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News release

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Unemployment rate fails the unemployed

A report released today by the Australia Institute shows that the number of underemployed workers is almost as great as the number of workers officially defined as unemployed. The number of hours lost to underemployment was equivalent to an additional 150,000 full-time jobs.

Launching the report, Shadow Minister for Employment and Training, Cheryl Kernot said: "If a million workers were involuntarily switched from full-time to part-time work there would be no impact on the measured unemployment rate. Good policy requires better measures of underemployment and overwork."

The report, entitled *Measuring Employment in the 21st Century: New measures of underemployment and overwork*, by Institute Research Fellow Richard Denniss, says that the principal measure of labour market performance, the unemployment rate, was developed in an era when the labour market was based on full-time male bread-winners.

The report proposes a new system for measuring labour market performance, arguing that the official definition of 'employed' does not distinguish between those working five hours a week and those working forty hours. Huge changes in the labour market in the 1980s and 1990s, including the shift to part-time work and casualisation, are therefore not reflected in the main measure of labour market performance.

"The only constants in the Australian labour market over the last forty years are the statistics used to describe it", said Dr Clive Hamilton, Executive Director of The Australia Institute. "Rather than trying to squeeze everyone into out-dated categories, the proposed system would give us a full picture of the labour market in a deregulated world."

The report also highlights a major new labour market problem, the extent of overwork. While hundreds of thousands of people are looking for more work, more people than ever before are working longer than 60 hours week. There is a serious mismatch between the hours people want to work and the hours they are actually working.

The new system would for the first time allow accurate measurement of overwork and would require only minor changes to the ABS Labour Force Survey.

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