

**THE COALITION'S
TRUE
JOBS
LEGACY**

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The Coalition's
true jobs legacy

Executive Summary

- In 2012 then Opposition leader Tony Abbott promised that, he would deliver 1 million new jobs in its first five years of government. In April 2018, Prime Minister Malcolm Turnbull claimed that the promise had been fulfilled.
- The 'million jobs' figure is not only meaningless and misleading, but that the Coalition is a long way from improving any meaningful indicators of employment, job insecurity and wage growth.
- In fact, one million jobs have been added in five years on multiple occasions in the last 30 years. The creation of one million jobs is even less impressive now due to population growth.
- The unemployment rate, a more effective measure, remains at a stubbornly high level and has remained largely unchanged for the past five years, with only minor increases in the participation rate.
- Recent revelations have also shown that approximately 50 per cent of the jobs 'created' have been filled by temporary visa workers. Temporary visa workers are often used by employers to avoid paying decent wages or providing training to local workers. They are subject to exploitation at a much higher rate than the general population.
- Our analysis also shows that under the Coalition, all indicators of job insecurity have increased, which is indicative of the government's lack of commitment to creating secure jobs with decent pay.
- In summary, the Coalition's claim to have delivered 'one million jobs' is purely superficial political sloganeering. The claim misleadingly presents itself as an extraordinary achievement that benefits Australian jobseekers while hiding the ongoing crises of insecure jobs and record low wage growth.

Introduction

In late 2012, then Opposition leader Tony Abbott stood up and told the Australian people that if his party was elected to government, they would create 1 million jobs in their first five years. This was at a time when recovery of the Australian economy after the GFC appeared to be protracted at best compared to other countries and Australians would have welcomed a jobs boom. Ever since, preoccupied by leadership changes, scraping through double-dissolution elections and securing tax cuts for big business, the government seemed largely to have forgotten that anything was ever mentioned about creating actual jobs. Slogans like 'Jobs and Growth' were trotted out regularly, but any observer would have struggled to see how and where the government was focussed on job creation. Then, in April 2018, the government announced they had achieved their aim; One million jobs created with months to spare.

So why doesn't it feel like anything special has happened?

Why is unemployment still the same as it was in 2013 and why does work feel, if anything, more insecure and less well-paid than it did back when the 'million jobs' promise was made?

This paper will examine the reality of the Coalition's promise and assess it simply based on a wider range of economic indicators in order to answer one question – what is the Coalition's true jobs legacy? The reality is that the Coalition have been peddling a misleading figure, hoping that it will hide the truth about our jobs market – that Australians are finding work just as hard to find as ever, are more insecure in the jobs they have and are seeing no real increases in their pay.

1 million jobs – an ambitious target?

The first step in any meaningful examination of the Coalition's 'million jobs' claim is to examine the number itself – have they indeed created a million jobs and perhaps more importantly, is that even particularly impressive?

ABS data confirms that 1 million new jobs were added to the economy between September 2013 and April of 2018.¹ This element of the government's claim, at least, checks out. However, the real question remains – is that out of the ordinary?

When Tony Abbott first made the pledge back in 2012, Guardian economist Greg Jericho warned that "a million jobs sounds wonderful in a sound-bite kind of way"² but noted that, due to population growth "a million new jobs ain't what it used to be"³ The reality is that the creation of a million jobs in a five year period is far from unprecedented in Australian economic history.

1 Australian Bureau of Statistics, Australian Labour Force, Cat 6202.0, April 2018

2 Jericho, Greg, A million new jobs ain't what it used to be, ABC News online, 5 December 2012. <http://www.abc.net.au/news/2012-12-05/jericho-a-million-jobs/4407638>

3 Jericho, Greg, 5 December 2012

When Tony Abbott made the ‘million jobs’ promise in late 2012, the economy had just finished doing precisely that. As figure 1 shows, 1 million new jobs were created during the Rudd/Gillard period from 2006 through to 2011⁴, despite the difficulty of the global financial crisis. The feat was also replicated in the 1988–1993 period. What this means is that for 15 years of the last 30, the economy has been in the process of creating a million jobs in five years. If you discount the Asian Financial Crisis and the post-GFC slump creating a million jobs every 5 years has been the norm for the Australian economy over the past 30 years. Within this context, the Coalition’s claimed ‘achievement’ begins to look less and less noteworthy.

Figure 1: shows multiple periods of ‘1 million +’ jobs growth in five-year periods.⁵



⁴ Australian Bureau of Statistics, Australian Labour Force, Cat 6202.0, April 2018

⁵ Jericho, Greg, The job increase is less inspiring than the government would like you to believe, Guardian Australia, 22 May 2018, <https://www.theguardian.com/business/grogonomics/2018/may/21/the-job-increase-is-less-inspiring-than-the-government-would-like-you-to-believe>

The Coalition's lack of real achievement is reinforced when we consider that it came at a time when the creation of 1 million jobs was the easiest it has ever been. The use of the raw number, as opposed to an employment rate or ratio is entirely misleading. Thanks to population growth, the Coalition had an easier time achieving their goal than any other government in Australia's history. For example, when 1 million jobs were created in the late 1980s, Australia's working age population was approximately 12.7 million people⁶, meaning that 1 million new jobs represented about 7.8 per cent of the working population. When it was achieved again in 2005 the working age population was 16.3 million⁷, making 1 million jobs about 6 per cent of the working population. Right now, the working age population is about 20 million⁸ – meaning the one million jobs created represents only 5 per cent of the working population. What the Coalition was doing was promising to achieve something not particularly noteworthy, at a time when it was the easiest to achieve that it had ever been. If the Coalition had really wanted to make a meaningful jobs commitment, they would have used a measure that takes into account population growth and which can be meaningfully compared to earlier periods. An examination of these measures shows why they did not – as that makes for a far less positive sound bite.

The Coalition are generally quiet on the unemployment rate which is a much better measure of how well jobs growth is helping people find work. The unemployment rate remains stubbornly high. The Coalition has failed to improve the rate at which Australians move into work.

When the Coalition was elected in 2013, the unemployment rate was 5.7 per cent and in the latest figures it is a barely different 5.6 per cent.⁹ Figures 2 and 3 below show that the unemployment rate over the period the Coalition has been in power remains close to the level it was at the height of the GFC. It is still far above the pre-GFC low of 3.9 per cent from August 2008 and the 2008 average of 4.2 per cent.¹⁰ If instead of making a meaningless 'million jobs' promise, the Coalition had promised to bring down the unemployment rate – they would have unquestionably failed. This unchanged unemployment rate has been accompanied by an almost imperceptible increase in the participation rate, only 0.9 per cent, which reinforces that the actual increase in jobs has been far less meaningful than the Coalition would have us believe. Other economic indicators such as underemployment, hours worked and prevalence of part-time work have all either stayed the same or have actually worsened. This is no doubt why the Government has focused its rhetoric on job 'creation' numbers and not the unemployment rate or other meaningful measures. The government has experienced this failure to improve unemployment despite having numerous options to actively create good quality, secure jobs for Australian workers. The ACTU policy paper Jobs You Can Count On strategy identifies the course Australia must take to ensure that working people have good, secure jobs into the future and if fully implemented would, according to the Centre for Future Work, lower unemployment below 4 per cent, slash underemployment and increase the participation rate by 2 per cent.¹¹

6 Jericho, Greg, 22 May 2018

7 Jericho, Greg, 22 May 2018

8 Jericho, Greg, 22 May 2018

9 Australian Bureau of Statistics, Australian Labour Force, Cat 6202.0, April 2018

10 Australian Bureau of Statistics, Australian Labour Force, Cat 6202.0, April 2018

11 Stanford, Jim, A Comprehensive and Realistic Strategy for More and Better Jobs, Centre for Future Work, May 23, 2018. https://www.futurework.org.au/a_comprehensive_and_realistic_strategy_for_more_and_better_jobs

Figure 2: shows the lack of change in the unemployment rate under the Coalition¹²

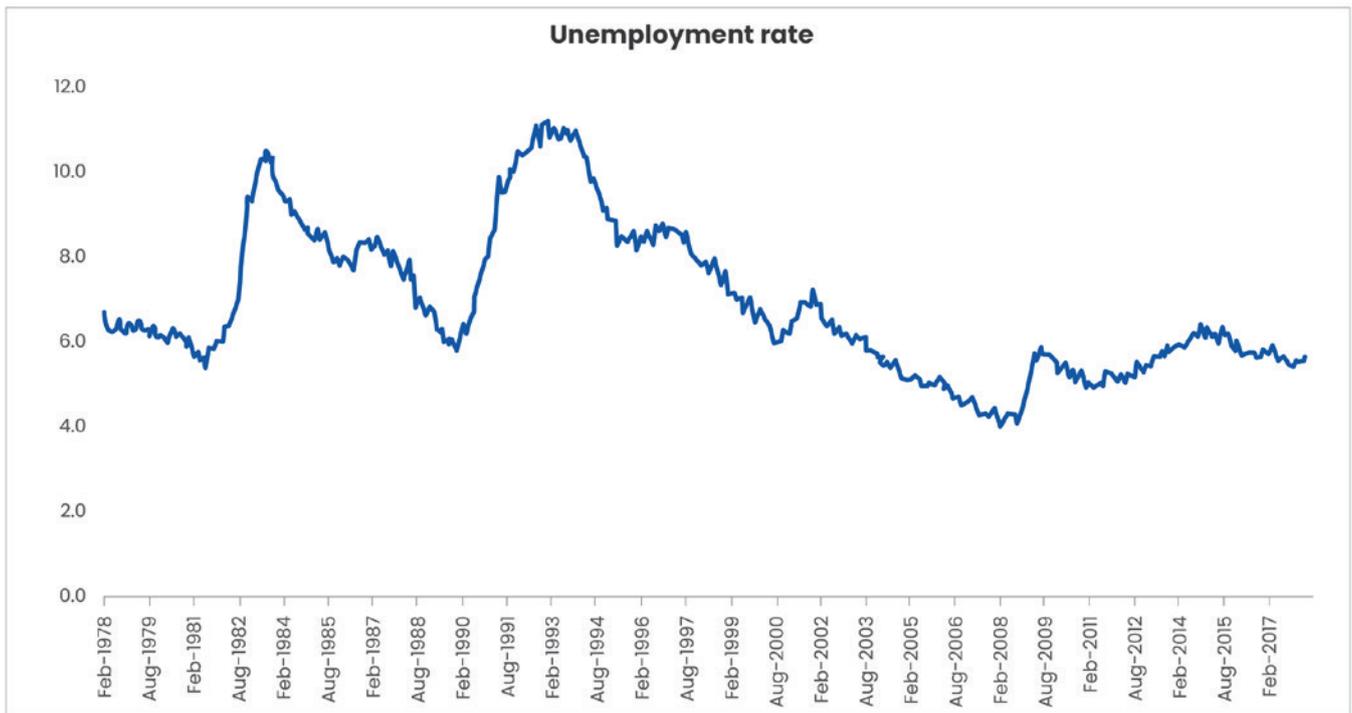
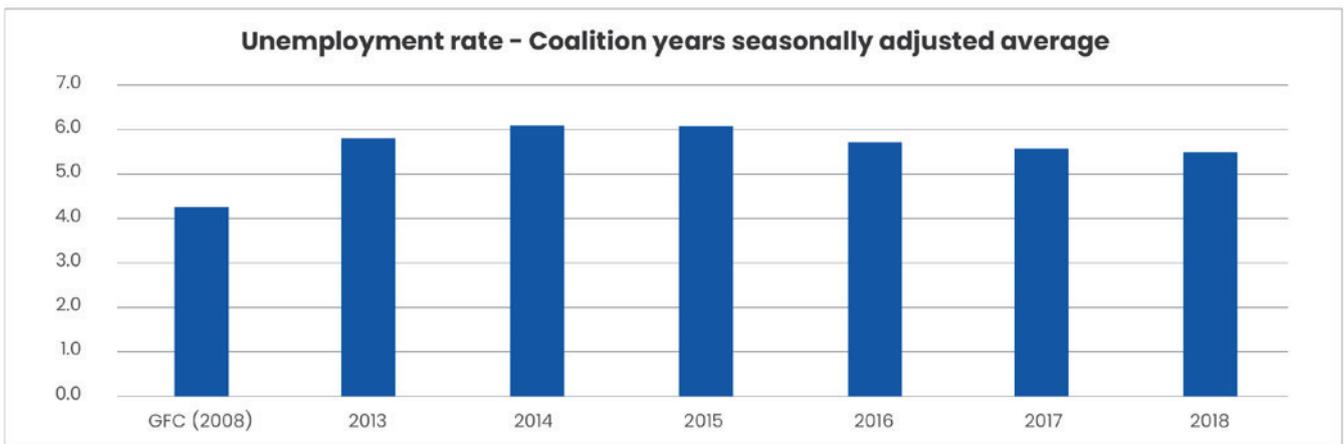


Figure 3: High and unchanging rate of unemployment under the Coalition¹³



¹² Australian Bureau of Statistics, Australian Labour Force, Cat 6202.0, April 2018

¹³ Australian Bureau of Statistics, Australian Labour Force, Cat 6202.0, April 2018

Where did all the jobs go?

The question that all this begs is an obvious one. If one million jobs are created but not that many people enter the labour force and the unemployment rate doesn't go down, who has those jobs? The answer is that the Coalition has mastered a simple formula for job 'creation'. Issue a visa, create a job.

Recent revelations in Senate Estimates have shown that of the 1 million jobs the Coalition claims to have 'created' in the past five years, nearly half were filled by temporary visa workers.¹⁴ This reality was revealed in Budget Estimates on 25 May 2018, when, in answer to a question about the number of temporary visa jobs created in a five-year period, a Department of Home Affairs representative answered:

"Over five years, maybe 500,000"¹⁵

This is deeply problematic for a number of reasons. Firstly, evidence shows that employers are not using the temporary migration system to fill skills shortages but to avoid raising wages and training local workers. Employers are claiming skills shortages when the situation may simply reflect a short-term recruitment difficulty. There is an incentive for employers to do this because employers want to avoid paying proper wages and/or training local workers.

Situations where employers are not willing to raise wages in order to attract more potential candidates should not be regarded as a true labour shortage. A recent report by Dr Chris F. Wright and Dr Andreea Constantin University of Sydney Business School "An analysis of employers' use of temporary skilled visas in Australia" surveyed employers that use temporary skilled visa holders. The report highlighted the following;

*'Only a very small proportion of employer respondents claim that they would seek to address skilled vacancies by increasing the salary being offered, which is generally considered a necessary precondition for a skills shortage to exist. Therefore, even where employers are using the 457 visa scheme because of skills shortages, the shortages that exist do not appear to be acute.'*¹⁶

In fact, the report highlighted that 14 per cent of employer sponsors using the previous 457 scheme claim not to have difficulties recruiting from the local labour market. Only 11 per cent of employer respondents said that training existing employees is the strategy most preferred when they have difficulties recruiting skilled workers and less than 1 per cent were prepared to increase wages or offer incentives to prospective candidates in order to address their recruitment problems.

14 Senate Hansard, Legal and Constitutional Affairs Legislation Committee Estimates, Commonwealth of Australia, 22 May 2018, pp. 36

15 Senate Hansard, 22 May 2018, pp. 36

16 Dr Chris F. Wright and Dr Andreea Constantin, An analysis of employers' use of temporary skilled visas in Australia, University of Sydney Business School, 2015

Temporary visa workers are effective at keeping wages low for local workers because the harsh reality is that Australia now has a sizable underclass of migrant workers that are treated as second class citizens to be exploited and abused. Subclass TSS (former 457) workers, international students and working holiday makers all suffer disproportionate levels of wage theft, discrimination, intimidation, unfair dismissal, and pressure to do unreasonable work.

- One in three international students and backpackers are paid about half the legal minimum wage, according to the new report 'Wage Theft in Australia', the most comprehensive study of temporary migrants' work and conditions in Australia. The report draws on survey responses from 4,322 temporary migrants from 107 countries in all states and territories.¹⁷
- In Sydney, 80 per cent of surveyed international students working in hospitality and retail were found to be underpaid, with 35 per cent reporting wages of \$12 an hour or less.
- Another investigation found that close to 80 per cent of foreign language job advertisements offered unlawful rates of pay.¹⁸

There have been hundreds of examples of rampant exploitation of workers on visas such as students and Working Holiday Maker visa holders. Exploitation of working holiday visa holders in the farm sector includes cases of underpayment, provision of substandard accommodation, debt bondage, and employers demanding payment by employees in return for visa extensions. Evidence released from the Fair Work Ombudsman in 2016 revealed the depths of the systemic exploitation of working holiday makers where 28 per cent did not receive payment for work undertaken and 35 per cent stated they were paid less than the minimum wage. In addition, over the past 18 months or more, we have witnessed a seemingly endless wave of stories of serious worker exploitation and intimidation in a number of well-known franchises, including 7-Eleven, Pizza Hut, Caltex, Domino's Pizza and United Petroleum.

We have seen hundreds of examples where exploited vulnerable workers are paid under the legal rate of pay and face severe exploitation. Unfortunately, this has become an all too common experience. Many of these exploitative activities have become normalised and are a business model for some unscrupulous employers.

That the Coalition has represented to the Australian public that they have fulfilled their 'million jobs' promise when half of those are in fact attributable to temporary visa workers is yet more evidence of their lack of commitment to jobs and the need to review our temporary migration system.

17 Authored by Laurie Berg, a senior law lecturer at UTS, and Bassina Farbenblum, a senior law lecturer at UNSW Sydney.

18 "Lighting Up the Black Market: Enforcing Minimum Wages" - This report by Unions NSW looked at research involving analysing job advertisements in two separate audits conducted in March 2016 and April 2017. Overall, 78 per cent of the businesses examined advertised rates of pay below the relevant minimum award rate. On average, underpaid jobs were advertised at \$14.03 an hour, representing an average underpayment of \$5.28 an hour when compared with the relevant minimum awards. The lowest rates of pay were \$4.20 an hour for a nanny and \$9 an hour for an office clerk. In 2015-16 the minimum award rates for those jobs were \$18.91 and \$18.38 respectively.

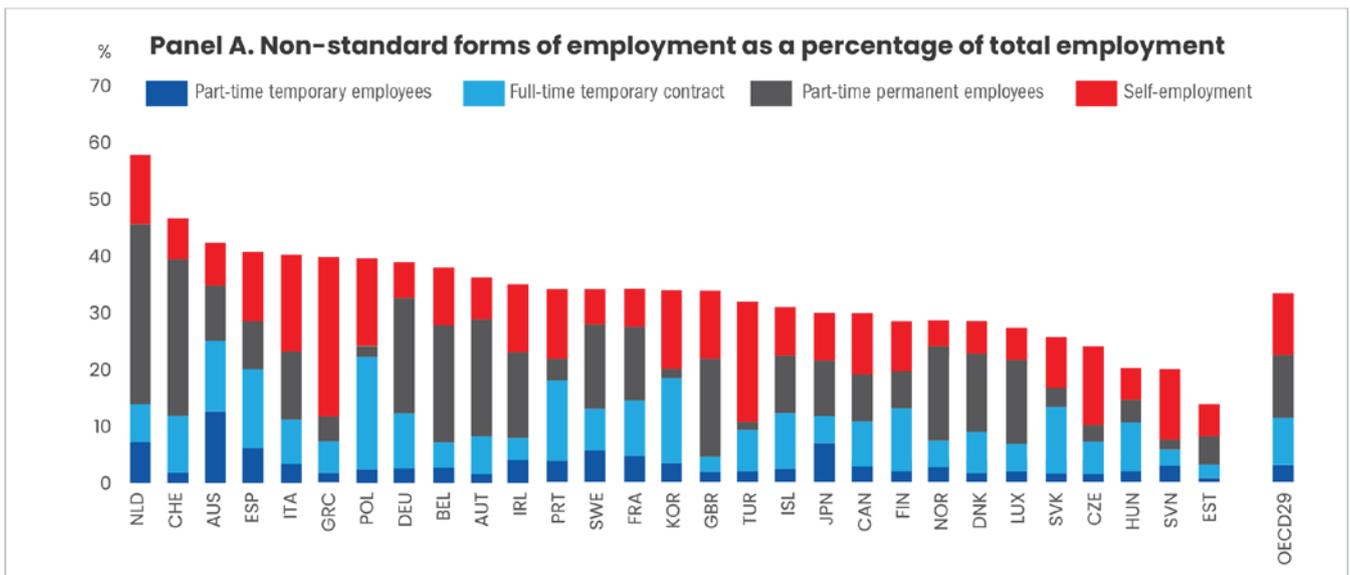
One million insecure jobs

A million new jobs, regardless of whether such a number is a significant achievement or not, would have been welcome if they were decent, secure jobs which helped address Australia's hidden crisis – insecure work. As outlined in the recent ACTU paper *Australia's Insecure Work Crisis: Fixing it for the Future*, Australia is a global pacesetter in creating insecure work and in relying on non-standard working arrangements – 40 per cent of Australian workers are in insecure work. If the million jobs created by the Coalition had helped to reverse this trend, they would be extremely valuable. Unfortunately by analysing both the types of jobs of created, as well as any change in long-term insecurity measures, we can see that this is not the case.

Nearly half the jobs created since September 2013 have been part-time jobs.¹⁹ The category that increased the most was part-time jobs taken by women – helping to contribute to Australia's stubbornly-persistent gender pay gap.²⁰ Since 2013 the percentage of adults in full-time work has dropped from 43 per cent to 42.4 per cent.²¹ While not all part-time jobs are insecure, as many as one in three part-time workers are underemployed, unable to get the hours of work and income they need.²²

As figure 4 shows, Australia by 2015 already had the 3rd highest rate on non-standard work in the OECD.²³

Figure 4: Australia has the 3rd highest rate of non-standard work in the OECD



19 Australian Bureau of Statistics, Australian Labour Force, Cat 6202.0, April 2018
 20 Australian Bureau of Statistics, Australian Labour Force, Cat 6202.0, April 2018
 21 Australian Bureau of Statistics, Australian Labour Force, Cat 6202.0, April 2018
 22 Australian Bureau of Statistics, Participation, Jobs Search and Mobility, Cat 6226.0, February 2017
 23 OECD, In it together: Why less inequality benefits all, May 2015, Figure 4.1.

Despite the Coalition’s ‘jobs promise’ the last five years have worsened almost every indicator of job insecurity that can be measured. A recent report from the Centre for Future Work, The Dimensions of Insecure Work: A Factbook, summarises the change in these measures under the Coalition in a table, reproduced below as Table 1.

Table 1²⁴
Summary: Indicators of Job Insecurity

Indicator	2012	2017
Part-Time Share of Total Employment	29.7%	31.7%
Underemployment as Share of Total Employment	7.6%	9.1%
Average Hours Worked per Month	141.0	139.7%
Employees Without Pail LEave Entitlements (“Casual”)	23.5%	25.1%
Part-Time Incidence Among Self-Employed Workers	32.0%	35.0%
Private Sector Employees Covered by Current EBAs (% Total)	18.9*	12.4%
Portion of Employees Under Industrial Awards	16.6%	23.6%
Real Earnings for Part-Time Self-Employed with No Employees (\$2017)	\$719	\$528 (-26.5%)
Temporary Migrants with Work Rights as Share Labour Force	5.2%	6.8%**
Share of Australians Under-30 in Full-Time Employment	42.5%	38.9%
Share of All Employed in Paid Full-Time Employment with Leave Entitlements	51.35%	49.97%
Source: Centre for Future Work calculations from ABS data as describerd above. *2016 data **Does not include NZ citizens on SCV 444 visas.		

What this data shows is that far from improving the insecure work crisis currently gripping the Australian economy, the 1 million jobs created during the Coalition’s period in power have failed to prevent these measures of insecurity trending in the wrong direction. Vast numbers of Australian workers are experiencing job insecurity through sham-contracting, labour-hire, rolling fixed-term contracts, the gig economy and working time insecurity.²⁵

24 Centre For Future Work, The Dimensions of Insecure Work: A Factbook, 2018.

25 All outlined in more detail in Australia’s Insecure Work Crisis: Fixing it for the future. https://www.actu.org.au/media/1033868/insecure-work_final-18052018-final.pdf

Insecure work has a devastating effect on workers, their families and the economy. Workers are trapped between various insecure jobs and unemployment with the majority never moving up a career ladder or experiencing improved job security with higher pay, or the satisfaction that comes with promotion. Many workers struggle to make ends meet, leaving families unable to meet basic costs of living. Society too loses out, with insecure workers often receiving less training as well as experiencing the mental and physical health issues that come with insecure work. That the Coalition is crowing about creating a million jobs while they have done nothing to address the insecure jobs crisis, but have helped to entrench it with their support for penalty rate cuts and other anti-worker initiatives, is ludicrous – tantamount to celebrating a successful rearrangement of the deckchairs on the Titanic.

It is important to acknowledge what every Australian household already knows, that creating new jobs is important but it is equally important to make sure that the jobs people have pay enough. It is not enough to merely have a job, that job must pay enough to live on and to provide financial stability. Turnbull years have seen Australian workers experience record-low and near record-low wage growth. From March 2017 to March 2018 the Wage Price Index only increased by 2.1 per cent, a bare 0.2 per cent above the record-low of 1.9 per cent set in 2017.²⁶ The WPI is an average measure and many workers see their wages increasing more slowly, and for many they are falling in real terms.

Any small wage increases are far outstripped by increases in the costs of necessary purchases like healthcare, education and energy, which affect those on lower wages disproportionately. Despite relying on projected wage increases to fund their Budget, the Turnbull government does nothing to encourage wage growth and everything they can to discourage it. They have set a 2 per cent cap on wage increases for the public service,²⁷ which necessarily has flow-on effects to the rest of the economy. They oppose the ACTU's call for a living wage for minimum wage workers, support penalty rate cuts for low paid workers in retail, hospitality, pharmacies and fast food and they continue to support our broken temporary migration system which exploits migrants and drives down wages and conditions. The Coalition has done nothing to make sure the jobs it creates are secure and has actively worked against making sure that those who already have jobs or those that fill the jobs that are created can earn enough to pay their basic living expenses. This is their true jobs legacy – one of failure and neglect.

The Coalition's 'million jobs' promise does not stand up to even cursory examination. It is clear now that what was promised was unspectacular and avoided any meaningful measure of improvement in the labour market. Their actual record of achievement on measures that matter, ranging from unemployment to insecurity indicators to simple wage increases is, by contrast, abysmal. The making of the promise itself was a cynical PR exercise designed to bolster their election prospects and present the Coalition as capable economic managers while actively avoiding any real economic management.

For the Coalition to crow over its 'achievement' in the context of the economic and industrial issues faced by workers shows the contempt with which the government views the workers of Australia. This 'million jobs' promise is perfectly emblematic of the Turnbull government – it is a deliberately misleading, meaningless PR 'victory' while in the background real crises grind on, without any attempt to implement a solution.

26 Australian Bureau of Statistics, Wage Price Index, Cat 6345.0, March 2018

27 Hannan, Ewin, Public sector pay rises capped at two per cent, The Australian, 7 February 2018 <https://www.theaustralian.com.au/news/nation/public-sector-pay-rises-capped-at-two-per-cent/news-story/becefaa54a04e722d2584ef9d15dcc09>