



Community and Public Sector Union
(PSU Group)

**2019-20 Pre-Budget
Submission**

February 2019

Recommendations

- 1 Abolish the average staffing level cap, which is driving the privatisation of core APS functions, outsourcing and the use of labour hire.
- 2 Reverse the privatisation of the Department of Human Services by increase the number of secure permanent jobs in the public service, through eliminating the use of labour hire, and reducing the use of contract call centres, casual and non-ongoing positions, and increasing funding.
- 3 Abandon the privatisation of the visa processing system.
- 4 Abandon the restrictive 2018 Bargaining Policy and use public sector wages as a macroeconomic lever to lift general demand and wage growth.
- 5 Reconsider digital transformation as an opportunity to improve services, rather than simply an opportunity to cut costs, by:
 - investing in staff
 - reducing its reliance on ICT contractors and consultants
 - providing adequate funding to invest in ICT systems and training that support digital government service delivery and
 - involve and utilise staff and the wider community in the development and delivery of digital public services.
- 6 Provide a net increase in overall public sector jobs, including the provision of new frontline public sector jobs to improve the service standards, employment prospects and economic and social life of regional Australia.
- 7 Establish a best-practice independent, broad-based public sector integrity commission is established with the scope, resources and powers needed to deal with corruption issues.
- 8 Focus on tackling tax avoidance to increase revenue to meet our community's needs, including our public services.
- 9 Adopt all the recommendations of the Centre for International Corporate Tax Accountability and Research report into the tax practices of outsourced service and labour hire corporations in the Australian Tax Office are adopted.
- 10 Implement a diversity strategy that ensures that the public service reflects the community should be implemented. This needs to include fostering a culture of inclusion among all employees and a focus on employment and retention strategies for workers suffering disadvantage. Supporting diversity should be a key consideration in all Government public service policy.

Executive Summary

A STRONG APS BUILDS A STRONG AUSTRALIA: Rebuilding our capacity to deliver for our communities

AN AUSTRALIAN GOVERNMENT TRUSTED BY AUSTRALIANS: Restoring trust in our democratic institutions and growing our flourishing democracy

AN ECONOMY THAT WORKS FOR ALL AUSTRALIANS: Ensuring the services we deserve can be delivered sustainably.

Good public services are the cornerstone of a fair society, one that is prosperous, stable and free. Australia is a nation with the natural and human resources to achieve this. A strong public service helps build a strong Australia. However, years of continuous budget cuts, casualisation and privatisation, combined with a lack of effective investment in future capabilities and the undermining of many regulatory functions have eroded Australia's public services, and along with that trust in our democratic institutions. The average staffing level cap has encouraged outsourcing and the privatisation of core functions, undermining services and increasing insecure work.

Over successive budgets, the Government has continued to ignore our warnings about the impact of public service jobs and has doubled down on cuts and failed to invest in future APS capacity to anywhere near the level required.

The 2019-20 Budget needs to re-invest in the public service.

Investing in our public services requires an increase in the number of permanent public sector staff, with a focus on regional Australia, bringing outsourced work back to the public sector and capping the use of contractors and labour hire. It requires a shift in mindset so digital transformation is about improving service delivery, not simply cost cutting, further that the Government's bargaining policy encourages rather than holds back wage growth.

We need to rebuild our capacity to deliver for communities. This means jobs, not cuts: permanent, APS based jobs with a career path. This means bringing work back in-house, capping the use of consultants and contractors, and reinvesting those savings into the public service. This means abolishing the average staffing level (ASL) cap as a matter of urgency.

The APS bargaining system is broken and needs to be fixed. The restrictive 2018 Bargaining Policy that encourages wage suppression must be abandoned. Increased public sector wages should be seen as a mechanism to help address low wage growth that is a drag on the economy.

Digital transformation should be geared towards improving services for citizens, not cost cutting. It requires reducing a reliance on ICT contractors, investing in staff by providing training and involving staff and the wider community in the development and delivery of digital public services.

All of Australia pays a price for a lack of investment in evidence-based policy development and building the support we need for the future, but these job losses have hit regional communities the hardest. Rather than creating new jobs, the forced relocation of existing jobs under a poorly constructed policy of 'decentralisation' has occurred. This has been used to cover up job losses and a lack of investment in capacity building, as well as ongoing employment in the Commonwealth public sector. Government must actively address the lack of employment opportunities and should increase the number of public sector jobs, prioritising regional communities.

Trust in our democratic institutions such as the public service needs to be rebuilt. Government needs to be trusted by Australians to help grow our flourishing democracy. It demands the establishment of a broad-based national integrity commission.

We need an economy that works for all Australians to ensure the services we deserve are delivered sustainably. It requires a fair society where everyone pays their fair share. There needs to be a continuing focus on tax avoidance. We should be certain that all companies that win government contracts are paying their fair share and implement changes to guarantee transparency in order to build public confidence and trust in the tax system. It also demands a public service that is representative of the diversity of Australia.

A STRONG APS BUILDS A STRONG AUSTRALIA: Rebuilding our capacity to deliver for our communities

Average Staffing Level cap

The Australian Public Service has been run down by budget cuts and an average staffing level cap that has encouraged privatisation through labour hire, outsourcing and the growing use of contractors and consultants.

In the 2015-16 Budget, the Coalition committed to capping the size of the Australian Public Service around or below 2006-07 levels (167,596)¹. This has meant that regardless of funding levels or operational requirements, agencies are forced to have a maximum average staffing level.

This average staffing level cap continues to force agencies to use contractors and labour hire.

Even where agencies have the funding to hire additional staff, the cap is forcing them to engage casuals, hire contractors and use labour hire to do work that permanent APS employees should be doing.

The CPSU has been far from alone in raising concern about the capacity of the public sector. Terry Moran, the former Secretary of the Department of Prime Minister and Cabinet has noted that there has been the overuse of consultants and the public service has been stripped of specialist capability and service delivery experience.²

A number of Commonwealth agencies are on the record stating that the ASL cap is forcing them to use contractors, increasing costs and affecting the capability of agencies. These agencies include the Department of Prime Minister and Cabinet, the Department of Infrastructure, Regional Development and Cities, the Australian Institute of Aboriginal and Torres Strait Islander Studies and Productivity Commission.

In its submission to the Joint Committee on Public Accounts and Audit Inquiry into Australian Government Reporting, the Department of Prime Minister and Cabinet was explicit about the impact of the ASL cap. It stated that:

“With the implementation of staffing caps in the Australian Public Service, agencies have more frequently needed to engage external contractor and consultancy services to fill key roles. Through removing ASL caps, agencies may have greater flexibility to recruit specialist staff at a reduced cost.”³

This statement has been reinforced since by agency submissions to the APS Review.

1 Australian Government. 2016-17 Budget, Budget Paper No.4 Part 2: Staffing of Agencies http://budget.gov.au/2016-17/content/bp4/html/09_staff.htm

2 Terry Moran AC. (2017, 21 November). 'Back in the Game' IPAA Victoria Fellows' Oration. Retrieved from <https://cpd.org.au/wp-content/uploads/2017/11/Terry-Moran-AC-IPAA-Victoria-Oration-21-November-2017.pdf>

3 Department of Prime Minister and Cabinet (2018). Australian Government Contract Reporting - Inquiry based on Auditor-General's report No. 19 (2017-18) - Submission 18.

In its APS Review submission, the Department of Infrastructure stated that:

“...the cap also creates capability challenges by increasing the use of labour-hire contractors. Contractors allow the APS to employ people above the ASL cap and also engage external specialist skills that may not be required over the longer term. However, contractors cost around 40 per cent more than permanent staffing and when they leave there is a loss of corporate knowledge.”⁴

AIATSIS stated in its submission to the APS Review that *“the ASL cap is blind to funding levels and operational requirements, forcing the Institute to rely on external contractors to deliver on core functions.”* AIATSIS stated it has led to a situation where contractors are fulfilling core functions, leading to inefficiencies, affecting attraction and retention and leading to increased costs. It provided the example of being funded for an additional 54 ASL but due to the ASL cap, they were forced to hire contractors, costing 25% more, effectively reducing the number of positions by 14.⁵

Most notably, the Productivity Commission recommended removing the cap on directly employed NDIA staff as it may hinder the ability of the NDIA to manage the NDIS effectively and independently. It recommended that:

“...the Australian Government remove the cap on directly employed staff. This is on the basis that the NDIA is best placed to determine the most effective and efficient staff mix to deliver the scheme, within the constraints of its capped operating budget.”⁶

The Commission also identified a link that the staffing cap encouraged outsourcing, stating that:

“The rationale for the cap on directly employed staff appears to be to encourage the NDIA to enter into community partnerships. While it is important that the NDIA works collaboratively with the community to deliver the scheme, it could also lead to poorer outcomes. For example, the NDIA outsourcing a lot of its work can present a particular risk when the agency is so new and needs to build institutional expertise and capability.”⁷

This arbitrary cap is creating a perverse incentive that it not guided by the best use of resources. The cap is an ideologically driven commitment that is damaging to the capacity of the public service and costing the community, which the Commonwealth needs to end.

RECOMMENDATION: Abolish the average staffing level cap, which is driving the privatisation of core APS functions, outsourcing and the use of labour hire.

4 Department of Infrastructure, Regional Development and Cities (2018). Submission to the Australian Public Service Review. Retrieved from <https://uploadstorage.blob.core.windows.net/submission-uploads/fil03f37a05e11f3cd92959e.pdf>

5 Australian Institute of Aboriginal and Torres Strait Islander Studies (2018). Submission to the Australian Public Service Review

6 Productivity Commission (2017). National Disability Insurance Scheme (NDIS) Costs, Study Report, Canberra. Retrieved from <http://www.pc.gov.au/inquiries/completed/ndis-costs/report/ndis-costs2.pdf>

7 Productivity Commission (2017). National Disability Insurance Scheme (NDIS) Costs, Study Report, Canberra. Retrieved from <http://www.pc.gov.au/inquiries/completed/ndis-costs/report/ndis-costs2.pdf>

Privatising public services

Department of Human Services

The CPSU has been campaigning against the Government’s attempt to privatise of the Department of Human Services, encompassing Centrelink, Medicare and Child Support, chunk by chunk.

Since 2010-11, the professional and technical capacity of the department has been severely eroded. The Department of Human Services (inclusive of Centrelink and Medicare which was merged into DHS), has declined by over 7,000 ASL or over 22 per cent. Staff are under pressure and are doing the best they can in trying circumstances.

Table 1. Average Staffing Levels from 2010-11 to 2018-19 from the Budget Papers⁸

Financial Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Change	Change %
DHS	34,839	32,714	32,048	29,989	30,017	30,102	29,835	28,587	27,307	-7,532	-22%

Increasing casualisation

The past five years, following the merger, there has been a dramatic increase in the casualisation of the DHS workforce. The number of non-ongoing staff has increased by 43.2 per cent since June 2013 at the same time as ongoing staffing levels have fallen. This insecure work creates difficulties for both the people doing the work and the DHS clients.

Table 2. APSC headcount of the Department of Human Services⁹

	Jun-13	Dec-13	Jun-14	Dec-14	Jun-15	Dec-15	Jun-16	Dec-16	Jun-17	Dec-17	Jun-18	Change
Ongoing	33,857	32,943	32,405	31,516	31,090	30,427	31,628	30,913	30,240	30,439	30,059	-3,798
Non-Ongoing	1,950	1,452	2,339	2,810	3,769	4,283	4,927	4,225	3,780	2,826	2,793	843
Total	35,807	34,395	34,744	34,326	34,859	34,710	36,555	35,138	34,020	33,265	32,852	-2,955
Non-Ongoing %	5.4%	4.2%	6.7%	8.2%	10.8%	12.3%	13.5%	12.0%	11.1%	8.5%	8.5%	

Ongoing staff levels have fallen from 3,798 from June 2013 (33,857) to December 2017 (30,059), a decline of 11.2 per cent. On top of that DHS has increased the number of “irregular/intermittent non-ongoing” personnel to 1,754 irregular or intermittent, an increase from 998 in June 2013.

Unsurprisingly, staff are struggling with workloads and call waiting times continue to be at record highs.

⁸ Average Staffing Level means the number of full-time equivalent employees receiving salary or wages (Paid FTE) by the organisation averaged over the financial year. More information at: <http://www.apsc.gov.au/publications-and-media/current-publications/workforce-analysis/appendix-a>. Note: Bar 2016-17, estimates are from the following years Budget Papers e.g. 2010-11 from 2011-12 Budget Papers

⁹ APSEDii database

In 2017-18, 48 million people received busy signals, an improvement from 55 million in 2016-17 but still significantly higher than the 29 million in 2015-16.¹⁰

In 2017–18, the department recorded 236,563 complaints about Centrelink services, up from 168,709 complaints in 2016-17. Amongst complaints, nearly half (40.7 per cent) were made by clients tired of waiting too long for claims, not receiving updates on their progress or needing to contact the agency multiple times to advance them. The third most common complaint was difficulties with phone services, including complaints about hold wait times, engaged signals and call disconnections (12.1 per cent).¹¹

Rather than ensuring ongoing, career-based APS jobs and face-to-face interaction, departments engage labour hire companies to circumvent these caps. The people employed through these arrangements are doing core DHS work, the same duties as APS staff, but are trained and paid less. Labour hire numbers are not included in Departmental staffing reports.

The Department, in response to an ANAO report, estimated that reducing the average speed of answer to five minutes would require an additional 1,000 additional staff.¹² However, the Government has not acted on this recommendation. Instead they have contracted Serco to provide 250 outsourced call centre jobs, contracted Adecco to provide 1,000 labour hire workers and awarded a \$610,000 limited tender contact to Brad Cleveland Company LLC, a US-based consultancy to provide advice on call centres.

In Senate Estimates, the Department of Human Services responded to questions about why Serco was being engaged, stating that *“we currently recruited all the way up to our ASL cap”* and that they were *“fully staffed”*.¹³

Some information about the use of labour hire has been revealed through Senate Estimates. During the 2016-17 Supplementary Budget Estimates in October 2016, agencies were asked how many staff were employed through labour hire arrangements and total expenditure on labour hire in 2015-16. The answer to the Questions on Notice provided by the Department indicated it had 467 labour hire staff, at a total expenditure of \$43.296m.¹⁴ CPSU analysis of Austender contacts going back to March 2017 suggests the total spent on contractors and labour hire may be \$278m on 61 contracts.

Privatising Centrelink call services

Over the last 18 months, the Government have actively been pursuing the privatisation of Centrelink call centre services, contracting to provide outsourced services. In total, there were 2,750 outsourced positions created.

10 Doug Dingwall (2018, 30 October). 'No party poppers' for Centrelink's 48 million unanswered calls. Sydney Morning Herald. Retrieved from <https://www.smh.com.au/politics/federal/no-party-poppers-for-centrelink-s-48-million-unanswered-calls-20181029-p50co2.html>

11 Department of Human Services. Annual Report 2017-18. P.161

12 Australian National Audit Office (2015), Audit Report No.37: *Management of Smart Centres' Centrelink Telephone Services*, p.56

13 Parliament of Australia. (2017, 25 October). 2017-2018 Supplementary budget estimates - Social Services and Human Services. Retrieved from https://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/ca/2017-18_Supplementary_Budget_estimates

14 Senate Community Affairs Legislation Committee (2016, 20 October). Supplementary Budget Estimates – Answer to Questions on Notice: Department of Human Services Topic: Staffing – labour hire, Question reference number: 45 (HS 46)

Call waiting times, a product of the government's cuts to the department have been cited as the reason to outsource core public sector work. This is a classic example of running down a public service to justify its privatisation.

Serco

In the 2017-18 Budget, the Government announced a pilot outsourcing project of 250 call centre jobs under a 2-year contract for \$53 million. On October 11, 2017 it was announced that the contract for that pilot project was awarded to Serco to operate a call centre in Melbourne's Mill Park¹⁵.

Clients who call the DHS may have their call about Centrelink online support services and myGov support, BasicsCard general inquiries and reporting of employment income answered by Serco.

The Serco contract is for 2 years, and the staff employed to do this work are being paid roughly half that of APS3 Centrelink staff who perform the same work. This is a clear attack on the quality of APS jobs which has to date afforded public servants a valued work-life balance.

The introduction of labour hire staff to a highly trained and skilled DHS workforce has begun to result in deskilling and a loss of departmental capacity. CPSU members in DHS have reported plummeting morale as non-ongoing staff find their jobs at risk of being replaced by labour hire employees, and long-term staff leave the department. The CPSU is aware of at least two staff who were dismissed from DHS that have returned as labour hire. Furthermore, the CPSU is aware of long serving non-ongoing staff who have left work for DHS on Friday and returned on Monday going the same job for labour hire earning significantly less.

Experienced debt management staff have been redeployed to other areas of the Department and replaced with new permanent and casual staff who could be trained in the new process unburdened with the knowledge of the previous checks and balances that were removed. This has continued as compliance work now makes up the bulk of the work that has been outsourced to the Serco call centre.¹⁶

There are the added concerns that sensitive customer data is being handed from DHS to external providers. Compliance work usually undertaken by trained APS officers. This core APS function comprises the provision, approval and auditing of federal benefit payments to DHS customers. As a growing number of simple enquiries are being resolved online, Serco staff are receiving increasingly complex confidential enquiries, involving direct customer contact and the handling of sensitive data.

In addition to the associated confidentiality concerns, DHS employees and customers have reported mistakes routinely made by Serco call centre staff, including reported earnings being processed incorrectly, overpayments being made to customers and incorrect debts being

¹⁵ Nadine Flood (2017, 2 May). Federal budget 2017: More public service cuts will harm Australia and the government itself. Retrieved from <https://www.smh.com.au/opinion/federal-budget-2017-more-public-service-cuts-will-harm-australian-and-the-government-itself-20170502-gvx5ln.html>

¹⁶ Christopher Knaus (2017, 22 November). Centrelink to use 1,000 labour-hire staff to help recover welfare debts. Guardian Australia. Retrieved from <https://www.theguardian.com/australia-news/2017/nov/22/centrelink-to-use-1000-labour-hire-staff-to-help-recover-welfare-debts>

raised. These incidents directly disadvantage vulnerable DHS customers, and then must be rectified by trained APS staff, resulting in inefficient double-handling. Anecdotally members are reporting an increase in foot traffic to Service Centres from customers who have called Serco.

The CPSU has kept a record of reported incidents of DHS customers being transferred back and forth between multiple Serco call centre operatives, without receiving adequate answers to their queries. One customer reported being on the phone to this call centre for two hours and transferred between operatives a total of seven times during that period. The call was eventually transferred back to the same staff member who initially answered it.

There have also been reports of a high turnover of Labour Hire Staff with a member who is involved in training Serco staff reporting inadequate training, high staff turnover and a relaxed approach to hiring.

Despite the length of pilot being two years, 6 months into the pilot, the Government claimed the pilot was successful in meeting its aims and announced further outsourcing. The stated aims of the pilot were to

- see whether increasing capacity through a provider, using the department's systems and processes, was possible; and
- assess the effectiveness and efficiency of such a model.

The CPSU has been informed that independent evaluation concluded that both these aims have been achieved. The Government, however, has refused to release the independent evaluation report, citing Cabinet in Confidence.

Adecco

Most significant of these labour hire contracts has been the engagement of 1,000 staff through labour hire company Adecco to conduct compliance work.¹⁷ This process has been conducted in secret with no public scrutiny or consultation.

Adecco is a human resource services company that provides temporary and permanent staffing and career management services. Adecco have been used to provide labour hire workers to governments in Australia and New Zealand.

In 2016, Adecco generated over \$500m in revenue. Adecco only had 421 directly employed employees.¹⁸ This contract for Adecco Pty Ltd to supply labour hire workers for DHS for compliance work is a very large contract for the provision of 1,000 labour workers for multiple years. It was not subject to an open tender and the contract was awarded from a panel.

¹⁷ Doug Dingwell (2017, 22 November). Centrelink under fire for outsourcing 1000 jobs through labour hire. Canberra Times. Retrieved from <http://www.canberratimes.com.au/national/public-service/centrelink-under-fire-for-outsourcing-1000-jobs-through-labour-hire-20171122-gzqjwl.html>

¹⁸ IBISWorld (2017, 31 December). Adecco Holdings Pty Limited - Premium Company Report Australia. Retrieved from <https://www.ibisworld.com.au/australian-company-research-reports/administrative-support-services/adecco-holdings-pty-limited-company.html>

The Department has confirmed that *“Labour hire staff have been delegated the power to raise debts under the Social Security Act 1991 and the Student Assistance Act 1973 and to conduct an internal review that may result in the alteration of a debt.”*¹⁹ These people will be working alongside APS employees doing the same work but on different conditions. Rather than enjoying the salaries and conditions of the DHS enterprise agreement, these workers are award-dependent.

The aggressive progress of privatisation is at the expense of service delivery and the quality of the jobs held by our CPSU members. If the privatisation of our social security system is not stopped now, it will have serious consequences for jobs and the degradation of service quality.

Department of Home Affairs

The CPSU is strongly opposed to the move to privatise the delivery of Australia’s visa system.

The proposal to outsource visa processing is straight out of the Abbott Government’s National Commission of Audit.²⁰ It called for *“the development of a business case and scoping study for the outsourcing of visa processing functions. This study should identify and group functions that are suitable for outsourcing and include a strategy for approaching the market to maximise savings.”*²¹ The Department of Immigration and Border Protection has already indicated it believes client services, data collection and verification and visa assessments are candidates for outsourcing.

Australia’s immigration system should be about ensuring the safe and regulated facilitation of movement of foreign nationals through Australian borders. It is not a business, should not be treated as such, and must not be outsourced.

This emphasis on cost and speed could be at the expense of safety and security, particularly as the Department is aggressively seeking to outsource functions. Furthermore, recent testimony to Senate Estimates indicates there is a workforce of over 2,500 that does visa assessments, approximately 1,800 onshore and 1,200 offshore,²² whose jobs would be under threat.

The Government has released a Request for Tender outlining a plan to finalise its privatisation by October 2019 with a contract length of 10 years. Initial functions in scope for this initial privatisation includes digital client services, digital data collection and verification, simple assessments, client notification and provision of information for reviews and nudges towards self-resolution, ongoing revalidation and engagement. The visas in scope are shorter term visas including for visitors, students, temporary skilled workers, a range of special purpose temporary visas and one longer term visa. The RFT indicates that the Australian Government

19 Senate Community Affairs Legislation Committee (2018, 31 May), Budget Estimates 2018–19. Answer To Question On Notice: Department Of Human Services

20 Australian Government (2014, February). The Report of the National Commission of Audit: Phase One. National Commission of Audit. Retrieved from <http://www.ncoa.gov.au/report/phase-one/recommendations.html>

21 Australian Government (2014, February). Appendices to the Report of the National Commission of Audit: Volume 2. National Commission of Audit. Retrieved from <http://www.ncoa.gov.au/report/appendix-vol-2/10-11-outsourcing-visa-processing.html>

22 Senate Legal and Constitutional Affairs Legislation Committee (2018, 22 May). Senate Estimates - Home Affairs Portfolio: Department of Home Affairs. Retrieved from <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;db=COMMITTEES;id=committees/estimate/75507344-48f1-4665-8f23-623c6eb5c20d/0002;query=id:%22committees/estimate/75507344-48f1-4665-8f23-623c6eb5c20d/0000%22>

will retain the option to extend the scope of the Platform for other long-term visas and ultimately citizenship in the future.

While the signed contract would be required to protect the \$2 billion that pours into government coffers every year from visa application charges, it would allow the company running the system to recoup a service fee on temporary visas of around \$35 per visa. Based on the last financial year intake, the \$35 fee would bring in \$315 million, and under the predicted 13 million visa applications to be made in 2028-29, revenue would increase to \$455 million a year.²³ As the estimated cost of the new system is at least around \$1 billion over a ten-year period,²⁴ it would be a substantial profit for the private provider.

CPSU concerns about what this proposed privatisation are exacerbated by what seems to be a closed tender process, as only two shortlisted companies are in line to be handed Australia's visa processing system. With phase one of this process closing on February 20, the perception is that a decision is being rushed prior to the next election to avoid scrutiny. Recent revelations about the closed tender process that resulted in Paladin being awarded a contract for security and other services at the Manus Island detention centre have not alleviated these concerns.

The overseas experience of outsourcing visa processing shows security problems with privatised visa processing systems and the possibility of work being subcontracted offshore with implications for the integrity of the system. In 2015, the operations of VFS Global, which acts for around 45 governments, were temporarily suspended after a technical glitch allowed visa applicants in Italy to access other people's private information.²⁵ In 2007, the British Foreign and Commonwealth Office shut down its online visa application service, also provided by VFS Global, after a security breach was discovered that allowed unprotected information including claimant addresses, dates of birth and passport numbers, to be easily accessible for more than a year.²⁶

These private operators such as VFS Global not only receive filled out visa application forms and passports but also collect fingerprints or other biometric data. The experience overseas is that any monitoring of privatised providers is decentralised, and there is no guarantee of a consistent level of accountability. The privatisation of visa processing by the Spanish Government to VFS Global resulting in the handling of personal documents and biometric data being subcontracted to a provider in India, reducing the capacity of governments to hold the provider to account.²⁷

23 Sally Whyte (2018, 8 December). Millions on the table as government looks to privatise visa system. Canberra Times. Retrieved from <https://www.canberratimes.com.au/politics/federal/millions-on-the-table-as-government-looks-to-privatise-visa-system-20181207-p50kxv.html>

24 Legal and Constitutional Affairs Legislation Committee (2018, 22 October). Senate Estimates - Home Affairs Portfolio - Department of Home Affairs. Retrieved from <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%2Fcommittees%2Festimate%2Fc9057e7c-a164-4ec6-b736-50bf92e1d970%2F0008>

25 Saeed Kamali Dehghan (2015, 18 July). Users' data compromised after technical glitch at Home Office contractor. The Guardian. Retrieved from <https://www.theguardian.com/technology/2015/jul/17/users-data-compromised-after-technical-glitch-at-home-office-contractor>

26 Fiona Raisbeck (2007, 23 May). UK Foreign Office shuts down visa service after security lapse. ITNews. Retrieved from <https://www.itnews.com.au/news/uk-foreign-office-shuts-down-visa-service-after-security-lapse-81770>

27 Sánchez-Barrueco, María-Luisa (2018). "Business as usual? Mapping outsourcing practices in Schengen visa processing." Journal of Ethnic and Migration Studies 44.3. Retrieved from <http://www.tandfonline.com/doi/full/10.1080/1369183X.2017.1301814>

While the Department claims it will continue to be responsible for national security and risk assessment and remain accountable and responsible for all visa decision making in the RFT, the CPSU understands the Department would only be assessing any applications against national security considerations and control the risk tiering framework. Members report that even if notionally the Department makes the final decision, in practice, the outsourcing of other functions is likely to result in delegations to lower classifications with the role of APS employees reduced to checking assessment reports from private providers for typos before approval.

Members have informed us that all the proposals will require private providers having access to Departmental systems as they will be collecting data and feeding it in. Providers would need to be able to read and, in some instances, have editing access to TRIM which has basic personal information, Trips Movement which records passports numbers and Movements Alerts which is a watchlist. Data is likely to be stored in two places and providers are likely to own some or all of any data created from access which may be on sold to third parties. The bundling of services into eight separate bundles means that it is possible that up to eight different companies will have access, drastically increasing the risk of data security breaches and errors. The experience of outsourcing elsewhere is less scrutiny, poor training and errors.

Former Department of Immigration Deputy Secretary Abul Rizvi has also raised concern about visa integrity if profit motive is driving decisions by outsourced providers. This creates the risk of fraudulent visas as Australian visas can be worth a significant sum, especially if work is offshored. It is also unclear to what extent outsourced visa providers would be subject to scrutiny by government agencies such as the Ombudsman and the Auditor-General and whether the Freedom of Information Act still be applicable.

Given the poor experience overseas and questionable evidence used to justify privatisation, the Government should abandon plans to private our visa system.

RECOMMENDATION: Reverse the privatisation of the Department of Human Services by increase the number of secure permanent jobs in the public service, through eliminating the use of labour hire, and reducing the use of contract call centres, casual and non-ongoing positions, and increasing funding.

RECOMMENDATION: Abandon the privatisation of the visa processing system.

Bargaining policy

Another round of APS bargaining has commenced. commencing, with agencies in negotiation, the Bargaining Policy 2018 broadly adopts the same approach to wages and conditions is broadly the same as the last bargaining policy. This dragged on for over four years and caused considerably disruption across the APS. For many people working the APS it also caused considerably personal hardship.

In a throwback to WorkChoices, the new policy continues to undermine collective bargaining. It does not require agencies to bargain new enterprise agreements and encourages agencies to use individual contracts and Individual Flexibility Arrangements.

The policy explicitly calls for wage suppression ‘in the current economic circumstances. Wage Price Index projections of 3% per annum in the Budget are far above the 2% on offer from the 2018 Bargaining Policy. There is no recognition of the wage freeze that people work in the APS endured through the 2014 bargaining round.

The new policy prevents employees from genuinely bargaining for better job security by banning content that restricts the use of contractors, labour hire or contingent workers (casuals). It continues with the prohibition on enhancements and a ban on back pay, even if delays in bargaining are clearly the employer or government’s fault.

The bargaining policy adopted by the Government for its public sector workforce impacts on the level of wages growth across the wider economy. The last bargaining round saw, on average, an increase of 2% per annum for most employees, below CPI and wage increases for public sector workers in other jurisdictions. This low wage growth in the public sector directly contributed to low wages growth for the rest of the Australian workforce. This Government has acknowledged the role that its wages policy plays in the broader economy, stating that “the public sector is a large employer – its wage outcomes have a macroeconomic effect.”²⁸

There is broad agreement that workers’ wages need to be increased. As Treasurer, Scott Morrison even admitted that low wage growth is significant economic problem and a drag on general demand and government revenue.²⁹ The RBA Governor Philip Lowe has said that low wages threaten economic growth and that workers’ incomes need to rise.³⁰

Increasing public sector wages is an effective means to do this. Economist Saul Eslake recommended that government adjust the approach it takes to wages negotiations with its own employees as a means of addressing low wages.³¹ Studies have also shown there are

28 Australian Public Service (2015, 7 August). Australian Government Public Sector Workplace Bargaining Policy. Retrieved from <http://www.apsc.gov.au/publications-and-media/archive/publications-archive/2014-workplace-bargaining-policy>

29 Henry Belot and Matthew Doran (2017, 13 March). Low wage growth Australian economy’s biggest challenge, Treasurer Scott Morrison says. ABC News. Retrieved from <http://www.abc.net.au/news/2017-03-13/scott-morrison-low-wage-growth-biggest-challenge-economy/8350032>

30 Jacob Greber (2017, 19 June). Workers must demand greater share of pie, says RBA governor Philip Lowe Read. Australian Financial Review. <http://www.afr.com/news/economy/workers-must-demand-greater-share-of-pie-says-rba-governor-philip-low-20170619-gwtxht>

31 Saul Eslake (2017, 4 October). Is faster profit growth essential for a pick-up in wages growth? The Conversation. Retrieved from <https://theconversation.com/is-faster-profit-growth-essential-for-a-pick-up-in-wages-growth-83819>

economic benefits from increased public sector pay, boosting economic growth and creating additional jobs.³²

If the Government is serious about reaching a budget surplus that is reliant on optimistic wage growth projections, it should take on board the advice of economists, abandon the 2018 Bargaining Policy and use the lever of increasing public sector wages to increase general demand and help to lift wage growth across the economy.

RECOMMENDATION: Abandon the restrictive 2018 Bargaining Policy and use public sector wages as a macroeconomic lever to lift general demand and wage growth.

³² Troy Henderson and Jim Stanford (2017, July) False Economies: Unintended Consequences of Public Sector Wage Restraint. Centre for Future Work. p.15

Digital service delivery

The current Government has ambitions of being one of the top three digital governments in the world by 2025,³³ however, digital service delivery standards are not meeting community expectations. Citizens expect digital public services to be as good as those provided by the private sector³⁴ but a significant portion of users' rate government online services as worse than private sector services.³⁵

Public confidence in the Commonwealth's ability to deliver services digitally has been undermined by high profile ICT failures such as Robo debt, the Census and ongoing service delivery problems such as unresponsive DHS websites when details are required to be updated to access payments³⁶ and a failure to design NDIS IT systems around user needs.³⁷

Poor quality ICT systems do not just affect the public, they are also a major problem for APS staff. CPSU members across the APS report that ICT systems and applications they use are stopping them getting work done efficiently and accurately. There is also a widespread view that staff have inadequate access to information, decision making and expertise. Unsurprisingly, the 2018 APS agency survey found that improving digital literacy was the top learning and development need for agencies over the next 12 to 24 months.³⁸

There are two main reasons for these problems, they are:

- Decades of outsourcing has left the APS overly reliant on external vendors and contractors – creating critical issues with capability and cost.
- Previous ICT reviews and strategies have focussed on achieving savings and missed opportunities for strategic and architectural reform.

The extensive use of contracted providers has exacerbated the problems with ICT upgrades and improving digital service delivery. It has also been a key factor in critically undermining APS capacity in this area. This comes at an additional cost not only in reduced capacity and service difficulties, but also in staffing. The average cost of an APS employee working on IT is about \$132,000 while the average cost of a contractor to the Commonwealth is \$214,000.³⁹

The APS is very reliant on external ICT vendors and contractors. Since 2011-12, the proportion of external ICT FTE grew from 23% to 30%, while the proportion of internal FTE

33 Digital Transformation Agency (2018) 2025 Digital Transformation Strategy. Retrieved from <https://www.dta.gov.au/our-projects/strategies/digital-transformation-strategy>

34 Deloitte Touche Tohmatsu (2007), 'One size fits few: Using customer insight to transform government', [http://www.deloitte.com/dtt/cda/doc/content/dtt_ps_onesizefitsfew_040908\(1\).pdf](http://www.deloitte.com/dtt/cda/doc/content/dtt_ps_onesizefitsfew_040908(1).pdf)

35 Miguel Carrasco and Peter Goss (2014, 6 June). Digital Government: Turning the Rhetoric into Reality. Boston Consulting Group. Retrieved from <https://www.bcg.com/en-au/publications/2014/public-sector-center-consumer-customer-insight-digital-government-turning-rhetoric-into-reality.aspx>

36 James Elton-Pym. (2018, 3 July) Centrelink website crashes as parents rush to claim new childcare subsidies. SBS. Retrieved from <https://www.sbs.com.au/news/centrelink-website-crashes-as-parents-rush-to-claim-new-childcare-subsidies>

37 Justin Hendry (2018, 31 December). NDIS IT systems hobbling scheme, inquiry finds. ITNews. Retrieved from <https://www.itnews.com.au/news/ndis-it-systems-hobbling-scheme-inquiry-finds-517236>

38 Australian Public Service Commission (2018). 2017-18 State of the Service report: Chapter 7 – Building Capability. Retrieved from <https://www.apsc.gov.au/state-service-report-2017-18-chapter-7-building-capability>

39 Sally Whyte (2019, February 25) Labor warning to IT contractors: don't poach public servants. Sydney Morning Herald. Retrieved from <https://www.smh.com.au/politics/federal/labor-warning-to-it-contractors-don-t-poach-public-servants-20190225-p5102f.html>

decreased from 77% to 70%.⁴⁰ Between 2011-12 and 2015-16, the number of ICT FTEs were cut from 17,758 to 15,808 or 11.3% to 10.4% of total entities FTE.⁴¹

The most recent public data from 2017 indicates, the Australian Public Service employs more than 14,000 ICT personnel, a third of which are contractors. As the share of external ICT personnel has grown over the past five years, the spend on internal ICT personnel has fallen accordingly. This declining internal capacity has occurred over the same time that the ICT failures have increased.

The abandonment of the ACIC Biometric Identification Services Project at a cost of \$34m is an unfortunate example of the negative impact of under resourcing on ICT projects and the lack of capacity in ICT project and contract management.⁴²

There is a growing understanding that the use of contractors and consultants has driven the deskilling of the APS. The 2017-18 State of the Service report indicated that agencies are reporting a need to develop digital skills and skill shortages in some digital roles.⁴³

Outsourcing as a driver of deskilling is not a new nor novel finding. The 2008 Gershon Report recommended a reduction in the use of external contractors in favour of building internal APS capacity. More recently, the former Digital Transformation Office CEO Paul Shetler went on the public record to outline the impact of outsourcing, stating that:

“Over the last 40 years, as we’ve outsourced technology, there’s been a progressive deskilling of the public service. The reliance on consultants is remarkable and the amount spent on them is eye watering. That’s just not necessary if we re-skill the public service...”

Shetler added that the over reliance on external advice carries substantial risks for agencies, noting, *“Too frequently, we actually ask vendors to tell us what they think we should buy.”* The 2016 Census failure provides a good example, where it seems the ABS did not have the expertise to assess the quality or suitability of the advice and products from their external supplier.

The clear gap in capability is recognised within the APS. Most survey respondents to the 2015 APS Census indicated that they knew their agencies need to make greater progress but felt under-equipped to meet the challenges of digital transformation.⁴⁴ While many used digital technologies in the workplace, they felt there was a lack of any formal digital skills training.⁴⁵

40 Department of Finance. Australian Government ICT Trends Report 2015-16. Retrieved from <https://www.finance.gov.au/sites/default/files/ict-trends-report-2015-16.pdf>

41 Department of Finance. Australian Government ICT Trends Report 2015-16. Retrieved from <https://www.finance.gov.au/sites/default/files/ict-trends-report-2015-16.pdf>

42 Australian National Audit Officer (2019, January 21). The Australian Criminal Intelligence Commission's Administration of the Biometric Identification Services Project. Retrieved from <https://www.anao.gov.au/work/performance-audit/australian-criminal-intelligence-commission-administration-biometric-identification-services-project>

43 Australian Public Service Commission (2018). 2017-18 State of the Service report: Chapter 7 – Building Capability. Retrieved from <https://www.apsc.gov.au/state-service-report-2017-18-chapter-7-building-capability>

44 Australian Public Service Commission (2015, 23 October). Digital Transformation in the APS. Retrieved from <https://stateoftheservice.apsc.gov.au/2015/10/digital-transformation-in-the-aps/>

45 Australian Public Service Commission (2015, 23 October). Digital Transformation in the APS. Retrieved from <https://stateoftheservice.apsc.gov.au/2015/10/digital-transformation-in-the-aps/>

The current situation is not working: for clients, staff or government.

Rebuilding APS ICT capacity must be a priority.

The Government's goal should be to provide the Australian public with world-class digital services. Achieving that goal requires:

- Reducing the reliance on external vendors and contractors
- Placing a cap on agency expenditure on consultants and contractors, and reinvesting the savings to build APS staff and internal capacity
- A long-term commitment from Government with associated funding
- Fostering an APS culture that better supports innovation and digital transformation.

RECOMMENDATION: Reconsider digital transformation as an opportunity to improve services, rather than simply an opportunity to cut costs, by:

- investing in staff
- reducing its reliance on ICT contractors and consultants
- providing adequate funding to invest in ICT systems and training that support digital government service delivery and
- involve and utilise staff and the wider community in the development and delivery of digital public services.

Jobs across our nation, not cuts

Over many years, the CPSU warned the Government in our Budget submissions that constant job and budget cuts will impact on the ability of the public service to deliver programs and services to the wider community particularly in regional communities.

While there is growing public awareness about the problems our public services face, the Government has continued to ignore our warnings about public service jobs and has doubled down on cuts. In the last year alone, between 2017 and 2018, the government cut 1,368 jobs from the Australian Public Service, on top of the 3,635 cut between 2016 and 2017.⁴⁶ This is driven in large part by the ongoing application of the ASL cap.

The Department of Human Services has been hit particularly hard by these cuts. In the 2018-19 Budget, a further 1,280 jobs were cut from the Department of Human Services, with changes to 'workforce composition' code for increased use of labour hire and contracting. Rather than providing new funding to reduce Centrelink call waiting times, \$50m was moved from elsewhere within the Department.⁴⁷

Instead of investing in secure, permanent public sector jobs, the Government has continued cutting jobs from regional locations. Too often, job cuts and closing offices is seen as a 'quick-fix' for budget pressures by agencies.

The loss of these quality public sector jobs, particularly in regional Australia, negatively affects local communities.

Many regional areas suffer from unemployment rates higher than the national average with fewer job prospects. These pressures are exacerbated when federal public sector jobs are cut. Not only are there fewer job opportunities, it has flow-on effects to the wider local economy as well.

Rather than create new jobs, the Government's is pursuing the forced relocation of existing APS agencies, functions or jobs under guise of so-called "decentralisation":

- Forced relocations do not provide the net increase in staff needed to rebuild policy development and service delivery capacity.
- There are high transaction costs, including the risk of damage to capacity, as shown by the APVMA relocation, making it a less cost effective method of increasing APS employment in regional locations.
- Relocation can also result in unacceptable personal costs for affected staff and their families.

To date, the following have been moved:

- the Office of the Registrar of Indigenous Corporations
- Indigenous Affairs Group Regional Network in PM&C

⁴⁶ Australian Public Service Commission (2018). [Employment Data 30 June 2018 release](https://www.apsc.gov.au/aps-employment-data-30-june-2018-release). Retrieved from <https://www.apsc.gov.au/aps-employment-data-30-june-2018-release>

⁴⁷ Department of Human Services (2018). Department of Human Services — improving service delivery. Retrieved from <https://www.humanservices.gov.au/sites/default/files/2018/05/2018-19-budget-104.pdf>

- Unique Student Identifier Registrar
- Office of the National Rural Health Commissioner, Inland Rail Unit in DIRDC, Indian Oceans Territories in DIRDC.

There has also been the recent announcement that up to 40 Aboriginal Hostels Limited jobs⁴⁸ and 69 Australian Maritime Safety Authority jobs would be moved.⁴⁹

Despite Government reports that 1,100 jobs have been moved out of Canberra and further forced relocations are planned^{50[2]} regional APS job cuts continue. Analysis of the APS staff headcount at 2013 against recent figures from 2018 show regional staffing levels have been **cut by 790** or -3.6%.^{51[3]} This figure is even larger at 1,620 or 8.8%, once regional Victoria is excluded to account the impact of the headquartering of the NDIA in Geelong.

In some instances, agencies with an existing regional footprint are centralising, not decentralising, their work. For example, the Bureau of Meteorology has revealed plans to end locally based weather forecasting and move the work of over 200 people currently based around the country to centralised units in Melbourne and Brisbane.

Rather than forcing relocations in the manner of the spectacularly flawed APVMA process, where Commonwealth agencies already have a presence in regional Australia, Government should maintain and build on that footprint. Commonwealth staffing levels should be increased through:

- Reversing past job cuts that have occurred
- Increasing staffing levels in the agencies that have an existing regional footprint, in particular the Department of Human Services, National Disability Insurance Scheme and the ATO, and,
- Build on that footprint through establishing new agencies or functions such as providing employment services.

This doesn't mean running down Canberra's role in the public service. A strong, regionally diverse APS network is enhanced by maintaining Canberra as the centre of Commonwealth public administration in Australia. Co-locating key policy and regulatory agencies is important to ensure collaboration between agencies and engagement with the parliamentary processes of Government. It also supports the creation of a cohort of experienced and highly skilled people in public service policy and program expertise to support achieving the best outcomes for the public.

A genuine decentralisation agenda would be part of a broader discussion of regional development and economic policy. This should include the restoration of the achievement and maintenance of full employment as key objective of the nation's economic policy. Achieving a goal of full employment requires a greater role for the Commonwealth, requiring increased

48 Sally Whyte (2018, 10 December). Up to 40 public service jobs go regional in more decentralisation. Retrieved from <https://www.smh.com.au/politics/federal/up-to-40-public-service-go-regional-in-more-decentralisation-20181210-p5019i.html>

49 Sally Whyte (2018, 23 November). Fifty Australian Maritime Safety Authority jobs to move to Coffs Harbour. Retrieved from <https://www.smh.com.au/politics/federal/fifty-australian-maritime-safety-authority-jobs-to-move-to-coffs-harbour-20181123-p50hu9.html>

50Senate of Australia (2018, 27 November). Hansard. p.29

51 December 2014 data provided in response to a written Question on Notice against June 2017 data, calculated using the recent 2016-17 APS Statistical Bulletin

public investment and public sector employment in the regions, not shuffling around existing resources.

There are not enough jobs in regional areas and government needs to actively address this.

The lack of jobs means that in many areas, unemployment is unacceptably high, and at crisis levels for youth unemployment. The below average participation mean means that it is likely to be even higher in reality. The November 2018 figures below provides an insight.⁵²

	Unemployment %	Youth Unemployment %	Participation Rate %
Townsville	8.8	17.8	64.4
Fitzroy (includes Rockhampton)	6.7	13.9	68.3
Illawarra	4.9	13.1	60.6
West and North West (Tasmania)	6.2	15.2	58.3
Coffs Harbour-Grafton	8.9	22.8	57.5
Cairns	6.4	13.7	61.2
Australia	5.1	11.5	65.7

Even in locations where jobs are available, it can be very difficult to find full-time work.

A December 2018 report by Adzuna Australia showed that:

- In South Australia, it is 10.29 job seekers per vacancy,
- In Tasmania, it is 9.81 job seekers per vacancy,
- In Western Australia, it is 8.92 job seekers per vacancy and
- In Queensland, it is 8.38 job seekers per vacancy.⁵³

Given regional figures are likely to be even worse, the CPSU therefore calls for a substantial increase in overall APS staffing as part of an effort to rebuild public sector capacity. Regional communities should be a priority recipient of that increased staffing.

What is needed are jobs, not cuts.

Commonwealth staffing levels should be increased through:

- Reversing past job cuts that have occurred
- Increasing staffing levels in the agencies that have an existing regional footprint, in particular the Department of Human Services, National Disability Insurance Scheme and the ATO, and,
- Build on that footprint through establishing new agencies or functions such as providing employment services.

⁵² Data from the Department of Employment Labour Market Information Portal

⁵³ Ben Phillips (2018). Adzuna Job Report: December, 2018. Retrieved from <https://www.adzuna.com.au/blog/wp-content/uploads/2018/12/December-2018-Adzuna-Job-Report-pdf.pdf>

RECOMMENDATION: Provide a net increase in overall public sector jobs, including the provision of new frontline public sector jobs to improve the service standards, employment prospects and economic and social life of regional Australia.

AN AUSTRALIAN GOVERNMENT TRUSTED BY AUSTRALIANS: Restoring trust in our democratic institutions and growing our flourishing democracy

A national integrity commission

The CPSU supports a new integrity commission being established. Our ACLEI members strongly support the creation of a new integrity commission at the Commonwealth level and believe a commission would be an improvement on what currently exists. ACLEI members are strongly of the view that a new integrity commission must be independent and resourced properly.

It is essential that staff are trained and resourced appropriately. If the new commission is under-resourced, it will struggle to perform its key operational, corporate and strategic functions.

The Government's proposed Commonwealth Integrity Commission indicated an average staffing level of 150.⁵⁴ ACLEI members were of the view that would be adequate for the Law Enforcement side but not full the size of a new entity. Rather, members stated that staffing in the vicinity of 400 would be needed. Moreover, there will be a need to expand the Commission's geographic footprint to establish additional offices in Melbourne, Brisbane, Adelaide, Hobart and Perth.

To illustrate, ACLEI's current jurisdiction covers approximately 20,000 Commonwealth public sector employees. With the expanded remit for Law Enforcement proposed by the Commonwealth Integrity Commission, this would expand to 50,000. When adding the remainder of the Commonwealth public sector to the mix, additional resourcing as well as sufficient public awareness campaigns will be required to ensure that all stakeholders know exactly what would constitute a corruption issue.

With trust in our democratic institutions at an all-time low, a national integrity commission is an important step to help rebuild that trust. It will require a commission with the scope, resources and powers to deal with corruption risks, particularly associated with the huge increase in contractors, consultants, labour hire and other forms of outsourced service provision.

RECOMMENDATION: Establish a best-practice independent, broad-based public sector integrity commission is established with the scope, resources and powers needed to deal with corruption issues.

⁵⁴ Attorney-General's Department (2018, December). A Commonwealth Integrity Commission— proposed reforms. P.10. Retrieved from <https://www.ag.gov.au/Consultations/Documents/commonwealth-integrity-commission/cic-consultation-paper.pdf>

AN ECONOMY THAT WORKS FOR ALL AUSTRALIANS: Ensuring the services we deserve can be delivered sustainably.

Ensuring everyone pays their fair share

Australia is a wealthy nation. With a fair tax system, we would have the collective resources available to provide excellent education, health, aged care and public services, a strong social safety net, and to enact policies that would deliver a sustainable prosperity for all.

OECD data consistently shows that almost all other developed nations' governments both spend and raise more, as a share of GDP, than Australian governments. The most recent data shows that Australia's tax-to-GDP ratio ranked it 28th out of 35 OCED countries.⁵⁵ It is clear from this that Australia does not have a spending problem, it has a revenue problem.

To address this revenue problem and rebuild our public services that are the foundation of a good society, we must ensure everyone pays their fair share and address those areas where taxation obligations are being avoided.

Addressing tax avoidance, not only requires a well-funded Australian Taxation Office, it also requires ensuring that those receiving Government contracts pay their fair share.

The recent Centre for International Corporate Tax Accountability and Research (CICTAR) report into the tax practices of outsourced service and labour hire corporations in the Australian Tax Office highlighted that companies with Commonwealth contracts may be avoiding paying their fair share.⁵⁶

It is extremely concerning that multinational corporations providing labour and call centre staff to Commonwealth either share links with tax havens or engage in questionable tax practices.

The CICTAR Report recommended:

- Full disclosure of all beneficiaries;
- Full financial statements on big contractors, no excuses;
- Public disclosure of contracts over \$1 million a year;
- Accountability for labour brokers;
- Certification and screening of tax practices for parent and subsidiary companies; and
- Audit on use of contracted labour in all forms.

The Government must act to ensure all the recommendations of the CICTAR report are adopted. The incorporation of these recommendations will help to ensure that all companies that tender for Commonwealth contracts have good tax practices and strengthen public confidence in the integrity of Commonwealth procurement.

⁵⁵ Organisation of Economic Co-operation and Development (2017). 'OECD Revenue Statistics 2017'. Retrieved from <https://www.oecd.org/tax/revenue-statistics-australia.pdf>

⁵⁶ Jason Ward (2018) Exposing Corporate Webs Tax Practices Of Outsourced Service And Labour Hire Corporations In The Australian Taxation Office. Centre for International Corporate Tax Accountability and Research. Retrieved from <http://cictar.org/wp-content/uploads/2018/12/ATO-labour-report.pdf>

RECOMMENDATION: Focus on tackling tax avoidance to increase revenue to meet our community's needs, including our public services.

RECOMMENDATION: Adopt all the recommendations of the Centre for International Corporate Tax Accountability and Research report into the tax practices of outsourced service and labour hire corporations in the Australian Tax Office are adopted.

A public service that reflects the community's diversity

The Australian Public Service should reflect the diversity of Australia's population. That diversity should be reflected at all classification levels. A diverse and inclusive APS is not only the right thing to do but benefits the public and the community. As Martin Parkinson has argued, *"the more we reflect the citizens we serve, the more likely we are to create citizen-centric policy that gets better outcomes for Australians."*⁵⁷

While the APS has commendably increased its focus on diversity and inclusion, much more work needs to be done. The APS still does not reflect the diversity of the wider Australian society, is lagging behind other jurisdictions and going backwards in other areas. The focus on diversity needs to include fostering a culture of inclusion among all employees.

Disability

Nearly one in seven working age Australians have a disability⁵⁸ but only four per cent (3.7 per cent) of the APS identifies as having a disability. While this has been an increase on previous years, proportionally, this is significantly lower than 4.2 per cent (5,210) in December 2002 and a bigger drop from 6.6 per cent in 1986.⁵⁹

While there is an APS Disability Employment Strategy 2016-2019⁶⁰, there are no APS-wide employment targets for people with disability while the state public services do have targets.⁶¹ The organisation Vision 2020 has called for a disability employment target of 7 per cent for the APS by 2023.⁶²

Aboriginal and Torres Strait Islander workers

The most recent June 2018 APSC data indicates that 3.3 per cent of the APS identifies as Indigenous, meeting a target of 3 per cent by 2018 set by the Indigenous Affairs Minister, Nigel Scullion, in 2015.⁶³ This is a marked improvement from when Indigenous employment fell to a low of 2.4 per cent in December 2006.⁶⁴ The majority of ongoing Indigenous employees, however, continue to be at lower classification levels and more needs to be done to promote Indigenous employees into senior positions.

57 Martin Parkinson (2017, 8 November). Martin Parkinson: the diversity business case for the APS. The Mandarin. Retrieved from <https://www.themandarin.com.au/85773-martin-parkinson-diversity-business-case-aps/>

58 Australian Bureau of Statistics (2016, 29 April). 4430.0.10.001 - Disability, Ageing and Carers, Australia: First Results, 2015. Retrieved from <http://www.abs.gov.au/ausstats/abs@.nsf/0/56C41FE7A67110C8CA257FA3001D080B?OpenDocument>

59 Luke Michael (2018, 26 March) Government Called on to Employ More People With Disability in Public Service. ProBono Australia. Retrieved from <https://probonoaustralia.com.au/news/2018/03/government-called-employ-people-disability-public-service/>

60 Australian Public Service Commission (2016). As One: Australian Public Service Disability Employment Strategy. Retrieved from <http://www.apsc.gov.au/managing-in-the-aps/disability/as-one-aps-disability-employment-strategy-2016-19>

61 Luke Michael (2018, 26 March) Government Called on to Employ More People With Disability in Public Service. ProBono Australia. Retrieved from <https://probonoaustralia.com.au/news/2018/03/government-called-employ-people-disability-public-service/>

62 Luke Michael (2018, 26 March) Government Called on to Employ More People With Disability in Public Service. ProBono Australia. Retrieved from <https://probonoaustralia.com.au/news/2018/03/government-called-employ-people-disability-public-service/>

63 Shalailah Medhora (2015, 11 November). Public service ordered to increase number of Indigenous staff. Guardian Australia. Retrieved from <https://www.theguardian.com/australia-news/2015/nov/11/coalition-reinforces-target-of-3-indigenous-public-servants-by-2018>

64 Data from public access APSEDii dashboard

Retention of Aboriginal and Torres Strait Islander employees would benefit from much greater cultural awareness and cultural competencies in the broader workforce. There is also a need to overcome barriers to Aboriginal and Torres Strait Islanders being promoted to senior positions and into roles outside Indigenous program areas and diversity positions.

Workers from a Non-English Speaking Background

While there have been improvements in diverse representation, the proportion of APS employees from a non-English speaking background in 2018 (14.3 per cent) is almost the same as it was in 2012 (14.2 per cent). Over that same period, Australia has become more culturally diverse, with estimates that less than three in five Australians are from an Anglo-Celtic background.⁶⁵ It is clear that more needs to be done to improve the cultural diversity of the Australian Public Service.

RECOMMENDATION: Implement a diversity strategy that ensures that the public service reflects the community should be implemented. This needs to include fostering a culture of inclusion among all employees and a focus on employment and retention strategies for workers suffering disadvantage. Supporting diversity should be a key consideration in all Government public service policy.

⁶⁵ Australian Human Rights Commission (2018, April). Leading for Change: A blueprint for cultural diversity and inclusive leadership revisited. Retrieved from https://www.humanrights.gov.au/sites/default/files/document/publication/Leading_per_cent20for_per_cent20Change_Blueprint2018_FINAL_Web.pdf