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5 November 2008

Peter Hallahan
Committee Secretary
Senate Legal and Constitutional Affairs Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600
Australia

Dear Mr Hallahan

During my evidence on Friday 31 October I spoke of the potential for the Legislation to lead to big cost increases in areas such as health insurance and return airfares and labour hire companies would not be able to seek reimbursement of those costs from their clients.

I was asked by one of the Committee members as to why the labour hire company could not simply use rise and fall provisions to cover the extra costs.

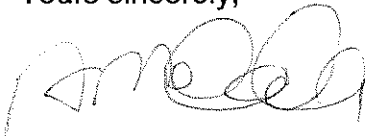
In speaking to a number of our members I understand that while there are rise and fall provisions in some contracts which would mean expenses such as a superannuation increase across a workforce could be reimbursed from the client, the immigration changes only affect a small proportion of the employees in any contract and it would be very difficult to pass on the additional charges.

As an example, a labour hire company assigns 100 workers to a company. Only five of those workers may be on 457 visas while the rest would be locally engaged. The end user company does not pay wages or other costs, they are charged a fee. The labour hire firm could not turn around and change costings just for those five on visas as their costs are uniform for all those on contracts. Exactly the same pricing schedule applies to Australian employees in this case as the visa holders.

For administrative reasons they would find it very difficult to say that 95 of the staff were on one arrangement and for the remaining five the end user would need to pay an extra \$3,000 to \$5,000 for health insurance for each one which was not part of the original contract.

There may be rare instances where costs could be passed on but this is not usually possible. Even in cases where the Minimum Salary Level is increased during the term of a contract, the labour hire company often would have to carry the cost.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tony Melville', written in a cursive style.

Tony Melville

Director Public Affairs and Government Relations