

The Auditor-General
Audit Report No.4 2011–12
Performance Audit

Indigenous Employment in Government Service Delivery

Australian National Audit Office

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of Australia 2011

ISSN 1036-7632

ISBN 0 642 81208 X

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Canberra ACT
31 August 2011

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken an independent performance audit across agencies with the authority contained in the *Auditor-General Act 1997*. Pursuant to *Senate Standing Order 166* relating to the presentation of documents when the senate is not sitting, I present the report of this audit and the accompanying brochure to the Parliament. The report is titled *Indigenous Employment in Government Service Delivery*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—<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 and financial statement audits 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.

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Contents

Abbreviations.....	7
Glossary	8
Summary and Recommendations	9
Summary	11
Introduction	11
The National Partnership Agreement on Indigenous Economic Participation	12
The National Jobs Creation Package and the Northern Territory Jobs Package	13
Audit objective, criteria and scope	15
Overall conclusion.....	16
Key findings.....	19
Summary of agency response	24
Recommendations	27
Audit Findings and Conclusions	29
1. Introduction	31
Background	31
Closing the Gap on Indigenous disadvantage	32
National Partnership Agreement on Indigenous Economic Participation	35
The National Jobs Creation Package and the Northern Territory Jobs Package	37
Audit approach	42
2. Planning, Coordinating and Funding the Jobs Packages	45
Introduction	45
Implementation planning and guidance	46
Funding arrangements for the job packages	51
3. Identifying the Jobs	56
Introduction	56
Northern Territory Jobs Package	56
National Jobs Creation Package.....	61
4. Developing, Executing and Monitoring the Funding Agreements.....	68
Introduction	68
Developing and executing the funding agreements.....	69
Monitoring performance through funding agreements.....	74
5. Employing Indigenous Australians in the jobs	77
Introduction	77
Recruitment to the positions by service providers	77
Support for employees and employers in transitioning into the jobs	79
Training	85

6. Monitoring and reporting on the jobs packages	93
Introduction	93
Performance information framework.....	94
Performance reporting	100
Appendices	107
Appendix 1: Departments' response	109
Appendix 2: Location of the jobs	111
Appendix 3: Operation of Community Development Employment Projects and the reforms	112
Appendix 4: Northern Territory Emergency Response.....	115
Index.....	117
Series Titles.....	119
Current Better Practice Guides	120

Abbreviations

ANAO	Australian National Audit Office
CDEP	Community Development Employment Projects
COAG	Council of Australian Governments
DEEWR	Department of Education, Employment and Workplace Relations
DoFD	Department of Finance and Deregulation
DoHA	Department of Health and Ageing
Environment	Department of Sustainability, Environment, Water, Population and Communities
SEWPaC	Department of Sustainability, Environment, Water, Population and Communities
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
NJCP	National Jobs Creation Package
NPA	National Partnership Agreement
NTER	Northern Territory Emergency Response
NT Jobs Package	Northern Territory Jobs Package
PM&C	Department of the Prime Minister and Cabinet
RTO	Registered Training Organisation
SGIA	Secretaries' Group on Indigenous Affairs

Glossary

Community Development Employment Projects	A program administered by FaHCSIA providing Indigenous job seekers with opportunities to gain the skills, training and capabilities needed to find sustainable employment and improve the economic and social well-being of communities.
Jobs audit	The jobs audit refers to the process of identifying and verifying the number of CDEP activities that were supporting the delivery of Australian Government services.
National Partnership Agreements	Intergovernmental agreements outlining mutually agreed policy objectives in areas of nationally significant reform or service delivery improvements, and associated outputs and performance benchmarks.
Northern Territory Emergency Response	A five-year whole-of-government intervention commencing in June 2007, aimed at improving family and child safety in Aboriginal communities in the Northern Territory.
Office for the Arts	Office for the Arts within the Department of the Prime Minister and Cabinet.
Service providers/funded organisations	Service providers or funded organisations refer to the employers that received funding to employ Indigenous Australians under the NT Jobs Package or National Jobs Creation Package. These were mainly Indigenous community organisations.

Summary and Recommendations

Summary

Introduction

1. In the more than four decades since the 1967 Referendum¹, successive Australian governments have developed and funded policies and programs designed to improve the socio-economic status of Indigenous Australians, and overcome a long history of poverty and marginalisation. Despite these efforts, there has been only modest improvement in some areas, and many Indigenous Australians continue to experience high levels of disadvantage in living standards, life expectancy, education, health and employment.

2. The Council of Australian Governments' (COAG) *National Indigenous Reform Agreement* provides the current framework for the Commonwealth, state and territory governments to work together with Indigenous Australians and the broader community to achieve the target of 'Closing the Gap' in Indigenous disadvantage.² The Closing the Gap strategy includes six targets relating to Indigenous life expectancy, health, education and employment, which need to be in place in order to comprehensively address the current level of disadvantage.

3. In 2010, 18 per cent of Indigenous Australians were unemployed, compared to 5 per cent of non-Indigenous Australians.³ At the same time, the labour force participation rate of Indigenous Australians was 56 per cent, over 10 per cent lower than that of non-Indigenous Australians.⁴ It is recognised that reducing unemployment and increasing the participation of Indigenous Australians in the labour market are necessary conditions for overcoming the persistent economic and social disadvantage experienced by Indigenous

¹ On 27 May 1967, a Federal referendum was held. The referendum approved two amendments to the *Commonwealth of Australian Constitution Act* relating to Indigenous Australians. The constitutional amendments relating to section 51(xxvi) gave the Commonwealth Government the power to legislate in respect to Indigenous Australians.

² Council of Australian Governments (COAG) Reform Council *National Indigenous Reform Agreement: Baseline performance report for 2008–09*, p. xi, available from <http://www.coagreformcouncil.gov.au/reports/docs/indigenous_reform_agreement_report_2008-09_vol1.pdf>, [accessed 22 August 2011].

³ Australian Bureau of Statistics, *Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey 2010*, <<http://www.abs.gov.au/ausstats/abs@.nsf/Products/6287.0~2010~Chapter~Unemployment>>, [accessed 22 August 2011].

⁴ Ibid.

Australians.⁵ To align with this, one of the key objectives outlined in the *National Indigenous Reform Agreement* is to halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.⁶

The National Partnership Agreement on Indigenous Economic Participation

4. Underpinning the Closing the Gap targets outlined in the *National Indigenous Reform Agreement* are other National Agreements which contain Indigenous specific outcomes, and a series of National Partnership Agreements. One such agreement is the *National Partnership Agreement on Indigenous Economic Participation*, which was agreed to by COAG on 29 November 2008.

5. The *National Partnership Agreement on Indigenous Economic Participation* is designed to contribute to the Closing the Gap targets and involves complementary investment and effort by the Commonwealth, states and territories to significantly improve opportunities for Indigenous Australians to engage in private and public sector jobs through four elements:

- Element 1: creating real, sustainable employment in areas of government service delivery that have previously relied on subsidisation through the Community Development Employment Projects (CDEP) program;
- Element 2: strengthening current government procurement policies to maximise Indigenous employment;
- Element 3: incorporating Indigenous workforce strategies into all major COAG reforms, thereby contributing to the Closing the Gap targets; and
- Element 4: reviewing all public sector Indigenous employment and career development strategies to increase employment to reflect population share by 2015.⁷

⁵ Council of Australian Governments (COAG) Reform Council, op.cit, p. 101.

⁶ Council of Australian Governments (COAG), 2009, *National Indigenous Reform Agreement*, p. 8.

⁷ Council of Australian Governments (COAG), 2009, *National Partnership Agreement on Indigenous Economic Participation*, paragraphs 15–29, pp. 5–7.

6. The focus of this audit was Element 1 of the *National Partnership Agreement on Indigenous Economic Participation*.

The Community Development Employment Projects program

7. Established in 1977, CDEP is an Australian Government program that provides Indigenous Australians with participation opportunities in activities aimed at improving their employability and assisting them to move into outside, mainstream employment.⁸ Since 2006, CDEP has undergone a series of reforms, and various Australian Government initiatives have sought to create ongoing employment from CDEP activities, particularly those that previously subsidised government service provision. Under the 2007 Northern Territory Emergency Response (NTER), the policy focus for CDEP changed to moving unemployed Indigenous Australians in the Northern Territory on to mainstream income support payments with participation requirements. From 1 July 2009, CDEP no longer operates in urban and regional locations where the economy is well established. However, the CDEP program still operates in some remote communities, with a focus on building the skills of participants to find jobs outside of CDEP.⁹

8. The reforms to the CDEP program link to the Australian Government's commitment to provide greater support for Indigenous Australians to find sustainable employment, as well as with the broader aims outlined in the *Closing the Gap* strategy, particularly the target of halving the gap between Indigenous and non-Indigenous employment within a decade.

The National Jobs Creation Package and the Northern Territory Jobs Package

9. The core component of Element 1 of the *National Partnership Agreement on Indigenous Economic Participation* is the National Jobs Creation Package (NJCP). This measure was aimed at creating around 2000¹⁰ sustainable¹¹ jobs

⁸ The operation of CDEP and the reforms are discussed further in Appendix 3.

⁹ *Community Development Employment Projects (CDEP) program*, available from <<http://www.fahcsia.gov.au/sa/indigenous/progserv/families/cdep/Pages/default.aspx>> [accessed 9 August 2011].

¹⁰ 1280 jobs in Australian Government service delivery and 720 jobs in state and local government service delivery.

¹¹ 'Sustainable' was not defined in the supporting documentation for the *National Partnership Agreement on Indigenous Economic Participation* or the NJCP. DEEWR advised that the provision of ongoing funding was the basis for the sustainability of the jobs.

from appropriate CDEP activities that were supporting the delivery of government services.

10. Prior to the NJCP, a similar measure, specific to the Northern Territory, had been agreed to by COAG. The Northern Territory Jobs Package (NT Jobs Package) was a component of the NTER and also aimed to generate around 2000 jobs, from CDEP activities, to support the delivery of government services.

11. The packages targeted jobs at CDEP participants engaged in activities that delivered essential services to Indigenous communities. From the jobs created, Indigenous Australians employed in the positions were expected to receive the full benefits of employment including wages, leave, superannuation, and professional development. Given the common intent of the jobs packages to create sustainable, properly paid employment opportunities for Indigenous Australians, both packages have been examined as part of the audit.

12. The Department of Education, Employment and Workplace Relations (DEEWR) and the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) were the lead departments for both the NJCP and NT Jobs Package. DEEWR had overall responsibility for policy, monitoring and coordination of the packages, while FaHCSIA was responsible for managing the funding arrangements, including distributing funding to departments and ensuring that funds were appropriately acquitted.

13. Through the NJCP and NT Jobs Package, jobs were created from CDEP activities that had supported the delivery of Australian Government programs across various employment sectors. The jobs were identified and created through a number programs administered by:

- DEEWR—education support and childcare;
- Department of Health and Ageing (DoHA)—aged care;

- the then Department of Environment, Water, Heritage and the Arts (DEWHA)—Indigenous rangers and arts including art centre support, broadcasting, language and culture;¹²
- Attorney-General's Department (AGD)—night patrols; and
- FaHCSIA—municipal services.

Audit objective, criteria and scope

14. The audit objective was to assess the effectiveness of DEEWR's and FaHCSIA's administration of the Australian Government's responsibilities under Element 1 of the *National Partnership Agreement on Indigenous Economic Participation* (including the NT Jobs Package).

15. Underpinning the audit objective, the high-level audit criteria were:

- DEEWR and FaHCSIA established arrangements and ongoing procedures to support the achievement of the outputs outlined in Element 1 of the *National Partnership Agreement on Indigenous Economic Participation*;
- DEEWR, DoHA, Environment and the Office for the Arts identified, selected and funded the jobs created under Element 1 of the *National Partnership Agreement on Indigenous Economic Participation*;
- DEEWR, DoHA, Environment and the Office for the Arts developed and/or monitored transitional strategies in communities, including pre- and post-employment support strategies for CDEP participants who gained jobs; and
- DEEWR and FaHCSIA monitored and reported on the packages, and used performance information to inform decision-making.

16. As part of the audit scope, the ANAO identified specific Australian Government programs and locations involved in the NJCP and NT Jobs Package, and used them as the basis for case studies. This analysis

¹² As per the Administrative Arrangements Order of 14 September 2010, responsibility for the Office for the Arts was transferred to the Department of the Prime Minister and Cabinet. DEWHA was also reconstituted as the Department of Sustainability, Environment, Water, Population and Communities and retains responsibility for the rangers function. The report uses 'Office for the Arts' to refer to the management of the arts, broadcasting, languages and culture function, and 'Environment' to describe the rangers function.

concentrated on jobs created in the arts, culture, broadcasting, Indigenous rangers, aged care and education support sectors.

17. The audit scope did not include:

- an examination of the night patrol positions administered by AGD as they have previously been the subject of an ANAO audit¹³;
- the identification and creation of jobs by state and territory governments; and
- job creation in the Torres Strait Islands.¹⁴

Overall conclusion

18. Improving the level of economic participation has been identified as one of the key building blocks required to improve outcomes for Indigenous Australians. In 2009, the unemployment rate for Indigenous Australians was over three times that of non-Indigenous Australians, and at 18 per cent, was trending upward after remaining steady at approximately 14 per cent between 2006 and 2008.¹⁵ Within this context, halving the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade is one of six key objectives sought by the *National Indigenous Reform Agreement*.

19. One of the national approaches under the *National Indigenous Reform Agreement* is the *National Partnership Agreement on Indigenous Economic Participation*, which identifies four elements aimed at contributing towards the target of halving the gap in employment outcomes. Central to Element 1 is the National Jobs Creation Package (NJCP), which aimed to create around 2000¹⁶ sustainable jobs across Australia in employment areas previously subsidised through Community Development Employment Projects (CDEP) activities. In addition to the NJCP, an earlier jobs package was implemented in the Northern Territory (NT Jobs Package) as part of the Northern Territory

¹³ ANAO Audit Report No.21 2010–11, *Northern Territory Night Patrols*, available from <www.anao.gov.au>.

¹⁴ Through the 2010–11 Commonwealth Budget, \$44.3 million was provided over four years to align CDEP in the Torres Strait with reforms to the national CDEP program that commenced in other areas of Australia from 1 July 2009.

¹⁵ Australian Bureau of Statistics, *Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey 2009*, pp. 7–13.

¹⁶ 1280 jobs in Australian Government service delivery and 720 jobs in state and local government service delivery.

Emergency Response. The NT Jobs Package was established on substantially similar terms to the NJCP.

20. In the context of delivering the jobs packages, the Department of Education, Employment and Workplace Relations (DEEWR) and the Department of Families, Housing, Community Services and Indigenous Affairs provided effective coordination and direction, guided by the high-level policy parameters set by the Australian Government, which contributed to the jobs packages being implemented within relatively short timeframes. More broadly, the role played by departments in identifying positions, engaging service providers, and managing ongoing relationships was also integral to the successful roll-out of the packages and Indigenous Australians being placed in the jobs. DEEWR, the Department of Health and Ageing (DoHA), the Department of Sustainability, Environment, Water, Population and Communities (Environment) and the Office for the Arts effectively identified, selected and funded the jobs created under the packages. In particular, all departments linked the allocation of jobs to existing program funding from the Australian Government. By linking the funding to existing programs there was limited interruption to the delivery of Australian government-related services when CDEP activities were removed.

21. At the Australian Government level, 1235 jobs were created under the NJCP and 1755 jobs were created under the NT Jobs Package. These results were consistent with the objectives of the NJCP and NT Jobs Package—the jobs were created in areas of Australian government service delivery that had previously relied on labour subsidised through CDEP; and the jobs packages created positions for Indigenous Australians which included the full benefits of employment.¹⁷ Notwithstanding the creation of the jobs, there are a range of conditions (including those outlined in paragraph 26) that will need to be monitored in order to determine the long-term impact of the jobs and their contribution to improving the level of economic participation by Indigenous Australians.

22. The majority of jobs under the NJCP and NT Jobs Package were created through funding arrangements with small, non-government, Indigenous community organisations. These organisations were responsible for recruiting

¹⁷ This included award wages, leave, superannuation and professional development.

suitable employees and they have been effective in employing Indigenous Australians as per the intent of the NJCP and NT Jobs Package.

23. Training provided through the NJCP and NT Jobs Package allowed employees to gain general and job-specific skills. For both jobs packages there was an assumption that training and professional development would lead to career mobility beyond the entry-level positions that were created. The jobs, however, were created in regional and remote communities that often have a limited economic base and limited opportunities for Indigenous Australians to pursue career development and alternative jobs outside of those created through the job packages. In this respect, the jobs would generally not exist without Australian Government support, and service providers raised concerns that the funding, in most cases, does not provide scope to advance employees to higher duties or to recognise the skills gained through the jobs.

24. The transition of CDEP activities into jobs with mainstream employment conditions placed an administrative burden on service providers that needed to support staff through new workplace expectations and training. From the service provider perspective, there remains a gap in the information available on how they can link to other Australian Government employment programs and the experiences of other organisations. DEEWR had previously identified this issue and developed options to better coordinate and integrate the jobs packages with other forms of Australian Government support. Some information has been made available; however, DEEWR did not implement its identified options as a suite of targeted measures. To better support long-term employment outcomes for Indigenous Australians in these jobs, there remains a need for DEEWR and departments to provide information to employers and employees which assists them to connect to related services and opportunities (refer Recommendation No.1).

25. Performance of the jobs packages is monitored and reported at a whole-of-government level by DEEWR. The indicators developed measure the number of jobs created and filled, as per the high-level objective outlined in the *National Partnership Agreement on Indigenous Economic Participation*. While the indicators are useful in measuring the short-term goal of creating jobs from CDEP activities, they do not provide a direct basis for measuring the sustainability of the jobs or their long-term impact on Indigenous employment outcomes.

26. Recognising that the NJCP and NT Jobs Package are, together, only one component of a broader strategy, attention should still be given to periodically

assessing the necessary conditions for the ongoing success of the packages. These include:

- the jobs being maintained and filled by Indigenous Australians, with appropriate wages and conditions being provided;
- the provision of ongoing funding with appropriate increases to take account of up-skilling through on-the-job experience and training;
- an assessment of retention levels to determine the impact on Indigenous employment outcomes; and
- continued pre- and post-employment support to employers and employees as necessary.

27. DEEWR informed the ANAO that these areas will be covered through usual departmental risk management arrangements. Nevertheless, in view of the importance of these factors to the longer-term success of the jobs packages, it would be prudent for these to be considered as part of the planned review of the *National Partnership Agreement on Indigenous Economic Participation* and in ongoing reporting to COAG.

Key findings

Planning, Coordinating and Funding the Jobs Packages (Chapter 2)

28. The NT Jobs Package was developed as part of the NTER and was subject to demanding time pressures during the rollout. To assist in meeting the Australian Government's expectations, DEEWR provided some high-level guidance to departments and relied on an implementation plan developed for a similar 2007 Budget measure—*Building An Indigenous Workforce in Government Service Delivery*.

29. DEEWR's planning arrangements for the NJCP included the development of a project implementation plan and information pack. The framework also incorporated the lessons from the NT Jobs Package and addressed a number of elements necessary for successfully implementing cross-departmental initiatives, including specifying roles and responsibilities and identifying high-level implementation risks.

30. DEEWR provided broad guidance to departments on the process for implementing the packages, but did not develop specific program guidelines. Instead, there was a reliance on departments to determine and implement their own internal management arrangements for identifying jobs and engaging

service providers, based on their previous experience. This provided flexibility for departments to tailor the implementation to their respective programs and job sectors.

31. FaHCSIA established and managed the special accounts¹⁸ used for the NT Jobs Package and NJCP in a manner consistent with Australian Government policy requirements. Establishing a central pool of funds provided flexibility to fund programs during the roll-out, and to re-allocate unspent funding allocations between programs to match demand. Once the jobs had been bedded down within the programs administered by departments, a special account was no longer required. Therefore, from 2010–11, the special account was abolished and departments began receiving direct Budget appropriations.

Identifying the Jobs (Chapter 3)

32. For both the NT Jobs Package and the NJCP, there was a three-stage approach to identifying CDEP activities supporting the delivery of government services that could form the basis of sustainable jobs. For the purposes of determining the aggregate funding requirements, departments provided an initial estimate of job numbers. DEEWR, for the NT Jobs Package, and FaHCSIA, for the NJCP, then undertook jobs audits to provide more detailed information on existing CDEP activities and potential job numbers. Finally, the departments responsible for the programs were required to use the jobs audit information, and other resources, to verify job numbers and enter into agreements with service providers.

33. Data collected for the NT Jobs Package through a departmental audit of CDEP jobs helped create a map of the services in the Northern Territory being supported by CDEP activities. For the NJCP, departments identified some issues/gaps in the information provided in the jobs audit. These issues/gaps contributed to a greater administrative pressure on departments as they sought to create the jobs by 1 July 2009.

34. The job identification process placed an administrative burden on the organisations delivering CDEP.¹⁹ For example, some organisations had to

¹⁸ A special account is an appropriation mechanism that notionally sets aside an amount within the Consolidated Revenue Fund to be expended for specific purposes.

¹⁹ CDEP service providers could be different from those organisations that employed Indigenous Australians in the jobs created under the NT Jobs Package and the NJCP. Refer Appendix 3.

respond to multiple requests for similar information from various departments. The process also created a duplication of effort by Australian Government departments. While the three-stage approach allowed the job identification processes to be undertaken incrementally, it also resulted in similar activities being carried out at each stage of the process. As both jobs packages were established through whole-of-government arrangements, a collaborative approach in the jobs identification process could have improved administrative efficiencies and reduced the burden for departments and CDEP organisations.²⁰

35. In identifying and creating jobs, DEEWR, DoHA, and the Office for the Arts made a direct offer of funding to existing service providers, while Environment conducted an open and competitive grants process. All of the departments linked the allocation of jobs to existing Australian Government programs they were administering, and this limited the interruption to services when CDEP positions were removed.

Developing, Executing and Monitoring the Funding Agreements (Chapter 4)

36. Under the NT Jobs Package and NJCP, jobs were created in multiple program areas. Each of the departments was responsible for developing their own funding agreements, which resulted in a level of variation in the agreements. This allowed a degree of flexibility for each department to develop and manage funding agreements to suit their particular job stream. Departments developed and executed funding agreements which established appropriate terms, conditions and reporting requirements to reflect the nature of the jobs and service providers being funded.

37. The primary means of monitoring service providers is through the financial and performance reporting deliverables specified in the funding agreements. The information collected, however, is primarily quantitative (number of jobs created and filled), and provides limited information on the long-term effectiveness or impact of the jobs. The information collected is also used for compliance monitoring purposes, and generally the analytical focus has been on individual service providers. One department, however, also analyses the information at the program level to determine if the jobs are

²⁰ This has been examined previously in ANAO Audit Report No.10 2007–08, *Whole-of-Government Indigenous Service Delivery Arrangements*.

adequately supporting the program objectives. The practice of analysing performance information at the program level provides useful insights such as trends in job vacancies, training and recruitment outcomes. Such analysis, if undertaken more broadly by departments, would provide information to inform future program and funding agreement development.

Employing Indigenous Australians in the Jobs (Chapter 5)

38. As per the intent of the NT Jobs Package and NJCP, the recruitment methods used by service providers were effective in placing Indigenous Australians in the jobs created. Feedback from the service providers indicated that over 80 per cent of the positions were filled by people previously on CDEP, and all jobs were filled by Indigenous Australians.

39. The transition from CDEP activities to mainstream employment arrangements brought new obligations and responsibilities for employees. Based on the experience with the NT Jobs Package, it was recognised that Indigenous Australians transitioning into the jobs created under the NJCP would require additional support. In that respect, a key issue identified through the NT Jobs Package was a lack of information on post-CDEP transition support for new employees and employers. To address this concern, one of the key deliverables for the NJCP was the development of an induction package to assist employers. DEEWR advised that it did not complete the induction package due to competing work pressures. Instead, departments and service providers were responsible for developing pre- and post-employment support. DEEWR's state offices were also a resource that could be used to identify programs to support the recruitment and retention of Indigenous Australians in the jobs.

40. The degree to which the jobs packages will achieve long-term employment outcomes for Indigenous Australians is reliant on effective support being provided to employees to build their skills and confidence in the workplace. Service providers will have a central role in providing direct support in these areas. Notwithstanding the arrangements established, there remains an ongoing role for departments to provide information in a way that reaches employers and employees, and assists them to connect to related services and opportunities.

41. Funding for the jobs packages included a provision for training of employees. The training aspects of the jobs packages were viewed as being valuable in assisting Indigenous Australians to gain general and job-specific

skills. The funding agreements provided flexibility for employers to tailor the training according to individual needs and job requirements. Training was delivered in a range of formats depending on factors including the training needs of the organisation and the individual employees; the location of the organisation; and the level of funding provided.

42. For both jobs packages there was an assumption that the professional development provided through the jobs would lead to career mobility beyond the entry-level positions. However, the limited economic base in regional and remote communities, where a majority of the jobs were created, means that employment opportunities are not always available for people who have gained experience/skills to transition to the broader workforce. While this was acknowledged during the planning for both the NT Jobs Package and the NJCP, neither jobs package presented a targeted response to the issue. Service providers also raised concerns that funding under the initiatives does not provide scope to advance employees to higher duties or recognise the skills obtained from the training component of the packages.

Monitoring and reporting on Element 1 of the National Partnership Agreement (Chapter 6)

43. Consistent with the objective for Element 1, the focus of reporting to COAG has been on the number of jobs created and filled. This information is useful in providing a basis to measure and report on the initial achievements of the packages and their contribution to the objectives of *National Partnership Agreement on Indigenous Economic Participation*. As indicated by DEEWR, the initial effectiveness of the packages is evident through the creation of the jobs, and the provision of ongoing funding assists in providing a solid basis for the sustainability of the jobs. While these are critical first steps, ultimately, it is the employment outcomes that will determine the long-term success of the job packages and their contribution to the high-level goals of the *National Partnership Agreement on Indigenous Economic Participation* and the *National Indigenous Reform Agreement*.

44. The development of the *Indigenous Economic Development Strategy* has the potential to provide support for the ongoing effectiveness of the jobs packages. The audit, however, identified a number of risks that have the potential to impact on the ongoing sustainability and effectiveness of the jobs packages if they are not managed. These include the jobs created being maintained (with appropriate employment conditions) and filled by Indigenous Australians; adequate levels of ongoing funding being provided;

and the continuing need for pre- and post-employment support for employers and employees.

45. The ANAO considers that there would be value, as a part of the planned review of the *National Partnership Agreement on Indigenous Economic Participation*, for the jobs packages to be reviewed in the wider context of the long term Indigenous employment outcomes sought by the Australian Government. In particular, the review provides an opportunity for DEEWR and relevant stakeholders to pool expertise²¹ to assess the overall sustainability of the jobs, and provide advice to government on any necessary changes or refinements to support the long-term success of the packages.

Summary of agency response

DEEWR

46. DEEWR provided the following summary response to the audit report:

The Department of Education, Employment and Workplace Relations (DEEWR) welcomes the ANAO's finding that DEEWR and the Department of Families, Housing, Community Services and Indigenous Affairs provided effective coordination and direction, guided by the high level policy parameters set by the Australian Government, which contributed to the jobs packages being implemented in relatively short timeframes.

The effectiveness of this measure is evidenced by the creation of almost 3000 jobs for Indigenous Australians and the increase in the ongoing base level funding for these services.

DEEWR notes that the ANAO's findings primarily relate to the ongoing monitoring of a range of employment conditions to determine the long term impact of the jobs and their contribution to the overall level of economic participation by Indigenous Australians.

DEEWR accepts the ANAO's recommendation, and recognises its relevance to continuous improvement in achieving long term employment outcomes for Indigenous Australians.

²¹ One of the key findings from the Department of Finance and Deregulation's *Strategic Review of Indigenous Expenditure* was that 'whole-of-government coordination remains a major challenge... [and] significant efficiencies could be gained by pooling expertise and coordinating efforts'. p. 13, <http://www.finance.gov.au/foi/disclosure-log/2011/docs/foi_10-27_strategic_review_indigenous_expenditure.pdf> [accessed on 22 August 2011].

47. DEEWR's full response to the audit is included at Appendix 1 of the report.

FaHCSIA

48. FaHCSIA provided the following response to the audit report:

FaHCSIA welcomes the ANAO audit report of Indigenous Employment in Government Service Delivery and notes the recommendation provides opportunities to build upon the success of the jobs packages.

DoHA

49. DoHA provided the following response to the audit report:

The Department of Health and Ageing (DoHA) supports the audit of the implementation of *Indigenous Employment in Government Service Delivery* program undertaken by the ANAO and agrees to the recommendation.

Environment (DSEWPaC)

50. Environment (DSEWPaC) provided the following response to the audit report:

The department welcomes the report and agrees with the recommendation. DSEWPaC will continue to promote the programs we deliver and raise awareness of other Australian Government support programs. The department is actively seeking to continuously improve how we communicate with Indigenous communities and will be developing Indigenous Engagement Guidelines and an Indigenous Interpreters policy.

Through reforms, DSEWPaC's Working on Country program contracts directly with Indigenous organisations and a small number of non-Indigenous organisations who partner with Indigenous communities. The department purchases environmental services from these organisations who are best placed to deliver agreed on-ground outcomes. The investment provides real jobs for Indigenous people in the environment sector.

Since the roll-out of the reform, retention rates for Indigenous rangers employed under the Working on Country program remain high. For the 2009–2010 year a survey of ranger groups indicated that 86% of staff employed in the program remained in their job after 12 months.

Office for the Arts (PM&C)

51. Office for the Arts provided the following response to the audit report:

Office for the Arts (OFTA), Prime Minister and Cabinet Department, welcomes this report by the ANAO and will continue to consult and work with service providers to achieve long term employment outcomes for Indigenous Australians.

Recommendations

Recommendation No. 1

Para 5.27

To support the achievement of long-term employment outcomes for Indigenous Australians, the ANAO recommends that DEEWR and responsible departments consult with service providers and update existing communication practices to improve the level of awareness of Australian Government support programs, and promote better practice methods being adopted across organisations.

DEEWR response: Agreed.

FaHCSIA response: Agreed.

DoHA response: Agreed.

SEWPaC (Environment) response: Agreed.

Office for the Arts response: Agreed.

Audit Findings and Conclusions

1. Introduction

This chapter provides background on the Council of Australian Governments' Closing the Gap strategy, the National Partnership Agreement on Indigenous Economic Participation and the Northern Territory Jobs Package. It also outlines the audit approach, including the objective, scope and methodology.

Background

1.1 Since the 1967 Referendum,²² successive Australian governments have developed and funded policies and programs designed to improve the socio-economic status of Indigenous Australians, and overcome a long history of poverty and marginalisation. Despite these efforts, there has been only modest improvement in some areas, and many Indigenous Australians continue to experience high levels of disadvantage in living standards, life expectancy, education, health and employment.

1.2 Indigenous Australians comprise 2.5 per cent of the Australian population, and a significant gap exists between the employment levels of Indigenous and non-Indigenous Australians. In 2010, 18 per cent of Indigenous Australians were unemployed, compared to 5 per cent of non-Indigenous Australians.²³ Further, the Australian Bureau of Statistics has reported that²⁴:

- in 2010, an estimated 202 700 Indigenous Australians were in the labour force (i.e. either employed or unemployed). This represents a labour force participation rate for all Indigenous people aged 15 years and over of 56 per cent (compared to 66 per cent for the non-Indigenous population);
- between 2005 and 2010, the Indigenous population not in the labour force increased from 135 900 to 161 800;

²² On 27 May 1967, a Federal referendum was held. The referendum approved two amendments to the *Commonwealth of Australian Constitution Act* relating to Indigenous Australians. The constitutional amendments relating to section 51(xxvi) gave the Commonwealth Government the power to legislate in respect to Indigenous Australians.

²³ Australian Bureau of Statistics, *Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey 2010*, <<http://www.abs.gov.au/ausstats/abs@.nsf/Products/6287.0~2010~Chapter~Unemployment>> [accessed 22 August 2011].

²⁴ Ibid.

- in 2010, there were an estimated 166 100 Indigenous people aged 15 years and over who were classified as employed. This represents 46 per cent of the population (compared to 63 per cent for the non-Indigenous population); and
- in 2010, there were 36 600 unemployed Indigenous Australians—slightly up from 35 400 in 2009.

Closing the Gap on Indigenous disadvantage

1.3 In 2008, in recognition that outcomes for Indigenous Australians remain well below those of non-Indigenous Australians, the Council of Australian Governments (COAG) agreed to six targets under a nationally integrated Closing the Gap strategy.²⁵ COAG also identified seven building blocks relating to Indigenous life expectancy, health, education and employment that need to be in place in order to comprehensively address the existing level of disadvantage.

1.4 Through the employment building block, it is recognised that increasing the participation of Indigenous Australians in the labour market and reducing unemployment are necessary conditions for overcoming the persistent economic and social disadvantage experienced by many Indigenous Australians today.²⁶

Federal Financial Relations Framework

1.5 A new federal financial framework has been in place since 1 January 2009, following COAG's agreement to the Intergovernmental Agreement on Federal Financial Relations. The Intergovernmental Agreement on Federal Financial Relations provides an overarching framework for the Commonwealth's financial relations with the states and territories and is:

aimed at improving the effectiveness and quality of government services by reducing Commonwealth prescriptions on service delivery by the states,

²⁵ Council of Australian Governments (COAG), *National Integrated Strategy for Closing the Gap on Indigenous Disadvantage: National Indigenous Reform Agreement*, p. 3, available from <http://www.coag.gov.au/coag_meeting_outcomes/2009-07-02/docs/NIS_closing_the_gap.pdf> [accessed on 22 August 2011]

²⁶ Council of Australian Governments (COAG) Reform Council, *National Indigenous Reform Agreement: Baseline performance report for 2008–09*, p. 101, available from <<http://www.coagreformcouncil.gov.au>> [accessed 22 August 2011].

providing them with increased flexibility in the way they deliver services to the Australian people.²⁷

1.6 As part of the framework, COAG introduced six National Agreements to guide the Commonwealth, states and territories in the delivery of services across a particular sector. The *National Indigenous Reform Agreement* is one of the six National Agreements.

National Indigenous Reform Agreement

1.7 The *National Indigenous Reform Agreement* provides the current framework for the Commonwealth, state and territory governments to work together with Indigenous Australians and the broader community to achieve the target of Closing the Gap on Indigenous disadvantage.²⁸ The *National Indigenous Reform Agreement* sets out the policy principles, objectives, outcomes, outputs, performance indicators and performance benchmarks underpinning the Closing the Gap targets. In relation to employment, the target is to halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.

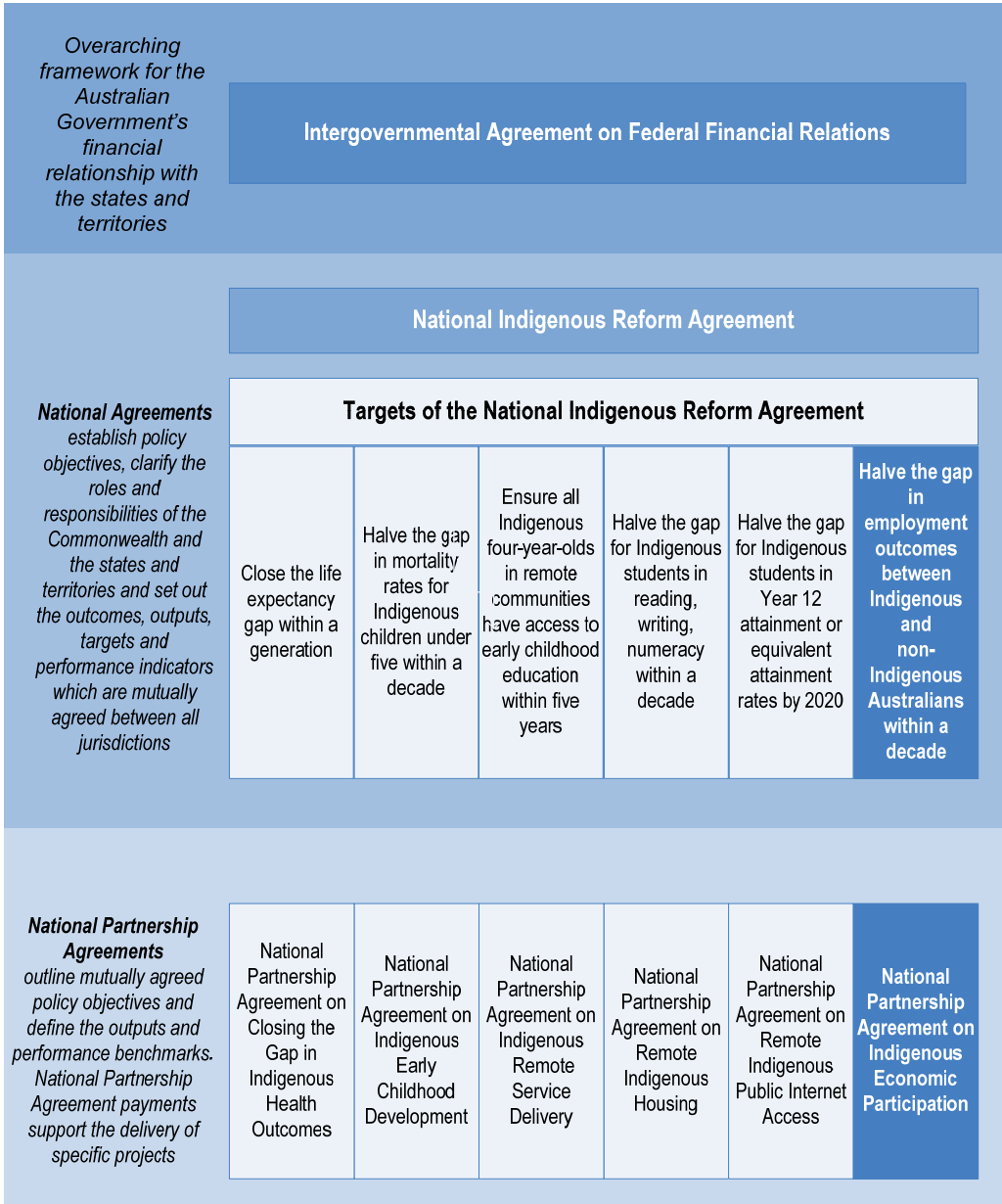
1.8 Underpinning the Closing the Gap targets outlined in the *National Indigenous Reform Agreement* are other National Agreements which contain Indigenous-specific outcomes, and a series of National Partnership Agreements. Through Indigenous-specific National Partnership Agreements, COAG has committed \$4.6 billion for initiatives to be rolled out over coming years. Figure 1.1 illustrates the relationships between the Federal Financial Framework, the *National Indigenous Reform Agreement* and the National Partnership Agreements.

²⁷ Council of Australian Governments, *Intergovernmental Agreement on Federal Financial Relations*, available from <http://www.coag.gov.au/intergov_agreements/federal_financial_relations/>, [accessed 22 August 2011].

²⁸ Council of Australian Governments (COAG) Reform Council, *National Indigenous Reform Agreement: Baseline performance report for 2008–09*, p. 3, available from <<http://www.coagreformcouncil.gov.au/>>, [accessed 22 August 2011].

Figure 1.1

The Federal Financial Framework, the National Indigenous Reform Agreement and the National Partnership Agreements



Source: ANAO analysis.

National Partnership Agreement on Indigenous Economic Participation

1.9 On 29 November 2008, COAG agreed to the *National Partnership Agreement on Indigenous Economic Participation*. The *National Partnership Agreement on Indigenous Economic Participation* is one of a number of initiatives aimed at halving the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade, and contributes to the Closing the Gap targets outlined in the *National Indigenous Reform Agreement*.

1.10 The *National Partnership Agreement on Indigenous Economic Participation* involves complementary investment and effort by the Commonwealth, states and territories to significantly improve opportunities for Indigenous Australians to engage in private and public sector jobs through four elements:

- Element 1 (the focus of this audit): Creating jobs in areas of government service delivery that have previously relied on subsidies through the Community Development Employment Projects (CDEP) program.
- Element 2: Strengthening government procurement policies to maximise Indigenous employment.
- Element 3: Incorporating Indigenous workforce strategies into implementation plans for all COAG reforms contributing to the Closing the Gap targets.
- Element 4: Increasing public sector employment to reflect Indigenous working age population share by 2015.

1.11 The implementation of the four elements of the *National Partnership Agreement on Indigenous Economic Participation* is outlined in a series of Bilateral Implementation Plans between the Australian Government and the states and territories. Bilateral Implementation Plans provide governance and implementation tools designed to contribute towards the Closing the Gap target of halving the gap in employment outcomes between Indigenous and non-Indigenous Australians.

Community Development Employment Projects program

1.12 Established in 1977, CDEP is an Australian Government program that provides Indigenous Australians with participation opportunities in activities

aimed at improving their employability and assisting them to move into outside, mainstream employment.²⁹ In rural and remote Indigenous communities where employment is largely derived from government service provision, CDEP had been used to provide subsidised labour to support a range of community and municipal services as well as economic development opportunities. The program is capped at 15 000 places, and during 2009–10, some 19 809 people participated in the CDEP program.³⁰

1.13 Since 2006, CDEP has undergone a series of reforms as various Australian Government initiatives have sought to create ongoing employment from CDEP activities, particularly those that previously subsidised government service provision. Under the 2007 Northern Territory Emergency Response (NTER), CDEP was withdrawn from 16 communities, and the policy focus for CDEP changed to moving unemployed Indigenous Australians in the Northern Territory on to income support payments with participation requirements. While CDEP was reinstated in the Northern Territory from 1 July 2008, the Australian Government foreshadowed further changes to the program at that time.

1.14 In December 2008, the Australian Government announced further reforms to CDEP as part of a new integrated approach to employment services for Indigenous Australians. From 1 July 2009, CDEP was no longer offered in urban and regional locations in Australia where the economy was well established. However, the CDEP program still operates in some remote communities, but the focus of the program in these communities has shifted from directly providing employment to building participants' skills in order to assist them to secure mainstream job opportunities outside of CDEP. New participants who commenced on the program after 1 July 2009 no longer receive CDEP wages; instead, they receive appropriate income support payments.³¹

²⁹ The operation of CDEP and the reforms are discussed further in Appendix 3.

³⁰ Department of Families, Housing, Community Services and Indigenous Affairs, *Annual Report 2009-10*, p. 124, available from <[http://www.fahcsia.gov.au/about/publications/articles/corp/Documents/2010 Annual Report/default.htm](http://www.fahcsia.gov.au/about/publications/articles/corp/Documents/2010%20Annual%20Report/default.htm)>, [accessed 22 August 2011].

Although CDEP numbers are capped at 15 000, the 19 809 is a count of individual participants who have participated at least once on the CDEP program. As individuals can come on and off the program, each of those is counted as a distinct participant.

³¹ CDEP participants who were receiving CDEP payments at 30 June 2009 can continue receiving CDEP wages until at least 1 April 2012, as long as they remain eligible.

1.15 The reforms to the CDEP program link to the Australian Government's commitment to provide greater support to Indigenous Australians in finding sustainable employment, as well as with the broader aims outlined in the Closing the Gap strategy, particularly the target of halving the gap between Indigenous and non-Indigenous employment within a decade.

The National Jobs Creation Package and the Northern Territory Jobs Package

1.16 The core component of Element 1 of the *National Partnership Agreement on Indigenous Economic Participation* is the National Jobs Creation Package (NJCP). This measure was aimed at creating around 2000 sustainable³² jobs from appropriate CDEP activities that were supporting the delivery of government services in rural and remote areas of Australia. These jobs were in environment and heritage protection (rangers), arts, language, culture and broadcasting, education, aged care, sport and recreation, municipal services and night patrols.

1.17 Under the *National Partnership Agreement on Indigenous Economic Participation*, the Australian Government committed \$172.7 million, and the states \$56.2 million, over five years from 2008–09 to 2012–13 to implement Element 1. Some 1280 jobs in Australian Government service delivery and 720 jobs in state and local government service delivery were targeted for CDEP participants engaged in activities that deliver essential services to Indigenous communities.

1.18 The jobs created from this measure were to be sustainable, ongoing and identified as being for Indigenous Australians. The aim was to provide Indigenous Australians participating in CDEP activities with job opportunities that offered mainstream employment arrangements such as wages, leave, superannuation, and access to training and professional development.

1.19 As at 30 June 2010, 1235 Australian Government-funded jobs had been created under the NJCP.³³

³² 'Sustainable' was not defined in the supporting documentation for the *National Partnership Agreement on Indigenous Economic Participation* or the NJCP. DEEWR advised that the provision of ongoing funding was the basis for the sustainability of the jobs.

³³ In addition, 303 state-funded jobs were also created as a part of Element 1 of the *National Partnership Agreement on Indigenous Economic Participation*.

Northern Territory Jobs Package

1.20 Prior to the NJCP, a similar measure, specific to the Northern Territory, had been agreed to by the Australian and Northern Territory Governments. In September 2007, the Australian Government announced the Northern Territory Jobs Package (NT Jobs Package) as part of the NTER. The Australian Government committed \$92.6 million over three years to create around 2000 jobs, from CDEP activities, to support the delivery of services on behalf of the Australian Government and local government agencies in the Northern Territory. The jobs were in environment and heritage protection (rangers), arts, language, culture and broadcasting, education, aged care, childcare and night patrols. Through this initiative, former CDEP participants would receive the full benefits of mainstream employment. The core components of the NT Jobs Package included:

- the creation of 'real' jobs from CDEP activities operating under mainstream employment conditions;
- all jobs being in place as quickly as possible to offset the withdrawal of CDEP in the Northern Territory, and to coincide with the rollout of income management as part of the NTER; and
- pooled funding arrangements for three years to allow departments to move quickly to implement the positions with minimal red tape.

1.21 In approving the NT Jobs Package, the Australian Government decided that the geographic distribution of jobs, as far as possible, should reflect future directions to support the sustainability of services and employment opportunities. Within this context, departments noted that jobs should be driven by a long-term commitment from government to provide services or should exist due to sustainable private sector demand.

1.22 As at 30 June 2010, 1755 Australian Government-funded jobs had been created under the NT Jobs Package.³⁴

1.23 The NJCP and NT Jobs Package share common characteristics in that they aimed to create sustainable employment opportunities from CDEP activities that provided subsidised labour to support government service delivery. The job opportunities were targeted at Indigenous Australians,

³⁴ The Northern Territory Government has also funded an additional 486 jobs in local government service delivery.

primarily involved in the CDEP activities, and designed to provide mainstream employment benefits. Given the common intent of the NJCP and NT Jobs Package, both packages have been examined as part of the audit.

Australian Government governance arrangements

1.24 For both the NT Jobs Package and the NJCP, the policy intent and broad operating parameters were established through whole-of-government arrangements and involved a number of departments. The Department of Education, Employment and Workplace Relations had primary policy, coordination and reporting responsibility for the *National Partnership Agreement on Indigenous Economic Participation* (including both jobs packages). As part of the role, this involved providing advice to the departments responsible for the programs under which the jobs were created.

1.25 The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) had responsibility for coordinating the funding arrangements for the jobs packages, including operating a special account and distributing funding amongst departments during the job creation phase of the initiatives.

1.26 The jobs created under the jobs packages were identified and created through a number of Australian Government programs administered by:

- DEEWR—education support and childcare;
- Department of Health and Ageing (DoHA)—aged care and sport and recreation;³⁵
- the then Department of Environment, Water, Heritage and the Arts (DEWHA)—rangers and arts including art centre support, broadcasting, languages and culture;³⁶
- Attorney-General's Department (AGD)—night patrols; and

³⁵ As per the Administrative Arrangements Order of 14 September 2010, responsibility for sport and recreation was transferred to the Department of the Prime Minister and Cabinet.

³⁶ As per the Administrative Arrangements Order of 14 September 2010, responsibility for the Office for the Arts was transferred to the Department of the Prime Minister and Cabinet. Throughout the report, the term Office for the Arts is used to refer to the management of the arts, broadcasting, languages and culture function.

DEWHA was also reconstituted as the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) and retains responsibility for the rangers function. Throughout this report the department is referred to as Environment.

- FaHCSIA—municipal services.

1.27 Job numbers for both the initiatives were required to be finalised by 1 July 2010, with departments assuming full responsibility for funding through direct appropriations after that time.³⁷ Table 1.1 provides a breakdown of the number of jobs that had been created, by location and Australian Government department, as at 1 July 2010.

Table 1.1

Job creation in Government Service Delivery (as at 1 July 2010)

Job Sector	National Jobs Creation Package					NT Jobs Package
	NSW	QLD	WA	SA	Total	
Education	114	35	139	11	299	250
Arts, Culture and Broadcasting	18	85	164	59	326	230
Rangers	14	66	12	9	101	219
Aged Care	23	132	68	37	260	349
Sport and Recreation	12	33	29	2	76	86
Municipal Services	0	36	99	0	135	155
Night Patrols	17	0	5	0	22	94
Indigenous Land Council	-	-	-	-	-	168
Child Care	-	-	-	-	-	204
Total	198	387	516	118	1235*	1755

Source: DEEWR – *Master Data Summary* August 2010.

*Note: 16 jobs in total were also created across Victoria, ACT and Tasmania.

1.28 Appendix 2 shows the geographic distribution and number of jobs created across Australia for the NT Jobs Package and NJCP.

1.29 Each department was ultimately responsible for identifying the positions that were supporting, or could support, the delivery of core government services in their respective sectors. This meant that a position evolved from one or more activities previously funded under CDEP or, in

³⁷ Prior to 1 July 2010, FaHCSIA was responsible for the jobs packages funding through a special account.

some instances, could be a new role. In identifying the positions, departments were required to ensure that those jobs created from CDEP activities were sustainable jobs operating under mainstream employment conditions.

1.30 The jobs were created through a variety of state, local and non-government organisations (such as community organisations) that deliver Australian Government services. As such, each department was responsible for establishing and monitoring contracts with service providers, and the subsequent reporting and acquittal requirements for the funding provided.

Previous job creation measures

1.31 Since 2006, the Australian Government has committed approximately \$385 million³⁸ through a range of initiatives aimed at moving CDEP participants in targeted sectors into sustainable jobs in government service delivery. In addition to the NT Jobs Package and NJCP, other measures have included:

- *Improving Indigenous Health Worker Employment*: in 2006, \$20.5 million was committed until 30 June 2010 to create 130 full-time equivalent positions for CDEP participants working in Aboriginal primary health care and substance use centres across Australia;
- the 2007 Budget Measure, *Building An Indigenous Workforce in Australian Government Service Delivery*: \$97.2 million was committed until 30 June 2011 to create 825 jobs in the delivery of Australian Government services; and
- the *Cape York Welfare Reform Trial*: funding of up to \$2.3 million has been committed from 2008 to 2012 to fund 40 jobs supporting the delivery of Australian Government services in the four communities participating in the Cape York Welfare Reform Trials.

1.32 Through implementing these measures, Australian Government departments gained experience in creating jobs from CDEP activities and developed criteria to assist in identifying activities that could form the basis of ongoing jobs.

³⁸ This figure includes funding from the *National Partnership Agreement on Indigenous Economic Participation* and the NT Jobs Package.

Audit approach

Audit objective, criteria and scope

1.33 The audit objective was to assess the effectiveness of DEEWR's and FaHCSIA's administration of the Australian Government's responsibilities under Element 1 of the *National Partnership Agreement on Indigenous Economic Participation* (including the NT Jobs Package).

1.34 The high-level audit criteria underpinning the audit objective were:

- DEEWR and FaHCSIA established arrangements and ongoing procedures to support the achievement of the outputs outlined in Element 1 of the *National Partnership Agreement on Indigenous Economic Participation*.
- DEEWR, DoHA, Environment and the Office for the Arts identified, selected and funded the jobs created under Element 1 of the *National Partnership Agreement on Indigenous Economic Participation*.
- DEEWR, DoHA, Environment and the Office for the Arts developed and/or monitored transitional strategies in communities, including pre- and post-employment support strategies for CDEP participants who gained jobs.
- DEEWR and FaHCSIA monitored and reported on the packages, and used performance information to inform decision-making.

1.35 The audit scope did not include:

- an examination of the night patrol positions administered by AGD as they have previously been the subject of an ANAO audit³⁹;
- the identification and creation of jobs by state and territory governments; and
- job creation in the Torres Strait Islands.⁴⁰

³⁹ ANAO Audit Report No.21 2010–11, *Northern Territory Night Patrols*, available from <www.anao.gov.au>.

⁴⁰ Through the 2010–11 Commonwealth Budget, \$44.3 million was provided over four years to align CDEP in the Torres Strait with reforms to the national CDEP program that commenced in other areas of Australia from 1 July 2009.

Audit methodology

1.36 The audit methodology was developed to comply with the ANAO's auditing standards to ensure there was sufficient and appropriate evidence to form a reliable audit opinion. The fieldwork included:

- collection and review of documentation including policy documents, guidelines, procedures, operational documents and reports from DEEWR and FaHCSIA, as well as other relevant Australian Government departments identified during fieldwork;
- interviews with DEEWR and FaHCSIA staff, and staff from other relevant Australian Government departments identified during fieldwork;
- interviews with state and territory government departments and relevant non-government stakeholders; and
- visits to communities where jobs have been created, including interviews and document reviews with funded organisations that employ Indigenous Australians in the newly created jobs as well as interviews with the employees.

Case study approach

1.37 The jobs created by DEEWR, DoHA, Environment and the Office for the Arts cover 81 per cent of the jobs created under the NJCP and 60 per cent of those created under the NT Jobs Package. In order to reflect these arrangements, the audit methodology concentrated on assessing DEEWR's, DoHA's, Environment's and the Office for the Arts' approaches to identifying and creating jobs under both jobs packages.

1.38 The ANAO identified specific geographical locations and programs that were used as case studies to undertake a more detailed analysis and to inform audit fieldwork. Table 1.2 outlines the department, program area, total number of jobs created for the NJCP and NT Jobs Package, and the number of jobs that were reviewed as part of the audit fieldwork.

Table 1.2**Audit coverage**

Department	Program	NJCP		NT Jobs Package	
		Jobs created	Jobs reviewed	Jobs created	Jobs reviewed
DEEWR	Education Support	299	192*	250	46
DoHA	Aged Care	266	41	349	20
Environment	Rangers	111	33	219	46
The Office for the Arts	Arts, Culture and Broadcasting	326	72	230	46

*Note: 56 per cent of all education support jobs under the NJCP are being delivered by state governments.

Source: ANAO analysis.

1.39 In total, 1235 jobs were created under the NJCP, and the sample of 338 represents 27 per cent of these jobs. The ANAO interviewed 47 service providers across Queensland, New South Wales, Western Australia and South Australia.

1.40 For the NT Jobs Package, a total of 1755 jobs were created and the sample of 158 represents 9 per cent of these jobs. The ANAO interviewed 15 service providers during fieldwork visits to Darwin, Yirrkala, Nhulunbuy and Alice Springs.

1.41 The audit was conducted in accordance with the ANAO's auditing standards at a cost of approximately \$492 000.

Audit report structure

1.42 The report contains the following chapters:

- Planning, Coordinating and Funding the Jobs Packages (Chapter 2);
- Identifying the Jobs (Chapter 3);
- Developing, Executing and Monitoring the Funding Agreements (Chapter 4);
- Employing Indigenous Australians in the Jobs (Chapter 5); and
- Monitoring and Reporting on Element 1 of the NPA (Chapter 6).

2. Planning, Coordinating and Funding the Jobs Packages

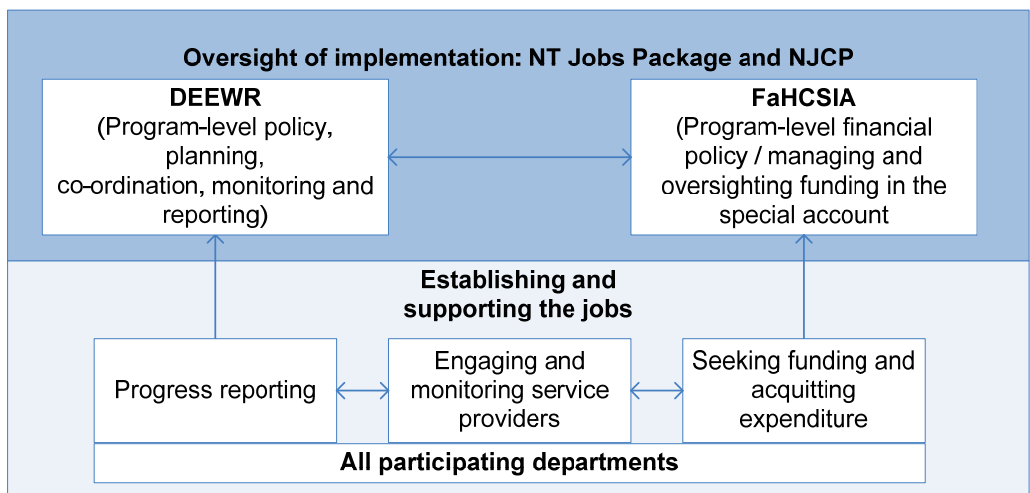
This chapter examines the planning, coordination and funding arrangements used in the Northern Territory Jobs Package and National Jobs Creation Package.

Introduction

2.1 The successful creation of jobs under the Northern Territory Jobs Package (NT Jobs Package) and National Jobs Creation Package (NJCP) required a significant level of planning and coordination among the various Australian Government departments. Figure 2.1 shows the respective roles and responsibilities of the Australian Government departments involved with implementing the NT Jobs Package and the NJCP.

Figure 2.1

NT Jobs Package and NJCP roles and responsibilities



Source: ANAO analysis.

2.2 The ANAO reviewed and assessed whether:

- the Department of Education, Employment and Workplace Relations (DEEWR) had developed appropriate arrangements to implement the NT Jobs Package and the NJCP, and provided program guidance to departments; and

- the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) had established and operated the special account⁴¹ in line with relevant Australian Government guidelines.

Implementation planning and guidance

2.3 The ANAO Better Practice Guide, *Implementation of Programme and Policy Initiatives*, notes that the likelihood of implementing cross-agency initiatives effectively is greater when there is an overarching, high-level implementation plan that clearly identifies:

- governance and decision-making arrangements;
- possible resource and scheduling constraints;
- risk management strategies;
- shared funding arrangements; and
- the procurement and management of contracts.⁴²

Implementation planning for the NT Jobs Package

2.4 The development of the NT Jobs Package was part of the wider reforms undertaken as part of the Northern Territory Emergency Response (NTER).⁴³ Due to the time pressures involved in the development and rollout of the NT Jobs Package⁴⁴, DEEWR advised that it did not develop a project plan for the package. Instead, it relied on the implementation plan developed for the 2007 Budget measure *Building An Indigenous Workforce in Government Service Delivery*.

2.5 The 2007 Budget measure is similar to the NT Jobs Package in that it involved creating jobs from Community Development Employment Projects

⁴¹ A Special Account is an appropriation mechanism that notionally sets aside an amount within the Consolidated Revenue Fund to be expended for specific purposes.

⁴² ANAO Better Practice Guide—*Implementation of Programme and Policy Initiatives*, October 2006, Canberra, p. 26.

⁴³ Further details on the NTER can be found in Appendix 4.

⁴⁴ Following the announcement of the NTER in July 2007, an inter-departmental working group was convened to develop proposals to increase employment opportunities for Indigenous Australians in the Northern Territory. A key output of the working group was a paper provided to the Australian Government in August 2007, which formed the basis for the NT Jobs Package. The package was approved in September 2007, with all jobs to be in place by 1 July 2008. The first jobs were created in October 2007.

(CDEP) activities in urban and major regional areas where CDEP was being withdrawn.⁴⁵ The implementation plan includes contextual information and components, such as risks, which have high-level applicability to the NT Jobs Package.

2.6 While DEEWR did not develop a specific implementation plan for the NT Jobs Package, some elements that might otherwise have formed part of a plan were incorporated in other guidance, including:

- a basic outline of the processes required for creating jobs, which was distributed to departments in late 2007;
- a description of the respective roles and responsibilities of DEEWR, FaHCSIA and participating departments, which was developed in April 2008; and
- information on DEEWR's support role for the NT Jobs Package, which was contained in an internal fact sheet distributed in September 2008. The fact sheet identifies that:
 - pre- and post-employment support would be provided for potential job candidates and new employees through DEEWR's Indigenous Employment programs; and
 - Community Employment Brokers⁴⁶ could assist with job retention by arranging mentoring for employees as well as forwarding any policy issues relating to the filling and funding of jobs to DEEWR's national office.

⁴⁵ The *Building An Indigenous Workforce in Australian Government Service Delivery* measure was aimed at CDEP activities that had been providing services on behalf of the Australian Government or through services funded jointly by the Australian Government and state and territory governments.

⁴⁶ Community Employment Brokers were placed throughout Northern Territory communities, as a part of the NTER, to help ensure DEEWR programs and services were delivered within each community.

Implementation planning for the National Jobs Creation Package

2.7 In March 2009, in preparation for the rollout of the NJCP, DEEWR organised two workshops with participating departments to discuss the experiences with the NT Jobs Package that could be applied to the NJCP. Areas identified for improvement included:

- the need for employees and service providers to be supported so jobs were retained by Indigenous Australians;
- the need for jobs to be sustainable and essential to service delivery;
- the development of an induction package for employers and employees;
- significant changes in the reporting process to allow reporting of retention rates to ministers and agency executives;
- the development of a database where all information supplied by agencies through their service providers could be incorporated into an activity card; and
- departments amending their funding agreements with service providers with standard text provided by DEEWR.

2.8 Other actions taken by DEEWR to coordinate the implementation of the NJCP included the distribution of an information pack to participating departments; facilitating a workshop on risk management to gather the views of participating departments; and the development of a project implementation plan.

2.9 The project implementation plan outlines the objectives, deliverables, milestones and success criteria to support implementation of the NJCP, drawing on key parts of both the *National Partnership Agreement on Indigenous Economic Participation* and the Bilateral Implementation Plans with state and territory governments. Table 2.1 shows an analysis of the project implementation plan against the criteria outlined in the ANAO Better Practice Guide—*Implementation of Programme and Policy Initiatives*.

Table 2.1**Analysis of the project implementation plan against better practice**

Criteria	Met	ANAO comment
Governance and decision-making arrangements	✓	An information pack distributed to participating departments set out the governance arrangements for the initiative including the roles and responsibilities of each department.
Key deliverables and milestones	✓	The project implementation plan specified key deliverables. DEEWR also identified tasks and milestones for implementing the NJCP.
Possible resource and scheduling constraints	Partially	The need for jobs to be created by 30 June 2009 was the only resource and scheduling constraint explicitly discussed within the project implementation plan. An employer/employee induction plan was drafted but not implemented due to time demands of other priorities. This may have assisted DEEWR in identifying and addressing delivery requirements for the package.
Risk management strategies	Partially	The implementation plan identified several high-level risks and treatment strategies for the NJCP but could have also included funding risks and been reviewed periodically to identify and manage risks arising during implementation.
Shared funding arrangements and contracting with service providers.	N/A	The implementation plan did not specifically address the pooled funding arrangements established for the NJCP. These arrangements were developed separately by FaHCSIA building on processes established for the NT Jobs Package.

Source: ANAO analysis.

2.10 DEEWR's planning arrangements for the NJCP provided a more structured and considered approach to implementation, including the development of a project implementation plan and information pack. The framework incorporated the lessons from the NT Jobs Package and addressed a number of elements necessary for successfully implementing cross-departmental initiatives, including specifying roles and responsibilities and identifying high-level implementation risks.

Program guidance for the NT Jobs Package and the NJCP

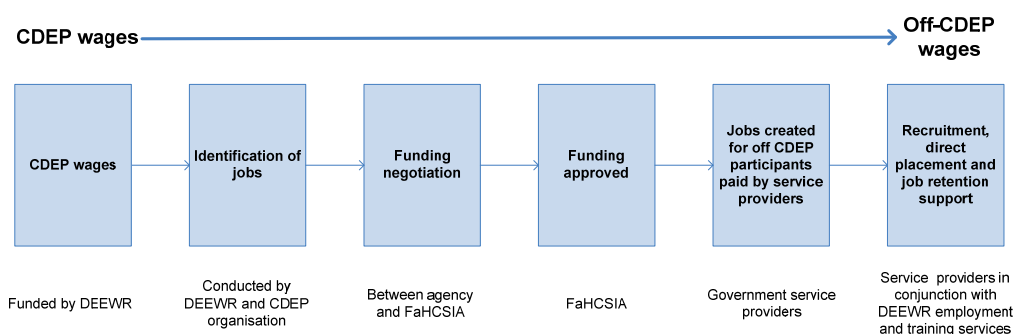
2.11 The successful creation of jobs under the NT Jobs Package and the NJCP required a common understanding of the objectives among the various Australian Government departments responsible for their implementation. For both jobs packages, Australian Government departments were initially required to confirm locations where CDEP activities could be used as a guide

to create jobs, and then enter into agreements with service providers to fund the employment of staff in those locations.⁴⁷

2.13 For the NT Jobs Package, DEEWR initially issued high-level guidance to departments on the process for creating jobs from CDEP activities. In April 2008, DEEWR revised the process to include the negotiation of funding between departments and FaHCSIA, as well as DEEWR support for service providers following the creation of the jobs, in the areas of recruitment and job retention through its employment and training services. The revised process is shown in Figure 2.2.

Figure 2.2

Funding continuum for the NT Jobs Package



Source: ANAO analysis.

2.14 To limit future cross-subsidisation of the CDEP program, DEEWR also asked departments to:

- fund all appropriate jobs with their service providers;
- stipulate that funded jobs must be ongoing and identified as being for Indigenous Australians; and
- work with service providers to ensure that once jobs were funded, CDEP could not be used to back-fill extra positions.

2.15 For the NJCP, DEEWR provided departments with information about creating jobs similar to that provided for the NT Jobs Package.

2.16 DEEWR provided broad guidance to departments on the process for implementing the packages, but did not develop specific program guidelines.

⁴⁷ This is discussed further in Chapter 3—Identifying the Jobs, pp 56–68.

Instead, there was a reliance on departments to determine and implement their own internal management arrangements for identifying jobs and engaging service providers, based on their previous experience. This provided flexibility for departments to tailor the implementation to their respective programs and job sectors.

Funding arrangements for the job packages

2.17 Funding for the NT Jobs Package and the NJCP was pooled and distributed from a special account called the Northern Territory Flexible Funding Pool special account. The need for flexibility to support the rapid rollout of the NTER was the primary driver for the use of a special account, and the Department of Finance and Deregulation's *Strategic Review of Indigenous Expenditure* observed that 'The use of this special account has provided greater flexibility in the allocation of funds between agencies than did earmarking funds within individual agencies.'⁴⁸

2.18 The Finance Minister established the Northern Territory Flexible Funding Pool special account on 21 September 2007, and the Australian Government committed funding for an initial three-year period to allow for jobs to be identified and settled. In March 2009, the Finance Minister broadened the purposes of the Northern Territory Flexible Funding Pool special account to allow the wider geographic range of NJCP jobs to be funded and, on 1 July 2009, the name of the account was changed to the Indigenous Employment Special Account (IESA), while retaining the same expenditure purposes.

2.19 The total cost of the NT Jobs Package and NJCP from 2007–08 to 2010–11 was \$361.7 million. Of the total amount, \$319.7 million (88.4 per cent) was allocated to Administered funding and \$42 million (11.6 per cent) to Departmental funding. Table 2.2 shows the breakdown of expenditure in 2007–08 to 2010–11 for the two packages.

⁴⁸ Department of Finance and Deregulation, *Strategic Review of Indigenous Expenditure*, February 2010, p.341.<http://www.finance.gov.au/foi/disclosure-log/2011/docs/foi_10-27_strategic_review_indigenous_expenditure.pdf> [accessed on 22 August 2011].

Table 2.2**Cost of the NT Jobs Package and the NJCP**

Package	Item	2007–08 (\$m)	2008–09 (\$m)	2009–10 (\$m)	2010–11 (\$m)	Total (\$m)
NT Jobs Package	Departmental	2.3	5.2	6.7	6.3	20.5
	Administered	15.4	52.4	69.9	60.7	198.4
NJCP	Departmental	N/A	1.5	3.0	3.5	8
	Administered		15.5	51.8	54.0	121.3
Total		17.7	74.6	131.4	124.5	348.2

Source: ANAO analysis.

2.19 Further analysis of the funding agreements demonstrates that the majority of the funding provided to service providers was for wages/salaries and training. Table provides a breakdown of the different components of the administered funding for the four departments reviewed as a part of the audit.

Table 2.3**Administered funding breakdown of the four job streams examined by the ANAO**

Component	2009–10		2010–11	
	NT Jobs Package (\$m)	NJCP (\$m)	NT Jobs Package (\$m)	NJCP (\$m)
Wages/salaries	23.3	25.7	24.1	24.9
On-costs ¹	5.7	7.2	5.9	7.2
Training	5.8	3.9	5.2	6.6
Administration ²	1.6	1.7	1.6	1.8
GST (Arts only)	0.5	0.8	0.7	0.8
Other (Rangers only) ³	1.0	3.1	1.8	2.7
Total:	37.9	42.4	39.3	44

Source: ANAO analysis.

Notes: The figures in Table 2.2 differ from those in Table 2.3 above. Table 2.2 shows the total amount of funding for the jobs packages whereas Table 2.3 only includes figures using the funding agreements from the four job streams examined by the ANAO.

1. On-costs include employment benefits such as superannuation, leave and workers compensation.
2. This only applies to the funding provided by Environment and the Office for the Arts. DEEWR and DoHA did not provide separate funding for administration and instead included it in the on-costs component of the funding.
3. This included provision for materials, equipment, hire (e.g. helicopter and vehicles), transport, fuel, maintenance and consultations.

Management of the special accounts

2.21 The *Guidelines for the Management of Special Accounts 2003* (Special Account Guidelines) issued by the Department of Finance and Deregulation provide the Australian Government's policy framework supporting the legislative requirements for creating, varying and revoking special accounts, as well as providing guidance on managing and reporting arrangements.

2.22 FaHCSIA established and managed the special accounts used for the NT Jobs Package and NJCP in a manner consistent with Australian Government policy requirements. Once the jobs had been bedded down within the programs administered by departments, a special account was no longer required. Therefore, from 2010–11, the IESA was abolished and departments began receiving direct Budget appropriations.

2.23 During the operation of the special accounts, FaHCSIA consulted with the Department of Finance and Deregulation about changes, including establishing, amending and abolishing the accounts. FaHCSIA also disclosed the necessary information on the special accounts within its portfolio budget statements and annual reports.

Operating framework

2.24 The operating framework for FaHCSIA's management of the special accounts was established at the outset of the NT Jobs Package and evolved over time to incorporate the arrangements for managing the NJCP.

2.25 In September 2007, the Prime Minister appointed a sub-committee of the Secretaries' Group on Indigenous Affairs (SGIA Sub-Committee) to provide oversight of the Northern Territory Flexible Funding Pool special account including approving the rules for its operation; monitoring spending; assessing proposals for the reallocation of funding between departments; and providing advice to the Australian Government.⁴⁹ In October 2007, the SGIA Sub-Committee endorsed Operating Guidelines providing high-level principles for the operation of funding mechanisms under the NT Jobs Package.

⁴⁹ The Secretaries' Group on Indigenous Affairs (SGIA) consists of the chief executives of Australian Government agencies responsible for administering the Australian Government's Indigenous programs. The SGIA provides whole-of-government advice on matters relating to Indigenous affairs.

2.26 To supplement the Operating Guidelines, FaHCSIA developed, distributed and regularly updated more specific guidance for departments. The guidance included templates for departments to request funding and acquit expenditure and allowed FaHCSIA to gather consistent information on the progress being made by departments in achieving business outcomes.

2.27 The templates provided a standard format that assisted FaHCSIA's administration of the special account and reporting to the SGIA Sub-Committee. The templates were supported by procedures for requesting and acquitting funding as well as for managing funding in accordance with the Australian Government's financial management framework.

Funding reallocations

2.28 A primary reason for using a special account was the flexibility it provided to reallocate funds from departmental sectors that had excess funding to those in which further jobs could be created. This was particularly important because initial funding allocations were based on estimates of job numbers. As Australian Government agencies confirmed the actual number of positions to be created, there was a need to increase or reduce the notional allocation of jobs, and therefore funding.

2.29 At the commencement of the NT Jobs Package, the process approved by the Australian Government and implemented by FaHCSIA for adjusting funding allocations involved seeking the agreement of the SGIA Sub-Committee and then the Minister for Families, Housing, Community Services and Indigenous Affairs (in consultation with the Minister for Finance and Deregulation). For this to occur, departments were required to confirm with FaHCSIA that there was sufficient funds available in the special account and lodge a business case for endorsement by the SGIA Sub-Committee.

2.30 The approval arrangements provided high-level oversight of changes to allocations, but also extended the time required to have changes approved. In one instance, there was a gap of four months between the submission of a proposal to FaHCSIA, approval by the SGIA Sub-Committee and Ministerial approval.⁵⁰ The department concerned identified that the delay made it

⁵⁰ FaHCSIA advised the relevant department in January 2008 that the proposal would need to be approved by the SGIA Sub-Committee; however, the proposal was not put before the Sub-Committee until April 2008.

difficult for it to finalise positions and negotiate other job creation opportunities.

2.31 At the commencement of the NJCP, FaHCSIA established a new governance process for the reallocation of NT Jobs Package and NJCP funding within the special account. The changes provided for FaHCSIA's senior executives to:

- approve the cross-department allocation of funds within the special account, including out-years, following consultation with participating agencies;
- vary the number of allocated positions or level of funding for any department; and
- vary the number of positions, location, service provider, or job types, subject to the agreement of DEEWR as lead policy department.

2.32 The governance changes provided a more streamlined process for approving and varying job and funding allocations when compared with the process for the NT Jobs Package.

2.33 DEEWR's planning arrangements for the NJCP were improved through the development of a project implementation plan and an information pack. The planning arrangements also incorporated the lessons from the NT Jobs Package and addressed a number of elements necessary for successfully implementing cross-departmental initiatives, including governance arrangements and identification of key implementation risks.

2.34 The approach taken by FaHCSIA to establishing and managing the special accounts used for the NT Jobs Package and NJCP was consistent with Australian Government policy requirements. This included a clear rationale for using the special account mechanism; consultation with the Department of Finance and Deregulation on its establishment and necessary changes; and reporting on the special account.

3. Identifying the Jobs

This chapter examines the processes undertaken by Australian Government departments to identify the jobs that were to be created.

Introduction

3.1 During the policy development stage for the NT Jobs Package and the National Jobs Creation Package (NJCP), departments undertook an initial assessment of the job numbers for each sector that could be created from Community Development Employment Projects (CDEP) activities. The estimate was used as the basis for allocating funding for both packages. It was understood, however, that a jobs audit would need to be undertaken to help confirm the actual numbers that could be created.

3.2 For each package, the jobs audit was one of the key milestones for the relevant Australian Government department. The jobs audit was expected to identify and verify the CDEP activities that were supporting the delivery of Australian Government services, and therefore inform the process of confirming the number of jobs that could be created.

3.3 The ANAO assessed the jobs audit and the processes for identifying jobs under the NT Jobs Package and the NJCP to determine whether:

- the jobs audit was completed within agreed timeframes and adequately identified the jobs that could be created; and
- the Department of Education, Employment and Workplace Relations (DEEWR), Department of Health and Ageing (DoHA), Department of Sustainability, Environment, Water, Population and Communities (Environment) and the Office for the Arts identified and allocated jobs from CDEP activities that would create sustainable and ongoing employment opportunities.

Northern Territory Jobs Package

3.4 On 23 July 2007, the Australian Government announced changes to the delivery of Indigenous employment services in the Northern Territory to support the Northern Territory Emergency Response (NTER). In particular, CDEP activities that supported the delivery of Australian Government services in the Northern Territory were to be progressively replaced with the creation of 'real' jobs. To facilitate the creation of the jobs and the transition of CDEP

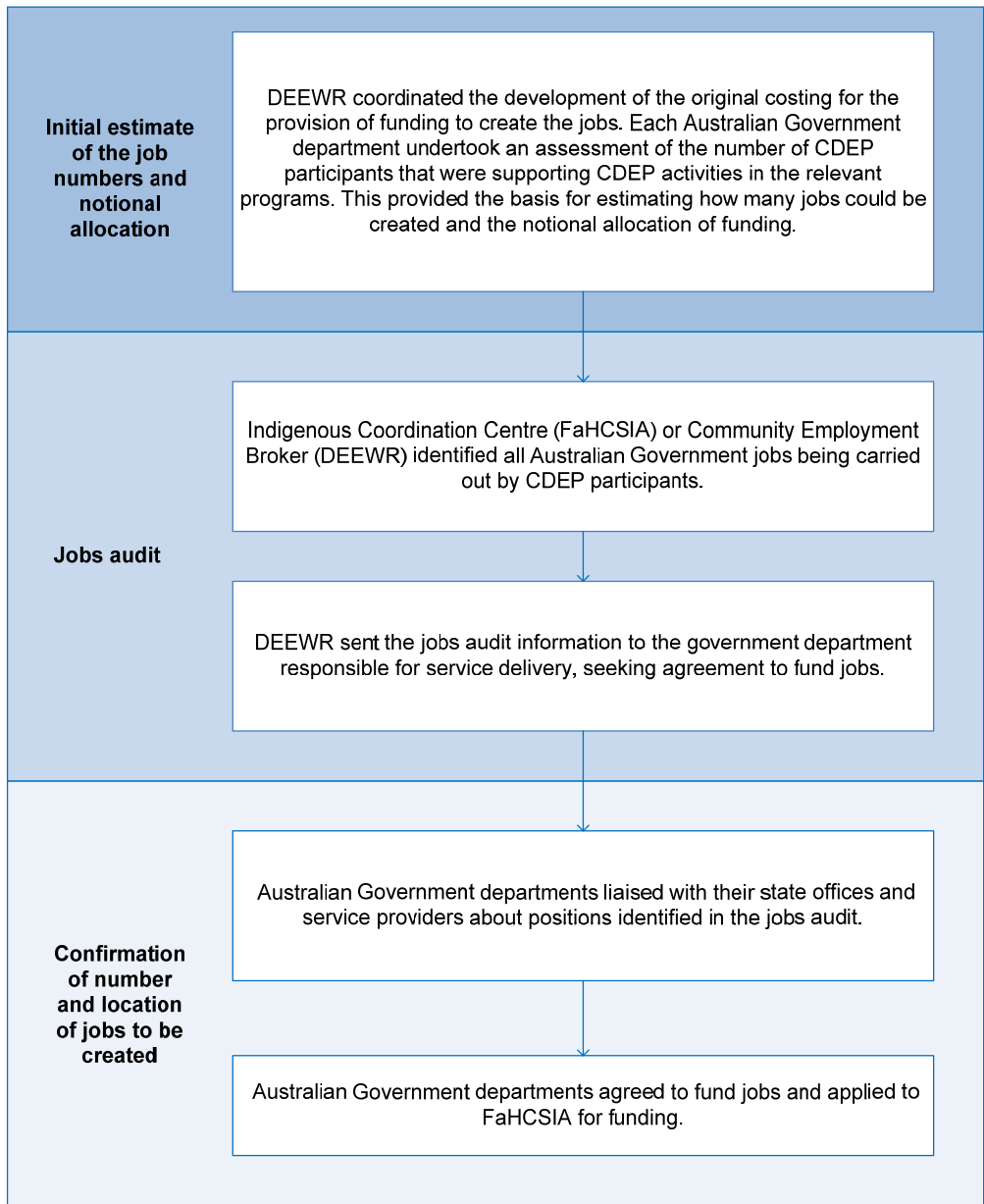
participants into the newly created jobs, the Australian Government developed the NT Jobs Package.⁵¹

3.5 During the initial planning stage of the NT Jobs Package, DEEWR worked with other agencies to estimate the number of jobs that could be created across each sector. The estimated job numbers formed the basis of the approved funding for the NT Jobs Package. The actual number of jobs to be created was confirmed through a subsequent jobs audit and further consultation by the departments with service providers. Figure 3.1 outlines the process for identifying the jobs for the NT Jobs Package.

⁵¹ Department of Education, Employment and Workplace Relations, *CDEP in the Northern Territory Response*, available from <<http://www.workplace.gov.au/NR/rdonlyres/31071644-F73A-46BF-82D259046CF5057D/0/CDEPNTQuestionsandAnswers.pdf>> [accessed 22 August 2011].

Figure 3.1

Process for identifying the jobs for the NT Jobs Package



Source: ANAO analysis.

Jobs audit

3.6 At the time of conducting the jobs audit for the NT Jobs Package, DEEWR was also responsible for the CDEP program. The objective of the jobs audit was to ‘construct a comprehensive map of CDEP participant activities in

the Northern Territory'⁵² and support the transition of CDEP activities that had been supporting the delivery of government services into real jobs for Indigenous Australians in the Northern Territory.

3.7 The jobs audit was undertaken by DEEWR staff located in the Northern Territory. The staff were required to complete an activity audit for each CDEP organisation in the Northern Territory based on a pro forma. This included identifying:

- the number and location of all CDEP participants involved in activities which provided services normally attracting government funding;
- the role that CDEP participants were undertaking;
- the CDEP participant's wage rate, hours worked for CDEP payments and for other income, length of placement and the scope of their work;
- all sources of non-CDEP wage top-up; and
- all CDEP activities which, if removed, would leave a service gap within the community.

3.8 A key issue identified during the jobs audit was the difficulty in determining how many CDEP participants were providing cross-subsidised services. In October 2008, DEEWR advised its Minister:

It is often difficult to accurately estimate the number of potentially sustainable jobs, as the availability of subsidised labour encourages overstaffing so there is not a one-to-one ratio between CDEP participants and a job in government service delivery. In addition, CDEP participants are often engaged in multiple CDEP activities. Job audits are conducted in all areas where a measure has been funded to ascertain the number of sustainable jobs required to continue supporting the delivery of government services. This involves an intensive process between CDEP contract managers and providers working through what each CDEP participant is doing. Australian Government agencies use the information from jobs audits and their own guidelines and standards for service delivery (for example, staffing ratios for childcare centres) to negotiate with their service providers on the number of sustainable jobs required to ensure uninterrupted delivery of services.

⁵² DEEWR, *Fact Sheet for creation of jobs from CDEP cross-subsidised positions*, July 2007.p. 2.

3.9 This issue, combined with the short timeframe for conducting the jobs audit, meant the information from the audit evolved over time and the numbers of jobs identified changed.

The role of the departments in identifying jobs

3.10 Prior to the jobs audit, individual departments provided an estimate of the number of sustainable jobs that could be created from CDEP activities. In some cases departments over-estimated the number of jobs that would be realised, while in others they were under-estimated.

3.11 Following the jobs audit, departments used this information to identify the specific numbers of potential jobs that could be created from CDEP activities. To inform this process, DEEWR, DoHA and the Office for the Arts made contact with their state offices and their service providers to get the numbers of CDEP participants providing services on their behalf. The departments then allocated and made a direct offer of positions to organisations that received ongoing funding through existing Australian Government programs. Environment adopted a different approach and used a competitive application and assessment process to identify and allocate the jobs to organisations.⁵³

3.12 Table 3.1 provides a breakdown of the job numbers originally estimated and the total number of jobs created as at July 2010.

Table 3.1

Notional job numbers created compared to the total number of jobs created for the NT Jobs Package

Department	Program/Job sector	Initial estimated job numbers	Jobs audit results	Total number of jobs created
DEEWR	Education support	190	246	250
DEEWR	Childcare	150	200	204
DoHA	Aged care	186	254	349
DoHA	Sport & recreation	135	135	86
DEWHA	Rangers	140	169	219*

⁵³ Environment's approach is discussed in further detail paragraph 3.31.

Department	Program/Job sector	Initial estimated job numbers	Jobs audit results	Total number of jobs created
DEWHA	Broadcasting, art centre support, language and culture	259	230	230
AGD	Night patrols	45	45	94
FaHCSIA	Municipal services	154	136	155
Indigenous Land Council	Land and pastoral management	150	150	168
Total		1409	1565	1755

Source: ANAO analysis.

Notes: * This number represents the total number of full and part time jobs created.

3.13 The jobs audit for the NT Jobs Package helped create a map of CDEP participant activities in the Northern Territory. This assisted in identifying and transitioning CDEP activities that were supporting the delivery of government services into ongoing jobs for Indigenous Australians. The final numbers of jobs created relied on a number of external factors, such as the service providers agreeing with the terms and conditions in the funding agreements set by the various Australian Government departments.

3.14 By linking the allocation of jobs to existing funding from either the Australian or the state and territory governments, the departments limited interruption to the delivery of Australian Government services once the CDEP activities were removed.

National Jobs Creation Package

3.15 Similar to the NT Jobs Package, the NJCP had a three-staged approach to identifying the jobs. The *National Partnership Agreement on Indigenous Economic Participation* outlined that an estimated 2000 jobs, which included 1280 Australian Government jobs, would be created under Element 1. As part of the policy development process, DEEWR coordinated a whole-of- government funding proposal in which departments were asked to provide an estimate of the number of jobs that could be created based on their knowledge of the respective sectors. These estimates were to be confirmed through:

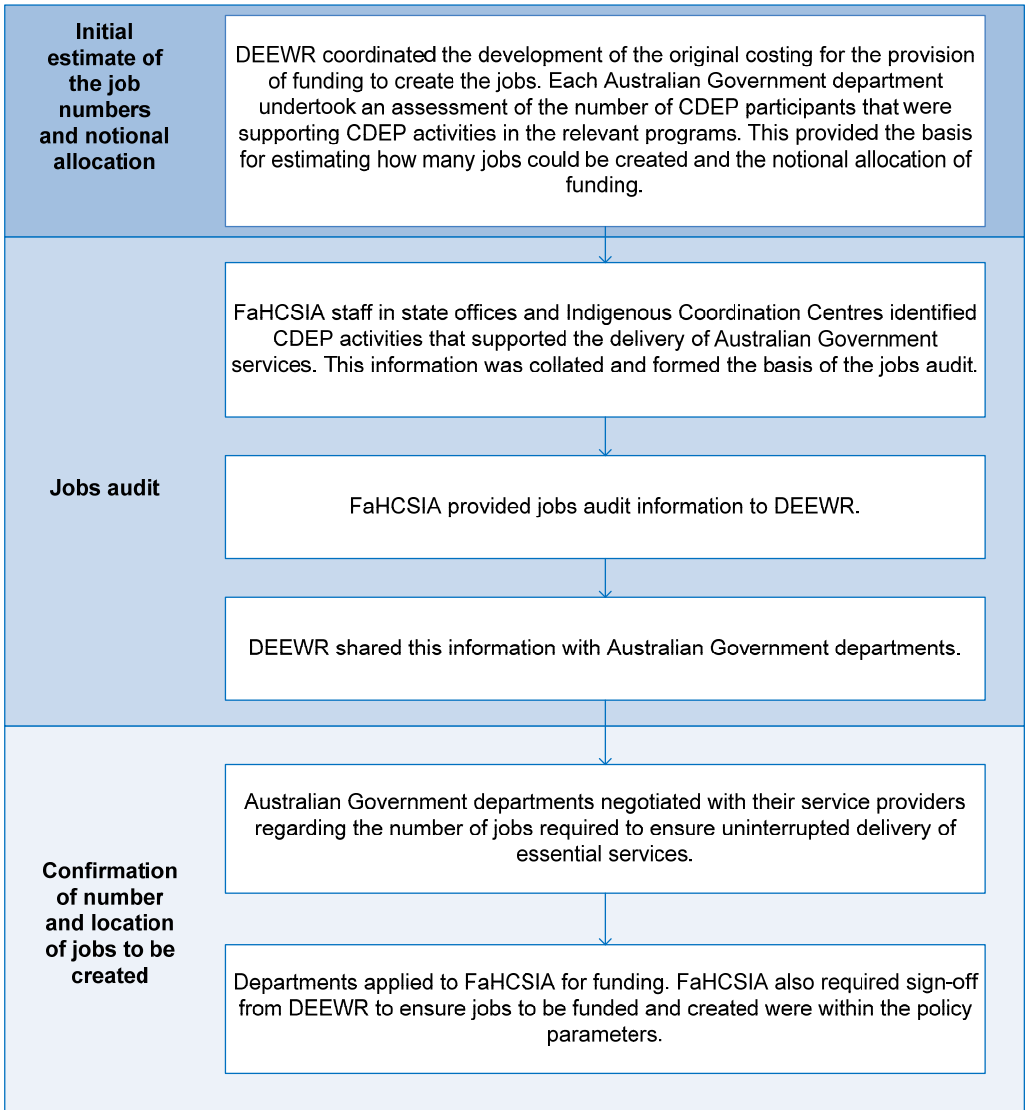
- FaHCSIA conducting an analysis of CDEP activities (jobs audit) to give a initial indication of the range of services that were being subsidised by CDEP; and

- the departments verifying with service providers the numbers of jobs that could be created from CDEP activities.

3.16 Figure 3.2 outlines the process for identifying the jobs for the NJCP.

Figure 3.2

Process for identifying the jobs for the NJCP



Source: ANAO analysis.

3.17 By 2008, responsibility for the CDEP program had moved from DEEWR to FaHCSIA. In conducting the jobs audit that supported the NJCP, FaHCSIA was responsible for:

- determining the number of CDEP participants supporting government service delivery (both Australian and state);
- liaising with DEEWR to determine the number of jobs that could be created from CDEP activities; and
- providing the relevant data to DEEWR.

3.18 After the jobs audit had been completed, DEEWR's role was to liaise with the departments to ascertain the number of positions for creation in each sector. The departments were responsible for reaching an agreement with DEEWR and FaHCSIA on the number of jobs required to deliver their respective services, and for the ongoing management of funding agreements with service providers to fill the jobs.

Jobs audit

3.19 FaHCSIA developed a project plan to undertake the jobs audit. The objective of the project was to identify CDEP activities that supported the delivery of government services.

3.20 FaHCSIA developed a template for its state CDEP contract managers to complete. The template was supported by a factsheet that provided a guide to assessing which jobs were sustainable from CDEP activities and an activity description for potential jobs within the Australian Government sector. The template was sent to the CDEP managers in FaHCSIA state offices with a request to liaise with the CDEP providers and complete the required information. The information received was then collated into spreadsheets for each of the departments and quality checked by a DEEWR staff member.

3.21 The information from the jobs audit did not provide a list of specific jobs to be converted. Rather, it advised what activities were being undertaken by CDEP participants. In addition, the jobs audit information identified positions or jobs by CDEP providers, who were not necessarily the service delivery providers. Local CDEP providers linked Indigenous CDEP participants to service providers.⁵⁴

3.22 The jobs audit was due to be completed by March 2009. A final summary of the jobs audit was not provided to departments until the end of

⁵⁴ See Appendix 3 for further details on CDEP and the reforms.

April 2009. Further, departments identified issues and gaps with the job audit information, including:

- variation in the FaHCSIA template format between states, which made it difficult to get a consistent understanding of the information contained in each state's jobs audit and to collate the information;
- activities identified were either too broadly defined or not defined, making it difficult to determine what type of work was being done under CDEP and how a job could be created from these CDEP activities;
- difficulty in determining the specific activities being undertaken by CDEP participants in remote areas, and therefore limiting the ability to identify the CDEP role(s) to be converted; and
- no local government activities were listed in the jobs audit.

3.23 While the information contained in the jobs audit was only a guide to the potential jobs that could be created from CDEP activities, the delay in providing the information to departments, and the identified limitations of the information, contributed to a subsequent delay in creating the jobs.

3.24 Further, the jobs identification process placed an administrative burden on the CDEP organisations and created a duplication of effort by the departments. Each department had to re-contact CDEP providers to confirm which jobs could be identified. CDEP providers could have had all four departments contacting them individually to understand the nature of the jobs that had been identified and the types of activities being undertaken by the CDEP recipients. For example, of the 26 CDEP providers in Queensland included in the NJCP jobs audit process, six had jobs identified across all four of the departments included in the scope of the audit, and another nine had jobs identified across three of the four departments.

3.25 As both jobs packages were established through whole-of-government arrangements, a collaborative approach in the jobs identification process could have improved administrative efficiencies and reduced the burden for departments and CDEP organisations.⁵⁵

⁵⁵ This has been examined previously in ANAO Audit Report No.10 2007–08, *Whole of Government Indigenous Service Delivery Arrangements*.

The role of the departments in identifying jobs

3.26 After receiving the jobs audit results, departments were required to verify the number of positions to be identified and reach agreement on that number with DEEWR. Departments were responsible for ensuring that the jobs created from CDEP activities complied with DEEWR's guidance on the NJCP, and were sustainable jobs operating under mainstream conditions.

3.27 DEEWR provided all departments with a final summary of FaHCSIA's jobs audit process on 23 April 2009. The departments found discrepancies between the number of positions identified in the jobs audit and the number of positions organisations advised that they had in place. In particular:

- the number of positions identified in the jobs audit was generally lower than the number identified by the departments; and
- the exact location and potential employer of the positions sometimes differed.

3.28 Table 3.2 compares the number of jobs identified by departments in the initial costing, the number identified through the jobs audit, and the final number created for the NJCP. The total number of jobs created was slightly less than originally estimated and significantly greater than identified through the jobs audit.

Table 3.2

Identified job numbers for the National Jobs Creation Package

Department	Program/Job Stream	Notional job numbers	Jobs audit results	Total number of jobs created
DEEWR	Education Support	474	164	299
DoHA	Aged Care	215	236	266
DoHA	Sport & Recreation	76	11	76
DEWHA	Rangers	100	118	111
Office for the Arts (DEWHA/PM&C)	Broadcasting, Art Centre Support, Language and Culture	326	78	326
AGD	Night Patrols	22	33	22
FaHCSIA	Municipal Services	67	221	135
Total		1280	861	1235

Source: ANAO analysis.

3.29 In confirming the final job numbers and obtaining DEEWR's agreement, departments were required to identify the location of the positions and their link to the policy objectives of the various program/job streams. The data from the jobs audit only formed one component of each department's process to identify and determine where job allocation was appropriate. The departments each used other information including:

- existing data from the relevant program area;
- contacting stakeholders, including all the potential service providers and CDEP organisations; and
- liaison with relevant state and territory government agencies.

3.30 DEEWR (education support), DoHA and the Office for the Arts allocated positions directly to organisations that were to deliver the services or that would be undertaking the relevant activities. In allocating positions, the departments gave preference to organisations that were in receipt of existing Australian Government and/or state funding. Organisations in receipt of program funding were given priority to minimise the financial risks to the successful implementation of job packages, and to support the achievement of shared program and employment outcomes. A further benefit of this approach was the ability of the departments to more easily monitor the relationship between the jobs packages and the program outcomes.

3.31 Environment's process for selecting organisations was different to that of the other departments. Environment acknowledged that there was more interest in the land and sea management (ranger) positions than there were funded positions available. Therefore, to identify suitable organisations that could employ Indigenous people to work as rangers, a competitive and open grant process was conducted to fill the positions. In line with the policy intent of the NJCP to transition Indigenous Australians off CDEP into real jobs, Environment encouraged and gave preference to applicants that would be undertaking projects that would employ Indigenous Australians in locations where the CDEP program was discontinuing.⁵⁶ Additionally, Environment's assessment panel looked for projects that had Indigenous workers involved in land and/or sea management; could provide full or part-time employment over

⁵⁶ Department of Environment, Water, Heritage and the Arts, *Working on Country Regional Guide for Applicants*, 2009–10, p. 4.

three years or more; and had an experienced contract manager who could manage the project.

3.32 All of the departments linked the allocation of jobs to existing Australian Government programs they were administering, and this limited the interruption to services when CDEP positions were removed.

4. Developing, Executing and Monitoring the Funding Agreements

This chapter examines how DEEWR, DoHA, Environment and the Office for the Arts developed, executed and monitored funding agreements with service providers.

Introduction

4.1 Funding agreements are legally binding agreements between the Commonwealth and another party. They are a mechanism for providing a clear understanding between Australian Government agencies and the service provider of quality requirements, outcomes, timing, and payment arrangements.

4.2 Following the identification and confirmation of the job numbers to be created from Community Development Employment Projects (CDEP) activities, each of the following departments were responsible for developing, executing and monitoring funding agreements with individual service providers⁵⁷:

- the Department of Education, Employment and Workplace Relations (DEEWR)—education support jobs;
- the Department of Health and Ageing (DoHA)—aged care jobs;
- the Department of Sustainability, Environment, Water, Population and Communities (Environment)—ranger jobs; and
- the Office for the Arts—arts, language, culture and broadcasting jobs.

4.3 The funding agreements were between the department and individual service providers employing Indigenous Australians under either the NT Jobs Package or National Jobs Creation Package (NJCP). DEEWR and DoHA also had funding agreements with state and territory government departments.

4.4 The ANAO examined 30 funding agreements from the NT Jobs Package and 63 from the NJCP. This represents 39 per cent of the agreements across the four departments for the two jobs packages. The ANAO assessed the

⁵⁷ 'Service providers', 'funded organisations' and 'organisations' can be used interchangeably and refer to the employers that have received funding under either NT Jobs Package or NJCP.

development and execution of the funding agreements, and the subsequent monitoring and reporting arrangements.

4.5 While the jobs packages were not grant-based initiatives in themselves, they were designed to support existing grant-based programs administered by departments. DEEWR advised the ANAO that:

...it was determined that the jobs supported grant-based programs. As it was always the intent to roll the funding for the jobs in the program grant funding, the use of grants was considered the most efficient and cost effective mechanism.

4.6 In examining the development, monitoring and reporting arrangements of the funding agreements, the ANAO assessed if the funding agreements for the packages were consistent with internal departmental guidance for grant management and if the funding for the job packages had been incorporated into ongoing program management.

Developing and executing the funding agreements

4.7 One of the purposes of the funding agreement is to set out the terms and conditions on which money is to be provided.⁵⁸ In particular, the purpose of the funding, the timing of payments and expected deliverables should be outlined in the funding agreement.

4.8 DEEWR, as the department with the overall policy and coordination role for the NT Jobs Package and NJCP⁵⁹, provided departments with the following suggested text for inclusion as clauses in funding agreements with service providers:

- The jobs being funded and created are ongoing full-time and or part-time employment for Indigenous Australians in Australian Government funded service delivery in health and community care, education support, municipal services, Indigenous night patrols, child care, language and culture, art centre support, broadcasting, sport and recreation and rangers; and
- Wherever possible, notional job positions allocated to Commonwealth agencies are filled by Community Development Employment Projects (CDEP) participants, ex CDEP

⁵⁸ ANAO Better Practice Guide—*Implementing Better Practice Grants Administration*, June 2010, Canberra, p. 89.

⁵⁹ In addition to their overall policy and coordination role for the NT Jobs Package and NJCP, DEEWR was also responsible for the education support jobs created.

participants (in receipt of income support), and other Indigenous job seekers living in remote communities.

Contents of the funding agreements

4.9 Outside of the general text provided by DEEWR, departments had the discretion to develop and implement funding agreements which suited their particular job streams. Each department used existing standard-form funding agreements that were based on internal guidance for managing grant programs. While varying in structure and wording, the funding agreements used across the departments set out similar terms and conditions in relation to the key elements of the jobs packages, including the:

- period of the funding agreement;
- purpose and objective of the funding (including the intent of the job packages and/or specifying that Indigenous Australians were to be employed in the positions);
- budget with payment arrangements and schedules; and
- financial and performance reporting requirements.

4.10 The funding agreements also provided a high-level breakdown of the funding across employee wages/salaries, training, and on-costs and/or administration. The payment and amount of employee wages varied across the departments:

- DEEWR provided a detailed breakdown by specifying the hourly rate for positions.
- DoHA adopted a different approach through the use of 'salary units'. Each salary unit was specified as a dollar amount in the funding agreements. Salary units provide for the recognition of individual service needs and workforce requirements, as they can be combined or split to allow for flexibility in employment. For example, several salary units can be combined to create a full-time position.
- Environment provided a lump sum for wages in the funding agreements, with service providers then determining individual salaries.
- The Office for the Arts created part-time positions and specified a set wage per employee.

Funding agreement risk management

4.11 Risk management involves the systematic identification, analysis, treatment and allocation of risks. The extent of risk management required throughout a funding agreement's term will vary within each stage of administering the agreement.

4.12 Funding agreements were used by the departments to manage organisational risks, including the potential mismanagement of funding and ineffective program implementation. The risk management approaches used by the departments varied across service providers. Strategies developed by the departments to manage identified risks included:

- providing funding to organisations that could demonstrate their ability to manage the funding (this included engaging organisations that had previously received funding under other government programs);
- actively working with organisations to explain the funding agreement requirements; and
- conducting risk assessments of individual organisations and developing and managing individual funding agreements according to the level of risk.

4.13 In addition to the risk management strategies, each of the departments included regular financial and performance monitoring of service providers as a funding agreement requirement. The departments all deemed the jobs packages as low risk and adopted controls aligned to this level of risk. Through the development and management of funding agreements, each of the departments implemented strategies to manage the identified organisational risks. This allowed departments to have visibility over an organisation's management of the funding and assess if it was being used in a manner that was consistent with the intent of the jobs packages.

Executing the funding agreements

4.14 The NT Jobs Package was rolled out quickly as a part of the NTER. In this context, due to the time imperative, departments were not given a set date by which to have the jobs and funding agreements in place. Instead, DEEWR advised departments to create jobs as quickly as possible to coincide with the rollout of income management and the removal of CDEP in the Northern Territory.

4.15 Commencing in 2008, and with a wider geographical distribution, the NJCP did not have the same time imperative as the NT Jobs Package. Instead, to coincide with the reforms to the CDEP program and ensure continuity of government service delivery, the jobs under the NJCP were required to be in place by 30 June 2009. Generally, departments met or slightly exceeded this timeframe. DEEWR had its funding agreements in place by 30 June 2009, while DoHA and the Office for the Arts experienced minor delays and finalised their agreements by late July 2009.

4.16 The competitive grant process used by Environment created delays in finalising agreements with service providers. For the ranger jobs, each of the funding agreements for the NJCP was signed between August and December 2009. The funding agreements were not finalised by 30 June 2009 due to:

- negotiations with the community organisations;
- delays in grantee processes to recruit rangers and ranger coordinators; and
- delays in contracting processes including finalising employment arrangements.

4.17 All of the funding agreements for the NJCP examined by the ANAO were signed and executed with the required approvals. Despite some delays in finalising funding agreements, this did not have a detrimental effect on achieving the program objectives or job outcomes for employees.

Length of the funding agreements

4.18 Initially, all organisations funded by DoHA, Environment and the Office for the Arts received one-year funding agreements.⁶⁰ This reflected the pooled funding arrangements and the need to establish the jobs packages and rollout the positions in a timely manner. However, it also caused uncertainty for some organisations, which were unsure as to the ongoing nature of the funding.

4.19 From 2010–11 onwards, funding for the jobs packages was appropriated directly to individual departments. This gave the departments a greater degree of flexibility to manage the duration of the agreements and funding could more easily be provided through single-year or multi-year

⁶⁰ DEEWR's funding agreements with service providers were for four years.

agreements. Moving to multi-year funding was aimed at providing certainty of funding, stability and continuity of employment. It was also designed to contribute to improvements in the administrative efficiency of the various programs.

4.20 In some cases, departments determined the length of agreement based on a risk assessment of the service provider. For example, where it was deemed that the project required a high-risk management approach, single-year agreements were entered into.

Funding agreement variations

4.21 Funding agreements can be changed through variations and to date three of the four departments have used this process.⁶¹ All of the variations examined were signed and executed with the required approvals. Some of the reasons for varying funding agreements included:

- to extend the duration of the funding or to vary the amount of funding provided;
- to reallocate unspent funds to other areas;
- to change the original reporting deliverables;
- to recoup funds for periods when positions were vacant and salary and on-costs were not paid; and
- to increase funds to pay for additional jobs re-allocated from other service providers.

4.22 The flexibility in the program meant that departments could vary funding agreements to reflect the changing needs of service providers. For example, in response to organisations requesting to increase positions from part-time to full-time working hours, the Office for the Arts conducted a survey of organisations to gauge the level of interest and capacity to increase working hours. The Office for the Arts used this information to support funding a proportion of the requests to meet organisations' needs, and to grow the arts, culture, broadcasting and language sectors.

⁶¹ DEEWR did not vary any funding agreements for the education support positions.

Funding agreement terminations

4.23 Environment was the only department that terminated funding agreements. Two Working on Country Northern Territory⁶² funding agreements were terminated in March and April 2010. One termination was due to the failure of the project to deliver the scope of works required and the other was due to the funds and positions being redirected to another Indigenous ranger group. Both terminations were signed and executed with the required approvals.

Monitoring performance through funding agreements

4.24 Properly drafted and executed funding agreements are not in themselves sufficient to effectively manage the funding provided to organisations. Integral to the success of the grant funding process is an ongoing monitoring regime to ensure service providers are meeting agreed milestones and the other key requirements of their funding agreements.⁶³ In assessing whether the departments adequately monitored the performance of grant recipients and reported on the outcomes and standards of performance, the ANAO examined:

- the monitoring arrangements for service providers; and
- the information reported by service providers and its links to the objectives of the NT Jobs Package and the NJCP.

Departments' arrangements for monitoring the funding agreements

4.25 To monitor compliance with the terms and conditions of the funding agreements, each department required service providers to produce regular performance and financial reports as specified under the agreements. As part of this process, departments adopted various methods including:

- maintaining databases that aggregate performance data at a sector or service provider level;
- producing performance evaluation reports for each service provider;

⁶² Environment's allocated land and sea management (ranger) positions under the NT Jobs Package were delivered through the Working on Country Northern Territory funding round, when ranger organisations in the Northern Territory were invited to submit applications for funding.

⁶³ ANAO Better Practice Guide—*Implementing Better Practice Grants Administration*, June 2010, Canberra, p. 86.

- reviewing deviations from the service budget and adjusting future payments to the service provider;
- physical inspections through site visits; and
- performing assessments on report deliverables linked to payments.

4.26 Table 4.1 illustrates how Environment uses a risk management approach when service providers fail to comply with the terms and conditions of a funding agreement.

Table 4.1

Environment's approach to managing non-compliance with funding agreements

Case study: strategies for managing non-compliance

Environment advised that when a service provider does not comply with the terms and conditions of a funding agreement, a risk management approach is taken which considers the individual circumstances of the organisation. The project manager will work with the organisation to explain the non-compliance and may use the following risk mitigation measures:

- increased communications between the parties by way of progress meetings and reviews;
- setting more frequent reporting milestones;
- more closely monitoring performance through site visits and/or quarterly financial and performance monitoring;
- assessing whether a contract variation may be appropriate; and
- terminating the contract and seeking damages (as a last resort).

Source: Advice received from Environment.

Performance information

4.27 Agreed performance indicators and the capability to measure performance are integral to measuring and reporting the success of policies and programs. More broadly, in the case of Element 1 of the *National Partnership Agreement on Indigenous Economic Participation*, performance information can be used to measure the effect of the job packages on higher level outcomes.

4.28 As part of the funding agreements, each department requires service providers to report regularly and provide financial and performance information. The departments use these reports to determine the amount of funds that will be provided to the service providers.

4.29 Performance information is collected through a template supplied by the department. The information collected varies between departments and

service providers, however, at the highest level, all organisations are required to report on the following quantitative performance indicators:

- number of positions filled; and
- amount of funding received and expended.

4.30 Qualitative indicators assessed include organisations identifying:

- whether the objectives and outcomes of the project have been met; and
- employees’ training needs, the training accessed, and the training provider.

4.31 The measures used in monitoring the funding agreements for the NT Jobs Package and the NJCP are primarily quantitative. The measures relate to the number of jobs created and this information provides limited information on the long-term effectiveness of the jobs packages or impact of the jobs.

4.32 The information collected is for compliance monitoring purposes, and generally the analytical focus has been on individual service providers. One department also analyses the information at the program level to determine if the jobs are adequately supporting the program objectives. Table 4.2 provides an example of how information collected through reporting under the funding agreements has been used for wider program development.

Table 4.2

Using performance information for program development

Case study

Working on Country Northern Territory: female ranger groups

Environment has used information collected through the monitoring and reporting of Working on Country Northern Territory projects to improve program development. After completing a trend analysis on the information collected under the funding agreements, Environment noted a gender imbalance and funded the NT Women’s land and sea management forum at Ross River to enable women to share knowledge of, and experience in managing country. Environment also added flexible position funding to meet workforce participation barriers which had become apparent for women. The targeted programs have enabled women rangers to build new skills, develop land management practices and to share their knowledge and experience in caring for country.

Source: ANAO audit fieldwork.

4.33 The practice of analysing performance information at the program level provides useful insights such as trends in job vacancies, training and recruitment outcomes. Such analysis, if undertaken more broadly by departments, could provide information to inform future program and funding agreement development.

5. Employing Indigenous Australians in the Jobs

This chapter examines the processes for employing Indigenous Australians including: recruitment, transition, pre- and post-employment support and training.

Introduction

5.1 As part of the implementation of the National Jobs Creation Package (NJCP), the Department of Education, Employment and Workplace Relations (DEEWR) identified that the retention of Indigenous Australians in newly created jobs required the provision of support and induction programs for employees and employers, and a coordinated approach to delivering training for employees.

5.2 The majority of positions under the NT Jobs Package and NJCP were created through funding arrangements with small non-government Indigenous community organisations. During fieldwork, the ANAO interviewed service providers across the four sectors that had received funding for jobs under either the NT Jobs Package or NJCP. Across the four job sectors the ANAO examined:

- how recruitment processes aligned with the intent of the packages;
- pre and post-employment support arrangements, including the support given to employees and employers for the transition into the jobs; and
- how the training arrangements provided skill development and career progression to support the delivery of specific government services.

Recruitment to the positions by service providers

5.3 Recruiting people into the jobs was the responsibility of individual service providers after the department provided them with their number of allocated positions and the funding agreements were finalised. Policy guidance from DEEWR states that jobs were intended to be for Indigenous Australians who were active Community Development Employment Projects (CDEP) participants as at 30 June 2009. If there was not a suitable CDEP participant for the position, priority was to be given to an unemployed Indigenous Australian and then Indigenous Australians more broadly.

5.4 From the 40 service providers interviewed by the ANAO for both the NT Jobs Package and NJCP:

- Eighty-three per cent advised that the positions were filled by people previously on CDEP;
- five per cent of providers advised that positions were filled by people who were not previously on CDEP;
- seven per cent filled positions from a combination of CDEP and non-CDEP participants; and
- five per cent were unsure.

5.5 As positions became available or vacant, organisations undertook various recruitment processes to fill the positions, including:

- direct conversion from CDEP activities;
- merit-based selection through a competitive process;
- advertising within the community; and
- community consultation.

5.6 In the majority of cases, a person was appointed directly into a position on the basis of CDEP activities. When there were more CDEP participants engaged in activities than the number of jobs, service providers conducted recruitment processes to recruit and employ suitable staff. Many participants possessed skills and training gained through CDEP activities and, therefore, could be competitive in a merit-based recruitment process.

5.7 Recruitment processes will necessarily vary with the remoteness of communities, the normal ways in which information is passed through each community, local conditions and the nature of the service to be provided. Table 5.1 provides case studies of five different recruitment processes used by service providers to fill vacancies for both the NT Jobs Package and NJCP.

Table 5.1**Recruitment processes****Case study****Recruitment processes used by service providers**

1. A school in Western Australia advertised vacancies at the local community store and within the community. The school board considered applications and consulted with the community on the applicants and whom to employ. The school advised the ANAO that there was no shortage of applicants.
2. A broadcasting organisation in Western Australia advertised on air and displayed notices on the door of the radio station. They also used the local CDEP organisation and local job network to recruit new staff.
3. A service provider responsible for health positions in a Queensland community advertised locally within the community to fill vacant positions. Notices were put up at the local council chambers. Notification of vacancies often spread through word-of-mouth.
4. A school in Arnhem Land advised that they consulted with local community elders to identify a suitable person from the community to fill a vacancy. This enabled the school to consider the cultural aspects of employing an Indigenous Australian and ensure that there was acceptance from the community.
5. Ranger jobs were highly sought after and in demand. Due to the level of interest in the positions and the large number of potential candidates, a competitive selection process was undertaken by most ranger groups to recruit suitable employees. Vacancies were advertised using conventional methods including placing job advertisements in newspapers, online and displaying notices within the community. Ranger organisations advised the ANAO that the large number of potential candidates meant that using a competitive process was the most appropriate, transparent and fairest method of recruiting suitable employees into the ranger positions.

Source: Information received during audit fieldwork.

5.8 The recruitment methods used by service providers were effective in placing Indigenous Australians in the jobs created. Feedback from the service providers indicated that over 80 per cent of the positions were filled by people previously on CDEP, and all jobs were filled by Indigenous Australians. As an overall objective of the *National Partnership Agreement* is to create jobs for Indigenous Australians, the recruitment methods adopted were effective in contributing to the achievement of this objective.

Support for employees and employers in transitioning into the jobs

5.9 Under the Bilateral Implementation Plans with state governments and the project implementation plan, one of the success criteria/performance indicators for the NJCP was:

Jobs are retained due to provision of support and inclusion programs for employees and employers...

5.10 The importance of employees understanding the new employment obligations and responsibilities compared to CDEP participation was highlighted in the NT Jobs Package. Although employees may be undertaking the same or similar tasks as they were under CDEP, the new employee-employer relationship creates different expectations. For example, there are consequences if an employee does not attend work without advising the employer and providing a legitimate reason.

5.11 During the implementation of the NT Jobs Package, some of the key issues identified in transitioning Indigenous Australians into the jobs included a lack of available information on post-CDEP transition support for new employees and employers. Many of these participants did not immediately understand the different employment obligations when compared with CDEP, or the consequences of leaving a job and reverting back to income support. Once off CDEP, former participants became subject to normal income support compliance rules and voluntarily leaving a job had the potential to constitute a 'serious failure'⁶⁴ and immediately invoke an eight-week non-payment period.

5.12 Organisations in the Northern Territory advised the ANAO that the transition from CDEP to fully understanding the nature of employment took a long time (in many instances more than two years). The employers provided support and guidance in helping employees to understand their obligations and responsibilities under the new employment arrangements. This included:

- providing the new employees with standard induction training and explaining the organisation's code of conduct;
- providing work readiness training, including basic numeracy and literacy training;
- assisting employees with managing their finances and explaining employment conditions, such as the availability of leave and superannuation; and
- understanding the outside pressures and their impact on an individual employee's ability to meet their employment responsibilities. This often

⁶⁴ A serious failure may occur if a job seeker:

- does not accept a suitable job offer and does not have a valid reason; or
- following a Comprehensive Compliance Assessment, a job seeker is found to have been persistently and deliberately not meeting their requirements.

required the employer to be flexible in enforcing employment expectations, such as providing leave for cultural reasons ('sorry business' and other family caring responsibilities) at short notice.

Transitioning employees into the new jobs under the NJCP

5.13 Based on the experience with the NT Jobs Package, it was recognised that Indigenous Australians transitioning into the jobs created under the NJCP would require additional support. As highlighted in DEEWR's discussion paper, *From Good to Great: The NT Jobs Package and Links with Employment Support Programs*, this support can be considered in two areas:

- pre-employment support, including work readiness training, and induction into the workplace; and
- post-employment support, including mentoring and the provision of accredited training.

5.14 Following the NT Jobs Package, DEEWR identified a need to design an induction package.⁶⁵ The project implementation plan for the NJCP outlined that DEEWR was responsible for designing an induction package for employers and employees by April 2009.⁶⁶ The project implementation plan states:

An effectively designed pre-employment program will need to be developed to provide the job seeker and employer with a 'toolkit' of skills (induction package) and knowledge required to sustain employment of Indigenous Australians.⁶⁷

5.15 DEEWR advised the ANAO that it did not develop the induction package due to competing work pressures. Instead, the Australian Government departments that entered into the funding agreements, and the individual service providers, were responsible for developing pre- and post-employment support for employees under the NJCP.

5.16 To support the departments in developing pre-employment support for employees under the NJCP, DEEWR developed and distributed factsheets that

⁶⁵ CDEP Job Creation Reporting Workshop Draft Information Package, March 2009.

⁶⁶ DEEWR, *Project Implementation Plan: Creating jobs from CDEP activities in Australian Government Service Delivery*, 2009, p. 4.

⁶⁷ DEEWR, *Project Implementation Plan: Creating jobs from CDEP activities in Australian Government Service Delivery*, 2009, p. 5.

outlined the details of the jobs package and other Australian Government employment programs such as the reformed CDEP program and the Indigenous Employment Program (IEP).⁶⁸ The DEEWR state offices were also a resource for departments and service providers to identify DEEWR programs to support the recruitment and retention of Indigenous Australians into the jobs.⁶⁹

5.17 DEEWR and Environment have worked closely in supporting service providers to access to other Australian Government employment programs. In Central Australia, IEP funding is being used to fund a full-time mentor position to support staff retention.

5.18 Notwithstanding the work done by DEEWR and the relevant departments, and the individual support given by service providers, without an ongoing coordinated and integrated approach to pre- and post-employment support there is a risk that employees will not be aware of support opportunities available to them. This includes the potential consequences of failing to meet employment expectations for access to further government support. This also had the potential to impact on future job retention.

5.19 The NJCP organisations interviewed by the ANAO had undertaken similar actions to those organisations involved in the NT Jobs Package in transitioning Indigenous Australians to the new jobs (refer paragraph 5.12). Table 5.2 provides an example of one organisation's approach to transitioning an employee into a new position.

⁶⁸ Under IEP, employers can be eligible for assistance to provide training, career paths or ongoing employment for Indigenous Australians, or other related assistance that will contribute to increasing Indigenous Australians' employment outcomes and economic participation. In particular this can include providing and receiving mentor support and career guidance.

⁶⁹ DEEWR, *Project Implementation Plan: Creating jobs from CDEP activities in Australian Government Service Delivery*, 2009, p. 13.

Table 5.2**Transitioning employees into the new jobs under the NJCP****Case Study****Transitioning employees into the new jobs under the NJCP**

An organisation in Queensland advised that new employees were transitioned into the job through explaining workplace responsibilities and gradually reinforcing obligations.

As per the previous arrangements, the employer allowed employees to have relatives and children at the workplace. This was progressively reduced to lunch time only and then eventually not allowed during work hours at all.

Over time, employees understood and accepted that it was a place of work and that having family present was not appropriate.

Source: ANAO fieldwork.

Supporting service providers with the transition arrangements

5.20 The transition of CDEP activities also changed the employment environment for service providers, as they were required to take on expanded responsibilities as part of the new employer-employee relationship in respect of former CDEP participants. Making arrangements for wages, superannuation, leave, training and other employee benefits placed an additional administrative burden on employers. In some instances, these employers either had not previously managed these conditions, or the employment of former CDEP participants greatly increased the overall number of employees that the organisations were required to manage. A process to assist employers in this regard was not identified or considered in the implementation documents for the NJCP.

5.21 Another aspect of the implementation process that did not fully meet the needs of service providers was guidance from DEEWR about available Australian Government support. DEEWR advised that it used state cross-jurisdictional working groups and fact sheets to disseminate information. Despite these measures, organisations indicated to the ANAO that they considered there was a lack of ongoing support and guidance available for transitioning employees into the new jobs. This included information on the additional post-employment support that was available through complementary Australian Government programs, such as the Indigenous Employment Program.

5.22 Organisations advised the ANAO that a lack of transitional arrangements supporting employees moving from CDEP into salaried employment has been linked in some cases to poor attendance and

performance issues in the new job. This included employees not understanding the new responsibilities of the job.

5.23 Transitioning the long-term unemployed and persons in disadvantaged locations into sustained employment has been identified as a priority area for the Australian Government as outlined in the 2011–12 Budget.⁷⁰ The degree to which the NT Jobs Package and NJCP will achieve long-term employment outcomes for Indigenous Australians is reliant on effective support being provided to employees transitioning into the jobs and building the skills of those employees to improve their effectiveness and confidence in the workplace. Service providers will have a central role in providing direct support in these areas, but there remains an ongoing role for the Australian Government to provide information in a way that reaches employers and employees, and assists them to connect to related services and opportunities.

5.24 DEEWR had previously identified this information and developed options for addressing it. DEEWR's discussion paper *From Good to Great: The NT Jobs Package and Links with Employment Support Programs* highlights several ways of linking employees and service providers to DEEWR programs, such as:

- using targeted mentoring arrangements and integrating them with its Structured Training and Employment Project (Employment Related Services) Program; and
- linking employers to incentives and subsidies available for providing accredited training and/or apprenticeships.

5.25 Despite identifying these mechanisms, DEEWR did not proceed to implement these options as a suite of targeted measures to support the jobs packages. While general information on DEEWR programs has been available, the limited awareness of service providers indicates that there remains a need for DEEWR to more comprehensively coordinate information and promote access to its wider support programs.

5.26 The other departments also have a key role to play in evaluating their approaches to supporting the jobs and the effectiveness of different aspects of their own implementation of the program. In particular, to ensure employees

⁷⁰ 2011–12 Federal Budget, Commonwealth of Australia, *Budget Statement No. 1: Budget Strategy and Outlook*, pp.1-18.

develop the required skills to succeed in the new jobs, departments need to identify methods that have been successful, for example training, and distribute these learnings more broadly to service providers.

Recommendation No.1

5.27 To support the achievement of long-term employment outcomes for Indigenous Australians, the ANAO recommends that DEEWR and responsible departments consult with service providers and update existing communication practices to improve the level of awareness of Australian Government support programs, and promote better practice methods being adopted across organisations.

Departments' responses

5.28 Agreed.

Training

5.29 Funding under the NT Jobs Package and NJCP included an allocation for the provision of targeted training and professional development for employees. DEEWR advised that the funds provided for training are to be used to help employees gain qualifications so that they can progress from entry-level jobs.

5.30 The project implementation plan for the NJCP states:

- This project will have strong links with the DEEWR strategic objectives that focus on enabling people to acquire the skills and qualifications that will assist to participate in competitive domestic and global labour markets; and
- Expanding the availability of quality training pathways, incorporating workplace learning and enhancing career advice for Indigenous Australians will further assist in promoting a culture of ambition and an inclusive society.⁷¹

5.31 Some of the positions identified and funded under the NT Jobs Package and NJCP are of a specialist nature, such as rangers or broadcasting officers. An effective training program provides employees with an opportunity to

⁷¹ DEEWR, *Project Implementation Plan: Creating jobs from CDEP activities in Australian Government Service Delivery*, 2009, p. 3.

develop skills and appropriate qualifications that will provide access to a variety of job pathways and career opportunities.

Provision of Training

5.32 One of the risks identified in the project implementation plan was that Indigenous Australians would not get the jobs because of literacy and numeracy problems and/or a general lack of skills. This risk was addressed by the allocation of funds to provide training to employees to help them develop appropriate skills, qualifications and confidence to retain the jobs. Departments identified that training funds were needed to provide employees with an opportunity to develop skill sets and appropriate qualifications that would assist them in retaining jobs.⁷²

5.33 The funding agreements specified either a set amount for training per employee (education support and arts) or allocated an amount on a needs basis (Indigenous rangers). Service providers were responsible for determining the type of training provided to each employee. Training was delivered in a range of formats depending on factors including the training needs of the organisation and of the individual employees, the location of the organisation, and the amount of training funds provided under the funding agreements.

5.34 The training aspect of the job creation packages was viewed by employers and employees as being valuable in assisting Indigenous Australians to gain general and job-specific skills. The funding agreements provided flexibility for employers to tailor the training according to individual needs and job requirements. Table 5.3 shows examples of the formal and informal types of training available to employees.

⁷² DEEWR, *Project Implementation Plan: Creating jobs from CDEP activities in Australian Government Service Delivery*, 2009, p. 5.

Table 5.3**Examples of the types of training delivered under the NT Jobs Package and NJCP**

Job type	Training
Education support	<ul style="list-style-type: none"> • University and TAFE certifications; • numeracy and literacy and computer skills; and • hygiene and first aid.
Aged care	<ul style="list-style-type: none"> • TAFE certifications which covered such topics as first aid, hygiene, food handling and preparation, chemical handling and medication management; and • computer training.
Rangers	<ul style="list-style-type: none"> • TAFE certifications in Conservation and Land Management and courses covering computer, numeracy and literacy skills and/or project and business management; • weed identification and control, first aid, chemical handling and safety; and • traditional knowledge recording.
Arts, culture, language and broadcasting	<ul style="list-style-type: none"> • TAFE certifications including numeracy and literacy skills, IT skills, office administration and recordkeeping; • art centre operations, including cataloguing, storage, digital recording and photography; • industry-based training; and • knowledge of cultural practices and protocols.

Source: ANAO analysis and fieldwork interviews.

Use of Registered Training Organisations: aged care jobs

5.35 DoHA adopted two approaches to providing training funding to organisations and their employees. These approaches were to:

- pool the training funds provided through the packages and engage Registered Training Organisations (RTOs). The RTOs were sourced and funded through a tender process to provide training to organisations; or
- directly provide training funds to organisations.

5.36 The first approach stemmed from DoHA's arrangements to provide funding for the provision of training to eligible employees in the Northern Territory.⁷³ DoHA engaged four Northern Territory-based RTOs to provide

⁷³ This arrangement was part of the Northern Territory Training Project, which is part of the broader Aboriginal and Torres Strait Islander Aged Care Workforce Development Projects.

aged care training to all staff in funded organisations. The provision of effective training for Indigenous aged care workers in the Northern Territory has in the past been:

...impeded by a number of factors including regional inaccessibility during the wet, a lack of culturally appropriate training, workforce and infrastructure issues, and difficulties in providing on-site training in remote locations.⁷⁴

5.37 The four RTOs used different delivery methods and resources to meet the training needs of organisations. An evaluation of this approach showed that participants were generally satisfied and the approach highlighted the benefits of providing specific on-site training to Indigenous aged care workers, particularly in remote areas. This approach helped alleviate some of the difficulties Indigenous aged care workers in the Northern Territory faced in accessing mainstream training opportunities, including:

- the cost of travel and accommodation for staff accessing training in urban areas;
- the lack of culturally appropriate training courses; and
- numeracy, language and literacy issues.

5.38 Table 5.4 provides an example of the benefits of engaging an RTO to deliver training to a service provider in a remote part of the Northern Territory.

⁷⁴ Gevers Goddard Jones Pty Ltd on behalf of the Department of Health and Ageing, *Interim Evaluation of the Northern Territory Aboriginal and Torres Strait Islander Community Aged Care Workforce Development Projects, Final Report*, August 2010.

Table 5.4**Provision of training through a Registered Training Organisation****Case Study****Provision of training through a Registered Training Organisation**

An aged care provider in the Northern Territory had training to its staff employed under the NT Jobs Package delivered through a Registered Training Organisation (RTO). The service provider did not receive funding directly from DoHA for the training component of the NT Jobs Package. The RTO was subject to a separate funding agreement with DoHA.

The provider employed three staff under the NT Jobs Package and the RTO visited the service provider one morning a week to deliver face-to-face training. The three staff all completed the training together. The topics covered food handling, personal hygiene and first aid. All staff had completed topics towards the achievement of qualification in aged care.

As the training was delivered on site, this minimised the disruption to the delivery of the aged care services and assisted the staff as they did not have to leave the community to travel into a large regional town to undertake the training.

The training was seen by both the employer and employees as very positive with staff confidence increasing over time. Each staff member was actively engaged in asking questions during the training and completing the work required to achieve the qualifications.

Source: ANAO fieldwork.

5.39 In light of DoHA's experiences in the Northern Territory, the department issued an open tender to engage one or more RTOs for the states that had the highest number of funded organisations under the NJCP (Queensland, South Australia and Western Australia). DoHA engaged four RTOs to provide training until 31 July 2012 at a total cost of \$4 million.⁷⁵ Prior to the tender being finalised, organisations were generally able to make training arrangements for staff, including on-the-job training.

5.40 Due to the smaller number of funded organisations in New South Wales, Tasmania, Victoria and the Australian Capital Territory, DoHA decided that the most efficient and cost-effective method of providing training to eligible employees was to directly provide organisations with training funds.

5.41 DoHA tailored its approach to deliver training funds across both packages and in all states and territories. The provision of funding to RTOs to provide training to the majority of funded organisations promoted a consistent standard of training to eligible employees and will help to build a more skilled workforce across the majority of aged care services.

⁷⁵ The four RTOs were split across the three states with two RTOs in Qld, one in SA and one in WA.

5.42 In addition to providing employees with skills to use in their jobs, training can also provide other benefits. Table 5.5 illustrates how the skills acquired in aged care training can have broader implications for the family and community.

Table 5.5

Broader community benefits of the NJCP

Case study
Training and community benefits
<p>The ANAO was advised in fieldwork interviews that training was a positive component of the NT Jobs Package and NJCP and has provided opportunities for career and personal development. An additional benefit of the training has been the effects in the wider community. A health provider in Far North Queensland said that the skills learnt in health, hygiene and nutrition training were being applied at home and in the community when preparing meals and performing household cleaning duties.</p> <p>Another health provider in Queensland advised that because of additional funding received as part of the NJCP they have been able to increase and expand the services provided to the community through:</p> <ul style="list-style-type: none">• centre-based day care which provides social interaction for the elderly;• social support including home visits;• transport service for shopping and attending medical/specialist professionals;• cleaning and home duties; and• literacy and numeracy for the elderly. <p>Organisations and service providers have advised that additional funding under the NT Jobs Package and NJCP has resulted in an improvement in the delivery of services in the communities.</p>

Source: ANAO audit fieldwork.

Career progression

5.43 Training provided through the NT Jobs Package and the NJCP allows employees to gain general and job-specific skills. The jobs created are entry-level positions and the intent of the training component was to allow employees to gain skills to broaden their employment prospects and increase their options for economic participation. The strategic aim of creating the jobs and including a specified training component was to develop an Indigenous workforce in government service delivery.

5.44 For the NT Jobs Package, DEEWR led a workshop with Australian Government departments on ‘making the jobs stick’. One of the components of this workshop was a ‘Workforce Continuum’, which identified the career opportunities available to employees from the jobs created under the NT Jobs

Package. Table 5.6 demonstrates the 'Workforce Continuum' for the four job streams reviewed for this audit.

Table 5.6

Workforce Continuum from NT Jobs Package

Sector	Training/Development	Off CDEP job	Career Opportunities
Education	Teacher aids	Education assistant Teacher aid	Teacher Teacher aid Indigenous Languages assistant
Health	First aid	Community care worker	Various health sector work Health professional
Natural Resource Management	Work Experience	Rangers	Business owner/contractor Traineeships/apprenticeships
Arts Administration	Store hand Retail Operations IT skills Small business skills	Art gallery administration Shop assistant	Arts Administration General Administration Shop assistant Retail Management

Source: DEEWR's 'Making the Jobs Stick' slide show presentation.

5.45 One of the concerns raised by service providers was the lack of career progression for employees under both the NT Jobs Package and the NJCP. For both jobs packages there was an assumption that the professional development provided through the jobs would lead to career mobility beyond the entry-level positions. The limited economic base in regional and remote communities, however, means that employment opportunities are not always available for people that have gained experience/skills to transition to the broader workforce.⁷⁶

5.46 The jobs created under the NT Jobs Package and NJCP are geographically dispersed across the country, and include rural and remote, small and isolated communities (as demonstrated in Appendix 2). While job opportunities and barriers to employment vary between locations, many of the more remote communities rely on the jobs in government service delivery as

⁷⁶ Similarly, the capacity to internally promote employees relies on there being a vacancy among the limited positions that exist in such communities.

the main or only source of employment for the community.⁷⁷ The lack of job opportunities in remote communities was raised during the planning for the jobs packages and as a component of the CDEP reforms; however, neither jobs package presented a targeted response to the issue. DEEWR advised the ANAO that 'the jobs packages were not intended to address the issue of the lack of job opportunities in remote communities'.

5.47 Service providers interviewed for the audit raised concerns that funding under the jobs packages does not provide scope to advance employees to higher duties or recognise the skills obtained from the training component of the initiatives (refer to paragraph 6.17 for further discussion of this issue).

⁷⁷ In particular, the Department of Finance and Deregulation *Strategic Review of Indigenous Expenditure* highlighted that the jobs created through the Indigenous Rangers program and in the Arts, Culture and Broadcasting have benefited remote locations. p.382.<http://www.finance.gov.au/foi/disclosure-log/2011/docs/foi_10-27_strategic_review_indigenous_expenditure.pdf>, [accessed on 9 August 2011].

6. Monitoring and Reporting on the Jobs Packages

This chapter examines the performance monitoring and reporting framework established for the Northern Territory Jobs Package and the National Jobs Creation Package under Element 1 of the National Partnership Agreement on Indigenous Economic Participation (NPA). This includes assessing whether the framework provides a basis for measuring the impact and effectiveness of the job creation packages in contributing to the objectives of the NPA.

Introduction

6.1 A sound monitoring and reporting regime is a critical element in the effective administration of government programs. Performance measurement and monitoring is important throughout the life of a program as it enables stakeholders to assess implementation progress, identify and address problems and review the program's ongoing relevance and priority.⁷⁸ Further, reporting on program performance provides stakeholders, including Parliament, with an indication of the relative success of a particular program in achieving its outcomes.⁷⁹

6.2 As the lead Australian Government department, the Department of Education, Employment and Workplace Relations (DEEWR) is responsible for monitoring and reporting on the overall implementation of the Northern Territory Jobs Package (NT Jobs Package) and the National Jobs Creation Package (NJCP). This includes reporting annually to the Council of Australian Governments (COAG) on the implementation of the NPA.⁸⁰ The ANAO examined the performance monitoring and reporting arrangements for the NT Jobs Package and the NJCP under Element 1 of the NPA.

⁷⁸ ANAO Better Practice Guide—*Implementation of Programme and Policy Initiatives*, October 2006, Canberra, p. 51.

⁷⁹ Department of Finance and Deregulation, *Portfolio Budget Statements Constructors Kit*, 2011-12 Canberra, p. 37, available from <http://www.finance.gov.au/budget/budget-process/docs/Guidance_for_the_Preparations_of_the_2011-12_Portfolio_Budget_Statements.pdf>, [accessed 16 June 2011].

⁸⁰ Council of Australian Governments (COAG), *National Partnership Agreement on Indigenous Economic Participation*, paragraph 46, p. 11.

Performance information framework

6.3 The NT Jobs Package and the NJCP have separate performance information frameworks. The performance information framework for the NT Jobs Package was developed as a part of the NTER. The NJCP is aligned with the broader performance information and reporting framework of the NPA.

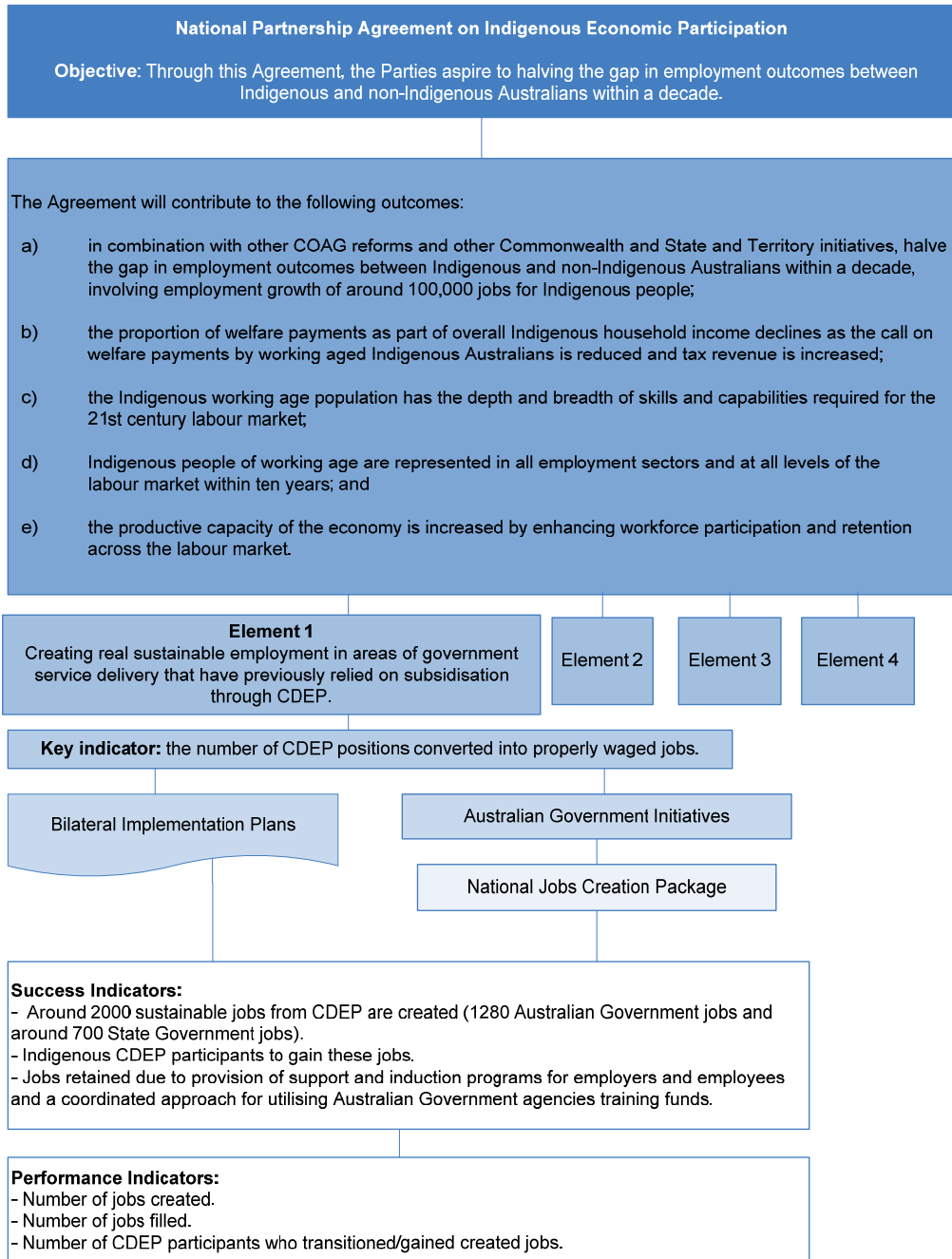
6.4 Due to the time pressures associated with establishing the NTER, there was no initial monitoring and reporting process documented for the NT Jobs Package. As the NTER and the jobs package were rolled out, DEEWR developed and refined a performance information framework. The central part of this process was collecting data relating to the number of jobs created and their characteristics, such as location and employment arrangements (full-time or part-time), from the departments responsible for administering the programs.

NJCP framework

6.5 The performance information framework developed for the NJCP was more developed and structured relative to the NT Jobs Package. This reflected the comparatively longer lead time for the implementation process, and the NJCP being one component of the broader NPA. Figure 6.1 outlines the performance information and monitoring framework for the NJCP.

Figure 6.1

Performance information framework for Element 1 of the NPA



Source: ANAO analysis.

6.6 Schedule C of the Intergovernmental Agreement on Federal Financial Relations states that:

the purpose of the performance indicators is to inform the general public about government performance in making progress towards identified outcomes. Performance indicators will provide a clear picture of the achievement of governments in delivering services.⁸¹

6.7 For Element 1, the NPA outlines that the Commonwealth, states and territories will create real sustainable jobs from appropriate Community Development Employment Projects (CDEP) activities that are supporting the delivery of government services. It further outlines that the performance indicator to measure the contribution of Element 1 to the target of halving the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade is:

the number of CDEP positions converted into properly waged jobs...⁸²

6.8 In addition to the NPA, the performance indicators for the Australian Government departments involved in the NJCP are also outlined in the project implementation plan.

6.9 Separate to the Australian Government's direct involvement in delivering the NJCP, Bilateral Implementation Plans were agreed with the states. The implementation plans include milestones and performance benchmarks to be achieved under Element 1.

Comparison of performance indicators for the jobs packages

6.10 Table 6.1 compares the performance indicators for the NT Jobs Package, the NJCP and the Bilateral Implementation Plans.

⁸¹ *Intergovernmental Agreement on Federal Financial Relation, Schedule C Public Accountability and Performance Reporting*, section C6, p. c-2.

⁸² *National Partnership Agreement of Indigenous Economic Participation*, p. 10.

Table 6.1**Performance indicators and/or benchmarks**

Performance indicator/benchmark	NT Jobs Package	NJCP	Bilateral Implementation Plans	Type of performance Indicator
Jobs audit complete ⁸³	✗	✓	✓	Quantitative
Number of jobs created	✓	✓	✓	Quantitative
Number of jobs filled	✗	✓	✓	Quantitative
Number of CDEP participants who transition/gained created jobs	✗	✓	1 State	Quantitative
Number of full and part-time jobs	✓	✓	✗	Quantitative
Skills assessment undertaken for each appointed worker.	✗	✗	1 State	Qualitative
All appointed workers with identified training needs have received training	✗	✗	1 State	Qualitative
The number of established positions that are sustained.	✗	✗	1 State	Quantitative

Source: ANAO analysis.

6.11 The performance indicators for both jobs packages are predominantly quantitative. The indicators measure the numbers of jobs created and/or filled, but do not provide information on factors such as if employees are receiving the correct entitlements (including wages), and the long-term effectiveness or impact of the jobs on achieving broader benefits for Indigenous Australians. Further, there are no clear links between the performance indicators for the jobs packages and how they are effectively contributing to the high-level outcomes specified in the NPA.

Measuring the effectiveness of the jobs packages

6.12 One of the features of well-developed performance indicators, particularly those designed to measure outcomes, is the definition of key

⁸³ Includes the following indicator from South Australia: all known CDEP participants delivering Commonwealth and State Government services have been identified by name, location, activity and applicable agency/provider.

terms.⁸⁴ Sustainability is a key term in relation to the jobs packages; however, it has not been defined. The documentation and guidance developed to support the implementation of the NT Jobs Package and the NJCP do not provide a definition of ‘sustainable employment’, and how ‘sustainable employment’ will be measured.

6.13 DEEWR advised the ANAO that:

The NPA is only one part of the Australian Government’s Indigenous economic participation agenda and will make a modest contribution to the achievement of the closing the gap employment target.

The jobs in government service delivery created under the National Partnership were an important first step in resetting the baseline for how Australian Government services for Indigenous communities are funded to ensure that they generate employment for Indigenous Australians. The effectiveness of this measure is evidenced by the creation of over 2000 jobs and the increase in the ongoing base level funding for these services.

6.14 The major task for departments under both the NT Jobs Package and NJCP was to identify and establish jobs from CDEP activities, within the timeframes set by the Australian Government. As indicated by DEEWR, the initial effectiveness of the jobs packages is evident through the jobs created, and the provision of ongoing funding assists in providing a basis for the sustainability of the jobs. While providing a sustainable basis for the continuation of the jobs is a critical first step, employment outcomes are also important factors for the longer term success of the jobs packages.

6.15 DEEWR further advised the ANAO that :

The longer term outcome of sustainable careers in government service delivery for Indigenous Australians requires a broader focus beyond the measures contained in the national partnership. A focus on local workforce development will create more jobs and career pathways for Indigenous Australians. A primary driver for this will be the reforms to remote employment participation and employment services. Key principles of this new approach include a focus on maximising local employment and foundation skills essential to job-readiness.

These reforms are encompassed in the Indigenous Economic Development Strategy. The Government’s Indigenous Economic Development Strategy

⁸⁴ ANAO Better Practice Guide—*Performance Information in Portfolio Budget Statements*, May 2002, Canberra, p. 6.

brings together all the Government's commitments and actions to increasing Indigenous economic participation and will support achievement of the Closing the Gap targets.

6.16 While the *Indigenous Economic Development Strategy* has the potential to provide support for the ongoing effectiveness of the jobs packages, it is currently in draft awaiting the finalisation of the consultation process.

Ongoing sustainability and effectiveness of the jobs packages

6.17 During the audit, a number of risks were identified that have the potential to impact on the ongoing sustainability and effectiveness of the jobs packages. In particular, service providers raised concerns that funding under the initiatives does not provide scope to advance employees to higher duties or recognise the skills obtained from the training component. This issue is important because employment conditions in industrial awards often provide for wage increases in line with inflation, levels of experience and/or qualifications obtained by employees. Being able to advance employees is also important as many of the jobs were created in regional and remote communities that often have a limited economic base and limited opportunities for Indigenous Australians to pursue career development and alternative jobs outside of those created through the job packages.⁸⁵

6.18 Most of the funding agreements with service providers reviewed by the ANAO did not provide explicit funding for higher duties or adjustments for inflation. In early 2010, some departments did request additional funding in preparation for the closure of the Indigenous Employment Special Account, including:

- funding for Indigenous ranger jobs to bring NT Jobs Package funding in line with funding under the NJCP;
- funding to resolve wage parity issues including to meet award rates of pay and the payment of allowances in arts, culture, language and broadcasting jobs; and
- indexation funding for the NT Jobs Package for aged care and arts, culture, language and broadcasting jobs.

⁸⁵ Refer paragraphs 5.43-5.47 for further discussion of this issue.

6.19 These requests were not approved as indexation funding was either not included in the original policy approved by the Australian Government for the NT Jobs Package and/or due to the limited available funds remaining in the Special Account.

6.20 The forward year budget estimates (2010-11 through 2012-13) for the NJCP include an additional two per cent per annum to account for increases to wages indexation. Departments and service providers raised concerns that this was not enough to cover award based wage increases over the long-term. In particular, one department advised that there was the potential for a reduction in the number of people employed in the jobs created. While the overall funding for jobs would remain consistent (with an additional two per cent per annum), the available funds would be used to fund fewer jobs at the increased and required wage levels.

6.21 Service providers interviewed for the audit consistently advised that they would not be able to continue to employ Indigenous Australians in the jobs if Australian Government funding was discontinued. While the Australian Government has provided ongoing funding for the jobs, as indicated in the forward budget estimates for each of the departments, the amount of funding does not take into consideration, or fully account for, issues such as wage increases.

6.22 During the initial policy development phase of the jobs packages, the Australian Government outlined an intention to conduct a review of the jobs packages two years after implementation. The purpose of the review is to ensure that gains made through all the jobs measures are sustained and to assess the effectiveness of the job packages in maximising Indigenous employment and removing the CDEP cross-subsidy.

6.23 The planned review of the NJCP provides an opportunity for DEEWR and relevant stakeholders to assess the overall sustainability of the jobs and determine if any changes or refinements to the management or design of the packages are required.

Performance reporting

6.24 Measuring program performance is essential to good management, public accountability and transparency. Consistent, clear reports of performance provide an important record of progress towards meeting policy

objectives, how well public money is being spent, and whether planned achievements are on track.⁸⁶

NT Jobs Package reporting

6.25 In October 2007, DEEWR began providing weekly reporting to relevant stakeholders, such as the NTER operations centre, on the status of the rollout of the NT Jobs Package. The reports also included commentary on the progress with identifying the jobs and any issues being faced by the departments. The reporting was both aggregated and broken down to the 73 individual prescribed communities that were part of the NTER.

6.26 After the initial period during which the majority of jobs were created, DEEWR transitioned to monthly reporting arrangements in 2008. As at June 2010, all targeted jobs had been created⁸⁷ and formal reporting arrangements finished.

Reporting on Element 1 of the NPA

6.27 In order to report to COAG on the milestones and performance benchmarks/indicators for Element 1 of the NPA, DEEWR is required to collect information from both Australian Government departments and the states.⁸⁸ The information collected by DEEWR includes:

- the number of jobs created;
- the number of jobs filled; and
- a one-off retention report that required data to measure the number of Indigenous people still in employment three months after creation of the position, including specifying the:
 - number of positions filled,
 - number of hours worked, and
 - number of former CDEP participants employed as at 30 September 2009.

⁸⁶ Department of Finance and Deregulation, *Performance Information and Indicators*, October 2010, p. 1, available from <<http://www.finance.gov.au/financial-framework/financial-management-policy-guidance/docs/KPI-guidance.pdf>> [accessed on 21 February 2011].

⁸⁷ As at June 2010, and in line with expectations, 1755 jobs had been created.

⁸⁸ The territories were not required to report against Element 1 of the NPA.

Australian Government departments

6.28 From August 2009, DEEWR tracked, on a weekly basis, departments' progress with identifying, funding and filling the jobs for the NJCP. Once the funding agreements were in place, the reporting transitioned to a monthly basis. As at 30 June 2010, DEEWR reported that all jobs that had been identified had been created, and 97 per cent were filled.

6.29 The data collected in the reports included the number, location and types of jobs that had been created, as well as the number of jobs that had been filled. There was also some commentary on issues being encountered by the departments in managing and filling the positions. The focus on the creation and filling of positions was consistent with the objective of Element 1 of the NPA.

6.30 Similar to the NT Jobs Package, DEEWR advised the ANAO that from July 2010 departments were no longer required to provide reporting on a monthly basis. Given there are no further jobs to be created, and those that are yet to be filled are being monitored and managed by the departments responsible for the programs, DEEWR determined that there was limited value in continuing to monitor the jobs in the format that was initially established. Reporting of the NPA now relies on state jurisdictions and reporting to COAG and stakeholders.

State jurisdiction reporting

6.31 The states are required to provide an annual 'individual jurisdiction report' to DEEWR against the performance indicators and timelines relating to the implementation of Element 1 of the NPA. Each jurisdiction was asked to complete and submit a report which included a detailed summary of progress against the milestones and benchmarks contained in implementation plans; reasons for any delays; any risks identified for future implementation; as well as case studies of good practices arising from the NPA. Each state has provided their 2009 and 2010 jurisdiction reports to DEEWR.

Reporting to COAG and stakeholders

6.32 DEEWR collates the data from Australian Government departments and the states into a single report which is produced annually. The reports to COAG include details on the numbers of jobs created and filled by jurisdiction, and commentary on any implementation issues. In the 2010 report, two of the states advised that they had faced challenges in recruiting and retaining Indigenous Australians with appropriate skills in the jobs. To address these

issues, one state had developed a recruitment and retention mentoring strategy, which was funded by DEEWR. The next report is due in November 2011, to cover the 2011 reporting period.

6.33 Separate to the COAG reporting, a one-off report on retention was also developed and provided to relevant stakeholders, such as the Minister for Employment Participation, in December 2009. The retention report was designed to measure the number of Indigenous Australians still in employment three months after the creation of the position. DEEWR provided a briefing to COAG that as at 11 December 2009:

- Eighty per cent of all jobs created had been filled (90 per cent of Australian government jobs and 40 per cent of state jobs); and
- Ninety-five per cent of Australian Government jobs had each been filled by only one person.

6.34 DEEWR also provided regular reporting to the Minister for Employment Participation on the number of jobs by department and stream that had been created and filled. These reports included commentary on recruitment activity for each Australian Government department, state and job stream.

External Australian Government reporting—Portfolio Budget Statements and Annual Reports

6.35 In accordance with the Australian Government's budget reporting framework, agencies are required to establish, in their Portfolio Budget Statements (PBS), deliverables and key performance indicators (KPIs) for each program.⁸⁹ These deliverables and KPIs are required to be reported against in the Annual Report.

6.36 The Department of Finance and Deregulation guidance on developing Portfolio Budget Statements for 2009–10 included the requirement that:

Reporting on the non financial performance of the list of affected program(s) - mostly, the National Partnership payments—generally remains the

responsibility of the policy agency. The details of the policy agency's programs will continue to be presented in their PB Statements.⁹⁰

6.37 Table 6.2 outlines the ANAO analysis of FaHCSIA's and DEEWR's reporting responsibilities for the 2009–10 Portfolio Budget Statements and Annual Report.⁹¹

Table 6.2

Reporting responsibilities

Accountability	Responsible Department	Document
Appropriations and Payments	FaHCSIA	2009–10 PBS and Annual Report
Financial Reporting	FaHCSIA	2009–10 PBS and Annual Report
Non Financial Reporting	DEEWR	2009–10 PBS and Annual Report

6.38 Consistent with FaHCSIA's role as the administrator of the special account for the two job creation packages, the FaHCSIA 2009–10 Portfolio Budget Statements and Annual Report included information on the amounts appropriated to the special account and the program component objective.

6.39 Despite having overall policy responsibility, DEEWR's 2009–10 Portfolio Budget Statements and Annual Report do not include any reference to the job packages, or any associated performance indicators and reports on performance. In the 2009–10 for Outcome Four⁹², Program 4.2 (Indigenous Employment), DEEWR reports that the program objective is to:

Increase Indigenous Australians' employment outcomes and participation in economic activities, contributing to the government's commitment to halving the gap between Indigenous and non-Indigenous employment outcomes within a decade.

6.40 Element 1 of NPA is one of four elements that form a combined strategy to contribute to halving the Indigenous employment gap. While DEEWR did not have financial responsibility for the job creation packages, it

⁹⁰ Department of Finance and Deregulation, *Portfolio Budget Statements Constructors Kit – 2009–10 Budget*, Appendix C2, p.141. available from <http://www.finance.gov.au/budget/budget-process/docs/2009-10_PBS_Constructors_Kit.pdf> [accessed on 21 February 2011].

⁹¹ The analysis has focused on 2009–10, as after 30 June 2010 the individual departments responsible for the respective programs began receiving direct Budget appropriations.

⁹² Enhanced employability and acquisition of labour market skills and knowledge and participation in society through direct financial support and funding of employment and training services.

was, and continues to be, the lead policy department for the Australian Government in implementing the NPA. In this respect, it would be appropriate for DEEWR to include in future Portfolio Budget Statements and Annual Reports, non-financial reporting information that outlines the progress with the Australian Government's contribution to the objectives of the NPA, including Element 1.⁹³

6.41 Separately, those departments with responsibility for the various programs under which the jobs have been created should continue to report on their respective programs as required.

Future reporting

6.42 While there is limited value in DEEWR continuing to collect data from the departments on a monthly basis, there remains the need to assess the sustainability and long-term impact of the jobs on Indigenous employment outcomes. In this context, attention should still be given to periodically assessing the conditions necessary for the ongoing success of the jobs packages. These conditions include:

- the jobs being maintained and filled by Indigenous Australians, with appropriate wages and conditions being provided;
- the provision of ongoing funding with appropriate increases to take account of up-skilling through on-the-job experience and training;
- an assessment of retention levels to determine the impact on Indigenous employment outcomes; and
- continued pre- and post-employment support to employers and employees as necessary.

⁹³ Finance's guidance does, however, indicate that those Commonwealth entities affected by payments should expand any non-financial information provided for the planned performance of the programs, and to link or cross-reference to programs where payments are made. See Department of Finance and Deregulation, *Guidance for the Preparation of the 2011–12 Portfolio Budget Statements*, March 2010, p. 30.

6.43 The ongoing reporting to COAG and the planned review of the jobs packages provide opportunities for DEEWR and relevant stakeholders to consider these issues, assess the overall sustainability of the jobs, and provide advice to government on any necessary changes or refinements to ensure the long-term success of the packages.



Ian McPhee
Auditor-General

Canberra ACT
31 August 2011

Appendices

Appendix 1: Departments' response

1. DEEWR provided both the summary response included at paragraph 53, as well as the following extended response. The remaining four departments' full responses are at paragraphs 54 to 59.

Department of Education, Employment and Workplace Relations

The Department of Education, Employment and Workplace Relations welcomes the ANAO's finding that DEEWR and the Department of Families, Housing, Community Services and Indigenous Affairs provided effective coordination and direction, guided by the high level policy parameters set by the Australian Government, which contributed to the Northern Territory Jobs Package and National Jobs Creation Package being implemented in relatively short timeframes.

In its report, the ANAO concluded that the role played by departments in identifying positions, engaging service providers, and managing the ongoing relationships, was also integral to the successful roll-out of the packages and Indigenous Australians being placed in jobs.

The ANAO has acknowledged that as a result of effectively implementing the two jobs packages almost 3000 jobs were created for Indigenous Australians.

In its report, the ANAO concluded that, as per the intent of the Northern Territory Jobs Package and the National Jobs Creation Package, the recruitment methods used by service providers were effective in placing Indigenous Australians in the jobs created. Over 80 per cent of the positions were filled by people previously on the Community Development Employment Projects (CDEP), and all jobs were filled by Indigenous Australians.

The ANAO report acknowledged that retention was very high for the National Jobs Creation Package, with Commonwealth agencies reporting that three months after filling the position, 95 per cent of positions had been filled by only one person.

The ANAO also noted that the Department of Education, Employment and Workplace Relations planning arrangements for the National Jobs Creation Package provided a more structured and considered approach to implementation. The framework incorporated the learnings from the Northern Territory Jobs Package and addressed a number of elements necessary for successfully implementing cross-departmental initiatives.

While the intent of the jobs packages was not to deliver workforce reform in its entirety or address the issue of the lack of job opportunities in remote

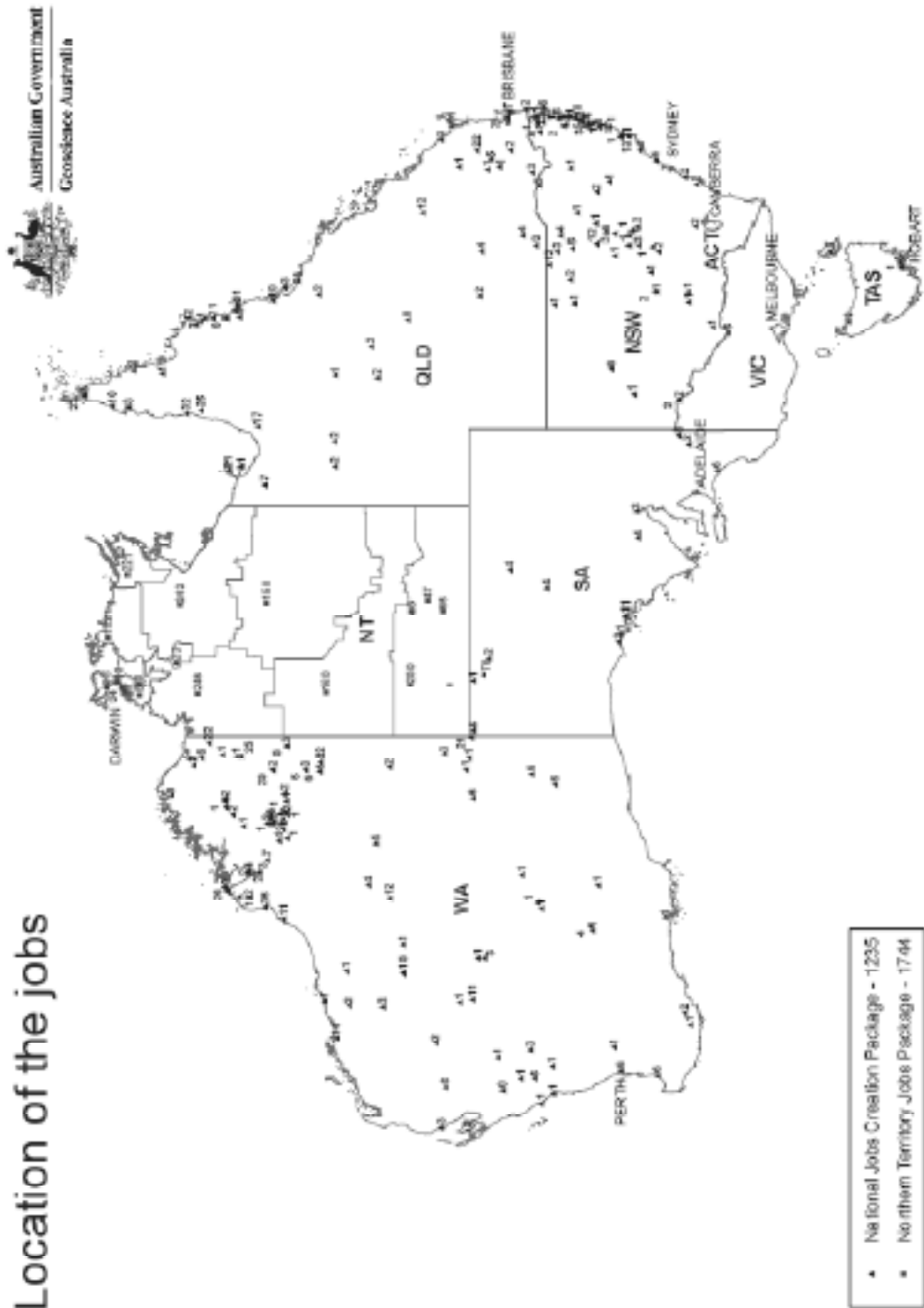
communities, the jobs packages did provide an important first step in resetting the baseline for how Australian Government services for Indigenous communities are funded to ensure that they generate employment for Indigenous Australians.

The ANAO has made one recommendation relating to communication practices which the Department of Education, Employment and Workplace Relations accepts.

Recommendation No. 1

To support the achievement of long term employment outcomes for Indigenous Australians, the ANAO recommends that DEEWR and responsible departments consult with service providers and update their communication practices to improve the level of awareness of Australian Government support programs and promote better practice methods being adopted across organisations.

Appendix 2: Location of the jobs



Appendix 3: Operation of Community Development Employment Projects and the reforms

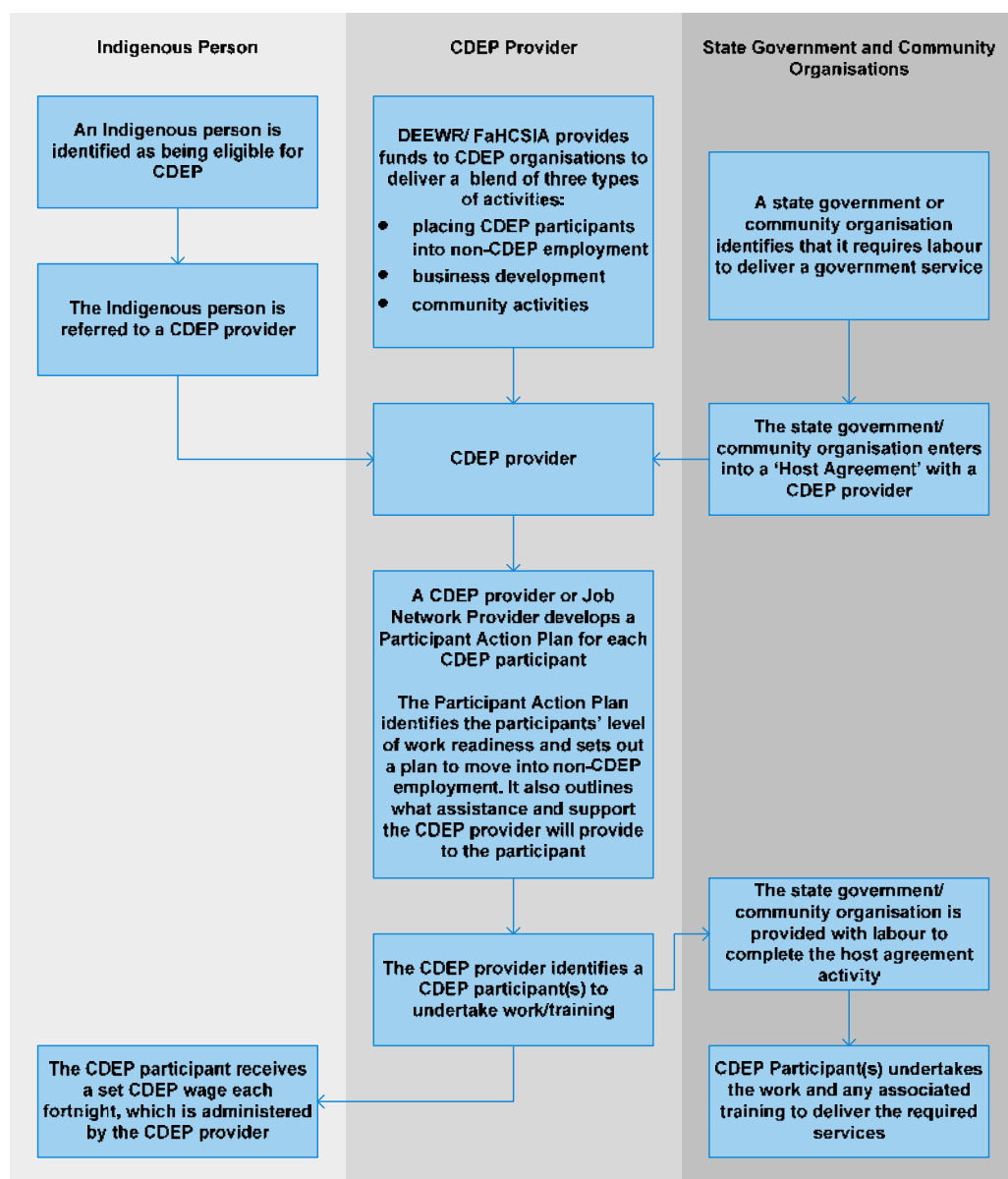
1. The CDEP program is an Australian Government funded initiative for unemployed Indigenous Australians.

The CDEP program prior to 1 July 2009

2. Prior to 1 July 2009, the CDEP program provided participation opportunities for Indigenous Australians through activities which aimed to develop skills and improve the employability of participants in order to assist them to move into employment outside of CDEP.
3. CDEP service providers received funding to provide services and manage activities aimed at increasing employment outcomes, providing business development opportunities and meeting community needs to benefit participants and their families.
4. Eligibility to be a CDEP participant included obligations that the individual needed to be accepted as a member of an Aboriginal or Torres Strait Islander community in which they lived. CDEP candidates must also have been:
 - aged 16 years and over; or
 - aged 15 years and in receipt of Youth Allowance and not a full-time student;
 - be assessed by Centrelink as notionally eligible for income support benefits and/or CDEP and issued with a Customer Reference Number ('CRN');
 - part of the community and living within the locality served by the CDEP Service Provider;
 - either registered with a Job Network member or have a completed Participant Plan as applicable; and
 - willing, able and available to take up CDEP activities and an offer of non-CDEP work.
5. Figure A1 demonstrates how CDEP participants, providers and organisations operated.

Figure A1

CDEP



Source: ANAO analysis.

CDEP Reforms from 1 July 2009

6. From 1 July 2009, the Australian Government implemented changes to the way that the CDEP program operated, including:
 - removing CDEP from locations with established economies on 30 June 2009, and establishing Job Services Australia as the main provider of employment services for Indigenous Australians in locations where CDEP ceased;
 - establishing a Community Support Service to provide links between Indigenous community members and their families and mainstream and Indigenous services in locations where CDEP ceased;
 - changing the focus of the CDEP program in remote Indigenous communities from directly providing employment to building the skills of participants to find jobs outside of CDEP;
 - changing the CDEP funding model and program deliverables changed to focus on outcomes in Work Readiness services and Community Development projects;
 - establishing a new requirement for CDEP, Job Services Australia and Indigenous Employment Program providers to work in partnership to provide greater support to Indigenous Australians in finding sustainable employment; and
 - the National Jobs Creation Package.
7. CDEP participants who were receiving CDEP wages at 30 June 2009 continue to receive CDEP wages until at least 1 April 2012, as long as they remain eligible. New CDEP participants from 1 July 2009 participate in the program while on income support payments.

Appendix 4: Northern Territory Emergency Response

1. The former government introduced the NTER in response to the public release of the 2007 report *Little Children are Sacred*, authored by the Board of Inquiry into the Protection of Aboriginal Children from Sexual Abuse. The NTER was a set of measures designed to protect children and make communities safer, and to build a better future for people living in Indigenous communities and town camps. The NTER comprised the following seven key measures (with a larger number of sub-measures):
 - Welfare reform and employment (5 sub-measures);
 - Promoting law and order (7 sub-measures);
 - Enhancing education (5 sub-measures);
 - Supporting families (4 sub-measures);
 - Improving child and family health (3 sub-measures);
 - Housing and land reform (5 sub-measures); and
 - Co-ordination (7 sub-measures)
2. The measures were implemented progressively in 73 Indigenous communities and town camps across the NT. The NT Jobs Package was a component of the Welfare Reform and Employment measure under the NTER.
3. The Welfare Reform and Employment measure of the NTER was aimed at increasing participation in education and training, and ensuring welfare payments were better spent, and comprises the following five sub-measures:
 - income management and community stores;
 - increased participation activities for people on income support;
 - NT Jobs Package;
 - active school participation; and
 - Community Employment Brokers.
4. The NT Jobs Package was intended to reduce the impact of the removal of CDEP from the prescribed communities and to support the introduction of Income Management in the communities. The rollout of

the NT Jobs Package was directly linked to the rollout of income management.

Index

C

Closing the Gap, 32, 33, 32–33, 99
Community Development Employment Projects (CDEP), 35–37, 49, 56, 63–64, 71, 85, 112–115
compliance, 74–76, 80
Contract Management and engaging service providers, 68–76, 86, 89, 99

D

DEEWR, 27, 39, 42, 45, 46, 47, 48, 49, 50, 46–51, 55, 57, 61, 63, 68, 69, 70, 71, 82, 90, 100, 101, 102, 103, 106
education support, 39, 66, 86
DoHA, 39, 60, 66, 68, 70, 72, 87, 89
aged care, 39, 68, 88–90, 99

E

education support, 66, 86
employees, 48, 72, 76, 79, 80, 81, 83, 86, 87, 89, 90, 92, 105
employment, 27, 56, 7073, 8084, 90, 91, 98, 101 105, 110, 112, 114, 115
Environment
Indigenous rangers, 39, 60, 66, 68, 70, 72, 75, 76, 82, 86, 87

F

FaHCSIA, 36, 39, 40, 42, 46, 47, 51–55, 6165
Funding agreements, 68, 7077, 86, 89, 99
compliance, 74–76
Performance information, 75, 76, 94
variation, 75

I

Identification of jobs, 56–66
Indigenous Economic Development Strategy, 9899

J

Jobs Audit, 5666

N

National Indigenous Reform Agenda, 32–33
National Jobs Creation Package (NJCP), 37, 38, 37–39, 45, 72, 90, 91, 100, employees, 72, 76, 79, 80–83, 8690, 92, 105
Funding agreements, 63, 68–76, 86, 89
Jobs Audit, 56, 60–66
Performance monitoring and reporting, 93, 97–100, 106
recruitment, 76–82, 103
training, 70, 76, 78, 83, 85 92, 98, 105, 112, 114
Wages and conditions, 70, 75, 83, 97, 99, 100, 105, 114
whole-of-government, 55
National Partnership Agreement on Indigenous Economic Participation, 35, 39, 93
Element 1, 35, 37, 94, 101, 102
Northern Territory Emergency Response, 36, 38, 56, 115
Northern Territory Jobs Package, 38, 37–39, 45, 55, 87, 89–91, 115
employees, 72, 76, 7983, 86, 8790, 92, 105
Funding agreements, 61, 68, 7076, 86
Identification of jobs, 56, 57, 60
Jobs audit, 56–61
Jobs Audit, 5660, 61
Performance monitoring and reporting, 93, 97, 100, 106
recruitment, 76, 78, 79, 82, 103
training, 70, 76, 78, 81, 83–92, 98, 105, 112, 114
Wages and conditions, 61, 70, 75, 83, 97, 99, 100, 105, 114
whole-of-government, 39, 55

O

Office for the Arts, 60, 66, 68, 70, 72, 73
outcomes, 27, 72, 74, 75, 76, 84, 93, 96, 97, 98, 100, 104, 105, 106, 112, 114, 120

P

Performance monitoring and reporting
outcomes, 27, 66, 68, 72–76, 84, 93, 96–98, 104–114, 120

reporting to COAG, 102, 106
review, 93, 100, 106
whole-of-government, 64
planning, 45, 46, 47, 48, 49, 46–51, 57, 81, 86,
92, 96
pre-and post-employment support strategies,
48, 81, 82, 105
professional development, 70, 76, 78, 80, 81,
83, 85, 86, 87, 88, 89, 90, 92, 99, 105
Project implementation, 48, 49, 46–51, 55, 81,
86, 96

R

recruitment, 76, 78, 79, 82, 103
Registered training organisations, 88, 89
reporting to COAG, 102, 106
review, 93, 100, 106
Risk Management, 49, 55, 66, 71, 73, 75, 82,
86, 99, 102

S

Service providers, 86
Service Providers, 27, 49, 60, 68, 69, 70, 71, 73,
74–78, 81–86, 99, 100, 105, 112
special account, 51–55
special accounts, 39, 46, 104
sustainable jobs, 59, 96–100, 105, 106, 114

T

training, 52, 70, 76, 78, 80, 81, 83–87, 88, 89,
90–92, 98, 105, 112, 114
transition from CDEP activities, 81

W

Wages and conditions, 52, 65, 70, 75, 83, 97,
99, 100, 105, 114
whole-of-government, 39, 49, 55

Series Titles

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