

Briefing Paper:

**Shock Troops of the Pandemic:
Casual and Insecure Work in COVID and Beyond**

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Summary

The unprecedented economic fluctuations resulting from the COVID-19 pandemic and double-dip recession have imposed enormous costs on the millions of Australians who work in non-standard, insecure jobs. They face particularly uncertain employment prospects, due to the lack of job security and stability in hours. Most are also denied basic employment protections and entitlements – most dangerously, amidst a pandemic, they do not get paid time off in event of illness or exposure to COVID-19. New data confirms that workers in casual and other insecure jobs have borne a vastly disproportionate share of job losses during both waves of COVID-19 lockdowns.

- Casual and part-time workers accounted for over half of all job losses in the first lockdowns in 2020, and an even larger share in the later wave in 2021.
- Casual workers were 8 times more likely to lose work in the 2021 lockdowns than permanent staff. Part-time workers were 4.5 times more likely to lose work than full-timers.
- Workers who are *both* casual and part-time experienced the largest proportional job losses. In the 2021 lockdowns, casual part-time workers accounted for three-quarters of all job losses.
- The short-lived recovery in employment between May 2020 and May 2021 confirms that employers are determined to reestablish insecure work as a dominant practice once the pandemic ends. Casual jobs accounted for over half of all jobs created during that 12-month temporary recovery, and part-time jobs accounted for almost 60%.
- Women experience higher rates of casual and insecure employment than men – and hence the overuse of casual employment exacerbates gender economic inequality.

- Recent legislative changes will reinforce the dominance of casual and insecure work in future employment growth. Amendments to the Fair Work Act have cemented employers' ability to use casual employment in any role they wish. Provisions allowing for conversion to permanent roles are highly constrained, with many exemptions; they will not have a significant impact on the incidence of casual employment. Meanwhile, casual conversion provisions in numerous Modern Awards are being weakened in line with these legislative changes.
- Contrary to the assumption that casual workers receive extra wages to offset their insecurity and lack of entitlements, median wages for casual staff are 26% lower than for permanent employees. Weekly earnings (reflecting inadequate hours of work as well as low hourly wages) are 52% lower.
- If casuals earned the same hourly wages as permanent staff, total wage payments in Australia would increase by \$30 billion per year. That would provide a badly-needed 3.5% boost to total wage and salary income – helping to repair eight consecutive years of record-low wage growth.

In addition to helping suppress wage growth, the overuse of casual and insecure work arrangements imposes many other costs on Australian families and society – including household financial stress, poor health and safety outcomes, and greater vulnerability to sexual assault and domestic violence. The failure of labour market policy to limit casual and insecure work, instead encouraging and facilitating its overuse, will undermine Australia's economic and social recovery from the pandemic for years to come.

Workers in Insecure Jobs Bear Brunt of Latest Lockdowns

Newly released ABS data confirm that workers in casual and other insecure positions are once again bearing a vastly disproportionate share of job losses resulting from the latest wave of lockdowns and closures in NSW, Victoria, and ACT.

In the three months from May through August 2021, as a new wave of lockdowns took hold, workers in casual positions (those without normal paid leave entitlements) lost 175,000 jobs.¹ That represents 72% of all job losses experienced across the overall labour market. Casual employment represented about 24% of all waged employment (excluding self-employment) when the 2021 lockdowns hit. Workers in casual jobs have thus been 8 times more likely than those in permanent positions to experience job loss so far during the 2021 lockdowns.

Workers in part-time jobs have also experienced a very high share of total job losses resulting from the continuing pandemic. 68% of all jobs lost between May and August were part-time positions. When the 2021 lockdowns hit, part-time work accounted for 32% of all employment in Australia. Part-time workers have been 4.5 times more likely to lose work in the latest lockdowns than those in full-time positions.

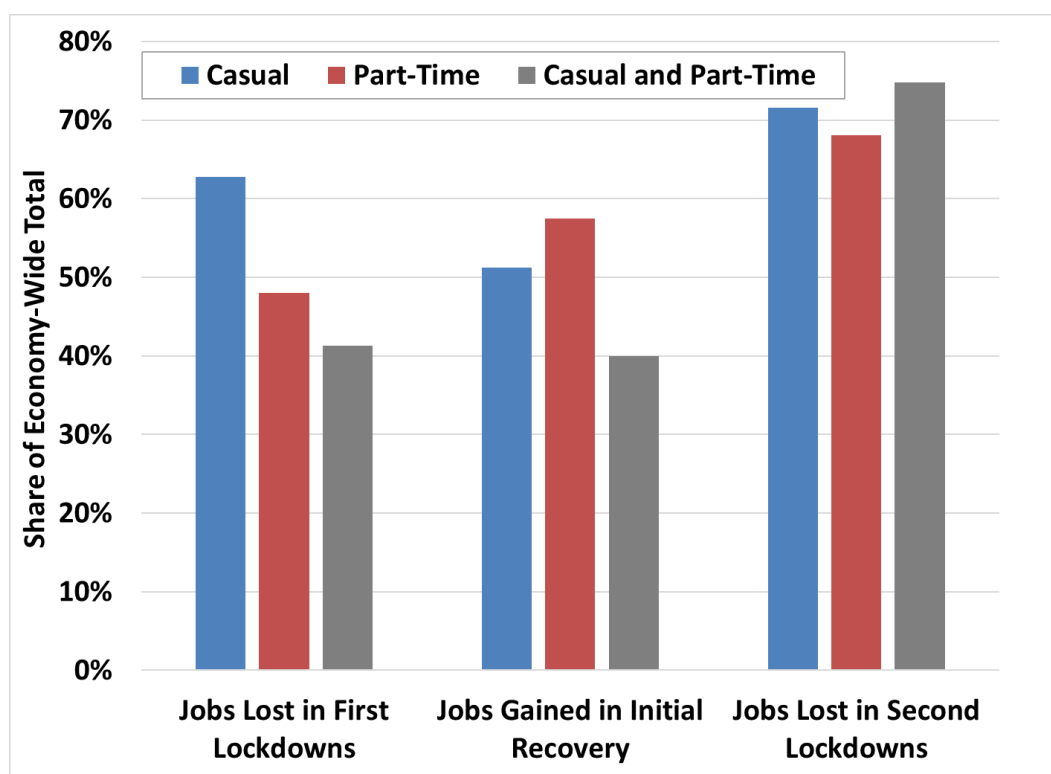
¹ This analysis relies on quarterly ABS data (comparing May and August) because data on casual employment is not available on a monthly basis.

| | Casual Employment | Part-Time Employment | Casual and Part- Time Employment |
|--|------------------------------|---------------------------------|---|
| Share of Total Employment, May 2021 | 23.6% ¹ | 32.2% ² | 16.3% ¹ |
| Job Losses, May-August 2021 (000) | -174.5 | -166.0 | -182.3 |
| Share of Total Job Losses | 71.5% | 68.1% | 74.8% |

Source: Author's calculations from ABS Detailed Labour Force data, Table 13.
1. Share of waged employees. 2. Share of total employment.

Table 1 summarises the vastly disproportionate impact of the latest lockdowns on workers in relatively insecure forms of work. Job losses for workers in both casual and part-time positions were proportionately far larger than their share of pre-lockdown employment. The intensity of job losses was most severe in positions that were both casual and part-time. Over half of all part-time waged jobs in Australia are casual, and those jobs accounted for fully three-quarters of all job losses in the current wave of lockdowns.

Figure 1. Insecure Employment Fluctuations During COVID-19



Source: Author's calculations from ABS Detailed Labour Force data, Table 13.

The painful concentration of pandemic job losses among workers in relatively insecure positions continues a pattern established earlier in the COVID-19 crisis. In the first wave of lockdowns (experienced between February and May of 2020), casual and part-time positions also incurred the majority of job losses. As illustrated in Figure 1, casual jobs made up over 60% of all job losses in that first wave. Part-timers accounted for almost one-half of all lost jobs, while people in part-time casual jobs accounted for over 40% of job loss. In every case, the job losses experienced by workers in these insecure positions were highly disproportionate to their share in overall employment. As a result, the worst employment impacts of the pandemic were experienced by those already in relatively insecure, lower-income circumstances.

While workers in insecure positions suffered the largest job losses during the first downturn, casual and part-time work came storming back during the intervening period – when Australia’s economy partially and temporarily recovered. Casual jobs accounted for over half of all jobs created in the 12-month opening between May of 2020 and May 2021. Part-time jobs similarly accounted for over half of all new jobs. This confirmed the determination of employers in Australia to reestablish insecure work as a dominant norm in Australia’s labour market, despite the hardship caused by the pandemic.

But now, in a ‘double dip’ of employment resulting from renewed lockdowns, workers in insecure jobs are once again suffering the brunt of employment losses. Moreover, as indicated in Figure 1, the concentration of job loss among insecure workers has actually become even more severe as the pandemic has progressed.

In sum, workers in casual jobs and other forms of insecure work have been the ‘shock troops’ of Australia’s response to COVID-19. Legions of casualties were incurred among these workers during the first round of lockdowns. Then they were thrown back into economic battle during the (short-lived) employment recovery – with insecure work accounting for the majority of new jobs created while the recovery lasted. Now their livelihoods are being shot down again in the new round of lockdowns.

The absence of integrated and comprehensive income supports for victims of this latest wave of lockdowns has only made matters worse for these workers, and others. In particular, without JobKeeper wage subsidies, employers move more quickly than in the first lockdowns to shed staff – rather than keeping them on the payroll (with government support) even if business conditions would not otherwise justify it. And the premature elimination of the Coronavirus Supplement, replaced by inconsistent, inadequate, and harder-to-access disaster payments, ensures that workers who have lost their job (many for the second time) will suffer more economic distress and dislocation than in the first wave of lockdowns.

Indeed, the Commonwealth government has now indicated that even those inadequate supports will be quickly removed once states reach arbitrary and unscientific ‘benchmarks’ for mass vaccination. Treasurer Josh Frydenberg described the phase-out of these income supports as follows: “The social security system will support eligible

individuals back into work.”² That is a euphemism for using reduced income supports to compel people back into jobs that may not be safe. The experience of other countries still experiencing widespread COVID-19 contagion despite high rates of vaccination clearly indicates the pandemic is far from over – and the need to support individuals who are not working, including those staying home to protect their health and the public’s, is still pressing.

It is well known that there was a clear overlap between the widespread use of casual employment arrangements, and the enhanced risk of community spread of COVID-19. Casual and insecure employment directly contributed to the exposure of Australian communities to this devastating disease. For example, many casual and part-time workers must balance multiple jobs, each providing limited and irregular hours of work, in order to cover their living costs. But during a pandemic, workers in these situations are more likely to spread the virus to multiple workplaces – threatening the health of their colleagues, customers, or clients. During the short-lived recovery between the 2020 and 2021 waves of lockdowns, the number of Australians holding multiple jobs swelled by 39% in 12 months. By June, just as the new COVID-19 outbreaks began to accelerate, 6.5% of employed Australians held multiple jobs – the highest in history.³

Secondly, because they lack access to paid sick leave, casual workers face economic pressure to continue working even if they should isolate.⁴ The correlation between casual employment and community spread of COVID was demonstrated on multiple occasions – including through outbreaks associated with casual employment practices in quarantine hotels, security services, ground transportation, and hospitality. This experience illustrates that casual work is not just a danger to the well-being of workers holding these positions; it also poses a significant threat to public health.

Casual Employment and Future Economic Recovery

Australia’s labour market system offers unique freedom to employers to engage workers in a variety of insecure work arrangements, including (but not limited to) casual employment.⁵ Advocates of these practices would likely suggest that the pattern of extreme volatility described above – in which insecure jobs were eliminated in large numbers when COVID-19 first struck, then quickly recreated when the economy reopened, then destroyed again during the 2021 lockdowns – confirms the utility of these types of employment. Echoing the perspective made infamous by former Finance Minister Mathias Cormann, the ability to quickly hire and fire workers in line with day-

² See *The New Daily*, “COVID: Disaster support cuts, another regional lockdown – and now fears for Brisbane,” 29 September, https://thenewdaily.com.au/news/2021/09/29/covid-lockdown-update-wednesday-2/?utm_source=Adestra&utm_medium=email&utm_campaign=Morning%20News%20-%2020210929.

³ Author’s calculations from ABS Labour Account.

⁴ Permanent part-time workers have limited access to paid sick leave, proportional to their regular hours of work – but even that may be inadequate to support workers needing to isolate for weeks at a time.

⁵ The links between casual work and other forms of insecure work are discussed further below.

to-day business conditions is, in fact, a ‘design feature’ of casual and insecure work.⁶ From the perspective of employers, this is precisely the point of insecure employment: to allow employers to access a hyper-flexible supply of labour, on a just-in-time basis, which can be upsized or downsized quickly and costlessly in line with changing business conditions. The fact that each hour of casual labour is also much cheaper for employers than average wages for permanent staff (as detailed below) further enhances the incentive for employers to use this arrangement.

However, the concentrated economic, social and public health consequences of such large, rapid, and disproportionate volatility in employment suggest that this ‘design feature’ imposes substantial negative consequences on those on the receiving end of this flexibility – and on society as a whole. Because job losses were so concentrated among workers in relatively insecure, low-wage positions, the extreme fluctuations in insecure employment experienced over the last year have had a strongly disequalising impact on Australian labour market outcomes. Job losses were experienced disproportionately by those with relatively low and insecure incomes to start with. In contrast, those Australians with relatively secure and better-paying jobs – especially those who could relocate their work to home – experienced smaller if any economic losses. The overall impact is a widening of inequality, and growing concentration of the consequences of unemployment (including lost incomes, loss of housing, family instability, mental health challenges, and other side-effects) among those that can least afford it.

The rapid rebound in casual employment during the year-long partial economic rebound (from May 2020 through May 2021) indicates that structures of precarious employment were quickly rebuilt as soon as the economy began to re-open. In fact, the surge in casual jobs during that year (with over one-half million casual jobs created in 12 months) represented the largest and fastest expansion of casual employment in Australia’s history. That surge contradicted employers’ overstated complaints about legal uncertainty resulting from previous court rulings regarding the obligation of employers to pay annual leave, personal leave, and other normal entitlements to long-term casual employees whose work patterns were stable and sustained.⁷ The supposed uncertainty resulting from those cases did not inhibit a very rapid expansion of casual employment as the economy re-opened after the first lockdowns.

In any event, that legal uncertainty was mostly erased with the implementation (in March 2021) of amendments to the Fair Work Act, which liberalised the use of casual employment under a new statutory definition. Casual employment, in essence, is any

⁶ Mr. Cormann spoke of the downward flexibility of wages as a ‘deliberate design feature’ of Australia’s neoliberal labour market policies, in seeking to explain the historic weakness of wages in the years after 2013; see John Quiggin, “Ultra low wage growth isn’t accidental. It is the intended outcome of government policies,” *The Conversation*, 17 March, 2019.

⁷ The key cases involved labour hire firm WorkPac and two long-term casual workers (Skene and Rossato). For a summary, see *Workplace Express*, “Employers reel from casuals ruling, as expert extols conversion,” 21 May, 2020.

position which employers define as casual (that is, with no guarantee of continuing engagement), and which is filled by a worker on that contractual basis. In a masterpiece of circular reasoning, a casual job is any job that an employer deems to be casual. Employers would have just begun to incorporate that new freedom into their hiring strategies when this latest wave of COVID-19 lockdowns hit Australia, beginning in NSW but then spreading to Victoria and the ACT. Insecure jobs (including casual positions) are once again in the line of fire; and because casual jobs absorb such a disproportionate share of total job losses, this arithmetically implies that during this downturn a smaller share of remaining employment is casual.⁸

However, it seems fairly certain that once the pandemic is finally over and the economy re-opens on a sustained basis, casual employment will once again lead the recovery in employment – just as it did after the first lockdowns. Indeed, the significant change in the legal foundation for casual employment, with statutory recognition of employers’ right to contractually deem any job as a casual position, will only accelerate this trend.

Part of the package of amendments to the Fair Work Act implemented in March consisted of provisions establishing an obligation on employers to offer long-term casual employees an opportunity to convert to permanent status. Employers were granted a six-month period to prepare for this provision, and so notices of eligibility (or lack thereof) are just now being distributed to many employees. This has raised the question of whether casual work might now be replaced by permanent positions. For several reasons, these conversion provisions, which were inserted into the legislative package to win support for the overall bill in the Senate, will not likely lead to any significant reduction in the incidence of casual employment:

- Small business (with less than 15 employees) are excluded from this obligation. These firms account for about 20% of all waged employment,⁹ and a larger share of casual employment.
- To qualify for an offer of conversion, a casual worker must have worked with their current employer for at least 12 months. That excludes close to half of casual workers.¹⁰
- To qualify for an offer of conversion, a casual worker must also have worked a stable shift pattern for at least the previous 6 months. That excludes another large portion of casual employees (even those who meet the previous conditions).
- Even if all the preceding conditions are met (which will qualify only a minority of all casual workers), employers can still refuse to offer casual conversion on a wide range of easily-satisfied ‘reasonable grounds.’ Workers in casual positions

⁸ The share of casual employment in all waged employment fell from 23.6% in May 2021 to 22.5% in August – just as it fell (temporarily) during the first lockdowns.

⁹ See ABS Employee Earnings and Hours, Data Cube 1.

¹⁰ Geoff Gilfillian, “COVID-19: Impacts on Casual Workers in Australia: A Statistical Snapshot,” Research Paper Series, 2019–20, Parliamentary Library, https://parlinfo.aph.gov.au/parlInfo/download/library/prspub/7262636/upload_binary/7262636.pdf.

who wish to challenge such a refusal can have the dispute conciliated through the Fair Work Commission and/or commence legal proceedings in federal court, federal circuit court, or an eligible state or territory court. The time and expense involved in those options will be daunting to most workers in casual jobs – not to mention the reasonable fear that challenging their employers in this manner could undermine their already-shaky job security. No binding arbitration procedure is available to enforce these casual conversion opportunities, and even proving to a court that an employer should offer permanent status does not guarantee subsequent employment security.

- For all these reasons, few casual workers will qualify for conversion offers. Even those that do will likely face financial barriers to accepting permanent work. As explained below, for several reasons casual employees earn far less than permanent staff; the apparent requirement in many Awards to pay ‘loading’ to compensate for their insecurity and lack of entitlements does not, in practice, translate into higher wages. Despite that unequal starting point, most employers will nevertheless seek to cut the pay of employees who opt for permanent status. This creates a no-win quandary for casual workers: either put up with insecurity and lack of regular entitlements (such as paid sick leave), or try to survive on even lower wages.

In light of these barriers, it is clear that conversion to permanent status through these provisions will be a rare event. Moreover, coincident with the roll-out of this new conversion system, the Fair Work Commission has also opted to roll back existing casual conversion opportunities that were already contained within many Modern Awards (including manufacturing and hospitality). In twelve of those awards, workers could previously apply for conversion after 6 months of tenure; that will now be postponed to 12 months, consistent with the new provisions of the Fair Work Act.¹¹ The overwhelming impact of the March 2021 changes in the Fair Work Act, therefore, will be to *increase* the incidence of casual employment. The right of employers to hire on a casual basis, even into stable long-lasting positions, has been explicitly protected. A potential obligation to pay accrued annual and other types of leave to long-term casual employees has been retroactively abolished.¹² Previous, more accessible provisions for casual conversion that existed in numerous Modern Awards are being weakened. And the *quid pro quo* for all these changes is a highly restricted system of notification and offer that provides ample opportunities for employers to avoid conversion to permanent status if they prefer casual arrangements.

¹¹ See *Workplace Express*, “Bench makes draft casual conversion rulings for key awards,” 14 September, 2021, https://www.workplaceexpress.com.au/nl06_news_selected.php?selkey=60464.

¹² The potential liability on firms arising from previous federal court decisions on long-term casuals was estimated as high as \$39 billion; see David Marin-Guzman, “High Court to hear casual ‘double dipping’ case,” *Australian Financial Review*, 26 November, 2020, <https://www.afr.com/work-and-careers/workplace/high-court-to-hear-casual-double-dipping-case-20201126-p56i9r>.

Under these new policy settings, therefore, it is clear that Australia’s army of casual workers should prepare themselves to go into battle once again as the shock troops of the pandemic, and other economic fluctuations in the future. Once COVID-19 contagion is finally arrested, and the economy re-opens on a sustained basis, casual employment (and other forms of insecure work) are poised to rebound with a vengeance. The flip side of the coin is renewed erosion in the availability of more stable, permanent jobs – with resulting consequences for macroeconomic performance, household financial stability, and social inequality.

The Incidence and Distribution of Casual Employment

Australia is unique among industrial countries in providing a separate regulatory category for casual employment: jobs which provide no assurance of continuing engagement, and deny normal entitlements such as paid leave (including for illness, annual holidays, or personal and family leave) and severance protections. The original rationale for this category (which evolved through a combination of common law precedents and regulations under the awards system) was to recognise and facilitate employment marked by inherent fluctuations in demand, seasonal activity, or production.¹³

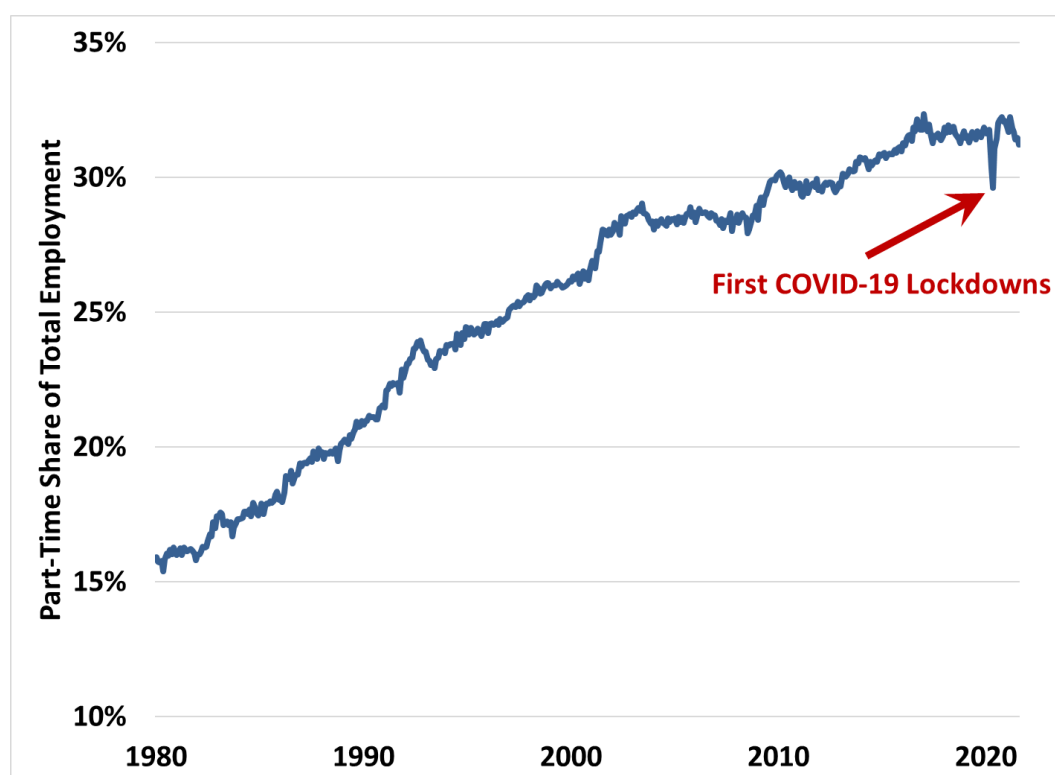
However, during the 1980s and 1990s casual employment expanded rapidly, reaching well beyond jobs characterised by inherent fluctuations in work requirements. Casual work became a large, endemic and routine form of employment. The insecurity and lack of protections associated with this arrangement undermine many dimensions of economic and social well-being, at both the individual and the macroeconomic level. And the spread of casualisation into a broader set of roles, including jobs which are stable and predictable, means those risks have been accentuated. Table 2 reports that over 2.6 million Australians were employed on a casual basis in 2019, before the COVID-19 pandemic struck. That represented almost one in four paid employees.

| Table 2 | | | |
|---|------------------|------------------|--------------------|
| Incidence of Casual Employment, 2019 | | | |
| | Part-Time | Full-Time | All Workers |
| Casual Employees (000) | 1757 | 860 | 2617 |
| Total Employees (000) | 3344 | 7385 | 10729 |
| Casual Share (%)¹ | 52.6% | 11.6% | 24.4% |
| Source: Author's calculations from ABS Detailed Labour Force, Table 13. | | | |
| 1. Share of all paid employees. | | | |

¹³ For background on the origins and history of casual employment see Iain Campbell and John Burgess, “Casual Employment in Australia and Temporary Employment in Europe: Developing a Cross-National Comparison,” *Work, Employment and Society* 15(1), pp. 171-184; and Anthony Kryger, “Casual Employment in Australia: A Quick Guide,” Research Paper Series 2014–15 (Canberra: Parliamentary Library), 2015, https://parlinfo.aph.gov.au/parlInfo/download/library/prspub/3612450/upload_binary/3612450.pdf;fileType%3Dapplication%2Fpdf.

There is a strong overlap between part-time work and casual employment: over half of part-time workers in Australia are employed on a casual basis. Part-time work accounted for 31.7% of all employment in Australia in 2019. The part-time share then fell during the initial lockdowns, since part-time workers lost a disproportionate share of employment – but then rebounded quickly during the (temporary) re-opening, as employers turned to part-time, usually casual workers to support re-opening. The part-time share of total employment is twice the proportion experienced 40 years ago (see Figure 2), and Australia now has the third-highest incidence of part-time employment of any industrial country, behind only the Netherlands and Switzerland.¹⁴ While some part-time work can be beneficial (especially permanent positions, with steady schedules and decent wages), many part-time jobs are very insecure and poorly paid – and a large share of part-time workers would prefer longer, more stable hours.¹⁵

Figure 2. Part-Time Intensity, Australia, 1980-2021



Source: Author’s calculations from ABS Labour Force, Table 1.

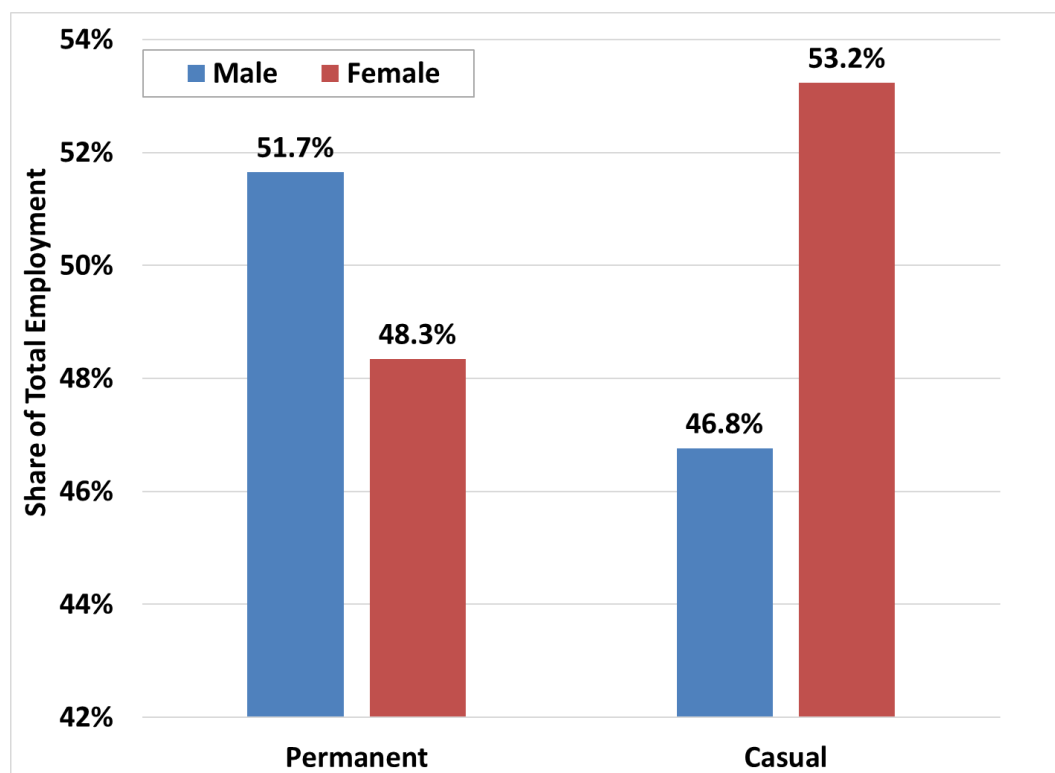
Even among full-time workers, casual employment has become a normal feature of the employment landscape in Australia. Some 860,000 full-time workers were employed on a casual basis in 2019, representing close to 12% of waged full-time employment.

¹⁴ Author’s calculations from OECD Employment and Labour Market Statistics.

¹⁵ Survey results indicate that 53% of casual employees and 44% of part-time staff are underemployed (that is, they would prefer to work more hours). See Dan Nahum, “Work and Life in a Pandemic: An Update on Hours of Work and Unpaid Overtime Under COVID-19” (Canberra: Centre for Future Work, 2020).

Casual employment is more common among women than men, reflecting the sectoral and occupational composition of female employment, and also women’s disproportionate concentration in part-time jobs. In 2019 (before the pandemic hit), 26% of waged female employees in Australia were employed on a casual basis, compared to 22.5% of male employees.¹⁶ Women accounted for over 53% of all casual employees, but only 48% of permanent staff (Figure 3). Casual employment arrangements thus exacerbate gender inequality in earnings and job stability.

Figure 3. Casual Employment by Gender, Australia, 2019



Source: Author’s calculations from ABS Characteristics of Employment, Table 1b.3.

For similar reasons, casual employment is more common among young workers. Fully half of non-managerial employees under age 25 are employed on a casual basis. 21% of non-managerial employees aged 25 to 34 are in casual roles, versus 17% for those aged 35-64. Another group experiencing very high casual employment is older workers: 30% of non-managerial employees over 65 are in casual roles.¹⁷

Casual employment is particularly common in the hospitality and retail sectors. Over 60% of hospitality employees, and close to 40% of those working in retail trade, are employed on a casual basis.¹⁸ Other industries with very high rates of casual employment include agriculture, arts and entertainment, and administrative services.

¹⁶ Author’s calculations from ABS Characteristics of Employment. Keep in mind that the overall incidence of casual employment was reduced at the time of this data by the disproportionate impacts of COVID-19 lockdowns and the resulting recession on casual employment, discussed further in Part III below

¹⁷ All data in this paragraph from ABS Employee Earnings and Hours, Data Cube 4, Table 4.

¹⁸ Author’s calculations from ABS Detailed Labour Force, Data Cube EQ05.

But casual employment has become a common practice across the economy, including in sectors with more stable patterns of production and sales. Other sectors with elevated levels of casual employment include construction, transportation, education, and health care.

Similarly, a majority of casual employees (about 60% as of 2019) have held their present jobs for over one year.¹⁹ This reinforces the conclusion that casual employment arrangements are now widely used in longer-term and more stable positions, not just jobs with inherently uncertain and fluctuating conditions of demand and production.

The incidence of casual employment varies across states, reflecting different sectoral compositions of employment and different employment practices. Table 3 indicates that in August 2020 (most recent data), the incidence of casual employment was highest in Tasmania (representing 26.7% of all waged employees), and lowest in the ACT (18.6%).

| Table 3 Incidence of Casual Employment by State August 2020 | |
|---|---|
| State | Casual Employment as Share All Employees |
| New South Wales | 21.4% |
| Victoria | 18.8% |
| Queensland | 24.2% |
| South Australia | 25.3% |
| Western Australia | 24.3% |
| Tasmania | 26.7% |
| Northern Territory | 21.6% |
| Australian Capital Territory | 18.6% |
| Australia Average¹ | 21.9% |
| Source, Author's calculations from ABS Characteristics of Employment. | |
| 1. National average share differs from the share reported in Table 2 above due to differences in sample period. | |

The incidence of casual employment more than doubled as a share of total waged employment in the 1980s and 1990s, rising sharply following two painful recessions and subsequent periods of sustained high unemployment. By the early 2000s casual employment reached 25% of total waged employment. Since then, casual employment

¹⁹ See Geoff Gilfillian, “COVID-19: Impacts on Casual Workers in Australia: A Statistical Snapshot,” Research Paper Series, 2019–20, Parliamentary Library, https://parlinfo.aph.gov.au/parlInfo/download/library/prspub/7262636/upload_binary/7262636.pdf.

has fluctuated around one-quarter of total waged employment: typically rising during periods of macroeconomic weakness, and falling when unemployment is lower (and workers must be enticed with more predictable employment arrangements). During the strong labour market conditions which accompanied the resource-led expansion of the early 2010s, for example, casual work became less prevalent (falling to 23.6% of total waged employment nationwide in 2012²⁰). As the economy slowed after 2013, wage growth decelerated, and unemployment grew, and there was a corresponding resurgence in casual work – which again reached over 25% of total employees in 2016 and 2017. As discussed above, the ratio of casual employment dropped during the initial months of the COVID-19 pandemic, since casual workers experienced a disproportionate share of pandemic job losses. The casual share rebounded rapidly to traditional levels in the intervening (short-lived) recovery. Reinforced by new legal certainty for employers, the intensity of casual work will regain and perhaps exceed historical peaks when the Australian economy eventually recovers from the pandemic.

Casual Employment and Other Forms of Insecure Work

The traditional employment relationship, based on full-time waged work with normal entitlements such as paid leave and superannuation, has eroded in recent years, and various forms of insecure or non-standard work have become more predominant. Casual employment is just one of many forms of insecure or non-standard employment, and the problems associated with casual employment are magnified by the broader phenomenon of growing insecurity and precarity in employment. Other forms 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/or operating without incorporation), and (more recently) workers in the on-demand or ‘gig’ economy.

The steady growth of insecure work in these varied forms reflects efforts by employers to shift the costs and risks associated with fluctuations in their business onto the backs of their workers. Being able to access labour as a just-in-time, fully flexible input, with few if any obligations to provide ongoing employment, secure incomes, or normal entitlements, has encouraged employers to expand the full range of these insecure employment practices.

In the face of the expansion of all forms of insecure work, a shrinking share of Australian workers enjoy the security and entitlements that were traditionally provided by stable, waged employment. By 2019, before the COVID-19 pandemic, only 50.6% of formally employed Australians worked in a permanent full-time waged job with paid leave entitlements.²¹ That represents a dramatic erosion in the standard employment relationship over the past generation. In the initial postwar decades, in contrast, the strong majority of employed Australians (close to 70%) worked in full-time paid jobs

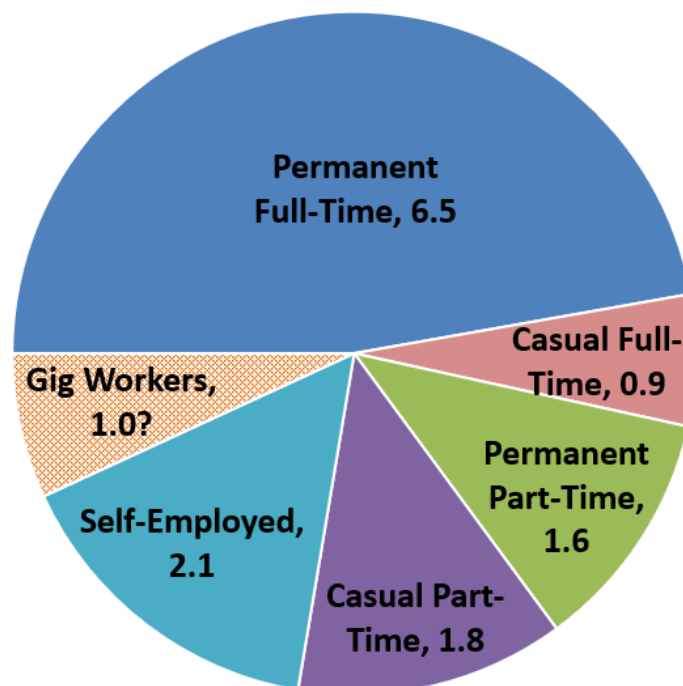
²⁰ Author’s calculations from ABS Labour Market Statistics.

²¹ Author’s calculations from ABS, Labour Force Australia, Detailed, Table EQ04.

with normal entitlements. Casual and part-time work was relatively rare. That core security in employment arrangements underpinned steady progress in living standards and social well-being. In contrast, the growing precarity of employment experienced along many dimensions over the past generation has contributed to insecurity, inequality, and family and social stress.

Figure 4 illustrates the composition of overall employment activity in 2019 – highlighting the contrast between the shrinking share of traditional ‘standard’ employment, and various forms of insecure or non-standard work. Barely half of formally employed Australians held a permanent full-time waged job with entitlements. And if we include the growing numbers of on-demand or ‘gig’ workers (many of whom are not counted in conventional employment statistics), then that proportion falls even further.

Figure 4. Standard and Non-Standard Employment (millions), Australia, 2019



Source: Author’s calculations from ABS Detailed Labour Force, Table 13; Labour Force, Table 1; and Macdonald et al. (2019).

Data on the prevalence of on-demand or gig work is incomplete and uncertain, so the employment share for gig illustrated in Figure 4 must be interpreted as an estimate only. The first detailed survey of on-demand employment in Australia was conducted for the recent Victorian parliamentary inquiry into on-demand work.²² It found that 7%

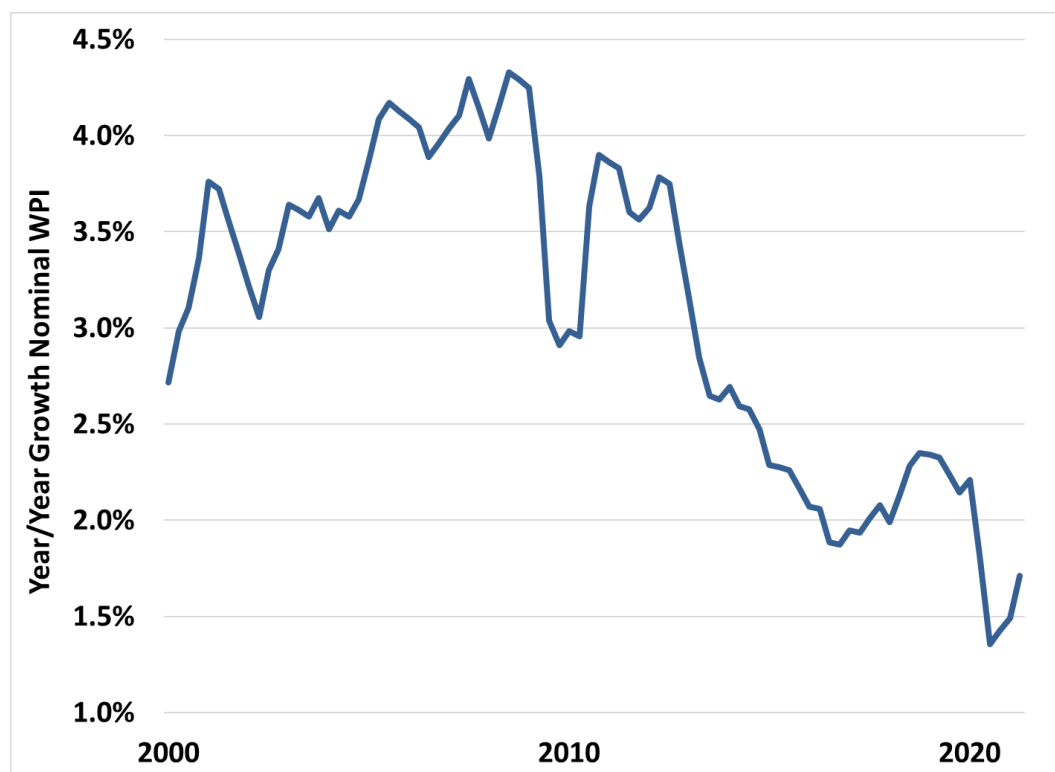
²² See Paula Macdonald, et al., *Digital Platform Work in Australia: Prevalence, Nature and Impact* (Melbourne: Victorian Department of Premier and Cabinet, 2019), <https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.vic-engage.files/7315/9254/1260/Digital Platform Work in Australia - Prevalence Nature and Impact - November 2019.pdf>.

of adult Australians (or around 1 million people) had earned income through some form on-demand work in the previous 12 months. Some of those workers will also have been performing other paid work at the same time; and some gig workers (but not all) are captured in conventional employment data (usually as self-employed). Nevertheless, gig work constitutes another important and growing dimension of insecure work in the Australian labour market. And as Figure 4 indicates, it has contributed to a further erosion of the traditional employment norm, further undermining the prevalence of permanent, full-time work with normal entitlements.

Insecure Work and Wage Stagnation

For many reasons, the expansion of casual employment and other insecure work has been a key factor behind the unprecedented stagnation of Australian wages in recent years. Even before the pandemic hit, wages had been growing more slowly than any previous period in postwar history. Since 2013, nominal wage growth (measured by the ABS Wage Price Index) has averaged just 2.0% per year – barely half its traditional pace. That’s been barely sufficient to keep pace with inflation, and hence real wages have hardly changed at all over that 8-year period. The severe disruptions to employment caused by the COVID-19 pandemic suppressed wage growth even further, to new lows: just 1.4% (year over year) in mid-2020, with no significant recovery since then (see Figure 5).

Figure 5. Nominal Wage Growth, Australia, 2000-2021



Source: Author’s calculation from ABS Wage Price Index, Table 1.

The unprecedented wage stagnation of the past eight years obviously cannot be blamed on the COVID-19 pandemic, and reflects the impact of numerous structural problems in Australia’s labour market. These include the erosion of collective bargaining (especially in private sector workplaces),²³ wage caps and freezes imposed on public sector workers, and high levels of underemployment. But there is little doubt the growing prevalence of insecure work arrangements has also undermined wage growth.

Workers in casual and other insecure roles have little capacity to demand improved wages from their employers, since their tenure is so uncertain – and they can have their hours cut, or be dismissed entirely, without notice or compensation. Precarious employment also makes it difficult for workers to take part in industrial organising. For example, just 4% of workers in casual jobs belong to a union, compared with 14% of employees overall.²⁴ Where employment is insecure, it is also difficult for workers to report ‘wage theft’ and other unfair or illegal practices. The longer-run career and earnings trajectories of workers with interruptions in tenure (common in many casual positions) are suppressed relative to those with more job stability.

| Table 4 | | | |
|--|------------------|---------------|-----------------------|
| Median Earnings for Permanent and Casual Employees, August 2020 | | | |
| | Permanent | Casual | Casual Penalty |
| All Employees | | | |
| Hourly Wage | \$38.56 | \$28.47 | -26.2% |
| Weekly Earnings | \$1300 | \$624 | -52.0% |
| Males | | | |
| Hourly Wage | \$39.75 | \$28.00 | -29.6% |
| Weekly Earnings | \$1490 | \$750 | -49.7% |
| Females | | | |
| Hourly Wage | \$37.50 | \$28.85 | -23.1% |
| Weekly Earnings | \$1150 | \$571 | -50.4% |
| Source: Author’s calculations from ABS Characteristics of Employment. | | | |

Despite the existence of provisions in many Modern Awards that workers on casual engagement are to be paid a casual loading over and above the base rate for their classification, the reality is that casual employees earn significantly less than permanent staff on an average basis. Table 4 summarises median earnings (on both an hourly and weekly basis) for casual and permanent employees, as of August 2020 (most recent

²³ Data on the declining share of private sector workers covered by current enterprise agreements is provided in Alison Pennington, *On the Brink: The Erosion of Enterprise Agreement Coverage in Australia’s Private Sector* (Canberra: Centre for Future Work, 2018).

²⁴ From ABS, Trade Union Membership.

data). Median hourly wages for casual employees were 26% lower in August 2020 than for permanent employees – almost the mirror image of the purported 25% casual loading premium that is prescribed in many Modern Awards. The wage penalty imposed on casual workers is larger for men (almost 30%) than for women (23%), even though casual work is less common among men. The earnings penalty on casual workers is compounded when measured on a weekly basis, due to inadequate hours of work experienced by most casual staff. Median weekly earnings are only half as high among casual employees as compared to permanent employees, and there is little difference in that penalty across genders. Of course, many factors contribute to the earnings gap between casual and permanent staff (including industry, occupation, and tenure), but the harsh reality is clear: casual workers, on average, earn far less than permanent staff, and that negative outcome is only accentuated by their lack of job security and normal leave entitlements.

The lower earnings received by workers in casual positions seems at odds with the established practice of paying casual loading under many Modern Awards. Several factors explain the contrast between the supposed extra loading paid to casual workers, and the reality that they receive median weekly earnings half those of permanent staff. Research indicates that in practice, only half or fewer casual workers are actually paid their full casual loading, reflecting lack of information or enforcement of loading requirements among employers.²⁵ Indeed, ABS data indicates that over one-third of casual employees report not receiving any casual loading at all.²⁶ Even when loading is paid, the baseline wage against which it is calculated can be subject to manipulation by employers; permanent staff are more likely to be assigned to higher wage categories, negating the supposed ‘compensation’ provided to casual workers by the loading. Perhaps the most important explanation for the effective wage penalty endured by casual workers is their lack of access to promotion and advancement opportunities, which would allow them to work their way into more senior and better compensated positions. In this regard, the long-term engagement of workers in casual positions inhibits their lifetime earnings potential by an even greater degree than indicated in Table 4. Moreover, the wage penalty incurred on casual staff is amplified by the corresponding loss of superannuation contributions on those foregone wages, which imposes a cumulating penalty on their retirement savings and post-retirement incomes.

The reality that workers in casual jobs typically earn much less than those in permanent positions sheds additional light on the ineffectiveness of new casual conversion provisions in the Fair Work Act. We have shown above that most casual workers will receive no opportunity to convert to permanent employment, as a result of numerous restrictions and exemptions in the new procedures. But even those who do qualify for an offer of permanent work, will face an additional financial burden to accepting it. Average wages are much lower for workers in casual positions. The assumption that

²⁵ See David Peetz, Submission to the Senate Inquiry Into the Fair Work Amendment (Supporting Australia’s Jobs and Economic Recovery) Bill 2020, Griffith Business School, Griffith University, 2020.

²⁶ See Australian Council of Trade Unions (2018) *The Myth of the Casual Wage Premium*, p.4.

they earn an ‘extra’ loading (25% in many cases) is contradicted by the reality that permanent staff are generally assigned to higher categories of pay, and have access to more career advancement opportunities; moreover, non-enforcement of casual loading is endemic. But this negative relationship between casual work and wages is not symmetrical: even if casual workers earn less than permanent counterparts, they will in most cases face a pay cut (through the loss of their *apparent* loading) if they request conversion to permanent status. This constitutes another effective barrier to conversion to permanent status, and will further ensure that casual work becomes more common under the new legislation, not less.

The negative impacts of casual employment on the level and stability of wages and salaries also have repercussions for Australia’s macroeconomic performance. According to most recent data, household consumer spending constitutes 52% of Australia’s total GDP – far and away the largest single component of national expenditure.²⁷ And wages and salaries constitute two-thirds of household primary income. So the long-term and cumulating penalty imposed on Australian households by the overuse of casual employment (even in jobs with relatively predictable and stable work schedules) significantly undermines consumer spending, aggregate demand conditions, and economic and employment growth.

The potential scale of this penalty on economy-wide consumer spending can be broadly estimated from the wage data presented in Table 4 above. If Australia’s 2.6 million casual employees were paid median hourly wages equal to those received by their permanent counterparts (resulting in an effective \$10 per hour, or one-third, increase in their compensation), the increment in total wage payments (across the roughly 3 billion hours of work performed by casual staff in the last 12 months) would produce a boost in wage income of \$30 billion per year, most of which would be promptly reinjected into the economy in the form of increased consumer spending.²⁸ That would represent an increase in aggregate wages paid across the total economy of about 3.5%.

At a moment when Australia’s macroeconomy is heavily reliant on the willingness and ability of domestic households to expand consumer spending, reducing the incidence of casual employment (and replacing those jobs with more stable and better-compensated permanent positions) would have an important and positive impact on continued economic recovery.

²⁷ Author’s calculations from ABS National Accounts.

²⁸ Because wages for workers in casual and other forms of insecure work are relatively low, their marginal income tax rates are low, and their propensity to spend out of incremental income is very high. Thus there is a strong transmission of increased wage income into new spending, accelerating the resulting benefits for macroeconomic performance.

Other Economic and Social Consequences of Insecure Work

In addition to these negative macroeconomic effects, the overuse of casual and other forms of insecure work also results in other harmful impacts for economic, financial, and social conditions in Australia.²⁹

For individuals and households, the insecurity associated with casual employment results in enhanced precarity of household incomes and financial stability. Casual employees cannot typically attain mortgage financing for property purchases and other major family investments. This inhibits the accumulation of assets (including owning a home) among households dependent on earnings from casual employment. This in turn produces numerous other consequences, at both the individual and macroeconomic levels.³⁰ Reduced home ownership is associated with greater precarity in living arrangements, greater risk of homelessness, family instability, and criminality. These consequences, in turn, impose significant broader fiscal and social costs on the rest of society.

The lack of paid sick leave benefits for casual employees is an especially dangerous side-effect of casual and insecure employment. Casual employees do not receive pay when they are unable to attend work because of illness experienced by them or their dependents, or exposure to disease (like COVID-19). The same is true for most workers in various contracting, self-employed, and 'gig' positions. If workers take unpaid sick leave anyway, they experience a painful and unjust financial penalty. But many workers in this situation will feel financially compelled to attend work anyway. This imposes costs and risks on themselves (including failing to properly care for illnesses from the beginning, potentially exacerbating health conditions subsequently), their colleagues (who are exposed to avoidable risks of contagion), their customers, and indeed public health. The intolerable consequences of workers in insecure jobs who kept working despite exposure to COVID-19 (in infamous cases including hotel security, removalists, aged care, restaurants, and hospitals) have reminded Australians that providing all workers with the financial capacity to stay home when they need to is a matter of utmost priority – in fighting this pandemic, and preparing for future public health challenges. Research confirms that the phenomenon of 'presenteeism' among workers

²⁹ For overviews of the multidimensional consequences of insecure work, see: *Lives on Hold: Unlocking the Potential of the Australian Workforce – Report of the Independent Inquiry into Insecure Work in Australia*, (Melbourne: ACTU, 2012); and Tanya Carney and Jim Stanford, "The Dimensions of Insecure Work: A Factbook" (Canberra: Centre for Future Work, 2018).

³⁰ More evidence on the negative impacts of casual employment and other forms of insecure work in Australia on family stability, financial resilience, future earnings growth, and other outcomes is provided by Hernand Cuerno and Jenny Chesters, "The [Im]Possibility of Planning a Future: How Prolonged Precarious Employment During Transitions Affects the Lives of Young Australians," *Labour and Industry*, 2019; Iain Campbell, "An Historical Perspective on Insecure Work in Australia," *Queensland Journal of Labour History* 16, pp. 6-24, 2013; and Marcus Banks and Dina Bowman, "Bad Timing: The Temporal Dimensions of Economic Insecurity," *Critical Sociology* 45(4-5), pp. 511-525.

who attend work despite illness imposes significant costs on productivity, morale, and financial performance.³¹

The prevalence of insecure work also undermines occupational health and safety outcomes in workplaces, for several reasons:³² inadequate training and orientation programs for temporary or casual workers; fear of reprisals for speaking out about safety concerns; lack of access to regular OHS consultation processes; and frequent job changes.

Another important broader consequence of insecure work is its relationship to greater risks of sexual harassment and violence in the workplace, and family and domestic violence at home. Evidence compiled by the recent Sexual Harassment National Inquiry indicates that workers in insecure jobs are more vulnerable to sexual harassment and violence at work, because of their lack of confidence and support to report abuse (given the possibility that doing so may jeopardise their employment).³³ Similarly, workers in casual and insecure jobs have less resources and financial capacity to successfully address family and domestic violence and abuse in their own homes. They are less likely to have access to paid FDV leave programs, workplace counselling and EAP programs, and other supports. And their low and unstable incomes leave them all the more susceptible to financial pressure wielded by abusers to keep them trapped in violent or abusive situations.

Conclusion

Whether on the way down, or on the way up, the dramatic economic fluctuations experienced during the COVID-19 pandemic have highlighted the vulnerability faced by workers in non-standard jobs (including casual work), and accelerated the general structural trend toward insecure work. The brunt of the employment downturn associated with both waves of COVID-19 lockdowns was borne by workers in various forms of insecure work: casual jobs, part-time positions, and other very insecure jobs (including precarious forms of self-employment and gigs). Even when the labour force (temporarily) regained some of the ground it lost in the initial stages of the pandemic, employment was restructured again to reflect an even more intense degree of insecurity. Most new work (while it lasted) was concentrated in casual jobs, part-time

³¹ Recent research on this topic is usefully surveyed and summarised by Jesse Kigozi et al., “The Estimation and Inclusion of Presenteeism Costs in Applied Economic Evaluation: A Systematic Review,” *Value in Health* 20(3), pp. 496-506, 2017.

³² Published research confirming the correlation between insecure work and greater OHS risks includes: Richard Johnstone and Michael Quinlan, “The OHS regulatory challenges posed by agency workers: evidence from Australia,” *Employee Relations* 28(3), 2006, pp. 273-289; Michael Quinlan, Phillip Bohle and Olivia Rawlings-Way, “Health and safety of homecare workers engaged by temporary employment agencies,” *Journal of Industrial Relations* 47(1), 2015, pp. 93-116; and the *Victorian Inquiry into the Labour Hire Industry and Insecure Work Final Report* (Melbourne: Department of Economic Development, Jobs, Transport and Resources, 2016).

³³ See Australian Human Rights Commission, *Respect@Work: National Inquiry into Sexual Harassment in Australian Workplaces* (Canberra: AHRC, 2020), p. 198, p. 236, and elsewhere.

positions, and other insecure roles. Renewed lockdowns beginning in mid-2021 then threw hundreds of thousands of insecure workers out of their jobs again.

In short, workers in casual and insecure work are truly the shock troops of the pandemic: sent *en masse* to confront a powerful enemy, knowing full well their casualties will be enormous. Advocates of hyper-flexible, employer-friendly labour policies celebrate these violent fluctuations as a 'design feature,' that assists businesses in adapting to economic uncertainty with a minimum of risk and cost. But the costs to displaced workers, their families, and society as a whole are incalculable. Lost incomes; lost homes; family financial and emotional distress; and, most frightening, a threat to our collective capacity to control contagion (because of the financial compulsion facing workers in insecure jobs to keep working, regardless of health orders).

The long-run expansion of insecure work, in all its forms, seems set to continue. Australia's previous postwar recessions (in the early 1980s and early 1990s) produced a permanent step up in the incidence of casual employment. As the economy recovered, employers were slow to restore permanent, full-time jobs with normal entitlements – preferring instead to continue accessing more flexible, less costly contingent labour. A similar response by employers is likely to follow the current double-dip downturn. The immense uncertainty associated with the pandemic (including the possibility of future waves of infection, continued international travel and trade restrictions, and general lack of confidence among consumers and businesses) will deter many employers from offering steady work. This tendency to increased employment insecurity will be reinforced by the 2021 amendments to the Fair Work Act, which provide a statutory endorsement of employers' use of casual employment in any role they desire. Meanwhile, the growing legion of workers in non-standard employment are denied the normal protections that are so vital to a fair, healthy society: including predictable hours, normal benefits (like annual leave), the ability to stay home when ill, and decent wages.

The expansion of casual and insecure work reflects a very one-sided vision of 'flexibility.' Employers can hire and fire labour precisely when it is needed. But the risks and costs of the resulting instability in employment are shifted onto the backs of workers who can least afford it. This has been harshly evident during the COVID-19 pandemic: most job losses have been incurred by workers whose hours, wages and entitlements were already inadequate, long before the virus arrived. The resulting hardship and polarisation from the overuse of casual and insecure work arrangements will hold back Australia's recovery for many years to come. It should be addressed urgently with measures to limit casual employment to situations which genuinely reflect ongoing fluctuations in work; providing basic protections (like paid sick leave) to all workers, regardless of status; and making the creation of stable, decent jobs the top priority of fiscal and industrial policy as Australia climbs back from this unprecedented crisis.