

## A part-time 'working' nation

*While Australia enjoys its' lowest official unemployment rate in 28 years, it's time to reflect upon the true level of labour market exclusion in this country and the prospects facing Australia's unemployed and working poor.*

By Tim Martyn

Since the end of the recession we 'had to have', Australia's official unemployment rate has continued to tumble. Ongoing economic growth, coupled with an increased level of labour market flexibility has helped create a host of new jobs to service the Australian economy.

In December 2004, the official unemployment rate sunk to just 5.1 percent – the lowest rate in 28 years.<sup>1</sup> Despite the unemployment rate remaining steady in the February index, all the indicators are that this rate will sink even further. However, it is important to note that today's labour market is a very different place to 28 years ago.

The ongoing casualisation of the labour force, complicated by the large numbers of hidden long-term unemployed, underemployed and 'demotivated' jobseekers, has left the labour market at a critical juncture. It's important that while celebrating the low unemployment rate, the Federal Government's employment agenda keeps sight of the big picture: as Australia's full-time employees spend longer hours at work, the ranks of Australia's part-time 'working' nation continues to grow.

The difficulty stems from the way we measure unemployment in Australia. The Australian Bureau of Statistics (ABS) counts people as employed even if they spend as little as one hour per week working, and spend every subsequent hour actively seeking a job.<sup>2</sup> If 1 million Australian employees were involuntarily shifted from full-time to part-time hours tomorrow, there would be no impact upon the official rate.

Official unemployment fell to just 520,000 people in December 2004; however, if we were to take into account the unemployed and underemployed currently excluded by this measure, a lack of work remains a major financial burden for more than 1.5 million Australians. And given that there are 1 million households where one or more adult works living below the poverty line,<sup>3</sup> we start to see the new phenomenon facing Australian workers: a job is no longer a guaranteed path out of poverty.

That 87 percent of the jobs created in the 1990's paid less than \$26,000 a year,<sup>4</sup> or that two out of every three jobs created in the last three years pays less than \$600 a week,<sup>5</sup> is perhaps the best illustration of the fact that a job is no substitute for good employment policy.

The main reason that these new jobs pay so badly is that the majority of the growth has been in part-time employment. In fact, for every four new part-time jobs, only one full-time position is created.<sup>6</sup> As a result of this trend towards

part-time employment there were, by July 2004, 2.8 million part-time workers in Australia – 29 percent of the labour force. Compare this figure to the Australian workforce circa 1978, where 85 percent of employees – and 96 percent of male employees – worked full-time.<sup>7</sup>

The effect of the explosion in part-time employment is that a huge number of Australians are now underemployed: 610,000 of them, according to the latest available ABS figures.<sup>8</sup> The number of underemployed persons has increased more than threefold during the past two decades, with a corresponding increase in the official underemployment rate from 2.6 percent in 1979 to 6.2 percent in 2003.<sup>9</sup> Meanwhile, full-time employees are working longer hours than ever before.

Underemployed workers are defined as persons working part-time who would prefer to work more hours plus those who usually work full-time, but who are currently working less than 35 hours per week.<sup>10</sup>

Data collected by the ABS shows that most underemployment is of a long-term nature, with the average duration of insufficient work being 57 weeks.<sup>11</sup> The average number of extra hours that under-employed people would prefer to work per week is 16.2, with most of the underemployed preferring to work full-time.<sup>12</sup>

Consecutive Federal Governments' policies with respect to labour market flexibility have contributed to this trend towards part-time work, and the concurrent fall in conditions and job security. While labour market flexibility has created new opportunities for those seeking part-time employment, this has largely been at the expense of full-time work.

Rural Victoria is one of the areas that has been hardest hit by this trend. Despite Victoria's surpluses and private sector prosperity, there are fewer jobs in Victoria's towns and rural areas now than in 1990.<sup>13</sup>

No wonder so many young people are leaving the bush and flooding to the capital cities; the dearth of full-time work has forced them to take flight. The disappearance of full-time work from our regions has driven those who have remained into low-paid, casual and part-time positions, such as in call centres.<sup>14</sup>

The credibility of the official unemployment rate is compounded by the statistical exclusion of an estimated 300,000 mature-aged, long-term unemployed workers that have been shifted onto the Disability Support Pension (DSP).<sup>16</sup> One of the key changes that enabled this shift was the 1991 decision to take local labour market conditions into account when considering a disability claim by anybody aged 55 or over.<sup>17</sup> Subsequently, the employment advisors whose job it is to help unemployed people find work (paid for by the Job Network, a program currently funded by the taxpayer to the tune of \$1 billion per annum) have been relieved of their responsibility to some of their more difficult cases, as the over 55's have been shaved off the unemployment rolls and shifted onto the DSP. Half the people now joining the

DSP each year are recruited directly from the unemployment rolls where they have, on average, spent more than 12 months drawing unemployment benefits.<sup>18</sup>

The one remaining undisclosed unemployed group is the 'discouraged job seekers': those jobless individuals who want to work, are ready to start within four weeks, yet who have given up actively looking. According to the most recent available figures, the ABS calculates that 80,000 'discouraged' unemployed are excluded from the official rate.<sup>19</sup>

When 85 percent of those classified as employed were full-time workers, as was the case in the mid-1970's – the last time the official unemployment rate reached 5.1 percent – such a measure of unemployment was appropriate. However, when someone working for only one hour per week is classified as 'employed' and there are over 200,000 people working less than 10 hours per week but seeking additional hours, then new measures of labour market performance are desperately required;<sup>20</sup> and when 1 million working Australians continue to struggle to pay for even the most basic services for their families – including over half a million who were unable to pay for their electricity or phone bills last year – its time we reconsider what minimum benefits a job should bring.<sup>21</sup>

Further labour market reforms are high on the Coalition Governments fourth term electoral agenda; once the Coalition takes control of the Senate in July of this year, we can expect the labour market to become more 'flexible' – and that the divide between the job rich and job poor will grow wider.

In the lead-up to the Senate changeover and beyond, it is critical that those citizens concerned by the growing evidence that all is not well in the Australian labour market - regardless of whether they come from the ranks of the Coalition, the Federal Opposition, the NGO community, industry or private individuals – call attention to these worrying trends and lobby the Federal Government for the implementation of the 2004 Senate Inquiry into Poverty's recommendations, specifically:

1. *That the Federal Government introduce a national jobs strategy to promote permanent full-time employment opportunities and better targeted employment programs (**Recommendation 1**)*
2. *That the Federal Government poverty proof the minimum wage by linking it to adequate standards of living (**Recommendation 6**); and*
3. *That the Federal Government, in collaboration with State Governments encourage the expansion of labour-intensive private sector services in regional areas by improving education and training and other public infrastructure and/or providing tax concessions or other subsidies to encourage employers to relocate in regional areas (**Recommendation 73**).<sup>22</sup>*

The truth about the labour market is out there; the strategies for tackling its shortcomings have been well documented; the only remaining task is to ensure that our tax dollars are not directed towards lowering the official unemployment rate, but towards facilitating secure, full-time employment. After all, bad jobs are no substitute for good policy.

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## References

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- <sup>21</sup> Community Affairs Reference Committee report on Poverty and Financial Hardship, *A hand up not a hand out: renewing the fight against poverty*, March 2004, pp xxviii and xxxviii