

**Senate Finance and Public Administration Legislation Committee inquiry into the current
capability of the Australian Public Service
Tuesday 20 July 2021
Answers to questions on notice from the Veterans' Affairs portfolio**

Question 1

Outcome: 1 Program: 1.2, 1.3 and 1.6

Topic: Claims processing staff ratios

(Finance and Public Administration Hansard Proof 20 July 2021, p 14)

Senator Tim Ayres asked:

CHAIR: I'm interested in the idea of variability of claims processing. I wonder whether that's really—can you provide on notice a monthly account in the various categories of the numbers of claims being received by the department? The evidence that was provided to this committee in the context of Senate estimates was that 50 per cent of claims staff and call centre staff were labour hire. Is there really 50 per cent variability in claims being received month on month? If you're operating in a call centre environment—I'm trying to think of another kind of environment where variability would be in the order of 50 per cent.

Mr Harrigan: Looking forward, we expect the ratio—

CHAIR: I'm asking you to look back, Mr Harrigan. What has been the real variability in claims being received?

Mr Harrigan: We would need to take that on notice because it goes to claims volumes and our models that allow us to do a level of claim volume forecasting and predictive modelling. So I will take that on notice.

Answer

The following tables show the gross intakes for all compensation streams over the past three financial years (2018-19, 2019-20 and 2020-21) broken down by month.

The tables show an increase in gross claims intakes from 96,802 in 2018-19 to 111,870 in 2019-20 (a 15.7 per cent increase) and 131,936 in 2020-21 (a further 16.2 per cent increase).

In the May 2021 Budget, DVA received additional funding of \$98.5 million over two years to address the backlog of claims and manage the increased workload. DVA also received a further 447 ASL, with a significant proportion allocated to claims processing to enable DVA to increase and stabilise the claims processing workforce through additional recruitment and conversion of current contract staff to Australian Public Service positions. Labour hire staffing will represent 23 per cent of the total claims processing workforce once these measures are in place.

The additional funding has been provided over two years to reduce the existing claims backlog and in light of demand driven nature of the business (e.g. it is not known whether increases in gross claims will continue at the same rate). DVA will monitor closely and has the option of returning to government to seek further funding dependent on the ongoing claims intake over the next two years.

FY20/21													
Gross Intakes	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
VEA Disability Pension Claims	2,186	2,803	2,425	2,333	2,468	1,652	1,655	2,334	2,582	2,114	2,805	2,611	27,968
War Widows	66	59	57	63	64	48	30	39	66	46	58	49	645
MRCA initial liability	3,787	4,683	4,093	3,779	3,830	2,638	2,475	3,731	4,311	3,477	4,555	4,472	45,831
DRCA initial liability	1,984	2,782	2,369	2,061	2,118	1,844	1,668	2,316	2,632	2,210	2,909	2,777	27,670
MRCA permanent impairment	1,367	1,382	1,147	1,219	1,188	823	880	1,119	1,007	956	1,177	850	13,115
DRCA permanent impairment	1,154	1,241	1,124	1,043	819	787	765	1,181	1,075	968	991	1,077	12,225
MRCA Incapacity Claims	266	313	306	278	272	314	302	317	321	302	340	286	3,617
DRCA Incapacity Claims	70	74	82	64	56	89	57	79	69	60	81	84	865
MRCA Incapacity Payees*	5,980	6,064	6,133	6,335	6,342	6,504	6,466	6,543	6,749	6,916	6,949	7,052	8,442*
DRCA Incapacity Payees*	2,318	2,341	2,354	2,399	2,411	2,445	2,448	2,476	2,500	2,534	2,542	2,546	2,811*
Claims for Compensation (including Incapacity Payees)	19,178	21,742	20,090	19,574	19,568	17,144	16,746	20,135	21,312	19,583	22,407	21,804	143,189

FY19/20													
Gross Intakes	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
VEA Disability Pension Claims	1,879	1,827	1,441	2,032	1,790	1,621	1,277	1,507	1,550	1,370	1,430	1,839	19,563
War Widows	94	110	48	78	68	78	58	74	55	66	57	60	846
MRCA initial liability	3,471	3,975	3,272	3,942	2,848	3,888	2,840	3,259	3,506	3,547	3,515	4,230	42,293
DRCA initial liability	1,481	1,894	1,695	1,652	1,356	1,439	1,240	1,082	1,156	1,102	1,238	1,655	16,990
MRCA permanent impairment	1,330	898	749	1,336	793	794	836	872	909	1,182	1,118	1,235	12,052
DRCA permanent impairment	1,414	1,546	980	1,445	984	979	1,008	1,061	1,084	1,263	1,171	1,379	14,314
MRCA Incapacity Claims	436	457	445	679	296	308	316	361	339	360	300	331	4,628
DRCA Incapacity Claims	92	136	102	163	68	73	63	89	126	97	88	87	1,184
MRCA Incapacity Payees*	5,220	5,166	5,277	5,506	5,517	5,623	5,607	5,651	5,780	5,948	5,970	5,989	7,395*
DRCA Incapacity Payees*	2,049	2,043	2,088	2,134	2,142	2,174	2,173	2,186	2,222	2,299	2,306	2,311	2,588*
Claims for Compensation (including Incapacity Payees)	17,466	18,052	16,097	18,967	15,862	16,977	15,418	16,142	16,727	17,234	17,193	19,116	121,853

FY18/19													
Gross Intakes	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total

VEA Disability Pension Claims	1,249	1,716	1,417	1,575	1,982	1,303	1,429	1,958	2,127	1,441	1,997	1,665	19,859
War Widows	120	110	72	143	101	47	79	59	104	63	133	80	1,111
MRCA initial liability	1,583	2,181	1,815	2,253	2,512	2,012	1,841	2,694	3,061	2,819	3,835	3,171	29,777
DRCA initial liability	936	1,448	1,152	1,339	1,486	1,186	1,116	1,435	1,591	1,145	1,745	1,422	16,001
MRCA permanent impairment	882	1,289	1,125	1,247	1,158	776	1,082	1,171	1,326	1,114	1,691	1,493	14,354
DRCA permanent impairment	957	1,218	958	963	546	672	829	1,049	981	839	1,314	1,168	11,494
MRCA Incapacity Claims	168	255	200	262	291	241	315	301	270	215	520	403	3,441
DRCA Incapacity Claims	39	59	57	56	70	43	57	55	67	48	126	88	765
MRCA Incapacity Payees*	3,985	4,045	4,119	4,171	4,442	4,482	4,511	4,630	4,716	4,719	4,911	5,004	6,185*
DRCA Incapacity Payees*	1,834	1,831	1,838	1,855	1,904	1,905	1,909	1,920	1,920	1,954	1,987	2,012	2,331*
Claims for Compensation (including Incapacity Payees)	11,753	14,152	12,753	13,864	14,492	12,667	13,168	15,272	16,163	14,357	18,259	16,506	105,318

* The number of Incapacity Payees are those in payment at the end of each month, while the total figure for the year is based on the total number of individuals who have received some form of payment throughout the year.

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Question 2

Outcome: All Program: All

Topic: ASL & Non-Ongoing numbers by organisational units
(Finance and Public Administration Hansard Proof 20 July 2021, p 16)

Senator Tim Ayres asked:

CHAIR: Can you provide me on notice—I'm conscious of the time constraints that we have—the numbers of

ASL positions as at the budget, the number of non-ongoing positions and the number of labour hire positions across those organisational units that you described and where they sit now? How much change has there been in those numbers at the closest reporting date you can get to now, and what are they intended to be at the end of the 2021 calendar year?

Mr Harrigan: Yes.

Answer

The details of the ASL, Non-Ongoing and Labour Hire for the requested dates, including the variance, are in **Table 1** below.

The Department of Veterans' Affairs has been provided an ASL allocation for the 2021-22 FY of 2,062 and the department will recruit to this level, with most recruitment occurring in claims processing and client service delivery programs. As an average, at some points in the year, the workforce will be lower than 2,062 and at other times it will be higher. It is hard to predict when the new staff will commence, particularly due to the impact of COVID and hence it is difficult to forecast what our ASL will be at the end of the calendar year. It is forecast that the labour hire component of the workforce will reduce to between 950 – 1000 staff over the course of the 2021-22 financial year.

Table 1.
Ongoing, Non-Ongoing, and Labour Hire headcount as at Budget, Current and variance.

Function	Ongoing (actual headcount)			Non-Ongoing (actual headcount)			Labour Hire (actual headcount)		
	11/05/2021	21/07/2021	Variance	11/05/2021	21/07/2021	Variance	11/05/2021	21/07/2021	Variance
Direct Client Service Delivery	998	1011	+13	52	245	+193	964	901	-63
Supporting Client Service Delivery	617	637	+20	15	20	+5	151	137	-14
Total	1615	1648	+33	67	265	+198	1115	1038	-77

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Question 3

Outcome: All Program: All

Topic: Labour Hire re-engagement

(Finance and Public Administration Hansard Proof 20 July 2021, p 17)

Senator Tim Ayres asked:

CHAIR: I think that's correct. There are, at the very least, significant backlogs and other issues that the department has to come to. On the labour hire employees themselves, the CPSU said of the labour hire companies that there's a:

...revolving door with high turnover, loss of corporate knowledge, and countless resources wasted on training and re-training incoming Delegates.

How frequently are non-APS labour hire contracts extended or effectively reconstituted in a new labour hire contract?

Mr Harrigan: That depends on the area of the department, the nature of the contract and the type of role that the individuals are performing. I'm happy to take that detail on notice.

CHAIR: Could you take it on notice?

Mr Harrigan: Yes.

CHAIR: What I'd be interested to see is what the average length of those labour hire contracts is and how many of those labour hire staff are on their second, third or more labour hire contract. So would you be able to provide that by functional unit on notice? What are you able to say, though, about the rate of turnover amongst labour hire staff? The department must measure that.

Mr Harrigan: To the extent that our systems allow us to. I think we've previously indicated at Senate estimates some restrictions in the ability of our ICT systems to tell us that type of information on renewal of contracts, but, once again, it depends on the area that the individuals are working. We will see differences in the rate of turnover of labour hire contractors in, say, a claims area versus a policy area or a corporate services area. So it does depend on the nature of their work, the pressures that may be associated with the role, whether they like the role or whether other opportunities come up for them outside of the APS. There are so many variable factors at play here, but we will do our best to—

Answer

The Department of Veterans' Affairs (DVA) collects information on labour hire contracts and individuals in two ways, through the Procurement System and through the HR Systems. DVA's procurement system collects data relating to the contract rather than the individual specified in the contract. DVA's HR system will have a record of the person, but will not distinguish whether they are engaged on an initial contract, contract extension or have been engaged across more than one contract during their time as a contractor at DVA. These system limitations prevent DVA from being able to generate reports on overall turnover rates for labour hire staff.

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Question 4

Outcome: All Program: All

Topic: Labour Hire Turnover

(Finance and Public Administration Hansard Proof 20 July 2021, p 17-18)

Senator Tim Ayres asked:

CHAIR: I accept that. What is it, and is it an issue of concern to the department in your workforce planning—a high rate of turnover?

Mr Harrigan: Sorry, Senator, can you repeat the question?

CHAIR: Sorry, we're grappling with the technology as well as my tendentious questions. Having a high rate of turnover amongst the labour hire staff must be a matter of concern to the department. It's a matter of cost, I expect, but also a matter of capability. That is, I think Mr Wright gave some evidence about the way that permanent APS staff were inducted into the process and his experience beginning with the department. So it goes to both cost and capability. I accept you're going to come back to me on notice. What, broadly, is the rate of turnover amongst labour hire staff?

Mr Harrigan: I apologise, but I don't have the data in front of me to be able to have a meaningful conversation with you about that. The CPSU, in their evidence earlier, seemed to be focusing in on claims processing staff and labour hire. Nor do I have deep insights into the workforce turnover of that particular area, but I will endeavour to provide as much information as I can to you on notice

Answer

The Department of Veterans' Affairs (DVA) collects information on labour hire contracts and individuals in two ways, through the Procurement System and through the HR Systems. DVA's procurement system collects data relating to the contract rather than the individual specified in the contract. DVA's HR system will have a record of the person, but will not distinguish whether they are engaged on an initial contract, contract extension or have been engaged across more than one contract during their time as a contractor at DVA. These system limitations prevent DVA from being able to generate reports on overall turnover rates for labour hire staff.

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Question 5

Outcome: All Program: All

Topic: Staff Census

(Finance and Public Administration Hansard Proof 20 July 2021, p 19-20)

Senator Tim Ayres asked:

Mr Harrigan: The leaders of those respective areas—indeed, every branch and division across the department—are expected to have a good understanding of the work of their area. That might relate to productivity, that might relate to staff wellbeing and that might go to the turnover of staff. It certainly is an expectation that the leadership has a good understanding of each of those areas and is managing that appropriately.

CHAIR: So you do have information about the difference in terms of those issues for labour hire staff and permanent APS staff?

Mr Harrigan: What I'm saying is it may be difficult to provide the information that you're after which splits in half the—

CHAIR: I've got two questions, really. First: can that information be provided? I think the second, more important question, is: why don't the senior leadership of the department have that at a dashboard level where you can access that and understand it? If increased labour hire is driving problems in terms of performance, culture and cost, wouldn't you want to know?

Mr Harrigan: I would not agree with the assertion that the increased reliance on labour hire is, for instance, driving perceived issues of culture in the department. That's certainly not the case.

CHAIR: I said, 'If it is, wouldn't you want to know?' You're making an assertion there. What do you know about these questions? How are these measured?

Mr Winzenberg: We have a state of the service census run every year. There's one that has just been run, with the results due out in another month or so, which we open up to all our staff. I think in the last one we had a 75 or 76 per cent response rate across both cohorts, labour hire and APS staff. I can take it on notice, but certainly my recollection of looking at the results last time around was that there wasn't any major difference between responses from labour hire staff in terms of the questions which go to culture, engagement, wellbeing and all those sorts of things compared to our APS staff. As I said, the latest one has just been run and we will have the results in the next month or so.

We make it a point within DVA to make sure that these staff census are open to all our staff, including labour hire staff, so we understand what their views are. These results are pretty valid because they're anonymous and, as I said, the response rate's pretty high. That's one of the major mechanisms that we use. That's used across the Commonwealth to gauge what people think. In addition to that, it's incumbent on all our business areas to do their own business surveys or however they do it to understand the issues in terms of their specific business areas. That's one of the main ways we look at this.

Answer

The Department of Veterans' Affairs (DVA) turnover for its APS staff as at 30 June 2021 is nine per cent. System limitations prevent DVA from being able to generate reports on overall turnover for labour hire staff.

Staff wellbeing is measured through the Employee Census via a Wellbeing Index. The Index measures both the practical and cultural elements that allow for a sustainable and healthy working environment. In the 2020 census results, the APS staff to Labour Hire rate for wellbeing differed by only one per cent.

All new employees in service delivery areas receive the same training and are managed as part of the team.

In recognition of the complexity of claims processing, a six-month training period for all new employees is incorporated into workload and workforce modelling.

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Question 6

Outcome: All Program: All

Topic: Labour Hire Companies

(Finance and Public Administration Hansard Proof 20 July 2021, p 21-22)

Senator Tim Ayres asked:

CHAIR: How many labour hire contract companies does the department engage?

Mr Winzenberg: We have arrangements with about 12 to 15 main ones. That's where most, 70 to 80 per cent, of our labour hire come from. Outside of that, there are specialist ones we deal with, such as if we need a lawyer or an accountant we might go to a specialist company.

CHAIR: Can you provide on notice a list of those companies over the course of the period 2013 to present for each budget year, the amount that has been paid to those companies and the amount that is margin—that is, above the employee costs.

Mr Winzenberg: Well, to the extent we can. If we have the data, clearly we'll provide it. I'm not sure what the data's like going back to 2013.

CHAIR: Can you tell me who those 12 companies are this year?

Mr Winzenberg: Absolutely. I'm just making the point that, back to 2013, I thought you said—

CHAIR: Why don't you try doing it for the last three years and we'll see how we go.

Mr Winzenberg: I'd be fairly confident that's fine.

CHAIR: Who are those 12 companies this year?

Mr Winzenberg: There are Hayes, Effective People; they are the major ones. I don't have a list with me.

CHAIR: So there are a couple of large ones and then some smaller ones?

Mr Winzenberg: Yes, because our arrangements are nationwide, we tend to pick the big ones that operate across the country.

CHAIR: Let's take Hayes, for example. How much was Hayes paid by the department for labour hire contracts in the last budget year?

Mr Winzenberg: I'd have to take that on notice.

CHAIR: So you'll be in a position to provide me with the list of companies by year, the amount that they have been paid and the amount that is a margin?

Mr Winzenberg: Well, we'll do our best.

CHAIR: There is not going to be some sort of public interest immunity claim or some commercial-in-confidence claim made to try to hold back on providing those numbers to the committee, is there?

Mr Winzenberg: I mean, to the extent that we've got the data we'll provide it. We won't give you individual people, for privacy reasons, but the global aggregate cost should be available.

Answer

How many labour hire contract companies does the department engage?

- Over the past three financial years, 60 labour hire companies have been used.

Can you provide on notice a list of those companies over the course of the period 2013 to present for each budget year, the amount that has been paid to those companies and the amount that is margin – that is, above the employee costs. Why don't you try doing it for the last three years and we'll see how we go.

- In contracting labour hire, the Department of Veterans' Affairs (DVA) utilises existing panel arrangements. **Table 1** provides a summary of all labour hire companies used over the last three financial years and the amounts paid to those companies.
- In 2020 DVA negotiated hourly rates and agency margin fees with 17 labour hire agencies. These agencies are DVA's preferred providers and those that are used most.

First People Recruitment
Rubik3*
Calleo Indigenous
First Grade Group
APM*
Wise Employment*
IPA
Workpac Group Pty Ltd
Staffing and Office Solutions Pty Ltd (SOS) Recruitment
Hays Specialist Recruitment (Australia) Pty Ltd
Hudson Global Resources
Randstad Pty Ltd
Paxus Australia Pty Ltd
McArthur (Qld) Pty Ltd
Compas Pty Ltd
M & T Resources Pty Ltd
DFP Recruitment Services

*Note – Rubik3, APM and Wise Employment do not appear in Table 1 as their services were not engaged during the period.

- DVA pays a margin of 12 per cent to the preferred labour hire agencies. This margin paid is included in the total amounts provided below during the 2020/2021 Financial Year. Prior to 2020/2021 and for non-preferred providers, the margin amounts vary by provider.

Table 1.

COMPANY/LABOUR HIRE PROVIDER	2018/2019 F/Y	2019/2020 F/Y	2020/2021 F/Y
ACM HEALTHCARE	\$ 1,556,052	\$ 3,714,356	\$ 7,016,963
ADECCO AUSTRALIA PTY LTD	\$ 691,119	\$ 1,518,767	\$ 2,282,492
ALL ASPECTS RECRUITMENT & HR SERVICES	\$ 52,701	\$ 7,804	
ALLY GROUP PTY LTD		\$ 56,640	\$ 515,494
ARIS ZINC PTY LTD	\$ 1,030,193	\$ 348,966	\$ 239,942
AUREC PTY LTD	\$ 827,975	\$ 1,142,074	\$ 546,131
BIRUBI AUSTRALIA PTY LTD	\$ 62,170	\$ 77,665	\$ 4,059
CALLEO	\$ 58,960	\$ 274,354	\$ 1,039,711
CAPITAL RECRUIT PTY LTD	\$ 15,940	\$ 22,115	\$ 51,611
CHANDLER MACLEOD GROUP LIMITED	\$ 966,423	\$ 2,846,830	\$ 4,994,491
COMPAS PTY LTD	\$ 1,259,464	\$ 1,809,494	\$ 2,559,565
CONSULTIUM PTY LTD		\$ 100,787	\$ 259,282
CORPORATE RECRUITMENT SERVICES PTY LTD	\$ 771,811	\$ 34,813	
DAVIDSON RECRUITMENT PTY LTD		\$ 1,257,400	\$ 1,419,298
DFP RECRUITMENT SERVICES	\$ 1,562,756	\$ 3,125,224	\$ 6,633,251
EFFECTIVE PEOPLE PTY LTD	\$ 1,528,426	\$ 930,212	\$ 265,594
ELLIOT GRAY PTY LTD		\$ 12,900	
EMANATE TECHNOLOGY PTY LTD	\$ 552,093	\$ 1,875,382	\$ 1,653,857
ESCIENT PTY LTD		\$ 162,543	\$ 29,553
FACE2FACE RECRUITMENT PTY LTD		\$ 1,058,840	\$ 986,669
FINITE GROUP PTY LTD	\$ 410,124	\$ 564,131	\$ 435,761
FIRST GRADE GROUP PTY LTD	\$ 106,290	\$ 386,576	\$ 346,318
FIRST PEOPLE RECRUITMENT	\$ 451,634	\$ 924,488	\$ 555,709
HALLIS	\$ 235,284	\$ 1,847	
HAYS SPECIALIST RECRUITMENT (AUST) P/L	\$ 26,064,523	\$ 38,296,392	\$ 36,960,672
HBJ GROUP PTY LTD	\$ 80,816	\$ 492,401	\$ 466,389
HITECH PERSONNEL		\$ 57,619	\$ 18,038
HORIZON ONE RECRUITMENT	\$ 82,089	\$ 117,557	\$ 238,134
HR PARTNERS, A RANDSTAD COMPANY	\$ 28,005		
HUDSON GLOBAL RESOURCES (AUST) P/L	\$ 4,375,171	\$ 9,223,301	\$ 7,282,931
ICON AGENCY	\$ 306,825		\$ 51,370
IGNITE LIMITED	\$ 277,630	\$ 692,030	\$ 583,485
IPA PERSONNEL SERVICES PTY LTD			\$ 350,544
JPS MEDICAL RECRUITMENT PTY LTD	\$ 784,239	\$ 3,772,034	\$ 6,417,350
KARLKA RECRUITING GROUP P/L	\$ 135,504	\$ 60,446	
KOWALSKI RECRUITMENT	\$ 84,289	\$ 17,614	\$ 20,903

M AND T RESOURCES PTY LTD	\$ 1,645,526	\$ 1,399,451	\$ 536,497
MANPOWER SERVICES AUST PTY LTD			\$ 39,541
MACARTHUR PTY LTD	\$ 6,976,077	\$ 8,854,755	\$ 12,373,404
MODIS CONSULTING PTY LTD	\$ 19,384	\$ 1,322,137	\$ 815,559
ONPOINT 365		\$ 101,354	\$ 202,070
PAXUS AUSTRALIA PTY LTD	\$ 3,789,739	\$ 2,851,917	\$ 1,875,681
PCA PEOPLE	\$ 683,080	\$ 103,378	\$ 159,360
PEOPLEBANK AUSTRALIA LTD	\$ 322,971	\$ 26,565	
PIPELINE TALENT PTY LTD	\$ 6,380		\$ 6,600
PLACER MANAGEMENT GROUP	\$ 837,702	\$ 86,526	
PROGRAMMED PROFESSIONALS PTY LTD	\$ 127,762	\$ 22,909	
PROJECTS ASSURED PTY LTD	\$ 758,315	\$ 1,158,073	\$ 407,983
RANDSTAD PTY LTD	\$ 8,113,322	\$ 14,340,157	\$ 15,946,923
RECRUITMENT MANAGEMENT COMPANY PTY LTD	\$ 118,829		
RUBICOR GOVERNMENT	\$ 119,086	\$ 36,572	
SECURICOR RECRUITMENT SERVICES PTY LTD	\$ 163,543	\$ 11,715	
SHINE RECRUITMENT PTY LTD	\$ 194,747	\$ 54,313	
SOL PEOPLE			\$ 9,125
SOS RECRUITMENT	\$ 2,359,223	\$ 1,956,183	\$ 1,323,675
SPARKE HELMORE LAWYERS	\$ 174,103	\$ 1,613,827	\$ 1,833,585
SPECIALISTERNE CENTRE AUSTRALIA LTD		\$ 16,500	\$ 14,300
STAFF&OFFICE SOLUTIONS (SOS)	\$ 38,018	\$ 2,586	
TALENT INTERNATIONAL	\$ 971,597	\$ 1,358,512	\$ 1,203,536
WORKPAC PTY LTD	\$ 1,534,836	\$ 2,056,975	\$ 2,327,047

Who are those 12 companies this year?

- See tables above.

Let's take Hayes, for example. How much was Hayes paid by the department for labour hire contracts in the last budget year?

- Refer to the above table of preferred providers.

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Question 7

Outcome: All Program: All

Topic: Shared Services Arrangements

(Finance and Public Administration Hansard Proof 20 July 2021, p 23-24)

Senator Tim Ayres asked:

CHAIR: Thanks, Senator Chandler. I had some questions about shared services arrangements. The Auditor-General's report on shared services arrangements, which included, I think, the shared services arrangements between Services Australia and DVA. It did indicate that there wasn't sufficient performance management and benchmarking of the performance of the shared services arrangements. I just want to understand how the value of those shared services is being measured by the department. What was the commencement date of that shared services arrangement?

Mr Harrigan: Our shared services arrangements for ICT, with Services Australia, kicked off in 2010. Initially, that was for the provision of ICT infrastructure. Then in 2017 that arrangement was broadened to include maintenance of those systems and the development of new systems or enhancements to existing systems. When I talk about our systems, I'm talking about our legacy systems, and there are many of them. They're complex, they're old and we rely heavily on the expertise in Services Australia to get the assurance that they're being maintained, that they're operating effectively and that the number of incidents and periods of downtime are kept to a minimum. That's been the arrangement since 2017.

At that time, a statement of intent between the two departments was entered into. Sitting below that statement of intent are a number of schedules not only for ICT services provided but for a number of other services provided to DVA by Services Australia. In that statement of intent and service schedules you'll see everything that's expected to be seen in those types of agreements. That's what the ANAO looked at, and they came to the conclusion that the agreement DVA has with Services Australia has met all 11 of the required components that they, the ANAO, would expect to see in such an agreement. So that's a positive.

CHAIR: Yes. I've read the report. That is the positive. The negative reflection, if I can put it that way—and it didn't apply just to DVA, and they were only evaluating, I think, the 2017 and post-2017 arrangements—went to the measurement and benchmarking of performance, except across a range of platforms and processes. Some of them are complex legacy platforms. At that point in 2017, how were those benchmarks established, or were they not established?

Mr Harrigan: There were some initial benchmarks established and they've since been updated, revised and added to. The benchmarks relate mostly—

CHAIR: Sorry to interrupt. Are you in a position to provide an outline of those benchmarks at that point in 2017 and then, to the extent that they have evolved, provide us, on notice, with an outline of how they've evolved?

Mr Harrigan: Yes.

CHAIR: And sorry to interrupt again, but are those benchmarks at the high level, or do those benchmarks go down to program by program, or platform by platform?

Mr Harrigan: I'd need to look at each of the different programs and the level of benchmarks in each, but I certainly can take on notice to give you some insights into the types of benchmarks we're talking about.

Answer

Performance Management & Benchmarking

Benchmarking activities were undertaken in 2016 to inform the full ICT shared services transition. This occurred against seven other major Australian Government departments, looking at availability, support services, support hours and response times.

For ICT services, a general service level agreement is now applied across ICT services and systems, ensuring 99.5 per cent systems availability, as well as standards for incident resolution timeframes and response times for distinct support services.

Service standards are also in place for corporate shared services. These include service standards for phone calls, emails and reporting requests. For example, 80 per cent of phone calls are answered within five minutes and 80 per cent of emails are responded to within three business days.

Services Australia provides the Department of Veterans' Affairs (DVA) with performance reports against agreed performance levels. The reports are discussed at governance meetings between the two agencies.

DVA and Services Australia continue to work together to review and improve measureable service levels for all shared services arrangements in line with recent ANAO recommendations. In addition, DVA has commenced its 2021 annual review process of the Statement of Intent and Schedules, which includes reviewing performance measures.

**Senate Finance and Public Administration Legislation Committee inquiry into the current
capability of the Australian Public Service
Tuesday 20 July 2021**

Answers to questions on notice from the Veterans' Affairs portfolio

Question 8

Outcome: All Program: All

Topic: Shared Services Arrangements

(Finance and Public Administration Hansard Proof 20 July 2021, p 26)

Senator Tim Ayres asked:

CHAIR: So beyond your expenditure with Services Australia, on the shared services arrangement, do you have direct arrangements with ICT providers external to the department—commercial providers? Or is that all under the ambit of the shared services arrangement?

Mr Harrigan: Predominantly shared services arrangements—there may be the odd one here and there for a service that isn't provided by Services Australia, but that would be low value and we would avoid those arrangements. We prefer to use Services Australia as our provider wherever possible, but I would be saying maybe a couple.

CHAIR: Okay. What's the value of the shared services arrangement? How do you account for that?

Mr Harrigan: I can give you some costs, if you like. What I'm sharing with you here are the payments made to Services Australia for this arrangement. There will be a project component in here and a component that covers all the maintenance and support of services as well. In 2017-18, the figure is \$38.4 million; 2018-19, the figure is \$50.2 million; 2019-20, the figure is \$54 million. I don't have the figure for the most recent financial year, but I expect that will have come down a little because we undertook less project development work last financial year, compared to the previous three years.

CHAIR: Will you be able to provide that on notice? I think in the submission you said you've got 51 APS people in the ICT workforce and 66 non-APS. Is that right?

Ms Goddard: We can update that for you, Senator.

Mr Harrigan: That's right at that point in time, yes.

CHAIR: On notice, given the time, could you provide that to us, and whether or not the recent ASL changes will have an impact on that figure.

Mr Harrigan: Yes, Senator; sure.

Answer

Other ICT Providers

The Department of Veterans' Affairs (DVA) retains some minor and distinct service arrangements with partners outside of its ICT shared services arrangements with Services Australia. Some examples include:

- Teleconferencing services - Enterprise Care Teleconferencing (Asia) Pty Ltd;
- Veterans' Review Board Case Management system - McGirr Information Technology Pty Ltd;
- Open Arms Case Management system on Athena Software part of Social Solutions Global Inc; and
- Legacy system software licences, maintenance and support - TIBCO Software Australia Pty Ltd.

All separate arrangements continue to be reviewed for transition to shared services where possible, consistent with an approach to consolidation of ICT arrangements. For example, DVA's teleconferencing services will transition to Services Australia to manage as a part of its Telephony Services Program work.

Value of Arrangements

Below are historical and forecast costs for DVA's shared services arrangements with Services Australia.

2017-18 Actuals	2018-19 Actuals	2019-20 Actuals	2020-21 Forecast
(\$m)	(\$m)	(\$m)	(\$m)
38.4	50.2	53.9	49.2

- *Actuals for 2020-21 are being finalised as part of the end of year financial statements process.*
- *These figures are accrual based and do not reflect actual payments. They include payments for project work and ongoing maintenance and support.*

Data and Digital Workforce

As at 30 June 2021, the department had 20 APS staff and 17 non-APS staff in Digital / ICT roles. This compares to 21 APS staff and 26 non-APS staff in Digital / ICT roles as at 31 December 2020.

No further recruitment into these Digital and ICT roles is planned as a result of the increase in the ASL cap for the department.