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QUICK GUIDE

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Casual employment in Australia: a quick guide

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Definition

There is no formal definition of casual employment in the sense that it has a meaning set down in law or specified in awards and agreements. Instead, casual employment has generally been regarded as employment in which there is an absence of entitlement to paid annual leave or sick leave.¹

The absence of paid leave entitlements was first adopted by the Australian Bureau of Statistics (ABS) as a proxy measure of casual employment in 1988. While this approach can be justified on the grounds that most persons on a casual contract receive a pay loading in lieu of paid annual leave and sick leave, the problem is there is no necessary correlation between type of employment contract and qualifications for these entitlements. The ABS has since dropped the term 'casual' and now simply distinguishes between employees with paid leave entitlements and those without.²

While the ABS also collects information for a category of worker it describes as 'self-identified casual', this quick guide maintains the proxy measure that a casual employee is an employee without paid leave entitlements. It should be noted, however, that owner managers of incorporated enterprises (OMIEs) are excluded from the scope of the definition of casual employee. There is no sense in which OMIEs can reasonably be regarded as casual employees and, even though the ABS has tended to treat OMIEs as employees of their own business, it is possibly for this reason that from 2007 the ABS ceased to ask OMIEs if they gave themselves paid leave.

Historical data

As shown in Table 1 below, the casualization of the Australian workforce proceeded at a more or less steady pace from 1992 to 2004 when the proportion of wage and salary earners (excluding OMIEs) working on a casual basis increased from 21.5 to 25.7 per cent. It fell to 24.5 per cent in 2005 and remained around this figure for most of the years following, falling to 23.9 per cent in 2013.

While there have consistently been more female than male casuals, the growth in male casual employment (albeit off a lower base) has greatly exceeded that of female casual employment. Over the period from 1992 to 2013, male casual employment increased at an annual average rate of 4.0 per cent—twice that of females at 2.0 per cent. While the number of male casual employees is now approaching that of females, the incidence of casual employment is still significantly higher among females than males. In 2013, 26.7 per cent of all female employees were in casual jobs compared with a corresponding figure of 21.2 per cent for males.

There are also more part-time casuals than full-time casuals, the proportion remaining fairly stable over the past couple of decades at around 2.3 part-time casuals for every full-time casual.

1. H. Buddelmeyer et al., [Transitions from casual employment in Australia](#), Project 09/05, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, December, 2006, p. 21.

2. Ibid.

Table 1: Casual employees

	F/T casual		P/T casual		Male casual		Female casual		Total casual	
	'000	% all F/T employees	'000	% all P/T employees	'000	% all male employees	'000	% all female employees	'000	% all employees
Aug 92	319.8	7.0	974.5	66.4	462.8	14.0	831.5	30.4	1294.3	21.5
Aug 93	360.7	7.9	946.5	65.1	493.1	14.9	814.1	29.9	1307.2	21.7
Aug 94	396.1	8.5	1012.6	65.6	555.0	16.3	853.7	30.2	1408.7	22.6
Aug 95	431.7	8.8	1050.8	64.5	581.2	16.5	901.2	30.1	1482.4	22.7
Aug 96	516.7	10.4	1109.9	66.2	677.3	18.8	949.3	31.1	1626.6	24.4
Aug 97	474.4	9.8	1109.0	64.3	652.9	18.5	930.4	30.9	1583.4	24.2
Aug 98	556.0	11.1	1140.1	63.6	715.4	19.7	980.7	30.9	1696.1	24.9
Aug 99	552.3	11.0	1161.2	63.1	724.5	19.7	989.0	30.8	1713.5	24.9
Aug 00	584.4	11.3	1213.5	62.5	743.6	19.9	1054.3	31.1	1797.9	25.2
Aug 01	540.3	10.5	1254.0	62.2	774.3	20.6	1019.9	30.1	1794.3	25.1
Aug 02	546.5	10.5	1290.0	61.0	780.8	20.3	1055.7	30.4	1836.5	25.1
Aug 03	573.4	10.8	1345.2	60.8	821.4	20.8	1097.2	30.6	1918.6	25.5
Aug 04	609.9	11.3	1351.9	60.8	854.4	21.7	1107.4	30.0	1961.8	25.7
Aug 05	585.4	10.4	1363.9	58.6	816.1	19.8	1133.2	29.6	1949.2	24.5
Aug 06	643.3	11.1	1359.8	57.0	872.4	20.6	1130.8	28.7	2003.2	24.5
Aug 07	699.9	11.6	1396.1	57.3	927.5	21.1	1168.5	28.8	2096.0	24.8
Nov 08	627.0	10.3	1464.0	57.1	924.4	20.5	1166.6	28.0	2091.0	24.1
Nov 09	605.0	10.0	1572.6	58.2	954.5	21.3	1223.2	28.8	2177.7	24.9
Nov 10	686.5	10.7	1559.0	55.6	1005.4	21.1	1240.2	27.8	2245.5	24.3
Nov 11	706.4	10.9	1553.2	54.2	1029.4	21.2	1230.2	27.3	2259.5	24.2
Nov 12	703.4	10.6	1548.6	53.7	1025.7	20.8	1226.4	26.7	2252.1	23.6
Nov 13	701.4	10.6	1601.0	53.1	1050.7	21.2	1251.7	26.7	2302.3	23.9

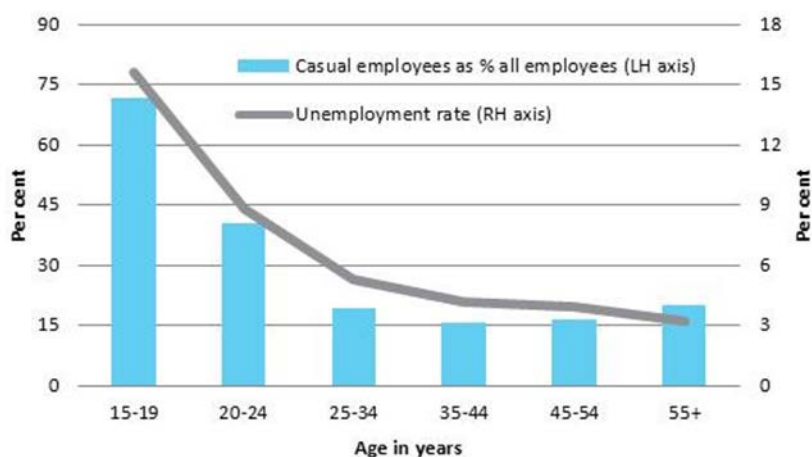
Source: Australian Bureau of Statistics (ABS), [Australian labour market statistics](#), cat. no. 6105.0, ABS, Canberra, July 2014.

Casual employment by age

Casual employees are significantly younger than ongoing (or permanent) employees, with 39.3 per cent of all casuals aged less than 25 years compared with 11.6 per cent of those who are ongoing. Admittedly, students probably account for a high proportion of casuals in this younger age group. Nonetheless, a fifth of all casuals are still to be found in the 25–34 year age group.

Chart 1 compares, for each age group in 2013, the incidence of casual employment with the unemployment rate. It shows that variations in the incidence of casual employment by age are closely associated with variations in the unemployment rate. A similar observation (though not quite as strong) can also be found with state of residence. The association between unemployment and casual employment would appear to add weight to the argument that casual employment (except in the case of students) is largely an involuntary arrangement for many workers. In other words, casual employees share more in common with the unemployed than they do with the employed.

Chart 1: Casual employment and the unemployment rate by age, November 2013

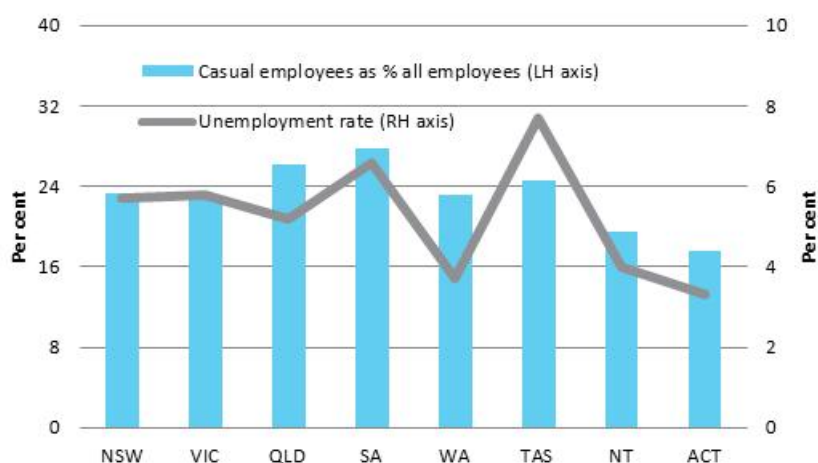


Source: Australian Bureau of Statistics (ABS), [Australian labour market statistics](#), cat. no. 6105.0, ABS, Canberra, July 2014.

Casual employment by state

Apart from the two mining states (Western Australia and Queensland) in which special circumstances may apply, those states with a high incidence of casual employment also have a high unemployment rate (see Chart 2). South Australia and Tasmania both have a very high incidence of casual employment with at least a quarter of all employees working on a casual basis. At the same time, these two states have the highest unemployment rates in the country. Moreover, the two territories have the lowest incidence of casual employment in the country and amongst the lowest unemployment rates as well.

Chart 2: Casual employment and the unemployment rate by state, November 2013



Source: Australian Bureau of Statistics (ABS), [Australian labour market statistics](#), cat. no. 6105.0, ABS, Canberra, July 2014.

Casual employment by occupation and industry

Most casual workers are to be found in fairly low skilled occupational groups. In 2013, 41 per cent of all casual workers were employed as labourers or sales workers, whereas only 13 per cent were employed as managers or professionals. This contrasts with ongoing workers, of whom only 14 per cent were employed as labourers or sales workers, and 38 per cent were employed as managers or professionals.

There are three industry sectors that together account for almost half of all casual workers. These are retail trade (19 per cent), accommodation and food services (19 per cent) and health care and social assistance (10 per cent). The share of casual workers of other industry sectors is considerably smaller, often less than 5 per cent.

It is interesting to note that both the occupation and industry that has the highest incidence of casual employment also has the highest unemployment rate. Hence, in 2013 the occupation with the highest proportion of its workers employed on a casual basis was labourers at 48.7 per cent. At the same time labourers had the highest unemployment rate of any occupational group at 6.8 per cent. Similarly, the industry with the

highest proportion of its workers employed on a casual basis was accommodation and food services at 64.5 per cent. This also had the highest unemployment rate of any industry sector at 5.7 per cent.³

The strong association between casual employment and unemployment may be explained by the fact that persons moving out of unemployment into employment are more likely to move to a casual rather than an ongoing job. This is supported by research undertaken by [Buddelmeyer](#) of the Melbourne Institute of Applied Economic and Social Research.⁴ Using data from the first four waves (from 2001 to 2004) of the Household, Income and Labour Dynamics in Australia Survey, Buddelmeyer found that of those persons who were unemployed in year t and had moved to a wage or salary job in year $t+1$, the majority (61 per cent) had moved to a casual job. That casual employment is not the preferred state for most workers transiting out of unemployment is supported by the observation that of those unemployed in 2001 who had moved to a wage and salary job in 2004 (that is, three years later), the proportion in a casual job was significantly lower at 46 per cent.

Selected characteristics of casual employees

Apart from those already mentioned, other differences that exist between casual and ongoing employees are given in Table 2. These all tend to emphasise the irregular nature of casual work and its lack of job quality.

Table 2: Selected characteristics of casual and ongoing employees, 2007

	% of all casual employees	% of all ongoing employees
Duration of current job < 1 year	45.1	18.4
Duration of current job 10+ years	6.5	26.0
Expects to leave current job in 12 months	26.0	11.1
Usually works some hours from home	7.0	23.6
No superannuation coverage	20.6	1.4
Prefer to work more hours	29.0	9.7
Usually work weekends	48.1	28.0
Usually works overtime*	17.2	39.1
Earnings vary one pay period to next*	54.7	16.7
Trade union member**	6.5	21.8
Employed in the public sector**	7.3	21.5

Note: The reference period is 2007 except items marked * where the reference period is 2012 and items marked ** where the reference period is 2013.

Sources: Australian Bureau of Statistics (ABS), [Employment arrangement, retirement and superannuation, Apr to Jul 2007](#), cat. no. 6361.0, ABS, Canberra, June 2009; Australian Bureau of Statistics (ABS), [Working time arrangements, November 2012](#), cat. no. 6342.0, ABS, Canberra, May 2013; Australian Bureau of Statistics (ABS), [Employee earnings, benefits and trade union membership, August 2013](#), cat. no. 6310.0, ABS, Canberra, June 2014.

To summarise, casual workers in comparison with ongoing workers:

- are more likely to have been in their current job for less than a year and less likely to have been in their current job for more than 10 years
- have a greater expectation that they will not be in their current job in 12 months
- are less likely to work some hours from home
- are more likely to have no superannuation coverage
- are much more likely to have a preference for working more hours
- are more likely to usually work on weekends

3. The unemployment rate for a given occupation is calculated by taking the number of persons unemployed who had last worked in that occupation, and had done so for two weeks or more in the past two years, and expressing that number (call it A) as a percentage of the sum of A and the number of persons employed in that occupation. Similarly, the unemployment rate for a given industry is calculated by taking the number of persons unemployed who had last worked in that industry, and had done so for two weeks or more in the past two years, and expressing that number (call it B) as a percentage of the sum of B and the number of persons employed in that industry.

4. H. Buddelmeyer et al., op. cit., pp. 26–29.

- are less likely to usually work overtime
- have much greater variation in their earnings from one pay period to the next
- are less likely to be a member of a trade union
- are less likely to be employed in the public sector.

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