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Higher classification / professional employee award reliance qualitative research: Interim report

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Minimum Wages and Research Branch—Fair Work Australia

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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;
- Australian Industry Group;
- Australian Council of Social Services;
- Australian Council of Trade Unions;
- the Australian Government; and
- state and territory governments.

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Contents

Executive summary	i
1 Introduction	1
1.1 Objectives of the project.....	2
1.2 Purpose of the interim report.....	2
2 Research design	4
2.1 Defining award reliance	4
2.2 Defining higher award and professional classifications	5
2.2.1 Higher award classifications	5
2.2.2 Professional classifications.....	5
2.3 Sub-groups and characteristics for analysis.....	6
2.3.1 Existing data of award reliance used to scope this project	7
2.4 Participant recruitment for the qualitative study	11
2.4.1 Methodology for sourcing and screening employees	12
2.5 Characteristics of participants in the qualitative study	18
2.6 Data collection methodology	19
2.6.1 Themes for analysis.....	20
2.7 Limitations of the research design	21
2.7.1 Limitations of the recruitment methodology.....	21
2.7.2 Limitations of the project scope	22
3 Research findings	24
3.1 Knowledge and understanding of wage-setting practices	24
3.1.1 Wage-setting practices	26
3.1.2 Award classification structures and wage rates.....	28
3.1.3 Determinants for award classifications	31
3.2 Decisions to commence and remain in higher classification/ professional award-reliant employment ...	33
3.2.1 Commencing higher classification/professional award-reliant employment	33
3.2.2 Remaining in higher classification/professional award-reliant employment	37
3.3 Mobility and personal circumstances that affect award reliance	42
3.3.1 Capacity to change employers to pursue over-award arrangements.....	42

3.3.2	Capacity to move location to pursue over-award arrangements.....	44
3.3.3	Capacity to undertake training to pursue over-award arrangements.....	45
3.4	Personal characteristics and traits that can affect award reliance	45
3.4.1	Aspirations	45
3.4.2	Motivations	46
3.4.3	Confidence	47
3.5	Employment factors that are prioritised over wage.....	47
3.6	The outcomes of award reliance in higher classification employment.....	49
3.6.1	Actions taken to pursue over-award arrangements	50
3.7	Summary of the interim findings and investigations for the second phase of the study	52
3.7.1	Professional and other higher classification comparisons	52
3.7.2	Employee attribute comparisons	52
3.7.3	Investigations for the second phase of the study	54
	Bibliography.....	55
	Appendices	
Appendix A	Categories for classifying arrangements that define wage entitlements.....	57
Appendix B	Definitions of “higher classification” and “professional” award-reliant employees.....	58
Appendix C	Recruitment screening questionnaire for online survey.....	60

List of tables

Table 2.1:	Adult award-reliant employees by ANZSCO major occupational group.....	9
Table 2.2:	Location of employees for method of setting pay	11
Table 2.3:	Age spread of recruitment survey respondents compared to Labour force survey.....	14
Table 2.4:	Location of recruitment survey respondents compared to Labour force survey	14
Table 2.5:	Location of recruitment survey respondents compared to HILDA survey.....	15
Table 2.6:	Characteristics of the participant sample that informed the interim findings.....	18

List of abbreviations

ABS	Australian Bureau of Statistics
AFPC	Australian Fair Pay Commission
ANZSCO	<i>ABS, Australian and New Zealand Standard Classification of Occupations 2006, First Edition, Revision 1, Catalogue No. 1220.0, (ABS, 2006).</i>
ANZSIC	<i>ABS, Australian and New Zealand Standard Industrial Classification 2006 (Revision 1.0), Catalogue No. 1292.0 (ABS, 2008)</i>
AQF	Australian Qualification Framework
EEH	<i>Australian Bureau of Statistics, Employee Earnings and Hours, Australia, May 2010, Catalogue No. 6306.0 (ABS, 2010)</i>
Fair Work Act	<i>Fair Work Act 2009 (Cth)</i>
HILDA	Household, Income and Labour Dynamics in Australia Survey
HOTCE	Hourly ordinary time cash earnings
Manufacturing Award	<i>Manufacturing and Associated Industries and Occupations Award 2010 [MA000010]</i>
The Panel	Minimum Wage Panel of Fair Work Australia
The project	Higher classification/professional employee award reliance qualitative research project

Executive summary

Fair Work Australia has commenced a program of qualitative research that examines award reliance of employees in higher award and professional classifications. The project occurs over two phases that will investigate the factors that lead to and result from award reliance in higher award classifications. This interim report provides in-depth qualitative analysis from the first phase of the project, which included 30 award-reliant employees in higher award classification employment, including six in professional classifications. The findings elucidate various factors that lead to commencement of award-reliant employment and why these employees have continued to be reliant on awards at higher/professional classifications, including barriers to seeking and achieving over-award wages/arrangements.

The findings have been presented in the interim report to address key research questions that guided the qualitative investigations, including: does employee knowledge and understanding of workplace relations issues affect why employees are award-reliant and, if so, how; how does employment history and wage progression history influence award reliance; how does mobility and personal circumstances affect award reliance; how do personal characteristics affect award reliance; and whether there are other factors or employment conditions which are prioritised over wages amongst employees in higher award classifications.

The qualitative investigations in the first phase of the study considered participant knowledge and understanding of wage-setting practices in Australia. It found that participants' awareness that they were paid an award wage was not a reliable indicator of knowledge and understanding of award provisions as they relate to award wage progression. Knowledge of wage-setting practices used by employers, including informal over-award arrangements and formalised agreement making, were examined separately to the extent that this was possible. The differences in wage-setting practices and outcomes that participants were aware of were typically attributed to the capacity of employers to set wages above the relevant award levels. Access to over-award arrangements was generally attributed to being employed by a business as opposed to a non-profit organisation.

The knowledge and understanding of award reliance that participants demonstrated was linked to the extent and complexity of the award structures that applied to them and the transparency of classification determinants. Generally, participants who were reliant on awards with prescriptive classification determinants and/or extensive classification structures (i.e. minimum wage levels and incremental pay points that extend well beyond the equivalent C10 threshold in the award wage structure) were more knowledgeable about award reliance than participants who were reliant on awards with more discretionary classification determinants and/or limited award wage structures.

Understanding of award reliance was linked to satisfaction—more evidently dissatisfaction—with opportunities and provisions for (wage) progression and the capacity and inclination of participants to pursue over-award arrangements. Knowledge of award provisions and classification determinants had influenced the expectations and plans of participants to achieve wage progression (through award provisions or through an over-award arrangement). The findings also demonstrate how perceptions of the accessibility and outcomes of over-award arrangements had informed the decisions of participants to commence award-reliant employment as well as their expectations for achieving over-award wages.

Participants' views about the importance of wages and wage progression were shaped by their past work experiences, but more evidently their stated need to pursue higher wages/wage increases. The participants who had experienced award wage progression and/or expected to progress through award wage structures typically expressed favourable views about their award reliance. Other participants who had received an over-award salary in previous employment where the employer expectation was for them to work additional (unpaid) hours

or where their additional efforts had largely gone unrecognised, had sought out award-reliant employment and/or were content to remain award reliant. Similarly, participants who were winding down their workforce participation were not (overtly) concerned about wage progression and saw no urgency or need to pursue over-award arrangements. These participants enjoyed their work and appreciated opportunities to use their skills and provide services which they felt were a valuable contribution to their workplace and the community.

Participants who were seeking higher wages typically expressed unfavourable views about their award reliance, most commonly about being restricted by their employer's adherence to award provisions. However, their discontent did not necessarily lead to mitigating action. Despite a preference for over-award wages/arrangements, some participants expected that their reliance on award wages would continue long term as they did not believe they could achieve over-award arrangements in their current workplace, and would not seek alternative (over-award) employment.

Other participants expected their tenure would be relatively short as they intended to pursue improved wage outcomes by seeking alternative (over-award) employment in a different sector as they had exhausted their prospects of achieving an over-award wage (or had no reason to believe this was possible) in their current workplace. These participants were undertaking or planning to undertake training/study to improve their prospects and tended to focus discussion on their future rather than their present employment.

Most participants in the study had not considered the pursuit of higher (over-award) wages in the context of seeking alternative employment to perform a similar role or duties. The salient motives for changing employer or even moving inter/intrastate were improving skills and/or more fulfilling work (for which higher wages was assumed). Overwhelmingly, participants felt that cumulative dissatisfaction with wages and other employment factors would prompt them to seek alternative employment rather than wages alone. Any mild discontent they had with their wages would generally be balanced by favourable aspects of their employment (e.g. convenience of location, relationships with colleagues/management, etc.) and would not prompt them to make any significant changes. The participants who did not rely on their wage income and/or were not pursuing wage progression did not expect to make any changes (particularly sacrifices) to achieve an over-award wage/arrangement.

Inclination to pursue over-award wages/arrangements was also linked to how participants perceived their skills and value to their employer and/or prospective employers. Participants who demonstrated limited confidence in their abilities and their contributions had not considered seeking alternative wage-setting arrangements in a similar way to other participants who felt that their performance and/or skills deserved additional recognition and financial reward. Confidence was also observed to enhance or hinder the perceptions that participants had of their prospects to improve their wage outcomes through alternative employment.

The study examined a range of employment factors that participants had prioritised over wage in the context of commencing and remaining in award-reliant employment. Flexibility and control of hours worked were pertinent themes for younger and prime working-aged participants. Intrinsic factors such as enjoyment and satisfaction with the outcome of duties had been prioritised ahead of wage outcomes among older participants who were winding down their workforce participation (as they neared retirement).

The outcomes of award reliance observed in the study related to the scheduling of work hours to suit participants and/or to make the best/most financially beneficial use of penalties and loadings (which were seen to be a benefit of award reliance), the acquisition of skills among participants who had progressed through award classifications, and dissatisfaction with lower wages than participants wanted or expected. Dissatisfaction had led to mitigating action in some circumstances where participants had attempted to pursue improved wage outcomes through making enquiries or (unsuccessful) requests for over-award arrangements. Some participants were also reportedly planning to pursue or in the process of seeking alternative employment.

The second phase of the study to be undertaken in 2012 (and form consolidated findings to be published in 2013), will examine the outcome(s) of award reliance, including: the persistence of award reliance, the barriers to achieving over-award wages/arrangements for participants who want/need to pursue improved wage outcomes, and the link between knowledge of wage-setting practices and commencement of award-reliant employment. To the extent possible, the consolidated findings will delineate the attributes of participants, including those who express intent to improve their wage outcomes and those who take action and to identify themes of successful and unsuccessful attempts to pursue over-award wages/arrangements.

1 Introduction

The Minimum Wage Panel (the Panel) of Fair Work Australia is required under the *Fair Work Act 2009* (Cth) (Fair Work Act) to conduct an annual wage review, during which it may set, vary or revoke one or more modern award minimum wages¹ and must make a national minimum wage order which sets specific wages for award/agreement-free employees.² In conducting the review, the Panel is required to establish and maintain a safety net of fair minimum wages in accordance with the minimum wages objective, as outlined in s.284 of the Fair Work Act.³

The Panel has recognised that an understanding of award reliance is relevant to the minimum wage setting process, stating in its decision for the Annual Wage Review 2009–10 that to inform future reviews it was seeking research 'directed to a more precise identification of the extent and composition of the award-reliant sector'.⁴ This statement has given rise to a research program currently being undertaken by Fair Work Australia and external researchers that will examine and measure award reliance through three discrete projects.⁵

In its *Annual Wage Review 2010–11 Decision*, the Panel gave consideration to the impact that flat dollar adjustments have had on wage relativities over the preceding 20 years. The Panel also stated that available data suggest a sizeable proportion of award-reliant employees are at higher award classifications:

[307] The nature of increases to award rates in annual reviews over the last twenty years has compressed award relativities in the award classification structures and reduced the gains from skills acquisition. The position of the higher award classifications has also been reducing relative to market rates and to average earnings. Furthermore, while the real value of minimum wages has been maintained at the lower award classification levels, it is clear that the real value of minimum wages above those levels has fallen. On the information available to us at present we accept that many people have their wages set at award rates higher up the scale...⁶

To address the Panel's consideration of wage relativities for award classifications higher up the scales, two of the three award reliance projects have a particular focus on professional award-reliant employees and other award-reliant employees at higher award classifications. The two projects include this qualitative investigation of employees, and an investigation of award reliance across and within Australian workplaces through a survey of employers.

The *Higher classification/professional employee award reliance qualitative research project* (the project) was proposed to examine the experiences of award-reliant employees at higher classifications and to provide insight into the reasons why employees commence and remain in higher classification award-reliant employment. The findings from this qualitative investigation will be a reference for interpreting survey data and a resource for survey research.

A survey research project titled *Award reliance* to be undertaken by the Workplace Research Centre, University of Sydney on behalf of Fair Work Australia will investigate award reliance across and within Australian workplaces to identify the mix or 'categories' of award-reliant employees and their location on award classification scales. A particular focus will be to identify professional, award-reliant employees and other award-reliant employees at higher award classifications. This survey research will examine wage-setting practices of employers and identify why professional/higher classification employees are subject to award conditions.

1 *Fair Work Act 2009* (Cth), s.285(2)(b); see also s.284(3) and s.284(4).

2 *Fair Work Act 2009* (Cth), s.294(1)(a), s.294(3), s.294(1)(b) and s.294(4).

3 *Fair Work Act 2009* (Cth), s.284(1) and s.284(2).

4 Fair Work Australia, *Annual Wage Review 2009–10 Decision* [2010] FWAFB 4000 (3 June 2010), para. 319.

5 Further information about the program of research is available on the Fair Work Australia website: <http://www.fwa.gov.au/index.cfm?pagename=wagereview2012&page=research>

6 Fair Work Australia, *Annual Wage Review 2010–11 Decision* [2011] FWAFB 3400 (3 June 2011), para. 307.

1.1 Objectives of the project

This project provides in-depth qualitative analysis of higher award classification/professional employment through an examination of the employment decisions and wage arrangement outcomes of a collection of award-reliant employees at higher award and professional classifications. The qualitative analysis occurs over two phases. The objectives of the first phase are to identify why employees at higher award classifications commence employment under an award-reliant arrangement and why they remain under these arrangements. The objectives of the second phase of the project are to examine the persistence of award reliance over the research period and the effect of award reliance on employment decisions. These objectives will be met by tracking the employment and wage-setting arrangements of the research participants over 12–18 months.

The key research question this project aims to address is: “Why are higher classification—particularly professional—employees award-reliant?” Further research questions explored in the project include:

- Does employee knowledge and understanding of workplace relations issues affect award reliance? If so, how?
- How do employees view their award reliance and what is their frame of reference? How does employment history and wage progression history influence satisfaction and other perceptions of award reliance?
- How does mobility and personal circumstances affect award reliance?
- How do personal characteristics affect award reliance?
- What results from award reliance for higher classification—particularly professional—employees?

To the extent possible and relevant, data obtained through the participant recruitment exercise and through the qualitative investigations address the following themes:

- Who are the award wage-reliant higher classification/professional employees? In particular:
 - What are their demographics (age, gender, tenure with current employer, etc.)?
 - Where are they situated within the organisational structure?
 - What proportion of the organisation’s workforce is professional/higher classification and what proportion of colleagues have their wage set by an award?

1.2 Purpose of the interim report

The findings contained in this interim report are from the first phase of the qualitative investigations. These interim findings elucidate various factors that lead to commencement of employment under an award-reliant wage-setting practice and why employees continue to be reliant on awards at higher/professional classifications. Various barriers to seeking and achieving over-award arrangements either within the enterprise or through alternative employment have also been detailed in this interim report.

The findings from this interim report will be a resource for the design of survey instruments in the *Award reliance* project to begin in 2012.

This interim report has two main chapters:

- **Chapter 2** outlines the research design for the first phase of the project upon which the interim findings are based.
- **Chapter 3** presents the findings from the first phase of qualitative research undertaken between 6 October 2011 and 8 November 2011.

The appendices to the report contain supporting information:

- **Appendix A** contains a classification structure for defining wage-setting arrangements according to wage entitlements.
- **Appendix B** contains details of the higher classification and professional definitions.
- **Appendix C** contains the screening questionnaire used in the recruitment process.

The interim findings will be expanded in a consolidated report to be published in 2013. The consolidated report will draw on the findings from both phases of the qualitative investigations.

2 Research design

The design of this project required setting parameters and definitions to be used in research into award reliance undertaken by, and on behalf of, Fair Work Australia. Three key issues were addressed through the process of designing this research, these were:

- defining 'award reliance';
- defining 'higher award classification'; and
- defining 'professional' classification employees.

After the key issues were settled, project-specific parameters, including methodologies for participant recruitment and data collection, were addressed.

2.1 Defining award reliance

Under the Fair Work Act the Panel may adjust certain minimum wages in certain minimum wage instruments including modern awards and the national minimum wage.⁷ Its decisions cannot directly adjust other instruments such as enterprise agreements or common law instruments. It also cannot directly adjust over-award payments that may be paid to an employee. For this reason, research has focused on employees whose applicable instrument is a minimum wage instrument and whose wages are directly determined by the instrument for their base rate of pay and receive no payments over the amount in their applicable minimum wage instrument.

A classification structure for defining wage-setting arrangements according to wage entitlements was developed by the Minimum Wages and Research Branch of Fair Work Australia in consultation with the Workplace Research Centre, University of Sydney to promote consistency of terminology across research projects published in Fair Work Australia's research series. The classification structure which depicts the interaction between wage-setting practices and the Fair Work Act categories of award/agreement free, award covered and award applies is at Appendix A.

The Fair Work Act demarcates whether a modern award 'applies' to an employee (s.47) and whether it 'covers' (s.48) an employee. Coverage has a broader meaning than application. Under the Fair Work Act, a modern award can 'cover' an employee even where an enterprise agreement applies to an employee or where that employee is a 'high income employee' with a guarantee of earnings. However, a modern award cannot apply to employees if an enterprise agreement applies (s.57(1)), or if they are high income employees (s.47(2)). Given the broad coverage terms of modern awards (i.e., by industry/occupation rather than geography or residency), employees can be covered by a modern award without it directly applying to them.

The categories for classifying arrangements that define wage entitlements (at Appendix A) adopted the term 'award-reliant' to characterise employees for whom an award applies who have their wage set as per the pay rate for the relevant classification contained in that award. Of note, the terms 'over-award (informal arrangements)' and 'over-award (common law contracts)' have been used to characterise employees to whom an award applies, although they receive a wage over the specified rate for the relevant award classification as per award classification definitions.

This qualitative research concentrated on award-reliant employees. Pursuant to these classifications, the research sample was a collection of employees whose wage is set according to the relevant pay rate specified for the classification of the employee under the applicable award.

⁷ Fair Work Act 2009 (Cth), s.285 (2)(b) and (c).

2.2 Defining higher award and professional classifications

A number of sources were considered in defining 'higher award wage classification' employees. This examination included an analysis of the Fair Work Act, annual wage review decisions, materials from the award modernisation process, modern awards and other data. Details of the definitions and the resources used to define 'higher award' and 'professional' wage classification employees are at Appendix B.

2.2.1 Higher award classifications

The definition of 'higher classification' that has been applied in this research has used the *Manufacturing and Associated Industries and Occupations Award 2010* (Manufacturing Award) as a benchmarking tool. The benchmark adopted in the research for determining whether an employee was within the scope of 'higher award classification' analysis was the pay rate for the C10 classification in the Manufacturing Award.⁸

In its *Annual Wage Review 2010–11 Decision*, the Panel referenced the C10 classification in the Manufacturing Award as one possible benchmark for considering the needs of the low paid:

... Consistent with our decision last year, we consider the low paid to be those on award rates, particularly those paid at equal to or less than the C10 rate.⁹

As each award has a unique classification structure and rates of pay, the C10 benchmark in the Manufacturing Award (currently \$18.06 per hour; \$686.20 per week; \$35,682.40 per annum) was applied as an award wage threshold measure. Each award classification—and where relevant, minimum wage pay point—with an applicable pay rate above the C10 rate of \$18.06 per hour; \$686.20 per week; \$35,682.40 per annum was considered within the scope of higher award classification analysis.

2.2.2 Professional classifications

The primary method for determining whether an employee was within scope of 'professional' classification analysis was whether the award that applies to the employee defined the classification as 'professional'. Where a definition was not contained in an award or if there was any ambiguity in the definition, the Australian and New Zealand Standard Classification of Occupations (ANZSCO)¹⁰ was used to determine whether the occupation of the employee is classified as 'professional' under these guidelines. Where an occupation or (job) title was classified as 'professional', it was considered within the scope of professional classification analysis.

The 'professional' classifications contained in modern awards, including entry-level classifications, are above the C10 minimum wage benchmark of higher classification employment. From the outset of this research, award-reliant 'professionals' were considered a subset of higher classification award wage-reliant employees and have been included within the scope of higher award classification analysis.

⁸ Note: 'higher award classifications' are those classifications with rates of pay above the C10 rate in the Manufacturing Award.

⁹ Fair Work Australia, *Annual Wage Review 2010–11 Decision*, [2011] FWAFB 3400 (3 June 2011) at para 215.

¹⁰ Australian Bureau of Statistics, *ANZSCO—Australian and New Zealand Standard Classification of Occupations, First Edition, Revision 1*, Catalogue No. 1220.0, Canberra, 2006.

2.3 Sub-groups and characteristics for analysis

The first phase of the research sought to include a collection of participants that would provide a range of experiences and views of higher classification award-reliant employment. The characteristics, circumstances and employment factors that were considered relevant for analysis were:

- gender
- age
 - younger (21–25 years)
 - prime (26–44 years)
 - mature (45–54 years)
 - older (55+ years)
- location: metropolitan and regional/rural
- employment arrangement: permanent, casual and contract
- hours worked: full time and part time
- level of education/training
 - occupation/role
 - professional
 - managerial/supervisory
 - skilled work
 - general/support work
- award wage structures (i.e. scope to progress through award classifications)
 - limited structure of classifications (e.g. fewer than six minimum wage levels/classifications)
 - extensive structure of classifications (e.g. six or more minimum wage levels/classifications)
 - contains professional classifications (i.e. classifications explicitly defined as professional or determined to be professional using ANZSCO classification)
- type of employer: business and non-profit

Further employment factors that were considered relevant for analysis included:

- years of experience in the workforce
- years of experience in occupation
- tenure with current employer
- location on award classification structure
 - within two award wage levels/pay points of the benchmark classifications (e.g. C10 minimum wage)
 - more than two award wage levels/pay points beyond the benchmark classification
- enterprise/workplace size: small (fewer than 20 employees) and medium/large

2.3.1 Existing data of award reliance used to scope this project

At the outset of the project, data analysis was required to inform various aspects of the project scope. The key objective of the data analysis was to identify whether higher classification/professional award-reliant employees were concentrated in any occupational groups, industry sectors, or in geographical locations. Estimating the incidence of higher classification award reliance across the Australian labour force was also required to determine where and how to source research participants and how many employees would need to be screened through the recruitment process to achieve minimum sample requirements. As professional award reliance was a focus of the research, it was important to identify the proportion of award-reliant professional employees in the Australian labour force.

According to Australian Bureau of Statistics' (ABS) Earnings and Hours (EEH) Survey data publications, as at May 2010, 15 per cent of the Australian labour force were award-reliant.¹¹ The data publication did not provide any further information about earnings or classifications of the award-reliant workforce, thus unpublished data largely informed the scope of this project.

Occupational characteristics were expected to guide decisions about the composition of the research sample due to the particular focus on 'professional' award reliance and the requirement to include participants in professional occupations. Other characteristics and employment factors including industry, award coverage, location on award classification structures and geographical location were considered highly relevant for the composition of the research sample. Unpublished data was analysed to estimate the incidence of higher classification/professional award reliance for these variables. As the research was to concentrate on award reliance, analysis of existing data sources focused on the following measures of pay setting:

- employees defined as 'award-only' in the ABS EEH Survey;¹² and
- employees who reported being 'paid exactly the award rate' in the Household, Income and Labour Dynamics in Australia (HILDA) Survey.¹³

11 The proportion of all employees whose pay was set by award only in May 2010 was 15 per cent. See ABS feature article: Trends in employee methods of setting pay and jurisdictional coverage, Australian Labour Market Statistics, July 2011, viewed 18 August 2011, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/6105.0Feature+Article1July%202011>

12 Employee Earnings and Hours survey reports on the composition and distribution of earnings and hours paid of employees and is collected from employers: Australian Bureau of Statistics, *Employee Earnings and Hours, Australia, May 2010*, Catalogue No. 6306.0, Canberra, 2010.

13 Melbourne Institute of Applied Economic and Social Research, *Household, Income and Labour Dynamics in Australia*.

The available data were analysed to determine whether award-reliant employees were concentrated in particular ANZSCO occupational classifications and Australian and New Zealand Standard Industrial Classification (ANZSIC)¹⁴ industry categories. Due to data limitations, the objectives of the analysis were not met and the project scope was based on estimates rather than precise measures of award reliance. The limitations in the data analysis included over-reporting of award reliance by employees in the HILDA dataset (i.e., paid 'exactly the award rate'), particularly among workers employed in the public sector.¹⁵ The analysis of EEH data was limited due to ABS restrictions on the availability of data items and the method by which hourly earnings figures are derived.¹⁶ The analysis of higher classification award reliance was limited as the data sets did not contain award classification or precise wage data items. Proxy measures for the higher classification benchmark were used to inform the analysis of higher classification award reliance; however, these measures were imprecise. Due to the data limitations, the analysis that is presented in the following sections (which informed the project scope) was considered, and has been reported, as estimates only.

2.3.1.1 Occupation

The occupational analysis estimated the incidence of award reliance in the Australian labour force and across the award-reliant workforce for ANZSCO major occupational groups (one-digit level). The analysis covered adult employee samples as the purpose of the study was to focus on higher classifications rather than junior award-reliant employees.

Table 2.1 presents the proportion of adult 'award only' employees (i.e., adult award-reliant employees) in the weighted EEH dataset. This analysis demonstrated the occupational groups where adult award-reliant employees are concentrated in the award-reliant workforce and the incidence that they are likely to be found in the adult Australian labour force. The low incidence of professional award-reliant workers in the labour force indicated that the scope of the professional award reliance analysis would be relatively limited compared to other higher classification employees and that a large number of adult employees would need to be screened through the recruitment process to achieve minimum sample requirements for the qualitative study.

14 Australian Bureau of Statistics, ANZSIC—*Australian and New Zealand Standard Industrial Classification, Revision 1.0*, Catalogue No. 1292.0, Canberra ABS, 2008.

15 The proportion of employees who reported being paid 'Exactly the award rate' in the HILDA survey is 28.5 per cent. When public sector employees are removed, the proportion of employees who reported being paid 'Exactly the award rate' in the HILDA survey is approximately 22 per cent. These figures are significantly higher than published reports of award reliance derived from EEH data (15 per cent). This issue was identified in Wilkins and Wooden, Melbourne Institute of Applied Economic and Social Research, *Measuring Minimum Award Wage Reliance in Australia: The HILDA Survey Experience*, May 2011, p11.

16 The ABS measure earnings in the EEH data in such a way that ordinary time earnings includes penalty payments, shift allowances and regular bonuses, thus the derived hourly earnings figures do not correspond with award classification pay rates. Furthermore, earnings data is available for ANZSIC categories and ANZSCO classifications separately, but cannot be cross tabulated. As a result, the EEH hourly earnings data cannot be mapped to award classification pay rates.

Table 2.1: Adult award-reliant employees by ANZSCO major occupational group

	Proportion in occupation that are award reliant	Proportion of award reliant employees in occupation	Proportion of adult labour force that are award reliant (incidence in population)
Managers	2.6	1.3	0.2
Professionals	3.4	4.4	0.7
Technicians and trades workers	16.0	14.9	1.8
Community and personal service workers	30.2	24.8	3.9
Clerical and administrative workers	8.8	11.2	1.7
Sales workers	23.1	16.7	2.1
Machinery operators and drivers	11.6	5.0	0.8
Labourers	27.8	21.6	3.3
All occupations	14.4	100	14.4

Source: ABS, *Microdata: Employee Earnings and Hours, Expanded CURF, Australia*, Catalogue No. 6306.0.55.001, May 2010.

Analysis of modern award minimum wages indicated that all 'professional' ANZSCO occupations were within the scope of the higher award classification benchmark;¹⁷ however further data analysis was performed on earnings for this occupational group to confirm the proportion of professional award-reliant employees that would be in-scope for the higher classification analysis.

To estimate the proportion of award-reliant employees in higher award classifications, the distribution of earnings in the 2010 EEH data¹⁸ was analysed. The analysis of hourly ordinary time cash earnings (HOTCE) of adult award-reliant non-managerial employees was performed on earnings exceeding \$16.78 per hour (the C10 benchmark at May 2010).¹⁹ This earnings data is not available at the two-digit level. The analysis of hourly earnings data provided the following estimates of the proportion of award-reliant employees at higher award classifications:

- while all professional classifications/occupations in modern awards have minimum wage rates above the C10 benchmark, the EEH earnings data includes a small proportion (approximately 3 per cent) of professional award only employees with hourly earnings that have wages below the C10 benchmark;
- among the adult Community and personal services workers, most (91 per cent) earnings estimates were in the scope of the higher classification benchmark;
- among the adult Clerical and administrative workers, most (87 per cent) earnings estimates were in the scope of the higher classification benchmark;

¹⁷ Award wage rates for professional classifications contained in modern awards are above the C10 minimum wage threshold (\$18.06 per hour; \$686.20 per week; \$35,682.40 per annum).

¹⁸ Source: Australian Bureau of Statistics, *Microdata: Employee Earnings and Hours, Expanded CURF, Australia*, Catalogue No. 6306.0.55.001, May 2010.

¹⁹ The ordinary time hours paid is the award, standard or agreed hours work paid for at the ordinary time rate. It also includes that part of annual leave, paid sick leave and long service leave taken during the reference period. Ordinary time cash earnings are not measured for managerial employees in the EEH Survey, therefore, they were excluded from any analysis involving HOTCE. Earnings data for casual employees are deflated by 25 per cent.

- among the adult Technicians and trades workers, over two thirds (70 per cent) of earnings estimates were in the scope of the higher classification benchmark; and
- high proportions of earnings estimates were above the higher classification benchmark for adult Sales Workers (78 per cent), Machinery Operators and Drivers (83 per cent) and Labourers (80 per cent). Most modern award minimum wage rates for these lower-skilled occupations are below the C10 threshold, indicating that the derived hourly earnings do not correspond with award wage rates. This analysis further demonstrates that caution is required when interpreting the derived hourly earnings data as it is an imprecise measure of award reliance in higher classifications.

2.3.1.2 Industry

The EEH data was also used to estimate the proportion of adult award reliance in ANZSIC industry divisions. According to EEH data, award-reliant employees are concentrated in certain industry divisions and are uncommon in other industry divisions.

According to ABS publications, in May 2010 almost two-thirds of award-only employees were employed in either the Accommodation and food services (21 per cent), Retail trade (15 per cent), Health care and social assistance (14 per cent), or Administrative and support services (12 per cent) industries.²⁰ In contrast, each of the following industries comprised less than 1 per cent of employees paid by the 'award-only' method of setting pay (and were excluded from further analysis): Information, media and telecommunications; Public administration and safety; Financial and insurance services; Electricity, gas, water and waste services; and Mining.

The distribution of earnings for the major ANZSIC industry divisions (one digit level) in the 2010 EEH data²¹ was analysed to estimate the proportion of 'award only' adult employees with derived hourly earnings above the C10 benchmark for higher award classifications. The analysis of HOTCE of adult award-reliant non-managerial employees was performed on earnings exceeding \$16.78 per hour (the C10 rate at May 2010). This data is not available at the two-digit level. The analysis of hourly earnings data has provided the following indications of the incidence of award reliance at higher award classifications:

- among the employees in the Health care and social assistance industry, almost all (94 per cent) of the earnings estimates were in the scope of the higher classification benchmark;
- among the employees in the Accommodation and food services industry, most (89 per cent) earnings estimates were in the scope of the higher classification benchmark;
- approximately two-thirds of earnings estimates for adult award-reliant employees in the Education and training industry (77 per cent), Administrative and support services industry (68 per cent), Transport, postal and warehousing industry (66 per cent), and the Other services industry (66 per cent) were in the scope of the higher classification benchmark;
- over half of earnings estimates for adult award-reliant employees in the Professional, scientific and technical services industry (58 per cent), Rental, hiring and real estate services industry (59 per cent), Construction industry (55 per cent), Arts and recreational services industry (54 per cent), and the Retail industry (51 per cent) were in the scope of the higher classification benchmark; and

20 See ABS feature article: Trends in employee methods of setting pay and jurisdictional coverage, Australian Labour Market Statistics, July 2011, viewed 18 August 2011, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/6105.0Feature+Article1July%202011>

21 Source: Australian Bureau of Statistics, Microdata: Employee Earnings and Hours, Expanded CURF, Australia, Catalogue No. 6306.0.55.001, May 2010.

- close to half of earnings estimates for adult award-reliant employees in the Manufacturing industry (48.5 per cent) and the Wholesale trade industry (46 per cent) were in the scope of the higher classification benchmark.

The industry analysis indicated that a significant proportion of higher classification award-reliant employees would be employed in the Health care and social assistance industry. This analysis was supported by the relatively high proportion of earnings estimates for Community and personal services workers.

2.3.1.3 Location

Analysis of 2009 HILDA data was performed to identify any notable differences in the incidence of award reliance in metropolitan areas and regional/rural areas. Although this analysis is indicative only due to the over-reporting of award reliance across the HILDA sample and small sample sizes, the analysis presented in Table 2.2 suggested that the incidence of award reliance may be higher in regional areas.

Table 2.2: Location of employees for method of setting pay

	Proportion of employees reportedly paid 'Exactly the award rate'* (%)
Total	21.8
Major City	20.0
Inner Regional Australia	27.7
Outer Regional Australia	24.0
Remote Australia	17.4**

Note: *Exactly the award rate figures exclude public sector due to over-reporting among these employees.

**Interpret with caution due to small sample size (n=19).

Source: *HILDA Survey, Wave 9 (2009)*, Melbourne Institute of Applied Economic and Social Research, Melbourne.

2.4 Participant recruitment for the qualitative study

The approach for sourcing and recruiting participants sought the broadest range of employee characteristics and other relevant factors achievable. Due to the well-documented challenges of identifying award reliance,²² the focus of the recruitment process was on determining whether employees were in-scope (i.e., were in higher classification/professional award-reliant employment). Including a range of the characteristics deemed relevant for analysis was a secondary objective of the recruitment exercise. The process of participant recruitment involved:

- selecting a consumer panel to source employees;
- screening panel members through an online, self-complete survey;
- validating survey responses against modern/transitional award wage rates and conditions of employment;

22 Southwell, A, Elliott, S, Stafford, N, French, *Consolidated Social Research Report*, Research Report 10/2010, TNS Social Research, report commissioned by Fair Work Australia, Melbourne, 2010 p2.

- inviting in-scope survey respondents to participate in the qualitative study; and
- arranging participation in the qualitative study.

The objective at the outset of the recruitment process was to recruit a minimum of 30 and a maximum of 60 higher classification award-reliant employees to participate in the qualitative study. As professional award reliance was a particular focus of the study, the aim was to recruit at least 12 professional participants to inform this analysis.

2.4.1 Methodology for sourcing and screening employees

The incidence of award reliance in higher award classifications across the adult Australian labour force was estimated to be less than 15 per cent and as low as 1 per cent for professional award-reliant employees. Due to the low incidence of award reliance in the population, a recruitment method and source that allowed access to a large number of employees was required. To achieve the minimum sample requirement of 30 higher classification employees (including 12 in professional classifications) the recruitment process needed to screen at least 2,000 employees. In determining the number of employees to screen, consideration was also given to the likely proportion of in-scope employees who would agree to participate in the qualitative study. The estimate was that half of the higher classification/professional award-reliant employees would agree to participate in the qualitative research.

Employees were sourced through the Online Research Unit consumer panel.²³ This consumer panel was selected as it is used only for survey research and is representative of the Australian population. To maximise the efficiency of the recruitment process, a more targeted approach than random sampling was adopted for the recruitment survey. Relevant information held on panel members facilitated pre-targeting of survey respondents in relation to age (i.e., panel members aged 21 years and over), employment status (employee) and self-reported occupational categories (managerial, supervisory, professional, skilled manual worker, unskilled and semi-skilled worker and general 'office' staff).

The practice of pre-targeting employment factors to prepare the sample of survey respondents was of limited assistance in practice as the information held on panel members in many cases was not current (i.e., one quarter of the panel members who were invited to undertake the recruitment survey were screened out of the survey as they did not identify as being an employee) and the self-report method of recording occupational categories in the consumer panel records did not align with ANZSCO classifications (i.e., occupations recorded as professional in the consumer panel database did not correspond with professional occupations in ANZSCO classifications).

The recruitment methodology involved administering a self-complete online survey to a pre-targeted sample of panel members. The questionnaire comprised:

- screening questions that terminated the online survey when a selected response determined that the survey respondent was not in-scope for the qualitative research;
- screening questions that indicated whether a survey respondent was award-reliant; and
- other questions to collect relevant demographic and employment information.

²³ The Online Research Unit (ORU) Australian Consumer Panel has over 200,000 active panel members. The panel is used for research purposes only and members are not exposed to direct marketing, advertising or promotions, which can lead to sample bias. The panel has a strict invitation-only recruitment method and holds the QSOAP Best Practice accreditation (Gold Standard).

The screening questionnaire administered through the online survey is at Appendix C. The average duration of survey completion was under 10 minutes.

2.4.1.1 Outcome of the online recruitment survey

A total of 4,038 panel members were screened through the online survey from 13 September to 5 October 2011. The sample of panel members invited to participate was prepared so that it broadly reflected the Australian labour force according to age (i.e., relevant proportions of adult workers aged 21 years and older) and location (i.e. relevant proportions for state and territory and metropolitan and regional areas). The sample was primarily prepared to include a large proportion of panel members who had self-reported being in a professional occupational category. Quotas were set on self-reported occupational category in the recruitment questionnaire so that a minimum of 600 surveys were completed by respondents who self-identified as being in professional employment. No other quotas were set. A total of 2,255 employees completed the recruitment survey, which represents an incidence of 56 per cent of panel members who commenced the survey.

Of the 1,783 panel members who were screened out of the online survey, 58 per cent were not currently in paid employment or were self-employed. Almost 20 per cent of survey respondents were screened out of the survey when they reported being employed by a state or federal government department, agency or authority. These survey respondents were excluded because state and federal public servants/sector workers are overwhelmingly subject to enterprise agreements and not in scope for the qualitative study.²⁴ Almost 16 per cent of survey respondents reported having their wage and conditions of employment set by an enterprise agreement and reported a high level of understanding of employment matters. These survey respondents were screened out of the online survey as they were highly unlikely to be in scope for the qualitative study due to their reported high level of understanding that their wage was set under an enterprise agreement. Less than 1 per cent of survey respondents were screened out of the online survey when they indicated that their hourly rate of pay was less than \$18 per hour (i.e., below the higher classification threshold measure of \$18.06 per hour).

The 2,255 employees who completed the survey were split evenly according to gender. The composition according to age did not represent the Australian labour force²⁵ and is unlikely to represent the award-reliant workforce, primarily because junior employees (aged less than 21 years) were excluded. The research sample under represented younger workers aged 21–25 years and workers aged 45–54 years as demonstrated by approximate labour force figures presented in Table 2.3.

²⁴ See for example Australian Bureau of Statistics (2010), *Employee Earnings and Hours, Australia, May 2010*, Catalogue No. 6306.0, ABS, Canberra, where it was found that the collective agreement method of setting pay was higher in the Public administration and safety industry (92.3 per cent) than all other industry groupings. Public administration and safety is defined in the ANZSIC to include federal, state and local government administration, justice, government representation, defence, and public order, safety and regulatory services.

²⁵ Australian Bureau of Statistics (2011), *GM1 — Labour Force Status and Gross Changes (flows) by Sex, State, Age, Labour Force, Australia, October 2011*, Catalogue No. 6202.0, ABS, Canberra.

Table 2.3: Age spread of recruitment survey respondents compared to Labour force survey

Recruitment survey age range	Proportion of recruitment survey respondents (%)	Percentage of Labour force survey (%)	ABS Labour force survey age range
Aged 21–25	3	10	Aged 20–24
Aged 26–29	10	22	Aged 25–34
Aged 30–44	43	23	Aged 35–44
Aged 45–54	10	22	Aged 45–54
Aged 55+	24	17	Aged 55 +

Note: The Labour force figures do not sum to 100 per cent as 5.7 per cent of labour force is aged 15–19 years and not included in this table.

Source: ABS (2011), *GM1 — Labour Force Status and Gross Changes (flows) by Sex, State, Age, Labour Force, Australia, October 2011*, Catalogue No. 6202.0, ABS, Canberra.

The composition of the participant survey sample according to state and territory was close to representative of the labour force, as demonstrated in Table 2.4.

Table 2.4: Location of recruitment survey respondents compared to Labour force survey

State and territory	Proportion of recruitment survey respondents (%)	Proportion of ABS Labour force survey (%)
NSW	32 (combined NSW and ACT)	31.5
ACT		1.8
Victoria	27	25.5
Queensland	18	20.1
South Australia	8	7.3
Western Australia	9	10.8
Tasmania	2	2.1
Northern Territory	1	0.8

Note: Survey figures do not sum to 100 per cent as a small portion of survey respondents did not provide accurate location information in the survey.

Source: ABS (2011), *GM1 — Labour Force Status and Gross Changes (flows) by Sex, State, Age, Labour Force, Australia, October 2011*, Catalogue No. 6202.0, ABS, Canberra.

The composition of the recruitment survey sample according to metropolitan and regional location somewhat under represents non-metropolitan areas compared with workforce data from the HILDA survey as presented in Table 2.5.

Table 2.5: Location of recruitment survey respondents compared to HILDA survey

Location	Proportion of recruitment survey respondents (%)	Proportion of HILDA survey (%)
Metropolitan	75	65
Regional/rural/remote	25	35

Note: HILDA does not differentiate between workers in the capital cities and regional areas of Tasmania, the Northern Territory and the Australian Capital Territory. Workers from those states and territories have been included with the metropolitan workers of those areas.

Source: *HILDA Survey, Wave 9 (2009)*, Melbourne Institute of Applied Economic and Social Research, Melbourne.

2.4.1.1 Recruitment survey sample eligible for qualitative study

Almost 58 per cent of employees (1,303 recruitment survey respondents) who completed the online survey indicated an interest in participating in the qualitative study and consented to have their contact details provided to Fair Work Australia. The composition of this sample, which was the subject of the validation process, very closely reflected the whole recruitment survey sample.

The survey responses of the 1,303 employees who were either 'definitely' interested (44 per cent) or 'maybe' interested (56 per cent) in participating in the qualitative study were examined as part of the validation process.

2.4.1.2 Validation of recruitment survey responses

The second phase of screening process involved validating information provided by survey respondents in the recruitment questionnaire against modern awards and other instruments. This phase of the recruitment process was critical to ensuring the qualitative study included participants who were in scope because many employees who report that their wage is an award rate do not fall within the scope of award reliant as defined in Fair Work Australia research. Two questions in the recruitment questionnaire directly sought information about wage setting to assist in identifying award reliance:

- [Q5] How is your wage (salary) determined?
- [Q25] What role do award wages have in setting your wage (salary)?

Approximately 30 per cent of survey respondents who were screened through the validation process claimed their wage was set by an award (Q5). Approximately 21 per cent believed that an award rate determined their wage (Q25). Following the validation of earnings, classification, and other pertinent information provided in the online survey, the actual incidence of 'award reliance' as defined by Fair Work Australia among the sample of 1,303 survey respondents was considerably less than the self-reported levels of award reliance.²⁶ The inconsistency between self-reported wage-setting arrangements and the proportion of survey respondents who were determined to be award reliant suggests that employees are not a reliable source of information to measure award reliance (as defined by Fair Work Australia).

²⁶ The sample of survey respondents invited to participate in the qualitative study did not include survey respondents who had not provided accurate wage data and/or classification information through the online self-complete survey as these pieces of information were critical to the validation process. As a result, it is unclear what proportion of the survey sample was award-reliant.

The validation process consisted of firstly determining whether the earnings/wages of survey respondents was within the scope of the higher classification benchmark. Once this had been established, survey respondents with wages above the higher classification threshold were determined to be award reliant or not award reliant (i.e., over-award) through a rigorous process of matching information provided in the survey to modern award rates and transitional rates.

2.4.1.2.1 Threshold measure of higher classification

The wage/earnings information provided by survey respondents was examined to determine it was within the scope of the higher classification threshold (above \$18.06 per hour; \$686.20 per week; \$35,682.40 per annum).

Wage information was provided in the recruitment survey as either hourly wage, annual wage or earnings over a specified pay period. A cautious approach was taken to screening on this measure as the amount recorded may not have been precise due to survey respondents providing amounts that had been rounded down.

Reported wage amounts were deflated where respondents were employed on a casual basis to account for 25 per cent casual loading.

Weekly wage data was the most straight forward to validate as it generally did not require calculations.

Where respondents to the survey provided annual wage data that was below the threshold amount, the number of hours usually worked was referenced to determine whether the respondent worked part time. Where the respondent worked less than 35 hours per week an hourly rate was derived to determine whether the wage was above the hourly rate threshold.

Survey respondents who reported earnings over a pay period specified whether their pay period was per week, per fortnight or per month. Where respondents provided earnings per fortnight or per month a weekly or hourly wage rate was derived to determine whether the wage was above the threshold amount. Consistent with the protocols for annual wage data for reported earnings below the threshold amount, the number of hours usually worked was referenced to derive an hourly rate and determine whether the amount was above the hourly rate threshold.

2.4.1.2.2 Method of pay setting and award classifications

The information provided by survey respondents with reported wages/earnings above the threshold measure of higher classification were further analysed to determine method of pay setting and, where relevant, award classification.

Where survey respondents had indicated that an award was used to set their wages and had provided information about the award, this was cross checked with the relevant modern and/or pre-modern awards. Where respondents were unable to provide information about how their wage is set (i.e., indicated that their wage is set by their employer without their involvement), consideration was given to occupation and industry information to derive award coverage. The derived award coverage information was cross checked with the relevant modern and/or pre-modern award classifications.

Professional employees/classifications were identified by comparing occupation and industry information with the definitions and classifications in relevant modern awards. Where the definitions in modern awards did not expressly identify a classification as 'professional', ANZSCO classification was used to determine whether survey respondents were within the scope of this analysis. Self-reported occupational category and details of the name

of the occupation and/or the main tasks performed were used to determine the 6-digit ANZSCO classification of occupation. Survey respondents were then categorised accordingly into 'professional' and 'other higher classification' categories.

2.4.1.2.3 Application of wage data to determine award reliance

The process of identifying award reliance involved matching relevant award classification wage rates to the reported or derived wage information of survey respondents. Where a precise match was not achieved, award wage rates were calculated manually taking into account any phased wage rates which may be applicable in the transitional provisions to modern awards. Some survey respondents appeared to have their wage set by transitional instruments.²⁷ In these cases, reported or derived wage information was matched to the relevant instrument.

Information provided in the online survey was assumed to be imprecise, particularly where survey respondents had indicated a low level of understanding of how their wage and conditions of employment are set. Furthermore, the survey was not designed to determine whether respondents were entitled to allowances and other award conditions which would vary their wage and by how much their wage varied from the award wage rate; however, the survey did indicate where penalty rates and overtime may have been an entitlement component of the wage information provided. Where respondents indicated that they worked overtime, outside the ordinary span of hours or shift work, it was generally not possible to match survey data exactly to award wage rates. In circumstances where wage information provided in the survey was similar to the award wage rate, discretion was required to consider other pertinent information provided by the survey respondent. Some of these survey respondents were considered for inclusion in the qualitative study, but not prioritised during the invitation phase of the recruitment process as they had not been deemed to be in scope. In cases where the survey respondent reported being paid for all hours worked, where no overtime hours were worked, or where the survey respondent worked a regular/flexible daytime schedule, wage data (reported and derived) was considered accurate enough to determine award reliance.

2.4.1.3 Outcome of the validation process

Following the validation of responses from 1,303 surveys, a total of 62 employees were deemed to be in scope for the qualitative study and sent an email invitation by the consumer panel provider, The Online Research Unit, on behalf of Fair Work Australia. The survey respondents whose wage and classification information matched exactly with a modern award were prioritised for inclusion in the study over survey respondents who were reliant on a pre-modern award; however, the invitation process did involve contacting all employees who were deemed to be in scope. A considerable proportion of survey respondents were not deemed to be in scope as the wage information reported in the survey or derived did not exactly match an award wage. The invitation protocols for the qualitative study required by the consumer panel provider restricted the scope of the invitation process to a maximum of 60 (later revised to 62) survey respondents. The rate of participation among survey respondents invited to participate was expected to be close to 100 per cent as they had previously indicated in the online survey that they wanted to participate in the follow-up research.

The sample of survey respondents who were invited to participate in the qualitative study reflected the online survey samples reasonably well, with the exception of a gender imbalance toward females. The imbalance was less pronounced in the collection of employees who participated in the qualitative study (see section 2.5). Almost one quarter of the sample of survey respondents invited to participate in the qualitative study were deemed to be professional award-reliant employees.

²⁷ For example, employees working in the social, community, home care and disability sector's wages do not begin to transition to the rates in the *Social, Community, Home Care and Disability Services Industry Award 2010* until 1 February 2012.

2.4.1.3.1 Invitation to participate in the study

Email invitations and reminders were progressively sent to survey respondents deemed to be in scope for the qualitative study from 30 September 2011 to 31 October 2011. The initial email invitation included limited information about the objectives of the study and the payment for participation. The invitation required the recipient to provide a contact phone number and the times they preferred to be contacted between 8am and 8pm, Monday to Friday.

Email invitation reminders were sent out over a period of three weeks and continually modified to provide further information about the objectives of the study, the payment for participation and the data collection methods. Up to three reminder emails were sent to survey respondents. The outcome of the email invitation process was that just over half of survey respondents who were deemed in scope for the qualitative study provided their contact details via a reply email. Some survey respondents who responded to the email invitation did not provide correct contact details, were no longer in scope or were not available to participate within the designated data collection period of 6 October 2011 to 8 November 2011.

2.5 Characteristics of participants in the qualitative study

The findings presented in this interim report draw on the experiences and views of 30 employees in higher classification award-reliant employment, including six professionals. An outline of the characteristics of these 30 participants is presented in Table 2.6.

Table 2.6: Characteristics of the participant sample that informed the interim findings

Gender	No. of participants	Type of employer	No. of participants	Location	No. of participants
Male	13	Business	12	Metro	18 (60%)
Female	17 (57%)	Non-profit	18 (60%)	Regional	12
Age		Qualification		Role/occupation	
Younger	Nil	Tertiary	13 (43%)	Professional	6 (20%)
Prime	12 (40%)	Diploma	5	Supervisory	7
Mature	10 (33%)	Trade	7	Skilled work	11 (37%)
Older	8 (27%)	Certificate	5	General work	6
Employment arrangement		Usual hours worked p/w		Award minimum wage structure*	No. of awards
Permanent	22 (73%)	Less than 15	4	Limited	7
Casual	7 (23%)	15-35 hrs	10 (33%)	Extensive	9
Contract	1	36+ hrs	16 (53%)	Professional	4

Note: *Award minimum wage structures defined as 'limited' for the purposes of this research provided for fewer than five award wages (including classification levels and pay points within a classification) for adult employees above the C10 rate; minimum wage structures defined as 'extensive' comprised five or more award wages for adult employees above the C10 award rate.

Over one-third of study participants were living in a regional centre, including towns and satellite cities in Victoria, New South Wales, Queensland and South Australia.

Just over one-third of participants in the study were employed by a private enterprise. The largest sub-groups of participants were employed in non-profit organisations, including non-government service providers, local government, member-funded organisations and in religious institutions.

Over two-thirds of participants were employed on a permanent basis and half usually worked full time. Almost half of participants had tertiary qualifications; however, not all of these participants were using their full qualifications in their award-reliant role.

The participants were in a range of occupations and industries, with no more than three participants in any occupational group. The occupations of participants represented in the interim findings include, but are not limited to, security service workers, childcare workers, retail workers, allied health professionals, nurses, educators, disability support workers and administration workers. Most participants were employed in a service sector, including relatively large proportions in the community services and health services sectors.

Most participants in the study were aware that their wage and/or conditions of employment were set by an award. Approximately half felt they had a high level of understanding about wage-setting matters; however, it transpired through discussions that knowledge was incomplete or misinformed and consequently understanding was not as sophisticated as some participants claimed.

The collection of participants in professional classifications comprised less than one-quarter of the sample. This was less than anticipated. A supplementary cycle of recruitment and data collection may be undertaken to broaden the scope of analysis for this sub-set of award-reliant employees in higher classification employment if it is possible to source these employees.

As the recruitment captured higher proportions of employees aged of 45 years and over, the views and experiences examined in this study are primarily of mature working-aged employees. The perspective of younger, less experienced workers (i.e., aged 21–25 years) has not been presented in the findings in this interim report as they could not be recruited for participation. Any supplementary recruitment and data collection undertaken may target younger employees (e.g., recent university graduates) to broaden the scope of the analysis to include younger award-reliant employees in higher classification/professional employment.

2.6 Data collection methodology

The research objectives required a detailed examination of the characteristics of award reliance at higher award and professional classifications. It was considered necessary to have participants recount their employment history and wage-setting practices. It was also considered necessary for participants to disclose information about their earnings, their motivations for working, and their aspirations. In order to conduct a detailed examination of participant understanding of wage-setting practices, a series of questions that both directly and indirectly assessed perceived and actual levels of understanding was included in the data collection tools.

The most appropriate data collection method to obtain the depth of information required to meet the objectives of the study was one-on-one interviews, conducted via telephone. An online discussion forum comprising 11 higher classification award-reliant employees was also conducted where all relevant information was collected for each participant in addition to their contributions to topical discussions.

Data collection was undertaken from 6 October 2011 to 8 November 2011.

2.6.1 Themes for analysis

The research sought to expand upon themes uncovered through past qualitative research undertaken to inform annual wage reviews. A framework of key research questions and sub-questions was used to develop data collection tools. The key research question guiding data collection was:

“Why are higher classification—particularly professional—employees award-reliant?”

Further research questions included:

- Does employee knowledge and understanding of workplace relations issues affect why employees are award-reliant? If so, how?
- How do employees view their award reliance and what is their frame of reference? How does employment history and wage progression history influence perceptions of award reliance?
- How does mobility and personal circumstances affect award reliance?
- How do personal characteristics affect award reliance?
- What are the factors that lead to and result from award reliance for higher classification—particularly professional—employees?

To the extent possible and relevant, data obtained through the recruitment exercise and through the qualitative investigations was to provide insight into the following themes:

- Who are the award-reliant higher classification/professional employees?
 - What are their demographics (age, gender, tenure with current employer, etc.)?
 - What categories of higher classification employees are award reliant?
- Where are the higher classification/professional employees situated within the organisational structure?
- Do participants believe their colleagues are subject to the same wage-setting practice, or an alternative (over-award) wage-setting practice?
- What proportion of their colleagues do participants believe are award reliant?
 - What categories of staff do they believe are award reliant (e.g. new starters, casual arrangements, etc.)?
- What other wage-setting practices are believed to be used within the organisation?
 - What categories of staff do they think they apply to (e.g. management, permanent arrangements, etc.)?

The tools for both methods of data collection were developed prior to, and refined during, the data collection period. Questions posed to research participants were crafted and delivered so that inquiries involved a broad examination of workforce participation and training that progressively focused in on wage-setting issues. This enabled the analysis to examine wage considerations in the context of broader employment and training decisions.

2.7 Limitations of the research design

2.7.1 Limitations of the recruitment methodology

As with all approaches to participant recruitment, the self-complete online survey method had some limitations. Due to the low levels of awareness and understanding among employees, information provided in some survey responses was incomplete or incorrect. The process of survey administration attempted to counter these issues by stating upfront that respondents should have their payslip handy to assist survey respondents to provide correct wages information. A 'mock-up' payslip was also included as a JPEG image in the online survey to assist survey respondents to record the correct details in their survey responses.

The screening questionnaire did not record whether survey respondents referred to their payslip to answer questions about their wages and classification. However, the extent of missing and inaccurate data identified during the validation process suggests that many survey respondents did not consult their payslip or that their payslip did not contain the relevant information, or that they have recorded this information incorrectly in their survey responses. While it is considered advantageous for employees to refer to their payslip when providing data about their wage and classification, it was unrealistic to mandate this in a self-complete methodology and it would have been detrimental to response rates.

The screening questionnaire collected information about the survey respondent's main job, which was defined as the job from which they received the most pay or where they worked the most hours. Eleven per cent of the full sample of 2,255 of survey respondents, and 12 per cent of the 1,303 survey respondents subject to the validation process reported having two or more jobs. The initial screening through the online survey did not allow for their other employment to be considered, because the time required to complete the survey was capped at 10 minutes to maximise response rates and validity of responses provided.

Another limitation of the recruitment approach adopted in this research was that not all survey respondents who were in scope for the qualitative study wanted to participate. At the outset of the recruitment process, the estimated incidence of survey respondents agreeing to participate in a follow-up study was two-thirds of the survey sample. The actual incidence was 58 per cent—lower than expected. The incidence of participation for opt-in recruitment approaches and sourcing employees through qualitative research databases is significantly higher; however, the approach adopted for this study allowed access to a significantly larger number of employees and was therefore considered superior. If this approach is adopted in future research, consideration will be given to screening survey respondents upfront about their interest in participation in qualitative research, and/or to provide more information about the follow-up study and how participation would be rewarded.

The email invitation process which was imposed by the consumer panel provider (to preserve the integrity of their consumer panel by restricting Fair Work Australia access to contact details of a limited number of their panel members) was also a contributing factor to the lower than expected response rate. In future research, a more advantageous approach would be to collect contact details through the screening questionnaire.

2.7.2 Limitations of the project scope

Despite the intention to include a broad range of relevant characteristics, circumstances and employment factors in the qualitative investigation (see section 2.3); there were some analytical limitations due to deficiencies in sample characteristics. These analytical limitations can be attributed to the participant recruitment issues noted above.

The sample of participants upon which the interim findings are based does not include any 'younger' employees who may have experiences and views that are typical or confined to this group and not reflected by other cohorts. This exclusion is likely to be a limitation of the sample source that was administered during the screening questionnaire. The consumer panel sample was prepared so that it loosely represented the labour force rather than comprising equal numbers of each age group that were considered to be of relevance to the analysis of higher classification/professional award reliance. An alternative approach to recruitment of younger workers in the first phase of the study could have been to 'boost' the sample of consumer panel members aged 21–25 years to screen a greater number of younger workers in the online survey and/or to set quotas for age groups so that the final sample provided equal numbers for each relevant age group.²⁸ As the proportion of younger workers who consented to participate in the follow-up research was similar to the proportion in the whole sample, interest in participation in the qualitative study is unlikely to be a primary contributing factor to this analytical limitation. More likely, the low number of younger consumer panel members being screened through the online survey lead to this deficiency in the analysis.²⁹

The sample of participants upon which the interim findings are based did not support a detailed analysis of professional classification award reliance. At the outset of the recruitment process, it was expected that award-reliant professionals would comprise approximately one-third of the research sample—for a sample of 36 participants that would equate to 12 professionals. As the available data suggested that award-reliant professionals comprise less than 1 per cent of the Australian labour force (see section 2.3.1), a large sample of consumer panellists were screened through the online survey to achieve the sample expectations in consideration of willingness to participate in qualitative research. Had all of the 62 survey respondents deemed to be in scope for the qualitative study participated, the sample would have comprised 12 participants in professional classifications; however, the actual sample for the qualitative research comprised six professionals as half of survey respondents invited to take part in the qualitative study did not participate. Alternative sources for recruitment of professional award-reliant participants will be investigated for supplementary data collection and analysis.

There is a type of employee that has been portrayed in the interim findings as the award-reliant colleagues of the study participants whose performance and contribution was perceived by participants to be of lower value than other employees. According to study participants this type of employee exhibited less interest in skills development and progression than other employees in their workplace. This type of employee was frequently discussed by participants throughout the investigations; however, the causal factors of award reliance and what results from award reliance for this type of employee does not appear in the interim report as no participants in the study described their performance and contributions to be lower than that of their colleagues.

28 The whole sample (n=2,255) included 72 employees aged 21–25 years; the sample of survey respondents who were willing to participate in the qualitative study (n=1,303) comprised 43 employees aged 21–25 years.

29 Demographic data of panel members that screened out of the survey were not collected; though it is assumed that lower numbers of younger workers commenced the survey and roughly equal proportions of age groups were screened out of the survey.

Some of the research findings about why participants are reliant on awards have been attributed to decisions made by their employers. As the study did not examine the role of employers in the wage-setting process, the findings are limited to participant (i.e., employee) understanding of how and why wage-setting decisions are made by employers. Fair Work Australia has commissioned further research to examine wage-setting decisions made by employers of award-reliant workers which will provide relevant findings for higher classification award reliance. These projects are being undertaken by the Workplace Research Centre on behalf of Fair Work Australia and include the aforementioned *Award reliance* survey research as well as research which will examine minimum wages and their role in the process and incentives to bargain.³⁰

³⁰ Further information about the program of research is available on the Fair Work Australia website:
<http://www.fwa.gov.au/index.cfm?pagename=wagereview2012&page=research>.

3 Research findings

The findings from the qualitative investigations are presented under section headings that reflect the key research questions detailed at section 1.1. The findings chapter concludes with comparative analysis of some of the attributes outlined at section 2.3, which are presented as a summary of findings. This chapter also includes discussion of the objectives for the second phase of the study. The chapter sections are as follows:

- knowledge and understanding of wage-setting practices;
- decisions to commence and remain in higher classification/professional award-reliant employment;
- mobility and personal circumstances that affect award reliance;
- personal characteristics and traits that can affect award reliance;
- employment factors that are prioritised over wage;
- the outcomes of award reliance in higher classification employment; and
- summary of the interim findings and investigations for the second phase of the study.

The overarching research questions that guided the in-depth qualitative analysis were framed in a manner that sought to investigate why the higher classification employees (particularly the professional participants) were award reliant. It should be noted that throughout the investigations, questions posed to research participants were developed and delivered so that enquiries were not guided by assumptions about why participants did not receive an over-award wage. The enquiries involved a broad examination of workforce participation and training that progressively focused in on wage-setting issues to understand if and how wage considerations influence employment decisions.

Relative prevalence of opinion or experience are noted in some sections of the findings to highlight the more frequently expressed themes; however, the findings necessarily present the range of differing opinion and experience from the collection of higher classification award-reliant employee participants. Where relevant, findings are presented separately for professional and other higher classification participants, although sample limitations have restricted the analysis of this sub-set of higher classification employees. Quotations from participants appear throughout the findings to illustrate the views and experiences that emerged in the study.

3.1 Knowledge and understanding of wage-setting practices

The qualitative investigations in the first phase of the study have examined how awareness and understanding of wage-setting practices can affect how participants view award reliance; including the varying levels of knowledge of award classifications, progression determinants and award wage structures. The investigations have provided some indications of how knowledge of award reliance can influence decisions to commence and remain in award-reliant employment. Awareness and understanding of over-award wage-setting through informal arrangements and formalised agreement making have also been examined to elucidate the perceptions and knowledge of over-award wage outcomes that informed the decisions of participants to commence and remain in award-reliant employment.

Varying levels of knowledge and understanding of wage regulation (minimum wage regulation and over-award wage regulation) were observed among participants in the study. Some openly admitted to having limited awareness and understanding and were generally reluctant to share their views about how wages are, and can be, set within the workplace. In contrast, the participants who felt they knew a lot about wage setting were generally keen to share their views about their current wage-setting arrangements and other practices throughout their employment history.

The detailed examination of awareness, knowledge and depth of understanding revealed some differences in participants' perceptions of their understanding (measured consistently using rating scales to indicate level of understanding) and their demonstrated understanding of wage-setting practices, determinants of award classifications/wages and the award provisions for wage progression in their current employment. The detailed examination has also highlighted the distinction between measuring awareness and understanding, in that awareness was not a reliable proxy measure for understanding. Participants who were aware that their wage was an award rate did not necessarily understand the award provisions for wage progression that applied to them in their current employment (and influenced how they viewed their employment).

Three themes were examined with participants in relation to their knowledge and understanding of wage-setting matters that are presented as sub-sections of the findings:

- wage-setting practices;
- award classification structures and wage rates; and
- determinants of award classifications.

Knowledge and understanding of the award wage-setting practice are linked to satisfaction—more evidently dissatisfaction—with opportunities and provisions for (wage) progression. Understanding of award provisions and classification determinants appears to have influenced expectations and plans to achieve wage progression (through award provisions or through an over-award arrangement). Understanding, and similarly, not being able to understand award provisions can lead to dissatisfaction and lower morale; most evidently among participants who felt they had been misinformed or misled by their employer. The extent of the link between knowledge, dissatisfaction and employment behaviours, including tenure and job-seeking activities, will be examined in the second phase of the study and findings will appear in the consolidated report.

The most evident examples of the distinction between awareness and knowledge to arise in the first phase of the study were from participants who were aware they would be paid an award rate when they commenced their current employment, but did not understand how or when they would achieve a wage progression. The participants who expected to achieve either progression through classification structures or an over-award wage, but this had not occurred (at the time of data collection), typically expressed dissatisfaction. Their expectations when they commenced their employment reflected a limited understanding of their award reliance including the extent of award wage structures and provisions for wage progression (i.e., requirements for progression through award classification structures). Their limited understanding had resulted from misinformed views of wage-setting matters or from misleading information supplied by their employer. Some of these participants explained that their employer had promised or implied they would have opportunities to progress to higher classifications or to achieve an over-award wage, although many months or years on they had not (yet) progressed through classifications or received an over-award wage.

Understanding the extent of minimum wage structures under an award, or more relevantly the limits of structures, similarly contributed to dissatisfaction among participants in the study. Participants who were advancing through award classification structures without consideration (or knowledge) of the limitations of award wage progression, generally shared more supportive views of award reliance than participants who understood the parameters of the structure. This was particularly evident among participants who reached the highest classification and had no further award wage progression in their current role.

The decisions and actions of participants to pursue alternative wage-setting arrangements and/or employment cannot be singularly attributed to understanding the extent and operation of wage determination under the award (as acquiring knowledge of wage-setting mechanisms had often been motivated by dissatisfaction with the award wage itself); however, it was an important contributing factor that emerged in the research.

3.1.1 Wage-setting practices

Overwhelmingly, participants in this study understood that employers are not allowed to pay below award rates, but they did not necessarily consider their wage as the minimum or a safety net. Award wages were typically viewed by participants as the 'standard' rate for their role according to their responsibilities, experience and/or qualifications, rather than the 'minimum rate'. Consequently, not all participants had well formed views about the scope of wage setting at the workplace level and how wage outcomes vary according to wage-setting practices.

Some participants who had their wage set under an award with prescriptive classification structures demonstrated awareness and understanding of how their award wage was determined, but did not consider that their employer set wages in their workplace. They explained that awards set wages, and did not acknowledge any scope at the workplace to modify practices above the award levels. They believed that all staff in their workplace were paid under the award (award reliant).

Other participants did not recognise award reliance as an organisational decision and that their employer adopted this practice rather than an alternative wage-setting arrangement (i.e., that their employer is free to remunerate over the relevant award wage if they choose or where there is capacity to do so). These participants were primarily employed in the non-profit sector delivering services to clients/patients in need. They had their wage set under a transparent process that they believed was applied to all or most staff across the workplace and explained that there was no procedure for pursuing an alternative to the established award wage-setting practice. These participants typically gave no consideration to over-award wages even where they were not satisfied with their award reliance.

Some participants believed that different wage-setting practices were adopted for varying levels of hierarchy in their workplace. These participants were in high-skill and professional roles and believed that roles that were more critical to the functioning of the organisation than their own (i.e., had a greater level of responsibility) were paid according to a different award wage structure or wage-setting practice (e.g. over-award arrangements).

The issue of over-award wages and arrangements was raised by some participants in the study, although few specifically talked about wage outcomes under enterprise agreements or compared award rates and over-award rates using consistent terminology. These views were not well researched by participants or necessarily based on recent enquiries. Participants who expressed these views typically suggested that other workplaces paid their staff more by setting wages for all or most of their workforce at a higher level than their current employer:

The standard casual rate is \$23 an hour. I think it's about \$19 an hour for full time, for a permanent full time driver ... but it depends what company you go to. If I drove for [name of service] they pay a lot extra. [Male, aged 55+ years, Charter bus services, Casual, Part-time, Metropolitan Queensland]

A small portion of employees in the study used terms such as 'over-award', 'enterprise/collective agreement' or 'EBA' (enterprise bargaining agreement) to explain the range of wage-setting practices adopted by employers and employees (i.e., demonstrated a sophisticated awareness of wage-setting generally). More commonly in this study, awareness of the award wage-setting practice was high, but awareness, particularly understanding, of other wage-setting practices was low.

Participants who were currently or previously employed in a private enterprise (as distinct from a non-profit organisation) understood that their employer can set wages as they choose, although cannot pay less than their award wage. Wage outcomes in private enterprise were generally considered to be significantly higher compared with the non-profit sector:

I am working for a not-for-profit organisation. If I was working for a private enterprise I would be earning approximately \$10,000 a year more for doing the same job. [Male, aged 55+ years, Employment services, Permanent, Full-time, Regional Queensland]

Participants who believed they could or would receive a significantly higher wage if they were employed in a similar role in a different workplace did not explicitly attribute this difference to (over-award) wage-setting practices. The difference between their award wage and what they had or believed they could achieve in a different workplace was generally attributed to the capacity of the employer to pay higher (over-award) wages. The distinction between higher wages and standard (award) wages was explained by the type of organisation (private or non-profit):

I find that any wage system which relates to providing a public service doesn't attract high wages as they are all not-for-profit and it is the public purse that is providing the funding. I know that when I was a secretary I would have been earning twice the amount as I am today. I think the key to this is private enterprise as opposed to not-for-profit. [Female, aged 45–54 years, Educational services, Contract, Part-time, Metropolitan Victoria]

Some participants in the study employed by businesses felt that employers generally won't pay their staff more than they 'have to' pay to maximise their own interests. They believed that if an employer can find and retain suitable staff by paying award wages, there is no compelling reason to invest more than the minimum requirement. This view shaped their opinion of their prospects for achieving a higher (over-award) wage in alternative employment:

When I do apply for another job I will be making sure that I am payed [sic] to what I'm worth. This will be tough considering most employers will only pay what they have to. [Male, aged 35–44 years, Security services, Permanent, Full-time, Metropolitan NSW]

Access to over-award wages/arrangements were considered by some participants in the study to be just as much about 'who you know' compared to the knowledge and skills they had. These participants were alluding to individualised wage-setting practices that benefit employees who are well connected within an industry sector or workplace and were subject to different wage determinants than other staff. This practice was considered to be unfair by participants who had been award-reliant longer-term or dedicated to work in the non-profit sector (and unlikely to benefit from such a practice). Participants who had experienced over-award wage-setting practices acknowledged that wage-setting was at the employer's discretion and this practice could be common in some sectors or workplaces. Views about the prevalence of this wage-setting practice (particularly in private enterprise) had undermined the expectations of participants to achieve a higher (over-award) wage in alternative employment; particularly those who did not feel they were well-connected or were averse to such arrangements:

... private industry is generally better paid. In a previous position I negotiated my wage and then found out later that I was getting paid more than another worker that had been there longer and was more qualified than me. It helped that

I knew the boss. This is another aspect that is unfair but still a big influence; it's not what you know but who you know. [Male, aged 35–44 years, Disability support services, Permanent, Full-time, Regional Victoria]

If I have all the required qualifications and opportunity arises, there is definitely a chance for promotion; but then again there are also a certain group of individual who might get priority over me because they have a connection with the CEO or someone high up in the workplace. [Male, aged 26–29 years, Nursing, Permanent, Full-time, Metropolitan NSW]

Role-specific tasks and workplace factors (e.g. remoteness of the workplace and/or the degree of danger and discomfort in performing duties) were generally thought to explain significant differences in wages across industries and occupations rather than being attributed to wage-setting practices. The opinions of participants about salaries/wages in other sectors were not generally well formed. Participants who had longer-term tenure in award-reliant employment expected that the difference between their award wage and that of employees performing a similar role or with a comparable level of skill in a different sector would be minimal.

3.1.2 Award classification structures and wage rates

3.1.2.1 Overview of award classification structures

There is considerable variation in the extent and complexity of classification structures contained in modern awards. Some awards provide numerous classification structures for occupations and occupational groups covered by the award and others contain one classification and minimum wage structure that is broadly applicable to all adult employees covered by that award. There is also significant diversity in how awards provide for progression through minimum wage structures and how explicitly it is demonstrated in the instrument. Some awards allow for progression through pay points using measures of experience, some awards refer to duties performed at different levels (although no participants were covered by such an arrangement in this study) and others do not explicitly describe the pay point progression arrangements.

Some awards contain extensive classification structures that, assuming an employee is willing and capable, would facilitate progression through numerous classifications and consequently wage levels. These awards provide for, and define, the extent of wage progression across an occupational pathway. For example, the *General Retail Industry Award 2010*³¹ provides eight classification levels for Retail employees to advance through; from entry-level to management.

Other awards contain classification structures that are relatively limited. For example, the *Security Services Industry Award 2010*³² provides five classification levels for Security services employees, from entry-level to team leader. This award does not explicitly provide for supervisory levels in the classification structure; instead supervisory remuneration is provided for through allowances.

Some awards contain minimum wage classification structures that provide one minimum wage rate for each corresponding classification level. Under this model there are no intermediate pay points between one classification and the next. This means employees are required to advance through the classification structure to achieve wage progression. In the *Hospitality Industry (General) Award 2010*³³, for example, the award provides for six wage levels expressed as hourly and weekly wage rates for general classifications and casino gaming classifications in the minimum wage structure. There are no provisions for incremental pay increases at each classification level, so employees under an award rely on annual wage review adjustments for increases to their wage if they remain at a classification level for 12 months or longer.

31 *General Retail Industry Award 2010* [MA000004], cl 17.

32 *Security Services Industry Award 2010* [MA000016], cl 14.

33 *Hospitality Industry (General) Award 2010* [MA000009], cl 20.1 and cl 20.2

Other awards have minimum wage classification structures that contain pay points (sub-levels) for each classification. These awards contain an extensive minimum wage structure which provides for incremental wage increases at each classification level. Some awards detail how or when employees become eligible for an incremental increase, and others provide limited detail of how/when progression is to occur. For example, the *Children's Services Award 2010*³⁴ contains a comprehensive pay structure comprising multiple wage levels and pay points that allow for wage increases between one classification and the next. There are six levels in the classification structure. Each level contains numerous pay points that employees are eligible to progress through when they have demonstrated competency at the existing level, an ability to acquire the skills necessary for advancement to the next pay point and have 12 months experience at the level. The highest classification in the structure is Level 6 which has up to nine pay points, which depict commencement levels according to qualification held, and two incremental pay points to advance through before reaching the wage progression ceiling under the award.

3.1.2.2 Findings from the qualitative study

Participant understanding of award wage structures and progression was generally limited to their recent experiences. The levels of understanding that participants demonstrated ranged from narrow understanding of the awards and minimum wage structures which applied to them and set the parameters of their current wage (with limited knowledge of wage levels beyond their current wage), to sophisticated knowledge of the award classification structure. Demonstrated understanding was linked to the extent and complexity of classification structures in the awards that applied to them.

The participants who had their wage set under an award that contained a relatively brief classification and minimum wage structure typically demonstrated awareness of the next award classification and wage level in the structure (or explained that they were at the highest classification in the structure). However, their understanding was not as sophisticated as that of participants covered by awards with extensive classification structures, particularly those who had progressed from lower to higher classification structures under the respective awards (e.g. the *Children's Services Award 2010*). The participants subject to relatively brief classification structures typically described the award wage provisions as limited in that they did not recognise the varying levels of responsibility and skill required to perform duties in their workplace (i.e., the classification structure it is not workplace specific) for each broad wage level classification. Participants who had reached the highest classification level in the award structure were most concerned about the limited wage/classification progression provided under the award.

Two of the participants covered by the *Security Services Industry Award 2010* were eligible for an allowance because they were performing higher/supervisory duties. One participant explained how this remuneration operated:

Since I became a supervisor I get an additional allowance. I think it just went up again. I think \$19.20 is my base rate and then I get an allowance for being the site supervisor, because I'm managing 10 or more people for them. They showed me on the modern award the leading hand rate, which is a set amount. Then they said because you're going to manage people then we give you so much extra to do that. [Male, aged 45–54 years, Security services, Permanent, Full-time, Regional NSW]

34 *Children's Services Award 2010* [MA000120], cl 14.

A teacher in the study who was covered by an award with an extensive wage structure also explained how she had been remunerated with an allowance for taking on responsibilities in addition to her main duties in her previous award-reliant role:

Apart from my classroom duties I also took on extra responsibility within the school. That was ICT [Information and Communication Technology]. To do that, I was released from class one day a week and given an allowance to do that as well. So it was an extra top-up in my pay as I was part of the leadership team. [Female, aged 35–44 years, Education professional, Permanent, Part-time, Metropolitan Victoria]

Participants who had reached the highest award wage rate under a brief wage structure (and were not covered by an award with allowances for higher/supervisory duties) could no longer rely on award provisions for increases in their wage, beyond any increase arising from the annual wage review. These employees generally understood that to achieve wage progression they would need to either seek an over-award pay rate within their workplace or alternative (over-award) employment. Some participants also considered pursuing a different role within their workplace that may have more or greater opportunities to achieve wage progression through award classification structures or through over-award arrangements.

Participants who had their wage set under an award that contained extensive classification and minimum wage structures demonstrated their sophisticated understanding by providing information about their current and next classification level and pay point in their award as it related to their wage (either as a classification level or an incremental pay point). They also often described the classification and pay points across their relevant award minimum wage structure as it related to their skills-based career path.

Participants who had their wage set under an award that comprised a comprehensive pay structure with pay points that provide for incremental wage increases between classification levels explained the operation of wage increases on a periodic basis. The pay point increases were said to be highly structured and took effect annually. These participants would receive both a pay point increase to the extent provided for in the minimum wage structure and an annual wage review adjustment over a 12-month period; although awareness of increases resulting from annual adjustment was limited.

Similar to participants covered by awards with limited minimum wage structures, the participants who had reached the highest level for the role they performed in their workplace demonstrated an understanding that they could not rely on award provisions for increases to their wage in the current role (other than any annual wage review increase). Some of these participants were unwilling or not interested in pursuing higher classification levels for other, more senior roles in their workplace. These participants understood that if they want to achieve wage progression by performing a similar role they would need to either pursue an over-award arrangement in their workplace or seek over-award alternative employment.

The participants that demonstrated limited knowledge of the classification and minimum wage structures were not concerned with wage-setting matters, and indicated that they did not need to understand the extent of award classification structures because they did not intend to pursue higher wages.

3.1.3 Determinants for award classifications

3.1.3.1 Overview of award classification determinants

The criteria that award-reliant employees are required to meet to advance through award classification structures varies widely across the modern awards that applied to participants in the study.

Some modern awards 'prescribe' the determinants for employee classification. For example, classification under the *Pharmacy Industry Award 2010*³⁵ is a process of matching the certification level of an employee to the corresponding classification definition. There is limited discretion required to determine the classification of an employee and their corresponding wage rate under this award, particularly where an employee has an Australian Qualification Framework (AQF) certificate qualification described in the classification definitions. This method of classification had enabled employee participants to identify the classification that applied to their role and understand how they could progress through classification structures and wage levels.

The process for classification of employees under modern awards where definitions do not precisely describe what is required can mean that these modern awards can give more employer discretion than more prescriptive determinants for classification. For example, classification of administrative roles under the *Clerks—Private Sector Award 2010*³⁶ requires an assessment of competency and skill against the characteristics described under each classification in the award. Principally, classification is based on matching the level of competency and skill that the employee is required to exercise in the work they perform. Typical skills and duties are provided as examples, although are not the basis for classification as explained in the award.

There is also significant variation in the way modern awards provide for classification of multiple occupations. Some awards provide for multiple occupations by setting out separate classification structures and corresponding wage rates. For example, the *Nurses Award 2010* provides separate classification descriptors for each nursing occupation covered by the award.³⁷ Other modern awards include multiple occupations within broad classification descriptions which require a greater degree of discretion to be exercised in classifying employees. A relevant example is the *Higher Education Industry—General Staff—Award 2010*.³⁸ This award provides for a broad range of roles, including clerical/administrative roles, trades associated occupations, and management roles to be classified according to a broadly applicable set of protocols. Classification under this award is based on seven dimensions upon which employees are to be assessed. The descriptors for each classification level include guidelines to classify according to a range of matters such as training level and/or qualification, occupational equivalents, level of supervision, task level and organisational knowledge. As the requirement for qualification is not mandatory, this means it may not be clear to employees how they are classified and how they progress to the next classification.

The terminology used to express whether or not a qualification is explicitly required for a classification varies across awards. In awards where qualifications are required, definitions typically use the term 'must', to explain it to be a prerequisite or define the classification by the qualification 'required'. For example, AQF qualifications are used in the *Manufacturing Award* as the titles for each classification in the award structure.³⁹ Awards that do not rely on qualifications for classification purposes use terminology such as 'may require' or 'typically require'. For example, the *Health Professionals and Support Services Award 2010* definition outlines that support services

35 *Pharmacy Industry Award 2010* [MA000012], sch B.

36 *Clerks—Private Sector Award 2010* [MA000002], sch B.

37 *Nurses Award 2010* [MA000034], sch B.

38 *Higher Education Industry—General Staff—Award 2010* [MA000007], sch B.

39 *Manufacturing and Associated Industries and Occupations Award 2010* [MA000010], sch B.

employees may require formal qualifications and/or relevant skills training or experience to be classified at most levels in the support services award structure.⁴⁰ Descriptors may also refer to multiple qualifications that may be relevant for classification purposes; however, classification does not necessarily require that an employee have any of the qualifications contained in the descriptors. For example, the *Health Professionals and Support Services Award 2010* states that formal qualifications at trade or Advanced Certificate or Associate Diploma level may be required for classification at level seven of the support services award structure.⁴¹

3.1.3.2 Findings from the qualitative study

Understanding of how classifications and corresponding wage levels are determined was generally limited to current and recent experience. Most participants demonstrated awareness of the determinants that applied to them in their current role and the skills, qualifications and/or responsibility required to achieve a promotion to the next wage/classification. The participants that demonstrated limited awareness of how their wage is determined and the requirements for wage progression indicated that they did not need to know how their wage is set as they had no intention of pursuing higher wages.

Most participants in the study were able to demonstrate their understanding of how their wage is set by explaining how their wage had been determined by their employer, or how they thought their employer had determined their wage. The participants who had their wage set under an award where qualifications primarily determine classification levels were best able to articulate how their award wage was determined and the requirements to progress to the next classification. Some of these participants insisted that the award set their wage rather than their employer, as their employer was transparently following what had been prescribed in the award.

Participants who did not clearly or correctly explain how their wage is determined, or admitted that they were guessing, did not have well formed views of determinants of their current wage level and what was required of them to progress to the next classification level. This inaccuracy and doubt about wage-setting determinants was more commonly observed among participants who had their wage set under an award that uses less prescriptive determinants than an AQF qualification requirement (e.g. tasks performed, levels of autonomy and responsibility) to classify employees. Due to the complexity of wage determination that draws on a number of descriptors, these participants had difficulty understanding and then explaining how their award wage was determined or were misinformed about what their employer considered in setting their wage and granting a promotion to the next classification/wage level.

Participants who had their wage set under an award with transparent protocols for determining classifications most clearly and confidently explained what was required to achieve a wage level progression, including participants who wanted/expected to achieve wage progression and those that did not. These participants were generally able to explain what is required to reach the highest classification in the award structure. Some participants mentioned that 'industry standards' play a significant role in how classifications, and consequently, wage levels are determined (i.e., how descriptors for classification levels were decided). This was particularly relevant for awards that use qualifications to determine classifications and experience to determine periodic pay-point increases.

Among the participants who did not demonstrate understanding of classification determinants, the most commonly assumed determinant of classifications and wages was 'experience', although this was rarely qualified with an explanation of the skills or knowledge to which the experience related.

⁴⁰ *Health Professionals and Support Services Award 2010* [MA000027], sch B.

⁴¹ *Health Professionals and Support Services Award 2010* [MA000027], sch B, cl B.1.7.

Some participants in customer service and service delivery roles believed that qualities and skills that were not easily measured determined their wage level and wage level progression. These participants were unable to articulate how their employer assessed the qualities and skills to determine a classification level and wage. Without detailed knowledge, they generally assumed that wage progressions were based on 'experience' without explaining how or what the experience related to for the wage levels.

3.2 Decisions to commence and remain in higher classification/ professional award-reliant employment

3.2.1 Commencing higher classification/professional award-reliant employment

The study examined numerous explanations of why skilled participants had commenced award-reliant employment. Some higher classification participants indicated that they had advanced through a number of classifications or pay points since commencing their current employment. Their considerations for commencing employment that were expressed in discussions may be related to lower classification employment (as defined in this study as classification at and below the C10 rate). Their experiences relate to commencing award-reliant employment and the employment path that resulted in higher classification award-reliant employment. These participants generally indicated that they were not aware of the mechanism that set their wage when they commenced their current employment and/or did not have well-formed expectations about wage progression in award-reliant employment. Other participants (most of whom had commenced their current employment at a higher award classification) explained they had made an informed decision to commence award-reliant employment. The main exception to this theme were participants in professional employment who had many years of tenure with their current employer and reportedly had not considered the method of wage regulation when they entered employment at a higher award classification:

It really wasn't a consideration when I started the job. The job was just a job I wanted to do, rather than the pay. As it was my first job out of university, I mean I didn't really consider it. It wasn't why I was doing the job. So I imagine I was thinking, oh yeah, it's money—not a lot of money compared to what my friends are getting—but it's enough. Then, as it failed to increase as my friends' did, it became more of a concern. It's something I have to live with because of the choices I made and the type of career I'm in. [Male, aged 35–44 years, Education, Permanent, Full-time, Sydney]

Participants in this study had not attempted to negotiate their wage during the application process or when they received their employment offer; although a range of views about wage negotiation emerged in the discussions. These views tended to focus on the capacity of the organisation to pay higher (over-award) wages rather than how employees may be able to influence their wage outcomes.

Hours of work, employment arrangement (e.g. permanent or casual) and other conditions of employment were relevant considerations that informed the employment decisions of all participants in the study. Wages and wage-setting practices were not considered in isolation of other employment factors. To this extent, over-award wages and/or wage-setting arrangements were not a primary consideration for participants' employment decisions, but rather an important consideration among many factors that determined the appeal of an employment opportunity.

The participants in the study typically explained that they had an idea of what they would be paid for the roles they were applying for, although this was not expressed as an expectation to be remunerated at a certain rate—more so a 'ballpark' figure. Participants indicated that there was no established over-award 'market rate' that framed their expectations for the wage they would be offered and receive. The expectations that participants expressed about wages and wage progression were generally linked to the level of commitment they

intended to make in their employment (i.e., their role in the organisation) and their interest in advancement and skills development.

Participants who were seeking casual or part-time employment where they could control their hours of work explained that other employment factors such as flexibility to choose hours of work would be considered ahead of the wage rate. For example, employment that offered award rates and a work schedule that complemented their other commitments would be prioritised over employment that offered a higher (over-award) wage that did not meet their other employment requirements. This category of participants included those who prioritised other commitments (e.g. parental/caring responsibilities, study) ahead of their employment and older participants (i.e., aged 55 years and older).

Motivations for participation in the workforce and how participants would use their wage income were also relevant factors that shaped participants' expectations. The participants whose principal motivation for working was remuneration were generally more engaged and concerned about wage rates than participants who were motivated to participate in the workforce for reasons other than or in addition to remuneration (e.g. community engagement and personal development benefits). Younger and prime working aged participants (i.e., aged 21–45 years) who were building their skills generally demonstrated higher levels of concern about wage rates than the older participants in the study who were 'winding down' their workforce participation as they near retirement. The older participants were not seeking advancement or wage progression opportunities in their employment as they felt they had reached the peak of their 'career' earlier in their employment path. Furthermore, their wage income was considered in the context of not having the income, or not being remunerated for performing similar duties as a volunteer. Similar to the considerations of participants who had commitments outside of their paid employment, other factors such as convenience of the workplace location and intrinsic factors were prioritised over the wage offered in their employment decisions.

Participants who were re-entering paid employment following a period of unemployment or extended leave, or entering a sector where they did not have recent, relevant experience did not have well-formed expectations of wage outcomes for the employment they were seeking. Their expectations somewhat reflected concerns they had about their employability. This was most evident among participants who felt they may not have the capacity to perform their duties to the highest standard because of their personal circumstance (e.g. re-entering the workforce following an injury and re-entering a skills-based career path following a period of employment in another field):

Four years ago I went through a separation and separation from my children against my wishes. Due to the trauma I left my job in the community services field and went and drove forklifts for a year and a half. So two years ago, when I started my current position (back in community services field), my expectations were simply to see if I could handle that sort of work again. [Male, aged 35–44 years, Disability support services, Permanent, Full-time, Regional Victoria]

Participants who felt they had had limited employment options explained that they were simply grateful to gain (secure) employment and gave consideration to the wage offered only to the extent that it was at least an award wage. These participants were in regional centres, seeking employment in sectors that were not performing strongly, or needed to secure employment quickly:

I was just grateful to have a job because my previous [employer] went bankrupt and owed me a lot of money and I had thoughts of being out on the street without work at all. So although the pay was slightly less, it was secure. I applied for the position that was advertised and I was just grateful to have a secure job. [Male, aged 45–54 years, Manufacturing, Permanent, Full-time, Regional NSW]

Participants who had experienced underpayment or misclassification in a different workplace or sector had a distinctive point of reference for considering wages. For these participants, an award wage signifies being paid

correctly and fairly. These participants expressed appreciation that an employer 'chooses' to do the right thing and follow an award (wage rates and determinants for classification), and considered award wages favourably compared with being underpaid or under-classified:

... my last employer who was totally dishonest and paid as little as possible ... I gradually took on more and more responsibilities and learned new management skills but my wage never reflected this, in fact it always stayed the same. The opportunities to progress were there, but the rewards and acknowledgement wasn't. He didn't pay any basic entitlements such as sick leave and never paid penalties on weekends, public holidays etc. I feel very blessed now ... I feel it is a fair wage ... it is the first time that I have worked for an employer who is considerate about the skills I have and the knowledge I bring to the company and the experience I have had and pays accordingly.
[Female, aged 35–44 years, Retail trade, Permanent, Part-time, Regional Victoria]

Other participants also explained that being paid correctly or being compensated for all hours worked was an important aspect of wage considerations (i.e., correct loadings being applied for all shifts and overtime being paid where relevant). Employment that would correctly remunerate all hours worked compared favourably with more informal wage-setting practices that participants had experienced where they were not compensated for work performed outside of, or in addition to, agreed hours:

... when I worked in sales and design, the rewards were actually quite poor. I was on a salary and I was working up to 50 hours a week and when I put that into an hourly rate, it was sort of down around \$9 an hour. So obviously the rewards were not satisfactory for the amount of work I was putting into it. So I approached my employer and asked him if I could go back into the manufacturing [side of the business] where I was on a wage and when there was overtime I got paid for it. I ended up getting paid more money doing that for 40 to 42 hours a week than I would doing 50 hours a week. [Male, aged 45–54 years, Manufacturing, Permanent, Full-time, Regional NSW]

Some participants who had experience of over-award arrangements where they were required to work hours in addition to their agreed hours (that were not compensated) explained that they were at a point in their employment path where wage was not currently or no longer their principal concern. The wage and wage-setting practice was considered in the context of the commitment required (i.e., employer expectations) in return for the wage offered. These participants associated an award wage with a commitment to work agreed hours and to be appropriately compensated for any hours worked outside of, or in addition to, agreed hours. This assessment of wages in terms of the implications for employer expectations was said to be an important consideration in their employment decisions. This consideration was most clearly expressed by the participants who had commitments outside of work (depicted earlier) who explained that they had to prioritise other employment factors ahead of wages:

The expectations are so incredibly high that I don't want to do that anymore because I found my work-life balance was very skewed in favour of work. It was very hard for me to juggle work and my commitment as a mum. It was just getting too much. I felt that my balance wasn't as I wanted it to be. [The wage difference] is significant, but in saying that you've got to balance it all up. Sometimes it's not just about salary. It's about expectations.
[Female, aged 35–44 years, Administration services, Casual, Part-time, Regional NSW]

3.2.1.1 Commencing award-reliant employment—not aware of award reliance

Low levels of awareness and understanding of how wages are set have been consistent themes in qualitative research with award-reliant employees undertaken to inform annual wage reviews.⁴² Qualitative research with low-paid employees and job seekers also identified varying levels of awareness and understanding among these groups.⁴³ The low levels of awareness reported and demonstrated by employees can be broadly attributed to

42 Southwell, A, Elliott, S, Stafford, N, French, *Consolidated Social Research Report*, Research Report 10/2010, TNS Social Research, report commissioned by Fair Work Australia, Melbourne, 2010 p. 70.

43 Southwell, A, Zapelli, R, Wearne, N, Maltman, K, , *Report on Targeted Focus Group Public Consultations*, Research Report No. 1/07, TNS Social Research, report commissioned by the Australian Fair Pay Commission, Melbourne, 2007, p. 63.

low interest in understanding how wages are set or an inability to seek out and (correctly) interpret the relevant information. The knowledge of wage-setting arrangements among lower-paid employees in research conducted for the Australian Fair Pay Commission (AFPC) was found to be superficial or inaccurate.⁴⁴ The research participants did not generally demonstrate intent to understand and to influence their wage outcomes, although limited attribution was made to their capacity to understand or their interest to do so.

The participants in this study who had commenced employment without knowledge of how their wage would be set indicated that they did so due to low interest or need to understand these matters rather than an inability to understand how wages are set and provision for wage increases. These participants did not inquire about the applicable wage-setting practice at the workplace prior to commencing employment as it was not critical for their decision-making. Their ability to acquire relevant information about awards and wage setting (i.e., to make their own inquiries and not singularly rely on information provided by their employer) and to varying degrees their ability to correctly interpret the mechanisms for wage setting and provisions for wage progression when the need arose validates the assertion that they commenced employment without knowledge of how their wage would be set due to interest in understanding wage-setting matters rather than capacity to acquire 'knowledge'.

The in-depth examination of awareness and understanding undertaken with the collection of higher classification employees, including some professional employees, in this study suggests that future research of award reliance could delineate motivations and capacity to acquire knowledge of wage-setting practices as a relevant dimension of validating employee reliance on award wages.

3.2.1.2 Commencing award-reliant employment—aware of award reliance

The participants in the study who had made an informed choice to commence employment where they would be paid an award rate did not expect to receive an over-award wage—but did not necessarily want to be award-reliant. Some of these participants had inquired about what the wage rate was and how it was set prior to accepting the employment offer; and others explained that it was made clear to them through the application process what the wage would be and that it was an award rate. Awareness was most common among the participants whose work schedule involved working shifts, and received penalties and allowances.

The extent of understanding about award reliance in terms of wage progression varied among this collection of participants. Awareness of award reliance and understanding are separate issues which have been highlighted by participant understanding of award provisions for wage progression detailed in section 3.1.

Some participants who had made an 'informed choice' to commence award-reliant employment had not considered their wage outcomes beyond their commencement wage and did not understand the provisions for wage progression throughout their employment. These participants had been informed that the wage was an award rate during the application process, but were not interested in advancement or skills development, or were somewhat regretful of their decision once they had established themselves in their workplace and (unsuccessfully) sought a wage increase.

Other participants who made an 'informed choice' were either expecting to advance through award classifications or expected to achieve an over-award arrangement in the near term. The expectations of some participants for wage progression through award classification structures reflected limited or inaccurate understanding of the award provisions and had become a point of dissatisfaction during their employment.

⁴⁴ Southwell, A, Wearne, N, Zappelli, R, Maltman, K, *Report on Public Consultations for the Australian Fair Pay Commission's 2008 Minimum Wage Review*, Research Report No. 2/08, TNS Social Research, report commissioned by the Australian Fair Pay Commission, Melbourne, 2008, p. 62.

The participants who knowingly commenced award-reliant employment were typically seeking employment that they would enjoy and claimed that intrinsic factors (e.g. satisfaction with the work they perform and/or the outcome of the work they perform) and other employment factors such as the work schedule (e.g. flexibility to choose hours of work) were more important considerations than remuneration. Among the other participants who knowingly commenced award-reliant employment, opportunities for skills development and progression through training and experience or an expectation to receive a performance-based (over-award) wage in the near term were prevailing factors. These participants felt that training and skills development would be provided in recognition of their award reliance to facilitate wage progression through award structures. This was most evident among participants who were aware of, or had experienced, this practice in other workplaces or sectors.

Participants who had experience of being under-paid or under-classified considered the award wage offered to be a good, fair wage and willingly commenced employment being remunerated at the award rate with the application of award provisions for penalties and loadings.

Participants who considered that the role they had applied for involved duties that were less complex and involved a relatively lower level of responsibility also knowingly commenced employment being paid an award rate. These roles included administrative work for a small non-profit organisation, assistance with running community programs for elderly citizens and educational support for children with disabilities. Similarly, participants who commenced part-time employment in professional classifications were generally happy to receive an award rate as they felt that their wage reflected the extent of responsibility they had in performing their duties on a casual/part-time basis.

The participants who had worked in a professional or higher-skill capacity in previous employment and had chosen to work in a casual or part-time role (some in an unrelated field that was not drawing on their full skill set) indicated that they were happy to be paid an award rate as they were winding down their workforce participation and were pleased to be working and being paid correctly for their contributions. These participants were not seeking wage progression during their employment.

3.2.2 Remaining in higher classification/professional award-reliant employment

A wide range of themes to explain why participants remained in employment under an award emerged in the study. This investigation was generally more fulsome than inquiries into commencement of employment as all participants were aware of their award reliance and had made informed decisions to continue in their current role. Most participants were also able to explain their decision to do so. Where participants were not able to confidently articulate their decision, information about their circumstances and their views of their award reliance provided indications as to why they continued to be reliant on an award. The relevant themes have been organised into two broad categories of continued reliance on awards that were identified in the study:

- 'active' decisions, which describes participants who had made conscious choices to continue their employment under the award; and
- 'passive' decisions, which describes participants who did not consciously choose to continue their reliance on an award, but had chosen to maintain the status quo by remaining in their current employment.

These two categories are described in the sub-sections below. The attitude of participants toward wage negotiation upon commencement of employment (i.e., the absence of negotiation) among both categories of continued award reliance was generally reflected in wage negotiation behaviours during their employment. Some participants, however, had unsuccessfully attempted to achieve over-award wages/arrangements. This discussion appears in chapter 3.6.1.

3.2.2.1 Active decisions to remain in higher classification/professional award-reliant employment

This category of continued award reliance includes participants who expected to remain in their current role or in their current workplace long term, and participants who expected their tenure in their current role or workplace to be relatively short. Expectations for tenure across this category were linked to how participants viewed their award wage; although these views did not often explain the choice to remain award reliant.

3.2.2.1.1 Expectations for longer-term award-reliant tenure

Participants who expressed the view that their award wage was appropriate for the duties they performed and/or expressed supportive views of award reliance typically expected to remain with their employer for the foreseeable future (i.e., they had no plans to leave). The exceptions were participants who were working part-time and intended to pursue a full-time role in the near term in a different workplace or sector that would draw on their full skill-set (e.g. participants who will complete study, participants whose parental responsibilities will be reduced).

Award wages were typically viewed by these participants (and some other participants in the study) as the 'standard' rate for their role according to their responsibilities, experience and/or qualifications rather than the 'minimum' rate. Consequently, these participants did not perceive a need or urgency to attain a higher (over-award) wage through seeking alternative wage-setting arrangements or employment as they were content to receive the standard rate (e.g. they did not consider their performance or skills required compensation above the standard rate).

Participants in the study who expressed supportive views of prescriptive award provisions typically expected to remain with their current employer long term. These participants felt that the award wage-setting practice was transparent and equitable and favoured procedural fairness of wage setting across the workforce rather than remuneration for individual contributions and performance. They appreciated that the determinants of wage/classification were easy to interpret and that they, and their colleagues, could understand how their wage was determined and what was required to progress to the next classification. Having opportunities for promotion, particularly where this was facilitated by their employer, was a benefit that these participants associated with being award reliant. These employees felt they had (some) control of their outcomes as they were aware of their prospects for skills development and wage progression.

The participants who most strongly supported the use of award wage-setting practices wanted to remain award reliant as they had received employer-funded or delivered training to facilitate progression through the award classification structures and expected this to continue. These participants were at lower levels of the classification structure (i.e., marginally above the C10 benchmark) and had a relatively extensive progression path ahead of them. The transparent award structures could act as a motivating influence for these participants as they were aware of how they would build their skills and knowledge as they advanced through award classifications. They expected to remain award reliant for longer, but did not expect to remain in their current role as they hoped to advance to higher award classifications by taking on additional or more advanced duties and greater responsibility. These participants displayed a strong commitment to 'earn' wage increases through existing provisions by taking on additional responsibilities or tasks. Some expressed a preference for being able/qualified to provide improved or additional services to their employer (and colleagues) in return for a higher wage through a formal promotion.

There were participants in the study who expected to remain award reliant long term despite a preference for over-award arrangements. These participants generally had a sound understanding of how their wage is set in their workplace and the requirements to achieve a wage level progression. They cited organisational protocols

(although not all acknowledged that wage-setting decisions were made in the workplace) as barriers to achieving an over-award arrangement in their current role. These participants were frustrated by the restrictions their award reliance placed on their capacity to be rewarded for skills, experience and qualifications that were not recognised under the classification structures. The capacity of their employer to pay over-award wages was the most common explanation that participants gave for the organisational protocols that restricted or prevented any variations to the established wage-setting practices.

Some participants who had not formally extended their skills and qualifications or formalised their skills/knowledge through qualification were somewhat restricted by prescribed qualification requirements under the award wage determination protocols. These employees had reached a wage 'ceiling' (being the highest wage level for their classification set in their award) as progression through the award structures and/or reaching a level of responsibility within the organisation hierarchy where over-award arrangements were available required qualifications that they were not willing/able to acquire. They explained that their employer would not provide or fund the required training and they could/would not self-fund training. These higher classification and professional employees generally felt that they had already invested enough of their earnings into training. This was expressed most clearly by participants who believed that the required qualification would only formalise their existing knowledge and skills rather than broaden their skills:

If we've got the skills of being an educator, why should we go out there and pay for the training ourselves? We have to pay for it. And on the little amount of wages that we already have, how are we going to do that anyway? It's all well and good to put our grading up a couple of levels but how are we supposed to do all this on the minimal amount of wages that we have? [Female, aged 45–54 years, Childcare services, Permanent, Part-time, Metropolitan Victoria]

These participants expected to remain award reliant longer-term as they did not intend to seek other employment opportunities. They did not believe they could significantly improve their wage outcomes by seeking employment in a comparable role/classification in a different workplace, mainly due to their unfavourable perceptions of being able to access over-award wages or the outcomes of over-award arrangements. They were unwilling to apply their skills in a sector where they would have to enter at a lower level/wage—particularly where they believed that re-training would be required to be able to apply their existing skills. For other participants who expected to remain award reliant long-term despite a preference for over-award arrangements, pursuing over-award arrangements through alternative employment was not considered to be a viable trade-off for job (income) security. The risk aversion of these participants may result in longer-term award-reliant tenure given the reluctance to pursue other employment opportunities.

Participants who explained that remuneration was not their most important consideration when making employment decisions generally expected to remain award reliant for the foreseeable future. Some of these participants expressed unfavourable views about their award reliance and opportunities for wage progression but went on to explain the compensating differential for continuing in their current role (despite being dissatisfied with their wage outcome). They appreciated other aspects of their current employment, including their employer/manager, the workplace location, workplace environment, being remunerated for all hours worked and award provisions for penalties, loadings and allowances that they could access while being award reliant. They cited these kinds of considerations to explain they had no plans to leave their current employer and were content to remain award reliant longer-term:

I'd rather do the other work because my skills are wasted to some extent [in my current employment] but it allows me to spend my spare time doing other things. I don't have to think about work, and that's important. I've spent a few years where my off time was work time really. That's a benefit. It's an intangible benefit, but it's significant. [Male, aged 55+ years, Security services, Permanent, Full-time, Metropolitan Victoria]

Other participants who were critical of their award reliance but did not intend to pursue improved wage outcomes (i.e., expected to remain award reliant longer-term) directed their criticism toward employer associations, industry bodies or the government rather than recognising that wages can be set in the workplace above the relevant award rate and that they could play a proactive role in their wage outcome if they pursued over-award arrangements.

3.2.2.1.2 Expectations for short-term award-reliant tenure

Participants who reported that wage was a very important consideration in their employment decisions and were critical of their award-reliant status (most evidently their opportunities for progression within the award wage structure) expected their tenure would be relatively short. These participants had exhausted their prospects of over-award wages in their current role or had no reason to believe they could achieve an over-award wage in their current workplace.

This collection of participants who expected their tenure would be relatively short included participants who had misinformed views about award provisions for wage progression when they commenced their award-reliant employment and participants who expected to achieve an over-award arrangement when they commenced their current employment. These participants did not understand their award reliant employment would provide for incremental wage increases based on a measure of experience (e.g. time served at a classification level), rather expecting that increases would be more individualised, dynamic measures of as a result of higher or better performance. Some of these participants had attempted to 'negotiate' an over-award wage/arrangement through requests to their employer and felt they had been misled about their prospects for wage progression as their attempts had been unsuccessful. These participants explained that they would be seeking alternative employment in the near term or were in the process of seeking employment.

Some participants who expected their tenure would be short believed that award classification determinants did not reflect the full set of skills that were required to fulfil all duties of their role, but rather recognised what was required to perform the main tasks. They expressed frustration at their employer's strict adherence to the award provisions as they felt they should be remunerated through over-award arrangements that reflected their contributions and value to their employer. That is, the wage determinants described in the award did not provide for circumstances in which additional duties were performed. This was most clearly expressed by participants who felt they needed to provide services that more senior colleagues did not, but were not recognised and rewarded according to what they actually contributed to the workplace:

I have a lot more responsibility at work because I have a 'can do' attitude and am fully committed, my employer knows this and they seem to put more work onto me but I am not compensated for the extra that I do. It seems the more you do the more you get so to speak. [Male, aged 35–44 years, Security services, Permanent, Full-time, Metropolitan NSW]

I graduated two years ago hence still lots of space for me to progress. I was given opportunities and now [I'm] expected to take more responsibilities at work that juniors don't usually get, which is good except I don't get any pay increment or incentive for that. [Male, aged 26–29 years, Nursing, Permanent, Full-time, Metropolitan NSW]

Participants who felt that their award wage did not reflect all skills and qualifications that they were utilising to perform their role expressed similar frustrations about their employer's strict adherence to award provisions and a desire to be remunerated through over-award arrangements. These participants were frustrated by the classification parameters that allowed employers to benefit from their skills and qualifications without having to pay them more. This was clearly expressed by participants who were performing duties that would be remunerated at a higher level if they held a requisite qualification and among participants who were over-qualified for the classification level they were working to:

I have had over 20 years' experience in the human services field but where I work now was only prepared to acknowledge six of those years as these years were specifically with disabilities. However, there is not a day goes by that I do not draw on my other years of experience and these are very relevant to my position. As a result they can pay me on a band that is much lower. [Male, aged 35–44 years, Disability support services, Permanent, Full-time, Regional Victoria]

Participants who felt their performance was worthy of additional recognition expressed frustration at their employers' adherence to structured methods of wage-setting and progression based on the award. This was most clearly expressed by participants who wanted to 'leapfrog' through minimum wage pay points where they felt their performance warranted this. They wanted their competency to be recognised in their current workplace rather than what they considered to be an arbitrary timeframe determinant that did not accurately measure their ability and commitment to perform tasks for their employer. These participants had plans to seek alternative employment in a different workplace, occupation or industry sector and were overwhelmingly focused on their future rather than their present employment.

Participants also attributed their frustration with their award reliance to the prescriptive award provisions whereby their colleagues who they felt were under-performing received the same wage and/or incremental pay point increases as higher performing staff (i.e., where pay points are linked to years of experience). This aspect of the structured process of wage progression was expressed to be as much of a frustration as not recognising and rewarding higher skills, productivity and extra effort with over-award arrangements:

I am in the security industry and I believe I do great job but I am paid the same as people who are average, if not below average. [Male, aged 35–44 years, Security services, Permanent, Full-time, Metropolitan NSW]

I know that there are other employees where I work that have less responsibility and in some cases do very little—to the point of sitting around reading magazines all day—and they still get paid more than me simply because they have been there longer. It seems unfair that every year everyone goes up an increment regardless of how hard they work (including some that don't even put in the minimum requirement). I think that a combination of both increment and performance based wages would be good. [Male, aged 35–44 years, Disability support services, Permanent, Full-time, Regional Victoria]

Some participants who had advanced through extensive classification/wage structures from lower to higher classifications over their award-reliant employment path expected their tenure in their current role/workplace to end in the near term. These participants had reached the highest classification level in their applicable award and had no further opportunity for award wage progression (other than adjustments to the award, such as adjustments made via an annual wage review). They were keen to continue building their skills to improve their wage outcomes and generally felt they had high employability. These participants were relatively optimistic about how their skills would transfer into a different workplace or sector. Their opinions of award reliance diverged from the more favourable opinions of others currently progressing through award structures. Although these employees had experienced skills development and wage progression over their award-reliant employment path, they expressed frustration as their wage outcomes in their current workplace were now restricted by the bounds of award provisions due to their employer's adherence to award wage-setting parameters. These participants were knowledgeable about award wage structures and classification determinants and did not expect to achieve an over-award wage if they remained in their existing role as they had either made inquiries or unsuccessful requests about these matters. They were planning to seek alternative employment or considering how their skills would transfer into different sectors and what training would be required:

I'm coming to the peak of my career where I'm thinking that there is more out there than just childcare. I will be seeking something else. Something that I guess is privy to all the experience that I've had ... A couple of weeks back I applied for a job as an administration manager within [the public sector] and that was working alongside trainers and facilitators to organise workshops and professional development for people within the childcare industry. I guess too from that role in

itself, you know that once you're in the public service, the scope is there to do whatever you want to do then. Whereas, I've done everything that I can in childcare and I guess I look at it and think well, there's nothing else for me to do in here. [Female, aged 45–54 years, Childcare services, Permanent, Part-time, Metropolitan Victoria]

3.2.2.2 Passive decisions to remain in higher classification/professional award-reliant employment

Participants who explained that they had not consciously given consideration to their wage and how their wage was set in 'deciding' to remain in their current employment expressed different motivations for workforce participation than participants who had made a conscious choice to remain award reliant (in the longer or shorter term). These participants did not rely on their award wage to meet their living costs. They explained that they were generally happy in their current role and that wage/skills advancement was not necessary to maintain or increase their satisfaction with their current employment.

These participants were aware that their wages and conditions were set by an award, but despite this awareness they did not have a deep understanding of how their wage was determined and what was required to achieve a wage-level progression. Furthermore, they did not demonstrate interest in understanding award wage determinants. Their lack of engagement in wage-setting matters was generally attributed to, yet also resulted from, their willingness to maintain the status quo as they did not intend to actively pursue over-award arrangements. This category of participants had not initiated any discussion with their employer to increase their wage or alter their wage-setting practice. Few of these participants had considered that employees can play a role in wage-setting or had considered that over-award wages may be paid for a similar role in other workplaces.

For some participants there was an endowment bias in effect in which they valued their award-reliant role more highly than the prospect of a similar role in a different workplace that pays over-award wages; but more commonly these participants did not engage in wage-setting matters as wage was not a primary consideration or motivator for their workforce participation. These participants expected to remain award reliant for the foreseeable future as there was no compelling need to pursue an over-award arrangement and/or alternative employment.

3.3 Mobility and personal circumstances that affect award reliance

The intention or capacity of participants to move to over-award employment was examined according to how they perceived their prospects for attaining similar employment if they were to leave their current employer; their capacity to move (i.e., intra or interstate) to seek employment opportunities; and their capacity to undertake self-funded training to improve their employment prospects. A range of scenarios was put to participants to gauge their capacity or interest in moving to over-award arrangements. The distinction between how participants would think and act in a scenario where they wanted to change and where they needed to change was made as clear as possible; however the limitations of posing hypothetical scenarios must be acknowledged. For this reason, findings have been based on recent, relevant experience in current or previous employment, rather than scenarios, where possible.

3.3.1 Capacity to change employers to pursue over-award arrangements

Most participants in the study felt they could attain employment in a similar role in a different workplace if the need arose, although few had considered that their wage outcomes would be significantly changed if they did. Participants generally considered that a move to a different workplace (to perform similar duties) would be prompted by cumulative dissatisfaction with their award reliance and other aspects of their employment (e.g. workplace environment, colleagues, management). Few participants considered that wage issues, including dissatisfaction with award reliance, would be the only catalyst for change, especially where other employment

factors (e.g. convenience of the workplace location, favourable work schedules) would placate mild discontent with their award reliance.

Overwhelmingly, participants who expressed an inclination to change employers to achieve a higher wage (including over-award arrangements) had not considered this move in the context of performing a similar role. The intent to seek alternative employment was typically attributed to seeking opportunities for skills development, of which wage progression was an important consideration, rather than transferring their existing skills to a different workplace to achieve an over-award wage. In the discussion about seeking alternative employment to perform similar duties, the context of pursuing higher wages was not generally attributed to over-award arrangements, but rather the capacity of employers to pay higher wages in private enterprise compared to the non-profit sector.

Participants who believed that factors other than, or in addition to, skills and experience determined their prospects of achieving over-award arrangements (e.g. not well-connected in a sector) were somewhat pessimistic about their capacity to improve their wage outcomes if they were to seek alternative employment. Other participants who had considered or had experience seeking alternative employment did not believe they would be able to secure an over-award wage at the same level in another workplace. These participants were generally cautious or deterred by the prospect of entering new employment at a lower level (with a view to progressing through classifications/levels to eventually achieve a comparable level of responsibility and/or authority) as they were not in a financial position to sustain any reduction in their income or were unwilling to experience what they considered would be a 'demotion' in their employment.

Some participants with long-term tenure with their current employer expressed concern that their existing (higher level) skills may not be directly transferable in alternative employment as they relate to workplace-specific systems and practices. They were also mindful that they would relinquish the relationship and trust they had built with their current employer to start over in a new workplace where they may not have access to 'perks' and the range of duties that they appreciate in their current workplace. This was not explicitly said to be a barrier to seeking an over-award arrangement in alternative employment, but rather a reason to very carefully consider what non-wage benefits they would be forgoing if they were to pursue alternative employment.

Some participants who did not have formal qualifications for the duties they perform in their current workplace were concerned about their job-seeking prospects (i.e., how they would market their skills) and their prospects for job satisfaction in an alternative workplace where they may be restricted in the duties they could perform, particularly the participants working for smaller organisations who were comparing their current employment with alternative employment in a larger workplace. Conversely, other participants who did not have qualifications felt that the most highly valued attributes in the sector they are employed in, and would be seeking employment in, are not demonstrated through formal qualifications. These participants did not view their qualification level as a barrier to attaining an over-award arrangement (at a comparable level) in another workplace as they felt they could readily demonstrate their competence and value to a prospective employer.

Some participants who had long-term tenure with their employer attributed their reluctance to change employers to pursue an over-award arrangement to losing entitlements such as personal/sick leave and long service leave accrued:

I'm coming up to my 10 years in March and if I left I'd lose all my long service, my sick leave and everything. I know that sounds mercenary but I've just had an operation and had to take six weeks off and I had [accrued] the sick leave; whereas if I had changed employer I wouldn't have accrued any.
[Female, aged 55+ years, Heath services professional, Permanent, Full-time, Metropolitan Victoria]

Participants who reportedly remained in their current employment due to the flexibility it afforded them were reluctant to change employers or even seek alternative (over-award) employment as they were unsure they could demand/expect the work arrangements they required to meet their other commitments. These participants explained that their need for flexibility currently outweighed their interest in seeking over-award employment, but as their personal circumstances change (e.g. complete study, caring responsibilities are reduced) the importance of wage and seeking over-award arrangements would likely become a salient consideration for their employment decisions.

The participants with limited knowledge of over-award arrangements did not have well-formed views about their capacity to achieve over-award arrangements in alternative employment. They had not considered that they would/could improve their wage outcomes in another workplace. This was somewhat of a barrier for their prospects of pursuing over-award arrangements (although not expressed by participants in this context). These participants were not seeking wage progression and this (rather than their limited knowledge of wage-setting practices and outcomes) would be the main reason for not pursuing over-award arrangements.

3.3.2 Capacity to move location to pursue over-award arrangements

Pursuing an opportunity for an over-award wage/arrangement was not considered by any participants in the study to be an appropriate catalyst for making significant changes such as moving inter/intrastate, particularly changes that would affect their family:

... my brother owns the same sort of business in Queensland. I have been up there and worked for him in the past. He's actually got a position there now that would probably pay me much better money and possibly better conditions. But it's just not practical for me to do that again at the moment ... I know that he pays better above-award wages, whereas my employer wouldn't [but] I have a house and a mortgage in the town where I live now. It's just not practical to up and leave and go interstate. [Male, aged 45–54 years, Manufacturing, Permanent, Full-time, Regional NSW]

There were participants in the study who had experience of moving interstate or intrastate in search of employment, but had no imminent plans to do so (again) to pursue employment opportunities. Other participants suggested they would consider moving inter/intrastate in the future to pursue employment opportunities:

I applied for positions interstate a little over two years ago. So, up until two years I was applying and getting interviews for positions in Perth and Melbourne. But now we've settled with a young family we wouldn't be doing that. Absolutely, it's something that I would consider down the track, I guess it's always been at the front of my mind, but last time I did any real research would have been a couple of years ago. Now that we're settled I wouldn't be doing that for a few more years. [Male, aged 35–44 years, Education services, Permanent, Full-time, Sydney]

Participants who rely on their wage income to meet their living costs and are keen to achieve wage progressions indicated that they may be willing to move in the future if they became unemployed or underemployed (i.e., not being able to secure permanent, full-time work). An opportunity to pursue more fulfilling/professionally rewarding employment was considered a more compelling reason to prompt a move inter/intrastate than an over-award wage/arrangement for professional employees. None of these participants had plans to do so, but did expect to achieve a significantly higher wage (i.e. over-award wage) if they were to pursue alternative employment intra/interstate in the future.

Participants who reportedly did not rely on their wages income to meet their living costs and/or were not seeking advancement would not consider making any sacrifices or significant changes to pursue an over-award wage/arrangement.

3.3.3 Capacity to undertake training to pursue over-award arrangements

The participants in the study who were undertaking training to move into a different field or to be eligible for a higher classification explained that the impetus for undertaking training (that they were funding themselves) was their dissatisfaction with their skills development opportunities and their (limited) prospects for achieving increases in their wage in their current workplace.

There were a few participants in the study who had re-trained to enter a different sector/occupation and had become award reliant. They attributed this occurrence to their choice of occupation, which they had pursued out of interest rather than seeking improved wage outcomes. These participants did not intend to undertake further training (either employer-funded or self-funded) as they had reached the highest classification achievable for the type of work they wanted to perform. They did not believe that further training would improve their prospect of achieving over-award wages and did not want to change occupational paths again.

Other participants who were unwilling to undertake training to pursue over-award arrangements were not in a financial position to self-fund training and/or felt that their employer should facilitate further training as they believed their award reliance should entitle them to skills-based wage progression through their employment path. Some participants were reluctant to undertake any (further) training as they did not want to dedicate their (personal) time to study. This was most evident among participants in the later stages of their career/workforce participation who felt satisfied and fulfilled in their current role despite a preference for over-award arrangements:

I've been [performing higher duties] for a long time, so I don't have to study—I just learned on the job. But if someone wanted to [perform higher duties] they have to do postgraduate study at uni. But because I've been doing it since 1990 I don't have to. But that also means that my pay rate isn't going to go up. I could get a higher rate, but I'm at the end of my career so I choose not to. I couldn't study these days. [Female, aged 55+ years, Medical services professional, Permanent, Full-time, Regional South Australia]

Younger participants, including those in professional classifications, expected to undertake further study once they had decided on their preferred career path or area of specialisation. They explained that further study will be important for their skills development and wage progression over their skills-based career path regardless of whether it improves their prospects of achieving over-award arrangements.

3.4 Personal characteristics and traits that can affect award reliance

There were various personal characteristics that affect propensity and capacity of participants to seek over-award wage outcomes. The findings presented here explain how the aspirations, motivations for workforce participation and confidence of participants affect their decisions to continue employment under an award or to pursue over-award wage arrangements.

3.4.1 Aspirations

Younger and prime working age participants who were keen to extend their skills and/or broaden their skills base in order to gain more fulfilling employment and over-award arrangements explained that they had plans or expectations to improve their wage outcomes. These participants had short-term goals that they expected to achieve in the near term or longer-term plans that involved achieving some wage progression targets in the short term and making substantive changes to their employment in the longer term. The participants who had set themselves goals to attain more valued employment and/or wanted to achieve a higher wage in the near term were typically keen to improve themselves and their performance more generally. For some participants this was

realised by progression through award classification structures, whereas for others, there was an intention to pursue over-award arrangements.

Reaching or nearing the threshold of a classification structure had prompted some participants who relied on their wage income to meet their living costs and were keen to maintain their wage progression to immediately assess their options to continue progression. For others who were contented in their workplace and did not rely (as heavily) on their wage, the need to seek over-award alternatives was not as pressing.

Participants in professional classifications all spoke about the importance of professional development and said continuous improvement was important for ongoing satisfaction in their employment. Their desire to broaden or sharpen their skills did not, however, necessarily translate into a need for over-award alternatives. This was most evident among the participants who believed there was no scope to progress through existing classification structures or where progressing up the award classification structure or seeking over-award alternatives would require them to undertake study that they were not prepared to do. These participants did not express any inclination to demand or even request an alternative wage-setting practice or to seek alternative over-award employment.

Some participants in higher classification employment were reportedly seeking, or intending to seek employment in a workplace where they can continue to develop their skills and achieve over-award wages or to apply their skills in a field where there are broader opportunities to develop—which may require re-training. For these participants, wage was a significant motivational factor in their decision to initiate change.

Participants who had past work experiences in which their additional efforts had largely gone unrecognised intended to remain in employment with lower expectations and less responsibility rather than seek over-award opportunities. Other participants who were not looking to pursue over-award wages were winding down toward retirement and were not concerned about wage progression. These participants enjoyed their work and appreciated opportunities to broaden their skills and provide services which they felt were a valuable contribution to the community. They demonstrated limited or no interest in pursuing over-award wages in their current role through negotiation, but would welcome any increase that was offered/provided for without having to increase their (time) commitment to their employment.

3.4.2 Motivations

Some participants clearly articulated that their primary motivation for working is income, while for other participants the most important aspect of being employed was the intrinsic satisfaction they get from the work itself. Participants who indicated that they would give 100 per cent effort to their employer no matter what their wage-setting arrangement and feeling about their wage, attributed their strong and unwavering commitment to work to both values instilled in them from their past employment experiences and appreciation of having a wage income. These participants' valued positive feedback and genuine expressions of appreciation from their clients and employer as much if not more so than receiving wage increases:

I love the work that I do. I get so much enjoyment out of it. It really makes me feel good inside. I guess I really don't do my job for the money (however it is nice), I enjoy what I do and I think that is pretty rare in this day and age. ...
[Female, aged 45–54 years, Educational services, Contract, Part-time, Metropolitan Victoria]

Other participants who were primarily motivated to work for income did not believe they could continue to perform their duties to their highest capacity long-term where they could see no financial incentive to do so in the form of a wage increase. These participants were motivated to plan and take mitigating action by pursuing an over-award arrangement.

Motivations to participate in the workforce framed the way participants viewed their award reliance and motivation to seek over-award alternatives. In a similar manner, motivations to be in paid employment depict motivations to pursue over-award wage outcomes.

3.4.3 Confidence

Participants who had well-formed views about their value to their employer, which they typically measured with relation to their capacity to perform their duties and their commitment to their clients, tended to focus on what they do for their employer and how they felt they should be recognised and rewarded. This self-confidence was demonstrated in their attitudes toward their award reliance and their expectations to access over-award arrangements. Some of these participants had experience of formulating a claim for a promotion, a higher wage and more commonly a change to their employment arrangements either in their current workplace, or in prior employment. These participants demonstrated that they were better-equipped to pursue an over-award wage outcome (when the need arises) than participants who demonstrated lower levels of confidence. However, demonstrating confidence was not a valid indicator of participants' ability to access over-award arrangements as not all of these participants were planning to seek over-award arrangements (i.e., make demands or requests to their employer/manager) and that inclination to make a wage claim (and the success of wage claims) are attributed to employer capacity to consider and grant such requests rather than how well the claims/requests have been formulated.

Participants who felt that they did not provide their employer any advantages beyond what was required or felt that their employer did not need or value what they have to offer, tended to focus discussion on the limitations of their skill and what they couldn't or were not prepared to do. These participants felt that they would be easily replaced in their current role. Their lack of confidence in the value of their contributions restricted their capacity to pursue over-award arrangements in their workplace through negotiation and their interest in seeking alternative employment. They did not feel they had the confidence to make any demands or even requests of their employer, particularly not to pursue a higher wage outside the parameters of the existing practice. These participants typically felt that wage-setting and determination was the responsibility of their employer and believed they did not control their wage outcomes. These participants indicated that they may be more inclined to seek alternative employment than attempt to seek a higher (over-award) wage in their current workplace.

3.5 Employment factors that are prioritised over wage

The study did not uncover any employment factors that were prioritised over wage outcomes that can be attributed directly to higher classification or professional award reliance; nevertheless the examination of how wage outcomes are considered in the context of competing priorities provided some useful insights into the interplay of factors that shaped the decision-making of participants.

The participants in the study who did not rely on their income from award wage employment to meet their living expenses felt they could prioritise intrinsic factors such as satisfaction with their duties or the outcome of their duties over remuneration. These participants were predominantly older employees working part time or casually in skilled occupations which they had a great deal of experience in as they 'wind down' toward retirement. Some participants who relied on their wage income also prioritised intrinsic factors over achieving an over-award wage as they did not want the additional responsibility or to perform the duties of higher classified roles (that were more likely to be subject to over-award arrangements):

I've got a Bachelor of Arts in Community Work. I could apply for the higher levels, yes. But I'm happier doing what I'm doing. I just don't like paperwork so I'm better off not going there [to the higher classifications].
[Male, aged 45–54 years, Disability support services, Permanent, Part-time, Metropolitan NSW]

I've got no inclination to become a manager or anything because that becomes all paperwork—there's no contact with patients. I don't think I would be happy. We all need money and I know I need money but money isn't everything. You can be earning thousands more, but if you're not happy in what you're doing I don't see the point.
[Female, aged 55+ years, Health services professional, Permanent, Full-time, Metropolitan Victoria]

Convenience and workplace environment were other factors that were prioritised over seeking over-award arrangements among participants who did not rely on their wage income to meet their living costs. The proximity of their workplace to home and the pleasant culture of the workplace were factors that participants attributed to remaining in their award-reliant employment rather than pursuing an over-award wage in an alternative workplace:

I also work one day a month at the moment in another workplace where I'm paid at a much higher rate. I'm at grade two, year four, which is the top level of grade two. I have thought about going there [full-time], and if it was nearer I would. Working [there on] Saturdays is not so bad for traffic but the thought of doing that commute in the weekdays I couldn't stand it and I'm not really keen on going by public transport because it takes too long.
[Female, aged 55+ years, Health services professional, Permanent, Full-time, Metropolitan Victoria]

Participants who had caring responsibilities or study commitments prioritised flexibility and/or the opportunity to choose the hours they work ahead of wage outcomes. Some of these participants chose to work casually so that they could organise their paid work around their changeable commitments, which may include not working for periods of time, while others consistently worked one day/shift of less than 10 hours per week as a break from their parenting responsibilities and an opportunity to maintain their skills.

Some participants who were working part-time or casually explained that if they were working on a permanent, full-time basis they would receive over-award wages and other benefits that they do not currently receive. However, participants indicated that a full-time role would also involve an expectation to perform work outside normal hours which they could not presently accommodate. They were (currently) more concerned with controlling the hours they work than achieving an over-award wage outcome. Their decision to work part-time rather than full-time and weighing up the benefits of a higher wage and an award wage generally considered costs of working—particularly if child care costs would be incurred:

I've been working casually in the childcare industry for about 16 months or so and I'm in charge of one of the rooms. Prior to that I was directing childcare centres. My family is very important to me. I'd certainly be looking for an employer that's respectful of the fact that I am a single mother with a young family. It's a high priority, but at the end of the day, I have to pay the bills and I will have to make decisions that factor into that. If the children are in afterschool care, that would offset the higher salary. I want to work flexibly. Depending on what the hours of my work were, I'd have to take advantage of after school care. [Female, aged 35–44 years, Child care services, Casual, Part-time, Regional NSW]

Some participants in the study who worked full time explained that they needed a role that required lower levels of commitment outside of paid hours than they had experienced in previous employment. For some this was the stated reason why they commenced their current employment, but for others it was a benefit that they came to realise during their employment and became a key reason why they remained in their award-reliant employment. These participants explained that they appreciated being able to disengage from their work when leaving the workplace. Some participants attributed this benefit to the award reliance in which employees are paid for hours worked, rather than a task-oriented, over-award salary:

Even though I'm qualified and I could continue working up the ladder I actually don't want it anymore because the work and home life balance it's just not right. I was becoming too much of a workaholic so I don't want to go back into it. I'd rather have less responsibility and obviously not get paid as well but I'm prepared to forfeit that. So that's why I'm really enjoying doing this admin job because I don't have to deal with teenagers, do reports, and that sort

of thing—I just have to deal with 50-year-old men who are easy to work with.
[Female, aged 35–44 years, Administration services, Casual, Part-time, Regional NSW]

Others were adamant that they wanted to be paid for the hours that they worked (i.e., the hours they spent at their workplace) and they associated over-award arrangements with employer expectations to work unpaid overtime or to be contacted outside of their scheduled work hours. These participants had made a deliberate choice to avoid these expectations by commencing and remaining in award-reliant employment.

Other participants in the study explained that they prioritised employment security over an improved wage outcome in a different workplace or by establishing their own consultancy or freelancing. These participants relied on their award wage income to meet their living costs and could not see themselves pursuing an over-award arrangement in the foreseeable future. Instead, they chose to pursue freelance/consultancy work in addition to their award-reliant employment.

3.6 The outcomes of award reliance in higher classification employment

This study sought to investigate factors that led to and resulted from award reliance for participants in higher classification/professional employment. While it is not appropriate to attribute any actions discussed by participants directly or solely to their reliance on awards (as there is an interplay of various factors for each individual circumstance), participants discussed some actions as resulting from their award-reliant status.

Scheduling hours of work and taking advantage of shifts that attract loadings and penalties were evident practices that resulted from award reliance. This practice was not consistently expressed as an advantage or a disadvantage of award reliance. Some participants sought out particular shifts and/or overtime to (regularly) boost their income:

I could work up two grades just by going back and studying to do nothing really different from what I'm doing today ... It doesn't bother me that other people are getting more money than me. I basically earn that extra money by doing weekend work. [Female, aged 55+ years, Medical services professional, Permanent, Full-time, Regional South Australia]

Other participants who worked shifts and/or were paid an hourly rate (or knew their wage as an hourly rate) considered penalties and loadings to be a benefit of the award system. This was raised in discussions as a benefit of being reliant on awards in that all hours of work are remunerated appropriately.

Some participants believed that rostering shifts under an award was more flexible and favourable than rostering under over-award alternatives that paid higher wages for performing the same role (although it is not possible to validate this perception as rostering is undertaken at the discretion of the employer):

When I've been talking to the [name of service provider] drivers, their shifts are not very well structured. They're paying them a lot more money, but then the company's worked the shifts out so they have these breaks in them and they end up working longer hours and [the shifts] are not consistent.
[Male, aged 55+ years, Charter bus services, Casual, Part-time, Metropolitan Queensland]

The above example also reflects a lower wage outcome for award-reliant employment compared with over-award wage-setting practices, which was similarly expressed by other participants in the study.

Opportunities for skills acquisition and development were considered to be benefits of award reliance for participants whose employers encouraged and facilitated training. These participants, who were subject to awards that comprise extensive classification structures, were reportedly encouraged by their employer to develop their skills and progress through classification structures.

Other participants, including those who were subject to awards that comprise limited classification structures, felt that skills development was not encouraged under the award or the workplace practices.

For some participants the limited classification structure had led them to seek alternate roles within their workplace, in effect leading them to multi-skill in various areas of the business:

I don't expect any increase in my current role [but] I think of my current role as a stepping stone to further opportunities. I changed positions within the company about 12 months ago from a department I had slogged away in for 11 years with no further advancement. Since moving to the new department I have had a promotion and am currently in line for another promotion and pay rise. I will be forever grateful for the opportunity that was given to me by my now manager as I had definitely hit the proverbial glass ceiling as far as the other department manager was concerned. [Female, aged 35–44 years, Hospitality administration, Permanent, Full-time, Regional Victoria]

Some higher classification participants who were working full time for non-profit organisations had reportedly taken on additional employment to supplement their award-reliant wage income or negotiated employment arrangements to boost their take-home pay. Some participants were freelancing or consulting to pursue their professional development while contributing important funds to the household, and others were working casually in unrelated fields to top up their income so that they could meet their living costs. One participant had reportedly negotiated a full-time casual arrangement with her employer to forgo leave entitlements in order to boost her income. Her negotiations also included working extra hours over each pay period so that she has rostered days off in lieu of leave entitlements:

I'm being paid casually because that was my choice. I either did that or I got paid very little. I'm on my own and I couldn't afford to it. I've got two young adult children ... I've got a mortgage to pay and I just couldn't afford to be paid like \$21 an hour. I can't. I just couldn't live on it ... I do an extra half hour four days a week so I get an RDO so that I don't get burnt out because I don't get paid sick leave. If I'm sick I'll just show up for work anyway because I'm not going to get paid for it. So I've asked if I can do an extra half hour so I'll build up time for an RDO if I need a day off or if I'm sick it's paid for. [Female, aged 45–54 years, Child care services, Casual, Full-time, Metropolitan Victoria]

As highlighted in previous sections of the report, reliance on award rates had resulted in dissatisfaction for some participants in the study. For participants who did not feel they needed wage progression, including those who were not reliant on their wage income to meet their living costs or were expecting to leave the paid workforce in the near term, 'ideal scenario' changes to wage-setting practices were generally not considered to be worth pursuing. However, for other participants who were seeking wage progression, their dissatisfaction had led them to pursue wage increases and consider over-award options. The following section outlines how participants have attempted to achieve wage progression, including requests for over-award arrangements, and how they expect to achieve wage progression through over-award arrangements.

3.6.1 Actions taken to pursue over-award arrangements

The participants in the study who were seeking wage progression either hoped to receive a promotion in the near term, expected to raise the prospect of a promotion with their employer in the near term or felt they had exhausted their prospects in their current workplace and would be seeking alternative employment. No participants in the study had strongly negotiated/demanded an over-award wage/arrangement of their current employer or considered that they were in a position to make demands.

The planned requests of participants were ongoing changes to the method by which their wages were set rather than arbitrary amounts or one-off increases. Some participants intended to raise non-wage issues in addition to their wage claim, which in some instances was the catalyst for making a request to their employer, such as a problem with a colleague that needed to be resolved. The planned requests for wage increases expressed by

participants were generally well articulated in discussions and participants were able to explain how they would deliver their claim/requests although no participants had immediate plans to make such a request. Some of these participants even indicated that in all likelihood they would not make the request to their employer.

Progression through an award structure was generally considered to be a more achievable objective and means to increase their wage than an over-award arrangement; however, the prescriptive determinants of some award classifications (including qualification requirements) and more discretionary classification determinants in other awards that were difficult for participants to understand, limited the scope that participants felt they had to achieve wage increases if they were to remain award reliant.

The expectations of some participants who planned to request a wage increase through the award wage structures appeared to be beyond what the award provides for and could therefore be considered an over-award request. The second phase of the study will examine the requests and how successful these participants are (if they do make them) and determine whether they are within or outside the parameters of the award provisions.

Among the participants who explained that they had pursued higher wages, including over-award arrangements, in their current role, the interpretation of 'pursuing' ranged from asking a colleague for their opinion about the prospect of achieving a higher wage (which tended to be a common or initial source of information) to making a request of an employer for an over-award arrangement.

The wage-related enquiries that participants had made to their employers were prompted by a desire to understand the award provisions for wage progression and how a promotion could be achieved. These inquiries had been made by participants who wanted to understand the prospect of achieving a wage level progression without the requisite qualifications for the next classification and by participants whose progression through award classifications was determined by loosely defined parameters (i.e., based on a range of dimensions of work) that they did not understand in the context of their workplace. They sought to understand (precisely) how they could influence their wage outcomes under the existing wage-setting mechanism. The participants who explained that their employer's response did not elucidate the requirements for achieving a promotion (i.e., their employer had exercised a level of discretion to determine their classification that was not well communicated to them), had made further enquiries that were framed as suggestions to remunerate their contributions using other dimensions of their work that they hoped would result in improved wage outcomes. These initiatives were unsuccessful.

The unsuccessful attempts of participants to improve their wage outcomes through alternative (over-award) arrangements included requests for the use of determinants that would recognise and reward their higher performance; or recognise all of the skills and/or qualifications utilised in their role that were not recognised through the award classification determinants. Some participants had requested a wage promotion to a higher classification within the award wage structure as they were unsure how to derive a suitable over-award wage amount to request, and others had not suggested an amount to their employer.

Many of the participants who had made unsuccessful requests for higher wages expected their tenure would be relatively short as they expressed an intention to seek over-award arrangements through alternative employment. Some of these participants were at the planning stage (that they appeared to have been at for some time), while others had initiated action to improve their wage outcomes by undertaking study/training that would broaden their employment prospects in other sectors.

Other participants who had not made requests (i.e., did not demonstrate they had exhausted their opportunities for wage progression in their current employment) were planning to undertake self-funded training or presently undertaking study/training were looking to broaden their progression opportunities through employment

in a different field/occupation. These participants were no longer fulfilled by their current employment or satisfied with their prospects for progression through award structures and were keen to move on from their current employment.

The participants who believed they had exhausted their options for progression and over-award wages in their current workplace explicitly stated or implied that they were in the process of seeking alternative employment. Some suggested that they were seeking over-award arrangements, and others were focused on securing employment in a different sector where they expected to have wage progression opportunities. The second phase of the study will investigate their job-seeking activities, in particular how wage-setting practices of prospective employers influence their employment decisions.

3.7 Summary of the interim findings and investigations for the second phase of the study

3.7.1 Professional and other higher classification comparisons

A particular focus of the study was the experiences of employees in professional award classifications. Due to sample limitations, the analysis of this sub-set of higher classification employees was restricted and the views and experiences of these participants have been incorporated into the findings at an overall level rather than being presented separately.

The difference between professional classification and other higher classification participants can, to an extent, be addressed through the differences between employees who rely on an award that contains an extensive and/or descriptive classification structure and awards that contain a relatively brief classification structure and/or imprecise classification determinants. All participants in professional employment had their wage set under an award that prescribed their wage determinants and progression requirements.

Participants in professional employment received higher award wages than other higher classification participants in the study which also accounts for some differences in how they view their award reliance. Having commenced their employment at a higher classification and progressed through minimum wage structures, including pay points, their wage was higher than that of other higher classification employees working a similar number of hours. Nevertheless, their views of their award-reliant status were framed in the same manner as that of other higher classification participants namely by how their wage contributed to their household income. Those who were contributing a secondary income were less critical of their award-reliant status and their opportunities to progress (through award structures or over-award arrangements) in their current workplace than participants who were contributing a primary or dual income to their household.

3.7.2 Employee attribute comparisons

An objective of this study was to examine the factors that lead to and result from award wage reliance across a range of employee attributes including personal characteristics and employment circumstances.

Many of the themes that appear in the findings have been attributed to the reliance participants had on their wages to meet their living costs according to their personal circumstances. The research did not seek to examine the views of participants on the quantum of their award wages or their living standards and needs. Instead, the investigations focused on intent to pursue higher wages, and in particular, over-award arrangements (which were described to be above the award rate participants were presently earning). In this context, the theme of need was often raised in qualitative investigations by participants to explain the employment decisions they had made and their expectations for reliance on awards. Two distinct categories of participants emerged in the study

whose differences are associated with their reliance on their wage income. The summary findings have been organised according to these two categories:

- participants who were currently content with their award reliance; and
- participants who were currently discontent with their award reliance.

A key difference between these categories was their need to achieve higher incomes, which was attributed to their reliance on their wage income to meet their living costs.

The category of participants who were content with their award reliance explained that they did not need a higher income, or felt that their need was adequately met by progression as per the applicable award provisions. They would welcome any wage increase that was offered/provided (e.g. incremental pay point increases, annual wage review adjustments) but expressed no interest/ need to get involved in wage-setting matters or to seek out alternative employment.

This category of employees also includes participants who had reached the highest classification in the award wage structure and were content to remain at this level as there was no compelling need to pursue over-award arrangements. It also included participants who did not want to pursue over-award wages because they were concerned about the expectations of employers who set wages under informal over-award arrangements. They associated over-award arrangements with a level of commitment that they did not want to make in their employment and had prioritised their capacity to control/limit the hours they work by commencing and remaining in award-reliant employment. These participants were at a point in their employment path where wage was not currently or no longer their principal concern.

The category of participants who were discontent with their award reliance were seeking higher wages/wage progression. Their discontent was commonly attributed to their need for a higher income due to their reliance on their wage to meet their living costs (and that of their dependants). Participants who were most critical of their award reliance and expressed urgency to attain higher incomes had taken on additional employment to help them meet their living costs.

Participants who were discontent were dissatisfied with their award wage progression opportunities in terms of the number of classifications they could progress to in the applicable award from the level they were currently at (i.e., few or no classifications to progress to), or they were not prepared to meet the requirements for an award wage level progression (e.g. a wage level progression required attainment of a qualification for which they were not able or prepared to undertake training).

Almost all of the participants in this study who were working part time and casually did so by choice. Their experiences aligned most closely with the category of participants who did not want/need to pursue over-award wages/arrangements. The older participants in the study who were nearing retirement are depicted by this category. Whereas, the younger and prime working-aged participants who were working part time or casually while they studied or met their caring responsibilities were subject to change as their personal circumstances changed. These participants intended to commence or return to full-time employment and explained that their wage would become a salient concern.

The contentment and degree of need for higher wages expressed by participants were relevant indicators of interest in remaining award reliant or pursuing over-award alternatives. However, these measures are not reliable indicators of behaviour as continued reliance on award wages had occurred among participants who wanted or claimed to need over-award alternatives. Furthermore, these measures were not found to be helpful indicators of

ability or likelihood to access over-award arrangements. Some discontent participants had unsuccessfully sought over-award arrangements in their workplace (through inquiries or requests to their employer/manager), had been seeking alternative employment for some time and did not have the financial capacity to self-fund training that would broaden their employment options and prospects of achieving an over-award wage.

3.7.3 Investigations for the second phase of the study

The second phase of the study will closely examine the outcome(s) of award reliance and provide a more robust analysis of the persistence of award reliance in higher classifications and the pursuit of over-award wages/arrangements. The consolidated findings will delineate the relevant attributes of participants who expressed intent and those who have taken action to improve their wage outcomes through seeking over-award wages/arrangements in their current workplace or through alternative employment. The second phase of the study will also investigate what training has been undertaken and how it has influenced wage outcomes.

The consolidated findings will include a more fulsome examination of the barriers to achieving over-award wages/arrangements in the workplace. In particular, the attempts that participants have made (through demands, requests or inquiries) will be analysed to identify any themes of successful and unsuccessful claims that have been formulated by participants.

The second phase will further examine the extent of the link between knowledge, dissatisfaction and tenure that was established in the interim findings. The stated intention of participants to pursue over-award arrangements in their job-seeking activities (i.e., they were seeking arrangements that would recognise and reward their 'higher performance' according to dimensions that aligned with what they considered be to important aspects for performing their work) will be examined to identify how knowledge of wage-setting practices affects employment decisions.

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Local Government Industry Award 2010 [MA000112]

Manufacturing and Associated Industries and Occupations Award 2010 [MA000010]

Nurses Award 2010 [MA000034]

Pharmacy Industry Award 2010 [MA000012]

Security Services Industry Award 2010 [MA000016]

Social, Community, Home Care and Disability Services Industry Award 2010 [MA000100]

Appendix A Categories for classifying arrangements that define wage entitlements

Classification: legislation	Sub-classification: Wage-setting practice	Examples of workplace practice
Award/agreement free (Defines an employee to whom neither a modern award nor enterprise agreement applies (s.12))	Reliant on the National Minimum Wage Order to set minimum rates of pay/casual loading.	Pay rate is set according to the relevant rate specified in the National Minimum Wage Order. Pay rate may be set above this level.
Award applies (Would define employees to whom a modern award applies (within the meaning of s.47 of the Fair Work Act). This category would thus exclude employees whose wages are determined by an enterprise agreement and 'high income' employees (within s.329 definition of Fair Work Act) but could include employees on over award payments or on common law contracts.)	Award-reliant	Pay rate is set according to the relevant award rate specified for the classification of the employee. Conditions set by the award.
	Over award (informal arrangements)	Pay rate is set above the relevant award rate specified for the classification of the employee. Pay rate is not determined by an enterprise agreement and employee is not a 'high income' guaranteed employee.
	Over award (common law contract)	Pay rate is set above the relevant award rate specified for the classification of the employee. Pay rate is not determined by an enterprise agreement and employee is not a 'high income' guaranteed employee. Pay rate above the award rate is specified in a common law contract.
Award covered Would define employees who are covered (within the meaning of s.48 of the Fair Work Act) by a modern award. Predominantly those under formal agreements but also individuals who earn over the high income threshold.	Over award (covered by a formal enterprise agreement)	Covered by a formal enterprise agreement.
	Over award (High income employee with guarantee of earnings⁴⁵)	High income employee - (as of 1 July 2011) - is a full time employee not covered by an enterprise agreement, covered by a modern award but earning \$118,100 + super or over with a guarantee of earnings with their employer (Note that amount will again be indexed 1 July 2012). Note that under s.329 an employee to be defined as a 'high income employee' must be subject to a guarantee of earnings with their employer for a period of at least 12 months. See s.329-333A. Guarantee means that modern award provisions will not apply to the employee for the life of the guarantee.

Note: Transitional instruments may also cover or apply to employees: see *Fair Work (Transitional Provisions and Consequential Amendments Act 2009)* (Cth), Schedule 3, Part 2 and Part 5 and Dunn, A. and Bray, G., *Minimum wage transitional instruments under the Fair Work Act 2009 and the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009* (Fair Work Australia 2010).

45 See Division 3, Part 2-9, Ch 2 of the Fair Work Act. Extract of para 11.61 of Creighton, B and Stewart, A (2010) *Labour Law: Fifth Edition*, The Federation Press, NSW.

'If no [high income] guarantee is given, then the modern award will apply to the employee in the same way as to any other employee covered by it. It is erroneous, therefore, to assume that a modern award cannot apply to a high income earner - rather, the employer and the employee can enter into an agreed arrangement whereby it will not apply to a particular employee who earns in excess of the threshold. The effect of the arrangement, while in force, is that the employer need not comply with the requirements of the relevant award. It would also appear to have the effect of making the worker an 'award/agreement free employee', given the way the term is defined in s.12. That would in turn affect the operation of various provisions in the NES, for example as to the cashing out of annual leave. On the other hand, because the employee is still covered by the relevant award, they remain eligible to make an unfair dismissal claim'

Appendix B Definitions of “higher classification” and “professional” award-reliant employees

Background of ‘award reliance’ research for the Annual Wage Review

In the *Annual Wage Review 2009–10 Decision*, the Panel noted that it considered research into the composition of the award-reliant workforce would be useful.⁴⁶

The research program, which included a component of research exploring the composition of the award-reliant workforce — including a focus on higher paid and professional award-reliant employees, was subsequently confirmed by the Panel in a Statement by Justice Giudice, President, on 1 October 2010 after submissions and consultation with parties.⁴⁷

Definitions for research

The award reliance research will investigate, amongst other matters:

- who is employed in higher award classifications and the extent of award reliance in that group; and
- who is employed in professional classification and the extent of award reliance in that group.

The following definitions for the purpose of this analysis are proposed:

- **“Higher classification award-reliant employee”**: an employee above the C10 rate in the Manufacturing Award (\$18.06 per hour; \$686.20 per week; \$35,682.40 per annum).
-

Background

Previous Panel consideration of ‘low paid’ employees as referenced the Manufacturing Award:

“... we find it more helpful to think in terms of lower award classifications, rather than a percentage above the national minimum wage.”⁴⁸

In its *Annual Wage Review 2010–11 Decision* the Panel considered the C10 classification as a benchmark for defining a low paid rate. The Panel stated that particular consideration would be given to those paid at equal to or less than the C10 rate:

“... Consistent with our decision last year, we consider the low paid to be those on award rates, particularly those paid at equal to or less than the C10 rate.”⁴⁹

- **“Professional classification award-reliant employee”**: an employee defined by their applicable modern award to be a ‘professional’ classification.

⁴⁶ FWA, *Annual Wage Review 2009-10 Decision*, [2010] FWAFB 4000 (3 June 2010) at para 428.

⁴⁷ FWA, *Annual Wage Review 2010-11 Statement*, [2010] FWA 7546 (1 October 2010).

⁴⁸ FWA, *Annual Wage Review 2010-11 Decision*, [2011] FWAFB 3400 (3 June 2011) at para 216.

⁴⁹ FWA, *Annual Wage Review 2010-11 Decision*, [2011] FWAFB 3400 (3 June 2011) at para 215.

Background

Where this information is deficient or a classification structure in a modern award does not expressly identify a classification to be 'professional', the ANZSCO will be used to identify whether an occupation is classified as 'professional'. The award classification minimum requirements will be cross-referenced with the relevant qualifications and/or experience for the ANZSCO 'professional' classification so that the qualification corresponds with the role described in the modern award.

This definition would make 'professional' employees a subset of 'higher classification' award-reliant employees", as a review of modern award professional classification identifies wage rates above the C10 rate (including entry level/graduate professionals).

Award wage rates for 'professional' classifications are typically higher relative to trade or technical classifications; however, this is not the rule as award rates for classifications covering less experienced 'professional' employees can be lower than some trade or technical classifications. For example, the classification structure contained in the Manufacturing Award⁵⁰ provides that graduate professional engineers and scientists without experience are classified at L1. This classification has the equivalent award wage of the C5 trade or technical classification in the Manufacturing Award. This award wage rate was set at 130 per cent relative to C10.⁵¹

For example this definition would include: the *Professional Employees Award 2010*⁵² (covering employees performing professional engineering, professional scientific duties and employees principally engaged in the information technology industry, the quality auditing industry or the telecommunications services industry).

In a Fair Work Australia decision of 2010, Vice President Lawler commented with relation to the definition of 'professional' employees in the award that:

"One gets a sense from a reach of the Full Bench's decision that a primary purpose of the definition [in the *Professional Employees Award 2010*] was to distinguish professional engineers from persons with technical skills acquired from trade training or through what may be described as sub-professional courses."⁵³

In terms of sampling, this definition would therefore mean that using a standard 'rate' (for example a professional rate in the *Professional Employees Award 2010*) to capture "professional classification award-reliant employees" would not be sufficient.

50 *Manufacturing and Associated Industries and Occupations Award 2010*, [MA000010]

51 *The Metal, Engineering and Associated Industries (Professional Engineers and Scientists) Award 1998* [AP787948CRV] grouped the L1 classification for graduate engineers and scientists with the C5 wage level in the *Metal, Engineering and Associated Industries Award 1998* [AP789529CRV]. These awards have since been superseded by the *Professional Employees Award 2010* and the *Manufacturing and Associated Occupations and Industries Award 2010* respectively.

52 *Professional Employees Award 2010*, [MA000065]

53 *Sanjay Halasagi v George Weston Foods Limited* [2010] FWA 6503 at para. 20.

Appendix C Recruitment screening questionnaire for online survey

Introductory script

Survey information

This survey is being undertaken on behalf of an independent government body. It is about employment. It will take approximately 10 minutes to complete. This survey has both a limit on the number of respondents accepted and a closing date, so you should **start this survey as soon as possible**.

Privacy

You may be asked for your consent to provide identifiable information to the organisation undertaking this survey for the purpose of contacting you about a follow-up study. Your contact details will not be used for any purpose other than participation in the follow-up study.

You may find some questions in this survey easier to answer if you refer to information on your payslip. If possible, we suggest that you have a payslip handy before you start the survey. Start the survey now

This survey was commissioned by Fair Work Australia. If you have any queries about this research, you can contact Fair Work Australia on 03 8661 7027.

If you have any queries about your wages or conditions of employment, you can call the Fair Work Infoline on 13 13 94 or visit www.fairwork.gov.au.

Termination script:

Thank you for your time and interest in this research.

It seems that your employment arrangements do not fit the requirements of this study. OR

It seems we have reached our quota for the kind of employment that you are in.

This survey was commissioned by Fair Work Australia. If you have any queries about this research, you can contact Fair Work Australia on 03 8661 7027.

If you have any queries about your wages or conditions of employment, you can call the Fair Work Infoline on 13 13 94 or visit www.fairwork.gov.au.

Q1 Are you currently in paid employment?

[S/R]

Yes – currently in paid employment	1	
No – not currently in paid employment	2	Terminate
No – self employed/business owner	3	Terminate

Q2 Do you currently work for one employer or for more than one employer?

[S/R]

One employer – I have one job	1	
More than one employer – I have two or more jobs	2	Instruction about MAIN job and then Continue to Q

IF CODE 2 AT Q2:

Please answer all questions in the survey about your MAIN job unless a question explicitly states that you consider all of your employment. Your MAIN job is the job from which you receive the most pay or where you work the most hours. If you work for an agency that places you with different employers, please answer about the employment agency.

Q3 Which of the following options best describes the organisation you work for?

[S/R]

[ROTATE RESPONSES FOR CODES 2–5]

Business – commercial enterprise operating 'for profit'	1	
State or federal government department or agency	2	Terminate
Local government	3	
Government-funded authority (e.g. Centrelink, CSIRO, Roads and Transport Authority)	4	Terminate
Government-funded service provider (e.g. public school, public hospital, emergency services)	5	
Non-profit organisation (e.g. service provider partly or fully funded by government, charity/foundation, associations that provide services to members)	6	
Other, please specify.....	96	

Q4 How are your conditions of employment set?

Note: this is where the conditions of your employment (e.g. your entitlements to leave, overtime, penalty rates, etc.) are documented.

[M/R]

Enterprise agreement (collective agreement made between an employer and a group of employees that sets conditions of employment for most or all staff in a workplace)	1	
Individual agreement or contract of employment (e.g. common law contract, AWA)	2	
Award (minimum conditions and entitlements for most or all jobs in an industry or occupational group)	3	
Other, please specify	96	
Don't know	97	

Q5 How is your wage (salary) determined?

Note: This question refers to setting the precise amount that you are paid for the work that you do. It does not include salary packaging arrangements, allowances (e.g. car, mobile phone) and the like.

[M/R]

[ROTATE RESPONSES FOR CODES 1–5]

Negotiate amount with my employer	1	Note: comparator analysis group
By my employer (without my involvement)	2	
A market rate (i.e. an amount that is more than the minimum for the work you perform)	3	
An enterprise agreement (collective agreement that sets wage rates for most or all jobs in the workplace)	4	
By an award (the relevant pay rate contained in an award for the work you perform)	5	
Other, please specify	96	

Q6 Which point on the scale below best represents your level of understanding about how your wage and conditions of employment are set?

[S/R]

Very limited understanding		Some understanding		Comprehensive understanding
1	2	3	4	5
			If code 1 at Q4 AND code 4 at Q5 – Terminate	If code 1 at Q4 AND code 4 at Q5 – Terminate

Q7 Do you know your wage as an annual salary, earnings over a pay period, or as an hourly pay rate? Please select all that apply.

[M/R]

Annual salary	1	If not code 3, go to Q9
Earnings over a pay period	2	If not code 3, go to Q9
Hourly pay rate	3	Continue

[ASK IF CODE 3 AT Q7]

Q8 Which of the following brackets does your hourly rate of pay fall into?

Please check your payslip if you're not sure. This is the gross amount – the amount before tax is taken out.

[S/R]

Up to \$15 per hour	1	Terminate
\$15 up to \$18 per hour	2	Terminate
\$18 up to \$20 per hour	3	Continue
\$20 up to \$25 per hour	4	Continue
\$25+ per hour	5	Continue
Prefer not to answer	98	Continue

Q9 Which of the following categories best describes your employment?

[M/R accepted if code 1 or 2]

Managerial (including senior and mid-level management)	1	
Supervisory/first level management (e.g. supervisor, section officer, foreman, etc.)	2	Combined quota
Professional (i.e. specialised knowledge and skills in a vocation that may require registration. Examples include: accountant, artist, chemist, engineer, nurse, social worker, teacher, etc.)	3	Quota
Trade/technician (i.e. qualified tradesperson, craftsperson, technician. Examples include: bricklayer, electrical engineering technician, fitter and turner, ICT support technician, mechanic, quarantine officer, safety inspector, etc.)	4	Combined quota
Skilled work (i.e. trained to perform skilled duties including manual and/or non-manual tasks. Examples include: book keeper, legal secretary, protective service worker, travel consultant, etc.)	5	Combined quota
General work (i.e. semi-skilled or unskilled, without specialised knowledge, includes those in-training for skilled work. Examples include: cleaner, delivery driver, labourer, product assembler, sales assistant, storeperson, etc.)	6	Combined quota

[ASK IF CODE 3 AT Q9 – PROFESSIONAL]**Q10 Which of the following categories is most relevant for your occupation?**

[S/R]

Arts and performance	1	
Business, Human Resource and Marketing	2	
Design, Architecture, Planning and Surveying	3	
Engineering	4	
Education	5	
Health	6	
ICT	7	
Legal	8	
Manufacturing	9	
Media and publishing	10	
Natural and physical science	11	
Social and Welfare	12	
Transport	13	
Other, specify	96	

[ASK IF CODE 4 AT Q9 – TRADE/TECHNICIAN]**Q11 Which of the following categories is most relevant for your occupation?**

[S/R]

Agricultural, Medical and Science	1	
Building and Engineering technicians	2	
Automotive trades	3	
Engineering trades	4	
Wood Trades (crafts)	5	
Building and construction trades (e.g. carpentry, bricklaying, plumbing)	6	
Electrotechnology and Telecommunications trades (e.g. electricians, refrigeration mechanics, telecommunications linesworker)	7	
Printing trades	8	
Textile, Clothing and Footwear trades	9	
Food trades (e.g. butcher baker, chef/cook)	10	
Other, specify	96	

[ASK ALL]**Q12 What is your occupation called or what are the main tasks you perform that best describe your occupation?**

OPEN ENDED RESPONSE

Q13 How many years or months have you worked in this occupation?

OPEN ENDED RESPONSE

Q14 How is your level of seniority (responsibility, skill and/or experience) expressed in your workplace?

Note: Your level may be expressed as your job title, or in your job title (e.g. principle/senior/experienced/junior/graduate etc.) or as a description of your role. It may be expressed in a grading system or classification (e.g. Grade 3, Level B), or as a pay point in a grading system (e.g. Level C.4).

This information should be on your pay slip.

[JPEG of example pay slip]

[M/R]

As job title or part of job title (e.g. Senior/Principal/Experienced/Junior)	1
In role description	2
Grading or classification (e.g. Grade 3, Level B)	3
As years/months of experience (e.g. second year)	4
Pay point (e.g. Level C.4)	5
As the level of qualification required (e.g. associate diploma, 3 year degree)	6
Other, please specify	96

Q15 What level are you currently at?

Note: This information should be on your pay slip.

OPEN ENDED RESPONSE

Q16 What is the next progression level?

OPEN ENDED RESPONSE

Q17 Which of the following best describes your employment?

Note: This is not about the hours you work (full time or part-time). If you are employed on a permanent basis you are entitled to paid leave (e.g. sick leave, annual leave).

[S/R]

Employed on a permanent basis	1	Permanent
Employed on a casual basis	2	Casual
Employed on contract for a specific period or task	3	

Q18 Which of the following options best describe your work schedule?

[M/R]

Regular daytime, weekday schedule (e.g. 8:30am – 5pm, Monday to Friday)	1
Flexible daytime, weekday schedule (e.g. work from home as necessary, start/finish early as necessary)	2
Regular morning, afternoon, night shifts	3
Rotating shifts (i.e. changes from morning, afternoon, nights over rostered period)	4
Irregular schedule (i.e. shift days and times change in each rostered period)	5
On call	6
Other, please specify.....	96

Q19 How many hours per week do you usually work, including any paid or unpaid overtime?

Note: If your hours vary from week to week, please provide your best estimate of a usual week.

OPEN ENDED RESPONSE

Q20 How are you compensated for work performed in excess of your ordinary number of hours (e.g. 38 hours per week) or for work performed outside of your ordinary span of hours (e.g. outside of 8am – 6pm, Monday to Friday)?

Note: Ordinary hours of work vary across industries and the examples provided may not apply to your employment.

[M/R – unless code 1]

Don't work outside of ordinary hours	1	Go to Q22
Paid higher rate for these hours (e.g. 25% extra)	2	Continue
Receive time in lieu/flex time	3	Continue
Not compensated for these hours	4	Continue
Other, please specify.....	96	Continue

[ASK IF CODE 2–4 AND 96 AT Q20]**Q21 How many hours per week are you paid for?**

OPEN ENDED RESPONSE

[ASK IF CODE 3 AT Q7 – know their wage as an hourly rate]**Q22a What is your 'base' hourly rate of pay?**

If you're not sure of your precise hourly pay rate, please check your payslip. Please enter the gross amount (the amount before tax is taken out).

\$

[ASK IF CODE 2, AND NOT CODE 1 OR 3 AT Q7 – only know their wage over a pay period]**Q22b What is the total gross amount of your earnings over a pay period before tax or anything else is taken out?**

If you're not sure of the precise amount, please check your payslip.

\$ Per week / Per fortnight / Per month

[ASK IF CODE 1, AND NOT CODE 3 AT Q7 – know their wage as an annual salary]**Q22c What is your annual salary?**

Please enter the gross amount (the amount before tax is taken out) and **do not** include superannuation.

If you're not sure of your precise annual salary amount, please check your payslip.

\$

[ASK ALL]**Q23 Have you received an increase to your wage since 1 July this year?**

[S/R]

Yes	1	
No	2	Go to Q25
Unsure	97	Go to Q25

[ASK IF CODE 1 AT Q23]**Q24 Why did you receive the increase to your wage? Please select all that apply.**

[ROTATE RESPONSES FOR CODES 1–5]

[M/R]

Promotion to higher duties/responsibility	1
Wage level progression (without promotion)	2
Annual increase to wages (e.g. CPI increase, minimum wages adjustment)	3
Employer granted an unplanned increase that I requested	4
Change of work hours (e.g. number of hours increased, changed shift patterns)	5
Other, please specify.....	96
Unsure if wage increase or reduction in tax paid	97

Q25 What role do award wages have in setting your wage (salary)?

Note: An award contains minimum terms and conditions of employment that apply to employees in a particular industry or occupation.

[S/R]

Award rate plays no role	1	Go to Q27
Award rate is a safety net, but not currently relevant to me	2	Go to Q27
Award rate is a guide for setting my wage (over award wage)	3	Continue
Award rate is a component of my wage (e.g. award rate plus additional amount)	4	Continue
Award rate determines my wage (paid award rate)	5	Continue
Other, please specify.....	98	Go to Q27
Unsure	97	Go to Q27

[ASK IF CODE 3, 4 OR 5 AT Q25]**Q26 Which award(s) play a role in setting your wage?**

If you don't know the exact name of the award, please provide any detail about the award that you can.

OPEN ENDED RESPONSE

Q27 Which of the following categories best depicts the main operations of your employer?

[S/R]

Accommodation	1	
Administrative services (e.g. employment, travel , call centre, clerical and related services)	2	
Agriculture, forestry and fishing	3	
Arts and recreation services	4	
Cleaning, Pest Control, Packaging and related services	5	
Construction	6	
Education and training	7	
Electricity, gas and water supply	8	
Financial and insurance services	9	
Food services (e.g. restaurants, cafes, catering, pubs, clubs and takeaway)	10	
Health care and social assistance	11	
Information, media and telecommunications	12	
Manufacturing	13	
Mining	14	
Professional, scientific and technical services (i.e. sells expertise as a service to business and consumers, e.g. accounting, research, legal)	15	
Public administration and safety	16	
Rental, hiring and real estate services	17	
Retail trade	18	
Transport, postal and warehousing	19	
Wholesale trade	20	
Other, please specify.....	96	

Q28 How long have you worked for your current employer?

[S/R]

Less than 3 months	1	
3 to less than 6 months	2	
6 months to less than 1 year	3	
1 year to less than 2 years	4	
2 years to less than 5 years	5	
5+ years	6	

**Q29 Approximately how many people, including yourself, are employed at your workplace?
Please include staff employed part-time and on a casual basis.**

[S/R]

1 - 4	1	
5 - 15	2	
16 - 19	3	
20 - 49	4	
50 - 199	5	
200 or more	6	
Unsure: fewer than 20	7	
Unsure: 20 - 199	8	
Unsure: 200 or more	9	

And just to finish up there are a few questions about you...

Q30 Which of these age brackets are you in?

[S/R]

Under 21 years	1	
21–25 years	2	
26–29 years	3	
30–34 years	4	
35–44 years	5	
45–54 years	6	
55+ years	7	
Refused	98	

Q31 What is the highest level of education you have achieved?

[S/R]

Post graduate qualification	1	
Graduate diploma	2	
Bachelor degree or honours	3	
Advanced diploma/diploma	4	
Certificate III, IV	5	
Certificate I, II	6	
Secondary school certificate	7	
Year 11 and below	8	
Refused	98	

Q32 What is your the postcode where you live?

OPEN ENDED RESPONSE

Postcode	
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Q33 Please indicate your gender:

Male	1	
Female	2	

Thank you for answering those questions.

One of the objectives of this online survey is to find employees who are willing to share their experiences and views of employment through telephone interviews or through an online discussion forum. This research is being undertaken by Fair Work Australia, the national workplace relation tribunal.

Participation is entirely voluntary. Participants in this research will be offered an incentive in appreciation for their time and contributions to this important research. If you have any queries about this research, you can contact Fair Work Australia on **03 8661 7027**.

Q34 Does this research sound like something you would like to be involved in?

[S/R]

Yes, definitely	1	Continue
Maybe	2	Continue
Probably not	3	Go to Closing script
Definitely not	4	Go to Closing script

Q35 Do you consent to the Online Research Unit providing your contact details to Fair Work Australia for the sole purpose of participating in this research?

[S/R]

Yes	1	Continue
No	2	Continue

IF YES: If your employment circumstances fit the requirements of this research, a representative from the Online Research Unit will contact you within the next two weeks to confirm your interest in participating and provide further information about the study.

Closing script:

Thank you for your time and contributions to this research.

If you have any queries about this research, you can contact Fair Work Australia on 03 8661 7027.

If you have any queries about your wages or conditions of employment, you can call the Fair Work Infoline on **13 13 94** or visit www.fairwork.gov.au.

