

**SENATE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
LEGISLATION COMMITTEE**

**2005-2006 BUDGET SENATE ESTIMATES HEARING
30 ,31 MAY and 3 JUNE 2005**

EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO

QUESTIONS ON NOTICE

Outcome 2: Higher productivity, higher pay workplaces

Output Group: 2.1 Workplace relations policy and analysis

Output: 2.1.1 Workplace relations policy advice

Question Number: W319-06

Question:

Senator Marshall asked in writing:

How many jobs does DEWR estimate will be created as a consequence of the proposed Government industrial relations changes?

Where will these jobs be created and why?

What research has the department done to be able to back up these estimates?

Answer:

DEWR does not have an estimate of the number of jobs that will be created as a consequence of the proposed industrial relations changes. It is not possible to estimate the employment effects of the proposed changes because the changes are yet to be finalised.

With regard to the establishment of the Australian Fair Pay Commission (AFPC), DEWR has provided considerable evidence of the negative effects on employment arising from the operation of the current Workplace Relations Act where the Australian Industrial Relations Commission (AIRC) continues to grant large wage rises in the annual Safety Net Reviews. This includes the survey report "Minimum wages in Australia: an analysis of the impact on small and medium sized businesses", March 2004, by Don and Glenys Harding and "The effects on the Australian economy of a sustained increase in award wage rates: results from the MONASH model" by Peter Dixon, John Madden and Maureen Rimmer. The MONASH studies provided estimates of where the job losses would occur.

The report found that the effect of an across-the-board award wage increase in 2005 of \$26.60 would lead to employment growing by 74,000 jobs less in 2005.

The AFPC will ensure a better balance between fair pay and employment.