

MODELLING THE EFFECTS OF WORKPLACE REFORM

Issue

- Treasury may be asked whether any modelling of the effects of workplace relations reform on the economy had been undertaken.

Key Points

- During the policy development process, Treasury made some indicative estimates of employment effects in order to compare various award adjustment scenarios.
- Economic studies generally suggest that slower growth in wages would provide moderate support to employment growth.
- The scenarios modelled involved different effects on the growth in award wages, which consequently affect aggregate wage growth and therefore employment.



- The scale of effect is dependent on many factors, such as the extent of any shift towards agreement-making as well as the decisions that are made by the Australian Fair Pay Commission.
- The effects on productivity were not modelled. However, a shift towards agreement-making would be likely to improve productivity in the longer term.

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Background

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