



Australian Government
**Department of Employment
and Workplace Relations**

Mr Jason Lange
Executive Director
Office of Impact Analysis
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600
Email: helpdesk-OBPR@pmc.gov.au

Dear Mr Lange

Certification of independent reviews

Following the engagement between the Department of Employment and Workplace Relations and the Office of Impact Analysis, I am writing in relation to the Australian Government's 'Closing the labour hire loophole' proposal, to certify that the independent reviews listed below (together, the Reviews) reflect processes and contain analysis equivalent to an Impact Analysis:

- Victorian Inquiry into the Labour Hire Industry and Insecure Work (Report, 31 August 2016)
- Senate Select Committee on Job Security, Third interim report: labour hire and contracting (Report, November 2021)
- Senate Education and Employment Legislation Committee, Fair Work Amendment (Equal Pay for Equal Work) Bill 2022 (Report, October 2022)

I certify that the Reviews adequately address Impact Analysis Questions 1-3 and are submitted to the Office of Impact Analysis for the purposes of supporting a final policy decision by the Prime Minister. I am satisfied that the scope of the problem and the recommendations identified in the Reviews are substantially the same as the identified problem and recommendations in the Government's 'Closing the labour hire loophole' proposal.

A summary of the Reviews, including how they address Questions 1-3, is at **Annexure A**.

The Reviews can also be relied on, in part, to answer Impact Analysis Questions 4-7. However, I set out at **Annexures B to D** further analysis to supplement answers to those questions. I am satisfied that with this additional analysis, the Reviews align with the intent and anticipated impact of the proposal.

Recommendations made by each of the Reviews align with the Government's intention to address the limited circumstances in which the use of labour hire undercuts bargained wages. The Reviews have been produced following extensive stakeholder feedback on the same regulatory problem that will be addressed by the Government's 'Closing the labour hire loophole' proposal, the need for government action, and the impacts of the proposal.

I further certify that fewer than 3 policy options are examined in the Annexures, because the 'Closing the labour hire loophole' proposal is an election commitment.

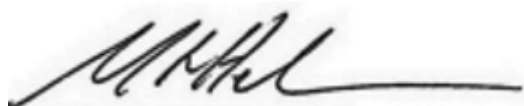
To the extent the regulatory burden to business or individuals can be quantified based on available data, that is set out in the Annexures using the Government's Regulatory Burden Measurement Framework. Within data constraints, costings regarding the Government's proposal have been estimated using average earnings data, with adjustments to account for the different characteristics of labour hire workers and directly engaged employees.

Implementing this proposal will increase regulatory costs for impacted parties. The regulatory cost to business in the table below is that which can be attributed to an estimated increase in wage costs. It is noted that the estimated increase in wage costs is equivalent to 0.05 per cent of the total wages and salaries paid across Australia in the year to March 2023.¹ This cost also reflects an increase in wages payable to labour hire workers estimated to be captured by the proposal.

Regulatory burden estimate table			
Average annual regulatory costs (from business as usual)			
Change in costs (\$ million)	Business	Individuals	Total change in cost
Total	-\$510.8m	(\$510.6m)	-\$0.2m

Accordingly, I am satisfied that the Reviews (read together with the supplementary analysis) are consistent with the *2023 Australian Government Guide to Policy Impact Analysis*.

Yours sincerely



Martin Hehir PSM
Deputy Secretary, Workplace Relations
Department of Employment and Workplace Relations
23 August 2023

¹ ABS, *Australian National Accounts: National Income, Expenditure and Product*, March 2023.