

Joint Committee of Public Accounts and Audit

Commonwealth procurement: Inquiry into Auditor-General Reports 6, 15, 30, 42
(2021-22) and 5 (2022-23)

PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Release Date of the Watt Review

Question reference number: IQ23-000005

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 52-53

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: Can you just take on notice for me who originated the idea of putting it up on the 24th, whether it was Services Australia initiating it and what the reason was, or whether there had been some suggestion and discussion with the minister's office that it would be released on that day?

Ms Skinner: I can. I'll take that on notice.

Senator REYNOLDS: Thank you. On the 24th, you don't know what time that went up, do you?

Ms Skinner: I don't, not off the top of my head, but I think it was in the afternoon.

Senator REYNOLDS: Could you take that on notice? I've been advised that Minister Robert was contacted. Somehow, somebody in the media knew that it had been posted, so they got a jump on it and were asking questions of Minister Robert. Mr Milo has just given testimony that he was unaware or didn't think the report had been published, because the minister didn't put the release out. The media then contacted him. The report was released on the 26th. It was actually quite convenient for a single media outlet to get the head start on writing the story before the minister's release on the Sunday. Again, if you could have a look at the timing—and this might be a question on notice for DSS—because Sunday's a bit of an odd time for a report like this. Chair, we might just put a question on notice for DSS about how this came to be, who organised the timing for this to go up on the 26th and what time it—

CHAIR: Sure. Do you mean Services Australia?

Senator REYNOLDS: No. I mean DSS because this looks like it's actually come from the DSS site.

CHAIR: I think they use the DSS website, but they're a separate agency.

Senator REYNOLDS: I realise that. Thank you.

CHAIR: Yes, you would. You were the minister!

Senator REYNOLDS: Can you take on notice whether this was done on your website on 26 March, how it came to be on this date and at what time.

Ms Skinner: Yes. We'll take that on notice, as I said.

Answer:

The Reports were published on the Services Australia website at 7pm 24 March 2023.

A media release from the Minister for the National Disability Insurance Scheme and the Minister for Government Services, the Hon Bill Shorten MP, was published on 26 March 2023.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Fact Checks on Minister Shorten's Media Release

Question reference number: IQ23-000006

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 53

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: Thank you. Was the minister's press release drafted by Services Australia and the NDIA?

Ms Skinner: No.

Senator REYNOLDS: So this was completely drafted by Minister Shorten and his office?

Ms Skinner: It was Minister Shorten's release. We might have fact-checked any other facts, but other than that, this was a release from the minister's office.

Senator REYNOLDS: Can you take that on notice so I can get some background on how this came to be. For these reports, can you reconfirm what dates drafts went to the minister's office?

Answer:

Services Australia (the Agency) did not draft the Minister's media release. Services Australia did not provide the Minister's office with draft versions of the reports.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Ministerial Briefs, Submissions, QTBs, Clips

Question reference number: IQ23-000007

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 55-56

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: Thank you very much, Chair, for that clarification of how to ask questions. I will continue. I'm happy for you to take this bit on notice. Between 24 November and 1 December, and maybe another few weeks after, or through to 6 March, can you take on notice all of the ministerial discussions and briefs that occurred and what the ministerial submission numbers were in terms of how this communication went forward? The issue that I'm still struggling to understand is that if you were—you've expressed great concern that you read these allegations in the paper, which led you to have an internal review. It was very clear, from that first day, that your own minister had reams of the supposed source material for this story in the Sydney Morning Herald. So I'm trying to understand why you wouldn't have asked your own minister for these documents to help your staff in the assessment process, given your own minister had these documents that were the subject of this alarming media story. What was the thinking in not even asking for these documents?

Ms Skinner: I don't have knowledge that the minister had large numbers of documents. All I have is the same media reporting and, as you have referred to, some Hansard or some further media reporting of Q&A. I don't have any knowledge of any large number of emails. I read the media reporting, which reported that there was a leaked set of emails. That is all I'm aware of.

Senator REYNOLDS: Can I then ask you to take on notice? I'm a little puzzled as to how you saw that first story on the 24th but you didn't see subsequent reporting in the media of this because you've said, and the report says—and it's in the introduction to both reports—subsequent reporting from the Sydney Morning Herald, from the Guardian and from the Daily Mail, led to that triggering of going from alert to alarmed on 1 December. Are you saying that your staff never drew to your attention what Minister Shorten had said in question time and in the parliament in relation to this issue, or that they didn't make their way to your clips? Are you saying that nobody drew the fact that Minister Shorten had all of these documents to your attention?

Ms Skinner: I'll just go to the Chair. Senator Reynolds is asserting that there would be a reason for me, based on a snippet of Hansard, to understand that Minister Shorten had a large number of emails. That's not anything that I understand to be true. Of course I had access to Hansard and the clips. As a CEO of Services Australia, I acted on the interests of ensuring that procurement had been done properly in my agency. I can't respond to an assertion that the minister had an

enormous number of emails because I don't know that, as a fact.

CHAIR: Just to clarify, given you've asked me to intervene: I've been trying to give Senator Reynolds the call. I think she's got every right to ask the question. She's asked the question and you've given your answer. We need to move on to another question, I think, is a fair and neutral way of pointing this out. Some of these questions may need to be directed to the minister.

Senator REYNOLDS: Chair, these are actually questions for the department in terms of their engagement with the minister's office. I take the point that the CEO has just made, but I'm certain that the CEO said that she wasn't aware that he had any of these documents. My question is, and I'm happy to put it on notice, on the 24th, 26th through to 2 December, as a start, can you provide—and also for the NDIA as well—what information was in your clips, in the summary of the clips and, also, in question time briefs because I find it hard to believe that your minister has been raising these issues, knowing how thorough you are, that they didn't prepare questions—QTB. So, if you could take that on notice: were there any QTBs in relation to this and what their numbers were and also any briefs during that period to the minister on this issue.

CHAIR: I think you've—

Ms Skinner: Senator, I can absolutely do that. I can assure you, of course, we did prepare question time briefs and those sort of things—as you'd expect an agency to do for a minister when there's an issues management. But I can't help with the concept of large numbers of emails being held.

Senator REYNOLDS: Or any email or any of that material that was the subject. I said that he clearly indicated publicly he's had a lot of that and he was waving round a lot. My question is: were you aware—I'll be more specific—that the minister had, from the 24th or before, actually had copies of the letters, the emails and the messages that were the subject of that story? I'm happy for you to take that on notice.

CHAIR: You've already taken that on notice this morning.

Ms Skinner: I'm happy to take it on notice to understand the match between the media reporting and anything else that was raised.

CHAIR: And you also took on notice this morning—I'm just checking we're all on the same page—a set of questions Senator Reynolds asked about ministerial briefings. You've now added to that the QTBs.

Ms Skinner: That's right

Answer:

See IQ23-000031.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Procurement Rules

Question reference number: IQ23-000008

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 5

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: I'd like to ask this question: what updates have been done to the Procurement Rules over the last 12 months?

CHAIR: We absolutely can put that on notice, of course. I think we may have covered that in an earlier hearing. If I recall, there were changes on 1 July 2022, which are referred to here—the witnesses are nodding— where the Minister for Finance clarified some of the panel rules. We explored this in a previous hearing, but let's get the info back, because it has been a while.

Answer:

The CPRs were changed on 1 July 2022. An outline of changes is on the Department of Finance's website.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Declared Contractor Conflicts

Question reference number: IQ23-000009

Member: Julian Hill

Type of question: Spoken. Hansard Page/s: 6-7

Date set by the committee for the return of answer: 12 May 2023

Question:

CHAIR: We can put that to them. You've answered the question. You didn't have that information available to you. Did your review look into the fact that, while Synergy 360 was providing advice on 'identity management' to Services Australia, it was also, at the same time, being paid both a retainer and a percentage fee for winning contracts by two of its clients, multinational firms Unisys and Infosys. Did the review examine that or were you aware of that?

Dr Watt: No.

CHAIR: We can explore that later on, but if we're talking the contracts of concern—and we will be hearing from Infosys later today—it's a very curious situation where a firm is advising an agency on its needs around identity management at the same time that it's suggesting a partnership with one client to put a bid in and drawing this is as a commercial opportunity to another client based on a success fee. Were any conflicts declared by the contractor as part of the procurement for the identity management contract?

Ms Carmody: Not to my knowledge, no.

Dr Watt: We could take that on notice.

Ms Carmody: I think we should. I think we would have to take that on notice to be certain.

Answer:

The Review did not identify any conflicts declared by the contractor.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Public Service Code of Conduct

Question reference number: IQ23-000011

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 58

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: Given the minister is, at the same time, out publicly calling for, in a political sense, the head of a previous minister, and he's said that he wants to get to the bottom of ministerial allegations—his allegations of ministerial interference et cetera—can you detail the engagements you had with the minister's office and vice versa, including briefs, brief numbers and any other conversations? I'm happy for you to take it on notice. Given how excised the minister was on the political front, because he said that publicly, how did you make sure that, when you were doing these terms of reference, you kept it in the professional sense you were looking for, in order to keep it focused on where it should be—APS conduct?

Ms Skinner: I can take that on notice, Senator, and I can assure you, we remained completely professional about the conduct of public servants being reviewed.

Senator REYNOLDS: I'm not for a second suggesting that you did—

CHAIR: Didn't.

Answer:

See IQ23-000031.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Date and Format of Ministerial Communication

Question reference number: IQ23-000012

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 10

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: I've got some questions following on from Mr Pike's questions and from some of your answers. Perhaps this is a question for Ms Carmody. We've got a quote from Minister Shorten from 24 November. that he had asked both Services Australia and NDIS to do an inquiry into this. Do you know the date and format of the ministerial communication? Was it a brief that you were asked to prepare? How did this internal inquiry kick off and on what date?
Dr Watt: I can't help you on that.

Senator REYNOLDS: Ms Carmody should be able to.

Ms Carmody: Yes. In order to be perfectly correct, I probably should take the question on notice and come back to you with the details, although we may be able to answer in the later session with the CEO about the tenor of the kick-off.

Senator REYNOLDS: Perhaps whoever is monitoring it from Services Australia can come prepared to run through it. That would save a bit of time and staff work. How was that initial inquiry initiated? Minister Shorten said that he approached both CEOs to initiate an internal inquiry. He said that on 24 November. When the CEO appears, I'd like a run-through of all of the contacts. When did he contact them? Did he ask for a brief? Did he get a written brief? How did that roll out from the internal inquiry for both, and what were the mechanisms of that?

Obviously, two different agencies were involved. If I could get a summary of that, that would be very helpful. Could we also find out from the CEO, when she appears, what the mechanisms were for that internal inquiry to fold into something larger and into the process, now that Dr Watt was involved in terms of his inquiry? Thank you very much to the staff—that was very helpful—but I'd also like to get from the CEO the total cost of that inquiry and pre-inquiry. Let's put those on notice, and if the CEO could start with that, I think that would be very helpful. I want to go into some early detail. Dr Watt—or Ms Carmody, if you can assist—do you know the date on which you were first approached? You said that Rebecca Skinner approached you on behalf of both CEOs. Do you know what date that was?

Dr Watt: I have no idea. I was on the Gold Coast on holidays.

Senator REYNOLDS: That was sometime in December?

Dr Watt: It was either late November or early December. I can't remember. I can look at the dates of my holidays, but it might be better if you get—

Senator REYNOLDS: That's alright. I think we've got the time frame. Maybe, Ms Carmody, as

part of the CEO's opening brief, we could get that included.
Ms Carmody: Sure

Answer:

Refer to answer to IQ23-000031.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Correspondence and Briefs to the Minister

Question reference number: IQ23-000013

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 10-11

Date set by the committee for the return of answer: 12 May 2023

Question:

Ms Carmody: The task force was updating each CEO, generally, together. I did on occasion speak to Ms Falkingham with Dr Watt, for instance, and on other occasions spoke to Ms Skinner, but with my task force I updated the CEOs every couple of weeks with the progress of where things were going, and I did that jointly.

Senator REYNOLDS: Would you always do that verbally, or did you provide written reports back fortnightly?

Ms Carmody: It would depend. Sometimes it was verbal and sometimes it was a brief note.

Senator REYNOLDS: On notice, can I get a list of all of those briefings that you did, and which ones were verbal and which ones were in writing? You might have to take this on notice, or Ms Skinner, when she appears, can probably answer. You reported to both equally. Do you know what reporting then went back to the minister's office and how frequent that was?

Ms Carmody: I know we did prepare a brief for the minister about the review approach. That was provided in mid-December

Answer:

The Head of the Independent Review Taskforce, Ms Lisa Carmody, jointly briefed the CEOs in December, January and March. Additionally, Ms Carmody accompanied Dr Watt to meetings he attended with the CEOs individually. Refer to IQ23-000031 for details on Ministerial briefing.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Terms of Reference, Scope or Statement of Works on External Review

Question reference number: IQ23-000014

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 60

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: Have you, informally or formally, briefed the minister on these two inquiries or 'pending investigations'?

Ms Skinner: Not at this stage. Those are matters internal to the agency. I will brief the minister, as I normally do, on a weekly basis.

Senator REYNOLDS: So what you've just said will come as a surprise to the minister? He and his office won't have known about this?

Ms Skinner: In our weekly meeting, I will say that we're continuing to have a look at matters and, as I think I have said this morning, that we will continue with some further investigation. So, in the broad, he would know that I am going to continue with some investigations. I've just provided some additional detail because the procurements have been settled in the last number of days.

Senator REYNOLDS: That makes sense. For this external investigation, which you are now going out to tender for, are you using panels?

Ms Skinner: Yes, and I can assure you that the chief financial officer is personally overseeing the procurement related to the selection of an appropriate investigator off an appropriate panel with good value for money.

Senator REYNOLDS: Have you got terms of reference or a scope prepared for this?

Ms Skinner: I think we have a general statement of work.

CHAIR: Deputy Chair, this has come up in a couple of previous inquiries. We just need to be careful that we're not prejudicing the investigation. If you've got further discussions or queries along this line—

Senator REYNOLDS: Yes, I'm very grateful—Ms Skinner is very experienced at answering these questions and absolutely understands what she can and can't talk about in relation to this. Could you take this on notice? Provide to the committee the terms of reference, the scope or the statement of works that you are contracting for. And, as the chair is very interested to know, is it a desktop review? Is it a more detailed inquiry? Will it actually involve seeking evidence from people involved? Could you just let us know what that is? Clearly, the chair is concerned about the utility of having a desktop inquiry into these matters.

CHAIR: Clearly, the chair is not concerned about that! But, anyway, let's move on.

Ms Skinner: I will endeavour to provide what I can without prejudicing any component of any further investigation.

Answer:

Services Australia is conducting ongoing inquiries following the completion of the review, but is not able to provide further details because to do so could prejudice these investigations.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Ministerial Correspondence and Chronology

Question reference number: IQ23-000015

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 61

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: That makes sense, thank you. That's very clear. I just want to go back to another question—it's a question for you both. I want to quote Minister Shorten on 1 December when he talked to Patricia Karvelas on RN Breakfast. He specifically said: I want to know who knew what, were there any interventions from ministerial offices or not. Clearly, the implication from the minister is that there were, or he believed there were, ministerial interventions. Can I just ask this of Services Australia and the NDIA: were you asked that question? He indicated that he was going to ask or had asked you that question. Did he ask that question? If he did, what was your response?

Ms Skinner: Senator, as I think I've covered, the terms of reference were then settled around the conduct of public servants—and I've always been clear that I have no role and could never have a role in looking into the behaviours of ministers or their advisors; I've been very clear about that—so, to the extent of the minister's comments there, the role that the independent review did was around the interactions and behaviours of public servants.

Senator REYNOLDS: I really do appreciate that—and that's absolutely the right approach to take—but it doesn't quite answer my question. Minister Shorten, your minister, has been very vocal. He wanted to get answers—interventions from ministerial offices and any impropriety. You say that you took a completely professional approach to this—and I'm sure you did. Did Minister Shorten ever ask you these questions or raise these issues with you, or did he just claim that publicly and not ever raise that with one or both of you?

Ms Skinner: I need to take on notice to see if I can reflect on any particular conversations. Minister Shorten is entirely able to make whatever public comments he makes. As you would know, I would provide advice about the scope that I can look into. To the extent that he sees that as a component of what he has said there, I think that's a matter for him. I've done the Public Service bit and we're doing some follow-up work around those procurements. That's all I could really offer, Senator.

Answer:

The Minister discussed the matters raised in the media with the CEOs of Services Australia and the NDIA in late November and early December 2022.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Entitlement Calculation Engine Contract

Question reference number: IQ23-000016

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 12-13

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: Thank you very much. Could we go, very quickly, to some of the specific contracts singled out by Minister Shorten in some of the media that we have already raised today and that the chair has referred to. One is the Synergy 360 relationship and some of the imputations that the chair has drawn to that. Can I just confirm that you did review the contract involving Infosys that was identified in the Sydney Morning Herald media story as part of the—I think it was 24 November, somewhat coincidentally the same day that Minister Shorten had announced that he'd had these discussions with both agencies to do a review. Can I confirm whether this contract is one that falls under your determination of broadly consistent with the CPRs and good practice procurement? The 95 that you said were broadly consistent with the CPRs, is that particular contract one of those that fell within the 95 that were consistent or the 19 that required further review?

Ms Carmody: We'd have to check that. I'd have to go back and look at the particular media article. We did have a range of contracts.

Senator REYNOLDS: Just the ECE, Entitlement Calculation Engine, contract.

Ms Carmody: We did have some contracts in relation to the ECE project that we reviewed, as part of the 95, but I would have to check the findings in relation to the specific contracts referred to.

CHAIR: Can you take that on notice. We've got two minutes left.

Ms Carmody: We're happy to take that on notice, yes.

Senator REYNOLDS: If you can take that on notice, I'll also put some more detailed questions and pursue this further with the CEO.

Dr Watt: Sure.

Senator REYNOLDS: In relation to that particular contract, the ECE contract—just to be very clear—which is the one subject of the allegations that the chair has made and Minister Shorten made in November last year, did you find any real or perceived conflicts of interest or possible misconduct, in these procurements, by Services Australia and/or NDIA employees in relation to the contractors themselves? So, in relation to what was in your terms of reference, did you find any breaches, and was this ECE contract one of the 19 flagged for further investigations? You can take those on notice. Can you also confirm if you found any evidence of ministerial interference in this contract? As I understand it, there were multiple ministers whose tenure went

through that ECE contract. The chair has impugned—

CHAIR: Senator, you've asked this question about seven times.

Senator REYNOLDS: With the greatest respect, I have not. Out of consideration for time, I'm putting these on notice.

CHAIR: Sure. Knock yourself out. Can you put them on notice. I've made sure you've had significantly more than half the time.

Senator REYNOLDS: Chair, you have raised very serious allegations in relation to a colleague.

CHAIR: No, I haven't.

Senator REYNOLDS: Yes, you have.

CHAIR: I've put questions relating to the media.

Senator REYNOLDS: I have a further question on notice in relation to this ECE contract, which is the subject of the issue that Minister Shorten and Mr Hill have raised. Can you also confirm if you've found any evidence of ministerial interference in this particular contract? As I understand it, it goes over multiple ministries. It's not just the one minister that the chair has raised.

Answer:

- The Taskforce reviewed all internal agency procurement and contracting processes for Infosys Technologies Limited procurements within the Review reference period.
- There were 7 procurements related to the Entitlement Calculation Engine (ECE) within the scope, 5 of which were broadly consistent with the CPRs and good practice and 2 which had insufficient conflict of interest documentation.
- The Review focused on conduct of officials consistent with the Terms of Reference, it did not consider the conduct of Ministers.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Chronological Material Provided to the Minister

Question reference number: IQ23-000017

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 61

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: Okay. Ms Skinner, that was an interesting turn of phrase then because you said, as I understand it, no matter what the minister expresses that he wants it doesn't mean that that's something that you are actually going to deliver. So are you saying that those views were expressed by the minister and you for professional reasons didn't believe they could or should be undertaken and weren't undertaken?

Ms Skinner: I will take on notice any further reflection I can on any private conversation that an agency head has had with their minister, but I think, as you would appreciate, I will always be clear about the scope of the advice that I can provide to a minister and, within the lanes in which I have jurisdiction, I'll provide the advice that I can. As I said, we'll give you the chronology of the material that was provided to the minister.

Answer:

See IQ23-000015 and IQ23-000031.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Milo Consulting Findings

Question reference number: IQ23-000018

Member: Julian Hill

Type of question: Spoken. Hansard Page/s: 62

Date set by the committee for the return of answer: 12 May 2023

Question:

CHAIR: We talked earlier today and you said that this was one of the contract areas that would be subject to further investigation. The 27,900 contractors have ended up being with Milo Consulting. Taking this on notice, can you provide the committee with a copy of the report that was produced as part of that contract?

Ms Skinner: Yes, we'll take that on notice.

Answer:

Services Australia is conducting ongoing inquiries following the completion of the review, but is not able to provide further details because to do so could prejudice these investigations.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Employee and/or Contractor Conflict of Interest

Question reference number: IQ23-000019

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 13

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: My last question on notice is on the broader topic of this cohort of contracts identified in your report and also in Minister Shorten's media release. Of the 19 contracts identified as being flagged for further review, which we've just discussed, were any flagged due to real or perceived conflict of interest or possible misconduct of the procurements by Services Australia and/or NDIA employees and related contractors? That question relates to all 19 of the flagged, and, in particular, of interest are the two that you have identified as requiring further review. Chair, that's just a quick run through of my questions on notice—

Answer:

Procurements were flagged as requiring further review for a range of reasons, including insufficient documentation, potential conflicts of interest, or an indication of broader concerns that warranted further investigation.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Staffing, Dates, Staffing Costs

Question reference number: IQ23-000021

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 67

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: Small mercies, Chair. I have a few questions. I want to come back to the CEO of Services Australia on some of the numbers. We started off the morning talking about staffing and cost and one of the internal inquiries but more specifically the task force inquiry and also the independent reviewers' inquiry and report. Can you provide the FTE breakdown for those three activities across the board. I've jotted down that it was 32 from Services Australia, 10 from NDIA and two from Finance. Is that correct? Can you break that down. What was actually for the task force and what were the resources for the independent reviewer, Dr Watt, himself?

Ms Skinner: I will ask Ms Carmody to cover that. I think the broader team assisted.

Ms Carmody: I will take you through what I have here. I think we may have agreed earlier to take some of it on notice, which I am still happy to do. As we provided earlier, there were 46 staff members—32 from Services Australia, 10 from NDIA and two from the Department of Finance. We could provide on notice information in relation to how many did what, but I can tell you that the staff members had expertise in areas including procurement, legislation, reviews, investigations, research and governance, and they also had some commercial expertise.

Senator REYNOLDS: Perhaps on notice, can you also provide when they started and when they finished?

Ms Carmody: Yes, we can go away and pull all of that together for you. In relation to the engagement of Dr Watt, I will pull out that information in my folder, but we did, as I said earlier, ensure that that was available on AusTender. The contract is valued at \$98,500. Not all of that has been expended, but I can come back to you on notice with how much has been spent.

Senator REYNOLDS: So that was just specifically for Dr Watt?

Ms Carmody: Correct.

Answer:

The Taskforce commenced on 1 December 2022 and concluded by 14 March 2023.

Joint Committee of Public Accounts and Audit

Commonwealth procurement: Inquiry into Auditor-General Reports 6, 15, 30, 42 (2021-22) and 5 (2022-23)

PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Contract No. 3635727

Question reference number: IQ23-000022

Member: Julian Hill

Type of question: Spoken. Hansard Page/s: 13

Date set by the committee for the return of answer: 12 May 2023

Question:

CHAIR: Terrific. I'll just put two on notice, and then we'll break for five minutes. There was a second contract relating to the project I referred to earlier with Milo Consulting, contract No. 3635727; it does not feature in the list of 19 flagged by you, Dr Watt. It was for the value of \$79,000. Curiously, the \$80,000 threshold is the one where you have to go to tender. So we had one for \$9,600, which was then varied, and then we had one for \$79,000. If you could just take on notice and give us any more information as to whether that was all above board and whether there was anything identified by way of a conflict—

Dr Watt: Sure

Answer:

Services Australia is conducting ongoing inquiries following the completion of the review, but is not able to provide further details because to do so could prejudice these investigations.

Joint Committee of Public Accounts and Audit

Commonwealth procurement: Inquiry into Auditor-General Reports 6, 15, 30, 42
(2021-22) and 5 (2022-23)

PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Taskforce operations and workflow

Question reference number: IQ23-000023

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 67

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: For the 46 staff, can you perhaps explain how they operated? Did they work as a single team supporting the task force and also Dr Watt? How did it actually work?

Ms Carmody: Yes, I will give you some information on that. I was leading the task force, as the head of the task force, so those people were working with me, some virtually and some in the building where I was located. We had some representatives from the Department of Finance who came and sat with the task force. We had representatives from the NDIA who predominantly met with us remotely. So we had regular interactions with them—daily stand-ups. We have certain areas of work that each area did. For instance, there was some compilation of information from the procurement area in the NDIA and some from the procurement area in Services Australia initially. Then we used someone in the task force who was independent of both organisations in that he had joined the agency fairly recently and had some background at the Department of Finance. He provided a consistent view over a range of those procurements that were within the scope of the request. I can come back to you with more details, but we had people grouped together who were drafting the report, people who were managing some of the admin and governance side of things, people who were conducting more specific evaluation with respect to the Commonwealth Procurement Rules and the evaluation criteria, and others who were involved in more of the intelligence analysis elements.

Senator REYNOLDS: That would be great. Thank you. That would be quite helpful to understand. So were the 46 people full time, or were some of them doing this part time?

Ms Carmody: I will come back with details of that. They wouldn't all have been full time. As I think I said earlier, the task force varied in size throughout the review, so we probably started smaller and grew throughout the middle. Some people would have fallen away when we were at the final drafting stage. Then over more recent weeks, post the completion of the report, we've had a much smaller core team.

Senator REYNOLDS: Thank you. That would be very helpful, because we had a discussion today with the chair about this being a desktop-only activity. So it would be good to know what resources went into administration and into all of these breakdowns; how many were actually doing the desktop analysis and how that was actually done; and what the role of the intelligence staff was. You said you had a number of intelligence staff on there. Were they doing the desktop review, or were they fed information from those who were doing it? Just to understand that

process, I think, would be quite helpful—how many were involved at the time and when they had input.

Ms Carmody: Absolutely. That's fine.

Answer:

The Taskforce varied in size during the review, drawing on resources as necessary. The Taskforce had a small core team of 7 for the entire review period, with most taskforce staff members working on the Taskforce while continuing in their substantive roles. In total, 46 staff members worked on the Taskforce at various stages, with 32 from Services Australia, 10 from the NDIA and 2 from the Department of Finance. Two external legal advisers with commercial expertise were also engaged on the Review.

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PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Supplementary Note

Question reference number: IQ23-000024

Member: Julian Hill

Type of question: Spoken. Hansard Page/s: 13

Date set by the committee for the return of answer: 12 May 2023

Question:

CHAIR: that would just tidy up a loose end. And if you could just take on notice and perhaps give us a supplementary note—and it might be one for the task force, perhaps, not you, Dr Watt—as to the page 5 quote that I read, saying there were clear examples of poor practices and seemingly too close relationships between APS officials and suppliers that were not properly managed and conduct was sometimes well below usually accepted practice. Can you give us a supplementary note and illustrate the examples that you found in that way, just so that we can understand the specifics sitting behind that in the more detailed work?

Answer:

The Review found staff from suppliers were embedded in the agency as part of blended workforce arrangements. There are occasions where embedding suppliers enables agencies to get the best results from contracted staff. However, this proximity to agency officials introduces risks and these need to be carefully managed.

As part of the implementation phase of the Review, Services Australia is looking to provide further information to staff to support appropriate management of working relationships between officials and suppliers.

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PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Cost

Question reference number: IQ23-000025

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 68

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: Have you got a total cost for these two reviews, apart from Dr Watt's payments?

CHAIR: Just to clarify, just so we're clear on what's being put on notice, you're not talking about the external disbursements for the independent reviewer. You're also asking for an estimate—I will not say 'guesstimate', but you understand there are always some assumptions and apportionment here—of internal staff time for the task force. Is that right?

Senator REYNOLDS: Thank you very much for what comes close to a bit of a mansplain then, Chair. Thank you.

CHAIR: No, I'm—

Senator REYNOLDS: I think it was very clear, Ms Carmody: what was the total cost? She's going to get the CFO to say what the cost was. I think we all know that there are some variations, but thank you for that unnecessary clarification.

Ms Carmody: No, I don't have a total cost. I would have to work through it with the CFO to identify what that would look like. So we could come back to you and take that on notice.

Senator REYNOLDS: That would be great. Thank you.

Answer:

The Independent Review of Services Australia and NDIA Procurement and Contracting was undertaken within existing agency resources. Some staff moved from their normal roles to undertake this work for certain periods, others assisted the Taskforce while they continued to carry out their usual responsibilities.

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(2021-22) and 5 (2022-23)

PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: External Review Timeframe

Question reference number: IQ23-000026

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 68

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: That's a good point. They won't be given a time frame. Were the Watt inquiry and the task force inquiry given a deadline to work to, or was it open ended?

Ms Skinner: We gave the review a time frame of around eight weeks, two months, so I think we went a little bit over that. We had hoped to wrap it up by the end of February. I would say 6 March is close.

Senator REYNOLDS: This one, unlike the Watt inquiry and the task force inquiry, will be open ended. Are you just looking for another desktop or, as I said before, is this going to be more of an investigation?

Ms Skinner: Senator, I've provided you advice before. I'd characterise it as an investigation, and I think I took on notice to provide whatever further guidance we could in relation to the work we're going to do, but in the context that we don't wish to prejudice any investigation.

Answer:

See IQ23-000018.

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(2021-22) and 5 (2022-23)

PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Ministerial Probity Briefs on Procurement

Question reference number: IQ23-000027

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 68

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: I think that's my final question. But has the current minister received any briefings, including probity briefings, on procurements that have been undertaken since he has become minister?

Ms Skinner: I'll take that on notice to confirm. I don't believe we've actually undertaken any particularly large procurements in the last 10 months, but I will take that on notice.

Answer:

The Minister for Government Services, the Hon Bill Shorten MP, is briefed on significant procurements by the Agency.

Significant procurement activities such as telecommunications and card services have been briefed to the Minister since May 2022. It is expected that briefings on other significant procurements will be provided to the Minister in the future.

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PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Continuing Examination of Contracts

Question reference number: IQ23-000028

Member: Julian Hill

Type of question: Spoken. Hansard Page/s: 18

Date set by the committee for the return of answer: 12 May 2023

Question:

CHAIR: You may want to take notice, but, as outlined in the previous session, of two of the contracts—not all, but two of them that I'm interested in, including one of the five from Dr Watt's report—one was the one with Milo Consulting which was, curiously, entered into for \$9.6 thousand, under the \$10,000 threshold, and then varied to \$29,000. And then a second contract, CN3635727, was entered into at \$79,000—again, \$1,000 under the threshold. Are they contracts which you'll be examining? I will go to you, Deputy Chair.

Answer:

Services Australia is conducting ongoing inquiries following the completion of the review, but is not able to provide further details because to do so could prejudice these investigations.

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Commonwealth procurement: Inquiry into Auditor-General Reports 6, 15, 30, 42 (2021-22) and 5 (2022-23)

PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Limited Tender Procurements

Question reference number: IQ23-000029

Member: Henry Pike

Type of question: Spoken. Hansard Page/s: 20

Date set by the committee for the return of answer: 12 May 2023

Question:

Mr PIKE: I've got a question regarding limited tender. Do you have data on how many procurements are limited tender? And, of these, how many are limited tender procurements to a single supplier? If there are any, can you provide this to the committee? You may have to take this on notice, but it would be good to get a figure, for instance, for the last three financial three years.

Answer:

Services Australia (the Agency) undertakes limited tender procurements to support its delivery of government services for Australians. The Agency has entered into 1,638 contracts by way of limited tender from 2020-21 to 2022-23 (as at 31 March 2023) as outlined below.

	2020-21	2021-22	2022-23 ⁽¹⁾	Total
Total Contracts	2,018	2,378	1,291	5,687
Limited Tender Contracts	467	633	538	1,638

(1) 2022-23 data is as at 31 March 2023

Of the 1,638 contracts reported on AusTender as limited tender, about 75 per cent (1,233 contracts) were valued below the Commonwealth Procurement Rules' (CPRs) procurement threshold (i.e. less than \$80,000), noting that all procurements above \$10,000 are required to be reported on AusTender.

Further of the 1,638 contracts reported as limited tender, 1,308 contracts (about 80 per cent) relate to the following:

- 683 for agents and access points, supporting service delivery in rural, regional and remote locations.
- 316 for education and training services
- 99 for property leases
- 88 for software or software related services
- 76 for computer services, equipment and accessories
- 28 for telecommunications and telephony services
- 18 for management advisory and support services

Limited tender contracts reported on AusTender include procurements from panel arrangements established through a limited tender approach to market, such as mandated Whole of Government arrangements.

For all limited tender procurements at or above the procurement threshold, the Agency reports on AusTender either the applicable:

- Condition for limited tender (under paragraph 10.3 of the CPRs), or
- exemption from Division 2 of the CPRs.

The Agency's system does not report on the number of suppliers for each procurement. To collect this information would require extensive manual review of procurement documentation.

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PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Total Value of Expiring Contracts

Question reference number: IQ23-000030

Member: Henry Pike

Type of question: Spoken. Hansard Page/s: 21

Date set by the committee for the return of answer: 12 May 2023

Question:

Mr PIKE: Yesterday, Minister Shorten announced that contracts for debt collection agents ARL Collect Proprietary Ltd, Milton Graham/Recoveries Corporation and Probe Operations will expire. What are the total values of these contracts? And how important are ECAs to the agency's debt recovery operation?

CHAIR: Before you answer that, in the spirit of Senator Reynolds's question, this is not estimates. Were those contracts part of the review that we're looking at today?

Ms Skinner: No, they were not.

CHAIR: Mr Pike, you'll need to put them on notice through the normal mechanisms of the parliament.

Senator REYNOLDS: Chair, I would ask for some consistency in your ruling as a point of order, because you spent some quite considerable time talking about matters that were not subject to the terms of reference of the Watt review. So, I think, in terms of handling of contracts, Mr Pike is certainly in order.

CHAIR: The questions I was asking were related to the 96 contracts that were part of the Watt review.

Senator REYNOLDS: We actually don't know. So—

CHAIR: With respect, Deputy Chair, the question I just asked the agency was: were those contracts part of the Watt review? I don't really care. It's a factual answer. You can put it on notice if you want. I'm just trying to be helpful. The secretariat, as always, assesses whether things are within the terms of reference.

Senator REYNOLDS: Thank you very much for being helpful, but in the time that we've taken to discuss this, Mr Pike could have actually finished his question. I'm sure, with brief answers, it could have been answered by now.

CHAIR: I think you've missed the answer. I asked: are they part of the 96 contracts? And the agency said no.

Senator REYNOLDS: But, again, going back to your question, you have been asking about other contracts, which they couldn't necessarily confirm were in the 96. So if we can just allow Mr Pike to ask his question—

CHAIR: Sure.

Mr PIKE: Sorry, I did ask the question; I just haven't had an answer yet. It was in relation to the

value of these contracts and how important the ECAs, such as these, are to the agency's debt recovery operations.

CHAIR: That second part is completely, utterly and totally outside the scope of a procurement inquiry.

Ms Skinner: As I reflected to the chair, those contracts, as you've pointed out, expire on 30 June. They were not subject to any of the review materials. We can provide, on notice, the value of those contracts. The value of those contracts is also available on AusTender.

Answer:

Services Australia (the Agency) has engaged external collections agencies (ECAs) to undertake debt recovery services. The Agency will be ceasing the current outsourced debt recovery arrangements and will be performing these functions in-house.

The ECA contract arrangements are due to expire on 30 June 2023, as listed in the table below.

	Value (inc. GST)	Contract Start Date	Contract End Date
ARL Collect Pty Ltd	3,960,000	27/07/2021	30/06/2023
Probe Group	5,280,000	27/07/2021	30/06/2023
Recoveries Corporation Pty Ltd (previously Illion Australia Pty Ltd)	6,600,000	25/08/2021	30/06/2023
Total value	15,840,000		

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Chronology

Question reference number: IQ23-000031

Member: Linda Reynolds

Type of question: Spoken. Hansard Page/s: 23-24

Date set by the committee for the return of answer: 12 May 2023

Question:

Senator REYNOLDS: At that point, before 1 December, you'd identified 11. You'd gone through two sweeps. Services Australia had done the same thing and got to 13. Can I just ask, perhaps on notice given the time, if you both could provide a sequence of events and briefings and how it turned into the inquiry. I'm particularly interested in how you went from 13 and 11 between the two of you to ending up in the nineties, 95, for the review. Perhaps, Ms Skinner, if you could just talk through the process in that early period.

CHAIR: I'll just pick up on the body language, Senator, because you're not in the room. There was a bit of nodding at your request that they take it on notice and provide what I might frame as a chronology of the events from the initial media reporting, discussion and a mutual agreement, picking up on your evidence that there should be a review of some sort—inquiry, review, whatever you want to call it—and then the iteration which would be normal because you don't know what you don't know at the start, and the further media reporting that led to the scope of the task force report. Is that a reasonable distillation?

Senator REYNOLDS: Some, Chair, and I thank you very much for your assistance with my questions.

CHAIR: I was just picking up on the body language because you were still talking and didn't notice the nodding. That's all.

Senator REYNOLDS: Thank you; I appreciate that. But I did ask some of these questions to go through here in the earlier session.

CHAIR: Ms Skinner, did you want to respond to that?

Senator REYNOLDS: In light of the chair's intervention, what I'm looking for is, as the chair's indicated, a detailed chronology of what happened, event by event, in terms of you and your staff and also engagement with the minister's office—what was verbal and what were agreements, and what was the subject of a formal ministerial brief. If you could provide the brief numbers and whether it was an information brief or a decision brief, and how that chronology turned into the terms of reference and the scope. Are you able to take that on notice?

Ms Skinner: Yes, I can do that.

Answer:

On 24 November 2022:

- The Minister for the National Disability Insurance Scheme and the Minister for Government Services, the Hon Bill Shorten MP, asked the CEOs of Services Australia and the National Disability Insurance Agency (NDIA) to investigate matters raised in the media.
- Services Australia commenced identifying any procurements it had with entities specifically referred to in the media, or acquired by an entity named in the media.
- Services Australia prepared a Question Time Brief for the Minister relating to the media reports.

On 1 December 2022:

- Following further media reporting, the CEOs of Service Australia and the NDIA established the Independent Review. The Independent Review Taskforce was established within Services Australia.
- The CEO of Services Australia contacted Dr Ian Watt AC.

On 6 December 2022:

- The draft Terms of Reference were shared with the CEO of the NDIA on 6 December 2022.
- The Terms of Reference were drafted by the Independent Review Taskforce and focused on areas that the 2 agencies could review, to provide assurance about internal agency procurement and contracting processes in response to the matters raised in the media.

On 7 December 2022:

- The CEO of Services Australia shared the draft Terms of Reference with agency heads of relevant agencies including the Department of the Prime Minister and Cabinet, Department of Social Services, Department of Finance, Attorney-General's Department, and the Commonwealth Ombudsman, as well as Dr Watt, for any comment.

On 14 December 2022:

- Dr Watt commenced in his role as Independent Reviewer.
- A brief to the Minister to note progress on the Review was provided.

In December 2022:

- Services Australia and the NDIA identified all procurements that were in scope for the Review with 95 procurements in total from 13 entities.

On 10 January 2023:

- The Terms of Reference were published on the Services Australia website.

On 14 March 2023:

- A brief to the Minister with copies of both reports for noting was provided.

On 24 March 2023:

- Both reports were published on the Services Australia website.

The CEOs of Services Australia and the NDIA meet regularly with the Minister on a range of agency matters.

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ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Commonwealth Procurement Rules

Question reference number: IQ23-000032

Member: Julian Hill

Type of question: Written. Hansard Page/s:

Date set by the committee for the return of answer: 12 May 2023

Question:

Can the Independent Review/Review Taskforce confirm that:

a) 19 of the 95 procurements considered by the Review – or 1 in 5 - failed to comply with the requirements of the Commonwealth Procurement Rules or were otherwise inconsistent with standards of good practice?

b) Common issues within those 19 procurements included –

i. A lack of appropriate documentation and record-keeping.

ii. Delays in reporting contracts and amendments on Austender within 42 days.

iii. Insufficient value for money justifications.

c) The 95 samples considered by the Review included procurements afflicted by conflict of interest issues, including –

i. Procurements suffering from a lack of appropriate conflict of interest documentation in accessible records; and

ii. Procurements with poorly managed actual, potential or perceived conflicts of interest.

d) The Review identified procurements that had been impaired by a poor understanding of procurement processes and requirements on the part of the officials who conducted the procurement.

e) The Review found that questionable judgements had been made in the choice of procurement method for a number of procurements.

f) The Review found it difficult to determine whether the procurements delivered value for

money for the Australian taxpayer, because of the lack of appropriate documentation in relation to the procurements and the extensive use of limited tenders and single supplier approaches.

g) The Review found clear examples of poor practices and seemingly too close relationships between APS officials and suppliers that were not properly managed.

h) The Review uncovered evidence of conduct that was sometimes well below usually acceptable practice.

Answer:

a) The Review found that 28 of the 95 procurements did not meet the requirements of the Commonwealth Procurement Rules (CPRs) or were inconsistent with standards of good practice. Of these:

- 11 were classified as ‘amber’ where non-compliance with a CPR rule was identified but there was no indication of broader issues warranting further investigation.
- 19 procurements were initially classified as ‘red’, requiring further investigation. Upon further review, 17 were not consistent with the CPRs or good practice and 2 were found to be broadly consistent with the CPRs and good practice.

b) Yes.

c) Yes, in some instances.

d) Yes, in some instances.

e) Yes, in some instances.

f) Yes, in some instances.

g) Yes, in some instances.

h) Yes, in some instances.

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PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Documentation and Record-Keeping

Question reference number: IQ23-000033

Member: Julian Hill

Type of question: Written. Hansard Page/s:

Date set by the committee for the return of answer: 12 May 2023

Question:

With reference to documentation and record-keeping:

- a) Why is it important to maintain appropriate documentation and keep appropriate records about procurements?
- b) What are the risks of failing to maintain appropriate documentation and keep appropriate records about procurements?
- c) What are the requirements of the CPRs in respect of maintaining appropriate documentation and keeping appropriate records?

Answer:

Consistent with the Commonwealth Procurement Rules (CPRs), Services Australia (the Agency) requires that documentation and records are retained commensurate with the scope, scale and risk of a procurement, to ensure good accountability, governance and transparency.

When appropriate documentation and record keeping is not maintained, it is difficult to demonstrate compliance, probity, due diligence and value for money have been effectively met.

The CPRs (paragraphs 7.2-7.5) provides documentation and record keeping requirements for Commonwealth agencies. It requires procurement documentation to be 'commensurate with its scale, scope and risk.' Documentation should also provide accurate and concise information on the procurement requirements, process undertaken, value for money considerations, approvals, basis for decision, and written contract agreements, including purchase order and invoices.

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PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: AusTender Requirements

Question reference number: IQ23-000034

Member: Julian Hill

Type of question: Written. Hansard Page/s:

Date set by the committee for the return of answer: 12 May 2023

Question:

With reference to the requirement to report contracts and amendments on Austender within 42 days:

- a) Why is it important to report contracts and amendments on Austender on a timely basis?
- b) What are the risks of failing to report contracts and amendments on Austender on a timely basis?
- c) What are the requirements of the CPRs in respect of reporting contracts and amendments on Austender?

Answer:

The Commonwealth Procurement Rules (paragraphs 7.18 and 7.19) requires Services Australia (the Agency) to report procurements of \$10,000 and above on AusTender, within 42 days of entering (or amending) a contract.

Reporting contracts and amendments on AusTender on a timely basis promotes accountability and transparency of decisions to vendors and to the public. It also provides information on the type of goods and services and duration of the contract arrangement that the Agency has in place.

The information on AusTender may also assist vendors to understand the Agency's current and future business requirements, and to plan for future tender opportunities. As a result, it could provide opportunities for increased vendor competition and potentially deliver improved value for money outcomes.

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PUBLIC HEARING 14 April 2023

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: Value for Money

Question reference number: IQ23-000035

Member: Julian Hill

Type of question: Written. Hansard Page/s:

Date set by the committee for the return of answer: 12 May 2023

Question:

With reference to value for money justifications:

- a) Why is it important for procurements to be justified based on value for money?
- b) What are the risks when procurements are not sufficiently justified based on value for money?
- c) What are the requirements of the CPRs in respect of procurements being justified based on value for money?

Answer:

All commonwealth procurements are required to consider and achieve value for money, as stated within Section 4 of the Commonwealth Procurement Rules (CPRs). Procurements which are not sufficiently justified based on value for money, pose a potential risk in not clearly demonstrating accountability, probity and transparency of decisions.

Undertaking Commonwealth procurements on a value for money basis demonstrates that public resources are used in the most efficient, effective, ethical and economic manner, in accordance with the *Public Governance, Performance and Accountability Act 2013*.

The Agency's consideration and decision making for contracts in relation to value for money is not limited to price, and includes consideration of each submission's capability to deliver within the agreed scope of work and within the required timeframe. Consideration is also given to the supplier's previous performance and experience, and the submission's flexibility, adaptability to the agencies requirements, capacity to support innovation and change, and whole of life costs.