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Trends in workforce participation

- 2.1 Three factors that impact on economic growth are reviewed in this chapter: population, productivity and participation. Changes in fertility, life expectancy and migration provide the background for an identified need to improve participation rates to address a projected fiscal gap in 2040. Changes in participation rates since the 1960s demonstrate increasing rates of participation for women, but reduced participation for men. Accompanying reduced participation is an increase in the number of income support recipients even though the economy has shown significant growth.

Maintaining and improving economic growth

- 2.2 The aim of recent initiatives by the Australian Government has been to boost Australia's economic growth potential, and address the potential impact of the ageing of the population through increased labour force participation and productivity.¹ Reforms in the context of what has been described as a more solid macroeconomic environment include:

... reducing welfare traps for those receiving family tax benefits and deliver tax cuts that will increase the reward from working. The Budget also contains initiatives that increase investment in education, health, innovation and infrastructure that will assist participation and productivity.²

1 Australian Government (2004) *Budget 2004-05, Budget Paper No. 1, Statement 1: Fiscal Strategy and Budget Priorities*, p. 1.

2 Australian Government (2004) *Budget 2004-05, Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia*, p. 1.

- 2.3 The key factors that influence economic growth as measured by Gross Domestic Product (GDP) per capita growth are:
- population, influenced by population age structure;
 - productivity; and
 - participation as measured by labour force participation, unemployment, and average hours worked.³

Population trends

- 2.4 The Department of Employment and Workplace Relations (DEWR) reported that:

Trends in fertility, mortality and migration will have a significant influence on Australia's future population size and structure and hence on the composition and size of its labour force.⁴

- 2.5 Fertility and mortality rates have been declining in Australia and other industrialised countries from the 1920s. The total fertility rate (TFR) fell below the replacement rate of 2.1 in 1976, and since then has remained below the replacement rate. Since 1998, the TFR has remained steady, varying between 1.73 and 1.76. In 2003, Australia's TFR was 1.75 babies per woman.⁵ Life expectancy has also increased. In 1960 life expectancy for males at birth was around 68 years. Today it is 78 years, and in 2042 the IGR projects it to be around 83 years. Similar increases in life expectancy have occurred for females.⁶
- 2.6 With fewer babies being born, and more people living longer, the population will get progressively older. The IGR projects that by 2042, the number of young (0 to 14 years) dependent people is projected to fall by

3 Treasury, *Submission No. 73*, p. 3. There are different measures used when discussing working age population and encouraging labour force participation. The ratio of working age population is the proportion of the total population that is of working age (15 to 64 years). Labour force participation rate measures the proportion of adult civilians aged 15 years and over that is participating in the labour force (i.e. either employed or unemployed and actively looking for work), Department of Employment and Workplace Relations, *Supplementary Submission No. 72(a)*, p. 1.

4 Department of Employment and Workplace Relations, *Submission No. 72*, p. 3.

5 Australian Bureau of Statistics (2004) *Australian Historical Population Statistics*, (Cat. No. 3105.0.65.001), Table 39; Australian Bureau of Statistics (2003) *Births, Australia*, (Cat. No. 3301.0); Australian Government (2002) *Intergenerational Report, 2002-03, Budget Paper No. 5*, p. 21.

6 Treasury (2004), *Australia's Demographic Challenges*, Appendix, p. 20.

about five per cent. However, the proportion of the population aged over 65 years is expected to increase by more than 50 per cent over the next two decades.⁷

- 2.7 The IGR also indicates that, while overall demographic considerations will drive national outcomes, there will be differences between regions. For example, some regional areas attract retirees and will experience a more rapid ageing of their populations. In others areas there is migration of many young adults from rural and regional areas to the cities.
- 2.8 The demographic profile of Australia's Indigenous population is significantly different. In 2001 at the last census, 2.4 per cent of the Australian population was Indigenous (460 140 persons). Fifty-seven per cent are under 25 years of age compared to 34 per cent for the general population.⁸
- 2.9 Overall the fertility rate and reduced mortality, combined with a net immigration rate of 80 000 annually, should result in a stable population of about 25 million by about 2050.⁹ Projections indicate that the labour force will be about 11 million, which means that the ratio of working aged people to the total population will be lower than it is currently.¹⁰ The labour force projections, indicate an expected decrease in the ratio of the working age population from 67.1 per cent to 59.6 per cent, and the labour force participation rate from 63.8 per cent to just 50.8 per cent.¹¹

Mortality and fertility trends

- 2.10 It is expected that the ageing of Australia's population will result in a greater demand for health and aged care spending. The number of aged people over 85 is projected to quadruple by 2042, with a corresponding intensive use of services.¹²

7 Australian Government (2002) *The Intergenerational Report 2002-03, Budget Paper No. 5*, provides an overview of Australia's long-term demographic and economic prospects. The reader is referred to that report for background on modelling approaches and labour force projections.

8 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 5; Treasury (2004), *Australia's Demographic Challenges*, p. 19.

9 Department of Employment and Workplace Relations, *Submission No. 72*, p. 3.

10 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, pp. 2-3.

11 Department of Employment and Workplace Relations, *Submission No. 72*, p. 4.

12 Australian Government (2004) *Productivity growth in Australian manufacturing*, p. 4.

- 2.11 The IGR projects that spending by the Australian Government will exceed the amount it raises in taxes by around five per cent of GDP by the year 2042.¹³ This fiscal gap would be in the order of \$40 billion, using 2003-04 figures. The Australian Government's preferred approach to address the shortfall is:

Increasing the size of the economy, while maintaining taxes as a proportion of GDP, and with the level of government expenditure remaining stable will allow the fiscal gap to be reduced or eliminated. Increasing participation will play a key role in growing the economy faster.¹⁴

- 2.12 If the policy settings are correct, Australia could achieve higher productivity growth and labour force participation rates above the projections based on current migration levels, life expectancy figures and fertility levels.¹⁵

- 2.13 Professor Ian McDonald questioned the extent of the demands that will be placed on government finances by an ageing population. He argued that better management of health practices should be addressed rather than requiring increased employment participation to finance additional health expenditures which are poorly organised and poorly allocated.¹⁶

Inward and outward migration

- 2.14 Increased migration of younger immigrants has to some extent slowed the rate of population ageing. The IGR noted that:

An influence with some offsetting effect on the rate of population ageing is Australia's net overseas migration. This is the number of permanent and long-term temporary arrivals minus permanent and long-term temporary departures. Over many years, Australia's net migration inflow has been younger on average than the resident population; this has slowed population ageing.¹⁷

13 Treasury (2004), *Australia's Demographic Challenges*, p. 1.

14 Treasury, *Submission No. 73*, p. 3.

15 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 3.

16 Professor Ian McDonald, *Transcript of Evidence*, 31 March 2004, pp. 13-14.

17 Australian Government (2002) *Intergenerational Report, 2002-03, Budget Paper No. 5*, Canberra, p. 21. Note: The report assumes net overseas migration will continue to be around 90,000 people per year, with the same age and gender mix currently.

- 2.15 The IGR noted that although Australia has a planned migration program which supports skilled migration, net migration is still likely to be affected by increased competition for skilled migrants amongst Organisation for Economic Cooperation and Development (OECD) countries, as they too come to terms with an ageing population.¹⁸
- 2.16 In a report commissioned by the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), McDonald and Kippen made the following conclusions:
- Given current trends in fertility and mortality, annual net migration to Australia of at least 80,000 persons is necessary to avoid spiralling population decline and substantial falls in the size of the labour force. This level of annual net migration also makes a worthwhile and efficient contribution to the retardation of population ageing. Levels of annual net migration above 80,000 become increasingly ineffective and inefficient in the retardation of ageing.¹⁹
- 2.17 Immigration is considered an inefficient means of reducing the impact of ageing.²⁰ Enormous numbers of immigrants would be required, starting in 1998 at 200 000 per annum, rising to 4 million per annum by 2048 and to 30 million per annum by 2098 to keep the proportion of the Australian population who are aged 65 years and over at the current level of 12.2 per cent.²¹ In 2002-3, there were 120 595 permanent migrants entering Australia.²²
- 2.18 However, these aggregate figures do not indicate the impact on labour force participation. In some other OECD countries (for example the United States of America) the employment rate of all immigrant men is higher than for nationals. In Australia, overall the employment to population ratios of migrants in the main 'economic' visa categories are also high

18 Australian Government (2002) *Intergenerational Report, 2002-03, Budget Paper No. 5*, Canberra, p. 21.

19 McDonald P and Kippen R (1999) *Population Change: The impact of Immigration on the ageing of Australia's population*, Canberra, p. 21.

20 McDonald P and Kippen R (1999) *Population Change: The impact of Immigration on the ageing of Australia's population*, Canberra, p. 21; see also Population Division, Department of Economic and Social Affairs, United Nations Secretariat (2000) *Replacement Migration: Is it a solution to declining and ageing populations?* United Nations, p. 94.

21 McDonald P and Kippen R (1999) *Population Futures for Australia: The policy alternatives*, Research Paper 5 1999-2000, p. 10.

22 Department of Immigration and Multicultural and Indigenous Affairs *Fact Sheet 20: Migration Program Planning Levels* p. 2; Department of Immigration and Multicultural and Indigenous Affairs *Fact Sheet 60, Australia's Refugee and Humanitarian Program*, p. 4: Non-humanitarian (108 070) plus humanitarian (12 525).

compared to Australian averages. However, when humanitarian migrants are included Australia does not perform as well.²³

- 2.19 In addition to migrants coming to Australia, there is also an outflow of people intending to leave Australia for 12 months or longer, or permanently. Over the last five years the number of people born in Australia who left permanently doubled. In 2001-02 for the first time Australian-born permanent departures out-numbered former settlers leaving the nation. A similar pattern is present for long-term departures. In 2002-03, 50 463 intended to leave permanently, and over 170 000 left for over 12 months in 2001-02.²⁴
- 2.20 Departing residents tend to be younger with higher education and skill levels than the general population. Major destinations include the United Kingdom, North America and the European Union. Asian countries with developing economies such as Singapore are also attractive.²⁵
- 2.21 Overall, research conducted for DIMIA found that Australia experiences a brain gain in that there are net migration gains in all high-skill and high-qualification occupational categories. In addition, many expatriates eventually return to Australia and there are economic benefits in establishing overseas links and export opportunities.²⁶
- 2.22 However, there is a concern that businesses and jobs leaving Australia due to a lack of competitiveness in a global market is seen as a loss to economic growth. One concern is being unable to find the workers with skills that are needed in Australia.²⁷

23 Organisation for Economic Co-Operation and Development *Employment Outlook: Towards more and better jobs*, 2003, pp. 77, 86, 88; Mr Abul Rizvi, Migration and Temporary Entry Division, Department of Immigration and Multicultural and Indigenous Affairs, *Transcript of Evidence*, 2 June 2004, p. 15.

24 Department of Immigration and Multicultural and Indigenous Affairs, *Australian Immigration: Consolidated Statistics and Immigration Update*, various issues; Department of Immigration and Multicultural and Indigenous Affairs unpublished data cited in Hugo G (2004) *Leaving Australia: a new paradigm of international migration*, Research Note No. 54, Parliamentary Library, p. 1.

25 Department of Immigration and Multicultural and Indigenous Affairs, *Australian Immigration: Consolidated Statistics and Immigration Update*, various issues; Department of Immigration and Multicultural and Indigenous Affairs unpublished data cited in Hugo G (2004), *Leaving Australia: a new paradigm of international migration*, Research Note No. 54, Parliamentary Library, p. 1.

26 Birrell B, Dobson I, Rapson V & Smith T, *Skilled Labour: Gains and Losses*. Department of Immigration and Multicultural and Indigenous Affairs, Canberra, July 2001, p. 5.

27 Manpower Services (Australia) Pty Ltd, *Submission No. 78*, p. 10; Central Regional Development Board, *Submission No. 46*, p. 3.

Productivity growth

2.23 At a very broad level, productivity growth is used as a major indicator of the economic status of a nation. Productivity measures are often used to indicate the capacity of a nation to harness its human and physical resources to generate economic growth. Productivity measures the rate at which outputs of goods and services are produced per unit of input (labour, capital, raw materials, etc). Evidence of productivity growth usually means that better ways have been found to create more output from given inputs.²⁸

2.24 Productivity growth has been the major source of growth in GDP per capita. Treasury made the point that:

The projections included in the IGR were based on the 30-year average of productivity growth in the economy of about 1¾ per cent. If you can do better on productivity, that would obviously assist in generating more growth and hence provide a greater capacity to service the fiscal gap and, of course, generate increased wealth for the community at large.²⁹

2.25 Australia experienced improved labour productivity over the last decade, exceeding the OECD average for most years during the 1991-2000 period. However, it is still lower than that of the United States (83 per cent³⁰) so there can be further improvement.³¹

Australia has enjoyed an increase in productivity. We have had productivity rates twice the post-war average over the last few years. That has been the result of a combination of a lot of workplace reform, the application of ICT [Information and Communication Technology] to many industrial processes and high growth. We have not, though, nearly enough squeezed the productivity improvement out of education and training reform and we have not in any way squeezed the full potential out of the R&D innovation process.³²

28 Productivity Commission, (2003) *Productivity Primer*, p. 1,

29 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, pp. 1-2.

30 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 26 May 2004, p. 14.

31 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, p. 2.

32 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 3.

2.26 AIG added that, as the projected growth in the workforce 'dries up', there will be implications for the future growth potential of the Australian economy.

It does not just threaten the economic growth; it threatens public budgets, ... health and aged care budgets - and it also threatens to impose quite severe skill shortages on our economy, which will also have an economic cost.³³

2.27 Productivity inputs are usually defined as labour (number of employees or hours of work), raw materials and capital (buildings, machinery and equipment). Productivity is therefore a function of the interaction of these variables. Important factors include technological change driven by research and development (R&D). Institutional and economic factors also play a key role in productivity growth, such as organisational change and industry restructuring, as well as economies of scale. These factors also include the reduction of tariff protection and the number of industrial disputes, as well as an increase in the proportion of persons with post-school qualifications in the workforce.³⁴

2.28 The rate of economic growth depends on the productivity growth and the growth of the workforce. Improvement in labour productivity occurs when:

- more capital is used per unit of labour input - capital deepening; and
- resources are used more efficiently to produce more from the same quantity of input - multifactor productivity.³⁵

2.29 The AIG suggests that to keep productivity growing, there needs to be a focus on productive workplaces, a better skills base and more research and development investment in Australian industry.

Australia and New Zealand are the only two OECD countries in which private sector investment in R&D is less than public sector investment. That is significant in itself, but the issue is that public

33 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 2.

34 Productivity Commission (2004) *Productivity growth in Australian manufacturing*, p. ix.

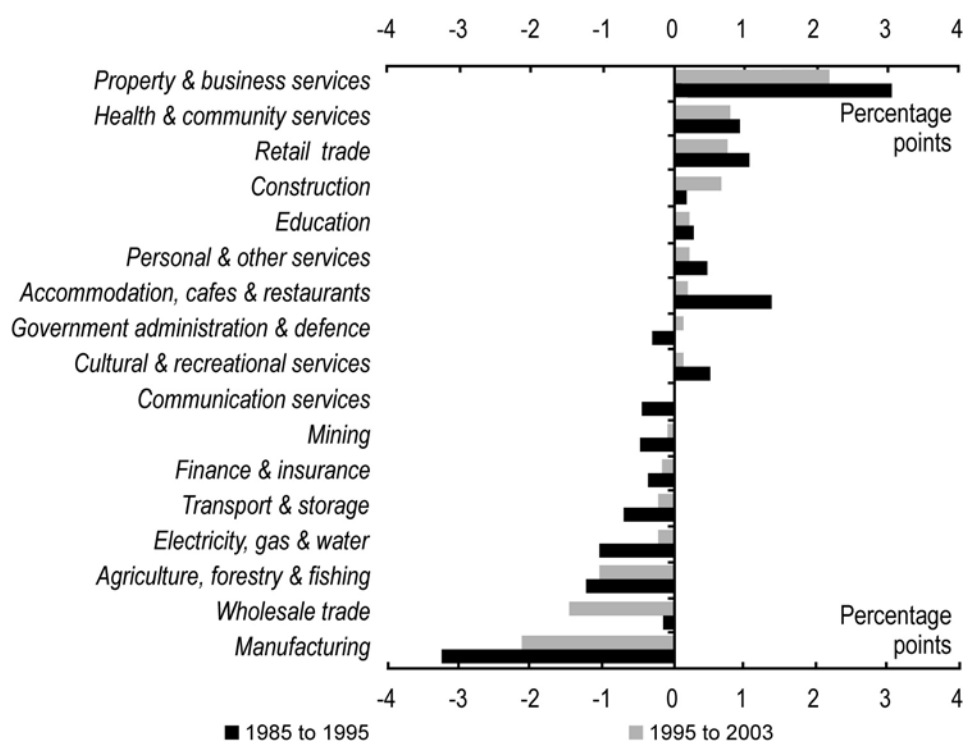
35 Total factor productivity is the most comprehensive measure of productivity, however in practice only capital and labour are considered due to data limitation about other factors of production. This is known as multifactor productivity (MFP): Department of Employment and Workplace Relations, *Supplementary Submission No. 72(a)*, p. 6.

sector investment gives you less payback in terms of economic growth ... than does private sector investment ...³⁶

2.30 Additionally, AIG suggests that strong investment in education and training provides a good skills base to assist Australia in attracting investment in the high-performing industries that create jobs. The types of jobs needed are those with linkages back into skilled and unskilled employment.³⁷

2.31 Figure 2.1 shows the change in total employment by industry.

Figure 2.1 Change in share of total employment by industry



Source Australian Bureau of Statistics, *Labour Force, Australia, Detailed (Cat. No. 6291.0.55.001)* Australian Government, *Budget 2004-05, Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, Trends in the Unemployment Rate over Recent Decades, p. 9.*

2.32 In Australia's productivity surge, the demand for skilled workers increased faster than the demand for unskilled workers over the 1980s and 1990s. Skilled employment rose from 38 per cent of total employment in 1980 to around 58 per cent in 2000. However, the Productivity Commission

36 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 4.

37 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 2.

found that the contribution of skills to the increase in productivity has been relatively small compared to other factors such as increased working hours, information technology developments and economic growth. Nevertheless, education and skills clearly remain important for long-term growth. Australia's relatively high level of education may have contributed to the uptake of information and communication technologies in the 1990s, which made some contribution to the productivity growth.³⁸

Participation rates

- 2.33 The capacity to work involves a number of factors: available employment, the ability to perform the job and the motivation and/or confidence to participate in the workforce. As mentioned, groups of individuals have been identified that have the potential to participate more fully in the workforce with appropriate support and incentives. These include the long-term unemployed, young people, mature age workers, parents, Indigenous people, people with a disability and migrants.
- 2.34 Participation is defined as the extent to which the population is willing and able to work. This work may be full-time, part-time or casual.³⁹ The labour force participation rate is defined as the labour force (persons employed or unemployed) expressed as a percentage of the population. Labour force participation changes as people join or leave the labour force, and may be affected by other decisions such as combining work with study or family responsibilities.⁴⁰

Unemployed and underemployed

- 2.35 The unemployment rate is an indicator of the performance of Australia's economy. Unemployment or non-participation in the labour force is a key contributor to relative poverty. Income from regular employment provides a greater opportunity to save and invest for the future and to be more actively engaged in society.
- 2.36 The unemployment rate is influenced by a range of factors. These include:

38 Barnes P and Kennard S (2002) *Skill and Australia's Productivity Surge*, Productivity Commission Staff Research Paper, Canberra, pp. x, xi. Demand for skilled workers relative to unskilled workers is measured in terms of levels of educational attainment.

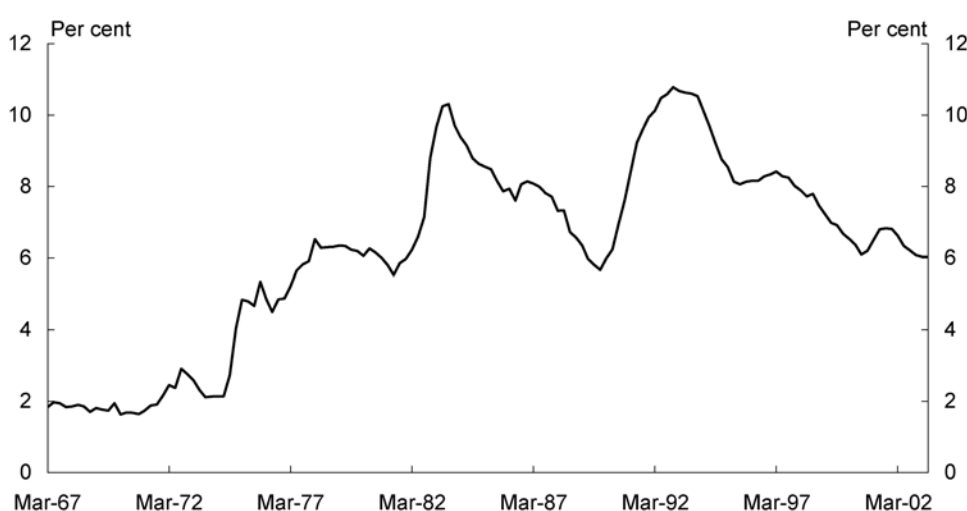
39 Treasury, *Submission No. 73*, p 60.

40 Australian Bureau of Statistics (2004) *Australian Labour Market Statistics - Feature Article - Labour force participation: international comparison* (Cat. No. 6105.0).

- the economic environment;
- the institutional and policy framework for the labour market; and
- social factors such as attitudes towards hours of work, willingness to move locations, and willingness to undertake further training.⁴¹

2.37 The unemployment rate in January 2005 was 5.1 per cent.⁴² Unemployment has averaged around 7.5 per cent over the period since the late 1970s, peaking with slowdowns in the economy. Figure 2.2 shows Australia's unemployment rate between 1967 and 2002.

Figure 2.2 Unemployment rate, Australia



Source Australian Bureau of Statistics, *Labour Force, Australia, Preliminary* (Cat. No. 6202.0, June 2003) as cited in *Treasury, Submission No. 73, p. 5.*

2.38 Australia's current unemployment rate is low relative to the experience of recent times in Australia. The OECD's Standardised Unemployment Rates for 2004 show that, in comparison to other OECD countries, Australia's unemployment rate is lower than the average of 6.9 per cent.⁴³

2.39 However, of the 28 OECD countries, 11 have a lower unemployment rate than Australia. Some examples of developed economies with lower rates than Australia include New Zealand (3.8 per cent in September 2004) and

41 Australian Government (2004) *Budget 2004-2005, Budget Paper No. 1. Statement 4: Maintaining Low Unemployment in Australia, Trends in the Unemployment Rate over Recent Decades, p. 1.*

42 Australian Bureau of Statistics (2005), *Labour Force Australia*, (Cat. No. 6202.0), Key Figures p. 1.

43 Organisation for Economic Co-Operation and Development (2005) *Standardised Unemployment Rates* published 11 February 2005.

Ireland (4.3 per cent in December 2004).⁴⁴ Although Australia's unemployment rate has fallen to 5.1 per cent in January 2005, there is scope to further lowering unemployment,⁴⁵ as well as addressing under-employment or hidden unemployment.

- 2.40 Teenage unemployment remains higher than in older age categories in many areas. In January 2005, the teenage (15 -19 years of age) unemployment rate was 14.9 per cent. Of particular concern is the identification of skill shortages in areas of significant youth unemployment.⁴⁶

Long-term unemployed

- 2.41 The current level of unemployment is now below the average of the past two decades. Compared to the 1990s, long-term unemployment has fallen to levels recorded prior to the 1992 recession.⁴⁷ In recent years, 21 per cent of unemployed experienced long-term unemployment (52 weeks and over). This rate had fallen from 1998-99 where the long-term unemployed represented 29.8 per cent of unemployed people.⁴⁸
- 2.42 Despite this, a significant number of people are on unemployment payments for long-term periods. Between May 1998 to July 2003, the Australian Government Department of Family and Community Services (FaCS) reported a 40 per cent increase in the number of income support recipients who have been unemployed for five or more years.⁴⁹ This is of concern as extended periods of unemployment are linked with greater difficulties in becoming self-reliant.⁵⁰

Regional unemployment rates

- 2.43 Generally, capital cities have had lower unemployment rates than regional areas. Particular labour markets, such as Sydney and Melbourne may be

44 Organisation for Economic Co-Operation and Development (2005) *Standardised Unemployment Rates* published 11 February 2005.

45 Australian Government, Budget 2004-05, *Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia*, p. 2.

46 National Farmers' Federation, *Submission No. 65*, p. 9.

47 Australian Bureau of Statistics (2005), *Year Book 2005*, (Cat. No. 1301.0), p. 187; Dr Elizabeth Webster, Senior Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 24 March 2004, p. 13.

48 Australian Bureau of Statistics (2005), *Year Book 2005*, (Cat. No. 1301.0), p. 188.

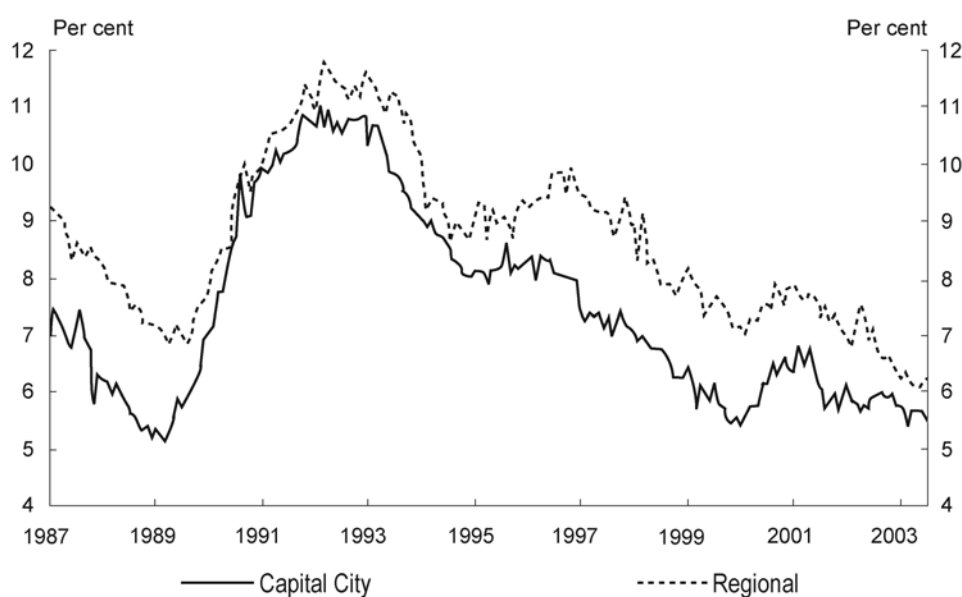
49 Department of Family and Community Services, *Submission No. 99*, p. 14.

50 Department of Family and Community Services, *Submission No. 99*, p. 14.

tight, with very low unemployment.⁵¹ Higher unemployment in regional areas associated with skill shortages has been a concern in recent times.⁵² Unemployment figures, however, do not include the distribution of working age people not in the labour force, for example those on other income support payments.⁵³

2.44 Figure 2.3 shows comparative unemployment rates for capital cities and regional areas in Australia, between 1987 and 2003.

Figure 2.3 Unemployment rates for capital city and regional areas, 1987 – 2004



Source Treasury calculation based on Australian Bureau of Statistics, *Labour Force, Australia, Detailed – Electronic Delivery* (Cat. No. 6291.0.55.001). Capital cities includes all State and Territory capitals except Darwin; regional includes the balance of Australia, Australian Government, *Budget 2004-05, Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, Trends in the Unemployment Rate over Recent Decades*, p. 5.

2.45 As described earlier in this chapter, falling unemployment nation-wide has occurred, and this is reflected in falling unemployment also across regions. In 1997-98 there were 15 labour market areas (out of 59 regions for which Australian Bureau of Statistics produces estimates) that had

51 Australian Government, *Budget 2004-05, Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, Trends in the Unemployment Rate over Recent Decades*, p. 11.

52 For example see Parliament of Australia (2003) *The Senate Employment, Workplace Relations and Education References Committee, Bridging the skills divide*, p. 14.

53 Department of Family and Community Services, *Submission No. 99*, p. 16.

unemployment rates above 10 per cent, while in December 2004 this number had fallen to only one region.⁵⁴

- 2.46 Those who are most likely to be unemployed include individuals of Indigenous origin, those from a non-English speaking background (NESB) or who lack labour market experience,⁵⁵ mature age people and people with disabilities.⁵⁶ The unemployment rate for 15-19 year olds is over double the national rate and is exacerbated for those with no schooling above Year 12.⁵⁷ There are also locational issues, with pockets of unemployment in particular regions or areas within cities:

... because of lack of employment opportunities and because industries have shut down. People on low incomes without jobs move to areas where housing is cheaper while households with two incomes, move to more affluent areas.⁵⁸

- 2.47 The Centre of Full Employment and Equity (CofFEE) noted that the average duration of unemployment in the late 1960s was three weeks, compared to 43 weeks in 2004, and for the long-term unemployed the average duration is 171 weeks.⁵⁹ Brotherhood of St Laurence (BSL) commented that since the early 1980s there has been a move to control inflation at the expense of achieving full employment.⁶⁰

Full employment now seems to have been abandoned as a policy goal, and employment policy focuses instead on full employability and supply-side measures such as labour market deregulation, and increasingly punitive labour market programs.⁶¹

- 2.48 Several European countries have sustained higher levels of long-term unemployment where there are regulated labour markets and centralised, well-developed social security systems, and Australia is not unique in this

54 Department of Family and Community Services, *Submission No. 99*, p. 15; Australian Bureau of Statistics (2004), *Labour Force, Australia*, (Cat. No. 6291.0.55.001), Detailed Electronic Delivery, Time Series Workbook, Table 16. Labour Force Statistics by Regions and Sex, August 2004.

55 Australian Government, *Budget 2004-05, Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, The contribution of policy reforms to improved labour market performance*, p. 6.

56 Australian Council of Social Service, *Submission No. 74*, pp. 13-14.

57 Mrs Varina Nissen, Manager Director, Manpower Services (Australia), *Transcript of Evidence*, 28 January 2004, p. 19.

58 Australian Council of Social Service, *Submission No. 74*, p. 15.

59 Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 1.

60 Brotherhood of St Laurence, *Submission No. 81*, p. 4.

61 Brotherhood of St Laurence, *Submission No. 81*, p. 4.

respect.⁶² Further, long-term unemployment is widespread in countries which have different labour market programs in place.⁶³

- 2.49 BSL commented that there is one vacancy for every 13 underemployed people and this has a devastating effect on the increasing numbers of long-term unemployed and the marginalisation of those at the lower end of the labour market.⁶⁴ Dr Elizabeth Webster added that a large proportion of the long-term unemployed have not had a stable job since leaving school. In relation to labour market programs:

... the very long-term unemployed's ability to retain a job for longer than 12 months is almost negligible. These programs include job counselling, job training, short-term wages subsidies and short-term job creation.⁶⁵

- 2.50 BSL commented that once the negative effects of long-term unemployment take effect, it becomes increasingly difficult to eradicate.⁶⁶

The negative effects of unemployment are further compounded by long average durations, with greater strains on individuals and families, and four out of every five long-term unemployed persons [is] shown to be living in poverty.⁶⁷

- 2.51 Research has shown that the longer a person is unemployed, the greater the physiological and psychological damage of each additional unemployment period.⁶⁸ The Queensland Government referred to the self-reinforcing nature of long-term unemployment.⁶⁹ The effects of being unemployed:

62 Doiron D 'Comments on 'Long-Term Unemployment and Work Deprived Individuals: Issues and Policies', paper attached to Dockery A M and Webster E (2002) 'Long-term Unemployment and Work Deprived Individuals: Issues and Policies', *Australian Journal of Labour Economics* 5(2): 175-193, p. 2.

63 Doiron D 'Comments on 'Long-Term Unemployment and Work Deprived Individuals: Issues and Policies', paper attached to Dockery A M and Webster E (2002) 'Long-term Unemployment and Work Deprived Individuals: Issues and Policies', *Australian Journal of Labour Economics* 5(2): 175-193, p. 2.

64 Brotherhood of St Laurence, *Submission No. 81*, p. 4.

65 Dr Elizabeth Webster, *Submission No. 7*, p. 1.

66 Brotherhood of St Laurence, *Submission No. 81*, p. 4.

67 Brotherhood of St Laurence, *Submission No. 81*, p. 4 citing B Gregory and P Sheehan (1998) 'Poverty and the collapse of full employment' in R Fincher and J Nieuwenhuysen (eds) *Australian Poverty now and then*, Melbourne University Press, Carlton South, Vic.

68 Brotherhood of St Laurence, *Submission No. 81*, p. 5 citing W Mitchell, S Cowling and M Watts (2003) *A community development jobs guarantee: a new paradigm in employment policy*, Centre of Full Employment and Equity, Newcastle.

69 Queensland Government, *Submission No. 87*, p. 7.

... tend to feed off each other, their consequences are reinforced, making it harder to reverse the pattern of events that originally gave rise to them. Thus, unemployment adversely affects morale and health, making the prospect of re-employment less likely, whilst simultaneously leading to attitudes that reinforce isolation from the world of work that shape[s] people's lives.⁷⁰

- 2.52 BSL commented on the need to rethink employment assistance and labour market programs for the long-term unemployed, particularly for those who have multiple barriers.⁷¹ Predictors of long-term unemployment include:

Being older, having a disability, lower educational attainment, poor English language and literacy skills, living in a region with high unemployment, being a lone parent, being an Aboriginal or Torres Strait Islander, having been imprisoned, not having a telephone, being homeless or insecure accommodation, not having recent full-time work experience, not having any vocational qualifications, and being from a country which has very high unemployment rates.⁷²

- 2.53 Employers may see the long-term unemployed as posing a risk, as they are not sure about attitudes, motivation and whether they are suited to a position.⁷³ Even when someone is capable of doing a job, employers use the duration of unemployment as a measure of the person's employability.⁷⁴ The employer's reluctance to employ the longer term unemployed may be because people's skills atrophy when they are not working and the routine of working life is interrupted.⁷⁵

70 Brotherhood of St Laurence, *Submission No. 81*, p. 4 citing Saunders P (2002), *The direct and indirect effects of unemployment on poverty and inequality*, SPRC Discussion Paper No. 118, Social Policy Research Centre, University of New South Wales, p. 20.

71 Dr Stephen Ziguas, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 32.

72 Australian Council of Social Service, *Submission No. 74*, p. 33 citing Department of Employment Workplace Relations and Small Business, 1998, *Job Seeker Classification Instrument*, DEWRSB, Canberra; see also Brotherhood of St Laurence, *Submission No. 81*, p. 5 citing W Mitchell, S Cowling and M Watts (2003) *A community development jobs guarantee: a new paradigm in employment policy*, Centre of Full Employment and Equity, Newcastle.

73 Dr Stephen Ziguas, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, pp. 33-34.

74 Australian Council of Social Service, *Submission No. 74*, p. 33.

75 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 10.

Casual employment – an overview

- 2.54 The last 15 years have seen substantial changes in the structure of the labour market, most notable in the rise in the proportion of casual employment. The Committee received a range of evidence on the role of casual employment in the labour market.
- 2.55 Some views suggested casual employment is at times a preferred and relatively stable employment arrangement, and it can function as a flexible transition into other forms of employment. Others suggested that the growth in casual employment was leading to an increasingly polarised community that most disadvantaged low income and low skilled workers.
- 2.56 In 2003, casual employment represented 27.6 per cent of total employment. This rate has steadily increased since 1998, rising by nearly ten per cent over that time. Table 2.1 provides an overview of the rise in casual employment across part-time and full-time employment, and by gender.⁷⁶

Table 2.1 Casual employees from 1988 to 2003

Year	Full-time casual		Part-time casual		Male casual		Female casual		Total casual (a)	
	'000	% all F/T	'000	% all P/T	'000	% all male	'000	% all female	'000	% all
<i>August</i>										
1988	284.1	5.8	771.8	68.3	415.7	11.7	737.3	28.8	1153.0	18.9
1989	323.6	6.3	887.0	68.5	489.8	13.1	808.2	29.3	1298.0	20.0
1990	314.3	6.1	926.2	68.3	476.1	12.7	795.7	28.2	1271.8	19.4
1991	336.2	6.8	943.8	67.5	479.0	13.5	801.0	29.0	1280.0	20.3
1992	353.5	7.4	1061.5	67.7	550.4	15.6	864.6	30.9	1415.0	22.3
1993	404.7	8.4	1030.4	67.2	578.0	16.4	857.1	30.6	1435.1	22.7
1994	441.3	9.1	1107.8	67.0	655.1	18.1	894.0	30.8	1549.1	23.7
1995	482.7	9.5	1170.6	65.8	698.1	18.5	955.2	30.8	1653.3	24.0
1996	559.1	10.8	1282.2	67.5	828.9	21.2	1012.3	32.0	1841.2	26.1
1997	538.5	10.7	1257.0	65.6	801.5	20.9	994.0	31.7	1795.5	25.8
1998	617.5	11.8	1328.6	65.4	894.1	22.6	1052.0	32.0	1946.1	26.9
1999	576.6	11.1	1355.1	64.6	877.9	22.0	1053.7	31.8	1931.6	26.4
2000	647.3	11.9	1450.0	64.6	954.0	23.0	1143.3	32.3	2097.3	27.3
2001	630.8	11.6	1486.7	64.2	988.7	23.6	1128.9	31.5	2117.6	27.2
2002	734.7	13.2	1425.5	60.4	1004.3	23.5	1156.0	31.6	2160.3	27.3
2003	785.5	13.8	1454.3	60.4	1043.7	24.0	1196.2	31.9	2239.9	27.6

(a) For years 1988 to 1990, total includes persons whose full-time/part-time status could not be determined.

Source Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership* (Cat. No. 6310.0)

⁷⁶ Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership* (Cat. No. 6310.0).

- 2.57 While the overall proportion of casual employment growth has continued to increase, the rate of growth has slowed markedly. From 2000 to 2004, casual employment as a proportion of total employment increased by only 0.3 per cent.⁷⁷
- 2.58 It is difficult to compare Australia's level of casual employment with other countries due to differences in employment arrangements and definitions. The closest comparison is with the OECD classification 'temporary employment', which suggests that Australia has high levels of casual employment in relation to OECD countries. In 1999, temporary employment in all OECD countries was less than 15 per cent, with the exception of Spain, France, the Netherlands and Australia.⁷⁸
- 2.59 A significant shift in the incidence of casual employment is apparent in the trend data for casual full-time and part-time employment. Thirteen per cent of employees working full-time hours were employed on a casual basis. In comparison, over 60 per cent of employees working part-time hours were employed on a casual basis.
- 2.60 Over the past five years, there has been a two per cent increase in the number of full-time casual positions. In comparison, part-time casual positions have declined by five per cent.
- 2.61 Around one quarter (24 per cent) of total male employees in 2003 were casual. This compares to almost one third of female employees (31.9 per cent) who were casual.⁷⁹
- 2.62 The rate of increase of casual employment varies across gender, with male casual employment increasing at a greater rate than female casual employment. Since 1998, male casual employment has more than doubled from 11.7 per cent to 24.0 per cent. Over the same period, female casual employment has increased from 28.8 per cent to 31.9 per cent.
- 2.63 However, more recently, these rates have changed with male casual employment increasing by only one per cent since 2000, and female casual employment decreasing by 0.4 per cent.

77 Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership* (Cat. No. 6310.0).

78 OECD Observer (1999), *Temporary and part-time employment*, *The OECD Observer* No. 217/218, p. 99; The OECD 'temporary employment' classification is generally comparable to Australia's casual employment. Australian Bureau of Statistics defines casuals as 'Employees without leave entitlements' who are not entitled to paid holiday leave nor paid sick leave in their main job, Australian Bureau of Statistics (2003), *Employee Earnings, Benefits and Trade Union Membership*, (Cat. No. 6310.0).

79 Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership* (Cat. No. 6310.0).

Comments on casual employment

- 2.64 ACOSS raised concerns about the levels of casual employment and the social effect of this change in the labour market. ACOSS suggests that the growth in casual employment is a disturbing trend linked to a polarisation within the labour market. This has the effect of increasing the reliance on income support for some sectors of the community.⁸⁰

The growth in part-time and casual jobs has not been distributed equally across all occupation types or locations... The phenomenon of 'hollowing out' within the labour market has been identified with increases in full-time permanent employment at the very top end of the labour market and increases in low-paid casual and part-time employment, but also with a loss of middle jobs, such as trades and clerks.⁸¹

- 2.65 The Women's Electoral Lobby (WA) (WEL WA) argued that the growth of casual employment is taking away workers' rights and few casual workers have access to paid leave or training.⁸² Excluding students, casuals have lower rates of educational attainment, and are less likely to have undertaken training in the last 12 months compared to ongoing employees.⁸³

- 2.66 BSL commented on the increased fragmentation of various types of work and the social impact of changing working times, particularly for younger people when their employment is a series of short-term often casual jobs.

Their lives tend to get very disrupted by changing working times. They never know how much income they are going to have per week. They never know what working hours they are going to have from week to week... More long term, and more serious in some ways is the impact on things like saving to buy a house and making decisions about having kids and forming families and about superannuation.⁸⁴

80 Australian Council of Social Service, *Submission No. 74*, p.3.

81 Australian Council of Social Service, *Submission No. 74*, p.10, citing Borland, Gregory & Sheehan 2001, "Inequality and economic change", in Borland et al, *Work rich, work poor*, Victoria University.

82 Ms Rhonda Naumann, Co-Convenor, Chair of Accommodation Committee and Trainer, Women's Electoral Lobby, *Transcript of Evidence*, 6 April 2004, p. 18.

83 Australian Bureau of Statistics, *Employment Arrangements and Superannuation* (Cat. No. 6361.0).

84 Dr Stephen Ziguras, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 32.

- 2.67 Other organisations also suggested that those in casual employment may have difficulty in obtaining loans from financial institutions.⁸⁵
- 2.68 In addition BSL suggested that those working casual work or part-time jobs can become trapped on Newstart benefits without making the transition to full employment.⁸⁶ Mission Australia also made the point that, for young people, the expansion of part-time and casual work has not necessarily led to longer term jobs.⁸⁷
- 2.69 Women's Economic Policy Analysis Unit, Curtin University of Technology (WEPAU) stated that while casual work has advantages in flexibility, the timing and the number of hours worked, the downside relates to employment security and this can create dilemmas about participation in paid work.⁸⁸
- What is important for the future, and whether or not people are able to balance work and family and whether or not women are able to contemplate being involved in paid work and still have children successfully and happily, is that they and their partners need to have a sense of employment security. You cannot take on work and feel comfortable about being in work when you have a family if you feel that, if you dare to put up your hand for your child's sickness or you dare to make a phone call to respond to your child's needs, you are going to lose your job.⁸⁹
- 2.70 DEWR suggested that casual employment may not be as precarious as some believe and that a substantial proportion of employees are satisfied with their current arrangements and the casual loading.⁹⁰
- 2.71 DEWR cited the Australian Bureau of Statistics (ABS) 2000 *Forms of Employment Survey* which indicates that over half of self-identified casual employees (54.9 per cent) have been with their employer for 12 or more

85 Mr Paul Marzato, Manager, Energy and Utilities, United Services Union, *Transcript of Evidence*, 12 March 2003, p. 35 (the United Services Union is a branch of the Australian Council of Trade Unions); Ms Hope Alexander, Co-Convenor, Women's Electoral Lobby (WA) *Transcript of Evidence*, 6 April 2004, p. 15.

86 Dr Stephen Ziguras, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 32.

87 Mission Australia, *Submission No. 104*, p. 8.

88 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 9.

89 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 9.

90 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 3.

months and 26.5 per cent have been with their employer for 3 or more years.⁹¹

- 2.72 A substantial proportion of casual employment is long-term and the preferred working arrangement for certain groups of the workforce.
- 2.73 RCSA cited a PriceWaterhouseCoopers survey and commented that 40 per cent of temporary or part-time staff were under 25 years of age (compared with just 15 per cent of ongoing employees⁹²) and, due to the flexible hours and higher loading, casual employment is often sought by students and young people:

The casual market is not a market of the disadvantaged but rather a market of those that choose lifestyle.⁹³

- 2.74 In 2001 the Federal Metal and Associated Industries Award was amended to enable casual workers who have been employed for 6 months to have the option of taking up permanency. However, only two employees out of 500 took up the opportunity to shift from casual to permanent employment arrangements. There have been similar low conversion rates for other awards.⁹⁴
- 2.75 The RCSA suggest that there may be a number of reasons for employees not wishing to transfer to permanency. Reasons could include a lack of understanding of potential benefits, desire to retain casual loading, and greater access to a variety of work hours and tasks.⁹⁵
- 2.76 The Shop Distributive and Allied Employee's Association (SDAEA) agreed that casual employment may suit the needs of some groups of employees:
- Undoubtedly, there are some people who like working casually. They like the higher rate and they are prepared to take their chances – and they do take their chances: they are vulnerable if they get sick or if there is a downturn in employment.⁹⁶
- 2.77 SDAEA also noted that casual employment was not the preference of all employees, and referred to the example of Coles supermarkets who

91 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 3.

92 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 5.

93 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 6.

94 Ms Julie Mills, Chief Executive Officer, Recruitment and Consulting Services Association Ltd, *Transcript of Evidence*, 19 March 2004, p. 5; Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 6.

95 Mr Charles Cameron, Contemporary Employment Adviser, Recruitment and Consulting Services Association Ltd, *Transcript of Evidence*, 19 March 2004, p. 6.

96 Mr Ian Blandthorn, National Assistant Secretary, Shop Distributive and Allied Employees Association, *Transcript of Evidence*, 19 March 2004, p. 68.

launched a major campaign to convert casual employees to permanency. The supermarket chain was 'besieged' by employees wanting to convert to permanency. SDAEA went on to comment that casual employment was for some a financial necessity.

... there is another group of people who are working casually because they have no alternative. In the retail industry there is very much a culture among a lot of employers to say that it is easier to employ casuals because you do not have the same roster impediments that you do with full-time employees, and so many employers choose to employ people casually. So some people take jobs as casuals because there is nothing else available, but they would prefer security of employment; they would prefer permanency.⁹⁷

- 2.78 The Central Western Development Board also disputed the notion that casual employment is always preferred work choice, suggesting it can impose financial hardship and many of those on casual employment would work additional hours if available:

Casualisation of the workforce is seeing many people working as little as two hours per day and having to remain on call for little financial reward.⁹⁸

- 2.79 This preference for more hours is supported by the ABS *Forms of Employment* survey in 2000, which was the first survey to consider in detail working patterns across a range of employment types. It found that over 36 per cent of casual employees would prefer more hours. This suggests that there is the capacity for more than a third of casual workers to increase their participation in paid work.⁹⁹

Male and female participation rates

- 2.80 The AIG made the point that the net increase in the workforce since the 1960s has been a leading driver in Australia's economic growth.¹⁰⁰ Most significant has been the increasing participation of women in the labour

97 Mr Ian Blandthorn, National Assistant Secretary, Shop Distributive and Allied Employees Association, *Transcript of Evidence*, 19 March 2004, p. 68.

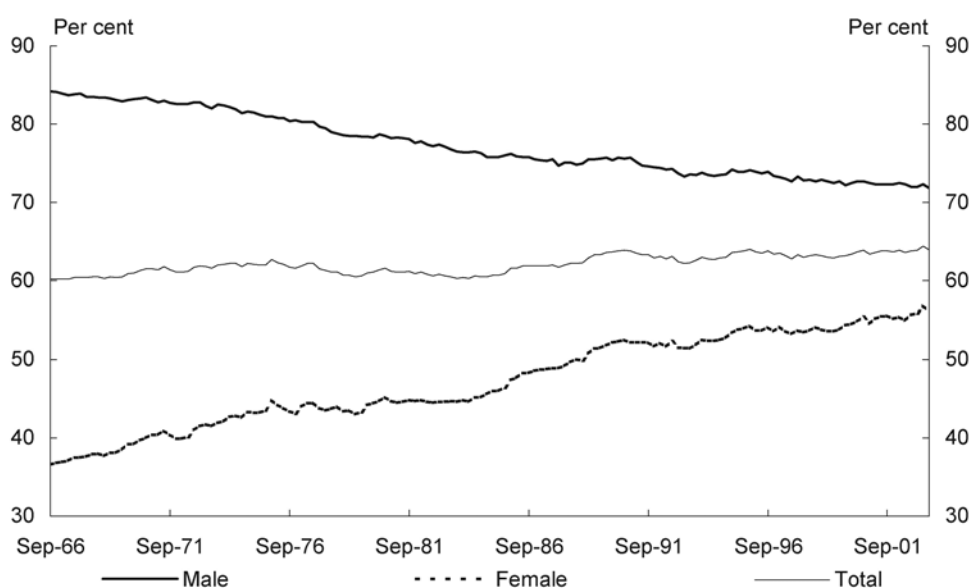
98 Central Western Regional Development Board, *Submission No. 46*, p. 2.

99 Australian Bureau of Statistics, *Forms of employment* (Cat. No. 6359.0); and *Employment Arrangements and Superannuation* (Cat. No. 6361.0).

100 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 1.

force, with a decrease in male participation.¹⁰¹ Some of the jobs growth has been in the service industry which is characterised as a more female segment of the labour market.¹⁰² Figure 2.4 compares male and female participation rates in Australia, between 1966 and 2001.

Figure 2.4 Participation rates by gender, Australia



Source Australian Bureau of Statistics, *Labour Force, Australia, Preliminary* (Cat. No. 6202.0, June 2003) cited in *Treasury, Submission No. 73*, p. 4.

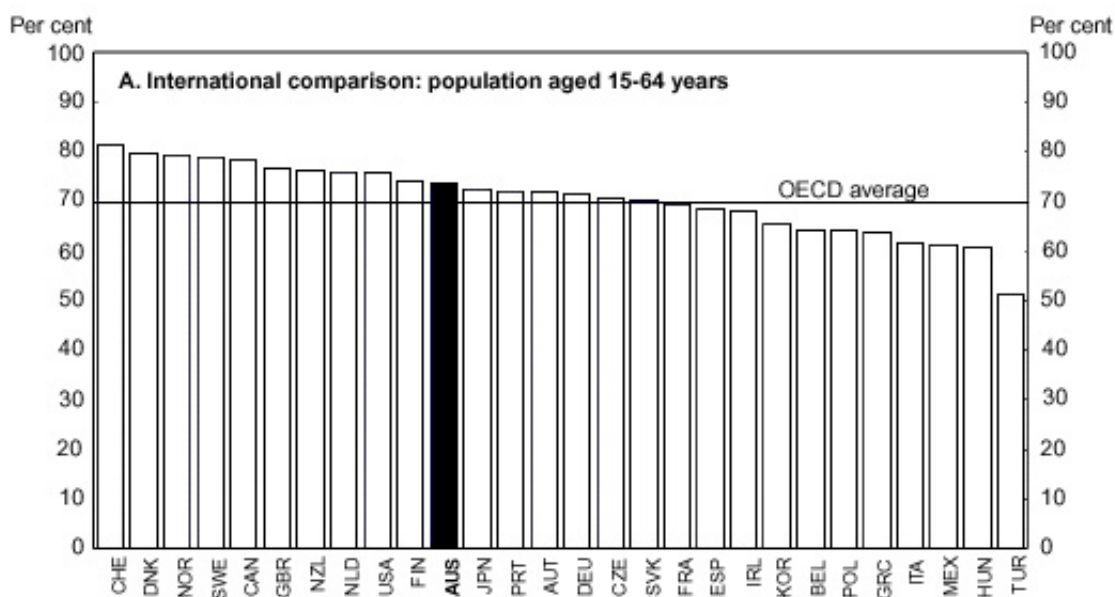
2.81 Productivity growth increased through increased participation by women in the labour force. In 1962, the participation rate was 35 per cent; it is now around 65 per cent. Increases in participation are associated with lower birth rates, reflecting increased choices available to women, including access to birth control and access to education and employment. This growth is consistent with increases across other OECD countries. However, Australia remains below the leading countries in terms of labour participation and labour productivity.¹⁰³ Figure 2.5 shows comparative OECD participation rates.

101 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, p. 4.

102 Ms Serena Wilson, Executive Director, Welfare Reform, Department of Family and Community Services, *Transcript of Evidence*, 26 November 2003, p. 5.

103 Treasury (2004), *Australia's Demographic Challenges*, 2004, pp. 1, 13, 22; OECD (2005) *Economic survey of Australia, 2004*, Policy Brief, p. 1; Australian Bureau of Statistics (2005) *Labour Force Australia*, (Cat. No. 6202.0) Key Figures.

Figure 2.5 Participation rates in OECD countries, 2003



Source OECD Economic Survey of Australia 2004: Policies to lower unemployment and raise labour force participation. Published 2 February 2005.

Male participation

- 2.82 While the male participation rate has remained higher than that for females for the period 1983-1984 to 2003-2004, it fell 4.9 percentage points to 71.6 per cent since 1982.¹⁰⁴ The decline in participation rates by men is evident at most age levels.¹⁰⁵
- 2.83 Dr Robert Dixon noted that the fall in the aggregate male employment ratio appeared to be recession induced and was not primarily due to older workers leaving the workforce.¹⁰⁶ He added that in relation to the employment ratio for males in the age groups 25-34, 35-44 and 45-54 years there was a sharp fall in the employment ratio in the two recessions, which was steeper than that of females and did not recover at the same rate after the recession. This has social, economic and 'fiscal' implications.¹⁰⁷

104 Department of Employment and Workplace Relations, *Submission No. 72*, p. 4; Department of Employment and Workplace Relations, *Supplementary Submission No. 72b*, p. 1; Australian Bureau of Statistics (2005) *Year Book 2005*, (Cat. No. 1301.0) p. 165.

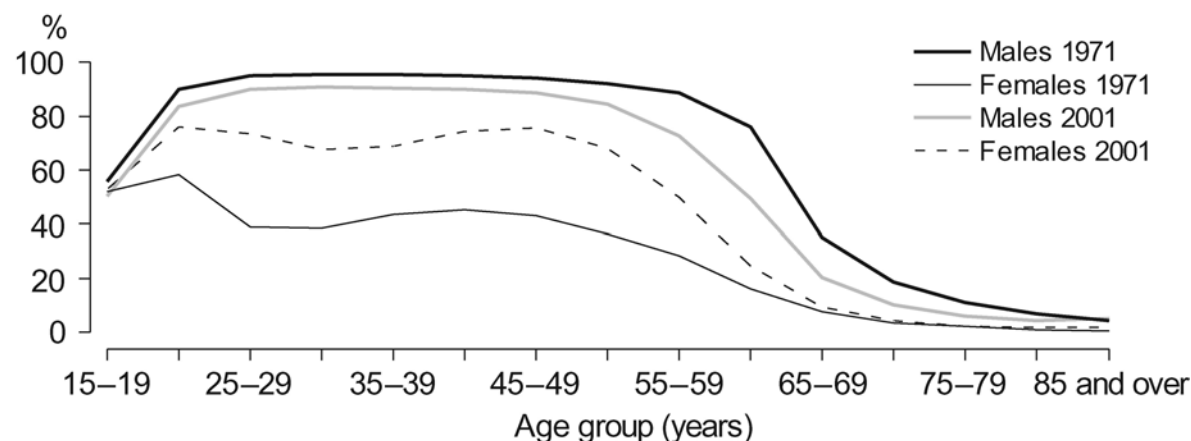
105 Dr Roger Wilkins, Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 19 March 2004, p. 53.

106 Dr Robert Dixon, *Submission No. 16*, p. 3.

107 Dr Robert Dixon, *Submission No. 16*, p. 3. Employment Ratio is the proportion of the population who are employed.

2.84 Figure 2.6 shows comparative labour force participation rates for males and females between 1971 and 2001.

Figure 2.6 Labour force participation rates, persons aged 15 years and over



Source Australian Bureau of Statistics, *Census of Population and Housing: Ageing in Australia 2001* (Catalogue No. 2048.0) 2003, p. 52.

2.85 In addition to industry restructuring and a decline in the male-dominated traditional industries, DEWR listed the reasons for the decline in participation rates by males as:

- the number of men in full-time study;
- the decline in full-time work relative to the size of the population of prime-aged men;
- the encouraged and discouraged worker effect, in which men move in and out of the labour market with changing economic and labour market conditions;
- changes to unemployment allowances and income tax rates, which may affect incentives;
- movement of men from the unemployment allowance to the disability support pension; and
- lower educational attainment and lower skills levels being associated with lower participation rates.¹⁰⁸

2.86 Dr Roger Wilkins of the Melbourne Institute of Applied Economic and Social Research suggested that some of the decline in male participation would also reflect the increase in the number of self-funded retirees. Dr Wilkins added that decline in male participation may be involuntary, with

108 Department of Employment and Workplace Relations, *Supplementary Submission No. 72b*, p. 1.

the decline focused on low-skill males, males with low levels of educational qualifications and often with disabilities. Treasury also commented that there was a significant increase in the number of males 55 years and over leaving the workforce in all educational attainment categories.¹⁰⁹

... the fact that the services sector has grown at the expense of the manufacturing sector - and indeed agriculture and other traditionally male industries. Also, there has been an increased supply of labour by females so that has created a substitution effect. Employers have an increasing pool of females to choose from and that has been perhaps to some extent at the expense of lower skill-level males.¹¹⁰

- 2.87 Associate Professor Siobhan Austen of WEPAU referred to the decline in lifetime employment and the use of redundancies in labour market adjustments as placing in doubt any future increase in the participation rates of older males.¹¹¹
- 2.88 In the September 2002 ABS survey of *Persons Not in the Labour Force* there were 1 387 000 males of working age not in the labour force.¹¹² The number of males under the age of 50 years on the Disability Support Pension (DSP) tripled in the last two decades:

Approximately 39.1 per cent of males aged 25 to 44 years cited the presence of a disability, handicap, illness or injury as the main activity that prevented them being in the labour force, while 23.6 stated that they were attending an educational institution.¹¹³

Female participation

- 2.89 Over several decades there has been an increase in labour force participation by women,¹¹⁴ and over the last two decades the trend is

109 Dr Roger Wilkins, Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 19 March 2004, p. 53; Treasury, *Submission No. 73*, p. 7.

110 Dr Roger Wilkins, Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 19 March 2004, p. 53.

111 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 6.

112 Australian Bureau of Statistics, *Persons Not in the Labour Force*, (Cat No. 6220.0).

113 Department of Employment and Workplace Relations, *Supplementary Submission No. 72b*, pp. 3-4.

114 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 3; Department of Employment and Workplace Relations, *Submission No. 72*, p. 4.

evident in all educational attainment categories and for all age groups.¹¹⁵ Since 1983-1984, women's participation rate has increased by 10.6 percentage points, from 45.0 to 55.6 per cent in 2003-2004.¹¹⁶ Associate Professor Siobhan Austen believes that the majority of under-utilised paid labour in the Australian economy is women who either are currently not in the labour force, or are working part-time hours. This is because:

- current labour force participation rates for women across all age cohorts are relatively low;
- high proportions of women are currently in part-time employment; and
- about 65 per cent of non-employed or under-utilised labour in the Australian labour market is female.¹¹⁷

2.90 Dr Dixon found that the employment ratios for women have shown the largest increase for prime working age women from 1978 to 2002, with the greatest increase between the two recessions in the 1980s.¹¹⁸ Further, while women were benefiting from increased job opportunities in those sectors of the economy that are growing, they were also less likely to lose their positions in the industries that were declining.¹¹⁹ Associate Professor Siobhan Austen made the point that women's participation rates have responded positively when there have been labour shortages:

We argue that women's ability and willingness to provide additional labour to the paid workforce will be an important determinant of economic growth in Australia over coming decades.¹²⁰

2.91 The roles that women and men take within the family may limit their ability to participate fully in paid work. Cultural barriers in both the workplace and the community have meant that men have traditionally not been encouraged to access more flexible working arrangements for parenting or family reasons.¹²¹ Women participate in paid work to:

- provide additional income, make a financial contribution, ease the family's financial stress or gain financial independence;

115 Treasury, *Submission No. 73*, p. 7.

116 Australian Bureau of Statistics (2005) *Year Book 2005*, (Cat. No. 1301.0) p. 165.

117 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, pp. 5-6.

118 Dr Robert Dixon, *Submission No. 16*, p. 16.

119 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 26.

120 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 6.

121 Queensland Government, *Submission No. 87*, p. 16.

- achieve personal satisfaction;
 - meet the desire for social contact, to avoid social isolation and to be involved in their community;
 - use skills that have been acquired through long periods of education and workforce experience and to build a career; and
 - support themselves and dependants.¹²²
- 2.92 Labour force participation is strongly linked to attainment in education, especially for women with upper secondary or equivalent attainment.¹²³ Many women wishing to increase their involvement in the workforce, perceive this to be beneficial to their economic and social wellbeing.¹²⁴ A study in the outer suburbs of Perth found that social networks outside work are poor, particularly when partners work very long hours to meet the family's financial needs.¹²⁵
- 2.93 It is projected that in the coming decades women's participation in paid work will increase both in terms of the number of jobs and the average number of hours worked.¹²⁶ Service industries, which traditionally employ women, provide greater part-time and casual employment, which may enable women to better balance family and work.¹²⁷
- 2.94 The Committee notes that there are a range of employment arrangements which may provide flexibility for the primary care giver (who is predominantly female) such as shift work, job sharing and multiple part-time positions and seasonal work. Industries with higher employment growth rates, such as property and business services, culture and

122 Department of Employment and Workplace Relations, *Submission No. 72(a)*, p. 1 citing Russell G and Bowman L, 2000, *Work and Family: Current thinking, Research and Practice.*; Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Transcript of Evidence*, 6 April 2004, pp. 2, 9; Russell G and Bowman L, 2000, for the Department of Community and Family Services, *The Australian Longitudinal Study on Women's Health*, The Research Institute for Gender and Health, University of Newcastle, p.14; Dr Margaret Giles, Research Associate, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 7.

123 Department of Education, Science and Training, *Submission No. 93*, p. 4.

124 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Transcript of Evidence*, 6 April 2004, p. 2.

125 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 3.

126 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 1.

127 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 4.

recreational services, accommodation, cafes and restaurants, health and community services and personal and other services have relatively high female employment ratios.¹²⁸

... women's ability to successfully respond to labour market opportunities, without sacrificing fertility, will depend on the support given to them as they try to balance their paid and unpaid working roles. The gender division of unpaid labour, institutional support such as child and elder care, and availability of parental and other forms of paid leave will be vital in securing both economic outcomes for the nation and the well-being of Australian women.¹²⁹

- 2.95 In September 2002 there were 545 200 females who were marginally attached¹³⁰ to the labour force according to the ABS publication *Persons Not in the Labour Force*. The survey found that 69.2 per cent of this group would prefer part-time work, 17.4 per cent prefer full-time work and 13.4 per cent did not express a preference or were undecided.¹³¹
- 2.96 DEWR claimed these statistics suggest that the bulk of women with marginal attachment to the labour force were in circumstances that would only allow limited participation in the workforce with part-time hours. DEWR added that of females that were marginally attached, 67.3 per cent were undertaking home duties or childcare, and 18.6 per cent were studying at an educational institution. These activities would act to limit their ability to undertake full-time work.¹³²
- 2.97 Australian labour force participation rates and average hours worked by women are relatively low compared to similar situations internationally, for example in Norway and Sweden.¹³³

128 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 25.

129 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 6.

130 Marginal attachment is defined by the ABS as persons who were not in the labour force in the reference week of the survey but who wanted to work and were *either* actively looking for work but did not meet the availability criteria to be classified as unemployed *or* were not actively looking for work but were available to start work within four weeks. Labour force participation is based upon activity (i.e. working or looking for work) whereas marginal attachment is more subjective and based upon personal perceptions about whether people want to work and what factors may inhibit people from looking for work; cited in Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 2.

131 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 2.

132 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 2.

133 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 2.

According to ABS Labour Force Survey data, only 4.7 per cent of female part-time workers had actively looked for full-time hours and were available to start a full-time job in August 2003 ... There were 179,700 females who were unemployed and looking for full-time work (in trend terms) in September 2003, representing 4.0 per cent of the female labour force and 2.2 per cent of the female population aged 15 and over.¹³⁴

- 2.98 Part-time participation is a particular feature of Australian women's involvement in the workforce. It is difficult to make international comparisons due to variation in a number of economic factors, however, in this instance, Associate Professor Siobhan Austen suggested that Canada provides a useful comparison as men in Canada and Australia have similar part-time participation patterns. The rate of part-time work for women in Australia for the age group 25-39 years of age is about double that in Canada.¹³⁵ Professor Austen commented that Australian women have shown a willingness to accept the flexible jobs that are increasingly part of the economy, to enable them to fulfil their roles as carers.¹³⁶
- 2.99 Recent surveys have found that around a quarter of part-time workers wanted more hours¹³⁷ and that a significant proportion of people who are working part-time are satisfied with their hours and were also found to have high levels of job satisfaction.¹³⁸ Some of the people who prefer part-time work are parents and people with disabilities and some people may need to work part-time until they are ready for full-time work.¹³⁹
- 2.100 Women's participation in the labour force and the number of hours worked appear to be linked to the age of the youngest child, and with the

134 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 2.

135 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, pp. 2, 7.

136 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 1.

137 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, pp. 2-3. Data on job satisfaction and employment status were taken from the quarterly JOB Futures/SAULWICK Employee Sentiment Survey. Around 1,000 employees were surveyed about their current conditions of employment including perceptions of job security, levels of stress experienced at work and preferences for hours.

138 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 4.

139 Mr George Housakas, Enterprise Development Officer, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 39.

predicted fall in fertility rates this constraint will ease.¹⁴⁰ The labour force dependency ratio in Australia will decrease until the year 2018 and then will start to climb again up to 2048.¹⁴¹

Policies such as the provision of paid maternity leave, parental leave and high quality, subsidised childcare across a range of working hours are likely to be increasingly seen as economic imperatives (as opposed to social benefits) if shortages of labour develop.¹⁴²

- 2.101 As the population ages, women's integration into the future workforce will be influenced by their role in caring for elderly parents and other family members. Aged care can last much longer than childcare and can involve more people than childcare.¹⁴³

The availability of leave provisions and working time arrangements that accommodate the caring roles that both men and women have in this regard, as well as the availability of high quality elder-care facilities, will be directly important to women's future labour supply.¹⁴⁴

Lifestyle balance

- 2.102 In balancing lifestyle and workplace full-time employees are working longer hours because there are fewer of them.¹⁴⁵ Twenty-three per cent of people surveyed between the ages of 30 and 50 years had chosen to 'downshift' their career for a number of reasons, including to seek a work-life balance, spend more time with the family, study, ease into retirement or try out a new career through flexible employment.¹⁴⁶

140 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 30; see also Shop Distributive and Allied Employee's Association, *Submission No. 79*, pp. 78-79.

141 McDonald P and Kippen R (1999) *Ageing the Social and Demographic Dimensions*, paper presented at the Policy Implications of the Ageing of Australia's Population Conference, Canberra March 1999, p. 59.

142 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 31.

143 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 31.

144 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit at the Curtin University of Technology, *Submission No. 8*, p. 31.

145 Mr Paul Marzato, Manager, Energy and Utilities, United Services Union, *Transcript of Evidence*, 12 March 2003, p. 35; see also Australia Council of Trade Unions, *Submission No. 69*, p. 10.

146 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 5; see also The Australian Institute, *Downshifting in Australia*, Discussion Paper No. 50, January 2003.

- 2.103 Strategies that achieve a family friendly workplace include flexible working hours, part-time work, job sharing, career break schemes, working at home, job security, family leave such as parental leave and allowing women to return to the workforce on a part-time basis.¹⁴⁷ The National Work and Family Awards recognise organisations for their achievements in providing family friendly workplaces.¹⁴⁸ The establishment of the Work and Family Taskforce in late 2002 provides an interdepartmental forum to consider options that will facilitate choices for parents in balancing their work and family lives.¹⁴⁹

Mature age workers

- 2.104 The term 'mature age' is poorly defined, with various organisations and programs using different age groups. DEWR's mature age participation rates are for the 55-64 age group.¹⁵⁰ However, DEWR's 2004-2005 Budget Statement provides various Job Network statistics for mature age workers aged over 45.¹⁵¹ The NSW Government's Mature Aged Workers Program supports jobseekers 40 years of age and over.¹⁵² Council on the Ageing National Seniors Partnership (COTA NSP) focuses on the 50-64 age group.¹⁵³
- 2.105 Workforce participation rates are low among people over 55 years of age. Labour force participation rates drop sharply with increasing age, with only half of men and less than one quarter of women aged 60-64 in the workforce. There is a trend to early retirement, which is often not voluntary, and disability can be a compounding factor.¹⁵⁴ FaCS research found that the main reasons given for leaving the workforce were ill health or disability, caring responsibilities and involuntary job loss.¹⁵⁵ Further

147 United Services Union, *Submission No. 85*, p. 4; Mr Ian Blandthorn, National Assistant Secretary, Shop Distributive and Allied Employees Association, *Transcript of Evidence*, 19 March 2004, p. 67.

148 Department of Employment and Workplace Relations, *Submission No. 72*, p. 9.

149 Department of Employment and Workplace Relations, *Submission No. 72*, p. 9.

150 DEWR (2004) Mature Aged Assistance Facts, <http://www.dewrsb.gov.au/ministersandmediacentre/brough/documents/jnmatureagedassistancefacts.pdf>

151 DEWR (2004) Fact sheet - Mature Age Employment and Workplace Strategy, <http://www.dewrsb.gov.au/ministersandmediacentre/budget2004/factsheets/budgetfactsheetmatureage.doc>.

152 <http://www.humanresourcesmagazine.com.au/articles/cd/0c01fdcd.asp>. The Committee notes that this program was reported to have ceased from 30 June 2004.

153 <http://www.cota.org.au/emplceda.htm>

154 Ms Serena Wilson, Executive Director, Welfare Reform, Department of Family and Community Services, *Transcript of Evidence*, 26 November 2003, p. 4.

155 Department of Family and Community Services, *Submission No. 99*, p. 10.

mature age workers are increasingly choosing greater flexibility in their employment so that they can enjoy partial retirement while receiving an income.¹⁵⁶

- 2.106 Labour force participation amongst mature age people has increased over the last ten years, mostly due to the increase in mature age female participation.¹⁵⁷ However, Australia's participation rate at 48.6 per cent is lower than in comparable countries such as New Zealand (62.9 per cent), the United Kingdom (54 per cent) and the United States (60.2 per cent).¹⁵⁸ This suggests that there is potential to increase mature age worker participation in Australia.

The majority of men under 65 and women under 60 would still prefer to be working, although there are signs that baby boomers do plan to continue working at least part time after the age of 65 ... We know that health status, income level, education level and gender all influence the decision to stay in paid employment or to retire. So it is a complex issue ...¹⁵⁹

- 2.107 The *National Strategy for an Ageing Australia* identified the removal of barriers to continued workforce participation and the retraining of mature age workers as key goals. Barriers to continued workforce participation include entrenched community attitudes and myths about mature age workers. DEWR predicts that by the year 2016, the 45 years and over will supply 80 per cent of the growth in the labour force.¹⁶⁰
- 2.108 COTA NSP emphasised the importance of opportunities for mature age workers to participate in the workforce because of the need for pre- and post-retirement financial security, health and wellbeing, the need to support their families and social and economic participation.¹⁶¹
- 2.109 Some people who are 55 may have been divorced, remarried, have young children and a large mortgage and need to remain in the workforce.¹⁶²

156 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 6.

157 Department of Employment and Workplace Relations, *Submission No. 72*, p. 4.

158 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 5; Department of Employment and Workplace Relations, *Submission No. 72*, p. 4.

159 Professor Helen Bartlett, Director, Australasian Centre on Ageing, University of Queensland, *Transcript of Evidence*, 6 February 2004, p. 36.

160 Department of Employment and Workplace Relations, *Submission No. 72*, p. 6.

161 Mr David Deans, Joint Chief Executive, Councils on the Ageing National Seniors Partnership, *Transcript of Evidence*, 19 March 2004, p. 20; Council on the Ageing National Seniors Partnership, *Submission No. 86*, pp. 2-3.

162 Ms Patricia Reeve, Director, National Policy Secretariat, Councils on the Ageing National Seniors Partnership, *Transcript of Evidence*, 19 March 2004, p. 24.

People who have taken voluntary redundancies who thought they would find a job either did not find jobs or if they eventually did, it was low paid employment.¹⁶³ There is a need to ensure that mature age people are trained to be equipped for employment in the new economy.¹⁶⁴

- 2.110 A significant proportion of those over 55 years are unsuccessful when seeking another job, and discouragement tends to lead to early retirement.¹⁶⁵ In conjunction with the obvious loss of experience to the workforce and the implication this has for the individual's personal finances and life, these poor outcomes are of additional concern. This is the proportion of the population that will increase with the demographic changes. Therefore, efforts to support, encourage and increase mature age participation are essential to improve standards of living and economic growth.
- 2.111 The United Services Union (USU) commented that private companies and contractors are less likely to employ older workers and therefore workers over the age of 45 years are most vulnerable to the impact of privatisation.¹⁶⁶ The Australasian Centre on Ageing commented that employers and colleagues make the assumption that mature age workers cannot perform the required duties without allowing them to demonstrate their capacity.¹⁶⁷ SDAEA would like to see more being done to inform employers that older people have much to offer.¹⁶⁸ These reasons are considered in more detail in Chapter 5.
- 2.112 It is necessary for unemployed mature age people to be linked to employment services as soon as possible. Many mature age workers are poorly informed about the availability of Job Network services, particularly if they are not eligible for Centrelink services.¹⁶⁹ It is important because employment loss has an impact on mental health and social isolation.¹⁷⁰

163 Mr Paul Marzato, Manager, Energy and Utilities, United Services Union, *Transcript of Evidence*, 12 March 2003, p. 37.

164 Mr David Deans, Joint Chief Executive, Councils on the Ageing National Seniors Partnership, *Transcript of Evidence*, 19 March 2004, p. 21.

165 Department of Family and Community Services, *Submission No. 99*, p. 10.

166 United Services Union, *Submission No. 85*, p. 6.

167 Australasian Centre on Ageing, *Submission No. 91*, p. 4.

168 Shop Distributive and Allied Employee's Association, *Submission No. 79*, p. 6.

169 Mr David Deans, Joint Chief Executive, Councils on the Ageing National Seniors Partnership, *Transcript of Evidence*, 19 March 2004, pp. 21, 26.

170 Professor Helen Bartlett, Director, Australasian Centre on Ageing, University of Queensland, *Transcript of Evidence*, 6 February 2004, p. 36.

It is also important to address negative attitudes held by older people themselves, who may have “taken on” society’s attitudes and believe that they are “too old” to work.¹⁷¹

2.113 There is a strong relationship between ageing and disability so there is considerable overlap in the strategies needed for some workers.¹⁷² Older workers may need to change from more physical work to work that is reliant on cerebral strength.¹⁷³ Education and training opportunities for older people are considered a crucial component for updating skills to enable workers to adjust to changing labour market needs. The potential of information and communication technology to assist mature age workers is significant, including those with disabilities.¹⁷⁴

2.114 There are 5.5 unemployed people for every job vacancy, and a business culture that is reluctant to employ mature age people.¹⁷⁵ Mature age workers can have high education levels, multiple languages and life experiences but need to have a skills match with the employment opportunities in their area.¹⁷⁶

A person can have a training program, but if there is no job available within the area they live in which requires those skills, or the person is not prepared to move, you do not have a match between the problem and the solution.¹⁷⁷

2.115 The RCSA believes that creating a flexible workforce is one of the most effective ways of retaining valuable employees while giving them a suitable life/work balance, and is vital for increasing participation in paid work and keeping Australia’s economy strong:

The Australian psyche has been built on a premise of work hard and then retirement. That mindshift will need to change and the most realistic way of retaining our mature workforce is to encourage those who want to continue working to do so while also

171 Australasian Centre on Ageing, *Submission No. 91*, p. 4.

172 Blind Citizens Australia, *Submission No. 67*, p. 1.

173 Caudron S (1997) ‘Boomers Rock the System’, *Workforce* 76 (12):42-46.

174 National Centre for Vocational Education and Research (2004) VET and ageing – an international perspective, *Insight*, issue 14 May 2004, p. 5.

175 Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 3.

176 Mr Neil Tucker, Executive Director, Council on the Ageing (NSW) Inc., *Transcript of Evidence*, 28 January 2004, p. 25.

177 Mr Neil Tucker, Executive Director, Council on the Ageing (NSW) Inc., *Transcript of Evidence*, 28 January 2004, p. 27.

enjoying the fruits of retirement at the same time. Flexible working arrangements enable this to happen.¹⁷⁸

Parents and carers

2.116 The number of persons who combine work and family responsibilities has increased over the last 20 years. Women with younger children have a lower participation rate than those with older children. The average labour force participation rate for women in couple relationships across all child age brackets was 64.8 per cent. For women in couple relationships with a youngest child under 5 years of age, the participation rate was 51.4 per cent. The participation rate rises to 69.7 per cent where the youngest child is 5 to 9 years old. Where the youngest child is 10 to 14 years the participation rate was 76.0 per cent and for women with a youngest child 15 to 19 years it was 77.8 per cent.¹⁷⁹ Treasury also stated that, in families with two parents, labour force participation increases gradually as the age of the youngest child increases.¹⁸⁰

2.117 In Australia the majority of couples with children are both working, typically with one working part-time.

In June 2003 (latest data available) there were 2,033,400 couple families and 583,700 one parent families with dependants in Australia. Couple families with dependants had very high rates of participation, with the vast majority (95.8 per cent) having at least one member in the labour force. At the same time, the unemployment rate for couple families with dependants was 3.6 per cent. In comparison, the participation rate for lone parents with dependants was 60.5 per cent, while their unemployment rate was significantly higher at 15.0 per cent.¹⁸¹

2.118 There is a small proportion of jobless couple families and 50 per cent of lone parents are employed.¹⁸² In 2002, 25.8 per cent of families had either no parent employed or had one parent employed part-time.¹⁸³

The high rate of joblessness among lone parents in Australia appears to be due to their lower skills base, in addition to their sole

178 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 7.

179 Queensland Government, *Submission No. 87*, pp. 13-14, citing Australia Bureau of Statistics, *Census 2001*.

180 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2004, p. 4.

181 Department of Employment and Workplace Relations, *Submission No. 72*, p. 5.

182 Department of Employment and Workplace Relations, *Submission No. 72*, p. 7.

183 Australian Council of Social Service, *Submission No. 74*, p. 15.

responsibility for the care of their children. The average educational attainment of lone parents is considerably lower than for other people.¹⁸⁴

- 2.119 FaCS commented that there are benefits in assisting parents to get a job in terms of role modelling.¹⁸⁵
- 2.120 DEWR emphasised the importance of family friendly working arrangements and the need to ensure that appropriate opportunities are available for families with children.¹⁸⁶ Family friendly practices include the flexible use of annual leave, access to single days leave, purchased leave, unlimited sick leave, paid and unpaid family leave, paid leave for caring purposes, extended unpaid parental leave, paid maternity, paternity and adoption leave, part-time work, job sharing, home based work, childcare, makeup time, time off-in-lieu, hours averaged over an extended period, compressed hours, flexible start finish times, flexitime, negotiable hours of work, hours decided by majority of workers and banking and accrual of rostered days off.¹⁸⁷

Sole parents

- 2.121 Over 20 per cent of families with children are sole parent families, and 80 per cent of sole parent families are on income support.¹⁸⁸ One third of single parents have no income other than welfare benefits.¹⁸⁹ Those on parenting payments will have a flexible participation requirement when the youngest child is aged 13-15 years, with breach waiver provisions.¹⁹⁰ In Australia, single parents remain on benefits for an average of 12 years. Between 1980 and 2003, the proportion of sole parent families increased by 10 per cent.¹⁹¹

184 Australian Council of Social Service, *Submission No. 74*, p. 30 citing Gray M, L Qu, S de Vaus and C Millward (2002) *Determinants of Australian Mothers' Employment*, Australian Institute of Family Studies Research Paper No. 26, Melbourne.

185 Ms Serena Wilson, Executive Director, Welfare Reform, Department of Family and Community Services, *Transcript of Evidence*, 26 November 2003, p. 15.

186 Mr Graham Carters, Group Manager, Employment Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 6.

187 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 4.

188 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2004, p. 4.

189 Centre for Independent Studies, *Submission No. 75*, p. 7.

190 Department of Employment and Workplace Relations, *Submission No. 72*, p. 15.

191 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 42.

- 2.122 The Centre for Independent Studies (CIS) pointed out that other countries in the western world expect single parents to work part-time once the youngest child goes to school.¹⁹²

Australia is one of a very few western countries that supports parents on welfare benefits for as long as they have a child below the school-leaving age. In much of Europe, parents are expected to return to work when the child reaches three years of age, and some American states set the age limit even lower than this.¹⁹³

- 2.123 CIS argued that there is strong public support for a change and that Parenting Payments should be paid in full only if the parent has responsibility for a child under the age of five.¹⁹⁴ On the other hand, the Women's Action Alliance argued strongly against this approach, stating that women contribute their unpaid labour and those undertaking full-time mothering are active contributors to the economy.¹⁹⁵

Carers

- 2.124 Unpaid care for adults alone has been estimated to be worth \$18.3 billion annually, and without this contribution funding would need to be provided for alternative care. Carers Australia has found that most carers are of workforce age and prefer to be employed to maintain their financial independence and the other benefits connected with workforce participation. Forty-nine per cent of primary carers of working age depended on income support, compared with the 20 per cent of those not providing care.¹⁹⁶
- 2.125 Carers, in particular, who are seeking employment require flexibility and supportive attitudes. Carers Australia believes that there are few carer friendly workplaces. The majority of carers are working or would like to be, and Carers Australia suggests a number of options including flexi-time, staggered hours, time-off in lieu, compressed working hours, shift swapping, self-rostering, annualised hours, job sharing, part-time work, carers leave and working from home.¹⁹⁷ Further, the NSW Nurses'

192 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 42.

193 Centre for Independent Studies, *Submission No. 75*, p. 7.

194 Centre for Independent Studies, *Submission No. 75*, p. 8.

195 Women's Action Alliance, *Submission No. 88*, p. 1.

196 Carers Australia, *Submission No. 30*, pp. 2-3.

197 Carers Australia, *Submission No. 30*, pp. 4-5.

Association added that for people in their 50s and 60s who combine work with caring responsibilities that:

... without more resources to support carers, their contribution might not be sustainable. They recommend flexible working hours and good-quality affordable support for carers and care recipients would help to maintain this generation in the workforce.¹⁹⁸

- 2.126 Carers Australia argue that flexibility in the workforce benefits employers through the attraction and retention of quality staff while offering employees more control over their lives, enabling them to balance their caring responsibility with employment.¹⁹⁹

Indigenous Australians

- 2.127 Indigenous Australians have a younger age population profile and lower workforce participation rates than non-Indigenous Australians.²⁰⁰ Aboriginal and Torres Strait Islander people generally experience lower levels of labour force participation and higher levels of unemployment than non-Indigenous people.²⁰¹
- 2.128 Twenty-seven per cent of Indigenous people live in rural areas, 42 per cent in other urban areas and 30 per cent in major urban areas. Conversely for the general population, 14 per cent live in rural areas and 60 per cent live in major urban centres. The number of young Indigenous people entering working age is growing rapidly, with the growth from 1996 to 2006 estimated as 29 per cent.²⁰²
- 2.129 The Indigenous participation rate across all age groups and geographic regions is lower than the non-Indigenous population. In 2001, the

198 NSW Nurses' Association, *Submission No. 77*, p. 4.

199 Carers Australia, *Submission No. 30*, p. 5.

200 Department of Employment and Workplace Relations, *Submission No. 72*, p. 5; Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 5; Treasury (2004), *Australia's Demographic Challenges*, p. 19.

201 Steering Committee for the Review of Government Services Provision, 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, pp. xxvii, 3.19, 3.20. Note: Data from Steering Committee for the Review of Government Service Provision is sourced from the Australian Bureau of Statistics 2001 Census. The Australian Bureau of Statistics, National Aboriginal and Torres Strait Islander Social Survey (NATSISS) 2002 released in June 2004 provides 2002/2003 data on Indigenous persons. NATSISS data is not directly comparable to census data but shows similar proportions and improving trends from 1994 to 2002 in employment and participation. Australian Bureau of Statistics (2004) *National Aboriginal and Torres Strait Islander Survey 2002* (Cat. No. 4714.0), p. 3.

202 Department of Family and Community Services, *Submission No. 99*, p. 12.

participation rate was 50.4 per cent for the Indigenous population compared to the national rate of 62.6 per cent for non-Indigenous people. Indigenous people in the labour force were more likely to be unemployed, with unemployment rates for Indigenous people being 23 per cent in December 2002 compared to six per cent for non-Indigenous people.²⁰³

- 2.130 The Steering Committee for the Review of Government Service Provision (SCRGSP) advises that the limited employment opportunities available to Aboriginal and Torres Strait Islander peoples in remote areas of Australia and the employment opportunities provided by Community Development Employment Projects (CDEP) are to an extent reflected in the labour force participation rate of the Indigenous population.²⁰⁴
- 2.131 Indigenous Australians were more likely to be employed part-time than their non-Indigenous counterparts. In 2001, 34.0 per cent of the Indigenous labour force was employed part-time compared to 30.0 per cent of the non-Indigenous labour force.²⁰⁵ Furthermore, the rate of part-time employment tends to increase amongst the Indigenous population after the age of 20. Figure 2.7 shows that for people of prime working age, there is an extensive part-time component of employment for Indigenous people.²⁰⁶

203 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, pp. xxviii, 3.20; Australian Bureau of Statistics 2005, *Australian Year Book 2005*, (Cat. No. 1301.0) p. 1570.

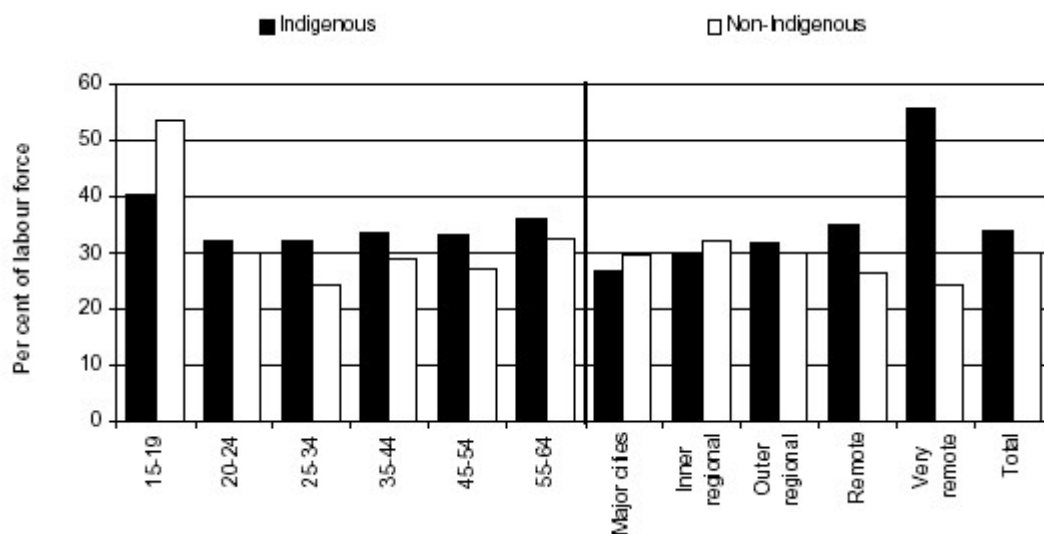
Note - The participation rates used are from the ABS 2001 census as updated figures were unable to be located.

204 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, pp. xxvii, 3.22, 3.23.

205 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, p. 11.3.

206 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, p. 11.5.

Figure 2.7 Indigenous and non-Indigenous part-time employment, 2001



Source *Steering Committee for the Review of Government Service Provision, 2003, Overcoming Indigenous Disadvantage: Key Indicators 2003, Productivity Commission, Canberra, p. 11.5, citing Australian Bureau of Statistics 2001 Census, Table 11A.1.1.*

2.132 In addition:

Relative to the non-Indigenous population and excluding people aged 65 years and over, the most disadvantaged group of Indigenous people in terms of unemployment is in the age group 25-34 years, followed by the age group 35-44 years, which are the prime stages for people's work and career development.²⁰⁷

2.133 In 2001, non-Indigenous Australians were three times more likely to be self employed than Aboriginal and Torres Strait Islander peoples and this increases to nine times more likely in very remote areas.²⁰⁸

2.134 According to SCRGSP, in 2001, Aboriginal and Torres Strait Islander peoples aged 15-24 years were less likely to be employed or attending school than non-Indigenous people aged 15-24 years. As such they were much more likely to be 'at risk' of long-term disadvantage.²⁰⁹ WEL WA emphasised the need to retain Indigenous women in the education system

207 *Steering Committee for the Review of Government Service Provision, 2003, Overcoming Indigenous Disadvantage: Key Indicators 2003, Productivity Commission, Canberra, p. 3.24.*

208 *Steering Committee for the Review of Government Service Provision, 2003, Overcoming Indigenous Disadvantage: Key Indicators 2003, Productivity Commission, Canberra, pp. 11.14.* Note: Indigenous people that have formed themselves into cooperative commercial arrangements, such as artists, may not have reported that they were self employed.

209 *Steering Committee for the Review of Government Service Provision, 2003, Overcoming Indigenous Disadvantage: Key Indicators 2003, Productivity Commission, Canberra, pp. 7.30.*

beyond the age of 14 or 15 years, and the need for the opportunity to enter the workforce, as important issues.²¹⁰

2.135 ABS noted that:

Nationally, almost half (46%) of Indigenous persons aged 15-64 years were not in the labour force in 2001, compared with about one-quarter (27%) of non-Indigenous persons in this age group. In every age group except young people aged 15-17 years, the proportion of Indigenous persons who were not in the labour force was about 20 percentage points higher than the proportion of non-Indigenous persons.²¹¹

2.136 The more recent ABS *National Aboriginal and Torres Strait Islander Social Survey 2002* found improvements in economic participation and unemployment. From 1994 to 2002 the proportion of Indigenous people in employment increased in mainstream and CDEP employment. Improvements in long-term unemployment were also evident, with the proportion of Indigenous people being unemployed for one year or more dropping to around 25 per cent. However, although there have been improvements, the unemployment rate for Indigenous people is around three times that for non-Indigenous people.²¹²

2.137 DEWR stated that Indigenous Australians' lower participation rates relate in part to remote areas compared with metropolitan areas.²¹³ SCRGSP indicated that the rate of full-time employment for Indigenous people is lower than that for non-Indigenous people in all age groups and geographic regions.²¹⁴

210 Ms Rhonda Naumann, Co-Convenor, Chair of Accommodation Committee and Trainer, Women's Electoral Lobby, *Transcript of Evidence*, 6 April 2004, pp. 17-18.

211 Australian Bureau of Statistics (2003) *Population Characteristics: Aboriginal and Torres Strait Islander Australians, Australia 2001* (Cat. No. 4713.0), p. 66.

212 Australian Bureau of Statistics (2004) *National Aboriginal and Torres Strait Islander Survey 2002*, (Cat. No. 4714.0) pp. 10-11.

213 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 5.

214 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, p. 11.4. ABS compared non-Indigenous and Indigenous employment by calculating a rate ratio. The ratio is calculated by dividing the non-Indigenous employment rate by the Indigenous employment rate. A ratio greater than one implies that Indigenous people are disadvantaged compared to non-Indigenous people. While the ratio of non-Indigenous to Indigenous total employment is around the same across all geographic regions, at 1.2, the ratio of full-time employment increases to 2.3 as location becomes more remote, while the ratio for part-time employment decreases to 0.4. Steering Committee for the Review of Government Service Provision 2003,

- 2.138 The difference in average performance between Indigenous and non-Indigenous students is also partly due to different socio-economic, language and school situations. The difference in reading and mathematics of these two groups has been declining over time.²¹⁵
- 2.139 In part as a consequence of their lower levels of participation in paid employment, Indigenous Australians of working age have higher levels of reliance on income support than the non-Indigenous population. In addition, they are in receipt of support for longer periods than non-Indigenous Australians of working age.²¹⁶
- 2.140 The number of Indigenous people reaching working age is growing rapidly.²¹⁷ Due to higher fertility rates and mortality rates the Indigenous population has a younger age structure than the non-Indigenous population with the median age being 20.5 years compared to 36.1 years for the non-Indigenous population in 2002.²¹⁸
- 2.141 Between 1996 and 2006 the Indigenous population of working age was estimated to grow by 29 per cent. This predicted population growth warrants a different set of priorities to address the barriers to participation in paid employment for Aboriginal and Torres Strait Islander peoples than the ageing of the total Australian population.²¹⁹
- 2.142 Mission Australia added that estimates for future job growth point to a decline in employment and rise in unemployment for Indigenous Australians.²²⁰ The Research by the Centre for Aboriginal and Economic Policy Research has estimated that 55 000 additional jobs would be required to achieve employment equality for Indigenous Australians by 2006.²²¹

Overcoming Indigenous Disadvantage: Key Indicators 2003, Productivity Commission, Canberra, p. 11.4, citing ABS 2001 Census, Table 11A.1.1

215 Department of Education, Science and Training, *Submission No. 93*, p. 21.

216 Department of Family and Community Services, *Submission No. 99*, p. 12.

217 Department of Family and Community Services, *Submission No. 99*, p. 12.

218 Australian Bureau of Statistics (2003) *Population Characteristics: Aboriginal and Torres Strait Islander Australians, Australia 2001* (Cat. No. 4713.0), p. 17. See also Australian Bureau of Statistics (2004) *National Aboriginal and Torres Strait Islander Survey 2002* (Cat. No. 4714.0), p. 1. Note: The median age is the age at which half the population was older and half was younger.

219 Department of Family and Community Services, *Submission No. 99*, p. 12.

220 Mission Australia, *Submission No. 104*, p. 15.

221 Department of Family and Community Services, *Submission No. 99*, p. 12.

People with a disability

- 2.143 Persons with a disability comprise up to 20 per cent of the Australian population depending on the definition of disability used,²²² and this proportion has increased in recent decades. Labour force participation rates for people with a disability are lower than the general population, frequently for understandable reasons.²²³

In 1998 (latest data available), the participation rate for all persons with a disability was 53.2 per cent, compared with 80.1 per cent for people with no disability.²²⁴ People with a disability also recorded a higher unemployment rate, of 11.5 per cent, compared with 7.8 per cent for people without a disability. Not surprisingly, the level of participation diminishes with the level of activity restriction caused by the disability. Males with a disability tend to have higher participation and unemployment rates than females with a disability.²²⁵

- 2.144 In the 1990s Australia liberalised the eligibility criteria for the disability support pension:

The disability support pension covers a very broad group of people, ranging from those with moderate disabilities to those with very severe disabilities. It is a system that has developed without participation requirements, even though amongst those that receive disability support pension there would be a group that would have some partial work capacity, albeit not a full-time at award wages capacity, because you cannot be eligible for the disability support pension if you are able to work more than 30 hours a week at full award wages within the next two years after vocational training.²²⁶

- 2.145 Disability Action Inc makes the point that the eligibility criteria for the DSP means that some people with significant impairments cannot access the pension. These people have assets and income from other sources or

222 Manpower Services (Australia) Pty Ltd, *Submission No. 78*, p. 8.

223 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 3.

224 Department of Employment and Workplace Relations, *Submission No. 72*, p. 4 citing Australian Bureau of Statistics (1998), *Disability, Ageing and Carers: Summary of Findings* (Cat. No. 4430.0). ABS figures were updated in 2003 showing participation rate for all persons with a disability was 53 per cent compared with 81 per cent for people with no a disability.

225 Department of Employment and Workplace Relations, *Submission No. 72*, p. 4.

226 Ms Serena Wilson, Executive Director, Welfare Reform, Department of Family and Community Services, *Transcript of Evidence*, 26 November 2003, p. 9.

- are in situations where their disability has not stabilised, or have previously been employed.²²⁷
- 2.146 FaCS stated that a recent OECD report found that, of 20 countries studied, Australia had the lowest employment rate of people receiving disability benefits (at around 10 per cent).²²⁸
- 2.147 Only 21 per cent of people with a disability have paid employment as their main source of income. DSP or Newstart Youth Allowance is the main source of income for 69 per cent of people with a disability.²²⁹ Disability is found to be associated with both significant disadvantage in the labour market and higher rates of welfare dependence.
- 2.148 The implications of disability for labour market outcomes are likely to depend on interactions with other factors, including social circumstances, economic conditions, work environment and an individual's age, sex, skill level and psychological disposition.²³⁰
- 2.149 Most people with a disability are already motivated to find work to improve their standard of living and the incentive to work is not the primary issue.²³¹
- 2.150 Many people with a disability have skills and talents that businesses could use.²³² People with a disability sometimes have great difficulty gaining access to employment services, and maintaining employment.²³³ Also, people with disabilities are more likely to lose their jobs during times of economic downturn.²³⁴

227 Disability Action Inc, *Submission No. 94*, pp. 8-9.

228 Department of Family and Community Services, *Submission No. 99*, p. 11, citing OECD (2003 forthcoming), *Transforming disability into ability: policies to promote work and income security for disabled people*, Paris.

229 Employers Making a Difference, *Submission No. 70*, p. 1.

230 Wilkins R, 2003, *Labour Market Outcomes and Welfare Dependence of Persons with Disabilities in Australia*, Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, *Exhibit No. 8*, pp. 3-4. Also refer to Appendix A of the Wilkins' paper for a discussion on defining and classifying disability, pp. 67-70.

231 National Ethnic Disability Alliance and the Physical Disability Council of Australia, *Submission No. 96*, p. 7.

232 Employers Making a Difference, *Submission No. 70*, p. 1.

233 Ms Monika Baker, Senior Systemic Advocate, Disability Action Inc, *Transcript of Evidence*, 18 March 2004, p. 37.

234 Blind Citizens Australia, *Submission No. 67*, p. 3 citing Cass B, Gibson F and Tito F, 1988, *Social Security Review – Issues Paper No. 5, Towards Enabling Policies: Income Support for People with Disabilities*, AGPS, Canberra, p. 10.

This discrimination has a compounding negative effect; as most jobs are filled through word of mouth, those who are out of the employment loop are further disadvantaged²³⁵

2.151 There has been a decline in employment of people with a disability in the Australian Public Service. Furthermore, small businesses also face difficulties in recruiting and retaining people with a disability.²³⁶

2.152 Research from the Melbourne Institute of Applied Economics and Social Research found that:

- persons with multiple impairments have the lowest employment rates and the highest rates of welfare dependence, and persons with 'sensory' impairments do not appear to be as significantly disadvantaged;
- the adverse effects of disability are greater for older age groups - mature age disability onset is also associated with higher unemployment and greater welfare dependence; and
- disabled persons who are employed are, on average, younger and less likely to have had the onset of their disability after the age of 45.²³⁷

2.153 Women With Disabilities in Australia (WWDA) make the point that it should not be assumed that one's work capacity is determined by the 'level' of disability.²³⁸ Women with a disability do not need incentives or motivation to enter paid work:

What they do need is the elimination of discrimination and negative stereotypes from both a gender and disability perspective which compound their exclusion from support services, social and economic opportunities and participation in community life.²³⁹

2.154 WWDA believe that women with a disability are given marginal jobs far below their capacity, are denied training and job advancement opportunities, are poorly paid, have few occupational and health standards, and may be unable to enforce their industrial rights. WWDA make the point that the enforcement of the *Disability Discrimination Act 1992* is complaints driven and the onus is on the person experiencing the

235 Blind Citizens Australia, *Submission No. 67*, p. 3 citing NSW Department of Women 2002 *New Research Shows Way Forward for Women Jobseekers*, Media Alert, 8 March.

236 Employers Making a Difference, *Submission No. 70*, p. 2 also citing *Workplace Diversity Report 2001-2*, p. 57.

237 Wilkins, R., 2003, *Labour Market Outcomes and Welfare Dependence of Persons with Disabilities in Australia*, Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, *Exhibit No. 8*, pp. 4-5.

238 Women With Disabilities in Australia, *Submission No. 17*, p. 19.

239 Women With Disabilities in Australia, *Submission No. 17*, p. 4.

discrimination to act. Further, recent legislative changes add more financial barriers in relation to the Federal Court costs and women with disabilities are among the poorest of all groups in society.²⁴⁰

- 2.155 International studies show that employers who have been prepared to employ people with a disability report that 98 per cent of staff with a disability rate average or better in work safety; 90 per cent of people with disabilities rate average or better on job performance; 86 per cent of people with disabilities rate average or better on attendance; 90 per cent of employers had no change in their insurance costs to employ people with a disability; staff retention is 72 per cent higher, saving millions of dollars each year in recruitment and training costs; and there is a distinct positive effect on staff morale.²⁴¹
- 2.156 CIS referred to the \$6 billion annual cost for the DSP and suggests that there are many people on this pension that have a significant capacity to work.²⁴² CIS argued that this level of disability is implausible:

In Australia, as in a number of other countries, the health and longevity of the population has been constantly improving over the last 20 years, yet the number of people claiming disability benefits has risen from 230,000 in 1980 to around 650,000 today. More than 6 per cent of the labour force is now classified as 'disabled'²⁴³ and it is estimated that the number of people on DSP will reach three-quarters of a million by 2006.²⁴⁴

- 2.157 Further discussion of issues surrounding the DSP is included in Chapter 5, Welfare and Labour Market Reform.

240 Women With Disabilities in Australia, *Submission No. 17*, pp. 5-6.

241 Employers Making a Difference, *Submission No. 70*, p. 2.

242 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 42; Centre for Independent Studies, *Submission No. 75*, p. 8 citing McIntosh G and J Phillips *Disability Support and Services in Australia* Parliament of Australia E-Brief, 16 October 2002.

243 Centre for Independent Studies, *Submission No. 75*, p. 8 citing E Healy, 'Disability or disadvantage' *People and Place*, Vol.10, No.3, 2002, 68-83; Australian Bureau of Statistics, *Australian Social Trends 2002: Income and Expenditure – Income Support: Trends in Disability Support*.

244 Centre for Independent Studies, *Submission No. 75*, p. 8 citing Department of Family & Community Services, *Fact Sheet: People with Disabilities 1999*.

Migrants

- 2.158 The reasons for migrants coming to live in Australia can vary substantially. For example, some migrants arriving in Australia may have more established social support networks, while others may have a strong economic position on arrival in Australia. Economic migrants move to Australia primarily for work purposes. Recently arrived migrants were more likely to be unemployed or not in the labour force and were more likely to be employed part-time or on a casual basis.²⁴⁵
- 2.159 The success of migrants finding jobs was found to rise with their time in Australia. After three and a half years, economic migrants have higher employment participation rates than the Australian average. However, family and humanitarian migrants have employment ratios below the Australian averages.²⁴⁶
- 2.160 Temporary migrants to Australia have increased significantly in recent years. Temporary movements are shaping Australia's migration program: in 2002, long-term or non-permanent gains were twice as large as net permanent gains. Additionally, more than half of the skilled permanent migrants in 2002-03 entered as students. There have been some calls to allow unskilled workers to enter Australia temporarily to meet labour shortages, for example in harvest labour.²⁴⁷

In summary

- 2.161 Population, productivity and participation influence economic growth. Australia has experienced improved labour productivity, exceeding the OECD average. To maintain productivity growth, there needs to be a focus on productive workplaces, a suitably qualified and skilled workforce, as well as research and development activities in Australian industries.
- 2.162 Workforce participation rates have increased substantially from 35 per cent in 1962 to around 65 per cent today but are still below some OECD

245 Australian Bureau of Statistics (2004), *Australian Social Trends, Family and Community- Being unemployed, a lone parent or a recently arrived migrant*; Department of Immigration and Multicultural Affairs, *The Labour Force Experience of new Migrants*, 2001, report prepared for DIMIA by S Richardson, F Robertson & D Isley, p. 22.

246 Richardson S, Robertson F, & Isley D (2001) *The Labour Force Experience of new Migrants* Department of Immigration and Multicultural Affairs, report prepared for Department of Immigration and Multicultural and Indigenous Affairs, p. 22.

247 Hugo G, (2004) *Temporary migration: a new paradigm of international migration*, Research Note, No. 55, Parliamentary Library, pp. 1-2.

countries. The increase in the participation rates is associated with the increasing participation of women in the labour force. Unemployment rates have decreased, but there are still significant numbers of people who are on unemployment payments for a long period.

- 2.163 There are significant implications for the workforce participation rate in the coming years as Australia's population ages. Increased participation is required to reduce skill shortages and improve quality of life for all Australians. Increased immigration will to some extent lessen the expected workforce shortage, but trends in fertility and mortality have the most influence on Australia's future population size and structure.
- 2.164 Among people aged over 55 years, workforce participation rates have risen over the past ten years, but still remain low in comparison with other age cohorts. Policies to encourage continued participation for Australia's older population have been developed, however there still needs to be better strategies to help mature age people find employment.
- 2.165 The nature of work has changed over the years. Significant increases in part-time and casual work have been evident. More employees that are full-time are working longer hours. There has clearly been a need to balance lifestyle and work, with family friendly work strategies becoming more common, as the number of people combining work and family responsibilities increased over the last 20 years.
- 2.166 Indigenous Australians experience a lower rate of workforce participation and higher levels of unemployment than non-Indigenous Australians. This in part can be related to the limited opportunities that are available to Indigenous people in remote areas.
- 2.167 Around one fifth of people with a disability have paid employment as their main source of income. However, there are increasing numbers of people with a disability on income support. People with a disability face particular disadvantages and often encounter greater costs in adjusting workplaces to suit needs. Lack of employer awareness can also disadvantage people with a disability that seek appropriate employment.
- 2.168 This chapter has provided the background to identify where efforts to improve participation should focus. Particular groups of people have specific needs to address in gaining employment and improving participation rates. The Committee notes in addition to encouraging job readiness, sufficient and suitable employment has also to be present.