

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

**QUESTIONS ON NOTICE
Budget Estimates 2012-2013**

Cross Portfolio

DEEWR Question No. EW0007_13

Senator Abetz provided in writing.

Question

Portfolio Budget Statement

Reference is made to the Portfolio Budget Statement. 1) Who drafted the summary for outcome four? a. Did the Minister's office have any input? 2) In relation to the four references to productivity; How does the Fair Work Act improve productivity? a. Isn't it right that productivity was down on former levels under the Fair Work Act? 3) P.107/108 You have key performance indicators for the Fair Work Act and for this outcome and the outcomes in each of those. a. For working days lost – what was the level in the PBS for the December quarter 2010? b. December 2011? c. That is a significant increase, yet the Department have not provided any comments. Why? d. I understand that Minister Shorten on numerous occasions has referred to the 'steady rate' of working days lost under the Fair Work Act. Does the Department agree with this statement? e. What is a 'steady' rate of working days lost? f. What is the buffer for 'steady'? 4) P.108 –we have the department saying that it will 'promote work/life balance including options for flexible working arrangements': a. How many IFA's are used in the Department? b. What promotion of IFAs has been undertaken by the Department? c. What input did the Department have in the EOWA changes?"

Answer

1) Who drafted the summary for outcome four?

a. Did the Minister's office have any input?

The Outcome 4 Strategy on pages 99-100 of the 2012-13 PBS was drafted by the Business Services Support Unit of the Workplace Relations & Economic Strategy Cluster based on input from relevant areas. The PBS was cleared by the Secretary.

Minister Shorten's Office was provided with a draft of the PBS for review. They did not make any changes to the draft Outcome 4 components.

2) In relation to the four references to productivity; how does the Fair Work Act improve productivity?

Productivity growth is a key objective of the Fair Work Act. At the heart of the Act is collective agreement-making at the enterprise level achieved through good faith bargaining. The best way to deliver higher productivity in workplaces, while also promoting flexibility and maintaining fairness, is for employers and their employees to

sit down together and negotiate mutually beneficial arrangements that suit the circumstances of their particular workplace.

Data held by the Department shows that employers and their employees are negotiating agreements under the Fair Work Act that address productivity. Forty-six per cent of agreements covering 37 per cent of employees approved between 1 January 2010 and 31 December 2011 contain specific clauses outlining a commitment to raising productivity.

b. Isn't it right that productivity was down on former levels under the Fair Work Act?

Australia's productivity growth has slowed in recent years, but the slowdown started well before Fair Work Act. There have also been some recent signs of improvement.

Labour productivity in the market sector grew at an annual rate of 1.1 per cent over the most recent productivity cycle from 2003-04 to 2007-08. This is less than half of the record growth rate of 2.4 per cent over the productivity cycle 1998-99 to 2003-04.

While the current productivity cycle is not yet complete, average annual growth in labour productivity in the market sector from the June quarter 2008 to the March quarter 2012 was 1.7 per cent.

Labour productivity in the market sector increased by 3.9 per cent over the year to the March quarter 2012. This was the highest annual result since the year to the June 2004 quarter.

3) P.107/108 You have key performance indicators for the Fair Work Act and for this outcome and the outcomes in each of those.

a. For working days lost – what was the level in the PBS for the December quarter 2010?

For the year to the December quarter 2010, working days lost per thousand employees were 12.8.

b. December 2011?

For the year to the December quarter 2011, working days lost per thousand employees were 23.9.

c. That is a significant increase, yet the Department have not provided any comments. Why?

The Department did not comment on the increase for several reasons. First, short term industrial dispute figures tend to fluctuate depending on the number of agreements that have expired. For instance, the increase in working days lost in 2011 can be partly explained by a marked increase in the number of agreements expiring in 2011 as compared to 2010 (8335 agreements expired in 2011, compared with 5133 in 2010).

Second, the ABS industrial dispute figures include working days lost from all industrial disputes, not just those under the FW Act, so that disputes by state government employees not covered by the FW Act contribute to the total number of

working days lost. For instance, industrial action by NSW public sector employees significantly impacted on the September quarter 2011 figures.

Third, the industrial disputes figures for the December 2011 and March 2012 quarters have returned to the historically low levels of recent years.

d. I understand that Minister Shorten on numerous occasions has referred to the 'steady rate' of working days lost under the Fair Work Act. Does the Department agree with this statement?

e. What is a 'steady' rate of working days lost?

f. What is the buffer for 'steady'?

The Department is not aware of Minister Shorten explicitly referring to the number of working days lost as 'steady'.

Working days lost under Fair Work Act have remained within the band of historically low levels that have prevailed over the last decade. The number of working days lost was just over 240,000 in 2011. This is comparable to an average of around 230,000 over the previous 10 years. On that basis, working days lost under Fair Work Act could be regarded as "steady".

As noted above, short term industrial dispute figures tend to fluctuate. The industrial disputes figures for the December 2011 and March 2012 quarters have returned to the historically low levels of recent years. They also include working days lost from all industrial disputes, so that industrial action by employees outside the Fair Work system can inflate the figures.

4) P.108 –we have the department saying that it will 'promote work/life balance including options for flexible working arrangements':

a. How many IFA's are used in the Department?

There are currently 24 individual flexibility agreements in place in the Department.

b. What promotion of IFAs has been undertaken by the Department?

The department's Enterprise Agreement identifies flexibility agreements as one method of promoting work/life balance. The department offers a range of other flexible working arrangements such as part time work that are embedded in the Enterprise Agreement and available to all staff. These flexibilities are designed to promote work/life balance and information is accessible to all staff on the department's intranet.

c. What input did the Department have in the EOWA changes?"

The Department was not directly involved in the development of the Equal Opportunity for Women in the Workplace Agency Amendment Bill 2012 (EOWA Bill). The Department was, however, called to appear before the Senate Education, Employment and Workplace Relations Legislation Committee on 18 April 2012 to address potential interactions between the Fair Work Act and the EOWA Bill.