

Labour Broker or Temporary Employment Services - the evolution of labour on demand



While labour brokers have come under heavy scrutiny over the years leading to the sector being strictly regulated, this has resulted in greater protection for workers under temporary employment services. These compliance requirements have resulted in an evolution of the industry, to the point where the term 'labour broker' has become insufficient to describe the significant benefits delivered to businesses, particularly in the mining, construction, and engineering sectors. Now commonly known as Temporary Employment Services (TES), this business model provides access to a flexible workforce on demand, while taking care of all aspects of their employment. Here, TES providers can play a pivotal role in providing the agility necessary for financial and operational well-being of businesses in these labour-intensive fields by enabling them to tackle project work in a sustainable manner.

A complicated backstory

Historically, labour brokers have a somewhat tarnished reputation. Before legislation stepped in to lay down some rules, there wasn't much in place to regulate or protect the relationship between worker and labour broker, or between the labour broker and the outsourcing client. This changed in the early '90s when it became necessary to obtain certification to verify company status as labour brokers. Obtaining this certification required all tax compliance to be up to date and without it none of the bigger companies would even consider doing business. It was this certificate that became the ticket to operating as a labour broker, laying the foundation for further regulation in the industry. What started out as legislative measures to close the gap on tax avoidance practices opened the door to further positive labour relations developments.

Rewriting the narrative

Today, the term 'labour broker' is outdated and inaccurate. Where labour broking leans toward casual

work, temporary employment services imply fixed-term (temporary) employment with all the associated benefits and protections. This previously casual industry has since been formalised by the Department of Labour, establishing bargaining councils, and putting in place benefits like worker compensation, UIF and pension plans. Wages are negotiated with bargaining councils, which is significantly better than the minimum wage currently promulgated. Along with employment contracts and access to the CCMA for grievances, the labour force that the temporary employment service industry utilises is now formalised and protected.

A fully managed, fully compliant workforce

While offering workers all the benefits of employment, TES providers afford their clients the flexibility of access to these workers without any of the employment obligations. The TES provider assumes all the risk and cost of labour, and is responsible for finding, vetting, hiring, training, managing, and paying suitable workers throughout the duration of the project engagement. TES providers generally allow clients at least 30 days to pay, which has a positive effect on cash flow and business sustainability, particularly in the mining and construction industries. In addition to managing all aspects of their workforce's employment, the TES provider also takes care of all related compliance obligations - all health and safety, labour law and tax worries are no longer a concern for the client company. Freed from the significant burden that comes with hiring labour for a specific project, companies in the mining and construction sector will appreciate the agility that comes from using a reputable temporary employment services company.