

Labour Markets and Wages in Australia in 2010

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Abstract

In this paper we present data on earnings and hours in 2010 and, using data over a longer time frame, show how the character of the Australian labour market has significantly changed in recent decades. Among other things, we demonstrate a continued shift towards part-time work and, across full-time and part-time labour markets, a change in the distribution of jobs towards more highly skilled occupations. We continue to argue that traditional indicators of labour market activity such as headline unemployment and earnings in full-time employment are only able to partially explain the health of the labour market. There is an urgent need to better understand other dimensions such as under-employment, part-time employment and part-time earnings.

Keywords: *Fair Work Act, Australian industrial relations, hours of work, earnings, public sector pay, part-time work, gender pay gap, employment, unemployment, underemployment, occupational patterns*

Introduction

Throughout 2010 there was continued fallout from the global financial crisis (GFC) that followed the collapse of Lehman Brothers in September 2008. Discussions on the need for banking regulation held by G20 nations reflected ongoing concerns with the debt levels of the banking sector in several nations, with Ireland being the country to dominate headlines in November 2010. However, the Australian political and economic context was characterised this year by a new hung parliament, the resumption of growth in the resources sector and a reemerging discussion of uneven growth across the economy. The term ‘two speed economy’ returned to public debate, even if it was to argue that a strongly growing resources sector was unlikely to cause significant problems for other regions and sectors (Stevens, 2010). Against this backdrop, there were improvements in both average levels of employment and in earnings in Australia in 2010.

Comment on productivity/international comparison of GDP

In this article we provide a brief overview of the macroeconomic context in Australia in 2010 and consider the extent and distribution of changes in employment and earnings. To some extent these changes indicate a reversal of the labour market experience immediately after the GFC. However, there are ongoing patterns within some labour market sectors which suggest long term trends that are proving resilient to relatively short term fluctuations in Australia's economic performance. These include continued shifts toward part-time employment in many industry sectors, relatively high aggregate rates of labour underutilisation and ongoing demand for skilled labour. These longer-term issues are discussed in the latter part of this article.

Macroeconomic Context 2010

Labour markets are inextricably linked with the demand for goods and services which drives employment and wage outcomes. For this reason, it is helpful to provide a brief overview of the macroeconomic context for Australian labour markets in 2010. Table 1 provides an overview of key macroeconomic indicators for 2009-2010 including GDP growth, CPI, interest rates, retail turnover, housing approvals and business investment.

Annual growth of 3.3 per cent in GDP in the year to June 2010 indicated a significant turnaround in aggregate economic activity from the previous year, although it remained lower than the 4.3 per cent recorded in the 12 months preceding the financial crisis of September 2009 (ABS, 2010a). This was accompanied by a relatively modest increase in the consumer price index of 2.8 per cent and increases in the Reserve Bank of Australia's official interest rates. Despite increases in these relatively common indicators of economic activity, turnover in the retail sector remained relatively subdued, and motor vehicle sales, dwelling approvals and business investment declined. The lack of consistency across all these broad indicators suggests that arguments about uneven recovery across the economy have some basis. This is a theme that is mirrored in Australian labour market indicators, to which we now turn.

Table 1: Selected macroeconomic indicators 2009-10

GDP growth	Sep	Year to Sep 2010	Sep quarter 2009	Year to Sep 2009
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	quarter 2010			
% change ^(a)	0.2	2.7	0.2	0.6
Consumer Price Index ^(b)	June – Sep Quarter 2010	Year to Sep 2010	June – Sep Quarter 2009	Year to Sep 2009
% change	0.7	2.8	1.0	1.3
RBA cash rate	3 Nov 2010	5 May 2010	7 April 2010	3 March 2010
% ^(c)	4.75	4.50	4.25	4.00
Retail Turnover	June to Sep 2010	March to June 2010	Dec 2009 - March 2010	Sep to Dec 2009
% Change (volume) ^(d)	0.7	0.8	0.1	1.1
Motor vehicle sales	Month to Sep 2010	Year to Sep 2010	Month to Sep 2009	Year to Sep 2009
% change ^(e)	-0.6	3.3	3.7	3.3
Dwelling unit building approvals	Month to Sep 2010	Year to Sep 2010	Month to Sep 2009	Year to Sep 2009
% change ^(f)	-6.6	-11.6	2.7	11.7
Business investment	Year to June 2010	Year to March 2010	Year to Dec 2009	Year to Sep 2009
% change ^(g)	-0.6	-2.5	-2.1	-7.2

Sources: (a) Chain volume measure, seasonally adjusted, ABS (2010a) Catalogue 5206.0; (b) ABS (2010b) Catalogue 6401.0; (c) Selected rates, Reserve Bank of Australia (2010); (d) Seasonally adjusted, ABS (2010c) Catalogue 8501.0; (e) Seasonally adjusted, ABS (2010d) Catalogue 9314.0 (f) Seasonally adjusted, ABS (2010e) Catalogue 8731.0; (g) Melbourne Institute for Applied Economic and Social Research (2010).

Employment Outcomes - Australia 2010

A relatively immediate and major effect of the global financial crisis in 2009 was a decline in male full-time employment accompanied by a growth in male part-time employment of over 10 per cent (Jefferson and Preston, 2010a). This pattern altered during 2010 as economic activity increased in some sectors. Throughout the year there were increases in both male full-time and part-time employment, with full-time employment (3.5 per cent) growing more quickly than part-time (2.4 per cent). Rates of employment growth were particularly strong amongst men employed full-time (3.8 per cent) and, by October 2010, the male unemployment rate was equal to 5.1 per cent. The female unemployment rate remained above the male rate partly as a result of softer employment growth and partly as a result of increased labour market participation. By October 2010, the female participation rate stood at a record high of 59 per cent.

Table 2: Selected Indicators of Labour Force Status: October 2009 – October 2010,**Australia**

Month/year	Employed full-time '000	Employed part-time '000	Employed total '000	Unemployment - looking for full-time work	Unemployment rate (pt and ft) %	Participation rate %
Males						
Oct-09	4989.1	997.3	5986.4	304.1	5.8	72.3
Oct-10	5178.7	1017.2	6195.9	256.3	5.1	72.7
% change Oct 09-10	3.8	2.0	3.5	-15.7		
Females						
Oct-09	2709.5	2293.9	5003.4	190.3	5.5	58.6
Oct-10	2791.7	2351.8	5143.5	183.2	5.4	59.0
% change Oct 09-10	3.0	2.5	2.8	-3.7		
Persons						
Oct-09	7698.6	3291.2	10989.8	494.4	5.7	65.4
Oct-10	7970.4	3369.0	11339.4	439.4	5.2	65.7
% change Oct 09-10	3.5	2.4	3.2	-11.1		

Source: ABS (2010g) Catalogue 6202.0. Time series spreadsheets, trend estimates Table 1.

Table 3 shows estimates for the growth (or decline) in the total number of employees by industry and the percentage shifts between part and full-time employment *within* each industry by sex between November 2009 and August 2010. The estimates show, for example, that the number of employees in mining grew by 17.8 per cent and that male full-time employment as a percentage of total employment within the industry grew 1.93 per cent, while female full-time employment declined by 1.99 per cent. Some of the most striking areas of growth in total employment for this period (less than a year) were in mining (17.8 per cent), electricity, gas, water and waste services (22.1 per cent) and rental, hiring and real estate services (17.0 per cent). Despite these areas of relatively high growth, there continued to be a shift from full-time to part-time employment across the workforce, with particularly notable shifts from full-time to part-time employment in information media and telecommunications and arts and recreation services. These two industry sectors also experienced an overall decline in the number of employees, perhaps indicating that other areas of growth in the economy and labour market did not flow to these areas in the nine months to August 2010.

Table 3: Shifts between full-time and part-time employment by industry and sex; November 2009 to August 2010

	Male full-time	Male part-time (%point)	Female full-time (%point)	Female part-time (%point)	Total % change in number
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	(%point)				employees
Agriculture forestry and fishing	2.40	-0.40	-0.89	-1.11	8.1
Mining	1.93	0.68	-1.99	-0.62	17.8
Manufacturing	-0.27	-0.84	0.39	0.73	2.6
Electricity, gas, water and waste services	-3.17	2.06	-0.37	1.48	22.1
Construction	-1.60	1.63	-0.24	0.21	6.4
Wholesale trade	0.82	-0.37	-1.84	1.39	-2.3
Retail trade	-0.43	0.00	0.74	-0.31	2.4
Accommodation and food services	-1.06	-0.91	-0.30	2.27	0.4
Transport, postal and warehousing	0.67	-1.20	-1.70	2.23	2.8
Information media and telecommunications	-2.96	1.51	1.75	-0.29	-0.8
Finance and insurance services	0.50	-0.99	0.69	-0.20	3.2
Rental, hiring and real estate services	-1.84	0.82	-2.23	3.25	17.0
Professional, scientific and technical services	-1.14	-0.14	0.88	0.39	3.5
Administrative and support services	0.84	1.12	-1.53	-0.43	8.3
Public administration and safety	0.20	-0.17	0.59	-0.61	6.6
Education and training	0.30	0.76	-2.36	1.30	8.1
Health care and social assistance	0.41	-0.29	-1.81	1.69	8.9
Arts and recreation services	-7.79	5.07	2.08	0.63	-2.1
Other services	-1.64	-0.96	0.87	1.74	6.4
Total Industry	-0.39	0.14	-0.49	0.74	5.1

Source: ABS (2010g) original series.

Consistent with a growth in both employment and part-time employment, labour underutilisation declined to some extent but it did not return to pre-GFC levels. As shown in Table 4, in the year to August 2010, labour underutilisation has declined more quickly among males, from 12.6 to 10.5 per cent, than among females (from 15.3 per cent to 14.5 per cent).

Table 4: Labour Underutilisation, August 2004 - 2010

	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
August 2010	12.3	10.5	14.5

Source: ABS (2010f) Catalogue 6105.0 Table 4.1, Trend estimates.

Employment outcomes suggest at least two discernable patterns. The first is a relatively rapid gain in employment as specific industries recovered from the immediate aftermath of the global financial crisis. Mining and construction are key examples of an improvement in employment and this is perhaps expected as demand from Asian countries for raw materials

continues to grow. The second is an ongoing shift towards part-time employment in some labour markets and relatively high rates of labour underutilisation. Possible contributory factors to these outcomes include uneven development or ongoing structural change in the labour market towards less secure forms of employment tenure. We return to a discussion of these issues after an overview of wage outcomes in Australia.

Wages Outcomes – Australia 2010

Changes in average weekly earnings of persons employed full-time

Changes in average weekly earnings are frequently assessed by reference to the ordinary time earnings of full-time employees. This is because full-time, ordinary weekly earnings are less susceptible to variations due to the number of hours worked. These estimates do, however, have the important limitation of excluding earnings for the large percentage (approximately 33 per cent) of employees who work on a part-time basis.

In the year to August 2010, the average ordinary time earnings (AWOTE) of persons employed full-time increased by 4.5 per cent. It grew across most industries and at an aggregate level increased by 4.3 per cent among male full-time employees and 5.0 per cent among female full-time employees (Table 5). The exception to this pattern was among males in the rental, hiring and real estate services industry, health care and social assistance and other services where AWOTE declined by 6.2 per cent, 5.0 per cent and 1.1 per cent respectively. It is not possible to infer from these estimates whether individual employees experienced a decline in earnings or whether there was a shift in the composition of the workforce in these industries towards lower paid jobs. For example, there may have been a reduction in the number of more senior employees on higher rates of pay towards a younger workforce, thus reducing average earnings per employee. However, the decline in average earnings among males in the health care and social assistance sector is an interesting development in the context of an equal remuneration case brought before Fair Work Australia by a major union in this sector, the Australian Services Union (see Baird and Williamson 2011, this edition).

In general terms, the growth in full-time average ordinary time earnings appeared to increase faster than the inflation rate for both males and females in most industries. As might be

expected, wages growth was relatively strong in industries which showed relatively strong levels of employment growth such as mining and electricity, gas, water and waste services. Over the period August 2009 to August 2010, wages growth was also strongest in the public sector, with the growth rate of average ordinary time earnings equal to 6.3 per cent for persons employed full-time. In the private sector the corresponding rate of growth was 4 per cent.

When the earnings data are disaggregated by sex we can also see a gender dimension to the patterns of earnings growth. In the year to August 2010 earnings grew fastest amongst men in full-time private sector employment (6.5 per cent) followed by men in full-time public sector employment (6.3 per cent). This compares to the 5.8 and 4.2 per cent growth rate for women in full-time employment in the public and private sectors, respectively (see Table 6 and Figure 1).

Table 5: Average weekly ordinary time earnings (AWOTE) for full-time employees at August 2010 and changes in AWOTE and total full earnings between August 2009 and 2010; by industry and sex

	Males			Females		
	% change Aug09-Aug10		AWOTE \$ at Aug 10	% change Aug09-Aug10		AWOTE \$ at Aug 10
	ordinary	total		ordinary	Total	
Mining	8.4	9.7	2 131.10	8.1	8.3	1 649.10
Manufacturing	1.9	4.5	1 186.10	3.4	4.0	999.20
Electricity, gas, water and waste services	11.5	11.8	1 483.00	6.9	7.1	1 239.10
Construction	6.1	4.5	1 311.10	8.6	8.4	1 075.00
Wholesale trade	2.8	2.6	1 246.40	2.6	2.5	977.40
Retail trade	0.9	2.1	947.70	6.7	7.0	871.50
Accommodation and food services	2.3	2.3	966.70	5.1	4.7	845.70
Transport, postal and warehousing	12.3	10.4	1 213.00	8.8	8.5	1 119.80
Information media and telecommunications	4.7	4.3	1 598.60	5.7	5.8	1 309.60
Finance and insurance services	10.4	10.1	1 796.20	4.8	4.7	1 219.00
Rental, hiring and real estate services	-6.2	-4.3	1 372.60	1.8	2.3	1 034.50
Professional, scientific and technical services	4.7	4.4	1 682.80	7.8	7.8	1 255.70
Administrative and support services	3.0	3.3	1 294.90	3.6	4.5	1 069.70
Public administration and safety	9.1	8.9	1 401.70	7.8	7.9	1 285.10
Education and training	5.6	5.5	1 424.50	5.7	5.6	1 289.80
Health care and social assistance	-5.0	-4.6	1 456.50	2.7	2.7	1 060.90
Arts and recreation services	7.0	7.2	1 220.00	4.7	4.7	1 000.90
Other services	-1.1	3.3	1 089.30	4.4	4.6	913.30
Total Industry	4.3	4.6	1 343.30	5.0	5.2	1 116.20

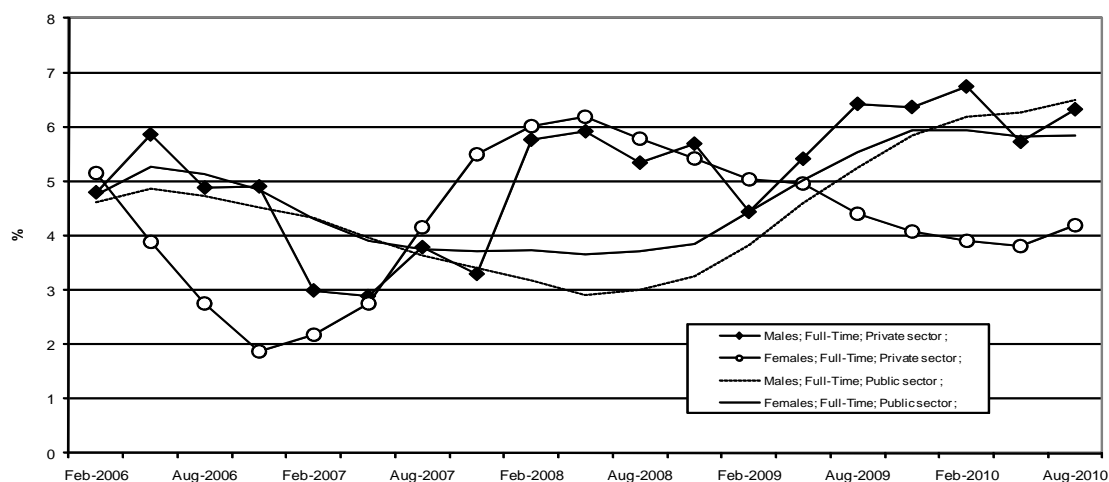
Source: ABS (2010h) Catalogue 6302.0 Tables 10 a, b, e and d, original series.

Table 6: Annual Growth Rate of Average Ordinary Time Earnings by Sex and Sector, August 2006 to August 2010

	Annual Growth Rate of Average Ordinary Time Earnings (%)			
	Males; Full-Time; Private sector ;	Females; Full-Time; Private sector ;	Females; Full- Time; Public sector ;	Males; Full-Time; Public sector ;
Aug-06	4.9	2.7	5.1	4.7
Aug-07	3.8	4.2	3.7	3.6
Aug-08	5.3	5.8	3.7	3.0
Aug-09	6.4	4.4	5.5	5.2
Aug-10	6.3	4.2	5.8	6.5

Source: ABS (2010h) Catalogue 6302, Tables 6 and 9, original series. Estimates computed on a four quarter moving average.

Figure 1: Annual Average Wage Growth, Adults, Full-time, by Sex and Sector



Source: ABS (2010h) Catalogue 6302.0.

In dollar terms, at August 2010 the AWOTE of males employed full-time in the public sector was \$1448.30 per week. Table 7 shows the wages of other groups relative to male full-time public servants. It is apparent from the data that, over the last five years, there has been a convergence in the average earnings of male public and private sector employees and little change in the average earnings of women (public and private) relative to male public sector employees. The gender wage gap remains stubborn and high, equal to 12 per cent in the public sector and 20 per cent in the private sector at August 2010.

Table 7: Average Ordinary Time Earnings Wage Relativities of Public and Private Sector Employees by Sex; August 2006 to August 2010. Benchmark – Males Employed Full-Time in the Public Sector

	Wage relativities - benchmark - males employed full-time public sector			
	Males Full-Time Private sector	Females Full-Time Private sector	Females Full-Time Public sector;	Males Full-Time Public sector
Aug-06	88.2	73.0	87.3	100
Aug-07	88.4	73.3	87.4	100
Aug-08	90.4	75.3	88.0	100
Aug-09	91.4	74.7	88.3	100
Aug-10	91.2	73.1	87.7	100

Source: ABS (2010h) Catalogue 6302.0, Tables 6 and 9, original series.

The data discussed above are, as noted, unable to account for issues of compositional change. This may, however, be partly addressed by examining the wage price index (WPI) rather than average earnings (Table 8). The WPI is an index of changes in the cost of wages to employers (that is, it is an index which excludes other labour costs such as superannuation, workers compensation and bonuses). Changes in the index that result from changes in labour force composition are excluded from these estimates and it has the advantage of including employees across a range of employment types, including full-time, part-time and casual. In the year to September 2010 the WPI showed a growth in wages of 3.6 per cent at an industry level. This compares to an average annual (August 2009 to August 2010) growth in ordinary time earnings of 4.5 per cent amongst persons employed full-time. The slower wage growth as captured by the WPI most likely reflects a slower rate of wages growth amongst persons employed part-time and compositional changes resulting from a strong growth in part-time work.

The second column of figures in Table 8 are estimates of the gender wage ratio for each industry, unadjusted for possible differences in education, experience and other factors which may affect men's and women's relative earnings. The overall wage ratio of 83 per cent reflects a level that has been stable over many years, with the industry specific ratios also proving to be remarkably resilient. A key aspect of concern with using AWOTE for monitoring gender wage ratios is the exclusion of part-time workers from these estimates as approximately half of all female employees work on a part-time basis. The importance of part-time work, earnings and gendered patterns of wage determination are a key focus of our discussion of equal remuneration, below.

Table 8: Change in Wage Price Index (Hourly rates of pay excluding bonuses) (%) September 2009-10 and Gender Wage Ratio August 2009 by industry and sex

	WPI % change Sept09 to Sept10	GWR (AWOTE) (%) Aug10
Mining	3.8	77.4
Manufacturing	3.2	84.2
Electricity, gas, water and waste services	4.4	83.6
Construction	3.6	82.0

Wholesale trade	2.5	78.4
Retail trade	3.4	89.4
Accommodation and food services	3.4	87.5
Transport, postal and warehousing	3.2	92.3
Information media and telecommunications	2.3	81.9
Finance and insurance services	4.2	67.9
Rental, hiring and real estate services	2.6	75.4
Professional, scientific and technical services	4.1	74.6
Administrative and support services	3.4	82.6
Public administration and safety	3.9	91.7
Education and training	4.4	90.5
Health care and social assistance	3.8	72.8
Arts and recreation services	3.3	82.0
Other services	3.3	83.8
Total Industry	3.6	83.1

Source: ABS (2010i) Catalogue 6345.0. and Table 5 above.

Minimum Wage Decision 2010

In its first annual review of wages, the Wage Review Panel (WRP) of Fair Work Australia increased national minimum wages by \$26.14 per week; from \$543.76 to \$569.90 based on a 38 hour period pay. This represented an hourly increase of \$0.69 per hour; from \$14.31 to \$15. In percentage terms the \$26.14 increase represented a 4.8 per cent increase to the previous Federal Minimum Wage, however, the increase was a flat dollar amount rather than a percentage increase.

The WRP noted Australia's relative economic resilience during the Global Financial Crisis. However, despite many sectors of the Australia economy experiencing growth, award-reliant employees, including those receiving the minimum wage had been awarded no change to their wages since mid-2008. The WRP said:

During that time, productivity, prices and real earnings have grown but minimum wages have not. There is a strong case for a rise in minimum wages to provide a fair and relevant safety net, protect the relative living standards of award-reliant employees and assist the low paid to meet the needs (*Fair Work Australia*, 2010: 74 at [334]).

In the year to March 2010 prices throughout the Australia economy had steadily increased. In this period the wage price index increased by 3 per cent, AWOTE increased by 5.8 per

cent and the CPI increase by 2.9 per cent. On this evidence the WRP believed that an increase in to the national minimum wage was warranted.

The WRP members argued that a dollar amount increase was more appropriate than a percentage increase, as low paid workers would receive relatively higher benefit than higher income earners. In making this decision the WRP stated:

We are required in particular to take the needs of the low paid into account. In light of the fact that award-reliant employees have not had an increase in wages since 2008, it is desirable that we increase award rates by the largest amount consistent with the statutory criteria (*Fair Work Australia*, 2010: 75 at [337]).

This was the WRP's first national wages review. It was the first increase in national minimum wages since the July 2008, after the AFPC's decision to freeze wages in June 2009. The WRP's decision was made pursuant to the *Fair Work Act 2009* (the Act). Given this was the first wage determination pursuant to the Commonwealth Government's new workplace relations system, the WRP sought at length to outline the obligations, principles and considerations which it was bound by when making its decisions.

It is likely that Fair Work Australia's next major determination will consider the equal remuneration principles introduced in the Fair Work Act. The relevant case has been lodged by the Australian Services Union and reflects ongoing issues of relatively low pay in the largely feminised sector of human services (see Baird and Williamson, 2011, this edition).

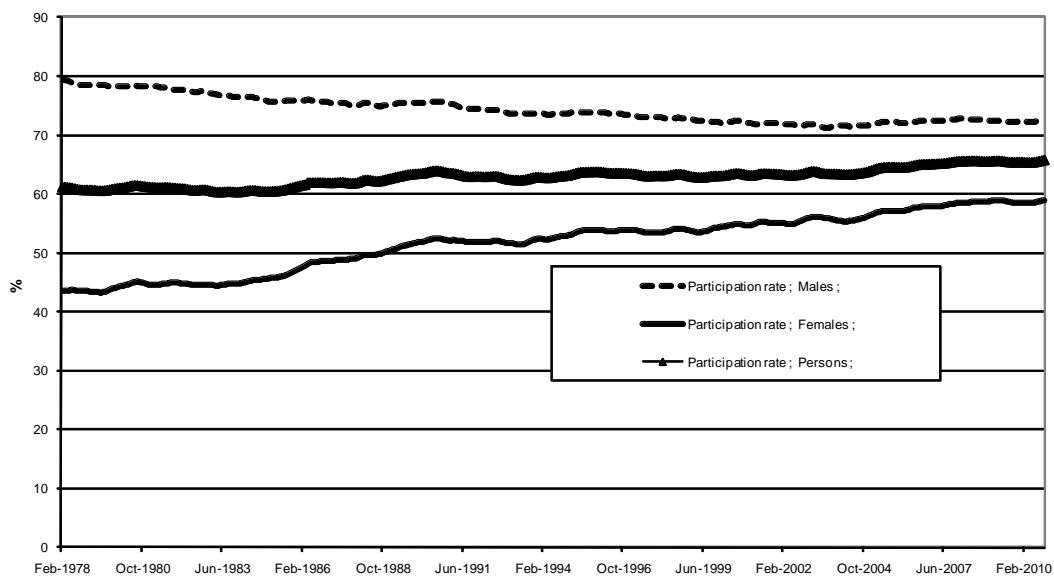
Labour Market Outcomes – Some Longer Trends

As we approach the end of this decade, it seems appropriate to place the current labour market outcomes in a longer historical context and to reflect on the changed character of employment brought about by events such as a greater participation of women, growth in part-time employment, a sustained shift away from traditional industry sectors such as manufacturing, and an on-going demand for skilled labour.

Trends in Participation and Employment

Over the decade to October 2010 labour market participation amongst women increased by 18 per cent, reaching an all time peak of 59 per cent at October 2010. Amongst men the pattern was one of relatively stability with the male participation rate falling by only 0.3 percentage points to 72.7 per cent over the same 10 year period.

Figure 2: Participation Rate, by Sex, Australia February 1978 – October 2010



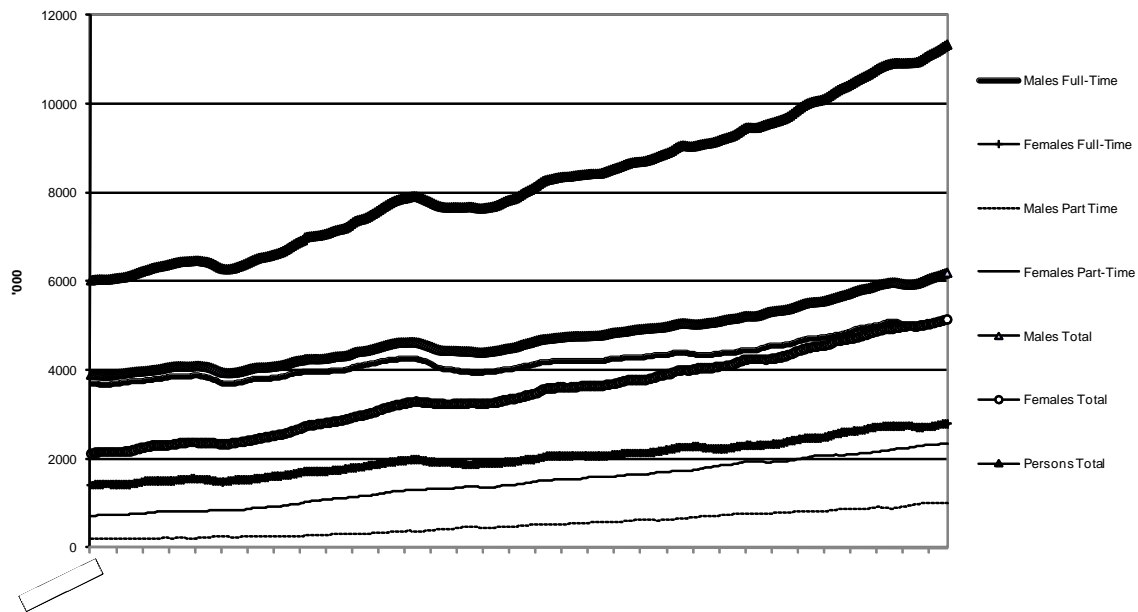
Source: ABS (2010g) Catalogue 6202.0.

By October 2010 there were 11,339,400 people in paid work in the Australian labour market (Figure 3). Of this total, 46 per cent were men employed full-time, 25 per cent women employed full-time, 21 per cent women employed part-time and 9 per cent men employed part-time.

Over the last three decades, the standout periods in terms of employment growth were the Accord era (1984 to 1990) and most recent years (2006-2010). During the 1980s female full-time employment increased by 26.9 per cent and employment of all persons increased by 22 per cent. Over the last five years, total employment has increased by 12.3 per cent driven by

strong full-time employment growth. Part-time employment has also surged in recent periods, particularly amongst males (all ages), older women and young people (20-24) of both sexes (see Table 9 and Figure 4)

Figure 3: Employment Growth February 1978 – October 2010 by Sex and Full-time and Part-time Employment

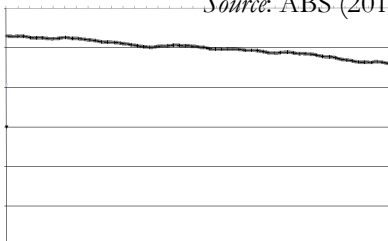


Source: ABS (2010g) Catalogue 6202.0.

Table 9 – Employment Growth (%), Trend Series

	Full-time Male	Full-time Female	Full-time Person	Part-time Male	Part-time Female	Part-time Person	Total Male	Total Female	Total Person
Aug 78-Dec 83	1.3	9.1	3.4	25.4	19.1	20.5	2.5	12.5	6.0
Jan 84 to Dec 90	11.2	26.9	15.7	55.0	52.6	53.1	13.9	36.1	22.2
Jan 91 to Dec 95	1.4	6.8	3.1	34.6	16.7	20.8	4.3	10.8	7.0
Jan 96 to Dec 00	3.8	9.4	5.7	27.9	12.4	16.4	6.5	10.7	8.3
Jan 01 to Dec 05	8.4	9.0	8.6	20.8	19.3	19.7	10.1	13.5	11.6
Jan 06 to Oct 10	9.3	12.7	10.5	24.7	13.6	16.7	11.6	13.1	12.3

Source: ABS (2010g) Catalogue 6202.0.



Trends in Working Hours

The increasing use of part-time labour also shows in data on working hours. In its October 2010 overview of trends in working hours the Australian Bureau of Statistics (ABS, 2010f) noted that:

...the average actual hours worked per employed person have decreased over the past 32 years. However, the average actual hours worked by full-time and part-time employed people have both increased.... The total decrease, but component increase, can be attributed to the changing full-time to part-time composition of the workforce. (ABS, 2010f: 11).

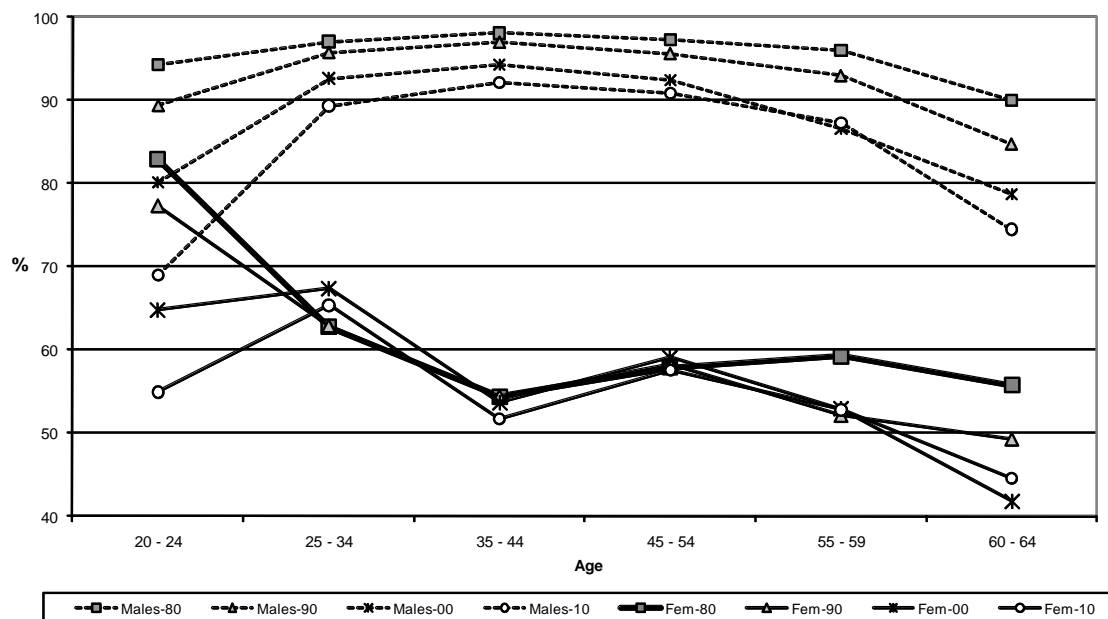
Since February 1978, average actual hours worked per employee have declined from 35.5 hours per week to 33 hours in 2010. This average peaked in 1979 at approximately the same time that the percentage of the workforce in full-time employment peaked at 86 per cent of all employees (ABS, 2010f).

Since the late 1970s there has been a rapid growth in part-time employment. Between February 1978 and October 2010, the proportion of all employed persons who were men employed part-time rose from 3.2 per cent to 9 per cent. The corresponding increase for women was from 11.9 per cent to 20.7 per cent. This has been accompanied by a change in the distribution of actual hours worked by the employed population. There has been an increase in the proportion of people working relatively few hours with an increase from 8 per cent to 12 percent of people working between 1 and 15 hours a week, and from 9 per cent to 15 per cent for those working between 16 and 29 hours. The proportion of people working more than 50 hours has fluctuated from 13 per cent in 1978 to 19 per cent in 1999 and then to 15 per cent in 2010. Women are more highly concentrated among those working relatively few hours with 17.4 per cent working between 1 and 15 hours per week and 21 per cent working between 16 and 29 hours in August 2010. The higher concentration of relatively low hours among women is not necessarily a matter of employees' preferences. Women form the majority of multiple job holders (57 per cent) and those seeking employment or more hours (57 per cent) (ABS, 2009a, b). As noted above, this appears to contribute to relatively higher levels of labour underutilisation among women (Table 4).

The trend towards higher levels of part-time work is also evident among younger workers aged 15 to 24 years. From February 1978 to July 2010, the proportion of younger workers employed for between 1 and 15 hours per week increased from 8 to 24 per cent. Underemployment among for this group rose from 3.1 per cent to 13.1 per cent in the same period.

Figure 4 displays this shift towards part-time across each age group, disaggregated by sex. The downward shift in the full-time employment participation share is particularly clear for men but also, as noted above, for younger employees, older men and women of prime age years (25-44).

Figure 4: Full-time Employment Participation by Age and Sex, 1980 – 2010



Source: ABS (2010k) Catalogue 6291.0.55.001.

Trends in Occupations and Part-Time Work

Part-time employment within Australia now accounts for around one third of all paid jobs. It is a significant form of employment, particularly for women, with around 70 per cent of all part-time workers being women. As an employment form it has been connected to jobs of

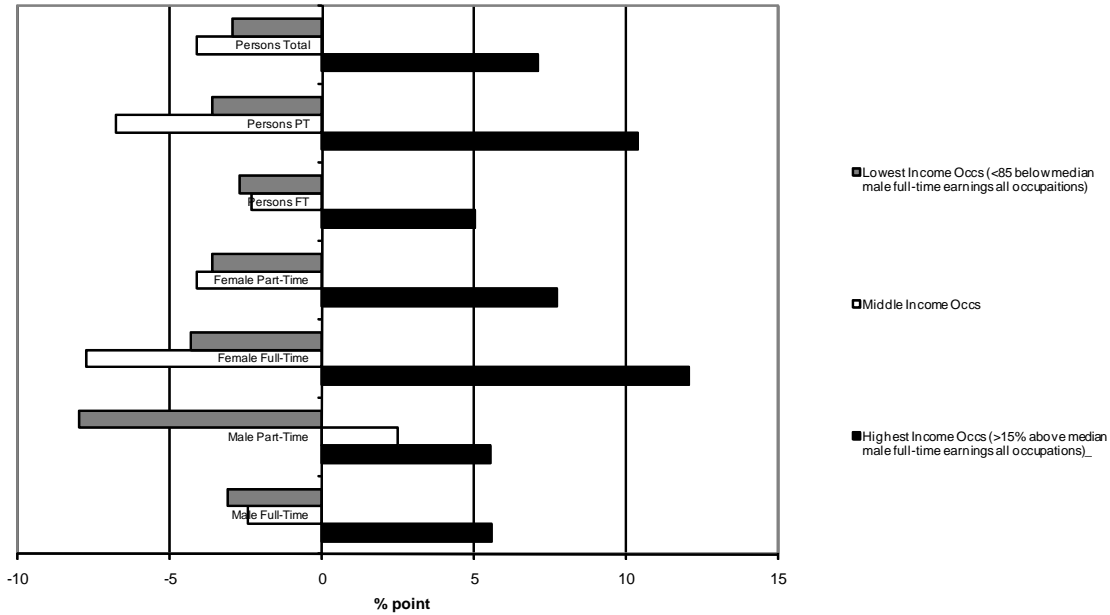
x	x				
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lesser quality and to questions of pay (Charlesworth et al., 2002; Pocock, 2003; Jefferson and Preston, 2010b). As the labour market becomes more flexible and employees move away from standard hours-based (eg. full-time) employment contracts it is likely that we will see reduced concentration of part-time work in particular sectors and occupations and a parallel development of part-time work across the labour market. The strong growth in part-time work amongst males suggests that this is already happening. The latter is driven, in part, by an increasing use of contractors in some industry sectors. From a research perspective, there will be a need to continue the monitoring of job quality in the part-time sector and ensure that it is a core form of employment. As Rubery, Grimshaw and Ward (2005) note, there is a danger that in a more flexible results-based system the fragmentation of hours will see a weakening of the relationship between hours of work and reward structures. This may, in turn, have flow on effects to hours of work (further embedding a long hours culture in some sectors), glass ceilings (more common in organisations with a long hours work culture) and earnings inequality.

One way of understanding the nature of part-time work in Australia is through an analysis of employment shifts which takes into account the skill levels of the job. Figure 5 documents this for the period 1996 and 2010. The data show the percentage point change in the share of total hours worked by low, middle and high income occupations.¹ If we assume that there is a positive correlation between income and skill then we may also infer that high income occupations comprise highly skilled groups. Unlike patterns in Europe and the UK where there has been a degree of job polarisation as reflected in a disappearing middle (*Automatic Reaction*, The Economist, September 11, 2010: 74), the Australian data suggest that there has been a shedding of low and middle skilled workers and an increase in demand for high skilled workers. The results complement recent work by Kelly and Lewis (2010), who also show important changes in the skill mix in Australia. They attribute this to technological change as well as changes in the pattern of trade and structure of industry.

¹ In assigning occupations to an income group we took the 2010 average male weekly earnings in full-time employment in their main job and assigned this to the occupation groups. The earnings data were sourced from ABS (2009c) 6310.0 Employee Earnings, Benefits and Trade Union Membership - Mean Weekly Earnings, Table 6a). The male occupational structure was then ranked according to earnings and groups assigned as being either low (<85 per cent median male earnings) or high (>115 per cent median male earnings) and from there calculations worked to show the change in employment across the three groups.

Figure 5: Share of Total Hours Worked, Change between 1996 and 2010, by Sex and Full-time and Part-time Employment, percentage points



Source: ABS (2009c) Catalogue 6310.0

Trends in Earnings

Table 10 shows trends in the earnings distribution in the Australian labour market. As might be expected with a shift towards more skilled occupations and shortages for skilled labour, there has been a widening of the wage structure over the decade. At August 2008, in the full-time labour market, the bottom 10 per cent of the pay scale earned 62.3 per cent less than those in the middle while those at the top (90th percentile) earned 98.6 per cent more. At the beginning of this decade the corresponding shares were 67.4 per cent (less) and 60.5 per cent (more).

Table 10: Distribution of Weekly Total Cash Earnings All Employees and Adults Employed Full-Time, 2000 and 2008, Earnings Relative to Median Earnings (%)

	2008			2000		
	Men	Women	Adults full-time	Men	Women	Adults full-time

10th percentile	31.6	24.6	62.3	35.0	24.2	67.4
20th percentile	57.6	45.4	71.3	63.0	46.9	75.3
25th percentile	66.7	56.1	75.9	70.4	56.6	79.5
50th percentile	100.0	100.0	100.0	100.0	100.0	100.0
75th percentile	146.2	144.9	135.9	140.0	140.8	129.6
80th percentile	160.0	158.6	147.2	151.1	153.3	135.8
90th percentile	206.5	198.6	185.6	189.6	189.1	160.5

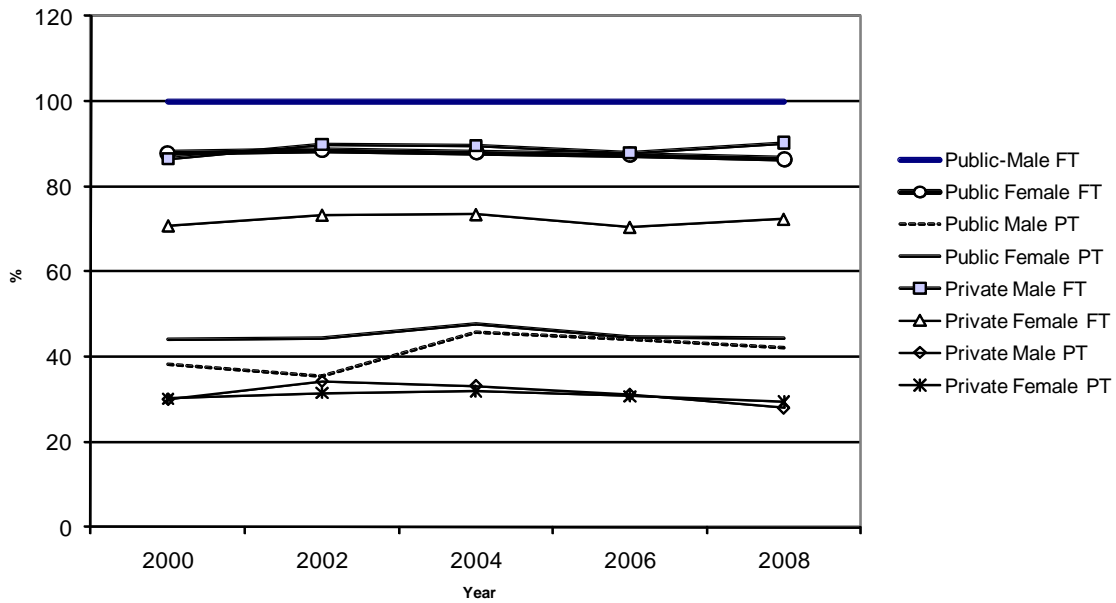
Source: ABS (2009c) Catalogue 6310.0

Notwithstanding the strong shift out of full-time employment, there remains a concerning dearth of information on the earnings of persons engaged in non-standard forms of employment, including part-time work. The absence of available data does make it extremely difficult to monitor the gendered aspects of changing labour market structures and to adequately assess the impact of a more flexible labour market. As more employees move away from standard contracts of engagement, it becomes increasingly important from a policy and equity perspective that we adequately understand this other component of the labour market. Wages policy, for example, needs to be informed by an understanding of more than simply trends in the earnings of full-time employees.

In Figure 6 below, data from various issues of the ABS Employee Earnings and Hours (6306.0) survey have been collected to construct a table of full-time and part-time earnings over the last decade. There are some limitations with the data as reported. Hourly earnings are, for example, not reported in the ABS publications making it hard to construct a reliable series for part-timers. The data are, nevertheless, useful for illustrative purposes. They show that over the eight years to 2008, male public servants in full-time work have had consistently higher earnings. In recent periods there has been a narrowing in the earnings gap between male full-time employees in the public and private sectors of the labour market. It would also appear as though there has been a growth in the public sector gender wage gap (with the ratio of earnings of women and men in full-time public sector employment falling from 88.5 per cent in 2002 to 86.5 per cent at 2008. In the part-time labour market, there has been a particular widening in the earnings of private sector employees vis a vis male public servants. It may be that this effect derives from slower part-time private sector earnings growth (associated with weaker bargaining power). Other possible causes include a

shift to shorter working hours and, of course, compositional changes (although the data reported earlier did suggest a shift towards more skilled jobs).

Figure 6: Wage Relativities of Full-time and Part-time Employees, by Sector 2002-2008



Source: ABS (2010j) Catalogue 6306.0.

Discussion and Conclusion

In our review of labour market and wages in 2009 (Jefferson and Preston, 2010a) we argued that traditional indicators of labour market activity such as headline unemployment, labour force participation and earnings in full-time employment, could only partially explain the health of the labour market. Using data for select industry sectors, we showed stark differences in labour market outcomes across groups. In this review, using an historical presentation of labour market data showing several important changes over the last decade, we continue our call for a more nuanced approach that takes into fuller consideration issues related to hours of work and part-time earnings.

x	x	x	x	x	x

The analysis presented here shows that strong economic growth has been accompanied by strong employment growth, increased labour market participation, increased demand for skilled labour and increased wage pressures in some labour markets. We have also seen a movement away from standard working hours (and standard forms of employment) towards more flexible forms as reflected in increased part-time work. At an occupational level we see that much of the change is associated with changes in industry employment patterns and an emphasis on higher-skilled employment.

While recent data for October show strongest employment growth amongst men employed full-time (a pattern that doesn't fit with other evidence suggesting increased use of part-time labour across the occupational profile), it is likely that there are institutional factors driving this result. Recent years have, for example, seen an increase in the size of the Australian population (and labour market) as a result of net migration increases. In the labour market some increases have been associated with increases in temporary business long-stay visas (subclass 457). One of the conditions of a 457 visa holder is that they must be in full-time paid employment (Marshall, 2010a and 2010b). Whilst such visas provide employers with welcomed flexibility, they simultaneously restrict the flexibility associated with the employment contract and most likely limit the labour pool to those seeking full-time work.

As the character of the labour market continues to change it becomes (as argued above) increasingly important that national collectors of statistics (such as the Australian Bureau of Statistics) have the data that enable researchers to better document the changing structures. Current collection remains centred around traditional employment structures of full-time work. The lack of data on part-time earnings and non-standard forms of employment has the potential to seriously constrain effective policy making across a range of areas.

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