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Opinion Piece by ACCI Chief Executive Peter Hendy for the Business Review Weekly (BRW) – “New ways of working” – 27th May 2004

Does casual employment provide much-needed flexibility in the labour market, or is it exploitative?

The flexibility afforded by casual work helps workers, their employers and the wider economy.

The labour movement demonises casual employment for ideological reasons.

But casual employment does not deserve it; it serves an important function in our labour market. It is not for everybody or for every form of job, but it has its own legitimacy and without it we would be worse off. More importantly, it is not for government – let alone unions – to tell employees and employers if casual employment is right for them or their business.

The world of work has changed substantially over the past generation. Employment regulation needs to be flexible to allow businesses to respond to clients, consumers and competitors. Employees are more skilled, more mobile, and one size does not fit all. Preferences over how, where and when to work differ markedly. One staff member might want to maximise earnings while another will want more time off for family, personal study or simply for leisure.

Although a large part of our labour market retains the traditional concept of a full-time job, we have developed new ways of working, including part-time work, casual work, job sharing, multiple jobs, fixed-term work, self employment and independent contracting.

There are many myths about the so-called casualisation of the labour force. Most of them are self-serving and fuelled by union officials, academics or politicians who believe in more labour-market controls and who see casual employment as a soft target for their ideology. A few facts help to clarify the debate. Casual employment has increased from about 15% of the workforce in the 1980s to about 27% in 2004. Although the growth has been steady over this period, the rate of growth in the past five years has slowed (note: slowed, not accelerated). The highest rate was in the late 1980s.

The growth of casual employment over the past 15 years has not been at the expense of full-time jobs. People seeking casual work are not usually in the market for a full week's work. A recent analysis of the Australian labour market concluded that there has been a dramatic increase in the long-term workforce at the same time that we have increased casual employment. And part-time and casual employment has facilitated the employment of women.

A generation ago, casual or part-time employment was regarded as a lesser form of employment, something to be discouraged or something that threatened full-time jobs. We have now moved beyond some of those old assumptions.

Flexible work arrangements also help us meet important social and industrial goals, such as achieving high rates of return to work for mothers after maternity leave; increasing participation rates in the labour market among young people and students; making our businesses more efficient and competitive; and helping to better balance work and family. Some of our emerging challenges, such as ageing population, are also assisted by flexible forms of employment that enable mature-age workers to more easily manage the transition from work to retirement.

Unions want to tell you that casuals are second-class citizens, but how can that be so when they are paid by the hour at a rate that is usually between 20% and 30% higher than full-time or part-time staff, as they do not receive accruing rights like annual leave and sick leave? A casual wage, and the loaded casual rate, can be a very useful component of the family budget, especially in low-income households.

Not surprisingly, most casual employees work in service industries such as retail, hospitality and clerical and in industries with peaks and troughs such as agriculture and tourism. About 45% of casual employment is among the young and student workforce who are not looking for long-term job commitment. More than 70% of casual employees want to remain in casual work.

Although federal law and industrial tribunals have removed some restrictions on casual employment, there is still plenty of employment regulation that applies to casual workers. Most casual arrangements are truly consensual, as casual staff prefers to maximize income and not lose the casual loading. Casual work is not an end in itself, nor a way to avoid good employment practices. All employees, including casual staff, should be given appropriate training, rewards and career development.

Some wrongly believe that employing a person as a casual employee and paying the higher hourly rate avoids all or most employment regulation that applies to permanent staff. It does not.

Courts are prepared to go behind employment descriptions if they believe that the substance of the relationship means that it is not really casual employment. To the extent that casualisation is a complaint from union leaders, they need to look at their own policies and actions and not blame employers. The hurdles and costs that unions impose on full-time and part-time employment – such as tough unfair-dismissal laws and, more recently, forcing small business to pay large redundancies to full-time and part-time staff – simply fuel the growth of casual employment.

Australian employers and small business will not accept exhortations from unions and politicians that support union ideology on casualisation when it is industrial activism by



unions and excessive labour-market regulation that drives employers away from more permanent employment.