



20 January 2012

Independent Inquiry into Insecure Work in Australia
Level 6
365 Queen Street
Melbourne VIC 3000

Dear Professor Howe *Brian,*

Re: Independent Inquiry into Insecure Work in Australia

As the Age Discrimination Commissioner, I welcome the Inquiry on Insecure Work in Australia initiated by the ACTU for investigation into the full extent and impact of insecure forms of employment on workers, their families and the Australian community. I also welcome the opportunity to respond to the Inquiry.

It is now well established that Australia needs to keep its population in the workforce as the population ages in order to keep a functioning economy and society. It follows then that public and private policy should support a workplace culture that promotes security of employment. However, data reveals that in recent decades there has been a move away from permanent employment (full-time, ongoing wage or salary jobs, with regular hours and paid leave) to other forms of employment such as casual work.¹

Since my appointment as Age Discrimination Commissioner I have had the opportunity to meet with numerous individuals and groups including older workers, government and non-government representatives, and researchers. Insecure employment and the related financial implications of this employment have been consistent concerns relayed to me.

In view of this situation, I wish to draw the Inquiry's attention to the impact of insecure work on three groups: casual older workers, carers, and young people.

1. OLDER WORKERS

Older workers in insecure work frequently have little or no superannuation assets. Australian Bureau of Statistics (ABS) data indicates that in 2009-10 just under half of the households with superannuation had less than \$60,000 worth of superannuation assets.²

Since the 1980s, policy makers have been developing incentives and removing barriers to keep older people in work and providing opportunities for people to increase their retirement savings. In 1983 the Hawke Government began a process of reform to the taxation of superannuation, and in 1992 the same Government legislated to make it compulsory for employers to make superannuation contributions for employees. An exception to this is the \$450 superannuation guarantee cut-off.

At present employers are not required to pay the superannuation guarantee unless employees are earning more than \$450 per month. However, casual employees may have numerous employers with no one position reaching the \$450 threshold. As a result of this bar many casual workers working many hours – possibly up to full time equivalent – receive no superannuation guarantee.

The option of streamlining of superannuation guarantee payments through use of a clearing house now makes it more practical to remove the \$450 per month threshold so that the 9% superannuation guarantee is paid on all earnings. This would ameliorate, to a limited extent, the insecurity of casual employment and would in turn stimulate the growth of personal superannuation savings and reduce reliance on government pensions in the long term.

While some workers may keep casual jobs for long periods of time, many are in short-term, irregular jobs.³ The precarious nature of this type of employment makes it difficult to plan finances. Where employment is required for urgent financial needs, older workers may take any job offered.⁴ This situation means employment is gained but at the expense training opportunities to upgrade skills. Lesser skills limit future secure job opportunities.

Opportunities for education and training to upgrade skills are important irrespective of the form of employment. However, it appears that older workers in casual employment (and their employers) are not aware that Experience + training is available to casual *and* permanent employees in certain circumstances. Outside of these circumstances, casual workers have little access to skills training

Recommendation 1

the Inquiry propose the abolition of the \$450 per month threshold, so that the superannuation guarantee applies from the first dollar of earnings.

Recommendation 2

the inquiry recommend that the Department of Education, Employment and Workplace Relations develop a comprehensive communications strategy to ensure employers, employees and job seekers are aware of the Experience + training opportunities and any other government assistance for training older workers.

2. CARERS

Australian research shows care-giving responsibilities significantly impact on older peoples' ability to secure and retain employment.⁵ Many women have to disrupt their careers due to child care and other caring responsibilities, and as a result have lower income and superannuation savings in retirement. While caring responsibilities fall

primarily to women in Australian society, men also contribute to care-giving, and often face difficulties adjusting their work arrangements to facilitate this care .⁶

Employees who have caring-giving responsibilities often find it difficult to fulfil these responsibilities unless they are in stable employment that offers flexibility. Data shows that employees in casual employment are less likely to have flexible working arrangements.⁷ While many casuals work part-time, possibly making flexible working arrangements less important, casual employees frequently need to be ready to work when hours become available. This requirement can conflict with caring responsibilities. Security of employment with flexibility enables performance of caring roles without jeopardising employment.

The increase in insecure casual employment is inconsistent with government policy of encouraging older workers to remain in the workforce. As well, informal carers are essential for the delivery of aged care. There is an inherent tension between encouraging older workers into the workforce, the reliance on informal carers as a method to contain government expenditure on elder care,⁸ and the commercial move away from 'traditional' forms of employment to insecure employment.

Recommendation 3

the Inquiry consider the impact of public and private employment practices on the capacity of informal carers to undertake their essential and valuable caring work.

3. YOUNG PEOPLE

Over the last 25 years, full-time employment for young people not in education has been in decline.⁹ The long-term deterioration on in the full-time labour market for young adults is clearly evident. At the end of the 1980s, about 65 per cent of those aged 20-24 were employed full-time. In 2011 the rate of full-time employment among young adults was 44.9 per cent, lower than it was in 2009.¹⁰

Though some workers may keep casual jobs for long periods of time, many young people are in short-term, irregular jobs where pay amounts vary from pay period to pay period.¹¹ Insecure employment coupled with varying pay packets is not conducive to the establishment of solid work experience and a culture of saving and planning for the future from the earliest years of their working life.

Australian government spending on age-related pensions is projected to rise from 2.7% of gross domestic product in 2009-10 to 3.9% in 2049-50; the time when today's young people may be thinking of retiring. Accordingly, it is important that public and private employment practices promote the establishment of a culture of saving and planning for the future through the accumulation of more superannuation savings and thus promote less reliance on pensions during retirement.

Recommendation 4

the Inquiry give consideration to the impact of policies that affect people in the early years of their working lives with negative implications for later life and retirement.

Recommendation 5

the Inquiry consider possible incentives to discourage the casualization of the young person employment market. For example a higher payroll tax for casual employment

may give employers a tax incentive to employ persons on a part-time or full-time basis rather than as casual or short term contract employees.

UNREGULATED EMPLOYMENT

Casual employment can also be unregulated employment where rights and benefits are non-existent. In the absence of protected and enforced rights and benefits, these workers may be paid well below the minimum wage, may have no say in start and finishing times, and may not be given notice (or severance pay) in a case of dismissal. Unregulated work may have a greater impact on newly arrived migrants, who have few work options at the outset. These workers, many of them young, have little opportunity to establish solid Australian work experience and plan for the future.

Recommendation 6

the Inquiry should urge Commonwealth and State workplace relations agencies to cooperate to improve regulation of vulnerable areas of casual employment.

CONCLUSION

I welcome the opportunity to respond to the Independent Inquiry on Insecure Work in Australia. I am concerned about the negative impact of insecure work and the related financial implications of this form of employment on older workers, young workers, carers and newly arrived migrants.

Australian workers require security in employment for a variety of personal and financial reasons. Workers who seek flexible working arrangements through casual work need the same protections as those in permanent employment.

To assist with addressing the changing Australian demographic and to support government policy of encouraging workers to remain longer in the workforce, we need to take effective steps to ensure that all workers have access to sustainable and secure employment.

Yours sincerely



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¹ Australian Bureau of Statistics, *Casual employees, 4102.0 – Australian Social Trends, June 2009*. At <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features40June+2009> (viewed 18 January 2012).

² Australian Bureau of Statistics, *Components of Household Wealth, 4102.0 – Australian Social Trends, December 2011*. A: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4102.0> (viewed 18 January 2012). In 2009-10, 75% of households had some superannuation assets.

³ Australian Bureau of Statistics, *Casual employees, 4102.0 – Australian Social Trends, June 2009*. At: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features40June+2009> (viewed 18 January 2012).

⁴ J Spoehr, K Barnett & . Parnis, *Experience Works: The Mature Age Employment Challenge*, The Australian Institute for Social Research, University of Adelaide (2009), p 33.

⁵ J Temple, T Adair & M Hosseini-Chavoshi, *Ageing and the Barriers to Labour Force Participation in Australia*, Productive Ageing Centre, National Senior Australia (2011), p 21.

⁶ M Bittman, S Hoffman & D Thompson, *Men's uptake of family-friendly employment provisions*, Policy Research Paper No. 22, Department of Family and Community Services (2004), p 9.

⁷ Australian Bureau of Statistics, *Casual employees, 4102.0 – Australian Social Trends, June 2009*, p 18. At <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features40June+2009> (viewed 18 January 2012).

⁸ A Page, M Baird, A Heron & J Whelan, *Taking Care: Mature Age Workers with Elder Care Responsibilities*, Women and Work Research Group, University of Sydney Background Briefing Paper (2009), p 16.

⁹ The Foundation for Young Australians, *How Young People Are Faring. The national report on the learning and work situation of young Australians*, (2011), p 10. At <http://www.fya.org.au/research/how-young-people-are-faring-2011/> (viewed 19 January 2012).

¹⁰ *How Young People are Faring*, note 9, p 31. Rates of participation in full-time employment have hovered around 50 per cent for most of the past decade, and dropped to 45.6 per cent in 2009.

¹¹ Australian Bureau of Statistics, *Casual employees, 4102.0 – Australian Social Trends, June 2009*. At <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features40June+2009> (viewed 18 January 2012).