

**Senate Standing Committee on Education Employment and Workplace
Relations**

**QUESTIONS ON NOTICE
Supplementary Budget Estimates 2011–2012**

Outcome 4 - Employment

DEEWR Question No. EW0500_12

Senator Abetz provided in writing.

Question

Half a Million Jobs

"With reference to the Treasurer's Budget speech earlier this year. 1. How does the Department plan on delivering the half a million additional jobs promised in the May Budget by the Treasurer? a. What consultation did the Department have prior to the Treasurer's announcement? b. Is the creation of half a million new jobs by mid 2013 achievable? c. With only 3,200 jobs created in the first three months of this financial year, what job creation projections does the Department have into the next few years? i. How many new jobs will be created as at 1 January 2012 ii. How many new jobs will be created as at 1 July 2012 iii. How many new jobs will be created as at 1 January 2013 iv. How many new jobs will be created as at 1 July 2012 d. What barriers are there to creating new jobs? i. Domestic ii. International iii. Does the level of Government Debt have any impact on job creation? 1. If so, what is the impact? "

Answer

1. In the 2011–12 Budget, the Government outlined policies for responsible economic management of the economy. For example, through the Building Australia's Future Workforce package, the Government has committed \$3 billion over six years to continue the process of building an educated and skilled workforce and improving participation through incentives and opportunities. The Government's policies have seen the economy continue to grow robustly, with 97,000 more people in employment over the past year and the unemployment rate at 5.2 per cent, which is lower than any member of the Group of Seven large advanced countries, except for Japan.

a. Treasury prepares the Government's economic forecasts. Treasury consults within the Government through the Joint Economic Forecasting Group Committee (JEFG) and with business through the Business Liaison program. The Department of Education, Employment and Workplace Relations (DEEWR) is not a member of the JEFG. While Treasury does not consult with DEEWR about overall employment growth projections, it does consult with DEEWR about forecasts and projections of Unemployment Benefit Recipients.

b & c. The economic forecasts, including employment growth forecasts, have been updated in the *Mid-Year Economic and Fiscal Outlook* (MYEFO). The Treasury forecast for the net number of jobs to be created from the March quarter 2011 through to the June quarter 2013 is around 300,000. The Treasurer referred to this in his MYEFO press conference on 29 November 2011.

d. i-iii and 1.[sic] There are a range of factors which influence the level of job creation. Clearly economic circumstances, both domestic and international, are a critical influence. For instance, the continued global economic weakness and financial instability is weighing on job creation, both globally and in Australia. The strength of the Australian dollar can also influence job creation, for example, by reducing demand for Australian goods and services and also by reducing cost pressures.

Australian government debt (as a ratio to Gross Domestic Product) is very low compared with almost all other developed countries and is not affecting job creation. Australia is one of the few countries with the top-level ranking and, as such, debt does not directly add to the cost of borrowing funds for businesses. In contrast, very high government debt ratios in some of the heavily indebted European countries are negative for affected European economies and for job creation in that region.