

Labour Markets and Wages in Australia: 2009

Therese Jefferson and Alison Preston

Curtin Graduate School of Business

Curtin University of Technology

GPO Box 1987U

Perth Western Australia 6845

Email: Alison.Preston@gsb.curtin.edu.au

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Abstract

The global financial crisis (GFC) of 2008 made it clear that traditional indicators of labour market activity such as headline unemployment, labour force participation and earnings in full-time employment, can only partially explain the health of the labour market. In this paper we argue the need for a nuanced approach that takes into fuller consideration issues related to hours of work and part-time earnings. Selected industry sectors show stark differences in labour market outcomes when these issues are examined.

Introduction

In 2009 in Australia, as elsewhere, policy discussion was dominated by the financial crisis and economic downturn following the collapse of Lehman Brothers in September 2008. Rising unemployment, falling consumer demand and investment quickly emerged as key policy considerations. Faced with a global economic recession there was renewed interest in, and widespread support for, Keynesian concepts of demand management (Clarke 2009; Davidson 2009; Skidelsky 2009). In Australia the Australian Chamber of Commerce and Industry (ACCI), normally a strong advocate of supply side economics, supported a “bold and creative” spending package, arguing that “consumer and business confidence ... is what is going to get us through this economic downturn” (Anderson, 2009). In response to fears of a global recession, the Commonwealth government implemented a range of fiscal

measures intended to boost consumer and investment spending. This included a \$950 one-off payment for low and middle income households and individuals. In a press release the Prime Minister and Treasurer stated that the purpose of the cash payments was to “stimulate consumption quickly, supporting economic activity and jobs until our nation building initiatives have an impact.” Most of the payments were made during the period from mid March until early April 2009. Another scheme comprised a first home buyer’s grant and a “nation building and jobs package”¹ which focused on community infrastructure projects both of which could be expected to support employment in the construction sector.

In this paper we provide an overview of the macro-economic context in Australia in 2009 and then consider national employment and wage outcomes, disaggregated by gender and sector of employment. Thereafter we look at select indicators (employment, underemployment, hours of work, and earnings) for five industries (Retail trade, Accommodation and food services, Construction, Manufacturing and Mining) and show how the recession played out at the micro-level. Amongst other things we illustrate the uneven experiences for full-timers and part-timers (and therefore, for men and women (given that 46 percent of women are employed part-time). We conclude by calling for a review of traditional labour market indicators (typically focused on full-time employment), arguing that the current set mask important trends.

Below, we look at selected indicators for five industries. The first two, retail trade and accommodation and food services, were selected because of the potential effect of the government’s stimulus package on household spending in the first half of 2009. The construction industry was selected as an industry that could be expected to benefit from the first homebuyers grant and infrastructure projects. The manufacturing and mining industries were selected as two contrasting industries that were not targeted by specific government stimulus policies.

Macroeconomic Context 2009

¹ <http://www.economicstimulusplan.gov.au/housing/pages/default.aspx> accessed 26 November 2009

The need to contextualize labour market analysis by referring to macroeconomic indicators arises because demand for goods and services drives employment and wage outcomes (Keynesian economics). Accordingly Table 1 details select macro-indicators for 2008-2009 including GDP growth, CPI, interest rate, retail turnover, housing approvals and business investment. As shown, patterns of growth and decline varied throughout 2009. The decline of -0.5 percent of GDP in the December 2008 quarter was followed by growth of 0.4 percent in the March quarter and, thus, by avoiding recession Australia was described as belonging to one of the “world’s most exclusive clubs” (Jones, 2009). Whilst the Governor of the Reserve Bank of Australia (RBA) attributes the mild downturn in Australia to growth in China as well as ‘prudent fiscal and monetary frameworks’, the ‘economy’s flexibility’ and the ‘relative strength of the financial sector’ (Stevens, 2009) others note that the deep structural problems that gave way to this crisis have not been resolved (eg. financial regulation) and that within Australia the GFC had uneven impacts (for detailed discussion see the Journal of Australian Political Economy (JAPE) special issue on the GFC; JAPE, 2009/10).

Building approvals for dwellings increased through 2009, possibly the result of a first home buyers’ grants and reduced interest rates. Retail turnover appears to have played a role in a boosting consumption earlier in the year. Business investment slowed throughout the year although the initial decline in motor vehicle sales seems to have been arrested following the federal government’s changes to rebates for new motor vehicle purchases by small businesses. The effects of stimulus were sufficiently important to reduce the usefulness of trend estimates in retail and motor vehicle sales and the Australian Bureau of Statistics (ABS) suspended releasing these trend estimates for short periods through 2009.

The lack of a consistent trend in macroeconomic indicators across sectors is reflected in the 2009 outcomes for employment and wages. As we will show, the economic situation has played out differently in discrete labour markets and affected groups of labour market participants in quite different ways.

Table 1 Selected macroeconomic indicators 2008-9

GDP growth	June	Year to June 2009	Sep quarter 2008	Year to Sep 2008
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	quarter 2009			
% change ^(a)	0.6	0.6	0.1	1.9
Consumer Price Index ^(b)	June – Sep Quarter 2009	Year to Sep 2009	June – Sep Quarter 2008	Year to Sep 2008
% change	1.0	1.3	1.2	5.0
RBA cash rate	4 Nov 2009	7 Oct 2009	8 April 2009	4 February 2009
% ^(c)	3.5	3.25	3.0	3.25
Retail Turnover	June to Sept 2009	March to June 2009	Dec 2008 - March 2009	Nov to Dec 2008 (1 month)
% Change (volume) ^(d)	-0.4	1.9	1.0	0.8
Motor vehicle sales	Month to Sep 2009	Year to Sep 2009	Month to Sep 2008	Year to Sep 2008
% change ^(e)	2.9	-2.0	0.4	-8.2
Dwelling unit building approvals	Month to Sep 2009	Year to Sep 2009	Month to Sep 2008	Year to Sep 2008
% change ^(f)	2.7	11.7	-7.2	-21.6
Business investment	Year to June 2009	Year to March 2009	Year to Dec 2008	Year to Sep 2008
% change ^(g)	-0.9	1.6	13.4	14.3

Sources: (a) Chain volume measure, seasonally adjusted, ABS (2009a) Catalogue 5206.0; (b) ABS (2009b) Catalogue 6401.0; (c) Selected rates, Reserve Bank of Australia (2009); (d) Seasonally adjusted, ABS (2009c) Catalogue 8501.0; (e) Seasonally adjusted, ABS (2009d) Catalogue 9314.0 (f) Seasonally adjusted, ABS (2009 e) Catalogue 8731.0; (g) Melbourne Institute (2009)

Employment Outcomes - Australia 2009

In early 2009 Australia's labour force participation rate (for all persons) was relatively steady but was then followed by an overall fall from 65.4 percent to 65.1 percent (Table 2).

Unemployment increased sharply, particularly amongst men looking for full-time work.

Perhaps unexpectedly, the participation rate among women initially rose, possibly driven by a need to supplement household income, however by September 2009 it had fallen from 58.5 to 58.4 percent compared with a decline in men's from 72.4 to 72.1 percent.

Table 2: Selected Indicators of Labour Force Status: September 2008 – September 2009, Australia

Month/year	Employed full-time '000	Employed part-time '000	Employed total '000	Unemployment rate-looking for full-time work %	Unemployment rate %	Participation rate %
Males						
Sep-08	5 041.4	871.5	5 913.0	3.6	4.0	72.4
Sep-09	4 905.8	966.4	5 872.1	5.9	6.0	72.1

% change							
Sep08-09		-2.7	10.9	-0.7			
Females							
Sep-08		2 705.5	2 184.1	4 889.6	5.0	4.6	58.5
Sep-09		2 665.5	2 248.4	4 913.9	6.7	5.5	58.4
% change							
Sep08-09		-1.5	2.9	0.5			
Persons							
Sep-08		7 746.9	3 055.6	10 802.6	4.1	4.3	65.4
Sep-09		7 571.2	3 214.8	10 786.0	6.2	5.8	65.1
% change							
Sep08-09		-2.3	5.2	-0.2			

Source: ABS (2009f) Catalogue 6105.0, Trend series.

Perhaps the most significant development in the labour market since September 2008 has been the growth in part-time employment, particularly amongst men. This shift out of full-time employment and into part-time employment has been the focus of debate with some suggesting it is the product of job-sharing arrangements designed to cushion job losses (Gillard 2009). Recent research by van Wanrooy et al. (2009: 35), however, cautions against such simplistic assumptions and shows that the flow from full-time work to part-time work is largely occurring during job transitions (eg. when people change jobs or transition into the labour market).

Table 3 presents the percentage point change in the proportion of male and female full-time and part-time employment by industry. Clearly patterns of changing shares of full-time and part-time employment vary across industries. In Construction, a male dominated industry sector, the proportion of men in full-time employment declined by 3.8 percentage points between August 2008 and 2009. Over the same period the proportion of men in part-time employment increased by 3.4 percentage points. In Accommodation and food services the proportion of men in employed full-time fell by 1.3 percentage points while the proportion of women employed part-time increased by 3.2 percentage points

Table 3: Changing shares of full-time and part-time employment by industry and sex; August 2008 to August 2009

	Male full-time (%point)	Male part-time (%point)	Female full-time (%point)	Female part-time (%point)	All employees (‘000)
Agriculture forestry and fishing	1.2	-0.5	-1.5	0.8	360
Mining	2.1	0.7	-1.1	-1.7	161
Manufacturing	-3.9	0.5	2.0	1.2	1 014

Electricity, gas, water and waste services	2.3	2.4	-0.4	-3.4	124
Construction	-3.8	3.4	0.0	0.3	967
Wholesale trade	5.1	-1.6	-3.7	0.2	408
Retail trade	-0.7	2.0	-0.1	-1.1	1 150
Accommodation and food services	-1.3	0.9	-2.8	3.2	739
Transport, postal and warehousing	-3.5	1.3	1.1	1.1	572
Information media and telecommunications	-3.7	3.3	-0.2	0.6	208
Finance and insurance services	2.5	-0.1	-1.5	-0.6	390
Rental, hiring and real estate services	-4.0	-1.2	2.0	3.8	189
Professional, scientific and technical services	-0.3	0.7	-0.5	0.0	779
Administrative and support services	1.1	2.2	-0.2	-2.8	350
Public administration and safety	3.8	-0.2	-3.2	-0.4	639
Education and training	0.4	0.5	0.3	-1.2	819
Health care and social assistance	0.5	0.9	-3.0	1.6	1 213
Arts and recreation services	-8.9	-0.5	1.6	7.7	192
Other services	-3.1	1.8	-0.6	1.7	430
Total Industry	-1.2	1.0	-0.5	0.7	10 706

Source: ABS (2009l). Note that changes in these estimates and those in Table 2 are due to different month (August rather than September) and the availability of original rather than trend estimates.

In the year to September 2009, average weekly hours declined by 1.4 hours to 36.3 hours for males and by 2.2 hours (to 26.8 hours) for females. During the same period there was been a 20.8 percent increase in the number of people working 15 hours or less a week (ABS 2009g). In other areas of the labour market a long-hours (50+) work culture continues as an enduring characteristic, with up to 23 percent of workers reporting ‘usual hours’ of 50 or more (van Wanrooy et al. 2009). Recent data from the ABS suggests that around two-thirds (65 percent) are working close to their preferred number of hours, 14 percent wanted to work more hours and 21 percent wanted less (ABS 2009k; see also Wooden, Warren and Drago 2009).

Table 4: Labour Underutilisation – Australian Bureau of Statistics estimates

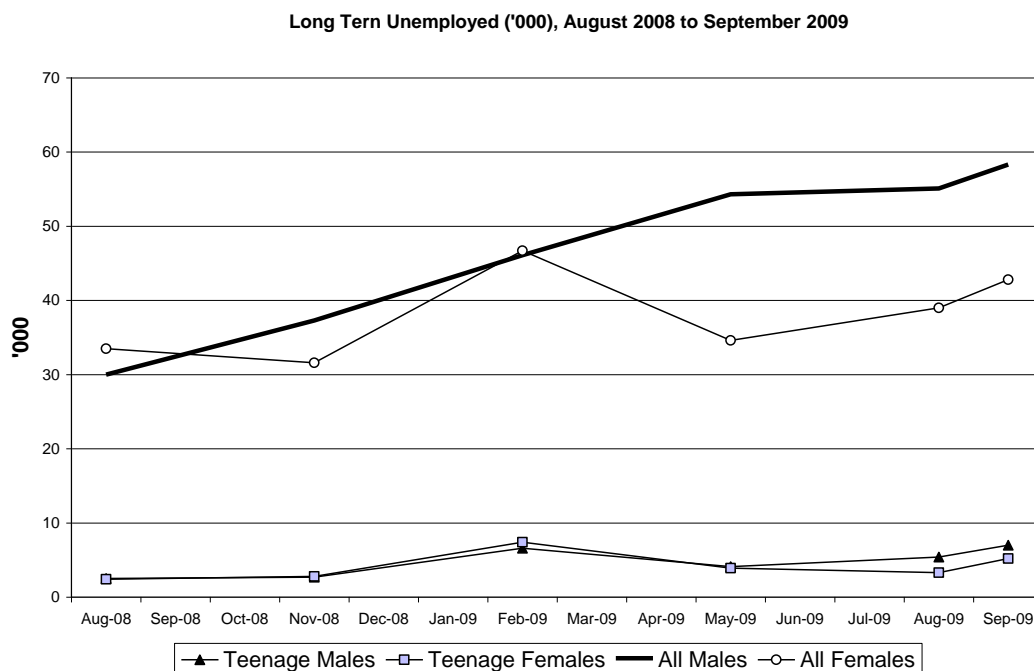
	All persons %	Males %	Females %
August 2004	12.4	10.3	15.1
August 2005	11.3	9.9	14.2
August 2006	11.3	9.5	13.5
August 2007	10.7	8.6	13.1
August 2008	10.3	8.2	12.8
August 2009	13.9	12.6	15.3

Source: ABS (2009f) Catalogue 6105.0 Table 4.1, Trend estimates.

Overall the recessionary affect on the headline unemployment rate has been more modest than predicted, partly as a result of the fiscal stimulus package and partly because, as noted elsewhere (Campbell, 2008), the headline rate is a poor indicator of labour utilization. It masks the degree of labour underutilization, a problem that is particularly peculiar to Australia (ibid). If the last recession is anything to go by then we can expect the sharp increases in labour underutilization (shown in Table 4) to continue long after the headline unemployment rate has reduced (Campbell, 2008). In explaining the phenomenon Campbell (2008) points to the weak working time regulations as one of the key contributing factors and notes the strong correlation with low quality jobs (fragmented hours, low pay).

Rising levels of unemployment have also contributed to a growth in the number of long-term unemployed (LTU) (defined as people unemployed for 52 weeks or more). With men in full-time employment being the hardest hit by the downturn it follows that male LTU grew fastest. In the year to September 2009 the number of LTU males nearly doubled (from 30,000 males at August 2009 to 58,300 by September 2009). Although the headline unemployment rate shows signs of peaking, the same cannot be said for LTU.

Figure 1: Long term unemployed ('000), August 2009 to September 2009



Source: ABS (2009).

Patterns of work transition also vary between different groups of workers. Of persons aged 25-44 years, 82.3 percent of men have been in continuous employment between 2006 and 2009; the corresponding rate for women is 67 percent. When the data is further disaggregated into full-time work, we see that 76 percent of men have been in continuous full-time employment over the four years to 2009, while among women the share is 35 percent (van Wanrooy et al. 2009). The fractured nature of women's employment has significant implications for their career progression, earnings and superannuation accumulations (Jefferson 2009). Whilst a number of employees change jobs to improve pay, for others job churning is an outcome as they seek satisfactory working conditions (Jefferson and Preston, forthcoming). In 2009 of those employees who changed employers (and had paid leave entitlements), 29 percent reported a reduction in earnings; amongst casuals the equivalent share was 43 percent (van Wanrooy et al, 2009: 61).

Wages Outcomes – Australia 2009

In the remainder of this section we review recent ABS earnings data disaggregated by sector. Our analysis is constrained by the lack of published data on part-time earnings. This is a serious limitation: part-timers now account for around 30 percent of the labour market and there is an absolute dearth of data through which to study their particular labour market outcomes.

Changes in average weekly earnings of persons employed full-time

Across all industries the average weekly ordinary time earnings (AWOTE) for males in full-time employment increased by 5.8 percent in the year to August 2009. Amongst females the corresponding increase was 4.2 percent. The industries which delivered males the lowest wage increase in total earnings in the year to August 2009 included: manufacturing (no change); wholesale trade (no change); transport, postal and warehousing (1.5 percent); finance and insurance (2.1 percent) and arts and recreation services (3.0 percent). For females the pattern was slightly different. Two sectors delivered decreases in earnings (wholesale trade (-2.0 percent); manufacturing (-0.6 percent) and three sectors had relatively low increases: information, media and telecommunications (0.6 percent); finance and insurance services (0.6 percent) and retail trade (1.9 percent) (Table 5).

Should explain the decrease – not actual reductions but compositional effects?

These outcomes are also mirrored in the wage price index (WPI) data reported in Table 6. Whilst the WPI data cannot be broken down by sex (as noted above) they do have the advantage of controlling for compositional changes in the labour market. Sectors with below average industry wage movements in the year to September 2009 included manufacturing, wholesale trade, retail trade, accommodation and food services, information media and telecommunications, finance and insurance services, administrative and support services and other services.

Table 6 also reports the industry (raw) gender wage ratios in the full-time labour market (i.e. the gap without controlling for differences in skills etc.). The ratios are constructed from the AWOTE earnings data reported in ABS 6302.0. At August 2009 the all industry gender wage ratio was equal to 82.5 percent with sectors such as finance, real estate services, health care and social assistance exhibiting gaps well below this average. It is likely that the wage gaps would be substantially higher if part-timers (now 30 percent of the labour market) were included in this calculation. There is a pressing need for the collection of adequate hourly wage data to gain insight into gendered patterns of work and pay (Jefferson and Preston, 2009).

Table 5: Average weekly ordinary time earnings (%) at August 2009 and changes in AWOTE between August 2008 and 2009; by industry and sex

	Males			Females		
	% change Aug08-Aug09		AWOTE \$ at Aug 09	% change Aug08-Aug09		AWOTE \$ at Aug 09
	ordinary	total		ordinary	Total	
Mining	6.8	5.6	1 965.2	4.8	4.6	1 526.0
Manufacturing	2.7	0.0	1 163.7	0.3	-0.6	966.4
Electricity, gas, water and waste services	5.8	4.1	1 330.7	5.7	5.4	1 159.2
Construction	7.8	8.3	1 235.9	4.0	3.9	989.5
Wholesale trade	2.2	0.0	1 212.6	-1.2	-2.0	952.4
Retail trade	6.8	4.6	966.3	2.3	1.9	816.8
Accommodation and food services	5.9	5.4	945.2	3.7	3.8	804.3
Transport, postal and warehousing	1.0	1.5	1 080.1	3.7	2.3	1 029.0
Information media and telecommunications	5.9	5.0	1 527.1	1.0	0.6	1 239.2
Finance and insurance services	1.9	2.1	1 626.9	0.7	0.6	1 162.7
Rental, hiring and real estate services	5.8	4.3	1 463.9	9.6	9.5	1 016.3
Professional, scientific and technical services	3.8	4.7	1 607.8	4.8	4.9	1 164.5
Administrative and support services	6.4	6.3	1 256.7	6.1	5.8	1 032.3
Public administration and safety	4.9	4.5	1 284.4	5.5	5.5	1 192.3

Education and training	5.1	5.3	1 349.2	5.7	5.7	1 220.8
Health care and social assistance	10.0	9.2	1 533.5	7.3	6.9	1 033.3
Arts and recreation services	4.5	3.0	1 140.1	3.1	2.9	956.2
Other services	10.6	7.1	1 101.4	3.4	3.2	874.4
Total Industry	5.8	5.0	1 287.5	4.2	4.0	1 062.6

Source: ABS (2009h) Catalogue 6302.0 Tables 10 a,b,e and d

Table 6: Change in Wage Price Index (%) September 2008-09 and Gender Wage Ratio August 2009 by industry and sex

	WPI % change Sept08 to Sept09	GWR (AWOTE) (%) Aug09
Mining	3.7	77.7
Manufacturing	2.5	83.0
Electricity, gas, water and waste services	4.4	87.1
Construction	3.8	80.1
Wholesale trade	2.8	78.5
Retail trade	3.3	84.5
Accommodation and food services	3.3	85.1
Transport, postal and warehousing	4.5	95.3
Information media and telecommunications	2.7	81.1
Finance and insurance services	2.2	71.5
Rental, hiring and real estate services	3.7	69.4
Professional, scientific and technical services	3.5	72.4
Administrative and support services	2.5	82.1
Public administration and safety	4.6	92.8
Education and training	4.0	90.5
Health care and social assistance	4.5	67.4
Arts and recreation services	3.7	83.9
Other services	2.5	79.4
Total Industry	3.4	82.5

Source: See Table 5.1 plus Catalogue 6345.0

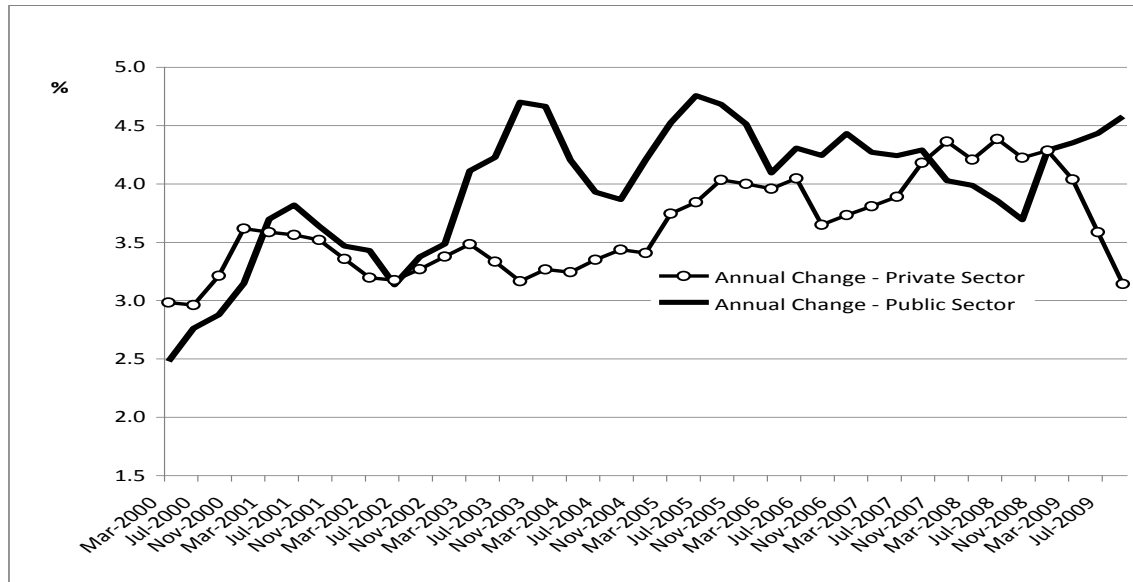
Some contrasts between private and public sectors

Wage outcomes reflect a multitude of factors including human capital endowments, industry capacity to pay, the regulatory environment, business strategy and other normative such as union membership, bargaining power and methods of wage fixing. Since moving away from centralised wage fixing at the end of the 1980s there has been considerable diversity in the form of wage settlements at the industry level and between the private and public sectors.

Figure 2 shows the annual changes in the wage price index disaggregated by sector. Across most of the last decade wage growth, as measured by this indicator, has been stronger in the public sector. By the 2009 September quarter the wage price index (excluding bonuses) in

the public sector had increased by 4.6 percent over the year; in the private sector the equivalent rate was 3.1 percent (original series).

Figure 2 – Wage Price Index (Excluding Bonuses), Annual Change by Sector

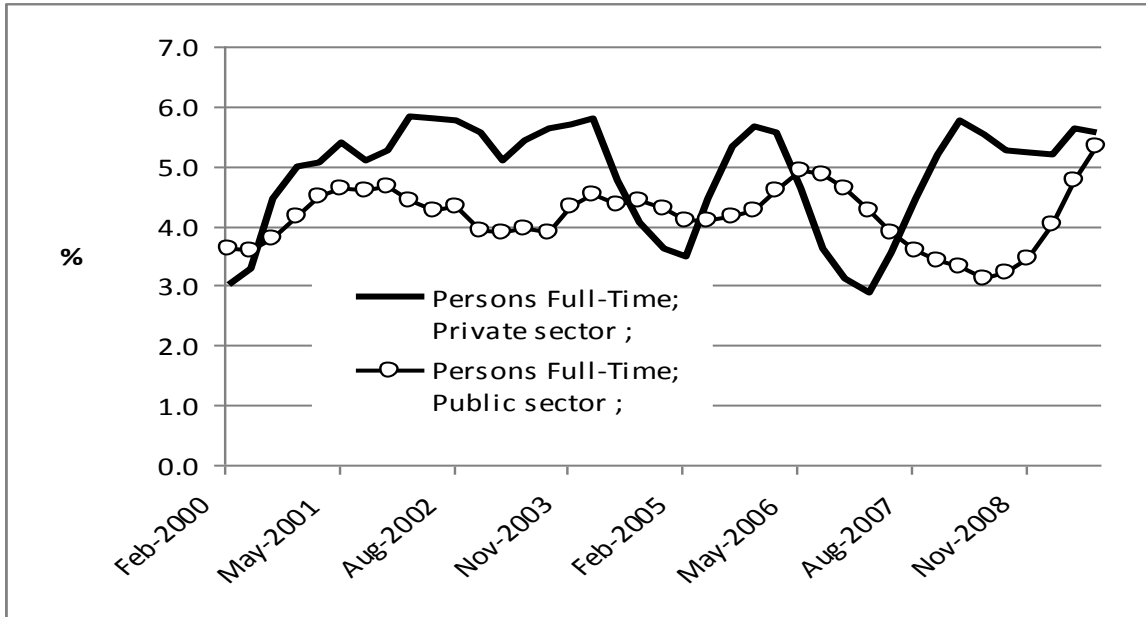


Source: ABS (2009i) Catalogue 6345.0

Figure 3 shows wage trends using data from the ABS average weekly earnings series (and thus a disaggregation by sex). In contrast to the picture presented at Figure 2 above, the ABS 6302 data (for full-time workers) suggests that, over the period 2000 to 2009, earnings grew faster amongst full-time private sector workers than amongst public sector workers. Recent years have seen some catch up in public sector wage growth.

Figure 3 – Average annual growth in ordinary time earnings for adults employed full-time by sector, February 2000 to September

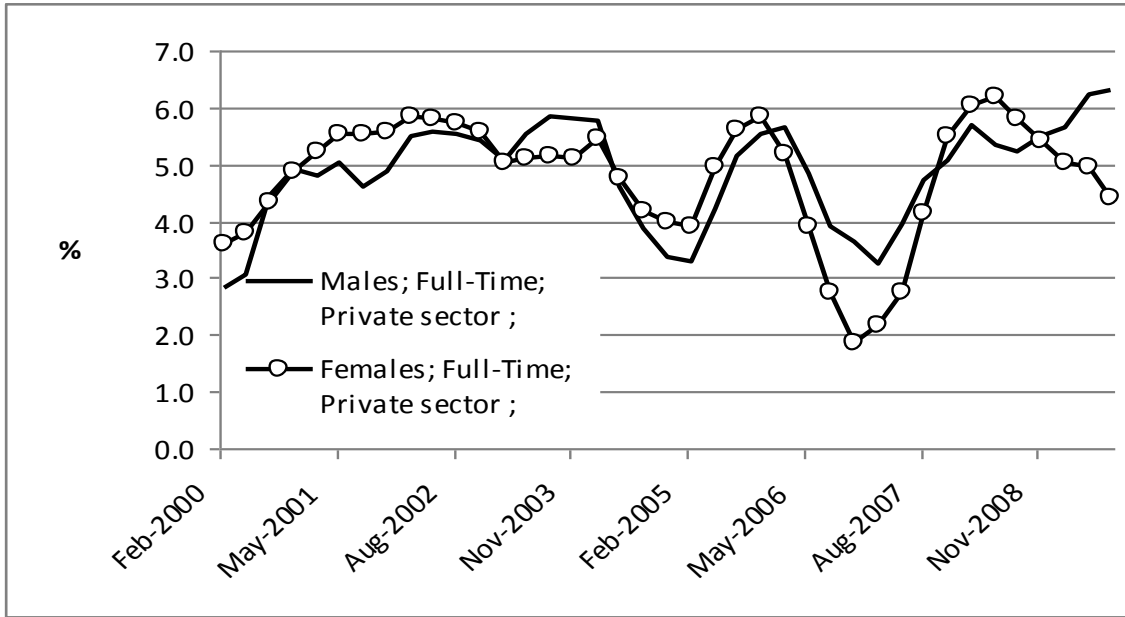
2009



Source: ABS (2009h) 6302.0 Tables 5 and 8. Note, rates of growth have been computed on a four quarter moving average and based on seasonally adjusted data.

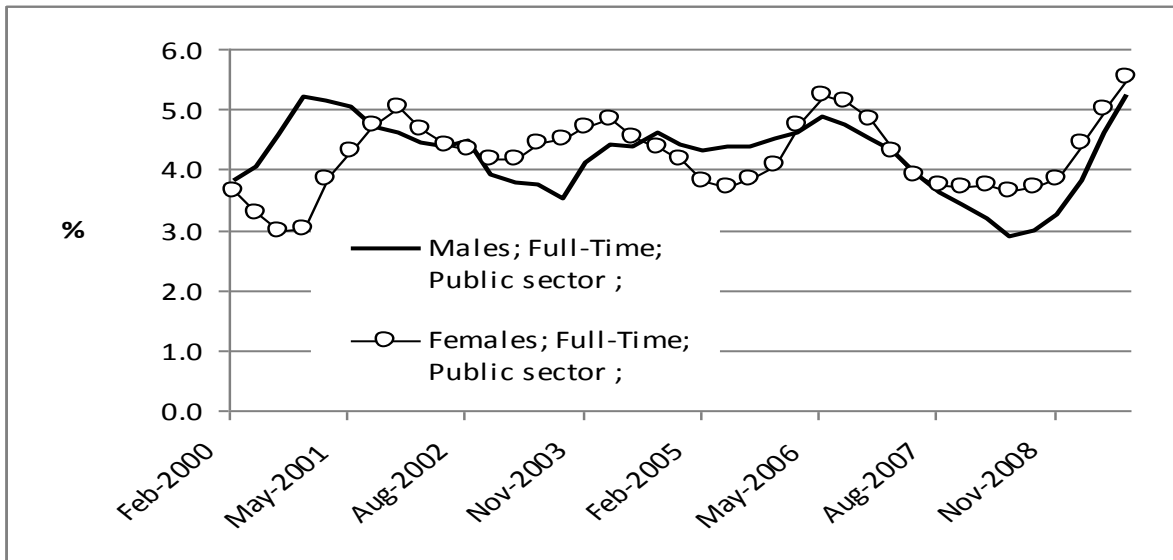
Further disaggregation reveals some stark differences, particularly in the behavior of average earnings in the private sector. Figure 4 shows that despite a high degree of similarity, there is a pronounced recent divergence in the growth of male and female private sector earnings growth. Since the peak of 6.2 percent at May 2008 the earnings growth experienced by women in the private sector has been trending downwards. Amongst males wage growth has been trending upwards reaching a peak of 6.3 percent at the August 2009 quarter. The same trend is not apparent in the public sector (Figure 5).

Figure 4 – Average annual growth in ordinary time earnings for males and females employed full-time; private sector; February 2000 to September 2009



Source: ABS (2009h) Catalogue 6302.0

Figure 5 – Average annual growth in ordinary time earnings for males and females employed full-time; public sector; February 2000 to September 2009



Source: ABS (2009h) Catalogue 6302.0

In the absence of unit record data it is difficult to know whether these patterns reflect compositional differences (higher average levels of human capital endowments as a result of less qualified and less skilled men leaving full-time employment). However, it is hard to believe that a 2.7 percent decline in the proportion of men in full-time employment since August 2008 (Table 2) could have such a dramatic affect on the average rate of pay. Moreover, the proportion of women working full-time hours has also fallen over the same period yet earnings have moved in the opposite direction. The patterns would appear to suggest that there are some other important determinants at work, including the possibility that a high proportion of job changers (to new employers) experience an earnings penalty (van Wanrooy et al. 2009). Another likely contributing factor is the different forms of wage setting agreements that cover men and women. Related to this, as detailed below, is the recent treatment of the federal minimum wage (FMW) by the Australian Fair Pay Commission (AFPC).

As shown in Table 7 below, relative to the public sector, private sector employees are much more likely to be covered by either the award only or an individual unregistered agreement. Within the private sector, women are much more likely than men to be dependent on the award rate and therefore the annual FMW determinations of the AFPC.

The AFPC decision on 7th July to leave the FMW unchanged at \$543.78 for a standard 38 hour week most likely had a greater impact on women than men. Research elsewhere has demonstrated that legislated minimum wages play an important role in raising the bottom of the pay distribution. Austen et al. (2008) show that minimum wage adjustments between 1995 and 2000 reduced the gender wage gap by 1.2 percentage points.

In justifying the FMW freeze the AFPC referred to their obligation to provide a safety net to low wage workers and argued that an increase in the FMW would cost jobs (AFPC, 2009). From 2010 the annual FMW review and decision making will be conducted by Fair Work Australia (FWA). In making its decision the FWA minimum wage review panel will be obliged to consider the economic circumstances, employment and participation, the needs of the low paid, training and disability wages and, for the first time in FMW setting, the principle of equal remuneration for work of equal or comparable value. Given this obligation, the large and growing gender wage gap and the data showing the poor earnings

growth amongst women employed in the private sector, it would seem that the forthcoming FMW review offers some prospect of catch-up.

Table 7: Methods of Wage Setting – Australia, August 2008

	Award or pay scale	COLLECTIVE AGREEMENT		INDIVIDUAL AGREEMENT			Total	All methods of pay setting
		Registered	Unregistered	Registered	Unregistered	Working proprietor or incorporated business		
Males								
Proportion of Employees (%)								
Private	15.7	25.2	*0.6	2.7	47.5	8.3	58.6	100.0
Public	*0.3	94.5	0.9	1.2	3.1	.	4.3	100.0
All sectors	13.3	35.9	0.6	2.5	40.7	7.0	50.2	100.0
Females								
Private	25.8	26.1	0.8	2.0	41.5	3.8	47.3	100.0
Public	*0.5	97.0	*0.3	0.9	1.5	.	2.2	100.0
All sectors	19.9	42.6	0.7	1.8	32.2	2.9	36.9	100.0
Persons								
Private	20.4	25.6	0.7	2.4	44.7	6.2	53.3	100.0
Public	*0.4	96.0	0.5	1.1	2.0	.	3.1	100.0
All sectors	16.5	39.2	0.6	2.2	36.5	5	43.7	100.0

Source: ABS (2009j) Catalogue 6306.0, Table 12.

Labour Market Outcomes in Five Australian Industries

In response to fears of a global recession, the Commonwealth government implemented a range of fiscal measures intended to boost consumer and investment spending. This included a \$950 one-off payment for low and middle income households and individuals. In a press release the Prime Minister and Treasurer stated that the purpose of the cash payments was to “stimulate consumption quickly, supporting economic activity and jobs until our nation building initiatives have an impact.” Most of the payments were made during the period from mid March until early April 2009. As illustrated in Table 1, in terms of volume, retail turnover during the relevant quarter (March to June 2009) grew at 1.9 percent than the preceding and following quarters in which it grew by 1.0 and -0.4 percent respectively. Another scheme comprised a first home buyer’s grant and a “nation building and jobs package”² which focused on community infrastructure projects both of which could be expected to support employment in the construction sector.

² <http://www.economicstimulusplan.gov.au/housing/pages/default.aspx> accessed 26 November 2009

Below, we look at selected indicators for five industries. The first two, retail trade and accommodation and food services, were selected because of the potential effect of the government’s stimulus package on household spending in the first half of 2009. The construction industry was selected as an industry that could be expected to benefit from the first homebuyers grant and infrastructure projects. The manufacturing and mining industries were selected as two contrasting industries that were not targeted by specific government stimulus policies.

Retail trade

Selected employment indicators for the retail sector are summarized in Table 8. In Retail trade, between August 2008 and 2009, total employment declined by 51,700, or 4.3 percent. The only area of growth in this industry was among part-time employees. The overall reduction in employment was higher than the comparable national estimate of -0.3 per cent for the same period (ABS 2009l). The number of people working very few hours, 15 hours or less per week, has declined in the period August 2008 – 2009 and the average number of hours worked per employee has remained relatively stable. Despite this, the retail trade recorded the second highest levels of underemployment with 17.3 percent of women and 10.8 percent men classified as underemployed (ABS 2009f 6105.0 Table 4.6).

Table 8: Retail Trade: Changes in selected indicators August 2008 – August 2009

	Male	Female
Full-time employees (%)	-6.7	-4.6
Part-time employees (%)	10.9	-7.5
Employed and actual working hours 0-15 hours per week (%)	0.0	-8.3
Change in average weekly working hours (hours)	-0.9	0.1
Adult, full-time average weekly ordinary time earnings (%)	6.8	2.3
All employees average weekly earnings	1.3	-0.7

Source: ABS (2009f, g, h and l).

Wage outcomes for men in full-time employment were above those for women. Accordingly the gender pay ratio in AWOTE fell by 3.8 percentage points to 84.5 percent (Table 7). A comparison of increases in the ordinary time earnings of full-time employees with the total earnings of all employees (which includes part-timers who have variable hours), suggests that wage growth in the retail sector has been greater among full-time male employees than among other employees. The data for this conclusion can only be considered indicative of

possible wage movements among part-time workers. As emphasized throughout this article, this suggests that there is a pressing need for improved data on changes in the earnings and hours of part-time employees in order to gain insights into the 30 percent of employees employed part-time.

Accommodation and food services

Between August 2008-2009, accommodation and food services experienced an increase in the total number of people employed, largely due to an increase in part-time employment. This was coupled with a 6.5 increase in the number of people working 15 or fewer hours per week and drop of 1.3 hours in the average of number of weekly hours worked. The accommodation and food services industry might be characterized as experiencing a large and growing proportion of part-time employees and declining weekly working hours for those employed in the sector. In August 2009 it recorded the highest level of underemployment among all industries, with 19.7 percent of women and 15.6 percent of men employed sector classified as underemployed (ABS 2009f 6105.0 Table 4.6).

Table 9: Accommodation and Food Services: Changes in selected indicators August 2008 – August 2009

	Male	Female
Full-time employees (%)	-2.5	-10.8
Part-time employees (%)	7.8	12.9
Employed and actual working hours 0-15 hours per week (%)	-4.1	13.0
Change in average weekly working hours (hours)	-0.5	-2.0
Adult, full-time average weekly ordinary time earnings (%)	5.9	3.7
All employees average weekly earnings (%)	0.5	11.2

Source: see footnotes to Table 8.

Construction

The construction industry is predominantly comprised of full-time employees. However, the proportion of employees in full-time work dropped from 88.2 percent in August 2008 to 84.5 percent. Part-time employment increased by 29.4 percent over the same period, growing from a low base of 116,000 employees in August 2008. At the same time, total employment in the industry declined by 1.6 percent. The average number of weekly hours worked per employee remained relatively steady among males, which may be a reflection of the large proportion of employees working a full-time working hours. However, there was a 10.9 percent point increase in the number of male and 19.0 percent increase in the number of females working 15 hours or less per week. In general terms, the construction sector

experienced a rapid growth in part-time employment and the number of people working very low numbers of hours per week. It remains to be seen whether this trend is sustained in a sector traditionally comprised of full-time male employees.

Table 10: Construction: Changes in selected indicators August 2008 – August 2009

	Male	Female
Full-time employees (%)	-6.0	-0.5
Part-time employees (%)	56.9	2.4
Working hours 0-15 hours per week (%)	10.9	19.0
Change in average weekly working hours (hours)	0.1	-0.9
Adult, full-time average weekly ordinary time earnings (%)	7.8	4.0
All employees average weekly earnings (%)	6.8	13.5

Source: see footnotes to Table 8.

Despite a substantial fall in the proportion of men employed full-time, the AWOTE of those remaining has increased by 7.8 percent. It may be that the recession forced the less skilled full-time employees out of the market and in the process raised the overall average wage for those remaining (hence the apparent increase in pay). Average wage increases for females who comprise 11.5 percent of the construction workforce are unusually high but difficult to interpret without additional data. It is noteworthy, however, that the WPI for this sector was below the overall industry average (Table 6).

Manufacturing

Manufacturing provides a contrast with the above industries as it was an industry not specifically targeted by particular economic stimulus measures. While the causative links are not definitive, the number of employees in the manufacturing sector declined between August 2008 and 2009 by 2.8 percent, a considerably greater loss than the 0.3 percent experienced nationally and a contrast with the retail, accommodation and construction sectors. Growth in part-time employment (9.9 percent for males and 11.8 percent for females) was from a small base and was accompanied by large growth in the proportion of female employees working fifteen or fewer hours per week (13.4 percent). Male average actual weekly hours worked declined by 1.4 hours, greater than the decline among males in the previously discussed industries.

As with the construction sector, manufacturing is predominantly comprised of full-time employees. While the growth in part-time employment has been moderate compared to the

construction sector, manufacturing also demonstrates a shift towards part-time work. Again, it remains to be seen whether this is to become an ongoing trend within the industry. Earnings growth was subdued for males and females regardless whether AWOTE or average earnings for all employees are considered.

Table 11: Manufacturing: Changes in selected indicators August 2008 – August 2009

	Male	Female
Full-time employees (%)	-8.0	9.2
Part-time employees (%)	9.9	11.8
Employed and actual working hours 0-15 hours per week (%)	-3.5	13.4
Change in average weekly working hours (hours)	-1.4	0.5
Adult, full-time average weekly ordinary time earnings (%)	2.7	0.3
All employees average weekly earnings (%)	1.2	-2.0

Source: see footnotes to Table 8.

Mining

The mining industry has been included because of the considerable attention it has received in recent years as a ‘boom’ industry. Mining is perhaps the archetypal full-time, male workforce industry. Australian Bureau of Statistics estimates of part-time employment numbers, shown in Table 14, are released with a warning that they are subject to high sampling variability.

Between August 2008 and 2009 full-time employment declined by 5.0 percent overall, with a decline of 3.9 percent among males and 12.1 percent among females. The continued focus on full-time employment is also indicated by a decline in the number of employees working 15 hours or fewer each week and a relatively steady average number of weekly hours worked per employee in August 2008 and August 2009. This may be attributable to several factors, including continuous shift and fly-in/fly-out rosters structured around traditional full-time working hours. The key pattern in mining appears to be a loss of full-time employment for a relatively large percentage of employees but a continued focus on full-time work among those who have retained their jobs. The industry is perhaps unique in terms of its short term prospects: forecasts of future skill shortages emerging in response to recent approvals for large scale projects in Western Australia (Hayes 2009). Among those who retained employment, earnings growth was relatively favourable compared with the national average and the four industries discussed above.

Table 12: Mining: Changes in selected indicators August 2008 – August 2009

	Male	Female
Full-time employees (%)	-3.9	-12.1
Part-time employees (%)	58.6*	-51.4*
Employed and actual working hours 0-15 hours per week (%)	-1.5	-26.9
Change in average weekly working hours (hours)	-0.7	1.1
Adult, full-time average weekly ordinary time earnings (%)	6.8	4.8
All employees average weekly earnings (%)	5.0	5.5

Source: See footnotes to Table 8. Note: *estimates are subject to sampling variability too high for most practical purposes

Summary and Conclusion

Consistent with the findings of other commentators we note that Australia performed relatively well in the recent economic downturn with the fall in full-time employment muted by an increase in part-time work and an increase in underemployment. As we approach the end of 2009 there are signs that the headline unemployment rate may have peaked. Notwithstanding the high degree of flexibility currently available in the Australian labour market (as reflected in the growth in part-time employment, fragmented hours, short hours and underemployment) the business community (including CEOs in the retail sector) have renewed their calls for increased labour flexibility and wage restraint (Durie and Perpetch 2009). High levels of staff turnover and impending labour shortages underpin their concerns.

As we enter 2010 and review labour market policy and wage outcomes it is critical that we form a better understanding of the labour market and of non-standard forms of employment in particular. In 2009 there were, as demonstrated, some significant adjustments. These included: a shift towards part-time work; growth in long-term unemployment; increased levels of underutilization; divergent trends in earnings growth; the contrasting outcomes in specific labour market sectors; and divergent patterns of earnings (particularly amongst males and females employed full-time).

The currently labour market indicators, with the focus on full-time employees, mask important developments in the part-time sector, a sector that now employs around 30 per cent of the workforce and that is particularly dependent on labour market regulation and minimum wage determination. The aggregate focus also overlooks the fact that there is a dual economy and that performance at the industry level varies considerably.

As we re-enter debates about regulation, wage setting, pay equity, skill shortages and training it is important that policy makers and researchers invest in, and have access to, comprehensive labour market data, including linked employee-employer data. This needs to be a priority for 2010.

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