



Submission to the inquiry into the current capability of the Australian Public Service (APS)

AUSTRALIAN TAXATION OFFICE

Community and Public Sector Union (PSU Group)

February 2021

Introduction

As the primary union representing people working in the Australian Taxation Office (ATO), 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 into the current capability of the Australian Public Service (APS).

The ATO ensures funding for all the important things Australians want in their local communities, like schools and vocational training, hospitals and an accessible health system, and roads and safety nets, to ensure we all feel safe. Expertise, skills and capacity should be built into our taxation system, provided by staff we can trust who are committed to delivering for the people of Australia.

The ATO cannot operate to the standards of community expectations while the Average Staffing Level (ASL) cap remains in place. The continued enforcement of an arbitrary staffing cap has necessitated the agency's use of insecure work including contractors, labour hire, casuals, and outsourcing. The reliance on insecure work worsens the ATO's capacity to meet its obligations and hinders the ability to innovate. Reduced numbers of ongoing experienced staff, high turnover in outsourced call centres and insecure employment arrangements, have resulted in a loss of expertise within the ATO. The experience for citizens (variously referred to by the ATO as customers, tax agents and taxpayers) has affected public trust and the efficiency of the agency.

Labour hire is being used for core public sector work

Most Australians would be alarmed to learn the extent to which core functions of the ATO are currently performed by outsourced providers such as Serco, Datacom and Probe - private, profit-focused companies.

A recent survey conducted by the CPSU in February 2021 showed 92% of ATO respondents reported labour hire is used for normal ongoing work in their agency, and 83% reported ATO used consultants and contractors for work that could and should be done by APS workers:

Super guarantee audits are normal and ongoing work. It is specialised work with a substantial technical/legal and client engagement skillset required that is not readily available outside the office. Reasons given are always related to staff cap and budget. 'Oh maybe we can get some labour hire to help deal with the ever-increasing workload'

My business line in my site has 20+ labour hire for 12+ months. They are doing 'business as usual' work, not short-term projects. The jobs should be filled as permanent vacancies. The workload is not decreasing.

Labour hire has been used for the Justified Trust program in the ATO. This isn't short term but is specialised. However, the capability of those staff to ask the hard questions of the taxpayer is non-existent and as a result, larger taxpayers do not have to prove their deductions and hence do not pay the right amount of tax.

Nowhere is this more apparent [increased use of external suppliers instead of APS staff is hollowing out the skills and capability of the APS] than in our call centre and debt collection roles that have been outsourced - APS staff are constantly mopping up after poor service and incorrect information that has been delivered to taxpayers by low-paid workers with little incentive to treat taxpayers holistically or provide them with correct information. Rather than resolve taxpayer issues, in many cases these outsourced staff simply escalate issues to APS staff who resolve them, creating two layers of 'service' that's being paid for.

Work previously done in ATO by ongoing APS staff is now done by private companies, including property valuations for assets tests and debt collection. Currently the ATO uses:

- **Outsourced workers** primarily for debt and general client account management in the Service Delivery Group - approximately 70% of all inbound calls are answered by private providers. These workers are employed through an outsourced employer like Probe and sit offsite with their direct employer. An FOI¹ undertaken in 2020 revealed some 5,300 roles had been outsourced² by the Taxation Office, 5,000 of which are referred to as 'overflow' positions (likely call centre). The remaining 300 outsourced³ roles were in the regular public service and included debt collection officers, law interpretation officers, accountants, and project managers.
- **Independent contract workers** are also used by the ATO for ICT development and implementation.
- In addition to this outsourced workforce, as of October 2020, there were **794 labour hire workers** in the ATO across most Business lines including, but not limited to: Enterprise Solutions and Technology (385), Individuals and Intermediaries (105), Superannuation and Employee Obligations (116), Smarter Data (57), ATO Finance (34) and Debt and Lodgement (22). While these workers are directly employed by an external non-APS provider, they sit within ATO sites alongside public servants.
- There is a lack of transparency around these and other uses of public money to outsource government functions. The CPSU strongly recommends that mapping be conducted to fully appreciate the extent to which agency functions are conducted by external labour.

1 Outsourcing Government itself: the hidden privatisation of the public service by Geordie Wilson, Sep 8, 2020 <https://www.michaelwest.com.au/privatisation-of-the-public-service/>

2 Local job titles in outsource – Extracted from SAP. Released under FOI Act 1982 <https://iorder.com.au/publication/Download.aspx?ProdID=1-MLHS6BK-P2>

3 Released under FOI Act 1982 - <https://iorder.com.au/publication/Download.aspx?ProdID=1-MKXVYU5-P2>

The ATO has also shown a growing reliance on casual employees, many of whom report undertaking work that is ongoing in nature over a prolonged period. As of October 2020, the ATO had 2,918 casual workers on their books, representing 13.9% of their total APS workforce. These employees indicated a strong desire for job security, which is discussed later in this submission.

Labour hire and casualisation erodes public service capability

With a significant portion of business-as-usual work being undertaken by workers outside of the ATO or insecure workers within the agency, the capacity and capability of the ATO is being eroded, succession planning undermined, and client services diminished. The business KPIs of these for-profit companies often compete and conflict with the broader ATO core values including:

- **First time resolutions** – ensuring, where possible, a client is able to resolve their issues fully without many repeated follow ups or multiple calls in a short period of time. This metric is key to the ATO avoiding rework and reducing complaints and/or client frustration.
- **Thoroughness** – taking time to listen and investigate ensures positive client experiences and a better resolution for all parties.

Private sector providers have an incentive to focus on the measured deliverables, such as call length, in a contract and may neglect less easily defined outcomes, like service quality. The more complex the service, the more difficult and costly it is to effectively monitor.

Inadequate training leads to poor service and lost revenue

Many members explained how those working for private providers receive inadequate training, reducing the capacity of the ATO as work needs to be redone.

[At Probe, an outsourced call centre] we had new trainees starting each week, but the high attrition rate meant up to a third leave within a month. That means higher FTE training costs for the ATO while not having enough staff to meet the demands. The primary function in any outsourced environment is doing the agencies' work, however where we worked we usually had 10% of the workforce supporting new staff.

It's made my job [in the ATO] a lot harder. There is incorrect information and actions being taken by undertrained staff who are being forced to make quick and uninformed decisions in order to meet KPIs. This makes more work for us [in the ATO] and causes frustration for taxpayers.

We have the greatest issue with labour hire workers as they have minimal training and skills which have resulted in issues when high level work is being conducted. Tax revenue has been lost/not recovered due to the lack of skills of labour hire. It is a well known issue throughout the ATO.

Unrealistic key performance indicators (KPIs) lead to rework and customer frustration

Unrealistic KPIs were also raised as an issue by members, resulting in perverse incentives and reverse workflows. Rather than work flowing outwards to an external, private provider to be completed, the work is referred up the pipeline to be revisited and resolved by an ATO employee. Escalating calls back to the ATO is often incentivised by the contract KPIs' focus on call times. This double handing is a hidden cost of outsourcing the work. Instead of creating capacity, outsourcing reduces agency capacity with the agency paying for it.

What I have heard about outsource centres from former outsource staff who have joined the ATO is that the culture is poor. There is big emphasis on statistics and average handle times rather than client service. I have observed that quite often people contact the ATO multiple times to get a query resolved. I am then dealing with frustrated clients who may not have had an appropriate level of service.

When I was working in the outsource call centre, staff had a reliance on unnecessary transfers between areas in the effort to push the client through rather than assessing whether they can actually help, this is inferior to an end-to-end client experience where the client only needs to explain things once and not wait multiple times.

The KPIs don't allow them [the outsourced call centre worker] time to consider the appropriate course of action which leads to a negative client experience when reverse workflow occurs when issues could have been resolved at first point of contact.

I have worked as a casual for over 12 years and the outsourcing of Capture Delivery (BAS forms, TFN decs and other paper forms) has impacted the casual employees in this area. It has meant reduced work hours and having to redo work which has come back from the outsource company because it has been done incorrectly.

Allocation of Criminal Investigation cases to contractors who are not able to complete the case work within the contract time. Therefore cannot follow the case through the prosecution and close phases. This requires reallocation to another usually full time employee with their own case load to manage.

The focus on answering client's calls as quickly as possible without the balance of providing an accurate answer is a detriment to the work that we do, and in many cases creates reverse workflow and frustration when the client needs to contact us again, and receives a different answer.

Poor services to Australians undermine trust in Government

Members also explained that the poor quality of work done by outsourced providers has an impact on how the ATO is seen by the wider public, affecting their general trust in government and morale within the agency:

During the Progress of Return campaigns frontline [outsourced] staff take calls which they then forward to the wrong area, or give wrong information. This increases the time taken to resolve a client's issue as mistakes have to be corrected. ATO staff cop the flack and the clients have a poor experience which only puts the ATO in a bad light and compromises its reputation.

There is certainly a feeling on the floor that while it may give the appearance of cost savings, there is so much reverse work going on that if there are any savings, it is just on paper. Also the public deserve a professional public service.

High staff turnover and underinvestment in ATO staff

A key concern raised by ATO workers is the high turnover of outsourced and insecure labour, and subsequent frustration at the loss of corporate knowledge and redirection of training resources and opportunities away from ongoing public servants.

There is a blatant lack of knowledge retention as contractors move around frequently, and ongoing staff leave due to lack of career advancement.

I've seen the impact of this in the Superannuation Guarantee audit space. About 20 labour hire started at the same time as me (ongoing) in 2016. Three months spent getting them trained on the audit work only to see them all gone within 18 months with partial replacement from internal transfers and a further 3 months training and 18 months before getting to the same skill level. Some of those labour hire workers left during the process as they didn't feel properly supported or secure and weren't replaced until the contracts expired. Staff that stayed on were constantly unsure about their tenure as the initial contracts wound down then were extended in 3 month increments. Since then, some of those staff have returned on further short term labour hire contracts. Budgets for this always seem tenuous so the staff are less committed and the business is less capable in terms of both capacity and quality of work.

The constant turnover of staff and the requirement to train replacements by permanent staff means the real cost of these externals is hidden.

Every time we lose permanent staff and replace them with external workers there is a massive loss of knowledge and experience, and not the type of knowledge that is easily gained. External staff are also not as invested in their employer and do not show the same loyalty and dedication to detail. I also feel that their commitment to honesty and integrity is not the same and the confidentiality of our work is at risk.

In a survey the CPSU undertook across the APS for this Inquiry, half (48%) of ATO survey respondents identified that access to career development was an issue across the agency, highlighting both the redirection of resources to train and support outsourced labour and the lack of career opportunities under the staffing cap. This indicates that workers do not feel they have access to the training required or opportunities to progress, which in turn reduces institutional knowledge and capabilities.

The training/buddying/mentoring with the turnover of contract staff is exhausting. The time taken by ongoing staff constantly being asked to do this takes away our time from meaningfully upskilling ourselves [ATO worker].

We need to develop our people, for example in Data and Risk Management. For example, one of the big organisations brought in risk specialists who didn't understand the environment and consequently wasted serious amounts of time and effort and left the organisation in the same position it was 3 years ago - without achieving the risk management priorities.

Privatising Tax services is bad for workers

Beyond the clear implications for customer service, the lack of job security has negative implications for both ATO and outsourced workers.

In late December 2018, the Newcastle ATO site had power outages on two consecutive days. Whilst we were sent home on full pay the labour hire people weren't. One woman was in tears at a bus stop because she was about to start her shift when told the office was closed so she received zero pay for the day.

Without any irony or exaggeration, you can hear fear in their voices when they [the outsourced worker] call us [in the ATO]. They know they are under the pump to finish a call as soon as possible, they are severely undertrained, and they are desperate for help.

We invited the labour hire teammates to our Christmas party but they couldn't come because they had to save money for the closedown period when they wouldn't get paid at all. We think of them as part of the team but they feel second class because that's how they're treated.

One brief story that sticks in my mind - there was an emergency and there had to be a mass evacuation. No one in the [outsourced company] office was aware of the procedure of when and how to evacuate a building in an emergency. There were no fire wardens, and no one had completed their first aid training. There was little to no organisation and it took over 30 minutes for everyone to leave. My question at the time was, why hasn't this company met the bare minimum OH&S requirements and were they required to tell the ATO? This incident made a majority of staff feel that their personal welfare wasn't even a consideration when working there. By the time I finished there, my morale was completely shot.

Examples of workers who have experienced being engaged by a labour hire company and are now engaged by the ATO indicate how despite the higher cost to the government for using outsourced workers, the workers themselves are treated and paid poorly.

I worked for an outsource company for the ATO on a casual and full-time basis for one year. Conditions, training, pay and management expectations are unrealistic. Staff turnover was high. We were constantly being told the ATO was fining them and therefore new KPIs were being implemented. I now work for the ATO where conditions are much better but it is only on a casual contract basis so job security is still terrible.

I have the rare position of experiencing the work of the APS from both an internal and external contract perspective. The conditions I experienced at the external private company for my work were horrendous. I worked in a country truck yard as a teenager and if I had to choose between taking that old truckyard job again and having to go back to the external ATO provider, I would go back to the truck depot in a heartbeat. The conditions were terrible, the management staff were incompetent, we were underpaid, overworked, we had no privacy, and we were probably being exploited due to the lack of a union presence, or oversight by the government. We were working full time hours but were not getting any kind of part time or full time benefits, which if I understand is of dubious legality to begin with. I urge the government to look into XXXXX, there is probably enough skeletons in the closet for that contract to shut the company down.

Concerns around data security

ATO workers also hold genuine concerns for data security as a result of the privatisation of ATO functions and services, as the security and privacy standards of private providers are not as high.

We have testing being completed offshored in Manila. What are the security clearances of these people? While test data is scrambled it is still production data - it is still real data from real Australians.

Contractors often have lower standards of security vetting. Sub-contractors and sub-sub-contractors can be totally unknown quantities.

[My concern is] not only as a public servant but as a citizen. Outsourcing provides another avenue that hackers can target to obtain personal information. Anecdotal evidence also indicates that outsourcing providers and labour hire contractors are not subject to the same stringent privacy and security requirements as on-going staff.

Labour hire, contractors and consultants cost more than APS staff

The extent to which there is a reliance on labour hire, outsourcing and contracting is partially evidenced by the total spend by the ATO on contracts as reported in the ATO's *'Entity reports for complying with the Senate Order on Procurement Contracts and use of Confidentiality Provisions 2020 Calendar Year'*⁴. This report outlined that \$2.1 billion was the estimated combined contract value of services clearly linked to labour requirements in the ATO.

Table 1: Estimated total contingent labour cost⁵

Category	Contract Count	Total Contract Value
Computer programmers	29	\$15,114,048.40
Computer services (excluding information services, printing and software)	79	\$1,116,652,077.95
Management advisory services	63	\$88,721,103.21
Temporary personal services	1077	\$927,633,494.26
Estimated total contingent labour costs	1,248	\$2,148,120,723.82

Source: Senate Order on Procurement Contracts and use of Confidentiality Provisions Australian Taxation Office 2020 Calendar year.

Between the four largest providers of outsourced labour – Stellar, Datacom, Probe and Serco - the ATO will have spent a combined \$552,221,130.03 or just over half a billion between November 2017- June 2021 as outlined in Table 2 below.

4 Aus tender Entity Reports for complying with the Senate Order on Procurement Contracts and use of Confidentiality Provisions, as of 25/02/2021 <https://www.tenders.gov.au/senateorder/list>, see report for Australian Taxation Office 2020 Calendar year.

5 Aus tender Entity Reports for complying with the Senate Order on Procurement Contracts and use of Confidentiality Provisions, as of 25/02/2021 <https://www.tenders.gov.au/senateorder/list>, see report for Australian Taxation Office 2020 Calendar year.

Table 2: Four largest current contracts in ATO for outsourced labour hire services

Supplier Name	Start Date	End Date	Total contract Value
Serco Global Services Pty Ltd	1-Nov-17	30-Jun-21	215,893,868.08
Datacom Connect Pty Ltd (Symantec Authorised Service Ctr)	1-Nov-17	30-Apr-21	133,472,824.24
Stellar Asia Pacific P/L	1-Nov-17	30-Apr-21	128,514,727.67
Probe Operations Pty Ltd	1-Nov-17	30-Apr-21	88,613,472.67

Investigation into the use of this spend at Stellar has revealed that, despite the high cost of labour hire, most workers there are receiving far less in wages than their APS counterparts undertaking the same or similar work types.

At the ATO, Service Delivery, Client Account Services and Debt and Lodgement jobs were available through outsource providers like Datacom. They had a long-term contract for over 5 years. Staff were paid minimum wage and there was extremely high turnover, poor job satisfaction, poor quality of life for those staff. The quality of the work suffered. People did not want to stay in the job.

As the cost and complexity of the tendering process increases, large firms come to dominate the provision of services. Many of these companies are subsidiaries of global conglomerates. There is a lack of genuine competition, and a lack of transparency over who is profiting from these contracts.

While workers employed through outsourced companies such as labour hire are often paid minimum wage, those employed as independent contractors are often paid very large salaries. In both cases the taxpayer pays more to employ the worker than if they were directly employed by the government.

Seeing the enormous waste of money on contractors is heart breaking when I know what it could be spent on! We buy our own pens - we are used to being spendthrift and so watching enormous salaries leading to lots of waste, it's awful. Especially when we know it's taxpayer money.

Poor quality deliverables over several years by Accenture has delivered bad IT outcomes resulting in massive numbers of defects and large remediation programs. When IT is spending its time cleaning up Accenture's messes it cannot continue to enhance programs and do other work for government. These services also end up costing more - it is much more expensive to hire an independent IT contractor than an APS employee, yet they do the same work and stay forever. The ASL cap forces us to use more expensive forms of labour, where the worker does not profit.

6 Aus tender Entity Reports for complying with the Senate Order on Procurement Contracts and use of Confidentiality Provisions, as of 25/02/2021 <https://www.tenders.gov.au/senateorder/list>, see report for Australian Taxation Office 2020 Calendar year.

Because the ATO is desperate to hire contractors which don't count towards the ASL numbers, they virtually pay them anything to get them to work here. As a result, many are employed as EL2s as they will not accept a lower wage, then negotiate the wage to a much higher level, usually just below an SES wage. The new employee with less experience is paid up to \$50,000 more and isn't as productive as they don't (always) have the experience they claim to have. Government work should be done by government employees. It is a false economy to make public servants redundant while at the same time spending significant funds on labour hire and other contracting firms.

Decades of under investment and outsourcing in ICT has resulted in substandard ICT

While ATO demonstrated some positive and rapid IT changes and improvements in 2020 to manage the government's COVID-19 initiatives and facilitate most of its employees to work remotely, workers continue to express frustration with the ATO's IT systems. Less than half of ATO respondents reported they had access to quality systems and tools needed to do their job, and only 40% agreed ATO had invested in up-to-date technology for staff and clients.

Members' comments below make it clear that ATO, like a number of other APS agencies, is lagging behind – their comments demonstrating that ATO technology is outdated, and capability is impacted by the use of outsourced contractors unfamiliar with the work types and needs of ATO teams:

I'm writing this response in the Internet Explorer 11 browser in Windows 7. Windows 7 stopped being supported over 12 months ago. Most sites no longer run on IE11. We recently upgraded from SharePoint 2010 (out of support Oct 2020) to SharePoint 2013 (out of support Apr 2022). And that's just the basics.

IT/ICT TEAMS create ineffective systems we use- which are not efficient or capable for the work we do. The tools and resources do not provide accurate data or reflect our real performance. For example CADET- which is used to show our performance but provides inaccurate data. They monitor our Average Handling time for each call with doctors, but don't look at how many patients we approve in that 1 call....[feedback from ATO employee]

We are still waiting on Windows 10, we have multiple systems, just as we get familiar with one, another supersedes it, yet we have other systems that are so archaic yet still in use. With the recent ASFP project, one would expect ease of system use, however in my business line of Debt-Release the work has

remained complex when completing an account reconciliation worksheet, this is a time-consuming process & not going forward with technology.

We have so many and varied systems being introduced and no real training or instruction. There is too much change happening without involving affected staff and just presented as completed. The lack of training in the new systems and demonstrations of their capabilities mean staff are nobbled in doing research and finding data.

ICT well out of date - COVID showed us we can be more flexible and agile and work from home full time, but we have a government that wants APS workforce in the office and they want a one-size fits all arrangement. What about decentralisation? Remote work could offer more jobs for the regions and disperse workforce talent by attracting staff that want to work flexibly. The staffing caps are worked around using contractors. Managers are also in favour of contractors for more complex work as internal staff are not perceived to have credibility (this indicates our ongoing staff are not valued or appreciated - even with diverse skills) - we just need to work differently to achieve the new goals.

More than 60% of respondents felt that increasing costs as well as delays and failures in ICT projects was due to an overreliance on consultants and contractors. Members reported genuine concerns about skill retention and cost where consultants and contractors were used to develop, implement, and maintain IT initiatives in the ATO:

We have external IT contractors getting paid \$750 per day + super, so if the worker is pocketing that much you would have to ask how much the government agency is paying to the labour hire firm. Unsurprisingly agencies are reluctant to share this information.

Outsourcing more and more work to external suppliers leaves us unable to pre-emptively mitigate system issues until these issues become so significantly pronounced that the outsourcers are forced to inform us. This leaves us unable to respond to system outages until those outages occur.

The Government’s bargaining approach has impacted APS ability to attract and retain skilled staff.

The CPSU has long held concerns that the Public Sector Workplace Relations Policy and previous iterations are restrictive in that they prevent the attraction and retention of skilled staff. The newly implemented Public Sector Workplace Relations Policy 2020⁷ ties APS wage increases to the private sector through offering remuneration adjustments of up to WPI – requiring people working in the APS to agree to an unknown pay increases in the second and third year of enterprise agreements.

This comes after a protracted bargaining process between 2014-2018 which resulted in a four year pay freeze for that period, and a further pay delay in 2020 when the Government elected to defer APS wages increases by six months during the pandemic⁸.

The Government’s approach to bargaining has rendered the ATO unable to compete against the private sector labour market, unable to attract the highest calibre of candidates and offer them attractive remuneration and conditions.

Capping pay increases to the median wage increase in industry; there is no way we can maintain our talent if we tie ourselves to uncompetitive wages...

In IT, some highly skilled areas are dominated by contractors because the ATO refuses to see their own professionals as worth paying for the job they do.

Long term insecure work has created a two-tier system for ATO casuals

Despite undertaking the same or similar work types as many of their ongoing colleagues for extensive periods, casuals in the ATO are unable to access more than half of the conditions outlined in the ATO’s Enterprise Agreement⁹ or seek conversion to secure employment. This has come about because of the prohibition on so called enhancements in the Coalition Government’s bargaining policy.

This presents a real drain on the organisation as long-term casuals leave the ATO seeking secure employment and conditions elsewhere. These high levels of turnover have been referred to as “churn”:

Friends in other business lines told me how non-ongoing staff are treated as second class citizens in terms of pay and conditions. e.g., IAI. I have seen large amounts of resourcing going to income matching audit staff which were

7 Public Sector Workplace Relations Policy 2020, as at 25/02/2021 <https://www.apsc.gov.au/public-sector-workplace-relations-policy-2020>

8 Commonwealth freezes wage increases for Public Servants, as of 25/02/2021 <https://ministers.pmc.gov.au/morton/2020/commonwealth-freezes-wage-increases-public-servants>

9 Australian Taxation Office (ATO) Enterprise Agreement 2017, see Attachment D https://www.ato.gov.au/uploadedFiles/Content/CR/downloads/ATO_Enterprise_Agreement_2017.pdf

temporary contractors. This work happens every year. Managers could plan for staff to do audit type work in July to Dec and objections or debt work Jan to June in the financial year.

This two-tier system and the capacity impacts of a casualised workforce is best illustrated through the story of the ATO site in Albury, NSW. There are currently 1,011 workers in the Albury site, of which 44 are non-ongoing and 385 are engaged as casuals.

When surveyed in 2019, casual workers in Albury reported they had undertaken the same or similar work for several years, with almost 30 employees reporting they had been engaged with the ATO as a casual for more than a decade. These casual workers are primarily engaged at the APS2 level for either Service Delivery, usually debt, or Client Account Services which the ATO refers to as the ‘heart of the ATO’ and a work type that ‘is central to the administration of Australia’s tax and superannuation systems’¹⁰. They undertake BAU processing or answer inbound phone calls.

Eighty-five per cent of casual employees in Albury want a permanent ongoing position. Many of these casually engaged employees thought the job would be a career, but have now come to realize that with an average engagement of 20 hours per week they cannot survive. The lack of secure work, even though the work is core ATO business, also entrenches disadvantage in the many regional communities in which this work is undertaken – robbing these communities of the economic multiplier effects of good-quality, secure employment opportunities. In 2020 when a proposal to close the ATO Geelong site was announced, the Committee for Geelong estimated the loss of 120 ATO jobs would result in the loss of 96 private sector roles (primarily in retail and hospitality) and total negative economic output of over \$53 million¹¹. Removing the staffing cap and enabling the ATO to employ people in ongoing positions in places such as Albury would have a positive economic and social impact on those regions.

10 Statement on ATO SharePoint DC

11 <https://www.geelongadvertiser.com.au/news/geelong/australian-taxation-office-decides-whether-to-remain-in-geelong/news-story/2bbec9f73297e6620b17a90dd153692c>

Conclusion and Recommendations

The ATO has an over-reliance on labour hire, contractors and consultants. It affects the capability of the agency and means it is impossible for the organisation to operate at peak capacity and with world class capabilities whilst so much of its labour force is employed insecurely. A deeply flawed bargaining policy entrenches a two-tier workforce and undermines full staff engagement in change and innovation. The Coalition Government must also do the work needed in building and maintaining an in-house ICT capability that is fit for purpose and sustainable.

The ATO does a good job in difficult circumstances. For it to achieve its full capability the CPSU recommends the Coalition Government, as a start:

- Abolish the Average Staffing Level cap, so the ATO can employ staff directly. Direct employment costs the taxpayer less and provides a better-quality service to Australian businesses and the wider community. This is of critical importance, particularly to regional and rural Australia.
- Convert existing labour hire workers to direct ATO employees, not only ensuring same job same conditions and pay but also ensuring that comprehensive training is provided and that institutional capacity is built.
- Restore transparency and accountability in the expenditure of public monies by:
 - a. publishing annual public service-wide information on the:
 - Total expenditure on consultants and the purpose of those consultancies.
 - Number of non-APS employees as part of the total ATO workforce and the cost of those arrangements.
 - b. requiring organisations providing workers, labour or services to the ATO to have a satisfactory tax paying record in Australia and overseas for parent and subsidiary companies.
- Rebuild in-house ICT capacity through a planned and managed strategy that focuses on a substantial increase in APS ICT systems performance and staff skills, with the ATO playing a leadership role in making the APS an employer of choice for ICT and digital workers.
- Re-cast the Coalition Government's APS bargaining and wages policy to so that it is about genuine, good faith bargaining and a more economically sound wages policy.

-Ends