



Australian Council of Trade Unions

## MEDIA RELEASE

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### National Anti-Poverty Week

## Action is needed to prevent underemployment becoming more entrenched in the workforce

A chronic problem of underemployment in the Australian economy is putting greater pressure on household incomes and pushing more families towards the poverty line, say unions.

The ACTU is concerned that the impact of underemployment has been overlooked amid signs that the jobless rate may not hit official forecasts.

As part of Anti-Poverty Week, unions are seeking to raise awareness of the plight of the underemployed.

In August there were 884,600 workers who were seeking more hours, or 7.8% of the workforce. Combine them with the 660,000 jobless, and the labour force underutilisation rate is 13.5%.

"It's commendable that employers have sought to make workers part-time rather than retrench them, and this has contributed in part to Australia's better than expected jobless rate to date," Mr Lawrence said. "But the flipside is that even more pressure has been placed on family incomes.

"Reduced working hours has a real impact on household spending.

"Underemployment in the workforce is now the highest since records began. It is higher even than at the peak of the recession of the early-1990s.

"Our concern is that as the economy picks up again, these workers are able to find full-time work. Experience from the last big recession showed that casual and part-time work became entrenched in the labour force, with a detrimental impact on job and income security.

"It would be wrong for employers to inflict further hardship on working families by continuing with reduced hours, which was meant to be a temporary measure," said Mr Lawrence.

Mr Lawrence said the true benchmark of economic recovery had to be restoration of working hours and jobs growth. It would be recklessly premature to begin unwinding the economic stimulus package at this stage, he said.

Unions and welfare groups are also calling for changes to Australia's tax and social security systems to remove in-built biases which penalise low-income workers from making the shift to full-time work. ACTU research shows that low-income workers are losing up to three-quarters of their income as they increase their hours of work because of unfair tax and social security rules.

The President of the National Welfare Rights Network, Kate Beaumont, said this created a "poverty trap" for many low-paid people.

"Flaws in the relationship between the tax and social security systems are trapping hundreds of thousands of low income workers," she said.

"There are real disincentives for people to increase their working hours because they get penalised for their increased income."

***Kate Beaumont will speak at the Australian Services Union's Victorian Authorities & Services Branch, 'State Conference' at Rydges on Swanston, 701 Swanston Street, Carlton, at 9.15am tomorrow (Thursday, 15 October).***

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