

## WHAT'S NEW ON THE TREASURY WEBSITE

The Treasury's website, [www.treasury.gov.au](http://www.treasury.gov.au), includes past issues of the *Economic Roundup*. Some of the other items posted on the website since the previous issue of *Roundup* that may be of interest to readers are listed below.

## **SPEECH**

**'Full Employment in Australia and the Implications for Policy' (December 2007). Address to the NSW Economic Society by Steven Kennedy, General Manager, Domestic Economy Division.**

<http://www.treasury.gov.au/contentitem.asp?NavId=008&ContentID=1328>

The unemployment rate is now near 30-year lows. This raises the question of whether it can be maintained, or fall further, without generating unsustainable increases in wages. Estimates of the Phillips and Beveridge curves suggest that unemployment around current levels is broadly consistent with stable inflation.

Workers with low educational qualifications have substantially higher unemployment rates than others, and their overall labour force participation is relatively low. Large relative differences in unemployment and labour force participation rates by education level suggest this as a rich area of policy focus. Labour market outcomes also diverge across the states, reflecting the strong and likely persistent demand in resource-rich states. This suggests a role for policy in removing barriers to labour moving to these states from states where demand is less strong.

## **BUDGET STATEMENTS**

**Mid-Year Economic and Fiscal Outlook 2007-08 (October 2007)**

<http://www.budget.gov.au/2007-08/myefo/html/index.htm>

This update is prepared in accordance with the *Charter of Budget Honesty Act 1998*. It provides the Australian Government's update on the outlook for the Australian economy and its fiscal position, incorporating data available up to October 2007.

**Pre-Election Economic and Fiscal Outlook 2007 (October 2007)**

<http://www.treasury.gov.au/contentitem.asp?e=1&NavId=057&ContentID=1321>

Consistent with the requirements of the *Charter of Budget Honesty Act 1998*, the *Pre-Election Economic and Fiscal Outlook 2007* issued by the Australian Treasury and Department of Finance provides updated information on the economic and fiscal outlook. The information in the report takes into account,

to the fullest extent possible, all Government decisions made before the issue of the election writs.

## **WORKING PAPER**

### **2007-04: Australian Labour Supply Elasticities: Comparison and Critical Review (October 2007)**

**<http://www.treasury.gov.au/contentitem.asp?NavId=049&ContentID=1319>**

Sandra Dandie and Joseph Mercante

Labour supply elasticities measure the responsiveness of individuals' labour supply to changes in variables such as the net wage rate (after consideration of tax and transfers) and net non-labour income. Elasticities have been estimated in Australia and internationally using a range of modelling approaches. This paper draws on reviews of elasticity estimates in the literature and considers factors affecting their estimation and interpretation. As indicated in these surveys, caution should be exercised when comparing these estimates, with due consideration of differences in data, methodological approaches and model specifications.

This paper summarises published labour supply elasticity estimates from Australia and discusses what can be learnt from them. Comparisons are also made with selected elasticity estimates from the United Kingdom, Canada and New Zealand.

Elasticity estimates in the reviewed studies aid our understanding of the labour supply responses of various population groups and are particularly useful when disaggregated. Disaggregated elasticity estimates allow an understanding of the relative responses of different population groups characterised by education levels, part-time or full-time employment status, level of income, or other household characteristics. However, few studies have estimated disaggregated elasticities. There is also scope for further improvements in modelling methodologies and specifications. This would help to identify population groups that are responsive to changes in net wages and incomes, and thereby strengthen the basis for policy development.

What's new on the Treasury website

## **ANNUAL REPORTS**

### **Treasury Annual Report 2006-07**

**<http://www.treasury.gov.au/contentitem.asp?NavId=035&ContentID=1320>**

The 2006-07 *Treasury Annual Report* outlines performance against outcomes, outputs and performance information contained in the Portfolio Budget Statements. It also includes the reporting requirements and financial accounts for the Royal Australian Mint, Australian Government Actuary and Foreign Investment Review Board.

### **Australian Government National Competition Policy Report 2005-07 (1 July 2005 to 30 June 2007)**

**<http://www.treasury.gov.au/contentitem.asp?NavId=036&ContentID=1306>**

The report details the Australian Government's performance against its commitments under the Competition Principles Agreement for the period 2005-2007. This includes progress on the review and reform of legislation that restricts competition; implementation of competitive neutrality principles; structural reform of public monopolies; access arrangements for essential infrastructure facilities; legislative exceptions from the application of Part IV of the *Trade Practices Act 1974*; and final National Competition Policy payments made to States and Territories in 2005.