

Jason See  
Administrative Officer  
Department of the Senate

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Dear Jason,

### **ManpowerGroup Response to Additional Questions on Notice**

Thank you for providing us with the opportunity to provide written responses to the additional questions from Senator Tony Sheldon relating to our attendance at the public hearing on 27 August 2021.

1. Please advise the steps ManpowerGroup goes through with the Federal Government when bidding and negotiating for labour hire contracts.

**The steps that ManpowerGroup goes through vary depending on the circumstances and the requirements of the particular Federal Government department but are in compliance with the Commonwealth Procurement Rules in every case.**

2. Has a Federal Department or Agency ever explicitly requested that the rates of pay that your on-hired employees in the APS receive are consistent with the pay of their own comparable direct employees?
  - a. If yes – is this request a common feature of APS contracts you engage in, or is this only requested on occasion?

**It is not unusual for a Commonwealth agency to ask us to consider their own enterprise agreement when determining the pay rate we offer our workers for an assignment.**

3. Has a Federal Department or Agency ever explicitly requested that other non- salary related conditions (eg. permanent employment as opposed to casual employment, paid leave entitlements, superannuation rates, etc.) that your on- hired employees in the APS receive are consistent with that of their own comparable direct employees?
  - a. If yes, what conditions, and is this request a common feature of APS contracts you engage in, or is this only requested on occasion?

**In our experience this is not a common feature of APS contracts.**

4. Is ManpowerGroup ever engaged to provide labour hire services in circumstances where it takes over an APS contract from another labour hire provider, and there is an incumbent workforce that is then transferred over?
  - a. If yes, has ManpowerGroup ever still charged any sort of recruitment fee or comparable

fee in those instances?

**In the case of our AMSA contact center contract, we were referred workers by AMSA and we did not charge a recruitment fee. We do not charge a recruitment fee to any APS clients when workers are referred to us by the employer.**

5. Did ManpowerGroup charge AMSA a recruitment fee when the existing AMSA Connect workforce was transferred to ManpowerGroup from Hudson earlier this year?

**No.**

6. Has ManpowerGroup charged AMSA any fees in instances where AMSA has directly employed workers that were on-hired by ManpowerGroup to AMSA? And if so, how much and for how many workers?

**Some of the standing offer arrangements with the Commonwealth have provision for a fee to be charged if a temporary worker sourced by ManpowerGroup and engaged under that arrangement is hired directly by the agency. We have not charged AMSA any of these fees.**

7. On the morning of the hearing, you were provided by the Secretariat with a copy of AMSA's response to Question on Notice number SQ21-000383, which includes a table indicating the costs of direct employment compared to through labour hire.

The document refers to a 25% agency fee as "low" and a 40% agency fee as "high". At the hearing, Mr Bruch said of the document:

*"If you were to take superannuation, workers compensation and work cover costs, that would add up to about 20 per cent burden costs that need to be passed through to your insurers, superannuation or state governments. So 25 per cent would leave a margin of five per cent or less for the on-hire firm providing those services."*

Please advise whether 20 per cent is a correct estimation of those costs.

**Our statutory burden varies depending on the type of worker and the state in which they are employed, but 20% is a reasonable estimate.**

8. Please advise whether ManpowerGroup has ever successfully bid for a contract with an agency fee of approximately 40 per cent or higher.

**It is possible. Agency fees vary extensively depending on the allocation of risk and responsibility, contract duration etc.**

9. How many ManpowerGroup employees are currently working in the APS?

**Around 110 (number can fluctuate slightly from week to week).**

10. How many ManpowerGroup employees have been working in the APS for 1-3 years?

**We are not required to collect this information, and it is not possible for us to extract this data from our systems. We note that most of our on-hire employees move on to new permanent or temporary employment opportunities within 12 months. Only approximately 30% of our on-hire employees work for ManpowerGroup for greater than 12 months.**

11. How many ManpowerGroup employees have been working in the APS for 3-5 years?

**We are not required to collect this information, and it is not possible for us to extract this data from our systems.**

12. How many ManpowerGroup employees have been working in the APS for more than 5 years?

**We are not required to collect this information, and it is not possible for us to extract this data from our systems.**

13. Is there, on average, a discrepancy between margins for ManpowerGroup in the Public and Private sectors in Australia?

**No. Our margins vary based on cost-of-delivery, contract volume, level of competition, risk profile and other factors. These factors apply equally to Public and Private sectors.**

14. What was ManpowerGroup Australia's revenue in the most recent Financial Year for which you have reported?

**For FY 2020, ManpowerGroup Australia reported Total Revenue of AUD \$528,997,110. On average during this period we employed over 3,000 employees and independent contractors and placed more than 8,600 people into permanent employment. From revenue earned in FY 2020 ManpowerGroup Australia paid AUD \$484,986,000 in Employee expenses (being salaries and wages inclusive of on-costs)**

15. What was ManpowerGroup Australia's underlying earnings in the most recent Financial year for which you have reported?

**For FY 2020, ManpowerGroup Australia reported Total Loss after income tax of AUD (\$6,906,000). This loss reflects:**

- (a) costs incurred as part of business transformation activities;**
- (b) reductions in revenue due to ongoing margin management plus divestment of low margin business; and**
- (c) the impact of COVID-19 on sales and volumes in line with the overall economy.**

**In July 2021, several states in Australia entered lockdown as result of COVID-19. As the situation remains uncertain, the Directors of ManpowerGroup Australia continue to monitor the risks and will implement initiatives to address identified risks where possible. However, performance has improved in 2021 and the Group is expecting to return to profitability.**

16. What was ManpowerGroup Australia's taxable income in the most recent Financial Year for which you have reported?

**For FY 2020, ManpowerGroup Australia's taxable income/(loss) was a taxable loss of AUD (\$5,978,553).**

17. What was ManpowerGroup Australia's total tax paid in Australia in the most recent Financial Year for which you have reported? (if this incorporates different taxes please provide each separately).

**For FY 2020, ManpowerGroup Australia paid taxes of AUD \$114,757,996. made up of the following separate tax amounts:**

<b>FY 2020</b>	<b>AUD \$</b>
<b>Income tax</b>	<b>\$ 461,735</b>
<b>GST</b>	<b>\$ 31,249,004</b>
<b>FBT</b>	<b>\$ 196,000</b>
<b>Payroll tax</b>	<b>\$ 10,108,540</b>
<b>PAYG Withholding tax</b>	<b>\$ 72,742,717</b>

Yours sincerely,

David Bruch  
Acting Managing Director/Finance Director  
ManpowerGroup