

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

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

Outcome 5 - Workplace Relations & Economic Strategy

DEEWR Question No. EW0503_12

Senator Abetz provided in writing.

Question

Workforce Productivity

"Reference is made to comments by the Treasurer, Wayne Swan in relation to productivity and naming that the Government is up for a 'productivity agenda'. 1. Has the Department been approached by the Treasurer or the Treasury about workforce productivity? a. If so, please provide details including: i. Date of approach ii. Details and the nature of the approach iii. Any outcomes and follow up following any approach. 2. What will the Government do from an Employment and Workplace relations perspective in embarking on a new 'productivity agenda'?"

Answer

1. The Department of Education, Employment and Workplace Relations (DEEWR) is in regular contact with the Treasury regarding a range of issues, including the Government's productivity agenda. This interaction is a long-standing and ongoing aspect of Government business. DEEWR and the Treasury will continue to work closely together in progressing the Government's productivity agenda.

2. The Government's productivity agenda in education, employment and workplace relations involves a broad approach through reforms to early childhood, secondary and tertiary education, employment and workplace relations. DEEWR commissioned KPMG Econtech to provide an estimate of the total benefit of this suite of reforms on productivity, Gross Domestic Product (GDP), labour force participation and employment. The modelling in KPMG Econtech's report, *Measuring the Impact of the Productivity Agenda*, shows that, over the period to 2040, real GDP could be higher by around \$108 billion a year, on average should the suite of reforms be implemented. This translates to around 526,000 more people in work over the period to 2040, on average, compared to the baseline of what would otherwise happen. These outcomes are associated with a 6.1 per cent gain in Australia's labour productivity level and a 3.8 percentage point gain in the labour force participation rate for the period up to 2040. For example, achieving the target of increasing Year 12 completion rates to 90 per cent by 2015 could result in up to an additional \$11 billion annually in the economy over the period to 2040.

Over the next few years, there will be significant investment in the skills and capabilities of the workforce to underpin the productivity agenda. This includes the \$3 billion skills elements of the Building Australia's Future Workforce package announced in the 2011–12 Budget.

An important element of the Government's productivity agenda is to improve incentives for different groups of people to participate in the workforce, enhancing their skills and capabilities through work experience and on-the-job training in particular, which in turn can improve their productivity.

Further, the bargaining and agreement-making framework of the *Fair Work Act 2009* is designed to encourage employees and employers to negotiate enterprise agreements that deliver productivity benefits for businesses and better pay for employees.

With respect to business regulation, a harmonised occupational health and safety system will improve consistency across organisations, reduce compliance costs and boost productivity. A recent Regulatory Impact Statement found that this reform could add around \$2 billion per annum to the economy through higher productivity.

Future policy developments in these areas are a matter for the Government to determine.