



# CHOOSING A CONTRACTING RECRUITER AND PAYROLL PROVIDER

## SOME DEFINITIONS

- A contractor is not a tradesperson (e.g. builder, plumber, welder, electrician etc) working on a house or construction site.
- Contracting into Government generally involves an individual delivering professional services (e.g. IT, project management, HR, business analysis, etc) under a short term (from three months to, rarely, five years) employment contract via a contracting recruitment firm.
- Contractors working through a contracting recruitment firm need to engage a payroll provider whereby they essentially have an employment agreement with a third-party company in order to be paid correctly meeting all PAYG and Superannuation Guarantee requirements.
- This article is written for those considering a transition to contracting or those already engaged with a contracting recruiter but unsure if they are getting what they need.
- If you are looking to transition into a contract role please read this: [Contracting into Government: pros and cons](#)

## What to look for in a contracting recruiter

### Transparency

There are a few contracting recruiters that are completely transparent about their margins, costs, and service provision. One of the key reasons contracting is appealing is the higher hourly rates available. However, make sure you are clear on what you are receiving and what the end client is paying. Seek to understand the effort and service being provided which cover the operating costs and profit margin of the contracting recruiters and ensure these are fair and reasonable. If a contracting recruiter is not willing to be up front about this information then be wary.

The other aspect of transparency involves access to the roles that the contracting recruiter is looking to fill. Being able to regularly check the contracting recruiters' website for what is currently available is very important (see below re proactiveness).

It is also important that you remain in charge of your own destiny! That is, ensure that your contracting recruiter has your permission to submit you as an eligible candidate for every role. Ask the question: once you provide your details does your contracting recruiter consult you about roles they believe you are suitable for?

### Exclusivity

Does the contracting recruiter you are considering have exclusivity clauses? That is, a clause ensuring you are unable to use more than one contracting recruiter or it is difficult to move from one contract to another due to such a clause. It is important to have flexibility depending on your circumstances and the availability of roles through different contracting recruiters.





AUTHENTIC. CONTRACTING. PEOPLE. DEVELOPMENT.

## Access

Make sure the company you work with has the relationships with the clients (agencies, departments, organisations) you want to work with. Make sure they have in place the procurement mechanisms to engage you. For instance, have relationships with people in your target client and access to the purchasing panels that they use.

## Proactiveness

Specialist contracting recruiters (as opposed to general recruitment companies whose services include permanent placements) are generally going to be more pro-active in finding roles for you that meet your needs. As a contractor, looking for a professional service from a contracting recruiter who have the capability and capacity to be proactive in their search for roles for you is important. In saying, once embedded, most contractors are able to line up roles and contracts themselves whilst already engaged on a contract...as such, keep in mind being proactive is also in the best interests of the individual. Likewise, when looking for the next role, accessing the contracting recruiters' website regularly for updates on roles that are currently available is also really important.

## Value

Ultimately, like any commercial relationship, you need to be comfortable with the value you are receiving. This is not just about the percentage of your hourly rate the contracting recruiter will charge. It is also about added value:

- how often they contact you (not too much but not too little)?
- what can they offer beyond simply contract negotiation and access to the client?
- how nice are they? Do you actually like dealing with them and working with them; do they have the same values as you?
- can you access other services or value via their networks?
- Do they care about you and your local community?

## Ease

This is probably the key! Is the contracting recruiter easy to deal with? Do they have simple processes and tools to make it as easy as possible for you to be engaged on a contract. Once on a contract, is it easy to fulfil your obligations in order for invoicing to get raised and all parties paid (i.e. timesheeting).

## WHAT TO LOOK FOR IN A PAYROLL PROVIDER

- **On time payment:** you want to be paid on time, regardless of when the client pays the contracting recruiter. Delays occur with invoices being paid between the client, the contracting recruiter, and the payroll company – you must ensure that this does not impact when you get paid! This means that the payroll company needs to maintain adequate cash reserves, or access to cash, to fund their payroll.
- **Knowledge:** make sure you are comfortable with the knowledge, skills, experience and qualifications of the people who are managing your payroll. Payroll can be a very complex beast, especially when you factor in Superannuation Guarantee payments; salary sacrificed concessional superannuation payments; motor vehicle leasing; fringe benefits tax; taxation implications from transitioning from employment to contracting; Pay As You Earn tax; and other laws, regulations, requirements and liabilities. Make sure you have someone qualified to provide you with the right service and advice that does not leave you at risk.
- **Simplicity:** as with the right contracting recruiter, your engagement with a payroll company needs to ensure day to day interaction is simple and stress free. There will no doubt be a bit of paperwork and complexity to get your head around setting up your initial agreement with the payroll company...then it should be smooth sailing. The timesheet process should not be cumbersome. Their requirements of you to engage with them should be minimal. If you do have a query it should be easy and quick to get in contact with them.

## What has been your experience?

I would love to hear more – please let me know what other aspects people should be aware of when looking for a contracting recruiter or payroll provider.

