

1. What is the trend regarding labour hire costs within the APS over the last year?

This ABC investigation was the source of our claim that labour hire costs the federal government around \$5 billion per year. The article also states that **labour hire costs have doubled in the past five years**. (Source: <https://www.abc.net.au/news/2020-09-10/contractors-and-the-public-service-gig-economy/12647956>)

We analysed the AusTender data in the 'Temporary Personnel Services' category that we used as the basis of our submission to your inquiry. This data, which does not capture all labour hire contracts, shows that between 1 July 2020 and 1 July 2021, the federal government awarded **\$2.6 billion** in temporary personnel contracts, an increase on the \$2.4 billion for the corresponding period in 2019-20.

2. Estimate of tax lost to the tax avoidance schemes discussed in our submission

Please see attached word document with a table that sets out this estimate. We have offered three estimates. One assumes a 5% profit margin, roughly in line with the profit margin reported by Hays (the largest of all the major multinational labour hire firms). The second estimate uses profit margins that these companies report at the global level (where they are available). The third estimate uses a 15% profit margin, as suggested by Senator Ayres during the hearing.

The estimated totals, just for the firms addressed in our submission, are between \$80 million and \$359 million.

3. Details about the Jobs and Skills Exchange in Victoria

During my evidence, I mentioned a scheme in Victoria, akin to a labour hire agency run by the state, for the public service. This was in response to a question from Senator Chandler about whether the state should not use labour hire at all.

I have sought some information from our contacts in Victoria who were engaged in developing this Jobs and Skills Exchange scheme. They have provided the following information and have offered Robert Laird as a contact for any further information you may need.

The JSE was set up to utilise the skills and staffing of trained VPS people to take on the short to medium term roles that are generic in skill set (policy officer for example) to build a concept that the VPS is a mini labour market that can and should utilise its own people. There is still work to do on persuading government to stop using consultants and contractors for labour and as employment consultants.

Along with this is the training package for short courses for VPS generic jobs using the Cert 4 in Government to allow VPS staff to be able to train in a course for one of the 7 current job families so as to facilitate greater capacity to job match. The work on skills development and training specifically for Public Service workers is about to launch so it will be interesting to see the effect on use of externals.

Here is a link to the Jobs and Skills Exchange. <https://www.vic.gov.au/jobs-and-skills-exchange>

4. Examples of a conflict of interest between a government agency being staff by labour hire firms, and the work those contractors are required to perform

The example that Jason Ward provided in response to this question was the Aged Care regulator, the Aged Care Quality and Safety Commission (ACQSC). ACQSC contracts its work to a range of labour hire organisations including Adecco, Hays, Randstad and Programmed.

All of these firms also contract to aged care providers, recruiting Nurses, Assistants in Nursing, Maintenance, Support workers, and most troublingly, Quality Assessors. We found a number of current jobs advertisements of this nature for each labour provider listed above.

Hays

[Ballina RN aged care](#)

[Sydney Maintenance aged care](#)

Persol (Programmed)

[Adelaide Support worker, aged care](#)

[Sydney, Quality assessor, aged care](#)

Randstad

[Sydney, Assistant in nursing, aged care](#)

[Tugun, Catering staff, aged care](#)

Adecco

[Sydney, Nurse, aged care](#)

[Melbourne, Quality coordinator, aged care](#)

Estimate of tax lost to avoidance by labour hire firms, based on 2018-19 ATO data

Name	Total income (AUD millions)	Taxable income (AUD millions)	Tax payable (AUD millions)	Profit margin	Estimate #1 based on 5% profit margin (AUD millions)	Estimate #2 based on global profit margin (AUD millions)	Estimate #3 based on 15% profit margin (AUD millions)
Hays Specialist Recruitment (Australia) P/L	\$2,647	\$129.1	\$38.7	4.88%	0	NA	\$80.4
Persol Australia Holdings P/L	\$2,319	\$14.7	\$4.4	0.63%	\$30.3	\$28.9	\$99.9
RGF Staffing Melbourne One Limited	\$1,724	\$30.5	\$8.7	1.77%	\$17.6	\$39.9	\$69
Randstad Holdings P/L	\$880	\$0	\$0	0%	\$13.2	\$11.6	\$39.6
Manpower Services (Australia) P/L	\$771	\$14.6	\$4.4	1.9%	\$7.2	NA	\$30.2
Adecco Holdings P/L	\$632	\$0	\$0	0%	\$9.5	NA	\$28.4
Kelly Services Australia P/L	\$171	\$1.7	\$0.5	0.98%	\$2.6	NA	\$7.6
Bluefin Resources P/L	\$156	\$7.4	\$2.2	4.74%	\$0.14	NA	\$4.8
Outsourcing Inc (excluding Bluefin)	Not reported	Not reported	Not reported		NA	NA	NA
Will Group	Not reported	Not reported	Not reported		NA	NA	NA
TOTALS					80.54	80.40	359.90