

## General Discussion of 'Non-standard Employment and Wages in Australia'

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The discussion focused on the results of the paper, which showed that non-standard work (anything other than full-time permanent wage and salary jobs) was unlikely to be a primary contributor to low wages growth. One participant speculated that the results indicated that the composition of work may not matter to the low wages growth story; and that the slowdown in wages growth has been broad based. The presenter also emphasised that the gig economy (a subset of non-standard work) is not particularly new and is unlikely to lead to a large change in the nature of work in the economy that could explain the broad based phenomena of low wages growth. This is especially the case for Australia which already has a relatively high proportion of part-time and casual workers. For example, drivers on ride-share apps may merely be replacing taxi drivers. Hence, the rise of the gig economy may not represent a large shift in the composition of work in Australia.

Given the results of the paper showed little evidence of non-standard work contributing to low wages growth participants contemplated other causes of low wages growth. Some participants believe that there has been a broad based degradation in employment protections through changes in enterprise bargaining and award standards. Another participant echoed this sentiment and suggested that decreased protections may be concentrated towards younger workers in particular sectors such as retail and hospitality. Relatedly, it was also speculated that what has driven lower wages growth are unobservable (or difficult to measure) job characteristics such as job security. However, as the variables are difficult to measure they are hence difficult to analyse.

The interaction between the non-standard work and the participation rate was also explored. One participant asked if the work in the paper could be measuring the effect of increased participation from low productivity workers, which would be expected to cause lower wages growth. A participant responded by pointing out that if there was this low-quality supply effect, we would have expected to see a large increase in the share of casual employment. This trend has not been observed in the data.

The findings of the paper were also discussed in the context of the other conference papers, particularly with respect to inflation expectations. One participant noted that there may be a gap between the direction of microeconomic and macroeconomic work: the macroeconomic research had emphasised the role of expectations, while the microeconomic research focused on the role of employment. It was suggested that future work should focus on how these group expectations form. A participant responded by pointing out that the employment outcomes also matter in explaining low wages growth in macroeconomic research, as well as expectations. It was suggested that the GFC drove up unemployment and hence slowed wages growth and as unemployment remained elevated individuals formed low inflation expectations, which have continued to hold down wages growth.

Another participant expressed doubt about the contribution of inflation expectations to low wages growth in practice, arguing that workers are unlikely to accept lower wages due to lower expectations. They argued, instead, that it is more likely that there has been some kind of shock to the 'wage norm', possibly from the impact of the GFC combined with some other changes in the labour market. Another participant suggested that changes to public sector wage-setting practices, such as wage caps, may have contributed to changes in these wage norms. However, some expressed scepticism over using structural explanations such as wage norms to explain low wages growth. They pointed to the fact that the slowdown in wages growth was sudden and across the board in many countries. Accordingly, using cyclical explanations may make more sense.

The discussion turned to measurement of the gig economy – a subset of non-standard work that has gather much media attention. Some participants noted that households may not know how to document their participation in the gig economy in surveys. For example, it was questioned whether a full-time employee who drives others to work through a ride-sharing service as part of their own travel to their full-time workplace would really consider this a second job and report it as such. Another participant pointed to US administrative data that indicated that more

people worked in the gig economy than was suggested by other survey based measures. However, it was also noted that there are issues with processing administrative data that can lead to overestimation of gig economy workers.

The presenter accepted these measurement problems highlighting that within HILDA (the data source of the work) 8 per cent of individuals work another job, but there is little information about the other job in HILDA. As a result of these data limitations, the focus of the paper was on the main job. This prohibited looking specifically at additional casual or gig work.