

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 96

Topic: Definition of ‘Employment’

Hansard Page: E130

Senator Joyce asked:

Senator JOYCE—The differentiation is 8.5 to 10 per cent without it. How do you explain the aggregate capacity of the economy to sustain an extra roughly 1½ per cent employment from this current stimulus package? Is that predominantly in infrastructure spend or in retail spend?

Dr Henry—The 8½ per cent unemployment rate that we are forecasting in the presence of the fiscal stimulus packages is of course about three percentage points higher than where the unemployment rate is today. So, notwithstanding the fiscal stimulus packages, we still expect to see the unemployment rate increase by about three percentage points from today’s level.

Senator JOYCE—With the unemployment rate, what is deemed to be ‘employed’ now—it is an hour a week or something, isn’t it?

Dr Henry—I think it is, Senator. I would have to take that question on notice just so I do not inadvertently mislead, but I think that is right.

Senator JOYCE—Was that the definition of unemployment in 1992?

Dr Henry—I think it would have been; I think the definition has been the same over that period of time. Again, I will check, but I think that is the case.

Answer:

A person must work at least 1 hour per week to be defined as employed, according to the ABS definition.