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News release

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Extra holidays could create 146,000 jobs

A paper released today by The Australia Institute shows that 146,000 new jobs would be created if workers who would prefer more leave to higher pay were able to satisfy their preferences.

A Newspoll survey commissioned by The Australia Institute found that 52 per cent of full-time employees would prefer an extra two weeks holiday leave to a four per cent pay rise.

“We have been told for 15 years that labour market flexibility will solve unemployment, but as of today we have 620,000 unemployed people and more than half a million underemployed workers. It’s time the Government tried something new,” said Richard Denniss, Senior Research Fellow at the Australia Institute speaking today at the Australian Social Policy Conference at the University of New South Wales.

“Our study shows that there is a preference among large numbers of full-time workers for longer holidays rather than higher pay. If those preferences were accommodated by employers the equivalent of 146,000 full-time jobs could be created,” said Mr Denniss.

Figures released by the ABS today show that the unemployment rate is now 6.1 per cent. The creation of 146,000 additional jobs would result in the unemployment rate falling from 6.1 per cent to 4.7 per cent.

“The redistribution of work from those who are working too long to those who do not have enough would solve a number of problems simultaneously, at no cost to the government. Fewer families would suffer the stresses of over work and unemployment and the Federal Government could save around one billion dollars per year in unemployment benefits.

“The domestic tourism industry would also be likely to benefit from workers having more time and less money on their hands. All it would take is for the Government and employers to take work-life balance and labour market flexibility seriously,” concluded Mr Denniss.

The report can be viewed under ‘What’s new’ at The Australia Institute’s web site.