Ms Lynelle Briggs AO

Review of Public Sector Board Appointments Processes

C/- APS Reform Office

Department of Prime Minister and Cabinet

Via email: chloe.chadwick@pmc.gov.au

Dear Ms Briggs,

**Review of Public Sector Board Appointments Processes**

Thank you for the opportunity to provide input to the Review of Public Sector Board Appointments Processes.

Australian Network on Disability (AND) strongly supports greater diversity of board membership. The terms of reference of the Review to improve board diversity includes considerations in terms of gender, CALD, First Nations, and geographic representation. While disability is not mentioned in the terms, we believe it is within the scope of the terms of reference.

Australian Network on Disability (AND) is a national, membership-based organisation that helps organisations welcome and retain people with disability into all aspects of business including leadership and board positions.

We work with our 450 member organisations - who in combination employ around 2.2 million people or 18% of Australia’s workforce - to remove barriers that limit opportunities and prevent the employment and advancement of people with disability.

As the peak body for disability inclusion in the workplace we provide expert guidance, services and programs to employers, Government representatives and industry bodies. Our vision is to create a disability-confident Australia.

In addition to building disability-confident workplaces, AND gives organisations the tools they require to become Disability-Confident Recruiters. We also partner with the Australian Institute of Company Directors (AICD) to provide leaders with disability with the skills and opportunities they require to join Australian boards.

More than 40% of our staff have shared that they have a disability and 27%of our board members have a disability.

AND welcomes the review of Public Sector Board Appointments.

**SUMMARY**

This submission outlines recommendations that will examine the current representation of people with disability on public sector boards in Australia and highlights initiatives to ensure these boards become more diverse, inclusive, and representative of the communities they serve.

More than 4.4 million Australians (1 in 5) have some form of disability. It is AND’s position that public sector boards that do not include directors with disability do not accurately represent the broader community they serve.

Diverse boards have a greater insight into their staff, customers, and communities. There is evidence that companies with diverse representation at senior leadership and board level are more profitable than less inclusive organisations.

A 2019 McKinsey & Company analysis found companies in the top quartile for gender diversity on executive teams were 25% more likely to have above-average profitability than companies in the fourth quartile—up from 21% in 2017. [[1]](#endnote-2)

In the case of ethnic and cultural diversity, McKinsey & Co’s business-case findings were equally compelling: in 2019, top-quartile companies outperformed those in the fourth one by 36% in profitability.

In its 22-year history Australian Network on Disability has seen no evidence to suggest there is a shortage of suitable board candidates with disability. Through our work with the Australian Institute of Company Directors we have identified a deep pool of talented, experienced candidates who are actively seeking board appointments.

This submission will detail training and mentoring programs that can be adopted by the Australian Government to access a wider pool of board candidates and remove barriers that currently prevent the appointment of people with disability to public sector boards.

A renewed approach to diversity cannot be achieved without first understanding the current composition of public sector boards. We would strongly recommend research into the composition of public sectors boards, not just regarding gender, but also collating data on the representation of First Nations people, people with disability, culturally and linguistically diverse people, and a review of the ages, professional backgrounds, and expertise of current public sector board members.

This data is essential to understand current board appointment processes, to change and improve those processes and to establish achievable targets to increase board diversity.

This submission includes the insights of senior executives with disability, who have firsthand experience overcoming barriers to becoming board directors.

**RECOMMENDATION 1: Fund research into the number of people with disability on public sector boards to better inform policy.**

We cannot change or improve what we do not yet understand.

There is currently no national data on the number of people with disability on Commonwealth and State public sector boards in Australia and limited data on the boards of private or ASX-listed corporations.

Alan Hough, a director at Purpose at Work and a La Trobe University adjunct professor is the lead author of *Director Pathways Project - An investigation of the pathways and experiences of Australian directors with disabilities. [[2]](#endnote-3)*

Professor Hough reports “the two Australian diversity benchmarking studies on directors of for-profits do not report data on directors with disabilities. The Australian Institute of Company Directors (2022) Gender Diversity Index for ASX300 3 companies is limited to gender. The Watermark Search International/Governance Institute Board (2021) Diversity Index for ASX300 companies is broader in scope but only reports data on gender, cultural background, skills and experience, age, tenure, and independence.”

The limited data that does exist suggests very few boards include directors with disability, which is concerning given that Disability is the biggest marginalised population in the world and people with disability intersect with all other diversity pillars and minority groups.

Recent research from the University of Sydney found almost a quarter of Australian disability services do not employ any people with disability, and 20% employ less than three people with disability. [[3]](#endnote-4)

This underrepresentation also extends to leadership roles within disability service providers, in what researchers labelled “an affront to the ‘nothing about us without us’ movement.”

The research into Australian disability service organisations found:

● Only 24% include at least one person with disability on their board

● Only 19% employ people with disability in management positions

AND recommends that the Australian Government conduct a survey of all public sectors boards in Australia to determine the level of representation of people with disability on boards. The data can be used to establish appropriate targets as per Recommendation 2.

**RECOMMENDATION 2: Introduce voluntary and publicly-declared targets for the appointment of people with disability on boards.**

The introduction of publicly declared targets is an effective tool for motivating a change in recruitment and employment practices.

On 1 July 2016 the Australian Government committed to a target for women to hold 50% of Government board positions. Since that date the number of women holding government board positions has risen from 40.5% to a record 51.4% on June 30, 2022. [[4]](#endnote-5)

“Disability employment is 40 years behind the gender debate. Let’s not take 40 years to catch up,” said Cain Beckett, a Non-Executive Director at Life Without Barriers and the Summer Foundation. Mr Beckett – a leader with disability - supports the introduction of targets for people with disability at the leadership level, similar to the current gender targets.

“Improvements in disability employment rates have flatlined but the supply of candidates is not the problem. The fastest way to get traction in disability employment is for employers to appoint high-performing individuals with disability into leadership roles so they can help drive change from within.”

AND Board Member since 2012 and Legal Aid NSW solicitor Rania Saab – who has a disability - argues that targets are essential to improve the diversity of board membership.

“It is critical that organisations take affirmative action to actively increase the representation of people with disability within their organisation, including on their board of directors.

“Our nation is not designed to welcome people with disability within its folds, so even though we know that we are capable, barriers exist outside of our control which render equal participation unlikely.

“It is for this reason that organisations should set targets for diversity on boards and measure and track their progress in increasing the number of people with disability on their boards" Ms Saab said.

Researchers from the University of Sydney’s Centre for Disability Research and Policy are calling for the Australian Government to move beyond what it describes as “indirect good will statements” and instead invest in a strong and direct suite of policy measures including disability employment and leadership quotas.

The Australian Public Service has previously recognised the benefits of employing of people with disability and committed to a target for the employment of people with disability.

The Australian Public Service Disability Employment Strategy 2020-25 acknowledges, “An APS workforce that better reflects the diversity of the Australian community will help produce programs, policies and services that meet the community’s diverse needs. People with disability bring lived perspectives and expertise to the workplace and want to make a positive difference. [[5]](#endnote-6)

‘If our workforce and internal experience doesn’t reflect the population then we will have blinkers on when developing programs, policies or providing service delivery.’ – APS small agency.

In May 2019, the Australian Government committed to a new employment target for people with disability in the Australian Public Service of 7% by 2025.

AND recommends that this or a similar target be extended to the appointment of people with disability on public sector boards.

**Recommendation 3:** **Broaden the pool of candidates to include people with disability by educating existing board members and enhancing the skillset of potential candidates with disability.**

Unconscious bias and low awareness, confidence, and capability of Directors to welcome and include people with disability is one of the main barriers to improving board representation.

AND, in partnership with the Australian Institute of Company Directors, runs programs to remove Directors’ unconscious bias and build their disability-confidence. These programs also give leaders with disability the skills, knowledge and connections that will improve their capability to join a board.

**Directing Change Scholarships**

● 15 full-fee scholarships are provided to people who identify as a person with disability, mental health condition or chronic illness (including physical, intellectual, sensory, neurological, psychological, or immunological) and are a practicing director or senior executive reporting to boards with a minimum 3 years’ experience (Company Directors Course) or a new director, senior executive, or manager (Foundations of Directorship program). The program also gives scholars the unique opportunity to be mentored by a leader with disability.

We received more than 10 times the number of applications we required for the program.

**Disability Leadership Program**

● 200 full-fee scholarships are being funded by the Australian Government Department of Social Services. (We received 660 applications for these 200 scholarships.) Scholarship recipients will undertake the Company Directors Course or the Foundations of Directorship course at AICD. The program will also work with existing directors to build disability confidence through Leader-to-Leader Conversations facilitated by AND.

We received 660 applications for these 200 scholarships.

**Observership Program**

● We have partnered with The Observership Program to provide talented professionals with disability (emerging leaders aged between 25-45 years old) the opportunity to be a Board Observer on a not-for-profit board in 2023. We are piloting a disability pathway for The Observership to ensure observers with disability are a key part of the program and we have 13 observers in Victoria currently going through the program.

**Directing Change Mentorship**

● The Directing Change Mentorship Program gives leaders the unique opportunity to mentor or be mentored by a leader with disability. As a mentor, directors are connected to an emerging leader with disability and support them in developing their governance knowledge. As a mentee, leaders will develop governance knowledge and build professional board networks. This program ensures Australian boardrooms are accessible and inclusive to all leaders.

AND recommends the Australian Public Service adopts these or similar programs throughout their organisations to broaden their pool of candidates and overcome unconscious bias or reluctance to consider leaders with disability for board positions.

**Next Steps**

We hope our submission will assist the Government in its efforts to update public sector board appointment processes. AND would be pleased to provide further feedback from directors or information regarding our extensive work into strategies to effectively diversify boards.

If you would like to discuss any of these recommendations further, please contact Chief Executive Officer Corene Strauss at Corene.strauss@and.org.au or Strategic Development Manager Amber O’Shea amber.oshea@and.org.au or Public Affairs and Policy Officer Clara Pirani, clara.pirani@and.org.au.

**ENDNOTES**

1. McKinsey & Company (2019) *Diversity wines: How inclusion matters.* <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters> [↑](#endnote-ref-2)
2. Hough, A., Bigby, C. & Brookes, A. (2023) *Director Pathways Project - An investigation of the pathways and experiences of Australian directors with disabilities.* [*https://static1.squarespace.com/static/5f0ef3a1685b513096644fde/t/63da0687a2ab453d089e095c/1675232905170/Public+Report+Director+Pathways+Project+Final.pdf*](https://static1.squarespace.com/static/5f0ef3a1685b513096644fde/t/63da0687a2ab453d089e095c/1675232905170/Public%2BReport%2BDirector%2BPathways%2BProject%2BFinal.pdf) [↑](#endnote-ref-3)
3. Mellifont, D., Smith-Merry, J., Bulkeley, K. (2023) *The employment of people with lived experience of disability in Australian Disability Services.* [*https://doi.org/10.1111/spol.12898*](https://doi.org/10.1111/spol.12898) [↑](#endnote-ref-4)
4. Department of Prime Minister and Cabinet. (2022). *Gender Balance on Australian Government Boards Report 2021-22.* [*https://www.pmc.gov.au/office-women/womens-leadership/gender-balance-australian-government-boards*](https://www.pmc.gov.au/office-women/womens-leadership/gender-balance-australian-government-boards) [↑](#endnote-ref-5)
5. Australian Government. (2020) *Australian Public Service Disability Employment Strategy 2020-25.* [*https://www.apsc.gov.au/publication/australian-public-service-disability-employment-strategy-2020-25*](https://www.apsc.gov.au/publication/australian-public-service-disability-employment-strategy-2020-25) [↑](#endnote-ref-6)