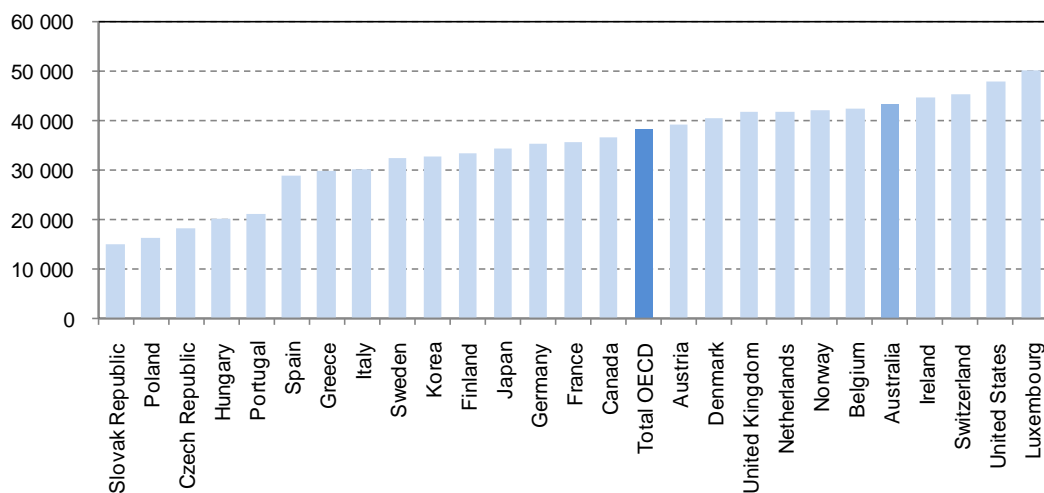


## Employment Outlook 2008 -- How does AUSTRALIA compare?

**Average wages in Australia are among the highest in the OECD** according to new figures from the 2008 edition of the *OECD Employment Outlook*. Adjusted for purchasing power, Australian average wages lag behind only Luxembourg, the United States, Switzerland and Ireland among the world's richest countries. Strong labour market conditions have seen the unemployment rate drop to among the lowest in the OECD and prompted further declines in long-term and youth unemployment. Employment rates, or the proportion of people of working age who are employed, for both men and women have continued to increase in recent years, with particularly strong employment growth among older workers. The employment rate of older women has almost doubled since 1994 to nearly 50%. After a number of years of steady growth, the share of part-time employment has stabilised at around one in four, the third highest in the OECD after the Netherlands and Switzerland.

**Average annual wages, 2006**  
Average gross annual wages per full-time and full-year equivalent dependent employee in the total economy in USD PPP



Source: OECD (2008), *OECD Employment Outlook*, OECD, Paris.

**The strong labour market makes the transition from school to work relatively easy for young Australians, but some low-qualified youth find themselves trapped in low-paid or temporary jobs.** After completing school, the average young Australian takes less than one year to find their first job – on par with the best performing countries in the OECD. In 2006, one year after completing initial education, eight out of ten youth (and six out of ten low-qualified youth) were employed. However, finding a stable job took more time: young labour market entrants had to wait more than a year and a half to find permanent jobs. While temporary and low-paid jobs are stepping stones to more stable jobs for the majority of school-leavers, some tend to be trapped in those jobs. Six out of ten jobs found in the first year by recent school-leavers are temporary jobs, regardless of their level of education. Five years later, this rate falls to four out of ten. Furthermore, repeat spells in temporary employment are more common in Australia than in the other 12 countries included in the analysis undertaken for the *OECD Employment Outlook*. More than one third of employed youth experienced two or more spells in temporary jobs during a five-year period after leaving school. Some youth also find it difficult to move out of low-paid jobs; unqualified youths, in particular, are more likely to be affected by repeat spells in low-paid jobs than others.

**Australia fares better than the OECD average when it comes to labour market disparities between men and women, but there is still room for improvement.** For example, prime-age gender employment and wage gaps, at about 18% and 13%, respectively, are below the OECD average, but lag behind the best performers such as the Nordic countries and Canada. The *OECD Employment Outlook* ranks Australia's legislative framework for dealing with discrimination among best practice of OECD countries. First, the institutional framework is simple and transparent, with one single body (the Human Rights and Equal Opportunity Commission, HREOC) in charge of all discrimination matters at the federal level, and similar single bodies at the state and territory level. Second, HREOC has the statutory power to help complainants gather the required elements of proof, an inherently difficult part of pursuing labour market discrimination cases. Third, the legal framework emphasises mediation under the auspices of HREOC as an alternative way to solve discrimination disputes, reducing costs for both parties. The OECD report notes, however, that there is still room for improvement. First, the Australian system relies almost exclusively on victims' willingness to assert their rights, rather than empowering HREOC to investigate and take action against companies in the absence of individual complaints. Second, case law has shown that, in practice, there is still a great deal of uncertainty about the stringency of the elements of proof required to establish a discrimination case before the court. And evidentiary requirements requested by courts might be, in certain cases, greater than in standard civil disputes. Reducing uncertainty in this field will increase victims' incentives to lodge complaints, thereby raising the effectiveness of the whole system.

**Encouraging disability benefit recipients and others who are not working to take up work could have a positive impact on their mental health.** Almost 30% of new recipients of disability benefits in Australia report having a mental illness. The *OECD Employment Outlook* shows that work appears to be beneficial for mental health, particularly for women. Women who were out of work due to sickness tend to experience a substantial improvement in their mental health when they get a job, irrespective of whether the job is part-time, full-time, casual or temporary. For men, only returning to a very secure job after sickness results in an improvement in mental health. However, for both men and women, there is no evidence that returning to work has a negative impact on mental health. For people already in work, moving into a casual or fixed-term contract job has no discernable impact on mental health.

*OECD Employment Outlook 2008* is available to journalists on the **password protected** web site or on request from the **Media Relations Division**. For further comments on Australia, journalists are invited to contact Stefano Scarpetta (tel: +33 1 45 24 19 88 or e-mail: stefano.scarpetta@oecd.org) or Danielle Venn (tel: +33 1 45 24 75 01 or e-mail: danielle.venn@oecd.org) from the OECD Employment Analysis and Policy Division.