

# 'A Casual Discussion'

IPA WORK REFORM UNIT

**I**T HAS been argued that the rise in the use of casuals in the workforce is damaging the economy because of diminished loyalty and inadequate skills training. Further, the argument suggests that the use of casuals creates high feelings of insecurity in the community, damaging social cohesion and family life.

In response, others argue that casualization contributes to a flexible, vibrant and internationally responsive economy, resulting in a reduction in unemployment. Further, that most people who work as casuals enjoy and want that form of work and that the rise of casuals is in large part driven by worker demand and their need for family-flexible working arrangements.

Over the last few years, this 'casual' debate has become intense, exciting interest amongst academics, human resource managers, industrial relations and other management groups who have to make decisions on the mix of workforce arrangements used in firms. Recently, the debate has entered the mainstream of party political discussion, becoming one of the defining differences in political positioning. The pressure is on for legislators to 'do' or 'not do' something.

Should legislators leave labour regulations on casuals in *status quo* mode? Should they alter regulations to restrict casualization? Are the industrial relations commissions being too interventionist and activist in making casualization harder? Should the commissions be given clearer instructions on casuals? Decisions in these areas will have significant impacts on the nature of the Australian economy, how firms operate, the structure of society and the work-mix options available to all families.



To aid the debate, the Work Reform Unit of the IPA invited contributions to 'A Casual Discussion' from six people who have made public contributions to the debate and who present a cross-section of the diverse views available. In six succinct articles, the contributors provide a balanced overview of the debate.

The contributors are:

- *Richard Marles* Assistant Secretary, Australian Council of Trade Unions.
- *Peter Anderson* Director, Workplace Policy, Australian Chamber of Commerce and Industry.
- *Kayoko Tsumori* Research Analyst, Centre for Independent Studies.
- *Craig Emerson* The Australian Federal Labor Party spokesperson on workplace relations.
- *Jonathan Hamberger* Employment Advocate.
- *Ken Phillips* Co-ordinator of the IPA Work Reform Unit.

The full articles can be located on the IPA Website at (<http://www.ipa.org.au/Units/Workreform/workreformcasual.html>)

## WHAT ARE THE STATISTICS?

Although still hugely significant, it is startling to discover the extent to which 'full time' employment no longer pervades every aspect of work. Work profiles now show that a wide diversity of arrangements constitute

the norm. Not only are casual employees a significant part of the workforce, but independent contractors constitute one in five workers.

And what of independent contractors? Where do they fit into the debate? For self-employed people, the only permanency they have is in their income—which is dependent on their own attributes and skills conjoined with the success of the overall economy. The self-employed are, in effect, 'casuals' who are at one and the same time the 'employer' and the employee but they employ themselves.

In this diverse world of work, the question is: is the diversity a problem to be fixed, or a benefit to be enjoyed, or something in-between?

## THEY SAY!

### *Richard Marles*

- In the brave new world of work in Australia, the biggest concern for working people is security or more accurately the lack of it. Gone are the days of a job for life in one company.
- The key question is whether this growth has occurred as a result of employer-driven desires or worker preference.
- Workers pay the price of this insecurity, but so too do other parts of the economy, for permanent employment provides access to credit for homes and cars in a way that casual employment simply does not.

### *Peter Anderson*

- The world of work has changed significantly over the past generation. Employment regulation needs to be flexible to allow businesses to respond to clients, consumers and competitors. Employ- ▶

ees are more skilled, more mobile, and one size does not fit all. Preferences over how, where and when to work differ markedly.

- We have now moved beyond some of those old assumptions that were based on the male-dominated, Monday-to-Friday full-time job. In 2004, casual work has its own legitimacy to employers and employees who choose it.

#### *Kayoko Tsumori*

- Casual employment appears to have grown ... due in part to the needs of many working-age individuals for more flexible arrangements than those offered by permanent employment.
- Survey findings indicate that casual employees are just as satisfied with various aspects of their jobs as permanent employees, including pay.
- The real problem with the casuals campaign is that, if successful, it would end up increasing unemployment. The prospect of having to convert casual positions to permanent positions after six months is a disincentive to hiring.

#### *Craig Emerson*

- Continuing productivity growth will be mission impossible if businesses fail to invest in the skills of their employees. Yet employers have little incentive to invest in training casual workers who are likely to leave if they find more secure jobs.
- Casual employment denies workers basic working conditions like sick pay, holiday pay and overtime loadings. Casual employees find it very difficult to obtain mortgages and other bank loans.
- Labor believes that casual full-time and part-time work needs to be more clearly defined.

#### *Jonathan Hamberger*

- Whilst many employers have embraced the use of casual labour, this appears to have occurred without due consideration being paid to the long-term implications of a significant reliance on casual employees.
- Businesses having to cope with a regular 'churning' of casual employees invariably suffer financially; most obviously with regard

to increased recruitment and training costs, but also in terms of productivity. Customer service standards are likely to deteriorate where levels of experience and knowledge is constantly 'churned'.

#### *Ken Phillips*

- The proposals to give casuals holiday and other entitlements, reflects a long-held view that any work that is not full-time and not permanent is somehow illegitimate. This is a view that ignores simple mathematics, appears out of step with community expectations and seeks to impose one model of business operations onto business
- There is a strong view amongst industrial relations and human resource academics, some managers, unions and some industry associations that the only socially legitimate form of work is full-time, permanent employment.

The full Casual Discussion can be located on the IPA Website at (<http://www.ipa.org.au/Units/Workreform/workreformcasual.html>) **IPA**

### What Do the Statistics Show?

Type of engagement	Number of people	Percentage of workforce
Full-time Employees: 'Employees with leave entitlements (holidays, sick leave, etc.)' Includes part-time and full-time employees	4,939,700	59%
Casual Employees: 'Considered job to be casual and did not receive leave entitlements'	1,486,900	18%
Casual employees (?): 'Did not consider job to be casual but did not receive leave entitlements.'	299,500	3%
Independent contractors (self-employed): 'Owner managers of unincorporated enterprises.'	1,078,800	13%
Independent contractors (self-employed): 'Owner managers of incorporated enterprises.'	590,900	7%

Source: Australian Bureau of Statistics. Forms of employment survey No 6359.0, released February 2000.

Note: An analysis of these figures was undertaken by Alan Moran of the IPA titled 'Just How Many Are There?: Employees, Independent Contractors?' and is available at (<http://www.ipa.org.au/pubs/workreform/numbers.html>)