

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates 1 - 2 November 2006

Question: sbt 33

Topic: Government's submission to the Fair Pay Commission

Hansard Page: Written

Senator EVANS asked:

The Econtech annex to the Government's submission to the Fair Pay Commission says on page 24: "each 10 cent per hour increase in APCS wages is estimated to reduce national employment by 0.33 per cent (or 31,500 jobs)."

The Fair Pay Commission raised the standard Federal minimum wage by 72 cents an hour — from \$12.75 to \$13.47.

- (1) Will 226,800 jobs be lost as a result of the Fair Pay Commission's decision? If not, why not?

Answer:

- (1) No. The results of economic modelling of various wage rise scenarios were included in the Government submission to assist the Australian Fair Pay Commission in weighing up the benefits of a wage rise for the low paid against the impact on employment opportunities. The economic modelling undertaken by Econtech did not include modelling of a two-tiered decision, as handed down by the Commission.