

# WORKING TOGETHER

## THE FACTS

### LABOUR HIRE

#### LABOUR HIRE PROVIDES VITAL FLEXIBILITY

Businesses and workers have a shared interest in ensuring that labour hire arrangements remain widely available. The key aspect of labour hire is that the workers are employed by a labour hire company and are placed with other businesses. Businesses use labour hire to address seasonal demand, to cover unplanned absences, and to access staff with particular skills.

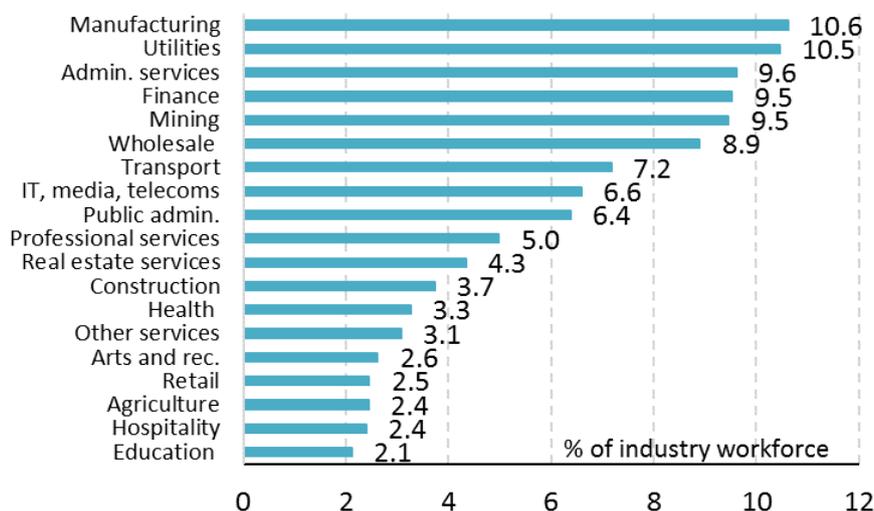
#### THE ‘LABOUR HIRE’ WORKFORCE IS NOT INCREASING

It is a myth that labour hire employment has been increasing in Australia. As a proportion of the workforce, labour hire and agency employment has been relatively steady over the past decade.

The latest Australian Bureau of Statistics (ABS) data about ‘labour hire’ workers show that as of August 2016, 600,800 (5% of all workers) had found their current employment through a labour-hire or employment agency. 167,000 workers had used a labour hire agency (1.4% of the total workforce) and 433,000 (3.6% of the total workforce) had used an employment agency to find their current job. Of these workers, only 133,700 (22% of those who found work this way and just 1% of all workers) were paid by a labour hire or employment agency. The vast majority of those finding jobs through an agency were paid directly by their employer.

Across industries, manufacturing employed the highest number of people who had found their job through a labour hire or employment agency, at 96,600 people or 10.6% of manufacturing workers in 2016 (Chart 1). Over 50,000 people in each of professional services and health services had found work through an agency, but they represented small shares of those industries’ workforces. Over 9% of workers in each of utilities, administrative services, finance and mining had also found work through a labour hire or employment agency.

**Chart 1: Workers who found their current job through a labour hire or employment agency, Aug 2016**



Among the workers who had found their job through a labour hire or employment agency (as of August 2016):

- 21% were 'clerical and administration' workers, 19% were professionals (19%) and 15% were labourers;
- 79% worked full-time and 21% worked part-time; and
- 70% had been with their current employer for longer than 12 months and 28% had been with their current employer for more than 5 years.

## **AWARDS AND WORKPLACE LAWS APPLY TO LABOUR HIRE COMPANIES**

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The Fair Work Act and awards apply to labour hire businesses and employees, just like everyone else.

Most awards include a provision in the coverage clause expressly stating that the award applies to labour hire employers and employees.

The National Employment Standards, unfair dismissal laws, general protections and other provisions of the Fair Work Act apply to labour hire employees.

## **MANY EMPLOYEES PREFER TO WORK IN THE LABOUR HIRE INDUSTRY**

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Many employees prefer the flexibility that labour hire employment offers them. They enjoy significant flexibility over their hours and work locations. They enjoy a lot of variety and rapidly gain new skills and experiences. Labour hire businesses typically provide work health and safety training and direct management support to their employees. Many provide best-practice employment conditions. Hundreds of thousands of employees choose to work in the labour hire industry.

Given that the demand for labour hire can be uncertain, most employees in the labour hire industry are engaged as casuals. It is a myth that the level of casual employment has been increasing – it has been about 20% of the workforce for the past 20 years.<sup>2</sup>

## **THE VAST MAJORITY OF LABOUR HIRE COMPANIES ARE REPUTABLE**

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The vast majority of labour hire companies are reputable in their employment practices and comply with relevant laws and regulations. Of course, there is a small number of employers and employees who do the wrong thing in every industry. However, there is no evidence that the incidence of wrongdoing in the labour hire industry is greater than any other industry. In 2017, the penalties for breaches of awards and workplace laws increased by up to 20 times.

## **RESTRICTING LABOUR HIRE WOULD DESTROY JOBS**

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Taking away the flexibility that labour hire businesses and their clients need would reduce employment, productivity and competitiveness. It would also be unfair on hundreds of thousands of labour hire employees.

### **Data**

<sup>1</sup> ABS, *Characteristics of Employment*, various years.

<sup>2</sup> ABS *characteristics of employment; Labour Force Australia, Detailed Quarterly*.