



COMPANY SOLUTIONS (AUST.) PTY. LTD.

ABN 15 516 083 799

**Temporary Hire
Permanent Placements**

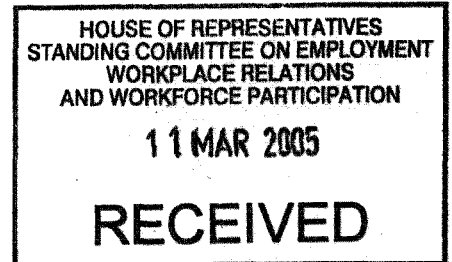
- Executive
- Industrial
- Secretarial

www.companysolutions.net.au
Email: companysolutions@bigpond.com

33 Montpelier Road,
Bowen Hills, Qld. 4006
Tel: (07) 3252 2066
Fax: (07) 3852 1303

9th March 2005

The Secretary
Standing Committee of an employment,
Workplace relations and workforce participation
House of representatives
Parliament House
CANBERRA ACT 2600



Dear Sir/Madam

Over the past years I and my Company have been pro-active in submitting information with the anticipation of curtailing the exploitation of the workforce and other areas by submitting information of concern to the Productivity Commissions Independent Review of the Job Network and the JPO.

With this in mind I have at your request composed the following information gathered over the past years in reference to the current quandaries facing Companies and the Workforce whereby I believe the future of our families are being eroded by unscrupulous practices.

Recruitment/Labour Hire Arrangements

Within the present workplace many Companies are utilising Recruitment Companies to recruit their labour force either on a permanent basis, a temp to perm basis and/or temporary arrangements with in most instances the knowledge the employees of the supplying Company are legally covered by all facets of the law and Government requirements.

Under this arrangement the legitament employer being a Company or Recruitment/Labour Hire Company supply labour to their Client giving satisfaction to the employees of the hiring company the awareness they are being placed in a position and being covered by for:

- Workcover
- Payroll Tax
- Compulsory Superannuation
- Public Risk and other Insurances

And with the knowledge they are having their Group Tax paid and other compulsory requirements being paid as per the government conditions

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A Solution to Your Personnel Needs

Permanent recruitment:

The client company provides a description on the skills and experience required to fill the position. The recruitment provider firstly scans their computer program then may need to advertise.

Depending on Client / recruitment company agreement a number of applicants resumes are forwarded to the Client who then decides who would be most suited.

An agreed fee is charged with a guaranteed duration and the person commences with the Client company on their payroll or arrangements.

Temporary to Permanent.

The same procedures are followed with the exception being the Recruitment Company retains the future staff member/employee on their books ensuring all Statutory requirements are kept for an agreed time prior to the Client hiring the staff member/employee as their own into their workforce.

The fee is an hourly/weekly or monthly charge including as a minimum, all statutory costs. This again would depend upon the arrangements agreed to by both parties.

Temporary staff/employees.

Many Companies adopt this method and in many instances have on running agreements whereby the recruitment company may supply all or most of their employee's to fill their peak demands or in some circumstances most of their employee's can be on hired..

The recruitment company retains the employee and negotiates rates, usually on an hourly basis, and includes all legal statutory requirements plus on costs and profit.

Tax, Superannuation etc. is forwarded to correct groups.

CANDIDATE CONCERNS

Over the past years events have played a major role, not only in the employment industry but with Companies all over experiencing major problems with the inability of being able to report to authorities without the threat of legal repercussions when employee's refuse positions in the work place with in some cases feeble excuses and/or not attending positions they have accepted thus having an impact on future development and expansion within their industries.

During a recent discussion with one of our Staff members with Centrelink it was noted when our staff member wished to inform Centrelink of, as we believed and understood was a breach, when the employee walked off a job during an assignment only to be informed should the said person wish to take action against either centrelink or us being the employer they would be funded through centrelink. It should also be noted we as being members of the J.P.O had placed a claim however due to the person failing to complete the assignment had to reverse our decision.

Being a Board member on a major Apprentice/Training scheme (MIGAS) and having completed an apprenticeship, believe we do have a major problem with skilled shortages and must address this in a way we do not create a void in other areas. Since the implementation of training and the belief of the need to train (apprenticeships do not come under this category) the unemployed to a higher level there is a distinctive shortage, not only skilled workers, in the process worker, the labourer etc. who are needed in all considerations to ensure production is at a level to guarantee we can produce the needs for the country within the Australian confines. It has been found as they are being trained up they do not want to return to the mundane positions and this has created a void with some Companies having to close some of their production lines down. This merely opens the doors for the import of the product or having that company having to move their offices and production to another country where labour is available and/or cheaper.

Company Solutions (Aust.) Pty Ltd. as have many Companies attempting to fill vacancies within their organisations, has found it completely frustrating as there is no direct opening in the systems where by the companies may register the employee to Centrelink, the Job Network or any Government Department (without legal ramifications) when an employee:

- i) Does not turn up for work following acceptance of the position.
- ii) States the job does not pay enough (maybe receiving more on unemployment benefits).
- iii) Does not bother to contact us following not turning up on the job.
- iv) Walks off the job during their assignment.
- v) Turns up for interviews as stated by one "Had nothing better to do and need to register for my entitlements".
- vi) Asks to sign their form then departs never to be heard of again.

To place a person in a position Companies are at risk and the need to respond to the many requirements as set by law and their "Duty of Care", have to complete many processes prior to placing any person as:

- a) A complete Safety induction (This can take up to an hour and half).
- b) A Company induction and interview to ensure the future employee understand the need of working in a safe environment, they work safely, their privacy authorizations, the workplace bullying, their entitlements etc.

- c) The correct filling of their time sheets, their pay days and answer any other questions.
- d) Complete certain forms with information as required by Government.
- e) As we are a Job Placement Organisation have them complete the section to allow us to forward to the correct authorities.

Occasionally an applicant will not complete the interview or application form and simply depart without any notice or discussion, refuse to hand over their J.P.O. number or on many occasions accept then not turn up to fill the position. This places a great expense on Companies without any access to report to authorities the applicants misdemeanour and this leads me to believe "allows them to receive unemployment benefits".

The time and cost to have an applicant reach the end of interview is creating problems on its own and we have been informed by a major client they will be going off shore due to them being powerless and unable to fill the positions within their Company with reliable employees who actually turn up for work on a continuous basis.

Even though most companies have a safety induction process for all employees including the Labour hire workforce some Companies in the past and present have a recruitment company supply a workforce with the belief they rescind their responsibilities as to Workplace health and Safety or Duty of Care by placing the recruitment company employees into a position with limited supervision and the possibility of unsafe work practice even though the recruitment company has inspected the premises, given the employee a full induction and ensured the employee has the experience as requested by the Client prior to commencement of the hired employee. This however is being addressed in some instances during court proceedings with different outcomes as to previously encountered and ensuring safety at all times for employees.

INDEPENDENT CONTRACTORS

Possibly the above concerns could be minimised by introducing the Independent Contractor as have some Labour Hire Companies however I do have concerns of the implementation in regard to the future of the unskilled as they can be open to the manipulation of the unethical operators.

There have been several comments from sources including our clients of unscrupulous Companies as well as Recruitment/Labour hire Companies seemingly ripping off their employees by making them supply an ABN number to work. Our Staff have found the use of labourers and/or process type employees having to supply ABN numbers to Companies leaving the said employee in a handicapped position when they are not sure if they are covered by Workcover, Insurances or the understanding the Governments do not receive the Group Tax and/or the Payroll Tax merely leaving the burden on the true Australian worker to subsidise the shortfalls created.

We as well as other bonafide Recruitment/Labour Hire Companies may have to go down this line should we be unable to compete with the system supposedly sanctioned by Governments. This system is unfair to the person wishing to merely work while being covered by all the arrangements the likes in many instances of Workcover, PRT, Group Tax, Superannuation, Holiday Pay and Loading etc. and the law of Harassment policies, Privacy, Bullying (the list goes on). The knowledge these are covered by the employer of the permanent and/or casual employee with this person in many circumstances not understanding by having to supply an ABN number, they may need to hold Insurances and they are open to legal problems if they fail all the policies as set out by Governments and law.

It is open knowledge the Engineering professions have over many years been working for not only Recruitment/Labour Hire companies as Independent Contractors, notwithstanding these people are earning enough to enable them to cover themselves for all the Legal set backs, Workcover arrangements ect. including their tax stipulations, Insurances and one would hope their Superannuation accrual some of which are payable several months or occasionally on an annual basis.

This arrangement for professional associates has been accepted over the years however there was a trend when the Government amended and changed direction as to the distribution of the hours worked for outside Companies that the swing to payments as per PAYG became popular. As far as a participants whose whole life depends on a certain wage payment and the necessity of having Superannuation available at retirement age are, I believe, being exploited and this needs addressing at Government level with an outcome the employee and his/her families have knowledge they may be capable of retiring, hopefully comfortable, in the years ahead with superannuation payments. What is becoming apparent and in real terms the permanent/ casual employee workers on a wage or salary are in an about way subsidising the Independent Contractor on hourly rate.

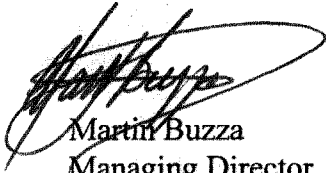
Government, I believe, needs to consider the implications of, is the Independent Contractors on hourly or weekly hire covered as per the employed for all regulations or does the employed who pay their taxes each week, accumulates compulsory superannuation for their retirement and has the employer cover them for all statutory requirements simply have to give up employment as the competitive companies to survive need to turn to the independent contractor status thus creating a hole in our tax system and in the long run our retirement superannuation. In the overall picture the Government could open the doors whereby the Independent Contractor who has the ability and legal acceptance to claim for deductions unavailable to the every day employee will force the every day employee to become, under the demand of employers, an Independent Contractor.

The need for strict application and wording would need to be defined with mabe the superannuation levy still be submitted by the said employer of the Independent Contractor and/or the said employer submit the Names and information to a Government Source to ensure the correct information and amount of Invoicing is actually accounted for by the Independent contractor when submitting Tax declarations.

I hope the above helps with your inquiry and would welcome the opportunity of further discussions should you so require.

I thank you for the opportunity of being able to view my concerns and await the outcome of your inquiry

Yours faithfully



Martin Buzza
Managing Director
Company Solutions (Aust.) Pty Ltd