

# 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, education and 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 Rudd Government of the 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 for family
- Leave '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 economic goals  
Slows 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