



Australian Government  
Department of Education and Training

# **Department of Education and Training submission to the Joint Committee of Public Account and Audit**

**Inquiry based on ANAO Report No. 19 (2017–18)  
*Australian Government Procurement  
Contract Reporting***



## Background

The Department of Education and Training is the Australian Government's lead agency responsible for national leadership on education and training policy. The department was formed in December 2014 (originally as the Department of Education) following machinery of government changes that dissolved the former Department of Education, Employment and Workplace Relations (DEEWR).

## Part (a)

The department is not able to retrospectively align its expenditure data with the categories of work as published on AusTender for 2012–13 and 2013–14 due to machinery of government changes since that time. As a result, the department has provided the requested contract information and expenditure data for the past three financial years only (2014–15, 2015–16 and 2016–17).

### Consultancy services

A list of the top three categories of work for which consultancies have been most frequently engaged for each financial year:

**Table 1: Consultancy services – top 3 categories for each financial year**

Financial year	Top categories
2014–15	<ol style="list-style-type: none"> <li>1. Research programs</li> <li>2. Accounting services</li> <li>3. Information technology consultation services</li> </ol>
2015–16	<ol style="list-style-type: none"> <li>1. Research programs</li> <li>2. Information technology consultation services</li> <li>3. Management advisory services</li> </ol>
2016–17	<ol style="list-style-type: none"> <li>1. Research programs</li> <li>2. Information technology consultation services</li> <li>3. Strategic planning consultancy services</li> </ol>

**Notes:** Based on the number of consultancies published on AusTender in each year: [www.austender.gov.au](http://www.austender.gov.au).

Expenditure figures on consultancies for each year:

**Table 2: Total expenditure on consultancy services**

	2013–14	2014–15	2015–16 <sup>1</sup>	2016–17
New consultancies	\$ 7,378,657	\$ 5,179,933	\$ 19,909,370	\$ 9,618,015
Continuing consultancies	\$ 6,570,465	\$ 1,310,642	\$ 5,723,856	\$ 5,950,715
<b>Total expenditure</b>	<b>\$ 13,949,122</b>	<b>\$ 6,490,575</b>	<b>\$ 25,633,226</b>	<b>\$ 15,568,730</b>

**Source:** Annual Reports: [www.education.gov.au/annual-reports/](http://www.education.gov.au/annual-reports/)

**Notes:** All figures are GST inclusive.

<sup>1</sup> The increase in 2015–16 is due to consultancy contracts related to support for child care service providers. Responsibility for early childhood and child care transferred from the Department of Social Services to the Department of Education and Training on 21 September 2015.

A breakdown of expenditure against the top categories of work for each financial year:

**Table 3: Breakdown of expenditure on consultancies by category, 2014–15 to 2016–17**

	2014–15	2015–16	2016–17
Accounting services	\$ 135,756	\$ 120,827	\$ 53,671
Information technology consultation services	\$ 385,385	\$ 512,312	\$ 958,656
Management advisory services	\$ 445,052	\$ 1,529,008	\$ 638,972
Research programs	\$ 2,574,708	\$ 4,354,234	\$ 7,362,436
Strategic planning consultation services	\$ 112,189	\$ 36,239	\$ 140,899

**Source:** Consultancy contracts by category matched to invoices paid in the financial years shown. Expenditure matched to AusTender category is not available for 2013–14 due to machinery of government changes.

**Notes:** All figures are GST inclusive. Expenditure figures provided for each identified contract category are reliant on manual matching of data across separate modules of the department's finance system and may not reflect expense recognition rules used in the Annual Report.

## Non-consultancy services

Non-consultancy services are defined as contracts with a supplier to provide services where such services provide either long or short term additional labour capacity to the Commonwealth entity.

The department has excluded service contracts listed on AusTender under the category of 'Education and Training Services' from this analysis. The majority of contracts in this category are to support the direct delivery of education and training services by education providers (e.g. Registered Training Organisations). While supporting education and training programs is an important function of the department, it is not a core function across the Australian Public Service (APS).

A list of the top three categories of work for non-consultancy service contracts, by most frequently engaged, for each financial year:

**Table 4: Non-consultancy services – top 3 categories for each financial year<sup>2</sup>**

Financial year	Top categories
2014–15	<ol style="list-style-type: none"> <li>1. Research programs</li> <li>2. Legal services</li> <li>3. Project administration and planning</li> </ol>
2015–16	<ol style="list-style-type: none"> <li>1. Research programs</li> <li>2. Legal services</li> <li>3. Management advisory services</li> </ol>
2016–17	<ol style="list-style-type: none"> <li>1. Accounting services</li> <li>2. Legal services</li> <li>3. Research programs</li> </ol>

**Source:** Top three categories (excluding 'Education and Training Services') are based on the number of non-consultancy service contracts published on AusTender in each financial year: [www.austender.gov.au](http://www.austender.gov.au)

<sup>2</sup> The top service category by both volume and value in each financial year is 'Education and Training Services'.

Expenditure figures on non-consultancy service contracts for each of the top categories of work:<sup>3</sup>

**Table 5: Breakdown of expenditure on non-consultancy services by category, 2014–15 to 2016–17**

	2014–15	2015–16	2016–17
Accounting services	\$ 818,701	\$ 2,134,386	\$ 5,069,271
Legal services	\$ 1,172,389	\$ 2,440,574	\$ 4,333,342
Management advisory services	\$ 4,527,996	\$ 9,710,408	\$ 6,118,824
Project administration and planning	\$ 18,945,486	\$ 933,121	\$ 551,591
Research programs	\$ 18,495,052	\$ 21,807,093	\$ 12,881,714

**Source:** Non-consultancy contracts by category matched to invoices paid in the financial years shown.  
Expenditure matched to category is not available for 2013–14 due to machinery of government changes.

**Notes:** All figures are GST inclusive. Expenditure figures provided for each identified contract category are reliant on manual matching of data across separate modules of the department's finance system and may not reflect expense recognition rules used in the Annual Report.

## On-hire labour contractors

Contractors are where the services of an individual worker are on-hired by a labour hire company/agency to the department. The department does not centrally record information on the category of work performed by individual contractors, other than whether they are 'information and communications technology' (ICT) contractors or non-ICT contractors.

A list of the top categories of work for on-hire labour contractors, by most frequently engaged:

**Table 6: On-hire labour contractors**

Financial year	Top categories
2014–15	1. ICT Contractors 2. Non-ICT contractors
2015–16	1. ICT Contractors 2. Non-ICT contractors
2016–17	1. ICT Contractors 2. Non-ICT contractors

**Notes:** Contracts for on-hire labour were identified through a combination of AusTender categories and contract descriptions. ICT Contractors are usually listed on AusTender under the category of 'Application Implementation Services'. Non-ICT Contractors are listed on AusTender under the category of 'Temporary Personnel', although the category of 'Personnel Services' may also be used.

<sup>3</sup> Total expenditure on non-consultancy services (vis-à-vis other types of supplier expenses) is not recorded.

Expenditure figures on on-hire labour contractors by category of work:

**Table 7: Breakdown of expenditure on contractors by category, 2014–15 to 2016–17**

	2014–15	2015–16 <sup>4</sup>	2016–17
ICT Contractors	\$ 4,198,874	\$ 9,710,833	\$ 8,863,074
Non-ICT Contractors	\$ 830,532	\$ 7,491,406	\$ 11,787,784
<b>Total expenditure</b>	<b>\$ 5,029,406</b>	<b>\$ 17,202,238</b>	<b>\$ 20,650,858</b>

**Source:** Contracts matched to invoices paid in the financial years shown. Expenditure matched to category is not available for 2013–14 due to machinery of government changes.

**Notes:** All figures are GST inclusive. Expenditure figures provided for each identified contract category are reliant on manual matching of data across separate modules of the department's finance system and may not reflect expense recognition rules used in the Annual Report.

<sup>4</sup> The increased expenditure in 2015–16 is primarily due to machinery of government changes that transferred skills and training to the department on 23 December 2014, and associated priority work requiring additional resources and specialised skills, including the Australian Government's VET FEE-HELP reforms.

## Part (b)

### Comments on ANAO Audit Report No. 19

The department notes the Australian National Audit Office (ANAO) Audit Report No. 19 (2017–18) and acknowledges that it is based on publicly available data as published on AusTender.

The department notes that contract information attributed to the Department of Education and Training in 2012–13 and 2013–14 is based on the ANAO's assumptions and adjustments (that are not detailed) to reflect machinery of government changes that have occurred since 1 July 2012.<sup>5</sup>

#### Comment on Chapter 3: Procurement contract category

##### *Figure 3.2: Proportion of contract value by entity (2012–13 to 2016–17)*

This figure shows the proportion of contracts by value against the largest product and service categories across all entities. While the department stands out as having the second highest proportion of contracts classified as 'other' compared with other entities, this is primarily due to contracts in the 'Education and Training Services' category to support the delivery of the Australian Government's administered programs. Contracts in this category account for 66 per cent by value of commencing contracts in the last three financial years (2014–15 to 2016–17).

#### Comment on Chapter 5: Consultancies and management advice

With reference to paragraph 5.7 and 5.8, the department notes that it makes all reasonable efforts to ensure that consultancy contracts are accurately reported on AusTender.

#### Comment on Chapter 6: Financial year procurement contract trends

With reference to paragraphs 6.3 to 6.5, the department notes the increase in short term contracts (less than 31 days) per month in June, compared to the rest of the year.

For the last three financial years (2014–15 to 2016–17), the percentage increase in the average value of short term contracts awarded by the department in June was 69 per cent, which is on the lower end of the range for all entities outlined in paragraph 6.5 (page 29).

#### Comment on Chapter 7: Procurement contract thresholds

The department notes the ANAO's analysis of 'potentially related contracts' under the procurement threshold. The department's contracts with the same supplier, entered into in the same quarter, are for discrete procurements and are sourced by open tender, including through existing Standing Offer Notice panel arrangements, or limited tender in accordance with paragraph 10.3 of the Commonwealth Procurement Rules (CPRs).

#### Comment on Chapter 8: Accuracy and timeliness of procurement contract notice publication

The department is committed to accurate and timely contract notice publication.

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<sup>5</sup> See Paragraph 9 in Appendix 1 of ANAO Report No. 19 (2017–18).