

---

Australian National Audit Office

Equity in Employment in the Australian Public Service  
PSMPC and other agencies

The Auditor-General  
Performance Audit  
Audit Report No.16  
1997-98

---

Australian Government Publishing Service

© Commonwealth of Australia 1997

ISSN 1036-7632

ISBN 0 644 xxxxx x

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Australian Government Publishing Service. Requests and inquiries concerning reproduction and rights should be addressed to the Publications Manager, Australian National Audit Office, GPO Box 707, Canberra ACT 2601

# AUDIT-IN-CONFIDENCE



Canberra ACT  
xx November 1997

Dear Madam President  
Dear Mr Speaker

In accordance with the authority contained in the *Audit Act 1901*, the Australian National Audit Office has undertaken a performance audit of equity in employment in the Australian Public Service and I present this report and the accompanying brochure to the Parliament. The report is titled *Equity in Employment in the Australian Public Service*.

Yours sincerely

P. J. Barrett  
Auditor-General

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

# AUDIT-IN-CONFIDENCE

## AUDITING FOR AUSTRALIA

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

Auditor-General reports are available from Commonwealth Government Bookshops. Recent titles are shown at the back of this report. For further information please contact:

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

telephone (02) 6203 7537  
fax (02) 6203 7777

Information on ANAO audit reports and activities is available at the following  
Internet address: <http://www.anao.gov.au>

### Audit Team

Kathryn Dahlenburg  
Nicole Taylor  
Jenifer Rahmoy  
Michael Lewis

# AUDIT-IN-CONFIDENCE

## Contents

<b>Abbreviations and Acronyms .....</b>	<b>vi</b>
<b>Figures and Tables.....</b>	<b>v</b>
Figures .....	v
Tables.....	vi
<b>Executive Summary .....</b>	<b>ix</b>
Audit background .....	ix
Audit objectives and criteria .....	x
Audit conclusion .....	x
Key findings .....	xiii
Equity makes good business sense .....	xiii
Equity in the APS - progress over the decade .....	xiii
The relative performance of individual agencies .....	xv
Employment practices .....	xvi
Workplace relations.....	xviii
Reporting to the Government and the Parliament .....	xix
PSMPC response .....	xxii
Recommendations .....	xxiii
<b>1. Introduction.....</b>	<b>1</b>
Purpose of the report.....	1
Legislative and policy framework .....	1
Topics covered in this report .....	5
Audit scope and methodology .....	5
Audit conduct.....	6
<b>2. Equity in employment—A shift in thinking .....</b>	<b>7</b>
The changing composition of the workforce .....	7
The business case: managing diversity for comparative advantage .....	8
Employers of choice .....	9
Impacts on the Australian Public Service .....	11
<b>3. Results achieved in the APS .....</b>	<b>14</b>
Background and audit criteria for reviewing progress in the APS .....	14
Progress over the decade.....	15
Agency performance .....	22
Trends for EEO groups .....	27
<i>Women</i> .....	28
<i>Aboriginal and Torres Strait Islanders</i> .....	34
<i>Persons with disabilities</i> .....	35
<i>Persons of non-English-speaking background</i> .....	37
Missing data on EEO status .....	38

## AUDIT-IN-CONFIDENCE

<b>4. Employment practices for effective diversity management.....</b>	<b>42</b>
Attitudes to EEO and equity .....	42
Results of the ANAO review .....	43
Links between the EEO strategy and the business plan.....	45
Management, leadership and accountability.....	47
Human resources and practices.....	49
Improving the program .....	50
An example of strategy development .....	53
Conclusion .....	54
 <b>5. Legal obligations and the cost of discrimination and harassment .....</b>	<b>58</b>
Legislation and equity in employment.....	58
APS obligations .....	59
Discrimination and harassment in the workplace .....	62
The cost.....	64
ANAO review of APS documentation.....	65
 <b>6. Opportunities and risks in workplace relations.....</b>	<b>69</b>
The significance of decentralised industrial agreements for equity in employment and EEO groups .....	69
Provisions designed to protect employees .....	71
Promoting equity through workplace agreements .....	72
Risks to equal remuneration .....	73
Involvement in the agreement-making process .....	75
 <b>7. Reporting to the Government and the Parliament .....</b>	<b>77</b>
State of the Service report.....	77
Collecting information and reporting on diversity management .....	79
 <b>Appendixes</b>	
 Appendix 1.....	85
Agency abbreviations and audit coverage	
 Appendix 2.....	87
Focus group members	
 Appendix 3.....	88
Disability definitions	
 Appendix 4.....	90
NESB definitions	
 Appendix 5.....	92
ASCO occupations equivalent to APS positions	

## AUDIT-IN-CONFIDENCE

Appendix 6.....	95
Assessment scale for EEO implementation	
Appendix 7 .....	96
Commonwealth legislation relating to equity in employment	
Appendix 8.....	98
Notes on AWIRS 1995 estimates	
Appendix 9 .....	99
Bibliography	

# AUDIT-IN-CONFIDENCE

## Abbreviations and Acronyms

(See Appendix 1 for agency abbreviations)

APS	Australian Public Service
ASCO	Australian Standard Classification of Occupations
ASO	Administrative Service Officer
AWA	Australian Workplace Agreements
AWIRS	Australian Workplace Industrial Relations Survey
CRP	Continuous Record of Personnel
EEO	Equal Employment Opportunity
JCPA	Joint Committee of Public Accounts
MII	Managerial Inequity Index
NESB	Non-English speaking background
NESB1	Non-English speaking background - Group 1
NESB2	Non-English speaking background - Group 2
PWD	People with disabilities
SES	Senior Executive Service
SO A/B	Senior Officer Grades A and B
SO C	Senior Officer Grade C
WAD	Workplace Agreements Database
WRA	<i>Workplace Relations Act 1996</i>



# AUDIT-IN-CONFIDENCE

## Figures and tables

### Figures

- |          |                                                                                                                                                           |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Figure 1 | Performance with respect to year-2000 targets for the percentage of women in the APS and in senior positions (1987-1996)                                  |
| Figure 2 | Performance with respect to year-2000 targets for permanent employees reporting aboriginality, disability and non-English speaking background (1987-1996) |
| Figure 3 | APS by gender and EEO status                                                                                                                              |
| Figure 4 | Percentage composition of APS job classifications by gender, as at 30 June 1987, 1992 and 1996                                                            |
| Figure 5 | Performance of large agencies with respect to levels of women in senior management in June 1996                                                           |
| Figure 6 | Performance of medium agencies with respect to levels of women in senior management in June 1996                                                          |
| Figure 7 | Performance of small agencies with respect to levels of women in senior management in June 1996                                                           |
| Figure 8 | Comparison of women's managerial representation in the Australian work force, the APS and the private sector (1987-1996)                                  |
| Figure 9 | Managerial Inequity Index (MII) in the Australian workforce, the APS and the private sector (1987-1996)                                                   |

## AUDIT-IN-CONFIDENCE

### Tables

Table 1	Results against targets for each EEO group across the APS
Table 2	Results previously reported by the PSMPC
Table 3	Achievement of targets for women in senior positions in the APS, classified by agency size
Table 4	Achievement of targets for EEO groups (excluding women) and for completeness of data on EEO status in the APS, classified by agency size
Table 5	Performance of large, medium and small APS agencies with respect to EEO year 2000 targets and the data completeness target
Table 6	Ranking of the 20 largest agencies in the APS based on the percentages of women in senior positions among permanent employees at 30 June, 1996 (MII) and targets for 1995 and the year 2000
Table 7	Incidence of missing data on EEO status in agencies that exceed 23 per cent, as at 31 December 1996
Table 8	Standard of progress in developing and implementing an EEO program
Table 9	Criteria for assessing APS agency EEO programs and implementation reports
Table 10	EEO group by classification

# AUDIT-IN-CONFIDENCE

## Executive Summary

### Audit background

The Australian National Audit Office (ANAO) conducted this audit of equity in employment in the Australian Public Service (APS) to inform the Government and the Parliament of progress in achieving equity outcomes and to assist agency heads and the Public Service and Merit Protection Commission (PSMPC) to respond to changes signalled by the *Public Service Bill 1997* and the *Workplace Relations Act 1996* (WRA).

The Government has outlined its policy on equity in APS employment in the Public Service Bill introduced into Parliament in June 1997. In his second reading speech the then Minister Assisting the Prime Minister for the Public Service reiterated the Government's desire to ensure that the APS reflects the face of the Australian community it serves and provides a better working environment to those who provide the service, including equal employment opportunity (EEO) and workplaces that are flexible enough to enable employees to balance their work and family responsibilities.<sup>1</sup>

The Public Service Bill articulates a set of key APS values including a commitment to fairness, the application of the merit principle and an absence of direct and indirect discrimination. It requires agency heads to establish workplace-diversity programs to help promote these values. The Public Service Bill proposes an enhanced role for the Public Service Commissioner ('the Commissioner') including facilitating and evaluating employment policies and practices and reporting on the state of the service each year. These changes reflect the strategic shift taking place in Australian organisations from developing and implementing EEO programs to the broader management of diversity.

Previous requirements outlined in the *Public Service Reform Act 1984* required APS agencies to produce EEO programs for four groups — women, Aboriginal and Torres Strait Islanders, people with disabilities and people of non-English speaking backgrounds (NESB). A series of targets were outlined in *Equal Employment Opportunity: A Strategic Plan for the Australian Public Service for the 1990s* (the EEO Plan) published in 1993. Targets were set for the four EEO groups, as well as for completeness of data on EEO status and the development of EEO programs throughout the APS. The targets for EEO groups were based on population and labour force information, as general points of reference and comparison, and set 'reasonable expectations' of further EEO achievement in the APS.

The introduction of the Public Service Bill and WRA provides an ideal opportunity for agencies to review their management of diversity and for the PSMPC to review the contribution it can make to assist agencies to maximise the benefits of the diversity of their employees in improving APS performance.

---

<sup>1</sup> *Public Service Bill 1997*, Second Reading Speech, Hon. P. Reith

## **AUDIT-IN-CONFIDENCE**

### **Audit objectives and criteria**

The objectives of the audit were to examine the benefits of diversity management in the APS and review the progress made towards equity in employment in the APS, including the EEO Program. It included:

- an assessment of the progress towards achieving equity across the APS and by individual agencies;
- an assessment of the quality of agency EEO programs;
- an assessment of the role of the PSMPC in approving agency EEO programs and monitoring trends across the service;
- a consideration of legal obligations and agencies compliance with these; and
- the possible risks to, and opportunities for, equity under the WRA.

By analysing the lessons learned under current programs and practices it is intended to assist the PSMPC and agencies to take advantage of the opportunities to achieve greater equity under the new legislation and avoid any pitfalls that would have adverse consequences both for the staff involved and for the agencies' programs.

In reviewing the results achieved across the APS the audit was concerned primarily with the usefulness of the information provided to the Government and to the Parliament to make an informed judgement of the extent of equity in employment in the APS. The audit concentrated on evidence of overall progress, the relative performance of individual agencies, and the examination of observed and underlying trends. A variety of relevant data sources were utilised in assessing the results achieved in the APS.

Criteria for assessing EEO programs and implementation reports were developed by the ANAO based on the Affirmative Action Agency model and case studies, the US Glass Ceiling Commission report, reports of APS and Australia-wide award winners, case law and consultation with recognised EEO experts. Agency annual reports were also assessed against the *Annual Reporting Guidelines* produced by the Department of Prime Minister and Cabinet.

### **Audit conclusion**

The key objective of the EEO program was to achieve a representation in the APS that better reflected the composition of the Australian community. To achieve this, targets were set and agencies required to produce EEO programs. These were submitted to the PSMPC for approval.

A number of targets have been met. Targets set for 1995 for the representation of women in Senior Officer A/B (SO A/B) and equivalent and SES positions have been met as well as the year-2000 targets for Aboriginal and Torres Strait Islander and NESB employees. However, a continual decline in the representation of people with disabilities has occurred over the last decade, and the targets for the completeness of data on EEO status and approved agency EEO programs have not been met.

## AUDIT-IN-CONFIDENCE

Community comparisons conducted by the ANAO show that the APS outperforms the private sector in representation of Aboriginal and Torres Strait Islanders and is about on a par for the representation of women and NESB employees. The proportional representation of women in senior positions might be smaller in the APS when the number of women in the APS workforce is considered, but representation at senior levels is increasing more quickly than in the private sector. It is not possible to compare the representation of people with disabilities because of inter-sectoral definitional differences and data collection problems.

There is scope for improvement in the management of equity in APS employment particularly if agencies are to reap the benefits of fully utilising the skills of a diverse workforce. These improvements, noted below, are required at both the agency and the aggregate level, reflecting the dual responsibilities of agency heads and the Commissioner.

At the agency level EEO programs vary significantly in quality. Although the ANAO finding that two-thirds of the programs had achieved a medium to high level of progress is encouraging, almost a third of programs had achieved only minimum progress. There are high costs associated with poor management of equity, for example in terms of turnover and in morale, dedication, confidence and commitment which impact on agency performance. While recognising various levels of performance between agencies, many agencies would benefit from greater attention to the development of a strategic link between diversity management and other corporate objectives, more visible leadership in achieving diversity outcomes, stronger accountability for outcomes, and ensuring consultation with, and evaluation of programs for, each of the EEO groups. There is also a risk that a number of agencies may not meet the standards necessary to successfully defend a vicarious liability claim for harassment and discrimination. This requires that agencies demonstrate a genuine commitment to employment equity above and beyond fulfilling the requirements for documentation of programs and training of staff.

At an aggregate level, monitoring and reporting should provide information that permits the Government and Parliament to judge the extent of equity in employment in the APS to ensure that the Government's equity and anti-discrimination objectives are met. Information presented to date has included inaccurate trends and invalid community comparisons. Results across agencies have been variable and it is difficult, if not impossible, to assess the performance of individual agencies on all aspects because the focus of reports has been by EEO group rather than by agency. Nor has it allowed a comparison of the relative performance of agencies over time taking into account their size or the relative representation of EEO groups in each workplace.

### *Future Directions*

This report notes opportunities to improve on the information presented to the Government and the Parliament, employment practices in agencies and the capacity of the PSMPC to fulfil its proposed new role. The recommendations made reflect the devolution of responsibility for over all management and workplace bargaining to agencies and hence are more directed to the PSMPC in its expected role in

## **AUDIT-IN-CONFIDENCE**

developing, promoting, reviewing and evaluating APS employment policies and practices.

The introduction of the WRA and a proposed new Public Service Act will provide all agencies with the authority and flexibility to integrate diversity management fully into their business practices. EEO, anti-discrimination and flexible work practices, as well as workplace agreements, can each play their part in the management of diversity in the workplace contribute to achieving a better and more efficient workplace and improved program performance.

## AUDIT-IN-CONFIDENCE

### Key findings

#### Equity makes good business sense

From a public service performance perspective, equity in employment provides an opportunity to improve the efficiency and effectiveness of program delivery. In an environment of shrinking resources, contestability and an increasing concentration on client service, managers must make the most of all resources at their disposal — and do so innovatively. Recruiting and retaining the best people, capitalising on the diverse skills of employees, and adapting work practices to help employees accommodate work and family needs are key ingredients in any organisation's long-term success.

Furthermore, workforce demographics and the expectations of employees are changing. Organisations that recognise and respond to these changes will be better placed to become *employers of choice*. Superimposed on this are the obligations imposed by legislation and international conventions.

#### Equity in the APS - progress over the decade

The achievement of targets is one measure of the success of a program. Like any performance information, targets should be realistic and set on the basis of accurate information, monitored and reviewed regularly and reported accurately. In 1993 EEO targets were set based on population and labour force information. The following is an outline of performance against the targets.

##### *Targets met*

In 1996, the 75,000 permanent employees who are members of the four EEO groups made up about 57 per cent of the APS. Targets that have been met include:

- the over-all APS year-2000 targets of two per cent for Aboriginal and Torres Strait Islanders and 15 per cent for NESB employees; and
- the 1995 targets for women of 20 per cent in the Senior Executive Service (SES) and 15 per cent in SO A/B and equivalent positions.

The over-all representation of women in the APS has increased from 42 per cent to 48 per cent over the last decade. There has also been some broad improvement across classification levels; whereas in 1987 men outnumbered women in ranks above Administrative Service Officer (ASO) Grade 3, they do so now at levels above ASO5. Both these improvements are partly a reflection of women's increased participation in the labour force from 39 per cent to 43 per cent over the decade.

## AUDIT-IN-CONFIDENCE

### *Downward trend not arrested*

The 1995 target of four per cent representation of people with disabilities was set in 1992 to 'maintain' representation at this level in order *to arrest a downward trend*. However, subsequent improvements to the CRP data have shown that the actual level of representation in 1992 was 5.3 per cent. Representation of people with disabilities has since fallen to 4.9 per cent in 1995 and 4.6 per cent in December 1996. Thus although the representation of people with disabilities in 1996 is higher than the target set, the level of representation has not been maintained at the 1992 level and the downward trend has not been arrested. Previous PSMPC reports have not shown the on-going downward trend due to errors in the trends reported. Further, given that this trend does not display any sign of abating it is highly unlikely that the 2000 target of five per cent will be achieved.

### *Targets not met*

The following targets have not been met:

- not all agencies have approved EEO programs. The target set for 1993 was 100 per cent to be approved. However, in 1995-96, only 78 per cent had been approved by PSMPC; and
- data on EEO status, which is collected on a voluntary basis, is recorded for 77 per cent of APS employees in the Continuous Record of Personnel (CRP) in 1996 - the target was for 80 per cent of the APS to record EEO status by June 1994.

### *Missed opportunities*

In relation to the monitoring of EEO progress over time by the PSMPC, the audit found that:

- an improvement in the quality of the CRP data in 1994 was not taken into account by the PSMPC. This resulted in the incorrect reporting of trends for Aboriginal and Torres Strait Islanders, NESB and people with disabilities in PSMPC annual reports and the *Implementation of EEO in the APS: Trends and Strategies* ('Trends and Strategies') reports since that time.
- the revised trends indicate that, in 1992, when the year 2000 targets for representation of Aboriginal and Torres Strait Islander and NESB employees were set at two per cent and 15 per cent respectively, representation was already 1.7 per cent and 14.7 per cent. As indicated above, for people with disabilities, representation was actually 5.3 per cent when the 1992 'maintenance' target of 4 per cent was set.

The corrected trends reveal that:

- the representation of people with disabilities trended downward continually from 1987 to 1996; and



## AUDIT-IN-CONFIDENCE

- except for women in senior positions, representation levels for EEO groups and women over all have not improved since 1992. After early annual increases, the representation of women, Aboriginal and Torres Strait Islander and NESB employees has been fairly stable in recent years.

Although the targets set were reasonable, based on the information available at the time, the improvements to the CRP data were not incorporated in the monitoring of the targets by the PSMPC. Consequently, the correct trends have not been known for Aboriginal and Torres Strait Islanders, NESB and people with disabilities. Opportunities to revise strategies to respond to areas of success or under-performance may have been missed, particularly in relation to the representation of people with disabilities. Indeed, in the case where a target was set and monitored correctly — women in the SES — overall APS performance has continued to improve.

### **The relative performance of individual agencies**

Averages can mask individual performance or results can be skewed by the performance of the largest agencies. A focus on individual agency performance enables better practice to be identified and more widely promulgated, or attention to be focused where most needed. On the basis of the information reported to the Government and the Parliament in the PSMPC's annual reports and Trends and Strategies reports, it is difficult, if not impossible, to compare individual agency's performance against *all targets*, similarly sized agencies, or over time. The ANAO analysis revealed that:

- a significant number of agencies still have not reached 1995 targets—30 per cent of agencies for representation of women in both SES and SO A/B positions and 47 per cent of agencies for representation of people with disabilities, even though the actual level of representation for people with disabilities was already well above the target when it was set;
- despite the occasional claim that some agencies' small size makes it difficult for them to achieve targets, they seem to do no worse than the large agencies. The ANAO found that an agency's size had little bearing on EEO performance with the possible exception of the employment of people with disabilities where the small agencies appear to do worse;
- the substantial variation in performance between agencies is demonstrated by the fact that 41 of the 62 agencies for which data was available have, to date, achieved either no EEO-group targets or only one of the year-2000 targets. This includes 13 of the 19 large agencies. By contrast, 17 agencies have already met two of the year-2000 targets, and four have met three of the four targets; and
- although recognising that information on EEO status is supplied by employees voluntarily, there is a large discrepancy between agencies in the levels of missing data. The proportion of missing data on EEO status for the APS as a whole is 23 per cent, but in 19 agencies (including eight large ones) the proportion is higher.

## AUDIT-IN-CONFIDENCE

### *Reporting on agency performance*

Given the Public Service Commissioner's proposed responsibilities in reporting on the state of the service an opportunity exists to improve the reporting of individual agencies' performance in diversity management. It is possible and desirable to consider agency performance simultaneously across all groups. One means of doing this is demonstrated in the report at Table 5 (page 25).

It is also important to examine agency performance over time to consider the extent to which progress has been made. This can be achieved by producing a separate 'scatterplot', for each EEO group, of agency performance over time. As an example, a graph produced for Aboriginal and Torres Strait Islander representation may include each agency's 1992 performance relative to its 1996 performance. Small, medium and large agencies could be differentiated if this is considered important. Figures 5 to 7 (page 30-1), which report on progress toward the dual targets for women, illustrate this concept.

There are other measures also, such as the 'managerial inequity' index, that assesses representation in senior positions relative to the over-all representation of EEO-group members in each agency. This is important in considering the relative performance of agencies with relatively high or low levels of representation of EEO group members. Its application is demonstrated in this report in relation to women in senior positions but is equally applicable to other EEO groups.

The ANAO analysis of the data indicates that the use of such measures would allow interested parties to ascertain each agency's EEO representation levels across all groups, over time, and in relation to the representation in senior positions relative to the number of EEO-group employees in each agency. Agency size can be taken into account by providing these analyses by small, medium and large agencies.

The performance differences between agencies may widen given the likely devolution of employment responsibility to individual agencies. This makes monitoring an important element in informing the Government and the Parliament of representation levels in agencies.

### **Employment practices**

#### *Improvements required by the PSMPC*

Under the Public Service Bill the role of the PSMPC in promoting diversity will both change and expand. The ANAO questions the PSMPC's capacity at the present time to effectively and efficiently fulfil its proposed new role on the basis of current indications. The ANAO analysis revealed that:

- although the PSMPC has provided feedback to most of the agencies included in the audit sample during the previous three years, the quality of the feedback was variable. While it is encouraging that two-thirds of EEO programs had achieved a medium to high level of progress, and while recognising that much depends on an agency's level of commitment, the ANAO's assessment that almost a third of

## AUDIT-IN-CONFIDENCE

programs achieved only minimum progress indicates that these agencies would benefit from additional or improved quality of encouragement and assistance from the PSMPC.

- at present, data and information-collection and result-collating mechanisms are resource intensive and cumbersome for both respondents and the PSMPC. This hampers the PSMPC's ability to provide timely reports to the Government and the Parliament and has been evident in the delay in producing the 1995-96 Trends and Strategies report. The PSMPC has recognised these problems and, in place of the Trends and Strategies report for 1995-96, has advised that it will produce a brief transitional report that will include EEO data to June 1997.

The ANAO considers that in the lead up to the introduction of the new Public Service Act, it is an ideal time for the PSMPC to review its capacity to provide assistance to agencies as well as timely and useful reports to the Government and the Parliament.

The PSMPC has advised that it has been aware for some years that it is operating within a compliance framework which no longer reflects the realities of the relationship between central policy making organisations and line agencies. The PSMPC notes that the resources and processes required to manage compliance do not permit the PSMPC to focus effectively on specific diversity issues and the problems of specific agencies and that the ability of individual agencies to respond effectively and flexibly to change is increasingly important.

### *Improvements required at agency level*

The ANAO review found that although many agencies have identified problems in implementing EEO, few have progressed to implementing effective strategies. The ANAO analysis of agency EEO plans, implementation and annual reports revealed that:

- agencies with effective strategies have developed a strategic link between EEO, managing diversity and achieving other corporate objectives. The opportunities afforded by diversity, however, have not been fully utilised. There was little evidence of agencies' redesigning organisational structures and practices to capitalise on the talents, skills and knowledge of a diverse workforce;
- leadership stood out from all other factors as the most critical to the successful implementation of EEO. While two-thirds of agency heads endorsed their agency's EEO program, few took full advantage of the opportunity to outline their vision for equity or to demonstrate leadership by taking an active and visible role in implementing EEO programs;
- organisations committed to achieving results hold team leaders and managers accountable for EEO-program performance. Although most agencies report assigning accountability to line managers, the ANAO found no reference in agency documentation to rewards or sanctions linked with success or failure in achieving EEO objectives;

## **AUDIT-IN-CONFIDENCE**

- human resource practices included a reported commitment to merit and employee involvement in EEO related training and job-development plans. However, agencies generally focused on programs for only one or two EEO groups and the effectiveness of such initiatives was often not assessed; and
- effective EEO programs ensure that employees are consulted and mechanisms to achieve continual improvements in EEO or diversity programs are implemented. Some such mechanisms were identified but consultation with employees and monitoring and evaluation of EEO programs was not widespread.

An important element underlying these strategies is the extent to which discrimination and harassment actually occur in the workplace. The audit revealed that limited attention is given to obtaining empirical information on this issue; a significant number of agencies report that no formal complaints have been made. However, research indicates a low propensity to report incidents as well as gender differences in the perception of the existence, or otherwise, of discrimination and harassment in Australian workplaces.

In meeting the Government's diversity objectives it is important that agencies, including the PSMPC, develop effective ways of gauging the level of incidents as an essential first step. Any discrimination or harassment in the workplace prevents agencies from taking full advantage of the diverse talents of their staff with adverse consequences for agency performance. It is also important that agencies have taken all reasonable steps to prevent discrimination in the workplace which includes demonstrating a genuine commitment above and beyond documenting policies and providing training. The ANAO review of agency EEO documentation indicated that, although an agency's ability to defend a vicarious-liability claim successfully is difficult to assess, there is a risk that a number of agencies may not meet the necessary standards.

### **Workplace relations**

Although responsibility for negotiating workplace agreements rests with agency heads and employees, the effective administration of workplace bargaining presents a unique opportunity to address both existing and potential inequities in the workplace, as well as an opportunity to integrate diversity management fully into agency business practices.

Preliminary advice to agencies in this regard includes that:

- consideration be given to including equity provisions in workplace agreements, undertaking an analysis of EEO provisions alongside other changes to work conditions, and ensuring that agreements provide equitable outcomes for all employees.
- the impact of workplace agreements on equality of remuneration be estimated as part of the bargaining process and procedures for on-going monitoring be implemented; and

## AUDIT-IN-CONFIDENCE

- consultation arrangements include strategies to ensure input by EEO groups, part-time employees and employees with caring responsibilities.

### **Reporting to the Government and the Parliament**

#### *Collecting information and reporting on diversity*

One way to improve diversity management in the APS is for the PSMPC to ensure that information collection and dissemination on this topic is improved. The audit indicates that:

- some ambiguity has existed in the past in relation to the targets;
- collection mechanisms have been cumbersome for both agencies and the PSMPC;
- community comparisons need refinement; and
- technical errors in the information presented to the Government and the Parliament should be corrected.

Ideally, the monitoring and reporting of diversity management in the APS will enable a judgment to be made on whether or not equity has been achieved. The CRP and other data sources, such as those used in this audit, can be used to evaluate progress and community-comparison updates can also be made as the results of new population, labour force and other surveys become available. Such information, and the CRP, could be used to much better effect to understand the dynamics underlying the trends and hence to formulate an appropriate strategic response.

The development of better performance indicators can draw on the results of this audit. Given the variation in agency performance and a more devolved management environment, it may now be time to encourage each agency to set its own performance indicators with reference to their particular level of achievement in managing diversity. A core set, however, could be identified for the purpose of reporting to the Government and the Parliament on performance across all agencies. By designing these indicators in consultation with EEO experts they can also reflect both changes in workplace relations and current diversity research.

#### *State of the Service report*

Prior indications of the contents of the proposed State of the Service report indicated that it was expected to include a statistical analysis of trends in the size, structure and composition of the APS; an evaluation of the extent to which the APS has maintained the appropriate standards of public administration; and a recognition of good practice approaches in the management of APS employees.

The Joint Committee of Public Accounts (JCPA) has since reviewed the Public Service Bill and included a chapter on workplace diversity in its report. On the basis of this audit, the ANAO supports the recommendations relating to workplace diversity made in Report 353, *An Advisory Report on the Public Service Bill 1997 and*

## AUDIT-IN-CONFIDENCE

*Public Employment (Consequential and Transitional) Amendment Bill 1997.* In particular, the sections on self-evaluation and comparative evaluation and associated recommendations 9 and 12, address issues that are the subject of this report.

Recommendation 12, of Report 353 calls for the collection, analysis and publication of information that compares the *outcomes* of agencies workplace diversity programs. The adoption of the following suggestions, discussed in more detail in the body of this report, would go some way to addressing the JCPA recommendation, in particular, the call for the development of an appropriate analytical framework to ensure that agency comparisons are meaningful. On the basis of this audit the ANAO has recommended that the PSMPC report on:

- levels of representation in each agency *across all* EEO groups;
- the improvements achieved by each agency over time; and
- EEO group representation in senior levels relative to the representation of EEO group members in each workplace.

This report notes, in practical terms, how this could be achieved. It would also be worthwhile for an analysis of additional workplace statistics, such as promotion, appointment and turnover rates to be undertaken in order to understand the over-all and underlying trends to inform subsequent strategy development.

Furthermore, in light of the risks and opportunities to equity afforded by workplace agreements and the agreement-making process, it is suggested that the PSMPC, as part of its responsibility to report on the state of the service, could also consider a comparison of the equality of remuneration across EEO groups in APS agencies. This is particularly important in the transition period as agencies move to agreement-making at the workplace level.

Although the focus in this report has been on the reports to be provided by the PSMPC, the elements discussed are also relevant to the management of diversity at an agency level and could be reported in agency annual reports. The draft *Public Service Commissioner's Direction 1997* includes a requirement that agency heads must evaluate, and report in their annual report, the effectiveness and outcomes of their workplace diversity program and give the Commissioner any information required for the state of the service report.

Further, in recognition of the importance assigned to both an absence of discrimination and the adoption of flexible work practices by the WRA and the proposed Public Service Act, agencies could also consider reporting on:

- access to, and take-up rates, of flexible work practices; and
- the level of discrimination and harassment in the workplace, including perceptions, as well as the level of formal and informal complaints and the results thereof.

The JCPA Report 353, Recommendation 9, also called for agency evaluations of

## AUDIT-IN-CONFIDENCE

diversity programs to specifically address ‘outcomes’ and for the Commissioner to specify the performance indicators and criteria which should be used by agencies in carrying out these evaluations.<sup>2</sup> The scope of this report exemplifies that diversity management incorporates EEO programs, as well as strategies aimed at eliminating discrimination and harassment, utilising flexible work practices, and limiting the differential impact of decentralised bargaining on EEO groups, particularly the equality of remuneration. The evaluation of outcomes in each of these areas, as outlined, would again go some way to addressing the JCPA’s recommendation.

In all these areas reporting trends over time, where and when possible, is essential in enabling an assessment of progress made and still to be achieved.

---

<sup>2</sup> Joint Committee of Public Accounts (1997), Report 353, *An Advisory Report on the Public Service Bill 1997 and Public Employment (Consequential and Transitional) Amendment Bill 1997*

## AUDIT-IN-CONFIDENCE

### PSMPC response

The PSMPC generally supports the thrust of the report noting that the report:

- strongly supports employment equity and diversity as a prime contributor to organisational efficiency and effectiveness;
- provides a useful survey of the current state of equity management in the APS and in agencies, including deficiencies in the current system;
- comprehensively identifies and discusses issues and concerns that will need to be addressed in equity and diversity management, particularly under arrangements set out in the *Public Service Bill 1997* now before Parliament; and
- proposes some useful models and techniques for measuring equity/diversity and evaluating agency programs.

In this sense the Commission advised that the report has been very helpful in assisting it to clarify and develop models for the implementation and evaluation of workplace diversity.

As mentioned earlier the Commission has experienced difficulties in administering a compliance-based centralised system in an increasingly devolved environment. The Commission advised that a major purpose of the *Public Service Bill 1997*, and the Commissioner's Directions to be issued under it, is to resolve this ambiguity, in both the management of diversity and in other areas of human resource management, by making it clear that the primary responsibility for employment rests with the agency head. For the management of diversity, this will mean:

- that the responsibility for the annual evaluating and reporting upon the effectiveness of a Workplace Diversity Program is with the agency head through the agency's annual report; and
- that the role of the PSMPC is to maintain a compliance framework which recognises this primary responsibility but which also monitors and reports on agency performance, including through comparative assessments in the annual State of the Service report.

The PSMPC's responses to specific recommendations reflects this new model.



## AUDIT-IN-CONFIDENCE

### Recommendations

Listed below are the ANAO's recommendations with report paragraph reference and PSMPC's abbreviated responses. Detailed responses are shown in the body of the report. The ANAO considers that the PSMPC should give priority to the recommendations numbered 1, 2, 3 and 5.

**Recommendation No.1 Para x.xx** - The ANAO recommends that the PSMPC monitors and evaluates progress on representation levels across the APS, making credible community comparisons as additional data sources become available.

**Response:** Agreed.

**Recommendation No.2 Para x.xx** - The ANAO recommends that in order to assist the Government and the Parliament to judge the performance of individual agencies, and to assist APS agencies to develop an appropriate strategic response, the PSMPC presents the performance of agencies in a manner which allows comparison of:

- levels of representation in each agency *across all* EEO groups;
- the improvements achieved by each agency over time; and
- EEO group representation in senior levels relative to the representation of EEO group members in each workplace.

**Response:** - Agreed.

**Recommendation No.3 Para x.xx** - The ANAO recommends that the PSMPC implements initiatives to improve the quality of EEO data reported in the Continuous Record of Personnel, ensuring that attention is given to the collection and inter-sectoral comparability of data on people with disabilities.

**Response** - The PSMPC agrees with this recommendation, with the qualification that the complete reconciliation of inter-sectoral definitional differences in relation to disabilities is likely to be an ongoing problem.

**Recommendation No.4 Para x.xx** - The ANAO recommends that the PSMPC reviews its capacity to provide an appropriate advisory service and educative role to agencies on workplace diversity programs before the new Public Service Act comes into force.

**Response** - Agreed.

**Recommendation No 5 Para x.xx** - The ANAO recommends that, in light of the PSMPC's expanded role in providing the proposed State of the Service report, the PSMPC reviews its capacity to provide comprehensive and timely reports on diversity management to the Government and the Parliament.

**Response** - Agreed.

## AUDIT-IN-CONFIDENCE

**Recommendation No.6 Para x.xx** - The ANAO recommends that the PSMPC ensures that any future requirements designed to achieve the Government's diversity in employment objectives in the APS, such as those specified in the Commissioner's Directions or the information required for the State of the Service Report, are explicit and the agencies, the categories of employment and the classification level to which they apply are unambiguous.

**Response** - Agreed.

**Recommendation No.7 Para x.xx** - The ANAO recommends that, in anticipation of the enactment of the Public Service Bill and the new responsibilities proposed for the PSMPC, the PSMPC, in collecting information from agencies, designs a more structured data collection instrument that minimises the cost to agencies while maximising the benefit to the PSMPC and other agencies.

**Response** - Agreed.

**Recommendation No.8 Para x.xx** - The ANAO recommends that the PSMPC ensures that the information presented to the Government and Parliament is accurate by remedying technical shortcomings in community comparisons and in the presentation of information.

**Response** - Agreed.

# AUDIT-IN-CONFIDENCE

## 1. Introduction

### Purpose of the report

Equity in employment is a product of good human resource management. Obligations are imposed by legislation and international conventions, and by the policies of successive governments. Most recently the Government reiterated its commitment to equity in employment in the *Public Service Bill 1997* and the *Workplace Relations Act 1996* (WRA). Equity also makes good business sense.

The Australian National Audit Office conducted this audit of equity in employment in the Australian Public Service to inform the Government and the Parliament of current progress in achieving equity outcomes and to assist agency heads and the Public Service and Merit Protection Commission respond to changes signalled by the Public Service Bill and the WRA.

The objectives of the audit were to examine the benefits of diversity management in the APS and review the progress made towards equity in employment in the APS, including the Equal Employment Opportunity Program.

The audit considered the progress made in order to inform the Parliament, the Government, agencies and the PSMPC in relation to the efficient and effective administration of diversity over the coming decade. In doing this, private and public sector experience was considered as well as the business benefits of equity in employment. By analysing the lessons learned under current programs and practices the audit has been devised to assist the PSMPC and agencies to take advantage of the opportunities for equity under the new legislation and avoid any pitfalls.

### Legislative and policy framework

The *Public Service Bill 1997* was introduced into Parliament on 26 June 1997. In the second-reading speech the then Minister Assisting the Prime Minister for the Public Service noted that the Bill was designed to:

*‘... make the service more efficient in its delivery both of policy advice to government and of programs to the public ... promote higher performance in the APS by devolving management responsibility to individual agencies and, at the same time, ensure that public interest objectives are maintained through enhanced accountability’.*<sup>3</sup>

As part of the Government’s public-service reform program, the Bill is intended to modernise the APS’s legislative framework and, in doing so, maintain a balance between devolved responsibility and improved accountability.

---

<sup>3</sup> *Public Service Bill 1997, Second Reading Speech, Hon. P. Reith*

## AUDIT-IN-CONFIDENCE

### *Present Framework*

A commitment to equity in the APS first became evident in 1949 when single women were allowed to work in clerical and administrative jobs and in 1967 when Aboriginal and Torres Strait Islander people first became eligible for appointment. Equal pay for work of equal value was implemented in the APS in 1972, the Maternity Leave (Commonwealth Employees) Act was passed in 1973 and the Racial Discrimination Act was passed in 1975. EEO programs for women were introduced in 1981 on a voluntary basis. The *Public Service Reform Act 1984* — which inserted s22B into the *Public Service Act 1922* — formalised their use in APS agencies. The *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* extended a requirement for EEO programs to those Commonwealth agencies not covered by s22B of the Public Service Act or the *Affirmative Action (Equal Employment Opportunity for Women) Act 1986*.<sup>4</sup>

Section 22B makes the PSMPC responsible for receiving copies of EEO programs; making recommendations to improve their effectiveness; issuing guidelines on provisions to be included in them; and developing, implementing and reviewing programs and reporting to the Prime Minister.<sup>5</sup>

Under the current Public Service Act, departments are required to eliminate unjustified discrimination against members of the designated EEO groups in employment matters and take measures to enable them to compete for promotion and transfer and pursue careers in the APS. Employment matters include selection for appointment, promotion and transfer, training and employee development and terms and conditions of service.<sup>6</sup> Secretaries of departments are required to develop equal opportunity programs, put them in writing and provide them to the PSMPC.<sup>7</sup> These programs are to include provisions which:

- examine and eliminate practices that discriminate unjustifiably against the designated groups;
- identify and eliminate or ameliorate patterns of inequality of opportunity;
- inform departmental employees and employee organisations of the contents of the programs and the results of any reviews conducted;
- collect and record information, including statistical information, on the operation of the program;
- assess the effectiveness of the program; and
- give effect to any guidelines issues by the PSMPC.<sup>8</sup>

---

<sup>4</sup> The *Affirmative Action (Equal Employment Opportunity for Women) Act 1986* requires private sector organisations with more than 100 employees to develop affirmative action programs.

<sup>5</sup> *Public Service Act 1922*, s22B (3), (8), (10) and (11)

<sup>6</sup> *Ibid.*, s22B(1)

<sup>7</sup> *Ibid.*, s22B (3) and (4)

<sup>8</sup> *Ibid.*, s22B(2)

## **AUDIT-IN-CONFIDENCE**

## AUDIT-IN-CONFIDENCE

Under s7 of the Act, the designated EEO groups are:

- women;
- Aboriginal and Torres Strait Islander people;
- people with disabilities (physical or mental); and
- people who have migrated to Australia and whose first language is not English, and their children; referred to as ‘people of non-English-speaking background’ (NESB).<sup>9</sup>

*Equal Employment Opportunity: A Strategic Plan for the Australian Public Service for the 1990s* was published in May 1993 to give agencies general guidance and to foster better coordination of EEO throughout the public service. The objectives of the plan include the achievement of greater equity and, flowing from that, improved efficiency and greater productivity.<sup>10</sup> It established service-wide targets for the designated EEO groups. The expectation being that if appointment and advancement of people in the APS is on a genuine merit basis, then EEO groups would be represented in the APS workforce in line with their representation in the population.<sup>11</sup>

### *Proposed framework*

The *Public Service Bill 1997* sets out changed responsibilities for the PSMPC and agency heads. EEO and equity principles are set out in clause 10 (‘APS Values’) and specifically in subclauses:

*b) the APS is a public service in which employment decisions are based on merit;*

*c) the APS provides a workplace that is free from discrimination and recognises the diverse backgrounds of APS employees; and*

*j) the APS provides a fair, flexible, safe and rewarding workplace.*

These values are to be implemented through the Commissioner’s Directions (cl 11) and the code of conduct (cl 13), with an obligation being placed on agency heads and the SES to promote and uphold the values (cl 12 and cl 35(2)(c)).<sup>12</sup>

The Bill will permit the Commissioner to issue directions about the values (when it is

---

<sup>9</sup> This group is divided into:  
NESB1- born overseas, first language not English; and  
NESB2 - born overseas, first language not English but arrived in Australia before turning five, or Australian-born with Group 1 parents.

Public Service Commission, (1990), *Equal Employment Opportunity Guidelines No. 1 and No. 2*, AGPS, Canberra, Para 3.1.3

<sup>10</sup> Public Service Commission, (1993), *Equal Employment Opportunity: A Strategic Plan for the Australian Public Service for the 1990s*, AGPS, Canberra, p. 6

<sup>11</sup> *Ibid*, p. 32

<sup>12</sup> *Public Service Bill 1997*, Explanatory Memorandum, para 3.5.20

## AUDIT-IN-CONFIDENCE

deemed essential) to establish a framework within which agency heads will operate. It would be possible for such directions to deal with the circumstances of a specific agency or determine the scope or application of a specific value. The directions would be the means by which the Commissioner could resolve any practical conflicts between the APS Values and support programs for specific groups; ensure fairness and appropriate selection procedures for different types of work; and address specific requirements for specific jobs. Clause 42(2) requires agency heads and APS employees to comply with these directions, which will be the minimum standard with which agencies must comply. Proposed subjects for the Commissioner's Directions include fairness and merit in employment and internal review of employment-related decisions.<sup>13</sup>

Agency heads will be required to maintain discrimination-free workplaces and promote employment equity by establishing workplace diversity programs to help give effect to the APS Values (cl 18). In the second-reading speech the then Minister Assisting the Prime Minister for the Public Service said diversity programs were intended:

*'... to ensure that there is equal employment opportunity and that workplace practices are flexible enough to enable staff to balance their work and family responsibilities. We want to ensure that the APS reflects the face of the Australian community it serves, but, equally, we want to provide a better working environment to those who provide the service'.<sup>14</sup>*

The substantive requirements for workplace diversity programs will be set out in the Commissioner's Directions, and all agency heads will have to evaluate and report annually to the Public Service Commissioner on their programs.<sup>15</sup> The draft *Public Service Commissioner's Direction 1997*<sup>16</sup> includes requirements for agency heads to:

- develop performance indicators to evaluate the effectiveness and outcomes of the agency's workplace diversity program;
- evaluate the effectiveness and outcomes of the program on an annual basis; and
- report on the evaluation in the Agency's next annual report.

The Commissioner will be required to report annually on the state of the APS in the *State of the Service* report (cl 44 (2)), and agency heads will be required to supply any information required for this report (cl 44(3)). The latest draft of the Commissioner's Directions available at the time of the audit also requires the Commissioner to develop an analytical framework for, and to make an assessment of, the comparative effectiveness and outcomes of Agencies' workplace diversity programs and to include this assessment in the annual state of the service report.

---

<sup>13</sup> *Ibid.*, para 2.1.22 (referring to cl 7)

<sup>14</sup> *Public Service Bill 1997*, Second Reading Speech, Hon. P. Reith

<sup>15</sup> *Public Service Bill 1997*, Explanatory Memorandum, para 3.23 (referring to cl 18)

<sup>16</sup> Public Service and Merit Protection Commission, (1997) *Public Service Commissioner's Directions 1997*, Draft of 17 October

## AUDIT-IN-CONFIDENCE

The Commissioner's functions with regard to EEO and equity under cl 41, other than those described previously, will be to:

- evaluate the extent to which agencies incorporate the APS Values;
- evaluate the adequacy of agencies' systems and procedures for complying with the Code of Conduct;
- consider, and report to the Public Service Minister on any matter relating to the APS, including any referred by the Public Service Minister;
- promote the APS Values and the Code of Conduct; and
- develop, promote, review and evaluate APS employment policies and practices.

In conducting special inquiries the Commissioner will have similar powers to the Auditor-General (cl 43).

Another role for agency heads will be determining APS employees' remuneration and other terms and conditions of employment (cl 24).

The Joint Committee of Public Accounts (JCPA) has since reviewed the *Public Service Bill 1997* and included a chapter on workplace diversity. On the basis of this audit, the ANAO supports the recommendations relating to workplace diversity made in Report 353, *An Advisory Report on the Public Service Bill 1997 and Public Employment (Consequential and Transitional) Amendment Bill 1997*. The Bill is currently being debated in Parliament.

### **Topics covered in this report**

Topics covered in this report are:

- Equity in employment — A shift in thinking (Chapter 2);
- Results achieved in the APS (Chapter 3);
- Employment practices for effective diversity management (Chapter 4);
- Legal obligations and the cost of discrimination and harassment (Chapter 5);
- Opportunities and risks in workplace relations (Chapter 6); and
- Reporting to the Government and the Parliament (Chapter 7).

### **Audit scope and methodology**

The audit considered equity in employment in the APS. This included:



## AUDIT-IN-CONFIDENCE

- an assessment of the progress towards achieving equity across the APS and by individual agencies;
- an assessment of the quality of agency EEO programs;
- an assessment of the role of the PSMPC in approving agency EEO programs and monitoring trends across the service;
- a consideration of legal obligations and agencies compliance with these; and
- the possible risks to, and opportunities for, equity under the WRA.

An expert focus group (members listed in Appendix 2) provided assistance during the planning stage. As part of the audit the practices of the PSMPC Equity and Merit team and the documentation of 30 APS agencies EEO programs were reviewed. With these two exceptions, agencies were not audited. Criteria for assessing EEO programs were developed by the ANAO based on the Affirmative Action Agency model and case studies, the US Glass Ceiling Commission report, reports of APS and Australia-wide award winners, case law and consultation with recognised EEO experts. Agency annual reports were also assessed against the *Annual Reporting Guidelines*, produced by the Department of Prime Minister and Cabinet.

Data from a variety of sources were analysed, including:

- the PSMPC Continuous Record of Personnel (CRP);
- the Department of Workplace Relations and Small Business Australian Workplace Industrial Relations Survey (AWIRS) and the Workplace Agreements Database (WAD);
- Australian Bureau of Statistics (ABS) reproduction and updating of population and workforce statistics;
- Human Rights and Equal Opportunity Commission (HREOC) data on complaints lodged;
- Affirmative Action Agency data on the representation of women in the private sector;
- Recruitment Services Australia data on graduate intake; and
- research by A. Hede on the representation of women in the workforce.

## **AUDIT-IN-CONFIDENCE**

The ANAO engaged the following consultants to help the audit team with its analysis:

- Dr Clare Burton — advice and assistance;
- Council for Equal Opportunity in Employment — the business case for employment equity;
- INTSTAT Australia — data analysis;
- Clayton Utz — legal obligations;
- Macquarie Research Ltd — sociological research into equal employment opportunity; and
- Australian Centre for Industrial Relations Research and Training — equity and workplace relations.

Expenditure in 1996-97 on the PSMPC Merit and Equity team was \$547 529, and the estimate for 1997-98 is \$762 651. A survey completed by the PSMPC in 1992 contained some material on the number and levels of employees assigned EEO responsibility, but the Commission could not find the data when requested. Given the lack of available data on the cost of administration of EEO programs and the need to present a timely report to Parliament, this issue was not pursued further.

### **Audit conduct**

The audit was conducted in accordance with the ANAO Auditing Standards and fieldwork was completed at the end of June 1997. The total cost was \$435,000.

### 2. Equity in employment—A shift in thinking

The terminology used in Australia to discuss equity in employment is changing to reflect a strategic shift in management thinking from ‘equal employment opportunity’ to ‘managing diversity’ — a management tool, to be turned to business advantage.

This chapter focuses on the strategic shift from mere compliance with EEO and other equity legislation to an increasing recognition that investment in human and intellectual capital is an essential element of organisational success. From a performance perspective, equity in employment goes beyond mere compliance. It involves policy and practices that not only accommodate the diverse backgrounds, talents and circumstances of individuals in the workforce but treat them as elements of potential opportunity. For the public service, managing diversity provides an opportunity to improve the efficiency and effectiveness of program delivery.

#### The changing composition of the workforce

The composition and nature of the workforce are changing because of the increasing participation of women, changing family structures, ageing of the population and the different expectations of those entering the workforce.

One of the most significant changes in the labour force in the last 30 years has been the marked increase in women’s participation, particularly of married women and those with dependent children. *Australian Women’s Year Book 1997* reports that in the last decade the female labour force has grown by more than the male (30 versus 14 per cent), the greatest growth being in part-time and casual work. In 1996, 46 per cent of employed married women worked part-time and 28 per cent of women worked casually. Women are more likely to hold part-time jobs than men and are also more likely to hold more than one job.<sup>17</sup>

The participation of women in the workforce is influenced by the changing nature of the ‘standard’ family. The formerly accepted one, comprising two parents with dependent children, is now at 41 per cent and no longer in the majority. An increasing proportion of Australians, particularly women, will choose to live alone for the majority of their adult lives. Almost as many women aged 45–54 years live with their dependent children but without partners as do women in couples with their dependent children.<sup>18</sup> A difficulty for women with dependent children is a pattern of broken service, 81 per cent of people re-entering the workforce after a break of one year or more were women. Almost 25 per cent of women re-entering the workforce have had a break of 10 years or more.<sup>19</sup>

The Australian community is ageing. It is forecast that by 2011 the 45–64 year age group will constitute 34 per cent of the workforce. The Baby-Boomers, the generation born after World War II who sought child care and family-friendly practices, are turning 50 at the rate of 700 a day and focussing their attention on care

---

<sup>17</sup> Australian Bureau of Statistics and Office of the Status of Women, (1997), *Australian Women’s Yearbook 1997*, ABS Catalogue No. 4124.0 p.70-2

<sup>18</sup> *Ibid.*, p. 20-2

<sup>19</sup> *Ibid.*, p. 89

## AUDIT-IN-CONFIDENCE

of the elderly, health and lifestyle issues.<sup>20</sup> Recent research by the Australian Institute of Family Studies suggests that in the 21st century there will be more employees with dependent elderly relatives than with dependent children,<sup>21</sup> and that although women are more likely than men to take time off for sick children, men are almost equally likely to do so to care for elderly relatives.<sup>22</sup> Similarly, the US and UK experience indicates that demand for 'elder care' programs will exceed that for child care early in the 21<sup>st</sup> Century.<sup>23</sup>

When 'Baby Boomers' entered the workforce, joining a large organisation often held the prospect of 'a job for life'. This is in contrast with 'Generation X',<sup>24</sup> who are likely to change jobs much more frequently and tend to have less commitment to a specific employer.<sup>25</sup> Their behaviour is characterised by a commitment to developing personal skills during an *assignment* with a specific employer.

These trends pose significant challenges to organisations intending to recruit *and retain* the best of the talent available. Competition between employers for high-quality labour will be influenced by the increasing participation of women, projected reductions in the number of young people entering the labour market as the population ages, and the shifts in young people's attitudes. The workforce of the future is increasingly likely to be older, more 'gender-balanced' and more flexible.

### **The business case: managing diversity for comparative advantage**

The emerging business consensus is that, managed well, diversity can create advantage. For example:

- an Australian company, on the verge of closing domestic operations, increased export sales from 0 to 15 per cent in two years by putting to use its staff's 12 languages and cultural skills;
- using the same tactic, a large bank increased its register of small-business accounts by almost 50 per cent in less than six months;
- a major Australian airline used the cultural diversity of its staff to win millions of dollars' worth of catering contracts; and
- using a similar strategy, some local governments have developed a culturally

---

<sup>20</sup> Wilson, S., (1997), 'The Changing Nature of the Workforce' in IIR 8<sup>th</sup> Annual EEO Conference

<sup>21</sup> VandenHeuvel, A., (1993), *When Roles Overlap*, Australian Institute of Family Studies Monograph No. 14 p. 55-6

<sup>22</sup> Wilson, S., *op. cit.*

<sup>23</sup> Overell, S., 'HR must prepare for eldercare time bomb' in *People Management*, 24 October 1996, p. 7

<sup>24</sup> The *Collins Concise Dictionary* has defined 'Generation X' as the generation born between the mid '60s and mid '70s.

<sup>25</sup> In the USA 17 million of the 52 million Generation Xers are likely to have changed jobs in 1997.

Tulgan, B., (1997), *Managing Generation X*. ASTD International Conference and Exposition, Washington D.C.

## AUDIT-IN-CONFIDENCE

diverse range of Meals on Wheels in response to changing demands.<sup>26</sup>

Equity/diversity research has identified a series of organisational benefits:

- Higher-quality decisions resulting from diverse contributions to problem-solving and critical analysis of alternatives;
- Improved capacity to satisfy clients' requirements while also satisfying staff's need for flexible work arrangements;
- Greater public confidence in organisations with a good record in managing human resources;
- Increased productivity as a result of reduced employee costs associated with absenteeism, unwanted turnover, recruitment and training costs and improved employee commitment;
- Improved ability to attract talented people as a result of merit-based evaluation of employees; and
- The elimination or reduction of costs associated with discriminatory practices (discussed in detail in Chapter 5).<sup>27</sup>

The Affirmative Action Agency reports that many Australian companies are interested in the cost-benefit advantage that affirmative action programs can offer and that effective equity programs have helped organisations reduce absenteeism, improve recruitment, retain a larger percentage of employees, improve morale, be more in tune with customers, increase productivity, reduce training costs, provide employees with career paths and reduce stress.<sup>28</sup> Findings of several studies indicate that employees who are more satisfied with the EEO climates of their organisations, and the leadership shown, are also more satisfied with their jobs and careers, rate the organisational culture positively, are more committed and more likely to continue working for those organisations. These patterns are even stronger for women in senior positions.<sup>29</sup>

### Employers of choice

An organisation that values diversity and moves to satisfy employees' needs for flexibility might well become an 'employer of choice'. As noted previously, talented people are more likely to invest themselves in organisations that evaluate them on the basis of merit and who recognise the value to both employer and employee of flexible work practices. Indeed, there is an increasing range of sources of information on

---

<sup>26</sup> Examples provided by the Council for Equal Opportunity in Employment.

<sup>27</sup> The list of business benefits and associated sources were provided to the audit team by Clare Burton.

<sup>28</sup> Affirmative Action Agency *Affirmative Action is Good for Business*

<sup>29</sup> Russell, G., (1996), *Gender Equity and Organisational Change*. Unpublished Report, Macquarie University.

Russell, G. & Powell, A., (1994), *Knowledge of and attitudes towards, affirmative action and equal employment opportunity: from benchmark to best practice*. Report submitted to the Affirmative Action Agency.

## AUDIT-IN-CONFIDENCE

‘choice’ employers in Australia, including *New Woman* magazine<sup>30</sup> and the Affirmative Action Agency’s rating results. In the United States of America, the competition among employers to be included on an Internet list of best companies for working mothers has resulted in the growth of the initial (1986) list of 30 to 100 in 1992.<sup>31</sup>

Noting and accommodating changing workforce demographics and employees’ need to balance the demands of their non-work responsibilities and their jobs, dozens of organisations each year seek one of Australia’s Corporate Work and Family Awards.<sup>32</sup> Awards can be gratifying to employers and effective public relations, but what is more beneficial to them is employees’ willingness to put in extra effort. Employers’ willingness to be flexible can be a strong motivator for many employees to do the same. In an age of increasing technological change and clients’ expectations, flexibility will be a key component in delivering products and services cost-effectively.

The following are case studies of winners of 1996–97 Corporate Work and Family Awards. The first illustrates practices concentrated on the needs of the employee and employer and the second a strategic response to clients’ changing demands.

NRMA, Gold Award winner and one of Australia’s largest insurance companies, took a three-stage approach—development, implementation and evaluation—in its work-and-family strategic management cycle. Having determined employee needs by research and staff consultation between 1991 and 1994, it implemented a flexibility program in 1995–96 and set up evaluation procedures with an eye to continuous improvement.

Initiatives include child-care referral (including before and after school and holiday care, and a share-a-nanny register); a kit on care of the elderly; a recognition-of-new-baby scheme; flexible work options (job-sharing and job-sharing register, part-time, work-from-home, flex-time); parental and child-care leave and help; keep-in-touch scheme; study incentives; leave without pay; and an employee assistance program. Importantly, all initiatives are supported by handbooks, fact sheets, journal articles and a videotape, ensuring that communication of, and access to, work-and-family initiatives for all employees is maximised.

Among the results: return to work after parental leave increased from 34 per cent in 1991–92 to 89 per cent in 1995–96. Turnover related to family and other personal commitments decreased from 30 per cent to 21 per cent.

<sup>30</sup> ‘Australia’s Top 50 Employers’ in *New Woman*, June 1995

<sup>31</sup> Wire Networks, (1996), *10<sup>th</sup> Annual List of the Best Companies for Working Mothers*.

<sup>32</sup> *Annual Australian Financial Review / Business Council of Australia* Corporate Work and Family Awards supported by the Work and Family Unit of the Federal Department of Industrial Relations and the Council for Equal Opportunity in Employment. Since the inception of the Awards in 1992, applications have been received from leading edge, multi-national corporations, small business and public sector organisations. Entries are judged under broad industry categories with a silver award presented to the winner in each. A gold award is presented to the over-all winner, for which all entries are eligible.

## AUDIT-IN-CONFIDENCE

In 1996, Ford Australia adopted Ford's Global Diversity policy. Ford's world CEO says:

*'Diversity stands above all other objectives. The other objectives flow from that belief. That it is the umbrella objective for everything else ... quality, customer satisfaction, customer-driven profitability, efficiency, whatever ...'.*

Ford says that managing diversity is a 'framework to maximise market-share opportunities [and] leadership in both mature and emerging markets'. In the US, people of colour have purchasing power of \$450 billion, more than many of the countries with which the US trades. Women accounted for 46 per cent of car sales in 1993 (expected to be 60 per cent by 2000) and influence 80 per cent of Canadian and US vehicle purchases. Ford's research shows that the buying power of minorities and women will keep increasing. In Australia, in the second half of 1994, females bought 35 per cent of Ford vehicles.<sup>33</sup>

'Best-practice' organisations are going a step further and developing 'wellness for workers' programs. Uncle Ben's Australia has an occupational-health unit with additional responsibility for safety. Many members of its predominantly male workforce are in the high-risk category for heart disease and strokes. The unit conducts routine health and fitness assessments and advises workers on reducing cholesterol levels and blood pressure. The result has been dramatic: far fewer high-blood-pressure and cholesterol readings are being reported, reducing projected recovery and rehabilitation costs.<sup>34</sup>

### Impacts on the Australian Public Service

Australia's demographic, work and lifestyle changes in the last decade have prompted radical changes in commercial service delivery—from 'never-closed' retailing to remote and automated banking. The APS, too, needs to respond to such client requirements and this will increase demands on the public service. In this context, diversity management is not only a matter of social justice but another means of meeting these new expectations and delivering quality services.

The APS at present is pursuing a range of strategies to enhance performance. In relation to diversity, as outlined in Chapter 1, the new Public Service Bill seeks to ensure that the APS reflects the face of the community it serves, and provide a better working environment for those who provide the service, including equal employment opportunity and flexible work practices to allow employees to balance their work and family responsibilities.

Aligned with this is the Parliament's and the community's increasing interest in the quality of the delivery of services to clients. The community has heightened expectations that public agencies will provide good-quality services that are more responsive, relevant and accessible. Common findings in audits involving service delivery—that have APS-wide relevance—are the value of a strategic direction for customer service and the importance of research into customer needs, expectations

<sup>33</sup> Provided by the Council for Equal Opportunity in Employment.

<sup>34</sup> Provided by the Council for Equal Opportunity in Employment.

## AUDIT-IN-CONFIDENCE

and perceptions of agency performance. Further, when services are contracted out, agencies still retain responsibility for ensuring that service delivery complies with government policy and legislation, it is cost-effective and the quality of service is acceptable to the service recipients and key stakeholders. Doing so can be facilitated by capitalising on the diversity of employees in both decision-making processes and echoing the variety of needs, expectations and perceptions of client groups. Similarly, agencies that utilise their staff cultural and linguistic skills have the potential to develop better communication channels and more culturally sensitive programs and services.

Diversity strategies are important in a downsizing environment, particularly in view of the fact that EEO group members make up 57 per cent of the APS workforce. Attracting talented people is critical, as are the better productivity and reduced personnel costs associated with employee perceptions of the application of the merit principle and the elimination of discrimination. Similarly, introducing flexible work practices to improve staff ability to balance the demands of family and work has been shown to increase productivity and benefit employer, employee and community. A 1996 survey of 800 organisations conducted by a New York based consulting firm found that 69 per cent of the 347 respondents who were able to quantify the return on investment for work-life programs said the return was equal to or greater than the cost, with 47 per cent observing an increase in productivity.<sup>35</sup>

Performance information is a critical tool in the over-all management of programs and organisations. It is important to public-sector accountability — to ensure that the Government's objectives are being met — and to effective management.<sup>36</sup> A common finding of performance audits is the need to improve significantly the design, accuracy, analysis and reporting of performance information. This audit report demonstrates that the performance information presented on equity in the APS can be improved significantly. The importance assigned by the Public Service Bill to equity and diversity, and the proposed requirement that agencies produce diversity programs, suggest that it is timely to improve the information presented on *equity* in the APS and use it to improve diversity management as an element in program delivery.

Changes in the industrial-relations framework introduced by the WRA and proposed by the Public Service Bill will have a profound effect on human-resource management practices in the APS. The efficient and effective administration of these changes will reflect an awareness of both the risks to, and opportunities for, equity in the APS, particularly during the period of transition (see Chapter 6).

Diversity management presents opportunities to enhance organisations' performance in an environment of diminishing resources, contestability and an increasing concentration on client service. Balancing these sometimes conflicting forces requires innovation in the way managers utilise all resources at their disposal. Ensuring the best people are placed in all positions, capitalising on the diversity of employee skills, being responsive to clients' needs, and adapting work practices to

---

<sup>35</sup> Gollan, P. 'Careers don't always come first' in *The Australian Financial Review*, August 5, 1997 p. 17

<sup>36</sup> Australian National Audit Office & Department of Finance, (1996) *Performance Information Principles: Better Practice Guide*, AGPS, Canberra



## **AUDIT-IN-CONFIDENCE**

help workers respond to the changing demands of work and home life are key ingredients in any organisation's long-term success.

## AUDIT-IN-CONFIDENCE

### 3. Results achieved in the APS

This chapter contains an assessment of the performance of the APS as a whole and individual agencies against targets set in the EEO Plan; trends for the designated EEO groups and the PSMPC's role in reporting on results.

The audit indicates that positive progress has been made over the last decade and some year-2000 targets have already been met. However, progress has been mixed across agencies, and over time with the bulk of improvements occurring in the first half of the decade. Errors have occurred in the monitoring of targets and consequently in trend information presented to the Government and the Parliament.

#### Background and audit criteria for reviewing progress in the APS

The main source of previous analyses of EEO statistics in the APS is the 1996 PSMPC report *Implementation of Equal Employment Opportunity in the Australian Public Service 1994-95: Trends and Strategies, State of the Service Paper No. 12*. The PSMPC's *Annual Report 1995-96*, however, also contains statistics on EEO in the APS. These documents report on progress against the targets set — among other statistics — for each of the EEO groups.<sup>37</sup> The main source of data in assessing EEO and related issues is the CRP, which contains career-history information on all permanent employees.<sup>38</sup> However, it should be noted that EEO-status information is supplied by employees on a voluntarily basis.

In reviewing the results achieved for the four EEO groups the audit was concerned primarily with the ability, or otherwise, of an interested reader to make an informed judgment, from the information presented, of equity in the APS. To do this it is necessary to consider the representation of EEO groups at *all levels* and in *all agencies*. The review concentrated, therefore, on the audit criteria listed below.

Audit criteria used for assessing results achieved	
1.	Evidence of progress, including progress against each of the targets.
2.	The ability to ascertain the relative performance of individual agencies, including trends over time.
3.	The presentation of analysis intended to permit comprehension of the trends observed, using community comparisons where possible.

<sup>37</sup> Other relevant previous work includes papers by the APS Staffing Analysis team, for example, the APS Statistical Bulletins and Reports, papers prepared for a number of agencies, *Promotional Opportunities for Women in the APS: Further Research* and *Graduate Administrative Assistants 1986 to 1995*.

<sup>38</sup> This includes staff on leave without pay and other unpaid inoperative staff.

## AUDIT-IN-CONFIDENCE

For assessments under criterion three, Australian population and labour-force statistics were obtained from ABS census and survey data. Private-sector information on the relative size and characteristics of the female work force was obtained from Affirmative Action Agency reports of companies with at least 100 employees. Other private- and public-sector comparisons were drawn from AWIRS estimates of workplaces with 20 or more employees (conducted by the then Department of Industrial Relations in 1995).

The remainder of the chapter presents the audit findings against the three criteria.

### **Progress over the decade**

The 75 000 permanent employees who are members of the four EEO groups made up about 57 per cent of the APS workforce in 1996. Since 1987 increases in representation have been made for women, Aboriginal and Torres Strait Islander and NESB employees, and in the representation of women in senior positions. However, the representation of people with disabilities has shown a continual downward trend; a trend not mirrored in the community.

The achievement of targets is one measure of the success of a program. Like any performance information, targets should be realistic and set on the basis of accurate information, monitored regularly and reported accurately. In 1993 EEO targets were set based on population and labour force information. These included targets for the levels of representation of Aboriginal and Torres Strait Islanders, NESB employees and people with disabilities, and for women in SO A/B and equivalent positions and SES levels. Table 1 displays the targets and over all APS performance against them as at 1996. Figure 1 shows the representation of women, and representation of women in SO A/B and equivalent positions and SES levels against the targets. Figure 2 shows the representation of Aboriginal and Torres Strait Islanders, NESB and people with disabilities against the targets. These tables and figures indicate that at June 1996 the over all APS year-2000 targets for Aboriginal and Torres Strait Islander staff have been met. The latest figures available for December 1996 (not shown on the graph) also indicate that the over all APS year-2000 target for NESB employees has also been met.<sup>39</sup>

### *Incorrect trends reported against three targets*

The ANAO's analysis, however, revealed that the trends reported previously by the PSMPC in its Trends and Strategies reports and annual reports were incorrect for the representation of Aboriginal and Torres Strait Islanders, NESB and people with disabilities. The corrected trends are those presented in Figure 2 while the previously reported statistics are in Table 2. The error stems, in part, from an improvement in the quality of the CRP data in 1994, which was not taken into account by the PSMPC. This reduced the number of records that lacked EEO status — including historical data — from 33 per cent to 23 per cent. All trend statistics based on CRP data should have been recalculated in 1994 and graphs redrawn. Unfortunately, this did not occur. However, the trends have since been reported correctly in the *APS Staffing Statistics Report 1996*, published in May this year.

---

<sup>39</sup> Public Service and Merit Protection Commission, (1997), *APS Staffing Statistics Report 1996*

## AUDIT-IN-CONFIDENCE

**Table 1:**  
**Results against targets for each EEO group across the APS**

EEO group	Performance (as at 1996**) against targets set in strategic plan
<b>WOMEN</b> SES—Increase to 15 per cent by 1995, to 20 per cent by 2000. SO A/B (and equivalent)—Increase to 20 per cent by 1995, to 28 per cent by 2000. Implied target of 50 per cent representation by 2000.	SES 1995 target was achieved in 1993. SO A/B and equivalent 1995 target was achieved in 1995. <sup>40</sup> At June 1996, 19 per cent of SES employees and 21 per cent of SO A/B (and equivalent) employees are women. 48 per cent of APS employees are women. Over-all female representation in agencies varies from 14 per cent to 84 per cent.
<b>ABORIGINAL AND TORRES STRAIT ISLANDERS</b> Increase to 2 per cent by 2000 (no target set for 1995).	Year 2000 target achieved in 1994. At December 1996, 2 per cent of permanent APS employees were Aboriginal or Torres Strait Islander people.
<b>PEOPLE WITH DISABILITIES</b> Maintain at 4 per cent to 1995, increase to 5 per cent by 2000.	The target was set at 4 per cent for 1995 to arrest a downward trend. However, representation was actually more, 5.3 per cent, when the target was set. Thus, although the representation of people with disabilities in 1995 was higher than the target (4.9 per cent), a continued downward trend has occurred. At December 1996, 4.6 per cent of permanent APS employees have a disability.
<b>NON-ENGLISH-SPEAKING BACKGROUND</b> Increase to 15 per cent by 2000 (no target set for 1995).	Year 2000 target achieved. At December 1996, 15 per cent of permanent APS employees were from non-English backgrounds. However, representation was 14.7 per cent when the 15 per cent target was set.
<b>APS DATA COLLECTION</b> The CRP to have data on EEO status for 80 per cent of employees by June 1994*.	Target not yet reached. By June 1994, EEO status recorded for 77 per cent of permanent employees and there has been no improvement since.
<b>EEO PROGRAM</b> All APS agencies to have approved EEO programs by 1993.	According to the PSMPC's <i>Annual Report 1995–96</i> this target has not yet been reached. Of the 90 agencies required to submit programs for 1995–96, only 70 had approved plans, five had submitted drafts and 15 were in consultation with PSMPC.

\* EEO status is provided by employees on a voluntary basis.

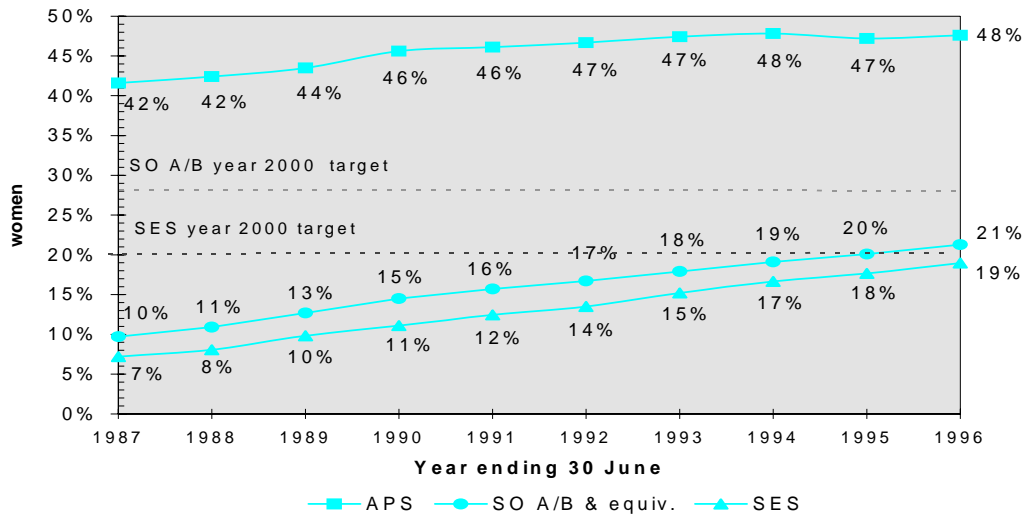
\*\* Progress is reported as at June 1996 or December 1996 depending on the availability of data at the time of reporting.

<sup>40</sup>

'Equivalent positions' can include Information Technology Officer A and B, Professional Officer A and B, Public Affairs Officer S1 and Technical Officer A and B. It is unclear whether the PSMPC's reporting of progress towards the SO A/B and equivalent target was correct due to lack of specification of 'equivalent positions' in their reports.

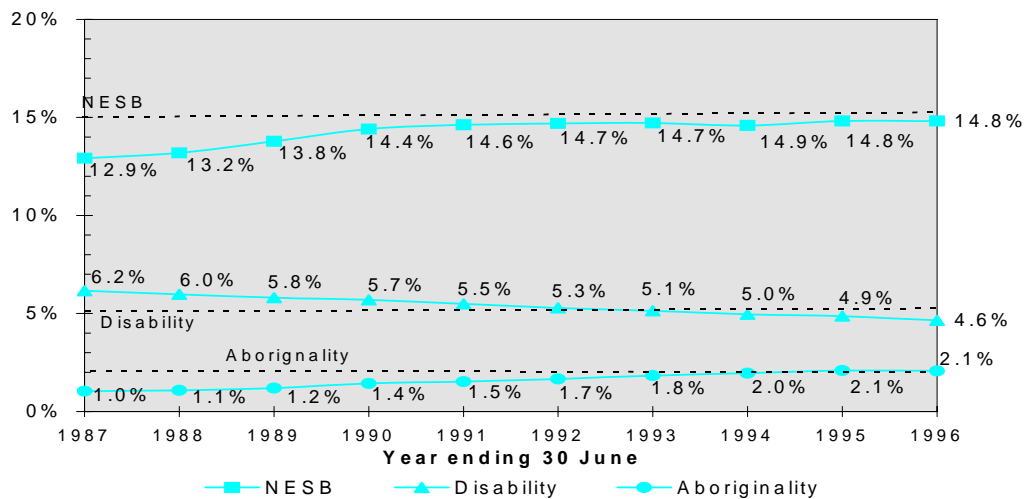
# AUDIT-IN-CONFIDENCE

**Figure 1:**  
Performance with respect to year-2000 targets for the percentage of women in the APS and in senior positions (1987-1996)



Source: CRP at 30 June 1996  
..... indicates the year-2000 targets

**Figure 2:**  
Performance with respect to year-2000 targets for permanent employees reporting aboriginality, disability and non-English-speaking background (1987-1996)



Source: CRP at 30 June 1996  
..... indicates the year-2000 targets

## AUDIT-IN-CONFIDENCE

**Table 2:**  
**Results previously reported by the PSMPC**

	Jun '87	Jun '88	Jun '89	Jun '90	Jun '91	Jun '92	Jun '93	Dec '93	Dec '94	Dec '95
Aboriginal & Torres Strait Islanders	0.96	0.95	1.06	1.11	1.15	1.22	1.39	1.68	2.00	2.09
PWD	5.46	5.15	4.92	4.56	4.26	4.00	4.01	4.98	4.84	4.67
NESB	12.01	12.00	12.59	12.47	12.30	12.24	13.05	13.82	14.72	14.78

Source: Figures 5, 6 and 7, PSMPC Annual Report 1995–96

Note: Shading indicates what the PSMPC believed the levels of representation to be at the time the targets were set.

The revised trends indicate that representation of Aboriginal and Torres Strait Islander and NESB employees was already 1.7 per cent and 14.7 per cent respectively in 1992, when the year-2000 targets of 2 per cent and 15 per cent were set (rather than 1.2 per cent and 12.2 per cent as reported by the PSMPC). For people with disabilities the revision indicates that in 1992, when a maintenance target of 4 per cent was chosen to arrest a downward trend, representation was actually 5.3 per cent (rather than the 4 per cent reported by the PSMPC).

Although the targets set were reasonable based on the information available at the time, the improvements to the CRP data were not incorporated in the monitoring of the targets by the PSMPC. Consequently, the correct trends have not been known for Aboriginal and Torres Strait Islanders, NESB and people with disabilities. Opportunities to revise strategies to respond to areas of success or under-performance may have been missed, particularly in relation to the representation of people with disabilities. Indeed, in the case where a target was set and monitored correctly — women in the SES — overall APS performance has continued to improve.

These errors highlight a limitation in evaluating progress at some date in the distant future, such as the evaluation of the program scheduled for 1999. The audit's findings demonstrate a need for continual monitoring and evaluation of progress, given that the decline in the representation of people with disabilities in the last few years went unnoticed because of one important error. Population and labour force statistics also change, for example, the latest census figures indicate that the over all Aboriginal and Torres Strait Islander population has increased from 1.6 to 2 per cent probably due to an increased willingness to identify as an indigenous Australian.<sup>41</sup>

The effective management of diversity in the APS requires routine monitoring and evaluation of representation levels on an on-going basis, and especially when the results of new population, labour-force and other surveys conducted by the ABS become available. For example, 1996 census figures are now available and new ABS disability survey results will be published in 1998.

<sup>41</sup> Australian Bureau of Statistics, (1997), *1996 Census of Population and Housing, Selected Social and Housing Characteristics*, ABS Catalogue No. 2015.0

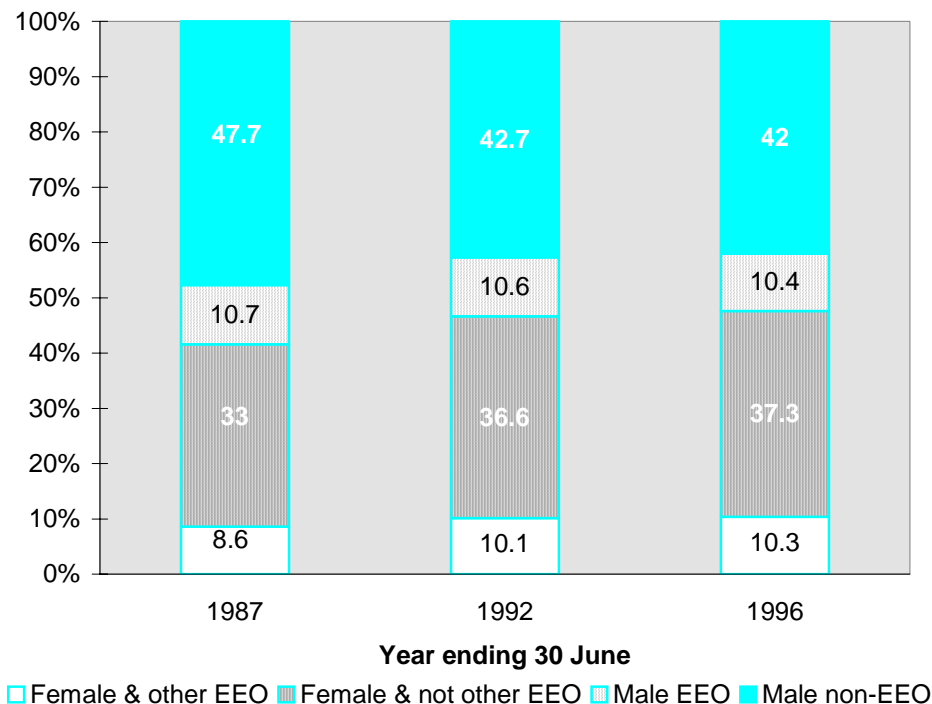
## AUDIT-IN-CONFIDENCE

### *Mixed progress over the decade*

The representation levels of women in senior positions and Aboriginal and Torres Strait Islanders has improved steadily over the decade. While the over-all representation of women and NESB employees has also improved, representation levels for these groups have remained relatively static since the introduction of the plan in 1992-93. This may reflect their representation in the APS reaching levels similar to, or exceeding, the general workforce level. This effect is also being observed in recent years in the representation of Aboriginal and Torres Strait Islanders. However, as noted previously, the representation of employees with disabilities has shown a continual decline.

The changing EEO profile of the APS between 1987 and 1992 and its relatively static composition since is also observed in an over-all analysis of EEO group members as a percentage of the total APS workforce (see Figure 3). From this graph it is clear that the major change in composition was due to increase in the percentage of non-EEO group females (i.e. non-indigenous, English-speaking background, no-disability females) in the first half of the decade.

**Figure 3: APS by gender and EEO status**



Source: CRP at 30 June 1996

Note: EEO includes Aboriginal and Torres Strait Islanders, people with disabilities and NESB employees.

Progress over the decade can also be examined via changes in the APS classification profile. The EEO Plan sets out to achieve increased representation of EEO group

## AUDIT-IN-CONFIDENCE

members at all APS classification levels.<sup>42</sup> Figure 4 shows the classification profile of the APS by gender in the years 1987, 1992 and 1996.

A number of observations can be drawn from these graphs:

- the percentage of women decreases with increasing job classification. In 1996 percentages of women in ASO, senior officer and SES classifications are 59 per cent, 30 per cent and 19 per cent respectively;
- there has been an increase in the representation of women across all levels from ASO 3 and above. This partly reflects the increasing participation of women in the APS from 42 to 47 percent that occurred between 1987 to 1992 (see Figure 1). However, the representation of women at all levels above ASO 3 has continued to improve between 1992 and 1996 while over-all representation has plateaued;
- men now outnumber women at all levels above ASO 5; whereas in 1987 they outnumbered them above ASO 2. However, the trend to a more highly skilled APS means that this result is less positive than it appears. Indeed, the percentage of positions above ASO 5 level, where men dominate, comprised 28 per cent of positions in 1996 compared to only 20 per cent of positions in 1987. The improvement would have meant more if the structure of the APS had remained constant; and
- the achievement of equal gender representation at higher levels is progressing slowly. Equal representation at the ASO 6 level will require a nine per cent increase in the representation of women at ASO 6 level, and even more substantial increases at each level above that. For the representation of women in the SES, ANAO projections indicate that *if the same level of increases could be maintained*, equal representation would be achieved in 2020.

Thus progress towards equal representation is positive, but slow, when the increased representation of women in the APS and the trend to a more skilled APS is considered. This makes monitoring an important element in informing agencies, the Government and the Parliament of the extent of progress being made.

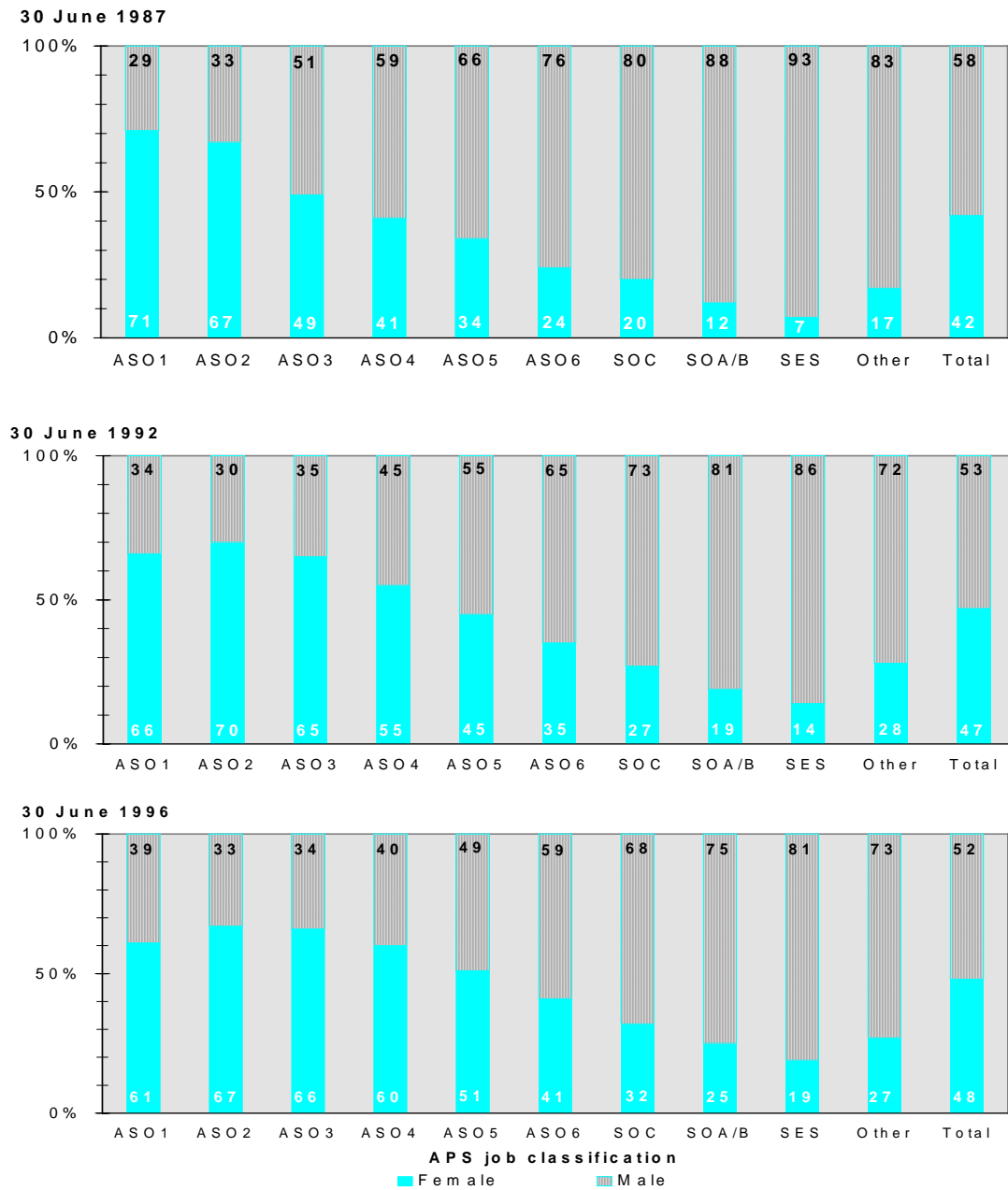
---

<sup>42</sup> One objective of the EEO Plan is ‘... to increase or maintain the representation of EEO groups across all levels and structures of the APS ...’  
Public Service Commission, (1993), *op. cit.*, p. 4



# AUDIT-IN-CONFIDENCE

**Figure 4:**  
Percentage composition of APS job classifications by gender, as at 30 June 1987, 1992 and 1996



Source: CRP at 30 June 1996

## AUDIT-IN-CONFIDENCE

### Recommendation 1

The ANAO recommends that the PSMPC monitors and evaluates progress on representation levels across the APS, making credible community comparisons as additional data sources become available.

### PSMPC response

The PSMPC agrees with this recommendation. Draft Commissioner's Directions on Diversity in Employment require Agency heads to provide the Commissioner with the information necessary for a comparative assessment of Agencies' Workplace Diversity Programs in the annual State of the Service Report to be tabled in Parliament. PSMPC guidelines on Workplace Diversity Programs will encourage agencies to set their own representational standards on the basis of their corporate goals and their particular clients, and to evaluate their performance against these on an ongoing basis. PSMPC guidelines will also set performance indicators, drawn from community comparisons, which all agencies will be rated against in the State of the Service Report. In recognition of the widely differing functions and responsibilities of agencies, these will not be mandatory targets, but benchmarks against which agencies can measure performance.

### Agency performance

#### *Mixed performance across agencies*

There remain a significant number of agencies that have not reached 1995 targets. Tables 3 and 4 report the APS results against each target. These indicate:

- 44 per cent and 42 per cent of agencies have not yet achieved the 1995 targets for women in SES and SO A/B positions respectively. Thirty per cent of agencies have not achieved either target.
- 47 per cent of agencies have not achieved the 4 per cent 1995 target for people with disabilities, even though the actual level of APS-wide representation was well above the target when it was set.

In contrast, a number of agencies have already achieved the year-2000 targets including:

- 46 per cent and 42 percent of agencies have achieved the year-2000 targets for women in SES and SO A/B positions respectively, with 34 per cent of all agencies having achieved both.
- 21 per cent have achieved the 2 per cent target for Aboriginal and Torres Strait Islanders, 26 per cent of agencies have achieved the year-2000 target of 5 per cent for people with disabilities, and 37 per cent have achieved the 15 per cent year-2000 target for NESB.

## AUDIT-IN-CONFIDENCE

**Table 3:**  
**Achievement of targets for women in senior positions in the APS\*, classified by agency size**

Achievement of targets for women in senior positions: permanent employees, 30 June 1996	Size of agency (permanent employees)						All agencies	
	Large 1,000+		Medium 250-999		Small <250			
SES								
Neither target achieved	8	40%	10	50%	9	43%	27	44%
Only 1995 target achieved	4	20%	2	10%	0	0%	6	10%
2000 target achieved	8	40%	8	40%	12	57%	28	46%
Total agencies	20	100%	20	100%	21	100%	61	100%
SO A/B**								
Neither target achieved	9	45%	7	35%	9	45%	25	42%
Only 1995 target achieved	4	20%	5	25%	1	5%	10	17%
2000 target achieved	7	35%	8	40%	10	50%	25	42%
Total agencies	20	100%	20	100%	20†	100%	60†	100%
Both SES and SO A/B**								
Neither achieved	6	30%	5	25%	7	33%	18	30%
One 1995 target achieved	5	25%	7	35%	5	24%	17	28%
Both 1995 targets achieved	2	10%	2	10%	1	5%	5	8%
Both 2000 targets achieved	7	35%	6	30%	8	38%	21	34%
Total agencies	20	100%	20	100%	21	100%	61	100%

Source: ANAO analysis of *APS Statistical Bulletin 1995-96*

\* 61 individual agencies are identified in the Statistical Bulletin

\*\* SO A/B equivalents could not be identified for the different agencies in the Statistical Bulletin

† Office of the Parliamentary Counsel excluded, since it had no SO A/B employees

## AUDIT-IN-CONFIDENCE

**Table 4:**

**Achievement of targets for EEO groups (excluding women) and for completeness of data on EEO status in the APS\*, classified by agency size**

Achievement of targets: APS permanent employees December 1996	Size of agency (permanent employees)						All agencies	
	Large 1,000+		Medium 250-999		Small <250			
<b>Aboriginal and Torres Strait Islanders</b>								
Not achieved	16	84%	19	90%	14	64%	49	79%
2000 target achieved	3	16%	2	10%	8	36%	13	21%
<b>PWD</b>								
Neither target achieved	6	32%	9	43%	14	64%	29	47%
Only 1995 target achieved	9	47%	5	24%	3	14%	17	27%
2000 target achieved	4	21%	7	33%	5	23%	16	26%
<b>NESB</b>								
Not achieved	12	63%	12	57%	15	68%	39	63%
2000 target achieved	7	37%	9	43%	7	32%	23	37%
<b>Completeness of data on EEO status</b>								
Not achieved	9	47%	5	24%	12	55%	26	42%
1994 target achieved	10	53%	16	76%	10	45%	36	58%
<b>Total agencies</b>	19	100%	21	100%	22	100%	62	100%

Source: ANAO analysis of *APS Staffing Statistics Report 1996*

\* 62 individual agencies are identified in Table 18 of the Staffing Statistics Report

Note: Large, medium and small agencies contain 90%, 8% and 2% of APS employees, respectively. The total number of large, medium and small agencies differs between Table 3 and 4 due to some agencies gaining or losing employees between the publication of the *APS Statistical Bulletin 1995-96* and the *APS Staffing Statistics Report 1996*.

Averages can mask individual performance or results can be skewed by the performance of the largest agencies. A focus on individual agency performance enables better practice to be identified and more widely promulgated, or attention to be focused where most needed.

In monitoring the progress of agencies, the PSMPC reports against each target the percentage of agencies achieving various levels of representation, those that have achieved the target and the percentage increase or decrease in representation relative only to the previous year. On the basis of the information reported to the Government and the Parliament in the Trends and Strategies report and the PSMPC's annual report, it is difficult, if not impossible, to compare individual agencies' performance against targets across all groups, similarly sized agencies, or over a more extended period of time. The information it presents on changes in representation relative to the previous year is largely irrelevant and in any case does not deal adequately with the large impact of changes in small agencies (beyond cautioning readers).

### *Performance by agency across all EEO groups*

The Government and the Parliament would be better informed if more specific information was included on each agency's performance. This could include performance against targets (if set) or, for example, against average or minimum acceptable levels. Table 5, produced from ANAO analysis, contains agency progress

## AUDIT-IN-CONFIDENCE

in 1996 against year-2000 targets and the data completeness target set for 1994. Agencies achieving all these targets (none so far) would be annotated WADN\* (targets—both—for women (W), Aboriginal and Torres Strait islanders (A), people with disabilities (D), NESB (N) and completeness of data on EEO status (\*)). This table presents agency performance at a point in time. The data was drawn from Statistical Bulletins and all agencies could not be identified from this source. Those excluded are listed in Appendix 1.

**Table 5:**  
**Performance of large, medium and small APS agencies with respect to EEO year 2000 targets and the data completeness target**

No. of year 2000 targets attained by 1996	Large agencies 1000+ employees	Medium agencies 250-999	Small agencies <250 employees
	<i>Agency Code</i>	<i>Agency Code</i>	<i>Agency Code</i>
3	DSS WAD*	NLA WDN*	# AIR WDN NOHSC WAN*
2	ATO DN* BoM DN* # DEETYA WA DHFS WD* # DIMA WN*	AUSAID DN* COMCARE WD DIR WD* # JointH DN* PM&C WA*	AAA WD* ABA WN* # DPL WN Fed Crt WD HREOC WA* NNTT AD PSMPC WD*
1	A-G's W # ABS N* ASC N* # ATSIC A* DEST W DFAT N* DIST N DoCA W*	ANAO N* ANCA A COMSUPER N* DoF D* DPP N* DPRS W* DTRD N* Fam Crt W ISC N* NCA N* SMA D*	AHL A AIATSIS A AUSTEL N* AWM A GBRMPA A IC N OPC A* RAM N*
None	# ACS DAS Defence DPIE # DVA	ACCC * AEC Treasury *	# AAT CO DHA # HReps ONA * # Senate *

Source: ANAO analysis of CRP at December 1996

**Note:** Agency abbreviations listed in Appendix 1. Agency size based on CRP permanent employees data December 1996. Data on women was not available for NNTT at June 1996.

**Key to codes used in Table 5:**

A code of WADN\* would indicate that the agency has achieved all year-2000 targets.

W denotes women% in SES  $\geq 20\%$  and women in SO A/B positions  $\geq 28\%$  in June 1996

A denotes Aboriginal and Torres Strait Islander%  $\geq 2\%$  in CRP in December 1996

D denotes employees with disabilities%  $\geq 5\%$  in CRP in December 1996

N denotes NESB%  $\geq 15\%$  in CRP in December 1996

\* denotes completeness of data on EEO status  $> 80\%$  in CRP in December 1996

# Twelve agencies have advised of a discrepancy between the CRP data and internal records for the appropriate dates. Two agencies felt a discrepancy existed but could not verify this for the dates shown.

Note also ANAO comment on page 42.

## AUDIT-IN-CONFIDENCE

There is a reasonable spread in each band of the table of small, medium and large agencies. Despite the occasional claim that some agencies' limited size makes it difficult for them to achieve targets, they seem to do no worse than large ones. However, it is worth noting that 41 of the 62 agencies reported on here have achieved either no EEO-group year-2000 targets or only one—including 13 of the 19 large agencies. By contrast, 17 agencies have met two of the year-2000 targets already, and four have met three. No agency currently meets all the year-2000 targets although a small agency, the National Occupation Health and Safety Commission, had done so in 1994.

It is of concern that almost half of the large agencies have not achieved the target for obtaining EEO status for 80 per cent of employees, because this will represent a lack of EEO-status information for a significant number of employees. While information on EEO status is supplied voluntarily by employees there is a large discrepancy between agencies in the levels of missing data (see Table 7). Indeed, of the large agencies, those with the greatest amount of missing data are the ones with the most employees—the Department of Employment, Education, Training and Youth Affairs (DEETYA) (40 per cent missing of 14,000 employees); and Defence (36 per cent missing of almost 18,000 employees).

DEETYA advise that in December 1996 the Department introduced a Remote Electronic Input for the EEO data component which allows staff to independently enter or update their EEO identification details as their status changes. Departmental records show that at June 1997 they do not have EEO data for 36.2% of employees.

### *Agency performance over time and relative to EEO-group representation*

The reports produced by PSMPC to date have not considered agency performance over time and relative to EEO-group representation.

It is possible to consider agency performance over time by plotting for each EEO group — for example, each agency's 1992 performance relative to its 1996 performance. This would produce separate 'scatterplots' of agency performance over time and could be produced for small, medium and large agencies; similar to those presented in Figures 5-7 showing performance against the dual SES and SO A/B targets for women.


Proportional measures which allow the relative performance of each agency to be assessed, taking into account the relative representation of EEO-group members in each agency, are also appropriate. Such an application is demonstrated in Table 6 where the proportion of women in the SES relative to women in the agency is calculated for the 20 largest agencies.

This measure, together with Table 5 and the suggested plots, would allow the Government and the Parliament to ascertain agency performance in relation to over-all representation levels, over time, and relative to the number of EEO-group staff employed.

The performance differences between agencies may widen given the devolution of

## **AUDIT-IN-CONFIDENCE**

employment responsibility to individual agencies. This makes monitoring an important element in informing agencies, the Government and the Parliament of agency representation levels.



## AUDIT-IN-CONFIDENCE

### Recommendation 2

The ANAO recommends that in order to assist the Government and the Parliament to judge the performance of individual agencies, and to assist APS agencies to develop an appropriate strategic response, the PSMPC presents the performance of agencies in a manner that allows comparison of:

- levels of representation in each agency *across all* EEO groups;
- the improvements achieved by each agency over time; and
- EEO group representation in senior levels relative to the representation of EEO group members in each workplace.

### PSMPC response

The PSMPC agrees with this recommendation. The draft Commissioner's Directions on Diversity in Employment require agency heads to give the Commissioner information the Commissioner requires to enable the Commissioner to develop an analytical framework for the purpose of making an assessment of the comparative effectiveness and outcomes of agencies' Workplace Diversity Programs, and to include this assessment in the annual State of the Service Report. The PSMPC will examine appropriate models, including equity indexes, for making such an assessment. It will be consulting further with ANAO on this in light of the models used in the report.

It should be noted, however, that under the new regime agencies will have primary responsibility for establishing and monitoring their own diversity performance indicators on the basis of their agency goals. These will result in legitimate differences in agency performance. This flexibility will need to be borne in mind in an overall comparative assessment.

### Trends for EEO groups

Results achieved for each group and for the completeness of data on EEO status is presented below. This information is presented in order to report on progress and to add to data previously reported by PSMPC. Given that the underlying objective of the EEO program is to have a public service whose composition and values reflect those of the Australian community as a whole, it includes community comparisons where possible. It is also aimed at improving subsequent reporting of EEO outcomes.



## AUDIT-IN-CONFIDENCE

### Women

*Over-all representation of women in the APS is probably on a par with that of the private sector. Although the whole-of-APS 1995 targets for women at senior levels were achieved, about 30 per cent of agencies had not achieved them by 30 June 1996. Women's representation at senior levels has been increasing more rapidly than in the private sector. However, the over-all proportion of women in the APS workforce at senior levels is probably only on a par with, or less than, the private sector's.*

#### *1995 targets met*

The targets set for 1995 for women in senior positions were achieved; 15 per cent in the SES was achieved in 1993, and 20 per cent in SO A/B and equivalents was achieved in 1995. At June 1996, 48 per cent of the APS workforce, 19 per cent of SES employees and 21 per cent of SO A/B and equivalents were women. Representation decreases as seniority increases and men outnumber women at all levels above ASO5. Female representation in the higher levels of the APS is increasing because female promotion rates are higher than male promotion rates at these levels.

The representation of women varies widely in the various agencies—from 14 per cent in the Bureau of Meteorology to 84 per cent in the Affirmative Action Agency. Wide variation occurs also in the achievement of the targets for women. Small, medium and large agencies' results against the targets for women appear in Figures 5, 6, and 7, which show those that:

- have not met the 1995 targets (*bottom left quadrant*);
- have met the year-2000 targets already (*top right quadrant*);
- do not have any women in the SES (*agencies on the horizontal axis*); and
- have a greater representation in the SES relative to SO A/B level pointing to possible future difficulties in maintaining these levels of SES representation (*top left quadrant*);
- have a lower representation in the SES than the SO A/B level pointing to an already existing under-representation of women in the SES (*bottom right quadrant*).<sup>43</sup>

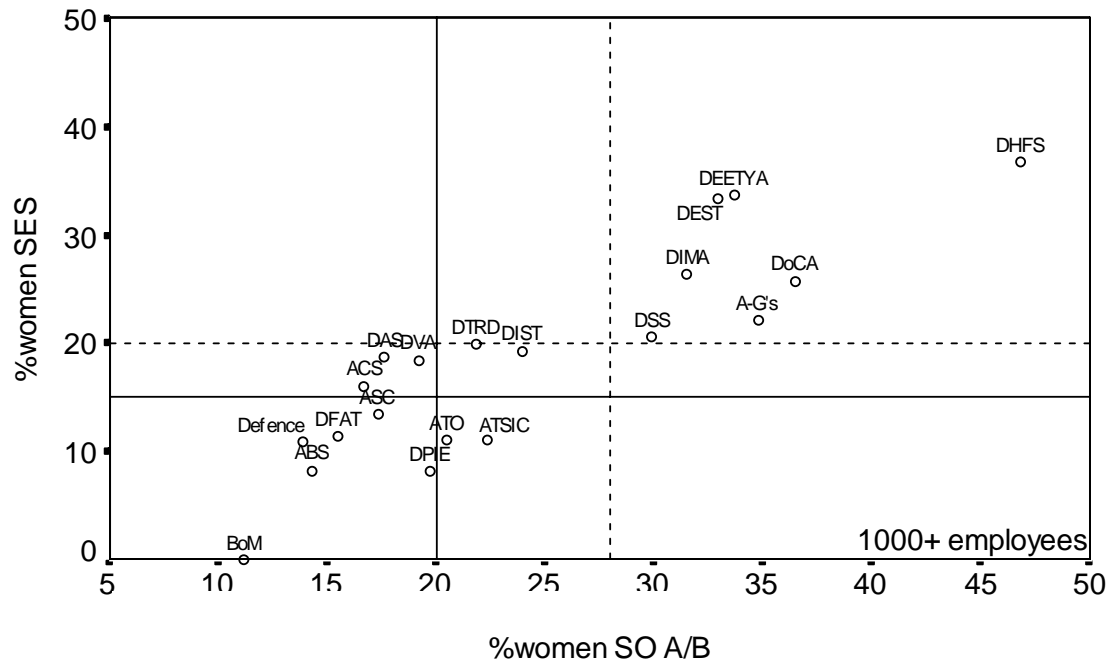
However, attention is better concentrated on the 20 large agencies that account for 90 per cent of the total permanent APS workforce.

---

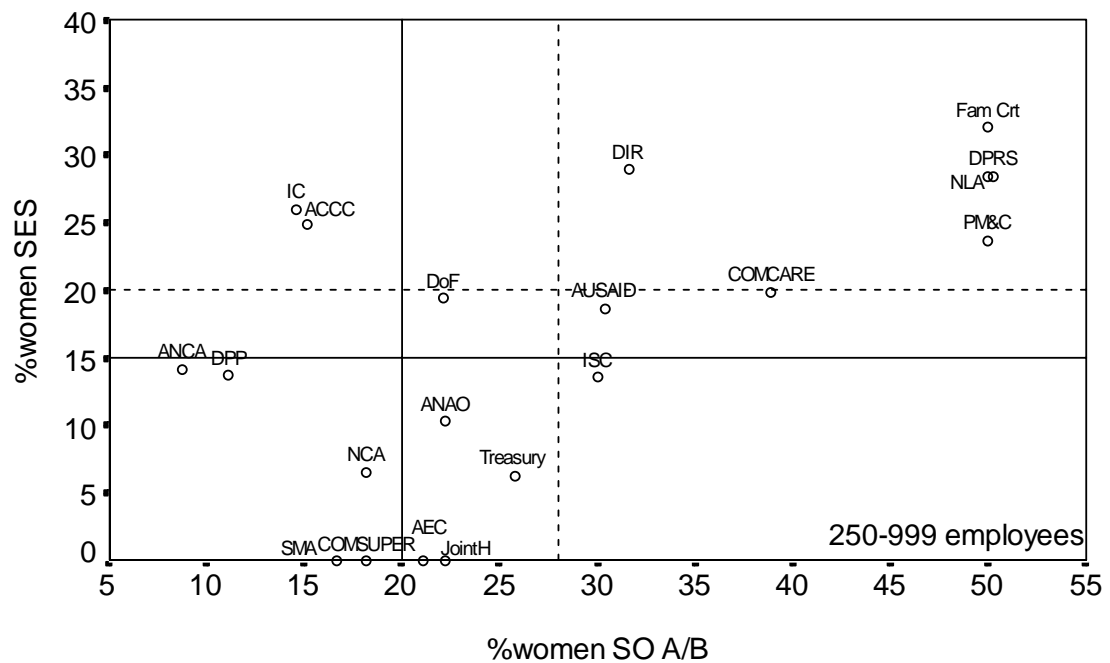
<sup>43</sup> The data in these graphs does not include SO A/B equivalents as these were not identifiable at agency level in the Statistical Bulletin from which the data was extracted. However, relative performance should remain accurate except where an agency's gender representation in 'APS equivalent' positions differs from the representation in the clerical stream.

## AUDIT-IN-CONFIDENCE

**Figure 5: Performance of large agencies with respect to levels of women in senior management in June 1996**

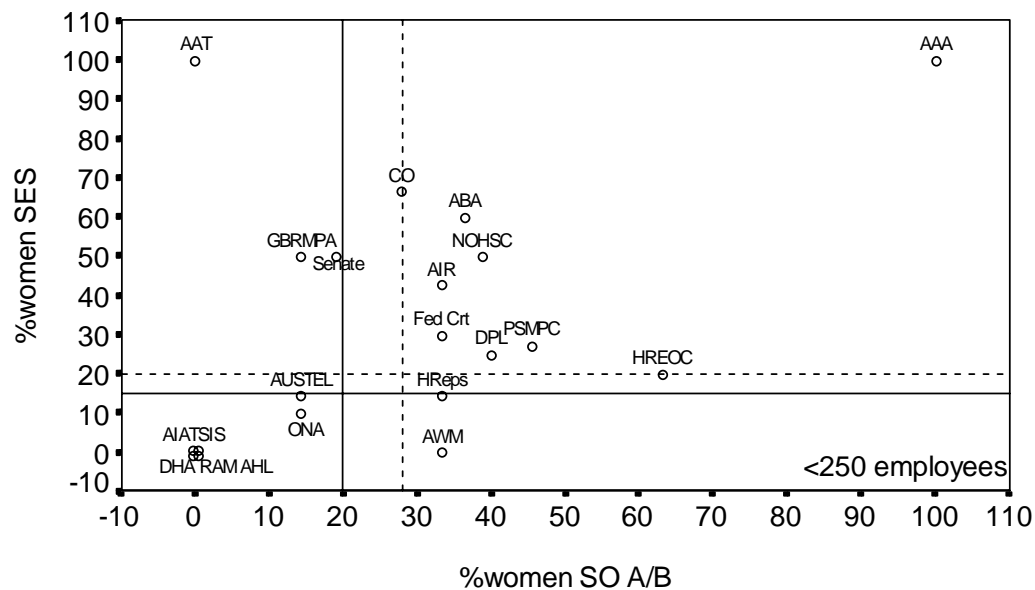


**Figure 6: Performance of medium agencies with respect to levels of women in senior management in June 1996**



## AUDIT-IN-CONFIDENCE

**Figure 7: Performance of small agencies with respect to levels of women in senior management in June 1996**



Figures 5, 6 and 7. Source: ANAO analysis of APS Statistical Bulletin 1995-6

..... indicates the year-2000 target  
 ——— indicates the 1995 target

Note: Percentage of women in the SES on the vertical axis and percentage of women in senior officer grades A and B positions on the horizontal axis - both classifications are permanent employees only and SO A/B equivalents are not included.

Note: DTRD changes size classifications between these figures and Table 5 due to significant downsizing between June 1996 and December 1996. Similarly, IC changes size classifications between these figures and Table 5 due to an amalgamation with the Bureau of Industry Economics and the Economic Planning Advisory Commission in anticipation of the passage of legislation to establish the Productivity Commission.

Previous reports of agencies' performances have not combined information on the SES and SO A/B and equivalent positions. Table 3 shows that in 1996, 30 per cent of agencies had not achieved either SES or SO A/B 1995 targets and that the achievement of targets for women is not related to agency size. It is more likely to be related to the type of agency: women are more likely to be found in agencies concerned with, for example, health, education and humanities; men are more likely to be found in financial, economic and more technical agencies.

Because of this, assessment of agencies' achievement of women's senior-position targets should take account of the underlying percentage of women employed in each (called the Managerial Inequity Index—MII<sup>44</sup>). Table 6 ranks the 20 largest agencies in decreasing order of achievement against the targets and includes the MII. Performance against targets and the MII often move in unison, but not always. Some agencies perform well against SES and SO A/B targets because their underlying levels of female employees are higher; others do poorly against targets but their

<sup>44</sup> Hede, A., (1995), 'Managerial Inequity in the Australian Workforce: A Longitudinal Analysis' in *International Review of Women and Leadership* 1(1)

## AUDIT-IN-CONFIDENCE

senior female representation is actually high relative to the smaller number of women they employ over all.

**Table 6:**  
**Ranking of the 20 largest agencies in the APS based on the percentages of women in senior positions among permanent employees at 30 June, 1996 (MII) and targets for 1995 and the year 2000**

Rank	Targets achieved by 1996	Agency (with at least 1000 permanent employees)	MI (%)
1	SES & SO A/B 2000	Health and Family Services Employment, Education, Training & Youth Affairs Environment, Sport and Territories Immigration and Multicultural Affairs Communication and the Arts Attorney-General's Social Security	69 59 70 59 67 61 46 *
2	SES & SO A/B 1995	Transport and Regional Development Industry, Science and Tourism	55 50
3	SES 1995 only	Administrative Services Veterans' Affairs Australian Customs Service	57 38 * 53
4	SO A/B only	ATSIC Australian Taxation Office	38 * 39 *
5	None achieved	Australian Securities Commission Foreign Affairs and Trade Defence Australian Bureau of Statistics Primary Industries and Energy Bureau of Meteorology	32 * 34 * 43 * 28 * 65 41 *

Source: ANAO analysis of *APS Statistical Bulletin 1995-6*

Note: \* Indicates agencies with MI < 48% (which is the MI for the whole of the APS). These are agencies with the largest imbalance. The MI is a measure of the imbalance between women in senior and junior positions. The MI is calculated by dividing the percentage of women managers by the percentage of women employees.  $MI = 100 \times (\% \text{ women in senior positions} / \% \text{ women in all positions})$ . For example, the MI is 100% if the percentage of managers who are women is the same as the percentage of all employees who are women.

For example, the Department of Social Security has reached both the SES and SO A/B targets, and the percentage of women at senior levels is 46 per cent of the number of women in the agency. The Department of Primary Industries and Energy, on the other hand, has not yet reached either target but has a relatively large percentage (65 per cent) of women at senior levels relative to female employees over all. The considerable disparity in performances between agencies in this regard is indicated by a high MI of 70 per cent to a low MI of 28 per cent.

### *Female representation on a par with the private sector*

The female proportion of the population has been stable over time (51 per cent at present), but the female proportion of the labour force has increased steadily (39 per cent 10 years ago, 43 per cent in 1996)<sup>45</sup>, and women comprise 43 per cent of

<sup>45</sup> The labour force includes both persons in employment and those looking for work. Data has been taken from: Australian Bureau of Statistics, (February 1997), *Civilian population and*

## AUDIT-IN-CONFIDENCE

employed persons. Thus the increase in the relative proportion of women in the APS in the corresponding period (from 42 per cent to 48 per cent) reflects this increase but also shows a greater proportional increase (see Figure 1).

Previous comparisons with ABS data reported in the EEO Plan and Trends and Strategies reports, which were limited to occupations equivalent to those in the APS,<sup>46</sup> indicated larger proportions of women in the APS than in the private sector (47 per cent v 42 per cent in 1992 and 48 per cent v 39 per cent in 1993). If the same definitions are applied, the 1996 data gives the same result (48 per cent v 39 per cent). However, this probably reflects the different occupational mixture in the different sectors,<sup>47</sup> because restricting the analysis to white-collar and excluding blue-collar workers cancels the difference (producing estimates for women of 46 per cent in the APS and 51 per cent in the private sector among white collar workers based on the 1991 census). Other estimates of female representation is provided by Affirmative Action Agency and AWIRS 1995 estimates, for the private-sector levels of representation of women, of 47 per cent and 54 per cent respectively. Over-all representation of women in the APS is probably on a par with that of the private sector.

### *Female representation in management may be less in the APS*

The main difficulty in making comparisons of female representation in management is in finding an appropriate definition of management. In the analysis that follows, the SES and SO A/B levels in the APS are defined as 'management' and results compared with private-sector figures (based on Affirmative Action Agency reports) and national-workforce figures (based on ABS data).<sup>48</sup> Although the definition of manager might not be directly comparable intersectorally, trends can be observed.<sup>49</sup>

Figure 8 shows that women's managerial representation in the APS has increased steadily over the decade, and has been increasing more quickly than the private sector's, while the national workforce position has been relatively stagnant. This is encouraging for the APS, and is important in the climate of increasing skill levels in the APS and the over-representation of women at the lower APS classification levels.

---

*labour force aged 15 and over*, ABS Catalogue No. 6203.0, and Australian Bureau of Statistics, (1996), *Australian Social Trends*, ABS Catalogue No. 4102.0, p. 94

<sup>46</sup> Basically includes all occupations except sales and personal service workers.

<sup>47</sup> The estimates may be biased since the inclusion of blue collar workers leads to an under representation of women in the ABS figures.

<sup>48</sup> Hede, A. and O'Brien, E., (1996), 'Affirmative Action in the Australian Private Sector: A Longitudinal Analysis' in *International Review of Women and Leadership* 2(2)

<sup>49</sup> The AAA Progress Report defines managers in the following way:

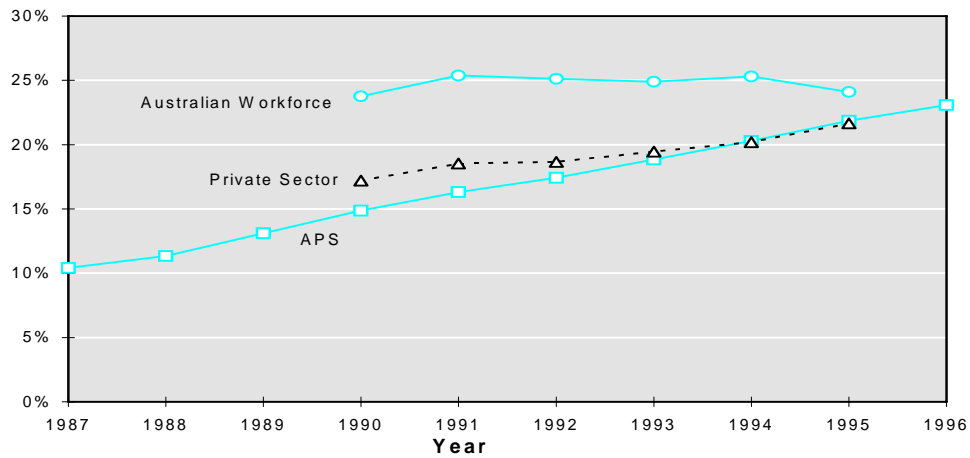
Tier 1 Management - directs and is responsible for the organisation and its development as a whole in accordance with the authority delegated by the Board of Directors;

Tier 2 Management - is directly below the top level of the hierarchy and assists with the implementation of organisational plans; and

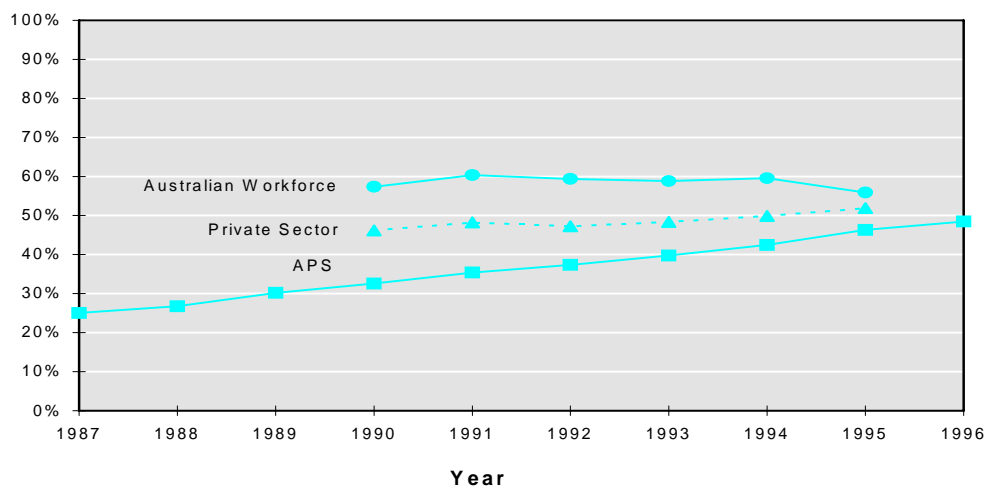
Tier 3 Management - is the interface between Tier 2 management and supervisors and section leaders.

## AUDIT-IN-CONFIDENCE

**Figure 8:**  
Comparison of women's managerial representation in the Australian work force, the APS and the private sector (1987-1996)



**Figure 9:**  
Managerial Inequity Index (MII) in the Australian workforce, the APS and the private sector (1987-1996)



Figures 8 and 9: APS women managers = SES + SO A/B. Representation in the work force is based on ABS data and representation in the private sector is based on Affirmative Action Agency report data.  
Figure 9: MII is 100% if the percentage of managers who are women is the same as the percentage of all employees who are women.  
Source: ABS and Affirmative Action Agency data reproduced from published article in *International Review of Women and Leadership* (1996) with permission of the authors A. Hede and E. O'Brien, *op. cit.* APS data is from the CRP.

## AUDIT-IN-CONFIDENCE

However, a better comparison (both between sectors and over time) is possible if differences in the percentage of women in the workforce are accounted for. Basing the comparison on the percentage of female managers relative to the percentage of female employees, the APS's female managerial cohort represents a smaller proportion than the private sector's and the national workforce's for all years (see Figure 9). Contributing to this result is the larger over-all percentage of women employees in the APS. For example, in 1995 the percentage of managers who were women was 22 per cent in both the APS and the private sector, but 22 per cent is relatively less than the 47 per cent over-all representation in the APS (resulting in MII 46 per cent) compared with 42 per cent in the private sector (resulting in MII 52 per cent). The APS shows a steady increase in this measure, indicating that the percentage of women managers is increasing more quickly than the over-all percentage of women in the service.

However, an MII of 100 per cent reflects that the percentage of managers who are women is the same as the percentage of all employees who are women. The MII for the APS is 48 per cent as at June, 1996.

### Aboriginal and Torres Strait Islanders

*The percentage of Aboriginal and Torres Strait Islanders working in the APS has been consistently larger than in the national workforce and private sector. Although the year-2000 target of two per cent was achieved APS-wide in 1994, only 21 per cent of agencies had achieved it by December 1996 and only three of the large agencies had done so. Stable levels of representation, however, mask higher levels of appointments and separations.*

Detailed analysis of the APS's component of Aboriginal and Torres Strait Islanders is limited by the small numbers involved and the large incidence of incomplete information (23 per cent of permanent employees provide no data on EEO status).

#### *Two per cent target met*

The 2000 target, two per cent, was achieved in 1994.<sup>50</sup> There has been no major change since (Figure 2). The relative number of indigenous persons decreases with increasing seniority; only 0.9 per cent of all SES and SO A/B employees are indigenous.

Performance varies considerably from agency to agency. Twenty-one per cent of agencies had reached the year 2000 target by the end of 1996 (see Table 4) and three large agencies had done so (ATSIC 34 per cent, DEETYA four per cent and DSS four per cent). The performance of the various agencies seems to have been relatively

<sup>50</sup> The over-all percentage for Aboriginal and Torres Strait Islanders is not greatly influenced by exclusion of agencies where the representation is expected to be high (i.e. the Aboriginal and Torres Strait Islander Commission, the Australian Institute for Aboriginal and Torres Strait Islander Studies, the National Native Title Tribunal and Aboriginal Hostels Limited). The over-all percentage reduces to 1.7% after exclusion of these agencies.

## AUDIT-IN-CONFIDENCE

stable in the last few years, but small agencies have been more successful than medium and large ones.

ANAO analysis revealed that the relatively constant composition in recent years belies higher levels of appointments and separations than non-indigenous APS employees. However, decreasing levels of appointments, both over all and among graduates, indicate that future Aboriginal and Torres Strait Islander levels in the APS might decrease. The ANAO analysis also revealed that despite higher promotion rates for Aboriginal and Torres Strait Islanders, they are more likely to resign from the service than others.

*Aboriginal and Torres Strait Islander representation in the APS larger than in the private sector*

The representation of Aboriginal and Torres Strait Islanders in the APS has been consistently larger than the proportion they form of the population (1.3 per cent), labour force (1.2 per cent), and employed persons (0.8 per cent).<sup>51</sup> Of significance to the future, is indigenous people's lower participation levels in education and the trend toward a more highly skilled APS.

### **Persons with disabilities**

*Although the 1995 target for people with disabilities of 4 per cent was set to arrest a downward trend, and was even set lower than the level at that time (5.3 per cent), about half of all APS agencies had not achieved it by December 1996. Representation is expected to keep decreasing and the 2000 target of five per cent is unlikely to be achieved. Collection and maintenance of statistics on people with disabilities can be improved significantly, and previous comparisons with community figures are of questionable reliability because of variations in definitions and the circumstances of data collection in the APS.*

Incomplete information on EEO status seriously inhibits detailed analysis of the APS workforce's disability cohort. Factors that add to this difficulty are:

- the under-reporting of *acquired* disability (caused by collecting data only on entry to the service or when employees change agencies);
- the presumed under-reporting (because of employees' reluctance to reveal disability to their employers); and
- incompatibility of definitions used in surveys by the APS and others.

---

<sup>51</sup> ANAO estimates from the ABS's 1994 National Aboriginal and Torres Strait Islander Survey.



## AUDIT-IN-CONFIDENCE

### *Downward trend not arrested*

The 1995 target of four per cent representation of people with disabilities was set in 1992 to ‘maintain’ representation at this level in order *to arrest a downward trend*. However, subsequent improvements to the CRP data have shown that the actual level of representation in 1992 was 5.3 per cent. Representation has since fallen to 4.6 per cent in December 1996. Thus although the representation of people with disabilities in 1996 is higher than the target set, the level of representation has not been maintained at the 1992 level and the downward trend has not been arrested. Hence, the target cannot be described as met. Previous PSMPC reports have not shown the on-going downward trend due to errors in the trends reported. Further, given that this trend does not show any sign of abating it is highly unlikely that the 2000 target of five per cent will be achieved.

About half of all APS agencies have achieved the four per cent level. Performance is related to the size of the agency; proportionally, more of the larger agencies have achieved this level. The year 2000 target has been achieved by 26 per cent of agencies (Table 4), but that includes only four of the large agencies.

ANAO analysis revealed that the percentage of appointees reporting a disability is smaller than the over-all percentage of those in the APS with a disability and people with disabilities form a larger percentage of those leaving. These differences are increasing over time. This confirms that the percentage of people with disabilities will continue to decrease in the future. The ANAO analysis also showed that people with disabilities are more likely to be retrenched (voluntarily) than resign, and their promotion rates are lower than those of other APS employees.

### *Community comparison is not possible*

Because of the use of different definitions and the different circumstances of data collection in the APS and ABS surveys, it is not possible at present to conclude whether the participation of people with disabilities in the APS is different from that in the national workforce. Previous comparisons, reported by the PSMPC, have been based on a subset of the disability category—those with handicaps (see Appendix 3 for disability definitions used). However, the CRP definition is not consistent with either the disabled or handicapped definition, hence previous comparisons with these figures are inappropriate. The comparison is hampered also by the data limitations noted at the beginning of this section.

However, directly comparable results across sectors are available from the AWIRS 1995 results which indicate that eight per cent of all workers in the employee survey (refer Appendix 8) reported a disability or long-term health problem. The federal public sector’s figure was 14 per cent, the non-federal public sector’s was 10 per cent and the private sector’s was 7 per cent. Data is not available specifically for the APS.

## AUDIT-IN-CONFIDENCE

### Persons of non-English speaking background

*The year-2000 target of 15 per cent has been achieved over all and 37 per cent of agencies had achieved it by December 1996. However, the target was set close to the actual level at that time. Further, the target was based on ABS statistics that used a more restrictive definition of only those born outside Australia—whereas the APS definition includes those born in Australia. Representation has remained stable because of a smaller representation among appointments and those leaving.*

Detailed analysis of the APS workforce's language background is constrained by the large incidence of incomplete EEO-status information and differing definitions used in surveys by the APS and others.

#### *15 per cent target met*

In December 1996, the 2000 target had been achieved, 15 per cent of permanent APS employees classified themselves as NESB; five per cent were 'first-generation' (NESB1) and 10 per cent 'second-generation' (NESB2). However, there have been no significant improvements in the last five years (Figure 2). The target's basis is questionable because the target was based on the ABS figure which included only those born outside Australia, whereas the APS figure includes NESB persons who were born in Australia.

Although the target has been achieved over all, 63 per cent of individual agencies have not achieved it, as at December 1996, and the attainment of the target seems unrelated to agency size (Table 4).

The proportion of both NESB1 and NESB2 people in the APS decreases with seniority. Only 11 per cent of SES and SO A/B employees claim NESB status and the limited improvement seen in senior positions in recent years might be an artefact of more-complete data.

ANAO analysis revealed that the percentage of appointees classified as NESB is smaller than that of over-all employees. A smaller percentage leaves the service, so the over-all employee percentage has been relatively stable in recent years. The ANAO analysis also showed that NESB employees are more likely than other employees to be retrenched (voluntarily) than resign, but resignation is increasingly more common among NESB1 employees.

#### *NESB representation in the APS probably on a par with community figures*

It is difficult to conclude whether the participation of NESB employees in the APS is different to that in the national workforce, due to the different definitions and circumstances of data collection in the APS and ABS surveys.<sup>52</sup> The 1996 NESB percentages of the population, the labour force and those employed in APS-equivalent

<sup>52</sup> See Appendix 4 for the definitions which have been used.

## AUDIT-IN-CONFIDENCE

occupations are 16, 14 and 14 per cent respectively.<sup>53</sup> The NESB segment of the APS in June 1996 was 15 per cent (but the APS figures include an additional group of NESB people who were actually born in Australia—not included in the ABS definition). It is possible that underestimation in reporting and overestimation with respect to definition cancel each other out.

The AWIRS 95 employee survey results indicate a larger percentage (17 per cent) of people claiming NESB status in the federal public sector than in the non-federal public sector (12 per cent) and the private sector (13 per cent).

### Missing data on EEO status

*The 1994 target for completeness of data on EEO status—having complete EEO information for 80 per cent of APS employees (reducing missing data on EEO status to 20 per cent)—was not achieved, although significant improvements had been made up until that time. No improvement has occurred since. The fact that the incidence of missing data on EEO status is increasing for recent appointees suggests that there are problems ahead. There are significant variations between agencies.*

#### *80 per cent target not met*

There is no information on the EEO status of 23 per cent of permanent APS employees. This, and the variation over time in the incidence of missing information, have major implications for the analysis, presentation and interpretation of data on EEO. The importance of this was recognised in the EEO Plan by the inclusion of the target for completeness of data on EEO status for 80 per cent of APS employees. Its provision is voluntary. A major improvement (from 67 per cent to 77 per cent) was achieved by 1994 but there has been no improvement since. The ANAO analysis has shown that:

- employees at lower levels seem to be more reluctant to record EEO status;
- disability acquired while employed is not reportable under the present system;
- the incidence of missing information is greater (38 per cent) for recent appointees. The incidence of missing data on EEO status for recent appointees has varied over time, but has been consistently greater than the over-all incidence in the last decade. If this is not rectified, the standard of data will decline and with it the capacity to interpret changes over time; and
- at December 1996, 58 per cent of agencies had achieved the target while 42 per cent had not. Achievement is unrelated to agency size (Table 4).

However, the incidence of missing information does vary significantly by agency. Table 7 shows this variation for those agencies that exceed the APS wide level of 23 per cent.

<sup>53</sup>

Unpublished Labour Force data from the Australian Bureau of Statistics.

## AUDIT-IN-CONFIDENCE

**Table 7:**  
**Incidence of missing data on EEO status in agencies that exceed 23 per cent, as at 31 December 1996**

Agency	Maximum of missing data on Aboriginal and Torres Strait Islanders, disability, NESB (%)
Aboriginal Hostels Limited	91
Australian Nature Conservation Agency	60
Australian Institute of Aboriginal and Torres Strait Islander Studies	51
Department of Employment, Education, Training and Youth Affairs	40 *
Commonwealth Ombudsman	40
Administrative Appeals Tribunal	39
Federal Court of Australia	36
Australian War Memorial	36
Department of Defence	36 *
Department of Veterans' Affairs	36 *
National Native Title Tribunal	33
Attorney-General's Department	30 *
Department of Primary Industries and Energy	28 *
Department of Administrative Services	27 *
Australian Customs Service	26 *
Department of the House of Representatives	26
Great Barrier Reef Marine Park Authority	25
Department of Industry, Science & Tourism	24 *
Comcare Australia	24

Source: ANAO analysis of CRP as at 31 December 1996

\* Denotes large agencies with more than 1 000 permanent employees.

Because of the present approach to data-collection, the CRP is only as complete and accurate as employee preparedness to contribute voluntarily and the commitment each agency has to ensuring that the information is submitted correctly to the CRP. However, if it is to be an efficient and effective source of data for reporting on the state of the service, some agencies need to do more. Employees should be encouraged, particularly new appointments, and agencies need to ensure that this data is submitted to the CRP. There needs also to be some analysis of the database itself to develop strategies to improve the incidence of EEO-status information, including feedback to agencies whose performance is below average. A time-related plot of the incidence of missing data, similar to those suggested for the EEO groups, could be used.

### Recommendation 3

The ANAO recommends that the PSMPC implements initiatives to improve the quality of EEO data reported in the Continuous Record of Personnel, ensuring that attention is given to the collection and inter-sectoral comparability of data on people with disabilities.

### PSMPC response

## **AUDIT-IN-CONFIDENCE**

The PSMPC agrees with this recommendation, with the qualification that the complete reconciliation of inter-sectoral definitional differences in relation to disabilities is likely to be an ongoing problem. It is also important to emphasise that provision of EEO data to agencies, unlike other employment characteristics, is not a mandatory requirement; it is a matter of individual choice and agency persuasion.

The PSMPC also notes advice from the Department of Veterans Affairs that there are discrepancies between that agency's diversity data as recorded on the CRP and the agency's own records. DVA claims that the CRP data, used as the basis for comparative analysis of agency performance in this report, underestimates DVA's equity achievements.

The PSMPC assumed responsibility from the Department of Finance in April 1997 for the CRP and is currently undertaking a thorough review of central data collection arrangements to improve the collection and analysis of diversity data. Issues that the review will examine include:

- the rationalisation of APS data collection to avoid duplication and ensure the maximum consistency between agency data collection and central records;
- the need for data collection to reflect the new employment arrangements set out in the Public Service Bill. Central records will need to effectively capture diversity data on all staff, not just "permanent" employees; and
- the need to provide agencies with strategies to improve response rates in diversity reporting, particularly in relation to people with disabilities. The review will focus on the good practices of those agencies which have achieved a high response rate.

A threshold issue for the review will be whether the CRP in its current form is the most effective means of central data collection and analysis.

### **Agencies responses**

Written responses were received from 24 out of 60 agencies in relation to the tables and graphs included in the report which were based on CRP data. Discrepancies in the data were noted between the CRP data and the internal records kept in 12 agencies. For eight agencies the discrepancy related to only one target, for one agency the data for women in the SES and SO A/B positions was transposed, while the remaining three agencies noted discrepancies between the CRP and their internal records on a number of targets. Most comments focused on where the CRP understated agency performance, however, a number of agencies did note instances where their performance was overstated. Other concerns included:

- the tables and graphs report performance at a single point in time. For example, the former Department of Administrative Services was fluctuating near target levels on two targets but had not met either at the time the data was reported;
- performance had improved in a number of agencies since 1996; and

## AUDIT-IN-CONFIDENCE

- the exclusion of equivalent positions in the calculations for SO A/B women impacted on the reported performance of two agencies (one positively and one negatively).

### **ANAO comment**

Information on the CRP is provided by agencies and is linked to the Department of Finance Pay System (EEO status is not a mandatory field). Statistics based on the CRP data are published by the Staffing Analysis Section, now a part of the PSMPC, each financial year in the *APS Statistical Bulletin*, and each calendar year in the *APS Staffing Statistics Report*.

Any discrepancies identified by agencies highlight the importance of agencies providing accurate information to the CRP and the need for agencies to take responsibility for ensuring that information supplied on their agency is consistent with their own records. It should be noted that while most requests for data from the CRP by agencies incur a fee, basic EEO information on staff are provided to agencies free of charge on the expectation that this will assist them in improving EEO information held in their management information systems. Where agencies have responded indicating that the CRP data does not accurately reflect their achievements it is in their interests to identify where the errors enter the data processing arrangements. In DVA's case data obtained from their internal system differ from the *APS Staffing Statistics Report 1996*, however, the latter indicates in footnotes to various tables, that the data for the Department may be understated due to insufficient updating of the data by the agency.

In addition, the CRP data is used by various agencies to examine staffing trends and will be the source of statistics for the State of the Service report. However, the ability to conduct comparative analysis is reduced unless *all* agencies ensure the completeness and accuracy of data for their agency.

Some agency responses indicating that performance has improved since 1996 highlights the importance of presenting agency performance over time (as outlined in Recommendation 2) to provide Parliament and other key stakeholders with an accurate and fair indication of performance.

### 4. Employment practices for effective diversity management

This chapter, based on a review of a selection of APS agency documentation, covers the development and implementation of EEO programs. The importance of recognising and dealing with differences in attitudes and beliefs (so as to remove barriers to the implementation of strategies) is noted. The audit indicates that most agencies can improve strategy development and implementation to ensure equal employment opportunity. The sample included in the review should be a benchmark against which agencies can measure their performance. At the end of the chapter there is an example of strategic EEO development in a company with effective policies.

#### Attitudes to EEO and equity

Australian research has shown that although EEO has quite strong ‘in-principle’ support there are significant gender differences, particularly at management level, on some issues. The research has shown that:

- both women and men support, in principle, the need for EEO programs<sup>54</sup> and most managers report that they apply EEO principles in their jobs.<sup>55</sup> A survey of the APS senior executive service found that women, over all, are more committed than men to implementing EEO policies;<sup>56</sup>
- male managers are more likely to agree that the principles of EEO apply already and that women have equal employment opportunity. In a survey of the APS senior executive service, it was found that men (69 per cent) were more likely than women (58 per cent) to agree that their organisations had equality of opportunity. Only 12.3 per cent of women and 17.5 per cent of men agreed *strongly*;<sup>57</sup>
- many people believe that discrimination is now against men, and men are much less likely than women to endorse the need for equal-opportunity and/or affirmative-action programs to make up for past discrimination. Men are much less likely to agree with policies and practices seen as necessary to ensure EEO for women, such as training programs for women, providing child care, and providing part-time positions with promotion prospects and management responsibility;<sup>58</sup> and
- more men than women do not understand that appointment and promotion by merit are central to equal opportunity and affirmative action policies.<sup>59</sup>

---

<sup>54</sup> Russell, G., & Powell, A. *op. cit.*

<sup>55</sup> Hede, A. and Dingsdag, D., (1994), ‘Equity in staff selection: Managerial attitudes and practices’ in *International Journal of Selection and Management*, 2(1)

<sup>56</sup> Renfrow, P., (1995), *An assessment of the senior executive service in the Australian Public Service: A survey of its officers*, Public Service Commission, State of the Service Paper, No. 9, AGPS, Canberra.

<sup>57</sup> *Ibid.*

<sup>58</sup> Russell, G., & Powell, A. *op. cit.*

<sup>59</sup> *Ibid.*

## AUDIT-IN-CONFIDENCE

It is important that such knowledge and attitudes are explored at the workplace level so that policies and practices are implemented in the light of the prevailing attitudes. In an attempt to get behind attitudes to what works in practice, Russell and Powell, in studies in private-sector organisations, found that having an EEO program was associated with a greater knowledge of EEO.<sup>60</sup> This in turn was linked with employees having more positive attitudes to programs and a less positive assessment of the EEO climate in *their organisation*. They also found that managers who agreed that EEO made good business sense were more likely to agree with policies and practices that redressed past discrimination.

An important finding was that there was *no direct link* between positive attitudes and an organisation having an EEO program. This means that only when the EEO program is active, and people are educated and/or trained in its principles and how to implement them, can you expect positive attitudes to develop. It also supports the theory that external pressure is the engine of initial change — legislative compulsion, values associated with corporate citizenship or market forces (e.g. the need to employ the best people so as to match or outdo competitors). Russell and Powell's work suggests also that effective EEO programs will be facilitated by:

- emphasising the business benefits they bestow;
- promoting better understanding of the present disadvantages experienced by EEO groups; and
- promoting better understanding of EEO principles, especially merit.<sup>61</sup>

### Results of the ANAO review

The ANAO reviewed 30 randomly-selected APS 1995–96 EEO implementation reports, strategic plans and annual reports to assess the documented performance of EEO programs.<sup>62</sup> The documentation reviewed included material from 1993-1997 and draft plans. All EEO programs in the ANAO sample had been approved by the PSMPC or former Public Service Commission (PSC). This approval suggests that they fulfil the requirements of s22B, as outlined in Chapter 1.

The ANAO developed 12 criteria, listed in Table 9, for assessing APS agencies' EEO programs and implementation reports. In doing so, it reviewed the Affirmative Action Agency model and the US Glass Ceiling Commission report<sup>63</sup> to define good practice, and award winners in the Australian public<sup>64</sup> and private-sector<sup>65</sup> to identify

---

<sup>60</sup> *Ibid.*

<sup>61</sup> *Ibid.*

<sup>62</sup> The annual report of the Office of National Assessments was not included in this review as it is not required to be tabled in Parliament.

<sup>63</sup> Federal Glass Ceiling Commission, (1995), *A solid investment: making full use of the Nation's Human Capital* Washington DC

<sup>64</sup> Public Service and Merit Protection Commission, (1996), *Recognising Good Practice in Equal Employment Opportunity in the Australian Public Service*, AGPS, Canberra  
Public Service and Merit Protection Commission, (1997), *Equality Awards 1995-96: Recognising Good Practice in Equal Employment Opportunity in the Australian Public Service: Principles, Guidelines, Good Practice*, AGPS, Canberra



## AUDIT-IN-CONFIDENCE

examples of best practice. Recognised EEO experts were asked to comment on the criteria. In addition, statements made in agencies' annual reports were assessed against the annual-reporting guidelines.<sup>66</sup>

An over-all assessment was made of each agency's documented policies and practices. The rating scale used was modelled on the Affirmative Action Agency's *Assessment scale for Affirmative Action Reports*. The results are presented in Table 8.

**Table 8:**  
**Standard of progress in developing and implementing an EEO program**

Level	Standard of progress in developing and implementing an Equal Employment Opportunity program	No. of agencies
5	Outstanding progress	0
4	High level progress	8
3	Medium progress	13
2	Minimum progress	9
1	Below minimum requirements <sup>67</sup>	0

Note: The assessment scale used to judge the standard of progress is contained in Appendix 6.

Although 43 per cent of agencies were assessed as having achieved a medium standard, almost equal numbers were assessed as being above or below that standard. About 27 per cent of the agencies examined showed a high level of progress in developing and implementing EEO programs, but few, if any, could be held up as examples of good practice against all criteria. It is of concern that slightly more (30 per cent) were assessed as having achieved only minimum progress.

The PSMPC notes that the finding that almost one third of the 30 agencies randomly surveyed by ANAO had only made minimum progress in implementing EEO needs to be qualified. They maintain that if the results are examined in terms of the total number of officers employed in the surveyed APS agencies then about 89 per cent are employed in agencies which are assessed as having made medium to high level progress which presents a significantly different picture of the effectiveness of the programs. The PSMPC also notes that while they attempt to provide effective program advice to all agencies, the demands of larger agencies have taken up much of its time in recent years.

The ANAO maintains that one third of the sample is a significant minority of agencies who should be encouraged to move forward in this regard. Minimum ratings were assigned to a mixture of small, medium and large agencies in the sample and the ANAO considers that, in this context, it is inappropriate to consider the results in terms of the number of staff employed in the agencies as the inclusion of one or two large agencies will account for most of the staff. Indeed, in this sample the inclusion of two large agencies accounted for 75 per cent of staff. It is important that the

<sup>65</sup> Affirmative Action Agency, (1996), *Best Employers in Affirmative Action: case studies*, AGPS, Canberra

<sup>66</sup> Department of the Prime Minister and Cabinet, (March 1995), *Annual Reporting Guidelines*, AGPS, Canberra

<sup>67</sup> All reports have met the minimum requirements of providing a description of the structure/framework for the program and activity to further develop and implement the program.

## AUDIT-IN-CONFIDENCE

diversity of the community is represented in all aspects of government administration encompassing both large and small agencies. In addition, the devolvement of responsibility to agencies further demonstrates the need for the PSMPC to ensure that best practice is known and displayed throughout the service, particularly in small agencies where resources may be more limited.

Below are the more detailed findings of the ANAO review of agency documentation against the criteria and including:

- links between the EEO strategy and the business plan;
- management, leadership and accountability;
- human resources and practices; and
- improving the program.

**Table 9:**  
**Criteria for assessing APS agency EEO programs and implementation reports**

### **Links between the EEO strategy and the business plan**

- 1 EEO strategies and diversity management is included and integrated in all business and change management plans.

### **Management, leadership and accountability**

- 2 Leadership is demonstrated from the executive in relation to EEO and work force diversity.
- 3 Accountability has been devolved and line managers are held responsible for outcomes through the inclusion of EEO objectives and targets in their performance agreements, and assessment of performance against them.
- 4 Attention is paid to EEO in the regions (where these exist).

### **Human resources and practices**

- 5 The organisation demonstrates an adequate understanding of their legal obligations and how they need to be interpreted in practice.
- 6 The organisation proactively seeks to design, implement, and facilitate the use of employment procedures that ensure equal opportunity for all.
- 7 The organisation ensures appropriate access to training and career development opportunities to address representational deficiencies, including deliberate action to prepare minorities and women for senior positions.
- 8 Strategies exist to educate the corporate ranks, in particular the senior ranks, and to ensure that workplace behaviour reflects a culture that is conducive to equity in employment.
- 9 Targeted strategies aimed at particular barriers for each of the EEO groups are developed and realistic time frames have been set before evaluating these strategies.

### **Improving the program**

- 10 Employees and their representatives are consulted and kept informed of the development and implementation of the EEO program.
- 11 Continuous improvement initiatives are in place. For example: data monitoring, evaluation, and attitudinal/climate surveys that inform the development of objectives and strategies.
- 12 Workplaces are free from harassment (sexual, racial, and disability) and effective mechanisms for redress are in place.

### Links between the EEO strategy and the business plan (Criterion 1)

The then Government's primary objective in introducing EEO to the APS was to improve efficiency and productivity. *Equal Employment Opportunity: A Strategic Plan for the Australian Public Service for the 1990s*, along with individual agency EEO plans, have been used to help managers and employees adopt the principles of equity and diversity.

Most agencies point to links between their EEO programs and business objectives, but many are tenuous—general statements about valuing the application of EEO, fairness or equity. A strategic link between achieving EEO and corporate objectives is generally not evident in such agencies.

Examples of good practice include the HREOC plan. The corporate plan states that 'The EEO Plan contains measures designed to encourage the utilisation of the skills and experiences of all staff, benefiting not only the individuals concerned but leading to more efficient use of the pool of available skills within the commission'.<sup>68</sup> The focus of the new Australian Maritime Safety Authority (AMSA) plan is one of 'Valuing Diversity' based on the business benefit to AMSA, rather than of simply 'being the right thing to do'.<sup>69</sup> Similarly, the Aboriginal Hostels Limited Corporate Plan defines the organisation's reason for existence and the role that the people who work in it can play in improving the quality of life, living conditions and opportunities of Aboriginal and Torres Strait Islander people.<sup>70</sup>

The aim of EEO and diversity programs is to ensure that the APS reflects the face of the Australian community it serves, and to provide a better working environment to those who provide the service. To take full advantage of the talents, skills and knowledge of Australia's diverse community, APS agencies need to create a working environment that capitalises on diversity and innovation. Although this is reasonably well recognised in agencies and departments that promote trade and export policies, and to some extent in those that provide services to the community, it is equally important to all agencies.

---

<sup>68</sup> Human Right and Equal Opportunity Commission, (1993), *EEO plan 1993-96*

<sup>69</sup> Australian Maritime Safety Authority, (1996), *Annual Report 1995-96*, p. 89

<sup>70</sup> Aboriginal Hostels Limited, (1995), *Corporate Plan 1995-97*

## AUDIT-IN-CONFIDENCE

The Australian Taxation Office has introduced a program to improve customer service:

*Officers at the Townsville Branch of the Australian Taxation Office have developed a training scheme called 'Shades 'n' Harmony', intended to eliminate workplace harassment and cultural misunderstanding between indigenous and non-indigenous Australians. Training sessions are intended to increase awareness of the culture of indigenous people. In educating non-indigenous officers in indigenous culture, 'Shades 'n' Harmony' is helping to serve better the 70,000 indigenous Australians in communities from Townsville to Mt Isa, Rockhampton and the Torres Strait Islands.<sup>71</sup>*

Given the opportunity, bilingual employees help achieve agency objectives by improving communication with clients whose first language is not English. Only half the reviewed agencies kept a register of multilingual employees. Five reported giving bilingual employees (accredited by the National Accreditation Authority for Translators) access to the Community Language Allowance.

A commitment to diversity was demonstrated by 12 agencies that participated in and promoted equity and cross-cultural activities throughout the year. For example, the Department of Communication and the Arts presented a foyer display for National Aboriginal and Islander Day Observance Committee (NAIDOC) week, which outlined indigenous issues and the programs the Department was involved in.<sup>72</sup>

### *Summary of findings for criterion 1*

- All agencies sampled had a written EEO program, scheduled for updating every three years.
- Twenty agencies informed all employees of program updates. This finding is in accord with AWIRS<sup>73</sup> data indicating that only 52 per cent of federal public service departments distribute EEO programs to all employees.
- Eighteen agencies reported having developed strategies to achieve diversity — mainly recruitment and education programs with emphasis on enabling EEO groups to fit into existing systems.
- There was no evidence of agencies' redesigning organisational structures and practices to capitalise on workforce diversity.
- Twelve agencies demonstrated a commitment to diversity by participating in and promoting cross-cultural activities.

<sup>71</sup> Public Service and Merit Protection Commission, (1996), *Recognising Good Practice in Equal Employment Opportunity in the Australian Public Service*, AGPS, Canberra

<sup>72</sup> Department of Communications and the Arts, (1996), *EEO implementation report 1995-1996*

<sup>73</sup> AWIRS data in this chapter relates to the 1995 *Employee Relations Management Questionnaire, Section L: Equal Employment Opportunity and Affirmative Action*. The approximate standard error for estimates of percentages of workplaces for 39 Federal Public Departments is 10% (this is an estimate of the standard error around estimates of percentages of 50%; standard errors for percentages less than 50% or greater than 50% are less than these). This means that the actual percentage could be within a range of plus or minus 10% of the reported figure. Refer Appendix 8.

## AUDIT-IN-CONFIDENCE

### Management, leadership and accountability (Criteria 2, 3 & 4)

Australian and international research indicates that a key to the success of EEO in an organisation is the demonstrated commitment of the agency head and leadership that rewards innovative ideas and practices. Indeed, there needs to be a 'critical mass' of senior executives who give strong and public support to the program. In developing the criteria for this audit, leadership stood out among all other factors as the most critical.

One way to encourage commitment and innovation among employees is for the agency head to put in writing a commitment to, and vision for, EEO and workplace diversity. The ANAO found that agency-head endorsements were often brief and concentrated on legislative requirements, or were broad statements about the program. While two-thirds of agency heads endorsed their agency's EEO program, few took full advantage of the opportunity to outline their vision for equity or to demonstrate leadership by taking an active and visible role in implementing EEO programs. Endorsements that demonstrate good practice link the EEO strategy with other strategic documents and its success with adoption of responsibility by all employees.

The Department of Foreign Affairs and Trade and the Department of Administrative Services (DAS) provide good examples of leadership:

*'In London, the fact that the Deputy High Commissioner chairs the EEO Committee gives added profile and support for EEO activities. Similarly, the strongly proactive role adopted by the Ambassador to Beijing provides leadership and support for EEO at that post.'*<sup>74</sup>

*In the 1994-97 EEO program the Secretary of DAS comments that 'One particular feature of the new program is the establishment of an annual award to recognise and celebrate the implementation of EEO best practices in DAS. This award will be known as the Best Equity Award. I look forward to receiving and judging some high-quality nominations from businesses and sub-programs in the coming year.'*<sup>75</sup>

The assertions in agency documentation that line managers are held accountable contrasts with our review of annual reports in which only eight agencies referred to strategies to improve results for target groups and five measured performance against EEO targets. The discrepancy makes it hard to accept that the actions specified in plans are fully implemented in the workplace.

It is important that region-specific EEO implementation plans be developed to reflect the local community and workforce. Best-practice agencies do so. For example, the Great Barrier Reef Marine Park Authority's target to reflect in its employees the regional population component of Aboriginal and Torres Strait Islanders — three to

<sup>74</sup> Australian National Audit Office, (1997), *Human Resource Management, Department of Foreign Affairs and Trade* Audit Report No. 40 1996-97, AGPS, Canberra, p. 42

<sup>75</sup> John Mellors, Secretary, Department of Administrative Services Equal Employment Opportunity Program 1994-1997 p. 1

## AUDIT-IN-CONFIDENCE

five per cent.<sup>76</sup> Aboriginal Hostels Limited has followed a policy of staffing its organisation, as far as possible, with Aboriginal and Torres Strait Islander people because of its special position in providing a service to Aboriginal people.<sup>77</sup>

The ABS policy for developing local-office EEO action plans is an example of good practice.

*'Each ABS office works to an EEO action plan that has been developed locally and is consistent with over-all ABS EEO program objectives. Local action plans focus on office EEO issues and incorporate appropriate monitoring and reporting mechanisms'.<sup>78</sup>*

### *Summary of findings for criteria 2, 3 & 4*

- Although 20 agency EEO programs included endorsements by agency heads, few took full advantage of the opportunity to outline their vision for equity within the agency. There was also limited evidence, in the documentation reviewed, of agency heads' demonstrating leadership by taking an active and visible role in implementing EEO programs.
- All 30 agencies reviewed made a senior executive responsible for EEO. This result is consistent with the AWIRS finding that 94 per cent of federal public service departments had done so.
- Twenty-seven agencies reported holding line managers accountable for EEO-program performance, but there was no evidence of rewards or penalties linked with success or failure.
- Only nine of the 22 agencies with regional offices had developed strategies to break down barriers faced by EEO groups in the regions and only 11 reported regional EEO training and development programs. Only four of the seven large agencies with networks of regional offices required regional managers to develop EEO implementation plans.
- Only seven of the 22 agencies with regional offices complied with the *Annual Reporting Guidelines* and reported on EEO efforts in state, territory and regional offices.<sup>79</sup>

### **Human resources and practices (Criteria 5–9)**

Australia is one of the most culturally diverse countries in the world. A change in workplace culture is necessary to ensure the effective management of this diversity. The Industry Task Force on Leadership and Management reported in 1995 that, although there is a growing awareness by managers of the impact of cultural difference, few give priority to managing diversity.<sup>80</sup>

<sup>76</sup> Great Barrier Reef Marine Park Authority, *EEO implementation report 1995-1996*, Q. 2c

<sup>77</sup> Aboriginal Hostels Limited, (1993), *Equal Employment Opportunity Plan 1993-1996*, p. 2

<sup>78</sup> Australian Bureau of Statistics, *EEO implementation report 1995-1996*, Q12a

<sup>79</sup> The *Annual Reporting Guidelines* require annual reports to contain a statement '... covering EEO efforts in State/Territory and regional offices as well as in the central office.'

<sup>80</sup> Industry Task Force on Leadership and Management Skills, (April 1995), *Enterprising Nation:*

## AUDIT-IN-CONFIDENCE

The ANAO found little evidence of agencies' developing selection practices that gave people of diverse backgrounds better opportunities to demonstrate their suitability for positions. ATSIC, on the other hand, reported developing a range of interview options in an effort to ensure that selection processes were fair and open.<sup>81</sup>

Ideally, every APS agency would reflect the broader community. However, no APS agency has yet achieved an employee profile that reflects the Australian community. Most have policies for recruitment and career development of Aboriginal and Torres Strait Islander and people with disabilities, yet there is little evidence of specific strategies' being developed in agencies. In addition, although the estimate based on the AWIRS survey that 71 per cent of federal public service departments EEO policies included monitoring the composition of the workforce, only 40 per cent in the ANAO sample kept employment, application and promotion statistics.

Some agencies that have taken positive steps to enlarge the recruitment pool of specific EEO groups have set out to improve the work environment. For example, the ATO initiative noted above also gave indigenous employees the opportunity to contribute to the development of a better working environment.

### *Summary of findings for criteria 5, 6, 7, 8 & 9*

- Twenty-six agencies documented an awareness of their legal obligations and outlined legislative requirements in their EEO plans.
- All 30 agencies reported a commitment to merit-based staff selection, usually with little supporting evidence. Twenty reported reviewing selection criteria before positions were advertised, but few had redesigned selection processes.
- Agencies generally reported specific development opportunities for only one or two EEO groups and only 18 consulted EEO employees about their training and development needs.
- Analysis of the implementation reports showed that 22 agencies offered job-development plans or participated in programs such as internal job rotation, Springboard, Senior Women In Management, Executive Development Scheme and secondments to other departments. No agency reported monitoring the effectiveness of these programs.
- Twenty-one agencies sought to develop a workplace culture that values equity and diversity by providing programs such as EEO awareness, harassment, diversity and cross-cultural training, but only three required all employees to attend them.
- There is little evidence of agencies' developing specific strategies to recruit and retain EEO-group employees.
- Only 10 agencies complied with the *Annual Reporting Guidelines* to report on department-wide initiatives concerning women.<sup>82</sup>

---

*Research Report Volume 2, AGPS, Canberra p. 794*

<sup>81</sup> ATSIC, (1994), *Equal Employment Opportunity Operational Plan 1994-97*, p. 13

<sup>82</sup> The *Annual Reporting Guidelines* state that 'Any department-wide initiatives of particular relevance to women should be outlined ...'

## AUDIT-IN-CONFIDENCE

### Improving the program (Criteria 10, 11 & 12)

Successful EEO programs are developed in consultation with all employees and have strong, sustained agency head support. These programs identify barriers to recruitment, participation and advancement for certain groups within the organisation and have objectives that are linked to organisational goals.

A key to achieving EEO objectives is broad consultation while the program is being developed. All eight highly rated agencies did so. The 12 agencies that reported using employee perception surveys identified strategies in the previous program that had been effective, those that needed modification, and identified workplace barriers to the contribution, progress, recruitment or promotion of EEO-group members.

Various consultative mechanisms were employed in developing plans, including focus groups, questionnaires and staff meetings. Agencies that used consultation were more likely to have identified barriers to the employment and advancement of EEO-group members. For example:

*'The first ATO national deaf and hearing-impaired conference, held on 18–19 October 1995, provided an excellent forum for deaf and hearing-impaired staff to discuss issues and concerns, as well as share their successes and frustrations. ... A key outcome . . . was the establishment of a national Deaf Tax Officer forum to work at a national level to develop and implement strategies to break down barriers for deaf and hearing-impaired staff.'*<sup>83</sup>

EEO program evaluation is necessary to monitor the effectiveness of strategies and programs. Although all agencies reported a commitment to continuous improvement, only seven actually took the step from identifying problems to implementing effective strategies to rectify them.

The Australian Electoral Commission (AEC) recognised that women were not represented equitably in SES and senior officer positions, or in the ASO 6 feeder groups, particularly in the regions. The executive responsible for EEO arranged a meeting of senior women who agreed to prepare a submission for the AEC's Management Board outlining key issues. The Management Board convened a workshop to identify impediments to the recruitment and advancement of women to senior positions in the AEC, to develop an action plan, and to increase awareness.

Specific strategies to overcome identified problems were devised and the Board of Management has agreed generally with their implementation. The strategies include: representation of women on all major committees and the Board of Management; a review of flexible working arrangements; development opportunities; and the review of staff-selection procedures.<sup>84</sup>

Systemic and structural issues were identified in only seven implementation reports and three annual reports. Problems identified included physical access for people with disabilities; workplace cultures that prevented or limited certain EEO-group

<sup>83</sup> Australian Taxation Office *EEO implementation report 1995-1996*, Q. 3b(iii)

<sup>84</sup> Australian Electoral Commission, *EEO implementation report 1995-1996*, Attachment B



## AUDIT-IN-CONFIDENCE

members' access to higher duties and other development opportunities; and inflexible work practices.

Introducing flexible work arrangements is one way to ensure equitable opportunities for all employees. Such arrangements include:

- access to child care;
- flexible work policies, including permanent part-time, home-based and job-sharing opportunities; and
- return-to-work strategies to meet the needs of employees on extended leave, including parental leave.

Clearly such arrangements include a cost. But such costs may well be outweighed by the benefits. The ATO was the only agency which indicated that it had examined the costs and benefits of a specific strategy and its evaluation of carers' leave led to its permanent establishment.<sup>85</sup> Only a third of the agencies surveyed indicated that flexible arrangements were available to all employees at all levels.

Nowhere were take-up rates of flexible arrangements reported. This is an important finding because, although such arrangements might be available, the culture of the organisation might, and often does, preclude their use. A recent audit of human-resource management in DFAT reported that 30 per cent of surveyed employees perceived that management support for flexible employment arrangements was limited in practice and 45 per cent believed that taking advantage of these arrangements would harm their careers.<sup>86</sup> Indeed, analysis of the CRP reveals that only four per cent of permanent employees are part-time.

The ATO has been recognised in recent years for developing progressive work-and-family arrangements. It shared with Australia Post the 1995 Australian Financial Review / Business Council of Australia Corporate Work and Family Award for highest overall performance in the public sector. In 1995–96 it was recognised by the Nursing Mothers' Association of Australia for its facilities in its Brisbane Office.<sup>87</sup>

---

<sup>85</sup> Australian Taxation Office, (1996), *EEO implementation report 1995-1996*, Q. 10b and c

<sup>86</sup> ANAO, *op. cit.*, p. 40-1

<sup>87</sup> Australian Taxation Office, (1996), *EEO implementation report 1995-1996*, Q. 10b

## AUDIT-IN-CONFIDENCE

### Take-up rate of flexible work practices

Research on take-up rates conducted in the NSW public sector found that, although the majority of agencies indicated that they had implemented flexible work practices, the actual take-up rate had been low.<sup>88</sup> Figures for part-time work (men 3.6 per cent; women 10.6 per cent) and short-term absences for family and community responsibilities (4.7 per cent, 5.6 per cent) were by far the highest, while the take-up rate for other initiatives, such as job-sharing, career breaks, part-year employment and working from home regularly or occasionally, rarely approached one per cent for both males and females.<sup>89</sup>

A low take-up rate of flexible work provisions is also a common experience in private-sector organisations, even for those that have received public recognition for best practice in work-and-family policies. In one of these, despite its having had flexible work options for several years, only two per cent of the workforce is employed part-time and there are very few job-sharing positions. In another organisation (with more than 5 000 staff), 17 per cent of employees are part-time, but there are only five positions that involve job-sharing, and only four part-time positions are at a senior-management level.<sup>90</sup>

### *Summary of findings for criteria 10, 11 & 12*

- Eleven agencies did not provide evidence that employees had been consulted in the development of their EEO programs.
- Twenty-five reported conducting statistical analysis of EEO, with 17 reporting examining trends and causal links to identify discrimination.
- Only seven identified systemic and structural issues.
- Twelve used employee perception surveys as part of their continuous-improvement programs. Some of these agencies reported that awareness-raising programs had been successful.
- Twenty-two demonstrated their commitment to engendering a family-friendly, work-and-life-balanced environment by introducing flexible work arrangements. Only ten said these were available to all employees at all levels. None reported take-up rates of the arrangements.
- In their annual reports only eight mentioned conducting evaluations of their EEO programs or monitoring their progress in achieving program objectives. Best-practice agencies circulated evaluation reports to all employees for comment.
- Twenty-seven had developed harassment policies and associated strategies (see Chapter 5).

### **An example of strategy development**

There are very few detailed descriptions of processes used by Australian companies to develop and implement effective equity policies. The strategy outlined in the case study below was adopted by an Australian company recognised for its approach to

<sup>88</sup> Office of the Director of Equal Employment Opportunity in Public Employment, (1997), *Survey of Flexible Work Practices*,

<sup>89</sup> *Ibid.*

<sup>90</sup> Russell, G., *op. cit.*

## AUDIT-IN-CONFIDENCE

EEO. The case study emphasises linking the EEO strategy with the business plan, ensuring that senior management is accountable for progress and assigning an appropriate level of resources to training and the development of human-resource systems. It also highlights monitoring progress via a range of key performance indicators.

### Strategy development in a company with effective equity policies<sup>91</sup>

Initially, senior managers developed an EEO strategic plan and it was refined via employee 'workshops', then written into the company's business plan. It specified measurable targets for specific groups (for example, to exceed the industry standard for the employment of women; and to reflect the diversity of the community in the workforce by 2005). Specific strategies were developed for:

1. *Recruitment*: to ensure greater diversity in the pool of applicants for positions at all levels. Clear job descriptions were written for all positions and a diverse group of employees were involved in selection procedures. All jobs were advertised.
2. *Integration and retention*: to consult staff on their present attitudes, preferences and needs as a first step in assessing opportunities for family-friendly work practices.
3. *Advancement*: to ensure that the *best people* receive advancement and development opportunities without losing sight of the need to remove barriers to the advancement of women, for example, providing mentors, career planning and succession planning.
4. *Leadership*: to establish directions and accountability in individual managers' areas of responsibility, and to define leadership behaviours with the intention of auditing them regularly.

Mainstream business reports were required to include statistics on the progress of EEO measures, including:

- employment diversity at each level;
- profiles of applications and appointments to each advertised position as well as promotions;
- average remuneration at each level;
- turnover rates;
- the number and nature of harassment and discrimination complaints; and
- an assessment (via surveys) of employees' knowledge and attitudes.

Managers' individual performance plans were recast to include EEO indicators. Target dates were set for nominated percentages of females to be employed at specific locations, for communication of the strategy to all employees, for EEO training to have been conducted for all employees, and for the requisite human-resource systems to be set up. Setting targets (just as for days lost because of injuries) ensured that managers analysed any barriers thoroughly and acted to overcome them. Performance reports are sent directly to the Chief Executive Officer. (Some organisations have gone further, linking EEO targets with salary reviews).

All senior managers participated in a two-day EEO-training and strategy-development workshop and their knowledge of, and support for, the company's policies and practices were assessed. Similar workshops were run for all middle managers and training was provided for all other employees. The person made responsible for EEO was a senior manager and another staff member was responsible for its day-to-day management.

## Conclusion

<sup>91</sup> Provided by Dr Graeme Russell, Associate Professor of Psychology at Macquarie University.

## AUDIT-IN-CONFIDENCE

As discussed in Chapter 1, the PSMPC will have a role in developing, promoting, reviewing and evaluating APS employment policies and practices under the changes proposed in the *Public Service Bill 1997*. The Public Service Commissioner will also have the power to conduct special inquiries into the APS. In this context, the ANAO considers that the PSMPC would benefit from an evaluation of its capacity to provide expert assistance to agencies in diversity management.

Although the PSMPC has provided feedback to most reviewed agencies during the previous three years, the quality of the feedback was variable and has not achieved consistent program quality. While two-thirds of the EEO programs had achieved a medium to high level of progress, the ANAO assessment that almost a third of programs achieve only minimum progress indicates that these agencies would benefit from additional or improved quality of encouragement and assistance from the PSMPC.

As a whole, agencies' documentation of their EEO programs have been found to have shortcomings and few could be held up as over all examples of best practice. Given the logical importance of leadership and demonstrated commitment by agency heads, it is important that agency documentation and practice reflect this. One way this can be done is to accompany the devolvement of responsibility with an assessment of progress in periodic performance reviews.

Awareness and training is also important to ensure that employees know their EEO responsibilities. Often agencies place EEO training on their professional development agendas without encouraging all employees to attend. Further, much more use could be made of employee surveys and focus groups to identify barriers to, and weaknesses in, programs and to assess the effectiveness of strategies.

In 1993 the PSMPC developed, in consultation with agencies, a 'new model' for EEO programs, emphasising that agencies specify their own key EEO priorities. The intention was to develop simpler and more targeted programs and reporting arrangements. The revised arrangements were intended to take into account agencies' different sizes, functions, resources and geographical spread. A pilot scheme involving 17 agencies, begun in December 1993, produced some evidence that the model helped agencies develop more precise objectives. Although it is apparent that considerable resources were devoted to developing the model, the PSMPC did not pursue its introduction formally beyond February 1995, and thus did not maximise the opportunity to improve current EEO programs.

The ANAO has not formulated specific recommendations to agencies on the basis of this review because they would need to be addressed to, and take into account the performance of, specific agencies. Doing so has been, and under the changes proposed in the Public Service Bill will remain, the role of the PSMPC. The previous discussion, however, should be a basis against which agencies can assess their performance.

The PSMPC has advised that it has been aware for some years that it is operating within a compliance framework which no longer reflects the realities of the

## AUDIT-IN-CONFIDENCE

relationship between central policy making organisations and line agencies. This situation covers many areas of human resource management, but has been a particular problem in the area of equity management. The PSMPC notes that their experience with this framework has indicated that:

- the resources and processes required to manage compliance do not permit the PSMPC to focus effectively on specific diversity issues and the problems of specific agencies;
- more importantly, the PSMPC is attempting to administer a centralised system in a devolved environment where the ability of individual agencies to respond effectively and flexibly to change is increasingly important.

The PSMPC maintains that many of the observations in the report concerning the performance of the PSMPC are a product of the Commission's difficulties experienced in operating in this ambiguous environment.

While recognising that the PSMPC's role in the facilitation of diversity management in the APS will be more clearly defined by the introduction of the new Public Service Act the ANAO considers that the PSMPC could have been more effective in facilitating the development of agency EEO programs and in providing more informative analysis of progress by agencies. In its proposed role under the new Act the PSMPC can provide greater encouragement and assistance to agencies to improve either by facilitation and/or by providing more telling comparative assessments as signalled by the Public Service Bill. Employment practices are changing rapidly and the broader focus of diversity management will allow the PSMPC to exert this influence across a broader spectrum of issues. The challenge for the Commission is to predict the trends and to facilitate strategic responses by agencies to produce the gains, to both employer and employee, of best practice in diversity management.

### **Recommendation 4**

The ANAO recommends that the PSMPC reviews its capacity to provide an appropriate advisory service and educative role to agencies on workforce diversity programs before the new Public Service Act comes into force.

### **PSMPC response**

The PSMPC agrees with this recommendation, and is developing extensive guidance and advice to assist agencies to implement and evaluate Workplace Diversity Programs. To facilitate the transition, agencies will have a six month period of grace after the promulgation of the new Act in which to get their programs into place.

However, this advice and assistance will be provided on the basic premise, which underlies the Bill and which is set out in Commissioner's Directions, that it is the primary responsibility of agencies to establish and evaluate their own programs to reflect their own goals and client base. The success of Workplace Diversity Programs will depend upon them being tailored to the requirements of individual workplaces

## **AUDIT-IN-CONFIDENCE**

and on management being accountable for results.

The PSMPC will, in partnership with agencies, develop and promulgate a “good practice” framework for a workplace diversity program and identify model standards against which agencies may evaluate themselves, and against which the Parliament and the public may also evaluate them. It will consider certification or accreditation arrangements for agency programs. It will provide comparative assessment of outcomes. But it will not be approving individual programs, and it will not be undertaking an annual detailed evaluation of each program.

### 5. Legal obligations and the cost of discrimination and harassment

The purpose of this chapter is to draw attention to the legal obligations of agencies and to point out the significant direct and indirect costs involved in discrimination and harassment in the workplace. The relevant legislation and the obligations they impose are outlined, as is the extent of discrimination and harassment in the workplace and the level of formal complaints to HREOC.

Any discrimination or harassment in the workplace prevents agencies from taking full advantage of the diverse talents of their staff with adverse consequences for agency performance. It is also important that agencies have taken all reasonable steps to prevent discrimination in the workplace which includes demonstrating a genuine commitment above and beyond documenting policies and providing training. The ANAO review of APS documentation suggests there is a risk that a number of agencies may not meet the standards necessary to successfully defend a vicarious liability claim for harassment and discrimination. It also draws attention to under-reporting of EEO-related complaints which has implications for the efficient and effective management of EEO and public accountability.

#### Legislation and equity in employment

Various Acts prohibit discrimination in employment (see following panel). It is unlawful for employers to discriminate in recruitment, terms of employment, access to promotion or training and termination. Both direct and indirect discrimination are proscribed by the Sex, Race and Disability Discrimination Acts. Discrimination can occur when a person is treated less favourably than another because of an attribute such as race or gender, or where the existence and/or application of policies and practices might have a discriminatory effect. Thus, a policy or rule might seem to be neutral but in operation has a disproportionate impact on a specific group. The Acts provide also for representative complaints by groups of individuals.

In addition to the Public Service Bill, outlined in Chapter 1, and the Workplace Relations Act, various other legislation imposes obligations on employers in relation to employment equity (outlined in Appendix 7). The legislation to which complainants have readiest access are the *Racial Discrimination Act 1975*, the *Sex Discrimination Act 1984*, and the *Disability Discrimination Act 1992*. These Acts' remedies (and the WRA's) are available to complainants in both public and private sectors.<sup>92</sup> The *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* extends the principles of EEO to most Commonwealth statutory authorities not covered by the existing legislation. Related Acts are the *Occupational Health and Safety (Commonwealth Employment) Act 1991* and *Human Rights and Equal Opportunity Commission Act 1986*.<sup>93</sup> Australia is also a signatory to several international conventions on employment, discrimination and equity.

<sup>92</sup> APS employees are also covered by the *Merit Protection (Australian Government Employees) Act 1994*, which will be abolished once the Public Service Bill is enacted.

<sup>93</sup> Proposed changes to the procedures for handling sex, race and disability complaints are contained in the *Human Rights Legislation Amendment Bill 1996*. The Bill was referred to the Senate Legal and Constitutional Legislation Committee who issued a report in June 1997.

## AUDIT-IN-CONFIDENCE

*What is vicarious liability?*

The Sex, Racial and Disability Discrimination Acts provide that employers are liable vicariously for their agents' or employees' acts of unlawful discrimination, but excuses those who can demonstrate that they have taken all reasonable steps to prevent that conduct. The Victorian Equal Opportunity Commission said in 1992:

*'The very fact that [the employer] has published procedures and policies in relation to equal opportunity and has established its own equal-opportunity officer and an equal-opportunity unit ... does not expunge the duty that [the employer] has in this regard and does not, per se, establish that it has taken reasonable precautions ... It is further apparent that no official or unofficial action was taken by the [the employer] through its officers or indeed at all to ensure that steps and strategies were put in place to alleviate any possible problem'.<sup>94</sup>*

The organisation in this case had sought to invoke the 'reasonable steps' defence on the basis of its EEO record, saying that it had an EEO officer and unit in the workplace in an effort to ensure that EEO principles were observed. Further, it argued that the fact that its EEO policies and principles had been made known to all employees and agents demonstrated by itself that reasonable steps had been taken. This argument was rejected by the Victorian Equal Opportunity Board, which held that these general efforts did not demonstrate that the employer had done anything to prevent the specific acts of discrimination in question and, indeed, that there was evidence that the employer had done little or nothing once the complaint had come to its attention.

This case demonstrates that *specific* responsibilities are not satisfied by fulfilling *general* EEO or affirmative-action obligations and having an EEO policy. All employees should understand fully their merit, equity and EEO obligations and contact officers or human-resources personnel, involved in the internal complaints process, should be suitably trained.

Furthermore, although agency guidelines or codes of conduct are not contractual or statutory documents, they give agency employees a 'legitimate expectation' of the way the employer will approach issues. Thus the policies the employer sets out can become important because, in situations in which the law requires that an employee be afforded procedural fairness, the agency will be seen to be affording it only if it abides by its own policy. A dismissal might be overturned, for example, because an agency did not follow the procedure specified by its internal policy.

### **APS obligations**

There is no difference between the obligations of the private and public sectors under the Sex, Racial and Disability Discrimination Acts and the WRA so far as they relate to equity in employment. All APS agencies should aim for the high levels of

---

<sup>94</sup> *Fares v. Boxhill College of TAFE & Ors.* 1992 (EOC) 92-391



## AUDIT-IN-CONFIDENCE

accountability prescribed by this legislation in their work environments. This should include:

- the existence and implementation of EEO policies;
- the existence and implementation of harassment policies;
- employee awareness of these policies;
- attending to complaints promptly and efficiently;
- ensuring that all employees are trained with regard to EEO and harassment;
- ensuring that all contact officers and those involved in the complaints process receive appropriate training; and
- demonstration by management of genuine commitment to the policies.

Some examples of the failure to meet obligations and the consequences are presented.

### *Case Study One*

This matter involved alleged indirect discrimination on the basis of sex, and the full Federal Court considered the effect or status of an EEO program established to comply with the department's obligations under s22B of the Public Service Act. The court decided that the program was not a program for the purposes of the Act and thus not legally binding, because the Secretary of the Department had delegated some procedures that should not have been delegated. This is an important consideration for department heads with responsibility for implementing diversity programs (proposed in the Public Service Bill). Importantly, the Court found also that the Act's section 33 provisions (relating to the merit principle in appointments) were central and could not be varied, supplemented or overridden by an EEO program.

### *Case Study Two*

The dismissal of an employee with paranoid schizophrenia was held to be discriminatory on the basis of his disability. The complainant, who had been appointed on probation, had been hospitalised after some months' employment but had returned to work with his condition controlled by medication. He had not told his employer the nature of his condition, saying merely that he had medical problems. He was dismissed eventually because of interpersonal problems, despite his doctor's statements that these had been caused by his medical condition and were unlikely to recur.

The Commissioner noted in his finding that it was not necessary that an employer know of the existence of the disability; that:

*'[The Act] proscribes not merely deliberate discrimination but thoughtless discrimination as well. . . . Employers are required to be vigilant in their regard for circumstances affecting the interests of their employees. It is enough if an employer is shown to have discriminated because of a manifestation of a disability'.*

The Commission found that the dismissal discriminated against the employee on the ground of disability because the complainant's performance as evaluated by the employer lack of interpersonal skills, failure to exercise reasonable judgment and refusal to accept

## **AUDIT-IN-CONFIDENCE**

counselling reflected a manifestation of the symptoms of his illness.

## AUDIT-IN-CONFIDENCE

### *Case Study Three*

It was held that sex-based (as distinct from sexual) harassment can be regarded as discrimination on the ground of sex. A woman was subjected to a series of unwelcome incidents and comments, instigated by male employees and increasing in intensity and unpleasantness, including mail-transmitted offensive literature, offensive phone calls, sexist remarks and a threat to kill a fish she kept in a bowl on her desk. It was held by the Equal Opportunity Tribunal that these incidents amounted to sex-based harassment because a male employee would not have been treated the same way.

The complainant was awarded almost \$35 000 compensation, a substantial sum considering that the maximum under the NSW Act was \$40 000. Of this, \$25 000 was for injury to feelings, pain and suffering, and loss of enjoyment of life.

### *Case Study Four*

The complainant had been employed in the APS as a probationary administrative service officer. Although legally blind, she could read and work on a computer with special magnifying and lighting equipment. Specialised equipment proved to be unsatisfactory for six months and, it was alleged, the agency had made no serious attempts to explain her disability to co-workers, apart from inviting her to write a piece for the department's newsletter.

Probationary reports on her progress had been written every three months, the first two recommending termination, without reference to her problems with the equipment. After six months she had been transferred to another section and monitored directly, hour by hour, by a supervisor, who had sat at the next desk and kept a diary of her performance. She had been dismissed after a third report recommended the annulment of her appointment.

The Commission found that she had been treated less favourably than would someone without her disability and dismissed for reasons brought about by, and hence on the ground of, her disability rather than for alleged poor conduct, communication and interpersonal skills. It found also that the intense monitoring had not been conducive to her proving her worth. Intense supervision, lack of awareness of the effect of her disability and the department's failure to implement reasonable adjustment principles had affected her performance. The complainant was awarded \$50 900.

## AUDIT-IN-CONFIDENCE

### Discrimination and harassment in the workplace

#### *Experiences of discrimination in the workplace*

Although data is not available specifically for the APS, several studies conducted in both the private and public sectors have found that a significant number of employees continue to experience discrimination and harassment in the workplace, and that discrimination levels vary with different EEO groups. For example, studies in the NSW public sector (a sample of more than 63 000 employees) indicated that 16 per cent of employees had experienced at least one form of harassment in the previous two years.<sup>95</sup> In a private-sector study conducted by Russell and Powell, 16 per cent of women and five per cent of men had experienced gender-based discrimination in the previous two years.<sup>96</sup>

Despite the existence of formal procedures to report on incidents of discrimination in the workplace, studies indicate that very few employees use them. A common finding is that only ten per cent of employees who feel they have suffered from discrimination make formal complaints, and of those very few are satisfied with the outcome.<sup>97</sup>

A large organisation's data (below) helps to illustrate this point. In an anonymous survey, 1 547 incidents of discrimination were listed by employees. The largest number of incidents (385) related to age, sex (286), disability (210) and ethnic origin (185). Of the people who said they had suffered from discrimination, 11 per cent said they had reported the incidents and only two per cent said it had been dealt with satisfactorily. The major reasons given for not reporting the incident were that no action would be taken (37 per cent), the fear of possible consequences (26 per cent), the organisation would not see the incident as being serious enough to take action (12 per cent), the person was able to deal with it in his or her own way (ten per cent), and the incident was not serious enough to warrant reporting (eight per cent).<sup>98</sup>

#### *Formal complaints*

Complaints relating to equal opportunity, discrimination and harassment can be made to the HREOC, the Merit Protection Review Agency, the Australian Industrial Relations Commission (AIRC), industrial courts or tribunals and anti-discrimination Boards in each State and Territory. An amalgamation of complaints data from these sources was not possible in the time adopted for this audit. However, the data available through HREOC (discussed below) gives some insights into the level and type of formal complaints in various sectors of the workforce.

The total number of complaints received annually by HREOC (about 1 000 a year) has increased fivefold in the last decade, probably reflecting the growing number of Acts that have been passed concerning various forms of discrimination and increasing awareness of their existence.

---

<sup>95</sup> Office of the Director of Public Employment, (March 1992), *1990 EEO Survey, Report for the NSW Public Sector*

<sup>96</sup> Russell, G. & Powell, A., *op. cit.*

<sup>97</sup> *Ibid.*, and Russell, G. *op. cit.*

<sup>98</sup> *Ibid.*

## AUDIT-IN-CONFIDENCE

Employment-related complaints comprise about half of all complaints. The largest number of these relate to sex discrimination (37 per cent in 1996) with a significant proportion filed by men,<sup>99</sup> followed by disability discrimination (26 per cent), human rights and equal employment opportunity (20 per cent) and racial discrimination (17 per cent). The relativities were generally stable in 1994, 1995 and 1996. In raw figures, 147 employment complaints were made against the Commonwealth in 1996, but the numbers vary markedly from year to year. There were 216 in 1995 and 170 in 1994.

The majority of respondents (i.e. workplaces) in 1996 were in the private sector (61 per cent). Thirty per cent were in the Commonwealth public sector<sup>100</sup> and nine per cent in the non-Commonwealth public sector. However, using ABS estimates for the number of wage and salary earners in each sector, the rate of employment-related complaints in 1996 was much higher in the Commonwealth public sector — 41 per 100 000 employed, against 4 per 100 000 in the non-Commonwealth public sector and 5 per 100 000 in the private sector.<sup>101</sup> Although this should be of interest to those concerned with equity in the Commonwealth public sector, it cannot be concluded without an analysis of the level of complaints to all possible bodies that this result is actually higher or a function of, say, Commonwealth employees' greater propensity to report to HREOC rather than to State or Territory anti-discrimination boards.

In the private sector, complaints were twice as likely to be related to sex discrimination than in the Commonwealth public sector (48 v 24 per cent in 1996), whereas they were less likely to be related to disabilities (16 v 36 per cent) or human rights and equal opportunity (15 v 26 per cent). The percentage of complaints related to racial discrimination was similar for the private sector and the Commonwealth public sector (16 v 14 per cent). These percentages refer to 1996 but the patterns are similar to those observed in 1994 and 1995.

Of the 533 complaints against the Commonwealth public sector in the latest three-year period, 1994–1996, only 42 (eight per cent) were referred for hearing or report. Almost two-thirds (64 per cent) of the complaints were withdrawn, declined or classified as not unlawful. Consistent with the low incidence of class actions in Australia, almost all complaints against the Commonwealth public sector were made by individuals (97 per cent in 1994–1996).

---

<sup>99</sup> The proportion of female complainants was highest among the sex discrimination cases, than for

any of the other types of cases. It should be noted however, that a significant number of sex discrimination complaints (29%) were filed by men.

<sup>100</sup> Data reported related to the Commonwealth public sector as a whole. APS specific data can be obtained.

<sup>101</sup> Rates derived from the numbers of Commonwealth and non-Commonwealth public and private sector respondents to complaints received by HREOC in 1995/6 and unpublished figures from the ABS survey of employed wage and salary earners, May 1996. Rates calculated for 1994 and 1995 showed a similar pattern.

## AUDIT-IN-CONFIDENCE

### The cost

The legal cost of defending a case to finality before the HREOC can be more than \$100 000, depending on the seriousness and complexity of the matter and the way it is defended. However, most cost between \$15 000 and \$30 000. Costs are potentially high because the damages award by the HREOC are not capped. Nonetheless, the typical amount of damages awarded is \$20 000 or less. The maximum to date awarded for pain and suffering is \$56 000. However, the highest total damages awarded by the HREOC is \$135 000, which was awarded after a 39-day hearing.<sup>102</sup>

Most commentators agree that the inclination of equal-opportunity tribunals in Australia to award large compensation is increasing. Employees and the community at large accept increasingly that employers' decisions that offend EEO principles can affect people's lives dramatically and warrant compensation, not only for lost employment or opportunities, but also for stress, anxiety, humiliation and/or damage to reputation.

It is also being increasingly recognised that the costs associated with poor management of diversity are not confined to legal and financial costs. The hidden costs include:

- large true replacement costs — estimated at 70 to 200 per cent of annual salary;<sup>103</sup>
- different and patchy productivity;
- increased and *ad-hoc* absenteeism;
- reduced commitment and morale;
- damage to public image and business activity from media coverage; and
- perceptions of inequity among employees.

Employees who feel they have suffered from discrimination are more likely to say they intend to leave their organisation and report lower levels of commitment. In an analysis of two organisations, Russell found that about a quarter of those who felt they had suffered from discrimination had serious intentions of leaving, compared with about ten per cent of those who had not.<sup>104</sup> Consistently, those who felt that they had suffered from discrimination were less positive about the organisational climate, the EEO climate, management support for EEO and flexibility in the organisation.

In many respects, the burden of complaint management cannot be quantified, but there is a significant cost. Conflict takes a significant toll on individuals and those around them. The lost energy and commitment to core business activity of those involved in the process is difficult to estimate, with some of the hidden costs being outlined above. The following case study illustrates some of these points.

---

<sup>102</sup> Gibson, R., (1997), 'ANZ pays for "sexist" jibes' in *The Age*, 9 September, p. A5

<sup>103</sup> Squirchuk, R., (1995), Council for Equal Opportunity in Employment, Australia

<sup>104</sup> Russell, G., Unpublished data from surveys conducted in private sector organisations.

## AUDIT-IN-CONFIDENCE

### *Case Study Six*

A small company operating in two States was affected by a complaint of sexual and racial harassment. It had a significant effect on its over-all capacity to continue its core business activity.

*Internal attempt at resolution.* Three days were spent unsuccessfully by the general manager in complaint management and the equivalent of seven days' consultancy was required to restore the workplace and prepare a case-management plan. About a third of the employees left. This turnover cost, conservatively, \$240 000. Feedback from a workplace awareness program costing a total of \$3 000 revealed that half the remaining workforce had mixed feelings about the issues and management's response. One respondent received more (unsuccessful) counselling by the general manager and, having decided to leave, was offered a package. The other was transferred. The replacement cost of a skilled senior employee is estimated at \$70 000. The complainant had been absent from work on stress-related work-cover for about six weeks

*External resolution.* An external complaint was lodged. The general manager spent two days obtaining external advice in preparation for the conciliation hearing, which lasted a day. This failed and the matter went to the tribunal. Three to four days' legal fees were spent briefing a solicitor, and a second barrister was briefed for five to seven days. Legal briefing and documentation preparation also involved managers in both States as well as the general manager. A total of 15 days' legal fees and lost staff time was spent in court (13 days) and damages hearings (2 days).

The total working time lost to the company is estimated at 702 hours (88 working days). The impact of relocation on families and work teams cannot be costed. The Employee Assistance Program was used by the complainant and one respondent and the complainant also incurred private counselling expenses. The employer would undoubtedly have incurred increased Workcover levy expenses.

### **ANAO review of APS documentation**

All APS agencies have legal obligations in relation to workplace discrimination under various Acts. An important element of equity in the APS is the extent to which discrimination and harassment occurs in APS workplaces and how it is handled. The ANAO review of EEO implementation and annual reports assessed the documentation against the obligations listed on page 61. It is of concern that a number of agencies may not meet the standards necessary to successfully defend a vicarious liability claim for harassment and discrimination.

All 30 of the agencies reviewed produced an EEO policy. Of these, 27 have acted to try to reduce discrimination by developing harassment policies and associated strategies, and 26 reported the existence of mechanisms for redress. This finding is consistent with AWIRS research, which shows that 85 per cent of federal public service departments have written policies on sexual harassment and 72 per cent on racial harassment; and 95 per cent have mechanisms for redress. However, *all* agencies should at least satisfy these minimum requirements.

If an agency is to demonstrate a commitment to eliminating discrimination and harassment in the workplace, and to avoid vicarious liability, it is essential that all employees be familiar with policy guidelines and procedures. Only four agencies reported distributing harassment-policy documentation to all employees. Another

## AUDIT-IN-CONFIDENCE

four make policies 'available' to employees either on request or via an electronic bulletin board.

Employees need to be trained, too. The finding that only four of the 30 agencies conduct awareness training for all employees, and another four indicated that harassment training was included in induction programs, creates concern. A good result was that 24 agencies reported that harassment contact officers were present in all offices, and that 22 agencies provided training for those officers. However, the remaining agencies need to do so.

Complaints, too, need to be dealt with professionally and in a timely way. Twenty-six agencies reported that they gave serious consideration to both formal and informal complaints. However, only 20 reported on the incidence of complaints, including six that reported receiving no harassment complaints. Only one agency reported monitoring complaints actively by collecting monthly statistics. Five agencies demonstrated good practice by using anonymous surveys to gauge the level of discrimination and/or harassment in the workplace (however, one of these noted specifically that it did not monitor complaints).

The Family Court demonstrated good practice in detecting that employees were reluctant to use harassment contact officers in their own workplace. The system of reporting was changed to allow employees to use any designated officer in the organisation or to consult the Assistant Director of Personnel Policy and Practices Unit directly. There has been an increase in reporting since the new system was introduced.<sup>105</sup>

### *Incomplete reporting of EEO-related complaints*

The *Guidelines for Reporting on EEO Programs within Departmental Annual Reports* requires agencies to report on EEO-related complaints in their annual reports.<sup>106</sup> Of the 29 annual reports reviewed, only six mentioned EEO-related complaints, five of them indicating that no EEO-related complaints had been lodged. The remaining agency noted the number of calls received by its harassment help line, and included a brief discussion of two discrimination cases, although this was in a part of the report not related to EEO. This finding contrasts with information provided by agencies in their EEO implementation reports, reported in the preceding paragraph.

Information on APS agencies provided by HREOC on complaints it administered in 1995-96 revealed that nine of the 30 agencies included in the review had been respondents to complaints that had originated that year.<sup>107</sup> Eight did not report those complaints in their annual reports. This finding is of special concern, given that

<sup>105</sup> Family Court of Australia, *EEO implementation report 1995-1996*, Q. 11a and b

<sup>106</sup> This guidance is to be found in *Equal Employment Opportunity Guidelines No. 1 and No. 2*, published by the former PSC. The *Annual Reporting Guidelines*, published by the Department of the Prime Minister and Cabinet, note that the EEO information to be presented by agencies in their annual reports is to be in accordance with this guidance.

<sup>107</sup> This list is not provided in the HREOC annual report but was extracted at the request of the ANAO.



## AUDIT-IN-CONFIDENCE

complaints to HREOC form only a proportion (size unknown) of the total number of complaints lodged.

The reporting requirement includes complaints outstanding from earlier years. Matters that could be included in this section are the incidence of discrimination and harassment in the workplace, perhaps gauged by anonymous surveys or focus-group sessions; the number of informal and formal complaints and the number that have been lodged with external bodies; the status of complaints outstanding; and whether complaints have proceeded to hearings (and to which level in the judicial system) or have been resolved. The benefit of collecting and reporting this information is in identifying common problem types and in helping in the development of suitable strategies, and in making agencies publicly accountable for their employment practices.

### *Summary of findings*

- All agencies produced an EEO policy and harassment policies have been developed by 27 of the 30 agencies reviewed. However, only four reported distributing their policy documents to all employees and only four reported conducting awareness training for all employees.
- Twenty-four agencies have harassment officers present in all offices; 22 train all harassment contact officers.
- Five agencies used anonymous surveys to gauge levels of workplace discrimination and/or harassment; only one reported active monitoring of harassment complaints.
- Twenty agencies reported on harassment complaints in their EEO implementation reports.
- Agencies are encouraged to report on EEO-related complaints in the *Annual Reporting Guidelines*. Only six did so, five indicating that no EEO-related complaints had been lodged.

In addition, nine agencies were respondents to complaints to HREOC in 1995-96 but only one reported this in their annual report. The true rate of under-reporting might be significantly worse; HREOC is only one body with which complaints can be lodged.

In view of these findings, the ANAO encourages agencies to consider whether they could invoke the 'reasonable-steps' defence. Furthermore, given that research indicates a low propensity to report incidents, it is significant that the majority of agencies do not report complaints in their annual reports, and that others confine reporting on this matter to a statement that 'no formal complaints have been made'. For those committed to achieving equity, it is important that they monitor incidents via anonymous surveys and include statistics in business reports, ensure that their response to both informal and formally reported incidents is professional, and demonstrate a genuine management commitment in this regard.

## **AUDIT-IN-CONFIDENCE**

In recognition of the importance assigned to the absence of discrimination by both the WRA and the proposed Public Service Act's agencies could consider including in their annual report statements on the level of discrimination and harassment in the workplace, including perceptions, and the level of formal and informal complaints and the results thereof.

## AUDIT-IN-CONFIDENCE

### 6. Opportunities and risks in workplace relations

The Workplace Relations Act came into effect in January 1997. Its impact on equity in the APS will be shaped, to some degree, by changes proposed in the Public Service Bill. Therefore any comments made about its implications for EEO in the APS will need to be cautious and indicative until more concrete information on the opportunities and risks become available.

Although responsibility for workplace agreement making rests with agency heads and employees, the effective administration of workplace agreements presents a unique opportunity to address both existing and potential inequities in the workplace, as well as an opportunity to integrate diversity management fully into agency business practices. This chapter makes a number of observations about the administration of the WRA for consideration by agencies. The ANAO has included an audit of workplace agreements in the APS in its strategic audit plan.

Literature and data on the impact of decentralised industrial arrangements on women are accumulating<sup>108</sup>—although they are not comprehensive—but are scarce as regards the other EEO groups. In addition, little empirical research has been done in the APS.<sup>109</sup>

#### **The significance of decentralised industrial arrangements for equity in employment and EEO groups**

Decentralised determination of wages and conditions is now a significant feature of Australian industrial relations.<sup>110</sup> Regulatory changes designed to facilitate workplace agreements have intensified in the 1990s with the introduction of the WRA. This introduced a new stream of non-union certified agreements and individual agreements (Australian Workplace Agreements (AWAs)). The focus is now firmly on the workplace or enterprise as the level at which wages-and-conditions negotiations occur.

The principal object of the WRA is to provide a framework for co-operative workplace relations by respecting and valuing the diversity of the workplace and by helping to prevent and eliminate discrimination on a wide range of grounds. There are, however, a range of factors that cause decentralised industrial arrangements to have special significance for EEO-target-group employees.<sup>111</sup> They include:

---

<sup>108</sup> The most influential research to date on the impact of decentralisation has been Whitehouse (1992). Other important work includes Bennett (1994); Boreham, Hall, Harley and Whitehouse (1995); McCallum, McGarry, and Ronfeldt, (1994); Ronfeldt and McCallum (1995); Hammond and Harbridge (1997). See also the NSW Pay Equity Task Force (1996).

<sup>109</sup> O'Brien, J., (1997), 'Are Public Sector Industrial Relations Different? Wage bargaining in the Australian Public Service 1991-1996' in Bramble, T., Harley, B., Hall, R. and Whitehouse, G. (eds) *Current Research in Industrial Relations - Proceedings of the 11th AIRAANZ Conference*, Brisbane, Queensland, Australia, 30 January - 1 February

<sup>110</sup> Decentralisation is used within this report to describe the overall shift away from a compulsory conciliation and arbitration and centralised wage fixing as was evident for most of the ACCORD period 1983-1996.

<sup>111</sup> These factors have been drawn from a range of commentaries on the historical, cultural and

## AUDIT-IN-CONFIDENCE

- differentials between men's and women's average weekly earnings;
- concentration of women in low-paid jobs;
- concentration of women in casual and part-time jobs, affecting their capacity to participate in the agreement-making process;
- concentration of women in lightly unionised sectors with less 'strategic' importance; and
- concentration in sectors in which overtime, bonuses and performance pay are low.

Less quantifiable but still important 'disadvantage factors' include:

- job-evaluation systems that have a history of valuing technical and financial skills over administrative, clerical and interpersonal relations skills;
- child-bearing and family responsibilities that lead to broken work patterns;
- patterns of less participation in the agreement-making process; and
- productivity criteria that rely on 'quantifiable' measures more suited to manufacturing and production, in which males dominate, than service-sector jobs.<sup>112</sup>

Although the ANAO recognises that the APS is not the same as the private sector, the classification profile shown in Figure 4 of Chapter 3 indicates that women are more highly concentrated than males in the lower classifications in the APS; and Table 10, below, indicates that this is true also for the other EEO groups. Aboriginal and Torres Strait Islander employees are the most disadvantaged in this regard in the APS, followed by women, NESB and people with disabilities. In addition, women are substantially over-represented in part-time positions (88 per cent of part-time employees are women)<sup>113</sup> and slightly so in temporary positions (51 per cent of temporary employees are women).

---

labour market reasons for pay inequity including the recent NSW Pay Equity Task Force *op. cit.*; Burton (1988); McDermott (1993); Bennett *op. cit.*; Boreham, *et. al. op. cit.*

<sup>112</sup> See McDermott, K. (1993) "Women's Productivity: Productivity Bargaining and Women Workers" in *Journal of Industrial Relations*, 35(4) December pp538-553

<sup>113</sup> For NESB and people with disabilities there is little difference between full-time and part-time representation and Aboriginal and Torres Strait Islander staff have a lower representation in part-time positions.

## AUDIT-IN-CONFIDENCE

**Table 10:**  
**EEO group by classification**

	Males (%)	Females (%)	Aboriginal and Torres Strait Islanders (%)	NESB (%)	People with disabilities (%)
ASO1-3	34	54	59	49	47
ASO4-6	43	38	37	40	40
SO	21	7	4	10	12
SES	3	1	1	1	1
Total	101	100	101	100	100

Source: ANAO analysis of CRP as at 30 June 1996

Note: Aboriginal and Torres Strait Islanders, People with disabilities, and NESB groups include male and female members of these groups.

Due to rounding all totals do not add to 100.

The pre-existing position of EEO groups in the APS might disadvantage them unless the agreement making process and agreements themselves are considered with a view to ensuring equitable outcomes for all employees and compliance with relevant legislation (outlined in Appendix 7).

### **Provisions designed to protect employees**

The WRA contains provisions designed to protect workers in weaker bargaining positions from disadvantage and discrimination. In this respect, the key provisions of the WRA are:

- the AIRC is required to ensure that new and varied awards do not contain provisions that discriminate on the basis of race, colour, sex, sexual preference, age, physical or mental disability, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction or social origin (the specified grounds);
- awards may contain a model anti-discrimination clause;
- the AIRC must refuse to certify an agreement if it discriminates on any of the specified grounds;
- AWAs must contain a prescribed anti-discrimination clause and will not be approved where the agreement was not offered in the same terms to all comparable employees; and
- termination of employment on any of the specified discriminatory grounds is unlawful.

The WRA also contains provisions addressing the issue of equal remuneration. For example, the AIRC must in the performance of its award making functions have regard to the need to apply the principle of equal pay for work of equal value without discrimination based on sex; and the AIRC can make orders, on application, to ensure equal remuneration for men and women for work of equal value. The provisions cover award rates, rates specified in agreements (including certified agreements or AWAs), over-award pay and non-monetary benefits.

The provisions promoting equal remuneration in the WRA complement the Sex Discrimination Act. Employees are able to take complaints of sex discrimination to

## AUDIT-IN-CONFIDENCE

the HREOC. Complaints relating to federal awards and certified agreements will be referred to the AIRC. HREOC can deal directly with complaints relating to AWAs, over-award payments and payments made to employees not covered by awards.

### Promoting equity through workplace agreements

Some commentators have noted that the inclusion of equity provisions in workplace agreements is not only symbolic of a commitment to employment equity but allows for the formalisation of commitments, measures, targets and structures that can be used to manage employment equity and discrimination.<sup>114</sup> Equity provisions refer to statements about topics such as EEO, affirmative action, discrimination and harassment, language and literacy training, family responsibilities, child care, consultative arrangements, and/or provisions for particular EEO groups.

A resource guide on agreements produced by the former DIR contains examples of equity provisions that provide for formulating or implementing child-care policies, a commitment to creating family-friendly environments and examining dependent-care needs, and monitoring the impact of organisational change on EEO target groups.<sup>115</sup> An example of such a provision is:

*'Consultative forms must consider the impact of organisational change on women and other Equal Employment Opportunity (EEO) target groups, and changes occurring as a result of organisational change should not lead to an over all disadvantage in the employment or career prospects of such groups. Further, where members of such groups are disadvantaged by existing arrangements in particular areas then any organisational change should lead to significant improvement in their position.'*<sup>116</sup>

The DWR&SB WAD database codes both public and private sector agreement conditions and allows an estimate of the relative frequency of such conditions in agreements. Although some care should be exercised in making comparisons, one or more labour relations equity clauses are included in approximately two-thirds of agreements in the APS compared to around two-fifths in non-APS public-sector agreements, and a third of private-sector agreements.<sup>117</sup>

Although these results are favourable by comparison with the private sector, a third of APS agreements do not include equity provisions and very few have specific provisions for EEO-group members. There are opportunities for agencies to improve equity in the workplace through this mechanism.

---

<sup>114</sup> For example, DIRETFE (1994); Tully (1993), Affirmative Action Agency (1994), Department of Industrial Relations (1992)

<sup>115</sup> Department of Industrial Relations, (1996), *APS Agency Agreements and Innovative Employment Conditions: A Resource Guide*, AGPS, Canberra

<sup>116</sup> *Ibid.*, p.22

<sup>117</sup> ANAO analysis of WAD, unpublished, June 1997. Private sector data refers to all agreements current at 30 June 1997. APS data relates to agreements in the DWR&SB WAD database which have been coded up to the period ending 31 March 1997. APS and Non-APS Public Sector Agreements include those which have expired but have yet to be replaced. The ANAO notes various difficulties in comparing private sector and APS agreements via the WAD database, however, it contains the best information available at this time.

## AUDIT-IN-CONFIDENCE

Furthermore, although anti-discrimination clauses and equity provisions *can* be mechanisms for addressing these issues, their inclusion in agreements gives no guarantee. The effectiveness of such provisions can be improved by the inclusion of a means to specifically measure results, as well as mechanisms for monitoring policies at a workplace level and pursuing redress if necessary.

In view of the opportunities afforded by the new WRA and Public Service Bill, it would be in agencies interests to consider including equity provisions in workplace agreements, undertake an analysis of EEO provisions alongside other changes to work conditions, and ensure that agreements comply with anti-discrimination legislation.

### Risks to equal remuneration

As noted above, the WRA adopts a broad definition of remuneration, where remuneration includes the wages or salaries as well as bonuses, allowances and other benefits.

The former DIR's 1995 Annual Report on *Enterprise Bargaining in Australia* reports that the Employees, Earnings and Hours survey showed a widening of the female-to-male earnings ratio for full-time adult non-managerial employees over the year to May 1995 to approximately the levels found in 1991. The female-to-male average weekly ordinary time earning ratio was 91 per cent, and the shift was also present for other measures of earnings and the ratios for all employees.<sup>118</sup> Although over-award payments<sup>119</sup> have not applied in the APS, they also show that women earn only 47.2 per cent of male over-award payments.<sup>120</sup>

In order to provide greater flexibility in remuneration levels in the APS, paid rates awards will be replaced with minimum rates awards. The new workplace relations framework will focus on providing a safety net of minimum terms and conditions of employment, with wages and conditions beyond the safety net being a matter for the parties themselves to settle through workplace agreements. This increased flexibility produces a greater risk of differential remuneration across EEO groups. Women, and other EEO groups, may be disadvantaged for the reasons outlined on page 71 .

Bargaining in the APS in the future will be on an agency by agency basis and certified agreements will offer safeguards in that the AIRC must refuse to certify an agreement if it is discriminatory or if it unfairly excludes employees it could reasonably cover. However, agencies should be aware of the risk that remuneration differentials could manifest themselves in the APS via performance pay, the manner in which AWA's are offered, or the agreements made in agencies where a particular group is predominant.

---

<sup>118</sup> Department of Industrial Relations, (1996), *Annual Report 1995: Enterprise Bargaining in Australia*, AGPS, Canberra, p. 157

<sup>119</sup> Over-award payments are those payments made to employees in addition to rates set down in a minimum rates award.

<sup>120</sup> Australian Bureau of Statistics, (May 1995), *Employee Earnings and Hours, Australia*, ABS Catalogue No. 6306.0 (previous title - *Earnings and Hours of Employees, Distribution and Composition, Australia*)

## AUDIT-IN-CONFIDENCE

In the APS, the policy parameters for agreement making indicate that improvements in pay and conditions should be linked to productivity gains.<sup>121</sup> Various commentators have suggested that women may be disadvantaged by a link between wages and productivity because it is difficult to quantify productivity savings in the occupations and sectors in which many women work. In an analysis of early certified agreements in the service industry, McDermott found that women often had difficulty linking wage increases to productivity increases because of restrictive definitions of their productivity, which could be related to their industry and occupational location and their industrial weakness.<sup>122</sup> Although not all of these factors may be relevant in the APS, agencies should be alert to the risks as some commentators have seen the lesser wage dispersion in the APS being linked to paid rates awards.<sup>123</sup>

In monitoring these risks an examination of remuneration changes requires more than an analysis of wage rates. Other conditions of work, including hours of work, need to be considered in an examination of wage dispersion. Enterprise agreements have facilitated the introduction of more flexible hours arrangements at many workplaces. Analysis of enterprise agreements registered under previous industrial relations legislation shows that provisions which address hours of work feature in a majority of agreements.<sup>124</sup> ABS August 1995 statistics on working arrangements also show a trend toward greater hours flexibility.<sup>125</sup> For example, 36 per cent of employees had starting and finishing times that were not fixed, up from 21 per cent in August 1993. Research has also shown that average weekly hours and unpaid overtime have increased in all occupations.<sup>126</sup> Such changes in hours of work and flexibility will need to be considered in examining wage dispersion.

Monitoring remuneration at the agency-level is important to detect gender bias and also to monitor for discrimination on grounds other than gender. The importance of agency-level reporting for the detection of biased treatment in assessments of performance for pay purposes was acknowledged by the Senate Standing Committee on Finance and Public Administration in their December 1993 report on Performance Pay.<sup>127</sup> The Committee also expressed its concern about the introduction of performance pay without the establishment of an accompanying 'effective system for detecting gender bias'. It expressed the view that a system should be established to monitor for discrimination on grounds other than gender. The importance of

---

<sup>121</sup> Department of Workplace Relations & Small Business, (September 1997), *How to Make an Agreement: procedural aspects. A Workplace Relations Handbook for the APS*, Canberra, back cover

<sup>122</sup> McDermott, K. *op. cit.*

<sup>123</sup> For example, Whitehouse, G. (1992) 'Legislation and Labour Market Gender Inequality: An Analysis of OECD Countries' in *Work, Employment and Society*, 6(1), pp65-86 and Ronalds, C., (1997), Paper Presented at *New Rights and Remedies - Implications for Employers and Unions*, ACIRRT Labour Law Conference, Kings Cross, 5th May

<sup>124</sup> Analysis of WAD database, unpublished, June 1997

<sup>125</sup> Australian Bureau of Statistics, (1995), *Working Arrangements, Australia*, August, ABS Catalogue No. 6342.0

<sup>126</sup> Buchanan, J. and Bearfield, S., (1997), *Reforming Working Time: Alternatives to Unemployment, Casualisation and Excessive Hours*, Brotherhood of St Laurence Future of Work Project, Brotherhood of St Laurence, Melbourne p. 10 and Heiler, K., (1996), *Is Enterprise Bargaining Good for Your Health?*, Monograph 14, ACIRRT, University of Sydney

<sup>127</sup> Senate Standing Committee on Finance and Public Administration, (1993), *Performance Pay*, Senate, Canberra p. 34



## AUDIT-IN-CONFIDENCE

monitoring was also recognised in the *Report of the NSW Pay Equity Taskforce*, in a recommendation ‘that implications for pay equity in the enterprise bargaining process be monitored’ in that state.<sup>128</sup>

In light of these risks it would be in agencies’ interests, as part of the agreement-making process, to estimate and monitor equity in remuneration (including conditions of work) by EEO groups. This is particularly important in the transition period as agencies move to agreement-making at the workplace level.

The PSMPC, as part of its responsibility to report on the state of the service, could also consider a comparison of the equality of remuneration across EEO groups in APS agencies. Thought may also need to be given to ways of monitoring equity in remuneration in AWAs. Once lodged with the Employment Advocate, AWAs become confidential documents. However, employers cannot insist that an AWA remain confidential or insert a confidentiality clause in an agreement. While the Employment Advocate must keep the personal details of agreements confidential except in certain circumstances, employees and employers can show their agreements to whomever they wish.<sup>129</sup>

### Involvement in the agreement-making process

A primary objective of decentralised industrial arrangements is improved consultation at the workplace level. The WRA specifies consultation requirements for both certified agreements and AWAs. However, the risks to equity that agency heads should be aware of include:

- the lack of employees’ negotiating skills and general inexperience in agreement-making, particularly part-time and casual workers. The WRA’s ‘no-disadvantage’ test allows for the weakening of an individual condition provided there is no erosion of an individual’s *over-all* terms and conditions offered by the relevant award; and
- the need/requirement for employers to explain agreements to employees in ways appropriate to their particular circumstances. This is a requirement for certified agreements and the importance of it is shown by the *DIR 1995 Annual Report on Enterprise Bargaining* which indicated that workers such as non-English-speakers and part-timers were less likely to be consulted than English-speakers and full-time workers. Women were just as likely as males to be consulted.<sup>130</sup>

Although the WRA is intended to facilitate workplace-level negotiation, and certified agreements require majority approval, it leaves structures and mechanisms largely up to the parties involved. For this reason it is important that agency heads put in place

---

<sup>128</sup> NSW Pay Equity Taskforce, (1996), *A Women’s Worth: Pay Equity and the Undervaluation of Women’s Skills Issues Paper*, Women’s Equity Bureau, NSW Department of Industrial Relations, p. 63

<sup>129</sup> Department of Workplace Relations and Small Business, (1997), *Women and Workplace Agreements: 1. What are workplace agreements?*

<sup>130</sup> See supplementary tables on pages 275-283 (taken from AWIRS survey) of Department of Industrial Relations, (1996), *op. cit.*, for data on consultative provisions in agreements.

## AUDIT-IN-CONFIDENCE

arrangements that:

- EEO groups and part-time employees are adequately consulted and represented in the agreement-making process; and
- employees with caring responsibilities are consulted on the potential impact of changes in hours of work and the constraints on their ability to work more ‘flexibly’.

The importance of consulting the latter group is signalled by the finding that one of the most common changes in agreement provisions have concerned hours of work, in part intended to meet the often competing needs of work and family. Flexibility in hours of work can be one of the best ways of juggling work and family. Indeed, flexible hours and leave options that are ‘job-protected’ to meet family-life demands are the benefits most commonly desired by working parents.<sup>131</sup> Job-protected conditions refer to entitlements or negotiated flexibility protected either by contracts, agreements or industrial awards. However, their benefits can be lost if they are swapped for extended hours, organised in such a way that make it difficult for employees to predict when they might have to work, or where services such as child care do not operate as flexibly. In recognition of the importance assigned to flexible work practices by the WRA and the proposed Public Service Act’s reflection of this, agencies could consider reporting on the access to, and take-up rates, of flexible work practices in their annual reports.

---

<sup>131</sup> Wolcott, I., (1993), *Small Business Views of Work and Family* monograph No.15, Australian Institute of Family Studies, Melbourne. p. 11

### 7. Reporting to the Government and the Parliament

This chapter reviews the performance of the PSMPC in the collection and reporting of EEO results to the Government and the Parliament and comments on the future reporting of diversity management in the APS. As discussed in Chapter 1, the Public Service Bill proposes to require agency heads to report annually to the Public Service Commissioner on their diversity programs. The Commissioner will also be required to report annually to the Agency Minister, for presentation to the Parliament, on the state of the service. In this context the ANAO considers that the PSMPC would benefit from an evaluation of its capacity to provide useful and timely reports to the Government and the Parliament.

#### State of the Service report

The proposed State of the Service report is expected to include a statistical analysis of trends in the size, structure and composition of the APS; an evaluation of the extent to which the APS has maintained the appropriate standards of public administration; and a recognition of good practice approaches in the management of APS employees.<sup>132</sup>

Ideally, the monitoring and reporting of diversity management in the APS will enable a judgment to be made on whether or not equity has been achieved. To this end a core set of indicators should be maintained for the purpose of reporting to the Government and the Parliament on performance across all agencies.

The JCPA review of the Public Service Bill, Report 353, included a chapter on workplace diversity and made reference to agency self-evaluation and comparative evaluation across agencies. Recommendations 9 and 12 of that report, address issues that are the subject of this report.

Recommendation 12, of Report 353 calls for the collection, analysis and publication of information that compares the *outcomes* of agencies workplace diversity programs.<sup>133</sup> The adoption of the following suggestions, discussed in more detail in the body of this report, would go some way to addressing the JCPA recommendation, in particular, the development of an appropriate analytical framework to ensure that agency comparisons are meaningful. On the basis of this audit the ANAO recommends that the PSMPC report on:

- levels of representation in each agency *across all* EEO groups;
- the improvements achieved by each agency over time; and
- EEO group representation in senior levels relative to the representation of EEO groups members in each workplace.

This report notes how this could be achieved in practical terms in Chapter 3. It would also be worthwhile for an analysis of additional workplace statistics, such as

---

<sup>132</sup> Public Service and Merit Protection Commission, (1997), *APS Staffing Statistics Report 1996*  
<sup>133</sup> Joint Committee of Public Accounts, *op. cit.*, p. 54

## AUDIT-IN-CONFIDENCE

promotion, appointment and turnover rates to be undertaken in order to understand the over-all and underlying trends to inform subsequent strategy development.

Furthermore, in light of the risks and opportunities to equity afforded by workplace bargaining it is suggested that the PSMPC, as part of its responsibility to report on the state of the service, could also consider a comparison of the equality of remuneration across EEO groups in APS agencies. This is particularly important in the transition period as agencies move to bargaining at the workplace level.

Although the focus in this report has been on the reports to be provided by the PSMPC, the elements discussed are also relevant to the management of diversity at an agency level and could be reported in agency annual reports. The draft *Public Service Commissioner's Direction 1997* includes a requirement that agency heads must evaluate, and report in their annual report, the effectiveness and outcomes of the workplace diversity program and give the Commissioner any information required for the State of the Service report.

In recognition of the importance assigned to both an absence of discrimination and the adoption of flexible work practices by the WRA and the proposed Public Service Act's, agencies could also consider reporting on:

- access to, and take-up rates, of flexible work practices; and
- the level of discrimination and harassment in the workplace, including perceptions, as well as the level of formal and informal complaints and the results thereof.

The JCPA Report 353, Recommendation 9, also called for agency evaluations of diversity programs to specifically address 'outcomes' and for the Commissioner to specify the performance indicators and criteria which should be used by agencies in carrying out these evaluations.<sup>134</sup> The scope of this report exemplifies that diversity management incorporates EEO programs, as well as strategies aimed at eliminating discrimination and harassment, utilising flexible work practices, and limiting the differential impact of decentralised bargaining on EEO groups, particularly the equality of remuneration. The evaluation of outcomes in each of these areas, as outlined, would again go some way to addressing the JCPA's recommendation.

In all these areas reporting trends over time, where and when possible, is essential in enabling an assessment of progress made and still to be achieved.

### Recommendation 5

The ANAO recommends that, in light of the PSMPC's proposed expanded role in providing the proposed State of the Service report, the PSMPC reviews its capacity to provide comprehensive and timely reports on diversity management to the Government and the Parliament.

---

<sup>134</sup> *Ibid.*, p. 51

## AUDIT-IN-CONFIDENCE

### PSMPC response

The PSMPC agrees with this recommendation, and notes that it is already developing an overall framework for an effective, timely and integrated State of the Service report which will include diversity reporting and inter-agency comparisons of performance.

### Collecting information and reporting on diversity management

In collecting information on diversity management in the APS it is important that agency reporting requirements are clear and that collection mechanisms are efficient. Efficient not only in relation to the cost of data collection but also in the usefulness of the information for internal management purposes. The information must also be effective in informing the Government and the Parliament of progress in achieving diversity in the APS. For this reason, it is important that community comparisons are meaningful and that the information is presented accurately.

#### *Clear requirements*

Clarity in performance and reporting requirements enables both agencies and the PSMPC to effectively communicate performance to the Government and the Parliament. Some ambiguity has existed in the past in relation to some of the EEO targets and their application to individual agencies, across classification levels and categories of employment. For example, there is an *implied* target of 50 per cent of the APS being female by 2000<sup>135</sup> but it is not clearly specified as such. Similarly, although it is not stated specifically that targets apply to individual agencies, previous Trends and Strategies reports present the efforts of agencies that have exceeded the targets. On the other hand, although it is one of the Plan's objectives to increase or maintain EEO groups' representation at 'all levels and in all structures' of the APS, analysis and presentation of results has concentrated on over-all APS figures. Furthermore, no separate results are presented for temporary employees even though they comprise ten per cent of the APS and are not specifically excluded by the Plan.

### Recommendation 6

The ANAO recommends that the PSMPC ensures that any future requirements designed to achieve the Government's diversity in employment objectives in the APS, such as those specified in the Commissioner's Directions or the information required for the State of the Service report, are explicit and the agencies, the categories of employment, and classification levels to which they apply are unambiguous.

<sup>135</sup> 'Women comprise 46.6% of the APS over all, and it is likely the numbers of men and women will reach parity by (or even before) 2000, reflecting the gender balance in the population'. Public Service Commission, (1993), *op. cit.*, p.31

## AUDIT-IN-CONFIDENCE

### PSMPC response

The PSMPC agrees with this recommendation. Among other things, its review of the CRP will focus on maximising the integration of agency and central data collection. However, it is important to remember that while the PSMPC will provide explicit advice on policy in relation to workplace diversity issues and on core reporting requirements, agencies ought also to have maximum flexibility beyond this to develop their own diversity policies and set their own targets.

It is important to note that Government policy on public service remuneration and workplace structural flexibility could in the future make it increasingly difficult to report meaningfully on the basis of classification level. As agencies move from uniform APS structures, the Commission will tailor its reporting to focus on, for example, salary levels. And while the PSMPC is well aware of the need to factor the effect of AWAs into ongoing assessments of equity in the APS, it would note that there are confidentiality issues in relation to individual agreements that will need to be taken into account.

### *Data collection*

At a basic level, the previous form used by the PSMPC to collect information from agencies for the Trends and Strategies report contains a large number of open-ended questions. This makes the task of reporting on the implementation of EEO cumbersome and resource-intensive for both agencies and the PSMPC.<sup>136</sup> The nature of the question also makes interpretation highly subjective. The process of collecting, analysing and comparing this information would be more efficient if it included more 'closed questions' to facilitate both agencies' responses and the PSMPC's analysis. It should also avoid duplication of data already available via the CRP. A user-friendly design is essential, as is pilot-testing in agencies, for ease of completion by agencies and subsequent analysis by the PSMPC.

One result of past processes is a lack of timely feedback to agencies and the Government and the Parliament with the 1995-96 Trends and Strategies report still not available more than 12 months after the year to which it relates. The PSMPC have recognised these problems and, in place of the Trends and Strategies report for 1995-96, have advised that they will produce a brief transitional report that will include EEO data to June 1997. The purpose of the report is two-fold: to fulfil PSMPC's legislative requirement to report on results of the implementation of EEO within the APS; and to establish representation levels for the designated groups before the introduction of the new Public Service Act. The report will also foreshadow the data agencies will be required to collect in the future.

---

<sup>136</sup> Proforma is reproduced in Appendix B of Public Service and Merit Protection Commission, (1996), *Implementation of EEO in the Australian Public Service 1994-95: Trends and Strategies*. State of the Service Paper No. 12, AGPS, Canberra

## AUDIT-IN-CONFIDENCE

### *Information sought*

Providing a form that is structured and easy to complete does not mean that the information sought should necessarily be confined to readily available data. Indeed, some very important data might need to be designed specifically into agencies' human-resource information systems to fulfil their diversity-accountability obligations. The information sought should be developed in consultation with EEO experts giving consideration to the issues raised in this report, current diversity research and changes in workplace relations. It is important also that agencies understand and see the usefulness of this information in managing diversity in their own workplaces.

In a devolved management environment such indicators need not be the same for every agency. Indeed, assessments of the current progress of each agency can inform the development of agency specific indicators reflecting their particular level of achievement in managing diversity. The PSMPC will also be in a position to encourage agencies to set their own targets against these indicators, subject to certain minimums.

The CRP and other data sources, such as those used in this audit, can be used to evaluate progress and community-comparison updates can also be made as the results of new population, labour force and other surveys conducted by the ABS become available. Such information, and the CRP, could be used to much better effect.

### **Recommendation 7**

The ANAO recommends that, in anticipation of the enactment of the Public Service Bill and the new responsibilities proposed for the PSMPC, the PSMPC, in collecting information from agencies, designs a more structured data collection instrument that minimises the cost to agencies while maximising the benefit to the PSMPC and other agencies.

### **PSMPC response**

The PSMPC agrees with this recommendation. One of our primary concerns is to avoid duplication of data collection and, as indicated above, we will be aiming to use a uniform data collection system as the primary source of statistics on diversity. Beyond core reporting and evaluation requirements, the State of the Service Report will focus on different diversity issues and concerns from year to year - eg. harassment, gender access to part time work, retention rates for people with disabilities, family friendly initiatives - rather than attempting an annual comprehensive survey.

### *Community comparisons need refinement*

In introducing the Public Service Bill, the Government reiterated it's desire to ensure that the APS reflects the face of the Australian community it serves. The existing APS targets for EEO groups were related to the relative number of EEO group

## AUDIT-IN-CONFIDENCE

members in the population and the labour force and were set out as a basis for reasonable expectation of further EEO achievement. They are the measures by which representation in the APS reflects that of the community.

To date, limited community comparisons have occurred. That which has occurred for people with disabilities and NESB employees has been invalid, due mainly to differences in definitions used for different data sources. Additional shortcomings of the community comparisons include:

### In general

- little analysis or discussion of the figures presented;
- inconsistency in age groups between the tables and within tables;
- a lack of specification of APS equivalent occupations;
- inadequate referencing which impedes comparison and updating with new data;
- restricting the comparison to the labour force (which comprises employed and unemployed persons), which ignores possible differences in employment rates and types of employment, for example, part-time /full-time and permanent/temporary work. The APS has relatively few part-time and temporary positions compared to the national and private sector work force;
- possible biases in occupational segregation which the PSMPC attempted to address by defining APS equivalent occupations. However, the definition of APS equivalent occupations<sup>137</sup> only excludes sales and personal service workers but could have excluded blue collar workers and addressed other shortcomings (see Appendix 5);
- greater precision in the percentages in the tables than warranted given these possible biases; and
- a lack of comparisons with the private sector.

### Women

- the selected comparisons do not include the levels of female representation in management included in the targets;

### Aboriginal and Torres Strait Islanders

- numerical inaccuracies in the tables of population and labour-force figures in the 1994-95 Trends and Strategies report in figures for Aboriginal and Torres Strait Islanders; and

---

<sup>137</sup> The list of ASCO codes and APS equivalent occupations was obtained from the ABS.



## AUDIT-IN-CONFIDENCE

- percentages calculated for Aboriginal and Torres Strait Islanders figures use different years in the numerator and denominator;

### People with disabilities

- the figures are for persons with a handicap, that is, persons who are restricted by their disability (Appendix 3) which form a subgroup of the ABS definition of persons with a disability,
- people permanently unable to work were excluded from total population figures in the Trends and Strategies report but not the Plan;
- the source of percentage bases was not clear; and
- disabled persons employed in APS equivalent occupations could not be reproduced using the ASCO list in Appendix 5;

### NESB

- the APS figure includes NESB employees who were actually born in Australia, thus there is an overestimation in the APS figure relative to the ABS definition which is restricted to those born overseas.
- Such community comparisons should take into account definitional variations as well as the probable underestimation caused by the high incidence of missing information in the CRP. Consideration should be given to realigning APS definitions with the ABS's or making use of AWIRS data to enable comparisons to be made with the private sector.

### *Presentation*

A number of shortcomings were identified by the audit which relate specifically to the presentation of material in the PSMPC's implementation and annual reports. These included:

- misleading graphs and trends. Graphs of trends were misleading, because equally spaced points were used for unequal time lags (Figures 3–7 in the PSMPC's *Annual Report 1995–96*). Including target percentages in the graphs would help the reader as would avoiding reporting with greater precision — to two decimal points — than is warranted. Further, when historical EEO-group figures from the CRP are quoted, the CRP version used should be specified as differences in the extent of missing EEO-status information has a significant impact on the trends observed (see chapter 3).
- information supplied in the Trends and Strategies report was not as comprehensive as indicated. That is, although the report's executive summary says the 80 responding agencies cover 99 per cent of the APS, not all 80 supplied complete information. For example, only 72 supplied SO A/B and equivalent figures — and the eight that did not respond accounted for about 24 per cent of the 80 agencies'

## **AUDIT-IN-CONFIDENCE**

permanent employees. In the Trends and Strategies report, discrepancies were also found in the June 1995 percentages reported for Aboriginal and Torres Strait Islanders by some agencies', some figures differing markedly from corresponding figures in the Statistical Bulletin 1994–95.

A basic requirement is to know who is being evaluated. Non-responding agencies are not identified in the reports and it was not possible to obtain from the PSMPC a definitive list of agencies required to report.

## AUDIT-IN-CONFIDENCE

### **Recommendation 8**

The ANAO recommends that the PSMPC ensures that the information presented to the Government and the Parliament is accurate by remedying technical shortcomings in community comparisons and in the presentation of the information.

### **PSMPC response**

The PSMPC agrees with this recommendation. It believes that the transfer to the Commission in April 1997 of the responsibility for the central collection and analysis of human resource data, and the action underway to review the capability of this collection, will result in a considerable improvement in the effective analysis and presentation of diversity data and in the development of credible bench marks. The consequential amendments to the *Equal Employment Opportunity (Commonwealth Authorities) Act* which will remove the option that non APS Commonwealth agencies currently have to report on EEO to the PSMPC rather than to their Minister, will remove an ongoing source of confusion about which agencies were covered by PSMPC EEO reporting.

# AUDIT-IN-CONFIDENCE

## Appendix 1 Agency abbreviations and audit coverage

AAA	Affirmative Action Agency
AAT	Administrative Appeals Tribunal
ABA	Australian Broadcasting Authority
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACS	Australian Customs Service
AEC	Australian Electoral Commission
A-G's	Attorney-General's Department
AHL	Aboriginal Hostels Limited
AIATSIS	Australian Institute of Aboriginal and Torres Strait Islander Studies
AIR	Australian Industrial Registry
AIRC	Australian Industrial Relations Commission
ANAO	Australian National Audit Office
ANCA	Australian Nature Conservation Agency (now Environment Australia Biodiversity Group, part of DEST)
ASC	Australian Securities Commission
ATO	Australian Taxation Office
ATSIC	Aboriginal and Torres Strait Islander Commission
AUSAID	Australian Agency for International Development
AUSTEL	Australian Telecommunications Authority (now Australian Communications Authority)
AWM	Australian War Memorial
BoM	Bureau of Meteorology
CO	Commonwealth Ombudsman
COMCARE	Comcare Australia
COMSUPER	ComSuper
DAS	Department of Administrative Services (now part of the Department of Finance and Administration)
DEETYA	Department of Employment, Education, Training and Youth Affairs
Defence	Department of Defence
DEST	Department of the Environment, Sport and Territories (now the Department of the Environment)
DFAT	Department of Foreign Affairs and Trade
DHA	Defence Housing Authority
DHFS	Department of Health and Family Services
DIMA	Department of Immigration and Multicultural Affairs

## AUDIT-IN-CONFIDENCE

DIR	Department of Industrial Relations (now the Department of Workplace Relations and Small Business)
DIST	Department of Industry, Science & Tourism
DoCA	Department of Communications and the Arts - includes National Film and Sound Archive, National Science and Technology Centre, and Australian Archives
DoF	Department of Finance (now the Department of Finance and Administration)
DPIE	Department of Primary Industries and Energy
DPL	Department of the Parliamentary Library
DPP	Office of the Director of Public Prosecutions
DPRS	Department of the Parliamentary Reporting Staff
DSS	Department of Social Security
DTRD	Department of Transport and Regional Development
DVA	Department of Veterans' Affairs
Fam Crt	Family Court of Australia
Fed Crt	Federal Court of Australia
GBRMPA	Great Barrier Reef Marine Park Authority
HREOC	Human Rights and Equal Opportunity Commission
HReps	Department of the House of Representatives
IC	Industry Commission
ISC	Insurance and Superannuation Commission
JointH	Joint House Department
NCA	National Crime Authority
NLA	National Library of Australia
NNTT	National Native Title Tribunal
NOHSC	National Occupational Health and Safety Commission (formerly Worksafe Australia)
ONA	Office of National Assessments
OPC	Office of Parliamentary Counsel
PM&C	Department of the Prime Minister and Cabinet
PSC	Public Service Commission
PSMPC	Public Service and Merit Protection Commission
RAM	Royal Australian Mint
Senate	Department of the Senate
SMA	Spectrum Management Agency (now Australian Communications Authority)
Treasury	Department of the Treasury

## AUDIT-IN-CONFIDENCE

Where the analysis in this report is based on the *APS Statistical Bulletin 1995-96* and the *APS Staffing Statistics Report 1996* the following agencies are not included. However, they are included in other analysis, including the population from which the random sample of implementation reports was selected.

Albury-Wodonga Development Corporation  
Australia and New Zealand Food Authority  
Australia Council  
Australian Federal Police  
Australian Film Commission  
Australian Hearing Services  
Australian Institute of Marine Sciences  
Australian Maritime Safety Authority  
Australian National Maritime Museum  
Australian National Training Authority  
Australian Nuclear Science and Technology Centre  
Australian Security Intelligence Organisation  
Australian Tourist Commission  
Australian Trade Union Training Authority  
Commonwealth Scientific and Industrial Research Organisation  
High Court of Australia  
Immigration Review Tribunal  
National Capital Planning Authority  
National Film and Sound Archive  
National Gallery of Australia  
National Museum of Australia  
Special Broadcasting Service

## **AUDIT-IN-CONFIDENCE**

### **Appendix 2**

#### **Focus group members**

An expert focus group met in late March 1997 to provide the audit team with guidance in the planning stage of the audit. Members of the focus group were:

Ms Jennifer Bradley - Manager, Equity and Diversity, Australian Federal Police;  
Dr Clare Burton - Employment Equity Researcher & Consultant;  
Ms Tulip Chaudhury - APS Staffing Analysis Section, PSMPC;  
Mr Geoff Hall - Pasco, Hall & Associates;  
Ms Avril Henry - DMR Consulting Group;  
Ms Lois O'Donoghue; and  
Ms Paulina Vidal - Affirmative Action Agency.

## AUDIT-IN-CONFIDENCE

### Appendix 3 Disability definitions

#### APS CRP definition

Disability in the CRP is defined from the disability item on the EEO staff-in-confidence form, which has been used by the former Department of Finance since 1988. This is based on self reported responses. The item is worded as follows:

- *Do you have a disability which is likely to last 2 years or more?*
- *Some examples of disabilities are listed on the back of the form*
- *Don't count problems that are fixed by wearing glasses or contact lenses*
- *If you have a disability but do not wish to report it here, you may use the answer 'No'.*

#### ABS definition

The comparative population statistics for the disabled were extracted from the ABS Survey of Disability, Ageing and Carers conducted early in 1993.<sup>138</sup> Respondents to this survey were classified as disabled or not. For those disabled persons, a further classification of whether they were handicapped (by their disability) was made. The definition of disability used in the survey is given below.

**Disability** was defined as the presence of one or more of the following limitations, restrictions or impairments which had lasted, or were likely to last, for a period of six months or more:

- loss of sight (even when wearing glasses or contact lenses);
- loss of hearing;
- speech difficulties in native languages;
- blackouts, fits, or loss of consciousness;
- slowness at learning or understanding;
- incomplete use of arms or fingers;
- difficulty gripping or holding small objects;
- incomplete use of feet or legs;
- treatment for nerves or an emotional condition;
- restriction in physical activities or in doing physical work;
- disfigurement or deformity;
- long-term effects of head injury, stroke or any other brain damage;
- a mental illness requiring help or supervision;
- treatment or medication for a long-term condition or ailments, which still results in a restriction; and,
- any other long-term condition resulting in a restriction.

---

<sup>138</sup> Australian Bureau of Statistics, (1993), *Disability, Ageing and Carers, Australia: Summary of Findings*, ABS Catalogue No. 4430.0



## AUDIT-IN-CONFIDENCE

A **handicap** is identified as a limitation to perform certain tasks associated with daily living. The limitation must be due to a disability.

### **AWIRS 1995 definition**

The wording of the question on disability in the Employee survey in AWIRS is as follows:

*Do you have a health condition or a disability which is likely to last for more than 6 months? Do not include conditions or disabilities which can be overcome, for example by wearing glasses or contact lenses.*

### **Comparison of the three definitions of disability and handicap**

The APS and ABS definitions of disability are broadly comparable in that they both include *long term* restrictions or impairments of a *physical* or *mental* nature. The ABS definition is slightly broader since it specifically includes impairments not listed in the APS definition (e.g. difficulty gripping things, long-term effects of brain damage etc). In fact these impairments were added to the definition used in the previous ABS survey of disability in 1988. The ABS report on the 1993 survey cautions that there may be under reporting of conditions due to the sensitive nature of the condition, the intermittent nature of the condition, lack of awareness of the presence of the condition or lack of knowledge of the correct medical terminology for their condition.

The AWIRS definition of disability also includes long term conditions, but does not specifically mention that the disability can include both physical and mental/emotional conditions.

## **AUDIT-IN-CONFIDENCE**

### **Appendix 4 NESB definitions**

#### **APS CRP definition**

The APS definition of NESB includes both first generation (NESB1) and second generation (NESB2) persons from non-English speaking backgrounds. In the CRP database it is derived from responses to a series of six questions about one's birthplace and language first spoken and also one's parents first language. The questions asked are:

- Born overseas?
- Year of arrival in Australia?
- Was English your first language?
- What was your first language? (16 listed)
- Was English your mother's first language?
- Was English your father's first language?

NESB1 are those born overseas, arrived in Australia after age five and first language was not English. NESB2 are those who were:

- born overseas and arrived in Australia before age five and first language not English;
- born in Australia but English not first language and had at least one NESB parent; or
- born in Australia and neither parent spoke English as first language.

#### **ABS definition**

The major information on ethnic background in the labour force survey is country of birth. Unlike the APS definition, the NESB definition used in this report for national and labour force data is only based on country of birth.

NESB is defined as persons born in a non-mainly English speaking country (Australia, Canada, Ireland, New Zealand, South Africa, United Kingdom (England, Scotland, Wales and Northern Ireland) and USA). This definition combines APS NESB1 and some NESB2, but does not include NESB2 who were born in Australia.

#### **AWIRS 1995 definitions**

Three different NESB definitions were used for the AWIRS data.

NESB A is based on country of birth and is the same as the ABS definition. NESB B is based on language usually spoken at home (English or other). NESB C is based on country of birth, language usually spoken at home and approximate age that one arrived in Australia. This attempts to mirror the CRP definition, but the age of arrival in Australia is only approximate (inferred from five year age group and number of years in Australia) and language usually spoken at home is not necessarily the same as first language spoken.

## AUDIT-IN-CONFIDENCE

### Appendix 5

#### ASCO occupations equivalent to APS positions

The following table lists the major and minor ASCO occupations and codes (first two digits) which have previously been considered equivalent to positions in the APS. This list was used to compile the comparative national work force statistics in the EEO Plan<sup>139</sup> and the Trends and Strategies report.<sup>140</sup>

The major occupational group excluded is *salespersons and personal service workers* (60-66). Other major exclusions are from the manager category, e.g. specialist managers (13) and farm managers (14). Codes corresponding to occupations which are not adequately specified are also excluded (10, 20, 30, 40, 50, 70, 80, 91).<sup>141</sup>

#### Comment on the applicability of the list

Consideration of this list and the composition of the APS reveals it to be inadequate. Specific problems are listed below:

- Specialist managers include finance, personnel, industrial relations, data processing and public policy managers, all of which are applicable in the APS, yet these are excluded.
- Police are included, but the Australian Federal Police are no longer in the APS.
- Sales/service workers are excluded and machine operators are included, yet the AWIRS 1995 survey estimates one per cent of the Federal public service are in the former category and almost none (0.2 per cent) in the latter.
- This system does not take into account the different proportions of workers in the APS and the national labour force in the seven major categories. The APS is predominantly white collar (e.g. 78 per cent are administrative or clerical workers). A simpler and more meaningful comparison would be between all white collar APS workers (administrative/clerical stream) and all managers/administrators and clerks in the national work force. This is particularly important for comparing the percentage of women employees due to traditional occupational segregation (e.g. the lower percentage of female blue collar workers).

Further downsizing and outsourcing will result in further changes to the composition of the APS. These should be taken into account in future comparisons.

---

<sup>139</sup> Public Service Commission, (1993), *op. cit.*, Table 1 on p. 49

<sup>140</sup> Public Service and Merit Protection Commission, (1996), Trends and Strategies Report, *op. cit.*, Appendix D on p. 64

<sup>141</sup> Australian Bureau of Statistics, (1991), *1991 Census - Directory of Classifications*, ABS Catalogue No. 2904.0

## AUDIT-IN-CONFIDENCE

ASCO	AUSTRALIAN PUBLIC SERVICE
<b>Managers and Administrators</b> Legislators and government officials General Managers Managing supervisors sales and service Managing supervisors other business	SES, ASO1-6, SO C and B Senior Professional Officers and Professional Officers, Senior Technical Officers and Technical Officers
<b>Professionals</b> Natural scientists Building professionals and engineers Health diagnosis & treatment practitioners School teachers Other teachers and instructors Social professionals Business professionals Artists and related professionals Miscellaneous professionals	Senior Professional Officers and Professional Officers, Senior Information Technology Officers and Information Technology Officers, Legal Officers, Research Scientists, SOG C and B, ASO1-6, Cadets, Graduate Administrative Assistants
<b>Para-Professionals</b> Medical & science technical officers & technicians Engineering & building associates & technicians Air and sea transport technical workers Registered nurses Police Miscellaneous para- professionals	Technical Officers, Meat Inspectors, Medical Officers, Senior Technical Officer, Nurses, Valuers, Protective Service Officers
<b>Trades persons</b> Metal fitting and machining trades persons Other metal trades persons Electrical and electronic trades persons Building trades persons Printing trades persons Vehicle trades persons Food trades persons Amenity horticultural trades persons Miscellaneous trades persons	General Service Officers, Cadets

(continued next page)

## AUDIT-IN-CONFIDENCE

(Continued)

ASCO	AUSTRALIAN PUBLIC SERVICE
<b>Clerks</b> Stenographers and typists Data processing business machine operators Numerical clerks Filing sorting and Copying clerks Material recoding and despatching clerks Receptionists, telephonists and messengers Miscellaneous clerks	ASO1-4, Cadets, Customs Officers, Examiner of Patents, School Assistants, Stores
<b>Plant and machine operators, drivers</b> Road and rail transport drivers Mobile plant operators except transport Stationary plant operators Machine operators	General Service Officers
<b>Labourers and related workers</b> Trade assistants and factory hands Agricultural labourers and related workers Cleaners Construction and mining labourers Miscellaneous labourers and related workers	General Service Officers

## AUDIT-IN-CONFIDENCE

### Appendix 6

#### Assessment scale for EEO implementation

Level	Standard	Indicators
<b>5</b>	Outstanding level of progress in developing and implementing an affirmative action program	Report provides evidence of a comprehensive equal employment opportunity strategic plan including: <ul style="list-style-type: none"> <li>• support systems including formal mechanisms for consultation</li> <li>• analysis of employment profile</li> <li>• review of personnel policies and practices</li> <li>• analysis and review is linked to the program goals etc</li> <li>• goal(s), objectives, strategies in place</li> <li>• action plan in place</li> <li>• monitoring mechanisms in place and results outlined</li> <li>• evaluation of the program</li> <li>• evidence of further development, connections made to following year's program</li> <li>• evidence of integration with HRM/IR practices in the organisation</li> <li>• evidence of link between EEO program and business objectives.</li> </ul>
<b>4</b>	High level of progress in developing and implementing an equal employment opportunity program	Report provides evidence of an equal employment opportunity strategic plan in place including: <ul style="list-style-type: none"> <li>• support systems including formal mechanisms for consultation</li> <li>• analysis of employment profile</li> <li>• review of personnel policies and practices</li> <li>• analysis and review is linked to the program goals etc</li> <li>• goal(s), objectives, strategies in place</li> <li>• action plan in place</li> <li>• monitoring mechanisms in place and results outlined</li> <li>• evaluation of the program.</li> </ul>
<b>3</b>	Medium level of progress in developing and implementing an equal employment opportunity program	Report provides evidence of an equal employment opportunity strategic plan in place including: <ul style="list-style-type: none"> <li>• support systems in place</li> <li>• some analysis/review undertaken</li> <li>• goal(s)/objectives and strategies in place</li> <li>• outline of results achieved.</li> </ul>
<b>2</b>	Minimum level of progress in developing and implementing an equal employment opportunity program	Report provides an outline of the program and evidence of activity: <ul style="list-style-type: none"> <li>• a description of the structure/framework of the program</li> <li>• a description of strategies to demonstrate that an equal employment opportunity program is in place.</li> </ul>
<b>1</b>	Below the minimum requirements of s 22B of the Public Service Act as outlined in the EEO Strategic Plan	Report does <u>not</u> provide <ul style="list-style-type: none"> <li>• a description of the structure/framework for the program AND</li> <li>• activity to further develop and implement the program.</li> </ul>

Note: The above scale is a slight modification of the Affirmative Action Agency's *Assessment scale for Affirmative Action Reports*.

## AUDIT-IN-CONFIDENCE

### Appendix 7

#### Commonwealth legislation relating to equity in employment

Legislation	Grounds of discrimination	Principal aspects of employment covered
<i>Racial Discrimination Act 1975</i>	race, colour, national or ethnic origin (or that of relative or associate), victimisation of person involved in action under Act	recruitment, conditions, promotion, termination, dealings with employment agencies, trade union membership, advertisements
<i>Sex Discrimination Act 1984</i>	sex, marital status, pregnancy, family responsibilities, sexual harassment, victimisation of person involved in action under Act	as above—elimination of sexual harassment at work, in educational institutions and in the provision of goods and services and accommodation, and the delivery of Commonwealth programs
<i>Disability Discrimination Act 1992</i>	disability, including physical, sensory, intellectual, psychiatric, mental illness or disorder, and presence in the body of organisms causing disease, victimisation of a person involved in action under the Act	as above—elimination of discrimination against people with disabilities and promoting acceptance of the principle that such people have the same fundamental rights as all others

## AUDIT-IN-CONFIDENCE

Legislation	Objectives with regard to EEO and equity
<i>Equal Employment Opportunity (Commonwealth Authorities) Act 1987</i>	Extends EEO principles to most Commonwealth statutory authorities not covered by existing legislation. EEO programs required to commence on 1 July 1987. Annual reports required. Sets out minimum requirements of EEO programs. The target groups for the programs are women and groups designated under s7 of the <i>Public Service Act 1922</i> .
<i>Occupational Health &amp; Safety (Commonwealth Employment) Act 1991</i>	Imposes health and safety standards in respect of APS employees. Often used to support complaints of harassment—the employer failed to provide a ‘safe’ place of work (free of harassment).
<i>Human Rights and Equal Opportunity Commission Act 1986</i>	Establishes the HREOC, provides for its administration and devolves to it certain responsibilities in observance of the seven international instruments Australia has ratified. Empowers the Commissioner to inquire into discriminatory acts not proscribed by the Sex Discrimination Act or Racial Discrimination Act. The HREOC also has several functions under the Disability Discrimination Act.
<i>Merit Protection (Australian Government Employees) Act 1984</i>	Provides for review of administrative decisions, including those on promotion or termination of employment. Its application to EEO arises when the APS’s application of EEO principles in decision-making are challenged.



## AUDIT-IN-CONFIDENCE

### Appendix 8

#### Notes on AWIRS 1995 estimates

AWIRS results are based on a national sample of 2 001 workplaces with at least 20 employees. The sample was stratified by size and industry. Large workplaces were intentionally over sampled in order to produce estimates of similar precision to small workplaces.

Results correspond to either the *management* questionnaire with a response from each workplace or the *employee* questionnaire with responses from individual employees from these workplaces. All estimates produced are weighted to reflect the sampling design and the differential non-response between strata.

Results are presented separately for three categories of workplace:

- Federal public service departments;
- Other public sector organisations (including state public service departments, government business enterprises/commercial statutory authorities); and
- Private sector organisations (including other commercial and non-commercial organisations).

The number of workplaces in the sample falling into these three categories varies. The following table shows the unweighted number of workplaces and employees and the corresponding weighted national estimates.

Sample characteristics	Federal public	Other public	Private sector
Unweighted no. of workplaces (units in the sample)	39	593	1 369
Weighted no. of workplaces (national estimate)	453	10 155	26 563
Unweighted no. of employees (units in the sample)	535	6 348	12 272
Weighted no. of employees (national estimate)	0.1 million	1.2 million	2.3 million

All estimates have an associated standard error. The size of the standard error depends on the size of the subsample on which it is based. It is largest for the smallest subgroup, the federal public workplaces. Assessments of differences between the three types of workplaces must take into account the relative size of the standard errors for the three estimates. The following table summarises approximate standard errors (S.E.) for estimates of percentages<sup>142</sup> of workplaces and employees for the three sectors.

Sample unit (n)	Federal public		Other public		Private sector	
	n	S.E.	n	S.E.	n	S.E.

<sup>142</sup> These are estimates of standard errors around estimates of percentages corresponding to 50%. Standard errors for percentages less than 50% or greater than 50% are less than these. See the 1995 Australian Workplace Industrial Relations Survey Codebook for more information on standard errors.

## AUDIT-IN-CONFIDENCE

Workplaces	39	10%	593	3%	1369	2%
Employees	535	2%	6 348	1%	12 272	0.5%

# AUDIT-IN-CONFIDENCE

## Appendix 9 Bibliography

Affirmative Action Agency, (1994), *Negotiating Equity: Affirmative Action in Enterprise Bargaining*, Affirmative Action Agency, Sydney

Affirmative Action Agency, *Affirmative Action is Good for Business*

Affirmative Action Agency, (1996), *Best Employers in Affirmative Action: case studies*, AGPS, Canberra

Australian Bureau of Statistics, (1991), *1991 Census - Directory of Classifications*, ABS Catalogue No. 2904.0

Australian Bureau of Statistics, (1993), *Disability, Ageing and Carers, Australia: Summary of Findings*, ABS Catalogue No. 4430.0

Australian Bureau of Statistics, (1995), *Working Arrangements, Australia*, August, ABS Catalogue No. 6342.0

Australian Bureau of Statistics, (May 1995), *Employee Earnings and Hours, Australia*, ABS Catalogue No. 6306.0

Australian Bureau of Statistics, (1996), *Australian Social Trends*, ABS Catalogue No. 4102.0

Australian Bureau of Statistics, (February 1997), *Civilian population and labour force aged 15 and over*, ABS Catalogue No. 6203.0

Australian Bureau of Statistics, (March 1997), *Labour Force, Australia*, ABS Catalogue No. 6203.0

Australian Bureau of Statistics and Office of the Status of Women, (1997), *Australian Women's Yearbook 1997*, ABS Catalogue No. 4124.0

Australian Bureau of Statistics, (1997), *1996 Census of Population and Housing, Selected Social and Housing Characteristics*, ABS Catalogue No. 2015.0

Australian National Audit Office & Department of Finance, (1996), *Performance Information Principles: Better Practice Guide*, AGPS, Canberra

Australian National Audit Office, (1997), *Human Resource Management, Department of Foreign Affairs and Trade*, Audit Report No. 40 1996-97, AGPS, Canberra

'Australia's Top 50 Employers' in *New Woman*, June 1995

Bennett, L., (1994), "Women and Enterprise Bargaining: the Legal and Institutional Framework" in *Journal of Industrial Relations*, 36(2) pp 191 -212.

Boreham, P., Hall, R., Harley, B. and Whitehouse, G., (1995), *Gender Equity and Enterprise Bargaining: Some Empirical Evidence*, Paper Presented at the National Social Policy Conference, 5-7th July.

Buchanan, J. and Bearfield, S., (1997), *Reforming Working Time: Alternatives to Unemployment, Casualisation and Excessive Hours*, Brotherhood of St Laurence Future of Work Project, Brotherhood of St Laurence, Melbourne

Burton, C., (1988), *Gender Bias in Job Evaluation*, Affirmative Action Monograph No. 2, AGPS, Canberra

*Collins Concise Dictionary*, (1995), 3<sup>rd</sup> edition, Harper Collins, Sydney

## AUDIT-IN-CONFIDENCE

- Department of Finance, (Various Years), *APS Statistical Bulletins*,
- Department of Finance, (Various Years), *APS Staffing Statistics Report*
- Department of Finance, (November 1995), *Promotional Opportunities for Women in the APS: Further Research*.
- Department of Finance, (1996), *Graduate Administrative Assistants 1986 to 1995*, Occasional Paper No. 1
- Department of Industrial Relations, (1992), *Workplace Bargaining: A Best Practice Guide*, AGPS, Canberra
- Department of Industrial Relations, (1996), *APS Agency Agreements and Innovative Employment Conditions: A Resource Guide*, AGPS, Canberra
- Department of Industrial Relations, (1996), *Annual Report 1995: Enterprise Bargaining in Australia*, AGPS, Canberra
- Department of the Prime Minister and Cabinet, (March 1995), *Annual Reporting Guidelines*, AGPS, Canberra
- Department of Workplace Relations and Small Business, (1997), *Women and Workplace Agreements: 1. What are workplace agreements?*
- Department of Workplace Relations & Small Business, (September 1997), *How to Make an Agreement: procedural aspects. A Workplace Relations Handbook for the APS*, Canberra
- DIRETFE, (1994), *Enterprise Bargaining: Productivity and Equity: Five Steps for Women*, DIRETFE, Sydney
- Federal Glass Ceiling Commission, (1995), *A solid investment: making full use of the Nation's Human Capital*, Washington DC
- Gibson, R., (1997), 'ANZ pays for "sexist" jibes' in *The Age*, 9 September, p. A5
- Gollan, P. 'Careers don't always come first' in *The Australian Financial Review*, August 5, 1997 p. 17
- Hammond, S. and Harbridge, R. (1997), *The Impact of Decentralised Bargaining on Women: Lessons for Europe from the Antipodes*, unpublished.
- Hede, A., (1995), 'Managerial Inequity in the Australian Workforce: A Longitudinal Analysis' in *International Review of Women and Leadership* 1(1)
- Hede, A. and Dingsdag, D., (1994), 'Equity in staff selection: Managerial attitudes and practices' in *International Journal of Selection and Management*, 2(1), p. 37-44
- Hede, A. and O'Brien, E., (1996), 'Affirmative Action in the Australian Private Sector: A Longitudinal Analysis' in *International Review of Women and Leadership* 2(2)
- Heiler, K., (1996), *Is Enterprise Bargaining Good for Your Health?*, Monograph 14, ACIRRT, University of Sydney
- Human Rights and Equal Opportunity Commission, (Various years), *Annual Report*.

## AUDIT-IN-CONFIDENCE

Industry Task Force on Leadership and Management Skills, (April 1995), *Enterprising Nation: Research Report Volume 2*, AGPS, Canberra.

Joint Committee of Public Accounts (1997), Report 353, *An Advisory Report on the Public Service Bill 1997 and Public Employment (Consequential and Transitional) Amendment Bill 1997*

McCallum, R., McGarry, G. and Ronfeldt, P. (eds), (1994), *Employment Security*, Leichhardt, The Federation Press.

McDermott, K., (1993), 'Women's Productivity: Productivity Bargaining and Women Workers' in *Journal of Industrial Relations*, 35(4) December pp538-553.

NSW Pay Equity Taskforce, (1996), *A Women's Worth: Pay Equity and the Undervaluation of Women's Skills Issues Paper*, Women's Equity Bureau, NSW Department of Industrial Relations

O'Brien, J., (1997), 'Are Public Sector Industrial Relations Different? Wage bargaining in the Australian Public Service 1991-1996' in Bramble, T., Harley, B., Hall, R. and Whitehouse, G. (eds) *Current Research in Industrial Relations - Proceedings of the 11th AIRAANZ Conference*, Brisbane, Queensland, Australia, 30 January - 1 February

Office of the Director of Equal Employment Opportunity in Public Employment, (1997), *Survey of Flexible Work Practices*

Office of the Director of Public Employment, (March 1992), *1990 EEO Survey, Report for the NSW Public Sector*

Overell, S., 'HR must prepare for eldercare time bomb' in *People Management*, 24 October 1996, p. 7

*Public Service Bill 1997*, Second Reading Speech, Hon. P. Reith

*Public Service Bill 1997*, Explanatory Memorandum

Public Service Commission, (1990), *Equal Employment Opportunity Guidelines No. 1 and No. 2*, AGPS, Canberra

Public Service Commission, (1993), *Equal Employment Opportunity: A Strategic Plan for the Australian Public Service for the 1990s*, AGPS, Canberra

Public Service and Merit Protection Commission, (1996), *Annual Report 1995-96*, AGPS, Canberra

Public Service and Merit Protection Commission, (1996), *Recognising Good Practice in Equal Employment Opportunity in the Australian Public Service*, AGPS, Canberra

Public Service and Merit Protection Commission, (1996), *Implementation of EEO in the Australian Public Service 1994-95: Trends and Strategies*. State of the Service Paper No. 12, AGPS, Canberra

Public Service and Merit Protection Commission, (1997), *APS Staffing Statistics Report 1996*

Public Service and Merit Protection Commission, (1997), *Equality Awards 1995-96: Recognising Good Practice in Equal Employment Opportunity in the Australian Public Service: Principles, Guidelines, Good Practice*, AGPS, Canberra

Public Service and Merit Protection Commission, (1997) *Public Service Commissioner's Directions 1997*, Draft of 17 October

Renfrow, P., (1995), *An assessment of the senior executive service in the Australian Public Service: A survey of its officers*, Public Service Commission, State of the Service Paper, No. 9, AGPS, Canberra.

Ronalds, C., (1997), Paper Presented at *New Rights and Remedies - Implications for Employers and*

## AUDIT-IN-CONFIDENCE

*Unions*, ACIRRT Labour Law Conference, Kings Cross, 5th May

Ronfeldt, P, and McCallum, R. (eds), (1995), *Enterprise Bargaining: Trade Unions and the Law*, The Federation Press, Sydney

Russell, G., (1996), *Gender Equity and Organisational Change*. Unpublished Report, Macquarie University.

Russell, G., Unpublished data from surveys conducted in private sector organisations

Russell, G. & Powell, A., (1994), *Knowledge of and attitudes towards, affirmative action and equal employment opportunity: from benchmark to best practice*. Report submitted to the Affirmative Action Agency.

Senate Legal and Constitutional Legislation Committee, (June 1997), *Human Rights Legislation Amendment Bill 1996*, Senate, Canberra

Senate Standing Committee on Finance and Public Administration, (1993), *Performance Pay*, Senate, Canberra

Squircchuk, R., (1995) Council for Equal Opportunity in Employment, Australia

Tulgan, B., (1997), *Managing Generation X*. ASTD International Conference and Exposition, Washington D.C.

Tully, K., (1993), *Why Women Should Play Snakes and Ladders: The Enterprise Bargaining Game*, Australian Federation of Business and Professional Women, Sydney

VandenHeuvel, A., (1993), *When Roles Overlap*, Australian Institute of Family Studies Monograph No. 14

Various, (1996), *EEO implementation report 1995-1996* - produced by all APS agencies reporting to the PSMC under s.22B of the *Public Service Act 1922*

Various, (various years), *Equal Employment Opportunity Plan* - produced by APS agencies who comply with s.22B of the *Public Service Act 1922*

Various, (various years), *Equal Employment Opportunity Program* - produced by APS agencies who comply with s.22B of the *Public Service Act 1922*

Various, (1996), *Annual Report 1995-96* - produced by most APS agencies

Whitehouse, G., (1992), 'Legislation and Labour Market Gender Inequality: An Analysis of OECD Countries' in *Work, Employment and Society*, 6(1), pp65-86

Wilson, S., (1997), 'The Changing Nature of the Workforce' in IIR 8<sup>th</sup> Annual EEO Conference

Wire Networks, (1996), *10<sup>th</sup> Annual List of the Best Companies for Working Mothers*

Wolcott, I., (1993), *Small Business Views of Work and Family*, Monograph No.15, Australian Institute of Family Studies, Melbourne