

# **Senate Select Committee on Job Security**

**PUBLIC HEARING 27 August 2021**

**ANSWER TO QUESTION ON NOTICE**

**Social Services Portfolio  
Services Australia**

**Topic:** Requirements of the Agency's workforce

**Question reference number:** IQ21-000106

**Member:** Tony Sheldon

**Type of question:** Written. Hansard Page/s:

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

Services Australia's annual reports show a dramatic reduction in the number of permanent ongoing workers at Service Australia, and a large uptick in the use of other arrangements. When asked about this at the hearing, Mr Nelson said: "I think the current workforce blend, or mix if you like, reflects the modern workplace that we are now required to have in order to meet the demands of the Australian community. The expectations to meet the requirements of the community have certainly increased over that period of time. We're now operating in a digital world where 24/7 is almost expected and quick turnaround times are expected—as is the need to scale up and scale down to meet demand."

- a. What "demands" or "requirements" of the Australian community are better met by a workforce with a higher proportion of external contractors and labour hire?
- b. Is there evidence to support the claim that the Australian community's "expectations" are for increased labour hire and other forms of non-permanent work in the public service?

## **Answer:**

- a. Services Australia uses labour hire and contractors to respond flexibly to peaks and troughs in customer demand, and to access specialist skillsets when required. In addition to known customer demand trends, demand is heavily impacted by events such as natural disasters, pandemic events and changes to government policy.
- b. Services Australia must ensure that public resources are used in the most efficient, effective, ethical and economical manner. This applies to the way the agency manages its workforce resources to meet service delivery demand.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

## **ANSWER TO QUESTION ON NOTICE**

Social Services Portfolio  
Services Australia

**Topic:** Proportion of workforce

**Question reference number:** IQ21-000107

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

### **Question:**

Services Australia told the Committee in response to earlier questions on notice (Question number IQ21-000032 and IQ21-000033) that: “Services Australia reports a headcount of 1,783 labour hire employees. This represents 4.5 per cent of the total workforce.”

“Services Australia reports a headcount of 3,399 contractor employees. This represents 8.6 per cent of the total workforce.”

Collectively that is 5,182 people representing 13.1% of the total workforce. At the hearing, Mr Nelson added that Services Australia also engages “service delivery partners”, which account for “equivalent to 5,350 people.” When added to the labour hire and contractor employees, that means more than 26% of Services Australia’s workforce is being engaged through various external work arrangements. Is more than 26% of Services Australia’s work non-ongoing and short-term in nature, and could not be performed by permanent ongoing APS employees?

a. If any of these figures are incorrect or outdated, please clarify the correct/latest figures, and confirm whether that proportion of work really is non-ongoing and short-term in nature, and could not be performed by permanent ongoing APS employees.

### **Answer:**

Services Australia’s (the Agency) workforce numbers fluctuate from time to time as the Agency uses labour hire and contractors to respond flexibly to peaks and troughs in customer demand, and to access specialist skillsets when required. In addition to known customer demand trends, demand is heavily impacted by events such as natural disasters, pandemic events and changes to government policy.

The Agency has provided information on workforce numbers as particular points in time in response to Questions on Notice IQ21-000078 and IQ21-0000109.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Converting roles to ongoing APS

**Question reference number:** IQ21-000108

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

If the ASL cap were lifted or removed, could some of these jobs be converted to ongoing APS roles?

## **Answer:**

Services Australia runs regular recruitment rounds to employ its primary workforce, ongoing Australian Public Service employees. These opportunities are also available to workers from other employment types including those engaged as labour hire workers.

# **Senate Select Committee on Job Security**

**PUBLIC HEARING 27 August 2021**

**ANSWER TO QUESTION ON NOTICE**

**Social Services Portfolio  
Services Australia**

**Topic:** Breakdown of numbers of Services Australia employees

**Question reference number:** IQ21-000109

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

Mr Nelson said at the hearing: “We do use casuals quite heavily. At 30 June 2021 we had 3,220 casuals and we also had 3,897 non-ongoing employees.” It’s unclear whether these numbers include or are separate to the earlier figures referenced with respect to labour hire. For clarity please advise:

- a. The number of permanent ongoing FT Services Australia employees
- b. The number of permanent ongoing PT Services Australia employees
- c. The number of casual Services Australia employees
- d. The number of fixed-term Services Australia employees (or other non-casual, non-ongoing Services Australia employees – please specify)
- e. The number of labour hire workers engaged by Services Australia
- f. The number of contractors engaged by Services Australia
- g. The number of people engaged through service delivery partners by Services Australia
- h. The number of people engaged by Services Australia through any other arrangement not captured in the above (please specify)

## **Answer:**

Services Australia (the Agency) has previously provided answers to questions (a) to (f) as part of Question on Notice IQ21-000078.

In relation to questions (g) and (h), as at 30 June 2021, the Agency had engaged:

- 5,350 people (headcount) through Service Delivery Partners (SDPs)\*
- 91 people as secondees from other Australian Public Service agencies

\* SDPs headcount information is only an indicative figure as SDPs are engaged on a fee for service basis.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Labour hire fees - converting staff to ongoing employment

**Question reference number:** IQ21-000110

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

In response to a question asking if Services Australia had been charged a fee by a labour hire firm when converting one of their employees across to APS employment, Mr Nelson said: “That certainly hasn’t been our experience.”

To confirm – Services Australia has never been charged a fee by a labour hire company when converting one of their workers to employment with Services Australia?

## **Answer:**

Services Australia has no record of paying a fee to a labour hire company where a person has become an employee of Services Australia. Services Australia employs people consistent with the *Public Service Act 1999*.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Agency fees in labour hire arrangements

**Question reference number:** IQ21-000111

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

At the Hearing, the Secretariat provided Services Australia with a copy of AMSA's response to Budget Estimates Question on Notice SQ21-000383.

In that document, AMSA refers to a 25% agency fee as "low" and a 40% agency fee as "high". Does Services Australia agree with that characterisation, and what sort of range of agency fees does Services Australia typically pay in its labour hire arrangements?

## **Answer:**

Services Australia's contracts with labour hire providers are established through a competitive procurement process, adhering to the requirements of the Commonwealth Procurement Rules and the Australian Government's Procurement Framework. The details of these contractual arrangements are published on AusTender.

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Labour hire arrangement - Agency fee

**Question reference number:** IQ21-000112

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

**Question:**

Has Services Australia ever entered into a labour hire arrangement with an agency fee of 40% or higher – if so please specify.

**Answer:**

Services Australia engages a range of providers. Providers determine the remuneration they pay to their staff, noting that the contracts that Services Australia has with those providers oblige them to meet specific statutory and other obligations with respect to their staff regarding salary and superannuation. The rates paid to providers are commercial in confidence and disclosure would prejudice future procurement processes.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Costs of direct employment compared to labour hire arrangements

**Question reference number:** IQ21-000113

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

In the document, AMSA sets out the comparable annual cost associated with direct employment and labour hire employment at various AMSA Levels. For example, at Level 1.1, direct employment has a total cost of \$64,491.47, and at a 25% agency fee, labour hire costs \$84,008.63. That is a difference of almost \$20,000 per employee, per annum. Please advise whether this is similar to the gap in costs Services Australia incurs in its labour hire arrangements, or if not, what the typical gap in cost is.

## **Answer:**

Please refer to IQ21-000112.



# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Service delivery costs compared to internal costs

**Question reference number:** IQ21-000114

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

What is the typical gap in cost between paying a service delivery provider for a worker, group of workers or a project (whichever is applicable), and employing or performing that work internally at Services Australia?

## **Answer:**

Services Australia's contracts with providers are established through a competitive procurement process, adhering to the requirements of the Commonwealth Procurement Rules and the Australian Government's Procurement Framework. This approach generates pricing competition across providers, as reflected in their tendered pricing, and delivers value for money outcomes. The details of these contractual arrangements are published on AusTender. The relative costs of having work undertaken, or staff provided by a service delivery provider will vary depending on factors such as the nature and duration of the work.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Complying with Commonwealth Procurement Rules

**Question reference number:** IQ21-000115

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

How does Services Australia ensure it is complying with the Commonwealth Procurement Rules around achieving value for money?

## **Answer:**

Services Australia's contracts with labour hire providers are established through a competitive procurement process, adhering to the requirements of the Commonwealth Procurement Rules and the Australian Government's Procurement Framework. The details of these contractual arrangements are published on [AusTender at www.tenders.gov.au](http://www.tenders.gov.au).

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Audit of labour hire arrangements

**Question reference number:** IQ21-000116

**Member:** Tony Sheldon

**Type of question:** Written. Hansard Page/s:

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

Have Services Australia's labour hire arrangements ever been assessed or audited, either internally or externally, for compliance with value for money, and if so, please provide this assessment or audit.

## **Answer:**

Services Australia applies the Commonwealth Procurement Rules including undertaking a value for money assessment before entering into commercial arrangements with labour hire companies.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

## **ANSWER TO QUESTION ON NOTICE**

Social Services Portfolio  
Services Australia

**Topic:** Audit of service delivery partner arrangements

**Question reference number:** IQ21-000117

**Member:** Tony Sheldon

**Type of question:** Written. Hansard Page/s:

**Date set by the committee for the return of answer:** 01 October 2021

### **Question:**

Have Services Australia's service delivery provider arrangements ever been assessed or audited, either internally or externally, for compliance with value for money, and if so, please provide this assessment or audit.

### **Answer:**

Services Australia applies the Commonwealth Procurement Rules including undertaking a value for money assessment before entering into commercial arrangements with service delivery providers.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Labour hire or contract arrangements longer than five years

**Question reference number:** IQ21-000118

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

How many people have been working through labour hire, as contractors or through service delivery providers for Services Australia for more than 5 years?

## **Answer:**

Services Australia enters into contracts with labour hire, or service delivery partner providers through competitive procurement processes, and in accordance with the Commonwealth Procurement Rules. The duration of these contractual arrangements is published on AusTender at [www.tenders.gov.au](http://www.tenders.gov.au). The engagement of individual staff and the duration of those engagements is a matter for the providers.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Continuous Labour Hire longer than 5 years

**Question reference number:** IQ21-000119

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

The CPSU's submission to this inquiry includes quotes from Services Australia workers who say they work alongside labour hire workers in the same team, who have been engaged through labour hire for 5+ years. Why aren't jobs which are continuous for 5+ years being employed directly as ongoing APS employees?

## **Answer:**

Services Australia runs regular recruitment rounds to employ its primary workforce, ongoing APS employees. These opportunities are also available to workers from other employment types including those engaged as labour hire workers.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Audits of Labour Hire Companies and Compliance with APS standards

**Question reference number:** IQ21-000120

**Member:** Tony Sheldon

**Type of question:** Written. Hansard Page/s:

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

Does Services Australia ever audit or inspect the conditions of work and compliance with APS standards and workplace laws at labour hire companies operating within Services Australia?

a) If yes – how many of these audits, inspections or reviews have taken place over the last 5 years, and what was the outcome for each?

## **Answer:**

Services Australia complies with all relevant workplace laws and ensures that contracts with labour hire companies apply the same standards.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Audits of service delivery providers and compliance with APS standards

**Question reference number:** IQ21-000121

**Member:** Tony Sheldon

**Type of question:** Written. Hansard Page/s:

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

Does Services Australia ever audit or inspect the conditions of work and compliance with APS standards and workplace laws at service delivery providers working with Services Australia?

b) If yes – how many of these audits, inspections or reviews have taken place over the last 5 years, and what was the outcome for each?

## **Answer:**

Services Australia complies with all relevant workplace laws and ensures that contracts with service delivery providers apply the same standards.



# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Paid leave due to COVID-19

**Question reference number:** IQ21-000122

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

What proportion of Services Australia employees receive paid vaccination leave, and paid leave if they are required to isolate due to COVID-19?

## **Answer:**

All Services Australia employees, may access:

- Paid time to obtain the Coronavirus Vaccine, and
- Paid leave if they are required to isolate due to COVID-19.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Paid leave for contractors due to COVID-19

**Question reference number:** IQ21-000123

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

What proportion of employees of other companies working for Services Australia (labour hire, contractors, service delivery providers) receive paid vaccination leave, and paid leave if they are required to isolate due to COVID-19?

## **Answer:**

The arrangements for staff employed by labour hire providers or service delivery partners is a matter for those employers.

# **Senate Select Committee on Job Security**

PUBLIC HEARING 27 August 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio  
Services Australia

**Topic:** Actions taken if standards not met by Labour hire companies

**Question reference number:** IQ21-000124

**Member:** Tony Sheldon

**Type of question:** Written.

**Date set by the committee for the return of answer:** 01 October 2021

## **Question:**

If a labour hire company, service delivery provider or other outsourcing company does not meet certain standards or expectations, does Services Australia have access to punitive or other remedies? And if so, how many times has Services Australia sought to take this sort of action over the last five years, and for what failures or breaches?

## **Answer:**

Service Australia (the Agency) manages service provider performance in accordance with its contractual arrangements. These contractual arrangements set expectations and performance standards. If they are not met, a range of remedies are available depending on the particular instance and severity, including for example, a reduction in fees or termination of the contract for more serious breaches.