



CPSU (PSU Group) Submission

Input into the 2012-13 Budget

Budget Policy Division,
Department of Treasury

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Introduction

The PSU Group of the Community and Public Sector Union (CPSU) is an active and progressive union with approximately 60,000 members. The CPSU represents employees of the Australian Public Service (APS), the ACT Public Service, the Northern Territory Public Service, CSIRO, ABC, Telstra, the telecommunications sector, call centres, employment services and broadcasting.

The CPSU acknowledges the difficult economic circumstances in which budget decisions are being made. As much as any organisation in the country, the CPSU and its members understand the impact of the Government's decision to return the Budget to surplus in 2012-2013.

The CPSU and its members are, however, seriously concerned that the Government's aim of returning the budget to surplus will be delivered at the cost of quality public services.

Through a range of savings measures, including the ongoing efficiency dividend and temporary increases to the efficiency dividend, the public service is making a significant contribution to the overall budget position. The decisions already taken by the Government are putting severe pressure on the public service and its ability to serve the Australian community.

Any further cuts to public service budgets will amplify this pressure and will directly affect the provision of public services and public policy outcomes.

APS jobs and services matter

APS employees do an exceptional job delivering services to, and implementing the Government's policies for, the Australian public; however the pressure on APS employees is real and increasing. The Government cannot continue to make major cuts to the public service and expect there to be no impact on the services that the APS are delivering.

Impact of budget cuts

After years of successive budget cuts many APS agencies are struggling.

The efficiency dividend, which is the primary vehicle for these budget cuts, was first introduced in 1986 and has existed in some form ever since. It arbitrarily cuts the budgets of APS agencies each year.

In April 2011 the Government announced it would increase usual efficiency dividend rate of 1.25% to 1.5% in April 2011 for the financial years of 2011-2012 and 2012-2013. This increase will deliver the Government an additional \$465 million in savings.

In addition to those increases the Government has now announced, as part of the Mid Year Economic and Fiscal Outlook (MYEFO), an additional 2.5% increase to the efficiency dividend for 2012-2013, resulting in an efficiency dividend of 4% for that financial year. This increase will deliver the Government an additional \$1.5 billion in savings. In addition to this, there is a 20% cut in capital budgets for 2012-2013.

The CPSU does note and welcomes the Government's decision to exempt a number of small agencies, in particular most cultural agencies and Courts, from the additional increase of 2.5% to the efficiency dividend. These agencies, as a result of budget pressures created by the efficiency dividend, have had significant ongoing problems maintaining basic operations. The Government's decision to not impose the additional 2.5% on these agencies does, in part acknowledge, these problems.

Unfortunately the decision to cut capital budgets will, however, increase budget pressure on APS agencies, including the small cultural institutions. These cuts affect capital projects of assets less than \$10 million and will force agencies to cease or delay replacing or undertaking maintenance work on key assets, such as IT systems, property and other key infrastructure items.

The APS is significantly impacted by the efficiency dividend – its impact is insidious, each year cutting the already stretched budgets of APS agencies. The efficiency dividend is however not the only savings measures that APS agencies have to deal with, there are a number of whole-of-government savings measures, in respect of travel, information and communications technology, property and procurement, as well significant agency-specific savings measures. The agency-specific measures includes the Service Delivery Reform project in the Department of Human Services, Strategic Defence Review in the Department of Defence and the Department of Health and Ageing National Alignment program.

At the same time a number of new government initiatives are being announced which agencies have to resource from their existing budgets. The combined impact of the efficiency dividend, other budget cuts and new government initiatives is significant for agencies and putting pressure on their ability to deliver services.

The Department of Finance and Deregulation's own report supports this conclusion. The *Report of the Review of Measures of Agency Efficiency* noted that:

The review also heard from many agencies that application of the Efficiency Dividend in an environment of constrained access to new funding is more likely to lead to reductions in output and quality. Agencies typically sought to shield service delivery from these impacts, but some agencies told the review this was becoming difficult.¹

During the 2011 Senate Finance and Public Administration Legislation Committee Estimates hearings, many cultural agencies outlined cuts to staff and services that are being, or have been made due to budget pressures. For example the National Gallery stated that approximately 8 per cent of jobs would be cut, the number of exhibitions will be reduced from twelve to five and travelling exhibitions to regional, rural and remote Australia will only occur where specific funding for them is received.²

In other areas we are receiving reports of increased waiting times and pressure on the delivery government services. This is already being exacerbated by agencies' trying to manage the effect of an increased efficiency dividend. A recent CPSU survey, to which over 3,000 members responded found that workloads were increasing, as a result of job reductions and unfilled positions, and this is already impacting on the services being delivered. Around half of the respondents stated that there has been a reduction in quality of services being delivered. Over half stated that there are work backlogs in their area, and 45% stated that there has been an increase in customer waiting times.

¹ DOFD, *Report of the Review of the Measures of Agency Efficiency* p. 27

² Hansard, Finance and Public Administration Legislation Committee Estimates (24 May 2011), p.86-87

This will only get worse as the full effect of the increased efficiency dividend in 2012-2013 is felt.

Not only does the efficiency dividend put significant pressure on the capacity of APS agencies to deliver public services, it also creates perverse incentives that do not necessarily generate genuine efficiencies.

This was borne out by the Department of Finance and Deregulation's *Report of the Review of Measures of Agency Efficiency*. While concluding that the efficiency dividend was the only viable solution in the short-term, the Report found that:

*...the Efficiency Dividend promotes efficiency only indirectly, by creating a budget pressure for agencies, and probably creates an incentive for budgetary gaming. For some agencies the dividend's bluntness as an instrument can lead to sub-optimal consequences, which have so far been managed on a case-by-case basis. The current budgetary environment of fiscal consolidation might put more pressure on some agencies.*³

The short-term announced increases to the efficiency dividend compound this. Agencies have very little time to deal with or plan for the additional budget cuts – leaving them with few options for managing the situation.

In 2008, the Joint Committee on Public Accounts and Audit established an inquiry into the effects of the efficiency dividend on smaller public sector agencies. This inquiry also considered the impact of the 'one-off' increase in the efficiency dividend to 3.25%, that applied after the election of the Government in 2007 until the end of the 2008-2009 financial year. The Joint Committee Report found that in trying to meet this requirement, agencies had little option but to cut services:

*...it takes an organisation's time and attention to find and implement efficiencies. Applying an additional one-off dividend of 2% did not give organisations the time to find efficiencies. They instead responded with cuts, which is a false economy*⁴.

Discussions with APS agencies about the impact of most recent decisions to increase efficiency dividend and cut capital expenditure already indicate that many agencies will have difficulty dealing with these further budget cuts without reducing services and cutting jobs. These agencies will not however just be the small agencies that were the subject of the Joint Committee Report; they will include many agencies providing essential government services throughout Australia.

The impact of these measures, over the next 18 months in particular, will be significant. The Government should seriously reconsider its decision to increase the efficiency dividend to 4% for 2012-2013.

Cutting jobs and services now will cost more in the long term

Reductions in staffing levels or funding in this budget cycle has longer term implications for the capacity of the APS and its ability to deliver quality of public services and policy.

The APS is already significantly smaller in proportion to Australia's population compared with two decades ago. In 1991, there was one public servant for every 106 Australians. In 2009, there was one

³ DOFD, *Report of the Review of the Measures of Agency Efficiency*, p.51

⁴ Joint Committee on Public Accounts and Audit, op cit, p.118-119.

public servant for every 135 Australians.⁵ At the same time, the Australian community's expectations of government are increasing and the policy challenges to which the APS is responding are becoming more complicated and varied.

The organisational capacity to respond to these issues cannot be built overnight, but instead must be cultivated over a number of years. A failure to properly fund public services and public service jobs now will cost more in the long term.

Public sector reform

Public sector reform is important to the future capacity of the APS and its ability to respond to complex policy problems and challenging service delivery environments. The CPSU has taken a positive view to public sector reform and has sought to support it in APS workplaces. It is an area where employees would like to see further progress and genuine improvements in the way in which they do their jobs.

The Government's decision, however, in 2010 to reduce the allocation of funds for the implementation of reform measures from \$39.5 million to only \$9 million⁶ was very disappointing. This has led to a change in timeframes and the reprioritisation of resources to implement the recommendations.

A critical aspect of public sector reform, which needs further work, relates to workforce capacity and mobility.

Being able to recruit and retain a skilled workforce is essential to guaranteeing continued expertise across a range of areas. However the APS faces significant challenges in doing this, with a tightening labour market and increasing competition for talent⁷ and with 42.6% of employees eligible for retirement in the next decade.⁸

In addition to difficulties recruiting employees, the APS has significant issues with workforce mobility. Mobility is important to the overall capacity, experience and skill-set of the workforce – however too few employees have cross-agency experience.

One of the strongest impediments to mobility is pay inequity in the APS.⁹ This disparity in APS wages and conditions is a direct result of current funding pressures and devolved bargaining arrangements. The Australian Public Service Bargaining Framework recognised the need to address pay equity for the lowest paid 5 per cent of the APS.¹⁰

⁵ James Whelan, *The State of the Australian Public Service: An Alternative Report*, Centre for Policy Development, August 2011, p.22

⁶ Election Commitment Costings, Federal Election 2010 - "Australian Public Service Commission – efficiencies", 18 August 2010, <http://electioncostings.gov.au/2010/08/16/gov87-australian-public-service-commission-efficiencies/>

⁷ Advisory Group on Reform of Australian Government Administration, *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*, March 2010, p.10

⁸ *ibid*, p.11

⁹ This was acknowledged in the *State of Service Report 2009-10*, see p.142

¹⁰ APSC, *Australian Government Bargaining Framework Supporting Guidance*, p.20

Whilst this action on pay equity was welcome it did not go far enough – only allowing pay equity movement in the most extreme cases and requiring agencies to fund this from their existing budgets.

Disparities in remuneration and key conditions continue, having a negative impact on the efficiency and effectiveness of the APS and impeding staff mobility. Over 4 in 10 employees cited more consistent classification and remuneration across APS agencies as a means of achieving greater efficiency and effectiveness in the APS.¹¹

Greater integration across APS agencies is important in delivering effective public policy and public services. Complex policy challenges, like Closing the Gap, climate change and health and aged care reform, require input from policy specialists across a number of APS agencies. The current situation, in which there are disparities in remuneration and key conditions, acts as a disincentive for staff mobility and impedes greater integration.

Where particular government functions move from one APS agency to another, complicated new industrial arrangements have to be entered into to align employees' pay and conditions. This is time-consuming, cumbersome and creates uncertainty for employees and agencies.

Achieving greater commonality of conditions and pay equity is a key APS reform that requires ongoing attention and collaboration with the CPSU.

Our claims

The CPSU acknowledges the difficult global economic circumstances in which the 2012-2013 Commonwealth budget is being prepared. This global instability is having negative implications for revenue and growth forecasts around the world, including Australia, however the strong fundamentals of the Australian economy, puts our country in a unique position amid this global instability.

This budget is also being framed after successive decisions by this Government to cut public service budgets. The CPSU seeks commitments from the Government to:

- seek better funding arrangements for the public service and end the arbitrary public service budget cuts; and
- work with the CPSU and employees to manage the impact of the decisions that have already been taken by Government.

No further public service budget cuts

The CPSU seeks a commitment from Government that public service budget cuts or increases to the efficiency dividend will not be the solution to any further revenue drops.

The blunt budget mechanisms that have been relied on as a quick-fix for budgetary problems have run their course. The current budget situation, including the increased efficiency dividend, is already

¹¹ APSC, *State of Service 2009-10 Report*, p144

affecting the ability of APS employees to do their jobs. CPSU members across the APS report increases in the time it takes for government services to be delivered, whether that is in DHS offices, call centres, in our airports or cultural institutions.

There is no capacity for further cuts or blunt mechanisms which erode public service budgets – any further cuts will compromise public services delivered to the Australian community and the Government’s policy response to key emerging issues, including health care reform, global economic developments and climate change.

The Government should properly fund the public service to fulfil its responsibilities to government and the community. There should be no further public service budget cuts and the efficiency dividend should not be further increased.

Quite simply, it is untenable to continue to cut public service budgets and expect no reduction in public services or public policy outcomes.

As outlined earlier, while the full impact of the increased efficiency dividend is yet to play out, its effects are already being felt. The Government cannot continue to expect APS employees to achieve the same results with fewer resources.

The already announced budget cuts will lead to reduced government services and any further cuts will mean these impacts are felt by the Australian community more quickly and more severely. Accountability for this will lay with the Government.

The Government should identify the functions and work that will no longer be performed as a result of the most recently announced budget cuts.

The efficiency dividend funding model is not the most effective or appropriate way to resource the public service, nor does this model promote the most efficiency.

The CPSU understands that replacing the efficiency dividend will have significant implications for the existing budget framework. The recent Department of Finance and Deregulation *Report of the Review of the Measures of Agency Efficiency* proposed that in the longer term consideration should be given to fundamental changes to the budget model to improve resource management and allocations in the public service and that alternative ways of promoting efficiency should be developed for consideration for 2013-2014 budget.¹²

Priority should be given to developing this new framework and finding better ways to fund the public service for the 2013-14 Budget.

The Government should commence an open consultation process to explore in a detailed way possible changes to the budget framework and funding of public service agencies as an alternative to the efficiency dividend.

¹² DOFD, *Report of the Review of the Measures of Agency Efficiency*, p.xii

Managing workload issues

The full impact of the increased efficiency dividend is not yet known, however it is already clear that it is putting significant pressure on the capacity of APS employees to do their job. APS employees are reporting significantly increased workloads.

In a recent CPSU survey, to which there were more than 3,000 responses, more than two thirds of members reported job reductions and unfilled positions in their agency and over 70% reported increased workloads.

In frontline service delivery the impact of excessive workloads, created by budget pressure, has a very immediate and real impact on communities across Australia. For example, as a result of existing staffing and workload pressures, families are waiting more than three weeks for Family Assistance, Baby Bonus and Parental Leave payments to be processed. If further cuts to staffing are made, either through natural attrition or redundancies, these delays are likely to increase. Other frontline services, like those provided by border protection agencies and the Bureau of Meteorology, will be similarly affected.

In areas with responsibility for public policy development, ongoing workload increases will compromise the public service's capacity to develop innovative policy responses to key emerging issues such as health and aged care reform, climate change and developing responses to uncertain global economic conditions.

There are a number of strategies that CPSU has seen APS agencies implement in the past to deal with funding pressures, and it is evident that these are being used or considered in response to the recent MYEFO budget cuts and increase in the efficiency dividend. Workloads are already being further exacerbated by these measures.

To cope with budget pressures, it is likely that some agencies will not fill upcoming vacancies, putting further pressure on existing staff, and amplifying workload pressures that already exist.

Agencies may also tighten their management of 'unscheduled absences' (that is, personal/carer's leave). When staffing pressure and workloads intensify, some APS managers excessively police employees' usage of personal/carer's leave. This kind of action raises issues about compliance with the *Fair Work Act* and relevant enterprise agreements. It is also counterproductive, increasing the stress in the workplace, and more likely to target groups of workers with caring responsibilities, including those with responsibility for children or ageing parents.

Poor management of workload issues will lead to industrial disputation and create further disharmony in the workplace. It is in the interests of all parties that these issues are properly managed.

The Government should instruct APS agencies to work constructively with the CPSU to identify, manage and resolve workload issues within agencies. Management of workload issues should not include punitive action taken against employees who exercise their lawful entitlements under enterprise agreements or the *Fair Work Act*.

The CPSU seeks a specific commitment from Government to resolve systemic workload issues as they arise and resource these areas accordingly.

Managing redundancy and redeployment

The CPSU welcomes the commitments of Government to APS-wide redeployment and management of excess staffing situations. This includes the APS-wide Redeployment Policy announced in April 2011 and the comments of the Minister for Finance and Deregulation in making the MYEFO announcement that it was the Government's expectation that agencies should be making savings without resorting to forced redundancies.

To ensure the APS-wide mechanism that the Government has established is working effectively and achieving their goal, the CPSU seeks quarterly reporting from the APSC on referrals to and use of the APS redeployment processes and register. The CPSU also seeks quarterly meetings (or more frequently if required) with the APSC to discuss issues arising from the implementation of the APS Redeployment Policy – this would include APS-wide aspects of the policy, as well as ensuring agencies are correctly applying the Redeployment Principles.

Management of contractors and other indirect employees

Contractors and labour-hire employees are used in a number of APS agencies as an alternative to employment under the *Public Service Act*. The use of such third party arrangements has consistently been identified by the CPSU, Government reviews and Government Ministers as a potential source of Government saving.

Significant funds are spent every year on these arrangements, without detailed public disclosure of the cost and no guarantees about value for tax-payer money. At the same time as APS agencies are funding these arrangements, the Government keeps requiring APS employees to do more with less.

The CPSU seeks an audit of existing third party labour arrangements, to be conducted jointly by relevant Government representatives and CPSU representatives. This should include the number of contractors, labour hire employees and other indirect employees engaged under third party arrangements, their length of service, the work being undertaken under the terms of the contract and cost of these arrangements. It should also consider the current advice and regulations surrounding the engagement of labour through third party arrangements by agencies and examine whether current arrangements are consistent with the Australian Government Procurement Statement and other relevant government policies.

The findings of that audit should be considered by Government, in terms of identifying further savings and identifying ways in which current practices could be improved to ensure they are consistent with Government policy and expectations. The CPSU seeks a collaborative process to work with Government on these issues.

The Government should undertake an audit of existing contracting and third party labour arrangements. This should be undertaken in conjunction with the CPSU.

The Government should review the current advice and regulation surrounding the use of these arrangements.

Management of non-ongoing employees

A significant proportion of APS employees are being engaged on a non-ongoing basis under the *Public Service Act*, due to the use of project funding arrangements. These arrangements create costs for Government, in terms of recruitment and human resources management, and unfairly push risk on to individual employees.

The CPSU seeks Government statistics on the use of fixed term employment, specifically where employees are engaged on successive (or rolling) contracts.

There should be better management of the use of non-ongoing employment in the APS. This should include more rigorous oversight and advice to agencies.

The CPSU seeks discussions with relevant Government representatives about the appropriate use of non-ongoing employment, particularly in circumstances where contracts are rolled over, the circumstances in which these employees should be provided with redundancy and other entitlements.

Certain agencies have significantly increased their use of insecure employees, particularly casuals, in 'core' functions in recent years. For example in the Operations area of the ATO the CPSU estimates that over 25% of employees are casuals and a further 10% engaged on fixed contracts or as labour hire employees. These arrangements carry costs for Government in the short-term in terms of recruitment and training costs, but also in the long term in terms of loss of continuity, corporate knowledge and expertise.

The CPSU seeks discussions with Government about the appropriateness of non-ongoing employees for these functions, including the circumstances in which these employees should be provided with redundancy, paid leave and other entitlements.

<p>There should be better management of non-ongoing employment in the APS. In conjunction with the CPSU, the Government should review these arrangements, including examining the circumstances in which it is inappropriate for agencies to use these arrangements and the provision of appropriate entitlements.</p>
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Finding genuine efficiencies

In announcing the MYEFO in November last year, the Minister for Finance and Deregulation stated that it was the Government's expectation that agencies will find savings in a range of areas to meet the increased efficiency dividend, without resorting to forced redundancies.

It is important that employees have a voice in how agencies find savings to deal with these savings measures. To this end, the CPSU notes the creation of the Working Group, chaired by the Special Minister of State, with representation from the APSC, Department of Finance and Deregulation, Department of Prime Minister and Cabinet and the CPSU.

The involvement of employees and union representatives should not be, however, confined to this high-level group. Within agencies, employees with hands-on experiences are uniquely placed to provide advice on work practices and the development of new work and operating systems. This is particularly the case in frontline service delivery agencies, where inefficient or poorly thought out

work practices actually hinder the provision of services. Employees who do these jobs should have a role in designing work practices and the development of new work systems.

There are a range of productivities that could be garnered through whole-of-government procurement; this includes areas such as information and communications technology, legal services, property, and travel. We note that the Government has already undertaken some reform in this area¹³. The design and implementation of these whole-of-government savings measures would be best achieved if there was a role for employees, as users of these services, in that process.

Accordingly, the CPSU seeks the implementation of processes at agency level which allows for the involvement of CPSU and employees in identifying better work and operating systems.

The agency level processes should be collaborative, with the involvement of the CPSU, and mechanisms for reporting to and receiving reports from the workforce. The purpose would be to identify improvements in existing work practices and operating systems and be involved in the development of new work practices and operating systems.

For this to work effectively, union representatives involved in the process should be given appropriate time and resources to consult with employees in their agencies. Such an arrangement would be consistent with the facilities arrangements that applied during enterprise agreement negotiations in 2011 and the delegates' rights provisions of the APS Bargaining Framework.

The agency processes should also be overseen by the working group made up of representatives of the APSC, Department of Finance and Deregulation, Department of Prime Minister and Cabinet and the CPSU.

Maintaining a regional and rural presence

Given the tight budgetary circumstances, there may be pressure on some agencies to limit their regional and rural presence. Such a decision is short-sighted and reduces the Government's opportunities to directly interact with Australian communities.

Maintaining the footprint of APS agencies and services is important to Australian communities in regional and rural areas; providing greater accessibility to and visibility of Commonwealth Government services and ensuring APS agencies and department have strong ties to the communities they serve.

Furthermore centralisation of functions in Canberra, or other major cities, do not necessarily deliver savings – as the labour markets in these areas are often far tighter than regional areas.

Recent examples where this has occurred include:

- Over the last two years, the Department of Human Services has moved a number of positions out of Tasmania. A number of jobs in regional areas of Tasmania were lost when the Department decided to centralise scanning of mail in Canberra. In the same Department a restructure 18 months ago saw significant elements of processing work move out of Tasmania, including from regional areas. Other functions have been centralised to

¹³ p 45

Melbourne and Brisbane. The CPSU estimates that over the last eighteen months in DHS alone 30 jobs have been moved out of Tasmania.

- In the Department of Defence many functions have been moved out of regional areas or other cities to Canberra. This includes the audit function that was moved to Canberra approximately two years ago, Navy finance jobs which were moved to Canberra in 2010, corporate support functions moved from bases throughout the country to Melbourne, Adelaide and Sydney last year, redeployment case managers centralised to Canberra, Sydney and Melbourne and Army career management which the Department is currently moving to Canberra.
- Over the last two years, the Department of Immigration and Citizenship has closed offices in Southport and Dandenong moving the work to Brisbane, Melbourne and Canberra.

The CPSU does note that the Department of Regional Australia, Local Government, Arts and Sport have appropriately sought to increase their representation in regional Australia, opening an office in Adelaide. The CPSU supports further expansion of this Department into regional and rural Australia.

In addition to a loss of positions in regional areas, the classification profile of positions in regional areas has not kept pace with the rest of the APS and now differs significantly. For example, whilst the proportion of APS 3 and APS 4 in the whole of the APS has decreased from 37.24% in 2003 to 32.95% in 2011, in Tasmania over the same period as a proportion of all APS jobs in Tasmania it has increased from 50.31% to 64.99%. At the same time, while the proportion of EL 1 and EL 2 positions in the whole of the APS has grown to 26.42% in 2011, only 11.48% of all APS jobs in Tasmania are at these classification levels.

These trends demonstrate that the jobs that are kept in certain regional areas are less likely to be higher level positions. This itself has implications for the diversity of the APS workforce and its engagement with Australian communities.

The Government must ensure that the APS maintains a strong regional and rural presence.

APS reform processes

The CPSU seeks specific funding for APS reform. The 'Blueprint for the Reform of Australian Government Administration' set an ambitious and comprehensive reform plan for the APS. However, the implementation of this reform package has been impeded by budget cuts.

The CPSU calls for immediate funding to assist the implementation of APS reform processes.

Greater commonality of conditions and pay equity are important APS reforms. Achieving this goal would deliver significant efficiencies in APS operations, and also support greater mobility within the APS and its overall capacity.

All APS agreements will expire in June 2014. Early action by Government and greater co-operation and collaboration with the CPSU will be necessary if significant progress to these goals is to be made by that time.

The experience of the last bargaining round demonstrates that the failure to allow enough time for bargaining processes and the failure to work co-operatively with the CPSU at an APS-wide level will lead to a greater number of disputes and disputes that are more protracted.

The Government should commence discussions with the CPSU in 2013-2014 to determine a joint approach to future APS bargaining.

Diversity

The CPSU welcomes the commitments of the Government on promoting diversity in APS employment, particularly the commitment to increase Aboriginal and Torres Strait Islander employment to 2.7% of the APS workforce by 2015. The CPSU also welcomes the commitments in the APS Bargaining Framework that require APS agencies to implement measures to improve diversity.

These are significant undertakings and to ensure APS agencies are on track to meet these goals, it is appropriate that there be quarterly reporting on diversity statistics. Where agencies are at risk of not meeting the Government's expectations, existing policies should be reviewed and if necessary amended.

The CPSU seeks a collaborative process with APS agencies and the APSC to achieve the Aboriginal and Torres Strait Islander employment goal.

The APS Indigenous Employment Strategy program, run by the APSC, seeks to increase the recruitment and retention of Aboriginal and Torres Strait Islander employees across the APS. This program has been successful and it is therefore important that funding for it continues.

The CPSU seeks ongoing funding for APS Indigenous Employment Strategy and associated programs.

Funding for AIATSIS

The Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) is the world's premier institution for information and research about the cultures and lifestyles of Aboriginal and Torres Strait Islander peoples, past and present.

The AIATSIS Digitisation Program is one of its most important programs. This program will ensure that items of significance to Aboriginal and Torres Strait Islander culture are protected and accessible for future generations.

The program was funded for \$3.424 million out of a total appropriation of \$13.172 million for the 2010-11 financial year. This funding was not however renewed in 2011-2012; instead the agency received approval to run an operational deficit to continue its digitisation program until funding can be reassessed as part of the 2012-13 budget process.

Failure to properly fund this program will mean the digitisation process will not be possible and items of significance to Aboriginal and Torres Strait Islander culture will not be preserved.

Inadequate funding will also put at risk more than 35 jobs, many of which are held by Aboriginal and Torres Strait Islander employees.

The Government should provide additional funds to AIATSIS for its digitisation program and further work should be undertaken to develop a sustainable funding model for AIATSIS.

Conclusion

The Government cannot continue to cut public service budgets and expect no impact on public services. The CPSU acknowledges the difficult economic circumstances; the solution cannot be, however, a further increase in the efficiency dividend or arbitrary cuts to public service budgets.

The cuts made to date, including the increased efficiency dividend, are already having a negative impact on public services and will continue to do so. Any further public service cuts will be acutely felt by the Australian community.

The CPSU seeks better solutions to the current funding crisis that many APS agencies are now facing.

The CPSU also seeks a co-operative and collaborative way to work with Government and APS agencies to manage the impact of the budget decisions already taken, and alleviate their impact on APS employees and the delivery of public services.