

DEWR - Media

From: s 22(1)(a)(ii)
Sent: Tuesday, 22 November 2022 12:21
To: DEWR - Media; s 22(1)(a)(ii)
Cc: s 22(1)(a)(ii)
Subject: Re: ENQUIRY: Michaelia cash on cost of bargaining (The Australian) [SEC=OFFICIAL]

Categories: s 22(1)(a)(ii)

And fyi:

PoliticsNow: Michaelia Cash raises concerns over consultant fees under IR laws



[Coalition Senator Michaelia Cash. Picture: NCA NewsWire / Martin Ollman](#)

- By [RACHEL BAXENDALE](#)

6:02AM NOVEMBER 22, 2022

[287 COMMENTS](#)

Welcome to PoliticsNow, our live coverage of the latest headlines from Canberra and around the states, including Saturday's Victorian Election.

What you need to know

- 1 HOUR AGO

Concern over bargaining consultant costs

s 22(1)(a)(ii)

Referring to the regulation impact statement by the Department of Employment and Workplace Relations, Senator Cash pointed out that under the heading “impacts on employers” the cost of bargaining per business plus cost of external consultants was expected to be more than \$14,600 for a small business.

For medium businesses, this cost was \$75,000 and for large businesses the cost was \$94,311. Senator Cash asked department officials if it would do a “campaign” to inform small and medium businesses that the government expected them to put aside “tens of thousands of dollars to ensure they comply with these new laws”.

“I assume there will be an email going out to them, is that correct?” Senator Cash asked.

Department officials said there were “a number of factors” that needed to be considered in the cost to small businesses.

Officials also pointed Senator Cash to the fact many employers may be members of employer organisations which would “reduce their costs significantly”.

First Assistant Secretary in the Department's Safety and Industry Policy Division, Jody Anderson, said the costs would be lower because employers could choose to use the cooperative stream and come together to share costs.

Senator Cash raised concern with the estimate in the RIS that professional services fees for consultants would be about \$175 per hour, pointing to the fact the department quoted a website “How Much Should I Charge As A Consultant In Australia?” rather than doing appropriate research on how much such services would cost employers.

She said it was unrealistic that employers would “pool their resources” to cover such costs, given that in many cases businesses that are compelled to bargain together may well be competitors.

s 22(1)(a)(ii)

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Sent: Tuesday, 22 November 2022 12:21
To: DEWR - Media
Cc: s 22(1)(a)(ii)
Subject: RE: ENQUIRY: Michaelia cash on cost of bargaining (The Australian) [SEC=OFFICIAL]

Categories: s 22(1)(a)(ii)

Thanks for flagging.

My understanding is that this is the cost for bargaining through an external consultant?

Please keep me in the loop with how the response is coming along.

Thanks,

s 22(1)(a)(ii)

s 22(1)(a)(ii)
Mobile: s 22(1)(a)(ii)
Office of Tony Burke MP
Member for Watson
Minister for Employment and Workplace Relations
Minister for the Arts
Leader of the House of Representatives

s 22(1)(a)(ii)

s 22(1)(a)(ii)

From: CAINS,David
Sent: Tuesday, 22 November 2022 1:54 PM
To: s 22(1)(a)(ii)
Cc: HEHIR,Martin; ANDERSON,Jody; s 22(1)(a)(ii) s 47E(d)
Subject: RIS costings

Good afternoon all

Please see below some suggested talking points on the RIS costings.

Cheers
David

If asked about bargaining costs in the Regulation Impact Statement

Talking points

- The Department of Employment and Workplace Relations modelled indicative impacts for the Regulation Impact Statement (RIS) for the Government's bargaining reforms. The Department acknowledged up front in the RIS and during the inquiry the difficulties in modelling costs and impacts in a multi-faceted, dynamic workplace relations system.
- The hourly consultancy rate used in estimating bargaining costs was based on the Hayes salary checker and consistent with the approach previously used by the department, which was approved by the Office of Best Practice Regulation.
- An incorrect website link that was not used in the analysis was incorrectly included in the RIS.
- The Regulation Impact Statement makes it clear that there are factors which mitigate the bargaining costs to business, like being a member of an employer organisation, already being experienced in bargaining, or sharing the costs with other employers engaged in multi-employer bargaining.
- The estimates developed by the department do not include the expected productivity benefits that can be achieved through enterprise bargaining, due to the complexities in modelling this impact.

s 22(1)(a)(ii)

From: s 22(1)(a)(ii)
Sent: Tuesday, 22 November 2022 2:32 PM
To: DEWR - Media <media@dewr.gov.au>
Cc: s 22(1)(a)(ii)
Subject: RE: Media enquiry (SMH/The Age) -SJB [SEC=OFFICIAL]
Importance: High

Hi s 22(1)(a)(ii)

I've seen some advice that there was an errant hyperlink in the RIS. Is that right?

s 22(1)(a)(ii)

Thanks,

s 22(1)(a)(ii)

Mobile: s 22(1)(a)(ii)
Office of Tony Burke MP
Member for Watson
Minister for Employment and Workplace Relations
Minister for the Arts
Leader of the House of Representatives

s 22(1)(a)(ii)

s 22(1)(a)(ii)

From: CAINS,David
Sent: Tuesday, 22 November 2022 2:34 PM
To: s 22(1)(a)(ii) s 47E(d)
Cc: ANDERSON,Jody
Subject: Business size stats

Hi ^{s 22(1)(a)(ii)} these are the business size definitions used in the RIS.

0-15 Small
16-199 Medium
200+ Large

Cheers
David

David Cains
Assistant Secretary

Bargaining and Industry Policy Branch
Safety and Industry Policy Division
Australian Government Department of Employment and Workplace Relations
P: 02 6121 7606 | M S 47F(1) | david.cains@dewr.gov.au | dewr.gov.au

s 22(1)(a)(ii)

From: DEWR - Media <media@dewr.gov.au>
Sent: Tuesday, 22 November 2022 3:34 PM
To: s 22(1)(a)(ii)
Cc: DEWR - Media <media@dewr.gov.au>; s 22(1)(a)(ii)
s 22(1)(a)(ii)
Subject: RE: RIS costings [SEC=OFFICIAL]

Hi ^{s 22(1)(a)(ii)} thanks for your patience on this one.

The Deputy Secretary has cleared the following response, based on the TPs that you received earlier (which we didn't have visibility over, my apologies).

s 22(1)(a)(ii)

Cheers

s 22(1)(a)(ii)

- The Department of Employment and Workplace Relations modelled indicative impacts for the Regulation Impact Statement (RIS) for the Government's bargaining reforms. The Department acknowledged up front in

the RIS and during the Senate inquiry the difficulties in modelling costs and impacts in a multi-faceted, dynamic workplace relations system.

- The indicative costs presented in the Regulation Impact Statement are professional services fees for a complex multi-employer bargaining process. The impact modelling in the Regulation Impact Statement notes that businesses are likely to share bargaining costs. There are other factors which mitigate the bargaining costs to business, such as being represented by an employer organisation and having previous bargaining experience.
- The hourly consultancy rate used in estimating bargaining costs was based on the Hayes salary checker and consistent with the approach previously used by the department, which was approved by the Office of Best Practice Regulation. An incorrect website link that was not used in the analysis was incorrectly included in the RIS.
- The Department notes that small businesses can only be compelled to bargain for a multi-enterprise agreement under the supported bargaining stream, which is already the case in the low-paid bargaining stream on which it is based.
- The Government's reforms are underpinned by dedicated funding in the October 2022-23 Budget. The Budget provides \$7.9 million over the forward estimates going to the Fair Work Commission to provide to provide specific small business bargaining support to simplify the agreement making process and increase the use of enterprise agreements by small business.
- The Productivity Commission recently stated that expanded access to multi-employer bargaining could help improve wages and reduce transaction costs for small business, enabling them to take advantage of any economies of scale in bargaining, sharing the burden and resource intensity of bargaining across firms.

s 22(1)(a)(ii)

s 22(1)(a)(ii)

From: DEWR - Media <media@dewr.gov.au>
Sent: Tuesday, November 22, 2022 8:47 pm
To: s 22(1)(a)(ii)
Cc: s 22(1)(a)(ii)
HEHIR, Martin <Martin.Hehir@dewr.gov.au>; s 22(1)(a)(ii) DEWR - Media
<media@dewr.gov.au>
Subject: RE: Proposed response (SMH, The Aus, West Aus, AFR) - RIS [SEC=OFFICIAL]

Hi ^{s 22(1)(a)(iii)} as discussed, tweaking that final line below (with thanks to Martin for his help with this);

The link was used as part of an internal desktop review, which used a range of online sources to determine an indicative cost as part of the RIS. This included websites such as the AFR, PayScale, Talent.com and LinkedIn.

It was incorrect to use the link as being the only source referenced in that section of the RIS.

The department apologises for the confusion, and stands by its processes.

Note: An earlier statement incorrectly quoted Hays as a source used by the department in the original RIS. Hays was used to subsequently verify the figures used.

Once the office is happy with this, we can send that statement to the reporters who received the original response earlier today.

Cheers

s 22(1)(a)(ii)

From: DEWR - Media <media@dewr.gov.au>
Sent: Tuesday, 22 November 2022 8:03 PM
To: s 22(1)(a)(ii)

Cc:s 22(1)(a)(ii)

HEHIR,Martin <Martin.Hehir@dewr.gov.au>; s 22(1)(a)(ii)

DEWR - Media

<media@dewr.gov.au>

Subject: RE: Proposed response (SMH, The Aus, West Aus, AFR) - RIS [SEC=OFFICIAL]

H^{s 22(1)(a)(ii)} thanks again for the chat.

Proposing to send this clarification to reporters, following consultations with Martin Hehir;

The link was used as part of an internal desktop review, which used a range of online sources to determine an indicative cost as part of the RIS. This included websites such as the AFR, PayScale, Talent.com and LinkedIn.

It was incorrect to use the link as being the only source referenced in that section of the RIS.

The department apologises for the confusion, and stands by its processes.

Note: This supersedes an earlier statement which incorrectly quoted Hays as being a source used by the department.

Happy to discuss.

Cheers

s 22(1)(a)(ii)

s 22(1)(a)(ii)

From: DEWR - Media <media@dewr.gov.au>

Sent: Tuesday, 22 November 2022 5:20 PM

To:s 22(1)(a)(ii)

Cc: DEWR - Media <media@dewr.gov.au>;s 22(1)(a)(ii)

s 22(1)(a)(ii)

Subject: Proposed response (SMH, The Aus, West Aus, AFR) - RIS

Hi^{s 22(1)(a)(ii)}

The Deputy Secretary has cleared the following statement, to be provided to the SMH, The Australian, the AFR and the West Australian.
s 22(1)(a)(ii)

Cheers
s 22(1)(a)(ii)

Response:

Good afternoon,

Please find a statement in response to your enquiry, attributable to a departmental spokesperson. We've included information about the purpose of the Regulation Impact Statement (RIS).

Response:

The Department of Employment and Workplace Relations modelled indicative impacts for the Regulation Impact Statement (RIS) for the Government's bargaining reforms. The Department acknowledged up front in the RIS and during the Senate inquiry the difficulties in modelling costs and impacts in a multi-faceted, dynamic workplace relations system.

The indicative costs presented in the RIS are professional services fees for a complex multi-employer bargaining process. The impact modelling in the RIS notes that businesses are likely to share bargaining costs. There are other factors which mitigate the bargaining costs to business, such as being represented by an employer organisation and having previous bargaining experience.

The hourly consultancy rate used in estimating bargaining costs involved consulting a broad range of sources. This approach has been used previously by the department and was approved by the Office of Best Practice Regulation. In this instance, the department utilised rates for an IR Manager, IR Adviser, and HR Admin role in Sydney from the Hays salary checker. The website link in question was incorrectly included in the RIS.

The Department notes that small businesses can only be compelled to bargain for a multi-enterprise agreement under the supported bargaining stream, which is already the case in the low-paid bargaining stream on which it is based.

The Government's reforms are underpinned by dedicated funding in the October 2022-23 Budget. The Budget provides \$7.9 million over the forward estimates going to the Fair Work Commission to provide to provide specific small business bargaining support to simplify the agreement making process and increase the use of enterprise agreements by small business.

The Productivity Commission recently stated that expanded access to multi-employer bargaining could help improve wages and reduce transaction costs for small business, enabling them to take advantage of any economies of scale in bargaining, sharing the burden and resource intensity of bargaining across firms.

Purpose of the RIS

As stated on the website of the Office of Best Practice Regulation: 'Impact analysis helps policymakers consider how proposals affect businesses, individuals and community organisations, as well as broader

economic and other impacts.’ The Department of Employment and Workplace Relations prepared a Regulatory Impact Statement to aid the Government’s policy decision making in relation to reforming the enterprise bargaining system, including a cost-benefit analysis of different policy reform options.

The impacts outlined in the Regulatory Impact Statement are indicative only, and don’t predict an exact cost to each business engaged in bargaining system. The Department has acknowledged up front in the Regulatory Impact Statement and during the Senate inquiry into the Secure Jobs, Better Pay Bill the difficulties in modelling costs and impacts in a multi-faceted, dynamic workplace relations system. It is not possible to come up with a determinative, one-size fits all estimation of cost to businesses.

These potential impacts are not novel – businesses are already engaged in the enterprise bargaining system. The Government has weighed up the estimated regulatory costs of the bargaining reforms against the positive impacts on Australian businesses, workers and the economy and decided that these bargaining reforms are necessary.