

Senate Select Committee on Job Security

Job Security

Attorney-General's Department

Hearing date: 03 February 2022

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Ben Small asked the following question:

Senator SMALL: What is the proportion of staff employed as casuals by labour hire firms?

Ms Wettinger: The proportion of staff employed as casuals by labour hire firms is 85.9 per cent.

Senator SMALL: Has that figure changed substantially over time or is it relatively consistent?

Ms Wettinger: We can provide that on notice. Unfortunately, I only have the latest available data.

The response to the question is as follows:

Table 1 contains data on casual employees as a share of employees paid by labour hire firms over time. The data shows that this share has been broadly stable at around 85 per cent between 2014 and 2020, but with a temporary decline to 78.6 per cent in 2018.

Table 1: Casual employees paid by a labour hire firm, August 2014 to August 2020

Year	Casual employees paid by a labour hire firm (number)	Casuals as a proportion of all employees paid by a labour hire firm (%)
2014	95,500	84.5%
2016	103,600	86.9%
2018	99,400	78.6%
2020	96,700	85.9%

Source: ABS, *Characteristics of Employment, August 2020*.

Note: Casual employees is defined using the ABS definition of employees without paid leave entitlements. Labour hire data is released every two years. Earliest accessible data is for August 2014.

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Ben Small asked the following question:

CHAIR: I just want to go back to some matters that were being dealt with by Ms Wettinger. On this question of the statistics that are used, and you've calculated those statistics you gave to Senator Small—you can take this on notice, mindful that we've got a very short time frame—could you send over where those calculations are drawn from? That is critically important, and the reason, I'll explain, is that—and correct me if I'm wrong, of course; if you've got a different view from this—there are statistics where people who are labour hire are self-reporting, and there's been substantial evidence from various academics and from ABS itself to say that those statistics are unreliable. So I just want to know what you've based those calculations on. If you can send that to us on notice, that'd be fine—what those calculations were drawn from. That would be helpful.

One of those examples was about the difference in pay between direct hire casuals and labour hire by labour hire companies. Could you break it down into professionals, different employment categories, different areas of ABS stats about different classifications or classes of people?

Ms Wettinger: I believe we can, but I'd need to take the specifics on notice. Do you just want to know whether we can or would you like to actually see—

CHAIR: I would like the information, thank you.

Ms Wettinger: Yes, we'll take that on notice.

The response to the question is as follows:

The response to Senator Small's question was as follows: the average hourly earnings for casual employees paid by a labour hire firm is \$40.20, which is 13.2 per cent higher than the average hourly earnings for casual employees not paid by a labour hire firm (\$35.50). Table 1 disaggregates the data provided in response to Senator Small's question by industry. As data is disaggregated, there are fewer observations; and the data becomes less reliable the fewer the observations. A number of the results in Table 2 have not been provided ("N/A") due to data limitations resulting in high standard errors. For the same reason, the disaggregated data in the table should be interpreted with caution.

The statistics on median weekly earnings for employees in the Mining industry by labour hire status (Table 2) is not able to be further disaggregated within the Mining industry due to data limitations.

The source of the information provided in Tables 2 and 3 is the ABS, *Characteristics of Employment, August 2021*, unpublished TableBuilder.

Table 1: Average hourly earnings for casual employees by labour hire status disaggregated by industry, August 2020

Industry	Casual employees		
	Direct-hire employees	Employees paid by a labour hire firm	All employees
Agriculture, Forestry and Fishing	27.60	N/A	27.50
Mining	50.80	47.70	51.90
Manufacturing	32.30	32.00	32.50
Electricity, Gas, Water and Waste Services	29.50	N/A	39.80
Construction	43.30	31.70	43.70
Wholesale Trade	33.10	30.50	33.40
Retail Trade	28.50	24.60	28.50
Accommodation and Food Services	28.10	N/A	28.10
Transport, Postal and Warehousing	35.20	30.90	34.70
Information Media and Telecommunications	57.70	N/A	57.00
Financial and Insurance Services	47.40	N/A	51.00
Rental, Hiring and Real Estate Services	39.00	N/A	38.30
Professional, Scientific and Technical Services	42.70	36.60	42.70
Administrative and Support Services	31.90	29.30	31.90
Public Administration and Safety	43.30	48.60	44.10
Education and Training	49.50	31.50	49.20
Health Care and Social Assistance	40.80	N/A	40.90
Arts and Recreation Services	36.20	38.10	36.00
Other Services	32.20	N/A	32.20
All employees	35.50	40.20	35.70

Source: ABS, *Characteristics of Employment, August 2021*, unpublished TableBuilder.

Notes: Casual employees is defined using the ABS definition of employees without paid leave entitlements. Direct-hire employees is defined as employees that are **not** paid by a labour hire firm.

Table 2: Median weekly earnings for employees in the Mining industry by labour hire status, August 2020

	Mining industry		
	Direct hire employees	Employees paid by a labour hire firm	All employees
Median weekly earnings	\$2,301.00	\$2,618.40	\$2,349.00^

Sources: ABS, *Characteristics of Employment, August 2021*, unpublished Tablebuilder; ^ABS, *Characteristics of Employment, August 2020*, published data.

Notes: Direct-hire employees is defined as employees that are **not** paid by a labour hire firm.

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Tony Sheldon asked the following question:

CHAIR: I appreciate you're deferring to the ABS. I'm saying you have an option on how you define labour hire, and what I want an answer on not from the ABS but from the department is: why are you using ABS statistics that have two ways of explaining labour hire? One, the employer reporting, has labour hire substantially growing, and the other, the individual reporting—which is the system you use, as I understand from what you've just said to me—has it holding steady. The ABS has said that is not an accurate way of describing labour hire. What I'm putting to the department is: why are you doing that when the ABS itself is saying it's not the most accurate way of describing labour hire in the industry?

Ms Mathews: I say again that the ABS has said to this committee that the best source of information on labour hire is the Characteristics of employment supplement, and that's what we're using.

CHAIR: It's got to be yes/no, because that's not the evidence we've received in this inquiry. I'll ask you to take it on notice and give further consideration to what I've put to you.

The response to the question is as follows:

The ABS has confirmed that the best source of information on labour hire as a working arrangement is the *Characteristics of Employment* publication, as noted in their answers to written questions on notice from Senator Sheldon as follows:

- “The best source of information on labour hire as a working arrangement in Australia is the annual *Characteristics of Employment* supplement. This provides information on whether employees were registered with a labour hire firm or an employment agency, and also whether they were paid by a labour hire firm or an employment agency.” (Select Committee on Job Security, Answers to Questions on Notice, ABS – Answers to written questions on notice from Senator Sheldon, 22 November 2021, https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Job_Security/JobSecurity/Additional_Documents?docType=Answer%20to%20Question%20on%20Notice).

The department's use of labour hire data from ABS collections is consistent with ABS reporting on this form of work, and consistent with guidance and advice from the ABS. The only published ABS data on labour hire statistics is sourced from the ABS *Characteristics of Employment* publication in its *Working Arrangements* publication. On its website, the ABS reports:

- “In August 2020, 3% of employees reported being registered with a labour hire firm or employment agency. Of these, 30% reported they were paid by a labour hire firm or employment agency.” - <https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/working-arrangements/latest-release#labour-hire>

This is consistent with the analysis provided in the department's submission which shows that in August 2020, 1.1 per cent of employees (or around 30 per cent of the 3 per cent) were paid by a labour hire firm.

In relation to the ABS *Labour Account* publication that Senator Sheldon referred to, the department understands it does not contain information on specific forms of employment (such as labour hire, independent contractors, or fixed-term contractors). The department understands that this publication provides information on people employed in broad industry categories such as the Administrative and support services. Labour hire workers could be identified in this classification but it would also include a number of other industries such as travel agencies and tour arrangement services, gardening services, and building pest control services. It would also include people working in a range of other roles, such as finance and human resource professionals, within labour hire businesses.

The department is aware that the ABS *Jobs in Australia* publication provides more detailed information at an industry level for jobs that have occurred in a financial year. In this case, the number of jobs is higher than the number of workers because a person can have multiple jobs over the course of a year (e.g. leaving a job for a new job) and/or hold multiple jobs concurrently. It will also be higher than the number of workers at a single point of time in the year which is what the ABS *Characteristics of Employment* measures.

The department also understands that the ABS is exploring the best means to publicly clarify the different statistical roles of the information contained in the three ABS publications mentioned above.