



The Diversity of Casual Contract Employment

Staff
Research Paper

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Glossary

Casual contract employee	As for self-identified casuals.
Employees with leave entitlements	Persons who (a) are entitled to receive both paid holiday and sick leave, and (b) work in someone else's business or work in their own unincorporated business but do not invoice clients for own payment and pay PAYE tax.
Implicit contract for ongoing employment	People are deemed to have an implicit contract for ongoing employment if they do not have a fixed-term contract and do not expect to leave their job in the following 12 months for reasons initiated by their employer (including due to a set completion date); or have a fixed-term contract but expect it to be renewed.
Ongoing casual	A self-identified casual whose earnings do not vary (excluding overtime) and who has an implicit contract for ongoing employment.
Ongoing contract employee	An employee with leave entitlements who does not have a fixed-term contract or a set completion date for their job.
Owner managers of incorporated enterprises	Persons who operate their own incorporated enterprise, including those who draw a wage or salary for their work in their own incorporated enterprise.
Owner managers of unincorporated enterprises	Persons who operate their own unincorporated enterprise, including those engaged independently in a trade or profession.
Permanent casual	As for ongoing casual.

Self-identified casual

A person who (a) is not entitled to receive both paid holiday and sick leave, (b) considers their job to be casual, and (c) works in someone else's business or reports that they work in their own unincorporated business but pay PAYE tax and do not invoice clients for own payment.

True casual

Any self-identified casual who does not meet the criteria for an ongoing casual.

Key messages

- The ABS definition of a 'casual employee' includes:
 - many workers who do not have a casual employment contract;
 - a large group whose work is not casual (in the sense of being occasional, irregular or short term); and
 - aggregates across distinct groups of casual contract employees who have very different entitlements and work arrangements.
- In August 1999, more than one in ten people categorised as casual employees by the ABS were in fact owner managers. This upward bias in the data has increased since the late 1980s and is most evident for people working full-time.
- Using alternative data from a new irregular ABS survey, it is estimated that there were 1.5 million casual contract employees in August 1998 (equivalent to 17.7 per cent of employed persons, compared to 23.2 per cent who would have satisfied the ABS definition of a casual employee).
- In August 1998, 95 per cent of casual contract employees had an implicit contract for ongoing employment, only 4 per cent had a job which their employer had indicated was short term, and many perceived that they were able to progress to an ongoing contract job.
- More than a third of casual contract employees had an implicit contract for ongoing employment *and* regular earnings in August 1998. Many of these 'ongoing casuals' have been granted entitlements associated with ongoing employment (such as long service leave) because the true nature of their work is ongoing.
- However, 80 per cent of casual contract employees in August 1998 were not protected by unfair dismissal laws, 62 per cent had irregular earnings (excluding overtime), and 40 per cent wanted to work more hours. They were also concentrated in low skill occupations
- The welfare impacts of particular job traits will depend on the preferences of those affected. Casual contract employees tend to be young, female, and full-time dependent students. A large minority (29 per cent in August 1998) are aged over 24 and have dependants, although this group is more likely to have employment conditions closer to ongoing contract employees.
- Hence, whether an employee has a casual contract provides little information about his or her welfare. Where the concern is about so-called 'precarious' employment, analysts need to identify such employment on the basis of work arrangements rather than the type of employment contract.

Overview

This paper investigates the extent to which employees with a casual employment contract can be viewed as a group with broadly similar personal characteristics and work arrangements. If most casual contract employees are similar, then it is probably valid to make general conclusions about their circumstances. Conversely, the presence of considerable diversity would suggest that generalisations about casual contract employment are inappropriate. This issue is of interest because generalisations are often made about how the welfare of workers has been affected by the rapid increase in casual employees as measured in regular surveys by the Australian Bureau of Statistics (ABS).

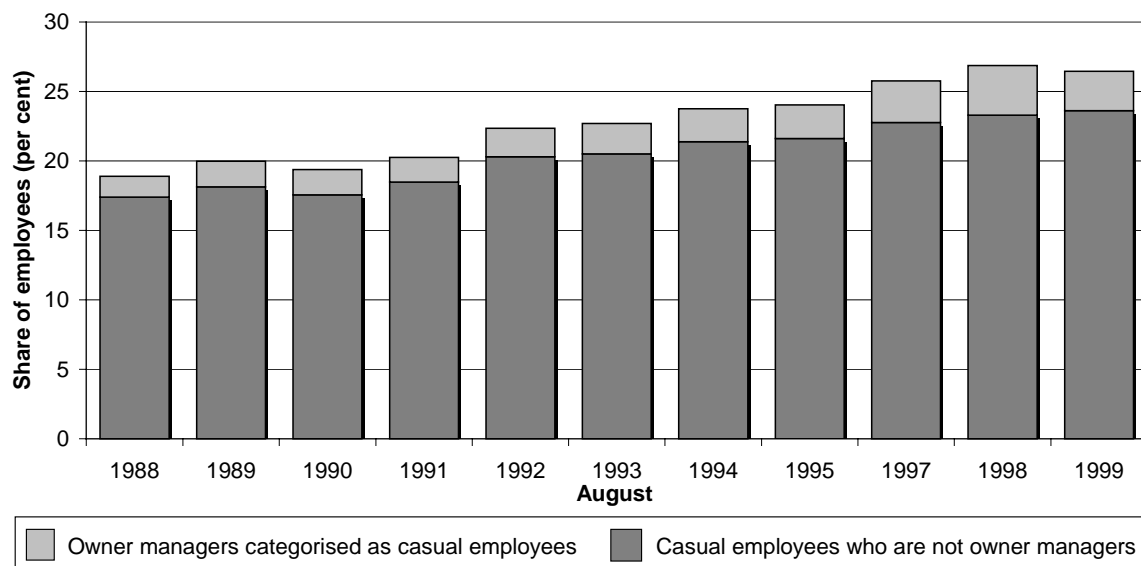
According to ABS statistics, casual employees accounted for almost half the growth of employed persons between 1984 and 1999. This has led some labour market analysts to conclude that the workforce is undergoing a process of ‘casualisation’ and that this is necessarily an undesirable development. However, this conclusion relies on two assumptions. First, that the ABS measure of casual employees accurately identifies people with a casual employment contract (or whose work is casual). Second, that all casual contract employees have similar (undesirable) work arrangements and preferences for ongoing employment.

The findings of a recent Productivity Commission staff research paper raise doubts about these assumptions (Murtough and Waite 2000). It was found that the ABS measure of casual employees includes:

- (a) many workers who do not have a casual employment contract;
- (b) a large group whose work is not casual (in the sense of being occasional, irregular or short term); and
- (c) aggregates across distinct groups of casual contract employees who have very different entitlements and work arrangements.

In August 1999, more than one in ten people categorised as casual employees by the ABS were in fact owner managers. This upward bias in the data has increased since the late 1980s (figure 1). Hence, both the rate of growth and the number of casual employees would be lower if owner managers were excluded from the data.

Figure 1 **ABS measure of casual employees disaggregated by whether an owner manager^a**



^a Forms of employment (casual employees and owner managers) were determined using the job in which a person worked the most hours. Data were unavailable for 1996.

Data source: DEWRB (2000) based on unpublished ABS data.

The upward bias in the casual employee data is most evident for people who work full-time, because the majority of owner managers work on a full-time basis. In August 1999, almost one in three people categorised as full-time casual employees by the ABS were actually owner managers (figure 2).

Given the above mentioned data problems, it would be inappropriate to use the ABS measure of casual employees in a study of casual contract employment. Fortunately, other ABS data can be used to identify employees with a casual employment contract. These data are collected by the ABS in a new irregular survey called the *Forms of Employment Survey (FOES)*. To date, the FOES has only been conducted once (in August 1998).

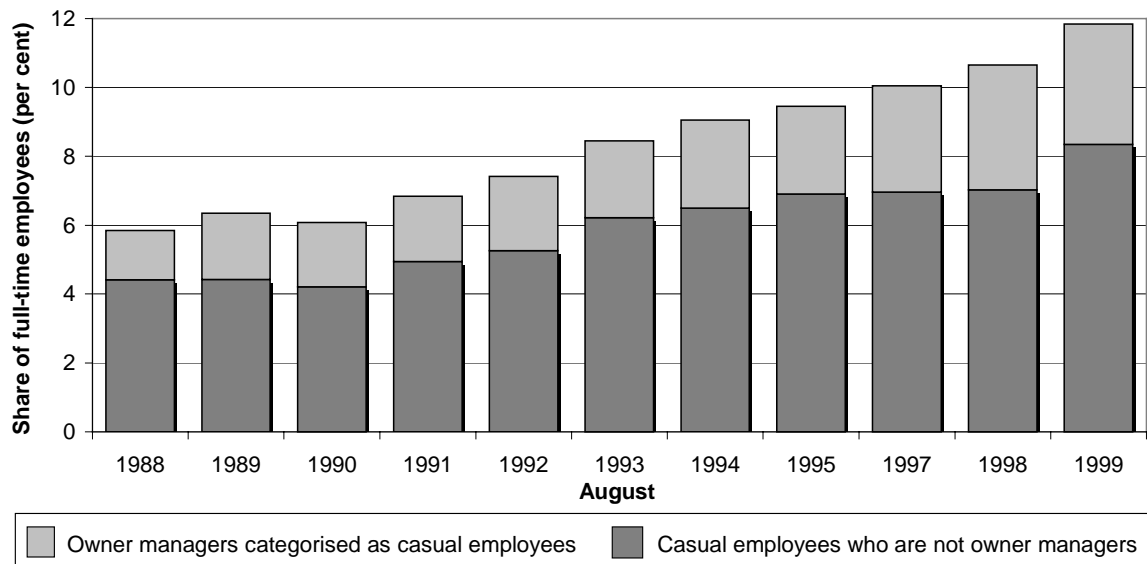
Using the FOES data, it is estimated that there were 1.5 million casual contract employees in August 1998 (equivalent to 17.7 per cent of employed persons). In comparison, 1.946 million persons would have satisfied the ABS definition of a casual employee in August 1998 (equivalent to 23.2 per cent of employed persons).

This paper uses individual-level data from the August 1998 FOES to show that casual contract employees are diverse in at least three areas:

- institutional arrangements;
- personal characteristics; and

- work arrangements.

Figure 2 **ABS measure of full-time casual employees disaggregated by whether an owner manager^a**



^a Forms of employment (casual employees and owner managers) and full-time status were determined using the job in which a person worked the most hours (their main job). Data were unavailable for 1996. Shares were calculated relative to the number of employees who worked full-time in their main job.

Data source: DEWRSB (2000).

Institutional arrangements

Casual employment contracts are not restricted to people whose work is casual in the sense of being occasional, irregular or short term. As a result, the courts, industrial tribunals and legislators tend to distinguish between two types of casual contract employees:

- irregular or ‘true’ casuals; and
- ‘permanent’ casuals employed on a regular and systematic basis where the true nature of employment is ongoing.

While the term ‘permanent casual’ is often used by industrial relations practitioners, it is somewhat misleading. Few, if any, jobs are permanent in the sense that they last forever or never change. For this reason, the term ‘ongoing casual’ was used in this paper to refer to casual contract employees whose job was regular, systematic, and ongoing.

It is estimated that ongoing casuals accounted for 35 per cent of casual contract employees in August 1998. Ongoing casuals are increasingly gaining access to entitlements associated with ongoing employment, such as unfair dismissal protection and parental leave, in recognition of the fact that the true nature of their employment is ongoing. Thus, around a third of casual contract employees in August 1998 had entitlements which differed markedly from the stereotype of a casual contract employee with few, if any, entitlements.

Personal characteristics

Casual contract employees were more likely than ongoing contract employees to be young, female, and full-time dependent students (table 1). People aged 15-19 years accounted for almost 25 per cent of true casuals (and 21 per cent of ongoing casuals) but less than 4 per cent of ongoing contract employees (figure 3). Females accounted for 61 per cent of casual contract employees, compared to 42 per cent of ongoing contract employees. Less than 1 per cent of ongoing contract employees were dependent students, compared to 21 per cent of casual contract employees.

Table 1 **Personal characteristics, August 1998**

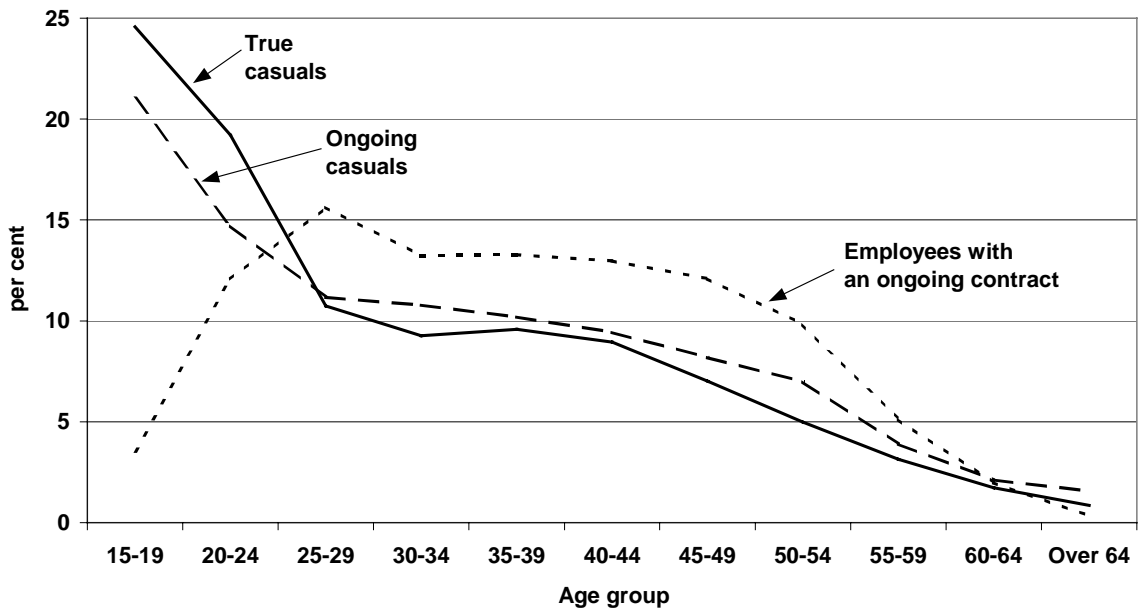
Characteristic	Ongoing contract	Casual contract		
		Ongoing casuals	True casuals	Total
	%	%	%	%
Female	42.3	61.2	60.9	61.0
Aged 15-19	3.5	21.0	24.6	23.3
Dependent student	0.7	18.6	21.6	20.5
Share of 15-24 year olds who were students ^a	5.8	62.2	58.4	59.5
Aged over 24 and had dependants ^b	36.9	33.2	26.2	28.7

^a There were 362 500 casual contract employees who were students and aged 15-24. ^b There were 425 700 casual contract employees who were aged over 24 and had dependants.

Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

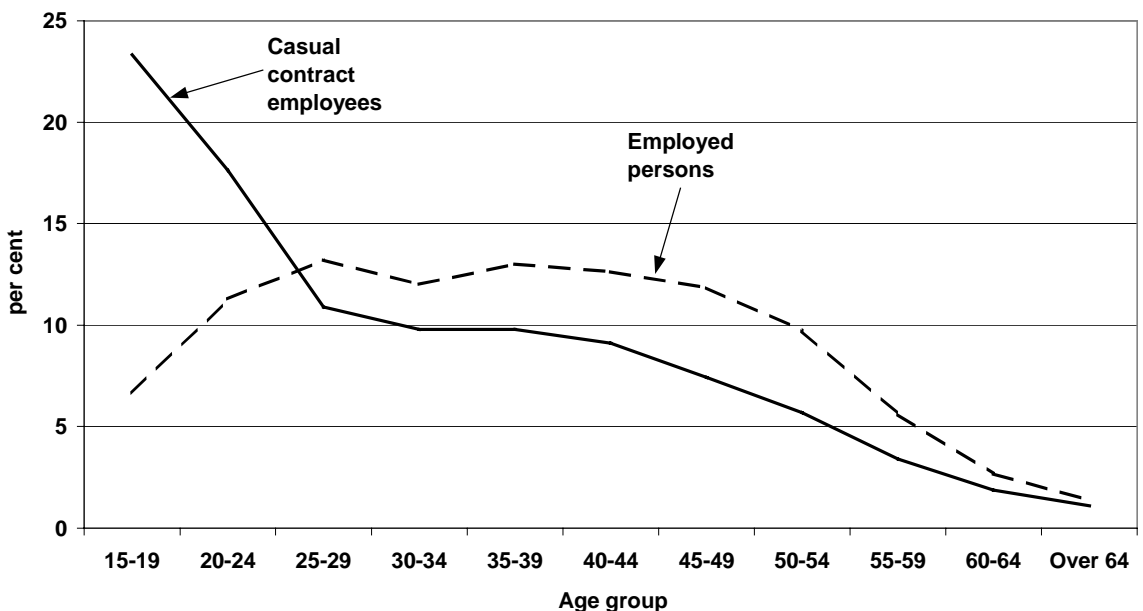
While a large and disproportionate share of casual contract employees were young students, there was a sizeable minority of older people with dependants. Around 33 per cent of ongoing casuals (and 26 per cent of true casuals) were aged over 24 and had dependants. However, this is below the share of ongoing contract employees who were aged over 24 and had dependants (37 per cent). It should also be noted that casual contract employees were significantly under-represented among the population of workers aged more than 24 years (figure 4). Indeed, the majority of workers aged over 24 with dependants had an ongoing contract.

Figure 3 Age distribution by form of employment, August 1998



Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

Figure 4 Age distribution of casual contract employees and employed persons, August 1998^a



^a Employed persons are defined as people who are aged 15 years and over and (a) worked for one hour or more for pay, profit, commission, or payment in kind in a job or business, or on a farm during the survey period; or (b) were not at work during the survey period but had a job as an employee, employer, own account worker or contributing family worker.

Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

The differences in individual characteristics between (and within) true casuals, ongoing casuals, and employees with an ongoing employment contract make it likely that particular job traits will have different welfare impacts across (and within) those groups. For example, young students (who were most prevalent among true casuals) may have a strong preference for part-time work with flexible hours so that they can meet their study commitments. These attributes may be less desirable for an older person who requires a sizeable and regular earnings stream to meet the financial commitments associated with dependent children.

Employment characteristics

Casual contract employment is often associated with characteristics which are thought to have adverse welfare effects. However, some of these characteristics do not typify casual contract employment (table 2). For example, 95 per cent of casual contract employees in August 1998 had an implicit contract for ongoing employment, only 4 per cent had a job which their employer had indicated was short term, and many casual contract employees perceived that they were able to progress to an ongoing contract job (since more than three quarters of casual contract employees who looked for alternative employment had searched for 'permanent' employment).

Nevertheless, some of the characteristics often attributed to casual contract employment do have some basis in fact. It was found that, in August 1998, 62 per cent of casual contract employees had variable earnings (excluding overtime), 40 per cent wanted to work more hours (53 per cent were satisfied with their hours), 80 per cent were not protected by unfair dismissal laws, and only 13 per cent of those working in the private sector were union members. In addition, casual contract employees were concentrated in low skill occupations.

The welfare impacts of the above mentioned employment characteristics will depend on the preferences of those affected. Table 3 shows that casual contract employees who were aged more than 24 and had dependants were less likely to have:

- earnings that were low or variable;
- work a small number of hours per week;
- not have superannuation coverage;
- be excluded from unfair dismissal protection; or
- work in a low skill occupation.

This is significant because such characteristics would probably have greater adverse welfare consequences for older workers with dependants.

Table 2 Employment characteristics, August 1998

<i>Characteristic</i>	<i>Ongoing contract</i>	<i>Casual contract</i>		
		<i>Ongoing casuals</i>	<i>True casuals</i>	<i>Total</i>
	%	%	%	%
Implicit contract for ongoing employment ^a	99.1	100.0	92.8	95.3
Short term job ^b	0.1	0.0	5.5	3.6
Variable earnings (excluding overtime)	13.6	0.0	95.5	61.8
Low skill occupation ^c	44.9	78.7	78.4	78.5
Worked in Retail trade or Accommodation, cafes & restaurants	13.6	41.4	43.0	42.4
Worked 1-19 hours per week	5.0	52.2	52.0	52.1
Paid less than \$300 per week	7.0	57.8	58.4	58.2
Paid by an employment agency	0.3	3.8	3.6	3.7
Paid holiday leave	100.0	1.2	0.8	0.9
Paid sick leave	100.0	2.1	1.7	1.8
Long service leave	86.4	5.8	6.4	6.2
Superannuation coverage	98.4	68.2	71.3	70.2
Protected by unfair dismissal laws ^d	85.2	55.5	1.0	20.2
Prefers to work less hours	22.1	6.0	7.2	6.8
Prefers to work more hours	10.4	30.1	45.8	40.3
Union member and works in the private sector ^e	27.8	9.6	14.8	13.0
Sought alternative employment in last 3 months	na	18.4	28.7	25.1
Sought a permanent job in last 3 months	na	13.7	22.2	19.2

^a People were deemed to have an implicit contract for ongoing employment if they did not expect to leave their main job in the following 12 months for reasons initiated by their employer or they expected their fixed-term contract to be renewed. ^b People who had been working in their main job for less than 12 months and expected to leave that job in the following 12 months for reasons initiated by their employer (including jobs with a set completion date). ^c Categories 6 to 9 of the Australian Standard Classification of Occupations. ^d Casual contract employees were treated as having no legislative protection from unfair dismissal if they were employed on a fixed-term contract; or had worked in their job for less than 12 months; or their earnings varied from one month to the next (excluding overtime). Ongoing contract employees were treated as having no legislative protection from unfair dismissal if they had been working in their job for less than 12 months. This will lead to underestimate of ongoing contract employees protected by unfair dismissal legislation because they generally have such protection after completing a probationary period of up to a maximum of 3 months. ^e Share of relevant form of employment which worked in the private sector. **na** Not available.

Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

Table 3 Comparison of casual contract employees by age, student and household status, August 1998

<i>Characteristic</i>	<i>Casual contract employees</i>	
	<i>Aged 15-24 and was a full-time student</i>	<i>Aged more than 24 and had dependants</i>
	<i>%</i>	<i>%</i>
Variable earnings (excluding overtime)	66.9	56.0
Paid less than \$300 per week	92.6	53.6
Worked 1-19 hours per week	88.2	50.7
Superannuation coverage	40.9	80.5
Protected by unfair dismissal laws ^a	16.9	24.9
Low skill occupation ^b	94.1	69.9

^a Casual contract employees were treated as having no legislative protection from unfair dismissal if they were employed on a fixed-term contract; or had worked in their job for less than 12 months; or their earnings varied from one month to the next (excluding overtime). ^b Categories 6 to 9 of the Australian Standard Classification of Occupations.

Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

Econometric analysis

An econometric analysis of the FOES data confirmed that the likelihood of having a casual employment contract varied according to individual characteristics. For example, people were more likely to have a casual contract if they were female, dependent students, had relatively low earnings, worked in a low skill occupation, or were not union members.

People were more likely to be a true casual (given that they had a casual contract) if they were a dependent student; born in Australia; a union member; had no dependants; or had searched for 'permanent' employment in the 3 months prior to the survey.

The correlation between union membership and being a true casual may seem odd, given that union members were less likely to have a casual contract. However, this result could be due to the preference of unions to limit casual contract employment to instances where the nature of work is truly casual (in the sense of being occasional, irregular or short term). Under this interpretation, ongoing casuals would be less prevalent in highly unionised workplaces.

A wage equation was also estimated to investigate whether earnings varied between individuals who were identical except for their employment contract. The results suggest that, other things being equal, having a casual employment contract leads to

lower earnings relative to those who have an ongoing contract. However, this result needs to be heavily qualified because it is was not possible to control for differences in educational attainment. Omission of an education variable could mean that the model estimates are not statistically sound. Details are provided in appendix A.

Implications

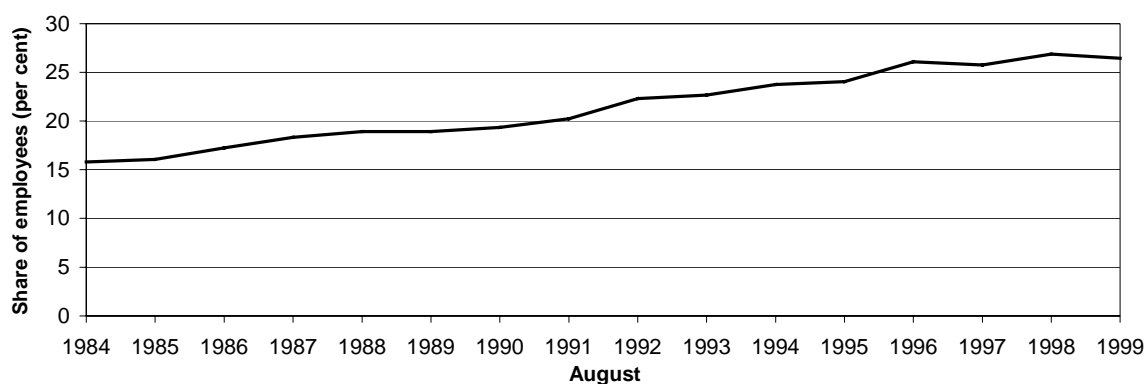
The results of this paper indicate that the circumstances of casual contract employees vary markedly and in some circumstances do not differ significantly from ongoing employment. Hence, whether an employee has a casual contract provides little information about their welfare. Like the courts and industrial tribunals, labour market analysts need to ‘see through’ employment contracts and instead focus on the actual circumstances of employees. Where the concern is about so-called ‘precarious’ employment, analysts need to identify such employment on the basis of work arrangements rather than the type of employment contract.

1 Introduction

This paper investigates the extent to which employees with a casual employment contract can be viewed as a group with broadly similar personal characteristics and work arrangements. If most casual contract employees are similar, then it is probably valid to make general conclusions about their circumstances. Conversely, the presence of considerable diversity would suggest that generalisations about casual contract employment are inappropriate. This issue is of interest because generalisations are often made about how the welfare of workers has been affected by the rapid increase in casual employees as measured in regular surveys by the Australian Bureau of Statistics (ABS).

According to ABS statistics, casual employees accounted for almost half the growth of employed persons between 1984 and 1999. These statistics also show that the relative importance of casuals grew from 16 per cent of all employees in 1984 to 26 per cent in 1999 (figure 1.1). This has led some labour market analysts to conclude that the workforce is undergoing a process of “casualisation” and that this is necessarily an undesirable development (see for example Burgess and Campbell 1998; Hall, Harley and Whitehouse 1998). This is based on two assumptions. First, the ABS measure of casual employees identifies people with a casual employment contract (or whose work is casual). Second, casual contract employees have similar (undesirable) work arrangements and preferences for ongoing employment.

Figure 1.1 **Relative importance of casual employees^a, 1984–99**



^a These data use the ABS definition of a casual employee (an employee who is entitled to neither paid holiday nor sick leave).

Data source: Burgess and Campbell (1998) and ABS (*Employee Earnings, Benefits and Trade Union Membership*, Cat. no. 6310.0).

The findings of a recent Productivity Commission staff research paper raise doubts about these assumptions (Murtough and Waite 2000). First, it was found that ABS data on casual employees include a large number of people who do not have a casual employment contract. Inclusion of these workers caused the ABS measure of casual employees to be 34 per cent higher than the number of casual contract employees in August 1998. Second, more than a third of casual contract employees in August 1998 had work arrangements that were not casual in the sense of being occasional, irregular or short term. These so-called permanent casuals are increasingly gaining access to entitlements associated with ongoing employment, such as unfair dismissal protection and parental leave, in recognition of the fact that the true nature of their employment is ongoing.

The above findings indicate that widely held concerns about casual contract employment have been based on data that include:

- (a) many workers who do not have a casual employment contract;
- (b) a large group whose work is not casual (in the sense of being occasional, irregular or short term); and
- (c) aggregate across distinct groups of casual contract employees (such as permanent and other casuals) who have very different entitlements and work arrangements.

In contrast, the quantitative analysis in this paper is based on individual-level data that can be used to identify employees with a casual employment contract. These data were collected by the ABS in its August 1998 *Forms of Employment Survey* (FOES). This is a new irregular survey which so far has only been conducted once. While data are only available for August 1998, the FOES has the major advantage that it uses a new framework for categorising workers which enables the identification of casual contract employees. Another advantage of the FOES is that it gathers more detailed data about work arrangements than is usually collected by the ABS in its regular *Labour Force Survey*.

The next chapter of this paper details the differences between the FOES data used in this study and the time-series ABS statistics traditionally used by labour market analysts. A foundation for the quantitative analysis is then developed in chapter 3 by discussing conceptual issues and reviewing how casual contract employees are treated in practice in Australia's industrial relations system. The quantitative analysis in chapter 4 is presented in two parts: a descriptive overview of the data followed by the results of an econometric analysis. Finally, concluding comments are made in chapter 5.

2 Selecting an appropriate data source

Labour market analysts have traditionally relied on the ABS definition of a casual employee in analyses of casual contract employment. However, recent Productivity Commission research showed that ABS data on casual employees do not measure employees who have a casual employment contract or whose work is casual in the sense of being occasional, irregular or short term (Murtough and Waite 2000). This chapter explains why the ABS measure of casual employees should not be used to analyse casual contract employment and then specifies the data used in this paper.

2.1 Problems with the ABS definition of a casual employee

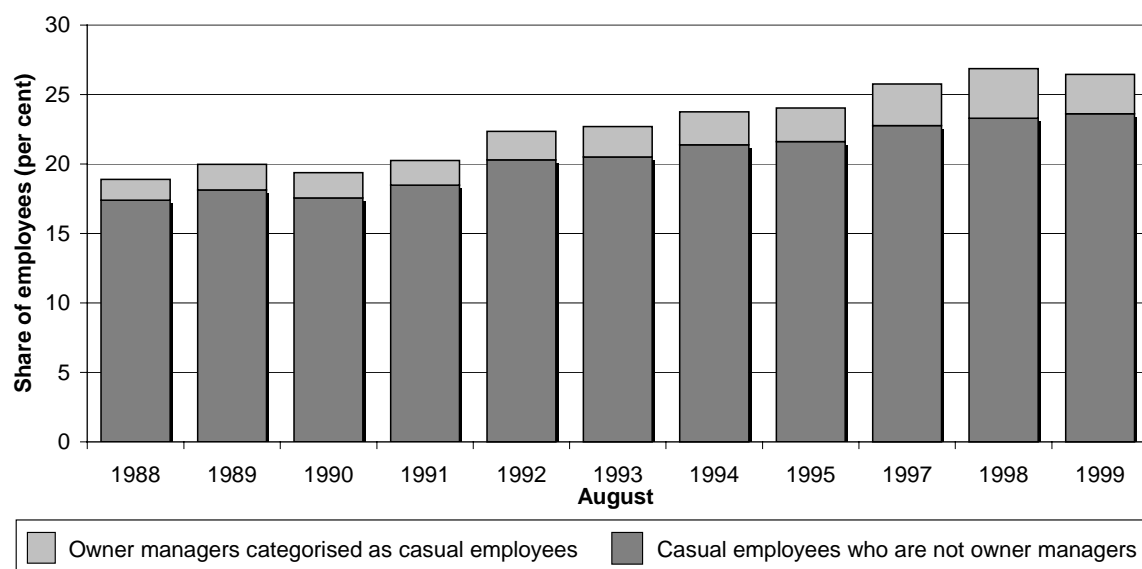
A casual employee is defined by the ABS as an employee who is entitled to neither paid holiday nor sick leave. This is often seen as a simple and objective method of identifying employees with a casual employment contract because such people are not usually entitled to paid holiday and sick leave. This exclusion from leave entitlements is based on the common law interpretation that casual contract employees are hired on a new contract at every engagement and so are unable to accrue continuous service with an employer (*Neil v Cameron 1977*).

While in theory the ABS seems to be using an appropriate method to identify employees with a casual employment contract, there are a number of practical problems. The most significant of these is that the ABS measure of casual employees includes many owner managers of incorporated enterprises. This occurs because owner managers of incorporated enterprises are technically employees of their own business and many of them do not give themselves paid holiday or sick leave.

In August 1999, more than one in ten people categorised as a casual employee by the ABS was in fact an owner manager (DEWRSB 2000). This upward bias in the data has increased over time because owner managers without paid leave have been growing more rapidly than other casual employees. Hence, both the rate of growth and the number of casual employees would be lower if owner managers were excluded from the data. This can be seen in figure 2.1, which separates owner managers from other casual employees. The share of employees categorised as

casual employees by the ABS increased from 18.9 per cent in 1988 to 26.4 per cent in 1999. However, casual employees who were not owner managers only increased from 17.4 per cent of employees in 1988 to 23.6 per cent in 1999.

Figure 2.1 **ABS measure of casual employees disaggregated by whether an owner manager^a**



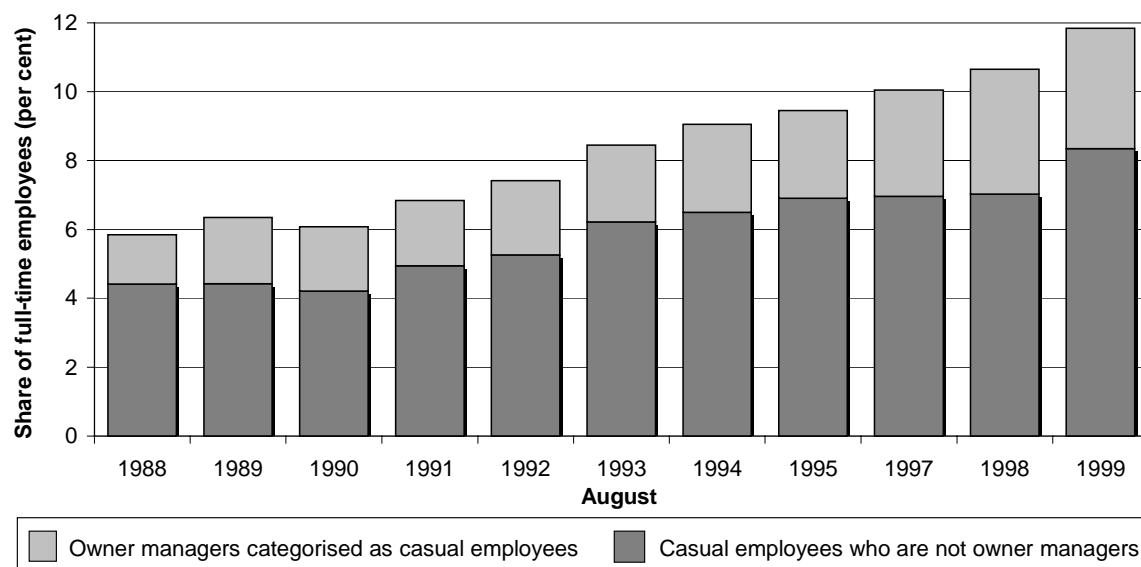
^a Forms of employment (casual employees and owner managers) were determined using the job in which a person worked the most hours. Data were unavailable for 1996.

Data source: DEWRB (2000) based on unpublished ABS data.

The upward bias in the casual employee data is most evident for people who work full-time, because the majority of owner managers work on a full-time basis. In August 1999, almost one in three people categorised as a full-time casual employee by the ABS was actually an owner manager (figure 2.2). The share of full-time employees who were categorised as casual employees by the ABS increased from 5.8 per cent in 1988 to 11.8 per cent in 1999. However, full-time casual employees who were not owner managers only increased from 4.4 per cent of full-time employees in 1988 to 8.4 per cent in 1999.

The upward bias in ABS data on full-time casual employees may seem to be a minor issue, given that most casual employees work part-time. However, various labour market analysts have interpreted the relatively rapid growth of full-time casual employees as evidence that casualisation of the workforce is spreading to groups not traditionally associated with casual jobs, such as full-time male employees (see for example Campbell 2000). The data presented in figure 2.2 suggest that this conclusion may be misleading because owner managers accounted for about a third of the increase in the ABS measure of full-time casual employees between 1988 and 1999.

Figure 2.2 **ABS measure of full-time casual employees disaggregated by whether an owner manager^a**



^a Forms of employment (casual employees and owner managers) and full-time status were determined using the job in which a person worked the most hours (their main job). Data were unavailable for 1996. Shares were calculated relative to the number of employees who worked full-time in their main job.

Data source: DEWRSB (2000) based on unpublished ABS data.

Another problem with the ABS measure of casual employees is that it is based on a worker's leave entitlements rather than their employment contract. This creates problems because not all employees with a casual employment contract are excluded from paid leave. Hence, there are casual contract employees which the ABS categorises as being permanent employees. Conversely, employees with an ongoing employment contract are deemed to be casual employees by the ABS if they have cashed out their leave entitlements.

2.2 Forms of Employment Survey (FOES)

Given the above mentioned problems, it would be inappropriate to use the ABS measure of casual employees in a study of casual contract employment. Fortunately, other ABS data can be used to identify employees with a casual employment contract. These data were collected by the ABS in a new irregular survey called the *Forms of Employment Survey* (FOES). Another advantage of the FOES is that it gathers more detailed data about work arrangements than is usually collected by the ABS (2000b) in its regular *Labour Force Survey* (LFS).

The first and only FOES collection to date was conducted in August 1998 as a supplement to the LFS. The target population for the FOES was employed persons

aged 15 years and over, excluding contributing family workers and persons who worked only for payment in kind. Restricting the sample to persons who worked for monetary reward is unlikely to be a major problem. Data from the LFS show that less than 1 per cent of employed persons in August 1998 were contributing family workers.

The large number of variables collected for the FOES enable many different forms of employment to be identified. In the published results from the August 1998 survey, the ABS (2000a) divided people into five different forms of employment (table 2.1). Employed persons were allocated to one of these categories based on the job in which they worked the most hours (their main job). Of particular note was the use of a new group termed “self-identified casuals” which excluded owner managers of incorporated enterprises. In addition, the terminology of permanent employees was dropped in favour of a revised category called “employees with leave entitlements”.

Table 2.1 Employment types used in the Forms of Employment Survey

<i>Employment type</i>	<i>Definition</i>
1. Employees with leave entitlements	Persons who (a) were entitled to receive both paid holiday and sick leave, and (b) worked in someone else’s business or worked in their own unincorporated business but did not invoice clients for own payment and paid PAYE tax.
2. Self-identified casuals	Persons who (a) were not entitled to receive both paid holiday and sick leave, (b) considered their job to be casual, and (c) worked in someone else’s business or reported that they worked in their own unincorporated business but paid PAYE tax and did not invoice clients for own payment ^a .
3. Owner managers of unincorporated enterprises	Persons who operated their own unincorporated enterprise, including those engaged independently in a trade or profession.
4. Owner managers of incorporated enterprises	Persons who operated their own incorporated enterprise, including those who drew a wage or salary for their work in their own incorporated enterprise.
5. Other employed persons	Persons who (a) were not entitled to receive both paid holiday and sick leave, (b) did not consider their job to be casual, and (c) worked in someone else’s business or reported that they worked in their own unincorporated business but did not invoice clients for own payment and paid PAYE tax.

^a People who claimed to be an owner manager of an unincorporated enterprise but paid PAYE tax and did not invoice clients for own payment were considered to be working in somebody else’s business.

Source: ABS (*Forms of Employment*, Cat. no. 6359.0).

The FOES definition of a self-identified casual has a less restrictive criteria for leave entitlements than the standard ABS measure of casuals because it includes persons who were entitled to either paid holiday or sick leave (but not both). However, the FOES definition has the additional requirement that workers consider themselves to be employed as a casual (see table 2.2 for a comparison of the definitions). Thus, the definition for self-identified casuals not only avoids the inclusion of owner managers of incorporated enterprises but also recognises that some casuals are entitled to paid leave. For this reason, the category of self-identified casuals is interpreted in this paper as measuring employees with a casual employment contract.

Table 2.2 Comparison of different ABS definitions of permanent and casual employees^a

<i>Employment type</i>	<i>Entitled to paid sick leave</i>	<i>Entitled to paid holiday leave</i>	<i>Employee considers job to be casual</i>
Permanent employees	✓	✓	not asked
	x	✓	not asked
	✓	x	not asked
Casual employees	x	x	not asked
Self-identified casual employees	x	x	✓
	x	✓	✓
	✓	x	✓

^a In August 1998, 0.6 per cent of all employees met the criteria for both permanent and self-identified casual employees because they had either paid holiday or sick leave (but not both).

Source: ABS (*Employee Earnings, Benefits and Trade Union Membership*, Cat. no. 6310.0; *Forms of Employment*, Cat. no. 6359.0).

Table 2.3 compares the distribution of employed persons who worked for monetary reward between the FOES employment categories with how people would have been allocated using the standard ABS definitions in August 1998. Among employed persons, 6.4 per cent would have been classified as employees using the standard definitions despite being owner managers of incorporated enterprises. More than half of these people (3.3 per cent of employed persons who worked for monetary reward) would have been assigned to the subcategory of casual employees because they did not give themselves paid holiday and sick leave.

Table 2.3 Comparison of employment types used in the Forms of Employment Survey (FOES) and the Labour Force Survey (LFS), August 1998

(Share of employed persons^a)

	<i>FOES definitions</i>					
	<i>Employees with leave entitlements</i>	<i>Self-identified casuals</i>	<i>Owner managers of incorporated enterprises</i>	<i>Owner managers of unincorporated enterprises</i>	<i>Other employed persons</i>	<i>Total employed persons</i>
	%	%	%	%	%	%
LFS definitions						
Employees	58.7	17.6	6.4	0.6	3.1	86.4
<i>Permanent</i>	58.7	0.5	3.1	0.1	0.7	63.1
<i>Casual</i>	0.0	17.1	3.3	0.3	2.4	23.2
<i>Not determined</i>	0.0	0.0	0.0	0.1	0.0	0.1
Employers	0.1	0.0	0.5	3.3	0.1	4.0
Own account workers	0.0	0.1	0.1	9.0	0.3	9.5
Total employed persons	58.8	17.7	7.0	12.8	3.6	100.0

^a Excludes employed persons who did not work for monetary reward.

Data source: ABS (*Forms of Employment*, Cat. no. 6359.0).

The number of self-identified casuals (1.487 million) was 24 per cent lower than the number of people who met the standard ABS criteria for casual employees (1.946 million). Table 2.4 shows that this difference was largely due to the standard ABS measure of casuals including owner managers of incorporated enterprises (0.280 million) and employees who did not consider themselves to be employed as casuals (0.200 million). Use of the standard ABS definitions would have also led to a small proportion of people with casual employment contracts being misclassified as permanent employees (0.041 million), employers (0.001 million), and own account workers (0.005 million). The net impact was that the ABS measure of casual employees was almost a third higher than the number of casual contract employees (self-identified casuals).

Table 2.4 **Decomposition of ABS measures of casual employees, August 1998**

		<i>Number</i>	<i>Share of employed persons^a</i>
		million	per cent
Standard ABS measure of casual employees		1.946	23.2
<i>less</i>	Owner managers misclassified as casuals: Incorporated enterprises	0.280	3.3
	Unincorporated enterprises	0.027	0.3
	Employees who do not see themselves as being employed as casuals	0.200	2.4
<i>plus</i>	People misclassified as: Permanent employees	0.041	0.5
	Employers	0.001	0.0
	Own account workers	0.005	0.1
<i>equals</i>	Self-identified casuals	1.487	17.7

^a Excludes employed persons who did not work for monetary reward.

Data source: ABS (*Forms of Employment*, Cat. no. 6359.0).

2.3 FOES confidentialised unit record file (CURF)

A confidentialised unit record file (CURF) of the FOES data was obtained for this study. The CURF contains individual-level data on survey respondents, making it possible to group workers in many different ways. This could be important, given that recent Productivity Commission research suggests that there are distinct groups of casual contract employees who have very different entitlements and work arrangements (Murtough and Waite 2000).

The FOES sample comprised 28 518 employed persons. Of these, 5 151 individuals were self-identified casuals. A further 16 658 people were employees with leave entitlements. The remainder were owner managers or other employed persons. Sample weights supplied by the ABS were used to generate population estimates from the CURF. Table 2.5 presents a summary of the population estimates by gender. It is apparent that the majority (58.8 per cent) of employed persons in August 1998 were categorised as employees with leave entitlements. Self-identified casuals were the next largest group, accounting for 17.7 per cent of employed persons. The data also show that more females than males were self-identified casuals.

Table 2.5 **Population estimates from the Forms of Employment Survey, August 1998^a**

<i>Form of employment</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
	'000	'000	'000
Employees with leave entitlements	2 835.7	2 104.0	4 939.7
Self-identified casuals	580.4	906.5	1 486.9
Owner managers of incorporated enterprises	409.8	181.1	590.9
Owner managers of unincorporated enterprises	735.5	343.3	1 078.8
Other employed persons	182.8	116.7	299.5
Persons	4 744.2	3 651.6	8 395.8

^a Excludes people who did not work for monetary reward.

Data source: ABS (*Forms of Employment*, Cat. no. 6359.0).

3 Conceptual issues and institutional background

Casual contract employment is often portrayed as being inferior to what is seen as the “traditional” form of employment, namely a full-time job with an ongoing employment contract. This chapter outlines conceptual issues and institutional arrangements which are relevant to the assessment of whether casual contract employment adversely affects employee welfare.

3.1 Job traits associated with lower employee welfare

Labour market analysts have attributed various characteristics to casual contract employment which are seen as having adverse welfare effects. A summary of these is presented in table 3.1. It should also be noted that the welfare impacts of these characteristics are likely to vary markedly between individuals and between casual jobs. For example, young students may prefer part-time work with flexible hours so they can meet their study commitments. Such employment may be less desirable for older persons with large financial commitments.

Casual contract employment is frequently portrayed as providing little or no certainty. This belief stems from the common law interpretation that casual contract employment involves workers being hired on a new contract at each engagement. Under this interpretation, employers do not need to provide notice of termination and meet legislative requirements such as redundancy pay (Burgess and Campbell 1998a; Campbell 1997; Simpson, Dawkins and Madden 1997; Brosnan and Walsh 1996). A related concern is that casuals are excluded from employee entitlements normally associated with “traditional” employment, such as paid leave and legislative protection from unfair dismissal (Burgess and Campbell 1998a). However, awards and enterprise agreements often require employers to pay casual contract employees a loading in lieu of leave entitlements.

The nature of work of casuals is also an area of much concern in the literature. Casuals are frequently portrayed as lacking control over their own work arrangements. In particular, they are seen as being subjected to unpredictable variations in the number and predictability of hours they work and hence their earnings. Much of this stems from the notion that casual contract employment

involves work which is casual in the sense of being occasional, irregular, or short term. Concerns have also been expressed about the nature of the tasks performed by casual contract employees. Their work is frequently portrayed as being repetitive and low skill, leading to a low level of job satisfaction (Burgess and Campbell 1998a; Whitehouse, Lafferty, and Boreham 1997).

Table 3.1 Job characteristics often attributed to casual contract employment

<ul style="list-style-type: none"> • No explicit or implicit contract for ongoing employment (future employment uncertain) 	<ul style="list-style-type: none"> • No legislative protection from unfair dismissal
<ul style="list-style-type: none"> • Work arrangements can be changed at will by the employer 	<ul style="list-style-type: none"> • Limited entitlements (such as paid leave and superannuation)
<ul style="list-style-type: none"> • Irregular and unpredictable hours 	<ul style="list-style-type: none"> • Earnings are relatively low and volatile
<ul style="list-style-type: none"> • Job is short term (set completion date in the near future) 	<ul style="list-style-type: none"> • Low level of job satisfaction (work mainly involves repetitive or menial tasks in a low skill occupation)
<ul style="list-style-type: none"> • Little opportunity for career advancement within existing firm (including training opportunities) 	<ul style="list-style-type: none"> • Low prospect of moving to an ongoing job with more desirable characteristics

Casual contract employees are also often seen as having limited access to training and promotion opportunities. This is partly based on the perception that casual contract employment is short term and so provides little opportunity for employers to capture the productivity gains resulting from training (Whitehouse, Lafferty, and Boreham 1997; Weller, Cussen and Webber 1999).

Finally, some analysts have raised concerns that casual contract employees have little opportunity to progress to more desirable ongoing contract jobs (Hall and Harley 2000; Burgess and Campbell 1998b, Weller; Cussen and Webber 1999). In other words, the labour markets for casual and ongoing contract employees are segmented, with little or no scope for mobility between the two markets. Several studies have investigated this issue using longitudinal data which track individual workers over time (Gaston and Timke 1999; Charmers and Kalb 2000). However, these data use the ABS definition of a “casual employee” (based on leave entitlements), which has limitations for the analysis of casual contract employment (see chapter 2).

3.2 Institutional arrangements

A recent Productivity Commission staff research paper showed that many casual contract employees do not work in a way that is casual in the sense of being occasional, irregular or short term (Murtough and Waite 2000). The courts and industrial tribunals (and increasingly legislators) have long recognised this situation and so there has been a trend towards placing greater emphasis on a person's work arrangements rather than their employment contract. As a result, casual contract employees are increasingly gaining access to entitlements associated with ongoing employment in cases where their work arrangements are not casual. This has significant implications for the welfare of casual contract employees and so it is worth reviewing the evidence presented in past Productivity Commission research.

Defining a casual contract employee

There is no precise definition of a casual contract employee that is widely accepted among industrial relations practitioners. Rather, decisions by the courts and industrial tribunals over many years have led to considerable ambiguity. The current situation is best described by using an often-quoted High Court case from the 1930s:

In Australian domestic law, the expressions “casual employee” and “casual employment” are expressions with no fixed meaning (McTierman J, *Doyle v Sydney Steel Ltd 1936*).

It could be argued that this was not always the case because the term casual was initially used in awards to identify a specific form of employment. In particular, people engaged as hourly or daily hire employees were seen as being casual by industrial tribunals because they were usually employed in cases where work was irregular, short term and of limited duration (*Federated Ship Painters and Dockers Union of Australia v Commonwealth Steamship Owners Association 1918*; *Re The Food Preservers Award 1960*, 99 CAR 340).

As casual work was seen as being irregular and short term, these workers were paid a higher hourly rate in the form of a casual loading. This was introduced so that the earnings of hourly and daily hire employees were comparable to the basic wage of weekly hire employees (Higgins 1922). The casual loading was also intended to limit the number of employees engaged as casuals and to deter some employers from replacing ongoing employees with casuals (*Burazin v Blacktown City Guardian Pty Ltd 1995*). More recently, the casual loading has been calculated to compensate for the loss of some entitlements associated with ongoing employment (Dawkins and Norris 1990; Brooks 1992).

The approach used by the courts and industrial tribunals in the early years of the twentieth century was based on the common law principle that casuals do not have a continuous employment contract. Provisions in awards referring to casual employees were drafted with this common law principle in mind. However, they did not clearly define a casual or the type of work that casuals would do. Casuals were simply defined as employees “engaged as such” or “engaged and paid as such” (Creighton and Stewart 2000). This facilitated a divergence between the common law understanding and the actual circumstances of many casual contract employees. The High Court recognised this situation in its landmark *Doyle v Sydney Steel Ltd 1936* decision, which identified two types of casual contract employees:

- irregular or “true” casuals; and
- “permanent” casuals employed on a regular and systematic basis where the true nature of employment is ongoing.

An important 1996 case (*Reed v Blue Line Cruises Ltd 1996*) endorsed these findings. True casuals were said to be characterised by “informality, irregularity and uncertainty” whereas permanent casuals were viewed as having regular hours, income and an ongoing employment relationship (Creighton and Stewart 2000).

While the term “permanent casual” is often used by industrial relations practitioners, it is somewhat misleading. Few, if any, jobs are permanent in the sense that they last forever or never change. For this reason, the term “ongoing casual” is used in this paper to refer to casual contract employees whose job is regular, systematic, and ongoing.

Differences in entitlements of true and ongoing casuals

The practical effect of the above mentioned developments is that casual employment contracts are not restricted to people who work in a way that is casual in the sense of being occasional, irregular or short term. Furthermore, being employed on a casual contract does not necessarily imply that a job is far more precarious than one with an ongoing employment contract. This is most evident for legislative protection from unfair dismissal. People with casual employment contracts are typically excluded from such protection only if they have worked with their employer for a short period, or their work arrangements are irregular and they do not have an implicit contract for ongoing employment. This is because only true casuals are seen as meeting the common law understanding that each engagement is separate and so refusal to issue another contract is not a dismissal (*Ryde-Eastwood Leagues Ltd v Taylor 1994*).

The recent *Graham v Bluesuits Pty Ltd t/as Toongabbie Hotel 1999* decision implicitly confirmed this situation in the federal jurisdiction. The Full Bench of the Australian Industrial Relations Commission (AIRC) found that casual contract employees are entitled to the same protection from unfair dismissal as ongoing employees, provided they have been employed for at least 12 months with the employer, work regular hours, and have an expectation of ongoing employment. The application of unfair dismissal protection to long term casuals also occurs in other jurisdictions, although the minimum required duration of employment varies. For example, South Australia and New South Wales only require six months.

Casuals can also receive many of the benefits associated with ongoing employment. For example, the *Queensland Industrial Relations Act 1999* provides long service and parental leave to casuals with more than two years of service because they are seen as having an ongoing relationship with their employer. Provisions for parental leave for casuals with more than two years of ongoing employment (but not seasonal workers) exist in New South Wales following recent amendments (October 2000) to the *Industrial Relations Act 1996 (NSW)*. Similar arrangements exist in other jurisdictions but not to the same extent. In South Australia, casual contract employees have been deemed eligible under certain circumstances for long service leave (*Stewart v Port Noarlunga Hotel Ltd 1981*). The New South Wales *Long Service Leave Act 1955 (NSW)* was amended in 1985 to provide for a form of continuous service for casual contract employees.

A recent decision by the South Australian Industrial Relations Commission (*Clerks (SA) Award [2000] SAIRComm 41*) has further blurred the line between casuals and ongoing workers. In this decision, ongoing casuals were granted the right to convert to an ongoing employment contract after 12 months of service. In the federal jurisdiction, the AIRC is considering an application to modify the Metals, Engineering and Associated Industry Award [1998] in a way which effectively proscribes the use of ongoing casuals. In particular, the Australian Manufacturing Workers Union has sought to insert a clause into the award which states that employees may only be engaged on a casual contract for short term tasks, to carry out work in emergency circumstances, or to perform work unable to be practicably rostered to employees with an ongoing contract.

In summary, being employed on a casual employment contract does not necessarily imply that a person's work is casual in the sense of being occasional, irregular or short term. Furthermore, casual contract employees who can prove a long term ongoing employment relationship with their employer are no more precarious with respect to unfair dismissal than ongoing contract employees. Thus, the circumstances of casual contract employees who have an ongoing relationship with their employer can be difficult to distinguish from ongoing contract employees. For

this reason, the quantitative analysis in the next chapter distinguishes between true and ongoing casuals.

4 Quantitative analysis

This chapter uses individual-level data from the August 1998 *Forms of Employment Survey* (FOES) to compare the personal characteristics and work arrangements of true casuals, ongoing casuals, and ongoing contract employees. The definitions used to identify these groups are detailed in table 4.1. People categorised in the FOES as employees with leave entitlements were interpreted as having an ongoing employment contract, provided they did not have a fixed-term contract or a set completion date for their job. Those categorised as self-identified casuals were seen as having a casual employment contract. Casual contract employees were deemed to be ongoing casuals if they had no variation in their earnings (excluding overtime) and had an implicit contract for ongoing employment.

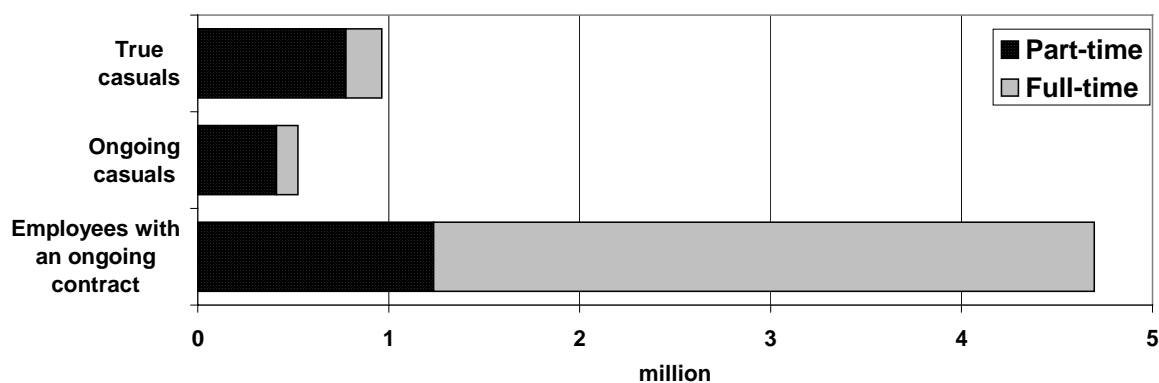
Table 4.1 **Definitions of ongoing contract employees, ongoing casuals and true casuals^a**

<i>Employment type</i>	<i>Definition</i>
Ongoing contract employee	An employee with leave entitlements who does not have a fixed-term contract or a set completion date for their job.
Ongoing casual	A self-identified casual whose earnings do not vary (excluding overtime) and who has an implicit contract for ongoing employment. People are deemed to have an implicit contract for ongoing employment if they: <ul style="list-style-type: none">• do not have a fixed-term contract and do not expect to leave their job in the following 12 months for reasons initiated by their employer (including due to a set completion date); or• have a fixed-term contract but expect it to be renewed.
True casual	Any self-identified casual who is not an ongoing casual.

^a The definitions for employees with leave entitlements and self-identified casuals are given in table 2.1.

There were 4.694 million ongoing contract employees and 1.487 million casual contract employees in August 1998. Around 35 per cent (0.524 million) of casual contract employees were categorised as being ongoing casuals (figure 4.1). Only 20 per cent of casual contract employees worked full-time in their main job (the job in which they worked most hours), compared to 74 per cent of ongoing contract employees. Nevertheless, 51 per cent of part-time employees had an ongoing employment contract.

Figure 4.1 **Number of ongoing and casual contract employees by full/part-time status, August 1998^a**



^a Full/part-time status is based on hours worked in main job (job in which most hours were worked).

Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

4.1 Personal characteristics

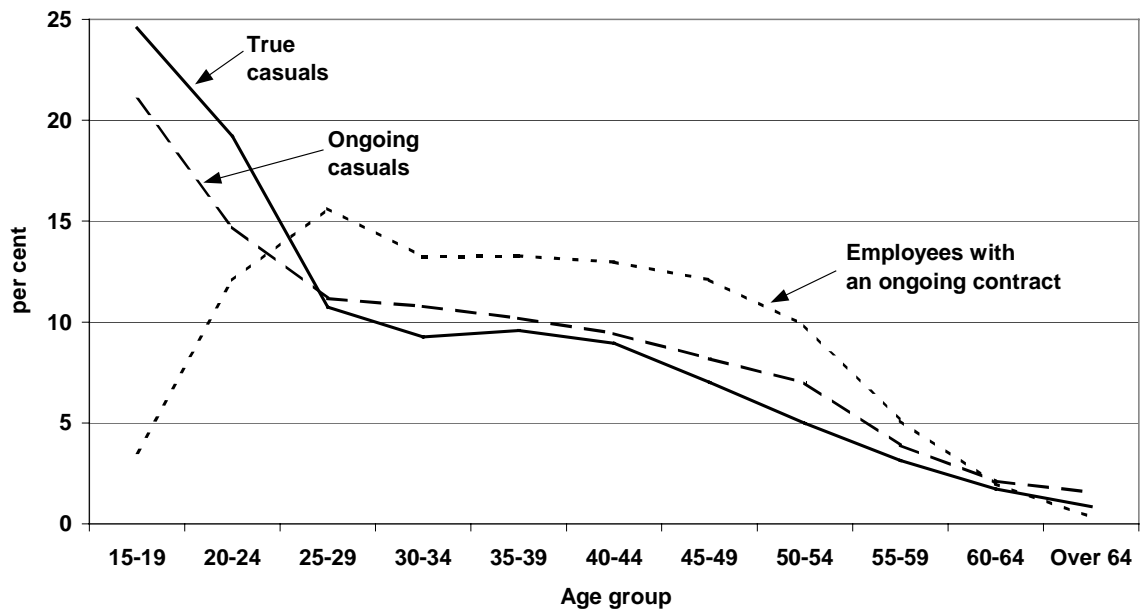
Compared to ongoing contract employees, casual contract employees were more likely to be young, female, and full-time dependent students. People aged 15-19 years accounted for almost 25 per cent of true casuals (and 21 per cent of ongoing casuals) but less than 4 per cent of ongoing contract employees (figure 4.2). People aged 20-24 also accounted for a larger proportion of true casuals than ongoing contract employees and ongoing casuals. Conversely, true casuals tended to be less prevalent in any of the older age groups.

There was little difference in the distribution of true and ongoing casuals by gender and student status (table 4.2). Females accounted for 61 per cent of casual contract employees, compared to just 42 per cent of ongoing contract employees. Less than 1 per cent of ongoing contract employees were dependent students, compared to 21 per cent of casual contract employees. Almost 60 per cent of casual contract employees aged 15-24 years were students, compared to just 6 per cent of ongoing contract employees aged 15-24.

While a large and disproportionate share of casual contract employees were young students, there was a sizeable minority of older people with dependants. Around 33 per cent of ongoing casuals (and 26 per cent of true casuals) were aged over 24 and had dependants. However, this is below the share of ongoing contract employees who were aged over 24 and had dependants (37 per cent). It should also be noted that casual contract employees were significantly under-represented among the

population of workers aged more than 24 years (figure 4.3). Indeed, the majority of workers aged over 24 with dependants had an ongoing contract.

Figure 4.2 Age distribution by form of employment, August 1998



Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

Table 4.2 Gender, student status and whether had dependants by form of employment, August 1998

	Ongoing contract	Casual contract		
		Ongoing casuals	True casuals	Total
	%	%	%	%
Female	42.3	61.2	60.9	61.0
Dependent student	0.7	18.6	21.6	20.6
Share of 15-24 year olds who were students ^a	5.8	62.2	58.4	59.5
Aged over 24 and had dependants ^b	36.9	33.2	26.2	28.6

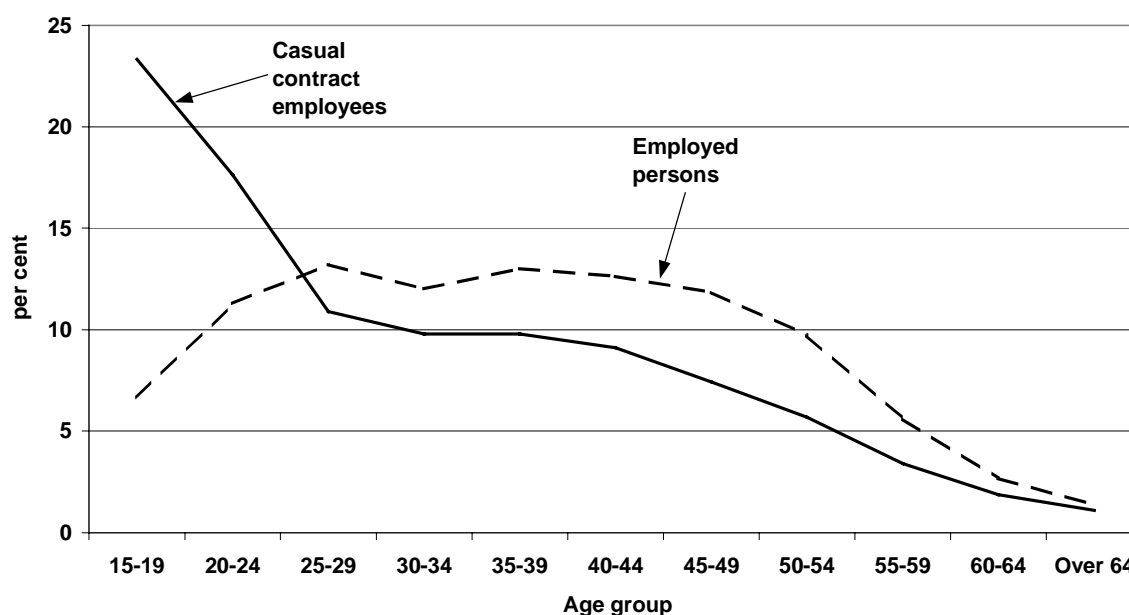
^a There were 362 500 casual contract employees who were students and aged 15-24. ^b There were 425 700 casual contract employees who were aged over 24 and had dependants.

Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

The differences in individual characteristics between (and within) true casuals, ongoing casuals, and employees with an ongoing employment contract make it likely that particular job traits will have different welfare impacts across (and within) those groups. For example, young students (who are most prevalent among true casuals) may have a strong preference for part-time work with flexible hours so

that they can meet their study commitments. These attributes may be less desirable for an older person who requires a sizeable and regular earnings stream to meet the financial commitments associated with dependent children.

Figure 4.3 **Age distribution of casual contract employees and employed persons, August 1998^a**



^a Employed persons are defined as people who are aged 15 years and over and (a) worked for one hour or more for pay, profit, commission, or payment in kind in a job or business, or on a farm during the survey period; or (b) were not at work during the survey period but had a job as an employee, employer, own account worker or contributing family worker.

Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

4.2 Employment characteristics

As noted in chapter 3, casual contract employment is often associated with characteristics which are seen as having adverse welfare effects (table 3.1). Unfortunately, the FOES did not gather information on all of those characteristics. In particular, survey respondents were not asked whether their employer could change their work arrangements at will or whether they had a low level of job satisfaction because their work involved repetitive or menial tasks. However, it is possible to make an assessment about whether the following typify casual contract employment:

- future employment is uncertain and/or short term;
- earnings are relatively low and irregular;

-
- few entitlements;
 - low level of satisfaction with number of hours worked; and
 - little opportunity for career advancement (including to ongoing employment).

Future employment is uncertain and/or short term

While casual contract employees do not have an explicit contract for ongoing employment, they can have an implicit contract for ongoing work. People were deemed to have an implicit contract for ongoing employment if they did not expect to leave their job for reasons initiated by their employer (see table 4.1 for details). By definition, all ongoing casuals had an implicit contract for ongoing employment. What is surprising is that 93 per cent of true casuals also had an implicit contract for ongoing employment (as did 99 per cent of ongoing contract employees). This suggests that only a small minority of true casuals perceived their employer as not providing ongoing employment.

The extent to which casual contract employees had jobs which were explicitly short term can be determined from the number who:

- had been working in their jobs for less than 12 months; and
- expected to leave their job in the following 12 months for reasons initiated by their employer (including jobs with a set completion date in the following 12 months).

Only 6 per cent of true casuals met this definition of short term employment. Thus, it appears that few true casuals see their employer as only offering a short term job.

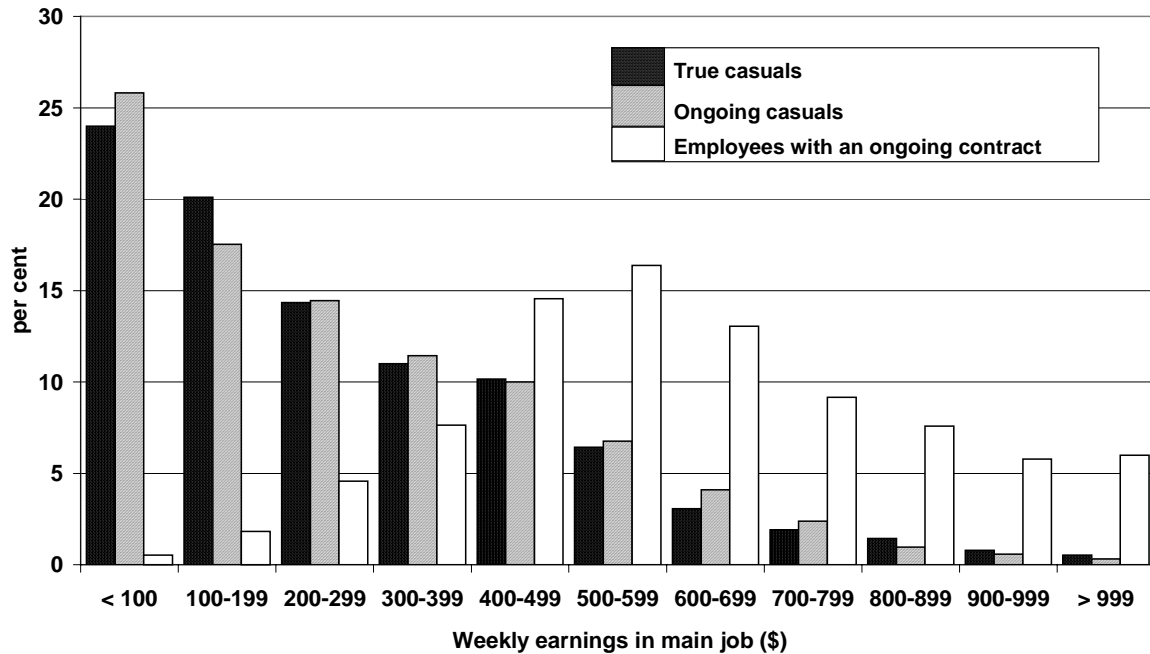
Earnings are relatively low and irregular

Given that almost all true casuals had an implicit contract for ongoing employment, being categorised as a true casual was primarily due to having variable earnings (excluding overtime). Indeed, 96 per cent of true casuals had variable earnings, compared to just 14 per cent of ongoing contract employees. By definition, no ongoing casuals had variable earnings (see table 4.1).

Casual contract employees were concentrated in jobs with relatively low earnings. People who earned less than \$300 per week in their main job accounted for 58 per cent of casual contract employees, compared to just 7 per cent of ongoing contract employees (figure 4.4). However, it appears that this was largely due to the low hours that casual contract employees worked. The data show that 52 per cent of

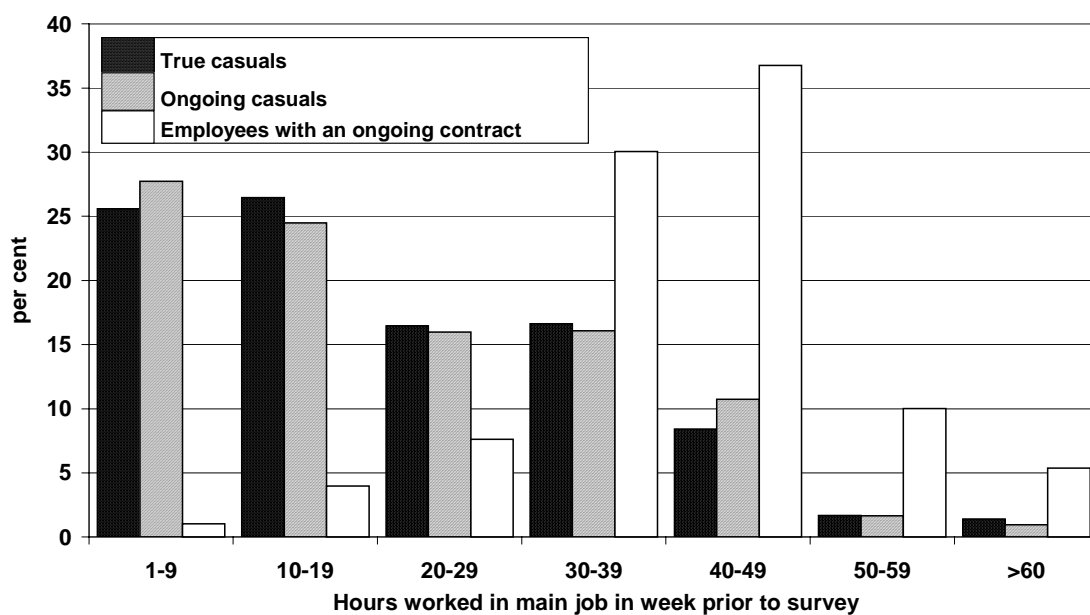
casual contract employees worked from 1 to 19 hours per week in their main job, compared to just 5 per cent of ongoing contract employees (figure 4.5).

Figure 4.4 Earnings distribution by form of employment, August 1998



Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

Figure 4.5 Distribution of hours worked by form of employment, August 1998



Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

Few entitlements

Just 1 per cent of casual contract employees had paid holiday leave and 2 per cent had paid sick leave. However, as noted in chapter 3, casual contract employees are often entitled to a higher rate of pay (known as a loading) in lieu of these leave entitlements. In addition, 6 per cent of casual contract employees had access to long service leave and 70 per cent had superannuation coverage. Nevertheless, casual contract employees are generally not entitled to a severance payment when made redundant.

Given that casual contract employees do not have an explicit contract for ongoing employment, access to unfair dismissal protection is probably an important entitlement for these employees. In the federal jurisdiction, ongoing contract employees generally have access to unfair dismissal protection after serving a probationary period of up to a maximum of 3 months (DEWRSB 1998). Casual contract employees are entitled to protection from unfair dismissal, provided they are employed for at least 12 months with the employer, work regular hours, have an expectation of ongoing employment, and do not have a fixed-term contract. A similar situation applies in other jurisdictions, although the minimum required duration of employment varies. For example, South Australia and New South Wales only require casual contract employees to have worked in their job for six months.

Using the FOES data, casual contract employees were treated as having no legislative protection from unfair dismissal if they:

- were employed on a fixed-term contract;
- had worked in their job for less than 12 months; or
- their earnings varied from one month to the next (excluding overtime), indicating that work hours were irregular.

Ongoing contract employees were treated as having no legislative protection from unfair dismissal if they had been working in their job for less than 12 months. This would lead to an underestimate of ongoing contract employees protected by unfair dismissal legislation since the maximum probationary period is generally 3 months. Unfortunately, the data do not allow the identification of ongoing contract employees with tenure of 3 months or more.

Using the above criteria, it is estimated that only 1 per cent of true casuals had legislative protection from unfair dismissal. This largely reflects the fact that true casuals were defined on the basis that their earnings varied and that many true casuals had tenure of less than 12 months. In contrast, 56 per cent of ongoing casuals and (at least) 85 per cent of ongoing contract employees had unfair dismissal protection.

Little opportunity for career advancement

The FOES did not gather information which would enable an assessment of within-firm opportunities for career advancement, such as provision of employer funded training and scope for promotion. However, data were collected which enable some insight into the perception of casual contract employees about their prospects of moving to so-called “permanent” employment.

A quarter of casual contract employees indicated that they had looked for alternative employment in the three months prior to the survey (this item was not collected for ongoing contract employees). True casuals were the most likely to have been searching for another job, with 29 per cent saying they had done so in the three months prior to the survey (compared to 18 per cent of ongoing casuals).

More than three-quarters of casual contract employees who looked for alternative employment in the 3 months prior to the survey had searched for so-called “permanent” employment. This suggests that casual contract employees do not perceive themselves as having little prospect of moving to a job with an ongoing contract. As noted above, true casuals were the most likely to have been searching for another job. Indeed, 22 per cent of true casuals had looked for permanent employment in the 3 months prior to the survey, compared to 14 per cent of ongoing casuals.

Dissatisfied with number of work hours

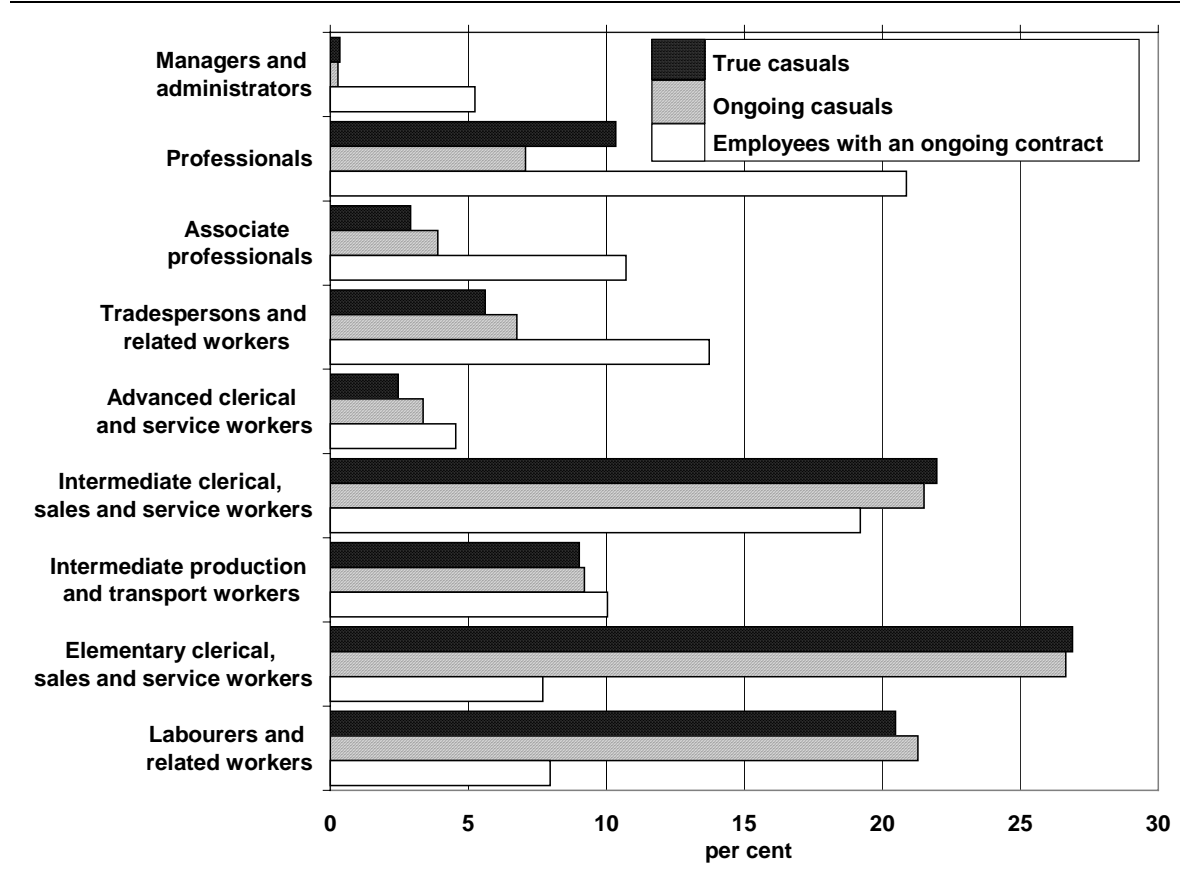
More than half (53 per cent) of true casuals wanted to change the total number of hours they worked (in all jobs), compared to 36 per cent of ongoing casuals and 33 per cent of ongoing contract employees. More than 80 per cent of true and ongoing casuals who wanted to change their hours preferred to increase them, compared to a third of ongoing contract employees. To some extent, this reflects the fact that most casual contract employees worked relatively short hours (in their main job). Nevertheless, a disaggregation of the data by full/part-time status showed that casual contract employees were always more likely to prefer increased hours than ongoing contract employees.

Other job characteristics

Casual contract employees were concentrated in low skill occupations (figure 4.6). In particular, casual contract employees were most prevalent in the lower skill occupations of Intermediate clerical, sales and service workers (22 per cent), Elementary clerical, sales and service workers (27 per cent), and Labourers and

related workers (21 per cent). These occupations accounted for 35 per cent of ongoing contract employees.

Figure 4.6 Occupational distribution by form of employment, August 1998



Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

Casual contract employees were most common in the Retail trade (30 per cent) and Accommodation, cafes and restaurants (13 per cent). These industries accounted for only 14 per cent of ongoing contract employees (table 4.3).

Only 4 per cent of casual contract employees were paid by an employment agency (as were less than 1 per cent of ongoing contract employees).

The FOES data show that 36 per cent of ongoing contract employees were union members, compared to just 15 per cent of true casuals and 10 per cent of ongoing casuals. However, this picture is somewhat distorted by the high rate of union membership in the public sector, which has relatively few casual contract employees. In the private sector, 15 per cent of true casuals and 10 per cent of ongoing casuals were union members, compared to 28 per cent of ongoing contract employees.

Table 4.3 Distribution by industry and form of employment, August 1998

<i>Industry</i>	<i>Ongoing contract</i>	<i>Casual contract</i>		<i>Total</i>
		<i>Ongoing casuals</i>	<i>True casuals</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Agriculture, forestry and fishing	1.2	2.8	5.3	4.4
Mining	1.3	0.1	0.4	0.3
Manufacturing	17.1	10.7	6.1	7.7
Electricity, gas and water supply	1.4	0.2	0.1	0.1
Construction	4.5	3.1	3.8	3.5
Wholesale trade	7.4	4.3	3.4	3.7
Retail trade	10.8	30.7	28.8	29.5
Accommodation, cafes and restaurants	2.8	10.7	14.2	13.0
Transport and storage	4.8	2.1	3.3	2.9
Communication services	2.4	0.6	0.6	0.6
Finance and insurance	5.7	1.3	0.7	0.9
Property and business services	9.4	8.7	9.4	9.1
Government administration and defence	5.8	1.8	1.5	1.6
Education	8.5	6.4	6.3	6.3
Health and community services	11.5	9.4	9.4	9.4
Cultural and recreational services	1.7	3.4	4.0	3.8
Personal and other services	3.7	3.6	2.9	3.2
All industries	100.0	100.0	100.0	100.0

Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

4.3 Summary of descriptive results

Casual contract employment is often associated with characteristics which are thought to have adverse welfare effects. However, the analysis presented here suggests that some of these characteristics do not typify casual contract employment (see table 4.4 for a summary of the results). In particular, it was found that in August 1998:

- 93 per cent of true casuals had an implicit contract for ongoing employment;
- only 6 per cent of true casuals had a job which was short term;
- 56 per cent of ongoing casuals had access to unfair dismissal laws; and
- 22 per cent of true casuals had searched for “permanent” employment in the previous 3 months (broadly equivalent to ongoing contract employment). This suggests that casual contract employees do not perceive themselves as having little prospect of moving to a job with an ongoing contract.

Table 4.4 Comparison of ongoing and casual contract employees, August 1998

<i>Characteristic</i>	<i>Ongoing contract</i>	<i>Casual contract</i>		
		<i>Ongoing casuals</i>	<i>True casuals</i>	<i>Total</i>
	%	%	%	%
Female	42.3	61.2	60.9	61.0
Aged 15-19	3.5	21.0	24.6	23.3
Aged more than 24 and had dependants	36.9	33.2	26.2	28.7
Studying full-time	0.9	22.2	25.6	24.4
Dependent student	0.7	18.6	21.6	20.5
Prefers to work less hours	22.1	6.0	7.2	6.8
Prefers to work more hours	10.4	30.1	45.8	40.3
Union member and works in the private sector ^a	27.8	9.6	14.8	13.0
Implicit contract for ongoing employment ^b	99.1	100.0	92.8	95.3
Variable earnings (excluding overtime)	13.6	0.0	95.5	61.8
Short term job ^c	0.1	0.0	5.5	3.6
Low skill occupation ^d	44.9	78.7	78.4	78.5
Worked in Retail trade or Accommodation, cafes & restaurants	13.6	41.4	43.0	42.4
Worked 1-19 hours per week	5.0	52.2	52.0	52.1
Paid less than \$300 per week	7.0	57.8	58.4	58.2
Paid by an employment agency	0.3	3.8	3.6	3.7
Paid holiday leave	100.0	1.2	0.8	0.9
Paid sick leave	100.0	2.1	1.7	1.8
Long service leave	86.4	5.8	6.4	6.2
Superannuation coverage	98.4	68.2	71.3	70.2
Protected by unfair dismissal laws ^e	85.2	55.5	1.0	20.2
Sought alternative employment in last 3 months	na	18.4	28.7	25.1
Sought a permanent job in last 3 months	na	13.7	22.2	19.2

^a Share of relevant form of employment which worked in the private sector. ^b People were deemed to have an implicit contract for ongoing employment if they did not expect to leave their main job in the following 12 months for reasons initiated by their employer or they expected their fixed-term contract to be renewed. ^c People who had been working in their main job for less than 12 months and expected to leave that job in the following 12 months for reasons initiated by their employer (including jobs with a set completion date). ^d Categories 6 to 9 of the Australian Standard Classification of Occupations. ^e Casual contract employees were treated as having no legislative protection from unfair dismissal if they were employed on a fixed-term contract; or had worked in their job for less than 12 months; or their earnings varied from one month to the next (excluding overtime). Ongoing contract employees were treated as having no legislative protection from unfair dismissal if they had been working in their job for less than 12 months. This will lead to underestimate of ongoing contract employees protected by unfair dismissal legislation because they generally have such protection after completing a probationary period of up to a maximum of 3 months. **na** Not available.

Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

Nevertheless, some of the characteristics often attributed to casual contract employment do have some basis in fact. It was found that:

- 96 per cent of true casuals had variable earnings (excluding overtime);
- casual contract employees were concentrated in low skill occupations;
- 58 per cent of casual contract employees earned less than \$300 per week (although this may largely reflect the fact that many casual contract employees worked short hours);
- 46 per cent of true casuals and 30 per cent of ongoing casuals wanted to work more hours;
- virtually all true casuals were excluded from unfair dismissal laws; and
- casual contract employees were much less likely to be represented by a union than ongoing contract employees.

However, the welfare impacts of the above characteristics will depend on the preferences of those affected. In this regard, it is notable that casual contract employees were more likely to be young full-time dependent students. People aged less than 25 years accounted for 44 per cent of true casuals and 36 per cent of ongoing casuals, compared to just 16 per cent of ongoing contract employees. Almost 60 per cent of casual contract employees aged less than 25 years were students, compared to just 6 per cent of ongoing contract employees aged less than 25. Nevertheless, there was a sizeable group of casual contract employees who were aged over 24 and had dependants.

Table 4.5 shows that the employment characteristics of casual contract employees who were aged more than 24 and had dependants differed from those who were 15-24 year old full-time students. In particular, it appears that older casual contract employees with dependants were less likely to have:

- variable earnings;
- earn below \$300 per week;
- work only 1-19 hours per week;
- be excluded from unfair dismissal protection; or
- work in a low skill occupation.

This is significant because the above characteristics would probably have greater adverse welfare consequences for older workers with dependants.

Table 4.5 **Comparison of casual contract employees by age, student and household status, August 1998**

<i>Characteristic</i>	<i>Casual contract</i>	
	<i>Aged 15-24 and was a full-time student</i>	<i>Aged more than 24 and had dependants</i>
	<i>%</i>	<i>%</i>
Implicit contract for ongoing employment ^a	98.4	95.0
Short term job ^b	1.0	3.5
Variable earnings (excluding overtime)	66.9	56.0
Worked 1-19 hours per week	88.2	50.7
Paid less than \$300 per week	92.6	53.6
Superannuation coverage	40.9	80.5
Protected by unfair dismissal laws ^c	16.9	24.9
Sought alternative employment in last 3 months	14.3	22.4
Sought a permanent job in last 3 months	4.1	17.6
Low skill occupation ^d	94.1	69.9
Worked in Retail trade or Accommodation, cafes & restaurants	76.7	26.8

^a People were deemed to have an implicit contract for ongoing employment if they did not expect to leave their main job in the following 12 months for reasons initiated by their employer or they expected their fixed-term contract to be renewed. ^b People who had been working in their main job for less than 12 months and expected to leave that job in the following 12 months for reasons initiated by their employer (including jobs with a set completion date). ^c Casual contract employees were treated as having no legislative protection from unfair dismissal if they were employed on a fixed-term contract; or had worked in their job for less than 12 months; or their earnings varied from one month to the next (excluding overtime). ^d Categories 6 to 9 of the Australian Standard Classification of Occupations. **na** Not available.

Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

While the results of this section provide new insights about casual contract employment, they need to be qualified because of possible interactions between variables. For example, it was noted above that casual contract employees may have relatively low earnings because they work fewer hours than ongoing contract employees. Econometric techniques can be used to control for such interactions between variables and so provide a clearer picture about casual contract employment. Such techniques are used in the next section.

4.4 Qualitative summary of econometric results

Appendix A outlines the methodology used for the econometric analysis and presents the detailed results in tabular form. The purpose of this section is to

provide a non-technical summary of the main findings. The econometric analysis focused on three issues:

- the probability of having a casual employment contract;
- the probability that a casual contract employee was a true casual; and
- whether casual contract employees earn less than ongoing contract employees after controlling for differences in personal and employment characteristics.

Probability of having a casual employment contract

The likelihood that an employee had a casual employment contract was found to vary according to personal and employment characteristics. The personal characteristics associated with a higher probability of having a casual employment contract were:

- gender was female (5.1 percentage points more likely to have a casual contract than males);
- resided outside a State capital city or in the states of Queensland, South Australia or Tasmania;
- dependent student (19.4 percentage points more likely than married persons with dependants);
- attended an educational institution full-time;
- born in Australia (around 2.1 percentage points more likely than people born overseas).

The employment characteristics associated with a higher probability of having a casual employment contract were:

- job duration less than 3 years;
- low earnings;
- low skill occupation (up to 38.1 percentage points more likely to have a casual contract than the highest skill occupation of Managers and administrators);
- industry was Agriculture, forestry and fishing; Construction; Accommodation, cafes and restaurants; Transport and storage; Education; or Cultural and recreational services;
- not a union member (11.7 percentage points more likely than union members);
- worked part-time in main job (21.1 percentage points more likely than those worked full-time in their main job);
- paid by an employment agency (64.1 percentage points more likely); and

-
- had searched for permanent employment in the 3 months prior to the survey (88.2 percentage points more likely than those who had not searched for permanent employment).

These results are broadly consistent with the findings of the earlier descriptive analysis. However, the probit model estimates also showed that the probability of having a casual contract increased with age. This result seems counter intuitive, given that a large proportion (41 per cent) of casual contract employees were aged less than 25 years. Interpreted literally, it implies that the observed inverse correlation between age and the likelihood of being a casual contract employee is not due to age but rather other individual characteristics. However, this result should probably be treated with caution, given that the model did not fit the data particularly well (see appendix A for details).

Probability of being a true casual

Fewer individual characteristics had an impact on the probability of being a true casual (given that had a casual employment contract). Nevertheless, statistically significant effects were estimated for the following characteristics:

- **Age:** Casual contract employees aged 50-54 and over 64 were less likely to be true casuals than other casual contract employees;
- **Relationship in household:** Casual contract employees were more likely to be true casuals if they were dependent students or had no dependants (compared to married people with dependants, being a true casual was more likely for those who were married with no dependants, lone parents without dependants, or other persons).
- **Industry:** Compared to casual contract employees who worked in Manufacturing, being a true casual was more likely for those working in Agriculture, forestry and fishing; Mining; Construction; Accommodation, cafes and restaurants; Transport and storage; Property and business services; Health and community services; and Cultural and recreational services.
- **Birthplace:** Casual contract employees were less likely to be true casuals if they were born overseas in a non-English speaking country.
- **Union membership:** Casual contract employees were 10.8 percentage points more likely to be true casuals if they were union members.
- **Seeking permanent employment:** Casual contract employees were 12.3 percentage points more likely to be true casuals if they had searched for permanent employment in the 3 months prior to the survey.

The correlation between union membership and being a true casual may seem odd, given that union members were less likely to have a casual contract. However, this result could be due to the preference of unions to limit casual contract employment to instances where the nature of work is truly casual (in the sense of being occasional, irregular or short term). Under this interpretation, ongoing casuals would be less prevalent in highly unionised workplaces.

Earnings differences between ongoing and casual contract employees

A wage equation was estimated to investigate whether earnings varied between individuals who were identical except for their employment contract. The results suggest that, other things being equal, having a casual employment contract leads to lower earnings relative to those who have an ongoing contract. However, this result needs to be heavily qualified because it is was not possible to control for differences in educational attainment. Omission of an education variable could mean that the model estimates are not statistically sound. Details are provided in appendix A.

5 Concluding comments

This paper investigated the extent to which casual contract employees can be viewed as a group with broadly similar personal characteristics and work arrangements. This issue is of interest because casual contract employment is often portrayed as being inferior to what is seen as the “traditional” form of employment, namely a full-time job with an ongoing employment contract.

Until recently, it was difficult to determine the circumstances of casual contract employees because they were not measured by the ABS. Instead, labour market analysts had to rely on the ABS measure of casual employees, which despite the terminology does not measure employees with a casual employment contract (or whose work is casual). In August 1999, more than one in ten people categorised as a casual employee was in fact an owner manager. This upward bias in the data has increased over time and is most pronounced for people who work full-time (almost one in three people categorised as full-time casual employees by the ABS in August 1999 were actually owner managers).

Fortunately, a new irregular survey conducted by the ABS in August 1998 (and publicly released in 2000) did collect data which enable casual contract employees to be identified. Individual-level data from this collection, the *Forms of Employment Survey* (FOES), were analysed in this paper. This analysis, combined with an examination of institutional arrangements, showed that the circumstances of casual contract employees (and probably their preferences for different types of employment) are diverse. This chapter summarises the findings and discusses the resulting implications.

5.1 Differences among casual contract employees

This paper showed that casual contract employees are diverse in at least three areas:

- institutional arrangements;
- personal characteristics; and
- employment characteristics.

Institutional arrangements

Casual employment contracts are not restricted to people whose work is casual in the sense of being occasional, irregular or short term (Murtough and Waite 2000). As a result, the courts, industrial tribunals and legislators tend to distinguish between two types of casual contract employees:

- irregular or “true” casuals; and
- “permanent” casuals employed on a regular and systematic basis where the true nature of employment is ongoing.

While the term “permanent casual” is often used by industrial relations practitioners, it is somewhat misleading. Few, if any, jobs are permanent in the sense that they last forever or never change. For this reason, the term “ongoing casual” was used in this paper to refer to casual contract employees whose job was regular, systematic, and ongoing.

Ongoing casuals are increasingly gaining access to entitlements associated with ongoing employment, such as unfair dismissal protection and parental leave, in recognition of the fact that the true nature of their employment is ongoing. It is estimated that 35 per cent of casual contract employees were ongoing casuals in August 1998. Thus, around a third of casual contract employees had entitlements which differed markedly from the stereotype of a casual contract employee with few, if any, entitlements. It should also be noted that awards and enterprise agreements typically require employers to pay a loading to all their casual contract employees in lieu of leave entitlements.

Personal characteristics

It was found that casual contract employees were more likely than ongoing contract employees to be young, female, and full-time dependent students. Nevertheless, there was a sizeable minority (27 per cent) of casual contract employees who were aged over 24 and had dependants. Thus, there seem to be at least two distinct groups within casual contract employees, namely young students and older people with dependants. This reinforces the point that casual contract employees are diverse and so it is difficult to generalise about their circumstances. Given that there are marked differences in personal characteristics among casual contract employees, it is likely that particular job traits will have different welfare impacts across this group.

Employment characteristics

Casual contract employment is often associated with characteristics which are thought to have adverse welfare effects. However, the analysis presented in this paper suggests that some of these characteristics do not typify casual contract employment. For example, 95 per cent of casual contract employees in August 1998 had an implicit contract for ongoing employment, only 4 per cent had a job which their employer had indicated was short term, and many casual contract employees perceived that they were able to progress to an ongoing contract job. Other work arrangements were more diverse. In August 1998, 62 per cent of casual contract employees had variable earnings (excluding overtime), 40 per cent wanted to work more hours (53 per cent were satisfied with their hours), and only 13 per cent of those working in the private sector were union members.

5.2 Implications

The results of this paper indicate that the circumstances of casual contract employees vary markedly and in some circumstances do not differ significantly from ongoing employment. This confirms the often-quoted observation made in a High Court case in the 1930s:

In Australian domestic law, the expressions “casual employee” and “casual employment” are expressions with no fixed meaning (McTierman J, *Doyle v Sydney Steel Ltd 1936*).

Hence, whether an employee has a casual contract provides little information about their welfare. Like the courts and industrial tribunals, labour market analysts need to “see through” employment contracts and instead focus on the actual circumstances of employees. Where the concern is about so-called “precarious” employment, analysts need to identify such employment on the basis of work arrangements rather than the type of employment contract.

APPENDIX

A Details of econometric analysis

Data on individual respondents to the August 1998 *Forms of Employment Survey* (FOES) were used in the econometric analysis for this study. These data were prepared by the ABS as a confidentialised unit record file (CURF). The analysis focused on those individuals who had either an ongoing or casual employment contract. Among casual contract employees, a distinction was made between true and ongoing casuels. Table 4.1 specifies the definitions used to identify ongoing contract employees, true casuels and ongoing casuels.

The sample of workers analysed comprised 20 893 individuals, of whom 15 742 were ongoing contract employees, 1 799 were ongoing casuels, and 3 352 were true casuels. Sample weights supplied by the ABS were used to generate population estimates. Table A.1 presents a summary of the population estimates by full/part-time status.

Table A.1 **Population estimates from the August 1998 Forms of Employment Survey**

	<i>Ongoing contract</i>	<i>Casual contract</i>		
		<i>Ongoing casuels</i>	<i>True casuels</i>	<i>All casuels</i>
	'000	'000	'000	'000
Full-time	3 459.7	111.5	187.6	299.1
Part-time	1 234.7	412.6	775.2	1 187.8
Total	4 694.4	524.1	962.8	1 486.9

Source: PC estimates based on ABS (unpublished data from the Forms of Employment Survey).

There are a number of limitations with the FOES data. First, no data were collected about educational attainment. The ABS only collected information on whether people aged 15-24 years were attending school or a tertiary educational institution full-time. Second, the sample was restricted to employed persons who worked for monetary reward. This is unlikely to be a major problem, given that *Labour Force Survey* data show that less than 1 per cent of employed persons in August 1998 were contributing family workers. In any case, few of these of people would have had a formal ongoing or casual employment contract.

Two types of models were used in the econometric analysis: probit and grouped regression models. These are discussed in the following two sections of this appendix.

A.1 Probit models

Probit models were used to investigate how the probability of being in a certain form of employment varied according to individual characteristics (see box A.1 for a technical discussion of probit models). In particular, models were estimated for the:

- probability of having a casual employment contract; and
- probability of being a true casual, given that had a casual employment contract.

Box A.1 Probit models

It is inappropriate to use the standard regression technique of ordinary least squares (OLS) when the variable being modelled can only equal zero or one (termed a binary dependent variable) and the probability of that variable being one is the issue of interest. This is because the underlying assumptions of OLS would be violated and the predicted probability of the dependent variable being equal to one could be negative or more than 100 per cent.

In the probit model, the probability of the (binary) dependent variable being equal to one is specified as being a function of a cumulative standard normal distribution:

$$P(y_i = 1 | x_i) = \Phi(x_i\beta) = \int_{-\infty}^{x_i\beta} \frac{1}{\sqrt{2\pi}} e^{-\frac{t^2}{2}} dt$$

where y_i is the value of the (binary) dependent variable for the i th observation; x_i is a vector of characteristics for the i th observation; $P(y_i = 1 | x_i)$ is the probability that $y_i = 1$, given x_i ; β is a vector of parameters; $\Phi(x_i\beta)$ is the cumulative standard normal distribution of $(x_i\beta)$; and t is a standardised normal variable (mean of zero and variance of one). This formulation ensures that the predicted probability cannot be less than zero or more than one. The parameters are estimated using the technique of maximum likelihood.

The parameter associated with the j th characteristic (β_j) shows how the probit index ($x\beta$) would change if there was a unit increase in the j th characteristic. This can be difficult to interpret in practice because it is expressed in the normal quantile metric. A common approach is to translate the results into how each characteristic affects the probability ($\Phi(x\beta)$) for a given set of other characteristics.

Sources: Gujarati (1988); Long (1997); Stata Corporation (1999).

The impact of each individual characteristic was evaluated at the predicted probability and the results were expressed as the change in probability compared to a reference group. The reference groups used for each characteristic are specified in table A.2. No particular significance should be attached to these groups. They merely provide a reference point for presenting the model results and so do not change the conclusions about who is more likely to have a casual employment contract or be a true casual.

Table A.2 Reference groups for probit models

<i>Individual characteristics</i>	<i>Reference groups</i>
Age:	15-19 years
Sex:	Male
Birthplace:	Australia
Location:	New South Wales State capital city
Relationship in household:	Married with dependents
Educational attendance:	Not attending school if aged 15-19 years Not attending a tertiary educational institution full-time if aged 15-24 years
Duration of main job:	Five years or more
Weekly earnings in main job (\$):	Less than \$200
Occupation of main job:	Manager or administrator
Industry of main job:	Manufacturing
Other characteristics:	Not a union member Main job does not involve being a part-time employee, having a fixed-term contract, or being paid by an employment agency Did not search for permanent employment in the three months prior to the survey

To confirm the observations made in the descriptive analysis in chapter 4, sub-models were first estimated using just age, industry or occupation in the model specification. The results are shown in tables A.3 to A.5. The second column of table A.3 shows that people aged 45-49 were 25.8 percentage points less likely to have a casual employment contract than the reference group (people aged 15-19 years). Indeed, all age groups shown in the table were less likely to be casual contract employees than people aged 15-19 years.

The second last column in table A.3 shows that people aged 30-59 were less likely than people aged 15-19 to be true casuals, given that they had a casual employment

contract. The discrete effects for other age groups were not statistically significant at the 10 per cent level (indicated by a value for $P > |z|$ of more than 0.10). In other words, there was a greater than 10 per cent chance that the relevant age group had an impact which was no different from the reference group (15 to 19 year olds). For example, people aged 20-24 had a discrete effect of 2.5 percentage points but there was a 28.4 per cent chance ($P > |z|$ is 0.284) that this was not statistically different from zero (and hence the probability was the same as for 15-19 year olds).

Table A.3 Impact of age on the probability of having a casual contract and being a true casual, August 1998^a
(Probit model estimates)

<i>Individual characteristic^b</i>	<i>Had a casual contract</i>		<i>Was a true casual</i>	
	<i>Discrete effect^c</i>	<i>P > z </i>	<i>Discrete effect^c</i>	<i>P > z </i>
Age				
20 – 24	–0.208*	0.000	0.025	0.284
25 – 29	–0.266*	0.000	–0.045	0.101
30 – 34	–0.254*	0.000	–0.072*	0.009
35 – 39	–0.255*	0.000	–0.050*	0.064
40 – 44	–0.256*	0.000	–0.048*	0.083
45 – 49	–0.258*	0.000	–0.073*	0.017
50 – 54	–0.252*	0.000	–0.118*	0.001
55 – 59	–0.230*	0.000	–0.087*	0.038
60 – 64	–0.209*	0.000	–0.084	0.122
over 64	–0.103*	0.004	–0.186*	0.013
Number of observations	20 893		5 151	
Observed probability	0.241		0.648	
Predicted probability	0.229		0.648	
Prob > χ^2	0.000		0.000	
Pseudo R ²	0.085		0.006	

^a The sample for the “casual contract” model was people who were either ongoing or casual contract employees. Workers were treated as having a casual employment contract if the ABS classified them as self-identified casuals. The sample for the “true casual” model was casual contract employees. Workers were treated as being true casuals if their earnings varied and/or they expected to leave their job for reasons initiated by their employer. Data were weighted using ABS sample weights. ^b The reference group is 15-19 year olds. ^c Change in probability when the relevant individual characteristic goes from being false to being true, given that all other characteristics are held at their mean. * indicates statistically significant at 10 per cent level.

The results in table A.4 are broadly consistent with the observation made in chapter 4 that casual contract employees are more likely to work in a low skill occupation. For example, Labourers and related workers were 67.2 percentage points more likely to be casual contract employees than Managers and administrators. The second last column of table A.4 indicates that there was no statistically significant difference between true and ongoing casuals based on occupation.

Table A.4 Impact of occupation on the probability of having a casual contract and being a true casual, August 1998^a
(Probit model estimates)

<i>Individual characteristic^b</i>	<i>Had a casual contract</i>		<i>Was a true casual</i>	
	<i>Discrete effect^c</i>	<i>P> z </i>	<i>Discrete effect^c</i>	<i>P> z </i>
Occupation of main job				
Professionals	0.313*	0.000	0.035	0.785
Associate Professionals	0.250*	0.000	-0.122	0.375
Tradespersons and related workers	0.319*	0.000	-0.096	0.473
Advanced clerical and service workers	0.398*	0.000	-0.128	0.357
Intermediate clerical, sales and service workers	0.503*	0.000	-0.046	0.720
Intermediate production and transport workers	0.474*	0.000	-0.057	0.668
Elementary clerical, sales and service workers	0.715*	0.000	-0.049	0.703
Labourers and related workers	0.672*	0.000	-0.060	0.642
Number of observations	20 893		5 151	
Observed probability	0.241		0.648	
Predicted probability	0.212		0.648	
Prob > χ^2	0.000		0.009	
Pseudo R ²	0.117		0.004	

^a The sample for the “casual contract” model was people who were either ongoing or casual contract employees. Workers were treated as having a casual employment contract if the ABS classified them as self-identified casuals. The sample for the “true casual” model was casual contract employees. Workers were treated as being true casuals if their earnings varied and/or they expected to leave their job for reasons initiated by their employer. Data were weighted using ABS sample weights. ^b The reference group is Managers and administrators. ^c Change in probability when the relevant individual characteristic goes from being false to being true, given that all other characteristics are held at their mean. * indicates statistically significant at 10 per cent level.

Table A.5 shows that people working in Agriculture, forestry and fishing; Retail trade; Accommodation, cafes and restaurants; or Cultural and recreational services were more than 30 percentage points more likely to have a casual employment contract than those who worked in Manufacturing. Conversely, casual employment contracts were relatively uncommon in Mining; Electricity, gas and water; Communication services; Finance and insurance; and Government administration and defence. The second last column of table A.5 shows that casual contract employees working in Agriculture, forestry and fishing or Mining were more than 20 percentage points more likely to be true casuals than those who worked in Manufacturing.

Table A.5 Impact of industry on the probability of having a casual contract and being a true casual, August 1998^a

(Probit model estimates)

<i>Individual characteristic^b</i>	<i>Had a casual contract</i>		<i>Was a true casual</i>	
	<i>Discrete effect^c</i>	<i>P> z </i>	<i>Discrete effect^c</i>	<i>P> z </i>
Industry of main job				
Agriculture, forestry and fishing	0.465*	0.000	0.223*	0.000
Mining	-0.095*	0.008	0.266*	0.031
Electricity, gas and water	-0.152*	0.000	-0.008*	0.967
Construction	0.098*	0.000	0.156*	0.000
Wholesale trade	0.018	0.279	0.073*	0.088
Retail trade	0.372*	0.000	0.111*	0.000
Accommodation, cafes and restaurants	0.507*	0.000	0.174*	0.000
Transport and storage	0.044*	0.020	0.194*	0.000
Communication services	-0.075*	0.004	0.104	0.243
Finance and insurance	-0.123*	0.000	-0.025	0.750
Property and business services	0.141*	0.000	0.134*	0.000
Government administration and defence	-0.064*	0.000	0.082	0.145
Education	0.088*	0.000	0.116*	0.001
Health and community services	0.104*	0.000	0.119*	0.000
Cultural and recreational services	0.338*	0.000	0.147*	0.000
Personal and other services	0.113*	0.000	0.074*	0.099
Number of observations	20 893		5 151	
Observed probability	0.241		0.648	
Predicted probability	0.215		0.649	
Prob > χ^2	0.000		0.000	
Pseudo R ²	0.117		0.013	

^a The sample for the “casual contract” model was people who were either ongoing or casual contract employees. Workers were treated as having a casual employment contract if the ABS classified them as self-identified casuals. The sample for the “true casual” model was casual contract employees. Workers were treated as being true casuals if their earnings varied and/or they expected to leave their job for reasons initiated by their employer. Data were weighted using ABS sample weights. ^b The reference group is manufacturing. ^c Change in probability when the relevant individual characteristic goes from being false to being true, given that all other characteristics are held at their mean. * indicates statistically significant at 10 per cent level.

Table A.6 gives the probit model results using the full list of individual characteristics. The second column shows the discrete effects for the probability of having a casual employment contract. This model did not fit the data particularly well, as is evident from the large gap between the observed probability (24.1 per cent) and the predicted probability (15.5 per cent). Nevertheless, the χ^2 test indicates that the variables were jointly significant and the pseudo R² was 0.558.

The second column of table A.6 shows that, holding all other characteristics constant, having a casual contract became more likely as people became older. At the extreme, people aged over 64 years were 47.4 percentage points more likely to have a casual employment contract than those aged 15-19. These results seem

curious, given that a large proportion (41 per cent) of casual contract employees were aged less than 25 years. Interpreted literally, the probit model estimates indicate that the observed inverse correlation between age and the likelihood of being a casual contract employee is not due to age but rather other characteristics. However, the age related probit results in the first column of table A.6 should probably be treated with caution, given that the model does not fit the data particularly well.

The other discrete effects presented in the second column of table A.6 seem more plausible. In particular, they show that having a casual employment contract was more likely if a person had the following characteristics:

- female;
- resided outside a State capital city or in the states of Queensland, South Australia or Tasmania;
- dependent student;
- attended an educational institution full-time;
- job duration less than 3 years;
- low earnings;
- low skill occupation;
- industry was Agriculture, forestry and fishing; Construction; Accommodation, cafes and restaurants; Transport and storage; Education; or Cultural and recreational services;
- born in Australia;
- not a union member;
- worked part-time in main job;
- paid by an employment agency;
- had searched for permanent employment in the 3 months prior to the survey.

The second last column of table A.6 shows how the probability of being a true casual (given that had a casual employment contract) varied with individual characteristics. This model performed better in terms of having a predicted probability (65.5 per cent) which was close to the observed probability (64.8 per cent). However, many of the individual characteristics were not statistically significant. The characteristics that did have a statistically impact at the 10 per cent level were:

Table A.6 Impact of individual characteristics on the probability of having a casual contract and being a true casual, August 1998^a
(Probit model estimates)

<i>Individual characteristics^b</i>	<i>Had a casual contract</i>		<i>Was a true casual</i>	
	<i>Discrete effect^c</i>	<i>P> z </i>	<i>Discrete effect^c</i>	<i>P> z </i>
Age				
20 – 24	0.106*	0.000	0.010	0.801
25 – 29	0.111*	0.000	-0.036	0.421
30 – 34	0.154*	0.000	-0.048	0.297
35 – 39	0.149*	0.000	-0.028	0.557
40 – 44	0.173*	0.000	-0.033	0.494
45 – 49	0.170*	0.000	-0.059	0.236
50 – 54	0.189*	0.000	-0.112*	0.036
55 – 59	0.214*	0.000	-0.085	0.155
60 – 64	0.314*	0.000	-0.085	0.221
over 64	0.474*	0.000	-0.153*	0.076
Sex				
Female	0.051*	0.000	0.022	0.222
Location				
VIC	-0.053*	0.000	0.012	0.591
QLD	0.018*	0.077	0.035	0.102
SA	0.054*	0.000	0.026	0.282
WA	-0.063*	0.000	0.009	0.727
TAS	0.029*	0.063	-0.003	0.923
NT or ACT	-0.038*	0.009	0.038	0.220
Does not reside in State capital city	0.026*	0.002	0.011	0.523
Relationship in household				
Married with no dependents	-0.039*	0.000	0.044*	0.080
Lone parent with dependents	-0.046*	0.006	0.005	0.891
Lone parent without dependents	-0.011	0.736	0.136*	0.071
Dependent student	0.194*	0.000	0.066*	0.099
Non-dependent child	-0.015	0.323	0.025	0.432
Other	-0.015	0.142	0.044*	0.071
Educational attendance				
Attending school & aged 15-19 years	0.189*	0.000	0.005	0.930
Attending a tertiary educational institution full-time & aged 15-24 years	0.141*	0.003	-0.003	0.958
Duration of main job				
Less than one year	0.283*	0.000	0.025	0.304
One to less than two years	0.178*	0.000	0.028	0.307
Two to less than three years	0.120*	0.000	-0.011	0.722
Three to less than five years	0.086*	0.000	-0.008	0.776
Weekly earnings in main job (\$)				
200 to less than 400	-0.137*	0.000	0.008	0.703
400 to less than 600	-0.211*	0.000	0.022	0.389
600 to less than 800	-0.194*	0.000	-0.050	0.211
800 to less than 1000	-0.173*	0.000	0.081	0.180
1000 or more	-0.170*	0.000	0.041	0.212

(Continued on next page)

Table A.6 (Continued)

<i>Individual characteristics^b</i>	<i>Has a casual contract</i>		<i>Is a true casual</i>	
	<i>Discrete effect^c</i>	<i>P> z </i>	<i>Discrete effect^c</i>	<i>P> z </i>
Occupation of main job				
Professionals	0.195*	0.000	0.071	0.544
Associate Professionals	0.097*	0.015	-0.138	0.291
Tradespersons and related workers	0.223*	0.000	-0.105	0.407
Advanced clerical and service workers	0.177*	0.000	-0.102	0.436
Intermediate clerical, sales and service workers	0.208*	0.000	-0.064	0.598
Intermediate production and transport workers	0.334*	0.000	-0.080	0.522
Elementary clerical, sales and service workers	0.381*	0.000	-0.051	0.676
Labourers and related workers	0.349*	0.000	-0.092	0.449
Industry of main job				
Agriculture, forestry and fishing	0.305*	0.000	0.232*	0.000
Mining	-0.099*	0.026	0.256*	0.038
Electricity, gas and water	-0.071*	0.090	-0.047	0.816
Construction	0.085*	0.000	0.164*	0.000
Wholesale trade	-0.033*	0.045	0.060	0.178
Retail trade	0.011	0.453	0.043	0.189
Accommodation, cafes and restaurants	0.262*	0.000	0.148*	0.000
Transport and storage	0.036*	0.082	0.191*	0.000
Communication services	-0.097*	0.000	0.075	0.407
Finance and insurance	-0.117*	0.000	-0.033	0.695
Property and business services	-0.014	0.366	0.109*	0.002
Government administration and defence	-0.079*	0.000	0.057	0.337
Education	0.035*	0.060	0.036	0.419
Health and community services	-0.033*	0.025	0.080*	0.029
Cultural and recreational services	0.125*	0.000	0.117*	0.008
Personal and other services	-0.028	0.152	0.056	0.234
Birthplace				
Born overseas in an English speaking country	-0.021*	0.071	0.007	0.781
Born overseas in a non-English speaking country	-0.020*	0.060	-0.095*	0.000
Other characteristics				
Union member	-0.117*	0.000	0.108*	0.000
Part-time employee in main job	0.211*	0.000	0.030	0.214
Fixed-term contract	na	na	-0.025	0.552
Paid by an employment agency	0.641*	0.000	-0.004	0.932
Searching for permanent employment	0.882*	0.000	0.123*	0.000
<hr/>				
Number of observations	20 893		5 151	
Observed probability	0.241		0.648	
Predicted probability	0.155		0.655	
Prob > χ^2	0.000		0.000	
Pseudo R ²	0.558		0.047	

^a The sample for the “casual contract” model was people who were either ongoing or casual contract employees. Workers were treated as having a casual employment contract if the ABS classified them as self-identified casuals. The sample for the “true casual” model was casual contract employees. Workers were treated as being true casuals if their earnings varied and/or they expected to leave their job for reasons initiated by their employer. Data were weighted using ABS sample weights. ^b The reference groups are specified in table A.2. ^c Change in probability when the relevant individual characteristic goes from being false to being true, given that all other characteristics are held at their mean. * indicates statistically significant at 10 per cent level. **na** Not available.

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- **Age:** Casual contract employees aged 50-54 and over 64 were less likely to be true casuals than other casual contract employees.
 - **Relationship in household:** Casual contract employees were more likely to be true casuals if they were dependent students or had no dependents (compared to married people with dependents, being a true casual was more likely for those who were married with no dependents, lone parents without dependents, or other persons).
 - **Industry:** Compared to casual contract employees who worked in Manufacturing, being a true casual was more likely for those working in Agriculture, forestry and fishing; Mining; Construction; Accommodation, cafes and restaurants; Transport and storage; Property and business services; Health and community services; and Cultural and recreational services.
 - **Birthplace:** Casual contract employees were less likely to be true casuals if they were born overseas in a non-English speaking country.
 - **Union membership:** Casual contract employees were 10.8 percentage points more likely to be true casuals if they were union members.
 - **Seeking permanent employment:** Casual contract employees were 12.3 percentage points more likely to be true casuals if they had searched for permanent employment in the 3 months prior to the survey.

The correlation between union membership and being a true casual may seem odd at first. However, this result could be due to the preference of unions to limit casual contract employment to instances where the nature of work is truly casual (in the sense of being occasional, irregular or short term). As a result, ongoing casuals would be less prevalent in highly unionised workplaces.

A.2 Grouped regression models

Grouped regression models were estimated to investigate whether the type of employment contract affected earnings after controlling for variation in other individual characteristics. (see box A.2 for a discussion of grouped regression models).

A wage equation was estimated using a similar list of variables to that used in the probit models. However, a key difference was that the dependent variable (earnings) had twelve possible values, which corresponded to a series of ten \$100 intervals between \$0 and \$1 000 per week, a \$200 interval from \$1 000 to \$1 200 per week and an unbounded interval for wages over \$1 200 per week. This is why the estimation procedure for grouped regression models was used rather than a probit

model. Another difference was that a dummy variable was included in the specification to indicate the type of employment contract. A statistically significant coefficient on this variable would indicate that, after controlling other sources of worker heterogeneity, wages varied depending on the type of employment contract.

Approximately 5 per cent of individuals had wages reported as “could not be determined”. These individuals were excluded from the analysis.

Box A.2 Grouped regression models

Grouped regression models are used when the only information available about the dependent variable y is that it lies within a particular range defined by τ_j and τ_k :

$$y = \begin{cases} 1 & \text{if } y < \tau_1 \\ 2 & \text{if } \tau_1 \leq y < \tau_2 \\ \vdots & \vdots \\ J & \text{if } y \geq \tau_j \end{cases}$$

Such variables are often analysed by assigning the midpoint of each range to all observations in that range on an ad hoc basis and then estimating an OLS regression. However, this may result in inconsistent estimates, especially when unbounded variables are included in the estimation.

An alternative approach can be taken by treating such data as ordinal and estimating an ordered probit or logit model. These models operate by estimating the values of τ . However, when the cut off points are known, it is more efficient to use this information in the regression procedure. This is the approach used in grouped regression models. These models use a maximum likelihood estimator to produce estimated coefficients. For these coefficients to be reliable, errors are assumed to be normally distributed and homoscedastic. Estimation in the presence of a skewed distribution considerably reduces the accuracy of these estimates.

Sources: Long (1997); Stata Corporation (1999); Stewart (1983).

All variables identifying an individual’s characteristics were estimated as dummy variables. A number of dummy variables were omitted (to avoid multicollinearity problems of dummy variables summing to 1). These excluded groups are similar to the reference groups for the probit models and are listed in table A.7.

Table A.7 Omitted dummy variables for grouped regression models

<i>Individual characteristics</i>	<i>Dummy variables</i>
Age:	15-19 years
Sex:	Male
Birthplace:	Australia
Location:	New South Wales State capital city
Relationship in household:	Married with dependents
Educational attendance:	Not attending school if aged 15-19 years Not attending a tertiary educational institution full-time if aged 15-24 years
Employment contract	Has an ongoing contract
Duration of main job:	Five years or more
Hours worked in main job	Greater than 50 hours per week
Occupation of main job:	Manager or administrator
Industry of main job:	Manufacturing
Other characteristics:	Not a union member Main job does not involve being a part-time employee, having a fixed-term contract, or being paid by an employment agency Did not search for permanent employment in the three months prior to the survey

It must be stressed that no data were available on educational attainment. While other variables such as age, tenure in job, or occupation may be correlated with educational qualifications, it is possible that the model estimates are biased and inconsistent due to the omission of a key explanatory variable. This qualification must be kept in mind when considering these results.

To determine if the type of employment contract had a significant effect on wages, two wage equations were estimated. The first model included a variable identifying whether an individual had a casual employment contract. In the second model, dummy variables were used to identify true and ongoing casuals.

The results of these regressions are presented in table A.8. In the first model, the coefficient on the casual employment contract variable is negative and statistically significant. This suggests that having a casual contract results in lower earnings for otherwise identical employees. However, it must be stressed that it was not possible to control for education attainment and so the results may not be robust. It should also be noted that the negative coefficient is inconsistent with the requirement that

casual contract employees are paid a loading in lieu of leave requirements. This loading would increase wages for casual employees relative to ongoing workers doing the same job.

The results from the second model indicate that this observed wage effect for casual contract employees is not restricted to either true or ongoing casuals. In this model, the coefficients on the two dummy variables are both negative and significant. To test if there was a significant difference between true and ongoing casuals, a χ^2 test was undertaken. The results of this test showed that the effect on wages of being a true or ongoing casual was not significantly different (test statistic of 0.43; Prob $> \chi^2 = 0.5350$). This absence of a significant difference is also surprising when one considers the diverse nature of casual contract employment.

The two models were also estimated using only data for full-time employees. The results were broadly similar to those for the full sample.

While the results presented here provide preliminary evidence that the type of employment contract may have a negative effect on earnings, they need to be heavily qualified. In particular, the results may be affected by omitted variable bias due to the absence of a variable for educational attainment.

Table A.8 Wage equation results^a
(Grouped regression model estimates)

<i>Explanatory variables</i>	<i>Model 1</i>		<i>Model 2</i>	
	<i>Coefficient</i>	<i>P> z </i>	<i>Coefficient</i>	<i>P> z </i>
Employment Contract				
Casual employment contract	-61.226*	0.000	na	0.000
Ongoing casual	na	na	-63.177*	0.000
True casual	na	na	-59.933*	0.000
Age				
20 – 24	90.665*	0.000	90.658*	0.000
25 – 29	141.182*	0.000	141.239*	0.000
30 – 34	170.422*	0.000	170.484*	0.000
35 – 39	176.469*	0.000	176.516*	0.000
40 – 44	175.691*	0.000	175.741*	0.000
45 – 49	177.161*	0.000	177.227*	0.000
50 – 54	167.417*	0.000	167.512*	0.000
55 – 59	152.283*	0.000	152.364*	0.000
60 – 64	96.821*	0.000	96.891*	0.000
Over 64	16.562	0.419	16.772	0.413
Sex				
Female	-92.321*	0.000	-92.332*	0.000
Relationship in household				
Married with no dependents	6.757	0.148	6.729	0.150
Lone parent with dependents	-14.922*	0.059	-14.923*	0.059
Lone parent without dependents	-0.336	0.980	-0.403	0.977
Dependent student	-21.566*	0.027	-21.717*	0.026
Non-dependent child	-44.975*	0.000	-44.982*	0.000
Other	0.013	0.998	-0.013	0.998
Education				
Attending school & aged 15-19 years	76.883*	0.000	76.781*	0.000
Attending a tertiary educational institution	72.226*	0.000	72.224*	0.000
Full-time & aged 15-24 years				
Duration of main job				
Less than one year	-42.437*	0.000	-42.448*	0.000
One to less than two years	-39.517*	0.000	-39.533*	0.000
Two to less than three years	-41.264*	0.000	-41.238*	0.000
Three to less than five years	-31.181*	0.000	-31.159*	0.000
Weekly hours worked in main job				
1 to 9 hours	-399.410*	0.000	-3.890*	0.000
10 to 19 hours	-335.741*	0.000	-3.249*	0.000
20 to 29 hours	-235.338*	0.000	-2.241*	0.000
30 to 39 hours	-127.917*	0.000	-1.162*	0.000
40 to 49 hours	-70.548*	0.000	-0.613*	0.000

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Table A.8 (Continued)

<i>Explanatory variables</i>	<i>Model 1</i>		<i>Model 2</i>	
	<i>Coefficient</i>	<i>P> z </i>	<i>Coefficient</i>	<i>P> z </i>
Occupation				
Professionals	−89.330*	0.000	−89.362*	0.000
Associate Professionals	−180.264*	0.000	−180.224*	0.000
Tradespersons and related workers	−298.457*	0.000	−298.419*	0.000
Advanced clerical and service workers	−261.408*	0.000	−261.373*	0.000
Intermediate clerical, sales and service workers	−292.137*	0.000	−292.125*	0.000
Intermediate production and transport workers	−343.563*	0.000	−343.542*	0.000
Elementary clerical, sales and service workers	−320.855*	0.000	−320.849*	0.000
Labourers and related workers	−367.279*	0.000	−367.211*	0.000
Industry of main job				
Agriculture, forestry and fishing	−66.619*	0.000	−66.958*	0.000
Mining	257.999*	0.000	257.922*	0.000
Electricity, gas and water	57.841*	0.001	57.834*	0.001
Construction	42.368*	0.000	42.282*	0.000
Wholesale trade	−20.993*	0.005	−21.021*	0.005
Retail trade	−70.716*	0.000	−70.704*	0.000
Accommodation, cafes and restaurants	−64.721*	0.000	−64.893*	0.000
Transport and storage	37.959*	0.000	37.874*	0.000
Communication services	45.914*	0.000	45.901*	0.000
Finance and insurance	34.571*	0.000	34.565*	0.000
Property and business services	−2.741	0.707	−2.792	0.702
Government administration and defence	2.712	0.729	2.695	0.731
Education	−74.838*	0.000	−74.842*	0.000
Health and community services	−92.169*	0.000	−92.198*	0.000
Cultural and recreational services	−70.475*	0.000	−70.541*	0.000
Personal and other services	−53.431*	0.000	−53.439*	0.000
Birthplace				
Born overseas in an English speaking country	19.711*	0.000	19.708*	0.000
Born overseas in a non-English speaking country	−23.086*	0.000	−23.022*	0.000
Other characteristics				
Union member	35.477*	0.000	35.418*	0.000
Fixed-term contract	−15.744	0.410	−15.726	0.411
Paid by an employment agency	22.674*	0.075	22.779*	0.074
Searching for permanent employment	−9.045	0.150	−9.489	0.133
Number of observations ^b	19 616		19 616	
Prob > χ^2	0.000		0.000	

^a Workers were treated as having a casual employment contract if the ABS classified them as self-identified casuals. Workers were treated as being true casuals if their earnings varied and/or they expected to leave their job for reasons initiated by their employer. Data were weighted using ABS sample weights. ^b A total of 1 277 individuals were excluded from the regression because the ABS was not able to determine their earnings. The excluded individuals accounted for about 5 per cent each of ongoing and casual contract employees. * indicates statistically significant at 10 per cent level. **na** Not applicable.

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