

# Senate Standing Committee on Education and Employment

## QUESTIONS ON NOTICE Budget Estimates 2017 - 2018

### Cross Portfolio

Department of Employment Question No. EMSQ17-004024

Senator Cameron asked on 29 May 2017 on proof Hansard page 9

### Question

#### Contracts used with labour hire firms

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Ms Leon: The responsibility of the department as an employer is to pay tax on behalf of its employees. If an independent contractor operating under their own ABN is managing their own salary and payment then it is their responsibility to pay tax. If a labour-hire firm is supplying labour to the department then they are required to abide by all laws and regulations, including the requirement to pay tax.

Senator CAMERON: And that is a requirement of the department on the contractor—

Ms Leon: That is a legal requirement.

Senator CAMERON: Is that also a requirement you put in contracts?

Ms Leon: I would have to look at our contract with them but I imagine they know they have to abide by the law. I am happy to take on notice whether there is an express term in our contract that related—

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Ms Leon: Mr Clout has undertaken to go back through all of the contracts to see whether there were any that did not use the Department of Finance contracting suite.

Senator CAMERON: Why wouldn't you know what contracts you have entered into with your contractors?

Ms Leon: We do know, but we do not have all 226 contracts here. We have taken it on notice to look at them.

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Ms Leon: We know that most of them are on the standard contract. Mr Clout has undertaken to take on notice whether there might be deviation from the standard contract in some cases and, if so, what deviation there might be.

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Senator MARSHALL: So you will check on all of them.

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Senator CAMERON: You have taken on notice the details of all the contracts that you have got in place—

Ms Leon: The labour hire contracts.

Senator CAMERON: Yes. You will provide us details of the amounts that are being paid in those contracts, correct?

Ms Leon: Yes.

**Answer**

For service contracts under \$200,000, the Department uses the standard form contract of the Commonwealth Contracting Suite or, where applicable, the relevant standard form contract that has been established as a part of a procurement panel arrangement. The standard form contract of the Commonwealth Contracting Suite includes a provision to contractually bind the service provider to comply with relevant laws.

The majority of contractors in the Department are engaged through panel arrangements established under contracts with the Department of Human Services and Austrade. In those cases, the standard term contracts under the panel arrangement include a provision to contractually bind the service provider to comply with relevant laws.

The year to date value of payments made by the Department in relation to contractor costs up to the end of April 2017 is \$17.9 million.