

# [Hsc economics topic notes](https://assignbuster.com/hsc-economics-topic-notes/)

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Labor Market Policies Labor market policies; are microeconomic policies that influence operations and outcomes in the labor market including industrial relations policies that regulate the process of wage determination as well as training, educationand Job placement programs to assist the unemployed.

The role of national and state systems Australia's industrial Relations system is governed by the " Fair work Act 2009" a unified national system for the private sector implemented by Rued Government of he labor party. Prior to this, was the " Work Choices Act 2006", by Howard Government. This act, modernized the award system from around 4300 awards to 122 modern awards, and simplified the retail sector from 46 awards and 2082 pages to 2 awards and 76 pages.

The national system for determining wages The fair work system establishes 3 main streams in the labor market that determine the pay and conditions of employees : Industrial awards - ABS 08' 17 % of all employees are covered by industrial awards Collective agreements - ABS 08' 40 % employees are covered by a collective agreement Individual employment contracts - ABS 08' 39 % of employees covered by common law contract or AWAY Minimum employment standards: The National Employment standards, sets out: Maximum weekly hours of work : 38 hrs Right to request flexible hours ii to care forfamilyLeave 'e, annual, sick Notice of termination and redundancy pay Minimum wages Minimum wages provide a safety net for any employee not covered by an award In June 2010, Fair work act set minimum wages to $ 15 per hour Awards

Awards establish the minimum wages and working conditions for employees Award system changed from 4300 awards to 122 awards- now referred to as " modern awards" Modern awards must now include a flexibility clause; enabling employees to vary the effect of an award to meet their individual needs without negotiating a separate agreement. Enterprise Agreements - previously collective agreements Enterprise agreements are the most common tort to wage determination; whereby employees and employers negotiate collectively an appropriate wage. Unions usually negotiate on behalf of employees. Under Fair work Act 2009, the agreements must also pass the BOOT (better off overall test), requiring employees be better off with the agreement. Employment contracts for high income earners Under Fair work act, employees who earn over $ 113, 800 p/yr aren't covered by an award, instead they are covered by common law contract (provisions in the agreement they make with their employer).

Dispute resolution Dispute resolution is also another major role the industrial relations system plays in the labor force Disputes can lead to different forms of action both covert and overt For many years in Ass, the process for resolving dispute was based on specialized industrial tribunals which included conciliation and arbitration. Now employees and employers opt for negotiation before any other. Under the Fair Work Act, Fair Work Australia only intervene in resolving disputes when: Compulsory dispute settlement terms: if the participants prove they need a third party Fair work Ass Bargaining in good faith: conduct of negotiations Resolving industrial action: during the proves of enterprise bargaining Decentralized Vs. Centralized Labor market

Centralized: wage rises and other labor market outcomes are primarily determined by the government Wage indexation: full indexation: wages are increased at the same rate as ICP partial indexation: wages are increased, less than ICP Decentralized: wages are determined by negotiation between employees and employers Decentralized Labor Market Centralized Labor Market Advantages Disadvantages Help to achieve key economics outcomes Locks in high inflation Leads to efficient allocation of resources Greater inequality can be used to achieve other economicgoalsSlows down structural change Wage levels can change to achieve equilibrium Risks of increased industrial action Individual employment contracts intent adjustments to work and pay conditions De to create maximum tolerability Education, training and employment programs there has been greater emphasis on education within Australia, for it allows greater skilled workers in the long run, therefore greater productivity and therefore economic growth overall intention to increase school retention rates to 90 % by 2020, and increase degrees by 40% by 2025