

Low pay, casualisation & work till you drop

Australian workforce trends 1996-2004

September 2004

Summary

This ACTU analysis of the latest key employment and earnings data from the Australian Bureau of Statistics shows that the Australian job market is changing rapidly.

The major current trends are a substantial increase in low paid jobs, rising casualisation of the workforce, persistent underemployment and rising levels of overtime:

- Half of all employees — around 4.1 million working Australians — currently earn less than \$650 a week (\$33,700).
- The workforce grew by just over 400,000 new jobs from 2000 to 2003 but nearly two thirds (64.8%) of these new jobs pay less than \$600 a week.
- Over 2 million people earn less than \$400 a week and have received an annual effective pay increase of only \$3.73 a week in the period from 1996 to 2002 — less than a twentieth the gains of the top 10%.
- More than one in every two (50.6%) net new full time jobs created since 1996 have been casual and overall there are now more than 2.2 million casual workers — an increase of 22% since 1996.
- Part time jobs have grown by almost a third (32.5%) in the last eight years — outstripping full time jobs growth (10%) by more than three to one. More than 600,000 part time workers (23%) want more hours of work.
- Almost a million Australians now work unpaid overtime — an increase of 24% since 1996.

Key trends

Overall, an extra 1.3 million employees have been added to the workforce in the period 1996 to 2004.

Of these, there are an extra 700,000 part time jobs but around only 600,000 more full time jobs. Around 400,000 of all new jobs in the period have been casual.

The middle or median income has risen only slightly. When adjusting for inflation, median income has increased by only \$21 up to \$648 a week.

Table 1: Australian workforce trends

	Then	Now	Increase
Total Workforce ¹	8,328,800	9,634,960	15.7%
PT jobs ¹	2,063,600	2,734,500	32.5%
FT jobs ¹	6,265,200	6,891,100	10.0%
Casual jobs ²	1,841,200	2,239,900	21.7%
Median pay (\$/wk) ³	\$627	\$648	3.4%

Sources: ¹ABS 6202.0 Mar96 – Mar04; ² ABS 6310.0 Aug96 - Aug03; ³ ABS 6306.0 May 96 – ABS 6310.0 Aug03 (\$2003).

Surviving on low pay

More and more people are struggling to survive in low paid jobs despite the past seven years of strong economic growth. ABS data shows:

- There are now more than four million Australians — half of all employees — earning less than \$660 a week, or less than \$34,000 a year.
- And there are 1.3 million Australians surviving on wages of less than \$300 a week.

Table 2: Surviving in low paid jobs

Employee Earnings weekly	Employee Earnings annual	Number of People (cumulative)
\$300 or less	\$15,600	1.3 million
\$400 or less	\$20,800	1.8 million
\$500 or less	\$26,000	2.4 million
\$600 or less	\$31,200	3.3 million
\$648 or less ¹	\$33,700	4.1 million

Source: ABS 6310.0 Aug 03

Small effective pay rises

The most recent ABS data shows only a very little increase in real earnings for the bottom 25% of the workforce — around 2 million people — since 1996.

- These people earn just \$397 a week or less and yet their incomes have only increased by \$3.73 a week in the period from 1996 to the most recent figures in 2002.
- At the same time, the incomes of the top 10% of wage earners has increased by \$81.22 a week — more than 20 times the gains of the bottom 2 million working Australians.

Table 3: Pay rises 1996-2002

Percentile	May-96 (2002 \$)	May-02	Effective annual pay increase (\$ per week)
25	\$393.3	\$397.00	\$3.73
30	\$451.4	\$459.00	\$7.61
40	\$534.4	\$554.00	\$19.57
50	\$607.3	\$635.00	\$27.75
60	\$692.6	\$726.00	\$33.41
70	\$799.5	\$834.00	\$34.47
75	\$863.0	\$900.00	\$36.96
80	\$932.6	\$985.00	\$52.35
90	\$1130.8	\$1212.00	\$81.22

Source: ABS 6306.0

¹ Median income.

Most new jobs are low paid

More and more Australians are being forced to survive on low pay because jobs growth in recent years has been heavily skewed towards low paid work.

Based on ABS data, our research shows that almost two out of every three net new jobs created in the last three years pay less than \$600 a week.

From 2000 to 2003 the workforce grew by just over 400,000 new jobs but nearly two thirds (64.8%) of these jobs pay less than \$600 a week — less than \$31,200 a year.

Table 4: Low paid new jobs

Employees	2000	2003	Net new jobs	Net new jobs
Earning \$600 or less ¹	3,018,000	3,283,000	265,000	64.8%
Earning \$601 or more ¹	4,678,000	4,822,000	143,900	35.2%

¹ABS 6310.0 - converted to 2003 dollars

Financial pressure on working families

Having a job is no longer a guarantee against poverty and hardship.

The recent Senate Inquiry into Poverty in Australia confirmed that the 'working poor' are the new face of poverty with up to 1 million Australians living in poverty despite having a job.

ABS research also shows there is a high level of financial pressure among Australians whose main source of income is wages.² This research shows that overall 810,000 working families experienced a **cash-flow problem** in the past year. This includes:

- 59,000 people went **without meals**;
- 95,000 people were **forced to pawn** or sell something because they needed cash;
- 36,000 were **unable to heat their homes**;
- 89,000 **sought help from charities** and welfare organisations;
- 537,000 — more than half a million people — were **unable to pay their electricity, gas or phone bills** on time.

² See http://www.actu.asn.au/public/news/1078871227_15158.html - Extract from the ACTU Minimum Wages Case Reply Submission, 9 March 2004, page 86: Financial Stress Indicators.

Casualisation of job market worsens

Since 1996 there has been a 21% increase in casual employment with more than 2.2 million Australians now working casually.

Table 5: Rise in casual work: 1996-2004

	1996 ('000)	2004 ('000)	Increase
Total Workforce ¹	8328.8	9635.0	15.7%
Casual jobs ²	1841.2	2239.9	21.7%

Source: ¹ABS 6202.0 Mar96-04; ²ABS 6310.0 Aug96-Aug03

There has also been a substantial and alarming rise in the proportion of new full-time jobs that are on a casual basis.

During the period August 1996- 2003, there has been a net increase of 226,400 new full time jobs that are casual with total full time casual jobs rising from 559 100 to 785 500.

However in the same period, only 447,100 new full time jobs were created overall.

This shows that just over half (50.6%) of net new full time jobs under the Howard Government have been casual.

Table 6: Growth in full time casual jobs

<i>All full time jobs</i>	<i>Number</i>
August 1996	6 314 400
August 2003	6 761 500
Net Increase	447 100
<i>Casual full time jobs</i>	
August 1996	559,100
August 2003	785,500
Net increase	226,400
% Net new casual full time jobs	50.6%

Source: ABS 6202.0 - Seasonally adjusted.

Australia has the second highest proportion of temporary or casual workers of any developed country. The fact that so many countries have much lower rates of casual work shows that job insecurity is not essential to a competitive economy and that the problem can be fixed.

A major new study by Dr Barbara Pocock, Dr Rosslyn Prosser & Dr Ken Bridge of the University of Adelaide, found that high levels of casualisation are a problem for both the individual employee and the economy as whole.³ Key problems include:

³ See http://www.actu.asn.au/public/news/1091409805_23073.html

1. *No paid leave*
Around one in three women are now employed casually and have no access to paid sick leave or annual holidays or even paid leave on a public holiday.
2. *Most casual jobs are long term jobs*
The whole idea of casual work is that it should only be for jobs that are short-term or have widely varying hours, but the research shows that this is not the case. Most casual jobs are long term jobs with more than half of all casuals staying in their jobs more than one year.
3. *Casuals are low paid*
The research also shows that even with the extra pay loading casuals receive because they do not get paid leave and holidays, they are paid 21% less than permanent workers. Most casuals receive only \$15 an hour (inclusive of casual loading) whereas most permanent workers receive \$19 an hour (not including their paid sick, holiday, carers and long service leave).
4. *Home ownership lower for casuals*
The generally low pay and lack of permanency means that banks are reluctant to lend to casuals and they find it harder to buy a house. Only 35% of casual workers own their own home compared to 60% of permanent workers.
5. *Negative productivity impact*
Rising levels of casual work is also having a negative effect on skill development and productivity in the economy. Less than half of casuals (45%) who have been in their job for more than a year received any training in the past 12 months compared to 71% of permanent workers.

The Pocock study also found that casual workers are not happy being casual with 75% of respondents preferring a permanent job.

These findings are consistent with recent quantitative research with ABS data showing three quarters of all casuals saying they would prefer more regular patterns of work.

A recent Parliamentary Library study also concluded that '*...casual employment (with the exception of students) is probably an involuntary work arrangement for many workers*'.

Work till you drop — overtime epidemic

ABS data shows Australia is in the grip of an 'overtime epidemic' with almost 1 million people now working unpaid overtime on a regular basis.

- The number of people working overtime on a regular basis has now increased to 3 million — an increase from 33% of employees to 37% in the past three years.
- Around 1 million people — one in eight workers — are regularly working overtime but not being paid for it.
- The number of people regularly working unpaid overtime has risen by 24% since 1997.
- Men are worst affected by the 'overtime epidemic' with 44% regularly working overtime compared to 29% of women.

Table 7: Regularly working unpaid overtime

Employees	Aug 1997	Nov 2003	Rise
People working Overtime	2,281,400	2,958,300	30%
People with Unpaid overtime	795,600	985,900	24%

Source: ABS 6342.0

Employees worst affected by the ‘overtime epidemic’ are those working in the following industries:

- Education sector: almost a quarter of a million employees (238,000 people) work unpaid overtime in this sector.
- Property and business services: 150,000 people working unpaid overtime.
- Retail trade: 87,000 people working unpaid overtime.
- Health and community services: 87,000 people working unpaid overtime.
- Manufacturing: 78,000 people working unpaid overtime.

Rise in underemployment

The trend towards part time work is exacerbating the problem of underemployment for many Australians.

Part time jobs have grown by almost a third (32.5%) in the last eight years and are outstripping full time jobs growth (10%) by more than three to one.

Almost four out of every ten jobs are now part time.

The proportion of people working part time is highest in SA and Tasmania with 43% of the workforce in those States working part time.

More than 600,000 part time workers (23%) want more hours of work. The number of part-timers wanting more hours of work has increased by 173,300 since 2000 — a 40% increase.

Table 8: Part time work

	Aust	ACT	NT	Tas	WA	SA	Qld	Vic	NSW
Part-time workers	2,689.20	46.9	13.1	62.2	269.8	213.3	511.3	717	855.7
% of workforce PT	39%	37%	21%	43%	40%	43%	39%	42%	37%
Part-time workers who want more hrs	610.7	8.4	3.3	14.7	57.6	51.7	124.1	158.9	191.9
% of part timers who want more hrs	23%	18%	25%	24%	21%	24%	24%	22%	22%

Source: ABS 6265.0 Sept 03