Is the “Great Aussie Holiday” Disappearing?

by Troy Henderson and Jim Stanford
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The Great Aussie holiday: it’s a cultural as well as an economic institution. Getting a couple of weeks off work, and taking the family to the beach or the bush, is seen as part of the Australian way of life.

Holidays are important. We dream about them. Looking forward to them gets us through the stressful or monotonous times of the year. Paid holidays are among the greatest social achievements of workers, reformers and the labour movement. And paid annual leave is supposed to allow Australians to take that break with a sense of security.

But major economic, social and political forces are placing the paid holiday in Australia in jeopardy. As part of the Australia Institute’s annual Go Home on Time Day, we asked nearly 1500 Australians about their access to, and utilisation of, paid annual leave. The results are disturbing, and confirm that the Aussie holiday is under serious threat.

Firstly, a shrinking share of Australian workers is entitled to paid annual leave. Our survey indicates that almost one-third of employed workers – 32 percent – have no entitlement to paid holiday. This alarming result reflects the growing prevalence of precarious work: casual jobs, temporary work, irregular part-time hours, and marginal self-employment over recent decades.

Our research also shows a strong correlation between access to paid annual leave and income levels. Some 63% of those on incomes under $40,000 received no paid holiday leave entitlements in 2015, compared to only 20% of those earning over $150,000.

Labour force data from the Australian Bureau of Statistics corroborate this erosion of leave entitlements. Of a 12.5 million-strong national labour force in 2015, less than half worked in full-time paid positions with leave entitlements. The rest are workers in casual positions, independent contractors, part-timers, and self-employed (most of whom have no other employees). For these workers, the concept of a paid holiday is largely hypothetical.

A second threat to the holiday comes from the fact that a large share of Australian workers with access to paid annual leave don’t use all of their entitlement. Our survey indicates that about half of Australian workers with leave entitlements, leave some of it on the table. They report a range of motivations for doing so – including having too much work, fearing it would undermine their job security, and hoping they could use it later.
Among those who do not utilize all their paid holiday leave, an average of over 10 days leave was not taken. And across all employed Australians, this works out to an average of 4 days of unutilised paid annual leave per year. Extrapolated to the national labour market, that suggests almost 10 million weeks of unused holiday time. At average weekly wage rates, that’s $11.1 billion worth of holidays not taken.

Declining access to – and use of – paid annual leave represents a gradual cultural shift from seeing the paid holiday as an essential right of employment, to treating it as an optional extra. One dangerous indication of this “use it or lose it” logic is the recent decision by the Fair Work Commission to allow workers and employers to cash out up to 2 weeks of holiday time per worker per year.

This provision has now been applied to most modern awards, and will increasingly infiltrate other contracts (both collective and individual). If more and more workers take that option (understandably, given the challenge of balancing family budgets in an economy with stagnant wages and soaring housing costs), then those two weeks pay will ultimately get folded into norms of compensation – and the paid holiday may be on the way to extinction.

Ironically, the failure to defend and utilise annual leave reinforces the underlying labour market weakness that helps explain the disappearance of the holiday. If employers can recruit more workers willing to forego annual leave, and/or convert it into cash, then the pressure on them to hire full-time permanent workers dissipates accordingly.

In contrast, if Australians used all of their leave entitlements (and employers hired replacement workers to make this feasible), employment would grow by 185,000 jobs – and national unemployment would fall by a quarter.

There’s abundant evidence of the negative effects of overwork on mental health, physical health, family stability, relationships, productivity, and more. Continued erosion of the annual holiday will exacerbate that damage.

Workers and their unions fought hard over the past century to quarantine a little bit of their time from the demands of paid work, and the paid holiday is an important outcome of those efforts. But Australians need to stand up for the value of their holiday – or they could lose it altogether.

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