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A section of the Community and Public Sector Union



Committee Secretary

Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600

By email: legcon.sen@aph.gov.au

Dear Secretary,

Inquiry into the impact of changes to service delivery models on the administration and running of Government programs

The CSIRO Staff Association – a section of the Community and Public Sector Union (PSU Group) – represents employees of the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

Please find attached the submission from CSIRO Staff Association to the Senate Legal and Constitutional Affairs Committee inquiry into the impact of changes to service delivery models on the administration and running of Government programs.

Our submission is made under Part E of the inquiry terms of reference (any related matters) and covers reports of increased use of external contractors in CSIRO workplaces as a direct result of the Federal Government's public sector Average Staffing Level (ASL) cap.

The CSIRO Staff Association recommends that the Committee note the reported instances of increased outsourcing and ask the CSIRO Executive Team and Board to provide evidence to the inquiry concerning the engagement of external contractors and the impacts of the current application of the ASL cap.

For more information, please contact Anthony Keenan, Media and Communications Officer via email anthony.keenan@cpsu.org.au or by calling 0410 330 764.

Sincerely,



Sam Popovski
Secretary, CSIRO Staff Association

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Inquiry into the impact of changes to service delivery models on the administration and running of Government programs

**Commonwealth Scientific and Industrial
Research Organisation (CSIRO)**

**CSIRO Staff Association
August 2019**



**CSIRO STAFF
ASSOCIATION**

Introduction

The Commonwealth Scientific Industrial Research Organisation is Australia's premier research institution, first formed as the Advisory Council of Science and Industry in 1916. Over the next century, CSIRO researchers - charged with supporting the development of Australian industry and society – would be responsible for landmark scientific breakthroughs of lasting national and global importance.

After the election of the Coalition Government in 2013, a major funding cut in the following year's federal budget led to a series of job losses at CSIRO over the next two years. By 2015, the CSIRO workforce had been reduced by 20 per cent; the loss of 1 in 5 jobs.¹

Average Staffing Level Cap

The Average Staffing Level (ASL) Cap was introduced by the Coalition Government in the 2015-16 federal budget as an effort to restrict general government sector employment numbers at or below levels recorded in 2006-07.²

One of the effects of the 2014-15 era job cuts was that the ASL cap did not start to tighten at CSIRO until the organisation's funding and staffing stabilised in early 2018.

As part of a Consultative Council meeting with CSIRO Executive in December 2018, the Staff Association raised the application of the staffing cap with Dr Larry Marshall; arguing that CSIRO should not be subject to staffing caps or restrictions by Government or Government departments and that the organisation's Chief Executive was solely and legally empowered to make recruitment decisions.³

The Staff Association has also raised the issue directly with Science Minister Karen Andrews in March 2019 prior to the Federal Election.⁴

Intensified restrictions

CSIRO's Average Staffing Level (ASL) cap of 5,193 for FY 2019-20 is being strictly applied. According to CSIRO Executive, the Department of Finance have provided informal, verbal advice that the cap will apply strictly to the organisation and that CSIRO is currently on track to exceed ASL.⁵

Despite denials to staff that a recruitment freeze is in place, CSIRO Executive have conceded to the Staff Association that nearly 70 per cent (170 positions) of current vacancies (250 total) have been placed on hold.

CSIRO is now actively restricting recruitment and reports are emerging of an increase in outsourcing of work, to external contractors and consultants.

¹ Counting the cost of cuts at CSIRO. Retrieved from <https://csirostaffassociation.files.wordpress.com/2014/11/counting-the-cost-of-cuts-at-csiro-report.pdf>

² ACTU Submission to the review of the Australian Public Service. Retrieved from <https://www.actu.org.au/media/1385213/d165-aps-review-submission.pdf>

³ Staff Association questions CSIRO staffing cap. Retrieved from <https://cpsu-csiro.org.au/2019/02/27/staff-association-questions-csiro-staffing-cap/>

⁴ Liberal National Coalition Federal Election response to CSIRO Staff. Retrieved from <https://cpsu-csiro.org.au/2019/05/09/liberal-national-coalition-federal-election-response-to-csiro-staff/>

⁵ Staff Association continues fight against staffing cap. Retrieved from <https://cpsu-csiro.org.au/2019/07/10/staff-association-continues-fight-against-staffing-cap-and-recruitment-freeze/>

ASL cap survey

The Staff Association recently launched a confidential survey calling for examples of employment pressure from CSIRO workplaces across the country. Hundreds of CSIRO staff have already participated in the exercise and the results will inform a detailed report examining the impact of the ASL cap.⁶

However, a preliminary analysis of the interim survey results has revealed multiple reports of CSIRO Business Units considering or actively engaging external contractors - not counted under the ASL cap - to meet scientific and research support demand, undermining the achievement of scientific and innovation outcomes.⁷

CSIRO structure

CSIRO's structure is divided into three lines; impact science (including the organisation's business units focussed on research challenges), National Facilities and Collections (includes major scientific infrastructure managed by CSIRO) and CSIRO Services (commercial innovation services).

The eight business units are Agriculture and Food, Health and Biosecurity, Data 61, Energy, Land and Water, Manufacturing, Mineral Resources, Oceans and Atmosphere.⁸

According to the interim survey results; seven business units reported increased use or consideration of external contractors due to the ASL cap.

Mineral Resources

CSIRO's Mineral Resources Business Unit is aimed at 'delivering breakthrough innovation to create a more productive, sustainable and globally competitive mineral resources industry for the benefit of Australia and the world.'⁹

Staff participating in the survey reported concerns that the ASL cap restrictions were driving research dollars to expensive, outside contractors.

"This uncertainty is putting pressure on our morale which in turn impacting our performance. On the other side the organisation is outsourcing services from highly paid contractor which can be done by us," said a CSIRO staff member in Sydney.

Another researcher in Brisbane warned that CSIRO Mineral Resources "can't afford to shrink our staff base and 'outsource' as-and-when if we want internal project development ideas and innovation to continue."

Data 61

Data 61 is described as Australia's leading digital research unit. Created in 2016, Data 61 includes elements of the National Centre for ICT excellence (NICTA) and CSIRO's former Digital Productivity unit.

"We have funding for a project that provides for employment of two new staff for one year. However, we cannot employ into these fixed term positions due to the ASL cap," a Brisbane-based staff member said, insisting that by instead "issuing external contracts for the work... will limit our ability to benefit within CSIRO in terms of capability development."

⁶ Staffing cap survey to measure CSIRO science, jobs impact. Retrieved from <https://cpsu-csiro.org.au/2019/07/22/staffing-cap-survey-to-measure-csiro-science-jobs-impact/>

⁷ Staffing cap restricting CSIRO research and collaboration. Retrieved from <https://cpsu-csiro.org.au/2019/08/15/staffing-cap-restricting-csiro-research-and-collaboration/>

⁸ CSIRO operating model. Retrieved from <https://www.csiro.au/en/About/Strategy-structure/Operating-model>

⁹ CSIRO Mineral Resources. Retrieved from <https://www.csiro.au/en/Research/MRF>

Energy

The mission of CSIRO's Energy business unit is to 'pioneer low-emission technologies that create value for industry and households and provide the knowledge which will help guide Australia towards a smart, secure energy future.'¹⁰

In a sector where policy settings have been subject to political instability, strong collaboration between industry and research is even more important.

"We are already struggling to deliver the project work now and have already knocked back work because we simply don't have the people (due to hiring restrictions from the ASL cap) to deliver it," a CSIRO energy researcher from Newcastle explained.

"This is very difficult and awkward to explain to long standing stakeholders that we don't see their opportunity - and potential research investment in CSIRO - as a priority. For existing prioritised agreements, the budgets have blow-outs due to having to seek contractors (more expensive to plan for) rather than casuals and staff."

"This is hurting CSIRO in the long term as the tacit project knowledge and expertise leave the organisation when the contractor walks out the door."

An emerging practice appears to involve encouraging students - who might otherwise be employed as casual or specified term employees - to set up as business operators for the express purpose of avoiding the ASL cap.

"Right now, the ASL is having an impact on a student we are working with who has great potential to add to our team capabilities," writes an Energy researcher in Brisbane.

"We have been hoping to engage this student in the last six months of her degree to continue development on a project started in an internship that is providing a measurable impact, and to keep her interest in CSIRO as a future workplace. We are currently being told that casuals are to be cut with the ASL - including this student. We now have three options a) cut the effort... b) ask the student to work for free... c) ask the student to set up a business and we contract them externally.

"Option c) looks likely the most viable but highlights the absurdity of the ASL - how can we be expected to build intellectual property without capability and what risks do we run in losing those ideas when we externally contract to solve shortfalls in our internal resources?"

Health and Biosecurity

CSIRO's Health and Biosecurity business unit 'works to deliver innovation that will help maintain the health and prosperity of Australia's growing population, the agricultural industries that help sustain us and the unique environment in which we live.'¹¹

"Senior management already pre-occupied with working out how to get work done externally," a CSIRO researcher from Brisbane said.

¹⁰ CSIRO Energy. Retrieved from <https://www.csiro.au/en/Research/EF>

¹¹ CSIRO Health and Biosecurity. Retrieved from <https://www.csiro.au/en/Research/BF>

Land and Water

CSIRO Land and Water is charged with developing 'innovative solutions to the complex challenges that arise from the demands and impacts of human activities on the environment.'¹²

From a researcher based in Brisbane, increased use of contractors is stressful.

"We have had to hold off on staff hires that were already well into the recruitment process, including making directly contact with candidates. I am anxious about my own job security. We are getting internal and external criticism for hiring contractors - rather than CSIRO staff - but we have to do this to keep within ASL.

The loss of access to casual employees threatens to blow project budgets, a researcher in Canberra warned.

"We're about to let all our casuals go putting major projects at risk. We're also outsourcing (at great expense) tasks to contractors because we cannot hire. This will cause projects to overrun budgets."

The ASL cap restriction are resulting in "a loss of staff to complete work (which leads to contracting more and more work out," a CSIRO staff member in Adelaide predicted.

Oceans and Atmosphere

The Oceans and Atmosphere business unit is home to research focussed on 'Australia's marine areas and atmospheric environment' and including CSIRO's Climate Science Centre.¹³

A researcher in Hobart describes how the application of the ASL cap plus the use of contractors is fuelling fears over job security.

"My team currently hires three independent contractors in order to get the work done. One of them is working full time, the other two work part time. I am on a fixed term contract, and am extremely concerned about the prospects of having my contract renewed when my term is up... this impacts very negatively on my happiness, job satisfaction and ability to focus on my tasks.

Agriculture and Food

Agriculture and Food supports primary producers and food manufacturing through research into improving crop productivity and quality, aquaculture, livestock, horticulture, digital agriculture and food security.¹⁴

Field research often involves the growth and maintenance of test crops. A CSIRO staff member from Canberra says:

"The inability to hire casual staff has a huge impact on the unit as we run very large field trials that require a large amount of labour for short periods of time for sowing preparation, harvesting and field measurements."

"The staffing cap means that FT staff need to perform these tasks, removing them from their usual tasks, having a knock-on effect for their other projects. It also means that more staff need to travel to field sites rather than the hiring of casuals in the towns near the field sites increasing the risks of accidents while travelling."

Research managers are being forced to consider the more expensive, less transparent labour hire companies.

"Another option is to utilise a labour hire company," an Agriculture and Food scientist in Brisbane says.

"The problems with (labour hire) is that we may not be aware of how staff are payed; a major labour hire firm in the agricultural sector were found guilty of underpaying staff only 18 months ago.

"How does that impact on CSIRO if we utilise a company that is found not to be compliant?"

¹² CSIRO Land and Water. Retrieved from <https://www.csiro.au/en/Research/LWF>

¹³ CSIRO Oceans and Atmosphere. Retrieved from <https://www.csiro.au/en/Research/OandA>

¹⁴ CSIRO Agriculture and Food. Retrieved from <https://www.csiro.au/en/Research/AF>

Case study

Australian Cotton Research Institute

CSIRO's contribution to the cotton industry – through research supporting breeding, crop management, pest reduction and water efficiency – have helped Australia achieve 'the highest cotton yields in the world, exporting \$2.5 billion of cotton each year.'¹⁵

In addition to staff based in Canberra and Gelong, CSIRO's cotton research effort is based in Myall Vale in northern New South Wales, between the towns of Narrabri and Wee Waa.

The researchers are based at the Australian Cotton Research Institute (ACRI) which is owned by the NSW State Government and work near Department of Primary Industries (NSWDPI) staff who are also based on site.¹⁶

This type of research effort - subject to seasonal variation and conducted in close collaboration with local communities and producers - is particularly exposed to any resource constrictions that hinder flexible adaptation; such as the ASL staffing cap.

"We have a major problem here at ACRI with the jobs cap," a Myall Vale CSIRO staff member says.

"For example, an associate that had gone through the review process and was about to offer a job to the winning candidate was told she could not, even though the external funding was available."

The staff member goes on to describe several instances where recruitment processes - often to replace researchers that have moved on - have been shut down mid-way as a result of the ASL cap.

"Because of the cap, ACRI is looking to use hire companies to employ people for the season. This is more expensive for CSIRO, and the workers get less money and rights.

"The job cap is bad for Narrabri because we can't employ local people in a drought-stricken area on fair wages."

Recommendations

The CSIRO Staff Association recommends that the Committee:

1. note the Association's submission that the ASL cap is severely undermining the achievement of CSIRO's strategic goals and the Government's National Innovation and Science Agenda;
2. recognise the reported instances of increased outsourcing in CSIRO; and
3. ask the CSIRO Executive Team and Board to provide evidence to the inquiry concerning the engagement of external contractors, consultants and labour hire and the impacts of the current application of the ASL cap.

¹⁵ CSIRO Cotton research from seed to shirt. Retrieved from <https://www.csiro.au/en/Research/AF/Areas/Crops/Cotton>

¹⁶ Australian Cotton Research Institute, Narrabri. Retrieved from <https://www.dpi.nsw.gov.au/about-us/science-and-research/centres/narrabri>