

SENATE EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE
INQUIRY INTO THE *FAIR WORK AMENDMENT (SUPPORTING AUSTRALIA'S*
JOBS AND ECONOMIC RECOVERY) BILL 2020 [PROVISIONS]

AUSTRALIAN INDUSTRY GROUP

ANSWER TO QUESTION ON NOTICE

At the hearing on 19 February 2021, the following question was asked which Ai Group's took on notice:

Question:

Senator O'NEILL: Can I ask, Mr Smith, to take this question on notice? The statement from Per Capita says:

In fact, research on casual loading indicates that the full 25% rate is very rarely applied. In 2018, the Centre for Workplace Leadership at the University of Melbourne used Australian Bureau of Statistics data to demonstrate that casual loading actually paid averages between 4% and 5%. Of the occupations examined, only school teachers came close to a 25% loading rate, at 22%.

That is their evidence to us, based on ABS data. Could you take that on notice and give a response?

Answer:

The above extract from the Per Capita submission includes a footnote with a link to a 2017 article in *The Conversation*. The article is 3.5 years old and the statistics in it are even older. In fact some of the statistics referred to in the article are 16 years old.

The 'research' that Per Capita is referring to appears to be nothing more than the 2017 article in *The Conversation* written by [REDACTED] (a Senior Research Fellow at the Centre for Workplace Leadership at the University of Melbourne) and [REDACTED] (a Research Assistant).

The article compares the median hourly wages for permanent employees across Australia and casual employees across Australia in 10 specific occupations that the authors selected and concludes that the 'casual wage premium' is 'in the order of 4-5%'.

The analysis does not address the differences in wages paid to permanent employees and casual employees in the same workplace. Also, there is no apparent logic associated with why the 10 particular occupations were chosen by the authors, and not any other occupations.

It is not surprising that casual employees are, on average, paid a lower wage rate than permanent employees because they typically have less skills and experience than permanent employees performing similar jobs and a shorter period of tenure with their current employer.

Nearly all modern awards provide for casual employment and prescribe a casual loading of 25%. Therefore, casuals to whom awards apply typically receive a 25% loading.

Per Capita's claim that casuals receive, on average, a 'casual loading' of between 4% and 5% is obviously false. Per Capita has misrepresented the assertions made in the media article that appeared in *The Conversation* by:

- Referring to the differences between the median wage rates paid to permanent employees in certain occupations across Australia and the median wage rates paid to casual employees in these same occupations across Australia as a 'casual loading'; and
- Referring to the media article as 'research', which it obviously is not.