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Contributed Article

A New Estimate of Casual Employment?

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Researchers at the Productivity Commission have challenged the standard ABS estimates of casual employment in Australia. Using information drawn from the recent Forms of Employment Survey, they propose a new, drastically-reduced estimate of the number of casual employees. They argue that the standard category of 'casual' is too broad and confusing and that it is necessary to exclude various groups of workers that cannot be regarded as 'true' casual employees. We contend that, apart from the argument for excluding owner-managers of incorporated enterprises, there is no justification for the downward revision. The new estimate does not succeed in undermining the results of previous research. Casualisation, based on high and growing levels of casual density, continues to demand attention from both researchers and policy-makers.

Introduction

According to data from the Australian Bureau of Statistics (ABS), there is both a high level and a rapid trend of growth in casual employment in Australia. The number of employees who were classified by the ABS as 'casual' (in their main job) tripled in the period from 1982 to 2000, rising from just below 700,000 to around 2.1 million. What can be called 'casual density' (ie casual employees as a proportion of all employees) increased over the same period from around 13.3 per cent to 27.3 per cent (Figure 1).

These standard ABS estimates point to a significant phenomenon of casualisation, which has understandably attracted the attention of many researchers. As early as 1993, one study described casualisation as 'arguably... the most dramatic development in the labour market in recent times' (Dawkins and Simpson 1993, 30). After the pioneering studies of the early 1990s (eg Dawkins and Norris 1990, Burgess 1991, Romeyn 1992), intensive research into casual employment and casualisation gathered pace in the second half of the decade.
There is now a rich body of research in this area, focused on the challenge of describing, explaining and evaluating casual employment and casualisation. One subsidiary element in the discussion concerns the value of varied estimates of the number of casual employees, including in particular the standard ABS estimates (Campbell 2000, 93-96). This element has recently acquired heightened prominence as a result of the release of a Staff Research Paper from the Productivity Commission, entitled 'The Growth of Non-Traditional Employment: Are Jobs Becoming More Precarious?' (Murtaugh and Waite 2000a, Murtaugh and Waite 2000b). The paper contains a series of bold assertions which purport to recast much of the existing debate on casual employment and casualisation. Murtaugh and Waite claim to identify ‘significant measurement problems’ associated with the standard ABS labour statistics (2000a, v). Their central assertion is that the standard ABS estimate ‘overstates the number of employees whose work is casual’ (2000a, 17). Drawing on and re-ordering data from the recent ABS Forms of Employment Survey (FOES), they offer a drastically-reduced, alternative, estimate. In contrast to the standard ABS estimate of 1.946 million casual employees in August 1998, they suggest that less than half (0.948 million) should be counted as casual (2000a, 17). This in turn leads to a drastically-reduced
estimate of the significance of casual employment. As a share of all employed
persons, they suggest casual employees in August 1998 represent only 11.3 per
cent of the workforce rather than 23.2 per cent (2000a: 17).

Murtaugh and Waite’s new estimate draws implicitly on a new conceptual­
isation of ‘casual’. In effect, they seek to narrow the ABS category, by
confining it to a group of what they call ‘true’ casual workers. Their paper
revolves around the question: ‘Would the true casual workers please stand
up?’ Conceptualisation and measurement are important aspects of labour
market research, and discussion of these issues should be encouraged.
However, in our judgment Murtaugh and Waite’s paper is more likely to retard
than to advance debate. The paper is remarkably cavalier in the way it cites
existing literature, develops arguments, and deploys evidence. The central part
seems narrowly focused on producing a deflated estimate of the number of
casual employees, and it slips and slides around all obstacles in its eagerness
to reach this result. Though the analysis leading to the alternative estimate
incorporates at least one reasonable (and familiar) point, the overall argument
is strained and unconvincing, and the alternative estimate itself is arbitrary.
Nor is the underlying concept of a ‘true’ casual worker compelling. It
pivots on
an argument that it is necessary to exclude several groups of workers from the
existing category of casual. The largest group singled out for expulsion is
usually referred to as ‘long-term’ casual employees. This is precisely the group
whose conditions of employment have recently become the subject of intense
policy debate in Australia, to the apparent discomfort of some neo-liberal
policy makers (Reith 1999a, 2000). Murtaugh and Waite suggest that this
group can be safely excluded because their circumstances ‘can be difficult to
distinguish from so-called permanent employees’ (2000a, 13). This
controversial argument, as we suggest below, is not supported by the evidence
and is unconvincing.

Murtaugh and Waite’s paper – released under the auspices of the powerful
Productivity Commission – threatens to be influential. In our opinion, it
threatens to impede current research into casual employment and casualisa­
tion in Australia. It is necessary for researchers carefully to review and assess
their arguments.

This article concentrates on the centrepiece of Murtaugh and Waite’s argument
– the alternative estimate of the number of casual employees in Australia and
the alternative category of ‘true casual’ on which the estimate is partly
founded. Just as their discussion is couched at a technical level, so too is our
critique. We begin with a review of the standard ABS estimates and the
analysis in the research literature of their limitations (and alternatives). After
this review, we consider in turn the two main questions arising out of
Murtaugh and Waite’s paper: a) What is the value of their new estimate? and
b) What is the appropriate concept of casual employee? The critique is then summarised, and the discussion is pushed forward through our own suggestions for slightly revised estimates of casual density and casualisation.

The standard ABS estimates

The standard ABS estimates of casual employment are derived from a supplementary survey that is attached once each year (usually in August) to the monthly Labour Force Survey (LFS). The LFS aims at a cross-sectional classification of the labour force status of the civilian Australian population aged 15 and over according to their activity during a designated reference week. It is based on a sample of around 30,000 dwellings, designed so as to provide reliable estimates for the whole of Australia.

The LFS classification scheme centres on a category of ‘employed persons’, which can be roughly defined as encompassing all persons who worked for some sort of remuneration for at least one hour in the designated reference week. Within the category of employed persons, ‘employees’ are distinguished from ‘employers’, ‘own-account workers’ and ‘contributing family workers’ according to the characteristics of their (main) job. An employee is defined as ‘a person who works for a public or private employer and receives remuneration in wages, salary, commission, tips, piece-rates or pay in kind, or in their own business, either with or without employees, if that business was incorporated’ (ABS Cat. No. 6203.0, August 1995). In its supplementary survey in August, the ABS presents additional questions aimed at distinguishing between ‘casual’ and ‘permanent’ employees. ‘Casual employees in main job’ are defined as ‘employees who were entitled to neither paid holiday leave nor sick leave’, whereas ‘permanent employees in main job’ are those entitled to either benefit (eg ABS Cat. No. 6310.0, August 1999). Employees are allocated to these categories according to their responses to the questions in the supplementary survey about employer provision (in their main job) of paid holiday leave and of paid sick leave. Using this definition, the ABS has each year since 1988 published direct estimates of the number of casual employees (by part-time and full-time status and by sex). It is also possible to construct parallel estimates for 1984, 1985, 1986 and 1987 (for details of the method of construction see Dawkins and Norris 1990, 163-165, 171; Campbell 1996b, 107), and it is even possible to add data for 1982 (Dawkins and Norris 1990, 163; Campbell 1996b, 106). This produces a valuable series of data on casual employment (represented in Figure 1).

As Murtough and Waite correctly note (2000a, 8), the main ABS definition is oriented to identifying employees who have a ‘casual contract of employment’. 
The distinction between 'permanent' and 'casual' is couched in terms of the features of the employment contract and the varied rights and entitlements that accrue according to the nature of the employment contract. In short, the underlying concept is to do with the contract of employment. In order to operationalise this concept, the ABS selects two entitlements normally associated with a 'permanent' or 'continuing' contract of employment and defines their absence as, by default, an indication of a 'casual' contract of employment. As most researchers stress, the use of this definition leaves ample room for diversity in the conditions associated with 'casual' jobs. For example, casual jobs can be full-time or part-time. They can be associated with varied sets of tasks. Another important aspect of diversity is in terms of tenure (or the expectations of tenure) and regularity of hours. It is conventional (e.g., Campbell 1996b, 51-52; Creighton and Stewart 2000, 214-215) to deploy a rough distinction between those casual employees who are engaged on a short-term and/or irregular basis—what can perhaps be called 'short-term casuals' (sometimes 'true casuals')—and those casual employees who resemble permanent employees in terms of their tenure (or the expectations of tenure) and the regularity of their hours—what can be termed 'long-term casuals' (sometimes 'permanent casuals' or 'regular casuals' or 'ongoing casuals').

As with any classification schema, the ABS classification of permanent and casual employees entails limitations. Some limitations are an inevitable consequence of the need for economy in operationalising concepts for survey research. But others can be seen as difficulties that could be overcome through judicious amendments to the basic classification scheme. Our own earlier work refers to two major problems that could call for amendment. First is the problem that the ABS division of employees into 'permanent' and 'casual' is only bi-partite. In particular, 'permanent' figures as a residual category that brings together both employees with a continuing or 'permanent' contract of employment and employees with other forms of employment contract (e.g., Burgess 1994, 124; Burgess 1997, 108; Campbell 1996a, 576; Campbell and Burgess 1997, 17). The major difficulty here concerns employees with a fixed-term contract of employment. Because these employees generally have entitlements to paid sick leave and paid holiday leave, they are bundled together with employees with a continuing contract of employment. We argue that employees with such fixed-term contracts should be counted separately. In our judgment, the classification scheme for employees should be tripartite, in order to acknowledge that there are three rather than two fundamental forms of employment contract.

Second is the problem in determining the boundary between 'employee' and 'non-employee' status (e.g., Campbell 1996b, 56-57). As can be seen in the definition of 'employee' cited above, the ABS category of employee includes owner-managers of incorporated enterprises but excludes owner-managers of
The most frequently cited difficulty here stems from the inclusion of owner-managers of incorporated enterprises. These will in turn be classified as ‘casual’ or ‘permanent’ employees in the August supplement to the LFS survey according to whether or not they pay themselves annual leave and sick leave. The inclusion of owner-managers of incorporated enterprises has two main effects on estimates related to casual employment. First it inflates the number of both permanent and casual employees. Second, in so far as these owner-managers are distributed unevenly between permanent and casual categories, the estimate of casual density will be distorted. Campbell (1996b, 56-57) draws on fragmentary data to point out that around half of these owner-managers of incorporated enterprises are likely to be counted as casual employees, thereby inflating the estimates of both the number of casual employees and the casual density.

It is also important to note another, more slippery, problem in connection with the boundary between employee and non-employee status (Burgess 1997, 108; Campbell 2000, 94). There are powerful advantages for employers (and sometimes advantages for the worker) in engaging workers as self-employed rather than as employees. In recent years such arrangements have proliferated in Australia, either directly or indirectly, for example through labour-hire companies (Creighton and Stewart 2000, 208-209, 211-212). This produces a group of ‘dependent contractors’, whose substantive conditions of employment can be much the same as for the employees (in particular casual employees) engaged directly by the same enterprise. Many of these could be accurately termed ‘disguised wage labourers’ or ‘fake self-employed’. In the official statistics, many are likely to be excluded from the count of employees and instead counted as own-account workers. However, from the point of view of investigation of the conditions of work, they have more in common with employees. The effect of their exclusion from the count of employees runs in the opposite direction to that outlined above, ie it tends to deflate the count of casual employees and the estimate of casual density. This is a difficulty that would be hard to overcome through direct amendments to the ABS classification schema. However, at the least, there would seem to be a powerful argument for trying to develop a separate count of the number of owner-managers – either in incorporated but more likely in unincorporated enterprises – who appear as ‘dependent contractors’ or ‘disguised wage labourers’.

In addition to these two major problems, our previous work alludes to more minor points. We suggest (eg Campbell 1996b, 55) that there can be a certain blurring of the boundaries between casual and permanent employment when some casual employees acquire entitlements in awards or agreements to paid sick leave or annual leave. We suggest (eg Burgess 1997, 108) that it may sometimes be difficult to define a job as ‘casual’ or ‘permanent’ when it is
based on a 'cocktail contract', eg when a base level of hours is on 'permanent' conditions but extra hours are regularly worked on a 'casual' basis. It is also important to note the implications of the fact that the significance of casual employment is measured here in terms of a count of employees (in their main job). This misses the impact of multiple job-holding. It is likely that many of the second or third jobs held by multiple job-holders are casual (Campbell 1996b, 57; Burgess 1997, 108; Burgess and Campbell 1998a, 50). Similarly, the standard estimates are a cross-sectional count of employees in one reference week. However, casual employment can entail high turnover, with the result that the number of persons involved in casual employment over a period of (say) a year may be much higher than a count of casual employees at any one point in time suggests (Campbell 1996b, 57; Burgess and Campbell 1998a, 50). Campbell (2000, 94) also notes that the standard estimate is couched in effect in terms of the number of (main) jobs. But casual employment is loaded towards part-time employment, and a measure in terms of the number of hours would therefore generate a different (much lower) estimate of the significance of casual employment.

The existing research literature, including our own earlier contributions, contains a rich account of the limitations of the standard ABS estimates. As can be seen, some of these limitations gesture in the direction of higher estimates of the significance of casual employment, others in the direction of lower estimates, while others have no effect at all. Some of these points are accommodated in alternative estimates of casual employment.

What is the Value of Murtaugh and Waite’s Alternative Estimate?

In generating their alternative estimate of the number of casual employees, Murtaugh and Waite start from the standard ABS estimate for August 1998 but then re-calculate by means of three successive steps, using data from the 1998 FOES. Table 1 presents a summary of the procedure. In effect, they reduce the standard ABS estimate by excluding three groups: first, owner-managers of incorporated enterprises; second, those who do not identify themselves as 'casual'; and third, a group that Murtaugh and Waite suggest are not 'true casuals'. The first two steps simply follow the new categories used in the published results of the FOES. The third step is more adventurous. It seeks to isolate a group that is equated with 'true casuals' by using two data items in the FOES. The outcome, as noted above, is a drastically reduced estimate of the number of casual employees in August 1998 from 1.946 million to 0.948 million persons.
Table 1: Murtaugh and Waite’s Procedure for Revising the ABS Standard Estimate of Casual Employees, August 1998

<table>
<thead>
<tr>
<th>Procedure</th>
<th>No of casual employees</th>
<th>Murtaugh and Waite label for category</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS standard estimate</td>
<td>1,946,100</td>
<td></td>
</tr>
<tr>
<td>Step 1: Subtracting owner-managers of incorporated enterprises</td>
<td>280,000 (14.4% of original estimate)</td>
<td></td>
</tr>
<tr>
<td>Step 2: Mainly centred on subtracting those who did not identify themselves as ‘casual’</td>
<td>±199,700 (± 10% of original estimate)</td>
<td>'genuine employee with a casual employment contract'; or 'casual contract employee'</td>
</tr>
<tr>
<td>Step 3: Mainly centred on subtracting those who said that their earnings did not vary in the past month (excluding overtime)</td>
<td>±538,900 (27.7% of original estimate)</td>
<td>'true casuals'... casuals whose work is ‘occasional, irregular or short-term’</td>
</tr>
<tr>
<td>Mainly centred on retaining a group who said that their earnings did vary in the past month (excluding overtime)</td>
<td>948,000</td>
<td></td>
</tr>
</tbody>
</table>

Murtaugh and Waite do not situate their alternative estimate in relation to the range of already-existing alternative estimates. Nor do they explain why the FOES should be accepted as the privileged source of information for generating a better alternative estimate. However, the limitations of their estimate are most readily appreciated if we carefully scrutinise the three steps in their procedure.

**Step 1: the exclusion of owner-managers of incorporated enterprises**

The first step is the exclusion of owner-managers of incorporated enterprises. FOES draws on the responses in the August 1998 LFS but then uses several additional tests and questions to determine the number of owner-managers of incorporated enterprises. In the published results owner-managers of incorporated enterprises are distinguished from employees and presented as a separate category. According to the FOES the total number of owner-managers of incorporated enterprises in August 1998 was 590,900. The vast majority
had been counted as employees in the August 1998 LFS. Of these, 256,500 had been counted as permanent employees and 280,000 had been counted as casual employees (ABS Cat. No. 6359.0). Murtagh and Waite (2000a, 9,16) rightly point out that to exclude such owner-managers lowers the count of casual employees in August 1998 from 1,946,100 to 1,666,100 persons, ie it eliminates 14.4 per cent of the count of casuals in the standard estimate.

Murtagh and Waite justify excluding owner-managers of incorporated enterprises by arguing that ‘the circumstances of owner managers are likely to be very different from people who work as employees in someone else’s business’ (2000a, 3). We agree. The FOES is useful in allowing such owner-managers to be separated out from employees and in allowing a more precise indication of the effect of their inclusion. We concur that it is sensible to exclude owner-managers of incorporated enterprises from the count of the number of casual employees. This can assist in generating a better estimate of the number of casual employees (in their main job). Indeed it can also assist in generating better estimates of casual density and casualisation (see the conclusion below).

Step 2: the exclusion of those who do not identify themselves as casual

The second step taken by Murtagh and Waite revolves around the exclusion of those who do not identify themselves as casuals. In their paper, they take this next step by simply appropriating the new category of ‘self-identified casual’ that appears in the published results of the FOES. This corresponds to a further reduction in the estimate from 1,666,100 to 1,486,900 persons. The major component in this second step, as Murtagh and Waite note (2000a, 9), is the removal of 199,700 persons who – though they receive neither paid sick leave nor paid holiday leave – do not identify themselves as casual in the FOES. They are re-assigned in the FOES, together with a small group of other employees, into the residual category of ‘other employed persons’. By means of this exclusion a further 10 per cent are eliminated from the count of casuals in the standard estimate (2000a, 9).

This second step should be rejected. Certainly, self-identification is often necessary in survey research, and indeed a question to employees on whether they identify themselves as ‘casual’ does produce a useful morsel of information. But Murtagh and Waite – following the lead of the ABS in its presentation of the FOES results – go further and try to elevate self-identification into the crux of a new labour force category. This is extremely weak. Self-identification is not a sound basis for an employment category, since – in the absence of a detailed investigation of why respondents answered ‘yes’ or ‘no’ to the self-identification question – it lacks any clear
meaning and inevitably leads to problems in interpretation. Amongst the many problems, we can note the difficulty in interpreting change. If we acquired time-series data on 'self-identified casuals', we would not be able to determine the extent to which any change represented a (net) change in the number of (main) jobs, since the results would inevitably be contaminated by the effect of changing perceptions or identifications. It is hard to see how data on 'self-identified casuals' could have any value for research into changing employment patterns.\(^9\)

Far from representing 'improved employment categorisations' (Murtaugh and Waite 2000a, 30), the three categories for employees used in the FOES are poor and are unlikely to attract support from researchers. In presenting the results of the FOES, the ABS could clearly have developed other categories from the data items. In line with our long-standing argument on fixed-term employment, we believe the ABS would have been better advised to use the data items on fixed-term employment in order to develop objective categories of 'permanent', 'casual' and 'fixed-term'. The fact that it used other categories can be seen as just another (failed) experiment, similar to the experiments conducted in several state-based surveys. We can only hope that the ABS does not continue to pursue this schema.\(^10\)

We need to ask the basic question: why is it reasonable and useful to exclude people who do not identify their job as 'casual'? In spite of its manifest weakness, we cannot find any explanation or justification for this step in Murtaugh and Waite's paper. They suggest that the inclusion in the standard ABS category of people who do not see themselves as casual is a 'serious problem' (2000a, 9). But they do not explain why it is a problem, much less why it is a serious one. And they do not explain how the benefits of trying to overcome the 'problem' could outweigh the costs. On occasion they seem to imply that their procedure has something to do with identifying 'genuine... employees with a casual employment contract' (2000a, 29). But it is hard to know what they are getting at here, and indeed it seems to have more to do with concealing this step in their argument than with justifying it.\(^11\)

**Step 3: the (attempted) exclusion of those who are not true casuals**

The third step taken by Murtaugh and Waite centres on an attempt to exclude those who are not 'true casuals'. These are identified as people who do not work in a way that is genuinely casual, i.e. their work is not casual 'in the sense of being occasional, irregular or short term' (2000a, 9, 16-17). Murtaugh and Waite invoke here the familiar distinction between 'short-term' casuals and 'long-term' (or 'permanent') casuals, with the aim of excluding the latter from their count of casual employees. Starting with the category of 'self-identified casuals' appropriated from the FOES, Murtaugh and Waite attempt to effect
such an exclusion by using two data items from this survey, measuring variation in earnings and expectations of future duration with current employer. According to the authors, they exclude those self-identified casuals 'whose earnings do not vary and [who] have an implicit contract for ongoing employment' (2000a, 17). This third step is the biggest step in the analysis. It has the effect of reducing the estimate of the number of casual employees from 1 486 900 to 948 000. Thus, it eliminates a further 27.7 per cent from the standard estimate.

In contrast to their silence concerning the second step, Murtaugh and Waite offer several arguments to justify excluding those who are not 'true casuals'. Irrespective of the merits of these arguments - and we argue that they have little merit - the immediate problem is that they are irrelevant to this third step of the analysis. Two fundamental criticisms can be cited here. First, we note that Murtaugh and Waite are not distinguishing amongst the entire group of those with a casual contract of employment but only working within the narrower category of 'self-identified casual'. This is unjustified and vulnerable to the objections noted above. Second, more substantially, the data items that they use are only tangentially related to the conventional distinction between 'short-term' and 'long-term' casual employees.

The first data item relates to variation in earnings. This is rough, but it has some potential. However, the second data item is a dead loss. Murtaugh and Waite suggest that use of this second data item entails separating out and excluding those who have what they call an 'implicit contract for ongoing employment' (2000a, 17; or, more contentiously, 'a long-term employment relationship with their employer' - 2000a, 8). This terminology draws on that used by the Bureau of Labor Statistics (BLS) in the United States in its investigation of 'contingent work' (eg Polivka 1996), and it certainly sounds as if it could be relevant for a distinction between 'short-term' and 'long-term' casuals. But closer inspection - including a careful comparison with the FOES - suggests that this impression of relevance is wrong. Murtaugh and Waite do not clearly explain their procedure. However, according to the definition in their Table 5, the notion of an 'implicit contract for ongoing employment' seems to include an impossibly broad range of persons. It includes a whopping 95.3 per cent of all 'self-identified casuals' (Murtaugh and Waite 2000b, xvii), disaggregated into 100 per cent of 'ongoing casuals' and 92.8 per cent of 'true casuals'. As well as a small group amongst those with a fixed-term contract, it seems to include those 'self-identified casuals' without a fixed-term contract who stated that they: a) expected to be with their current employer in 12 months time; b) did not know whether they would be their current employer in 12 months time; c) did not expect to be with their current employer in 12 months because they were likely to leave for personal or family reasons; and d) did not expect to be with their current employer because of 'other' reasons.
(ie other than personal/family and economic/work related). This is a diverse group, the majority of whom cannot plausibly be described as having an ‘implicit contract for ongoing employment’.

The third step taken by Murtaugh and Waite is unconvincing. The notion of an ‘implicit contract for ongoing employment’ sounds relevant, but it is defined to include almost everyone and therefore has little effect as a differentiating mechanism. The main thrust in the third step is, therefore, towards excluding a group of ‘self-identified casuals’ who do not display any variation in earnings. But the absence of variation in earnings does not mean much on its own. It bears roughly on a dimension of regularity in hours, but it would be wrong to assume that all those with regularity of earnings are ‘long-term’ casuals. In order to draw a boundary between ‘short-term’ and ‘long-term’ casuals, we would need to know a lot more, eg about tenure and expectations of tenure.

What is the Appropriate Concept of Casual?

The pivotal issue raised in Murtaugh and Waite’s paper concerns the appropriate conceptualisation of casual employment. Their argument is not that the ABS has messed up its standard estimate as a result of biases. Nor is it that the ABS is measuring a wrong aspect of the phenomenon of casual employment – they appear quite content with a cross-sectional count of casual employees in their main job. Instead their disagreement is with the category of casual employee underlying the standard estimates of the ABS. Yet, in spite of its centrality to the argument, the paper contains little direct discussion of this crucial issue of conceptualisation. A critique of the ABS category and a defence of an alternative concept are present in the paper, but they are only poorly articulated.

The critique of the ABS category

Murtaugh and Waite gesture vaguely towards a critique of the ABS category of ‘casual employee’. They begin by floating the suggestion that the ABS labour force categories are too broad and that they leave too much room for heterogeneity; instead the categories should be narrower and more homogenous (2000a, 1, 29). However, they fail to go on to clarify this complaint. It is by no means clear what relevance this complaint has to discussion of the ABS category of ‘casual’ employee (which can of course be sub-divided in order to accommodate different forms).

Murtaugh and Waite raise a second, more direct point. They contend that the ABS main definition of ‘casual employee’ is ‘confusing’ (2000a, v, 8, 29). Their point is itself by no means clear, but their primary objection seems to centre on an allegation that this definition is ‘very different from common usage of the
The argument suggests that the notion of 'long-term casuals' contravenes common usage, ie that common usage of the term casual only refers to a narrower group (of 'true' casuals). Murtaugh and Waite do not explain whose common usage. They boldly state that 'casual employees are widely thought to be working in jobs that are casual in the sense of being occasional, irregular or short term' (2000a, 8, 1). Widely thought by whom? It is hard to guess whom they have in mind. In so far as we have evidence, it all points in exactly the opposite direction, ie it suggests that the term 'casual' is readily recognised in Australia as a term that incorporates 'long-term' casual employment. Indeed Murtaugh and Waite's own paper points to much of this evidence. Thus, it notes some of the extensive legal discussion about 'long-term' (or 'permanent') casuals (2000a, 12-13). More significantly, the paper draws attention to the question on self-identification in the FOES. The specific, though limited, value of this question is that it shows – once we exclude owner-managers of incorporated enterprises – that around 86.4 per cent of those who would be classified by the ABS as 'casual' did indeed see themselves as casual. On the other hand, less than one per cent of those who would be classified by the ABS as 'permanent' saw themselves as casual. In short, it provides strong evidence for the argument that the broad ABS category, couched in terms of a 'casual contract of employment' (and embracing the phenomenon of 'long-term' casual employment), corresponds to common usage amongst workers.

An alternative concept?

Murtaugh and Waite argue in effect that an alternative category should be built up around the concept of 'short-term' (what they call 'true') casuals. They suggest that such a concept would be less confusing and closer to common usage. Even if this were true, it would not be a compelling argument. In fact, as the discussion above indicates, it is clearly false. The evidence suggests that confining the category of 'casual' to 'short-term' casuals would not bring the concept closer to common usage; it would push it further away from common usage.

Murtaugh and Waite also appeal to 'circumstances'. They concede that both 'short-term' and 'long-term' casuals are indeed 'casuals' in the sense of having a casual contract of employment (2000a, 11-12). They thereby seem to concede that the ABS category – with amendment to exclude owner-managers of incorporated enterprises – does successfully grasp a common aspect of the phenomenon of casual employment. However, they suggest that the two groups differ markedly in terms of their 'actual circumstances' (2000a, 11, 13). This is a more serious point, which draws on questions raised previously by Jordan (1995, 85-86) and Wooden (1998, 3-4, 7-8). There appear to be two sides to this argument. First is the claim that the circumstances of the group of
'short-term casuals' are different from those of 'long-term casuals'. This is likely to be true, which is precisely why it is conventional in research into casual employment to make such a conceptual distinction. But the mere postulate of difference carries little weight by itself.

Second is the claim that long-term casuals are pretty much the same as permanent employees (2000a, 13). This is – or at least should be – the crux of the issue. This argument purports to define the difference between 'short-term' and 'long-term' casuals as a significant difference. It implies that the difference is sufficiently significant to justify separating out long-term casuals and re-classifying them within some alternative category (presumably within the category of 'permanent employees').

Is it possible to distinguish a group of 'long-term' casuals that is pretty much the same as permanent employees? This is not just a theoretical issue; it also encroaches deeply into the field of public policy. Murtagh and Waite's argument needs to be situated in terms of the current policy debates. After a long period of hesitation and uncertainty (Campbell 1996a), many trade unions have begun to express concerns about the existence of a large and growing group of 'long-term' casuals who are being used by employers as a substitute for permanent employees. The unions assert that there are major differences between such employees and permanent employees and that this leads both to inappropriate advantages for employers (that in turn encourage substitution of casual for permanent employment) and to unwelcome disadvantages for the casual employees. In order to remedy the problem, many unions seek to restrict or eliminate long-term casual employment through alterations to the regulatory framework. In response, employer associations tend to argue that, though there may indeed be major differences between 'long-term' casuals and permanent employees, the advantages for employers are not inappropriate and they do not necessarily entail disadvantages for the employees (AIG 2000, ch. 5). Therefore, there is no need for alterations to the regulatory framework.

The significance of a group of 'long-term' casuals and the nature of their employment conditions are central issues in contemporary policy debates. For example, the Industrial Relations Commission (IRC) recently varied the Metal, Engineering and Associated Industries Award 1998 by inserting clauses that would inter alia allow casual employees with at least six months service to convert to ongoing employment (see Owens, this issue). The decision suggests that a Full Bench accepted much of the evidence that 'permanent casual' employment in the metals and engineering industry was growing, and that it was based on an entrenched diminution of workers' rights and required action to reduce its incidence (AIRC, 2000). These arguments have also begun to find an echo at a broader political level. For example, the Industrial Relations
Taskforce in Queensland noted concerns that an increase in non-standard employment ‘means that there are larger groups of employees without access to conditions of employment that were built around long-term permanent employment’ (Industrial Relations Taskforce 1998, 33). These concerns helped to sponsor the subsequent efforts by the state Labor government in its Industrial Relations Act 1999 to define minimum standards for all employees and to give some long-term casuals a (modest) addition to their entitlements. The legislation was condemned by the then federal Minister for Employment, Workplace Relations and Small Business, Peter Reith, as a retrograde move towards ‘greater centralisation and regulation of the Queensland labour market’ (Reith 1999b, 15; Reith 2000). However, initiatives to improve conditions for long-term casuals continue to be introduced and debated – most recently through the successful ACTU claim for (unpaid) parental leave for long-term casuals (see Watts, this issue).

Murtaugh and Waite’s paper stumbles around on the edge of this current policy debate. In effect, they open up another front in the debate. They reject the widely-held proposition that the conditions of ‘long-term’ casuals are different to those of permanent employees. Instead they claim that the circumstances of the group of long-term casuals ‘can be difficult to distinguish from so-called permanent employees’ (2000a, 13).

As evidence for this bold and controversial claim, Murtaugh and Waite allude first of all to features such as length of elapsed tenure, expectations of continued tenure, and regularity of earnings (2000a, 9). It is true that these are features shared by many ‘long-term’ casuals as well as many permanent employees. But this misses the point. These features are a simple corollary of the existence of a group of ‘long-term’ casuals. They reflect the (widely-accepted) argument that employers often use casual employees not just for ‘casual work demands’ but also for a variety of more long-term needs (that could also be undertaken by permanent employees). As such, the presence of such features amongst casual employees is the premise of the current debate, not a contribution to its resolution. The pertinent issue is whether there is a shared experience in other important features of the employment relation, ie whether the existence of a casual contract of employment produces differences between ‘long-term’ casuals and ‘permanent’ employees in other respects.

Murtaugh and Waite go on to suggest that long-term casuals receive ‘many of the benefits associated with ongoing employment’ (2000a, 12). They mention long service leave, unpaid parental leave, and access to unfair dismissal provisions (2000a, 12-13). This is more relevant, but it is partial and compressed. For example, Murtaugh and Waite do not describe the patchiness of these entitlements, which are only available in some jurisdictions and which
are accompanied by limits that restrict access to only certain groups of casual employees (Creighton and Stewart 2000).

Murtaugh and Waite fail to carry out a proper comparison across the full range of features of the employment relation. We will gesture towards only some essential points omitted from their discussion. First are the differences between 'long-term' casuals and permanent employees in other entitlements. This includes, of course, absence of paid annual leave and paid sick leave, but we can also mention public holidays, bereavement leave, carer's leave, notice of dismissal, and redundancy payments (AMWU 2000; Creighton and Stewart 2000). Beyond the issue of entitlements, it would also be important to consider differences in practice, eg in pay levels, access to training and career progression, exposure to health and safety hazards, and exposure to arbitrary and unfair treatment.

In our judgment, it is not difficult to detect differences in circumstances between long-term casuals and permanent employees. Indeed it is all too easy. The existence of a permanent contract of employment has been the crucial pivot in the developments of rights, benefits and forms of protection for employees in Australia. In contrast, the casual contract of employment is characterised by a general lack of rights, benefits and forms of protection. This leads to major differences between casuals - including long-term casuals - and permanent employees.

Murtaugh and Waite's argument for a narrower concept of 'casual' encounters one further problem. Many researchers, including ourselves, freely refer to a distinction between 'short-term' and 'long-term' casuals. The distinction is useful, and indeed it should be explored more closely (Campbell 2000, 72-73). However, it is important to recognise that this distinction can only be rough-and-ready. Any attempt to elaborate it (eg through categories for use in survey research) faces formidable difficulties both in developing adequate concepts of 'short-term' and 'long-term' and then in operationalising them. Nor is this imprecision and difficulty in operationalising the distinction surprising. The underlying impediment stems from the fact that casual employment in Australia is not confined in practice to two distinct forms. Instead, casual employment can take a variety of forms, expressed in variation across many of the key dimensions of employment. Even in terms of a straightforward dimension like tenure (or expectations of tenure), a strict boundary between one form of casual employment and another is unlikely to exist.

This diversity is not, as Murtaugh and Waite too readily assume, a sign of the inadequacy of the category of casual. Instead it provides indirect evidence of the robustness of this concept, oriented to the presence of a casual contract of employment (Campbell and Burgess 2001). What we can see here is the
overriding salience of the casual contract of employment and the general shortfall in rights, benefits and forms of protection that this contract defines. This general shortfall opens up opportunities for employers to use casual employees in a complex variety of ways, largely determined by the calculations and choices of employers according to what they see as the specific advantage of casual status (Campbell 1996b; see also Campbell 2001 in press).

Conclusion

The centrepiece of Murtaugh and Waite’s paper is an alternative, drastically-reduced estimate of the number of casual employees in August 1998 (948 000 persons). This is just one among many estimates of the significance of casual employment in Australia. As we argue above, neither this estimate nor the underlying concept of ‘true’ casual is tenable.

Murtaugh and Waite state that they wish to ‘facilitate a more informed debate’ (2000a, 1). In our judgment, they fail in this aim. Even at the technical level at which they pitch their argument, the paper is unconvincing. In spite of its claims, the paper offers surprisingly little that is useful to contemporary labour market research.

It is important not to stop at the point of critique. Murtaugh and Waite are right to pose questions – as in the subtitle of their first paper – about changes in the quality of work and the existence of trends of increasing ‘precariousness’. Unfortunately, after posing the questions, they fail to offer any analysis that might help to move towards an answer. Nevertheless, these are important questions and indeed they are questions that we try to pursue in our own work (Burgess and Campbell 1998b). We focus on developing the concept of precariousness, drawing heavily on the work of Standing (1999, ch. 6) on the varied forms of labour insecurity (Burgess and Campbell 1998b, 11-12; de Ruyter and Burgess 2000). We develop the concept of precariousness as a multi-dimensional concept for the analysis of both objective and subjective features of jobs. We stress heavily that the concept of precariousness should not be a label to be attached to selected forms of employment. Instead the task is an empirical one of examining ‘precariousness’ in all forms of employment. This seems to be an approach that Murtaugh and Waite also advocate (2000a, 1-2), and we are delighted that we seem to agree on this point.

It is also important to draw out the consequences of our comments for the discussion of casualisation. We suggest above that the first step in Murtaugh and Waite’s analysis is sensible. Their paper is helpful in drawing attention to the contribution of the FOES in making a separate count of owner-managers of
incorporated enterprises. This allows the standard ABS estimate of the number of casual employees (in their main job) to be corrected for one major limitation. It allows a better estimate of the number of genuine employees with a casual contract of employment. Instead of the standard estimate for August 1998 of 1 946 100 persons, it leads to a better estimate of 1 666 100 persons. From this point of view, the standard ABS estimate is indeed over-stated, and we can now confidently state that the extent of the over-statement in August 1998 was 280 000 persons (or 16.8 per cent).

What does the argument mean for measures of casual density? As noted earlier, casual density refers to casual employees as a proportion of all employees. In the above calculation we take owner-managers of incorporated enterprises out of the numerator, i.e. the count of casual employees. In order to generate an estimate of casual density, we must also take owner-managers of incorporated enterprises out of the denominator, i.e. the count of all employees. This leads to an estimate of casual density in August 1998 of 24.9 per cent instead of the standard estimate of 26.9 per cent (Commonwealth Government 2000, 20). In short, the standard estimate of casual density for August 1998 can be seen as over-stated by around two percentage points. As this suggests, the overall effect of including owner-managers of incorporated enterprises within the standard estimates is relatively small. However, because of their uneven distribution, the impact of inclusion will vary according to the group of casual employees. Comprehensive data are not available, but we do have revised figures for casual density amongst part-time and full-time employees (Commonwealth Government 2000, 20). These indicate that the figure for casual density amongst part-time employees in August 1998 is unaffected and remains the same at 65.4 per cent. However, the revised figure for casual density amongst full-time employees is 8.5 per cent rather than 11.8 per cent. This is a more substantial difference, which suggests that the impact of the inclusion of owner-managers of incorporated enterprises within the standard estimates may be significant for certain groups of casual employees (e.g. males and in particular prime-age males).

What does the amendment mean for estimates of casualisation? There is some evidence that the number of owner-managers of incorporated enterprises has increased very sharply in recent years (ABS Cat. No. 6203.0, July 1997). This suggests that the inclusion of owner-managers of incorporated enterprises in the standard figures may have boosted the impression of casualisation. Fortunately, we now have data that excludes such owner-managers from measures of casual density for an eleven year period from 1988 to 1999 (Commonwealth Government, 2000, 20) (Table 2). This indicates that the
Table 2: Alternative estimates of casual density, 1988-2000

<table>
<thead>
<tr>
<th>Year</th>
<th>Part-time employees</th>
<th>Casual Density</th>
<th>Full-time employees</th>
<th>All employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>s</td>
<td>r</td>
<td>s</td>
<td>r</td>
</tr>
<tr>
<td>1988</td>
<td>69.8</td>
<td>70.4</td>
<td>5.8</td>
<td>4.6</td>
</tr>
<tr>
<td>1989</td>
<td>69.7</td>
<td>70.3</td>
<td>6.3</td>
<td>4.7</td>
</tr>
<tr>
<td>1990</td>
<td>68.6</td>
<td>69.1</td>
<td>6.1</td>
<td>4.5</td>
</tr>
<tr>
<td>1991</td>
<td>67.5</td>
<td>67.8</td>
<td>6.8</td>
<td>5.2</td>
</tr>
<tr>
<td>1992</td>
<td>67.8</td>
<td>68.0</td>
<td>7.4</td>
<td>5.6</td>
</tr>
<tr>
<td>1993</td>
<td>67.2</td>
<td>67.1</td>
<td>8.4</td>
<td>6.5</td>
</tr>
<tr>
<td>1994</td>
<td>67.0</td>
<td>67.2</td>
<td>9.1</td>
<td>6.9</td>
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<tr>
<td>1995</td>
<td>65.8</td>
<td>66.0</td>
<td>9.5</td>
<td>7.3</td>
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<tr>
<td>1996</td>
<td>na</td>
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<td>65.6</td>
<td>65.6</td>
<td>10.6</td>
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<tr>
<td>1998</td>
<td>65.4</td>
<td>65.4</td>
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<tr>
<td>1999</td>
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<td>8.4</td>
</tr>
<tr>
<td>2000</td>
<td>64.6</td>
<td>na</td>
<td>11.9</td>
<td>na</td>
</tr>
</tbody>
</table>

Notes: na = not available  
 s = standard estimates  
 r = revised estimates, in which owner-managers of incorporated enterprises are excluded  
(a) August figures for all years except 1991 (July)  

inclusion of owner-managers of incorporated enterprises did indeed swell the extent of casualisation indicated in the standard estimates. However, the overall effect can be seen as only slight. Instead of an overall rise in casual density from 18.9 per cent to 26.4 per cent (i.e. 7.5 percentage points), a better estimate of the rise from 1988 to 1999 is from 18.2 per cent to 25.0 per cent (i.e. 6.8 percentage points). This is still a major increase, which continues to highlight the significance of a process of casualisation in Australia.

Endnotes

1. We set aside the second paper by Murtagh and Waite, entitled The Diversity of Casual Contract Employment (2000b). This paper offers an analysis that builds on the categories developed in the first paper, in particular by assembling data on the differences between their categories of 'true casual' and 'ongoing casual'. Our concern is precisely with the validity of these categories. If, as we argue, the categories are untenable, then the analysis in the second paper appears beside the point.

2. The August 2000 survey retains the questions and the definitions, but it now relabels the categories (ABS Cat. No. 6310.0, August 2000). A 'casual employee' is now called an 'employee without leave entitlements'. A 'permanent employee' is now called an 'employee with leave entitlements'. This relabelling is unfortunate and seems to have taken place without any proper
consultation with the research community. What is the rationale for the change? What does it mean for the discussion of casual employment and casualisation? Is the ABS trying to duck out of the line of fire in the policy debate on casualisation?

3 To enforce this boundary, the LFS first asks respondents to nominate their status in employment according to set general categories, eg 'work for an employer for wages or salary' and 'work in own business'. For those who reply 'work in own business' (either with or without employees), the subsequent question asks if this business is a limited liability company. Those who say 'yes' will be coded as 'employees', together with those who stated that they 'work for an employer for wages or salary' (ABS Cat. No. 6232.0, March 1993). This appears to involve large numbers of employed persons. The FOES separates out 590,900 owner-managers of incorporated enterprises, of whom only a small minority had initially responded to the LFS question by saying that they 'work for an employer for wages or salary'. The vast majority had initially stated that they 'work in their own business' but had then been coded as employees in the LFS classification because they stated that their business was a limited liability company (ABS Cat. No. 6359.0, August 1998; see also VandenHeuvel and Wooden, 1995, 270).

4 It is difficult to estimate the number of such 'dependent contractors', at least partly because of the difficulty in developing an adequate definition of 'dependency'. VandenHeuvel and Wooden (1995, 273) develop an estimate for 1994 of around 200,000 dependent contractors. The FOES (ABS Cat. No. 6359.0) introduces some fine-tuning in the classification of owner-managers of unincorporated enterprises. In addition, it develops an estimate for 1998 of owner managers who are 'in some way dependent' of 253,600.

5 The reverse movement, whereby 'permanent' employees use an award or agreement in order to 'cash out' their entitlements to paid sick leave and paid annual leave, could also blur the boundaries (Wooden and Hawke, 1998, 102). However, we can note that it requires a 'cashing out' of both forms of paid leave for the workers in question to be counted as 'casual' in the main ABS classification. This is unlikely to affect more than a tiny minority of permanent employees.

6 There is no room to detail the wide range of alternative estimates of the incidence of casual employment. Three main alternatives to the standard ABS estimate exist. First are alternatives based on the same or similar definitions, constructed through a similar cross-sectional count, but with a sample that varies from the ABS sample. The most familiar example stems from the AWIRS 90 and AWIRS 95 main employer surveys (eg Morehead et al., 1997). Second are estimates that are based on the same or similar definitions but are not purely cross-sectional and instead incorporate a flow component. The best example is associated with the ABS Survey of Employment and Unemployment Patterns (SEUP) (ABS Cat. No. 6286.0, 1994-1996). Third are estimates based on different definitions of casual employees (with either similar or different samples). The ABS has itself experimented with different classification schemes, eg in state-based surveys, and other examples can be found in independent surveys such as that conducted in 1995 by Brosnan and Walsh, 1998). The Murtaugh and Waite estimate can be seen as fitting into the third category of alternative estimates.

7 In presenting the results of FOES, the ABS develops a conceptual framework based on five categories or 'employment types'. In addition to 'owner-managers of unincorporated enterprises' and 'owner-managers of incorporated enterprises', the published results distinguish three groups that could be seen as 'genuine employees' - 'employees with leave entitlements', 'self-identified
casuals' and 'other employed persons'. A summary of the definitions for each category can be found in the publication (ABS Cat. No. 6359.0, August 1998; see also Murtaugh and Waite, 2000a, 7).

In our opinion, the FOES is not as well designed and presented as it should have been, and it does not fully meet its ambition of casting light on the complexity of contemporary employment relationships. The awkward efforts of Murtaugh and Waite to differentiate 'true' and 'ongoing' casuals through the data items in the FOES can be regarded as evidence of some of the weaknesses in this survey.

The appropriation of the category of 'self-identified casual' in fact implies a more complicated re-calculation, since the FOES introduces some fine-tuning of the basic categories. For example, in comparison with the LFS, there is slightly different treatment of owner-managers of unincorporated enterprises, whereby some are taken out of the group that work in their own business and others are brought back in.

It is hard to guess what the ABS is trying to do with this new employment category. The question on self-identification in the FOES seems to have been asked of only one group of employees in the sample. Why wasn't it asked of all employees? Why was it only used in generating the category of (self-identified) casual? The ABS does not use self-identification for any of the other main categories in the FOES (indeed, it quite rightly takes the opposite tack in defining owner-managers, carefully using tests concerning varied features of the employment relationship). Nevertheless, even in this restricted form, the misuse of self-identification causes substantial collateral damage. Thus, the cost of the category of 'self-identified casuals' is to sweep everyone who answered 'no' to the self-identification question into the residual category of 'other employed persons' — an empty category that appears to lack any conceptual content.

In the published results of the recent Survey of Employment Arrangements and Superannuation (ABS Cat No. 6361.0, May 2006), the ABS goes some way towards our argument by introducing a category of 'employees with some paid leave entitlements working on a fixed-term contract'. However, this is inserted into the classification scheme inherited from the FOES, with its unfortunate category of 'self-identified casual' and its even-more-unfortunate category of employees 'without paid leave entitlements who did not identify as casual'.

The term 'permanent casual' is described in one 1995 judgment as a 'well-enough understood Australianism' (cited in Creighton and Stewart, 2000, 215). Similarly, Australian employment and law dictionaries readily note that 'long-term' casual employment is incorporated within the concept of 'casual' (eg Butterworths, 1997, 15).
Because the question on self-identification was not applied to all 'permanent' employees, this must be a lower bound estimate. However, it is unlikely that many employees with access to both paid annual leave and paid sick leave would have stated that they see themselves as 'casual' employees.

Murtaugh and Waite return to this issue in their second paper, where they offer a full 'quantitative analysis' (2000b, 17-32). They repeat the claim that 'the circumstances of casual contract employees who have an ongoing relationship with their employer can be difficult to distinguish from ongoing contract employees' (2000b, 15). But it is hard to detect any new evidence to support the claim.

In addition to this calculation, the Commonwealth submission in the AMWU case adds a second estimate of casual density in which owner-managers of incorporated enterprises are removed from the numerator but not the denominator. The submission even asserts that the latter estimate provides 'the best guide to the impact that the inclusion of owner managers has on the data' (Commonwealth Government, 2000, 20). This is an affront to any kind of arithmetical reasoning.

In their second paper, Murtaugh and Waite (2000b, xii-xiii) offer some tables that similarly purport to separate out owner-managers of incorporated enterprises. It is hard to tell where the figures in these tables come from, since the source they cite is wrong. Are they reproducing the second, rather dodgy set of figures offered by the Commonwealth in the AMWU case (see above n. 16)?

References


Reith, P. (2000), *Casual employment and working hours in Australia*, Ministerial Information Paper, Canberra, DEWRSB.
