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## The Australian Labour Market in 2007

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**Abstract:** Both global and domestic economic growth remained robust in 2007 resulting in historically low unemployment and high labour force participation in Australia. However, these favourable labour force statistics were overshadowed for much of the year by a number of other issues such as the continuing drought, high oil and petrol prices and associated inflation and interest rate pressures, a November federal election, and the first full year of the operation of the Work Choices legislation. This article will address each of these issues by presenting an analysis of the macroeconomy and labour market, and reviewing the labour market implications of the Work Choices legislation in Australia.

**Keywords:** *economic performance; industrial relations legislation; labour market; Work Choices*

### Introduction

Strong domestic and international economic growth continued in 2007, albeit under the constant threat of increasing inflationary and interest rate pressures. Australia recorded a historically low average unemployment rate of 4.4 percent and labour force participation rate of 65 percent in 2007, continuing a number of strong years for both labour demand and supply. However, as noted in the

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JIR review of the Australian labour market in 2006 (O'Brien et al., 2007) large disparities in labour force statistics remain for various groups at the disaggregated level.

A notable finding over recent years is the apparent reversal of the trend decline in older male (aged 55–64 years) labour force participation rates coupled with low unemployment rates, perhaps signalling an end to prevalent early retirement trends. This finding is particularly important in the context of an ageing Australian population and associated policy to restrict social security pension access and to increase labour force participation (see Burgess et al., 2004). However, it can be argued that the recent increase in labour force participation is more a result of robust labour market conditions rather than welfare reform. This is of particular concern if the labour market weakens in the future as older males still appear to occupy a relatively marginalized position in the labour market, as evidenced by the persistence of a core of long-term unemployed older males even in the present context of strong labour markets.

The first full year of the operation of Work Choices was 2007. Although only limited formal analysis has been conducted to date, most academic studies and media cases found that Work Choices had an adverse impact on employees. Some media cases also highlighted instances of alleged non-compliance, or even abuse of, the legislation. This was obviously a particularly hot topic in the context of a federal election year.

The remainder of this article is structured as follows. First, the global and domestic macroeconomic context is explored. This is followed by an analysis of labour market indicators with particular attention given to increasing labour force participation of older males. Finally, we present a review of the operation of the Work Choices legislation in Australia, followed by some concluding remarks.

## **The Economic Context**

The world economy exhibited strong growth in the first half of 2007, however, due to the US housing credit crunch and turbulence in financial markets global economic growth slowed towards the end of the year. Having said that, global economic growth remained relatively robust in 2007, with the International Monetary Fund (IMF) predicting growth in the world economy in its October World Economic Outlook at 5.2 percent in 2007 and 4.8 percent in 2008 (IMF, 2007).

However, it is important to ensure that the financial market strains do not deepen and engulf the Asian and European economies and thus trigger a more pronounced global slowdown. After a strong performance in the first half of 2007, output growth in the Euro zone and Japan slowed down in the second half. In the USA, with core inflation still under 2 percent, the real growth in GDP has been estimated to be only 1.9 percent, almost 1 percent less than the previous year. This slowdown in the US economy can be partly attributed to the tightened credit conditions in response to increasing concerns associ-

ated with the sub-prime mortgage market crisis, which gave rise to a tangible spike in yields on securities collateralized with such loans and other higher-risk securities.

The Australian economy in 2007 was estimated to have grown by between 3.2 percent (Australian Bureau of Statistics [ABS], 2007a) and 4.4 percent (IMF, 2007), while the average growth rate across all advanced economies combined has been predicted to be only 2.5 percent (IMF, 2007). From 2006 to 2007, the annual economic growth rate declined in most advanced economies: Germany (2.9 to 2.4 percent), France (2.0 to 1.9 percent), Italy (1.9 to 1.7 percent), Japan (2.2 to 2.0 percent) and Canada (2.8 to 2.5 percent). On the other hand, robust expansions continued in transitional economies in 2007 particularly in China (11.5 percent), India (9.9 percent) and Russia (7.0 percent), which in turn boosted the real demand for Australian exports by 3.9 percent. Some emerging market and developing countries have already witnessed higher inflationary pressures, partly reflecting their strong growth and/or rising food prices.

Higher oil prices and a continued rise in fresh fruit and vegetable prices triggered a bout of inflationary pressure in the Australian economy. However, inflation was harnessed at 2 percent for most of 2007 as a result of two timely rises in the cash rate by the Reserve Bank of Australia (RBA). Table 1 shows that in 2007 the nominal unit labour cost (3.9 percent) increased almost twice the rate of inflation (2 percent), supporting the view that labour market tightness contributed to a pick-up in wage-inflation. The RBA has been quite pre-emptive in its fight against inflationary pressures. Due to the impact of higher upstream price pressures and rising inflation, the RBA increased the official cash rate twice in 2007 (8 August and 7 November) each time by 25 basis points. The cash rate rose from 6.25 percent at the end of 2006 to 6.75 at the end of 2007, lifting the average mortgage rate to 8.30 percent. As a result of a higher housing interest rate and its adverse impact on housing affordability, real private investment (mainly residential construction) grew by only 5.2 percent in 2007 compared to a 8.7 percent growth in 2006. Undoubtedly the flattening of already high house prices and several interest rate rises slowed down the housing sector significantly.

It can also be argued that high interest rates could lead the nation into recession particularly if household debts rise and the property market continues to fall. According to Business Monitor Online (2007), within the next two years the Australian economy will experience a steady rebalancing of growth and a subsidence of inflationary pressures. It is therefore of paramount importance that the newly elected federal government continues to exercise fiscal restraint while the turbulence in financial markets fades. The current fiscal balance shows a healthy surplus of \$12bn, which is about 1.2 percent of GDP in 2007 (see Table 1).

Given red-hot global demand for raw materials, which constitute 60 percent of Australia's total exports, and rising prices of coal and iron ore, the Australian economy received a substantial boost in 2007. The bulk of the commodity boom accrued to the mineral-rich states of Western Australia and Queensland. This recent boom in commodity prices could not have come at a better time.

Without higher commodity prices, the Australian economy could have tipped into sharp downturn because of a downfall in the housing market.

Australia still suffers from a severe drought. Although the data on the crop harvest for 2007 is scarce, in 2006 the drought reduced the wheat production by 60 percent (IMF, 2007). Business Monitor Online (2007) estimated that the drought reduced GDP growth by 0.5 percent in 2007 via lost exports and falling farm incomes. According to Table 1, Australia's terms of trade (the ratio of export prices to import prices) rose by 6.7 percent in 2007, taking the index to its highest level since the early 1970s. An increase in the terms of trade can exert a multiplier effect on real income throughout the economy. During the period 2005–6 on average this boost has been 1.5 percentage points of GDP (Macfarlane, 2005). The rise in income accrues to wage earners in the resource sector, some to domestic shareholders and a large amount through increased taxation and royalties to governments.

As shown in Table 1, compared to 2006, the government increased its real current expenditure (4.5 percent) more than its real investment expenditure (2.8 percent) in 2007, likely contributing to more inflationary pressure on the economy. The annual growth rates of government current expenditure and investment in 2006 were 2.5 percent and 9.5 percent, respectively. Due to the value of Australian dollar rising by 6.4 percent in 2007, as measured by the real exchange rate (the trade weighted index), the real growth rate of imports (8.9 percent) was more than twice that of real exports (3.9 percent), leading to a current account deficit of \$69bn in 2007. As usual, the bulk of the trade deficit was financed through private borrowings mainly by Australian banks and financial institutions.

## Labour Force Developments in 2007

The labour market remained robust in 2007, following strong labour demand from previous years. Table 2 displays selected unemployment rates and labour force participation rates for 2007 compared to average rates over the last 20 years. Historically low unemployment rates (under 4.5 percent) and high labour force participation rates (65 percent) were recorded in 2007 compared to previous decades.

A closer look at some disaggregated statistics shows that males now display lower unemployment rates than females compared to the last 20 years, although female labour force participation continues to grow over time. Those residing in capital cities continue to display both lower unemployment rates and higher labour force participation than those residing outside the capitals.

Similarly, relatively large discrepancies remain in the labour force statistics characteristic of different states and age groups. Both Western Australia and Queensland currently display unemployment rates below the national average as well as labour force participation rates above the national average, presumably because of the resources boom. While this has been a persistent observation over time for Western Australia, it is a dramatic improvement for

**Table 1** *Key Economic Indicators in 2006 and 2007*

Variable	Unit	2006	2007*
Real GDP growth	(%) change	3.0	3.2
Terms of trade	(%) change	10.9	6.7
CPI	(%) change	3.5	2
Nominal Unit labour cost	(%) change	3.8	3.9
Real government expenditure	(%) change	2.5	4.5
Real household consumption	(%) change	2.6	3.6
Real Private investment	(%) change	8.7	5.2
Real Government investment	(%) change	9.5	2.8
Real exports	(%) change	2.2	3.9
Real imports	(%) change	7.2	8.9
Nominal current account balance	AU\$ Billions	-54.7	-69
Fiscal balance	AU\$ Billions	14.8	11.9
Fiscal balance	(%) of GDP	1.5	1.2
Real exchange rate (real trade weighted)	(%) change	-1.1	6.40
Cash rate at the end of year	(%)	6.25	6.75
Housing interest rate (average standard variable rate)	(%)	8.05	8.30

\* = estimates

Sources: Australian Bureau of Statistics (2007a, 2007b, 2007c); Commonwealth Treasury (2007); Reserve Bank of Australia (2007).

Queensland, which previously displayed higher unemployment rates than the national average. The opposite is true for New South Wales, which now has an unemployment rate above the national average. In contrast, relatively poor unemployment and participation statistics continue to be reported in both Tasmania and South Australia.

Unemployment rates remain high for youth but appear to decline with age group. A major finding, to be detailed later, is the dramatic reversal of prevalent trends for older workers. Older workers now display lower unemployment rates than other age groups (2.8 percent). Furthermore, they are the only age group to display higher labour force participation rates in 2007 than the average over the previous 20 years. This result is particularly significant in the context of an ageing population and federal government efforts to reverse the trend decline in labour force participation for older, particularly male, workers. This issue is discussed further in the next section.

## A Reversal of Early Retirement Trends in Australia?

As with most other developed countries, reversing the trend decline in older male labour force participation rates evident over recent decades and

**Table 2** *Selected Australian labour force statistics in 2007 and twenty year average*

	Average 2007		Twenty Year Average – 1997 to 2006	
	Unemployment Rate	Labour Force Participation Rate	Unemployment Rate	Labour Force Participation Rate
Total	4.4	65.0	7.4	63.3
Capital City	4.3	65.7	7.1	64.0
Balance of State	4.5	63.8	8.2	62.1
New South Wales	4.8	63.2	7.2	62.0
Victoria	4.7	64.9	7.5	63.3
Queensland	3.7	67.2	8.1	64.4
South Australia	5.0	62.4	8.3	61.4
Western Australia	3.2	68.0	7.1	65.9
Tasmania	5.2	60.5	9.3	59.9
ACT	4.3	71.9	6.4	70.8
Northern Territory	2.8	72.8	5.7	72.3
Male	4.0	72.3	7.5	73.3
Female	4.8	57.8	7.2	53.5
Youth	9.4	70.8	14.2	70.7
Prime	3.6	82.8	6.2	81.0
Mature	2.8	82.9	4.8	77.9
Older	2.7	58.3	6.0	47.2

Source: Australian Bureau of Statistics (2007d)

Youth = 15–24 years, Prime = 25–44 years, Mature = 45–54 years, Older = 55–64 years

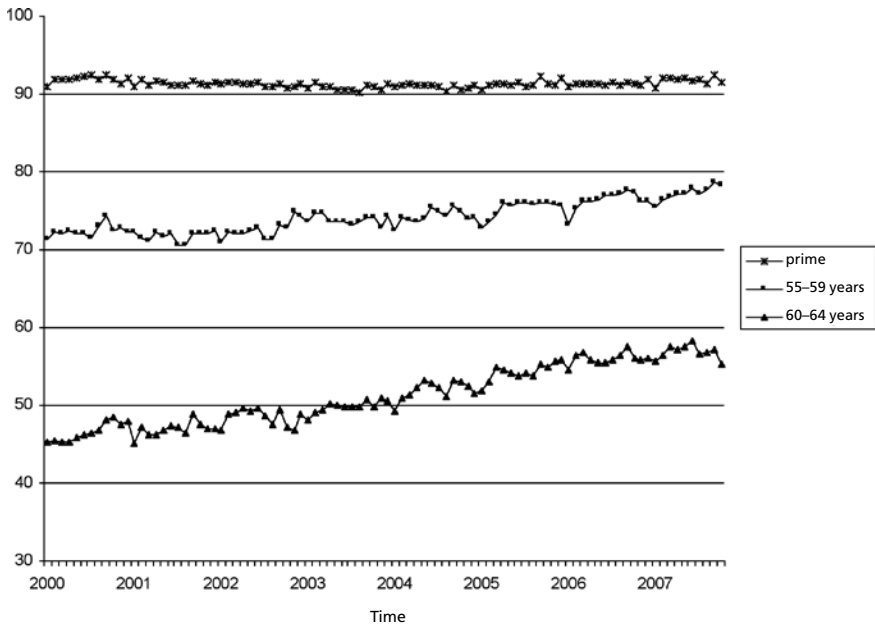
extending the working life of older workers has been established as an important Commonwealth government policy goal in the context of an ageing Australian population (for example Department of Family and Community Services [DFaCS], 2002; House of Representatives, 2000; Organisation for Economic Co-operation and Development [OECD], 2005a). Policies established are generally characterized as labour supply-side based. That is, they

target individuals' financial incentives for labour force participation or employment skills. Examples include increasing the age for superannuation receipt, restrictions to, or removal of, social security pensions traditionally used by the older population prior to the age of 65 years as part of welfare reform such as the Disability Support Pension (DSP) and Mature Age Allowance (MAA) (DFaCS, 2000), and retraining (Department of Employment and Workplace Relations [DEWR], 2006). In contrast, labour demand-side initiatives such as subsidies to employers or job creation are absent from this policy platform.

Figure 1 displays labour force participation rates for males aged 55–9, 60–4 years and prime age (25–44 years) since the year 2000. It is apparent that while prime aged males have displayed quite stable participation rates, the labour force participation rates for older males have increased by around 10 percentage points. This result is particularly important when coupled with a decline in older male unemployment rates over this same time period. It might be argued on the basis of these figures that the federal government's ageing society policy of social security pension restrictions and financial incentives for continued work have been successful. However, previous research has shown that older male labour force participations rates and social security receipt are driven primarily by aggregate labour demand constraints, with financial incentives and social security pension restrictions relatively unimportant in comparison (O'Brien, 2001a, b). Of course, the period observed in Figure 1 has been characterized by strong jobs growth and prime aged males constituting a declining proportion of the labour force. Indeed, the OECD suggests that the implicit tax on continued work for those aged 55 or 60 has actually increased in Australia over the period 1998 to 2003 (OECD, 2005b). These findings are of particular concern for older workers if the labour market weakens or the economy succumbs to recession in the future.

Unfortunately, even in the context of strong labour markets and welfare reform, the problems of long-term unemployment and social security dependency remain for a core of older long-term unemployed males. The MAA was previously designed to ease long-term (over 9 months) unemployed males in the 60–4 age category toward the Age Pension. Since the MAA was removed for new applicants in September 2003 there has been an increase in the number of recipients receiving the traditional unemployment benefit (the Newstart allowance) on a long-term basis, that is, for longer than 12 months (see Figure 2). This trend of increasing the number of long-term unemployment benefit recipients is at odds with that observed for other age groups over the same time period. Therefore, there is indirect evidence of a substitution effect between the MAA and Newstart benefit. Certainly, the removal of the MAA has not solved the long-term unemployment problems for older males. Notably, the DSP also had the effect of supporting otherwise long-term unemployed males (Argyrous and Neal, 2001; O'Brien, 2001b). Unfortunately, we are unable to report on the number of older DSP recipients and possible substitution effects toward this pension over the same time period as this information is no longer publicly available since the introduction of welfare reform.

**Figure 1** *Labour force participation rates for selected male age groups in Australia from 2000 to 2007*



Source: Australian Bureau of Statistics (2007d).

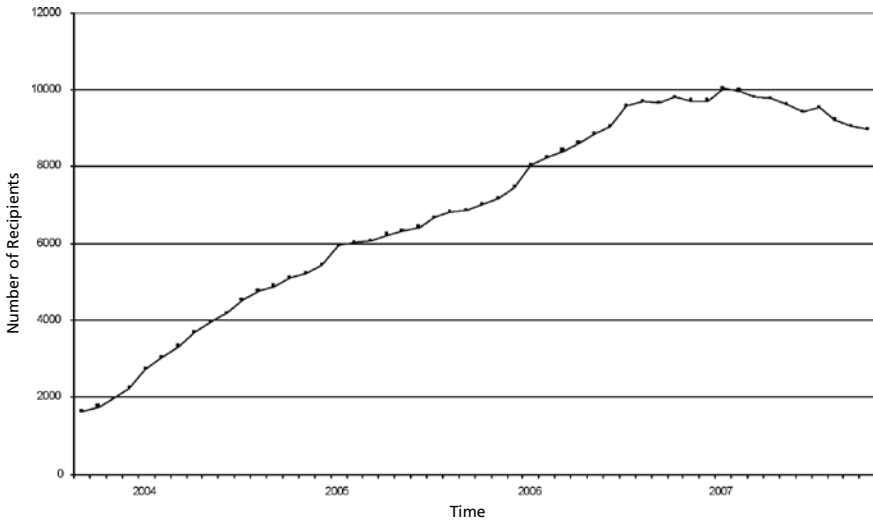
## Work Choices throughout 2007

As noted earlier, 2007 was the first full calendar year of operation for the Work Choices laws. Perhaps more importantly it was also a federal election year. There is little doubt that the Coalition Government, the Labor Opposition, the trade union movement and the business community all realized the importance of Work Choices legislation for the election. Indeed, the impending election was likely to have been the primary motivation for a raft of changes to the legislation coming into effect in 2007.

The year began in pre-election mode with the Prime Minister attempting to counter the anti-Work Choices campaign led by the Australian Council of Trade Unions (ACTU) with continued advertising and a defensive public relations campaign. Part of this campaign meant that Joe Hockey replaced Kevin Andrews as the Workplace Relations Minister on 23 January. According to many commentators the affable Mr Hockey was promoted in an attempt to better sell the unpopular legislation.

Having spent approximately AUS\$55m in 2006 on the initial round of advertising the Work Choices legislation to the community, the government dropped the 'Work Choices' brand. Minister Joe Hockey and Prime Minister Howard claimed that the new advertising campaign was needed to counter

**Figure 2** *Number of males aged 60–4 years receiving Newstart on a long-term\* basis from September 2003 to 2007*



\* in receipt of Newstart allowance for over 12 months.

Source: Department of Education, Employment and Workplace Relations (2007).

‘propaganda’ from the Australian Labor Party (ALP) and the union movement (Schubert and Jackson, 2007). While the Minister claimed the new advertising would be ‘very simple’ and contain ‘no spin’, the ALP and unions claimed the new campaign was little more than government propaganda (Australian Associated Press [AAP], 2007a). By the election in November the government had spent more than \$121m on its Work Choices advertising campaign (Marris, 2007).

The government also instituted other name changes with the Office of Workplace Services (OWS) being renamed the Workplace Ombudsman and the functions previously performed by the Office of the Employment Advocate (OEA) and the Department of Employment and Workplace Relations being centralized in the newly formed Workplace Authority (WA) (Australian Government, 2007). It was not long before the WA received negative media attention after it was revealed that approximately 260 temporary workers (on Australian Workplace Agreements [AWAs]) were hired and tasked with clearing a backlog of AWAs. It was revealed in August that between 10 and 15 percent of these people were backpackers working on holiday visas (Tadros, 2007). Reports disputed the extent to which the backpackers were involved in determining whether agreements met the fairness test with Minister Hockey stating ‘They’re clerical staff, you know, shuffling paper, as I understand it ...’.

### Academic Studies and Selected Media Cases

Despite government restrictions on the publication of official data relating to Work Choices, this did not prevent a number of academic studies from being released during the year offering insight into the real and likely impact of Work Choices on labour market participants. For example, Peetz and Preston (2007) claimed that almost 90 percent of AWAs abolished or reduced penalty rates. Furthermore, non-managerial employees on AWAs were earning only 92.7 percent of non-managerial employees on collective agreements. Disaggregated data by gender showed that women on AWAs earned 88.7 percent of those on collective agreements while men were earning 92.3 percent.

Employer Greenfield Agreements (EGAs) proved an innovative form of agreement making under the Work Choices legislation. Essentially, employers would determine what they would offer their employees and submit their 'agreement' to the Workplace Authority. Queensland and New South Wales organizations were highly represented in the spread of EGAs with 25.5 and 23.4 percent of agreements respectively (Gahan, 2007). In industry comparisons, the highest concentration of EGAs could be found in the construction industry (25.5 percent of EGAs) and the accommodation and food services industry (20.0 percent of EGAs). Gahan's research also indicated a high concentration of EGAs in the small business sector with almost 40 percent of existing EGAs belonging to companies that employed fewer than 20 employees. Furthermore, more than half (53.6 percent) of EGAs were used by firms that employ fewer than 100 employees. There was a significant reduction in entitlements for employees working under EGAs with 81.8 percent of EGAs removing at least one protected award condition and more than 78 percent of EGAs seeking to exclude all award conditions. Gahan also identified a 'major problem' with the level of employer non-compliance to the minimum wage standards set by the Australian Pay and Classification Scales (Gahan, 2007).

*Australia@Work: The Benchmark Report* was released in September 2007 to a great deal of media attention. This research reported on a range of transformations in the lives of Australian workers and in Australian workplaces including the impact of the Work Choices legislation. The authors suggested that the year following the introduction of Work Choices had 'not seen seismic shifts' in working conditions, while recognizing some emerging trends (Van Wanrooy et al., 2007). Furthermore, while advocates claimed that Work Choices would promote negotiation between employers and employees, findings from this research claimed that a central characteristic of many AWAs was a lack of negotiation. Indeed, more than 200,000 AWAs in operation in 2007 did not provide opportunity for negotiation. Evidence suggested that low-skilled employees on collective agreements had better pay outcomes than those on AWAs, and that while employees on AWAs generally had higher weekly wages, they had to work longer hours (Van Wanrooy et al., 2007). Most importantly, this research provided evidence in support of those who predicted that AWAs would reduce employees' pay and conditions.

The *Australia@Work* report researchers criticized the key assumption underlying the foundation of the Work Choices legislation: the equal bargaining strength of employees and employers. They identified inequalities in employee bargaining power due to skill, hours worked, gender and occupation. It was argued that individual bargaining was an 'inadequate solution' for employees without adequate bargaining power and could be used to undermine labour standards. They highlighted the lowering of statutory standards and the lack of negotiation opportunities over AWAs for those with little labour market power. Finally, the researchers criticized the lack of analysis conducted by the government prior to the introduction of Work Choices, or evaluation of the programme since its introduction (Van Wanrooy et al., 2007).

Other reports began to provide some tangible evidence of the negative impact of Work Choices particularly on low paid women. For example, a report on the experiences of more than 120 low-paid women demonstrated that these already vulnerable employees faced reduction in pay and weakened job security while also facing other negative outcomes such as less voice in the workplace and poorer health and well-being experiences (Elton et al., 2007; see Pocock et al., 2008).

The government did not appear to take any of this critical research on board. Perhaps one of the more alarming factors of the *Australia@Work* report was the Government's antagonism to the researchers themselves, rather than the research findings. Indeed, there was little engagement with the research findings with the exception of regular, yet unsubstantiated claims of 'flawed' methodology. The authors of the report were attacked publicly over their employment history and links to trade unions. The Treasurer, Peter Costello, claimed that the research was 'contaminated' because it was partially funded by Unions NSW despite a significant portion of the research funding coming from the Government's Australian Research Council (Hannan, 2007). The media brouhaha continued for some days with one of the report's authors calling for the Government Ministers to retract their accusations of bias and flawed research while reportedly considering legal action against the Ministers in question (West et al., 2007).

In addition to published academic research, debate regarding the labour market effects of Work Choices was also stimulated by mainstream media coverage surrounding a number of individual cases. High profile and extreme cases make the best media fodder in such a politicized climate, as the chocolate manufacturer and retailer Darrell Lea discovered. Darrell Lea was reported to have offered standardized AWAs to 150 casual employees with penalty rates for weekends and public holidays removed without a raise in hourly pay and with the introduction of a five-year pay freeze (Australian Broadcasting Commission [ABC], 2007a). The OWS investigated the matter and filed an action against the company in the Federal Magistrate Court. The organization decided not to continue offering AWAs and reverted employees to the relevant state award (AAP, 2007b).

In another high profile case, fabric retailer Spotlight attracted national

criticism soon after the introduction of Work Choices in 2006 for cutting employee penalty rates in exchange for a two cent per hour pay increase. While Spotlight settled a number of its 2500 AWAs following the fairness test introduction, almost 20 percent of these AWAs failed the test. 'We have tried to satisfy the legislation of the day, and now we have tried to satisfy the fairness test, only to be told we have failed', Spotlight chief executive Stephen Carter announced. After being told personally by Barbara Bennett, head of the Workplace Authority that the AWAs had failed the test standard, Mr Carter indicated a great deal of frustration in trying to 'fit' the Work Choices legislation (Norington, 2007a). In September, Spotlight management announced that they now preferred to negotiate a collective agreement with the Shop, Distributive and Allied Employees Association (Davis, 2007). Also in September, the Australian Cleaning Contractors Association announced that they would also stop using AWAs because of the 'farcical' and 'pointless' state of the industrial relations (IR) system that included the fairness test (Coorey, 2007).

The more limited unfair dismissal protections contained in Work Choices came under scrutiny when the cosmetics retailer Priceline retrenched 32 employees. One employee argued that his AUS\$100,000 job was re-advertised following his dismissal along with a AUS\$25,000 reduction in pay. This test case provided some clarification of the ability of managers to make their employees redundant because of 'operational reasons' – a ground for exemption to unfair dismissal protection in Work Choices. 'Operational reasons' is defined in Work Choices as 'reasons of an economic, technological, structural or similar nature relating to the employer's undertaking, establishment, service or business, or to a part of the employer's undertaking, establishment, service or business' (s 643[9]). This broad definition led the Australian Industrial Relations Commission (AIRC) to shift from a case law history of protecting employees from 'harsh, unjust or unreasonable' unfair dismissals (Chapman, 2006). The AIRC found in Priceline's favour stating that the decision was 'at least part' based on financial pressures and therefore fitted the purview of 'operational reasons'. The case was, according to the ACTU, clear evidence that the legislated unfair dismissal protection offered to employees in companies with more than 100 workers was inadequate (ABC, 2007b).

Finally, just two weeks before the November federal election the embattled Head of the Workplace Authority, Barbara Bennett released figures that almost 80 percent or 142,000 agreements that had been lodged were still waiting to be checked. While in September approximately 15 percent of those agreements checked did not pass the fairness test (Bachelard, 2007), by November approximately half of the AWAs that had been checked failed to comply with the WA's submission requirements or failed to pass the minimum AFPC standard (Norington, 2007b).

Leading up to the election, Prime Minister Howard often argued that unfair dismissal reforms introduced by Work Choices were central to the creation of more than 70,000 new full-time jobs and to the achievement of a 30-year record low unemployment rate of 4.3 percent (Khadem and Colebatch, 2007).

However leading labour market economists questioned whether Work Choices or the unfair dismissal laws were the drivers of the low unemployment rate (Peetz, 2007). Many labour market economists have instead pointed to external factors such as strong economic growth offshore (e.g. China), as a key driver of the Australian economy and labour market (Freeman, 2007; Stanford, 2007).

## Conclusion

Both the Australian economy and labour market exhibited strong growth throughout 2007. However, the gains were not evenly distributed with relatively large disparities remaining by sex, age and geographical location.

Older males generally benefited from the robust labour market with increasing labour force participation rates since 2000, reversing a trend decline over recent decades. However, a hard core of long-term unemployed older males highlights the precarious position they still occupy in the labour market. A recession or weakening labour market will impact on this group unfavourably in the era of restricted social security pension access within welfare reform.

Finally, how much did the politically sensitive Work Choices legislation impact on the federal election result? The opposition, unions and media highlighted many non-compliances and apparent abuse of the legislation in the first 12 months of operation resulting in rearguard action by the federal government to reinstate a fairness test. Political debate also ensued as to whether some alleged adverse outcomes for employees were the result of the legislation operating as intended, with employers simply taking advantage of the provisions of the legislation, or a result of a few rogue employers abusing the new system. The effect of Work Choices on jobs growth and wages was also contentious. By year's end, following the change of federal government in November, discussion had turned to the new government's plans to dismantle this controversial legislation.

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