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Earnings of employees who are reliant on minimum rates of pay

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The contents of this paper are the responsibility of the authors and the research has been conducted without the involvement of members of the Minimum Wage Panel of Fair Work Australia.

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- Australian Chamber of Commerce and Industry (ACCI);
- Australian Industry Group (Ai Group);
- Australian Council of Social Services (ACOSS);
- Australian Council of Trade Unions (ACTU);
- Australian Government; and
- State and Territory Governments.

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The contents of this research paper, however, remain the responsibility of the authors, Tom Bolton and Troy Wheatley.

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List of Abbreviations

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
ANZSCO	Australian and New Zealand Standard Classification of Occupations
CURF	Confidentialised Unit Record File
EEH	Employee Earnings and Hours
FMW	Federal Minimum Wage
HILDA	Household Income and Labour Dynamics in Australia
Pay Scale	Pay and Classification Scale

Executive Summary

This report provides detailed information on the earnings and occupational status of employees who are receiving minimum rates of pay, using data from the May 2006 Australian Bureau of Statistics' (ABS) Employee Earnings and Hours (EEH) survey. The EEH survey is a large survey that collects information on the method by which employees' pay is set, and therefore can be used to identify employees who are receiving the rate of pay specified in the relevant award or transitional Pay and Classification Scale (Pay Scale).

The report describes the distributions of hourly ordinary-time earnings for various types of employees receiving minimum rates of pay, using 25 cent intervals. It finds that, in May 2006, for adult employees receiving minimum rates of pay the 'peak' of the distribution was around what was then the value of the basic tradesperson's (C10) rate rather than what was then the value of the Federal Minimum Wage (C14). Most junior employees on minimum rates of pay received less than \$13 per hour, with the 'peak' of the distribution being around \$6-8 per hour.

Employees receiving minimum rates of pay are most likely to be employed as Community and personal service workers, Sales workers, and Labourers. The report shows that, at more detailed levels of occupational status, the occupational groups with particularly high percentages of employees receiving minimum rates of pay include:

- in the Community and personal service works group: Carers and aides (particularly Child carers), Hospitality workers and Prison and security officers;
- in the Sales workers group: Sales assistants and salespersons and Checkout operators and office cashiers;
- in the Labourers group: Cleaners and laundry workers and Food preparation assistants; and
- in other groups: Hairdressers, Skilled animal and horticultural workers, Food trades workers, Construction trades workers, Wood trades workers, Panelbeaters, and vehicle body builders, trimmers and painters, Receptionists and Delivery drivers.

Introduction

This report provides detailed information on the earnings of employees who are receiving minimum rates of pay, using data from the Australian Bureau of Statistics' (ABS) Employee Earnings and Hours (EEH) survey.¹

The EEH survey is a large survey that collects information on the earnings and hours of employees, as well as various characteristics of those employees (such as sex, age, occupation, etc.), and significantly, the method by which their pay is set. The information from the survey can be used to identify employees who are receiving minimum rates of pay – i.e. the rate of pay specified in the relevant award or transitional Pay and Classification Scale (Pay Scale). Data from the survey for individual employees is available from the Confidentialised Unit Record File (CURF).

This report uses the CURF for the May 2006 EEH survey. Although there has been a subsequent survey, conducted in August 2008, there is currently no CURF available for this survey. The May 2006 survey found that 19.0 per cent of (non-farm) employees were receiving minimum rates of pay (this percentage fell to 16.5 per cent in the August 2008 survey).

Section 1 describes the distribution of earnings of employees reliant on minimum rates of pay using the individual employee data from the EEH CURF. This part also discusses various issues with the EEH survey that influence the resultant earnings distribution. Section 2 uses the detailed occupational data from the EEH CURF to examine the occupational status of employees reliant on minimum rates of pay.

¹ The survey covers all employing organisations in Australia except businesses primarily engaged in Agriculture, forestry and fishing, private households employing staff, and foreign embassies, consulates, etc. Employees of employers covered in the survey are in scope if they received pay for the reference period, except members of the Australian defence forces, employees based outside Australia, and employees on workers' compensation who are not paid through the payroll.

1 Earnings distribution

This section describes the distribution of earnings for various types of employees who receive minimum rates of pay.

1.1 The EEH survey data

The EEH survey is a large survey of employers that collects information on the earnings and hours paid for of their employees.

Data on employees are collected through a two-stage sample selection approach. In the first stage a sample of approximately 9000 employer units are selected from the ABS Business Register. In the second stage the selected employers are asked to select a random sample of employees from their payrolls (using instructions provided by the ABS). For the May 2006 survey, data for approximately 58 000 employees contributed to the results.

1.1.1 Measures of earnings

The measures of earnings available from the EEH CURF include: *weekly ordinary time cash earnings*, *weekly overtime cash earnings*, and *weekly total cash earnings* (which is the sum of the other two measures of earnings).

Under the ABS' framework for measures of employee remuneration, the term 'cash earnings' refers to regular wages and salaries in cash. This includes not only ordinary time and overtime payments, but also taxable allowances, commissions and tips, regular bonuses and amounts salary sacrificed.

There are no measures of hourly rates of pay available from the EEH CURF; however measures of hourly cash earnings can be generated by dividing weekly cash earnings measures by the relevant measures of hours paid for. Because of the way earnings are measured by the ABS – that is, it includes payments such as penalty payments, shift allowances, and regular bonuses – none of these derived hourly earnings measures will necessarily coincide with basic hourly rates of pay. Of these derived hourly measures, a measure of hourly ordinary time cash earnings – derived by dividing weekly ordinary time cash earnings by weekly ordinary time hours paid for – would most closely approximate an employee's basic hourly rate of pay.²

1.1.2 Earnings of casual employees

Another complication with using the earnings measures from the EEH survey is the presence of loadings for casual employees. Many people employed on a casual basis receive a loading on their basic rate of pay to compensate them for the lack of entitlements such as annual and sick leave.³ This has the effect of raising their measured earnings, so that, for example, an employee who received the Federal Minimum Wage (FMW) as their basic periodic rate of pay but also receives a 25 per cent casual loading would be found to earn 125 per cent of the then FMW.

2 McGuinness, Freebairn and Mavromaras (2007) suggest that, in many cases, hours paid for will be less than hours actually worked. See McGuinness S, Freebairn J and Mavromaras K, (2007) *Characteristics of Minimum Wage Employees*, Australian Fair Pay Commission Research Report No. 2/07, Melbourne, p.8.

3 The EEH CURF also classifies employees according to whether they are employed on a permanent, fixed-term contract or casual basis. The group of employees who are classified as receiving a casual loading to compensate for their lack of leave entitlements is slightly different to the group of employees who are classified as being employed on a casual basis.

The EEH CURF flags which employees receive a casual loading, but does not show the value of these loadings. As agreed with Research Group members the analysis in this article assumes that, in each case, the casual loading received was 25 per cent, which is the standard minimum casual loading in Modern Awards. The Award Review Taskforce found that, in 2006, casual loadings varied from 0-14 per cent to 100-149 per cent, with 20 per cent being the most common award loading at that time.⁴

1.1.3 Other issues

The EEH survey defines an employee as having their pay set by an award or Pay Scale only if they are paid at the rate of pay specified in the award or Pay Scale, and are not paid more than that rate of pay. Any employee who earns more than the rate of pay specified in the award or Pay Scale will not be classified in this group.

The EEH survey defines junior employees as employees who are under 21 years of age and are not paid the full adult rate for their occupation. As of May 2006 48 per cent of junior employees were classified as having their pay set by an award or Pay Scale only.⁵

The survey data do not show the ratio between a junior employee's rate of pay and the full adult rate, meaning that it is not possible to reconcile the pay distribution for juniors with the adult pay classifications.

Some employees, including those primarily engaged in Agriculture, forestry and fishing, and those employed within private households, are not within the scope of the survey. Therefore, these employees have not contributed to either the earnings data or the occupational data used in this report.

McGuinness, Freebairn and Mavromaras point out that 'cash in hand' employment will not be picked up by payroll data.⁶ They compared estimates from the EEH survey data and the Household Income and Labour Dynamics in Australia (HILDA) survey data on the likely coverage of the FMW. These estimates were based purely on the amount that employees earn, and not on the method by which their pay was set, which is not asked for in the HILDA survey. Their estimate of the coverage of the FMW was considerably higher using the HILDA data, which they attributed primarily to the inability of the EEH survey to capture 'cash in hand' employment.

As with any data set there are limitations with regard to the level of detail of information that can be derived from the variables. For example, we considered comparing the earnings distributions for employees who are reliant on minimum rates of pay with employees who are not reliant on minimum rates of pay, cross-classified by industry at the 1-digit ANZSIC level *and* by occupation at the 1-digit ANZSCO level (which are the broadest levels available for industry and occupation). However, the ABS informed us that the data would not be of sufficient quality to be released.

4 Award Review Taskforce (2006), Final Report on *Rationalisation of Wage and Classification Structures*, Canberra, p.42.

5 Based on unpublished EEH data.

6 McGuinness et al. (2007), op. cit, p.8.

1.2 Earnings distributions of employees who are reliant on minimum rates of pay

Given the fundamental differences (discussed above) in how earnings are set for different types of employees, the paper looks separately at the earnings distributions of the following groups:

- adult employees who were paid the rate of pay in the award or Pay Scale and who did not receive a casual loading;
- adult employees who were paid the rate of pay in the award or Pay Scale and who received a casual loading; and
- junior employees who were paid the rate of pay in the award or Pay Scale.

As of May 2006, 47 per cent of employees receiving minimum rates of pay were in the first group, 37 per cent were in the second group, and 16 per cent were in the third group (Table 1).

Table 1: Composition of employees receiving minimum rates of pay by adult/junior rates of pay, and receiving/not receiving a casual loading

	Number of observations in CURF	Number of employees in category as percentage of all employees	Number of employees in category as percentage of employees receiving minimum rates of pay
Adult employees not receiving a casual loading	4506	9.0	47.3
Adult employees receiving a casual loading	3085	7.1	37.2
Junior employees not receiving a casual loading	553	1.2	6.3
Junior employees receiving a casual loading	662	1.8	9.3
Total	8806	19.0	100.0

Source: ABS, Microdata: *Employee Earnings and Hours, Expanded CURF*, Australia, Catalogue No. 6306.0.55.001, May 2006.

Note: Figures in the final two columns have been adjusted using survey weights.

1.2.1 Adult employees who are reliant on minimum rates of pay⁷

1.2.1.1 Permanent employees

The majority of adult employees who were reliant on minimum rates of pay and who did not receive a casual loading received between \$13.50 and \$21.00 per hour in hourly ordinary-time earnings in May 2006 (Figure 1). Around 55 per cent earned between \$13.50 and \$18.50 per hour – including 6 per cent that earned between \$14.50 and \$14.75 per hour. A further 16 per cent earned between \$18.50 and \$21.00 per hour.

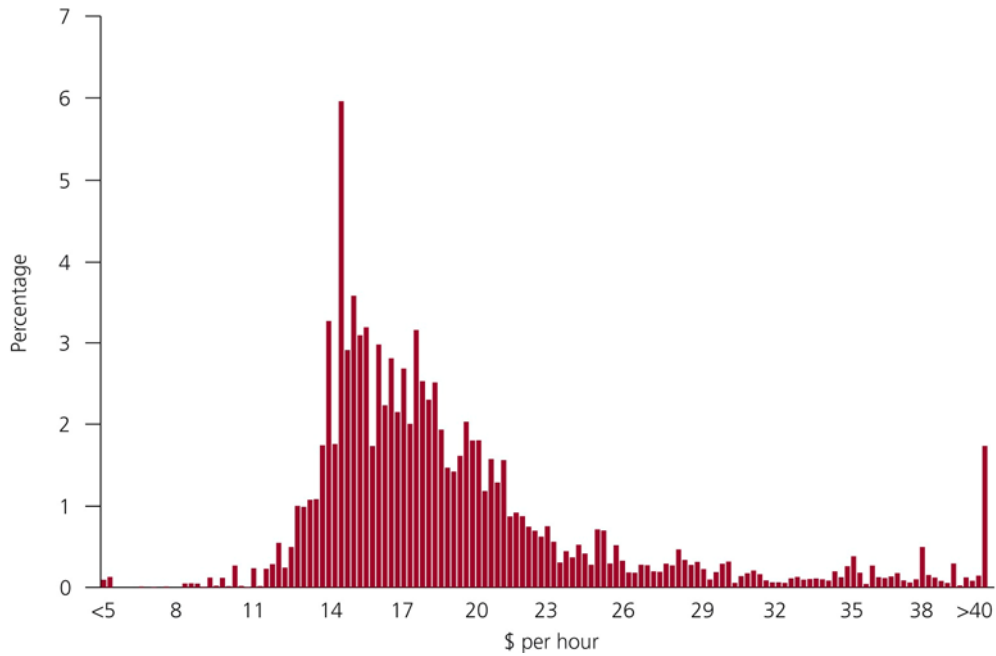
⁷ Data in figures 1 - 7 and tables 1 - 3 have been adjusted using survey weights.

Put in terms of the commonly used classification rates contained in the *Metal, Engineering and Associated Industries Award 1998*, over half of adult employees who were reliant on minimum rates of pay and who did not receive a casual loading earned between the C12 and C5 rates in May 2006 (Table 2). Approximately 70 per cent earned above the C10 (basic tradesperson's) rate, and only 4 per cent earned less than the C14 rate (equivalent to the then FMW).

In comparison, the earnings distribution for adult employees who were not reliant on minimum rates of pay and who did not receive a casual loading was considerably more dispersed, and as expected, more concentrated towards the higher end (Figure 2). The peak of the distribution was between \$15.75 and \$21.00 per hour, with around 30 per cent earning in this range. Following the peak, the downward trend was gradual, with around half of the distribution spread out between \$21.00 and \$40.00 per hour.

Part of these differences in earnings between those employees who were reliant on minimum rates of pay and those who were not is due to differences in the composition of the two groups, for example differences in the occupations in which they tend to be employed. For the three major occupational groups (identified in Section 3) which most typically used minimum rates of pay, the differences in earnings between the two groups are somewhat smaller (see Appendix 1).

Figure 1: Distribution of hourly ordinary-time cash earnings for adult permanent employees receiving minimum rates of pay

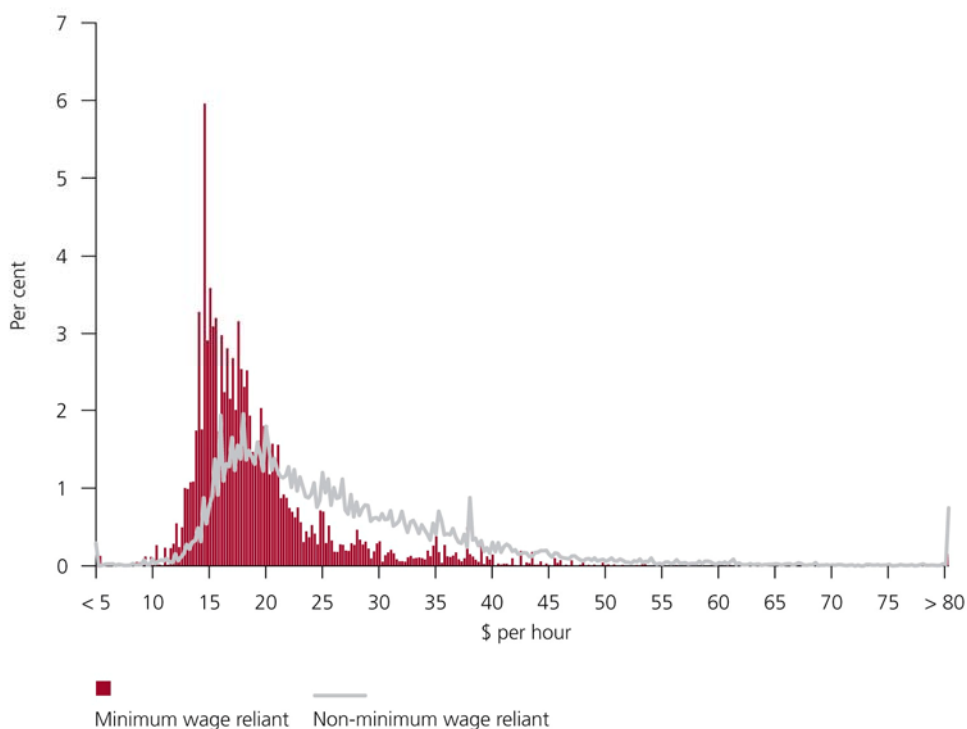


Source: ABS, Microdata: *Employee Earnings and Hours, Expanded CURF*, Australia, Catalogue No. 6306.0.55.001, May 2006.

Table 2: Distribution of hourly ordinary-time cash earnings for adult permanent employees receiving minimum rates of pay by 'Metals Award' classification

		Hourly rate of pay		Percentage in range	Cumulative percentage
		Minimum	Maximum		
≤C14	Production employee	0.00	12.75	4.0	4.0
Between C14 and C13		12.75	13.19	1.9	5.9
Between C13 and C12		13.19	13.78	3.6	9.5
Between C12 and C11		13.78	14.33	7.9	17.4
Between C11 and C10	Tradesperson	14.33	15.22	11.7	29.2
Between C10 and C9		15.22	15.77	5.4	34.6
Between C9 and C8		15.77	16.31	5.3	39.9
Between C8 and C7		16.31	16.81	5.2	45.1
Between C7 and C6		16.81	17.91	11.1	56.2
Between C6 and C5		17.91	18.46	4.9	61.2
Between C5 and C4		18.46	19.01	3.4	64.6
Between C4 and C3		19.01	20.10	7.5	72.1
Between C3 and C2(a)		20.10	20.65	3.1	75.2
Between C2(a) and C2(b)		20.65	21.64	4.6	79.8
Between C2(b) and C1(a)		21.64	23.84	4.9	84.7
Between C1(a) and C1(b)	Professional	23.84	27.13	4.9	89.5
Above C1(b)		27.13		10.5	100.0

Source: ABC, Microdata: Employee Earnings and Hours, Expanded CURF, Australia, Catalogue No. 6306.0.55.001, may 2006; Metal, Engineering and Associated Industries Award 1988.

Figure 2: Distribution of hourly ordinary-time cash earnings for adult permanent employees

Source: ABS, Microdata: *Employee Earnings and Hours, Expanded CURF*, Australia, Catalogue No. 6306.0.55.001, May 2006.

1.2.1.2 Casual employees

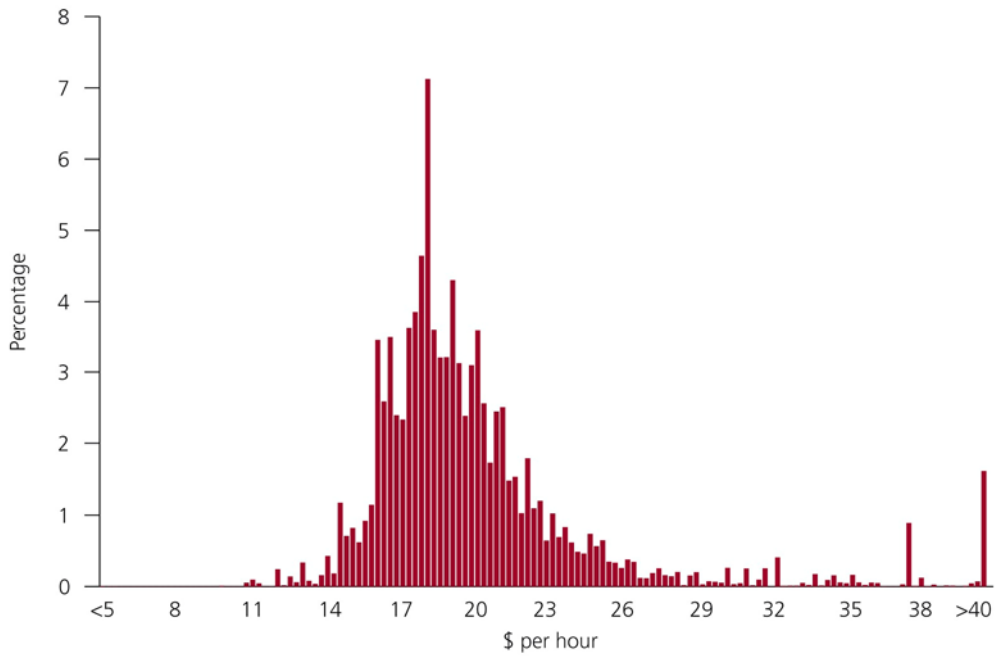
As of May 2006, the distribution of hourly ordinary-time earnings for adult employees who were reliant on minimum rates of pay and who did receive a casual loading was less dispersed than for adult permanent employees. Around 70 per cent received between \$15.75 and \$21.00 per hour in hourly ordinary-time earnings (Figure 3) – including 7 per cent who earned between \$17.75 and \$18.00 per hour.

However, these results include earnings received as a result of casual loading. If it is assumed that all casual employees received a casual loading of 25 per cent, and the earnings of casual employees are discounted for this 25 per cent loading, then the 'peak' of the distribution moves to between \$12.75 and \$17.00 per hour, with around 70 per cent of employees earning between these rates (Figure 4). In this case, the earnings of adult employees who were reliant on minimum rates of pay and who did receive a casual loading are distributed more towards the lower end of the earnings distribution than for permanent employees. In terms of the classification rates in the 'Metals Award', around 30 per cent would be found to have earned between the C10 and C6 rates (Table 3), around another 30 per cent would have earned between the C12 and C10 rates, and around one-quarter would have earned less than the C12 rate, including over 8 per cent who earned less than the C14 rate.

Again, the comparable earnings distribution for adult employees who were not reliant on minimum rates of pay was more dispersed and concentrated towards the higher end (Figure 5), but the differences were not as great as they were for employees who did not receive a casual loading.

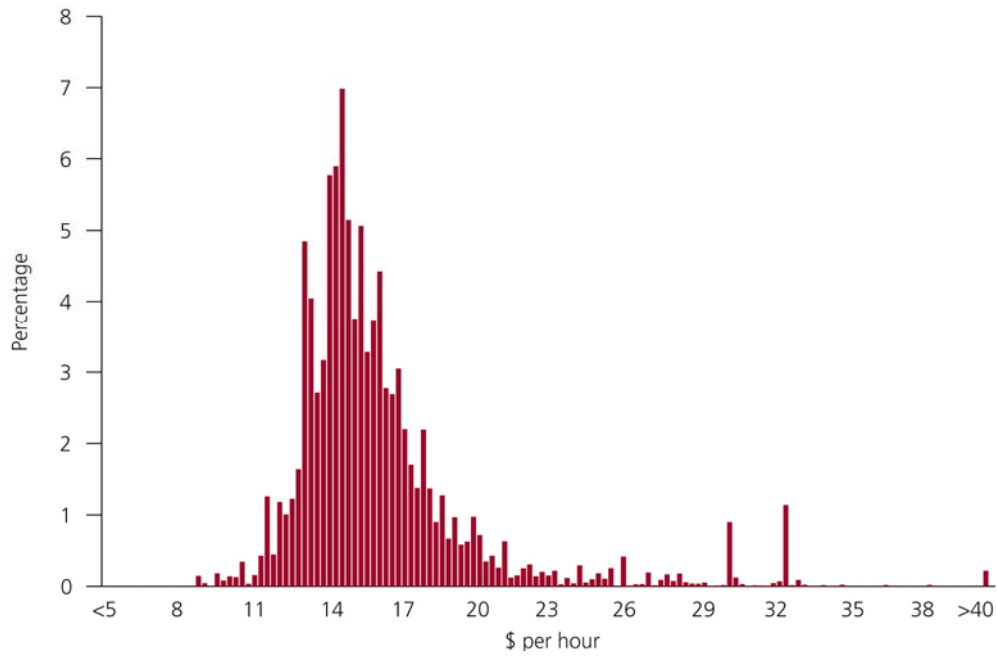
Around 55 per cent of employees not receiving minimum rates of pay who received a casual loading earned between \$13.25 and \$18.75 per hour.

Figure 3: Distribution of hourly ordinary-time cash earnings for adult casual employees receiving minimum rates of pay



Source: ABS, Microdata: *Employee Earnings and Hours, Expanded CURF*, Australia, Catalogue No. 6306.0.55.001, May 2006.

Figure 4: Distribution of hourly ordinary-time cash earnings for adult casual employees receiving minimum rates of pay discounted for a 25 per cent casual loading



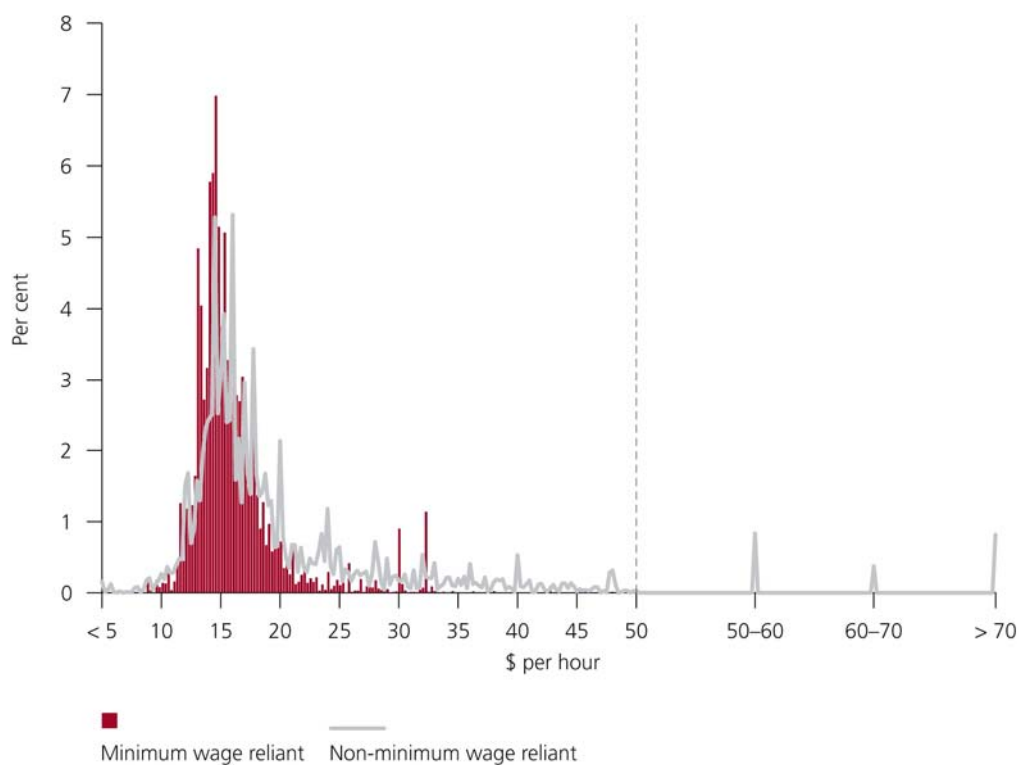
Source: ABS, Microdata: Employee Earnings and Hours, Expanded CURF, Australia, Catalogue No. 6306.0.55.001, May 2006.

Table 3: Distribution of hourly ordinary-time cash earnings for adult casual employees receiving minimum rates of pay discounted for a 25 per cent casual loading by 'Metals Award' classification rates

		Hourly rate of pay			
		Minimum	Maximum	Percentage in range	Cumulative percentage
≤C14	Production employee	0.00	12.75	8.5	8.5
Between C14 and C13		12.75	13.19	7.8	16.2
Between C13 and C12		13.19	13.78	7.5	23.8
Between C12 and C11		13.78	14.33	13.7	37.5
Between C11 and C10	Tradesperson	14.33	15.22	17.9	55.4
Between C10 and C9		15.22	15.77	7.7	63.0
Between C9 and C8		15.77	16.31	7.5	70.5
Between C8 and C7		16.31	16.81	6.0	76.6
Between C7 and C6		16.81	17.91	7.9	84.5
Between C6 and C5		17.91	18.46	2.1	86.6
Between C5 and C4		18.46	19.01	1.9	88.5
Between C4 and C3		19.01	20.10	3.1	91.6
Between C3 and C2(a)		20.10	20.65	0.7	92.3
Between C2(a) and C2(b)		20.65	21.64	1.2	93.5
Between C2(b) and C1(a)		21.64	23.84	1.3	94.8
Between C1(a) and C1(b)	Professional	23.84	27.13	1.7	96.5
Above C1(b)		27.13		3.5	100.0

Source: ABS, Microdata: *Employee Earnings and Hours, Expanded CURF*, Australia, Catalogue No. 6306.0.55.001, May 2006; Metal, Engineering and Associated Industries Award 1998.

Figure 5: Distribution of hourly ordinary-time cash earnings for adult casual employees discounted for a 25 per cent casual loading



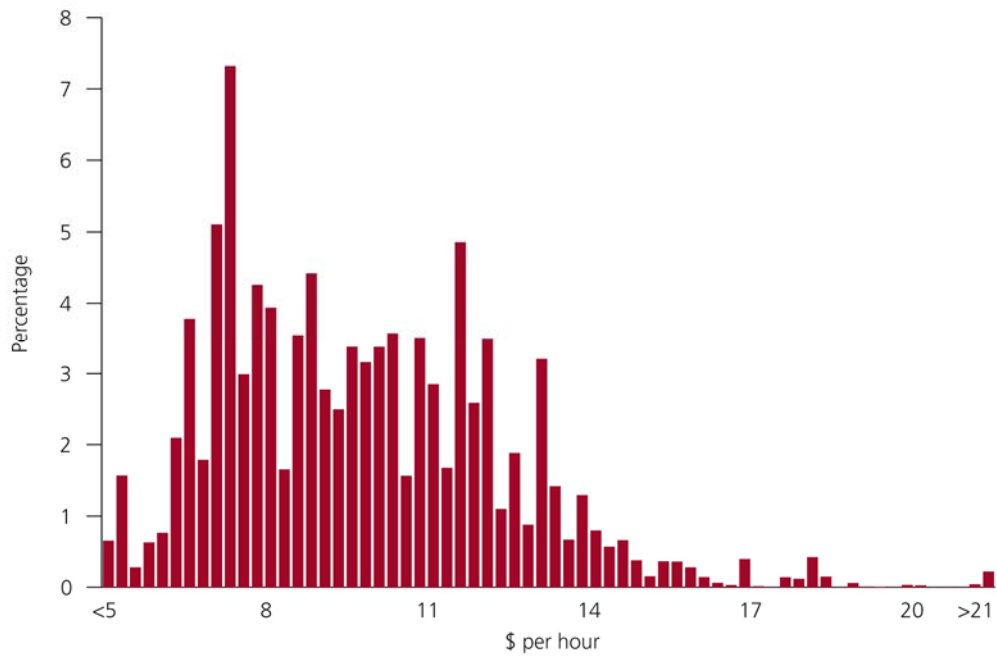
Note: Employees earning above \$50.00 per hour have been grouped due to confidentiality reasons.

1.2.2 Junior employees who are reliant on minimum rates of pay

After discounting the earnings of casual employees for a 25 per cent casual loading, around 90 per cent of junior employees who were reliant on a minimum rate of pay received hourly ordinary-time earnings of less than \$12.75 per hour (the then FMW) in May 2006 (Figure 6). The 'peak' of the distribution is between \$6.25 and \$8.00 per hour, which contains around 30 per cent of the employees – including 7 per cent who earned between \$7.00 and \$7.25 per hour.

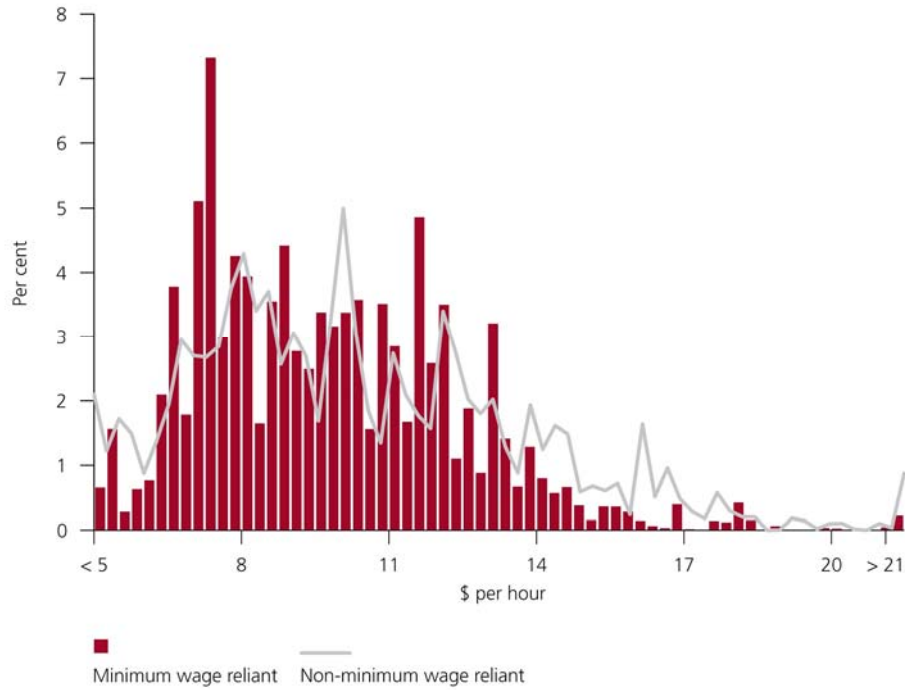
For junior employees, the earnings distributions for those employees receiving minimum rates of pay and those employees not receiving minimum rates of pay are similar (Figure 7). One notable difference is that around 20 per cent of junior employees who were not reliant on minimum rates of pay earned more than \$12.75 per hour.

Figure 6: Distribution of hourly ordinary-time cash earnings for junior employees receiving minimum rates of pay, with earnings of casual employees discounted for a 25 per cent casual loading



Source: ABS, Microdata: *Employee Earnings and Hours, Expanded CURF*, Australia, Catalogue No. 6306.0.55.001, May 2006.

Figure 7: Distribution of hourly ordinary-time cash earnings for junior employees, with earnings of casual employees discounted for a 25 per cent casual loading



Source: ABS, Microdata: Employee Earnings and Hours, Expanded CURF, Australia, Catalogue No. 63060.0.55.001, May 2006.

2 Occupational status of employees reliant on minimum rates of pay

This section describes the occupational status of employees who are reliant on minimum rates of pay, using the detailed occupational data from the 2006 EEH CURF. In relation to occupational status, the following questions were considered:

- In which occupations are employees who receive minimum rates of pay predominantly located?
- Which occupations have relatively high percentages of employees who receive minimum rates of pay?

These questions may yield different results. An occupation with many employees may have a relatively large number of employees who receive minimum rates of pay but a relatively small proportion of employees in that occupation who receive minimum rates of pay (and vice versa).

Some caution should be taken with regard to aspects of this analysis due to the small sample sizes, particularly at the detailed occupational level. (Table 4 shows the number of observations in the CURF for each occupational group.)

2.1 Major occupational group (ANZSCO 1-digit level)

Under the ANZSCO classification, the major occupational groups with the highest percentages of minimum wage reliant employees as of May 2006 were (Table 4):

- Community and personal service workers (23.0 per cent);
- Sales workers (20.1 per cent); and
- Labourers (18.2 per cent).

These were also the major occupational groups with the highest degree of minimum wage reliance. Of the people classified as Community and personal service workers 39.2 per cent were reliant on minimum wages, while the percentages for Sales workers and Labourers were 32.4 per cent and 29.7 per cent respectively.

2.2 Sub-major and minor occupational groups (ANZSCO 2-digit and 3-digit levels)

Each of the major occupational groups includes a range of occupations that may vary considerably in their size and degree of minimum wage reliance. Examining the more detailed occupational data gives a better idea of the types of jobs in which minimum wage workers are predominantly located and/or which are most reliant on minimum wages.

2.2.1 Community and personal service workers

At the sub-major occupation group level, of the 23.0 per cent of minimum wage reliant employees classified as Community and personal service workers the majority were classified as either Carers and aides (9.9 per cent) or Hospitality workers (8.2 per cent). Carers and aides is further divided into three

minor groups, with Personal carers and assistants⁸ (5.8 per cent) and Child carers (3.5 per cent) accounting for most of the minimum wage reliant employees.

The proportion of employees classified as Community and personal service workers in May 2006 who were reliant on minimum wages was 39.2 per cent. Hospitality workers had the highest degree of minimum wage reliance of any sub-major occupational group (60.7 per cent). The degree of minimum wage reliance was lower for the sub-major group Carers and aides (44.2 per cent), but within this group it was very high for Child carers (69.4 per cent) and high for Personal carers and assistants (44.9 per cent). The minor occupational group Prison and security officers also had a high degree of minimum wage reliance (48.6 per cent).

2.2.2 Sales workers

Of the 20.1 per cent of minimum wage reliant employees classified as Sales workers, Sales assistants and salespersons (15.1 per cent) made up the majority of these employees at both the sub-major and minor occupation group levels. In part due to its relatively large size, Sales assistants and salespersons accounted for the largest share of minimum wage reliant employees of both all sub-major occupational groups and all minor occupational groups. However, its degree of minimum wage reliance, while high (34.5 per cent), was not as high as several other sub-major and minor occupational groupings. Within Sales workers, the sub-major occupational group Sales support workers had a slightly higher degree of minimum wage reliance (37.9 per cent), which is in large part due to the high degree of minimum wage reliance among the minor occupational group Checkout operators and office cashiers (44.2 per cent).

2.2.3 Labourers

Of the 18.2 per cent of minimum wage reliant employees classified as Labourers, Cleaners and laundry workers (7.7 per cent) and Food preparation assistants⁹ (4.5 per cent) made up the majority of these employees at both the sub-major and minor occupation group levels. Both of these groups also had high degrees of minimum wage reliance (55.9 per cent and 46.2 per cent respectively), as did Miscellaneous labourers¹⁰ (27.6 per cent).

2.2.4 Other occupational groups

No other sub-major or minor occupation group accounted for a substantial share of minimum wage reliant employees, but several had relatively high proportions of employees who were reliant on minimum wage rates. Notable points include:

- of the remaining sub-major occupation groups, high degrees of minimum wage reliance were recorded for Skilled animal and horticultural workers (36.2 per cent), Food trades workers¹¹ (32.9 per cent) and Construction trades workers¹² (30.2 per cent); and

8 Personal carers and assistants include Aged and disabled carers, Dental assistants, Nursing support and personal care workers and Special care workers.

9 Food preparation assistants include Fast food cooks, Food trades assistants (e.g. Pastrycook's assistant) and Kitchenhands.

10 Miscellaneous labourers include Caretakers, Deck and fishing hands, Handypersons, Motor vehicle parts and accessories fitters, Printing assistants and table workers, Recycling and rubbish collectors and Vending machine attendants.

11 Food trades workers include Bakers and pastrycooks, Butchers and smallgoods makers, Chefs and Cooks.

- of the remaining minor occupation groups (not covered by either the major or sub-major occupation groups listed above), high degrees of minimum wage reliance were found among Hairdressers (63.3 per cent), Wood trades workers¹³ (36.0 per cent), Panelbeaters, and Vehicle body builders, trimmers and painters (32.3 per cent), Receptionists (29.8 per cent), and Delivery drivers (29.5 per cent).

¹² Construction trades workers include the minor occupation groups Bricklayers, and carpenters and joiners, Floor finishers and painting trades workers, Glaziers, plasterers and tilers, and Plumbers. For the degrees of minimum wage reliance for each of these minor occupation groups, see Table 4.

¹³ Wood trades workers include Cabinetmakers and Wood Machinists (e.g. Picture framers, Furniture finishers).

Summary

This report provided detailed information on the earnings and occupational status of employees who are receiving minimum rates of pay, using data from the May 2006 EEH survey. After deriving a measure of hourly ordinary-time earnings, it was found that:

- for adult employees receiving minimum rates of pay, and who did not receive a casual loading, over 70 per cent received hourly ordinary-time earnings of between \$13.50 and \$21.00 per hour;
- for adult employees receiving minimum rates of pay, and who did receive a casual loading, around 70 per cent received hourly ordinary-time earnings of between \$15.75 and \$21.00 per hour; however, if their earnings are discounted for a 25 per cent casual loading then 70 per cent received between \$12.75 and \$17.00 per hour; and
- for junior employees receiving minimum rates of pay, where earnings for casual employees are discounted by 25 per cent, around 90 per cent of employees received hourly ordinary-time earnings of less than \$12.75 per hour (the Federal Minimum Wage), and that the 'peak' of the distribution was between \$6.25 and \$8.00 per hour, which contained around 30 per cent of the employees.

Relatively few adult employees were found to have earned below the then FMW, although in the past other survey data has shown the coverage of the FMW (based purely on the amounts that employees earn) to be considerably higher. Also, the figures contained in this report will have changed since May 2006, due to increases in minimum rates of pay and other factors.

In terms of occupational status, the major occupational groups in which employees receiving minimum rates of pay are predominantly located include Community and personal service workers, Sales workers, and Labourers. Looking at the sub-major occupation group level, Carers and aides and Hospitality workers made up the majority of minimum wage workers within the first of these major occupational groups, Sales assistants and salespersons made up the majority of the second, and Cleaners and laundry workers and Food preparation assistants made up the majority of the third.

The same major occupational groups also had the largest percentage of employees within that occupational group who were minimum wage reliant. Looking at the sub-major and minor occupation group levels, we find that:

- within Community and personal service workers, the degree of minimum wage reliance was high for Child carers, Hospitality workers, Prison and security officers, and Personal carers and assistants;
- within Sales workers, the degree of minimum wage reliance was high for Sales support workers, particularly Checkout operators and office cashiers, and Sales assistants and salespersons;
- within Labourers, the degree of minimum wage reliance was high for Cleaners and laundry workers and Food preparation assistants; and
- Hairdressers, Skilled animal and horticultural workers, Food trades workers, Construction trades workers, Wood trades workers, Panelbeaters, and vehicle body builders, trimmers and painters, Receptionists and Delivery drivers also had relatively high degrees of minimum wage reliance.

Other variables within the EEH CURF, when cross-classified with the earnings and occupational data, may be useful for future research topics, such as gender and full-time/part-time status.

Table 4: Minimum wage reliance by occupation group (ANZSCO 1-digit, 2-digit, and 3-digit levels)

	Total number of observations for occupation in CURF	Percentage of minimum wage reliant employees in occupation	Percentage of employees in occupation who are minimum wage reliant
1. Managers	5242	1.2	2.6
<i>11. Chief Executives, General Managers and Legislators</i>	<i>610</i>	<i>0.0</i>	<i>0.0</i>
111. Chief Executives, General Managers and Legislators	610	0.0	0.0
<i>12. Farmers and Farm Managers</i>	<i>14</i>	<i>0.0</i>	<i>0.0</i>
121. Farmers and Farm Managers	14	0.0	0.0
<i>13. Specialist Managers</i>	<i>3372</i>	<i>0.6</i>	<i>2.3</i>
131. Advertising and Sales Managers	614	0.0	0.9
132. Business Administration Managers	1401	0.1	0.6
133. Construction, Distribution and Production Managers	570	0.0	0.6
134. Education, Health and Welfare Services Managers	287	0.5	13.5
135. ICT Managers	227	0.0	1.3
139. Miscellaneous Specialist Managers	273	0.0	0.0
<i>14. Hospitality, Retail and Service Managers</i>	<i>1246</i>	<i>0.6</i>	<i>4.7</i>
141. Accommodation and Hospitality Managers	203	0.3	12.7
142. Retail Managers	368	0.2	3.9
149. Miscellaneous Hospitality, Retail and Service Managers	675	0.1	1.8
2. Professionals	11 837	6.6	6.6
<i>21. Arts and Media Professionals</i>	<i>397</i>	<i>0.1</i>	<i>4.1</i>

211. Arts Professionals	88	0.0	5.6
212. Media Professionals	309	0.1	3.7
<i>22. Business, Human Resource and Marketing Professionals</i>	<i>3400</i>	<i>0.6</i>	<i>2.5</i>
221. Accountants, Auditors and Company Secretaries	836	0.0	0.5
222. Financial Brokers and Dealers, and Investment Advisers	468	0.0	1.6
223. Human Resource and Training Professionals	627	0.3	6.6
224. Information and Organisation Professionals	768	0.1	2.1
225. Sales, Marketing and Public Relations Professionals	701	0.1	2.3
<i>23. Design, Engineering, Science and Transport Professionals</i>	<i>1702</i>	<i>0.4</i>	<i>3.2</i>
231. Air and Marine Transport Professionals	153	0.1	11.0
232. Architects, Designers, Planners and Surveyors	375	0.1	2.6
233. Engineering Professionals	573	0.1	1.3
234. Natural and Physical Science Professionals	601	0.2	4.3
<i>24. Education Professionals</i>	<i>2599</i>	<i>3.0</i>	<i>11.1</i>
241. School Teachers	1597	2.3	12.1
242. Tertiary Education Teachers	722	0.1	0.9
249. Miscellaneous Education Professionals	280	0.7	24.3
<i>25. Health Professionals</i>	<i>1958</i>	<i>1.9</i>	<i>9.4</i>
251. Health Diagnostic and Promotion Professionals	290	0.3	10.0
252. Health Therapy Professionals	178	0.1	3.2
253. Medical Practitioners	252	0.1	3.3
254. Midwifery and Nursing Professionals	1238	1.4	11.8
<i>26. ICT Professionals</i>	<i>919</i>	<i>0.2</i>	<i>2.5</i>
261. Business and Systems Analysts, and Programmers	488	0.1	2.5
262. Database and Systems Administrators, and ICT Security Specialists	199	0.1	4.3
263. ICT Network and Support Professionals	232	0.0	1.5

<i>27. Legal, Social and Welfare Professionals</i>	862	0.5	6.0
271. Legal Professionals	353	0.1	2.7
272. Social and Welfare Professionals	509	0.4	7.3
3. Technicians and Trades Workers	6421	12.0	18.7
<i>31. Engineering, ICT and Science Technicians</i>	1600	0.5	4.3
311. Agricultural, Medical and Science Technicians	373	0.2	7.4
312. Building and Engineering Technicians	745	0.2	3.3
313. ICT and Telecommunications Technicians	482	0.1	3.5
<i>32. Automotive and Engineering Trades Workers</i>	1793	2.5	13.3
321. Automotive Electricians and Mechanics	452	1.2	18.0
322. Fabrication Engineering Trades Workers	363	0.4	10.0
323. Mechanical Engineering Trades Workers	872	0.4	6.1
324. Panelbeaters, and Vehicle Body Builders, Trimmers and Painters	106	0.5	32.3
<i>33. Construction Trades Workers</i>	620	2.7	30.2
331. Bricklayers, and Carpenters and Joiners	303	1.5	33.0
332. Floor Finishers and Painting Trades Workers	55	0.2	21.0
333. Glaziers, Plasterers and Tilers	68	0.3	26.8
334. Plumbers	194	0.8	29.7
<i>34. Electrotechnology and Telecommunications Trades Workers</i>	882	1.4	16.4
341. Electricians	493	0.8	19.2
342. Electronics and Telecommunications Trades Workers	389	0.5	13.5
<i>35. Food Trades Workers</i>	492	2.1	32.9
351. Food Trades Workers	492	2.1	32.9
<i>36. Skilled Animal and Horticultural Workers</i>	284	1.0	36.2
361. Animal Attendants and Trainers, and Shearers	69	0.3	36.2
362. Horticultural Trades Workers	215	0.7	36.2

<i>39. Other Technicians and Trades Workers</i>	750	1.8	27.5
391. Hairdressers	93	1.1	63.3
392. Printing Trades Workers	164	0.1	12.7
393. Textile, Clothing and Footwear Trades Workers	45	0.1	18.9
394. Wood Trades Workers	93	0.4	36.0
399. Miscellaneous Technicians and Trades Workers	355	0.1	4.7
4. Community and Personal Services Workers	5778	23.0	39.2
<i>41. Health and Welfare Support Workers</i>	845	1.4	19.2
411. Health and Welfare Support Workers	845	1.4	19.2
<i>42. Carers and Aides</i>	1985	9.9	44.2
421. Child Carers	478	3.5	69.4
422. Education Aides	336	0.5	12.7
423. Personal Carers and Assistants	1171	5.8	44.9
<i>43. Hospitality Workers</i>	1201	8.2	60.7
431. Hospitality Workers	1201	8.2	60.7
<i>44. Protective Service Workers</i>	1034	2.3	26.1
441. Defence Force Members, Fire Fighters and Police	406	0.0	0.1
442. Prison and Security Officers	628	2.3	48.6
<i>45. Sports and Personal Service Workers</i>	713	1.2	17.7
451. Personal Service and Travel Workers	355	0.8	24.2
452. Sports and Fitness Workers	358	0.3	10.5
5. Clerical and Administrative Workers	12 004	13.2	13.3
<i>51. Office Managers and Program Administrators</i>	1715	1.1	8.3
511. Contract, Program and Project Administrators	1086	0.2	3.3
512. Office and Practice Managers	629	0.9	12.8
<i>52. Personal Assistants and Secretaries</i>	869	0.7	8.6

521. Personal Assistants and Secretaries	869	0.7	8.6
<i>53. General Clerical Workers</i>	<i>2454</i>	<i>3.7</i>	<i>17.9</i>
531. General Clerks	2155	3.2	17.4
532. Keyboard Operators	299	0.5	22.3
<i>54. Inquiry Clerks and Receptionists</i>	<i>2080</i>	<i>3.8</i>	<i>20.9</i>
541. Call or Contact Centre Information Clerks	1100	0.6	7.8
542. Receptionists	980	3.2	29.8
<i>55. Numerical Clerks</i>	<i>2241</i>	<i>2.0</i>	<i>11.6</i>
551. Accounting Clerks and Bookkeepers	1312	1.5	12.8
552. Financial and Insurance Clerks	929	0.5	8.9
<i>56. Clerical and Office Support Workers</i>	<i>723</i>	<i>0.6</i>	<i>10.6</i>
561. Clerical and Office Support Workers	723	0.6	10.6
<i>59. Other Clerical and Administrative Workers</i>	<i>1922</i>	<i>1.2</i>	<i>8.1</i>
591. Logistics Clerks	836	0.8	11.0
599. Miscellaneous Clerical and Administrative Workers	1086	0.4	5.5
6. Sales Workers	5687	20.1	32.4
<i>61. Sales Representatives and Agents</i>	<i>782</i>	<i>0.5</i>	<i>8.2</i>
611. Insurance Agents and Sales Representatives	557	0.1	2.4
612. Real Estate Sales Agents	225	0.4	21.4
<i>62. Sales Assistants and Salespersons</i>	<i>3774</i>	<i>15.1</i>	<i>34.5</i>
621. Sales Assistants and Salespersons	3774	15.1	34.5
<i>63. Sales Support Workers</i>	<i>1131</i>	<i>4.4</i>	<i>37.9</i>
631. Checkout Operators and Office Cashiers	716	3.9	44.2
639. Miscellaneous Sales Support Workers	415	0.5	18.4
7. Machinery Operators and Drivers	4726	5.7	16.3
<i>71. Machine and Stationary Plant Operators</i>	<i>1706</i>	<i>1.0</i>	<i>9.5</i>

711. Machine Operators	556	0.8	16.6
712. Stationary Plant Operators	1150	0.2	3.8
<i>72. Mobile Plant Operators</i>	<i>765</i>	<i>0.7</i>	<i>13.7</i>
721. Mobile Plant Operators	765	0.7	13.7
<i>73. Road and Rail Drivers</i>	<i>1450</i>	<i>2.6</i>	<i>21.4</i>
731. Automobile, Bus and Rail Drivers	765	0.6	24.5
732. Delivery Drivers	352	0.6	29.5
733. Truck Drivers	234	1.5	18.7
<i>74. Storepersons</i>	<i>805</i>	<i>1.4</i>	<i>19.4</i>
741. Storepersons	805	1.4	19.4
8. Labourers	6722	18.2	29.7
<i>81. Cleaners and Laundry Workers</i>	<i>1460</i>	<i>7.7</i>	<i>55.9</i>
811. Cleaners and Laundry Workers	1460	7.7	55.9
<i>82. Construction and Mining Labourers</i>	<i>667</i>	<i>0.4</i>	<i>5.6</i>
821. Construction and Mining Labourers	667	0.4	5.6
<i>83. Factory Process Workers</i>	<i>1911</i>	<i>2.7</i>	<i>17.1</i>
831. Food Process Workers	577	0.5	12.0
832. Packers and Product Assemblers	872	1.4	19.2
839. Miscellaneous Factory Process Workers	462	0.8	18.6
<i>84. Farm, Forestry and Garden Workers</i>	<i>438</i>	<i>0.4</i>	<i>14.4</i>
841. Farm, Forestry and Garden Workers	438	0.4	14.4
<i>85. Food Preparation Assistants</i>	<i>899</i>	<i>4.5</i>	<i>46.2</i>
851. Food Preparation Assistants	899	4.5	46.2
<i>89. Other Labourers</i>	<i>1347</i>	<i>2.5</i>	<i>21.2</i>
891. Freight Handlers and Shelf Fillers	450	0.5	11.3
899. Miscellaneous Labourers	897	2.0	27.6

All occupations	58 417	100.0	19.0
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Source: ABS, Microdata: *Employee Earnings and Hours, Expanded CURF*, Australia, Catalogue No. 6306.0.55.001, May 2006.

Note: Figures in the final two columns have been adjusted using survey weights.

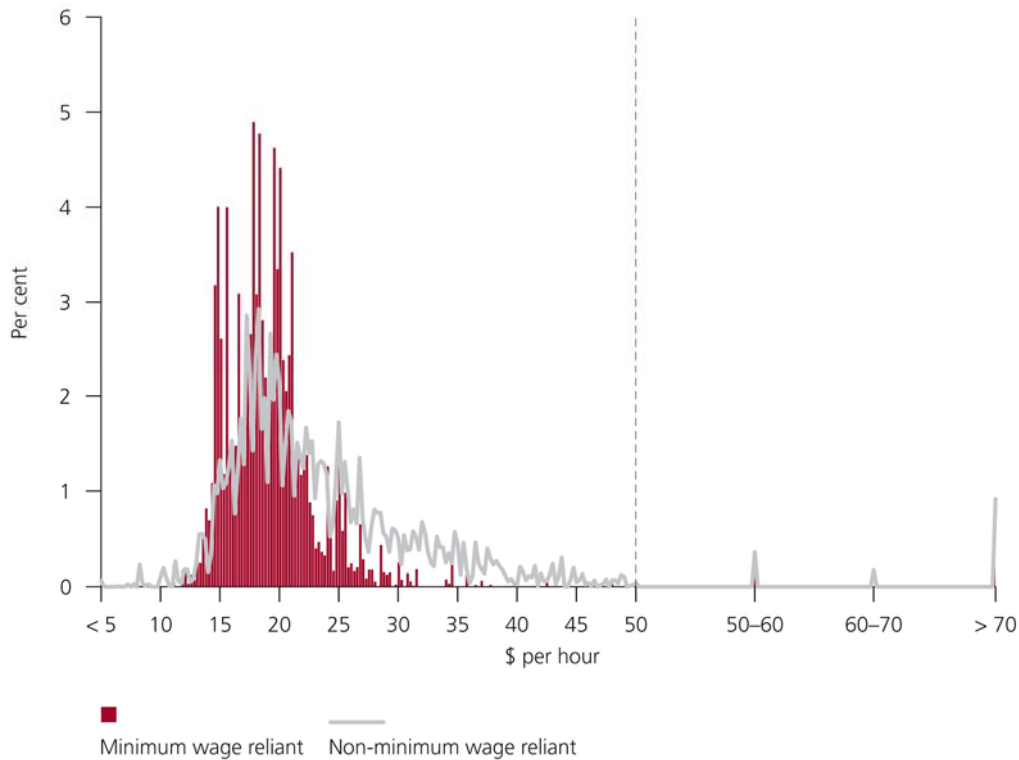
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McGuinness S, Freebairn J and Mavromaras K, (2007) *Characteristics of Minimum Wage Employees*, Australian Fair Pay Commission Research Report No. 2/07, Melbourne.

Appendix 1: Earnings distributions by occupation for adult employees who did not receive a casual loading

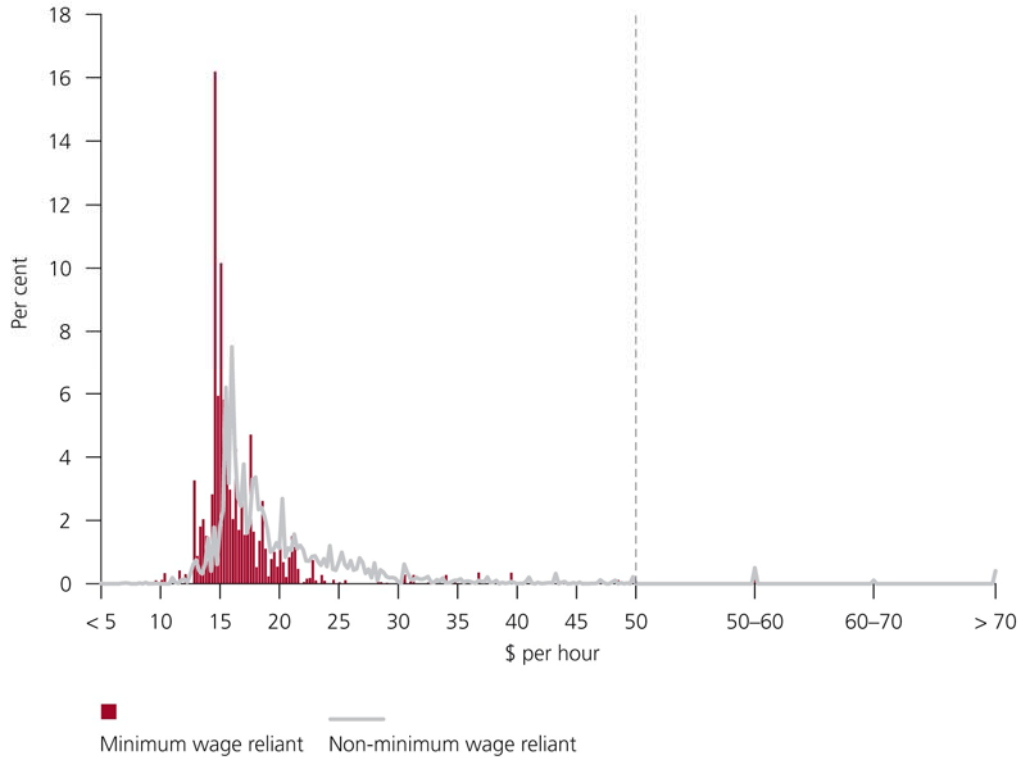
Figure 8: Distribution of hourly ordinary-time cash earnings for adult permanent employees classified as Community and personal services workers



Source: ABS, Microdata: *Employee Earnings and Hours, Expanded CURF*, Australia, Catalogue No. 6306.0.55.001, May 2006.

Note: Employees earning above \$50.00 per hour have been grouped due to confidentiality reasons.

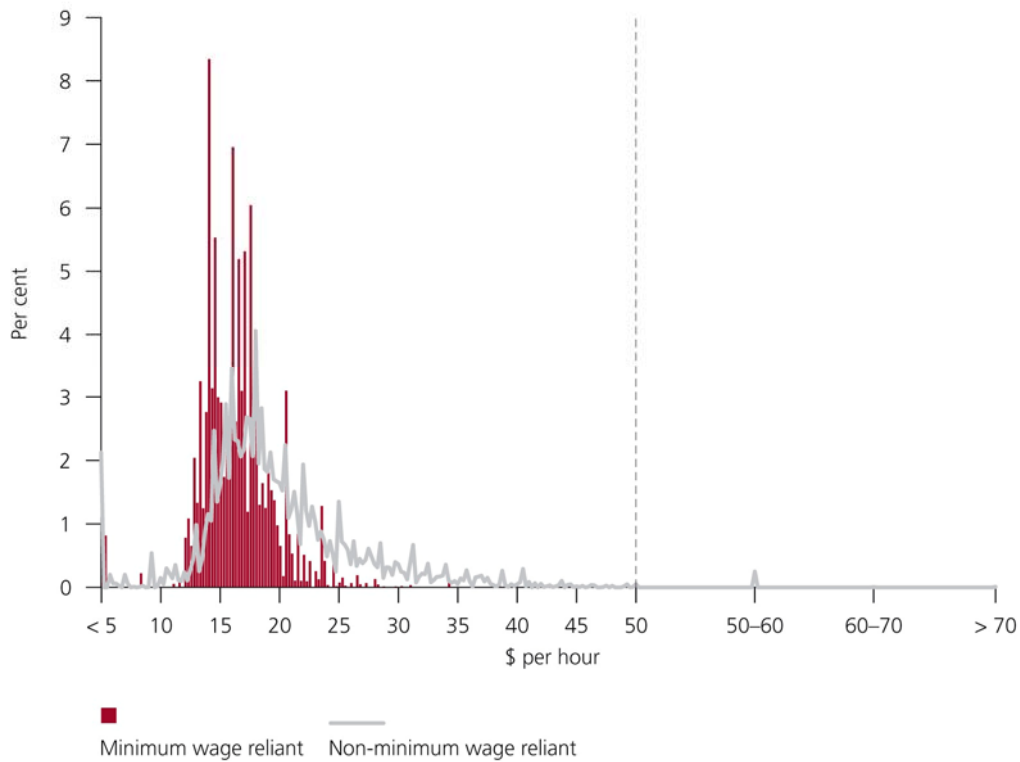
Figure 9: Distribution of hourly ordinary-time cash earnings for adult permanent employees classified as Sales workers



Source: ABS, Microdata: *Employee Earnings and Hours, Expanded CURF*, Australia, Catalogue No. 6306.0.55.001, May 2006.

Note: Employees earning above \$50.00 per hour have been grouped due to confidentiality reasons.

Figure 10: Distribution of hourly ordinary-time cash earnings for adult permanent employees classified as Labourers



Source: ABS, Microdata: *Employee Earnings and Hours, Expanded CURF*, Australia, Catalogue No. 6306.0.55.001, May 2006.

Note: Employees earning above \$50.00 per hour have been grouped due to confidentiality reasons.