitor and report against these plans was however, limited. This was due,

18 As at June 2013, 104 agencies had provided employment data to APSED, including some with less than 20 employees. Following Machinery-of-Government changes in September 2013, some agencies have been reconstituted and/or renamed, or abolished.

again with some exceptions, to the development of plans in isolation of broader workforce planning or business imperatives and resources required; initiatives implemented with few qualitative or quantitative performance measures linked to the intent of the initiative; and a lack of relevant coding in human resource (HR) systems to generate reports. At the broadest level however, there remains no comprehensive and coordinated reporting mechanism for the Australian Government public sector, nor current avenue, for collecting data from non-APS bodies, to provide reports against the target.

27. The ANAO has made two recommendations. These are for the APSC, in consultation with other relevant bodies, to review the current broad based approach taken to achieving the Government's policy of 2.7 per cent Indigenous representation; and also to modify the operation of the Pathways Program to provide a recruitment service that is more tailored to potential Indigenous applicants and agency demand.

Key findings by chapter

Measuring and reporting Indigenous employment (Chapter 2)

28. Measuring the performance of Australian Government entities in relation to Indigenous employment has a number of challenges. As non-APS bodies are not subject to the Public Service Act, they are not required to provide employment information to the APSC, and as a result there is no aggregation of Indigenous employment data across the whole Australian Government public sector. However, Indigenous employment statistics are captured in the mandatory equity and diversity reporting requirements that apply to relevant bodies under the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*, and this information, from individual entities, is tabled in the Parliament annually. Additionally, many non-APS bodies include Indigenous employment information in their annual reports. Both of these reporting avenues provide additional data sets to complement APS reporting.

29. APS reporting is based on data from the Australian Public Service Employment Database (APSED) which in turn uses data drawn from the Human Resource Management Information Systems (HRMIS) of APS agencies. Accordingly, the quality of APSED data is heavily reliant on the data integrity of APS agencies. In some cases, agency management information systems have not been configured to support the efficient reporting and analysis of Indigenous employment trends. A broader issue in relation to reporting is that

the provision of relevant diversity information by an employee is voluntary. While agencies have sought to encourage Indigenous employees to identify their status, across the APS alone, Indigenous status is not available for over 20 per cent of all employees.¹⁹

30. ANAO analysis of 104 APS agencies which had provided employment data to APSED by June 2013, indicated that 79 per cent, or 82 agencies, reported Indigenous representation within the agency of between zero to two per cent. Further, limited data available on the non-APS bodies suggests that performance of non-APS bodies is likely to be similar to APS agencies overall, and accordingly, performance of the Australian Government sector overall is likely to be below the level required to meet the target.

Collaborative recruitment programs (Chapter 3)

31. Collaborative approaches to Indigenous recruitment have been beneficial in enabling agencies to take a joined up approach to the Indigenous employment market. In 2011–12, the Pathways Program and the IAGDP jointly contributed over 54 per cent (208 employees) of all Indigenous engagements to the APS, with the remainder being achieved through the efforts of individual entities. The relative contribution of the two programs declined in 2012–13, with 38 per cent (or 145 employees) of Indigenous engagements to the APS being made through the two programs. At a broader level, data shows that since 2010 there has been a gradual decline in interest, expressed by the number of applications received, from Indigenous candidates, for the IAGDP and the Pathways Program. Further analysis by each department of the causes of the decline and implications it may have for the operation of the programs would be beneficial.

32. While the IAGDP is jointly funded by the Department of Employment and the Department of Education, and operates primarily to meet departmental requirements for Indigenous recruits, it also supports partnerships with other interested entities to recruit candidates, at a minimal cost. In contrast, the Pathways Program has been funded to provide a comprehensive APS Indigenous recruitment service since 2005. Analysis of Pathways Program data indicates that the operation of the program has, since 2010, had variable outcomes for client entities and applicants. In the period

19 APSC, *Statistical Bulletin 2012–13*, Canberra, p. 100.

2009–13, less than half the number of candidates sought by partnering agencies were employed. Further, between 60 and 70 per cent of applicants whose details were referred to their preferred agency, accepted or were offered employment.

Indigenous recruitment and retention initiatives (Chapter 4)

33. Entities examined in detail by the ANAO had developed strategies and initiatives to increase the recruitment and retention of Indigenous employees. Where entities had taken a more comprehensive approach to their recruitment and retention activities the following elements were generally present. Entities:

- developed Indigenous-specific plans clearly aligned with business and workforce planning processes;
- implemented strategies and initiatives with clearly defined performance measures or Key Performance Indicators (KPIs); and
- linked KPIs to regular business reports or annual survey data.

34. However, the application of these approaches varied and in general, Indigenous recruitment and retention activities operated alongside entity workforce planning arrangements, rather than being fully integrated. Indigenous recruitment targets, in some cases, were developed with limited reflection of entities' overall workforce planning requirements. Performance measures were often not linked to the intent of the overall strategy, and initiatives implemented to increase the career development of Indigenous candidates such as scholarships, mentoring and specialist training were often assessed through a take-up or utilisation measure, rather than employee promotion and/or retention rates. Some initiatives were introduced with no performance measures other than the schedule for implementation. Monitoring and reporting on the effectiveness of entity Indigenous workforce strategies was also generally limited.

Summary of agencies responses

35. Summary responses to the proposed audit report are provided below. Full responses are at Appendix 1.

Australian Public Service Commission

The Australian Public Service Commission (APSC) acknowledges that it has proved difficult to both monitor and increase Indigenous participation in Australian Government entities.

APS agencies continue to implement a number of strategies to achieve improved employment outcomes for Indigenous Australians. The APSC supports agency efforts through the *APS Indigenous Employment Strategy 2012–16*. Included in the Strategy is the *Indigenous Pathways to Employment Program* (Pathways).

The APSC agrees that the current strategies in place for meeting the 2.7 per cent target for Indigenous representation in the APS would benefit from review to ensure that they more effectively meet the needs of both Indigenous Australians and individual agencies—including through a more flexible approach. This includes a re-examination of Pathways.

The APSC's implementation of Recommendations 1 and 2 will also be informed by the Government's response to the *Review of Indigenous Training and Employment Programmes* (the Forrest Review). At the time of writing, the report of the review had yet to be presented to the Prime Minister.

Department of Agriculture

The Department of Agriculture has developed a comprehensive Aboriginal and Torres Strait Islander Employment Strategy which provides a focused approach to supporting and improving Aboriginal and Torres Strait Islander employment opportunities and workforce participation.

The strategy has seen increased employment rates and the department will continue its focus to ensure it remains an attractive, diverse and supporting workplace for Aboriginal and Torres Strait Islander people.

Department of Human Services

The Department of Human Services welcomes this report from the ANAO which acknowledges the innovative work that the department undertakes to grow and retain its Aboriginal and Torres Strait Islander workforce. The department currently exceeds its 2015 milestone target of 3.6 per cent Indigenous representation and significantly contributes to the COAG target of 2.7 per cent Indigenous employment across the APS by 2015.

Department of Employment

The Department of Employment acknowledges the report's positive evaluation of initiatives to increase Indigenous employment and the contribution made through the Indigenous Australian Government Development Program. We remain supportive of the Program and recognise its success.

The Department of Employment will strive to be an employer of choice for Indigenous Australians by integrating an Indigenous focus into our business and governance arrangements as well as continuing our approaches that support the recruitment and career development of Indigenous staff.

Department of Education

The Department of Education acknowledges the report's positive assessment of work undertaken to increase Indigenous employment and the contribution made through the Indigenous Australian Government Development Program (IAGDP). The Department of Education will continue to support the IAGDP in partnership with the Department of Employment and assist other agencies to participate.

In addition, the Department of Education is committed to being an employer of choice for Indigenous Australians and will continue the good practices recognised in the report. These include incorporating an Indigenous focus into our business and governance arrangements as well as continuing strategies and initiatives that support the recruitment and career development of Indigenous staff.

Australian Federal Police

As highlighted in the report the AFP has made substantive progress in increasing the representation of Aboriginal and Torres Strait Islander (Indigenous) employees with Indigenous staffing having grown by approximately 17 per cent to 1.2 per cent of total employees since 2010. Despite this modest success, the AFP recognises that achieving the Council of Australian Governments' (COAG) target of 2.7 per cent will be challenging. This will be particularly so across law enforcement with employment suitability arrangements and the reality of the vocation serving as potential disincentives for Indigenous employees. On that basis the AFP is currently reviewing its Indigenous strategies with a view to developing a renewed Workforce Diversity Strategy drawing upon achievements to date and lessons learnt within the AFP and across the Commonwealth.

The AFP therefore welcomes the opportunity to contribute to the ANAO audit report on *Indigenous Employment in Australian Government Entities* and notes there are no specific recommendations for the AFP. The AFP acknowledges the commentary and general recommendations contained within the report and looks forward to the release of the final report.

Department of the Prime Minister and Cabinet

A copy of the report was also provided to the Department of the Prime Minister and Cabinet (PM&C) as it assumed responsibility for reporting on the NPA-IEP, and the COAG Indigenous employment target for the Australian public sector, as part of the responsibilities for Indigenous matters transferred under the Administrative Arrangements Order of September 2013. The department provided the following comment:

The Australian public sector is one of the largest employers in Australia with a diverse range of employment in a wide range of locations nationally and is therefore well placed to contribute to closing the gap in employment outcomes between Indigenous and non-Indigenous Australians.

A public sector workforce that reflects the Australian community is able to respond more appropriately to its citizens' needs and better develop creative and innovative solutions to complex problems.

The Diversity Council provides strategic leadership across the Australian Public Service (APS) in relation to Indigenous employment and through that forum there is a focus on stronger agency head accountability for improving Indigenous recruitment, career development and retention outcomes within the APS.

We look forward to the ANAO report on Indigenous employment in Australian Government Entities informing our development of the Government's response to the *Review of Indigenous Training and Employment Programmes* (the Forrest Review).

Recommendations

Recommendation No. 1
Paragraph 2.45

In order to more effectively progress efforts to achieve the Australian Government target of 2.7 per cent Indigenous representation, the ANAO recommends the APSC, in consultation with relevant bodies, review the current broad based approach to meeting the target, and provide advice to the Diversity Council, in particular on opportunities to achieve the target with a more differentiated and tailored approach, as well as more comprehensive reporting.

APSC response: *Agreed.*

Recommendation No.2
Paragraph 3.21

In order to maintain the contribution of the Pathways Program to Indigenous employment, the ANAO recommends that the APSC examine ways to modify the operation of the Pathways Program to provide a recruitment service that is more tailored to potential Indigenous applicants and agency demand.

APSC response: *Agreed.*

1. Introduction

This chapter describes the disparity between Indigenous and non-Indigenous rates of employment and the target to increase Indigenous employment in the Australian Government public sector to 2.7 per cent by 2015, as included in the National Partnership Agreement on Indigenous Economic Participation (NPA-IEP). It also outlines the audit approach, including the objective, scope and methodology.

Background

1.1 There is a considerable gap in employment rates between Aboriginal and Torres Strait Islander (Indigenous) and non-Indigenous Australians. Addressing this gap has been a policy focus for successive Australian governments. Various initiatives have been developed involving both the public and private sectors. Current Australian Government Indigenous-specific initiatives include the Remote Jobs and Communities Program, and the Indigenous Employment Program, which complement universal programs such as Job Services Australia. In addition, as the Australian Government is one of the largest employers nationally, and offers a diverse range of employment in locations around Australia, it is well placed to directly contribute to improving Indigenous employment outcomes by increasing Indigenous employment within its own workforce.

1.2 The Australian Bureau of Statistics (ABS) reports that, compared to non-Indigenous Australians, proportionally fewer Indigenous Australians participate in the labour force.²⁰ Based on the 2011 Census, the Indigenous labour force participation rate was 20.5 percentage points lower than the non-Indigenous rate (55.8 per cent compared with 76.4 per cent).²¹ Census data also shows that the unemployment rate for Indigenous people was more than three times higher than the non-Indigenous rate (17.2 per cent compared with 5.5 per cent).²² The unemployment rate for Indigenous people was 13 per cent in major cities, 19 per cent in regional areas and 15 per cent in remote areas.

20 Labour force participation rate refers to the number of people in the labour force (either employed or unemployed), expressed as a percentage of the population of that group of people.

21 Australian Bureau of Statistics, *Australian Social Trends* [Internet], ABS, November 2013, available from <www.abs.gov.au/ausstats/abs@.nsf/Lookup/4102.0Main+Features20Nov+2013#PARTICIPATIONANDUNEMPLOYMENT> [accessed 23 January 2014].

22 *ibid.*

1.3 In the 2011 Census, 548 370 people identified as being of Aboriginal and/or Torres Strait Islander origin.²³ New South Wales had the highest Indigenous population (172 624), Queensland had the second highest (155 825), followed by Western Australia (69 665). At this time most Indigenous Australians (approximately 75 per cent) lived in regional or urban areas, with approximately one third living in capital cities. States with relatively high proportions of Indigenous people living in capital cities include South Australia (51 per cent) and Victoria (47 per cent). In contrast, in the Northern Territory 80 per cent of the population who identified as Indigenous lived outside the capital city area. Similarly, in Queensland 73 per cent of the Indigenous population lived outside the capital city area.

Australian Government public sector employment

1.4 The Australian Government public sector comprises different types of entities, and depending on their function and enabling legislation, this also influences their employment frameworks. Since 1997, Commonwealth entities have been categorised by the legislation under which they operated—either, the *Financial Management and Accountability Act 1997* (FMA Act), or the *Commonwealth Authorities and Companies Act 1997* (CAC Act), with each Act requiring distinct governance, funding, reporting and accountability arrangements. In June 2013, the *Public Governance, Performance and Accountability Act* (PGPA Act) was enacted. The PGPA Act will come into force on 1 July 2014 and replaces both the FMA and the CAC Acts. Under the PGPA Act a Commonwealth entity is defined as:

- a department of State; or
- a Parliamentary Department; or;
- a listed entity; or
- a body corporate established by a law of the Commonwealth.²⁴

23 Australian Bureau of Statistics, *Census of Population and Housing — Counts of Aboriginal and Torres Strait Islander Australians* [Internet], ABS, 2011 available from <<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/2075.0main+features32011>> [accessed 20 February 2014].

24 *Public Governance, Performance and Accountability Act 2013*. No. 123. p. 15.

1.5 Australian Government public sector staff are either employed under the Public Service Act or entity-specific legislation. In general, employees engaged under the Public Service Act work in an agency governed by the FMA Act, while those working in CAC Act entities are employed under the entity's specific legislation. Some entities established under the CAC Act however, engage employees under the Public Service Act, while some FMA Act bodies—for example the Australian Federal Police—engage employees under their own legislation. However, for the most part, agencies employing staff under the Public Service Act are known as APS agencies. Those employing under other legislation are known as non-APS bodies, but still form part of the broader Australian Government public sector. The implementation of the PGPA Act is expected to retain this arrangement.

1.6 The ABS reports that, as at June 2013, there were approximately 248 500²⁵ Australian Government public sector employees located in metropolitan and regional locations. Of these, 167 257²⁶ were employed under the Public Service Act. The remaining employees are employed by non-APS bodies. The number of APS agencies and non-APS bodies is listed in Table 1.1.

Table 1.1: The Australian Public Sector: APS and non-APS February 2014

Australian Public Sector	
APS agencies	Non-APS bodies
122 agencies	86 bodies including 66 Commonwealth authorities and 20 companies.

Source: *State of the Service Report 2012–13* and the Department of Finance website http://www.finance.gov.au/sites/default/files/cac_body_list_0.pdf [accessed 19 February 2014].

APSC, Australian Public Service agencies, [Internet], APSC, available from <<http://www.apsc.gov.au/publications-and-media/current-publications/australian-public-service-agencies>> [accessed 21 February 2014].

25 ABS, *Employment and Earnings, Public Sector, Australia, 2012–13* [Internet], available from <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6248.0.55.002/>> [accessed 16 April 2014].

26 APSC, *State of the Service Report 2012–13*, Canberra, p. 229.

APS agencies

1.7 The Australian Public Service Commission (APSC) reports that as at June 2013, there were 167 257²⁷ employees in the APS in over 120 agencies Australia-wide. This number is made up of 152 230 ongoing employees and 15 027 non-ongoing employees.

1.8 While APS agencies operate and employ staff nation-wide, approximately 40 per cent of all APS employees are located in the Australian Capital Territory (ACT).²⁸ There is variation among agencies in the level of employment outside of the ACT. Some agencies, such as the Department of Human Services (DHS) operate in many regional areas, in addition to all capital cities. Other agencies, including central agencies, are primarily located in the ACT and do not have a regional workforce. Further, a number of agencies have a stronger focus on delivering services to Indigenous Australians than others.

1.9 Key features in the makeup of the APS which can influence Indigenous employment patterns include the location and classification of APS positions. As at June 2013, some 40 per cent of positions were located in the ACT, an increase from 33.3 per cent in 1998.²⁹ Over the past 15 years, the classification profile of the APS has demonstrated a consistent and strong shift away from entry-level employment, with a decline in the proportion of employees at entry-level classifications and increases at the Executive Levels. From 1998, the number of APS 1–3 level roles has almost halved nationally. APS Indigenous recruitment has largely focused on entry-level³⁰ employment, and almost 60 per cent of all ongoing Indigenous employees are at the APS 4 and below classifications.

1.10 Over time, the APS has also moved towards a workforce with higher educational qualifications. In 2012–13, 71.6 per cent of ongoing employees engaged had a graduate qualification.³¹ This was considerably higher than in 1998–99 (64.7 per cent).³² The shift to a university educated, APS workforce and

27 *Ibid.*, pp. 229, 231, 232.

28 *Ibid.* p. 244.

29 *Ibid.* p. 254.

30 Generally used to describe positions at the APS 1-3 levels, and can include cadetships, traineeship and graduate positions. Some graduate positions, however, are at the APS 4 level.

31 APSC, *State of the Service Report 2012–13*, Canberra, p. 238.

32 *Ibid.*

the generally lower levels of educational qualifications held by Indigenous Australians provides some structural barriers to increasing Indigenous APS representation. In this respect an important workforce planning factor to consider is the level of participation of Indigenous people in the higher education sector. While the number of Indigenous students enrolled at Australian universities has grown by over 40 per cent since 2006³³, Indigenous university students are currently estimated to make up 1.4 per cent of the university student population.³⁴ Data provided by the Department of Innovation indicated that, in 2012, 985 Indigenous students graduated with a bachelor level degree.³⁵

1.11 As noted in paragraph 1.5, employment in APS agencies is governed by the Public Service Act which among other legislated requirements, directs that APS roles are classified on the basis of the work to be performed rather than the particular qualities of the individual performing it;³⁶ that decisions relating to APS engagements are based on merit; and that all eligible members of the Australian community have a reasonable opportunity to apply for APS employment.

1.12 The Public Service Act (Section 18) also requires APS agency heads to establish workplace diversity programs that support inclusive strategies for key diversity groups, including Indigenous Australians, and to review these programs every four years.³⁷ Further, APS agencies are required to provide HR and employment data to the APSC as requested.

1.13 Changes to the Public Service Act were legislated in 2013. These amendments require an agency head to establish a workplace diversity program to assist in giving effect to the APS Employment Principles. The APS Employment Principles provide, among other things, that ‘the APS is a

33 Australian Council for Educational Research, Media Release, “Growth in number of Indigenous university students, but still underrepresented”, 4 September 2012, [Internet] available from <<http://www.acer.edu.au/media/growth-in-number-of-indigenous-university-students-but-still-underrepresent/>> (accessed 7 May 2014).

34 Universities Australia, *Indigenous Higher Education*, 14 January 2014, [Internet] available from <<https://www.universitiesaustralia.edu.au/uni-participation-quality/Indigenous-Higher-Education>> [accessed 7 May 2014].

35 Selected Higher Education Statistics. Data provided by the Department of Innovation on 13 September 2013.

36 APSC, *APS classification review*, [Internet], APSC, p. 7, available from <http://www.apsc.gov.au/_data/assets/pdf_file/0014/10355/201211-aps-classification-review-tagged.pdf> [accessed 21 February 2014].

37 *Australian Public Service Commissioner's Directions 2013*, consolidated version, November 2013.

career-based public service that...provides workplaces that are free from discrimination, patronage and favouritism; and recognises the diversity of the Australian community and fosters diversity in the workplace.’ To assist in giving effect to the Employment Principles, agency heads must, from 1 July 2013, publish their workplace diversity programs on their agency website.

Non-APS bodies

1.14 Non-APS public sector bodies comprise approximately 30 per cent of Australian Government employment with each body having their own arrangements for advertising and filling jobs. Similar to APS agencies, non-APS bodies may provide a range of employment opportunities nationally, although as these bodies do not employ staff under the Public Service Act, they are not required to provide the APSC with employment data. As a result, aggregate workforce statistical summaries for this group of Australian Government entities and their employees are not available, including Indigenous employment figures. However, Indigenous employment statistics are captured in the equity and diversity reporting requirements that apply to relevant bodies under the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*, and this information is tabled in the Parliament annually. A relevant Commonwealth authority is one which employs more than 40 staff.³⁸

Diversity within Australian Government entities

1.15 Successive Australian Governments have made commitments to employ Indigenous Australians in Australian Government entities. Over time, workplace diversity has been promoted as a key strength of the public service. For example, the APSC has observed, ‘a wide range of different perspectives can add to an agency’s innovation and creativity, and overall productivity. It also ensures the APS better understands the needs of the Australian community’.³⁹

1.16 In addition, *Ahead of the Game, Blueprint for the Reform of Australian Government Administration*, prepared by the Advisory Group on Reform of

38 *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*, s. 3.

39 APSC, *Attraction and retention of diverse staff*, [Internet], available from <<http://www.apsc.gov.au/publications-and-media/current-publications/ict-workforce/attraction-and-retention-of-diverse-staff>> [accessed 26 November 2013].

Australian Government Administration for the Department of the Prime Minister and Cabinet, published in March 2010, promoted the business case for a diverse public service to support mainstream service delivery:

The APS should mirror the diversity of the broader population and reflect Australia's diversity of cultural backgrounds, people with disability, women and the Indigenous population. Diversity should be recognised at all levels of the APS and not confined to more junior positions'.⁴⁰

1.17 The Council of Australian Governments' (COAG) endorsement of the *National Indigenous Reform Agreement* in 2008 set a target to close the gap in employment outcomes between Indigenous and other Australians by 2018. Subsequent to this, the endorsement by COAG of the National Partnership Agreement on Indigenous Economic Participation (NPA-IEP) in early 2009 provided additional impetus to improve the representation of Indigenous Australians in public sector employment. In addition to implementing a range of existing employment programs aimed at increasing Indigenous employment, governments also acknowledged the need to make direct contributions to improving Indigenous employment opportunities in their own operations.

1.18 In particular, the NPA-IEP sets a goal to increase Indigenous public sector employment to reflect the Indigenous population share nationally, and in each government jurisdiction by 2015. Accordingly, a national target was set to have Indigenous Australians make up 2.6 per cent of all public sector employment, across all employment classifications, by 2015. The Australian Government decided to set a higher target for the Australian Government public sector at 2.7 per cent (inclusive of ongoing and non-ongoing employees) in order to reflect the proportion of Indigenous Australians relative to Australia's working age population. The target was to be achieved by all APS and non-APS entities. At the time of the COAG agreement in 2009, Indigenous representation in APS agencies was reported to be 2.1 per cent for ongoing employees only.⁴¹

40 Department of the Prime Minister and Cabinet, Advisory Group on Reform of Australian Government Administration, *Ahead of the Game, Blueprint for the Reform of Australian Government Administration*, 2010 [Internet] available from <http://www.dpmc.gov.au/publications/aga_reform/aga_reform_blueprint/docs/APS_reform_blueprint.pdf> p. 25 [accessed 31 March 2014].

41 APSC, *State of the Service Report 2008–09*, Canberra, p. 22. Due to reporting arrangements this figure includes APS data only. This is discussed further in Chapter 2.

1.19 The NPA-IEP target, expressed as a percentage, will however vary with any significant increase or decrease in the total number of non-Indigenous employees. For example, any significant reduction in overall APS employee numbers will result in an overall percentage increase in Indigenous representation. Likewise, growth in overall employment numbers will affect the proportion of Indigenous employees reported, if these movements are not proportionate across both groups.

Options to recruit Indigenous applicants

1.20 APS agencies have various options to promote and progress the employment of Indigenous Australians. The Public Service Act provides flexibility to recruit and engage employees to meet the legislated requirements of each APS agency. A more direct employment approach is provided by the *Special Measures* and *Identified Positions* provisions. Both arrangements offer benefits for Indigenous APS applicants.

1.21 In addition to recruitment, there are also a number of options to attract Indigenous employees including: Indigenous employee representative bodies, mentoring arrangements, and specialised training programs to enhance career development and increase retention; and cultural awareness training for non-Indigenous employees to support an inclusive work environment.

Special Measures

1.22 *Special Measures* are designed to improve the circumstances of a disadvantaged group and are permitted by the *Racial Discrimination Act 1975* (Section 8). The *Special Measures* provision enables APS agencies to identify particular employment opportunities as available to Indigenous applicants only. Under these arrangements, agencies must satisfy the requirement that applicants meet three criteria. These are that applicants:

- are of Aboriginal and/or Torres Strait Islander descent;
- identify as an Aboriginal and/or Torres Strait Islander; and
- are accepted as such by the community in which they live.

The *Special Measures* provision can be applied to any APS employment classification from trainee positions to Senior Executive Service (SES).

1.23 A number of Indigenous-specific recruitment programs operate using the *Special Measures* provision. Individual agencies can, and do, develop their own tailored Indigenous recruitment programs using these provisions, or

partner with the Australian Public Service Commission (APSC) or the Department of Employment and the Department of Education in the conduct of bulk recruitment processes for entry-level engagements.

Identified Positions

1.24 *Identified Positions* are positions with specific selection criteria that signify that the role has a strong involvement in issues relating to Indigenous people. Usually these roles will involve the development of policies and/or programs targeted at Indigenous clients, or which involve direct interaction with Indigenous communities. Typically two selection criteria have been used when promoting these positions:

- an understanding of the issues affecting Aboriginal and Torres Strait Islander people; and
- an ability to communicate sensitively and effectively with Aboriginal and Torres Strait Islander people.

1.25 *Identified Positions* are not restricted to Indigenous applicants, but remain open to all eligible applicants. The approach nevertheless has the potential to increase the competitiveness of Indigenous applicants who have a demonstrated knowledge of Indigenous culture, and the ability to interact effectively with Indigenous people.

Representation of Indigenous Australians in the Australian Public Service

1.26 As at 30 June 2013, Indigenous representation in APS agencies was reported at 2.3 per cent. As a result of the different reporting requirements between APS and non-APS entities discussed in paragraph 1.14, this figure includes only APS agencies. Since 2008 the percentage representation of Indigenous APS employees has remained largely stable. This is illustrated in Table 1.2.

Table 1.2: Representation of Indigenous employment in the APS (ongoing and non-ongoing) June 2008 to June 2013

Year (as at June)	2008	2009	2010	2011	2012	2013
Indigenous employees ongoing and non-ongoing (%)	2.4	2.4	2.5	2.3	2.3	2.3

Source: APSC: *State of the Service Report 2012–13*, p. 99.

1.27 In June 2013 there were 3846 Indigenous people employed in the APS, of whom 3365 were employed on an ongoing basis. At this time, Indigenous status was not available for 23.3 per cent of all APS employees (38 979 APS employees).

1.28 In October 2013 the Australian Government announced interim recruitment arrangements for the APS to help meet the Government’s election commitment to reduce the public service by 12 000 employees through natural attrition. Agencies were required to reduce their recruitment activities to avoid new engagements where possible, with priority placed on the redeployment of existing staff. At the time of announcing the interim arrangements, the APS continued to support targeted recruitment programs for entry-level graduate and Indigenous employees.

Audit objective, scope and criteria

1.29 The audit objective was to determine whether Australian Government entities were implementing effective strategies to support increased Indigenous employment.

1.30 In addition to considering trends across the Australian Government public sector, the ANAO gave specific attention to the following entities:

- Former Department of Education, Employment and Workplace Relations⁴²;
- Department of Human Services;
- Department of Agriculture;

⁴² As per the Administrative Arrangements Order of 18 September 2013, the Department of Education, Employment and Workplace Relations (DEEWR) was reconstituted into two separate departments: the Department of Education and the Department of Employment. Concurrently, responsibility for Indigenous programs previously held by the former DEEWR was transferred to the Department of the Prime Minister and Cabinet.

- Australian Public Service Commission; and
- Australian Federal Police.

The Administrative Arrangements Order of September 2013, transferred responsibility for Indigenous matters to the Department of the Prime Minister and Cabinet (PM&C). This included reporting against the public sector employment target of the NPA-IEP. In its general role of supporting the Australian Government's engagement with COAG, and more particularly in relation to reporting on the NPA-IEP, PM&C has been consulted during the audit.

1.31 To form a conclusion against this objective, the ANAO adopted the following high level criteria:

- strategies are in place that encourage Indigenous applicants, support their career development and contribute to the Australian Government target of 2.7 per cent Indigenous representation by 2015;
- human resource systems operate to collect meaningful, accurate and relevant Indigenous employment data which is used to inform practices and refine strategies; and
- progress toward the target of 2.7 per cent representation is periodically reviewed and reported.

Audit approach

1.32 The audit approach included:

- collection and review of documentation including policy and human resource (HR) documents, guidelines, procedures, departmental documents and reports from the Australian Public Service Commission (APSC), the former Department of Education, Employment and Workplace Relations, the Department of Agriculture, the Department of Human Services (DHS) and the Australian Federal Police (AFP);
- interviews with staff from the audited agencies in the Australian Capital Territory (ACT), New South Wales (NSW), Queensland (QLD) and the Northern Territory (NT); and
- collection and analysis of data from the Australian Public Service Employment Database (APSED).

1.33 The audit was conducted in accordance with ANAO Auditing Standards at a cost of \$652 000.

Report Structure

1.34 The structure of the report is:

Chapter	Chapter overview
<p>Chapter 2 Measuring and reporting Indigenous employment</p>	<p>Examines the approach to data reporting by the Australian Government for the target agreed by Council of Australian Governments. It provides an overview of Indigenous representation in Australian government public sector entities; and examines the completeness of APS reporting data.</p>
<p>Chapter 3 Collaborative Indigenous entry-level recruitment programs</p>	<p>Examines two collaborative programs available to Australian Government entities to recruit and engage Indigenous entry-level candidates—the Indigenous Pathways to Employment Program managed by the APSC to deliver a whole-of-government approach to the recruitment of Indigenous employees; and the Indigenous Australian Government Development Program, a recruitment and education program operated jointly by the Department of Employment and the Department of Education.</p>
<p>Chapter 4 Indigenous recruitment and retention initiatives</p>	<p>Discusses the range and use of Indigenous-specific recruitment and retention initiatives across the APS as well as the specific approaches taken in four audited entities.</p>

2. Measuring and Reporting Indigenous Employment

This chapter examines the approach to data reporting by the Australian Government for the target agreed by the Council of Australian Governments. It provides an overview of Indigenous representation in Australian Government public sector entities; and examines the completeness of APS reporting data.

Introduction

2.1 A well-developed reporting framework supports the effective administration of government initiatives. Such a framework should enable the measurement of progress towards the expected outcomes, as well as the delivery of outputs, and the contribution these are making to the outcomes. Developing and agreeing on approaches to measuring performance are best done prior to the implementation of a program or very early in its implementation and appropriate consideration needs to be given to data availability and data quality.

2.2 As noted in paragraph 1.18, under the National Partnership Agreement on Indigenous Economic Participation (NPA-IEP), the Council of Australian Governments (COAG) agreed to a national target of 2.6 per cent for Indigenous public sector employment across all classifications by 2015.⁴³ The national target gave a greater focus to improving employment outcomes and making governments more accountable for their contribution to improving Indigenous economic participation. COAG also invited member governments to agree to their own jurisdictional targets. The Australian Government set a target of 2.7 per cent for Australian Government public sector entities across all classifications.

Defining Indigenous public sector employment

2.3 Performance reporting is supported by clear definitions and an understanding of the central elements of the government initiative. In 2010, following the establishment of the NPA-IEP, COAG identified the lack of a consistent definition for Indigenous public sector employment between

⁴³ *National Partnership Agreement on Indigenous Economic Participation*, 2009, paragraph 29. Although the NPA-IEP expired on 30 June 2013, the public sector employment targets continue to 2015.

jurisdictions. In response, in December 2011, with input from the former Department of Education, Employment, Workplace Relations (DEEWR)⁴⁴, the COAG Reform Council clarified reporting requirements by defining Indigenous public sector employment as a headcount of employees:⁴⁵

- who have self-identified as an Aboriginal and/or Torres Strait Islander and/or are in a position which can only be held by a person of Aboriginal and/or Torres Strait Islander descent;
- of State, Territory or Commonwealth public sector organisations (based on the ABS Standard Economic Sector Classification of Australia); and
- in paid employment types that include permanent and non-permanent positions or roles.

2.4 Further, based on the agreed definition of Indigenous public sector employment, parameters for quantitative reporting by jurisdiction were defined as follows for reporting on progress as at 30 June each year:

- Total number of Indigenous employees;
 - total number of permanent Indigenous employees;
 - total number of non-permanent Indigenous employees;
- Total number of employees in the public sector;
 - total number of permanent employees;
 - total number of non-permanent employees; and
- The proportion of total employees who are Indigenous Australians.

These definitions and parameters were incorporated into the revised bilateral implementation plans of the NPA-IEP and are used by the Australian Government for reporting purposes. However, the APS uses the terms ‘ongoing’ and ‘non-ongoing’ to refer to ‘permanent’ and ‘non-permanent’ respectively. The Public Service Act provides for both ongoing and non-ongoing employment in the APS. Ongoing employment is the usual basis

44 As per the Administrative Arrangements Order of 18 September 2013, the Department of Education, Employment and Workplace Relations (DEEWR), was reconstituted into two separate departments: the Department of Education, and the Department of Employment.

45 COAG, *Final Report: Actions taken to meet the COAG Reform Council's Recommendations*, [Internet], COAG, December 2011, p. 4, available from <<https://www.coag.gov.au/node/331>> [accessed 21 February 2014].

for employment in the APS. Non-ongoing employment can include employees engaged for a specified term, the duration of a specified task or for duties that are irregular or intermittent.⁴⁶

2.5 Under the *National Indigenous Reform Agreement*⁴⁷, departments and agencies are asked to give consideration to the use of Indigenous service delivery arrangements, where appropriate, to increase Indigenous employment. Several APS agencies have formalised, annual, fee-for-service arrangements in place which provide employment opportunities for Indigenous Australians. For example, the Department of Agriculture engages the services of ranger groups through short-term contracts. Over the last two financial years, one of these arrangements⁴⁸ has had in place up to 46 fee-for-service contracts, or approximately 11.5 full time equivalent positions.

2.6 Indigenous people employed on contract in Australian Government funded Indigenous service delivery are not included in the overall calculation of APS employees. In applying the COAG definition of Indigenous public sector employment, the APSC includes only those Indigenous employees engaged under the Public Service Act. Consequently these employment outcomes are not included in the calculation of APS Indigenous employment.

Availability of reporting data for Australian Government entities

APS and non-APS entities

2.7 To effectively report on performance against the 2.7 per cent target, the Australian Government requires the facility to collate and report, on an aggregate basis, the total number of employees, and the total number of Indigenous employees in Australian Government entities, engaged on an ongoing and non-ongoing basis. This requires clearly defined data sets and

46 Subsequent references in this report will use the terms 'ongoing' and 'non-ongoing'.

47 The *National Indigenous Reform Agreement* includes a set of Service Delivery Principles for government agencies to include in the design and delivery of programs and services. See Section D: Service delivery principles for programs and services: Page A-21.

48 Northern Australia Quarantine Service (NAQS) operates in coastal regions of northern Australia, covering approximately 10 000 kilometers from Broome, Western Australian to Cairns, Queensland including the islands of the Torres Strait. In addition to providing APS employment, NAQS works in partnership with Indigenous communities and engages Indigenous ranger groups on contract to undertake scientific surveillance and public awareness support activities.

reporting schedules supported by information management systems to capture relevant data and present it consistently.

2.8 As referenced in paragraph 1.12, Australian Government entities which employ staff under the Public Service Act (APS agencies) are required by legislation to provide human resource (HR) information to the APSC, as requested by the Public Service Commissioner. The APSC maintains a central database known as the Australian Public Service Employment Database (APSED). APSED contains a range of employment data, including Indigenous employment data, and is used by the APSC to analyse trends and to prepare the annual *State of the Service Report*.

2.9 The *State of the Service Report* draws on a range of information sources in addition to APSED, including a survey sent to all APS agencies employing 20 or more staff under the Public Service Act, and the results of the APS Employee Census (the Employee Census). This information is collated to provide details of APS workforce capabilities and the activities and HR management practices of APS agencies.⁴⁹ The *State of the Service Report* is presented by the Public Service Commissioner to the Australian Parliament annually.

2.10 There is no similar avenue for consolidated data collection and analysis for non-APS bodies. In 2009, the APSC observed the 'lack of a centralised data point for the non-APS public sector to determine Indigenous representation as problematic if the COAG target of 2.7 per cent representation, across all levels of Australian Government agencies is to be evaluated'.⁵⁰ However, Indigenous employment statistics are captured in the equity and diversity reporting requirements that apply to relevant Commonwealth authorities under the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*. This information is tabled in the Parliament annually by each relevant authority. Some non-APS bodies also include Indigenous employment data in their annual reports to Parliament. While these two reporting mechanisms allow for some information to be made available, at the broad level there remains no avenue for collecting data from non-APS bodies to provide coordinated reports against the target.

49 Australian Public Service Commission, *State of the Service Series*, [Internet], available from <<http://www.apsc.gov.au/about-the-apsc/parliamentary/state-of-the-service>> [accessed 15 August 2013].

50 APSC, *Census Report — Aboriginal and Torres Strait Islander Employees*, 2009.

Australian Government NPA-IEP reporting requirements

2.11 The NPA-IEP includes a requirement for each government to report annually to COAG on the implementation of the Agreement in its jurisdiction.⁵¹ Two annual reports have been prepared on the Australian Government's performance against the NPA-IEP target. The first report covered the period 2009–10 and was provided to the Australian Government in November 2010; and the second report covering the period 2010–11 was provided to the Australian Government in June 2012. Neither of these reports has been published. As at February 2014, no further annual reports have been finalised. PM&C now has responsibility for reporting on the NPA-IEP following the transfer of responsibilities for Indigenous affairs to its portfolio.

2.12 The two finalised reports outline the Australian Government's progress against the public sector Indigenous employment target. The data adheres to the agreed common public sector definition as recommended by the COAG Reform Council. The data is presented however, only for the APS Australian Government public sector. PM&C advised the ANAO that in 2010, portfolio ministers were encouraged to write to their portfolio bodies asking for reports on Indigenous employment rates to be provided to the former DEEWR and the APSC.⁵² One-off information was provided by a small number of non-APS bodies. PM&C has advised that this data was deemed, at the time, incomplete.

2.13 The 2010–11 report proposed that the most suitable source of data to monitor and report on progress is the ABS Census. Responsibility for the completion of this work was not designated, and no action in relation to preparing new estimates, based on the 2011 Census data, has been taken. In the 2006 Census, overall Indigenous representation in the public sector was estimated to be 1.4 per cent.⁵³ For the same period the APSC reported Indigenous representation at 2 per cent in the APS.

2.14 While ABS Census data has some potential to provide a more complete picture of public sector Indigenous employment levels, the COAG agreed target is not aligned to the timeframes of the Census. The next Census will occur in 2016 and there will be some further time required after its completion

51 *National Partnership Agreement on Indigenous Economic Participation*, 2009, paragraph 46.

52 Under the Administrative Arrangements Order of September 2013, responsibility for Indigenous employment was transferred from the former DEEWR to PM&C.

53 Australian Bureau of Statistics, *Census of Population and Housing: Characteristics of Aboriginal and Torres Strait Islander Australians*, 2006.

to analyse and present data. Similarly, as noted in the ANAO Report No. 31 *Implementation of the National Partnership Agreement on Homelessness*:

When census data is to be used to set performance baselines and benchmark targets, the design of the underlying funding arrangement, should, to the extent feasible, be either aligned to the census cycle, or reliable proxy measures.⁵⁴

2.15 The NPA-IEP expired in June 2013, and COAG agreed not to pursue a new NPA-IEP at its December 2013 meeting. The target for public sector employment continues through to 2015. In light of the current interest in Indigenous employment outcomes and the contribution of the public and private sectors to improving Indigenous employment, there would be merit in PM&C, in its general role of supporting the Australian Government’s engagement with COAG, analysing public sector employment levels, using the 2011 Census data, and information collected and reported by relevant Commonwealth entities under the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* provided to the Parliament, so as to be able to report on the Australian Government’s performance to this point.

Indigenous employment in APS agencies

2.16 As at 30 June 2013, the *State of the Service Report*, reported Indigenous representation in APS agencies at 2.3 per cent, while noting that Indigenous status was not available for 23.3 per cent of all APS employees. Since 2008, the percentage of Indigenous APS employment, as reported from APSED, has remained largely static. This is illustrated in Table 2.1.

Table 2.1: Indigenous representation in the APS (ongoing and non-ongoing) June 2008 to June 2013

Year (as at June)	2008	2009	2010	2011	2012	2013
Indigenous employees ongoing and non-ongoing (%)	2.4	2.4	2.5	2.3	2.3	2.3

Source: APSC: *State of the Service Report 2012–13*, p. 99.

Note: Using the ongoing count only, the Indigenous employment percentage has consistently been at 2.2 per cent in 2011, 2012 and 2013.

54 ANAO Report No. 31, 2012–13 *Implementation of the National Partnership Agreement on Homelessness*, p. 19.

2.17 The APSC also collects APS employee data through the APS Employee Census (the Employee Census), a confidential survey of all APS employees to gather employees' views on workplace issues such as employee engagement, health and wellbeing, job satisfaction and leadership. Participation in this survey is voluntary, and in 2013, 66.6 per cent of APS employees participated. Of these participants, approximately 2630 employees identified as Indigenous which equates to a ratio of 2.6 per cent. While this is a more positive result than is formally reported in recent *State of the Service Reports*, both sets of data rely on voluntary identification of Indigenous status and additionally, in the case of the Employee Census, voluntary participation.

2.18 To improve APS diversity data, amendments to the Australian Public Service Commissioner's Directions from 1 July 2013 require agency heads to ensure that there are measures in place to collect information from each agency employee, including information on the employee's Indigenous status.⁵⁵ Within this requirement, APS employees must be given the option to provide a response of 'choose not to give this information'. The APSC expect that this initiative will lead to improved data sets over time.

2.19 As discussed in paragraph 1.19, the NPA-IEP, expressed as a percentage measure may, due to fluctuations in employee numbers, either mask or amplify the effects of any specific initiatives to increase Indigenous employment. The overall results can also be affected by the extent to which employees identify as Indigenous (discussed further in paragraph 2.34).

2.20 A list of 104 APS agencies and their percentage Indigenous representation is included in Appendix 2.⁵⁶ This list shows the percentage of Indigenous representation varies significantly, between zero and 73 per cent. ANAO analysis⁵⁷ of the 104 APS agencies listed in Appendix 2 shows that: 79 per cent (82 agencies) reported representation of between zero and two per cent; 13 per cent (13 agencies) reported between two and 5 per cent; five per cent (five agencies) reported between 5 and 10 per cent; and four per cent (four agencies) reported 10 per cent or higher.

55 *Australian Public Service Commissioner's Directions 2013*, consolidated version, November 2013.

56 As at June 2013, 104 agencies had provided employment data to APSED, including some with less than 20 employees.

57 Includes ongoing and non-going Indigenous employees.

2.21 As Indigenous representation is calculated as a percentage based on the total number of agency employees, it is possible that agencies could exceed the 2.7 per cent target by employing only one Indigenous employee. Accordingly, caution needs to be taken when using individual agency data to assess their performance towards the target.

2.22 Australian Government agencies with the highest Indigenous representation among employees often had significant operational functions in respect of Indigenous Australians, and delivered services in regional and remote locations. For example, as noted in the *State of the Service Report 2012–13*, Aboriginal Hostels Limited and the Torres Strait Regional Authority reported Indigenous representation at 73 per cent and 62 per cent respectively.⁵⁸ Agencies such as these are likely to attract Indigenous employees as their focus is Indigenous-specific. The *State of the Service Report 2012–13* also noted that the five agencies with the largest proportion of Indigenous employees all have significant Indigenous responsibilities.⁵⁹

Patterns of Indigenous employment

2.23 As at June 2013, there were 3846 APS employees identifying as Indigenous, of which 3365 were engaged in ongoing positions. Table 2.2 indicates the number of ongoing and non-ongoing Indigenous employees employed under the Public Service Act from June 2007 to June 2013. The data indicates a steady increase in the reported numbers of Indigenous employees from June 2007 to June 2010, followed by a decline to June 2012, with a slight increase in 2013.

58 APSC, *State of the Service Report 2012–13*, Canberra, p. 100.

59 Aboriginal Hostels Ltd; Torres Strait Regional Authority; Australian Institute of Aboriginal and Torres Strait Islander Studies; former Department of Families, Housing, Community Services and Indigenous Affairs; and former Department of Education, Employment and Workplace Relations.

Table 2.2: Number of ongoing and non-ongoing Indigenous APS employees June 2007 to June 2013

Year (as at June)	Ongoing	Non-ongoing	Total
2007	3364	427	3791
2008	3354	487	3841
2009	3436	492	3928
2010	3506	526	4032
2011	3376	492	3868
2012	3319	519	3838
2013	3365	481	3846

Source: ANAO analysis of APSED data.

2.24 The APS Indigenous workforce is predominantly female, with Indigenous women comprising more than two-thirds (67.1 per cent) of ongoing Indigenous employees. This is higher than the representation of women in the broader APS workforce, with women comprising 59.1 per cent of ongoing non-Indigenous employees.⁶⁰

Location of Indigenous employees

2.25 Most APS employees are located in capital cities and inner regional areas as shown in Table 2.3, with less than 5 per cent of employees located in outer regional, remote or very remote locations.

Table 2.3: Location of the APS workforce based on ABS remoteness area boundaries June 2013

Region	Cities	Inner regional	Outer regional	Remote	Very Remote	Overseas
Total APS (June 2013)	144 131	14 004	6317	586	760	1458
Percentage (%)	86.2	8.4	3.8	0.4	0.5	0.9

Source: APSC *State of the Service Report 2012–13*, p. 144.

60 APSC, *State of the Service Report 2012–13*, Canberra, p. 99.

2.26 Table 2.4 shows the locations of Indigenous APS employees compared to the whole of the APS. Approximately 70 per cent of Indigenous APS employees are located outside the ACT compared to approximately 60 per cent of all APS employees.

**Table 2.4: Location of Indigenous and non-Indigenous APS staff
June 2013**

State/Territory	Whole of APS* (%)	Indigenous APS employees* (%)
Australian Capital Territory	40.0	28.3
New South Wales	18.7	15.5
Victoria	16.0	6.0
Queensland	10.8	23.5
South Australia	5.9	3.8
Western Australia	4.6	6.6
Tasmania	2.5	2.7
Northern Territory	1.6	13.0
Total	100	100

Source: ANAO analysis of APSED data; and APSC *State of the Service Report 2012–13*.

* The totals do not add to one hundred due to rounding.

Classification levels of Indigenous employees

2.27 Indigenous employees tend to occupy positions at the APS classifications. Almost 60 per cent of all ongoing Indigenous employees are at the APS 4 and below classifications. Table 2.5 outlines Indigenous employee numbers by classification.

**Table 2.5: Ongoing Indigenous APS employees by classification
June 2013**

Classification	Number	% of total*
Trainee	124	3.7
Graduate APS	43	1.3
APS 1	148	4.4
APS 2	192	5.7
APS 3	628	18.7
APS 4	818	24.3

Classification	Number	% of total*
APS 5	533	15.8
APS 6	446	13.3
EL 1	311	9.2
EL 2	103	3.1
SES	19	0.6
Total	3 365	100

Source: 2012–13 Statistical Bulletin (APSED).

* The totals do not add to one hundred due to rounding.

Engagements and separations of Indigenous APS employees

2.28 APS agencies have successfully recruited 1521 ongoing Indigenous employees since 2009–10. Against this trend however, a larger number of ongoing Indigenous employees (1592) have separated from the APS over the same period. As a result, despite the resources put into APS recruitment and retention initiatives, for the four years 2009–10 to 2012–13, there was a net loss of 71 Indigenous APS employees. This is shown in Table 2.6 below.

Table 2.6: Indigenous APS engagements and separations 2009–10 to 2012–13

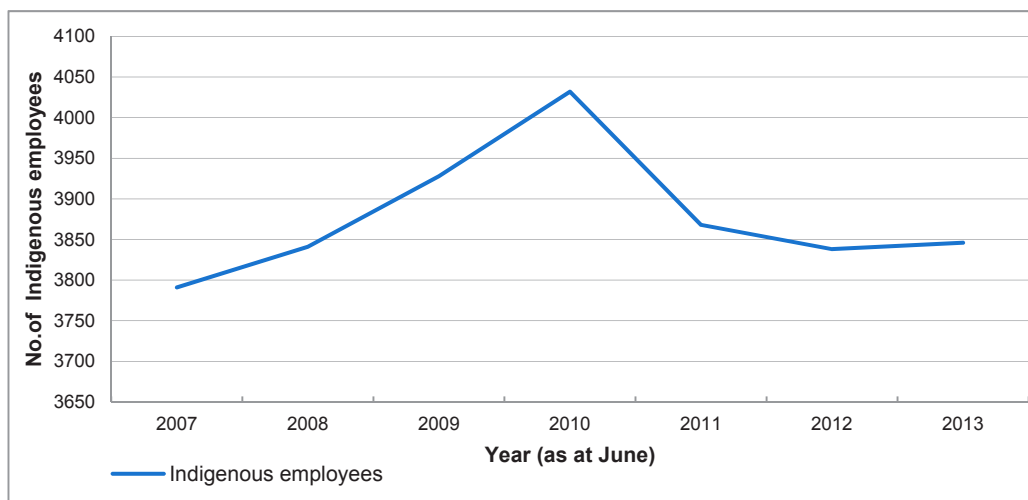
	2009–10	2010–11	2011–12	2012–13	Total
Engagements	457	302	382	380	1521
Separations	390	433	437	332	1592

Source: ANAO analysis of APSED data.

2.29 When considered over a longer period there was an increase in the number of APS Indigenous employees. The overall net gain in Indigenous employees from 1 July 2007 to 30 June 2013 is 55 (see Table 2.2), although between 1 July 2008 and 30 June 2013, the net gain drops to five. A portion of the employees departing each year may be doing so for career development reasons, however, the net losses and/or minimal gains in employee numbers indicates that the selection of suitable candidates and their retention remain an issue for the APS.

2.30 Although recruitment and retention initiatives are in place in APS agencies and non-APS bodies, collectively, agencies are not gaining outcomes commensurate with their efforts to recruit and retain Indigenous employees. Fluctuations in the actual number of Indigenous APS employees are represented in Figure 2.1.

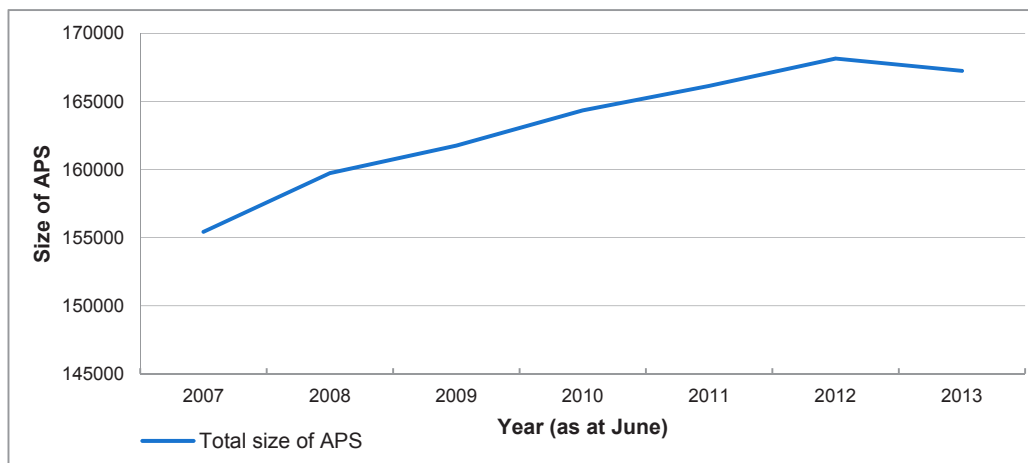
Figure 2.1: Indigenous APS employee numbers June 2007 to June 2013



Source: ANAO analysis of APSED data.

2.31 Ongoing budgetary pressures and the resizing of the APS may have contributed to the decline in Indigenous employee numbers from 2010. However, Figure 2.2 shows the growth in the numbers of APS employees from 2007, indicating that the size of the APS has continued to grow while Indigenous numbers fell from 2010.

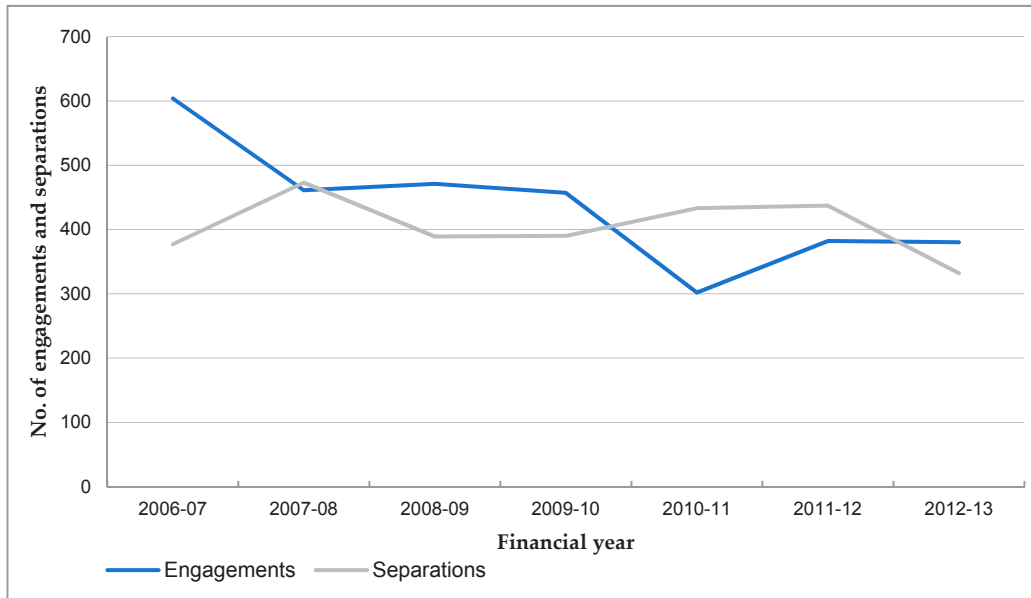
Figure 2.2: APS employee numbers June 2007 to June 2013



Source: ANAO analysis of APSED data.

2.32 Although voluntary separations can result from a range of personal factors, APS employee benefits, such as superannuation and leave, may reduce the degree of APS separations compared to other parts of the economy.⁶¹ Indigenous APS employees are however, more likely than non-Indigenous employees to have limited length of service. The overall separation rate for Indigenous APS employees in 2011–12 was approximately 13 per cent, nearly double that of non-Indigenous APS employees.⁶² During 2012–13, there were 332 separations of ongoing Indigenous employees, representing an overall separation rate of 9.9 per cent compared with 6.3 per cent for the APS overall.⁶³ Figure 2.3 shows the engagement and separation numbers for Indigenous employees from June 2006 to June 2013.

Figure 2.3: Number of engagements and separations of ongoing Indigenous APS employees from 2006–07 to 2012–13



Source: ANAO analysis of APSED data.

2.33 Since 2006–07, when approximately 600 Indigenous people were engaged, there has been a steady decline in the numbers of Indigenous people engaged by the APS annually, with less than 400 employees engaged during

61 Reserve Bank of Australia. Labour Market Turnover and Mobility, [Internet] available from <<http://www.rba.gov.au/publications/bulletin/2012/dec/1.html>> [accessed 8 May 2014].

62 APSC, *State of the Service Report 2011–12*, Canberra, p. 140.

63 APSC, *State of the Service Report 2012–13*, Canberra, p. 103.

2012–13. In the past two years, the number of engagements has stabilised with 382 employees recruited in 2011–12 and 380 recruited in 2012–13.⁶⁴

Completeness of APS reporting data

2.34 Individual agency data collected and analysed through APSED provides a significant amount of information, although there are a range of data collection issues affecting the data quality and comprehensiveness of APS data. These include that:

- the provision of diversity data by APS employees is voluntary. For APSED purposes, Equal Employment Opportunity (EEO)⁶⁵ or diversity data, including identification as an Indigenous employee, is self-reported, and provided by employees on a voluntary basis on request from the employing agency.
- APS agencies may have varying approaches to collecting information. If requested, employee diversity data might be collected by, for example, agency staff directly asking for this information; completion of forms; or the agency Human Resources Management Information System (HRMIS) can be configured to enable new starters or existing employees to provide the information; and
- APS agencies might, or might not have the facility in the agency HRMIS to code diversity data. A lack of code will generally result in the need to manually identify, analyse and report on diversity data.

2.35 The APSC, in the annual *State of the Service Reports*, generally includes a disclosure regarding the status of APSED diversity data. In the 2012–13 report, APSED data showed that Indigenous status was not available for 23.3 per cent of APS employees. This represents 38 979 APS employees. The APSC has attributed the lack of diversity data to the quality of employee data provided by APS agencies. Table 2.7 shows EEO data captured in APSED from June 2007 to June 2013. As referenced in paragraph 2.18, the APSC expects that amendments to the Australian Public Service Commissioner’s Directions, effective 1 July 2013, will improve the quality of APSED data.

64 Analysis of APSED data.

65 EEO data in APSED focuses on four areas of diversity. These are: gender, disability, non-English speaking background and Indigenous status.

Table 2.7: Ongoing and non-ongoing employees by Indigenous status June 2007 to June 2013

Year (as at June)	Yes (Indigenous)	No (Not Indigenous)	Data not available	Total (all of APS)
2007	3791	118 354	33 282	155 427
2008	3841	121 196	34 701	159 738
2009	3928	124 072	33 769	161 769
2010	4032	125 502	34 817	164 351
2011	3868	126 124	36 160	166 152
2012	3838	126 724	37 602	168 164
2013	3846	124 432	38 979	167 257

Source: ANAO analysis of APSED data.

2.36 In general, for each of the years from 2007 onwards, approximately 23 per cent of employees had not indicated Indigenous or non-Indigenous status which may mask the true level of Indigenous employment in the APS. By comparison, in the 2011 ABS Census, Indigenous status was not provided by approximately one million people, representing 5 per cent of the total Australian population.⁶⁶

Indigenous employment in non-APS bodies

2.37 Reporting on Indigenous employment in non-APS bodies is less comprehensive than that for APS agencies. As discussed in paragraph 2.10 there is no mechanism for the coordinated collection and analysis of employee data from non-APS bodies. However, some entities provide employment data in their annual reports, and Indigenous employment statistics are also captured in the mandatory equity and diversity reporting requirements that apply to relevant bodies⁶⁷ under the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*, and this information is tabled in the Parliament annually.

66 Australian Bureau of Statistics, *Census of Population and Housing: Characteristics of Aboriginal and Torres Strait Islander Australians*, 2011.

67 Commonwealth authorities employing 40 or more staff.

2.38 ANAO analysis of data from the publicly available reports of a selection of non-APS bodies indicates that there is significant variation in Indigenous employment levels as shown in Table 2.8. This is a similar pattern to that observed for APS agencies.

Table 2.8: Indigenous representation in non-APS Commonwealth bodies June 2013

Entity	Indigenous employment number	Percentage*
Northern Land Council	181	68.0
Central Land Council	108	48.0
Indigenous Business Australia	48	21.0
Indigenous Land Corporation	30	30.0
Special Broadcasting Service Corporation	42	4.0
Australia Post	520	1.6
Australian Broadcasting Corporation	70	1.5
Defence (ADF)-permanent	595	1.3
Australian Federal Police	83	1.2
Airservices Australia	37	0.9
Australian National University	35	0.8
Reserve Bank of Australia	6	0.6
Australian Institute of Marine Science	1	0.5
Civil Aviation Safety Authority	1	0.11
Total	1 757	

Source: ANAO analysis of 2012–13 Annual Reports and/or Equity and Diversity reports from listed entities.

* Percentages have been rounded.

2.39 The entities listed in Table 2.7 reported a total of 1757 Indigenous Australians employed. This represented 1.5 per cent of the total employees within these bodies. As a broad guide it may suggest that the performance of non-APS bodies is likely to be less than APS agencies overall and accordingly, performance of the Australian Government sector overall is likely to be below the level required to meet the target.

2.40 As with APS agencies, the data sample also indicated that those entities with an Indigenous service focus generally have a higher representation of Indigenous employees. The provision by employees of their Indigenous status

is voluntary, and similar to APS agencies, it is possible that Indigenous employment is under-reported. Examination of a sample of reports indicated that non-APS bodies generally made use of the same options to encourage Indigenous applicants and provide career support including: targeted promotion and recruitment; coaching and mentoring programs; and access to studies programs.

Conclusion

2.41 The NPA-IEP target of 2.7 per cent Indigenous representation across all employment classifications applies to all Australian Government entities. As at February 2014 there was no strategy to collect and collate non-APS employment data, nor had published reports included estimates of non-APS Indigenous employment from other available data sources. Available APS data is also subject to limitations. Approximately one quarter (38 979) of APS employees have chosen not to indicate their diversity status, or were not asked for this information. This further restricts comprehensive reporting on the NPA-IEP. In addition, gaps in data, limits the ability to analyse and better understand the recruitment and employment experience of Indigenous employees in Australian Government entities.

2.42 Available data indicates that for APS agencies, the net gain in the number of ongoing and non-ongoing, Indigenous employees, between 2008 and 2013, is five (see Table 2.2). The limited net gain in the reported number of Indigenous APS employees from 2008 to 2013 is not commensurate with the investment in programs and initiatives to support APS Indigenous recruitment and career development within agencies, and more broadly across Australian Government entities.

2.43 ANAO analysis of 104 APS agencies indicated that 79 per cent (82 agencies), reported Indigenous representation within the agency of between zero to two per cent. Further, limited data available on the non-APS bodies suggests that performance of non-APS bodies is likely to be less than APS agencies overall, and accordingly, performance of the Australian Government public sector overall is likely to be below the level required to meet the target.

2.44 The approach to meeting the target is a broad-based approach that requires all agencies to meet an Indigenous employment level. In view of the trends in Indigenous employment, and the diversity in agency locations and focus, consideration should be given to developing a more differentiated

approach to better address the Government's policy of achieving the 2.7 per cent representation. Within this policy context, avenues that could usefully be explored include concentrating the efforts in entities which have a greater comparative advantage due to their size, nature of work, workforce profile and geographic locations, and extending the use of locally based approaches rather than the current heavy reliance on annual, generic, entry-level, bulk recruitment for largely ACT based engagements, managed from the ACT. As the APSC is responsible only for APS agencies, broader consideration of delivery and reporting approaches would also need to involve PM&C in its role of supporting the Australian Government engagement with COAG.

Recommendation No.1

2.45 In order to more effectively progress efforts to achieve the Australian Government target of 2.7 per cent Indigenous representation, the ANAO recommends the APSC, in consultation with relevant bodies, review the current broad based approach to meeting the target, and provide advice to the Diversity Council, in particular on opportunities to achieve the target with a more differentiated and tailored approach, as well as more comprehensive reporting.

APSC response:

2.46 *Agree. The APSC agrees that, while current broad-based approaches to meeting the target have contributed to arresting the decline of Indigenous representation in the APS and maintaining levels in recent years, it is timely and appropriate that the strategies be reviewed, particularly in the context of the imminent release of the report of the Review of Indigenous Training and Employment Programmes (the Forrest Review).*

2.47 *The APSC agrees that the current approach should be re-examined to consider more differentiated and tailored ways in which the APS can best meet the Government's target of 2.7 per cent. These strategies should be flexible, take account of individual agencies' capacities and capabilities and lead to improved employment outcomes for Indigenous Australians in the APS.*

2.48 *The APSC has statutory responsibility under the Public Service Act 1999 to collect and report on data in relation to APS agencies. However, the APSC, in consultation with relevant bodies, would be prepared to explore avenues to enable comprehensive reporting on Indigenous employment in Australian Government entities more broadly.*

3. Collaborative Indigenous Entry-Level Recruitment Programs

This chapter examines two collaborative programs available to Australian Government entities to recruit and engage Indigenous entry-level candidates—the Indigenous Pathways to Employment Program managed by the APSC to deliver a whole-of-government approach to the recruitment of Indigenous employees; and the Indigenous Australian Government Development Program, a recruitment and education program operated jointly by the Department of Employment and the Department of Education. Agency-specific Indigenous recruitment and retention initiatives are discussed in Chapter 4.

Introduction

3.1 The Indigenous Pathways to Employment Program (Pathways Program) and the Indigenous Australian Government Development Program (IAGDP), each provide a collaborative approach to the recruitment of Indigenous candidates. Each program supports partnering arrangements with other Australian Government entities; operates using *Special Measures* arrangements; and recruits entry-level candidates. The approach taken and delivery of each program differs. The Pathways Program operates as a generic, entry-level recruitment program. The IAGDP takes a targeted and tailored approach, seeking information about the job relevant knowledge and skills required for engagement to vacancies identified in partnering entities.

The Pathways Program

3.2 The Pathways Program is a key element of *APS Indigenous Employment Strategy 2012–16* (the Strategy). The Strategy has operated in various iterations since 2005, when it was launched in response to ‘the ongoing decline in Indigenous APS representation from 2.6 per cent in 2000 to 2.5 per cent in 2004⁶⁸’. The Pathways Program provides an Indigenous recruitment portal for applicants nationally. It provides participating entities with a collaborative approach for the selection and engagement of Indigenous candidates to

68 APSC, *APS Employment and capability strategy for Aboriginal and/or Torres Strait Islander employees* [Internet] available from <<http://www.apsc.gov.au/publications-and-media/current-publications/aps-employment-and-capability-strategy-for-aboriginal-and-torres-strait-islander-employees>> [accessed 20 March 2013].

entry-level roles. The Pathways Program links Indigenous applicants with Australian Government entities via the applicants' preferences for employment. Each applicant nominates their preferred entity/ies for employment through their application.⁶⁹ The Pathways Program has three employment categories, all described as entry-level roles:

- the **Indigenous Traineeship Program** provides employment for applicants with no formal qualifications and limited relevant APS work experience, who have the capability to complete a Certificate IV in Government. Applicants are assessed at the APS 1 classification. Traineeships are generally ACT based, but some may be located in capital cities or large regional centres;
- the **Indigenous Cadetship Program** links applicants undertaking their first undergraduate degree with entities which can provide intermittent work placements (a minimum of 12 weeks annually), and employment on completion of studies. Applicants are assessed at the APS 2 classification. Placements are usually completed in the ACT, or occasionally, in regional offices nominated by the employing entity; and
- the **Indigenous Graduate Program** selects graduates for participating entities. Applicants are assessed at the APS 3 or 4 classification via a modified selection process. Graduate engagements are generally ACT based.

3.3 The APSC promotes the Strategy as a mechanism that supports an agency's engagement and retention of Indigenous trainees, cadets and graduates by providing:

- targeted marketing of employment opportunities to Aboriginal and Torres Strait Islander people to attract a wider group of talent;
- centralised assessment of all candidates in partnership with participating agencies;
- access to networking, learning and development opportunities for Indigenous trainee, cadets and graduates; and

69 The APSC advise that the Pathways Program operates to source candidates for APS agencies, however details of candidates may be forwarded to non-APS bodies.

- increased agency profile through promoting the APS as an employer of choice.

3.4 Initially, the APSC was funded to deliver the Strategy, and participation by Australian Government entities was free, exclusive of agency staff time taken to support the Pathways Program applicant assessment process. Over time, the appropriation for the delivery of the Strategy has gradually reduced and resourcing has been supplemented by funds from the Indigenous Employment Program (IEP) administered by PM&C, for the delivery of the educational component for the Cadet and Trainee elements of the Pathways Program. In addition, from 2013–14 all APS agencies employing more than 200 employees, have been levied a fee, commensurate with the number of agency employees, to support the Strategy incorporating the Pathways Program.⁷⁰ This fee applies regardless of whether an entity makes use of the Pathways Program, gains applicants for engagement, or accesses other services delivered under the Memorandum of Understanding (MOU).

3.5 The MOU⁷¹ between the APSC and the participating APS agencies requires the APSC to undertake the following activities:

- design, delivery and management of targeted, whole-of-APS Indigenous recruitment programs — a strategic, service-wide approach to the attraction, assessment, selection, and recruitment of Indigenous Australians. It is anticipated that 100-200 applicants will be available for employment each year; and
- culturally sensitive support and advisory services for APS agencies, Indigenous employees and Indigenous jobseekers.

3.6 Partnering agencies that engage a candidate are responsible for costs of engagement, such as relocation costs and salaries. Historically, almost all Pathways Program engagements have been located in the ACT, however in 2012 participating agencies were asked to consider offering positions in regional and remote locations where possible. In 2012–13, 55 per cent of positions (63 positions) were located in the ACT. The remaining positions were primarily in Brisbane (14 positions), Sydney (7 positions), and Perth

70 The APSC has advised that eight entities have had this fee either waived or reduced.

71 The APSC advised that, as at 31 January 2014, 51 APS agencies had signed the MOU.

(5 positions). There were no positions in remote locations, and very few positions in regional locations.⁷²

Pathways Program service delivery

3.7 Agencies nominate their participation in the Pathways Program around March annually, concurrently providing an Expression of Interest (EOI) for the projected number of candidates they may require for engagement. Promotion of the Pathways Program is primarily online, with advertisements in the Indigenous press seeking Indigenous applicants for each Pathway Program employment category. Indigenous networks are also used to promote the program.

3.8 Applications for graduate, cadetship and traineeship opportunities generally open in February and close by April or May. Shortlisted applicants are usually brought to the ACT around June and July each year for an assessment centre rating process, organised by the APSC and supported by participating agencies. However, from 2012, where cost effective, the APSC coordinated assessment centres in six locations nationally—Canberra, Sydney, Melbourne, Brisbane, Cairns and Perth. In 2014 it is anticipated that assessment centres for cadets and trainees will operate in all capital cities. Details of shortlisted graduate and trainee applicants are forwarded to the applicants' preferred agencies following the rating process. Details of shortlisted cadet applicants are forwarded in October of each year. Entities then determine whether to make an offer of employment to applicants who have listed that entity as a preferred employer.

3.9 The APSC has reported increased demand for the Pathways Program since commencement, as indicated by the increasing numbers of participating agencies and increasing number of graduates, trainees and/or cadets sought by participating agencies via their agency EOI. Table 3.1 provides details about the levels of use of the program by agencies and the number of positions they have sought from 2010, noting an almost doubling of demand for candidates between 2010 and 2011. Similar data for the period prior to 2009 was not available to assess trends in participation.

72 Pathways Program data supplied by the APSC.

Table 3.1: Number of participating agencies and EOI for candidates 2010 to 2013

Year	Number of entities that submitted an EOI	Number of EOIs nominated
2010	45	161
2011	48	301
2012	53	392
2013	44	307

Source: APSC data.

3.10 Although demand for a program and services is a relevant factor in assessing the value of the program, the number of clients, or participating agencies, might not provide a comprehensive assessment of program success and/or effectiveness. While employment outcomes have been achieved for Indigenous applicants, and noting that there is often a period of up to six months between entities indicating their requirement and the completion of the applicant rating process, Table 3.2 indicates that the Pathways Program has not met the projected demand from entities for suitable Indigenous graduates, cadets and trainees. For example, in 2013, 44 APS agencies submitted EOIs for 307 candidates which resulted in the engagement of 113 candidates.

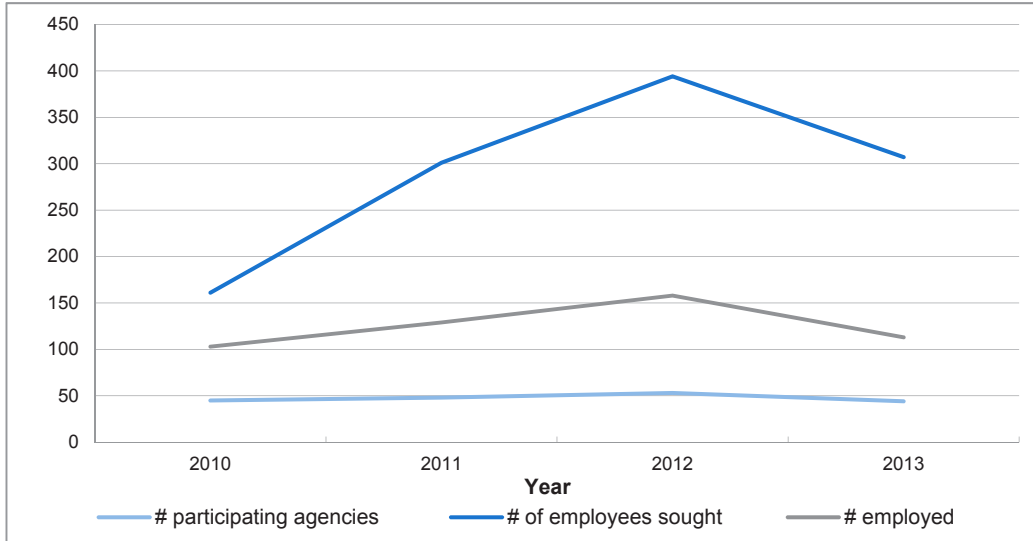
Table 3.2: Pathways Program numbers 2010 to 2013

Year	Number of agencies that submitted an EOI	Number of employees sought by participating agencies (EOI)	Graduates employed (#)	Cadets employed (#)	Trainees employed (#)	Total employed
2010	45	Grads–79 Cadets–62 Trainees–20 Total: 161	33	47	23	103
2011	48	Grads–121 Cadets–97 Trainee–83 Total: 301	30	63	36	129
2012	53	Grads–158 Cadets–127 Trainees–107 Total: 392	34	59	65	158
2013	44	Grads–126 Cadets–96 Trainees–85 Total: 307	26	24	63	113

Source: ANAO analysis of APSC data.

3.11 The engagement of a total number of 113 candidates represents a sizeable shortfall relative to the 307 positions nominated by participating agencies. Some of this shortfall may be attributed to entities’ initial expectations for the employment of Indigenous candidates identified via EOIs ultimately being rationalised and/or limited by the time the applicant ratings are completed. The total number of people employed however falls within the APSC’s expected range of between 100 and 200 candidates, as outlined in paragraph 3.5. Figure 3.1 illustrates the trend between candidates sought via an EOI, and candidates employed.

Figure 3.1: Pathways Program 2010 to 2013



Source: ANAO analysis of APSC data.

3.12 Over time, Indigenous applicants’ interest in the program, as indicated by the number of applications received, has declined—478 applications were received in 2011; 421 in 2012; and 275 in 2013. In light of the current levels of Indigenous employment in the APS, and that the Pathways Program has generally been a proportionally large contributor to the employment outcomes, there would be benefit in the APSC assessing the contributing factors and implications of this downward trend.

3.13 As referenced in paragraph 1.10, the number of Indigenous students enrolled at Australian universities has grown by over 40 per cent since 2006.⁷³ This trend is not reflected in the engagement of Indigenous candidates to the APS. Since 2006, the engagement of Indigenous candidates with graduate qualifications has dropped from 28.8 per cent of all Indigenous APS engagements to just above 17 per cent in 2009.

73 Australian Council for Educational Research, Media Release, “Growth in number of Indigenous university students, but still underrepresented”, 4 September 2012, [Internet] available from <<http://www.acer.edu.au/media/growth-in-number-of-indigenous-university-students-but-still-underrepresented/>> [accessed 7 May 2014].

Table 3.3: Percentage of Indigenous employees engaged to the APS with graduate qualifications 2000–09

	2000 (%)	2001 (%)	2002 (%)	2003 (%)	2004 (%)	2005 (%)	2006 (%)	2007 (%)	2008 (%)	2009 (%)
Indigenous ongoing engagements	30.4	26.1	28.1	28.3	26.7	26.4	28.8	27.4	25.9	17.1

Source: 2009 Aboriginal and Torres Strait Islander APS Employees census report, p. 11.

Pathways Program performance

3.14 The participation by APS agencies and associated demand for Indigenous candidates has been considered by the APSC as an indication of the increasing brand recognition and professional regard for the Pathways Program. A 2007–08 evaluation conducted for the APSC, concluded that ‘the Strategy (of which the Pathways Program is a key element) had facilitated the building of effective partnerships across the APS, and that this had materially contributed to the achievement of the objectives of the Strategy and Government policy outcomes.’⁷⁴ Further, a 2011 review of the Strategy,⁷⁵ noted the substantial increase in the total number of engagements of Indigenous staff through the program and the small increase in the number of participating agencies, as measures of success of the Pathways Program.

3.15 While employment numbers are an important measure of the program, an important additional indicator of effectiveness would be whether the program has effectively matched applicants with employers. The APSC does not have a formal monitoring process for graduates, cadets and trainees engaged through the Pathways Program, nor does the APSC have a formal mechanism for partnering agencies to provide feedback on the operation of the Pathways Program to determine candidate match and progress within the agency, which is important from a retention perspective. In the period 2009–13, between 60 and 70 per cent of candidates whose details were provided to their preferred agency/ies accepted, or were offered employment. Additional data regarding the engagement, or not, of candidates by their preferred agency, and/or their career development within the broader APS is limited.

74 Dominic Downie and Associates 2008, *An Evaluation of the Australian Public Service Employment and Capability Strategy for Aboriginal and Torres Strait Islander Employees*, p. 3.

75 Orima Research 2011, *Evaluation of the APS Employment and Capability Strategy for Aboriginal and Torres Strait Islander Employees*, p. 229.

3.16 Further, the APSC provided the ANAO with several Pathways Program datasets throughout the audit. Several of the datasets were inconsistent and required a number of clarifications from the APSC. Additionally, the ANAO identified a number of inconsistencies with terminology and naming conventions within the program. Maintaining reliable, comparable and consistent program data supports the effective management of a program. Further, it can enable the program managers to review trends and the broader operation of the program over time.

3.17 The APSC promotes the Pathways Program to partnering agencies as providing a mechanism that supports an individual agency's engagement and retention of Indigenous graduates, cadets and trainees, and increases an agency's profile through promoting the APS as an employer of choice. However, APSC data indicates that some agencies may receive few, if any, applicant preferences through the Pathways Program. This could be for various reasons, including the non-alignment of specialist disciplines and/or applicants not selecting the agency in their preferred listing. Not all APS agencies are well known nationally, nor will each Pathways Program cohort include candidates suitable for all agencies.

3.18 The Pathways Program has demonstrated success over the years as a recruitment avenue for APS agencies. In 2010–11 just over 40 per cent of Indigenous engagements to the APS (129 employees) occurred through the Pathways Program, although this figure declined to 30 per cent (113 employees) in 2012–13. While agencies have expressed a high level of demand for employees through the program there has been a decline in the number of Indigenous applicants to the program since 2010–11, and in 2012–13 there were fewer applicants than positions requested.

3.19 In the context of the APSC's current evaluation of the Strategy, commenced by the APSC in August 2013, there would be merit in the APSC undertaking some analysis of the qualifications, knowledge and skills needed by agencies and consider this information in the targeting, promotion and recruitment of Indigenous entry-level candidates, particularly at the graduate and cadet levels; and the monitoring of outcomes for Pathways Program candidates in the APS. The APSC could also explore options for collecting and collating formal feedback from participating agencies on the candidate match with the job-specific requirements of an agency.

3.20 The Pathways Program is not the sole avenue for Indigenous people to gain employment in the APS. However, in view of the decline in applications received since 2010–11, and that the Pathways Program has generally provided the largest single intake of Indigenous applicants, there would be merit in the APSC analysing the factors contributing to the reduction in applications and review whether changes are required to the operating model. The current Pathways Program approach of an annual, generic, and generally centralised recruitment mechanism may have limited applicant appeal in comparison with more responsive, targeted and local recruitment approaches.

Recommendation No.2

3.21 In order to maintain the contribution of the Pathways Program to Indigenous employment, the ANAO recommends that the APSC examine ways to modify the operation of the Pathways Program to provide a recruitment service that is more tailored to potential Indigenous applicants and agency demand.

APSC response:

3.22 *Agree. The APSC welcomes the ANAO finding that the Indigenous Pathways Program to Employment Program (Pathways) has demonstrated success over the years as an entry-level recruitment avenue for APS agencies.*

3.23 *It is worthwhile noting that Pathways has operated since 2006 with inconsistent funding arrangements that have made investment in, and reform of, the programme challenging. As acknowledged in the Report, the programme is primarily funded through an MOU with a number of APS agencies until 2016.*

3.24 *The APSC agrees that, while Pathways has achieved significant recruitment outcomes for Indigenous graduates, cadets and trainees, it is timely and appropriate that the programme be re-examined, particularly in the context of the imminent release of the report of the Review of Indigenous Training and Employment Programmes (the Forrest Review). The programme would benefit from consideration of a more contemporary and tailored approach, and more targeted consultation with all stakeholders to ensure that it most effectively meets the needs of both Indigenous applicants and APS agencies.*

Indigenous Australian Government Development Program

3.25 The IAGDP is a 15 month⁷⁶ entry-level, employment and education program for Indigenous applicants. The program seeks to identify employment opportunities for Indigenous applicants in partnering Australian Government entities in contract management, project management and/or community capacity at the APS 3 level. The program was originally an initiative of the former DEEWR to increase Indigenous employment in the department.

3.26 Within the former DEEWR, 27 per cent of APS level job roles involved contract management responsibilities, and consequently the program was designed to deliver a targeted employment strategy, combined with a tailored educational and career development approach. Completion of a Diploma qualification in contract management, project management and/or community capacity and concurrent public sector work experience aimed to equip participants with job relevant knowledge and skills for work in the department, the public sector, and, more broadly, in the general workforce. The IAGDP has three main elements:

- a diploma-level qualification;
- full-time work experience and on-the-job-training; and
- learning and development opportunities.

The IAGDP is currently jointly managed by the Department of Employment and the Department of Education.

3.27 IAGDP partnerships operate through an MOU between the respective entities. The MOU is a concise agreement which clearly outlines the obligations and responsibilities of both parties. Further, the MOU clearly recommends to participating entities a level of support to be provided to successful applicants, including access to study time during working hours and formal mentoring arrangements. The employment arrangements for successful candidates are clearly defined as the responsibility of the employing entity.

⁷⁶ The program duration was initially 12 months but was extended to 15 months following a recommendation in the IAGDP Post-Implementation Review conducted in February 2012.

3.28 The IAGDP is wholly funded from the departmental budgets of the Department of Employment and the Department of Education, noting that under the MOU, the participating entity agrees to reimburse the amount of no more than \$5000 for the payment of the Diploma of Government qualification course fees.

IAGDP service delivery

3.29 Under the IAGDP, partnering entities nominate the number of vacancies and provide details of the job, the job location, job description and capability requirements for the nominated role. IAGDP candidate engagement is via a bulk recruitment and selection exercise with assessment against vacancies identified from partnering entities. The assessment centre is supported by partnering entities.

3.30 Candidates generally progress to an APS 4 level on successful completion of their educational commitment and departmental probationary requirements. Table 3.4 details agency participation, IAGDP numbers and job locations from 2010 to 2013. In October 2012, half of the 50 participants starting the 15-month program were employed by the former DEEWR, with the remaining 25 IAGDP candidates employed across seven other APS agencies.⁷⁷ In 2013, there were MOUs in place with 10 Australian Government entities (not including the former DEEWR).

⁷⁷ DEEWR, *Annual Report 2012–13*, Canberra, p. 107.

Table 3.4: IAGDP figures by intake 2010–2013

	2010	2011*	2012	2013
Number of participating agencies	10	N/A	8	11
Number of positions for which interest was registered	78	N/A	57	66
Number of positions filled	77	N/A	50	32
Locations	ACT, NSW, NT, WA, TAS, VIC, QLD	N/A	ACT, NSW, NT, QLD, SA, VIC, WA	ACT, QLD, NT, NSW, TAS, VIC, SA, WA

Source: ANAO analysis of data from the former DEEWR.

* There was no IAGDP intake in 2011. Intake is not by financial year, but corresponds with the 15 month completion period of the program.

3.31 Table 3.5 shows the number of applications received, number of applicants shortlisted, and the number of successful applicants and employment locations for each IAGDP intake from 2010. Given the 15 month duration of the program, the IAGDP intake does not align with financial years.

Table 3.5: IAGDP application numbers by intake 2010–13

Year	Number of applications received	Number of applications shortlisted	Number of successful applicants (i.e. number employed)
2010	300	180	80
2011	No program run	No program run	No program run
2012	159	91	50*
2013	138	79	32**

Source: ANAO analysis of data from the former DEEWR.

* 57 candidates were considered suitable and 50 candidates commenced with the program in October 2012.

** 55 candidates were considered suitable and 32 candidates commenced with the program in October 2013.

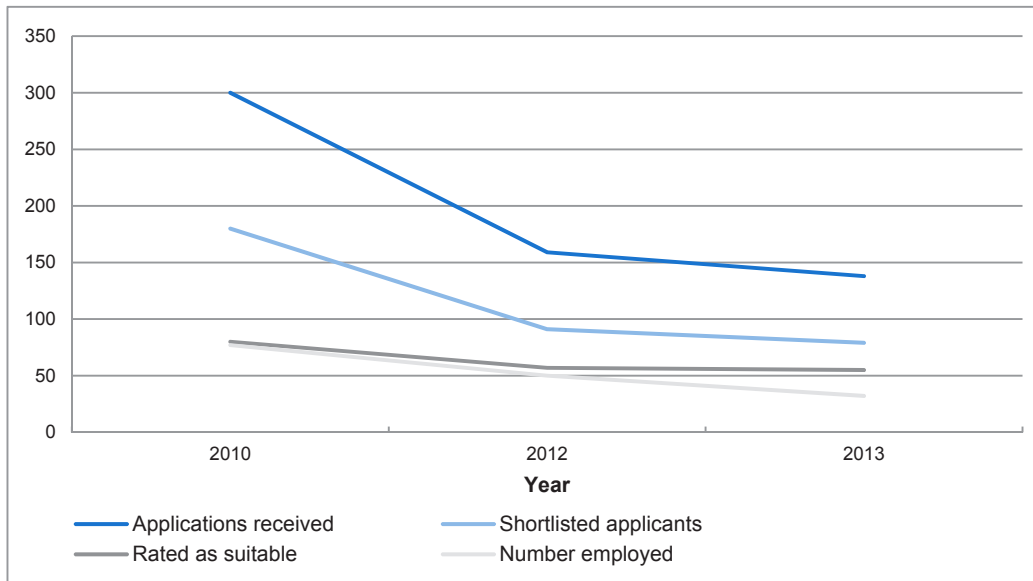
3.32 Departmental records indicate that the IAGDP attracts a national response from Indigenous applicants. Departmental documents also indicate that the educational background and skill levels of IAGDP applicants have varied significantly.

IAGDP program performance

3.33 Since 2010, 162 IAGDP candidates are reported to have gained employment with twelve different Australian Government public sector employers in metropolitan and regional areas.⁷⁸ The program has predominantly included APS agencies.

3.34 Overall, however, the number of applications received indicates a significant downward trend from 2010 to 2013. The number of candidates rated as suitable and accepting positions in the IAGDP has also decreased. In 2013, of the 55 candidates rated as suitable, 32 (approximately 58 per cent) accepted the offer of employment and commenced the IAGDP in October 2013. This is in contrast to 2012 when 96 per cent of candidates rated as suitable accepted employment and commenced the program. This trend is represented in Figure 3.2, which also indicates the IAGDP merit selection process with applicant match against role requirements evaluated at each of the shortlisting and assessment centre stages.

78 The former DEEWR, Indigenous Australian Government Development Program (IAGDP) [Internet] available from <<http://deewr.gov.au/indigenous-australian-government-development-program-iagdp>> [accessed 4 September 2013].

Figure 3.2: IAGDP application and candidate numbers per intake 2010–13

Source: ANAO analysis of data from the former DEEWR.

Note: There was no IAGDP intake in 2011.

3.35 Each IAGDP candidate and cohort is tracked to determine outcomes achieved for candidates and participating entities. Completion rates include only those candidates who have completed the diploma-level qualification, and met all departmental requirements for employment, including probation. The successful completion of all program requirements by 89 per cent of the 2010 cohort, and 80 per cent of the 2012 cohort represents a positive retention/success rate.

3.36 The former DEEWR had formally reviewed the operation of the IAGDP on three occasions:

- a 2011 internal audit: Aboriginal and Torres Strait Islander Staff Recruitment, Retention and Career Development;
- a Post-Implementation Review (PIR) in 2012 of the delivery of the 2010 IAGDP; and
- a review of the IAGDP recruitment and selection strategies in 2012.

Each of the reviews has resulted in one or more recommendations, including: to clarify the performance framework, revise the branding of the program,

modify program elements such as length of the program and the schedule for the commencement of the program, and define the requirement 'entry-level'.

Conclusion

3.37 Collaborative Indigenous entry-level recruitment programs have enabled Australian Government entities to take a joined up approach to the Indigenous employment market and have, over time, generated a sizeable response from Indigenous applicants and achieved recruitment outcomes for APS agencies and non-APS bodies. In 2011–12 the Pathways Program and the IAGDP jointly contributed over 54 per cent (208 employees) of all Indigenous engagements to the APS, with the remainder being achieved through the efforts of individual entities. The relative contribution of the two programs declined in 2012–13, with 38 per cent (or 145 employees) of Indigenous engagements to the APS being made through the two programs.

3.38 The Pathways Program has demonstrated success over the years as a recruitment avenue for APS agencies. In 2011–12 just over 40 per cent of Indigenous engagements to the APS (129 employees) occurred through the Pathways Program, although this figure declined to 30 per cent (113 employees) in 2012–13. In most years, there has been a sizeable difference in the demand for Indigenous employees by participating agencies and the numbers of people actually engaged through the Pathways Program. In 2011–12, 158 candidates were employed in response to the demand for 392 candidates; and in 2012–13, 113 candidates were engaged in response to the demand for 307 candidates. In the period 2009–13, between 60 and 70 per cent of candidates whose details were forwarded to their preferred agency, accepted, or were offered employment. In 2012–13, 55 per cent (63 positions) of Pathways Program engagements were located in the ACT. More importantly, Pathways Program data indicates a decline in interest from potential Indigenous applicants. Between 2010–11 and 2012–13, applications for the program have decreased by more than a third.

3.39 Performance of the IAGDP was positive for the period 2010–12, with 159 engagements being made against a combined agency demand for 200 candidates nationally. The successful completion of all program requirements by 89 per cent of the 2010 cohort, and 80 per cent of the 2012 cohort, represents a positive retention/success rate. Over time however, demand from Indigenous applicants, as indicated by the number of IAGDP applications, has declined—300 applications were received in 2010; 159 in 2012; and 138 in 2013. In 2010,

17 per cent of Indigenous engagements to the APS (77 employees) occurred through the IAGDP, although this figure declined to 8 per cent (32 employees) in 2013.

3.40 At a broader level, data shows that since 2010 there has been a gradual decline in interest, expressed by the number of applications received from Indigenous applicants, for the Pathways Program and the IAGDP.

4. Indigenous Recruitment and Retention Initiatives

This chapter discusses the range and use of Indigenous-specific recruitment and retention initiatives across the APS as well as the specific approaches taken in four audited entities.

Introduction

4.1 Workforce planning is a key human resources (HR) measure to enhance productive capacity within organisations. Workforce planning aims to align an organisation's employees with the organisation's workforce objectives to achieve its mission. To achieve this, organisations need to understand their workforce goals, and importantly, which initiatives, or combination of initiatives, will move the organisation towards the target/s⁷⁹—in this case to increase Indigenous employment.

4.2 The APSC has described workforce planning as creating, 'an evidence base for developing and prioritising HR management activities such as: attraction, recruitment and retention strategies; training and development; performance management; talent management; and succession planning'.⁸⁰ In the context of improving rates of Indigenous employment, agency workforce planning approaches would be expected to show the following characteristics:

- diversity targets developed within the context of broader workforce planning requirements;
- diversity targets linked to relevant outcome measures or Key Performance Indicators (KPIs);
- reporting against KPIs incorporated into regular business reports; and
- Indigenous-specific plans and initiatives regularly reviewed to determine effectiveness and ascertain progress towards the targets.

79 Colley, Linda; Price, Robin. "Where Have All The Workers Gone? Exploring Public Sector Workforce Planning" *The Australian Journal of Public Administration*, vol. 69, no. 2, pp. 202–213.

80 APSC, *State of the Service Report 2011–12*, Canberra, p. 163.

4.3 The following section of this chapter describes the broad pattern of commonly used initiatives for Indigenous recruitment and retention across the APS before examining in further detail initiatives and approaches in the Department of Agriculture, Department of Human Services (DHS), the former DEEWR and the Australian Federal Police (AFP).

Use of Indigenous-specific initiatives in APS agencies

4.4 The APSC annual *State of the Service Report* identifies year-to-year trends in workforce participation and capability across the APS, and also details the initiatives and HR management practices of APS agencies. In 2012–13, the *State of the Service Report* observed that 75 per cent of APS agencies had a workplace diversity program in place, in at least part of their agency, and 43 per cent of APS agencies had a workplace diversity program published on their website.⁸¹ Workplace diversity programs generally include recruitment and retention initiatives for targeted groups, including those tailored towards Indigenous employees. The *State of the Service Report* also lists the use by APS agencies of initiatives to recruit and retain Indigenous employees. These are discussed in the following section.

Initiatives to recruit Indigenous employees

4.5 Indigenous-specific recruitment initiatives reported by APS agencies include: partnering with the APSC in the Pathways Program; use of the *Special Measures* provision, and *Identified Positions*.⁸² The percentage of agencies using these initiatives for the years from 2010–11 to 2012–13 is shown in Table 4.1.

81 APSC, *State of the Service Report 2012–13*, Canberra, p. 97.

82 Although not restricted to Indigenous applicants, the use of *Identified Positions* has the potential to increase the competitiveness of Indigenous applicants.

Table 4.1: APS agency initiatives used to recruit Indigenous employees 2010–11, 2011–12 and 2012–13

Agency initiatives	Yes-fully (%) 2010–11	Yes-fully (%) 2011–12	Yes-fully (%) 2012–13
Participating in the APSC Pathways whole-of-government Indigenous recruitment initiatives for entry-level, cadet and graduate recruits	47	43	37
<i>Identified Positions</i> employment	23	20	24
<i>Special Measures</i> employment	20	14	17

Source: APSC *State of the Service Report 2010–11* supplemented with data provided by the APSC for 2011–12 and 2012–13.

4.6 Although these initiatives directly support Indigenous recruitment, their use across APS agencies is relatively limited. For example, less than one fifth of all APS agencies reported using the *Special Measures* provision (17 per cent), and less than one quarter reported using *Identified Positions* (24 per cent), which aim to support the delivery of Indigenous programs or provide consideration of Indigenous matters in mainstream programs.⁸³ The most frequently used option to support Indigenous employment (37 per cent) is partnering with the APSC in the Pathways Program—a program which was, until 2012–13, free except for agency representation to assess applicants. This is a decline from 47 per cent reported in 2010–11, and 54 per cent in 2009–10.⁸⁴

Initiatives used to retain and/or support Indigenous employees

4.7 Table 4.2 outlines the initiatives used by APS agencies to retain and/or support Indigenous employees as reported in the *State of the Service Report*.

83 The *Strategic Review of Indigenous Expenditure* (2010) noted that achieving the Closing the Gap targets and other Indigenous policy goals will depend critically on improvements in the quality of mainstream services delivered to Indigenous Australians—particularly those in urban and regional areas.

84 APSC: *State of the Service Reports*; Canberra, 2009–10, p. 155 and 2010–11, p. 174.

Table 4.2: APS agency initiatives used to retain and support Indigenous Australians 2010–11, 2011–12 and 2012–13.

Agency initiatives	Yes-fully (%) 2010–11	Yes-fully (%) 2011–12	Yes-fully (%) 2012–13
Encouraging staff to participate in cultural events	75	60	65
Providing study options	69	40	51
Encouraging participation in external Indigenous employees' networks, such as the Indigenous APS Employees' Network (IAPSEN)	61	45	41
Providing mentoring and/or coaching to Indigenous employees	42	28	29
Providing Indigenous cultural awareness training for employees	40	N/A*	N/A*
Encouraging participation in the Commission's Career Trek suite of learning and development programs for Indigenous employees	40	33	26
Operating an internal agency-based Indigenous employees network	32	19	25
Advertising employment opportunities in Indigenous media	28	31	31
Providing mobility and/or secondment opportunities into mainstream positions	25	15	25
Providing culturally-specific training programs for Indigenous employees (other than Career Trek)	18	12	14
Providing targeted leadership development opportunities	17	18	18
Providing other opportunities for Indigenous employees to gain skills and experience under an agency-based Indigenous employment scheme	14	11	16

Source: *State of the Service Report 2010–11* supplemented with data provided by the APSC for 2011–12 and 2012–13.

* This question has not been asked in the same way as in 2010–11, hence comparable data is not available.

4.8 In terms of the use of available support and retention initiatives, Table 4.2 indicates that, overall, APS agencies are more likely to use initiatives such as, 'encouraging staff to participate in cultural events' (65 per cent); 'providing study options' (51 per cent); and 'encouraging participation in

external Indigenous employee networks such as the APSC managed Indigenous Australian Public Sector Employee Network' (41 per cent). Over time, some of the initiatives reported and analysed for the annual *State of the Service Reports* indicate a gradual decline in use by APS agencies.

4.9 Although the initiatives are reported as used, no indication of the frequency of their use in the previous 12 months is indicated. There are also issues in the accuracy of agency reporting. For example, the APSC advised that the Indigenous Australia Public Sector Employee Network (IAPSEN) was replaced at the end of 2011–12 by an annual APS Indigenous Employee Forum, in support of Indigenous Employee Networks operating in agencies, and that no meetings of this group have been held since the first quarter of 2012. Nevertheless, 41 per cent of APS agencies reported the use of the IAPSEN in the *State of the Service Report* 2012–13. Similarly, 26 per cent of agencies identified the use of the Career Trek suite of learning and development programs, however Career Trek has not been available to APS agencies since 2011–12.

Monitoring and reporting on outcomes of APS initiatives

4.10 In response to the decline of Indigenous Australians and people with a disability in the APS, the Secretaries Board established the APS Diversity Council (the Council) in early 2012. The Council has given priority to improving employment outcomes for Indigenous Australians in the APS.⁸⁵ The Secretary of PM&C chairs the Council which comprises seven Secretaries and two agency heads, including the Public Service Commissioner. In March 2012, the Council agreed that a monitoring and reporting framework would be established to enable the Council to identify good practice strategies in the employment of Indigenous Australians, and people with a disability. This included a process to have APS agencies report to the Council on key challenges in building and maintaining a diverse workforce.

4.11 To assist the Diversity Council, a number of APS agencies were asked to complete a good practice report outlining the agency's top three diversity issues (including issues specific to Indigenous employees), the strategies for addressing these issues, and the lessons learned. The ANAO's review of 15

85 Australian Public Service Commission, *Diversity Council*, [Internet] available from <<http://www.apsc.gov.au/disability/diversity-council>> [accessed 17 September 2013].

agency reports⁸⁶ presented to the Diversity Council between September 2012 and August 2013 included: the development and documentation of agency diversity plans such as Reconciliation Action Plans (RAPs), and the operation of a number of the initiatives listed in Tables 4.1 and 4.2, to increase Indigenous recruitment and/or retention in each agency and increase social inclusion in the workforce. Overall, analysis indicated that agencies provided data on the representation of Indigenous employees in the agency, listed agency Indigenous-specific plans and strategies, program/s or initiative/s implemented, and lessons learned.

4.12 Few agencies reported the effectiveness of agency plans to achieve pre-determined targets for Indigenous employment, although many had set targets in published agency documents. Similarly, agencies generally did not report against outcome measures for their Indigenous-specific plans, although agency plans usually identified outcomes and/or benefits for Indigenous employees, and more broadly the agency. Generally, the reported 'lessons learned' sections contained observations based on experience gained from implementing strategies to increase Indigenous recruitment, promote Indigenous career development, and support an inclusive workforce. These observations were instructive. Importantly many agencies referenced APS system-wide challenges. These included:

- the centralisation of Indigenous entry-level employment in the ACT where there is a limited Indigenous population;
- competition between Canberra-based agencies for a small pool of Indigenous applicants who wish to work in the ACT;
- a lack of an APS-wide cultural awareness program which creates unnecessary inefficiency and challenges; and

86 The agency reports were from Australian Taxation Office, Australian Electoral Commission, APSC, Australian Customs and Border Protection Service, former DEEWR, Department of Defence, former Department of Families, Housing, Community Services and Indigenous Affairs, former Department of Health and Ageing, Department of Immigration and Citizenship, Department of the Prime Minister and Cabinet, Department of Foreign Affairs and Trade, Department of Human Services, former Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education, and former Department of Sustainability, Environment, Water, Population and Communities.

- alternative employment arrangements offered by agencies such as contracting arrangements, which are not included in APS statistics as these are not considered ‘formal employment arrangements’, although the arrangements support a significant number of Indigenous employees, for example, the Attorney-General’s Department Indigenous Night Patrols, and the Department of Agriculture, and the Department of the Environment, Indigenous ranger groups.

More importantly reports indicated a lack of data to evaluate the introduction, use and outcomes of Indigenous-specific initiatives.

4.13 Indigenous APS employees interviewed by the ANAO during the audit commented on the number and range of Indigenous-specific initiatives currently operating in APS agencies. Some interviewees indicated that, in their opinion, the increasing numbers of Indigenous-specific activities and publications served to identify Indigenous employees as ‘different’ and subsequently had the capacity to increase the isolation of Indigenous employees rather than promote inclusiveness. Others indicated that the perceived additional requirements to recruit and manage Indigenous employees such as a requirement for a mentor, consideration of special leave arrangements, and expectation of promotional opportunities in areas where promotional opportunities are few, may restrict rather than encourage the employment of Indigenous employees. Others indicated that as agencies often have centralised corporate and/or HR services in the ACT, the capacity to employ and support candidates locally was limited.

Use of Indigenous-specific initiatives in audited entities

4.14 The ANAO examined aspects of diversity programs implemented to support the recruitment and retention of Indigenous employees in four Australian Government entities.⁸⁷ This included the examination of agency-specific documents, including agency business plans, HR management plans, RAPs, diversity and/or Indigenous employment strategies, and workforce initiatives such as coaching/mentoring, and scholarships/study assistance. Further, the ANAO interviewed a number of Indigenous APS employees in the ACT, New South Wales, Queensland and the Northern Territory.

⁸⁷ Department of Agriculture, Department of Human Services, former DEEWR, and the Australian Federal Police.

4.15 All audited entities used *Special Measures* and *Identified Positions*, or similar arrangements for the non-APS body (AFP), as elements of the entity's recruitment processes, or in partnership with the APSC and/or the Department of Employment and Department of Education in the Pathways Program and/or the IAGDP. In addition, all audited entities delivered a range of other initiatives designed to support the career development of Indigenous employees and contribute to an inclusive workforce. The following sections discuss Indigenous-specific plans and initiatives operating in four audited entities.

Department of Agriculture

4.16 The Department of Agriculture⁸⁸ is responsible for developing and implementing policies and programs to support Australia's agricultural, fisheries, food and forestry industries remaining competitive, profitable and sustainable.⁸⁹ Employment opportunities in the department vary from policy and administrative positions to the specialist roles of biosecurity officers, meat inspectors, research scientists and veterinary officers. As at June 2013, the Department of Agriculture employed approximately 5181 staff with the majority of these employed as ongoing employees. Although a significant proportion of the department's employees are located in Central Offices in the ACT⁹⁰, more than half of the workforce is located in Regional Offices in other states and territories. Regional Offices include offices in capital cities, regional centres, and rural communities, including sites in airports, mail centres and shipping ports.

4.17 Indigenous representation in the department has steadily increased from 1.6 per cent in 2010–11 to 1.9 per cent, or approximately 96 Indigenous employees, as at November 2013. The department has set incremental performance indicators of 2 per cent by January 2014, progressing to 3 per cent by 2015. The reported retention rate for Indigenous employees in 2013 was 71.6 per cent with an average length of service of 6.9 years. Indigenous

88 As per the Administrative Arrangements Order of 18 September 2013, the Department of Agriculture, Fisheries and Forestry (DAFF) was reconstituted into the Department of Agriculture. The Department of Agriculture retains the same portfolio responsibilities as the former DAFF. Throughout this paper the Department of Agriculture will be used, noting that some of the decisions and figures used in the paper may refer to the former DAFF.

89 Department of Agriculture, Fisheries and Forestry, *About DAFF*, [Internet] available from <<http://www.daff.gov.au/about>> [accessed 14 August 2013].

90 Central Offices refer to work areas within the ACT, or with direct reporting lines to ACT based divisions.

employment in the department is largely regionally based with approximately one per cent Indigenous representation in Central Offices in the ACT, and 2.5 per cent representation in Regional Offices. Approximately 72 per cent of Indigenous employees are employed at, or below the APS 4 classification.

Planning and reporting

4.18 The Department of Agriculture's approach to the development of diversity policies and strategies has been to incorporate diversity requirements in mainstream departmental workforce policies and plans. These policies and plans are subsequently supported by, for example, Indigenous-specific plans, with reporting on outcomes available through the department's HRMIS, and incorporated into mainstream business reports. Using this approach, diversity requirements become one element of the department's business planning and reporting requirements, rather than a separate strategy with accountability assigned to a corporate or HR group.

4.19 In addition, the department's Indigenous-specific plans focus on a small number of initiatives, with incremental targets linked to quantifiable outcome measures, accessed from either the department's HRMIS, or the annual agency workplace survey. Concurrently, departmental targets are benchmarked against the broader APS, using statistics from the annual *State of the Service Report* as a comparison. The development of policies and strategies in this manner has facilitated regular business reporting against identified targets. At the same time, the implementation of a small number of clearly defined, achievable and quantifiable targets incorporated in regular business reports provides a focus for all employees.

Recruitment

4.20 The department uses general as well as Indigenous-specific programs to recruit Indigenous applicants. These include the department's Graduate Program, *Special Measures* provision, *Identified Positions*, and participation in the Pathways Program. The approach demonstrates both a flexible and targeted approach to recruiting Indigenous applicants. For example, in 2013 the department sought five Indigenous graduates and two trainees through the Pathways Program. In response the department gained six employees—one graduate and five trainees. The department takes a more targeted approach to Indigenous recruitment in programs operating in regional locations. For example, Indigenous communities play an important role in supporting the department and other APS agencies with quarantine, border

and environmental protection priorities across Northern Australia, through the Northern Australia Quarantine Strategy (NAQS) program.⁹¹

4.21 As at October 2013, the department employed 71 biosecurity officers through the NAQS program. Of these 71 staff, 32 were Indigenous which represents approximately 45 percent of the NAQS workforce. The majority of these employees are working in the Torres Strait Islands zone. Seventeen of the 32 Indigenous roles are full-time, with the remaining 15 positions being part-time. The part-time positions are typically at the APS 3 level, at 0.8 full-time equivalent (FTE), and located on the outer islands of the Torres Strait.

4.22 Consistent with the Public Service Act, the Department of Agriculture advise that NAQS employees are engaged following a merit-based competitive selection process. The nature of NAQS work requires employees to work closely with, and in, local Indigenous communities. Equally, it requires the person engaged to be known and respected by the community. To identify applicants who meet these requirements the department has tailored job-specific criteria, and encourages applications from local candidates through targeted promotion in local businesses, community radio, and through local Indigenous networks. Roles are also advertised through mainstream channels such as the www.apsjobs.gov.au.

4.23 The Department of Agriculture has also recruited Indigenous graduates, cadets and trainees through the Pathways Program. This has been successful for positions in regional and metropolitan locations, but proven more challenging for the recruitment of candidates to NAQS. The Pathways Program recruits once annually. Selecting a candidate through the Pathways Program for NAQS relies heavily on the availability of a NAQS vacancy and concurrently a local, suitable applicant identified through the annual intake for the Pathways Program to undertake a traineeship.

4.24 In addition to these arrangements, the department supports Indigenous employment in remote locations through initiatives such as the Indigenous rangers, mentioned in paragraph 2.5. Indigenous people employed through Australian Government funded service contracts such as these are not included in the overall calculation of APS employees, and accordingly they are not included in the departmental Indigenous workforce participation rates.

91 NAQS operates in coastal regions of northern Australia, covering approximately 10 000 kilometres from Broome, Western Australia to Cairns, Queensland, including the islands of the Torres Strait.

Indigenous representative body

4.25 Departmental Indigenous strategies and initiatives are supported by an Indigenous Working Group; the Indigenous Employee Network; the Aboriginal and Torres Strait Islander Employment Committee; Indigenous Champions drawn from the Senior Executive Service; and Indigenous Ambassadors. These individuals and groups provide reference points for policy development, act as representatives on selection committees and prepare information for employees such as the *Guidelines for Aboriginal and Torres Strait Islander Terminology Usage*, which provides guidance on appropriate terminology when working with Aboriginal and Torres Strait Islander people and/or communities, and for use in departmental policy, planning, programs and other written communication.

Summary

4.26 The Department of Agriculture has taken an integrated workforce planning approach to the implementation of diversity requirements, with KPIs linked to HRMIS data sets or the annual agency workplace survey, and reported each month or annually to the department's Executive. The departmental focus on a small number of initiatives to support Indigenous recruitment and career development, regularly monitored and reported against, has achieved an annual incremental increase in Indigenous representation in the department. The department's Indigenous representation is increased by the NAQS program which employs approximately one third of all Indigenous employees in the department and operates in remote areas of northern Australia.

Department of Human Services

4.27 The Department of Human Services (DHS) is the Australian Government's primary service delivery organisation. It is also the largest APS employer with over 35 000 employees. Operating from a national office in Canberra, DHS has fifteen service zones nationally⁹², employing staff in metropolitan, regional and remote locations. DHS provides access to social, health and other welfare payments and services, delivered face-to-face in a service centre; over the telephone; and through online self-servicing. There are

92 DHS service zones are: Central NSW, Central QLD, Eastern Victoria, mid NSW, Northern Australian, Northern NSW, Northern QLD, Northern Victoria, South Australia, South QLD, Southern NSW, Sydney, Tasmania, West Victoria, Western Australia.

other arrangements in place for servicing very remote customers (including Indigenous Australians), for example remote visiting teams.

4.28 Indigenous representation in DHS has increased from 3.1 per cent (1173 employees) in 2011–12, to 3.4 per cent (1221 employees) in 2012–13. As at 30 September 2013, Indigenous representation in DHS was reported at 3.8 per cent, with a retention rate of 89 per cent. Of the 1322 self-identified Indigenous DHS employees, 1239 (93 per cent) were located outside the ACT, with the highest representation in Queensland (395 employees or 30 per cent), New South Wales (329 employees or 24 per cent) and the Northern Territory (220 employees or 16 per cent). Of the total number of DHS Indigenous employees, 80 per cent (1062) are at the APS 3, 4 and 5 levels.

4.29 Analysis of DHS data indicates that APS Indigenous employee classification is higher in the DHS national office in the ACT, where 65 per cent of Indigenous employees are at the APS 5 level and above. In contrast, Indigenous DHS employees in the states and territories are typically concentrated at the APS4/5 levels and below. The number of DHS graduates, trainees and cadets are also higher in the states than in the ACT. Of the 84 Indigenous trainees, graduates and cadets, five are located in the ACT with the remaining 79 in the states and territories.

4.30 From 2011, DHS has integrated the previously separate service delivery organisations of Medicare Australia, Centrelink and Commonwealth Rehabilitation Services Australia, into a single service model. Historically, these organisations had various arrangements in place to support increased Indigenous employment. DHS has, where possible, maintained these arrangements, and in addition, implemented new initiatives.

Planning and reporting

4.31 DHS has in place, a number of inclusive workforce policies including the *Workplace Diversity and Inclusion Strategy 2011–15*, the *Reconciliation Action Plan 2012–14*, and the *Aboriginal and Torres Strait Islander Employees Plan 2011–15* which includes the *Aboriginal and Torres Strait Islander Employees Action Plan 2011–15*. These plans aim to promote and support a socially inclusive workforce, and commit the department, in addition to increasing Indigenous representation, to build local connections with Indigenous people, and increase non-Indigenous employees' awareness of Indigenous culture.

4.32 DHS regularly produces workforce reports such as the DHS *Quarterly Workforce Analytical Report* which provides employment data for all DHS employees, including employment data for Indigenous employees. Further, the *Work Area Report for Aboriginal and Torres Strait Islander Employees*, a summary of Indigenous employees' responses to the annual *DHS People Survey*, provides a measure of the engagement, overall satisfaction, loyalty and commitment of Indigenous employees. This report also provides a comparison of year-to-year responses of Indigenous employees.⁹³ Taken together, these two reporting mechanisms quantify the number of Indigenous employees, their location and APS classification, and provide qualitative measures of their experience within the DHS work environment.

4.33 This data set is however, not used to report against Indigenous-specific plans nor monitor the effectiveness of Indigenous-specific initiatives. Concurrently, the Indigenous-specific plans lack clearly defined outcome measures or KPIs which makes reporting difficult. Without clear links between the initiatives, and the objective and aims of the strategy or plans, and clearly defined performance measures, DHS is unable to determine which initiatives are beneficial and which are not; which require a continued focus to achieve success; and which initiatives, could, over time be revised, refreshed or removed.

4.34 DHS has advised that the department is reviewing a number of Indigenous-specific strategies and plans, and reporting arrangements, to better align the plans and reporting to departmental workforce planning and reporting processes. This action has been taken to better define targets and outcomes to quantitative and qualitative measures or KPIs which can be routinely reported through the departmental HRMIS, or workplace surveys. The planned targets and outcomes, as currently defined, limit the evaluation of specific initiatives, and more broadly the measure of success of the plans and/or strategy overall. For example, a major DHS initiative to employ Indigenous applicants is the *DHS Indigenous Apprenticeship Program* (the Apprenticeship Program), an entry-level *Special Measures* provision, which commenced in 2007. The program is described in paragraph 4.38.

93 DHS, *Work Area Report for Aboriginal and Torres Strait Islander Employees*, p. 3.

4.35 In 2013, DHS reported the recruitment of over 80 candidates to the program. However, retention of DHS Apprentices is not tracked nationally, and the department has been unable to assess the effectiveness of the program in this respect.⁹⁴ The recent introduction of eRecruitment (a centralised, online recruitment tool to record and track applicants, as well as send alerts to potential applicants) will enable DHS to record the number of *Special Measures* and *Identified Positions* recruitment rounds, record applications and track applicants. Data sets from eRecruitment will further enable DHS to better monitor recruitment outcomes.

Recruitment

4.36 DHS promotes departmental employment opportunities to potential Indigenous applicants as well as using *Special Measures* and *Identified Positions* to tailor employment opportunities. DHS also works with the APSC to identify potential applicants through the Pathways Program. In 2013, DHS employed 6 graduates, 7 cadets and 5 trainees through the Pathways Program. More broadly, DHS has committed to reserving 10 per cent of all bulk recruitment initiatives for Indigenous applicants, under the *Special Measures* provision.

4.37 To further streamline *Special Measures* recruitment, DHS has clarified departmental requirements to confirm Indigenous heritage. Although any agency may use the *Special Measures* provision to recruit Indigenous applicants, the evidence to be collected to confirm Indigenous heritage varies from agency to agency. To support DHS selection committee delegates, DHS has defined requirements for confirmation of Indigenous status as:

- Letter from an Indigenous organisation; or
- Statutory declarations: If a candidate is unable to obtain a letter from an Indigenous organisation, they may provide the department with two statutory declarations. A personally signed declaration from the applicant, and either a statutory declaration completed by an Indigenous APS employee, or a statutory declaration completed by an Indigenous service provider such as an Indigenous Medical Service.

4.38 As referenced in paragraph 4.34, the DHS Apprenticeship Program recruits a significant number of Indigenous candidates annually. The program

⁹⁴ The retention rate relates to Apprentices recruited in Northern Australia from the commencement of the program to 2013.

offers successful Indigenous applicants permanent APS employment, often in areas of high unemployment. In addition to permanent employment, the program incorporates educational support to complete a Certificate III in Customer Contact through a local Registered Training Organisation. Features of DHS' approach to the recruitment of Indigenous candidates through the Apprenticeship Program include the promotion of Apprenticeships locally as well as nationally through Indigenous networks, and providing potential applicants a 'walk through' a call centre.

4.39 Indigenous Apprentices interviewed on fieldwork indicated that the 'walk through' enabled them to gain some knowledge of the work they would complete, the nature of the environment in which they would work, and the people with whom they would work, if selected. The 'walk through' also enabled them to self-select out of the recruitment process, if, on reflection, the work and/or the work environment did not suit their employment or personal preferences.

Career development initiatives

4.40 As part of the DHS Indigenous career development initiatives, DHS offers employees access to mentoring and academic scholarships. The Indigenous-specific mentoring program operates nationally with mentoring relationships delivered either face-to-face, over the phone, or in groups. Accreditation as a DHS mentor is on successful completion of a two day training course. DHS has advised that the department commenced reporting on the mentoring program within the last 12 months. For this reason, DHS is unable to provide outcome data from the commencement of the program, nor is DHS able to comment on the success of the Mentoring Program to date.

4.41 The *DHS Indigenous Scholarship Program* provides assistance to ongoing Indigenous employees to study full-time and complete an undergraduate degree relevant to the department's business. Scholarship applicants are required to have a minimum of one year continuous employment in DHS, and be studying their first undergraduate degree in a field relevant to the department's work, and have successfully completed the equivalent of one year of study towards their qualification. The scholarship includes salary and leave for the duration of the course of study and all academic fees. Scholarship holders return to their work team during the mid-year and end of year study breaks. As at November 2013, DHS was sponsoring 10 Indigenous Scholars. All 10 Scholars are funded for the duration of their three or four year degree.

DHS has advised that the department does not formally monitor retention of Scholars.

Indigenous representative body

4.42 The National Indigenous Coalition (NIC) is DHS's peak advisory forum in which issues that affect Indigenous customers and employees are discussed. Membership of the NIC includes broad representation from policy and service delivery areas within the department and includes all SES who identify as Indigenous. The NIC is a mechanism for bringing together Indigenous expertise within DHS and facilitates a forum where Indigenous servicing, and the linked elements of Indigenous employment and career development, can be raised and discussed. Matters from the NIC can be subsequently raised through the Customer or Executive Committees.

Summary

4.43 DHS has demonstrated ongoing, incremental growth in the number of Indigenous employees, with the majority of new recruits located in regional offices outside the ACT. Employment classifications for Indigenous employees are higher in the ACT with over half employed at the APS 5 level and above. This is in contrast to regional employees employed at the APS 4 and APS 5 levels and below.

4.44 DHS is currently reviewing Indigenous-specific plans to more strategically align with the departmental Workforce Plan. Concurrently, the department has commenced a review of Indigenous-specific initiatives to more clearly align KPIs with the intent of the initiative, and link KPIs to regular reporting mechanisms such as HR metrics or annual workplace surveys. Clearly defined KPIs linked to regular business reporting mechanisms will increase monitoring of the initiatives implemented by DHS to attract, recruit and develop Indigenous candidates. Additionally, more comprehensive DHS monitoring and reporting of Indigenous-specific initiatives may, due to the department's national footprint, provide a national perspective on Indigenous employment and career development.

Department of Employment / Department of Education

4.45 At the commencement of this audit the former DEEWR was designated as an audited entity. Accordingly, the policy and operational documents of the former DEEWR were examined by the ANAO. As per the Administrative Arrangements Order of 18 September 2013, DEEWR was reconstituted into two separate departments: the Department of Education and the Department of Employment. Under the current administrative arrangements, HR functions, including those relating to Indigenous employment, are provided to both departments by a Shared Services Centre.

4.46 For ease of reference, and because most fieldwork and analysis occurred prior to the changed administrative arrangements, this section refers to DEEWR. The ANAO has been advised that as at April 2014, the initiatives put in place by the former DEEWR, continue to be implemented through the Shared Services Centre.

4.47 The former DEEWR was the Australian Government department responsible for national policies and programs that enabled all Australians to access quality and affordable childcare; early childhood and school education; jobs; and fair, safe and productive workplaces.⁹⁵ Consistent with this mandate, DEEWR was also responsible for a range of policies and programs designed to close the gap on disadvantage for Indigenous people in areas of employment, schooling and early childhood development. The department was also, at the time, responsible for the preparation of NPA-IEP reports for submission to the Minister through the former Department of Families, Housing, Community Services and Indigenous Affairs.

4.48 The former DEEWR operated offices in each capital city and in regional locations nationally. As at 30 June 2013, 3300 DEEWR staff were located in DEEWR Central Office (Canberra), with 849 located in other capital cities and regional offices—approximately 80 per cent of the former DEEWR staff were employed in the ACT with the remaining 20 per cent employed nationally. Indigenous representation in DEEWR, as at June 2013, was reported at 5.7 per cent. This was significantly above the 2.7 per cent target representation of the NPA-IEP, but remained slightly less than the ‘stretch target’ of 6.16 per cent⁹⁶

95 Former Department of Education, Employment and Workplace Relations, *About the Department*, [Internet], available from <<http://deewr.gov.au/about-department>> [accessed 2 September 2013].

96 DEEWR *Reconciliation Action Plan 2011–14*, p. 17.

Indigenous representation by 2015, set by the department in the departmental Reconciliation Action Plan.

4.49 At this time, the former DEEWR employed 238 Indigenous staff with the majority employed as ongoing, full time employees. Of these employees, 148 were employed in DEEWR state network offices (representation of 17.6 per cent) with the remaining 90 employed in the Central Office in the ACT (2.7 per cent representation). The department advised the ANAO that Indigenous representation could be considerably higher in some of the regional network offices. For example, the Cairns DEEWR office reported approximately 50 per cent Indigenous representation.

Planning and reporting

4.50 As the department had lead responsibility for four of the six COAG Closing the Gap targets, and as Indigenous Australians are integral to achieving these outcomes, DEEWR implemented policies and programs under the criterion, *'Indigenous business is everyone's business'*. All departmental workforce planning and supporting diversity documentation included a commitment to ensuring Indigenous Australians were appropriately represented in the department's workforce.

4.51 In combination with the department's integrated workforce planning approach to increasing diversity, DEEWR regularly monitored outcomes and prepared progress reports against departmental diversity targets. The HR Metrics and Data Report, a report provided to the department Executive each month, was used to monitor and report internally on diversity outcomes. Using this report, the Executive was able to identify, for example, the proportion of Indigenous staff by employment classification, which, at June 2013, reported Indigenous Executive Level engagements in National Office at 3.3 per cent, and 28 per cent in the State Offices. In addition to identifying gains in the representation of Indigenous employees at the Executive Levels, the report also provided data for planning purposes.

Recruitment

4.52 In addition to promoting all employment opportunities to Indigenous applicants, the former DEEWR implemented a number of *Special Measures* strategies. The largest of these was the Indigenous Australian Government Development Program (IAGDP). The IAGDP was initially developed and implemented to increase Indigenous representation in the department, and provide Indigenous candidates the opportunity to complete a recognised

qualification. The qualification of a Certificate IV in Government, was chosen because of its job match to work in the department (27 per cent of all APS level jobs involved contract management), and more broadly, the APS.

Identified Positions

4.53 In addition to the use of the *Special Measures* provision, the former DEEWR clearly directed the use of *Identified Positions*. The *Identified Positions Policy* was to 'ensure quality policy development, program and service delivery by DEEWR people to Indigenous Australians.' The policy required that all advertised positions must be reviewed relative to the policy requirements. In addition, DEEWR advised that all *Identified Positions* were referred to the *Mura Kaimel-Yarrangi (MKY) Committee* (the former DEEWR Indigenous representative body) for comment relative to their relevance to potential Indigenous applicants or program targeted.

4.54 More broadly, DEEWR also applied the policy to classify all positions in DEEWR offices including in Darwin, Alice Springs, Cairns, Townsville and Brisbane. The aim was to assist in the recruitment and selection of the most suitable person to a role where the focus was to deliver quality policy development and service delivery to Indigenous Australians. Although non-Indigenous people can apply for *Identified Positions*, Indigenous Australians are likely to be competitive in successfully gaining a position given the selection criteria. Indigenous representation was high in some of the former DEEWR's regional offices—about one third of the staff in the DEEWR Alice Springs and Darwin offices were identified as Indigenous, and around 70 per cent of staff in the Townsville office were identified as Indigenous.

Career development

4.55 In 2013, the former DEEWR developed the *Aboriginal and Torres Strait Islander Employee Secondment and Development Program* (the Secondment Program) to build the capacity and capability of high performing Indigenous employees. As Executive Level (EL) and Senior Executive Service (SES) engagements in regional offices are limited, the aim of the program is to encourage successful participants to consider relocating to the ACT to expand their career opportunities. The program gives high performing employees a short-term secondment, of up to 3-4 months, in National Office to work in a policy or program area. Funding is provided to meet all expenses including flights and accommodation. An initial cohort of 7 employees, with representatives from NSW, QLD, Victoria, WA and the NT were selected. The program is still in its early stages with a post-program evaluation planned to

review the value of the experience and outcomes achieved for the first group of candidates.

Indigenous representative body

4.56 A feature of the department's business approach to increasing Indigenous representation in the department was the establishment of the *Mura Kaimel-Yarrangi (MKY) Committee*. The MKY Committee is a consultative group established to advise the department on strategic people management issues relating to the recruitment, retention, and career development programs specific to Indigenous employees. In support of this work the MKY Committee: has a clearly defined governance and reporting framework through which matters can be raised with the department's Executive; supports a national membership and network of officers; and offers a departmental review mechanism for Indigenous matters within the department.

Evaluation and reporting

4.57 The former DEEWR had also taken steps to improve data collection to evaluate Indigenous career development initiatives. In order to more comprehensively assess the effectiveness of these initiatives, the department introduced the requirement that employees seeking access to Indigenous-specific funds or benefits, were required to identify their Indigenous status on the departmental HRMIS. Although this remained confidential, their self-disclosure will enable a more accurate assessment of the number of Indigenous employees, and the appraisal of the benefits or outcomes achieved through Indigenous-specific funding and programs.

Summary

4.58 Developing and embedding the concept of *Indigenous business is everyone's business* is a common thread through the former DEEWR's strategic plans, corporate strategies and Indigenous-specific policies. The department took an integrated approach to the development of policies and strategies to support Indigenous recruitment, education and career development, incorporating requirements into the business and workforce planning of the department. Complementing these arrangements, the MKY was established with a formal governance structure which facilitated the review of departmental policies which impact on Indigenous people, and provided an avenue to represent these views to the departmental Executive.

4.59 The department's initiative to recruit Indigenous entry-level candidates through the IAGDP has been shared by a number of other Australian Government entities, and has increased Indigenous APS employment. In addition to entry-level employment options through the IAGDP, the former DEEWR encouraged the career development of regionally-based Indigenous employees through the Secondment Program. The registration of Indigenous status when applying for Indigenous funding or programs will also improve monitoring and reporting of outcomes achieved through Indigenous-specific initiatives.

Australian Federal Police

4.60 The AFP is the Australian Government's primary law enforcement agency. It is an independent statutory authority, established by the *Australian Federal Police Act 1979*. The AFP employs approximately 6540 staff in the roles of sworn police officers, protective service officers and unsworn or civilian staff⁹⁷ with the majority employed as permanent, full-time. The AFP has offices in every Australian capital city, some regional centres, and the Australian Territories.

4.61 Some of the AFP's priority responsibilities include preventing, countering and investigating: terrorism; illegal drug trafficking; transnational and multi-jurisdictional crime; organised people-smuggling, human trafficking and slavery; serious fraud against the Commonwealth, high-tech crime involving information technology and communications; regional peacekeeping and capacity building; and money laundering. Other significant focuses include providing policing services to the ACT and external territories, contributing to the Australian Government's international law enforcement interests and providing for the security of Australian air travellers and the aviation industry.

4.62 Just over 55 per cent (3840) of AFP employees are located in the ACT, followed by New South Wales 14 per cent (980), Victoria 9 per cent (585), and Queensland 7 per cent (444). Attrition rates for the AFP are currently around two to three per cent for sworn officers and approximately 5 per cent for unsworn or civilian officers. Similar data is not readily available for Indigenous employees.

97 Australian Federal Police, *Annual Report 2012–13*, p. 208.

4.63 Indigenous representation in the AFP has increased incrementally from 0.73 per cent in 2010–11, to 1.2 per cent in 2012–13. As at October 2013, approximately 90 employees self-identified as Indigenous. Of these employees, over half (61 per cent) are male. This is in contrast to the APS trend where 67.1 per cent of ongoing Indigenous employees are women. The majority of Indigenous AFP employees are unsworn or civilian officers (58 per cent), approximately 22 per cent are sworn officers; and approximately 11 per cent are protective service officers.

Planning and reporting

4.64 The AFP had developed three Indigenous-specific documents to support the employment of Indigenous Australians in the AFP—the *AFP Workforce Diversity Plan 2010–12*; the *AFP Indigenous Employment Strategy*, and the *AFP Directions Program*, an Indigenous entry-level employment program. At the time of the audit the schedule for all documents had expired. In the absence of diversity documents for the current period the ANAO reviewed existing documentation. Although out of date, the policies remained operational. Overall the strategies committed the AFP to increase the number of Indigenous employees through promoting the AFP as an employer of choice through Indigenous networks; ensuring that the AFP entry-level recruitment processes took into account the needs of Indigenous applicants; delivering targeted career development opportunities for Indigenous employees; and creating a culturally inclusive workforce.

4.65 ANAO's examination of the expired documents and discussion with the AFP indicated Indigenous-specific plans had been developed and operated parallel to, rather than aligned with the AFP Workforce Plan. The use of ambitious targets with few incremental steps for evaluation or assessment, other than the expiration of the plan limited monitoring. As a result, any interim steps towards the targets could not be measured or reported, nor could the contribution made from each initiative be assessed relative to the overall plan. Gains achieved, or losses sustained could not be effectively reviewed, and no insights for future planning determined.

4.66 In September 2013, the AFP had commenced a review of its workforce diversity plan and Indigenous-specific strategy and recruitment program to more strategically align each document with the *AFP 2013–15 Workforce Plan*. This will include a review of the KPIs for Indigenous representation to establish new targets. The AFP has also advised that in conducting the review of the diversity documents and targets, careful consideration will be given to

resources required to meet any targeted commitments. The revised plans will commit the AFP to actions in 2014 and 2015, and drafts of these documents are due during 2014.

4.67 The AFP also advised that reporting against AFP Indigenous employment targets is time consuming due to a lack of code in the departmental HRMIS, and that analysis of Indigenous employee data requires a manual count of employees who self-identify as Indigenous, relative to their employment type and employment location. The AFP has advised that a project is currently underway to create a new HRMIS for the AFP which will enable easier collection and analysis of employee diversity data. The anticipated implementation date is January/February 2017.

Recruitment

4.68 The AFP uses a bulk recruitment process to attract and select candidates for most entry level roles. In addition to the application process, all candidates must complete several assessments to be rated as suitable for AFP appointment. Assessments can include:

- a security and character clearance process that assesses applicant's employment, financial, residential and personal histories, as well as their partner's (if applicable). The clearance process examines any convictions that have occurred within the past five years (including traffic offences).
- a physical competency (fitness) assessment;
- cognitive and aptitude testing;
- medical testing; and
- psychometric testing.

4.69 Each assessment process is characterised by a gateway, with a benchmark for each gateway established relative to the position requirements, to determine candidate suitability. Candidates are required to meet the required benchmark set for each gateway for the role for which they have applied. The required score or gateway varies for different roles. For example a particular gateway for an AFP graduate may have a different benchmark for an AFP Protective Service Officer. If a candidate does not meet the benchmark for any one gateway, the candidate is deemed unsuitable to progress to the next gateway and is subsequently advised that their application has not been successful.

4.70 To support Indigenous applicants within the assessment process, the AFP has advised that Indigenous applicants who have narrowly missed the benchmark for one gateway are given the opportunity to progress to the next gateway to increase diversity within the applicant pool.

4.71 Similar to APS agencies, the AFP designates some appointments for Indigenous applicants only. The AFP refers to these designated roles as *Identified Positions*, in contrast to APS agencies where such roles are described as *Special Measures*. These roles are also subject to the assessment process listed in paragraph 4.68. The AFP offers a number of entry-level *Identified Positions* through the AFP Directions Program which includes:

- the AFP Aboriginal and Torres Strait Islander Cadetship Program;
- the AFP Aboriginal and Torres Strait Islander Traineeship Program;
- the AFP Aboriginal and Torres Strait Islander School Based Apprentice Trainee; and
- the AFP Aboriginal and Torres Strait Islander Seconded Program.

On successful completion of the AFP Directions Program, the AFP advises that participants are placed in permanent roles with the AFP, although these are not *Identified Positions*.

4.72 The AFP has also, on occasion, accessed the collaborative arrangements offered through the Pathways Program and the IAGDP. ANAO analysis of AFP records indicate that AFP Indigenous-specific recruitment programs, rather than the collaborative arrangements with other APS agencies, have been more successful in terms of the retention and career progression of Indigenous candidates. This might be due, in part, to the clearly defined AFP job requirements, and the number of prescriptive assessments to determine candidate suitability, rather than a more generic approach.

4.73 To increase awareness of the work of the AFP, including promoting the nature and variety of AFP roles to potential Indigenous applicants, the AFP has targeted messages to the Aboriginal and Torres Strait Islander community at a number of events, including a four-day annual football carnival, and AFP recruitment stalls at local community events.

Indigenous representative body

4.74 The Malunggang Indigenous Officers Network (MION) is the AFP's Indigenous representative body, broadly described as a voluntary internal network that supports the recruitment, retention and career development of AFP Indigenous employees. In contrast, AFP diversity documents describe the role of the MION as one of a central liaison and advisory group; responsible for targeted recruitment drives and information for Indigenous applicants; and strengthening internal and external AFP stakeholder relationships.

4.75 While the MION may provide some valuable insights for Indigenous employees, the MION is not linked through formal departmental reporting structures or listed as responsible for diversity outcome measures. However the MION has representation on the AFP Diversity Council which was established under the AFP Workforce Diversity Plan 2010–12.

Summary

4.76 The AFP has developed a number of Indigenous-specific plans and initiatives to increase the number of Indigenous AFP employees. Of particular interest is the number of male Indigenous employees (61 per cent) which is in contrast to APS agencies in general, where the workforce is skewed to female employees. The steady growth in Indigenous employment over time suggests that AFP strategies to promote and encourage Indigenous employment have been successful. However, as all AFP diversity documents have expired, and evaluation of the outcomes of the expired plans is difficult, due to limited reporting, no clear achievements can be determined.

4.77 The AFP's use of aspirational targets with an extended timeline for achievement in Indigenous planning documents has resulted in a lack of reporting against interim achievements or outcomes, and subsequently limited information gathered to support initiatives implemented. Further, the aspirational nature of the diversity targets included in the expired AFP diversity documents demonstrated limited consideration of available departmental resources to contribute to achieving the targets within the department's existing workforce plan. The AFP advised that the current review of all diversity plans is being conducted with regard to the current workforce plan and resources available to implement Indigenous-specific initiatives. In addition, reporting is to be linked to mainstream HR reporting.

4.78 The AFP, consistent with its brief, has a highly structured approach to the assessment of all employees. To support increased Indigenous employment, the AFP has given consideration to Indigenous applicants who may narrowly miss an assessment benchmark in this process. Additionally, the AFP has established a supported pathway for school-based trainees to encourage completion of secondary education and transition to work arrangements. AFP data indicated that this targeted selection and recruitment process achieves positive retention outcomes.

Conclusion

4.79 The strategies and plans of audited entities indicated a commitment to diversity and particularly the employment and career development of Indigenous employees, however the outcomes achieved were not well measured. While there were exceptions as identified in this chapter, in general the implementation of Indigenous-specific initiatives or strategies:

- were implemented without a clear connection to business or workforce planning processes; (For example, the establishment of Indigenous recruitment or Indigenous representation targets in isolation from agency staffing needs);
- lacked quantitative and qualitative performance indicators which linked to the stated outcome of the initiative or strategy; (Agency plans often had a broad, stated outcome, for example, to increase Indigenous employment and career development. This was generally supported by the implementation of multiple initiatives, mostly operating in isolation of each other, with little linking the initiatives by way of outcomes to the stated outcome);
- operated in isolation of, rather than supportive of, other workforce initiatives; (Indigenous-specific planning documents were generally stand-alone documents with limited reference to agency employment and career development strategies);
- subsequently lacked data to attribute success to any, or a combination of the initiatives to support Indigenous recruitment and career development and build a socially inclusive workforce; (data collection for monitoring and reporting processes was limited. Often data collection was an output measure not linked to Indigenous employment and/or career development).

4.80 The audit has highlighted that Australian Government entities generally could build on current practices, including by: considering a more integrated workforce planning approach to increasing Indigenous employment; using performance or outcome measures linked to the intent of the recruitment and retention initiatives implemented; and conducting evaluations of initiatives against stated outcomes to determine their effectiveness.



Ian McPhee
Auditor-General

Canberra ACT
29 May 2014

Appendices

Appendix 1: Agencies response to the proposed report

Australian Public Service Commissioner



Australian Government
Australian Public Service Commission

Mr Ian McPhee PSM
Auditor-General
GPO Box 707
Canberra ACT 2601

Dear Mr McPhee *Ian*

ANAO Report on Indigenous Employment in Australian Government Entities

Thank you for the opportunity to provide comments on the proposed audit report on *Indigenous Employment in Australian Government Entities* (the Report).

I am pleased to advise that the Australian Public Service Commission (APSC) agrees with both Recommendations One and Two of the Report.

The APSC's formal response to the recommendations is provided at [Attachment A](#).

As requested, a summary of the APSC's response is also provided, at [Attachment B](#).

If you have any queries regarding the APSC response, please contact Mr Pete Mitchell on 02 6202 3912, or Pete.Mitchell@apsc.gov.au

Yours sincerely


Stephen Sedgwick AO, FIPAA
9 May 2014

ANAO Report on Indigenous Employment in Australian Government Entities (the Report) – Australian Public Service Commission’s response

Recommendation 1 – Agree

The Australian Public Service Commission (APSC) agrees that, while current broad-based approaches to meeting the target have contributed to arresting the decline of Indigenous representation in the Australian Public Service (APS) and maintaining levels in recent years, it is timely and appropriate that the strategies be reviewed, particularly in the context of the imminent release of the report of the *Review of Indigenous Training and Employment* (the Forrest Review).

The APSC agrees that the current approach should be re-examined to consider more differentiated and tailored ways in which the APS can best meet the Government’s target of 2.7 per cent. These strategies should be flexible, take account of individual agencies’ capacities and capabilities and lead to improved employment outcomes for Indigenous Australians in the APS.

The APSC has a statutory responsibility under the *Public Service Act 1999* to collect and report on data in relation to APS agencies. However, the APSC, in consultation with relevant bodies, would be prepared to explore avenues to enable comprehensive reporting on Indigenous employment in Australian Government entities more broadly.

Recommendation 2 – Agree

The Australian Public Service Commission (APSC) welcomes the ANAO finding that the *Indigenous Pathways to Employment Program* (Pathways) has demonstrated success over the years as an entry-level recruitment avenue for Australian Public Service (APS) agencies.

It is worthwhile noting that Pathways has operated since 2006 with inconsistent funding arrangements that have made investment in, and reform of, the programme challenging. As acknowledged in the Report, the programme is primarily funded through an MOU with a number of APS agencies until 2016.

The APSC agrees that, while Pathways has achieved significant recruitment outcomes for Indigenous graduates, cadets and trainees, it is timely and appropriate that the programme be re-examined, particularly in the context of the imminent release of the report of the *Review of Indigenous Training and Employment* (the Forrest Review). The programme would benefit from consideration of a more contemporary and tailored approach, and more targeted consultation with all stakeholders to ensure that it most effectively meets the needs of both Indigenous applicants and APS agencies.

Attachment B**ANAO Report on Indigenous Employment in Australian Government Entities (the Report) – Summary of the Australian Public Service Commission’s response**

The Australian Public Service Commission (APSC) acknowledges that it has proved difficult to both monitor and increase Indigenous participation in Australian Government entities.

APS agencies continue to implement a number of strategies to achieve improved employment outcomes for Indigenous Australians. The APSC supports agency efforts through the *APS Indigenous Employment Strategy 2012–16*. Included in the Strategy is the *Indigenous Pathways to Employment Program* (Pathways).

The APSC agrees that the current strategies in place for meeting the 2.7 per cent target for Indigenous representation in the APS would benefit from review to ensure that they more effectively meet the needs of both Indigenous Australians and individual agencies—including through a more flexible approach. This includes a re-examination of Pathways.


The APSC’s implementation of Recommendations 1 and 2 will also be informed by the Government’s response to the *Review of Indigenous Training and Employment* (the Forrest Review). At the time of writing, the report of the review had yet to be presented to the Prime Minister.



Australian Government
Department of Education

Secretary
Lisa Paul AO PSM

Dr Andrew Pope
Group Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601


Dear Dr Pope

Proposed audit report on Indigenous Employment in Australian Government Entities

Thank you for your letter of 14 April 2014 and the opportunity to provide comment on the proposed audit report on Indigenous Employment in Australian Government Entities.

The Department of Education acknowledges the report's positive assessment of work undertaken in the former Department of Education, Employment and Workplace Relations (DEEWR) to increase Indigenous employment and the contribution made through the Indigenous Australian Government Development Programme (IAGDP). We will continue to actively support the IADGP and assist other agencies to participate.

My department is committed to be an employer of choice for Indigenous Australians and will continue the good practices recognised as starting in the former DEEWR. We are embedding an Indigenous focus into our business and governance arrangements using the theme *Indigenous business is everyone's business*. We will continue strategies and initiatives that support the recruitment and career development of Indigenous employees including:

- *Special Measures and Identified Positions*,
- Indigenous employee representative bodies,
- mentoring arrangements, and
- specialist training and career development programmes.

We recognise the key role of effective recruitment and retention strategies in maintaining and increasing current levels of Indigenous representation and intend to build further on initiatives already in place to increase our Indigenous representation.

We will also actively support any efforts to improve data collection and reporting to provide a comprehensive Australian Government public sector reporting mechanism.

50 Marcus Clarke Street, Canberra ACT 2601
GPO Box 9880, Canberra ACT 2601 | Phone (02) 6121 6000

A summary of my department's formal response to the audit report is attached for your reference. I understand that our response will be included in the report Summary.

If you require further information on this matter, the contact in my department is Ms Michelle Cornish, Group Manager of People, Capability and Communication on (02) 6240 0416.

Yours sincerely



Lisa Paul

8 May 2014

50 Marcus Clarke Street, Canberra ACT 2601
GPO Box 9880, Canberra ACT 2601 | Phone (02) 6121 6000

**DEPARTMENT OF EDUCATION RESPONSE TO AUDIT REPORT ON INDIGENOUS
EMPLOYMENT IN AUSTRALIAN GOVERNMENT ENTITIES**

The Department of Education acknowledges the report's positive assessment of work undertaken to increase Indigenous employment and the contribution made through the Indigenous Australian Government Development Program (IAGDP). The Department of Education will continue to support the IADGP in partnership with the Department of Employment and assist other agencies to participate.

In addition, the Department of Education is committed to being an employer of choice for Indigenous Australians and will continue the good practices recognised in the report. These include incorporating an Indigenous focus into our business and governance arrangements as well as continuing strategies and initiatives that support the recruitment and career development of Indigenous staff.



Australian Government
Department of Agriculture

SECRETARY

Ref: EXEC2014-03959

Dr Andrew Pope
 Group Executive Director
 Performance Audit Services Group
 Australian National Audit Office
 GPO Box 707
 Canberra ACT 2601

Andrew
 Dear Dr Pope

Thank you for your correspondence dated 14 April 2014 which provided the Department of Agriculture with the proposed audit report on Indigenous Employment in the Australian Government Entities.

As the report indicates, my department has developed a comprehensive Aboriginal and Torres Strait Islander Employment Strategy which provides a focused approach to supporting and improving Aboriginal and Torres Strait Islander employment opportunities and workforce participation.

We are pleased to see the success of this strategy through our increasing employment rates and will continue our focus to ensure that we remain an attractive, diverse and supportive workplace for Aboriginal and Torres Strait Islander people.

The department's comments for inclusion in the Audit Report Summary are provided at Attachment A.

My department has some suggested changes to the text of the report and these are attached for your consideration (Attachment B).

If you require any further clarification on our comments, please contact Greg Healy, Director Internal and Business Assurance on 02 6272 5543 or greg.healy@daff.gov.au.

Yours sincerely

Paul Grimes

14 May 2014

T +61 2 6272 3933
 F +61 2 6272 5161

18 Marcus Clarke Street
 Canberra City ACT 2601

GPO Box 858
 Canberra ACT 2601

daff.gov.au
 ABN 24 113 085 695

ATTACHMENT A

Audit Report Summary

As the report indicates, the Department of Agriculture has developed a comprehensive Aboriginal and Torres Strait Islander Employment Strategy which provides a focused approach to supporting and improving Aboriginal and Torres Strait Islander employment opportunities and workforce participation.

The strategy has seen increased employment rates and the department will continue its focus to ensure it remains an attractive, diverse and supportive workplace for Aboriginal and Torres Strait Islander people.



Australian Government
Department of Employment

Secretary
Renée Leon PSM

Dr Andrew Pope
Group Executive Director
Performance Audit Services Group
GPO Box 707
CANBERRA ACT 2601

Dear Dr Pope

Proposed audit report on Indigenous Employment In Australian Government Entities

Thank you for your letter of 14 April 2014 and for providing the proposed audit report on Indigenous Employment in Australian Government Entities.

On behalf of the Department of Employment, I am pleased to acknowledge that the report provides such a positive evaluation of the former Department of Education, Employment and Workplace Relations (DEEWR)'s efforts to increase Indigenous employment, and the contribution towards the employment targets that the Indigenous Australian Government Development Programme (IAGDP) has achieved. Please find the Department's Summary Response at [Attachment A](#).

We will continue to strive to be an employer of choice for Indigenous Australians by integrating an Indigenous focus into our business and governance arrangements and incorporating the theme *Indigenous business is everyone's business*.

I acknowledge the report's concerns that reaching the target of 2.7% Indigenous representation in the Australian Government public sector by 2015 will be challenging. The Department also notes that a comprehensive public sector reporting mechanism would assist and will support any efforts to improve data collection and reporting.

If you require further clarification please contact Vicki Rundle, Group Manager, People and Communication, on (02) 6240 8872.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Renée Leon', written in a cursive style.

Renée Leon PSM

8 May 2014

SUMMARY RESPONSE**Attachment A**

The Department of Employment acknowledges the report's positive evaluation of initiatives to increase Indigenous employment and the contribution made through the Indigenous Australian Government Development Program (IAGDP). We remain supportive of the Programme and recognise its success.

The Department of Employment will strive to be an employer of choice for Indigenous Australians by integrating an Indigenous focus into our business and governance arrangements as well as continuing our approaches that support the recruitment and career development of Indigenous staff.



Australian Government
Department of Human Services

Kathryn Campbell CSC
Secretary

Ref: EC14/138

Dr Andrew Pope
Group Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Andrew
Dear Dr Pope

Thank you for your letter dated 14 April 2014 and the opportunity to formally comment on the proposed audit report on Indigenous Employment in Australian Government Entities.

I note that the Australian National Audit Office has not made a recommendation to the Department of Human Services in this report.

As per your request, please find attached the department's formal response for inclusion in the final report Summary.

If you would like to discuss the department's response, please do not hesitate to contact myself or Ms Alison Fitzgerald, Acting National Manager Recruitment Branch, on (02) 6133 0341.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Campbell'.

Kathryn Campbell

8 May 2014

Response to the audit report on Indigenous Employment in Australian Government Entities.

The Department of Human Service welcomes this report from the ANAO which acknowledges the innovative work that the department undertakes to grow and retain its Aboriginal and Torres Strait Islander workforce. The department currently exceeds its 2015 milestone target of 3.6 per cent Indigenous representation and significantly contributes to the COAG target of 2.7 per cent Indigenous employment across the APS by 2015.



Australian Government

Department of the Prime Minister and Cabinet

ANDREW FISHER BUILDING
ONE NATIONAL CIRCUIT
BARTON

Reference: EC14/321

Dr Andrew Pope
Group Executive Director
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Dr Pope

Andrew

Thank you for your letter of 14 April 2014 to the Secretary providing an extract of your proposed final report on Indigenous Employment in Australian Government Entities. Dr Watt has asked me to respond on his behalf.

I understand that officers from the department provided feedback on an earlier version of this extract and have now provided further editorial and clarification information to you. We have no formal comments on this extract.

The Australian public sector is one of the largest employers in Australia with a diverse range of employment in a wide range of locations nationally and is therefore well placed to contribute to closing the gap in employment outcomes between Indigenous and non-Indigenous Australians.

A public sector workforce that reflects the Australian community is able to respond more appropriately to its citizens' needs and better develop creative and innovative solutions to complex problems.

The Diversity Council, which Dr Watt chairs, provides strategic leadership across the Australian Public Service (APS) in relation to Indigenous employment and through that forum there is a focus on stronger agency head accountability for improving Indigenous recruitment, career development and retention outcomes within the APS.

We look forward to the ANAO report on Indigenous Employment in Australian Government Entities informing our development of the Government's response to the Review of Indigenous Training and Employment Programmes (the Forrest Review).

Postal Address: PO BOX 6500, CANBERRA ACT 2600
Telephone: +61 2 6271 5111 Fax: +61 2 6271 5414 www.pmc.gov.au ABN: 18 108 001 191

The contact officer in the Department of the Prime Minister and Cabinet for this matter is Ms Brenda Love, Assistant Secretary, Economic Development and Strategic Partnerships Branch, who may be contacted on (02) 6121 7011.

Yours sincerely



Richard Eccles
Deputy Secretary Indigenous Affairs
9 May 2014



COMMISSIONER

GPO Box 401, Canberra ACT 2601 Australia
 Telephone +61 2 6131 5600 Facsimile +61 2 6132 6600
 www.afp.gov.au
 ABN 17 864 931 143

Our Reference: CMS 2014/7392

16 May 2014

Mr Ian McPhee PSM
 Auditor-General
 Australian National Audit Office
 GPO Box 707
 CANBERRA ACT 2601

Dear Ian,

AUDIT REPORT – INDIGENOUS EMPLOYMENT IN AUSTRALIAN GOVERNMENT ENTITIES

I refer to correspondence from the Australian National Audit Office (ANAO) of 14 April 2014, under the signature of Dr Andrew Pope, which provided the Australian Federal Police (AFP) with the proposed audit report on *Indigenous Employment in Australian Government Entities*. The proposed audit report has been provided to the AFP pursuant to sub-section 19(1) of the *Auditor-General Act 1997*.

As highlighted in the report the AFP has made substantive progress in increasing the representation of Aboriginal and Torres Strait Islander (Indigenous) employees with Indigenous staffing having grown by approximately 17 per cent to 1.2 per cent of total employees since 2010. Despite this modest success, the AFP recognises that achieving the Council of Australian Governments' (COAG) target of 2.7 per cent will be challenging. This will be particularly so across law enforcement with employment suitability arrangements and the reality of the vocation serving as potential disincentives for Indigenous employees. On that basis the AFP is currently reviewing its Indigenous strategies with a view to developing a renewed Workforce Diversity Strategy drawing upon achievements to date and lessons learnt within the AFP and across the Commonwealth.

The AFP therefore welcomes the opportunity to contribute to the ANAO audit report on *Indigenous Employment in Australian Government Entities* and notes there are no specific recommendations for the AFP. The AFP acknowledges the commentary and general recommendations contained within the report and looks forward to the release of the final report.

Should you require any further assistance in relation to this matter, please contact Ms Cate Saunders, Manager Human Resources Strategies on 02 6131 5713 or Mr Jason Cresswell, Manager Internal Audit and Business Analysis on 02 6131 5719.

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a horizontal line and a small dot.

Andrew Colvin APM
Performing the duties of Commissioner

Appendix 2: List of APS agencies as at June 2013

Agency*	% Indigenous representation**
Agriculture, Fisheries and Forestry	1.9
Australian Fisheries Management Authority	2.0
APVMA	0.0
Attorney-General's	1.8
Administrative Appeals Tribunal	0.6
ACLEI	0.0
AUSTRAC	0.7
Australian Crime Commission	1.0
Australian Financial Security Authority	1.3
Australian Human Rights Commission	2.2
Australian Institute of Criminology	0.0
Australian Law Reform Commission	0.0
Commonwealth DPP	0.9
CrimTrac	0.0
Customs and Border Protection	1.7
Family Court of Australia	0.8
Federal Circuit Court of Australia	0.5
Federal Court of Australia	2.3
OAIC	1.2
Office of Parliamentary Counsel	1.7
Broadband, Communication and Digital Economy	1.2
ACMA	0.5
TUSMA	0.0
Defence	0.8
Defence Housing Australia	1.1
DEEWR	6.0
ComCare	1.1
Fair Work Commission	1.0
Fair Work Building and Construction	1.5
Office of the Fair Work Ombudsman	1.2

Agency*	% Indigenous representation**
Safe Work Australia	0.0
FaHCSIA	9.6
Aboriginal Hostel Ltd	73.1
Australian Institute of Family Studies	0.0
Torres Strait Regional Authority	62.0
Workplace Gender Equality Agency	0.0
Finance and Deregulation	1.0
Australian Electoral Commission	3.4
ComSuper	0.2
Future Fund Management Agency	0.0
Foreign Affairs and Trade	1.5
ACIAR	0.0
AusAID	1.5
AusTrade	0.4
Health and Ageing	1.7
ACSQHC	0.0
Australian Institute of Health and Welfare	1.1
ANPHA	0.0
AOTDTA	3.4
ARPANSA	0.0
Cancer Australia	1.5
FSANZ	1.5
Independent Hospital Pricing Authority	0.0
National Blood Authority	0.0
NHMRC	1.2
National Health Funding Body	6.7
National Health Performance Authority	0.0
National Mental Health Commission	20.0
Private Health Insurance Ombudsman	0.0
Professional Services Review	0.0
Human Services	3.5
Immigration and Citizenship	1.5

Agency*	% Indigenous representation**
MRT — RRT	1.6
Infrastructure and Transport	2.1
Australian Transport Safety Bureau	0.0
DIICCSRTE	0.9
AIATSIS	23.2
Australian Research Council	0.0
Australian Skills Quality Authority	0.0
Climate Change Authority	0.0
Clean Energy Regulator	0.8
TEQSA	0.0
Prime Minister and Cabinet	1.1
ANAO	0.8
APSC	5.3
Commonwealth Ombudsman	1.3
OIGIS	0.0
Office of National Assessments	0.0
Regional Australia	4.6
Australian National Maritime Museum	0.0
Australian Sports Anti-Doping Authority	0.0
National Archives	0.6
National Capital Authority	4.6
National Film and Sound Archive	2.8
National Library of Australia	1.2
National Museum of Australia	3.9
Old Parliament House	0.0
Screen Australia	4.5
Resources, Energy and Tourism	0.7
NOPSEMA	0.0
SEWPaC	4.5
Bureau of Meteorology	0.8
GBRMPA	4.5
Murray Darling Basin Authority	0.0

Agency*	% Indigenous representation**
National Water Commission	5.1
Treasury	0.4
ABS	0.9
ACCC	0.8
ASIC	0.4
Australian Taxation Office	0.8
National Competition Council	0.0
Productivity Commission	1.0
Veteran's Affairs	1.5
Australian War Memorial	0.8
Total	2.3

* As at June 2013, 104 agencies had provided employment data to APSED, including some with less than 20 employees. The data was sourced from APSED and was accurate as at June 2013. Given the change of Government in September 2013, and the subsequent Machinery-of-Government changes, some agencies have been reconstituted and/or renamed, or abolished.

** Percentages have been rounded.

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Department of Health and Human Services, Tasmania

Tasmanian Health Organisation – North West

ANAO Audit Report No.3 2013–14

AIR 8000 Phase 2 – C-27J Spartan Battlefield Airlift Aircraft

Department of Defence

ANAO Audit Report No.4 2013–14

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Australian Taxation Office

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Preparation of Financial Statements by Public Sector Entities	June 2013
Public Sector Internal Audit: An investment in assurance and business improvement	Sept. 2012
Public Sector Environmental Management: Reducing the environmental impacts of public sector operations	Apr. 2012
Developing and Managing Contracts: Getting the right outcome, achieving value for money	Feb. 2012
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