



Carmichael Centre Explainers Kit

INSECURE AND CASUAL EMPLOYMENT CAUSES AND CONSEQUENCES

THE GROWTH OF PRECARIOUS EMPLOYMENT

Once upon a time, a 'normal' job consisted of full-time waged work with normal entitlements (like paid leave and superannuation). But that practice has been eroded badly in recent years and today various forms of insecure and casual work have become dominant. Especially for young workers, the idea of a permanent waged job with normal entitlements now seems like a far-off dream.

Insecure or 'precarious' employment comes in many forms. In Australia, about one in four waged employees is hired on a casual basis: meaning they have no guarantee of continuing work, they are not entitled to notice or compensation for severance, and they are denied basic benefits like annual leave or paid sick leave. Casual work was originally intended for jobs with inherent seasonal or business fluctuations. But the practice surged after economic restructuring in the 1980s and 1990s and is now common in most industries and occupations.

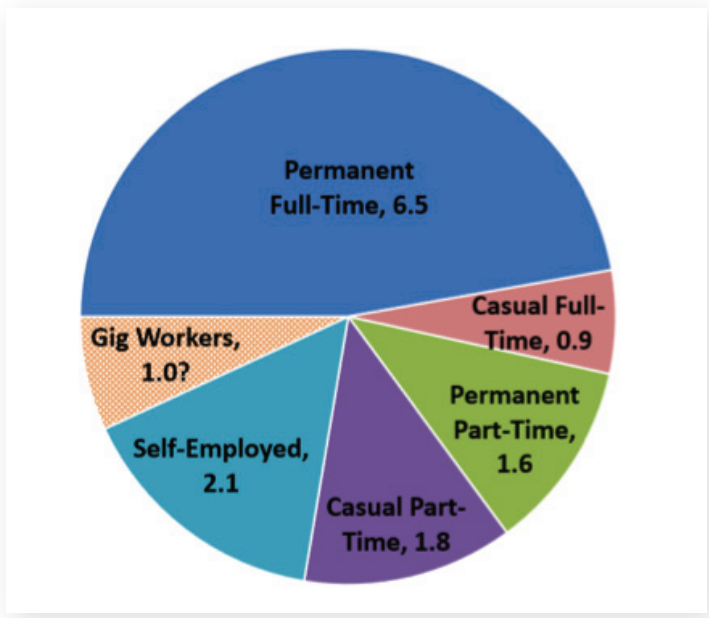
However, casual work is just one of many forms of insecure or precarious employment. Other kinds of insecure work include most part-time jobs, labour-hire and other temporary positions, many contractors, most self-employment (especially sole-traders with no employees), and workers in the 'gig' economy.

Because of the expansion of all these forms of insecure work, a minority of Australian workers now enjoy the security and protections traditionally provided by stable, waged employment. By 2019, even before COVID-19, less than half of working Australians held a permanent full-time waged job with paid leave. Most worked in casual, part-time, self-employed, and gig jobs (see Figure 1).

WHY DO EMPLOYERS PREFER PRECARIOUS JOBS?

In previous decades, most workers (around 70%) held a 'normal' full-time permanent job with entitlements. Casual and part-time work was rare. The resulting job security underpinned steady progress in living standards through the postwar era. Today, unfortunately, the growing precarity of employment contributes to insecurity, inequality, and family and social stress.

FIGURE 1: FORMS OF EMPLOYMENT (MILLIONS), AUSTRALIA 2019



Why have employers expanded insecure work practices (like casual, labour hire, and gigs)? They seek a 'just-in-time' workforce: one they can upsize and downsize at will, to match fluctuations in business conditions or consumer demand. If business declines, workers (not employers) bear the costs. And insecure employment allows employers to evade many normal costs, like paid leave, sick pay, and (for contractors and gig workers) superannuation and workers compensation.

There's another motive leading employers to expand insecure employment. When workers are permanently on edge, wondering if they'll have a job next month, they're more likely to accept employer demands, no matter how unfair. They won't ask for a raise. They won't complain about unsafe conditions. And above all, they are less likely to join a union. In short, a permanently insecure workforce has been a deliberate goal of long-run efforts of business to exert more power and control over workplaces and workers.

INSECURE WORK AND WAGE STAGNATION

The expansion of insecure work has contributed to the unprecedented stagnation of Australian wages. Since 2013, nominal wages have grown just 2.0% per year — barely half its historic pace. Real wages (after inflation) have been totally flat. The COVID-19 pandemic made matters even worse.

TABLE 1: PERMANENT AND CASUAL WAGES, 2020

	Permanent	Casual	Casual Penalty
Hourly	\$38.56	\$28.47	-26.2%
Weekly	\$1300	\$624	-52.0%

Source: From ABS Characteristics of Employment.

Median earnings for employees.

In theory, casual workers are supposed to receive loading over and above their base rate. In reality, they earn much less than permanent staff. Median hourly wages for casual employees were 26% lower in August 2020 than for permanent employees (Table 1). That's the mirror image of the supposed 25% casual loading premium prescribed in many Modern Awards. The earnings penalty is compounded by inadequate hours of work: median weekly earnings are 52% lower for casual workers.

There are many reasons insecure workers earn lower wages. In practice, half or fewer casual workers are actually paid their full loading, due to lack of information or enforcement. Even when loading is paid, the baseline against which it is calculated can be manipulated by employers; permanent staff are typically assigned to higher wage categories. Insecure workers rarely ask for a wage increase, knowing they could be let go on the spot. Finally, lack of access to promotion and advancement opportunities further suppress wages for workers in casual and other insecure positions.

Underpayment of insecure workers hurts the broader economy by reducing household incomes and suppressing consumer spending. For example, if Australia's 2.6 million casual employees were paid the same as permanent workers, their hourly wages would grow by \$10, and total wage payouts across the economy would increase by \$30 billion. That would provide a badly needed boost to worker incomes and consumer spending.

OTHER CONSEQUENCES OF INSECURE WORK

The overuse of casual and other insecure work produces other harmful impacts for workers, their families, and society. Casual employees cannot typically attain mortgage financing for property purchases and other major family investments. This results in greater precarity in living arrangements, greater risk of homelessness, and family instability.

The lack of paid sick leave for casual and gig workers is especially dangerous. If insecure workers take unpaid leave when ill (or exposed to a disease like COVID-19), they face a painful financial penalty. Many will feel compelled to work anyway. This undermines their own health, and that of their colleagues, customers, and the public.

Insecure work also undermines occupational health and safety due to inadequate training and orientation; fear of reprisals for speaking out about safety concerns; and too-frequent job changes. Similarly, workers in casual and insecure jobs have less ability to confront sexual assault or harassment in the workplace, or family and domestic abuse at home.

FIGHTING FOR SECURE JOBS

Without urgent changes in policy, the expansion of insecure work in all its forms will certainly continue. Previous recessions (in the 1980s and 1990s) produced a permanent uptick in casual employment. A similar outcome is likely after the COVID-19 pandemic and recession. Insecure work will be further reinforced by the Coalition government's 2021 changes to the Fair Work Act, which explicitly endorsed employers' right to hire casual workers in any role they desire. Meanwhile, contracting out, gig work, and labour hire further continue to undermine the once-dominant ideal of permanent full-time work with entitlements.

Casual and insecure work reflects a very one-sided vision of 'flexibility.' Employers can hire and fire precisely when desired. But the risks and costs to workers are painful and unfair. Australia urgently needs policies to limit insecure employment, and support better, more stable jobs. Casual work should be limited to jobs with inherent and ongoing fluctuations. Basic protections (like paid sick leave) must be provided to all workers, regardless of status. And the creation of secure, decent jobs must be the top priority of economic policy as Australia recovers from the pandemic.

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