



**FORMAL SUBMISSION
BLACK ECONOMY DIVISION
THE TREASURY
COMMONWEALTH GOVERNMENT OF AUSTRALIA
DESIGNING A MODERN ABN SYSTEM
7 SEPTEMBER 2018**

Who is the BSCAA?

The BSCAA is the peak industry association representing businesses in the contract cleaning and building services industry. The membership varies between large companies with offices in every capital city and thousands of cleaners employed to small family enterprises often with the only employees being the married couple who own the business.

Despite a name change fifteen years ago BSCAA has been in existence for over fifty (50) years as the peak body of the industry.

What do BSCAA members propose in relation to the government's intended initiative around the ABN system?

As we understand it, the government is considering:

- (i) Changing the ABN entitlement rules or increasing the intensity of entitlement checks before an ABN is issued (or both); and
- (ii) Introducing conditions so that a failure of compliance with those conditions may lead to an ABN cancellation; and
- (iii) Mandating ABN display/verification through the New Payments Platform and similar digital reform; and
- (iv) Mandating ABN renewal together with an associated fee structure.

How would these changes affect participants in the cleaning industry? Many BSCAA members believe that the current ABN system is broken. However, the system can be saved and improved and the proposals put forward by the government would be excellent progress in this context. The association has long counselled its members against the practice of engaging cleaners on individual ABNs. Such a practice is clearly non-compliant and is simply incompatible with the

stated values which the association embraces. What is frustrating is that the system in its current configuration permits such abuses to occur. The BSCAA is crystal clear on this point: change needs to happen. The practices of phoenix operations and sham contracting need to end and changes to the ABN system can greatly assist in this regard.

Change entitlement rules and introduce entitlement checking

For the reasons stated above BSCAA does not oppose the proposal which would see the entitlement rules for an ABN strengthened in the context of the legal separation between employment and independent contract. Likewise BSCAA does not oppose any enhancement the government proposes to bring to the process of vetting applications for an ABN against the strengthened entitlement rules.

Cancel ABNs for non-compliance

Cancellation of an ABN where the holder fails in compliance with stated conditions has at least the virtue of deterrence. BSCAA supports the proposal to introduce ABN cancellation as a tool with which to assist compliance.

Mandate ABN display through New Payments Platform and other means

BSCAA believes that a process of ABN validation prior to payment will achieve a great deal in the context of strengthening the ABN system and restricting or eliminating the Black Economy. BSCAA believes that a simple automated process of pre-payment validation will be an important step forward. The current system where ABNs are displayed on letterheads, websites etc. is satisfactory although BSCAA believes that clarity could be improved so that all ABN holders know exactly where and when they have to declare their ABN.

Mandate ABN renewal/update and fees

It may surprise some but BSCAA believes that the introduction of ABN fees is a good idea. The right to hold an ABN will gain in perception of value if fees are introduced. Likewise it will also be something of a deterrent to those operators in the cleaning industry who misuse the ABN system. A fee structure will certainly be one way of compelling ABN system users to achieve compliance on a consistent basis.

The proposal to introduce updating and renewal is also an excellent idea. One obvious issue with ABNs is that they tend to fall out of date because there is no regular prompt to review the information attached to them. This needs to happen. It can be effectively paired with a provision which compels ABN holders to renew their ABN perhaps on an annual basis. That will of itself assist with updating and will also (when linked to a fee structure) disincentivise abusers of the system.

Summary and Industry Perspective

BSCAA has been the peak industry voice in cleaning for 50 years and more. What frustrates our members is that there are simply too many operators seeking to game or cheat the system. This then reflects poorly on the rest of the industry. Evidence of this can be found in the Black Economy final report which makes repeated references to the exploitation of cleaners and to non-compliance generally in the cleaning industry. BSCAA accepts that there are operators within the industry who persist in maintaining non compliant business models despite the consistent stance BSCAA has taken against such models. One of the important reasons for BSCAA supporting the changes which have been proposed to the ABN system is that it will do a lot to help in forcing the non compliant operators out of the industry.

The BSCAA submission here is supportive of what the government wishes to achieve in reforming and improving the ABN system. As stated above BSCAA supports the proposals. BSCAA is strongly of the view that having a more effective ABN system helps the majority of cleaning businesses who are compliant, who do the right thing and who find themselves under attack in the commercial market place from operators who manifestly do not do the right thing. BSCAA believes that improving the ABN system will greatly assist in removing unscrupulous operators and helping businesses which are based on a culture of compliance.

BSCAA would welcome the opportunity to be considered for a seat on the advisory board.

Dated this 7th day of September 2018

George Stamas

National President