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UNION'S CASUAL APPROACH PUTS ECONOMY IN JEOPARDY

Forcing people into full-time jobs ignores the fact it doesn't suit many workers.

THIS week, the president of the ACTU, Ged Kearney, outlined a campaign aimed at transferring casual workers to permanent status after 12 months. To reduce what the ACTU terms "precarious employment", Kearney canvassed the option of the federal government using its procurement policies to favour companies with permanent employees. She also called on employer groups to produce their own suggestions.

Not surprisingly, the employer groups were underwhelmed by the idea. Peter Anderson of the Australian Chamber of Commerce and Industry likened the ACTU's proposal to controlling the labour market "with some set of command and control rules". National Retail Association executive director Gary Black described the proposal as "pretty typical of an organisation whose constituency doesn't relate to the modern-day Australian economy, which is dominated by the services sector".

So what do we know about casual employment in Australia and how does it compare with the situation in other countries?

Before we can answer these questions, it is necessary to define casual employment. Unfortunately,

there is a lack of precision and consistency to the definition of casual employment in Australia. But one feature that is characteristic of most casual jobs is that they do not provide entitlements to paid leave, be it sick leave, annual leave or public holidays. It is this feature that traditionally has been used to measure the extent of casual employment in Australia. Using this definition, just more than one-quarter of all employees in Australia are employed on a casual basis. There was a very big rise in this proportion from the mid-1980s to the mid-90s, but since then there has been a levelling off in the relative growth of casual employment. While casual employment is much more common among female workers, there was a rapid growth in male casual employment in the 90s.

On the face of it, the proportion of casual workers in Australia looks much higher than in many other countries. But comparisons are difficult because of differences in definitions, with casual employment having no precise parallel in other countries. In the US, for instance, many jobs are effectively "at will", meaning workers can be let go at short notice. However, there is no official classification of this aspect of employment. In several European countries there are strict legal restrictions on the use of temporary employment, but whether these restrictions are useful in protecting the welfare of workers, particularly potential workers, is questionable.

Another key difference between casual employment in Australia and overseas is the pay premium casual workers are paid in Australia. This premium is at least 20 per

cent and compensates workers for entitlements that permanent workers enjoy, although the superannuation guarantee is payable for casual workers as long as their monthly gross income exceeds a fixed amount.

The casual workforce in Australia has some distinct characteristics: women with dependent children and young people are over-represented in the ranks of casual employment, for instance. Casual workers generally have few qualifications and occupy relatively unskilled jobs concentrated in retail trade and accommodation and food services. Casual jobs are more common in small firms, including those facing seasonal demand. Are casual workers less satisfied with their jobs than permanent workers? The ACTU would seem to think so, given its campaign. But research suggests the gap in job satisfaction between casual and permanent workers is very low, less than 0.1 and 0.2 on a scale between 0 and 10.

Many casual workers combine their employment with education, both at school and university. Indeed, this combination allows many young people to continue their education; without casual employment, their choices would be much more limited. By international standards, the participation of young people in Australia is extremely high, in part as a consequence of this combined activity. So what happens to casual workers through time?

Not surprisingly, many students complete their studies and progress to permanent, full-time employment. But not all casual

workers progress to permanent employment. Research by Buddelmeyer and Wooden found that a majority of workers, albeit a slim one, had moved from casual to non-casual jobs four years later. While males in casual jobs were likelier to move to non-casual employment than unemployed males, this finding did not apply to females.

Casual employment plays an important role in the Australian labour market, adding a degree of flexibility that is simply not allowed in many other countries. Countries with much higher rates of unemployment and much higher proportions of long-term unemployment than Australia. It simply suits certain tasks undertaken in certain industries. It also suits many workers. If restrictions were placed on the use of casual employment, in all likelihood there would be a reduction in the overall number of opportunities for workers as employers were forced to cut back activities in which casual jobs were typical. Surely this is not an outcome the ACTU would welcome.

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