



Australian Government
Department of Finance

Report on the 2023-24 Audit of Employment

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Contents

Introduction	3
Key findings	5
Breakdown of external labour by expenditure	6
Breakdown of external labour by FTE	8
Breakdown of external labour by job family	10
Key Audit definitions	15

Introduction

The Australian Government committed to undertake a second Audit of Employment to provide an updated measure of the workforce composition of the Australian Public Service (APS) and track how the APS is performing on the Government's commitment to reduce the public service's reliance on consultants, contractors and labour hire. The publication of the second Audit delivers on a commitment made in the 2024-25 Budget.

The Audit of Employment recognises that the federal government workforce is broader than the Average Staffing Level (ASL) numbers published in the Budget papers. While there will always be a role for external, specialist expertise in the APS to deliver time-limited work, the Audit of Employment seeks to provide additional transparency on the use of consultants, contractors and labour hire.

Prior to the first Audit of Employment, published in 2023, public transparency on the use of external labour in the public service was limited. This allowed the former government to use a shadow workforce of external labour to maintain an artificial cap on the size of the public service. The second Audit, undertaken by the Department of Finance, provides an updated point-in-time snapshot of the public service's use of external labour in 2023-24.

Since the period covered by the 2023-24 Audit, the Government has made further progress in reducing spending on external labour. During its first term, the Government delivered \$5.3 billion in savings from reduced spending on external labour and non-wage expenses and undertook 11,800 external labour conversions. However, the Government expects the public service to do more to further reduce its use of external labour.

The findings of the second Audit of Employment will inform the Government's implementation of its 2025 election commitment to achieve a further \$6.4 billion in savings from reduced spending on consultants, contractors and labour hire and other non-wage expenses across the General Government Sector.

The 2023-24 Audit collected data on the number of, and spending on, consultants, contractors and labour hire in the 2023-24 financial year from 108 entities across the General Government Sector that employ staff under the *Public Service Act 1999*. Audit data reflects the portfolio and entity structures as at 30 June 2024.

Entities reported external labour use by expenditure and the number of full-time equivalent (FTE) workers. External labour FTE has been rounded to the nearest 10 for this report. Discrepancies between totals and sums of individual rows in tables are due to rounding.

The 2023-24 Audit focused on the use of consultants, contractors and labour hire, consistent with the scope of the Government's 2022 election commitment. The first Audit in 2021-22 also included data on outsourced service providers, which were delivering services such as cleaning, security and facilities management across many entities, to provide a full picture of the types of services that were being outsourced. In the intervening period, the Government has implemented a Strategic Commissioning Framework which is focused on ensuring that the core work of the APS is done by APS employees. As the first and second Audits are not directly comparable, the results of the 2023-24 Audit set a new baseline for external labour use in the public service.

Entity responses were based on the reporting possible from their accounting and reporting systems. Entity reporting has improved since the 2021-22 Audit, producing a more complete

dataset, which may mean the 2021-22 baseline underestimated the use of consultants, contractors and labour hire across the APS. During the 2021-22 Audit, some agencies reported external labour expenditure but not any corresponding FTE equivalent workers, and FTE equivalent workers but no associated external labour expenditure. There may still be inconsistencies between portfolios and entities and caution should also be taken when comparing figures in the 2023-24 Audit with other APS workforce-related data.

Key findings

The 2023-24 Audit provides a new baseline for the workforce composition of the APS. The external labour workforce was 21,970 FTE and total reported expenditure on consultants, contractors and labour hire in the 2023-24 financial year was \$6.0 billion.

Table 1: External labour expenditure and FTE, 2023-24

2023-24	
External labour expenditure (\$m)	5,972
FTE	21,970

One in every 16 dollars spent on departmental expenses in 2023-24 was on consultants, contractors and labour hire.

Table 2: External labour expenditure as a ratio of departmental expenses, 2023-24

2023-24	
External labour expenditure (\$m)	5,972
Departmental expenses (\$m)	95,678 ¹
Ratio of external labour expenditure to departmental expenses	1:16

The largest category of external labour was contractors, which comprised 66 per cent of external labour expenditure and 58 per cent of FTE.

Table 3: External labour expenditure and FTE by employment type, 2023-24²

Employment type	Expenditure \$m	Expenditure % of total	FTE No.	FTE % of total
Contractors	3,961	66	12,700	58
Labour hire	1,475	25	7,840	36
Consultants	536	9	1,430	7
Total	5,972	100	21,970	100

¹ As reported in the 2024-25 Budget Paper 4, *Part 3: Expenses and Net Capital Investment*, p.188.

² Totals may not sum due to rounding.

Breakdown of external labour by expenditure

Expenditure by employment type

Total reported expenditure on external labour in 2023-24 was \$6.0 billion.

Table 4: External labour expenditure by employment type, 2023-24

Employment type	2023-24 (\$m)
Contractors	3,961
Labour hire	1,475
Consultants	536
Total expenditure	5,972

The largest employment type by expenditure in 2023-24 was contractors, followed by labour hire and consultants. Expenditure on contractors made up 66 per cent of total expenditure in 2023-24, labour hire made up 25 per cent and consultants made up 9 per cent.

Expenditure by portfolio

Table 5: External labour expenditure by portfolio, 2023-24³

Portfolio	Total (\$m)	% of total	Contractors (\$m)	Labour hire (\$m)	Consultants (\$m)
Agriculture, Fisheries and Forestry	231	4%	215	3	13
Attorney-General's	119	2%	63	33	23
Climate Change, Energy, the Environment and Water	322	5%	76	172	74
Defence ⁴	2,447	41%	2,298	1	148
Education	27	<1%	2	17	9
Employment and Workplace Relations	275	5%	74	186	14
Finance	192	3%	38	142	13
Foreign Affairs and Trade	129	2%	77	43	9
Health and Aged Care	432	7%	101	287	44
Home Affairs	387	6%	365	13	9
Industry, Science and Resources	179	3%	58	80	41
Infrastructure, Transport, Regional Development, Communications and the Arts	133	2%	40	56	37
Prime Minister and Cabinet	112	2%	82	18	12
Social Services	634	11%	249	339	46
Treasury	252	4%	197	26	29
Veterans' Affairs	101	2%	27	60	14
Total expenditure (\$m)	5,972	100%	3,961	1,475	536

³ Totals may not sum due to rounding.

⁴ The Department of Veterans' Affairs and Australian War Memorial are included in the Veterans' Affairs portfolio.

The top five portfolios by external labour expenditure in 2023-24 were Defence (41 per cent of total external labour expenditure); Social Services (11 per cent); Health and Aged Care (7 per cent); Home Affairs (6 per cent); and Climate Change, Energy, the Environment and Water (5 per cent).

Of the top three portfolios by external labour expenditure, contractors were the most common employment type in the Defence portfolio (94 per cent of the portfolio's total external labour expenditure), while labour hire was the most common employment type in the Social Services and Health and Aged Care portfolios (53 per cent and 66 per cent of the portfolio's total external labour, respectively).

Table 6: External labour expenditure – top three portfolios, 2023-24

Portfolio	2023-24 (\$m)
Defence	2,447
Social Services	634
Health and Aged Care	432
All other portfolios	2,459
Total expenditure (\$m)	5,972

The top three portfolios by external labour expenditure represented 59 per cent (\$3.5 billion) of total external labour expenditure in 2023-24.

Breakdown of external labour by FTE

FTE by employment type

Total reported external labour FTE in 2023-24 was 21,970.

Table 7: External labour FTE by employment type, 2023-24

Employment type	2023-24
Contractors	12,700
Labour hire	7,840
Consultants	1,430
Total external labour FTE	21,970

The largest employment type by FTE in 2023-24 was contractors, followed by labour hire and consultants. Contractor FTE made up 58 per cent of total external labour FTE, labour hire FTE made up 36 per cent and consultant FTE made up 7 per cent.

FTE by portfolio

Table 8: External labour FTE by portfolio, 2023-24⁵

Portfolio	Total	% of Total	Contractors	Labour hire	Consultants
Agriculture, Fisheries and Forestry	990	5%	940	10	40
Attorney-General's	480	2%	240	160	80
Climate Change, Energy, the Environment and Water	1,290	6%	240	850	200
Defence ⁶	7,140	32%	6,840	<10	290
Education	160	1%	<10	130	30
Employment and Workplace Relations	1,130	5%	230	860	40
Finance	780	4%	160	610	10
Foreign Affairs and Trade	670	3%	260	350	60
Health and Aged Care	1,590	7%	310	1,230	50
Home Affairs	1,270	6%	1,140	50	80
Industry, Science and Resources	530	2%	180	310	40
Infrastructure, Transport, Regional Development, Communications and the Arts	610	3%	170	310	130
Prime Minister and Cabinet	420	2%	290	100	30
Social Services	3,380	15%	910	2,290	180
Treasury	840	4%	640	120	80
Veterans' Affairs	690	3%	150	460	80
Total external labour FTE	21,970	100%	12,700	7,840	1,430

⁵ Totals may not sum due to rounding.

⁶ The Department of Veterans' Affairs and Australian War Memorial are included in the Veterans' Affairs portfolio.

The top five portfolios by external labour FTE were Defence (32 per cent of total external labour FTE); Social Services (15 per cent); Health and Aged Care (7 per cent); Climate Change, Energy, the Environment and Water (6 per cent); and Home Affairs (6 per cent).

Of the top three portfolios by external labour FTE, contractors were the most common employment type in the Defence portfolio (96 per cent of the portfolio's total external labour FTE), while the Social Services and Health and Aged Care portfolios primarily engaged labour hire (68 per cent and 77 per cent of the total external labour FTE for each portfolio respectively).

Table 9: External labour FTE – top three portfolios, 2023-24

Portfolio	2023-24
Defence	7,140
Social Services	3,380
Health and Aged Care	1,590
All other portfolios	9,860
Total external labour FTE	21,970

The top three portfolios by external labour FTE represented 55 per cent (12,100 FTE) of the total external labour FTE in 2023-24.

Breakdown of external labour by job family

Expenditure by job family

In the 2023-24 Audit, 93 per cent of external labour expenditure was attributed to a job family compared to 50 per cent in 2021-22, allowing for meaningful analysis of data by job family.

Table 10: External labour expenditure – top five job families, disaggregated by employment type, 2023-24⁷

Job family	Total (\$m)	% of Total	Contractors (\$m)	Labour hire (\$m)	Consultants (\$m)
ICT and Digital Solutions	1,798	30%	1,164	600	34
Portfolio, Program and Project Management	1,281	21%	933	218	129
Engineering and Technical	626	10%	568	13	45
Data and Research	357	6%	146	130	81
Service Delivery	231	4%	54	169	8
Total expenditure in top 5 job families	4,293	72%	2,865	1,130	298
All other job families	1,268	21%	706	345	217
Job family not reported	411	7%	390	0	21
Total expenditure	5,972	100%	3,961	1,475	536

The top five job families by expenditure were: ICT and Digital Solutions (30 per cent of total expenditure); Portfolio, Program and Project Management (21 per cent); Engineering and Technical (10 per cent); Data and Research (6 per cent); and Service Delivery (4 per cent). Expenditure on contractors and labour hire was highest for the ICT and Digital Solutions job family, with expenditure on consultants highest for Portfolio, Program and Project Management.

21 per cent of external labour expenditure was attributed to other job families, while 7 per cent of expenditure did not have a job family reported.

Contractors were the most common employment type for four of the top five job families by expenditure: ICT and Digital Solutions; Portfolio, Program and Project Management; Engineering and Technical; and Data and Research. Labour hire was the most common employment type for the Service Delivery job family.

⁷ Totals may not sum due to rounding.

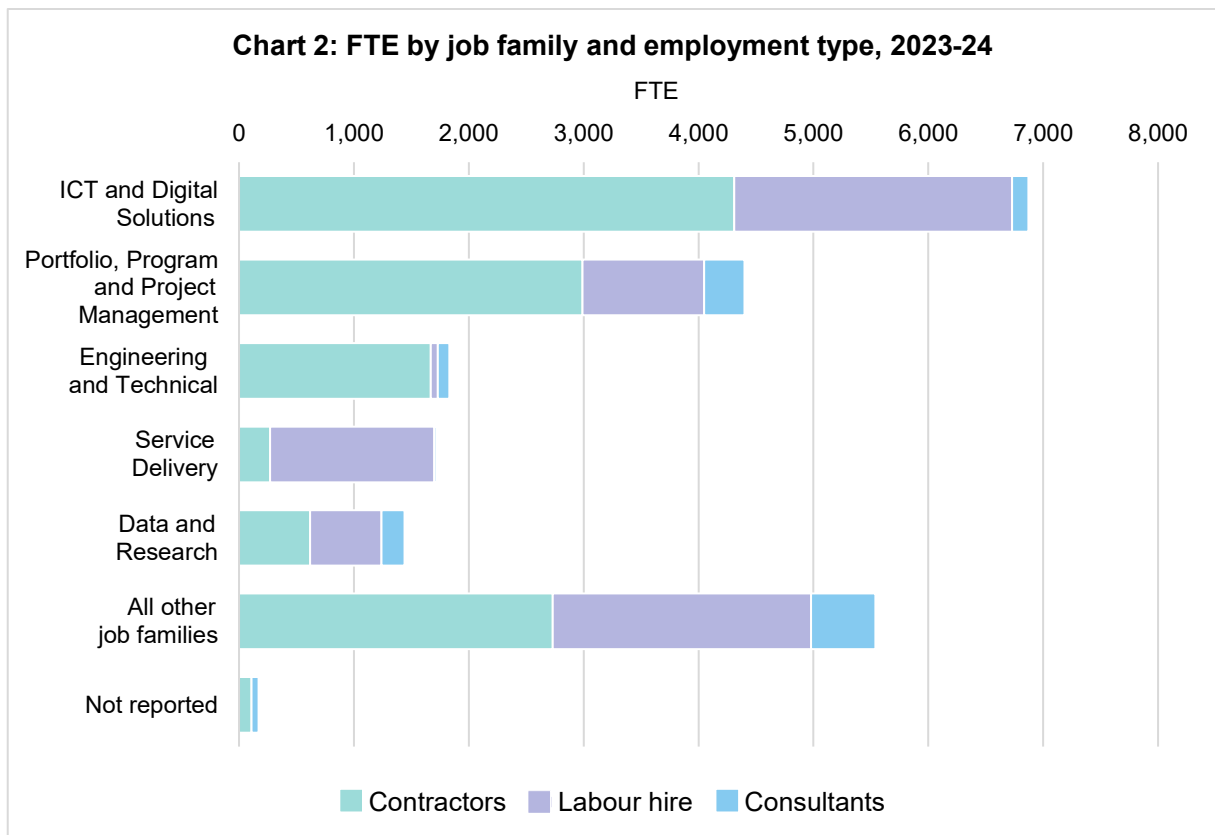
Chart 1: Expenditure by job family and employment type, 2023-24



FTE by job family

Table 11: External labour FTE – top five job families, 2023-24⁸

Job family	FTE	% of Total	Contractors	Labour hire	Consultants
ICT and Digital Solutions	6,870	31%	4,310	2,420	140
Portfolio, Program and Project Management	4,400	20%	2,990	1,060	350
Engineering and Technical	1,830	8%	1,670	60	100
Service Delivery	1,720	8%	270	1,430	20
Data and Research	1,440	7%	620	620	200
Total FTE in top 5 job families	16,260	74%	9,860	5,590	810
All other job families	5,540	25%	2,730	2,250	560
Job family not reported	170	1%	110	0	60
Total external labour FTE	21,970	100%	12,700	7,840	1,430



The top five job families in 2023-24 represented 74 per cent (16,260) of total external labour FTE. The top five job families were: ICT and Digital Solutions (31 per cent of total FTE); Portfolio, Program and Project Management (20 per cent); Engineering and Technical (8 per cent); Service Delivery (8 per cent); and Data and Research (7 per cent). Contractors and labour hire FTE was highest for the ICT and Digital Solutions job family, with consultant FTE highest for Portfolio, Program and Project Management.

⁸ Totals may not sum due to rounding.

25 per cent of external labour FTE was attributed to other job families, while 1 per cent of FTE did not have a job family reported.

Contractors were the most common employment type for ICT and Digital Solutions; Portfolio, Program and Project Management; Engineering and Technical. Labour hire was the most common employment type for the Service Delivery job family, and there was an even distribution of contractors and labour hire for the Data and Research job family.

Expenditure by job family and portfolio

Tables 12 to 16 show the top five portfolios by external labour expenditure, and the expenditure in all remaining portfolios, in each of the top five job families, in 2023-24.

In 2023-24, the job family composition of expenditure differed across portfolios, which reflected the different priorities and functions of portfolios. For example, the Defence portfolio represented the largest proportion of expenditure in four of the top five job families (see Tables 12 to 15). The Social Services portfolio represented the largest proportion of expenditure in the Service Delivery job family (Table 16).

Table 12: External labour expenditure – top five portfolios in ICT and Digital Solutions, 2023-24⁹

Portfolio	Expenditure (\$m)	% of total (all portfolios)
Defence	410	23%
Health and Aged Care	296	16%
Treasury	176	10%
Employment and Workplace Relations	171	10%
Social Services	157	9%
Total (top five portfolios)	1,209	67%
All other portfolios	589	33%
Total (all portfolios)	1,798	100%

Table 13: External labour expenditure – top five portfolios in Portfolio, Program and Project Management, 2023-24¹⁰

Portfolio	Expenditure (\$m)	% of total (all portfolios)
Defence	879	69%
Climate Change, Energy, the Environment and Water	72	6%
Social Services	54	4%
Health and Aged Care	49	4%
Agriculture, Fisheries and Forestry	39	3%
Total (top five portfolios)	1,093	85%
All other portfolios	188	15%
Total (all portfolios)	1,281	100%

⁹ Totals may not sum due to rounding.

¹⁰ Totals may not sum due to rounding.

Table 14: External labour expenditure – top five portfolios in Engineering and Technical, 2023-24¹¹

Portfolio	Expenditure (\$m)	% of total (all portfolios)
Defence	586	94%
Industry, Science and Resources	12	2%
Climate Change, Energy, the Environment and Water	9	1%
Infrastructure, Transport, Regional Development, Communications and the Arts	8	1%
Finance	8	1%
Total (top five portfolios)	623	99%
All other portfolios	3	1%
Total (all portfolios)	626	100%

Table 15: External labour expenditure – top five portfolios in Data and Research, 2023-24¹²

Portfolio	Expenditure (\$m)	% of total (all portfolios)
Defence	77	22%
Social Services	72	20%
Climate Change, Energy, the Environment and Water	51	14%
Industry, Science and Resources	25	7%
Health and Aged Care	23	7%
Total (top five portfolios)	248	70%
All other portfolios	108	30%
Total (all portfolios)	357	100%

Table 16: External labour expenditure – top five portfolios in Service Delivery, 2023-24¹³

Portfolio	Expenditure (\$m)	% of total (all portfolios)
Social Services	120	52%
Foreign Affairs and Trade	34	15%
Veterans' Affairs	20	8%
Employment and Workplace Relations	17	8%
Defence	8	4%
Total (top five portfolios)	200	86%
All other portfolios	31	14%
Total (all portfolios)	231	100%

¹¹ Totals may not sum due to rounding.

¹² Totals may not sum due to rounding.

¹³ Totals may not sum due to rounding.

Key Audit definitions

Term	Definition
Average Staffing Levels (ASL)	<p>The average number of employees receiving wages or salaries over the financial year, with adjustments for casual and part-time staff to show the average full-time equivalent.</p> <p>ASL figures are representative of staff employed within the general government sector who are remunerated through an entity's payroll.</p> <p>ASL does not include workers paid through a third party (contractors) or employees on unpaid leave.</p>
Consultants In-scope	<p>A <i>consultant</i> is defined as a provider of:</p> <ul style="list-style-type: none"> professional, independent advice; and other strategic services that involve the development of an intellectual output which represents the independent view of the Service Provider and assists with entity decision-making. <p>Individuals, partnerships or corporations procured by a government entity to provide professional or expert services or independent advice as part of a one-off or irregular task to support entity decision-making. The output reflects the independent view or findings of the consultancy or consultant, and the output may not belong to the contracting entity unless specifically required under the contract. Consultants generally operate under a lower level of direction and control, and the output may not belong to the entity.</p>
Contractors In-scope	<p>A <i>contractor</i> is defined as the engagement of temporary services for which:</p> <ul style="list-style-type: none"> the output is being produced on behalf of the Commonwealth entity; the output is generally regarded as a Commonwealth entity product; the services are performed under the direction or supervision of the Commonwealth entity; remuneration is based on time worked, usually calculated on an hourly rate; and the skills required are specialised in nature. <p>Individuals, sole traders or service providers procured by a government entity to perform a specialised role for a short and fixed term. A contractor will generally hold requisite qualifications and licenses in their chosen field of work, and bring relevant industry experience to the role.</p> <p>Use of contractors is for short term arrangements involving a one-off or irregular tasks.</p>
Full-time Equivalent (FTE)	<p>A measure of staff based on the adjustment of part-time and casual workers, where all hours worked by a staff member at a point in time is counted and then converted to the number of full-time staff. The hours which are considered full-time is typically negotiated within an organisation, but is most commonly 37.5 hours a week, or 7.5 hours a day.</p> <p>For example, two staff each working three full days per week would be counted as 1.2 FTE.</p> <p>To allow an equivalent and measurable comparison with general government sector ASL, entities subject to the Audit were asked to provide external labour workforce data in the form of annualised FTE (FTE averaged over the course of the relevant financial year).</p> <p>For example, a contractor working 37.5 hours per week but only for six months out of the year would be recorded as 0.5 FTE for the year.</p>

Labour hire In-scope	<p><i>Labour hire</i> is defined as a "triangular employment arrangement" where a government entity procures a labour hire company to provide a worker to undertake a temporary role for which:</p> <ul style="list-style-type: none"> • there is no direct employment contract between the government entity and the individual employee; • the labour hire company contracts the workers to provide that labour and is responsible for paying the worker; • remuneration is based on time worked, usually calculated on an hourly rate; • the output is generally produced on behalf of the Commonwealth entity and is regarded as a Commonwealth entity product; and • the services are performed under the direction or supervision of the Commonwealth entity; and skills required are generalist in nature.
Outsourced Service Providers Out of scope	<p>An <i>outsourced service provider</i> is defined as external services engaged through a commercial arrangement to deliver a function, outcome or product of Government to, or on behalf of, an entity.</p> <p>The outsourced service provider category:</p> <ul style="list-style-type: none"> • includes staff retained by a provider contracted to deliver a specific service or product, but who may work in an entity's premises and use its systems under a contract, such as security, laundry and other cleaning services, and facilities management services; and • does not include staff retained by a provider contracted to deliver core functions such as program or service delivery, which will generally be categorised as consultants, contractors or labour hire arrangements.

APS job family framework

The APS job family framework (the Framework) as at September 2024 was used in the Audit. Entities were provided with descriptions of job families to support the classification of external labour.

The Framework is based on occupational groupings and works in a three tier system. The tier system involves grouping similar job roles and subsequently forming a job function which are then grouped into overarching job families. The Framework as at September 2024 contained 236 job roles, 70 job functions and 18 overarching job families.

The Framework can be found on the Australian Public Service Commission's website, [here](#).