



Committee Secretariat
Select Committee on Job Security
Department of the Senate
PO Box 6100
Canberra ACT 2600

20 January 2022

Questions on Notice from our appearance at the Inquiry's public hearing on 8 December 2021

During our appearance, we agreed to take the following four questions to notice. These are outlined below, along with our responses.

1. From page 9 of the transcript: we agreed to take on notice the number of casuals that had taken up the option to convert to permanent (Full time or part time)

In March 2021 amendments to the Fair Work Act 2009 (Cth) commenced. The amendments provide a process for eligible casual employees to convert to permanent employment. In compliance with the Fair Work Act, in its initial review, PwC offered 23 casual employees permanent positions and 1 employee accepted that permanent position. Since the initial review, ongoing reviews occur monthly.

Outside of the casual conversion process described above, an additional 85 casual employees also accepted the opportunity to convert to a permanent position (81 into permanent full time positions, 4 into permanent part time positions) in the calendar year 2021.

2. From pages 10,11, 13 and 14 of the transcript: we were asked to provide a copy of the investigation report into the Skills Hub

The report is commercial-in-confidence and contains commercially sensitive and personal information. As a result, we have outlined the recommendations made in the report. We have also provided a current status update against each recommendation as at the date of this submission. This is provided in Attachment 1.

3. From page 11 of the transcript: we were asked what was the average change in those salaries when you balanced them out?

We draw your attention to the dialogue in the lead up the question:

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Senator GROGAN: It would be very helpful for us to understand that. On the pay scenario, you've said that you felt that the pay that was being provided to the Skills Hub workers was appropriate, but we have heard that accountants in that team were paid about \$55,000 less than other accountants within PwC. That seems not very inclusive at all, and it's quite curious that there would be such a disparity.

Ms Walsh: I am not aware of or across the statement that was made or those specific allegations. I can say that any disparity certainly wasn't to that scale.

Senator GROGAN: What scale would you say it was to? Do you have that detail?

Ms Walsh: Again, what I can say is that we have people there paid, depending on their level, between around \$62,000 up to \$82,000. We've, as I said, aligned that around the pay and career scale that we use across the broader organisation now. But, as I said, with those sorts of salaries depending on skill and experience, they were appropriate salaries.

Senator GROGAN: So, for the skills and experience you were looking for in that team, you were looking at the \$62,000 to \$82,000. What's the scale for other teams?

Ms Walsh: The scale that they've moved to starts now with the full recognition of a trainee role, which actually starts at \$47,000, and goes through to manager roles, which are closer to \$100,000.

Senator GROGAN: What was the average change in those salaries when you balanced them out?

The basis of the question was from an assumption that there were gaps by as much as \$55,000 between employees at the Skills Hub and employees in other teams within PwC Australia. As clarified by Senator Grogan later, see below from page 11, there was no pay gap of this magnitude.

Senator GROGAN: I just want to go back. I quoted you the wrong numbers. The evidence we have in front of us is that the team in the Skills Hub were paid \$55,000 per annum and other teams were paid \$65,000. That is just to clear up what I was saying previously.

With respect to changes that occurred after the review of the Skills Hub by our Diversity Inclusion & Wellbeing (DI&W) team:

- There were immediate changes for Skills Hub employees' non-salary benefits to align with the benefits of other PwC staff. The most significant of these changes was the availability of funding and training leave to support an employee becoming a Chartered Accountant.



- Salaries at the Skills Hub, like all salaries across PwC Australia, were adjusted from 1 July 2021, these changes came about following a firm-wide remuneration strategy review undertaken between April and June 2021¹.
 - Prior to that review, in the 2020/2021 financial year, the minimum salary offered to an Assurance Associate Grade within the Skills Hub was \$57,900. For Sydney-based Assurance Associates in other business areas it was \$60,000. This difference in starting salaries of approximately 3% was considered appropriate given the differences in responsibilities between the relevant roles.
 - From 1 July 2021, in line with the changes made to remuneration bands across the firm and changes to relative roles and responsibilities, the minimum salary paid to Associates within any part of PwC's Assurance Practice (including the Skills Hub) is \$64,000 and the average of salaries of all Associates in Assurance is consistent at approximately \$66,400.
- 4. From page 11 of the transcript: we were asked to provide data on the make-up of these teams and their ethnicity or cultural diversity in those teams.**

As at 31 December 2021, there were:

- Number of staff: 50 (100% permanent)
 - Gender diversity: 56% Female, 44% Male
 - 83% of staff at the Skills Hub identified as being from a non-European cultural background. PwC staff are not required to disclose or provide their diversity information, which includes information about Diverse Cultural Backgrounds² (DCB). At present only three employees at the Skills Hub have not entered their DCB information.
- 5. From page 12 of the transcript: we were asked if money was paid back to clients and how much was paid back to clients, if it was? And what was the basis of that money being paid back to clients for work that was carried out?**

No. The individual complaint made at our Skills Hub related to employee experiences, not client matters.

Yours sincerely,

Catherine Walsh
Partner , Head of People and Culture, PwC Australia

¹ <https://www.pwc.com.au/press-room/2021/pwc-new-learning-academy-pay-bonuses.html>

² At PwC, we use the term diverse cultural background (DCB) to track our cultural diversity. DCB data is derived from how we identify our Race/Ethnicity in Workday (our Human Capital System), using the Australian Bureau of Statistics Census listing of 250+ cultural/ethno groups. DCB then refers to anyone with a non-Anglo-Celtic ethnicity (Anglo-Celtic includes American, Canadian, British (including English, Scottish, Welsh), Irish, Australian and New Zealander).



Attachment 1: Recommendations from the Assurance Skills Hub pulse check on inclusion & belonging date April 2021 (Report)

Report recommendations: We have included below all of the recommendations included in the Report. We have also included information as to the current status of those recommendations.

Report recommendations	Current status
Meeting employee expectations	
1.1 Organise and plan team connection / bonding / social activities - firm funded and Partner attended.	1.1 Completed. Multiple firm funded and partner attended events have occurred, and will continue to occur, both with Skills Hub and with other Assurance Groups.
1.2 Job advertisements to be refreshed and roles clarified by local management and Talent Acquisition Managers, and written in consultation with existing Skills Hub team members.	1.2 Completed. All job advertisements and roles were reassessed with Skills Hub leadership prior to recruitment in Adelaide and Parramatta in 2021.
Addressing some of the Philip Street Office inadequacies	
2.1 Set up working between Human Capital, Assurance, local Skills Hub Management and Facilities regarding moving back into GWS office; or development of a plan to brand the office and align it with other PwC offices.	2.1. Completed. All personnel are no longer in Phillip Street, they have been moved to the GWS office in Parramatta (a branded office listed on our firm's website: https://www.pwc.com.au/contact-us/local-offices.html)
2.2 Conduct a review of the decisions taken to sign a lease at Phillip Street and refresh the process to ensure all leased spaces meet minimum accessibility requirements.	2.2. Completed. Feedback provided to Firm's Central Procurement Team. No similar issues were noted at the current GWS office.
Workload management	
3.1 Conduct review of overtime hours (including overbooking staff on TalentLink) with minimum monthly reporting shared with the Assurance Leadership for team members with consistent overtime and no team member to be booked beyond 37.5 hours (also allowing for internal time).	3.1 Completed. Reviewed timesheets and utilisation reports to validate that excessive overtime had not been incurred. On-going, monthly reporting of overtime hours reviewed by Skills Hub leadership with a focus on wellbeing, sustainability and audit quality.
3.2 Review resourcing processes and use of Talentlink; consider whether additional Resource Manager(s) are required.	3.2 Completed. There is a dedicated resource manager working with Skills Hub Leadership with weekly meetings. To continue to monitor processes and adjust where necessary.



<p>3.3 Communicate and document Recharge policy and leave policy during non-leave periods.</p>	<p>3.3. Completed. Recharge³ and leave is communicated to staff along with any changes to policy.</p>
<p>Access to the full suite of PwC Assurance non-salary benefits</p>	
<p>4.1. Agree, document and communicate policy regarding payment of CA enrolment fees; study/exam leave; overtime meals/taxis.</p> <p>4.2 Human Capital to conduct a detailed pay review for Skills Hub, relative to Assurance, based on actual TR data.</p>	<p>4.1. Completed. Benefits are consistent across all Assurance Groups.</p> <p>4.2 Completed. A significant remuneration strategy review was undertaken between April and June2021 and changes to remuneration were applied from 1 July 2021.</p>
<p>Communications</p>	
<p>5.1 Conduct review of all relevant Firmwide and Assurance wide comms channels and mailing lists and ensure Skills Hub team is included.</p> <p>5.2 Strong messaging from Kristin Stubbins or Matt Graham at next Assurance webcast, reinforced by written comms, to reinforce expectations of behaviours and Skills Hub's role/scope.</p> <p>5.3 Assemble a working group of Assurance and Skills Hub seniors to develop an end-to-end process map clarifying scope and how best to mutually work together - to present back to the Skills Hub Partner</p> <p>5.4 Human Capital to conduct a review into a two-way feedback process between Skills Hub and engagement teams, in consultation with Skills Hub team members.</p>	<p>5.1 Completed. Mailing lists / firm wide communication updated to ensure Skills Hub team included.</p> <p>5.2. Completed. Multiple messages communication throughout the year on this point, including directly from Assurance Leader on all Assurance webcasts.</p> <p>5.3 Completed. Review performed by the Smart Delivery Strategy Team with perspectives obtained from both Assurance and Skills Hub team members. The Skills Hub Partner was involved in these discussions.</p> <p>5.4On-going. There have been numerous one on one and by-grade level sessions conducted virtually and in person. Currently developing a methodology for regular feedback which includes a combination of in-person and pulse check survey formats.</p>
<p>Communications and leadership visibility</p>	
<p>6.1 Relevant partners and members of the ALT (together with our Chief Diversity and Inclusion Officer and senior DI&W team members involved) to attend Phillip Street to host a one-hour meeting with Skills Hubs team members to acknowledge and playback the feedback provided through the pulse check, and provide reflections/next steps.</p>	<p>6.1 Completed. ALT member, Human Capital and DI&W review team member presented back to Skills Hub team on-site in Parramatta.</p>

³ Recharge is a PwC Australia Assurance Policy that offers staff the opportunity to apply for time off in lieu for working longer hours during peak audit periods.



<p>6.2 Agree and communicate rhythm for regular Partner presence and connectivity (e.g. how will resolution of identified issues be communicated and monitored), for example, monthly Partner attendance at Phillip Street and/or team meetings.</p> <p>6.3 Skills Hub leadership to agree, document and communicate pathways to provide feedback and escalate matters beyond local management.</p>	<p>6.2 Completed. Partner responsible for Skills Hub is actively involved and will be present in GWS on a monthly basis at a minimum (subject to COVID rules). Several additional “Town Hall” style and more casual meetings were held with leadership team members in subsequent months.</p> <p>6.3 Completed. Communicated post changes in leadership team with a new People and Culture director assigned to Skills Hub.</p>
<p>Monitoring diversity</p>	
<p>7.1 Build monitoring of cultural diversity (e.g. based on PwC or regional population) into recruitment guidelines, including assigning accountability for monitoring diversity across all stages of recruitment process.</p> <p>7.2 Create workload capacity for new starters to undertake training across core skills prior to working on engagements (e.g. Excel, introduction to audit/accounting).</p>	<p>7.1 Completed. Diversity and inclusion lens is considered and monitored through all stages of recruitment.</p> <p>7.2 Completed. Training for new starters is aligned to all Assurance new starters combined with an additional 3 days of specific training to support their roles in the Skills Hub. Each team member has “protected learning” time to ensure completion.</p>
<p>Leadership bandwidth</p>	
<p>8.1 Review Skills Hub leadership model and processes to ensure these are fit for purpose - including review of resources, team leader ratios, how ER issues are dealt with and communicated back, and supporting project management tools.</p>	<p>8.1 Completed. New leadership team in place. As part of this, team leader roles spread across Assurance practice, reassessment of coaching ratios, introduction of a dedicated People and Culture director etc. This is an on-going assessment and if changes are required will be implemented.</p>
<p>Career pathways</p>	
<p>9.1 Refresh, simplify, document and communicate career pathways including movements into other PwC teams.</p> <p>9.2 Review and refine Employee Value Proposition (EVP), in consultation with Skills Hub team members, and explore potential for additional scope/ FSLIs for Skills Hub members to support development and growth while maintaining quality.</p>	<p>9.1 Completed. Greater transparency of opportunities to transition to roles in other parts of the Assurance practice.</p> <p>9.2. On-going. The Smart Delivery Strategy Team is continuing to assess the EVP for the Skills Hub Team along with the EVP for trainees and graduates within the whole Assurance Practice. This assessment factors in growth opportunities to create learning and development for Skills Hub Team members.</p>

Questions on Notice – PwC

1. Ms Walsh said at the hearing that PwC found Skills Hub workers “are working 37 ½ hours a week”.

With respect to how that figure was found, Ms Walsh added:

“We absolutely are checking the data from our billing system that we have. So it is made up of both that qualitative insight and feedback from people, as well as reviewing billing systems and the like.”

To clarify:

- a. Was there a report or other document produced that shows how this average figure was calculated? And if so, please provide a copy.

For the period 1 July 2020 to 30 June 2021 (financial year 20/21) the average total hours per week recorded in staff timesheets by Skills Hub staff members was 38.5 hours per week. These amounts include time charged to client work, as well as non-billable time such as training and leave.

For the period 1 January 2021 to 31 December 2021 (calendar year 2021) the average total hours per week recorded in staff timesheets by Skills Hub staff members was 37.6 hours per week. These amounts include time charged to client work, as well as non-billable time such as training and leave.

- b. What were all the data/information inputs into this average figure?

The information was sourced from our staff’s timesheets and time reporting system. It represents all hours included in a timesheet, including client work, learning and development and leave. The calculation was made by taking the timesheets for the relevant 12 month period and dividing it by the average number of employees over the same period.

- c. Was there a discrepancy between the hours in the billing system and the feedback from Skills Hub workers (and/or any other inputs)

We are not aware of any specific instances of discrepancies.

- d. Would it be unusual for PwC workers to work hours that are not entered into the billing system?

Our policy, which is regularly communicated to all staff, states that all hours worked must be entered into their timesheets.

- e. Does PwC have access to other measures of working time – such as hours logged in to the PwC system, or on email, and if yes, were these considered in the assessment of Skills Hub working hours?

Our timesheet system (“iPower”) is the technology used to record hours for staff across our entire practice, including the Skills Hub. We do not operate additional time recording systems. As previously shared, the assessment of working hours included individual experiences shared via interviews and discussions and other anecdotal feedback.

- f. Were there occasions where Skills Hub staff were working more than 80 hours in a week?

Our investigation did not identify any individual working more than 80 hours in a week.

- g. Were there occasions where Skills Hub staff were working more than 120 hours in a week?

Our investigation did not identify any individual working more than 120 hours in a week.

2. Ms Walsh said at the hearing:

“On pay, we were of the view they were paid appropriately, but we recognise that they saw that they had a different scale and approach to the rest of PwC, so we have aligned that.”

Ms Walsh also said:

“We have now adjusted and evened them up with the appropriate pay scales that apply across PwC more broadly.”

To clarify

- a. What was the exact adjustment made to the pay scales?

Please refer to question 3 of our letter dated 20 January titled “Questions on Notice from our appearance at the Inquiry’s public hearing on 8 December 2021”

- b. What was the overall percentage change in average pay?

Please refer to question 3 of our letter dated 20 January titled “Questions on Notice from our appearance at the Inquiry’s public hearing on 8 December 2021”

- c. Are Skills Hub staff now paid the same rate as comparable staff in the main PwC audit team? If not, what is the discrepancy?

Please refer to question 3 of our letter dated 20 January titled “Questions on Notice from our appearance at the Inquiry’s public hearing on 8 December 2021”

3. How does turnover of the Skills Hub team since its inception compare with turnover in the main PwC audit team?

Turnover for the PwC Australia Audit Practice below the grade of Manager for the period 1 January 2021 to 31 December 2021 was 28.9%. The equivalent population in Skills Hub, for the same period, turnover was 44.6%.

4. When asked about the allegation that Skills Hub workers were almost all from non-European cultural backgrounds, compared to just [44 per cent PwC-wide](#), Ms Walsh said:

“I understand it was one of the allegations, but we did not find that there was a targeted approach to do that or to bring certain people in from certain backgrounds.”

To clarify:

- a. What proportion of Skills Hub staff met PwC’s definition of “non-European cultural background”?

Please refer to question 4 of our letter dated 20 January titled “Questions on Notice from our appearance at the Inquiry’s public hearing on 8 December 2021”

- b. What proportion of Skills Hub staff were working in Australia on temporary working, holiday or student visas?

According to our HR system, there were 9 team members (out of approximately 80 over the relevant period) who were working with a temporary working visa which included graduate student visas, bridging visas and student visas.

- c. Why does PwC believe that a substantially higher proportion of Skills Hub staff were from non-European cultural backgrounds compared to the broader PwC workforce?

Our graduate and undergraduate workforce at the Skills Hub are largely located in Western Sydney and the profile of our staff is a reflection of the community.

We are proud of the investment we have made in Western Sydney through centres such as the Skills Hub and the opportunities this creates for local employment.

- d. What was the assessment process that yielded the finding that Ms Walsh referred to, that there was not a “targeted approach” to bring in predominantly non-European cultural background workers?

Our recruitment processes for the Skills Hub are the same as the rest of our Assurance practice. Roles are advertised widely on platforms such as LinkedIn, not targeting specific cultural backgrounds or genders and focussed on the professional skills and attributes required for the relevant positions.

5. At the hearing, Ms Walsh made repeated references to the complaint being from an “individual”.

The evidence received by the Committee in an earlier session was that either there were multiple complaints, or that the complaint was made on behalf of multiple workers. To clarify:

- a. Did PwC launch an investigation and report into the experience of Skills Hub workers based on a complaint just from one person, or from complaints from multiple people (or a single complaint on behalf of more than one person)?

A listening session was undertaken in February 2021 where feedback was obtained across the Skills Hub. As a result of this feedback from those attending the session, the Assurance leadership asked the Diversity, Inclusion and Wellbeing team (DI&W) team to undertake a review. The recommendations from that review are included in Attachment 1 of our letter dated 20 January titled “Questions on Notice from our appearance at the Inquiry’s public hearing on 8 December 2021”.

- b. During the course of the investigation, did PwC speak to just one Skills Hub worker, or multiple workers?

As part of the review, the DI&W team facilitated five focus groups with 26 Skills Hub team members (12 men, 14 women).

- c. During the investigation, did just one Skills Hub worker make any complaints or provide negative feedback about the work arrangement, or were such comments or feedback provided by multiple workers?

Refer answers to 5a and 5b above.

- d. If the response to the above three questions is that concerns, complaints or negative feedback were provided by more than one Skills Hub worker, why did Ms Walsh repeatedly refer to the experience of just one “individual”?

It was intended that the references to an individual be responsive to opening comments from Senator Small and Senator Grogan (page 10 Hansard) which referred to an individual that had appeared earlier at the public hearing.

6. Ms Walsh said at the hearing:

“Work that is required to be undertaken by chartered accountants was undertaken by qualified chartered accountants.”

To clarify:

- a. What audit work was performed by Skills Hub workers who were not qualified chartered accountants?

The term “Chartered Accountant” refers to those who have qualified for membership of Chartered Accountants Australia and New Zealand (CAANZ). This qualification requires a tertiary degree, at least twelve months of supervised professional work and additional 18-24 months of post graduate study (“the CA program”). This program cannot be commenced until the supervised work period is completed. In practical terms, the earliest most accountants in Australia become a Chartered Accountant after completing these prerequisites is approximately three years following the completion of university.

Our Skills Hub team members perform selected audit procedures. The work is performed in a standardised manner in accordance with PwC guidelines and Auditing Standards and it is reviewed prior to being finalised. All work performed, whether execution or review, is performed by team members with the appropriate qualification and experience to do so.

- b. What audit work did PwC not allow Skills Hub workers who are not qualified CAs to perform?

Refer to 6a above.

- c. Did PwC investigate whether there were instances in which Skills Hub workers who are not qualified CAs performed work they were not permitted to do, or that it was not appropriate for them to do? If yes, what did PwC find?

No, refer to 6a above.

- d. If non-CA Skills Hub workers were performing work that requires the supervision of a qualified CA, how was that supervision conducted, and what were the qualifications of those supervisors?

Refer to 6a above.

- 7. *Clause 31 of Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services* states:

The firm shall also establish policies and procedures to assign appropriate personnel with the necessary competence, and capabilities to:

- (a) Perform engagements in accordance with AUASB Standards, relevant ethical requirements, and applicable legal and regulatory requirements; and
- (b) Enable the firm or engagement partners to issue reports that are appropriate in the circumstances.

To clarify:

- a. Is PwC required to operate in accordance with this provision?

Yes. Our annual transparency report (<https://www.pwc.com.au/assurance/transparency-report/FY21-Audit-Transparency-Report.pdf>) comprehensively outlines our approach to quality control.

- b. What process did PwC follow to ensure that Skills Hub workers met the requirements of this provision?

Refer to 7(a) above which covers systems of control that include our Skills Hub.

- c. Did PwC investigate whether Skills Hub personnel had the necessary competence and capabilities to perform engagements in accordance with AUASB Standards? And if so, what was the process and finding of that investigation?

Our annual transparency report (<https://www.pwc.com.au/assurance/transparency-report/FY21-Audit-Transparency-Report.pdf>) comprehensively outlines our approach to quality control. These systems of control include how we monitor competencies and capabilities.

- 8. At the hearing, among other questions Ms Walsh took on notice, Ms Walsh took on notice a question about whether refunds were paid to clients for work performed at the Skills Hub, and if so, why.

In addition to that question, to clarify:

- a. Were PwC clients aware that their audit work was being partially or wholly performed at the Skills Hub?

Generally clients are aware that PwC used the Skills Hub as part of their broader audit engagement team.

- b. Were PwC clients aware that their audit work was being partially or wholly performed by PwC employees who were not qualified CAs?

Refer answer to Q6 above. There have been no examples where Skills Hub team members were not appropriately qualified to perform the work they completed. The responsibility to ensure there is sufficient experience and/or qualification to undertake all work rests with the Engagement Team Manager and Engagement Partner and is performed on an engagement by engagement basis.

- c. Did any PwC clients ever raise any concerns about the quality, timeliness or other element of the work that was being performed by the Skills Hub?

It is our standard practice to obtain feedback on the whole engagement which includes the Skills Hub. There have been no thematic or systematic issues raised by clients relating to quality or timeliness of the Skills Hub.