

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation and Science Portfolio
2017 - 2018 Budget Estimates
31 May – 1 June 2017

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

TOPIC: Contractors using payroll service firms

REFERENCE: Questions on Notice (Hansard, 1 June 2017, page 56-57)

QUESTION No.: BI-32

Senator KETTER: Yes, I do. Let's start with the issue of Plutus. You would be familiar with the finding that \$1.3 million has gone through Plutus, the largest tax fraud in Australian history. The Department of Finance is reported to have directed all agencies to check their books with respect to exposure to Plutus. Can you tell us whether you have conducted such an audit?

Ms Beauchamp: I will let Mr Schwager enlarge on my comments. We have been involved, as you mentioned, in a whole-of-government process coordinated by the Department of Finance to look at whether we do use Plutus as a payroll service provider and then, if we do not, looking at the status of some of our contractors and whether any of our contractors have been affected by the Plutus Payroll issue. We have provided input into that process as some of our contractors have indeed been affected by the Plutus Payroll issue.

Senator KETTER: What were the findings from your investigations?

Ms Beauchamp: We have so far been able to ascertain that there about 19 people who have been impacted by the Plutus Payroll issue. Nine of them in the department have been fully paid through the labour hire firms. Nine have been paid wages but are still owed entitlements such as superannuation, and with one we are still working through to make sure that they are being paid. So the status is not quite clear. The tax office have also put out advice in terms of how they are managing contractors to the Commonwealth affected by the Plutus Payroll issue.

Senator KETTER: Are the nine waged people employed through recruitment firms?

Ms Beauchamp: Yes, they are.

Senator KETTER: Can you tell us which of those firms and in what context they have been used?

Ms Beauchamp: I might hand over to Mr Schwager

Mr Schwager: Senator, we use several different firms. We use Hays, First People, Hudson, Programmed Professionals, Inspired Corporation, Greythorn and Finite. They all have had a relationship with Plutus Payroll. We engage with them. Some of our contractors have used Plutus and some have not.

Senator KETTER: In which areas do they work?

Mr Schwager: Those contractors?

Senator KETTER: Yes.

Mr Schwager: I do not have that information. It would be a range of people across the department. Some are IT. Some are program management. I do not have the specifics, I am afraid.

Senator KETTER: Are any firms other than Plutus involved in payroll provision for externally hired staff?

Mr Schwager: That is also something that I do not have detail on. I only have detail on Plutus Payroll and its impact.

Senator KETTER: Can you that on notice?

Mr Schwager: I can take that on notice and see if other contractors are using payroll service firms.

ANSWER

The department engages contractors through a number of labour hire firms. The department pays the labour hire firm for the provision of the contractor or contractors as per the terms of the contract.

As far the department is aware, the majority of contractors use the payroll services provided through their labour hire firm. However, some contractors may choose to use a separate provider for payroll services. In these cases, the agreement is between the contractor and the payroll service firm. In addition to Plutus, the department is aware of contractors using the following payroll service firms:

- White Pillar
- Achieve Pay Solutions (ACT) Pty Ltd
- Nero Payroll Services
- ManpowerGroup
- County Corp Pty Ltd
- Lester Associates
- JustPays
- Achieve Corp
- Compas Pty Ltd
- Books Sorted Payroll Management
- PayMe Australia
- Consortio Pty Limited