

Senate Economics Committee

**Inquiry into Australian Government Contract Reporting - Inquiry based on Auditor-
General's report No. 19 (2017-18)**

ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

MARCH 2018

Department/Agency: ATO

Question:

Topic: JCPAA - Government Contract Reporting - length of labour hires engagement

Question:

Mr HILL: Just to pick up the other bit of the discussion that was being had there around surge capacity, short term and so on, what's the average length of time in each of your agencies that labour hire workers are engaged?

Mr Oliver: We'd have to take that question on notice. We do have a conscious policy that, where it is likely that staff will be employed for a reasonable period of time, we employ them as public servants. If we know that it's not a lengthy period of time, we will employ them as non-ongoing public servants. But we'd have to take on notice the average length of time for people we do employ.

Mr HILL: Sure. It would be very helpful if you could do that. Do other departments have such a policy?

Mr Hutson: We don't have an explicit policy in that regard, no.

Ms Cawthra: We don't have a specific policy, but we work very closely with our People Group. We're very conscious and work very closely with business lines around ensuring that we're bringing people in for the right reasons. If it is an ongoing role, they'll be public servants. If it is a terminating measure, with a policy life of perhaps three years, then they're more likely to be non-ongoing. If there is a short-term need to have something done very quickly, then it would be labour hire. But we will take on notice the actual length of times.

Answer:

Labour hire is mostly used for information technology and high volume, lower complexity business processing functions. The overall average tenure of labour hire is approximately 2 years, but ranges from approximately 0.9 years for non-IT functions to approximately 3.2 years for more complex IT functions.

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Question: 1

Topic: JCPAA - Government Procurement Contract Reporting - Service Standards

Question:

CHAIR: My questions go to whether or not you actually measure productivity differences between those services that might be provided by external providers compared to services that might be done by people in-house. Does anyone have any information? I'm thinking about DHS or ATO, given the operation of call centres and those sorts of things. Has any work been done around the productivity gains that can be achieved by using external providers as opposed to in-house? Is that sort of data collected at all?

[...]

CHAIR: Just to the ATO then, can you measure benefit in terms of savings to the ATO in the administration but also benefits to taxpayers—clients or customers, whatever word you might use?

Ms Cawthra: Yes. There are service standards that are able to be met more effectively and efficiently. They manage surge capacity for these very large swings that we see.

CHAIR: Can you demonstrate that in any detail by providing us any information on notice?

Ms Cawthra: I can provide information on notice, and certainly productivity improvements as well as cost savings.

Answer:

The ATO measures performance of our Outsource and Internal workforces across all published service commitments. Both workforces have additional performance targets such as average handling time, quality and resolution rates which provide further evidence in relation to the throughput of our workforces.

One productivity measure is based on net production times. This is the amount of time the staff member interacts with customers versus the amount of paid time. Internal employees spend approximately 65% of their time on customer interactions versus their total paid time. Externals generally spend up to 90% of their time on customer interactions versus their total paid time. One of the reasons for the difference is that ATO staff undertake a range of work that is often more complex and requires more follow work.

Another measure is productivity in terms of cost modelling. This reflects that internal labour costs are approx. 30% higher than external labour costs. There are a range of reasons for the difference. Some relate to fixed costs such as property, time and recruitment costs to ramp up and down for seasonal peaks. Also, due to Outsource staff being under a different Enterprise Agreement.