



COMMUNITY AND PUBLIC SECTOR UNION

Michael Tull – Assistant National Secretary

21 March 2023

Committee Secretary
Joint Committee of Public Accounts and Audit
PO Box 6021
Parliament House
Canberra ACT 2600



Dear Committee Secretary

Commonwealth procurement: Inquiry into Auditor-General Reports 6, 15, 30, 42 (2021-22) and 5 (2022-23)

As the primary union representing Department of Home Affairs (Home Affairs) employees, the Community and Public Sector Union (CPSU) is committed to providing a strong voice for our members in key public policy and political debates.

The CPSU welcomes the opportunity to make a submission to this inquiry in response to testimony provided by the Secretary of the Department of Home Affairs (Home Affairs) about Home Affairs' poor APS Census (Census) results, the validity of the Census as a tool, Home Affairs' approach to ICT and outsourcing, and his comments about wages and conditions.

Poor Census results are not simply the result of fragmented pay and conditions

Home Affairs' poor Census results cannot be explained away by pay disparities or underinvestment in technology.

Over several years, Home Affairs has adopted a hostile and uncooperative approach to workplace relations. This workplace relations approach and culture, which staff feel is driven from the top of the agency, has had a substantial negative impact on employee morale, and the standing of senior management.

During previous rounds of bargaining, Home Affairs has sought every opportunity to cut working conditions and employee rights. The approach to agreement making has seen Home Affairs stand out from the rest of the APS in regard to industrial action and the need for intervention by the Fair Work Commission.



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Home Affairs' approach to agreement implementation and bargaining has led to regular industrial disputes.

The new round of APS bargaining that is about to commence must solve issues with pay and conditions and must also demonstrate to staff that senior management has adopted a new, more cooperative approach to workplace relations that is fully focussed on making Home Affairs an attractive place to work.

The APS Census is a tool that has real value and enables valid comparisons

While the Census is not perfect, the chronic poor results from Home Affairs cannot be dismissed as being the product of unfair comparators. Publicly available Census results for Home Affairs include comparisons with larger operational and extra large agencies as well as the APS overall.¹

The results demonstrate that whatever comparator is used, Home Affairs is a poor performer. If Mr Pezzullo is arguing the Census does not accurately reflect the situation within the agency, then the CPSU would strongly disagree.

Home Affairs' approach to ICT outsourcing is a major factor in both staff morale and its poor-quality systems

A major issue for CPSU members working in ICT roles, and those using Home Affairs' systems, is the agency's long history of failed attempts at outsourcing major ICT projects.

By CPSU's own calculations, Home Affairs has spent more than \$500m in recent years on multiple failed attempts to outsource the upgrade or redevelopment of visa systems.

The first attempt in 2006, called the Generic Visa System, was outsourced to IBM at a cost of around \$450m. The project was delivered years late, found not to be fit for purpose, and was subsequently decommissioned. More recently, the attempt to privatise the visa system failed at a cost in excess of \$90m, and the \$60m contract with Accenture to digitise the incoming passenger declaration did not deliver a workable product and was also shelved.

At a time when Home Affairs had serious budgetary issues, this waste is unacceptable.

The fact Home Affairs has splashed so much on these external suppliers also seriously undercuts Mr Pezzullo's general argument that it is external pay and budget factors driving Home Affairs' poor ICT systems and resultant staff dissatisfaction.

¹ Home Affairs (2022). Australian Public Service Employee Census 2022 – Highlights Report.
<https://www.homeaffairs.gov.au/reports-and-pubs/files/aps-census-home-affairs-highlights-2022.pdf>



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In addition to the wasted spending, these continued attempts to outsource ignore the skills, talents, and career development of Home Affairs' own ICT staff.

CPSU members say the agency has an "outsource first" mentality, and this results in Home Affairs' highly skilled staff not being given opportunities to develop new system and products in house.

The two recent outsourcing attempts, the failed visa privatisation project and the failed digital passenger declaration project, were both projects that could and should have been done in-house, however, staff were not given the opportunity to do this work.

This failure to involve ICT staff in the design, build and execution of major new projects is a missed opportunity to build skills and capability for Home Affairs and the wider APS, and is corrosive to staff morale and engagement.

Pay and conditions do need to be improved

The previous decentralised bargaining system, coupled with staffing and budget cuts, have led to large disparities in pay and conditions, and puts pressure on agencies like Home Affairs when trying to attract and retain staff.

For example:

- At the APS4 level, Home Affairs employees are paid a maximum of \$76,799, compared to \$79,419 in the Department of Veterans' Affairs and \$82,012 in the Department of Finance.
- At the EL1 level, Home Affairs employees may be paid a maximum of \$124,931, compared to \$126,039 at the Department of Veterans' Affairs and \$147,219 at the Department of Finance.

We therefore agree with Mr Pezzullo that Home Affairs' pay is not competitive. The CPSU is seeking such an adjustment in the round of APS bargaining that has recently commenced.

There would also be some truth to Mr Pezzullo's argument that the need to maintain certain operational levels in an environment of insufficient budgets does place additional pressures on operational agencies. However, if Mr Pezzullo is suggesting that operational agencies should have fundamentally different employment conditions than policy agencies, then CPSU would strongly disagree.

The solution to these issues is rebuilding common pay and conditions across the APS through service wide bargaining, including a pay equity mechanism to lift wages in the low paid agencies, and then addressing agency specific issues at that agency level. The CPSU recommends that the Commonwealth Government funds agencies for all parts of that process.



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The CPSU is happy to provide information on the matters raised in this submission and supplementary information on other relevant issues if needed.

For further information, please contact Osmond Chiu, Senior Policy and Research Officer via email [REDACTED]

Yours sincerely

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Michael Tull
ASSISTANT NATIONAL SECRETARY