

## **1 Statement of Requirement**

The Commonwealth of Australia (the 'Commonwealth') represented by the Department of Employment and Workplace Relations (the 'Department') is seeking quotes from suitably qualified organisations in relation to the provision of economic consultancy services (the 'Services').

The consultant will be expected to:

1. Measure the economic benefits of building upon recent workplace relations reforms.
2. Examine the impact of these changes on key economic aggregates such as productivity and GDP, and labour market variables such as wages, employment and unemployment.

Analysis can include any regional and industry impacts in Australia.

Consultants are required to keep confidential the nature of the subject matter being considered in the tender.

### **1.1 The Department's Requirements**

The Department requires the consultant to conduct the following tasks.

Determine the likely economic benefits of:

#### **a. Universal national system coverage**

- Under this scenario, State governments would transfer their industrial relations power to the Commonwealth creating a truly national workplace relations system. This would see coverage under the federal system rise from 85 per cent to 100 per cent. The benefits from this transfer would include reduced red tape and less confusion for businesses.

#### **b. Coverage of industrial instruments**

- Award coverage falls from 19 per cent to 10 per cent of all employees as the result of increased take up of agreement making. This would reduce the number of employees affected by the complexity and inflexibility of the award system.
- AWA coverage increases from around 5 per cent of all employees to 20 per cent. This further enhances the flexibility of the workplace relations system and allows employers and employees to tailor agreements to suit their individual needs.

#### **c. Reduced pattern bargaining**

- A reduction in the percentage of agreements made through pattern bargaining from 31 per cent in 2006 to 10 per cent. This will allow more agreements to address firm-specific conditions and opportunities for productivity improvements.

#### **d. Increased labour force participation**

- The impact of lifting Australia's labour force participation rate for 15 to 64 year olds from around 76.0 per cent to the New Zealand level of around 78.0 per cent.

e. Increased employment prospects for vulnerable groups

- The impact of the changes mentioned in (a) to (d) on the employment prospects of those groups with a marginal attachment to the labour market including persons with parenting responsibilities, persons with a disability and young people.

**1.1.1 Required Outcomes**

The report will be completed within a reasonable timeline to allow the consultant time to consider the issues involved and conduct relevant economic modelling.

A written Draft Report will be delivered two week prior to the deadline for the Final Report to ensure that sufficient development of the report has been made and allow for any modifications and enhancements. The Supplier will then have two weeks to take into consideration mutually agreed changes before presenting the Final Report.

**1.1.4 Project Deliverables**

Methodology and Assumptions

The successful Supplier will present a rigorous, achievable methodology for estimating the economic effects of building on Workplace Relations reform.

The Supplier will be expected to use a robust and reputable macro-economic model to estimate the impact of these effects on the target economic and employment variables identified.

The successful consultant could also use a sectoral macro-economic model of the Australian economy to generate estimates at the industry, national and regional level.

Deliverables:

The Department will require the consultant to provide the deliverables detailed below:

- Draft report:** This report will provide written analysis and results of modelling of the impact of building on Workplace Relations reform. This report will allow the Department to make an assessment as to whether sufficient progress has been made to ensure the delivery of the Final Report.
- Final report:** This report will reflect and incorporate any required amendments, clarification or additional analysis that may emanate following the Draft report. It will be provided to the Department for approval. The Final Report may be subject to peer review, and should be suitable for publication.
- Data:** The consultant will be required to provide any data generated through the Contract to the Department.

The reports and data described above will be provided as hard copy (2 copies) and electronically in a format or formats specified by the Department. The reports may be published by the Department, at the Department's discretion. If so, the consultant's role will be acknowledged.

**1.1.7 Project Management**

Regular contact will take place between the Department and the consultant as required to ensure that the Final Report provides all relevant information.

### **1.1.8 Quoted Prices**

The supplier will need to provide a full break down of costs involved in completing the project – including GST - such as human resources involved in completing the economic modelling, travel and other sundry allowances and any seminars or presentations of the results of the project.

### **1.2 Timetable**

1.2.1 The contracted work is to start on 14 May 2007 and be completed by 13 July 2007. See the timetable below.

Closing date for responses to RFT	11 May 2007
Engagement of Consultant	14 May 2007
Progress Report provided to the Department	22 June 2007
Final Report provided to the Department	13 July 2007