

ATTACHMENT

COST OF PROVIDING PAID ANNUAL LEAVE TO ALL "REGULAR" CASUAL EMPLOYEES

The total cost to Australia's employers of granting paid leave entitlements to all 'regular' casual employees in addition to all of their current remuneration and entitlements will be somewhere between \$5.7 billion and \$8.0 billion, depending on the definition of 'regular' work that is developed and applied.

These estimates of the total cost impact are based on the latest available ABS and HILDA data which show:

- **2.6 million casual employees in May 2018** ("employees with no paid leave entitlements"), including:
 - **823,151** employees without leave entitlements who worked full-time; and
 - **1,814,200** employees without leave entitlements who worked part-time;
- **61%** of all casual employees have worked 'regular shifts' for 6 months or more with their current employer; and
- **Up to 85%** of all casual employees work on a 'regular' basis for their current employer, based on a range of statistical measures of 'regular' work.

The number of casual employees that will be affected will be between 1.6 million and 2.2 million, depending on the definition of 'regular' work that is developed and applied.

Table 1: estimates of the total cost to employers of providing paid leave to all 'regular' casual employees, low and high estimates of 'regular' casual employment

Estimate 1: 61% of 2.6 million casual employees are 'regular'							
Length of service working 'regular shifts' for current employer	Proportion of all casuals (HILDA)	full-time 'regular' casuals (May 2018)	full-time casual median weekly earnings (Aug 2017)	part-time 'regular' casuals (May 2018)	part-time casual median weekly earnings (Aug 2017)	Annual leave accrual	Total cost of annual leave
<i>years</i>	<i>%</i>	<i>number of people</i>	<i>\$</i>	<i>number of people</i>	<i>\$</i>	<i>weeks</i>	<i>\$ million</i>
5+	16	80,340	1000.00	177,065.92	352.00	20	2,853
4	5	25,106	1000.00	55,333.10	352.00	16	713
3	7	35,149	1000.00	77,466.34	352.00	12	749
2	12	60,255	1000.00	132,799.44	352.00	8	856
1	11	55,233	1000.00	121,732.82	352.00	4	392
6 months	10	50,212	1000.00	110,666.20	352.00	2	178
under 6 months	24	120,509	1000.00	265,598.88	352.00	0	-
TOTAL		502,122		1,106,662			5,742

Estimate 2: 85% of 2.6 million casual employees are 'regular'							
Length of service working 'regular shifts' for current employer	Proportion of all casuals (HILDA)	Full-time 'regular' casuals (ABS May 2018)	full-time casual median weekly earnings (ABS Aug 2017)	part-time 'regular' casuals (ABS May 2018)	part-time casual median weekly earnings (ABS Aug 2017)	annual leave accrual	Total cost of annual leave
<i>years</i>	<i>%</i>	<i>number of people</i>	<i>\$</i>	<i>number of people</i>	<i>\$</i>	<i>weeks</i>	<i>\$ million</i>
5+	16	111,949	1000.00	246,731	352.00	20	3,976
4	5	34,984	1000.00	77,104	352.00	16	994
3	7	48,977	1000.00	107,945	352.00	12	1,044
2	12	83,961	1000.00	185,048	352.00	8	1,193
1	11	76,965	1000.00	169,628	352.00	4	547
6 months	10	69,968	1000.00	154,207	352.00	2	248
under 6 months	24	167,923	1000.00	370,097	352.00	0	-
TOTAL		699,678		1,542,070			8,002

Data sources: ABS *Labour force Australia quarterly detail*, May 2018; ABS *Characteristics of employment*, August 2017; HILDA data, as cited in the Fair Work Commission's decision in the *Casual and Part-time Employment Case* [2017] FWCFB 3541, 5 July 2017.