Report on Public Consultations for the Australian Fair Pay Commission’s 2008 Minimum Wage Review

A Southwell, N Wearne, R Zappelli, and K Maltman
TNS Social Research
June 2008

Report commissioned by the
Australian Fair Pay Commission, 2008

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Executive summary

The Australian Fair Pay Commission (Commission) is an independent body responsible for adjusting federal minimum and classification wages to promote the economic prosperity of the people of Australia. It was established under the Workplace Relations Act 1996. In setting and adjusting wages for about 1.2 million workers in Australia, the Commission plays a significant role in the management of the Australian economy.

The Commission undertakes ongoing research and consultation programs to ensure its wage-setting decisions take into account economic and social circumstances of low-paid Australians and their employers. The information gathered through stakeholder meetings and site visits has been supplemented by a program of targeted focus group consultations and a series of interactive online discussion forums. The Commission engaged TNS Social Research to conduct the focus groups and online discussion forums.

The purpose of the consultations is to explore the views of a broad cross-section of the Australian community in relation to minimum wages. This knowledge is used by the Commission during its minimum wage review. It also assists the Commission to monitor the impacts of its wage-setting decisions on the general population. The timing of the consultations, being prior to the July 2008 Minimum Wage Decision, allows this report to inform the 2008 Minimum Wage Review.

This report presents the findings from the focus groups and online discussion forums.

1. Who are the low paid?

This study sought to capture the views, experiences and opinions of groups most impacted by decisions about minimum wages in Australia. Consequently, the consultations sought views from a cross-section of people with varied labour market status. They included people currently in the labour market, people seeking to enter the labour market, people marginally attached to the labour market and people currently unemployed.

Within these broad groupings there are many factors that influence the decisions an individual makes about work. Key differential factors evident in the research included:

- age – (i.e. whether an adult or young person – and then whether living with parents or living independently);
- family situation – (i.e. whether there are children living at home or not) and relationship status (i.e. whether they are single or partnered);
- household income – (e.g. low-paid workers living in high-income households as well as low-income households);
- unemployed – length of time out of the workforce;
- whether on government benefits;
- personal factors such as self-confidence and self-esteem;
- marginally attached to the labour force – (i.e. if regularly in and out of employment and experiencing spells of unemployment); and
- whether a part-time or casual worker.

The consultations clearly showed diversity amongst groups and individuals who could be classified as “low-paid” and highlighted that it is not possible to describe a “typical” low-paid worker. To do so would create a stereotype that is not reflective of the diversity that exists. The challenge is therefore to understand the lives of low-paid workers and the varied circumstances in which they live.
2. Labour market participation

The role of work

The focus groups and online discussion forums typically began by seeking to understand attitudes to work and the role work plays in people's lives. Regardless of current employment status, participants generally endorsed work as an important and positive aspect of their lives. Most acknowledged the necessity to work and recognised that work had both monetary and non-monetary benefits.

There was a range of reasons given for why people work, ranging from providing for the basic necessities of life (such as food and shelter), providing for non-essential items or wants (such as holidays and eating out) and providing a personal or social benefit (such as a sense of achievement or satisfaction). However, the role and value of work often differed for young people (and especially for those living at home as dependants) from that of low-paid adult employees and particularly those with children. For many young people the decision to work was related to independence, achieving adulthood and personal gratification rather than necessity.

The decision to work

The decisions people made about work depended on the perceived value of work and the role work played in their lives. Typically this took the form of a cost–benefit analysis with people weighing up the pros and cons of working against alternatives such as unemployment, retirement, family responsibilities, etc.

Some participants recounted their choice and experiences in choosing "jobs" versus "careers" and how low-paid work may be purposefully used as a transition to a longer-term goal. The study provides evidence of stepping stones out of low-paid employment for those with capacity to take up opportunities. Participants in a number of locations cited examples of labour market mobility both within their own local market and to other markets – for example moving to Western Australia to pursue work opportunities.

The consultations highlighted a range of life choices and influencing factors which low-paid workers and unemployed people take into account when making decisions about working. For many, these choices took the form of a trade-off, often in relation to pay rate. The decision to work involved a complex interplay of many different factors, including some of the following:

- family considerations such as the availability and cost of childcare, and opportunity cost of missing out on family life;
- work logistics and environment;
- trade-offs on the basis of employment status, access to training and flexibility;
- type of work;
- employer attitudes and workplace culture; and
- cost of living and cost of working.

The consultations revealed there were decisions and trade-offs made regarding the merit or value of (re-)entering the workforce for those who were currently unemployed. These trade-offs focused on how wage rates, tax rates, the costs associated with work (such as petrol, loss of government allowances and associated benefits) influenced disposable income. For others, opportunity costs (such as loss of time with the family) were also considered. Overall, it appeared that most unemployed participants considered the “whole
package" of wages, taxation, and benefits rather than wages alone when weighing up their decision to pursue employment or to take on additional employment.

3. Employment and competitiveness

One of the key findings from the 2008 consultations (comparative to those conducted in 2007) was a greater emphasis on economic conditions and a heightened awareness of related concepts such as cost of living and level of wages growth.

While participants' understanding of these concepts appeared at times to be somewhat superficial and/or not always well articulated, all audiences were generally more aware this year of the current economic conditions and how this impacted on their employment prospects, disposable income and lifestyle.

The consultations provided evidence of generally buoyant but diverse labour markets. This was reflected in the perceived ease of finding “any” job, although it was often acknowledged that finding employment that suited one’s personal circumstances could be more difficult. This was particularly evident when participants discussed their desire for employment that was flexible in terms of working hours and/or location.

In contrast, those in less buoyant labour markets and some low-paid/unemployed participants encountered barriers to employment such as age, lack of skills and lack of experience. While discussions provided evidence of generally prosperous times leading to high levels of choice and opportunity, for some people entering the labour market (such as young people) there was evidence that the benefits of work were not being matched by the cost of living. Furthermore, not all participants felt that they were able to benefit from the buoyant labour market conditions, citing a range of factors such as inability to relocate, insufficient skills, health impairment or disability, or poor English language skills.

For many employers, rising costs and labour shortages were also a cause for concern. Business owners employed a range of strategies to manage rising costs including diversifying, increasing prices, finding efficiencies, or refining their employment practices.

4. Providing a safety net for the low paid

Higher cost of living and consequent pressures on individual and family budgets were raised with greater strength of opinion in the 2008 consultations compared to those conducted in 2007. This included emphasis on issues such as petrol prices, interest rates, rent increases and grocery prices. The extent to which cost of living pressures were experienced was influenced by a range of factors including life situation, living arrangements, financial commitments and life choices. The buoyancy of the local labour market was also a factor.

The low-paid are a diverse group, experiencing varied life and personal circumstances. They view work and pay rates in different ways and make different choices in relation to employment. As a result, the concept of the minimum wage as a safety net does not apply to all low-paid workers and unemployed people in the same way.

To assist in understanding the different groups of low-paid workers and unemployed people, a segmentation was developed based on two primary measurements:

1. Locus of control; and
2. Characteristics and circumstances.
Locus of control relates to the level of control that an individual feels about their situation, and which in turn influences their confidence. At one end of this continuum (top of the diagram) the individual is **internally driven** and attributes outcomes of events to their own control, while at the other end of the continuum (bottom of the diagram) the individual experiences a lack of control, attributing outcomes of events to **external circumstances**.

Characteristics and circumstances relate to the extent of opportunity available to an individual. This can be related to personal characteristics and circumstances or the labour market within which an individual is competing. The left-hand side of the continuum represents a **lack of opportunities and barriers to entry** while the right-hand side represents **choice and opportunity**. Based on this analysis, four groupings or segments of low-paid workers and unemployed have been identified.

The concept of the minimum wage as a safety net is of least relevance for the “choice/lifestyle” group and of most relevance for the “no choice” group (refer to section 5.3 of the report for further discussion).

5. **Wage rate determination**

Awareness and understanding

All groups were asked about the wage-setting arrangements in their current workplace or in the workplace of recent positions they had held. While participants had an awareness of the factors influencing wage-setting, most had a limited understanding and were not able to articulate how wage rates were determined in any detail or with any degree of certainty.

It was apparent that there were differing levels of knowledge of and familiarity with the formal industrial relations system. Many participants had a basic topic vocabulary and the terms “award”, “workplace agreement” and “enterprise bargaining agreement” were used regularly by both employees and employers. While it was apparent that such terms are in common parlance, detailed knowledge of their meanings appeared to relate mainly to an individual’s personal circumstances.
The consultations highlighted that many participants, particularly juniors and low-paid workers, appear to accept the status quo in relation to wage-setting and many have never considered the mechanics or the determinants of their rate of pay. Overall, a low level of engagement and involvement in the determination of pay rates was evident.

**Determinants**

Initial comments on the determinants of wage rates often centred on award rates and workplace agreements, with many employers and employees commenting that these were the primary determinant of wage rates. However, following further discussion, participants formed the view that the key determinants of pay rates also included an employee's characteristics or attributes. In this regard, skills, qualifications and experience were frequently mentioned.

Age was often mentioned spontaneously as a key driver of wage rates in today’s workplaces, particularly among groups of juniors and among employers. Employee performance and economic and business factors were also discussed by both workers and employers.

**Views on the minimum wage**

The majority of participants understood and endorsed the concept of the minimum wage. While a variety of opinions were expressed, there was strong agreement among participants that Australia needs a safety net to protect the more disadvantaged in society. The discussions typically focused on issues of social justice when discussing the concept of minimum wages. While there was general awareness and support for the concept of the minimum wage, there was limited knowledge of the mechanics of the minimum wage and its implementation.

In general, there was limited understanding among participants of how the minimum wage was determined. Many assumed the minimum wage was based on the cost of living, and furthermore, some believed the determination of the minimum wage was directly linked to the cost of living.

Despite the diversity of experience and circumstances of low-paid Australians, and the differing focus of employers across industries, there was consensus that the fundamental issues of social justice and equity should be considered when setting the minimum wage. That is not to suggest that a range of other issues were not described, but that there was an underlying theme that people should be able to meet their basic needs given increases in the cost of living. The vast majority of participants felt that the cost of living should be the primary determinant of any adjustment to the minimum wage. It appears this may in part be driven by a heightened awareness of economic conditions.

**Determination of the minimum wage by participants**

There was general endorsement by all groups of participants for minimum wage increases. This was supported in particular by low wage workers and unemployed Australians, given the cost of living pressures being experienced and the need for greater incentives to work as a result of loss of benefits and increases in costs associated with working.

The views and experiences of employers varied by industry and labour market area. Many employers were experiencing labour and skills shortages. While employers supported the minimum wage and acknowledged cost of living increases, a range of opinions were expressed on the topic of increasing minimum wages. Employers of juniors were least
likely to support an increase in the minimum wage.

Participants were asked to comment specifically on the impact of changes to the minimum wage. Issues raised ranged from impacts on the economy to impacts on business and the lifestyle of low-wage Australians. A common theme was impacts on the cost of living and what many described as “the vicious circle” whereby wage increases are eroded by subsequent increases in prices due to inflationary pressures.
1. Introduction

1.1 Background and purpose of the consultation

The Australian Fair Pay Commission (the Commission) is an independent body responsible for adjusting federal minimum and classification wages to promote the economic prosperity of the people of Australia. It was established under the Workplace Relations Act 1996. In setting and adjusting wages for about 1.2 million workers in Australia, the Commission plays a significant role in the management of the Australian economy.

The Commission's approach to wage-setting places great importance on gathering information through economic and social research and consultation processes. Consequently, the Commission has substantial and ongoing research and consultation programs to ensure its wage-setting decisions are based on an understanding of the economic and social circumstances of low-paid Australians.

The Commission operates under a cycle of information gathering (including consultation), decision making, communication, and monitoring. Throughout the process of gathering information, the Commission seeks the views of both key stakeholders and the general population via appropriate mediums.

The purpose of the Commission’s public consultation is to explore the views of a broad cross-section of the Australian community most affected by its wage-setting. This knowledge is input into the Commission’s wage review process. The consultation provides further input to the monitoring process the Commission uses to gauge the impact of its wage-setting decisions. This information is considered in the context of all information gathered, including information obtained from commissioned research, via written submissions and through meetings with key stakeholders. Importantly, information gathering is part of a continuous process, adding to the cumulative understanding of issues for consideration in future wage reviews.

1.2 Consultation process

In December 2007 the Australian Fair Pay Commission invited written submissions from interested organisations and individuals to its 2008 Minimum Wage Review. A total of 87 submissions were received, including 41 from employer, employee, community, professional and education organisations, 10 from government and government agencies and 36 from individuals and private businesses. Further to this information gathering process, the Commission conducted consultations in each state and territory between February and May. These consultations provided opportunities for the Commission to learn more about regional labour market conditions and the impact of its decisions on employers, employees and unemployed Australians. Specifically the Commission has conducted stakeholder meetings with:

- representatives from national employee, employer and community organisations and the federal government;
- representatives from key employee, employer and community organisations in states and territories and with state and territory governments;
- its Disability Roundtable and;
- its Business Consultative Groups;
and conducted site visits to:

- metropolitan and regional areas to visit places of employment;
- employment services providers; and
- training providers.

The information gathered through stakeholder meetings and site visits has been supplemented by a program of targeted focus group consultations and a series of interactive online discussion forums. The Commission engaged TNS Social Research to conduct the focus group research with groups typically most affected by its wage-setting decisions, as well as general consultation with Australians via the secure online bulletin board discussions. The timing of these targeted discussion groups, being prior to the July 2008 Minimum Wage Decision, allows this report to inform the 2008 Minimum Wage Review.

This report presents the findings from the public consultation.

### 1.2.1 Research audiences

**Mainstream face-to-face**

In fulfilling its wage-setting function the Commission places great importance on understanding the impact of its wage-setting decisions on those directly affected by such decisions. The Commission must have regard to the following four key criteria:

- the capacity for the unemployed and low paid to obtain and remain in employment;
- employment and competitiveness across the economy;
- providing a safety net for the low paid; and
- providing minimum wages for junior employees, and employees to whom training arrangements apply and employees with disabilities that ensure those employees are competitive in the labour market.

Consequently low-paid workers, the unemployed, juniors and employers of low-paid Australians were the primary target audiences for this research. These groups were consulted in a targeted fashion using small group discussions with structured facilitation.

**Mainstream Interactive Online Discussion Forums (bulletin boards)**

In addition to the structured small group discussions, eight interactive online discussion forums were conducted over five days with an activity set specified for each day.

The interactive online discussion forums were successfully trialled by the Commission as part of the consultation for its July 2007 Minimum Wage Review. The online medium allows for a variety of participants to share their views and engage in thoughtful exchanges benefiting from the freedom that anonymity creates and without the barrier of location. The online discussion forums provide an ideal mechanism to capture the opinions of a diverse range of participants, and have been included as an integral element of the 2008 Minimum Wage Review consultations. A variety of age groups, income levels (ranging from people in low-paid employment through to high-income earners), occupations, family structures and geographic locations (which is not possible in a traditional face-to-face focus group discussion) were included in this year’s consultation.
CALD face-to-face

Mini-focus groups were conducted with individuals from culturally and linguistically diverse (CALD) communities. The mini-groups were facilitated by Cultural Partners Australia, who specialise in research with these communities.

Mini-groups were conducted with Mandarin and Arabic speakers as these groups are significantly over-represented among low-paid industries, coupled with low levels of English proficiency. The consultations were conducted “in language” where appropriate, by a senior researcher who is a native speaker of each language. People in CALD communities are also included in other groups as they naturally occur, providing greater understanding of this important segment.

1.2.2 Locations and group structure

Mainstream face-to-face

Overall this consultation method included 24 face-to-face targeted consultation groups (often referred to as focus groups), each containing five to eight participants. The focus groups were conducted in a central location and were 1.5 to 2 hours in duration. The group structure was as follows:

- n=6 groups with low-paid individuals;
- n=4 groups with individuals employed on junior rates;
- n=6 groups with unemployed individuals; including n=2 with junior segment;
- n=6 groups with employers of low-paid workers;
- n=2 groups with employers of juniors.

The five broad groups were identified by the Commission as its priorities for consultation as they are directly affected by its wage-setting decisions.

The focus groups were conducted by experienced TNS Social Research researchers across all states, including a mix of metropolitan and regional areas, and a range of locations experiencing high and comparatively low levels of economic prosperity in the following locations:

- Brisbane, Sydney, Melbourne, Adelaide, Hobart and Perth;
- Townsville, Newcastle, Wagga Wagga, Albury/Wodonga and Launceston.

Appropriate locations were selected by the Commission based on the state of the economy and employment levels. The study included a mix of locations – capital cites in all states, larger and smaller regional towns both in coastal and inland locations, and locations influenced by a range of industry and environmental factors (e.g. affected by drought, employment levels, seasonal tourist labour demands and/or booming or contracting industries). Due consideration was also given to the ongoing nature of the consultation process and, as such, regional locations and suburbs were selected to complement those where previous consultations had taken place. Table 1 shows the location of each targeted discussion group.
Table 1: Structure of individual groups

<table>
<thead>
<tr>
<th>Location</th>
<th>Participant characteristics</th>
<th>Circumstances</th>
<th>Age group</th>
<th>AFPC</th>
<th>Observed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melbourne</td>
<td>Working full-time/part-time – finished education (no intention to study)</td>
<td>Not living at home</td>
<td>18–20 years</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Melbourne</td>
<td>Unemployed – not studying either</td>
<td>Living at home</td>
<td>18–20 years</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Melbourne</td>
<td>Employed on ‘minimum’ rate of pay</td>
<td>Has dependants</td>
<td>21–34 years</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Melbourne</td>
<td>Employer of low-paid workers</td>
<td>‘Community’ services industry</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perth</td>
<td>Unemployed</td>
<td>On benefits</td>
<td>21–34 years</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Perth</td>
<td>Employed on ‘low’ rate of pay</td>
<td>No dependants</td>
<td>21–34 years</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Perth</td>
<td>Working part-time/casual basis</td>
<td>Full-time secondary school student</td>
<td>16–17 years</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Perth</td>
<td>Employer of low-paid workers</td>
<td>‘Trade’ industry</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adelaide</td>
<td>Employed on ‘junior/apprentice/trainee’ rate of pay</td>
<td>Not living at home</td>
<td>18–20 years</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Adelaide</td>
<td>Employer of low-paid workers</td>
<td>‘Retail’ industry</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Albury/Wodonga</td>
<td>Employed on ‘minimum’ rate of pay</td>
<td>No dependants</td>
<td>21–34 years</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Launceston</td>
<td>Unemployed</td>
<td>On benefits</td>
<td>35+ years</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Launceston</td>
<td>Employed on ‘low’ rate of pay</td>
<td>Has dependants</td>
<td>35+ years</td>
<td>Yes</td>
<td></td>
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<tr>
<td>Hobart</td>
<td>Employer of low-paid workers</td>
<td>‘Retail trade’ industry</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brisbane</td>
<td>Working full-time/part-time – finished education (no intention to study)</td>
<td>Living at home</td>
<td>18–20 years</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Brisbane</td>
<td>Employer of low-paid workers</td>
<td>‘Hospitality’ industry</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Townsville</td>
<td>Employed on ‘low’ rate of pay</td>
<td>No dependants</td>
<td>35+ years</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Townsville</td>
<td>Employer of staff aged under 21 years (min 20% of staff)</td>
<td>‘Retail &amp; Hospitality’ industries</td>
<td>Yes</td>
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</tr>
<tr>
<td>Wagga Wagga</td>
<td>Unemployed – not studying either</td>
<td>Not living at home</td>
<td>18–20 years</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Wagga Wagga</td>
<td>Employed on ‘minimum’ rate of pay</td>
<td>Has dependants</td>
<td>35+ years</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Sydney</td>
<td>Unemployed</td>
<td>On benefits</td>
<td>35+ years</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Sydney</td>
<td>Employer of low-paid workers</td>
<td>‘Trade &amp; Manufacturing’ industries</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newcastle</td>
<td>Unemployed</td>
<td>Return to work</td>
<td>21+ years</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Newcastle</td>
<td>Employer of low-paid workers</td>
<td>‘Manufacturing’ industry</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The breakdown and composition of the groups is presented below:

Low-paid workers (6 groups)

- Gross personal income from PAID employment to be at or less than $36,400 per annum or part-time equivalent (up to $700 per week for 38 hour week or $18.42 per hour)
- At least 2 participants employed on minimum wages: gross personal income from PAID employment to be at or less than $27,150 per annum or part-time equivalent ($522 per week for 38 hour week or $13.74 per hour)
- Aged over 21 years: 3 groups of 21–35 years; 3 groups of 35 years and over
- With/without dependents: 3 groups with dependant children and 3 groups without dependents
- Minimum of 2 participants of either gender per group
- Mix of full-time and part-time / casuals with at least 2 full-time workers per group
- Mix of occupation / industry
Unemployed (6 groups: 4 low-paid focus, 2 junior wage focus)

• Unemployed: 3 groups on benefits, 1 group return to work (intending to re-enter the workforce after a period of time unemployed), 2 junior groups
• Actively looking for work in the last six months
• In last position had gross personal income of less than $36,400 per annum (up to $700 per week for 38 hour week, $18.42 per hour) or part-time equivalent OR looking for employment and willing to take job paying less than $36,400 per annum or part-time equivalent.
• 2 groups aged 18–20 years, 4 groups aged over 21 years: n=2 aged 21–35 years, n=2 aged over 35 years
• Aged under 21 years: n=1 group living at home, n=1 group NOT living at home
• Minimum of 2 participants of either gender per group
• Unemployed ‘on benefits’ or “return to the workforce by choice with 12 months’
• Occupation / Industry varied as long as participant was on low pay or willing to take a position paying less than $36,400 per annum.

Employees on junior rates (4 junior wage focus groups)

• Aged under 21 years and employed on junior rate for their age: 3 groups aged 18–20, 1 group of 16–17 years of age
• Employed: full-time or part-time / casual
• Two groups of studying (1 group at secondary school and 1 group potentially in further education), 2 groups of completed education and now in workforce
• Two groups of living at home, 2 groups of not living at home
• Range of socio-economic circumstances / household incomes
• Minimum of 2 participants of either gender per group

Employers of low-paid workers (6 groups)

• Employs workers on minimum wage, low-paid and on junior rates
• Groups structured by industry
• Responsible for recruitment of employees in the business
• Business employing between 3 and 99 (small to medium sized) with some flexibility where this recruitment was difficult
• Employ workers on low wages: employees have gross personal income less than $36,400 per annum (up to $700 per week for 38 hour week, $18.42 per hour). This includes at least 2 employers in each group with staff paid minimum wage ($13.74 per hour, $522 per week, $27,144 per annum)
• Have recruited staff in last 6 months or intend to recruit in the next 6 months
• Minimum of 2 participants for either gender per group
• Mix of employers with full-time staff and part-time / casuals – minimum of 2 employers with full-time staff on low pay

Employers of juniors (2 groups)

• Employs workers on junior rates (at least 20% of workforce)
• Groups structured by industry
• Responsible for recruitment of employees in the business
• Business employing between 3 and 99 (small to medium sized) with some flexibility where recruitment was difficult
• Two groups of employers who employ workers on junior rates (aged under 21 years – minimum 20% of workforce)
• Have recruited juniors in last 6 months or intend to recruit in the next 6 months.
• Minimum of 2 participants of either gender per group
• Mix of employers with full-time staff and part-time / casuals – minimum of 2 employers with full-time staff on low pay.

CALD low-paid employees

Participants were drawn from Melbourne (Mandarin speakers) and Sydney (Arabic speakers).

All were first-generation migrants who had migrated to Australia in the last ten years, with some participants recently arrived within the last two years. All had low-level English language proficiency and fell into two age groups, 18–24 years and 35+ years.

Chinese (Mandarin speaking) participants – Melbourne (total 10 participants)

• 18–24 group: three males and two females
• 35+ group: one male and four females.

Arabic speaking participants – Sydney (total 8 participants)

• 18–24 group: two males and two female
• 35+ group: two males and two females.

Structure of participants for mainstream Interactive Online Discussion Forums (bulletin boards)

Participants were recruited to participate in the online discussion forums via a mix of traditional recruitment methods and via an online research panel. Each of the eight interactive online discussion forums included up to 15 participants, across the following audiences:

• 2 with adult employees (aged 21 years and older, mix of occupations, industries, and locations)
• 2 with junior employees (aged 15–20 years of age, mix of occupations, industries, and locations)
• 2 with employers of low-paid (mix of industries, and locations)
• 2 with employers of juniors (mix of industries, and locations).

Discussions were held with one group from each audience in February, and with the other group in March.

1.2.3 Research with young people

This research was carried out in accordance with the Australian Market and Social Research (AMSRS) Code of Ethics and the National Privacy Principles (NPP). Particular attention was paid to the clauses relating to the conduct of research with young people:

Children are defined as being “under 14 years” and young people are defined as being “14–17 years”. In the case of young people, where the information to be collected is “sensitive information” as defined by the Privacy Act, Researchers must seek the consent of a responsible adult. (Australian Market and Social Research Society)
In the case of young people, where the information to be collected is sensitive information as defined by the Privacy Act, research organisations should seek the consent of a responsible adult; where research involves any subjects or circumstances that might reasonably be judged to be of concern to parents or guardians of the young person (e.g. sexual activity, violence and drug taking), but does not include sensitive information as defined by the Privacy Act, consideration should be given to seeking the consent of a responsible adult. (AMSRS Code of Ethics)

Accordingly, only those aged 16 and over were included in the research. As the information sought was not of a sensitive nature, it was not necessary to seek parental consent. While parental consent was not expressly required, in reality many juniors (particularly those aged 16-17 and living at home) were contacted via their parents in order to seek their participation.

1.2.4 Observation by the Commission

The majority of the mainstream face-to-face groups were observed by Commissioners and Secretariat staff. Commissioners also took the opportunity to address the groups at their conclusion and to answer any questions. As part of the research design, a proportion of focus groups, particularly those in regional areas, were conducted unobserved. The interactive online discussion forums conducted in February and March were observed by the Secretariat.

Participants were informed about being observed at the time of recruitment and prior to the start of each discussion. The groups that were observed are noted in Table 1.

1.3 Reporting approach and structure

1.3.1 Report style and presentation

One of the primary functions of this study was to gather the opinions of a large number of Australians from different sectors of the community and business affected by the Commission’s wage-setting decisions. In terms of reporting, this means that the diversity of opinion is reported. Thus, while the report is highly structured, it presents almost all of the different opinions expressed, rather than focussing on just the main or repeated themes. Relative prevalence of opinions or ideas, however, is noted so as to highlight the more commonly held views.

Accordingly, a larger number of quotes than is typical for a qualitative research report are presented in the body of the text (clearly indicated in inverted commas and italics with the attribution in square brackets). In addition, where these quotes add particular meaning or context to the discussion, short profiles of actual participants are presented.

This report has been structured around comments from participants. It not only weaves themes from the different groups into a wider context, but attempts to show the “human face” behind some of the different circumstances of participants. Consequently, it includes vignettes from particular participants to illustrate and expand on the themes. The names have been changed, and any distinguishing details have been removed in order to preserve the identities of those who took part in the discussions.
1.3.2 How to use this report

A wide range of audiences were included in the study. The perspectives of these different audiences provide for rich discussion and at times diverse opinion on topics of interest. These views are collated and presented in broad themes as follows:

- **Section 2: Who are the low-paid?** This section describes the scope of the research, which was deliberately broad, encompassing groups such as low-paid workers, young workers and people who are currently unemployed. It also highlights the diversity within these broad groupings and discusses the myriad of factors which influence the decisions an individual makes about work.

- **Section 3: Labour market participation.** This section contains a discussion of work and working life and explores the role and value of work, decision factors weighed up by participants when making decisions about working or not working and capacity for unemployed and low-paid workers to obtain and remain in employment.

- **Section 4: Employment and competitiveness.** This section contains discussion of the current economic context and labour market conditions as reflected in group discussions. It highlights key experiences raised with regard to labour market mobility, the importance of pay rates and other significant contextual issues influencing the decisions and behaviours of low-paid employees in 2008.

- **Section 5: Providing a safety net for low-paid employees.** This section contains discussions on the cost of living and the disposable income of low-paid and unemployed people as well as different work arrangements and factors influencing decisions to work. It also includes a segmentation to assist in understanding the diversity of low-paid workers and unemployed people.

- **Section 6: Wage rate determination.** This section outlines views on pay rates, experiences and choices with regard to different jobs and pay rates and the types of issues considered in determining levels of pay in various workplaces. Specific discussion on minimum wages and the priority areas for consideration when setting minimum wages are included in this section.

The general opinions expressed, the diversity of views, and any specific issues raised by particular groups are described and identified in these sections where relevant and appropriate.
2. **Who are the low-paid?**

This study sought to capture the views, experiences and opinions of groups who would be impacted by decisions about the minimum wage in Australia. Consequently, as in previous research, the scope of the consultation was deliberately broad. To canvass issues for labour market participation and decision making about entry into the labour market, the consultation sought to collate views from people with varied labour market status, including people currently in the labour market, people seeking to enter, people marginally attached and people currently unemployed.

**Figure 2 : Broad groups within scope (labour market participation)**

However, within these broad groupings several factors influence the decisions an individual makes about work, and in every individual situation the interplay between these factors differs.

Beyond these broad groupings, various factors related to life stage mean that these groups are also made up of further levels of different life circumstances and situations. An individual’s attitudes and behaviours towards work, work practices and levels of pay were related to these circumstances. Understanding the diversity of views requires an appreciation of the diversity of circumstances. It was evident from the group make-up and discussions that it is an over-simplification to characterise low-paid Australians as a homogenous group.

Figure 3 shows just some of the many combinations of circumstances presented via the discussion groups and the associated factors which may influence an individual’s situation, work practices and opinions about wage rates.
The research clearly showed the diversity amongst groups and individuals who could be classified as "low-paid" and highlighted that it is not possible to describe a typical low-paid worker. To do so would create a stereotype that is not reflective of the diversity that exists. The challenge is therefore to understand the lives of low-paid workers, and to do that it is necessary to understand the circumstances in which they live.

The first factor is age (i.e. whether an adult or young person) and then whether living with parents or living independently.

For those living independently, however, there are several other factors that impact on lifestyle and capacity to cope on low wages: family situation (i.e. whether there are children living at home or not) and relationship status (i.e. whether they are single or partnered).

For example, single low-paid people with dependent children by definition have only one (low-paid) income coming in and limited capacity to augment that. The main ways in which the family income could be augmented was by either finding a higher-paid job in the same hours or by taking on additional hours of work. For single people the household outgoings may not necessarily be half those for a partnered family unit. Those family units with dependent children and two adults have a greater capacity to supplement the total household income as there are two people who can potentially take on work and earn income. Naturally this depended on individual circumstances. For example, there were some family units where the age of the children was reported to make work difficult for the primary caregiver and, further, the high cost of childcare made work unprofitable (see further discussion below).
Further, there was a proportion of low-paid workers living in high-income households. Household income was an additional factor to be overlaid on all the above. As noted, many young people on junior rates still live at home with their parents and thus may be living in high-income or relatively high-income households. In addition there are also people who earn low wages but have a partner who has a high-paid job, for example, predominantly women who have children at home and who may or may not have low skills, but take low-paid jobs because those are the jobs that allow more flexibility and part-time working hours (e.g. retail and hospitality). In the focus groups they are often the people who are working for extra cash or to provide for non-essential items.

Amongst those who were unemployed, circumstance also differed, for example, according to the length of time out of the workforce, whether they were on government benefits, and if so, whether that benefit had participation requirements. In the groups there were some unemployed people who had not worked for many years, or who may never have worked and as a result felt they had limited employment choices, while for others not working was a choice. In addition, personal factors such as self-confidence and self-esteem impact lifestyle and working decisions. In comparison, those who were more marginally attached to the labour force (i.e. in and out of jobs and who had spells of unemployment) and part-time and casual workers had different experiences of unemployment. Typically drivers for these individuals in their decisions to work and working arrangements were different compared to drivers for longer-term unemployed people.

The research presents the voice of low-paid employees, illustrating through evidence collected in consultation, the stories, experiences and views of a diverse range of individuals.
3. Labour market participation

This section contains discussion of work and working life, labour market participation and issues raised in the groups and bulletin boards related to the capacity for unemployed and low-paid workers to obtain and remain in employment.

3.1 The role and value of work

As with the Commission’s 2007 focus group research, the consultation process typically began by seeking to understand attitudes to work and the role work plays in people’s lives.

Regardless of current employment status, focus group participants endorsed work as an important and positive aspect of their lives:

“Having a job means feeding the family, having a roof over our head.” [Adult employee, bulletin board participant, low-paid, 21-35 yrs, Melbourne]

“Having a job means job satisfaction, earning, doing new innovative things by using new ideas, [being able to] lead a styled life, meeting and achieving the targets in time at the best quality, [having a job] makes our life active.” [Adult employee, bulletin board participant, low-paid, 21–34 yrs, Melbourne]

When asked to rate how important work was to them, bulletin board participants also endorsed work as a very important part of their lives. On a scale of 1 to 10, the majority of participants rated it as 8, 9, or 10, with 10 being the highest importance or priority.

One person who did not think it was a high priority at all (rating it as 1 out of 10) reported that he worked only so he could use the money to provide basic necessities:

“Work is just something I do to buy food etc. … My family is number one and then there’s a fair sized list that comes before work.” [Adult employee, bulletin board participant, above-average income, 21–34 yrs, WA regional]

A few younger unemployed participants without dependents admitted that work was not a priority in their life and they were happy not working (for now):

“First a supermarket, then I worked at a shop in the city for a while. I just felt like I had no time to do anything; the pay wasn’t all that great and it just goes – I decided I was going to cruise for a little while. I wanted to study or something so I’m just going to figure out what I want to do. I was overseas last year as well and I liked it … ” [Focus group participant, unemployed on government allowance, 21–35 yrs, Perth]

“I do a lot of travelling up and down the coast, up and down WA. I don’t work; I just basically travel back and forth to places like Kalbarri to Margaret River. I like to go surfing … ” [Focus group participant, unemployed on government allowance, 21–35 yrs, Perth]

The general response, however, was that work was very important to adult employees for a range of reasons. For example, work was important so they could maintain a lifestyle and save up in order to do other things:

“I need a job, of course, for the bills and lifestyle we wish to maintain but I would never put it before my family.” [Adult employee, bulletin board participant, low-paid, 21–34 yrs, SA regional]
“I would like to keep travelling.” [Adult employee, bulletin board participant, above-average income, 35+ yrs, ACT]

“Work is important because [without it] I could not do other things” [Adult employee, bulletin board participant, above-average income, 21–34 yrs, NSW regional]

The workplace itself was also a place where many participants reported they like to spend time, for various reasons:

“It gets me out of the house, and I like to be outdoors.” [Adult employee, bulletin board participant, low-paid, 35+ yrs, Tas regional]

“It’s quite often an escape – where I don’t have to think about other problems or issues” [Adult employee, bulletin board participant, average income, 21–34 yrs, Adelaide]

People who gave work an importance rating of 7 or 8 out of 10, said that whilst work was important, their family was more important, so work would never rate a 10.

“… my son is my first and highest priority.” [Adult employee, bulletin board participant, average income, 21–34 yrs, Vic regional]

“It is not my highest priority; my family is.” [Adult employee, bulletin board participant, above-average income, 35+ yrs, NSW regional]

Those who rated their work as 9 or 10 out of 10 said this was driven in some cases by financial needs but more often by a combination of factors including enjoyment or satisfaction:

“I need to work to pay my bills and debts. Currently I am on my own and rent is not cheap! I also love my job and have the best boss in the world. This would not be easy to give up.” [Adult employee, bulletin board participant, low-paid, 21–34 yrs, NT]

“It is the centre of all of my activity. It gives me the satisfaction of doing my job well. I need the money to pay the mortgage.” [Adult employee, bulletin board participant, above-average income, 35+ yrs, Qld regional]

“My current job saved me. I was living a life I hated before being given this opportunity. Now I have a future to look forward to. I also know that no matter what happens I have my foot in the door and will not have to put up with a miserable job role again.” [Adult employee, bulletin board participant, low-paid, 21–34 yrs, NSW regional]

Bulletin board participants were asked to describe or illustrate through photos what work means to them, why they work or want to work, and the benefits and/or drawbacks of working.

As in the Commission’s previous research, there was a range of reasons given for why people work. These can be divided into satisfying basic needs, wants and a certain external good (social or personal). The Commission’s 2007 report provides a detailed mapping of participants’ comments grouped into categories fitting Maslow’s Hierarchy of Needs.2 A similar view was found in the 2008 responses, demonstrating that the role and value of work differs for different people, ranging from providing for the basic necessities

1 Report on Targeted Focus Group Public Consultations for the Australian Fair Pay Commission’s 2007 Minimum Wage Review
of life (such as food and shelter), providing for non-essential items or wants (such as holidays and eating out) and providing a personal or social benefit (such as a sense of achievement or satisfaction).

A sample of comments are provided by way of illustration.

### 3.1.1 Work provides for basic needs

"I am just so desperate for a (permanent) job. I have a mortgage so I need the money." [Adult employee, bulletin board participant, low-paid, 21-35 yrs, Perth]

"I work because I have to have money to pay the bills." [Adult employee, bulletin board participant, average income, 35+ yrs, Brisbane]

"I need money for university and for paying bills and transport." [Adult employee, bulletin board participant, average income, 21–34 yrs, Adelaide]

"Someone has to, and there are bills to pay. To keep my head above water I need to work." [Adult employee, bulletin board participant, average income, 35+ yrs, Vic regional]

### 3.1.2 Work provides for wants

Others talked about being able to increase their capacity to afford a few luxuries and holidays or overseas travel.

"Just to have a comfortable lifestyle, to be able to go on a holiday and go out for the occasional meal and to dress nicely … Buy some things that you want … Yes. Things that you want rather than things you need." [Focus group participant, unemployed, NSW regional]

Other roles for work included supplementing the major breadwinner’s income – for some this represented the opportunity to “make things a bit easier” by helping to pay the bills where the main breadwinner was on a low wage, but in other cases it was to enable the family to be able to afford a few luxuries:

"That's why a lot of us go to work, though, just to make life a little bit easier." [Focus group participant, unemployed, NSW regional]

"It enables our family to afford special things in our lives." [Adult employee, bulletin board participant, above-average income, 35+ yrs, NSW regional]

"I work because I want to. I feel that I need to work but it also gives me … I don’t feel guilty if I want to go to a movie or want to buy a dress." [Adult employee, bulletin board participant, low-paid, 35+ yrs, Qld regional]

"My part-time wage covered our mortgage payments so it means that we can have a slightly better lifestyle with my husband working full-time and me." [Adult employee, bulletin board participant, low-paid, 35+ yrs, Tas regional]

For others, being able to buy things for the kids or enable the kids to do more, e.g. so the kids could play sport or have things that other kids have (e.g. a computer):

"The pension that I get if I wasn’t working, with what my ex gives me, I don’t need to work. I only want to work for two reasons, one because of the mental stimulation, second it is for
their [kids] soccer because their soccer costs me thousands of dollars and that is really why I work. It is for them because they really want to be [involved in soccer] and they do athletics as well.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

“My goal at the moment is to get my daughter a functioning computer before she starts high school next year. She is already behind the eight ball in year 6. She is the only one in the class without it so that worries me. I have done without so she could live a normal existence and not be looked upon as a single-parent child, so that she can be amongst her peers and do things that perhaps other stereotypical single-parent families couldn’t.” [Focus group participant, unemployed, 35+ yrs, Sydney]

3.1.3 Work provides social or personal goods

Frequently in the discussions, at least one participant claimed they wanted to work for what might be seen as personal or self-focused reasons such as self-esteem, mental stimulation or social interaction.

“I think from my point of view – I’ve just come to the stage now – I live with my partner and I don’t get any assistance from the government. There’s 13 years difference in age and he’s been retired for eight years and I’m not ready to just get up in the morning, clean the pool and just plod. I need something that makes me feel really good about myself … I feel guilty not working.” [Focus group participant, unemployed, NSW regional]

“At least this way you are out in the community doing something. You are doing something with your day, or else you stay at home watching TV, turning into a couch potato and time passes by … you lose the ability to talk to people if you just stay home.” [Focus group participant, unemployed, 35+ yrs, Sydney]

“I would take it because I love to talk to people, meet people as well … ” [Focus group participant, unemployed, 35+ yrs, Sydney]

In some cases, people work for what might be seen as a more benevolent reason:

“Well, I mean, money is something, but … I was looking for a job because I had sort of got to that age where I wasn’t quite so fussed about getting a hugely paid job. It was just that I wanted to get a job I actually enjoyed doing and I actually got something back from. I think I was probably trying to revisit what I had done when I did welfare, the welfare job where I was getting a nice warm and fuzzy feeling and I could walk away from the job at the end of the day feeling that maybe I had made a small difference somewhere, and that is probably slightly more important than the money.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

“… because I love my career. I am a teacher and chose it because I love to teach and share my knowledge and change the world, one student at a time.” [Adult employee, bulletin board participant, low-paid, 21–24 yrs, NSW regional]

3.2 Young people and work

Although many young focus group and bulletin board participants were only just starting out in the labour market, they also saw work as an important and positive aspect of their lives. However, the role and value of work for young people often differed (especially for those who were living at home as dependants) from that of low-paid adult employees with children and young people living independently. Young focus group participants were asked to complete written “homework” prior to the group and to complete a number of
statements in their own words. One of these statements was: "Having a job means … "
A number of major (and several minor) themes emerged in relation to the meaning of having a job. Having a job means …

3.2.1 Independence

There were several articulations of this:

- **financial security** – i.e. having enough money to support oneself:

  "… supporting myself financially." [Focus group participant, 15–18 yrs, Perth]

  "… earning enough money to get by." [Focus group participant, 18–20 yrs, Adelaide]

- **freedom of action (control)** – i.e. being able to spend money on what you want:

  "… being able to have freedom, through being paid, to do more things I want to do." 
  [Focus group participant, 18–20 yrs, Brisbane]

  "… that I have control over my money that I earn and freedom to do what I want with it." 
  [Focus group participant, 18–20 yrs, Adelaide]

  "… control of my life … I make the decisions." [Focus group participant, 18–20 yrs, Adelaide]

- **self-reliance** – living under one’s own auspices, which seems to be the converse of financial dependence, i.e. having to rely on others for the money to live. (What is not stated is that with the delivery of that money comes control.)

  "… not having to rely on parents for money." [Focus group participant, 18–20 yrs, Adelaide];

  "… showing that I can be independent and self-reliant." [Focus group participant, 18–20 yrs, Melbourne]

3.2.2 Adulthood

There were also several streams to this:

- **attaining a sense of responsibility**

  "… having responsibilities and commitments." [Focus group participant, 18–20 yrs, Brisbane]

  "With a job I feel more responsible and more reliable." [Focus group participant, 15–18 yrs, Perth]

  "… a larger sense of responsibility." [Focus group participant, unemployed, 18–20 yrs, NSW regional]
3.2.3 Personal gratification

This was mainly about financing social activities and personal expenditure. Lifestyle was a key issue for all young people. (See the following section for a discussion of quality of life and the relationship between choice of lifestyle, wage rates and quality of life for young people.)

“… an income stream to finance my social activities.” [Focus group participant, 15–18 yrs, Perth]

“… freedom to afford necessities, as well as money for going out and spending.” [Focus group participant, 18–20 yrs, Brisbane]

However it was also about achieving goals:

“… being able to have the freedom … to do more things I want to do and set long-term goals [e.g. holidays].” [Focus group participant, 18–20 yrs, Brisbane]

The role and value of work differed for young people depending on their living arrangements and life circumstance. Those living independently (away from parents) saw work as of greater importance at a basic level to be able to pay bills, meet obligations etc.

3.3 The decision to work

As outlined above, while the role of work varies, it is seen as a very important part of most people’s lives. This section outlines in more depth the decision factors weighed up by participants when making decisions about working or not working. Fundamentally this is a cost–benefit analysis, with people weighing up the pros and cons of working and the alternatives such as unemployment, retirement, family responsibilities, etc.

3.3.1 Benefits and costs of work

Given the importance of work in people’s lives, it is unsurprising that participants had a lot to say about their work and how it affected them. When asked to describe the positive and negative attributes of work, while pay rates featured, many other factors were raised spontaneously as pros and cons. The responses from adults and juniors (see Table 2) were somewhat similar, however, “good pay” to adults was reported to mean they could provide for their family, whereas “good pay” to juniors was as often about extra spending money as it was about essentials such as paying rent or bills.
Table 2: Positive things about work

<table>
<thead>
<tr>
<th>Adults</th>
<th>Juniors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting new people</td>
<td>Friendly atmosphere (e.g. nice people)</td>
</tr>
<tr>
<td>Good pay – to be able to provide for family</td>
<td>Relaxed environment</td>
</tr>
<tr>
<td>Involves travel</td>
<td>Good working conditions</td>
</tr>
<tr>
<td>Able to increase skills</td>
<td>Close to home</td>
</tr>
<tr>
<td>Organised workplace</td>
<td>Rewarding, e.g. contributing to society</td>
</tr>
<tr>
<td>Hard work is acknowledged</td>
<td>Good pay – to afford rent, be able to socialise</td>
</tr>
<tr>
<td>(appreciated by colleagues and customers)</td>
<td>Involves physical activities</td>
</tr>
<tr>
<td>Responsibility</td>
<td>Keeps you busy</td>
</tr>
<tr>
<td>Being outside</td>
<td>Interaction with others (e.g. working in a team)</td>
</tr>
<tr>
<td>Working in a team environment</td>
<td>Easy-going bosses</td>
</tr>
<tr>
<td>Keeps you busy</td>
<td>Interesting and challenging</td>
</tr>
<tr>
<td>One that gives you self-respect and confidence</td>
<td>A variety of tasks</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Flexibility</td>
</tr>
<tr>
<td>Interaction with others</td>
<td>Security</td>
</tr>
</tbody>
</table>

Some of the comments collated from participants also demonstrate that other positive features of a job (in particular the people and the workplace culture) often compensate for what is otherwise repetitive or mundane work.

“I love the people I work with there. They are what gets me through the job, because I am tired of doing the same thing all the time.” [Junior employee, bulletin board participant, 18–20 yrs, Perth]

“All the things in my photos make my life and my work easier … the great water/bridge views.” [Junior employee, bulletin board participant, 18–20 yrs, Sydney]

“… gifts from staff, receiving these makes you feel that you are doing the right thing and helps me keep a positive attitude.” [Adult employee, bulletin board participant, above-average income, 35+ yrs, ACT]

“This photo is a picture of a deck that my colleagues and I built. It makes me feel proud seeing the finished project as it shows how we all worked together and used each of our own skills.” [Junior employee, bulletin board participant, 18–20 yrs, Qld regional]

“My boss is brilliant … He treats us like adults, like colleagues … He makes us feel valued … My boss values my opinion and my skills, and I could not respect him any more than I already do.” [Junior employee, bulletin board participant, 18–20 yrs, NSW regional]

Negative aspects of work related to opportunity costs such as lost time with family, negative (stressful) environments and either a lack of challenge or having too much expected or jobs that are too demanding. The costs of working including travel costs were also mentioned (see Table 3).
Table 3: Negative things about work

<table>
<thead>
<tr>
<th>Adults</th>
<th>Juniors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not able to spend time with family</td>
<td>Repetitive</td>
</tr>
<tr>
<td>Asked to work on very short notice</td>
<td>Far away from home</td>
</tr>
<tr>
<td>Long hours</td>
<td>Too demanding</td>
</tr>
<tr>
<td>Too stressful</td>
<td>Being outside in the sun</td>
</tr>
<tr>
<td>Not being respected</td>
<td>Can get too stressful</td>
</tr>
<tr>
<td>Having too much expected of you</td>
<td>Dealing with nasty customers</td>
</tr>
<tr>
<td>Too much physical work</td>
<td>Office environment</td>
</tr>
<tr>
<td></td>
<td>Too many hours</td>
</tr>
</tbody>
</table>

“[I] do get bored with my job. There are no challenges in it.” [Junior employee, bulletin board participant, 18–20 yrs, NT]

“One thing I don’t like about my job is the long drive to get there and the cost to drive my car.” [Adult employee, bulletin board participant, above-average income, 35+ yrs, Perth]

3.4 Moving from unemployment to working

Figure 4: Unemployment and the four main sets of circumstances

The consultation included a range of participants who were not currently working and who were looking for work or were on an activity tested government allowance (predominately NewStart) where they were expected to be looking for work. The circumstances of these participants varied, however it emerged that participants were generally unemployed as a result of one of four main sets of circumstances:

3.4.1 Lifestyle reasons

Some participants admitted that they choose to be unemployed because it provides them with freedom of choice about where and how they live their life. Several participants were marginally attached to the labour markets choosing to “dip into” the labour market.
to work when it suited them to earn an income and spend their time otherwise in more preferred activities such as travelling, time with family, exploring hobbies and interests, etc. Some were looking for “the right” job and only prepared to enter the workforce when this opportunity was available.

“At the moment I don’t have a job but I am volunteering a lot of my time at a community [radio] station … basically if there is a shift that needs to be covered I’ll just go in there, put on some headphones, talk on the mic and off and away I go. So yeah, I’m really liking that at the moment … radio is what I want to get into.” [Focus group participant, unemployed, 18–20 yrs, Melbourne]

Those being supported by a partner on a higher wage reported less urgency to return to the workforce. However they were also reported to be in a position to be able to take on a low-paying job without high concern for the wage level. These participants reported that often they choose work of this nature for the convenience of hours or flexibility to manage family responsibilities and that their income served to top up that of the major income earner in the household:

“I find, though, that I’m quite picky in looking for work because I know we can survive without me working and it’s more advantageous for me to be happy in a job than it is to just have a job for a job’s sake.” [Focus group participant, unemployed, NSW regional]

Some younger people still living with their parents also reported less urgency to enter the workforce even among those who were not currently studying/no longer at school:

“I just finished year 12 last year and am taking the year off this year. Haven’t started working yet but I should. I still live at home. My parents keep telling me to get a job. They don’t want me to be just around the house all day playing computer games.” [Focus group participant, unemployed, 18–20 yrs, Melbourne]

3.4.2 Resigned to circumstances

Some participants were longer-term unemployed and had given up looking for work given the series of “knock-backs” they had had through looking for work or negative experiences they had had working which made them more negatively disposed to a range of work opportunities:

“I couldn’t speak English very well, and on top of that no one wanted to even give me a chance. I felt out of place and that impacted greatly on my confidence.” [Focus group participant, Arabic female, 35+ yrs, Sydney]

“And because of my age they say ‘You haven’t got the experience’, and I say ‘Give me the experience; give me the chance’. I’m 45 – I don’t see my prospects very high.” [Focus group participant, unemployed, 35+ yrs, Sydney]

“It’s hard, very hard [looking for work]. Especially when you are older … it’s like you are not worthy of a job” [Focus group participant, unemployed, 35+ yrs, Sydney]

“I went for a council job just sweeping the streets; they said I was over-qualified, not big enough! I said ‘I’m a big girl; I can lift up things’ and they said … but they kept making excuses. I said ‘Is it because of my age?’; and they said ‘Oh no, we have older people than you’, and that made me feel really great and I said ‘Well, what experience do I need to clean? I clean my house; I have cleaning in private offices I have done’. They said ‘We will get back to you’. They always say that!” [Focus group participant, unemployed, 35+ yrs, Sydney]
These participants had become resigned to their current circumstances and adjusted their lifestyle to fit within a low income/government allowance. For some, goals were very short term and they didn’t look positively towards a long-term future:

“There is only so much I have control over because of my limited resources. I can’t work a night job because I don’t have anywhere for my daughter to go – no family she can stay with, so in some respects I have no control over . . . I guess I could go for a job and just keep working up the ranks but there is probably only so far you can go without a degree . . . and how can anybody judge the future when we are having enough trouble living in the present! . . . My goal at the moment is to get my daughter a functioning computer before she starts high school next year. She is already behind the eight ball in year 6; she is the only one in the class without it so that worries me . . . I have done without so she could live as normal of an existence and not be looked upon as a single-parent child, that she can be amongst her peers and do things that perhaps other stereotypical single-parent families couldn’t.”

[Focus group participant, unemployed, 35+ yrs, Sydney]

3.4.3 Live in weaker labour markets

Some participants live in areas where it is more difficult to get a job and a higher level of competitiveness was observed, even for low skilled jobs:

“I think age is against you. I think the younger you are the less they have to pay and so therefore I think the older you are . . . well I have applied for tonnes and tonnes. I have had a few interviews. I mean one place was interviewing 23 people and another place that I got an interview they had two hundred and something applications.” [Focus group participant, unemployed, 35+ yrs, T as regional]

“There were 810 that went for the one I went for.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

Moderator: “How do you feel about looking for work at the moment?”

Participant: “Sick of it . . . no jobs in [town] . . . a lot of the better jobs you have to go to uni or TAFE.” [Focus group participant, unemployed, 18–20 yrs, NSW regional]

“If you didn’t have experience you are stuck because you are always going to get beaten by someone who has more [experience]. But because you are always getting beaten you are not out there getting the experience.” [Focus group participant, unemployed, 18–20 yrs, NSW regional]

3.4.4 Experience barriers to entry to the labour market

Some participants are hampered by factors such as low levels of skills and experience, or poor health or disability:

“I haven’t worked for a while. I ride bikes and I came off and broke a rib . . . about seven months ago . . . [I] registered with about eight different work agencies. I’m not actually sure how many of those are government funded or government run but they are all useless . . . because they haven’t got me a job yet.” [Focus group participant, unemployed, 21–35 yrs, Perth]

“I’ve been looking for admin type positions. I find it quite difficult when applying for jobs because I don’t have any specific skills and you find a lot of places want specific skills.”

[Focus group participant, unemployed, NSW regional]
“I am looking for work and finding it very difficult. With the experience I have got it is very hard to find work.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

“No one wanted to offer me a job. People were rude and racist. The only comment I got was that I wasn’t qualified, but in my country I was very qualified.” [Focus group participant, Arabic female, 23 yrs, Sydney]

3.4.5 Decision factors for those on government allowance

While work was perceived positively by participants, the consultations revealed that there were deliberations and trade-offs regarding the merit or value of (re-)entering the workforce for those who were currently unemployed. These trade-offs focused on considering wage rates, tax rates, the costs of working such as petrol, loss of government allowances and associated benefits and opportunity costs such as loss of time with the family.

“Whilst I am receiving parenting payment even if it’s [only] ten cents a week and I can hold onto my concession card, that’s worth more than any salary to me. I’m on quite a lot of medications, so for me to pay full price for medications, full price for bus fare … and concession to go to a movie once in a while, that makes a difference … for my daughter.” [Focus group participant, unemployed, mother with chronic health condition, 35+ yrs, Sydney]

“I was losing a lot of my benefit because I had gone back to work … I was only part-time but what was going through my mind was I have just lost $150 a fortnight for going back to work, plus I am spending all this money on petrol. No, it is not worth it.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

“Medication will be expensive, that’s why unless I am on a salary, full-time working on $1000 a week or so and I worked out how much it would cost in bus fares and all that, and medication, I would be $300 a week better off, or whatever but then of course it would be OK to loose that card (Healthcare Card). But if I’m only working for $50.00 a week extra, working full time, having all those hours less with my daughter, and I have lost the privileges, then $50.00 isn’t going to pay the difference.” [Focus group participant, unemployed, 35+ yrs, Sydney]

The primary decision around “Do I want to work or not?” appeared to be most often made from necessity. For most the need to earn enough money to live appeared to be the key driver. This drive or need seemed to be based on the belief that government payments were really only allowing people to live at (or even below) the “poverty line”.

“… to begin with you need between $500 and $700 [a week] to live a normal life … being able to pay your bills and not worry about stuff … that’s what we get a fortnight on the pension … you really need at least $500 a week … ” [Focus group participant, unemployed, 35+ yrs, Tas regional]

“I don’t want a holiday twice a year for everyone but I want to open the mail box and not be scared that there is a bill inside … ” [Focus group participant, unemployed, Sydney]

Overall it appeared that most unemployed participants considered the “whole package” of wages, taxation, and benefits all together rather than wages alone when weighing up their decision to work. Some felt that there was not sufficient incentive to work when all these issues were considered. The trade-offs and related consideration resulted in a fixed view for some that work would only be feasible or desirable if the wage rate was a certain amount so as to compensate for loss.
Other working participants agreed that those on government allowance needed an incentive to work and the deliberations and weighing up of financial benefits were generally understood as necessary and appropriate given the decision factors at play.

“For some people the minimum wage is just not enough to cover the cost of going to work, that is, when they take into account additional costs for clothing, transport, food as well as childcare fees (if applicable). It might also be that in some families where both partners are working with one of them on the minimum wage, they will see a reduction in their government/family benefits.” [Adult employee, bulletin board participant, above-average income, 21–34 yrs, NSW regional]

“But the dole you might pay tax on $4000 p.a., while working you pay tax on $20,000. Take out the cost of driving to work and back, maintaining a uniform and most likely the inconvenience of having to work overtime at varying times (to make it worthwhile) and a lot of people would rather stay on the dole doing cash jobs.” [Adult employee, bulletin board participant, above-average income, 21–34, WA]

“If you get more on the dole, you would be a fool to get a job. Not only do you lose money, but you lose all the other things too, like medical help, cheap train tickets, discounted TAFE courses.” [Adult employee, bulletin board participant, above-average income, 35+ yrs, Qld regional]

3.4.6 Issues for juniors starting out in the labour market

Juniors from the bulletin boards and some focus groups commented that juniors needed a lower wage rate to get them started in the labour market, otherwise employers would just hire older, more qualified people.

“… at the end of the day everyone has to start at the bottom.” [Junior bulletin board participant, 18–20 yrs, Brisbane]

“… it gives employers a reason to hire them. I guess it acts like a bit of a kick start into the workforce for younger people.” [Junior bulletin board participant, 15–17 yrs, Adelaide]

“… employers would not put on inexperienced staff, effectively disallowing junior employees experience and almost barring them from the workforce.” [Junior bulletin board participant, 18–20 yrs, Sydney]

Some people starting out in the workforce are desperate for any type of job, or are inexperienced in knowing and asking about pay rates, many accept a job without knowing the pay rate. Only once they had been working and had some experience did young people report that they started to understand the relative wage rates and the choices they may have available to them:

“… all of the employees were getting really bad pay … a few of my friends worked in [fast food chains] … getting like $6 an hour, pretty much slave labour! I was pretty young but old enough to realise my pay wasn’t that much better than a fast food restaurant.” [Junior bulletin board participant, 18–20, ACT]

For young people living at home, however, the decision to work was tied to the wage rates available and the choices and incentives (or lack of incentive) to change their current circumstances for a low paying job:
"It’s also because the wages aren’t that great for us juniors – that it is not actually giving us the incentive to get out and get better jobs like to be moving out or to be studying because we are not getting enough; we are doing it really hard.” [Focus group participant, unemployed, 18–20, NSW regional]

3.4.7 Mothers entering/returning to the workforce

For mothers, the decision about whether to take a job had to be weighed up against the availability and cost of getting childcare, with discussions often occurring in the groups around the high cost of paid childcare eating up the vast majority of, if not more than, what they were able to earn from most of the jobs they can get.

"It was going to cost me $80 a day to put my two kids in childcare so it wasn’t worth my while going back to work – which is something I missed because I enjoyed working, so I just took some time off [instead].” [Focus group participant, unemployed, NSW regional]

And, in addition to the cost was what could be described as the opportunity cost of missing out on family life:

"But you also have to get the balance right. No amount of money is worth sacrificing your family for … No I’m not saying that … Money is important but there has to be that balance … ” [Focus group participant, unemployed, NSW regional]

"No … If it impinges on your time with your family then it becomes more of an issue. If you have to sacrifice other things like paying for childcare or you have to rely on somebody else to do something for you while you are at work – you think, ‘Is it really worth it?’. Is it worth my time being here when I'm worrying about my child or paying the extra money?” [Focus group participant, unemployed, NSW regional]

The mothers of older children sought flexibility in work hours. For them the ideal job was school hours, so they did not have to leave their child in care or unattended:

" … it would be great to work those school hours and to have the holidays when the kids have holidays.” [Focus group participant, unemployed, NSW regional]

"I want to find a job in school hours because I want to be there when my daughter comes home from school, even as she transitions. She is somewhat independent – she goes into high school next year and it’s very critical the transition, the distance and travelling and all that and the extra homework. I just want to be there. I don’t have any family in Sydney and I don’t like the thought of her being in the home alone.” [Focus group participant, unemployed, 35+ yrs, Sydney]

"I have to be there for the kids so I am not just looking for a job, I am looking for a job that lets me do that.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

"I couldn’t have cared less about the money, I needed something that was going to pay me but was going to be within the hours that I could keep for the kids.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

3.4.8 Family-friendliness of the workplace

Another important factor for mothers could be described as the degree of family-friendliness of the workplace:
“… but the way XXX [name of business withheld] operate they sound fantastic – they seem to be very family-orientated. So getting job there would be excellent.” [Focus group participant, unemployed, 35+ yrs, Sydney]

“… being a single parent – my son is 14 – I want a job like the one I have just applied for because they are flexible and family-orientated – same thing; close to home, close to his school.” [Focus group participant, unemployed, 35+ yrs, Sydney]

This sometimes manifested in discussion around the effects of working in a workplace where meeting unexpected family obligations was frowned upon:

“… I had an employer a couple of years ago that I asked for a day off because one of the kids was sick. My husband usually took the day off and one time he couldn’t take the day off so I rang and said I couldn’t come in and they really made me feel uncomfortable about having the day off and the next day it was like they were kind of punishing me for having the day off. You can’t help it – and I’ve done everything within my power; because we don’t have anyone else to look after them. But it’s just not worth the hassle because you sit there at work having sent your child off to school saying ‘I’m not feeling very good’ and it’s not enough to stay home but you sit there and think, ‘Am I going to get a phone call?’ And if I get a phone call are they going to say ‘No, you can’t leave’ – because I’ve had that too.” [Focus group participant, unemployed, NSW regional]

“The reason I left my old employer was because they weren’t family friendly. They weren’t considerate to the kids being sick … You could just tell that they weren’t happy at all. Comments like, ‘Is she sick again?’ or ‘What’s wrong with her this time?’ – those passing comments – they just made you feel really uncomfortable.” [Focus group participant, unemployed, NSW regional]
4. Employment and competitiveness

One of the key findings from the 2008 research comparative to the 2007 research was the greater emphasis in discussions on economic conditions and the heightened awareness among participants of related concepts such as inflation and wages growth. While not a quantitative study designed for robust statistical comparisons, the group design and process allows for general comparison between years, aided by the replication in structure and the use of the same moderators over the two consultations.

Moderators in 2008 observed greater awareness and discussion of economic conditions and the interrelationships between elements such as wages, prices, inflation and overall cost of living increases. While understanding appeared at times to be somewhat superficial and not always well articulated it appeared that all audiences were generally more aware of the current economic climate and the pros and cons of this – both in the labour market and for lifestyle generally with regards to disposable income. Observations and examples are outlined in this section and disposable income is discussed in detail in section 5.

4.1 Economic and labour market conditions

4.1.1 Employee’s market

Opinions of the ease of labour market entry differed between target audiences and labour markets and based on the “caveats” placed on the job. In general there was much evidence of the buoyancy of the labour market reflected in perceived ease of finding “any” job. Juniors in particular were experiencing an “employee’s market”.

“… as they fiddled with the rosters I got to suggest what I wanted. So I chose to do a lot of the 6 am starts, but I like that … I’m working more now, probably an extra one or two shifts per week and I get to say that’s what I want to do … I think though, it’s because there’s been a bit of a shortage of staff so they’ve been like “We’re offering for you to work, so if you want it …”” [Focus group participant, 18–20 yrs, Melbourne]

“If you’re unhappy with your wage, it’s not like our wage is chaining you to that job, especially as [name deleted] was saying, we’re in a boom right now, and there are jobs everywhere.” [Focus group participant, secondary school student, Perth]

There was evidence, however, of diverse labour markets, where not all participants felt it was easy to get a job and that there was a greater degree of competition encountered in obtaining the role. In some (regional) labour markets there were seen to be large numbers of applicants for every job. Those in less buoyant labour markets and some low-paid/unemployed participants encountered barriers to employment such as age, lack of skills and experience.

In the main, participants reported that it was comparatively easy to get “any” job over “the” job. In many locations it was felt to be relatively easy to get “any” job, although finding a job one likes, or a job that one is prepared to do, could be more difficult. It was also more difficult when caveats were placed on the job such as flexibility, working hours and location.

4.1.2 Prosperous times: experiences and impacts

While discussions included evidence of prosperous times and the resultant high levels of choice and opportunity when entering the labour market, particularly for young people,
participants’ anecdotes also highlighted the “costs” of such prosperous times as they related to rising cost of living. Further, not all participants felt that they were able to benefit from the buoyant labour market conditions as they were not able to relocate, were not appropriately skilled or their overseas qualifications were not recognised here, they had a health impairment or disability or could not speak English:

“I couldn’t find a job for a whole year and I couldn’t believe my certificates of qualifications meant nothing here.” [Focus group participant, Arabic male, 18–24 yrs, Sydney]

Some reported significant negative impact in boom towns:

“If you are a tradie or a miner, yeah, it is a boom town. If you are not you are suffering because the tradies and the miners are having such a jolly old time. And sure, they have all got two cars and two boats and two houses and a jet ski and all those things, and they are having a fab time and they work two months and then have two weeks off, but everyone else is paying for it. Like, we can’t buy a house because they have got five each, and, yeah, it is a boom town, but only if you are in that industry, and only if you are willing to get into that industry.” [Focus group participant, low-paid, 21–35 yrs, Perth]

There was much discussion about the rising cost of living and the impact of the “side effects” of prosperity. Relative to the 2007 consultations, cost of living pressures were raised with greater emphasis, earlier in the discussion and in most cases this was unprompted by moderators. While cost of living was identified in 2007 as the key issue to be considered when setting the minimum wage, this was raised with greater strength of opinion in the 2008 consultations.

“… inflation is out of control … people wanting more things and buying more things … businesses start charging more for them and that’s why inflation happens.” [Focus group participant, unemployed, 21–35 yrs, Perth]

“… the way interest rates are going up again, I mean, I think the cost of living, I think the minimum wage should be going up too.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

“Public transport has increased its prices twice in the last 12 months. Last year I paid $148 for a monthly ticket. This year I pay $161. Our income does not catch up.” [Focus group participant, Chinese male, low-paid, 18–24 yrs, Melbourne]

While all participants acknowledged that interest rates, petrol prices and other inflationary pressures were impacting on quality of life generally, not all participants felt this pressure in the same way. Not all low-paid workers were living on low incomes, given household incomes or other income (from sources other than wages). Participants generally agreed that some people were “doing it tougher” than others, particularly those with dependents living on one income. For many, maintaining a reasonable quality of life was challenging:

“Sometimes at work, someone leaves and they send around a collection tin to buy that person a farewell present. I can’t even afford to put $5 in because I budget everything so I make sure that I have enough money for the rest of the week. I had a very hard time settling in Australia. I thought that would subside but it’s still tough. Being on a minimum wage determines everything you do in life. I love Australia, but there are just so many things going on in my life that has made me become withdrawn. I do not make enough money to socialise or go out every week. I budget everything and anything unnecessary is not part of the equation.” [Focus group participant, Arabic female, low-paid, 24 yrs, Sydney]
“Cost of living [in Perth] … housing, accommodation to me occupies most of my waking thoughts. Like, where am I going to live for the rest of my life and how long am I going to and how much is it going to cost me? And most of my money goes towards living somewhere and I guess will go towards living somewhere for the next goodness knows how long. So, accommodation and, I guess, food, transport is starting to become more and more of a factor … I have to think about [these things] every single day and they are becoming more and more noticeable for me, whereas up until reasonably recently I could kind of get away without thinking about it too much.” [Focus group participant, low-paid in casual employment, 21–35 yrs, Perth]

Cost of living pressures and the issues for disposable incomes (and the role of minimum wages as a safety net for the low-paid) are discussed in detail in section 5.

4.2 Employers and labour costs

4.2.1 Experiences of the labour market

Employers reported experiencing the pressure of the “employee’s market”, with jobs being hard to fill and some employers even wishing for higher unemployment:

“We need unemployment to go up a bit so I can get people who want to work and value their jobs, otherwise they will come to work and then they will have a couple of weeks off or a month and walk into another job. It is all too easy for them at the moment.” [Employer of low-paid workers bulletin board participant, retail industry, Adelaide]

While general labour shortages were common, shortages of staff with specific skills/trained staff were also commented on, in particular demonstrating the tightness of the labour market in some locations and the need to offer higher wages to keep good people:

“I am constantly hiring new staff. Although it is easy to obtain applications … the skill levels of applicants is low.” [Employer of low-paid workers, bulletin board participant, manufacturing industry, Perth]

“Finding staff with qualifications can be difficult. We tend to try to develop our own qualified staff by use of traineeships, etc.” [Employer of junior workers, bulletin board participant, construction industry, WA regional]

Many employers found employees had high (and in their view, unrealistic) expectations about pay given the labour market conditions and choices available. Some tried to provide for this by linking higher pay to productivity and fairness in relation to the business outcomes. Other employers, however, suffered from high turnover of staff that left for “greener pastures”:

“Oh well I guess you do [pay more] because I guess we’re based on an award, on a rate which is like a standard rate for an apprentice; everyone always whinges about that, you know everyone wants to earn more money … But from an employer’s point of view, if you work hard you should be paid accordingly, whereas a lot of young kids these days they just … they rock up, they do the bare minimum and they expect a lot more, you know? That’s what I kept saying to my apprentice. I said, ‘You start working harder and I’ll start paying you more, OK? It’s as simple as that, you know? … If you want to come in and show that you’re enthusiastic, I’ll pay you more.’” [Employer of low-paid, focus group participant, construction industry, Perth]
While the circumstances of employers differed, some business owners operating in tighter markets with lower margins or in industries with overseas competition, for example, felt the impact on their competitiveness when there was pressure on wages:

“It's difficult to find staff that can fulfil the role that has to be assigned to them. They have specific training and work experience, but it does not always fit with our required criteria … So we have to use overseas help for this. It's more expensive, too, to get Australian staff to do this work for us. I can get it done much cheaper overseas. It's not that we do not want to employ Australian staff members … [however] our business is extremely competitive. Profit margins are low. Our costs are high. So to balance the budget, we have to employ overseas staff.” [Employer of low-paid workers, bulletin board participant, business services industry, Sydney]

“These days we need to always think, the cheap labour overseas is affecting every industry here in Australia. If we want to keep our work here, we need to keep our wages and expenses a bit reasonable.” [Employer of low-paid workers, bulletin board participant, manufacturing industry, Sydney]

4.2.2 Managing the wages bill

While the strength of the economy was providing opportunities for employees, rising costs and labour shortages were reported to be putting pressure on some business owners. Employers with increasing costs due to petrol prices, etc., reported impacts on margins and competitiveness.

A key consideration for employers in most circumstances was the need to manage their wages bill and have some control over costs in the business. The study found a range of attitudes and behaviours with regard to business management. How the business owner chose to run their business impacted the “room to move” on wages and other related employment decisions.

While business owners may use a wide range of strategies to manage their business in times of rising costs – diversify, increase prices, find efficiencies – employment strategy was a common area of focus. Some employers were very strategic about the make-up of their workforce, managing the rosters and roles on any one shift for example, to ensure costs were under a set amount, while others were more reactionary.

The employment of juniors (on junior rates) was a key area of discussion for many employers and important part of managing the wages bill for these employers:

“As I am in the business in a daily basis we hire many junior staff as I am present to supervise them. I have found them to be quite flexible with their availability and of course present a more cost-effective way to manage our wage bill.” [Employer of junior workers, bulletin board participant, retail industry, WA regional]

“Cheaper wages, easier to teach, can hire two juniors for the price of one adult and if they are the right juniors I can get twice the work of an adult for the same wages. [It] doesn’t happen as often as I would like but it’s still cheaper to try.” [Employer of junior workers, bulletin board participant, retail industry, NT]

“… the benefits of hiring juniors is that in most cases I can have more people on the shop floor, because the younger they are, the cheaper they are. Also I have found it to be easy to train younger people they way I want.” [Employer of junior workers, bulletin board participant, retail industry, ACT]
Apprentices and trainees were also important for some employers, particularly in times of skills shortages but also in order to manage labour costs:

"We are a rural-based company and there is a lack of skilled technicians therefore we have no option than to train people in the skills we need. The advantage is that they come with no preconceived ideas about the industry and we can train them in what we see are the correct procedures." [Employer of junior workers, bulletin board participant, communication services industry, WA regional]

"We acknowledge that there is a shortage of bakers available in the employment market and to create some form of contingency plan we are now trying to train from within to alleviate this problem. If we can have a continual rotation (i.e., starting a new first year when the first year reaches second, etc.) we will have a better chance of avoiding a shortage." [Employer of junior workers, bulletin board participant, retail industry, Qld regional]

More detailed discussion of employer attitudes to wage determination and their reaction to wage increases specifically is included in section 6.

### 4.3 Work patterns

Previous sections examined the choices and experiences of participants in making the decision to enter the labour market, that is, the decision to work at all. However, within the Australian labour market there are myriad working arrangements, and the choice of working patterns, both in terms of arrangement and longer-term pathways for working, presents yet further decisions. In the current "employee's market", younger employees in particular have a multitude of options available to them and most can afford to be selective when it comes to their employment. The study confirms the widely acknowledged positive attitudes of the current generation in making these decisions and the labour market mobility of younger workers who are actively exercising these choices.

Participants recounted their deliberations in choosing "jobs" versus "careers" and how low-paid work may be purposefully used as a transition to a longer-term goal. In a labour market with such choice available, a job hierarchy emerges, where prospective employees choose where in the hierarchy they are prepared to enter the market. This then impacts skills/labour shortage in some sections of the economy where employers struggle to find labour.

#### 4.3.1 Low-paid jobs as transition or stepping stones

There was evidence of transition out of low-paid work for some. Participants reported making deliberate choices or purposeful decisions to accept a low-paid job as a stepping stone to achieve a longer-term goal or as a stop-gap measure:

"I mean, waitressing sucks, it really does. I know I won't work in hospitality for the rest of my life, but at the moment it's working for me. I know I'll study [for a degree]; it's just a matter of when." [Junior bulletin board participant, 18–20 yrs, Melbourne]

"I was at uni last year but I deferred. I was doing nursing but I just felt like taking time off and saving money so I am doing medical receptionist work … I definitely want to be in medicine. I don’t really know what yet, so that is why I am taking a year off, because I don’t know if I want to do nursing or not, but it’s good because I am doing [medical] receptionist work so at least I am in that environment." [Focus group participant, 18–20 yrs, Brisbane]
Apprenticeships and traineeships were also discussed in this light, with participants weighing up the long-term and short-term benefits and employers considering the balance of incentives now to keep good staff in the longer term:

“With the job also comes a future because if you finish your apprenticeship and everything else then you can become a full-time plumber and go out there and make your own business. So [I’m] looking towards that. It’s a bit hard at the moment because you don’t make as much money, but once you get there you can do whatever you want, do as many jobs as you want, work as hard as you want. Or you can go the other way and just crash and burn and not work at all. So it’s all up to you. I’ve been looking at working hard and making a living and then giving up plumbing and try something else. I don’t know yet. But pretty much earn enough to make a choice.” [Focus group participant, 18–20 yrs, Melbourne]

“Our trainees are paid above award and if they are producing more income for the business as their skills improve then as long as we are meeting overheads they will receive a pay increase.” [Employer of junior workers, bulletin board participant, communication services industry, WA regional]

“… I know that when you’re over a certain age the government chips in for you now. My brother’s mate is the owner of an electrician business and has 10 guys working for him and he has a few older workers that started off with him in their 30s. So because he wanted these guys, he actually gave them $100 extra a week . . . he paid them a bit on the side to keep them happy . . . They’ve kept with him and all those guys are qualified now, so now he’s got three older guys branching off with their two apprentices, so it’s worked out for him perfect. Now he doesn’t have to pay them that extra money because they’re on good money themselves. That’s where he thought about it. It would have cost him a fair bit to do that but it’s sort of an investment. The government though, I guess they help out a bit. I know a few guys [that] get a bit extra because they’re older.” [Focus group participant, 18–20 yrs, Melbourne]

“We have a defined career path for our crew members – all start off as labourers, and are giving a training manual and progress to learn different pieces of our equipment. They are given a log book, and are required to log the amount of time they spend on a specific piece of equipment. Once they have logged the nominated hours they are given a practical examination. After successfully passing this they are then moved up one level in the career path, and given a pay rise.” [Employer of junior workers, bulletin board participant, industrial cleaning industry, Adelaide]

Not all low-paid workers saw low-paid work as an (immediate) stepping stone and for some the journey was a difficult one with pressure on families while living on low incomes. New arrivals and non-English speakers in the study provided examples of their transition out of low-paid work, which for some took some years. Arabic-speaking participants who arrived in Australia with qualifications took up labouring jobs for income to survive even though they were qualified overseas. They recounted that once they had been in Australia for two years they were then eligible for government assistance, and were in a position to take on even lower-paid jobs – training wages – so that they could pursue their career here in Australia.
Peter*

Peter is an Arabic-speaking plumber who is currently working full-time, and studying part-time. He and his family have been in Australia for over two years so is now in a position to claim family and low wage benefits. For the first two years, though, he was forced to do labouring work which paid better than the wage he is currently receiving, but was not personally rewarding and he could not see any opportunities to develop. He was originally rejected for countless qualified plumbing positions as he was advised that his qualifications were not recognised in Australia. His current employment is in his chosen field, in a low-paid role equivalent to a training wage as it requires supervision. He feels that at least he is making progress now toward his goal of having meaningful employment and being able to support his family. His low wage and his study requirements mean that he needs to work particularly long hours and endure long periods away from home and his family to support his wife and two children.

* … I leave home when the sun comes out and I come back after the sun sets. I even work on the weekends.*

On many occasions since arriving in Australia he has wanted to return to Lebanon, and he feels that his long work hours are a strain on the family but he is enduring it for them, and for their future.

* name changed

4.3.2 Labour market mobility

In addition to evidencing transition from low-paid jobs and choices of participants to consider short- or long-term goals given the buoyancy of the labour market, the study revealed significant labour market mobility – not only within markets but across markets. While not all individuals felt moving for work was an option, several participants in the study recounted their own personal experiences of moving to take advantage of labour market conditions (and higher pay rates) elsewhere. Moving to the mines was a common story reflected in focus groups in over four different locations.

Participants recognised the benefits these choices would provide to them with regard to lifestyle or being able to provide for their family (e.g., they can afford to keep the house). However, they also recounted the costs to them in lost time with family and/or pressure on family relationships:

“They say my trade has a licence to print money – charge out at a big rate per hour … Once I’ve got my trade I wouldn’t mind going to the mines because I could be earning $2500 a week … That’s a big drawcard with a lot of my friends and friends of friends. Their wives are here but the husbands are in Perth but bringing home massive … The get two weeks on and one week off … So it’s not really that bad; it’s more days off than we get. You probably work harder but you’ve got less distractions.” [Focus group participant, low-paid, 21–35 yrs, NSW regional]

The following is an extract from a conversation with a young unemployed male in Perth who was expecting his first child in coming months and contemplating a move back to the mines to be able to afford the lifestyle he wanted for his new family:
Participant: “It’s pretty important to me that I get paid a decent amount for what I do. I’ve worked at the mines for the last 3½ to 4 years so coming back and taking a pay cut wherever I go in Perth is pretty rough . . .”

Moderator: “So what does that actually mean? Does it affect your lifestyle?”

Participant: “Oh, big time!”

Moderator: “Tell me about that.”

Participant: “I suppose I don’t live as extravagantly and I don’t do as many things. I’m really striving to get back onto the mines. I don’t know how people live in Perth on $500 in their hand a week. With the bills . . . they just add up and since I haven’t been working it’s ridiculous . . .”

Moderator: “So you are thinking you need to go back to the mines?”

Participant: “Yes, I like nice things and nice places and going on holidays. And if I was to work a part-time job or even a full-time job where you get paid less than when you are a casual, generally I just can’t do the things I want to do . . .”

Moderator: “So would your wife go with you?”

Participant: “She has worked away with me before but probably not this time.”

[Focus group participant, unemployed on government allowance, 21–35 yrs, Perth]

4.3.3 Jobs, careers and pay rates in today’s labour market

The research canvassed views of participants with regards to employment choices and discussion reflected a range of opinions about the concept of jobs and the ever-changing notion of careers in today’s labour market. It emerged from discussions that low-paid jobs can play a variety of roles for people as short-term or long-term vocations or sources of income. Personal attitudes and approaches to working also influenced whether employment may be viewed as a job or career.

In current tight labour market conditions, the idea of a hierarchy of jobs emerged where some low-paid jobs may appear even less attractive to workers, thus exacerbating the labour shortage problem in that part of the market. This pay rate therefore becomes an issue for those jobs as it is seen as not sufficient to outweigh the negative aspects of such jobs when so many choices are available, particularly to young people.

Examples of particularly unappealing jobs included cleaners, call centre operators, factory or process work, as these kinds of jobs are seen to be both repetitive and boring. Working for a franchise business was somewhat less appealing as participants felt that they are not personally seen as valuable and there are limited opportunities to set oneself apart from colleagues. In particular, fast food restaurant and café chain stores are the least appealing as they are often particularly stressful and demanding:

“Jobs I don’t like are ones where you are stressed out because you are always busy, and where you have to push sales. Also franchises are unappealing to me [as] they follow a structure designed at getting the most profit and foregoing the employees. They pay the lowest wages and give no incentives . . . [they] don’t care about the employee, just the money coming in.” [Junior employee, bulletin board participant, 18–20 yrs, Sydney]
“… makes me feel cramped and unimportant like just being a number with no recognition for a job well done. One where I get no satisfaction or don’t want to get out of bed to go there every day.” [Junior employee, bulletin board participant, 15–17 yrs, Vic regional]

Furthermore, for apprentices and trainees it was reported by some to be more appealing to work for a smaller business because there is a relationship with the employer, so hard work and achievements are recognised. In larger businesses where there are a larger number of apprentices the determination of pay rate is not specific to the individual:

“… if it’s a bigger company, then there’s no face to it [the hard work and achievements], so money is the bottom line. They’re really money driven and really commercial. But if you’re working in a smaller business then there’s a face to the apprentice and they can say he’s worth this much because he’s a good worker. There’s more of a relationship.” [Focus group participant, 18–20 yrs, Melbourne]

“For the first year me and a mate started on the same date, but different companies … he got paid way less than me … we figured that he’s in a very big company of about 45 plumbers and in mine there are only three … I worked it out when my boss said that “That’s what you’re worth” … My boss went by what he thought was reasonable. I was getting fair pay but if you looked at the other guy, the books said he was getting the bare minimum.” [Junior employee, bulletin board participant, 15–17 yrs, Vic regional]

Participants in the bulletin board discussion aged less than 21 years were asked to detail the features of a good job, and the features of a bad job. It is not clear that any features are “threshold issues” as this differs according to individual preferences; most participants mentioned that pay rate was important, but it was rarely the most important factor.

The focus group discussions with this age group revealed that the atmosphere or work environment was clearly a very important factor, and for many was more important than rate of pay. Being able to treat time at work like an extension of one’s social activities was seen as a highly appealing reason to stay in a job even though an increased rate of pay was available elsewhere:

Participant: “I get a job offer every week to go places for more money than I am on. I’m on the phone at work flat out all day … ”

Moderator: “So you are not tempted to go to other jobs that would pay more?”

Participant: “No, not really.”

Moderator: “How come?”

Participant: “Because [I won’t be able] to get away with what I get away with at [my current] work. The guys I work with are tops and half are best mates and [I] go and party with them at the weekend [and] go out riding.” [Focus group participant, 18–20 yrs, Brisbane]

Flexibility of work hours to fit in with other commitments is very important. Often these commitments are study or other areas of interest that may eventually lead to a career, for example, music:

“… I have been applying for full-time jobs but I can’t manage my time. Like hospitality … when you are on a rotating roster at night times like a casual. You can’t base your lifestyle around something like that … [I need to] score a job with the same hours each week, but so I need something like 9–5, because I do all this music. I need practically every night free to
perform otherwise you are not really giving it 100% and it’s a waste of time." [Focus group participant, 18–20 yrs, Brisbane]

In contrast, participants in the Chinese community reported feeling less choice and more focus of attention on pay rates. From these group participants, the most important achievement with poor English language skills is to secure a job that pays at least the (legal) minimum wage and a work arrangement that includes superannuation contributions, sick pay and holiday pay. In this discussion, however, participants spoke about the jobs that are realistically available to them in their current situation, including jobs that they are currently working in, and jobs that they have done since arriving in Australia that they moved out of as they were particularly undesirable. For every participant the rate of pay was the most important feature of a job, to the point where few other considerations were discussed. Some participants cited wage rates below the current minimum wage and several were working for cash-in-hand.

Careers

For many participants there are a number of considerations about the work they do which are just as important, if not more important, than pay rate. These people tend to view their employment as a “career” rather than just a “job” and believe that the work they do is something that defines them as a person. Having a “career” gives their time and effort at work a greater meaning and purpose beyond merely supporting their lifestyle. Working is about self development, setting and achieving goals. Increases in pay rate are often a consequence of their passion to succeed and improve:

“A career is a type of goal, where you strive to succeed and get better, get higher up, more educated. It’s supposed to be an enjoyment, and fulfilling lifestyle. Give life a bit of meaning and respect.” [Junior employee, bulletin board participant, 18–20 yrs, NSW regional]

Other characteristics of a career include offering limitless potential and opportunities to develop. A career is something that you strive to perfect, continually building skills and knowledge over time. Often there are elements about their work that are less than ideal including a low rate of pay, but for the most part these workers derive great satisfaction from what they do. Employment is not considered “work” in the same sense that it is for someone who is only doing what they feel is a “job”. Regardless of pay rate, those with a career often talk about their passion for what they do, and are generally very positive when asked about work:

“I work in arts administration, projects and promotions specifically. Although pay is never great in the arts I am in a position I am passionate about. I get to make decisions, use initiative and sculpt the position into what I want it to be. I consider a job to be something you do to get money and not think too much about. A career is something you can see yourself evolving in over time.” [Adult employee, bulletin board participant, low income, 21–34 yrs, NSW regional]

Many participants talked about directions they can take with the skills and qualifications that they will obtain that will enable them to have multiple careers and countless opportunities:

“My current job fits in with my lifestyle and my parental responsibilities. My superiors are understanding that I may need to leave at odd times if my child is ill, and provide wonderful support. I am currently completing a degree in the area of IT, which I teach, and find that this feeds my urge to educate others. There are multiple career paths I may take from
here, which makes me positive about the future. If it were 'just a job', I would not be feeling positive, and I would not be moving forward in my personal development as I am." [Adult employee, bulletin board participant, average income, 21–24 yrs, Vic regional]

Employers recognise the value in seeking applicants who are focused on their career, rather than just looking for a "job":

“… someone that is seeking a career rather than just a ‘job’ and that has a good and receptive attitude … generally, someone seeking a career commits themselves to their employment and is more dedicated. Training new employees in the basics takes several months and those that are just after a job generally have a high turnover rate." [Employer of low-paid workers, bulletin board participant, manufacturing industry, Perth]

Jobs

Many participants with a “job” saw their current employment as more of a “placement” that requires low commitment, and particularly low personal investment in what’s best for the business. These workers often have other priorities in life including family commitments and further education. These positions tend to have limited opportunities to grow and progress, are often repetitive, boring, with very limited opportunity to be creative and add value. It is seen as a short-term or temporary means of earning money to support oneself:

“A career is something to be passionate about and that is regardless of the money you are paid. A job is somewhere that you have to go to every day and often only because of the $." [Adult employee, bulletin board participant, above-average income, 21–34 yrs, NSW regional]

People with a “job” rather than a “career” tend to be looking for flexibility, and are more focused on the hourly rate of pay, than thinking in terms of weekly, monthly or annual income:

“My job is dead-ended, there is no room for much improvement or promotion. Many people I work with do so because they own a business or study full-time and utilise the flexible hours … A career often gives you training which allows you to progress further in the company or sector. A career is the kind of job you go to every day, and have some kind of involvement. I think it would also have to be challenging.” [Junior employee, bulletin board participant, 18–20 yrs, NSW regional]
5. Providing a safety net for the low-paid

5.1 Cost of living pressures

Cost of living pressures were mentioned with greater strength and emphasis in the 2008 consultations. While participants commented on cost of living pressures in the 2007 consultation, frequently referring to the impact of rising food and petrol costs, moderators noted both an increase in the frequency and intensity of such comments in 2008, as well as strong articulation of the perceived erosion of wages due to increases in the cost of living.

Regardless of lifestyle choices and attitudes to spending, cost of living pressures and the impact on quality of life were frequently mentioned throughout discussions in all groups and bulletin boards. Comments tended to focus on inflationary pressures in four primary areas:

Figure 5: Inflationary pressures – four primary areas

<table>
<thead>
<tr>
<th>INFLATION GROCERIES</th>
<th>HOUSING AND RENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRANSPORT AND PETROL</td>
<td>INTEREST RATES</td>
</tr>
</tbody>
</table>

The following comments illustrate sentiment regarding increasing cost of living pressures:

“Cost of living is just so expensive these days. Everything has gone up, from petrol prices to interest rates. It’s not fair that all these get an increase, and wages stay the same. How in the world are people supposed to live a comfortable life?” [Employer of low-paid workers, bulletin board participant, construction industry, Sydney]

“Mortgages, CPI etc., are always on the increase. Cost of living is at an all-time high; wages need to be considered. We do not want people losing their homes and disadvantaging families.” [Employer of low-paid workers, bulletin board participant, education industry, Adelaide]

“When I get my pay cheque, I pay the bills, do the grocery shopping, pay rent and fill the car with petrol. Once all that is paid, what is left is very small and I can’t see myself staying like that for the rest of my life. Even though I am still young, I want to one day own my own home, and that dream keeps fading away.” [Focus group participant, Arabic male, 18–24yrs, Sydney]

“… petrol prices are a joke. The prices keep going up and up and up but your wage isn’t going up and up and up every week … They should do a deal – if petrol prices are going up then our wages can go up with them and then if they go down, then our wages go down.” [Focus group participant, 18–20 yrs, Melbourne]

The extent to which cost of living pressures were experienced was influenced by a range of factors including life situation, living arrangements, financial commitments and life choices. The buoyancy of the local labour market was also a factor. However, as
the following quote illustrates, not all participants living in buoyant labour markets were experiencing the boom:

“My friends, they rent and it took them six to eight months to actually find a property and then after that six months they realised what was happening. They would go to a property that was open for rent and they would fill out the application. If it was $250 a week that amount they would spend on rent they put down $250, and they were actually getting outbid by other people who would say we will give you $10 more, and they would lose the application. It took them eight months to find a house. They pay $300 a week … Originally it was $270 and they didn’t want to be outbid so they just said $300, which is scary … ”
[Focus group participant, low-paid, 21–35 yrs, Perth]

“I think it is hard in WA as well because it happened really really fast and that caught so many people unaware, so, yeah, people wanted to buy a house and suddenly it was impossible.”
[Focus group participant, low-paid, 21–35 yrs, Perth]

Sam*

Sam is a Chinese IT graduate. He has lived in Perth for five years and has not been successful in gaining professional IT work despite submitting many applications. His English language is reasonable, but he is not proficient. He lives with his wife and one small child and recently his parents joined him from China. They all live in the one rented house in Perth. He has been employed as a security guard for the past three years and his pay has increased occasionally to now be $17 per hour depending on the shift he works. He is the sole income earner for the household of five people. The entire five years he has lived in Perth he has lived in the same rented house. When he first arrived his rent was $120 per week. Now, five years on, his rent for the same house is $375 per week. [Focus group participant, low-paid, 21–35 yrs, Perth]

*name changed

While cost of living pressures, inflation and interest rate issues were acknowledged by all participants, the degree of financial stress and associated worry was clearly greater for some than others. For example, some participants were working in a low-paid position to supplement household income and provide extra money for non-essentials such as overseas holidays and private school fees, while many others were struggling to support a family and cover essentials. The following quotes illustrate the financial stress experienced by some participants:

“We don’t go out much and I can only afford to take the kids to the movies about once every 6 mths or so … you just adjust to what we get and live by that although it can be stressful sometimes.” [Adult employee, bulletin board participant, low-paid, 35+ yrs, NSW regional]

“[My rent has increased] from $120 to now it is $370 – same house. My owner told me ‘[If] you cannot pay the rent you can move out. I have got tonnes of people [who] want to move in’.” [Focus group participant, low-paid, 21–35 yrs, Perth]

“… if you can go home at the end of the day and not have to stress about whether you have enough money to do this and that you will be happy. So yes, it is, it is more to do with the cost of living.” [Focus group participant, low-paid, 21–35 yrs, Melbourne]

For some, financial pressures lead to them moving away from their family to pursue a higher paying job:
Mike*

Mike left his wife and two-and-a-half-year-old son and moved to Western Australia to work in the mines for six months. His motivation was his family’s wellbeing, as they were about to lose their house. He worked a twelve-hour day, seven days a week and earned $4000 a week. Although he was getting good money, the work he had to do was physically and mentally draining, working every day for four weeks then one week off. Being away for such a long time took its toll on his wife and son and he decided the money was not justified by the sacrifice and chose to move back to Victoria to be with his family. He now works with the council which is a five-day working week, with diversity and room for promotion. He admits he is not able to live the lifestyle he would like and that it will always be a continual struggle for survival given house repayments, insurance and bills.

“I have done the ‘let’s go to WA and do the mines’ thing … I was about to lose a house so we bit the bullet. I went over there by myself. But it is too hard on the family. Way, way too hard. The money is not as good here as they make it out to be … If you can go home at the end of the day and not have to stress about whether you have enough money to do this and that you will be happy. So yes it is, it is more to do with the cost of living.” [Focus group participant, low-paid, 21–35 yrs, Melbourne]

*name changed

5.2 Disposable income

As outlined in section 2, low-paid workers are not a homogeneous group. Given the diversity of life circumstances, family situations, living arrangements and household incomes, the quality of life and lifestyle choices of low-paid workers in the study varied. There was difference of opinion around levels of choice, control and stress impacting on quality of life given the varied circumstances of participants.

Group discussion and bulletin board postings included various comments around lifestyle, and invariably led to a debate about the choices people make. For example, having enough money means different things to different groups of low-paid workers, as the diagram in Table 4 illustrates:

**Table 4: What “enough money” means to different people**

<table>
<thead>
<tr>
<th>For some low-paid, “enough money” means…</th>
<th>“…lead a healthier, wealthier and peaceful life, doing and donating to orphans, constructing an institute for poor and needy people, serving the children with food, starting an orphanage.”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>“…I can go out with my mates more, get the things I want.”</td>
</tr>
<tr>
<td></td>
<td>“…going on a holiday, shopping.”</td>
</tr>
<tr>
<td>For others, “enough money” means…</td>
<td>“…not stressing over making repayments on house, utilities and fuel for car, also food.”</td>
</tr>
<tr>
<td></td>
<td>“…not having to struggle or stress about how I am going to pay for bills and food, having enough money means I can give my daughter everything she needs.”</td>
</tr>
</tbody>
</table>

The following section provides further illustration of the differing views of participants in relation to their level of disposable income and lifestyle options.
5.2.1 Disposable income and lifestyle – adult participants

Participants described a range of lifestyle situations when discussing their experiences living on a low wage. This ranged from struggling to cover essentials to living simply or living a restricted lifestyle.

Covering the basics

Some participants described struggling to live on a low wage, being in a position where their wage is spent solely on essentials such as food, petrol and housing:

“Our mortgage payments are hardly met and there definitely isn’t the spare cash for luxuries.” [Adult employee, bulletin board participant, average income, 21–34 yrs, Adelaide]

“I always feel as though I’m chasing my tail keeping up with bills and trying to save money.”
[Adult employee, bulletin board participant, low-paid, 21–34 yrs, NSW regional]

Some commented on how their wage dictates their lifestyle:

“… we are really limited in what we do in our lives based on what we earn.” [Adult employee, bulletin board participant, average income, 21–34 yrs, Adelaide]

Restricted or compromised lifestyles

Many participants experienced limitations or restrictions in relation to their lifestyle:

“With three young children I feel our wage dictates the lifestyle we maintain and with bills/food/petrol, etc., keep going up and your wage stays the same it makes it very difficult.”
[Adult employee, bulletin board participant, low-paid, 21–34 yrs, SA regional]

“As I am a nurse I get paid what the hospital says I get paid so my lifestyle is dependant on how much money I have.”
[Adult employee, bulletin board participant, average income, 35+ yrs, Brisbane]

Many migrant participants talked about their restrictive lifestyles, where their choices are limited and their ability to live full lives is restricted by their low income. For some, their lack of disposable income has meant that they have few experiences to enjoy:

“I have been in Australia for seven years now and I haven’t taken my family on a holiday because the amount of money I make does not allow me to do so.” [Focus group participant, Arabic male, 35+ yrs, Sydney]

“I have been in Sydney for three years now and I haven’t even left my suburb. The amount of money I make just doesn’t allow me to go out on the weekends or even take my family on a holiday. Sometimes I do not even have enough money to last me to the next pay.”
[Focus group participant, Arabic female, 20–35 yrs, Sydney]

Some recent migrants commented that their current work situation and the ambiguity of their future are restricting their outlook:

“I want to have more children and I want to buy a house. There are so many things that I want to do but money talks and I just do not have the kind of money to do all those things.”
[Focus group participant, Arabic female, 20–35 yrs, Sydney]
“I always thought that by this age I would have already owned my own home but I don’t and I do not see that happening in the future.” [Focus group participant, Arabic male, 35+ yrs, Sydney]

Others made compromises to their lifestyle or families for work opportunities or noted the need to be accommodating to get what you want from a job:

“[You have to be] willing to relocate or travel.” [Adult employee, bulletin board participant, low-paid, 35+ yrs, Tas regional]

“A friend of mine, her husband missed the birth of their last child because he was on a plane which was delayed, but at the end of the day he has to go there because they need to live … He flies from Albury to Sydney, Sydney to Perth but it’s all paid for … He works in Kalgoorlie. He spends the first half day of the week he has off flying and the last half day flying back. Then it comes down to a whole other issue of the family unit, it’s just money ruling everything … The things you have to sacrifice in order to live; that’s what is scary.” [Focus group participant, low-paid, 21–35 yrs, NSW regional]

Living simply

Others felt that lifestyle choices, such as budgeting and making decisions to spend less and live within your means, could provide an enjoyable and rewarding life. They had to adjust their individual expenditure to accommodate their income:

“You buy a cheaper car, hire videos instead of going to movies.” [Adult employee, bulletin board participant, average income, 35+ yrs, Qld regional]

“I did away with using my credit card as an added protection measure and to make sure I did not end up with a huge bill each month” [Adult employee, bulletin board participant, above-average income, 21–34 yrs, NSW regional]

Some participants thought that extra income only served to increase expenditure which potentially increased their quality of life but did not leave them any better off financially:

“I was earning $1500 a week working on the boats; only working two days a week with five days off. But that also creates a problem in itself – you’ve got so much money and it’s such a boring old town you end up blowing it just like that … you could live on $580 quite adequately, though … but that minimises your lifestyle and you shouldn’t have to. [Focus group participant, unemployed on government allowance, 21–35 yrs, Perth]

Low-paid by choice

In contrast to those who felt limited in their employment options and restricted by their wage rates, there were some participants who said their lifestyle dictates their wage or that they had deliberately chosen a lower skilled and lower paid job for lifestyle reasons or to improve their quality of life:

“I could earn a lot more money than I presently do now but I would have to give up a lot, like time with my family … I would have lots of money to buy some cool toys but what’s the point if I haven’t got any time to play with them.” [Adult employee, bulletin board participant, above-average income, 35+ yrs, Perth]

“I choose to work in a rural area, specifically the agricultural sector, because I like the lifestyle … I could put my education to a different use, work in a larger town or city and earn a great
deal more money, but it is simply not worth it to me. It would mean sacrificing too many things that are important to me.” [Adult employee, bulletin board participant, above-average income, 21–34 yrs, NSW regional]

“Seeing my son less for another $1 an hour isn’t really worth it to me.” [Adult employee, bulletin board participant, above-average income, 21–34 yrs, WA regional]

“Part-time work is better for me … [With a] full-time job I end up losing because of my children.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

5.2.2 Disposable income and lifestyle – junior participants

Young people participating in the consultation were asked to answer the question: what does having enough money mean to you? In response, many young people provided similar comments to those obtained in relation to the question: what does having a job mean to you? This is unsurprising given the relationship between income, independence and working for those starting out in the labour market. The major themes related to lifestyle and quality of life, as outlined below:

Savings

Savings were the most-often mentioned benefit of having enough money and some (fewer) mentioned the possibility of investment.

“… money is a means and an enabler. Having enough money creates options; not enough creates constraints / limitations. Having enough means obtaining necessities such as food / shelter, plus being able to acquire some luxuries. Enough money also represents freedom, independence, and choice.” [Focus group participant, low-paid, 18–20 yrs, Melbourne]

“To be able to support my needs and wants as a teenager but also having enough to save.” [Focus group participant, 15–18 yrs, Perth]

“I can travel to places I would like to visit if I save up enough.” [Focus group participant, 18–20 yrs Adelaide]

Savings might be for short-term activities:

“Being able to invest in things I enjoy, hobbies.” [Focus group participant, 18–20 yrs Adelaide]

Or they may be for long-term goals, including planning for the future:

“… that I will be able to do flying lessons more frequently and help me to become a commercial pilot one day.” [Focus group participant, 15–18 yrs, Perth]

“… room to make plans for the future.” [Focus group participant, 18–20 yrs, Melbourne]

“… buying something nice in the future, supporting myself and having my own house.” [Focus group participant, 18–20 yrs, Melbourne]

“Having more freedom in the quantity and focus of my regular spending, and also the opportunity to save significant sums of money towards future use.” [Focus group participant, 15–18 yrs, Perth]
Paying bills with less stress and worry

Being able to afford to pay bills and resultant decreased levels of stress and worry were mentioned by some:

“… relief that I don’t need to stress about money, bills, etc. Also enough money means that I am happy, because I don’t have to deal with the stress of it.” [Focus group participant, 18–20 yrs, Adelaide]

“… getting through the week without struggling and having some money left over for yourself so that you can still enjoy life.” [Focus group participant, 18–20 yrs, Adelaide]

“… not having to worry about as many things.” [Focus group participant, 18–20 yrs, Melbourne]

“… less stress, more fun.” [Focus group participant, 18–20 yrs, Melbourne]

“That I can have time for the other things in life apart from bills, like going out with friends and family.” [Focus group participant, 18–20 yrs, Adelaide]

Financial security

Financial security was important to some:

“… Having the freedom to live comfortably and still achieve your goals.” [Focus group participant, 18–20 yrs, Adelaide]

“… being able to afford to pay for my bills and needs and still have money to live a comfortable life.” [Focus group participant, 18–20 yrs, Brisbane]

Luxuries or a “decent” lifestyle

Some aspired to luxuries while others simply sought a “decent” lifestyle:

“… freedom to afford necessities, as well as money for going out and spending; enough for necessities as well as a little luxury.” [Focus group participant, 18–20 yrs, Brisbane]

“… being able to support myself and maintain a decent lifestyle.” [Focus group participant, 18–20 yrs, Brisbane]

“… being able to afford items and saving enough money to buy a car or travel.” [Focus group participant, 18–20 yrs, Melbourne]

Essentials, savings, non-essential expenditure

Junior bulletin board participants were asked to provide an estimate of how they typically spent their money – namely the percentage of their income that went towards essential expenditure (i.e. rent/board, getting around, paying bills/loans/fees), savings (i.e. for holiday, car, long-term saving), and non-essential expenditure (i.e. hobbies, entertainment, fashion). Typically for juniors, much was spent on savings and non-essentials, with essentials accounting for just over one-third of expenditure (although it should be noted that the majority of juniors were not living independently).
The large proportion of young people setting aside a substantial percentage of their income for savings were saving for short-term goals including buying a car, or overseas travel. For those living with their parents, essential expenditure was limited, which allowed them greater capacity to save for the things that they want. For the minority who had already left the family home, up to 80% of their wage was going toward paying for essential expenses, including rent and bills. For these participants their wage rate was very important.

**Figure 6: Amount spent by juniors not living independently**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-essential</td>
<td>25%</td>
</tr>
<tr>
<td>Essential</td>
<td>30%</td>
</tr>
<tr>
<td>Savings</td>
<td>45%</td>
</tr>
</tbody>
</table>

### 5.3 A segmentation of low-paid workers and unemployed

Low-paid Australians are a diverse group, experiencing different life and personal circumstances (refer to section 2), viewing work and pay rates in different ways and making different choices in relation to working (refer to section 3). As a result, the notion of the **minimum wage as a safety net** does not apply to all low-paid workers and unemployed people in the same way. To assist in understanding the different groups of low-paid workers and unemployed people, a segmentation has been developed which groups together similar types of individuals who are more homogenous than individuals in other groups. In other words, the segmentation classifies individuals into distinct groups that are very similar, yet very dissimilar to those not in that group.

The segmentation has been developed through analysis of the findings from the qualitative consultation and is based on two primary constructs or axes – locus of control and characteristics and circumstances. (Refer to Figure 7 for a visual representation.)
Figure 7: Segmentation of low-paid workers and the unemployed

Locus of control relates to the level of control that an individual feels in relation to their situation, which in turn influences their confidence. At one end of this continuum (top of the diagram) the individual is internally driven and attributes outcomes of events to their own control, while at the other end of the continuum (bottom of the diagram) the individual experiences a lack of control, attributing outcomes of events to external circumstances.

Characteristics and circumstances relate to the extent of opportunity available to an individual which can be related to personal characteristics and circumstances or the labour market within which an individual is competing. The left-hand side of the continuum represents a lack of opportunities and barriers to entry while the right-hand side represents choice and opportunity. Table 5 provides further examples of the characteristics and circumstances associated with each side of the continuum.

Table 5: Examples of characteristics and circumstances

<table>
<thead>
<tr>
<th>Lack of opportunities and barriers</th>
<th>Opportunity and choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower level of skills or experience</td>
<td>Higher level of skills or experience</td>
</tr>
<tr>
<td>Small or regional labour market</td>
<td>Large or metro labour market</td>
</tr>
<tr>
<td>Health or disability restrictions</td>
<td>No health restrictions</td>
</tr>
<tr>
<td>Lower education level</td>
<td>Higher education level</td>
</tr>
<tr>
<td>Language barriers</td>
<td>Good communication/language skills</td>
</tr>
<tr>
<td>Weak labour market</td>
<td>Strong labour market</td>
</tr>
<tr>
<td>Caring responsibilities</td>
<td>Fewer/shared caring responsibilities</td>
</tr>
<tr>
<td>Less competitive labour market</td>
<td>More competitive labour market</td>
</tr>
<tr>
<td>Age barriers</td>
<td>No age barriers</td>
</tr>
<tr>
<td>Long-term unemployed</td>
<td>Short-term unemployed</td>
</tr>
</tbody>
</table>
Each of the four groups is detailed further below.

**Find/make options**

This group are motivated, actively and eagerly looking for opportunities with few self-imposed limitations. They are confident, however due to personal or labour market characteristics they face barriers to entering employment or moving out of a low-paid position. This segment is illustrated in the many examples in the study of individuals who moved to a booming labour market to work – individuals who make opportunities for themselves even if that involves significant travel:

“Yes, I am looking for work. It is really hard though. I have applied for lots of jobs and I have had some interviews. The last one I had I went to Western Australia for a three-month contract.” [Focus group participant, unemployed, Tas regional]

**Choice/lifestyle**

Finding work or moving out of low-paid employment is not a priority for this group. They are likely to have opportunities and choice – perhaps having higher-level skills, experience or education, or living in a strong labour market – but for lifestyle or personal reasons they choose not to maximise wage opportunities. The concept of the minimum wage as a safety net is of least relevance for this group.

An example of this segment is a parent with tertiary qualifications who chooses to work in a low-paid position that is conveniently located near their children’s school and enables them to work during school hours.

**No choice (real or perceived)**

This group lacks confidence and those in it feel they have limited control over their work arrangements. They are likely to lack opportunities and choice – perhaps having lower-level skills, experience or education, living in a weak labour market or experiencing barriers related to age, disability, language or caring responsibilities. The concept of the minimum wage as a safety net is of most relevance for this group.

The consultation highlighted many examples of this group, including long-term unemployed or those with language, health or disability barriers that restricted their level of choice and opportunity. For example, several recent migrants described feeling scared to confront their employer about being paid below the minimum wage for fear of losing their job.

**Skilled but lack confidence**

People in this group also lack confidence and feel they have limited control over their work arrangements. However, they are likely to have opportunities and choice – perhaps having higher-level skills, experience or education, or living in a strong labour market. Due to their lack of confidence and/or control they are less able to pursue opportunities.

An example of this segment is a mother with qualifications who has recently returned or is seeking to return to work following an absence from the workforce due to parenting responsibilities. The consultation highlighted comparatively few examples of this group.
5.4 Life choices and influencing factors

Links between life choices and employment varied, as the freedom to choose from employment options in order to obtain an increase in pay rate varied greatly according to skills, experience and industry. The consultation highlighted a range of life choices and influencing factors which low-paid workers and unemployed people take into account when making decisions about working. For many, these choices took the form of a trade-off, often in relation to pay rate.

Section 5.1 and 5.2 have explored the experiences of low-paid workers and unemployed people in relation to lifestyle, and Section 5.3 explored the level of opportunity and choice available to different groups. Within this context the following section explores the trade-offs that low-paid workers and unemployed people make in relation to employment status, training opportunities and flexibility.

5.4.1 Casual versus permanent employment

Discussions on employment and wage rates frequently included a discussion on casual rates of pay, the pros and cons of casual or part-time jobs compared to permanent and full-time arrangements and the likelihood of moving between different work arrangements at different points in one's working life. Through this discussion it was evident that there are a variety of opinions about the benefits of different working arrangements.

For some, a casual employment arrangement was a choice, while for others it was due to an inability to secure a permanent position. Many who were employed on a casual basis sought casual employment for flexibility and higher rates of pay. Some saw these jobs as perfect for their situation (e.g. saving for an overseas trip) while others saw them as temporary solutions while they worked towards other employment goals, as an opportunity for work experience or to provide income to support further study:

“I am full-time casual, so it is only a short-term job at this stage …” [Focus group participant, low-paid, 21–35 yrs, Melbourne]

For some participants (particularly juniors) the decision to trade off income security and entitlements for a higher hourly wage was a deliberate choice:

“… if I was to work a part-time job or even a full-time job where you get paid less than when you are a casual, generally I just can’t do the things I want to do …” [Focus group participant, unemployed, 21–35 yrs, Perth]

However, for many, full-time jobs were “the holy grail” and casual jobs were openly discussed in terms of being “just” casual, that is, inferior to permanent positions. A range of drawbacks were mentioned in relation to casual jobs, including:

Lack of income security

“… there is nothing worse than having someone turn around and say you are casual, we don’t need you any more and you have done all that training for that job.” [Focus group participant, low-paid, 21–35 yrs, Melbourne]

“I have worked two days in the last three weeks, which is frustrating as well because they don’t seem to need anybody at the moment.” [Focus group participant, low-paid, 21–35 yrs, Perth]
“I’d been employed casually in the motel and I wanted permanent part-time because you get holidays and you don’t have to worry where the money is coming from if you go away for a couple of weeks.” [Focus group participant, low-paid, 35+ yrs, Qld regional]

Irregular working hours

“… when you are on a rotating roster at night times, as a casual, you can’t base your lifestyle around something like that, so I need something like 9–5.” [Focus group participant, 18–20 yrs, Brisbane]

The following vignette illustrates the trade-offs made by a Chinese-speaking migrant:

Ken*

Originally Ken worked full-time in his first two years in Australia, but he has since started to work on a casual basis so that he and his wife, who also works casually, are able to rotate the responsibility of their one-and-a-half-year-old son at home.

Although he is unhappy with his job and wage, he feels he is better off than many other migrants. His family relies on Centrelink benefits for low income earners to supplement the family income, and he sees an advantage to casual work as the hourly income is slightly higher.

His life is dictated by when his boss calls him in to work and the fact that there is no stable income for the family:

“As a casual worker the income is not stable, there is no super and no insurance cover … there is no way I can think about buying a house because rental and petrol are the two biggest expenses we face. I can rarely afford to eat out.” [Focus group participant, Chinese male, 35+ yrs, Melbourne]

* Name changed

Loss of leave entitlements

“Casuals get more money but not the benefits of super, sick pay, etc.” [Adult employee, bulletin board participant, low-paid, 21–34 yrs, Vic regional]

“… you don’t get any holiday pay.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

There were differing views around the work ethic and commitment of casuals compared to permanent staff. While some employers admitted they did not expect loyalty from casual staff, as they would come and go, others felt they were a productive part of their labour force. Opportunities for career progression were seen to be greater for permanent roles, with employers more likely to invest resources in the development of their permanent workforce:

“… when I think about getting a job I definitely think about my career. Not like my casual job, but a full-time job …” [Focus group participant, unemployed, 18–20 yrs, Melbourne]
“We used to have a more transient, casual staff but as our business continues to evolve and develop, stability and career-minded staff who can grow with the company are the preferred employee.” [Employer of low-paid workers, bulletin board participant, health services industry, SA regional]

5.4.2 Training

Training was valued by participants, with many recognising the need for training and education if they are to step out of a low-paid position and become a higher income earner in the future:

“Many higher paying jobs require better than entry-level qualifications such as training certificates or university degrees. Some jobs have their wages determined by how qualified the employee is and therefore how valuable they are to that particular employer.” [Junior employee, bulletin board participant, 18–20 yrs, NSW regional]

“… training and the qualifications means more earning power.” [Focus group participant, unemployed, 35+ yrs, NSW regional]

Some felt taking on a traineeship or apprenticeship would open up greater opportunities in the future, including owning their own business, and provide access to a wider choice of jobs:

“… getting picked to do that job over someone who does not have the training or qualifications.” [Focus group participant, low-paid, 21–35 yrs, Melbourne]

“… more people will employ me because I’ve got training in some fields of work.” [Focus group participant, 18–20 yrs, Melbourne]

Differing views were evident amongst those working as trainees and apprentices in relation to the “fairness” of the comparatively low rate of pay they receive. Some felt that the value of training and their relative inexperience compensated for lower wages while completing their apprenticeship or traineeship. However some felt they were being exploited, with one participant describing a situation where they received little instruction and were charged out by their employer as a fully qualified tradesman:

“I can understand why people drop out [of apprenticeships] because of the lack of money … it’s ridiculous. I was in an apprenticeship and I think there were two tradesman and about 10 apprentices. You get paid pathetic wages and – like, fair enough – you are getting training, but I remember a first-year apprentice and the boss said I can’t afford to send you to TAFE so it’s an extra year on his apprenticeship. And – like – they send an apprentice out on his own and expect him to do a tradesman’s job and charge the customer tradesman’s rates. It’s just wrong, and it should be monitored so much more.” [Focus group participant, 18–20 yrs, Melbourne]

Some employers were mindful that training wages are low, and to encourage their staff to complete their training they described paying above the training wage as an investment in the future:

“We pay all of our trainees a normal rate of pay. We don’t pay them less because they are a trainee. In fact some of the people that have signed up for traineeships (depending what level) have actually received a pay rise from us upon signing up, you know, as a vote of confidence for them spending the time and energy to get a qualification.” [Employer of low-paid workers, focus group participant, retail industry, Hobart]
"We don’t pay them a traineeship wage; that is too close to slave labour for my liking."  
[Employer of low-paid workers, focus group participant, retail industry, Hobart]

Many employers commented on the value of employing trainees and apprentices:

“Apprentices are an economical way to complete a job. We also have the benefit that we have a tradesman created every year able to fill a position if somebody leaves, or if we are in a position to expand, they are trained in our systems.”  
[Employer of low-paid workers, bulletin board participant, electricity industry, NSW regional]

“There is a shortage of skilled personnel available so we think by hiring trainees we can train them to work how we want them to work . . . [and] because junior wages apply. Hiring all senior staff would make the business unprofitable.”  
[Employer of junior workers, bulletin board participant, retail industry, Qld regional]

However, a number of juniors were focused on short-term goals, such as saving to travel or taking a year out to relax or pursue a hobby, deferring study to a later time. These juniors believe the “world is their oyster” as they are experiencing the buoyancy of a time of economic prosperity:

“I just finished year 12 last year and am taking the year off this year. Haven’t started working yet but I should. I still live at home. My parents keep telling me to get a job; they don’t want me to be just around the house all day playing computer games.”  
[Focus group participant, unemployed, 18–20 yrs, Melbourne]

Among the migrant communities taking part in the consultation, training and gaining Australian qualifications were strong motivators. Participants in the younger age group, who were predominantly single, considered education as the “ticket to a better future”. Those in the older age group with previous training/experience considered it a pathway to allow them to take their rightful position in their respective trade in Australia:

“I believe after my studies I will have more chance and a wider area in which to find a job.”  
[Focus group participant, Chinese male, 18–24 yrs, Melbourne]

“I am studying so as to get a good job in the future. That is my target.”  
[Focus group participant, Chinese male, 18–24 yrs, Melbourne]

“My short-term goal is to get a qualification. My long-term [goal] is to get a high percentage of opportunity in careers. I hope it will be easier to get the job I want.”  
[Focus group participant, Chinese male, 18–24 yrs, Melbourne]

“I was a beautician back in Lebanon and when I came to apply for jobs, no one would recognise my qualifications . . . Even though it is a struggle financially, I am doing the TAFE course part-time so I can be a qualified beautician in Australia.”  
[Focus group participant, Arabic female, 35+ yrs, Sydney]

“In Lebanon I am a certified plumber so naturally I applied for plumbing positions. However the way plumbing was done here was completely different. There were all these plans you had to read and I didn’t know how to do that. It took me a long time for someone to notice that I had a good background. I just needed a push in the right direction. Now I am in a stable job and I am very happy . . . I have taken the decision to remain in this position and I have enrolled in a TAFE plumbing course as I realised it is the only way I can ever work as a qualified plumber in Australia and earn a higher wage.”  
[Focus group participant, Arabic male, 35+ yrs, Sydney]
However, some migrants described being unable to afford to take the step towards gaining Australian qualifications:

“Life at the moment is hard. I keep getting told that I need to go get a temporary interim mechanical licence for up to 12 months and then go to TAFE to get a certificate, but I can’t afford to leave work and study, even though I know it will be better for me later on . . . If I had the chance to do further training or get a higher pay than what I am receiving at the moment, I would take the pay rise because the most important thing is making sure that I can continue providing for my family and working towards buying a house.” [Focus group participant, Arabic male, 23 yrs, Sydney]

5.4.3 Flexibility

Flexibility was highly valued by some participants, with many prepared to trade off flexibility for a lower rate of pay. Those with responsibility for caring for children or invalid parents or partners frequently placed flexibility to work around family commitments above the rate of pay:

“At this stage I don’t want to push my boss too much. I am fairly happy with what I have and due to my experience at this workplace I have been able to negotiate flexible hours when needed. I have been there for approximately nine years both full-time and part-time and he has allowed me to work the hours I need so I can work around kids and a sick husband.” [Adult employee, bulletin board participant, low-paid, 35+ yrs, NSW regional]

“He [my best friend] is married with two young children but his wife has a higher academic qualification than he does, so she can earn much more money for less hours than he would need to work. They made the decision that he is a stay-at-home/casual worker Dad, and she has a career. As he wants and needs flexibility in his working hours, he generally has minimum/low-paying jobs but at the same time they do not have outside carers for their children, apart from the grandparents who each have the children one day a week after school/kinder. For my friend and his family, this is the best option. They are all happy with the arrangement, despite the fact that he could earn more money if the family chose for him to work full-time and have the children minded or in day care, etc. Plus as a bonus, he has a vegetable garden and some fruit trees in their backyard. Financially they are better off, plus of course the children spend quality time with the grandparents, the wife comes home from work during the week to a clean house and the meal cooked. The weekends are family time and a role reversal where Mum takes over the domestic reins to give my mate a break. As a family unit, they are certainly very happy.” [Adult employee, bulletin board participant, above-average income, 35+ yrs, NSW regional]

Students often demonstrated a preference for low-paid casual work where hours could be structured around their study commitments. Some juniors were also happy to trade off pay rate for flexible of working hours that could be scheduled around particular interests, including social activities, sporting commitments:

“My job environment allows me to come in late and leave early at my leisure.” [Junior employee, bulletin board participant, 18–20 yrs, WA regional]
6. Wage rate determination

6.1 Awareness, understanding and involvement

All groups were asked about the wage-setting arrangements in their current workplace or in the workplace of recent positions they had held. Most participants were able to describe the determinants of wage rates in their own workplace, although fewer were able to provide an explanation of the process. This highlights that while participants had an awareness of the factors influencing wage-setting, most had a limited understanding and were not able to articulate how wage rates were determined in any detail or with any degree of certainty.

In contrast, many participants in the 2007 consultation exhibited low levels of both awareness and knowledge of the determinants of wages and employment conditions. In the discussion groups that were held in 2007, when first asked what determined wages at their workplace, some participants were unsure of the question and asked for clarification, or hesitated before answering. In the 2008 consultation, although most participants did not hesitate in responding to the question, their responses indicated only a superficial knowledge and, in some cases, an inaccurate understanding of wage setting:

“They do a percentage … I reckon they got it off a census from about 40 years ago.”
[Focus group participant, low-paid, 21–35 yrs, NSW regional]

Moderator: How do they determine wages in your workplace?

“It’s on the award, that’s what it is, the award. I couldn’t tell you how they work it out.”
[Focus group participant, low-paid, 21–35 yrs, NSW regional]

“I believe by an enterprise bargaining agreement … staff voting on pay changes.”
[Adult employee, bulletin board participant, low-paid, 21–34 yrs, SA regional]

It was apparent that there were differing levels of knowledge and familiarity with the formal industrial relations system. Many participants had a basic topic vocabulary and the terms “award”, “workplace agreement” and “enterprise bargaining agreement” were used regularly by both employees and employers. While it was apparent that terms are in common parlance, knowledge about their meanings appeared to be mainly related to an individual’s own circumstances. Thus, the level of knowledge seemed to be fairly superficial with many simply accepting existing arrangements, and appearing not to have considered these things in any great depth prior to participation in the consultation process.

Generally, the level of engagement with actual wage-setting was low. Many employees and employers confessed that they had little or no knowledge of the way in which pay scales and awards in general are set, or how their own workplace agreements were negotiated:

“I thought the award was the minimum wage … I have always treated the award that, that is what I need to pay.” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

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3 It is hypothesized that the greater degree of articulation of the determinants of wages in 2008 may have been influenced by slight differences in the group process from 2007 to 2008, which resulted in greater engagement in the topic. Differences include (1) the homework tasks that were provided to many groups, which encouraged participants to focus on the general topic area prior to attending the group (thereby “priming” participants), and (2) a more structured bulletin board process that provided participants with the opportunity to develop thoughts over an extended period. These factors, combined with the discussion itself, may have contributed to the evolution of participants’ thought processes and views in relation to the topic.
“Our staff are covered by the award [Hotel & Motel Industry Award] and we’re members of a Hotel Management Authority – I don’t know, my wife manages all of this part of it.” [Employer of junior workers, focus group participant, hospitality industry, Qld regional]

Others were aware that a formal process had taken place but were often unfamiliar with the detail. Some however, were aware that there had been some “trade-offs” of workplace conditions (such as sick days or public holidays) for pay increases or other arrangements.

Adult and junior employees participating in the bulletin boards were asked if they have been “in touch” with wage rate issues in Australia before becoming a participant in the discussion. Responses to this question were polarized. Some participants clearly had no familiarity with wage issues or found the concepts difficult to explain:

“I believe my employer is paying over the award, which is good, but I’m not sure; I could be looking at the wrong award.” [Junior employee, bulletin board participant, 18–20 yrs, Sydney]

“I’m on a retail award – I get the amount that is set.” [Adult employee, bulletin board participant, average income, 21–34 yrs, Adelaide]

“I have no idea. All I know is that in April I’ll be getting a pay rise.” [Junior employee, bulletin board participant, 18–20 yrs, Adelaide]

For those with some understanding of the determinants of pay rates, their explanations tended to focus on concepts such as “award rates” and “award classifications” based on role and experience, as illustrated by the following comments:

“Pay is determined by what level you are classed at, depending on the level of functions you can complete.” [Adult employee, bulletin board participant, above-average income, 21–34 yrs, Tas regional]

“There is a set award. It is based on how many years study you have completed when you first enter the profession. You then climb the ladder of pay according to years of experience and/or seniority.” [Adult employee, bulletin board participant, above-average income, 21–34 yrs, NSW regional]

“My current pay rates are the basic award apprentice wages. This is a fair bit lower than other colleagues’ wages but after a few more years I will be on similar wages to them when I’m experienced.” [Junior employee, bulletin board participant, 18–20, Qld regional]

Employers participating in the bulletin boards were more likely than employees to feel they have been “in touch” with wage rate issues in Australia before becoming a participant in the discussion. This knowledge was often expressed in relation to keeping up to date with changes to the award:

“I think it is around September every year, isn’t it, that the award changes … I just download it off the Wageline website.” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

“Our staff are covered by the Hotel and Motel Industry Award and we’re members of a Hotel Management Authority. They send newsletters and emails to advise on the impact of the minimum wage rise and how it affects your award.” [Employer of junior workers, focus group participant, hospitality industry, Qld regional]
A number of participants (employees and employers) were familiar with Wageline and described calling the 1300 number or looking on the internet to check on awards.

The consultation highlighted that many participants, particularly juniors and low-paid workers, appear to accept the status quo in relation to wage-setting and many have never considered the mechanics or the determinants of their rate of pay. Overall, a low level of engagement and involvement in the determination of pay rates was evident. For several participants, the notion of even asking at a job interview about the rate of pay being offered was behaviour they did not consider:

“I didn’t know how much this job paid until I applied for it … how do you go into an interview and say how much is the hourly rate? I have never done that.” [Focus group participant, low-paid, 35+ yrs, NSW regional]

“See, I’d be too scared to negotiate a pay rate …

Moderator: “Would you? …”

Respondant: “Yes …”

Moderator: “Why? …”

“You worry if you ask for too much you are going to miss out on the job … If you aren’t a confident person you underestimate yourself – I know I would.” [Focus group participant, unemployed, NSW regional]

For migrant workers in this study, there did not appear to be a great deal of choice or grounds for negotiation once paid employment has been secured. None of the migrant participants felt they were in a strong position to negotiate any aspect of their employment conditions. Although many felt that they had specific skills that they could offer their employer to add value to their business, none had asked for an increase in pay rate, and few had discussed any aspect of their employment arrangements. Only one participant had asked her employer for more money to cover expenses related to carrying out her duties for them.

For others, their rate of pay was seen to be determined by “the government” and thus it was not something they felt to be open for discussion. Fear of negative repercussions also discouraged people from seeking to negotiate a higher rate of pay:

“It is based on a schedule fixed by the government. There is very little flexibility.” [Focus group participant, low-paid, 35+ yrs, Qld regional]

“They are determined by state awards, with penalty rates over the weekend. Pay rates are centralised and are determined by age, classification and grade, e.g. I’m a grade 2 worker. So basically it is determined by an award.” [Junior employee, bulletin board participant, 18–20 yrs, Sydney]

“It’s all the government that works out the awards – I mean, what could I do about it?” [Focus group participant, low-paid, 35+ yrs, Qld regional]
“With me it is the government that sets my pay rate. It is a band rating. So they just look down a list and say ‘You are doing this job so this is the pay band you are on for this job.’ So depending on the description of the job this is what you get paid. And I don’t think I change that pay band for 12 months and then I think it is incremented very slowly.” [Focus group participant, low-paid, 21–35 yrs, Melbourne]

Some participants expressed the idea that there may be negative repercussions for them if they asked for more money. The most severe repercussion identified was the potential to lose their job, and there was also a belief expressed by some that they may be financially penalised in other ways:

“I’ve seen people ask for a pay rise and then get their hours dropped back.” [Focus group participant, low-paid, 21–35 yrs, NSW regional]

However, other participants recounted having successfully negotiated a higher rate of pay with their employer. This was more common among workers who had been working in their current position for some time. Increased pay tended to relate to their level of experience and/or skill or to an increased level of responsibility:

“I approached my employer with duties that I could perform above basic level and asked for a rise in accordance with duties.” [Adult employee, bulletin board participant, above-average income, 35+ yrs, NSW regional]

In a few cases participants said they had approached their employer for an increase in wages because they were receiving a rate below the award – in other words they felt justified in making such a claim:

“I rang the wages board and found out that I should have been getting $3 per hour more. They valued my expertise so had to pay up.” [Adult employee, bulletin board participant, low-paid, 21–34 yrs, Adelaide]

“I’ve gone on WageNet and called them before as well to check if my wage had changed because I’d gotten older. They were really helpful. It was my boss that wanted to know so he could give me the right wage … Instead of just calling and getting a standard rate or anything, I could tell them what my duties were and then they could better tell me what it was that I should be getting paid.” [Focus group participant, unemployed, 18–20 yrs, Melbourne]

“I did have a talk to them, but they did a lot of things that weren’t by the books and there were a lot of people that had been working there for a lot longer than I had who were still getting the same wage. I knew I didn’t have any room to negotiate with them, so there was no future there.” [Junior employee, bulletin board participant, 18–20 yrs, Perth]

It was relatively common in the discussion groups for juniors to report that they have never sought to negotiate a higher rate of pay:

“I am happy with what I get per hour and everyone in my situation at my work gets paid the same, so it would be unfair for my boss to only give me a raise.” [Junior employee, bulletin board participant, 15–17 yrs, Brisbane]

“I’ve never asked because I’ve only worked there for six months and my birthday’s coming up soon, so I’ll get a raise then.” [Junior employee, bulletin board participant, 18–20 yrs, ACT]
The more usual behaviour for juniors was to find another job rather than negotiate wages with a current employer:

“He said to me … ‘Working here can be enjoyable but it can be extremely easy or it can be extremely hard, and the wages aren’t the best’, which I found out wasn’t really good at all.”

Moderator: “So is that why you left? Because of wages, or … ?”

“Oh, yeah … ” [Focus group participant, 15–18yrs, Perth]

Whether negotiation over pay rates was feasible or not, the decision to take a particular job or remain in a particular job at the appropriate pay rate and conditions was felt by several participants (workers and employers) to be something the individual could control.

Some employees felt they could exercise control through their decision to take or remain in a particular job:

“If you don’t like the pay rate agreed upon, you don’t take up the position. If you believe you are worth more and know you can get what you’re worth elsewhere.” [Adult employee, bulletin board participant, above-average income, 35+ yrs, ACT]

“I don’t set the rate, but I am free to go elsewhere if the rate is not suitable.” [Adult employee, bulletin board participant, average income, 35+ yrs, Qld regional]

Others felt they could seek a higher rate of pay through hard work or improving their skills:

“I have no control over the actual rate of pay – that is determined by the Enterprise Bargaining Agreement. The control I have is where I am positioned in that agreement. There are a number of levels and sub-levels within each of those. Through work, negotiation and application I can try to change my position in that hierarchy.” [Adult employee, bulletin board participant, above-average income, 35+ yrs, Qld regional]

“We start them on the minimum wage and give them a bit more money as they progress. If they want to learn they’ll get a bit more.” [Employer of low-paid workers, focus group participant, manufacturing industry, NSW regional]

“At my job they were paying me the award – like $13.75 – and I said to them after a month, ‘I have proved myself, I am a pretty good worker; I reckon I am worth $15 per hour’ and he said, ‘Yes, I was going to put you up after you finished your probation anyway’. ” [Focus group participant, 18–20 yrs, Brisbane]

“If you show that you want to work hard and not just be a bum, then they’ll just take you on … ” [Focus group participant, 18–20 yrs, Melbourne]

In contrast, some participants felt they had limited opportunity to influence their rate of pay. Often employees expressing this view lacked the skills or confidence to enable them to access other options, while others had chosen not to take the necessary steps to move up to a higher rate of pay:

“[I have] no control over my wage at all, as we are paid according to what level we are. Unless I am prepared to change up one class, then there is no change to the pay. The increase is only minimal for a lot of extra functions so I have chosen not to take the next step.” [Adult employee, bulletin board participant, above-average income, 21–34 yrs, Tas regional]
“If I had more experience maybe I would negotiate.” [Focus group participant, unemployed, 35+ yrs, Sydney]

“So many people want work, you either do what they want [for the pay offered] or too bad, they will get someone else.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

Where the more common attitude (particularly for juniors) was to find another job rather than ask for higher pay rates, prosperous labour market conditions provided people with opportunities to seek higher wages elsewhere (see also section 4.3 Work patterns and discussion of labour market mobility).

Kate*

Kate worked as a waitress in Melbourne, 40 hours a week and was paid in cash. She figured she needed at least $15 per hour to sustain the lifestyle she wanted, but she was only getting $12 an hour. The tips were OK, but still not enough. The problem was she really enjoyed working there, the people were nice and it was in a perfect location for her. She approached her employer to negotiate a pay rise but they would not give her one, partly because there were other employees that had been working there for longer under the same rate. She realised she couldn't negotiate further so decided to quit. She is very happy at the two places she works at now, the pay is much better, they are more flexible and she also enjoys working with most of the people.

* Name changed

Views among employers varied based on the industry. Those operating in industries that traditionally offer above-award wages feel they have control over pay rates, while those operating in industries with low margins (such as hospitality) and those operating under tight budgets (such as community services) feel they have less control. Employers' perceptions of control appear to be linked to their (perceived) capacity to pay above-award wages:

“Obviously the award is set and I have no control over this component, however I have total control over anything outside the award. As the business owner I have total control on how much I pay above award.” [Employer of low-paid workers, bulletin board participant, health services industry, SA regional]

“We have total control over the rates because we go by award and higher rates.” [Employer of low-paid workers, bulletin board participant, business services industry, Melbourne]

“We pay award rates and we do salary packaging as well but there's no discretion with it. I don't have any control over what they're paid and there aren't any bonuses either – not financially anyway.” [Employer of low-paid workers, focus group participant, community services industry, Melbourne]

“Not much control because we have a budget which depends on the amount of funding we receive and we also have to follow the award.” [Employer of low-paid workers, bulletin board participant, community services industry, Sydney]

“I don’t think we have control; you go with the award and that is it.” [Employer of low-paid workers, focus group participant, retail industry, Hobart]
The level of staff turnover and the availability of labour in a labour market also influenced the pay rates. Some employers felt these factors were within their control, while others said they were more limited in their response to labour market pressures given their business model:

“… he’s third year so he’s been [with them] for a few years now but he keeps on wanting more money … I’m already paying him well above the apprentice rate … but … you know, he’s a good worker … ” [Employer of junior workers, bulletin board participant, trade industry, Perth]

“Personally I feel that talking about pay increases, most people lack confidence in this area.” [Employer of low-paid workers, bulletin board participant, health services industry, SA regional]

“They had been offered another job at a competitor and the package was more attractive, so they wanted to see whether or not we would be prepared to match it or not.” [Employer of low-paid workers, bulletin board participant, manufacturing industry, Vic regional]

“… if they can up-sell they will get a percentage of whatever product it may be … we do sometimes offer a bonus to younger ones. We put them up a pay rate; so if they are under sixteen they might go up to an under-seventeen or under-eighteen pay rate; if they are really good, if they are very impressive and they know what they are talking about, we will put them up.” [Employer of low-paid workers, focus group participant, retail industry, Adelaide]

### 6.2 Determinants

The determinants of wages were explored in the focus groups and bulletin boards, and it was evident that participants’ thoughts developed as the discussion progressed. Initial comments often centred on award rates and workplace agreements with many employers and employees commenting that this was a primary determinant of wage rates. However, on further reflection the key determinants of pay rates were seen to also relate to the characteristics or attributes described for employability generally. In this regard, skills, qualifications and experience were frequently mentioned. This may reflect what participants feel should determine wages, rather than how wages are actually determined.

Particularly in the groups of juniors and amongst employers, age was often mentioned spontaneously as a key driver of wage rates in today’s workplaces. Employee performance and economic and business factors were also discussed by both workers and employers.

Table 6 presents an overview of the key determinants of wage rates in the eyes of participants.
Table 6: Key determinants of wage rates

<table>
<thead>
<tr>
<th>Awards and workplace agreements</th>
<th>Setting the minimum legal wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Fairness and appropriateness of junior wages</td>
</tr>
<tr>
<td></td>
<td>Relationship between age and experience</td>
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<tr>
<td>Life stage and financial responsibilities</td>
<td>Independence and dependence</td>
</tr>
<tr>
<td></td>
<td>Family responsibilities</td>
</tr>
<tr>
<td>Experience, skills and qualifications</td>
<td>Formal qualifications</td>
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<tr>
<td></td>
<td>On-the-job experience</td>
</tr>
<tr>
<td>Employee performance and value to the company</td>
<td>Level of contribution to the business</td>
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<tr>
<td></td>
<td>Employee productivity</td>
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<tr>
<td>Attitude and personal characteristics</td>
<td>The “right attitude”</td>
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<td></td>
<td>People who want to work (work ethic)</td>
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<tr>
<td></td>
<td>Fitting into the workplace / getting along with other workers</td>
</tr>
<tr>
<td>Environmental, economic and business factors</td>
<td>Local labour market impacts</td>
</tr>
<tr>
<td></td>
<td>Areas of skills shortage</td>
</tr>
</tbody>
</table>

The descriptions provided by participants regarding the factors that determine their rate of pay suggested that many were aware that a number of considerations come into play. The following comments illustrate this:

“Your age mostly … but because I am the longest working staff member there, currently I get a little extra pay and some benefits on the side, e.g. I get to choose my work hours before other people.” [Junior employee, bulletin board participant, 15–17 yrs, Melbourne]

“They are determined by an award rate, being classified into age and level of position, as well as length of time at the business.” [Junior employee, bulletin board participant, 18–20 yrs, Qld regional]

“I’ve got first, what the law says; you don’t want to go below that so you start there. Then it goes back to the attitude, to how much you can afford and the value to the business. I’m giving you your rights to start with but then if you are valuable to me and my business I might consider more.” [Employer of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

Table 7 presents the top-ranked determinants of wages for each of the groups included in the consultation. Factors are ranked by frequency of mentions in discussions.
Table 7: Top-ranked determinants of wages for groups

<table>
<thead>
<tr>
<th>Employers</th>
<th>Low-paid</th>
<th>Juniors</th>
<th>Unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Experience</td>
<td>Experience</td>
<td>Skills</td>
</tr>
<tr>
<td>2</td>
<td>Skills</td>
<td>Skills</td>
<td>Qualifications</td>
</tr>
<tr>
<td>3</td>
<td>Value to the business</td>
<td>Value to the business</td>
<td>Age</td>
</tr>
<tr>
<td>4</td>
<td>Attitude</td>
<td>Qualifications</td>
<td>Experience</td>
</tr>
<tr>
<td>5</td>
<td>What business can afford</td>
<td>Attitude</td>
<td>What law says</td>
</tr>
<tr>
<td>6</td>
<td>Qualifications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>What law says</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Commitment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Age</td>
<td></td>
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</tr>
</tbody>
</table>

Employers tended to identify a larger range of factors that play a role in determining wage rates. Low-paid workers and employers generally mentioned experience, skills and value to business while responses from junior and unemployed participants were more likely to include qualifications as a determinant (potentially as a barrier to higher wages for themselves). Not unexpectedly, juniors were more likely to measure age as a key factor.

Overall the findings were similar to the 2007 consultation and a detailed discussion of each of the determinants of wage rates can be found in section 4.3 of that report. A key area of difference was the increased prevalence of comments in the 2008 study in regard to labour market factors such as skills shortages and the “mining boom” impacting wages. A number of participants described being attracted to work in mining due to the comparatively higher wages. See also section 4.1 for a discussion of labour market conditions and section 4.3.2 for discussion of labour market mobility.

6.3 Views on the minimum wage

6.3.1 Awareness and understanding

Awareness and understanding of the minimum wage

The focus groups and bulletin boards highlighted a general understanding of the concept of the minimum wage. Whilst this project was a qualitative inquiry and direct comparisons with the 2007 findings are not possible, moderators observed that they were not required to provide as much description as in the previous study around the minimum wage. While participants still tended to ask questions about whom the minimum wage applies to and how it is determined (which demonstrates a lack of knowledge), there appeared to be greater understanding of the basic premise of the minimum wage in the 2008 research.

For example, most participants were aware that there is a legal minimum wage and that if they are being paid cash-in-hand they are probably being paid below the legal minimum. A number of people commented unprompted that workers would be exploited if there was no minimum wage, indicating they understand there is a law that protects them. Others confidently described the minimum wage as a safety net to protect those who are not able to protect themselves.
Although the majority of participants understood what the term “minimum wage” means in its literal sense, they seemed to have greater difficulty articulating what it meant for them personally. This was despite participants being deliberately recruited to the consultation as “people affected by minimum wages”, that is, they themselves received minimum wages or they employed people on minimum wages.

Frequently discussions about the concept of a minimum involved the introduction of terms such as “award” and “above award”. Indeed, people seemed more familiar with the terms “award” and “above award” than with the term “minimum”. The following comments highlight that the relationship between the minimum wage and award wages was also not generally understood:

“I think I am on the minimum award.” [Low-paid bulletin board participant]

“I remember when that last minimum wage increase happened, we got a phone call from whoever set up the AWA’s saying they have all gone up but I don’t know, perhaps the AWA’s are set up on a percentage of the minimum wage … how much is the minimum wage?” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

“I thought the award was the minimum wage … I have always treated the award as that, that is what I need to pay. I’ve looked at it not so much as the minimum but as the fair going rate.” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

“I mean, our jobs are not going to fall into line with the minimum wage because there is something else which dictates what we will be paid and that takes into consideration our experience and our skills and whatever. You know, I mean the minimum wage is really for somebody who is unskilled.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

Further indicating a lack of understanding about the function of a minimum rate of pay was the fact that when subsequently asked how the minimum might be decided, some people thought that personal factors and attributes such as experience, attitude and skills should go into the mix. However, in the few groups where this misunderstanding occurred, often an individual within the group sought to explain the difference between the minimum and the award to others who had either a limited or incorrect understanding:

“The minimum wage earners are the battlers.” [Unemployed, 35 yrs+, Regional Tasmania]

“When you are talking ‘minimum wage’ you are talking minimum wage for unskilled workers; the bottom of the bottom. That’s what she’s talking about. Not the minimum wage in our individual jobs. Like his minimum wage isn’t the minimum wage. The minimum wage is a kid coming out of school at 16 and goes to get a labouring job or whatever the case – unskilled work.” [Employer of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

“You know when you ring and get a pay rate for a particular job, they have to make it on something so there is a minimum that they make it on. I mean, it might be tons more than the minimum wage, but I mean they have to have something to base it on, to start with, don’t they?” [Focus group participant, unemployed, 35+ yrs, Tas regional]

In regards to the actual level of the minimum wage, knowledge was low:

“I reckon the minimum wage is over $6.50 as a minimum wage.” [Junior bulletin board participant, 18–20 yrs, Brisbane]
“What is [the minimum wage], do you mind telling us?” [Focus group participant, unemployed, 35+ yrs, Qld regional]

“I looked at the minimum wage for the skills I had three years ago, but before that I was out of touch with what the minimum wage was.” [Focus group participant, low-paid, 35+ yrs, Qld regional]

“I’m struggling a bit here because I don’t actually have any idea what the minimum wage is at the moment.” [Employer of low-paid workers, focus group participant, community service industry, Melbourne]

Awareness and understanding of the minimum wage review process

There was a low level of knowledge about the wage-setting regime in Australia. It was evident that there was an underlying belief that the government (or someone) does have some sort of role in wage-setting and many simply assumed that the government would look after the minimum wage. Although the majority of participants were not aware of the body responsible for adjusting the minimum wage or the process used, many felt comfortable that the government was taking care of it:

“I just automatically trust that the government’s looked at that minimum wage … that they’ve reviewed it enough to know that the minimum wage they have set will get people by.” [Employer of junior workers, focus group participant, retail and hospitality industry, Qld regional]

“The government is setting the minimum wage … ” [Focus group participant, unemployed, 35+ yrs, Tas regional]

When asked who sets the minimum wage, a variety of responses were recorded. Unprompted awareness of the Australian Fair Pay Commission was low. The few participants who were able to name the Commission as the body responsible for determining the minimum wage tended to have a particular interest in the area.

After prompting, some felt they had heard of the Commission, although the explanations provided often indicated that participants had limited knowledge or were confusing the Commission with other organisations:

“I think I called it when I was enquiring about jobs down here.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

“Just if you’ve got any doubts about the agreement that you’re on, you can ring up them up and they ask you questions and see if it’s fair or not.” [Employer of low-paid workers, focus group participant, manufacturing industry, NSW regional]

“Are they the same people that do work conditions as well?” [Employer of low-paid workers, focus group participant, community service industry, Melbourne]

Some felt that awards and the minimum wage may be set by a different body or that the minimum may differ between states:

“I understand that there are different government bodies setting the awards so why are we having these two different bodies setting wages?” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]
As previously discussed, there was awareness of the concept of the minimum wage; however there was limited knowledge of the mechanics of the minimum wage and its implementation. Many employees were not aware there was an increase in minimum wages in October 2007. Others had some recollection of a small increase to their hourly wage, which they felt may have been linked to their birthday or experience (particularly in the case of juniors and apprentices) or an increase provided by their employer:

“I heard it from someone because our bosses gave us $1 an hour pay rise because they said they were happy with our work … They are going to take the credit, aren’t they?” [Focus group participant, low-paid, 35+ yrs, NSW regional]

“It went up about twenty cents.” [Focus group participant, low-paid, 35+ yrs, Tas regional]

“Eighty cents I think it was; it wasn’t a lot, so you lost that before you got out of Woolworths.” [Focus group participant, low-paid, 35+ yrs, Tas regional]

Among employers there was confusion around the frequency of wage reviews. For example, the following quote shows the debate around this issue that occurred in one particular group of employers working in the manufacturing industry:

Participant A: “Once every four years, isn’t it?”

Participant B: “No, it’s every two years.”

Participant C: “The minimum wage goes up every year, doesn’t it?”

Participant D: “They check it out and then pay it per year …”

Participant E: “No … I haven’t heard of one going up for at least three years …”

Participant F: “They go up every year.”

[Employers of low-paid workers, focus group participant, manufacturing industry, NSW regional]

Increased connectivity to wage decisions was evident among employers that are part of a large organisation, have a unionised workforce, subscribe to an industry-based information service, or are part of a franchise. These employers had a regular flow of information in relation to wage rate issues and were more likely to be aware of changes:

“We are members of an industry association and they advise us of any changes. We pay a fee for that service.” [Employers of low-paid workers, focus group participant, trade and manufacturing, industry, Sydney]

“We get a letter from the union telling you it has gone up.” [Employers of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

“We’re a member of a childcare association so every time there is a wage increase we get updated by them so we’re quite aware of what the minimum wage levels are.” [Employer of low-paid workers, focus group participant, community services industry, Melbourne]
Other employers were less connected to wage decisions, and a few employers recalled experiences where they had been required to back-pay employees as they were unaware of an increase in wages:

“They don’t ring up and tell you it has changed … you have to find [out] yourself.”
[Employers of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

A number of participants commented on the frequency of wage reviews, in particular that the minimum wage should be reviewed on a regular basis to ensure wages keep pace with increases to the cost of living:

“I think it is something that should be re-evaluated every year or every six months. Everything seems to be going up, except the wage might stay there; it doesn’t go up in comparison.”
[Focus group participant, unemployed, 35+ yrs, Sydney]

“Again, everything is fluctuating, the cost of living is fluctuating so it’s a good time to seek a general increase every year.”
[Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

“Everything goes up but the minimum wage stays; it will go up eventually but it is always, you know, always six months or a year behind the times … and you start falling back a little bit further and further.”
[Focus group participant, unemployed, 35+ yrs, Tas regional]

6.3.2 Attitudes and opinions

The majority of participants understood and endorsed the concept of the minimum wage. While a variety of opinions were expressed, there was strong agreement among participants that Australia needs a safety net to ensure the protection of the more disadvantaged in society. The group discussions typically focused on issues of social justice when discussing the concept of minimum wages. Arguments for having a minimum wage tended to be based on the following rationales:

In the absence of a legally-enforced minimum wage employees would be exploited:

“You would end up like a third-world country because the company would not pay a great deal more than they absolutely have to.”
[Focus group participant, low-paid, 35+ yrs, NSW regional]

“In an award system or something similar it keeps them honest … if we didn’t have a back-up system that at least gives a bottom line … there will always be a company out there that will always want to rip them off.”
[Focus group participant, low-paid, 35+ yrs, NSW regional]

“Well, I think the minimum wage is the best thing out – because we don’t become America where they’re paying $3.50 per hour and relying on tips if you are in the hospitality industry.”
[Employer of low-paid workers, focus group participant, manufacturing industry, NSW regional]

“Slave labour. They [employers] would all be taking advantage of it.”
[Focus group participant, low-paid, 35+ yrs, Qld regional]

“Some people operate unethically, and not having a minimum wage set would encourage employers to exploit staff.”
[Employer of low-paid workers bulletin board participant, health services industry, SA regional]
Minimum wage viewed as a safety net:

“You have it there for basic protection; it’s a safety net – that’s what they call it in Canberra . . . It’s like everything, you’ve got child protection because some people abuse their kids.” [Employer of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

Social justice principles:

“You do need to have some system in place because at the end of the day you do have to have a minimum. You have to say that’s the bare nuts and bolts minimum that someone needs to survive and not starve.” [Employer of low-paid workers, bulletin board participant, manufacturing industry, Perth]

“If there was no minimum wage] employers would be getting richer whilst the middle/ lower class employees would be getting poorer.” [Employer of junior workers, bulletin board participant, community services industry, Sydney]

“If there was no minimum wage] it would zero us back to Taylorism of the 1950s, treating people like factory commodities and not valuing their worth.” [Employer of low-paid workers, bulletin board participant, business services industry, Adelaide]

Changing labour market conditions:

“I do feel that you do need to have a minimum because at the moment we have to pay more because we can’t get staff. But in my experience, things come in cycles and there will be a cycle where there is going to be high unemployment again, and I think if you don’t have something in place then you will get the unscrupulous employers saying it’s $5 per hour. And that’s why there should always be a buffer, a safety net there . . . Those days won’t last forever. I think that is when you need something like the minimum wage to at least create a buffer zone to protect people. Because at the end of the day things are going up and people still have mortgages and car loans.” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

Those on minimum wages are least able to bargain:

“If I turned up tomorrow and they said ‘Oh, by the way, we are taking . . . say, $2 an hour off your wage”, what am I going to do? The jobs that I have are almost perfect in terms of their hours and suitability for me, so it is not necessarily as simple that I say ‘Oh well, if you are going to pay me $2 an hour less I will find something else’, because I might not. So I would probably say ‘$2 an hour – that is only $30 a week less; I will take it’. It is your circumstances, and unfortunately those on the minimum wage are the ones least able to sort of bargain and change jobs. Say, like, a builder, you know if you had a drop in wage you could find something else.” [Focus group participant, low-paid, 35+ yrs, Qld regional]

“They would hold you over a barrel. I mean, basically, it is a safety thing isn’t it? I mean the minimum wage is a safety thing – there is no doubt about it. If you didn’t have it, then the companies could, yeah . . .” [Focus group participant, unemployed, 35+ yrs, Tas regional]
Maintaining standards and fair competition for employers:

“Abolishment of the minimum wage just crushes the market. Especially in fashion. There are quite a few production houses which do employ Indians, Chinese who work there for $2, $3, $4, $5 an hour. To legalise all that – that’s a low quality product.” [Employer of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

The issue of the minimum wage was less “black and white” for some employers. They were appreciative of rising cost of living but at the same time were struggling to keep their own business afloat. Overall the vast majority of employers were supportive of the minimum wage, but there were a few employers (and even fewer employees) who presented arguments against having a legally enforceable minimum wage. These arguments tended to be based on the premise that market forces would set a “fair” price for labour:

“Why do we need to set a minimum wage? The market will dictate. If wages are below par, why would anyone go and work there? If you get someone coming who is prepared to work for $10 per hour and the other bloke won’t work for under $15 per hour, why should you worry about the bloke who wants to charge you $15? Why should there be a minimum wage?” [Employer of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

“If you look at the point you made before about the employer who is looking for someone who will work for less, that ‘less’ is the marketplace. There comes a cut-off point where if I put my wages too low, I am not going to get anybody, so he has to come up.” [Focus group participant, unemployed, 21–35 yrs, Perth]

In one group there was a heated discussion of the pros and cons of abolishing the minimum wage. Some participants expressed the view that the employer should have greater freedom to determine the rate of pay for individuals. They felt some employees should be paid below the minimum given their value to the business. Other participants saw the potential risk to their business of unregulated labour rates. The following quotes illustrate the diverse views evident within this group:

“We have a minimum wage but we don’t have a minimum requirement. They get X amount of money but they don’t have to perform X amount of tasks.” [Employer of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

“It needs to be abolished so people can be paid what they’re worth, e.g. if they are useless they’re worth nothing, and if they’re skilled they’re worth plenty.” [Employer of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

“In cleaning, for example, there are a few rogue traders out there that are hiring people at $5 per hour. Now when we tender for a client we are under the Building Services Contract Association and our minimum is $24; if we go under it we get fined, basically.” [Employer of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

In some markets it was reported that the minimum wage actually had very little relevance, given economic conditions and skills shortages:

Moderator: “Is a minimum wage relevant in Perth at the moment?”

“… not so much in the building industry, but it will get like that … I reckon another year’s time the prices will come down to buggery … ”
“… what is going to happen to their [tradies’ or miners’] jobs when they’re all going to be here expecting to be paid this much … and they are going to have to come back reality? There is going to be a great oversupply of people with these particular skills and they are not going to be able to get jobs.” [Focus group participant, low-paid, 21–35 yrs, Perth]

Further, some participants recounted how, for those workers and employers operating in the “black economy” of cash-in-hand jobs, unless minimum wages were actively enforced, the level of the minimum wage was of little consequence:

“I work part-time in a Vietnamese supermarket as a checkout operator from 7.00 am to 6:00 pm at $8 per hour. It is very hard work and the Vietnamese boss uses his own language or English to shout at the staff. Because my English is not good, I can’t go to an English-speaking restaurant to work. Perhaps I will look for a Chinese restaurant to get experience first. Their wages are $9 per hour, but the Western restaurants pay much higher rates and the tips are good as well.” [Focus group participant, Chinese male, 18 yrs, Melbourne]

6.3.3 How is the minimum wage determined?

In general, there was limited understanding among participants of how the minimum wage was determined. Many assumed the minimum wage was based on the cost of living and, furthermore, some believed it was directly linked to the cost of living. There was a widespread belief that the minimum wage responded to changes in the cost of living – which was often described in terms of inflation, the CPI and more generally as increasing interest rates, petrol, transport and food prices:

“[The minimum wage is determined] on what a liveable standard should be.” [Employer of low-paid workers, focus group participant, manufacturing industry, NSW regional]

“There should be a link somehow between the minimum wage and the cost of living.” [Employer of low-paid workers, bulletin board participant, retail industry, Brisbane]

Many participants assumed the minimum wage was determined by a government body that would take into account changes in the cost of living and adjust wages accordingly. Initially participants were comfortable in this assumption, however, the group process revealed a questioning of this belief as participants discussed examples of rising costs. On reflection a number of participants were not so certain that wages were increasing in line with CPI, and some claimed that wages were getting further and further behind CPI. In some cases this led to unease within the group:

“The cost of food and mortgage rates are always going up, and so should our wages. I reckon the gap is widening; it’s huge … I have never struggled so much in my life.” [Adult employee, bulletin board participant, low-paid, 35+ yrs, NSW regional]

“Everyone deserves to earn an amount that enables them to live, not struggle to make ends meet. I believe this struggle is becoming more and more the case as interest rates, housing and the general price of living rises.” [Junior employee, bulletin board participant, 18–20 yrs]

“… every person, regardless of the type of job or the standard of education, has the right to live and at the moment the lower-paid people are struggling to live, especially bringing up a family.” [Junior employee, bulletin board participant, 18–20 yrs]
“It [wages] never catches up with it [cost of living]. It’s always like the base… You never get ahead. Inflation goes up… RBA would put the rates up… Petrol goes up. Everything goes up… It’s just a vicious circle, isn’t it?” [Employer of low-paid workers, focus group participant, manufacturing industry, NSW regional]

Some participants commented specifically on the calculation of the minimum wage, suggesting approaches for determining the minimum wage ranging from arbitration to complex equations and public consultation:

“It’s a huge formula to work out the cost of living.” [Employer of low-paid workers, focus group participant, manufacturing industry, NSW regional]

“It’s got, like, three factors – welfare, some formula they have for the cost of living and – I forget what the other one is – oh yeah, the business groups, they put theirs in. So it’s like a fight between the two of them on who wins. Business groups always say they want less wages and the welfare groups say they want more.” [Employer of low-paid workers, focus group participant, manufacturing industry, NSW regional]

“The things they look at – they listen to everybody. Do they not use some sort of a basket of groceries, a bit like the CPI?” [Employer of junior workers, focus group participant, retail and hospitality industry, Qld regional]

“Hey, heaps of stuff goes into that, man… how they revise the awards, like, the whole economy is taken into account. I think they are going to have some first-hand experiences by people who are affected by it.” [Focus group participant, 18–20 yrs, Brisbane]

At the conclusion of the groups and bulletin boards, participants were informed that they had taken part in a consultation that would inform the next minimum wage decision. Participants were pleased that such consultation occurred and responded positively, often commenting that they appreciated the opportunity to contribute:

“I have enjoyed doing this survey. Thanks.” [Adult employee, bulletin board participant, low-paid, 35+ yrs, NT]

“…sometimes the smaller groups are better than large ones because everyone tries to talk at once.” [Employer of low-paid workers, focus group participant, hospitality industry, Qld regional]

“This has been a very interesting exercise. Thanks for the opportunity to contribute.” [Employer, bulletin board participant]

6.3.4 What should be considered?

Participants in both the focus groups and bulletin boards were asked what factors they felt should be considered in determining the minimum wage. Despite the diversity of experience and circumstances of low-paid Australians (as outlined in section 2), and the differing focus of employers across industries, there was consensus that the fundamental issues of social justice and equity should be considered in setting the minimum wage. That is not to suggest that a range of other issues were not described, but that there was an underlying theme of a need to ensure that people could meet basic needs given increases in the cost of living.

The vast majority of participants felt that the cost of living should be the primary determinant of any adjustment to the minimum wage. It appears this may in part be
driven by a heightened awareness of economic conditions (refer to section 5 for further discussion). In the 2007 consultation, the cost of living was also seen to be a primary determinant, with those most directly affected often expressing this view most strongly. In contrast, the 2008 consultations exhibited a more evenly distributed and generally accepted view that the cost of living should be the primary determinant of the minimum wage.

The following quotes illustrate the notion of social justice expressed within the groups:

“*It has to match inflation because if it doesn’t, to use a cliché, the rich get richer and the poor get poorer, and there’s just no way you can catch up.*” [Focus group participant, low-paid, 21–35 yrs, NSW regional]

“*Everyone deserves a decent pay packet.*” [Focus group participant, unemployed, 35+ yrs, Qld regional]

“*Everyone deserves to earn an amount … that enables them to live [and] not struggle to make ends meet. I believe this struggle is becoming more and more the case as interest rates, housing and the general price of living rises.*” [Junior employee, bulletin board participant, 18–20 yrs]

“As much as it hurts my economic principles, because it will impact on inflation rates, minimum wage earners deserve the wage rise. Whilst top wage earners should have wage freezes, allowing bottom wage earners to gain purchasing power [wages rising faster than inflation]. Perhaps they should receive wage rises in the form of superannuation payouts.” [Employer of low-paid workers bulletin, board participant]

The following discussion outlines the key factors participants felt should be considered in setting the minimum wage.

**Cost of living**

In considering the cost of living, participants commented on the cost of housing (including interest rates and rent), petrol, food, transport, utilities and medical expenses:

“The cost of living and petrol is certainly a consideration for setting the minimum wage. My 17-year-old son is delivering pizzas for $8.50 per hour plus $1.50 per delivery, using his own car. Petrol costs $1.45 per litre and he has to pay rent and maintain his vehicle with this income.” [Employer, bulletin board participant, retail industry, ACT]

“Given the increased interest rates, the cost of renting or buying a home, fuel, food, child support and numerous other factors affecting the cost of living and that, there are significant companies making huge profits. It is time business started paying some of those profits back to the people creating them.” [Employer of low-paid workers, bulletin board participant, manufacturing industry, Perth]

**Cost of living varies according to life circumstances**

There was recognition of the complexity of calculating the cost of living – taking into account variation in costs between states, between regional and non-regional locations, and taking into account the fact that an individual’s cost of living will vary due to life circumstances. The following comments illustrate these points:
“It is interesting, though; whose cost of living do you base it on? Because we have already, of course, said that older people have a higher cost of living than younger people, so where do you put it?” [Focus group participant, low-paid, 35+yrs, Tas regional]

I think they should make it that if you are over 20 you should be getting $20 an hour minimum. … because in a 5- or 10-hour day there’s $100 or $200. $20 per hour is just good when you get to this age because you take on so many more responsibilities with your life and there are things you have to take into account; choices which give people opportunities to do this or that and if they stuff up they need to pay huge amounts. Where are you going to get that money from if you are getting paid $13.50 per hour at some little corner deli? Regardless of what the job is, you should be getting paid so much more per hour … It’s because that amount of money is not relative to how much things cost these days.” [Focus group participant, unemployed, 21–35 yrs, Perth]

“Also, if you want to take into account cost of living and stuff, let’s face it, that’s what the government does as well. They know that most 16-year-olds live with their mum and dad. For most 16-year-olds it’s just pocket money and if it’s not, there are avenues for those juniors to go down where they can get extra money off the government.” [Employer of low-paid workers, focus group participant, retail and hospitality industry, Brisbane]

“Do you then vary the cost of living for people who live in Sydney to here [Launceston]?” [Focus group participant, low-paid, 35+yrs, Tas regional]

“I have also said look at the state-based cost of living.” [Unemployed, 35 yrs+, Tas regional]

“Because the cost of living ranges from state to state it would be unfair to set one rate.” [Employer of low-paid workers bulletin board participant, education industry, Adelaide]

Direct link to inflation

Some felt there should be a direct link to inflation, as this was seen to impact prices and interest rates:

“If inflation rises two per cent why can’t the minimum wage rise two per cent?” [Adult employee, bulletin board participant, low-paid, 35+yrs, Tas regional]

“As long as the minimum wage increases in line with inflation and cost of living, I think it is at an appropriate level.” [Junior employee, bulletin board participant. 18–20 yrs, NSW regional]

However the cost of living was not seen as the only factor that should be considered in setting the minimum wage. A range of other issues were mentioned and these are identified briefly below:

The basics

Minimum wage should be set to cover the “basics”:

“Just the basics, really … things like the cost of your groceries and sending kids to school every year.” [Adult employee, bulletin board participant, low-paid, 35+yrs, Qld regional]

The cost of childcare

“You are looking at between $6 and $8 an hour [for childcare] and you are only on $14 an hour.” [Adult employee, bulletin board participant, low-paid, 35+yrs, Qld regional]
The age of the employee

“If you did set it at an age level then we saw an advantage of that, was that the older you get the more expenses you have in life so therefore that is an advantage by keeping pace with cost of living that way. And then, theoretically, you are obviously having more skills; the older you get so therefore you are being rewarded for these skills more … ” [Adult employee, bulletin board participant, low-paid, 35+ yrs, Qld regional]

“I think the minimum wage should perhaps be structured more, or set on more of a criteria. Like perhaps age … so the minimum wage goes up in increments.” [Adult employee, bulletin board participant, low-paid, 35+ yrs, Tas regional]

“As you get older you need more money to buy more things and maybe you want to move out of home, save money for rent. A 15-year-old is not going to want to save up money for that. So a 15-year-old should be paid less than a 17-year-old.” [Focus group participant, unemployed, 18–20 yrs, Melbourne]

“There should be junior wages. We just wouldn’t hire apprentices if we had to pay them like an adult and we would not hire juniors; we wouldn’t. I would hold out for adults; I wouldn’t hire juniors.” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

“Age comes into it, basically, on the fact that there is two types of apprentices: there is junior apprentices and mature-age apprentices, so the mature age-apprentices get a slightly higher rate of pay.” [Junior employee, bulletin board participant, 18–20 yrs, Adelaide]

“I think the age scales should remain. A junior needs to learn to acquire the experiences of an adult, so should be paid accordingly.” [Employer of junior workers, bulletin board participant, retail industry, Melbourne]

Cost of working

The cost of working was a significant issue for those on low incomes, and especially so for those on unemployment benefits. Cost of working included transport, clothes, materials or tools, time to travel to and from work, and lunch. These costs were seen to erode the incentive to work:

“It is a real double-edged sword though, because the cost of living automatically increases when you start work. If you said 'Oh well, you don't have to work, I can live on a hell of a lot less' and they say 'If you work you have got to find childcare', you have got to find – like – you might have to have a car as part of your job.” [Adult employee, bulletin board participant, low-paid, 35+ yrs, Tas regional]

The welfare system and incentives to work

A diverse range of views were expressed in relation to the difference between the minimum wage and government benefits. Many participants claimed there needs to be a greater gap between the level of government benefits and wages paid for work, or there would not be sufficient incentive to work. The following comments illustrate this point:

“The minimum wage needs to be higher than the dole to give people incentive to work.” [Employer of low-paid workers, bulletin board participant, education industry, Adelaide]
“I would assume they would try to make it worthwhile for us to get off the benefit in setting that [the minimum wage], but I just don’t think they do. I think that’s what they should do.” [Focus group participant, unemployed, 35+ yrs, Sydney]

“The problem is when people are receiving the benefit and they go and work, all those other helps that might come in like … travel [concessions] … they lose … so when they go back into the workforce they not only lose the money, they lose all the other things that come with it … and they become poorer than when they are on the benefit, and I think that is not really an incentive for people to work.” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

“To solve it [the difficulty attracting apprentices] you need to make a difference between the apprentice’s wage and the dole to get more people to work.” [Employer of low-paid workers, focus group participant, manufacturing industry, NSW regional]

“When considering the minimum wage, general living expenses must be considered. The wage should be 20% to 30% higher than family assistance to encourage people to work.” [Employer of low-paid workers, bulletin board participant]

The view taken in regard to this issue was influenced by a participant’s primary position in relation to government benefits. Some felt the minimum wage should be increased to provide a greater incentive to enter the labour market, while others felt the level of government benefit should be reduced. Employers were mainly the ones who spoke of reducing welfare payments. This is not surprising considering it is unlikely for them to have first-hand experience of government benefits.

**Reduction in government benefits**

Many of these participants often commented on the range of assistance provided, such as rent assistance and medical and travel concession cards. In addition, some mentioned direct monetary payments. The following comments illustrate the viewpoint of those who feel that the level of government benefit should be reduced to encourage people to enter the workforce:

“I wonder whether the unemployment benefit is too high – sometimes I wonder whether that needs tampering with or re-jigging rather than just putting the minimum wage up to make the difference.” [Employer of junior workers, focus group participant, retail and hospitality industry, Qld regional]

“… or the social security payment could be less …” [Employer of low-paid workers, focus group participant, retail industry, Adelaide]

“It is hard with the minimum wage … the dole is so high … the difference is $50 … for a week compared to what you get on unemployment …” [Employer of low-paid workers, focus group participant, retail industry, Adelaide]

In some cases people expressing this view provided examples where individuals had chosen not to enter the workforce, as they were in a better financial position receiving government benefits:

“I know some families who choose not to work because welfare is more than they were earning.” [Employer of low-paid workers, bulletin board participant, education industry, Adelaide]
“I had a fellow who was with me for a few years at my previous business and I was going to bring him in to the one I am currently in. He said he had three kids now and with his wife at home looking after the kids all he had to do was to put himself in permanent TAFE courses and he could take home $750 per week. He said ‘If I come and work I might earn more than that but by the time I finish paying tax … ‘ and then it came back to travel, fuel, childcare and the lost dental [benefits] that he wasn’t going to get any more, he said he would be $150 worse off working.” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

Increase to minimum wage

The majority of comments in relation to government benefits focused on increasing the minimum wage to provide greater incentive to enter the labour market. Some participants did not feel that the impact of non-monetary government assistance was adequately considered in setting the minimum wage:

“If I was to lose the supplement I get from the government still for having two children and have to live on the wage that I get, I wouldn’t be able to do it. Because if I lose the Medicare Card [Healthcare Card], because I have got an older child that gets sick a fair bit, I wouldn’t be able to afford the medical bills. My wage wouldn’t cover it, not on a monthly basis.” [Focus group participant, low-paid, 35+ yrs, Tas regional]

“I was losing a lot of my benefit because I had gone back to work … I was only part-time but what was going through my mind was I have just lost $150 a fortnight for going back to work, plus I am spending all this money on petrol. No, it is not worth it.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

6.3.5 What happens when the minimum wage changes

Those on low wages were generally aware of when their wages went up, although they were frequently unaware that adjustments in the Federal Minimum Wage might be driving this. There was uncertainty around the frequency and timing of wage changes, as well as the dollar value of wage changes. Information seemed to be pieced together on an “as needed” basis. As discussed in section 6.1, there was a level of acceptance around pay rates and, for some, a perceived lack of control which contributed to this low level of involvement.

The discussion groups to some extent served as an information session. Employees exchanged information about their wages and employment conditions, compared experiences and, in some cases, sought advice and information from one another – especially in regard to perceived inequities. Attitudes towards wage rate issues and information-seeking behaviours varied significantly, with some participants concerned that they were being paid incorrectly, while others were comfortable even though they were not “in touch” with the specifics of their pay rate.

This information sharing within the groups highlighted the fact that many employees did not know whether they were getting paid the correct amount. Some employers did not have any processes in place to inform themselves of changes in wage rates. Examples were provided where employers were unaware of, or had insufficient time to plan for, wage increases and consequently were required to back-pay employees. Compounding this situation is a comparatively low level of involvement by employees, although some were aware there was a telephone number that workers could call to advise them on the appropriate rate of pay for particular awards or industries. It would appear, however, that
workers do not monitor wage increases to any great extent and therefore rely on their employer to pass on any increases as and when they occur.

Participants were asked to specifically comment on the impact of changes to the minimum wage. A diversity of views were expressed, ranging from impacts on the economy to impacts on business and the lifestyle of the low-paid. The focus in 2008 for many was in relation to impacts on the cost of living and what many described as “the vicious circle” whereby wage increases are eroded by subsequent increases in prices due to inflationary pressure. The prevalence of discussion of such impacts was higher than in the 2007 consultation, which may be due to changes in the economic context (refer to section 3).

Individuals appeared to develop their thinking about the impacts of wages as the group process developed. Thus it is difficult to ascertain how widespread this level of understanding or these individual views might be, or to anticipate whether people in general would reach similar conclusions on their own, since this thesis tended to develop cooperatively within the group as each person added to and built on the story.

The following sections present a discussion of the key impacts identified by participants.

Impact on the economy

There was a strong understanding of the complexity of the economy and the interplay between different factors. Many participants expressed concern that due to this complexity, an increase in the minimum wage could have effects they may not have been anticipated. Consequently, when asked what they would recommend for a minimum wage rate, caution was exercised by some participants. Several placed a caveat on their response on the basis that they did not fully understand the impact on the economy:

“Small decisions, such as an increase in the minimum wage, seem to have an odd flow-on effect on the economy in general, so I would hesitate to state that the impact would not be great.” [Adult employee, bulletin board participant, average income, 21–34 yrs, Vic regional]

“I’m not sure, but things with money always have massive effects that you don’t plan for, like, it could affect anything in the economy, to the share market, anything – it’s all intertwined. It confuses me. I don’t fully understand it but it could have really bad effects.” [Junior employee, bulletin board participant, 18–20 yrs, Brisbane]

“Well, I have a feeling that if you put up the minimum wage you will put up all wages. That is the nature of the beast. I think if you set something as a minimum and increase it, then what is above it will naturally go up … It’s like [wages for] children being a percentage of the adult wage; that’s all they are saying, if the minimum goes up, the award goes up.” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

“It has an effect on the economy as a whole … it has to be paid by someone along the line. And if the cleaning costs for Coca Cola go up they will pass it down to their cans of Coke and who ends up paying for it? We do.” [Employer of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

Impact on the labour market

Other participants commented on specific impacts, such as the potential impact on the labour market of an increase in wages. Both positive and negative impacts were described, as shown in the following quotes:
“But the danger is that people start laying people off at work because they can’t afford to pay them. It is a real knife-edge, isn’t it?” [Focus group participant, low-paid, 35+ yrs, Tas regional]

“… probably get a higher participation rate, maybe encourage people who haven’t had a job for a long time to go out and get jobs.” [Focus group participant, unemployed, 18–20 yrs, NSW regional]

“I think it would, or hopefully should, have a great impact on the general public of the country, with a greater incentive for people to work. I imagine people should appreciate an increased minimum wage which would pass on to their family and local economy.” [Adult employee, bulletin board participant, above-average income, 21–34 yrs, Brisbane]

“It would make it more attractive for people to enter the workforce.” [Adult employee, bulletin board participant, average income, 35+ yrs, Brisbane]

Circular relationship between wage increases and price increases

Many participants showed an understanding of the complexity of issues in relation to wage setting, commenting for example on the circular relationship between wage increases and subsequent price increases:

“As soon as the workers’ wage goes up the cost of living will go up.” [Focus group participant, low-paid, 21–35 yrs, NSW regional]

“The minute you get a bit of a pay rise inflation goes up and the cost of bread and milk go up, and that sort of thing, and you think I’m no better off.” [Adult employee, bulletin board participant, low-paid, 35+ yrs, NSW regional]

“It’s crazy economics, isn’t it, really? You push up interest rates but then interest rates feeds into what your CPI is, so when the CPI is going up, to bring inflation down they increase rates again. There are three or four different cycles and vicious circles going on all the time.” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

While the view that prices rise as a result of wage rate increases was voiced frequently in almost all forums, the reality was not always borne out through anecdotes provided by employers when discussing the impact of wage rises on their business. The section to follow includes a range of business owner experiences.

Impact on businesses

The impact of changes to the minimum wage on business was explored in two ways. Firstly through employers and employees commenting generally, and secondly by asking employers to consider a recent occasion when wages had actually increased for their business. The latter approach resulted in specific examples in relation to changes to business strategy, recruitment and employment strategies. A myriad of impacts were discussed, and following is a summary of the key impacts:

Changes to employment strategy

A number of employers described cutting back on staff, either completely or reducing their hours, in the form of staff cuts or changes to the staff profile and roles:
“Just keeping more of an eye on hour-to-hour activities, for example sending casual staff home earlier if it is quiet and multiple staff are on.” [Employer of junior workers, bulletin board participant, retail industry, Melbourne]

“I [have] taken on an extra employee, and I guess our philosophy is ‘Oh well, we are going to have to go out and sell more’. I think we are reaching a point now that if there is another big national wage case come through, well then we might lay someone off to balance things out.” [Employer of low-paid workers, focus group participant, retail trade industry, Hobart]

Employees commented on increased workloads due to a reduction in the number of staff:

“I guess if you have a big company and they give everyone an extra dollar, that comes out of their bottom line … and they can’t afford to put on one more employee because they are paying everyone more, so then they have to work extra hard.” [Adult employee, bulletin board participant]

Recruitment of juniors

Several employers described attempting to change their workforce profile by deliberately recruiting juniors, who receive a lower rate of pay:

“It makes me look for junior employees as then they can work for a couple of years and not receive a pay rise.” [Employer of junior workers, bulletin board participant, retail industry, NT]

“There is added pressure to find younger workers to keep the wage costs as low as possible.” [Employer of junior workers, bulletin board participant, retail industry, Tas regional]

“You grin and bear it, or next time you employ someone, you look for someone cheaper.” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

Roster adjustments

A couple of employers described adjusting the roster to balance the number of senior and junior employees on a given shift. Others who were required to work within a capped wages bill structured their workforce by taking on a larger number of junior workers during peak periods. Offering greater levels of responsibility or changed roles to existing staff was also a strategy used by one employer:

“The bucket of money I have got doesn’t change so that means that they [senior staff] were at a high level but they had less people to work for them. I had to be careful in the way I structured their role and obviously that they were getting benefit and a career path out of it.” [Employer of low-paid workers, focus group participant, retail trade industry, Hobart]

“We try and put our 15- and 16-year olds on Sunday. I mean, there is me and then we have got to have another senior girl, but basically we put the 15- and 16-year olds on a Sunday. [One] with her and – you know – one with me and that sort of keeps it down.” [Employer of low-paid workers, focus group participant, retail trade industry, Hobart]

“I also had to consider what level staff would be employed. It meant we could no longer have two qualified staff on the floor at the same time. I had to also manage the same amount of paperwork with less hours.” [Employer of low-paid workers, bulletin board participant, education industry, Adelaide]
“We introduced a costed roster system where the roster was not allowed to be above a set KPI and staff were rostered accordingly.” [Employer of junior workers, bulletin board participant, retail industry, Brisbane]

Longer hours by business owners

In some cases small business owners described personally working longer hours in order to reduce their wages bill:

“Initially we were forced to cover the work ourselves as we couldn’t afford to pay the huge wage increases.” [Employer of low-paid workers, bulletin board participant, accommodation industry, Vic regional]

Increase in prices

Some businesses felt pressured by wage increases to increase their fees or prices:

“We have no choice but to pass on wage increases to our customers by adjusting our charges. You never catch up if you don’t do this.” [Employer of junior workers, bulletin board participant, electricity industry, NSW regional]

“It killed me! I had to re-write the budget over and over. We had no option but to increase our fees.” [Employer of low-paid workers, bulletin board participant, education industry, Adelaide]

While others also reacted by increasing prices, this was not viewed negatively:

“With me [wage increases don’t impact my business] because I quote a certain price and there’s room to move.” [Employer of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

“Because I have been in the industry a long time I switched on a long time ago, that – hey – in September my wages are going up, so we redo our menu twice a year in October/November and then again in April/May. So we change from summer menu to winter menu and that way in September we can see how much of an impact the increase in wages has been. There are items where you can’t really move that much. You might already be at the top or limit of how much you can charge for that. Or you look at doing other things to cut your food costs, like smaller portions, recombining menu items to make different meals, or rather than offering this with that, you offer it with that so it costs you less.” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

“Lets face it, if it’s a national increase then their parents will be earning more, so will have to pay more.” [Employer of low-paid workers, bulletin board participant, education, Adelaide]

“We are in a position in our company that if wages were to rise, our clientele would be willing to pay the extra for the services that we provide.” [Employer of junior workers, bulletin board participant, construction industry, Sydney]

Flow-on effect of wages

The flow-on effect of an increase in wage costs was recognised by some employers, who described subsequent cost increases throughout the value chain, which would force the business to increase prices:
We regularly review prices based on our costs; that’s the way we manage it … When the wages go up, everything goes up. Everyone will increase their prices – your drivers will charge you more, suppliers charge more, so basically, it comes back to the consumer because when stock is costing us more we have to increase the price – so the customer has to pay more. It’s a circle. As soon as there is a price rise, it goes to everybody.” [Employer of low-paid workers, focus group participant, trade and manufacturing industry, Sydney]

Not all business owners felt they were in a position to raise their prices, however, given the markets they operated in. Those in the community sector were more likely to absorb the costs of wage rises:

“I can’t pass on the extra cost so have to try and reduce expenses in other areas. Reduction in local community support is the easiest to reduce but it is crippling our small rural towns.” [Employer of low-paid workers, bulletin board participant, agriculture industry, SA regional]

“… we always try to keep our prices as low as possible, so the consumers don’t feel it.” [Employer of low-paid workers, bulletin board participant, manufacturing industry, Sydney]

Cost savings

Employers try to identify potential cost savings:

“We try and – if we have a one per cent increase in labour costs for whatever reason – we try and look for a one per cent saving in cost in input costs, but it is that balancing act trying to look for neutral the whole time.” [Employer of low-paid workers, focus group participant, retail trade industry, Hobart]

“… you try to squeeze your suppliers so you can get the best deal you possibly can … A couple of years ago, there was a service that we were using and I made a deal with the supplier and they cut $20,000 off the price so I could distribute that amongst the staff … you just have to look at where you can make the savings. It’s easier if you get bigger because then you can buy more in bulk and you have a greater range of suppliers as well.” [Employer of low-paid workers, focus group participant, community services industry, Melbourne]

Reduction in profit margin

Some businesses did not alter their business or employment strategies following an increase in wages, but rather accepted a reduced level of profit:

“Well, in September I became poor!” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

“As an employer, I need to really try and get my business to a point where I can pay above minimum wage. I want to keep the quality people and I want to reward them. In saying that, if the minimum wage goes up a lot more, we are going to have to keep putting our prices up and we are going to get to a point where we are charging extortionate prices and people aren’t going to want to pay them. It’s going to cripple the business, I think.” [Employer of junior workers, focus group participant, retail and hospitality industry, Qld regional]

“All I know is that the pay rise in September did affect us – not so much that we are going home without our wages, but in terms of having a profitable business it’s affected us, and any pay rise is going to do that, I guess. When you have a business and you have partners, there are so many overheads in the restaurant, it’s already hard to make it work.” [Employer of junior workers, retail and hospitality industry, Qld regional]
“I guess employers are going to have to pay more and they are not going to make so much profit.” [Junior employee, bulletin board participant, 18–20 yrs, Brisbane]

Process improvement or increased efficiency

Undertaking a review of systems and processes was a strategy used to combat increasing wages:

“We broke it down and just had a bit of a look at the way we did things and restructured their roles, and I found out that, yeah, people can do the same amount of work with less people. You have just got to be smarter about it.” [Employer of low-paid workers, focus group participant, retail trade industry, Hobart]

“The cost to us going forward [of the increase in wages] was about $70,000 per annum … that is two staff. We can’t put prices up because you have to be competitive … At the end of March we are going through the OPS program [the operation programs] and we are reviewing all processes to try and find places where we can save labour through the smart user software or improved equipment.” [Employer of low-paid workers, focus group participant, retail trade industry, Hobart]

One business sought to improve their cash-flow through implementing an improved process to assist customers with prompt invoice payment:

“Instead of sending stark reminders to customers of overdue invoices by giving just invoice numbers, the customer will get copies of invoices in the mail, which makes it easier to check and pay.” [Employer of low-paid workers, bulletin board participant, manufacturing industry, Perth]

Business closures

Both employers and employees noted that increasing labour costs places pressure on business, with many expressing the view that small businesses “hurt” when wages are increased:

“Well, if you had a small business and you put the minimum wages up they might not be able to afford to pay them and they will go out of business.” [Focus group participant, low-paid, 35+ yrs, Tas regional]

Others noted, however, that business owners and managers who not only worked hard but who had the right business skills would survive changes in labour costs and those who could not continue to operate or sustain their business were considered by these participants to be part of a natural attrition in business:

“For struggling businesses they may go out of business. It depends how badly they run their business, but that is their own fault. If you have someone who is very academic and knows the good and bad points of running a business – depends on the type of business, too – they can be doing very well, but if you get someone who isn’t like that, who just runs the business on a wing and a prayer, a bit haphazard and mismanages it, that increase could put them under.” [Focus group participant, low-paid, 21–35 yrs, Melbourne]

Seek assistance, outsource or diversify

A few employers sought outside assistance, for example through accessing government training incentives or through outsourcing a component of their business:
"We regularly seek donations, fund raise, and apply for grants to help us cover costs of equipment so we can keep our costs to a minimum." [Employer of low-paid workers, bulletin board participant, education industry, Adelaide]

“Outsourcing more of our work using subcontractors both in Australia and overseas rather than producing everything in our own factory.” [Employer of low-paid workers, bulletin board participant, retail industry, NSW regional]

“Mindful of declining profitability, we have applied for a commonwealth grant every year for eight years to increase our nursing home bed numbers to improve economies of scale and ensure future viability. Unsuccessful in every application, we have diversified into providing rental accommodation, retirement accommodation, meals for the community and day respite. Now we hope to move into providing home care. So, as a result of the declining margin between funding and wage costs, we are effectively shifting out of our core business in order to remain viable and continue providing services for the elderly in our rural town.” [Employer of low-paid workers, bulletin board participant, health services industry, SA regional]

In general, while working and unemployed participants recognised the impacts on business and were cognisant of how business might then react to wage increases, they were comfortable that increases could be absorbed, particularly by larger business. Greater consideration was given to smaller business owner/operators who it was assumed would be “harder hit”.

Impact on the quality of life of the low-paid

The impact of changes in the minimum wage on the quality of life of low-paid employees was discussed by all groups participating in the consultation. This issue was frequently discussed within the context of social justice and equity, with many participants commenting that wages for low-paid workers needed to keep pace with increases in the cost of living in order to maintain their standard of living.

The discussion also focused on what level of income is required to pay for basic necessities, and thus what degree of increase in the minimum wage was required to have a “real impact” on the lives of low-paid workers. Most were seeking an income which allowed them to pay for basic necessities, while others commented that the minimum wage should include some provision for future saving:

“If they took into consideration the cost of living, the benefit for me [is] the ability to plan for the future nest-egg and stuff because you just can’t – there is no way I can do that even with the situation I am in, because things need to be paid for, and things come up so that there is no chance to put extra away. If they took into consideration what everything costs you, and I mean everything, and then you had more on top of that then you could put extra away.” [Focus group participant, low-paid, 35+ yrs, Tas regional]

Some participants were very specific in regard to the level of income required. This varied based on expectations, life circumstances and financial commitments, as shown in the following comments:

“I'm in community housing, so the more I earn, my pension decreases, my rent increases and at the end of the day, what am I working for? But if I could work a full-time job and get $700 per week, then yes … that would make it worthwhile.” [Focus group participant, unemployed, 35+ yrs, Sydney]
“I have seen some jobs going for an adult wage and with tax taken out you are on $12 or $13 an hour and you just wouldn’t think about it; you wouldn’t even think about it.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

“The thing is, when people complain about the level of care, you think that these people are only paid $15 an hour and the sons and daughters [of the patients/residents] are professionals of all standings and they are always shocked at that. They have no idea. So I think the expectation that service industries which are related to healthcare have upon them are so high and the wages are so low. I don’t think it’s reasonable.” [Employer of junior workers, bulletin board participant, health and community services, Adelaide]

Size of increase

Comments were also made in relation to the size of any increase, with some participants feeling that unless the increase is substantial, the impact on their lifestyle will be minimal. Some also said it depended on how the additional money was received. For example, if it was provided as a lump sum then it would be saved, whereas if it was put into their daily wage the small increase may not be noticed:

“As a lump sum it’s much easier to assign a better, more practical use for the money.” [Junior employee, bulletin board participant, 18–20 yrs, Perth]

“In this discussion already, young people have said that a slight increase in their earnings each week either would not matter for them, or would have to be significant to impact positively on their quality of life. A small increase in the minimum wage will not have a positive effect because it isn’t big enough!” [Junior employee, bulletin board participant, 18–20 yrs, Perth]

“An extra $10 a week, honestly, I probably wouldn’t even notice … $100 [a month] I would notice. It would be some spare cash.” [Junior employee, bulletin board participant, 18–20 yrs, NSW regional]

“[$40 per month] … it’s still not a large amount, so it wouldn’t make that much difference.” [Junior employee, bulletin board participant, 18–20 yrs, ACT]

6.3.6 Determination of the minimum wage by participants

As part of the consultation, participants were asked what they would do to minimum wages if they were the Australian Fair Pay Commission. While this was not a quantitative study drawing on a replicable sample of participants to that included in the 2007 study, moderators observed that (in contrast to the 2007 consultation where surprisingly few said they would put wages up), many participants in 2008 indicated that the minimum wage should be increased. The question was treated with seriousness and there was strong evidence of consideration of the impacts on the economy of an increase in minimum wages (see section 6.3.5).

Some participants commented on the difficulty of the task faced by the Commission, feeling that while they could comment from their own personal perspective, they were not informed in relation to the broader economic context. The following quotes illustrate participants’ recognition of the difficulty of determining the minimum wage and what was, for some, an overwhelming concept for them to even consider:
“I think it’s too far above my head to answer this question. There are just too many things that have to be taken into account. I wouldn’t have a clue where to start.” [Employer of junior workers, focus group participant, retail and hospitality industry, Qld regional]

“The Fair Pay Commission is a lot smarter than me as an individual so I respect their opinion, although if it could be raised even slightly it would help all the battlers.” [Focus group participant, 18–20 yrs, Brisbane]

While generally participants felt minimum wages should be increased, the strength of opinion differed between the groups consulted. The following section explores this in further detail.

Low-paid employees and unemployed adults

The vast majority of low-paid adult employees and unemployed adults indicated that they would increase the minimum wage. Many participants spoke passionately of the need to address the increasing gap between wages and the cost of living, and the need to ensure people are able to afford “the basics”. The rationale provided for increasing the minimum wage generally related to economic factors such as inflationary pressures and the increasing cost of living:

“I would put them up but not a lot, enough so people can live a life just average so people won’t suffer … I don’t want a holiday twice a year for everyone but I want to open the mail box and not be scared that there is a bill inside.” [Focus group participant, unemployed, 35+ yrs, Sydney]

“Put it up just a bit higher because it always seems to be taken up into inflation, the minute you get a bit of a pay rise, inflation goes up and the cost of bread and milk go up, and that sort of thing, and you think ‘I’m no better off’.” [Adult employee, bulletin board participant, low-paid, 35+ yrs, NSW regional]

“At the rate that the cost of living is rising, i.e. groceries, petrol and housing, I would want the minimum wage altered accordingly.” [Adult employee, bulletin board participant, low-paid, 21–34 yrs, NT]

“I’d put it up for the reason that the minimum wage sufficiently be adjusted to reflect the increase in the cost of living.” [Adult employee, bulletin board participant, low-paid, 35+ yrs, NSW regional]

“With costs rising (interest rates, petrol, food) we need to ensure that wages rise in proportion so that people are able to clothe, house and feed their families. We do not want to end up like the US and the situation they have with homelessness.” [Adult employee, bulletin board participant, above-average income, 35+ yrs, Qld regional]

“The cost of living is increasing, public transport on the rise and also Reserve Bank increases.” [Focus group participant, unemployed, 35+ yrs, Sydney]

“It shouldn’t be held back, because too many people suffer.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

While many participants strongly felt that wages needed to increase, there was recognition of the need for wage restraint. Participants commented on messages they had heard in the media, and as a result the need for balance was echoed across many groups. The following quote illustrates this point:
“You have got to find a point where the minimum wage has taken into consideration those costs that everybody has on a day-to-day basis: your health, food, housing, travel, family things like that, schooling. They need to be more regular in the adjustments to keep them in keeping with what is actually happening. But you have got to keep them real, at the same time. If you go to a point which is going to be too high, then the employers are going to say, ‘Well, sorry, we just can’t afford that’, so you either get businesses closing or upping all of their costs to take into consideration what this new minimum wage is going to be.” [Focus group participant, unemployed, 35+ yrs, Tas regional]

Some explained their decision to increase the minimum wage in terms of the current level of incentive to enter the workforce. These participants felt that the difference between the minimum wage and government benefits was insufficient and that the minimum wage should be increased to encourage people to enter the workforce:

“I think wages should be a lot more than unemployment [benefits] so people would want to go to work”. [Adult employee, bulletin board participant, low-paid, 35+ yrs, NT]

“How can people [low wage earners] be expected to want to go to work when they spend their whole pay just to stay dry and fed?” [Adult employee, bulletin board participant, above-average income, 35+ yrs, ACT]

A few also commented on alternative approaches to increasing the take-home pay of low-paid workers, for example through incentives, discounts or reduced taxes:

“I’d reduce the tax so that businesses aren’t out of pocket but the employee still gets the money.” [Focus group participant, low-paid, 21–35 yrs, NSW regional]

“Just a broader range of discounts on everyday things that you need would help.” [Focus group participant, low-paid, 21–35 yrs, NSW regional]

“I would recommend it stays the same and get the government to give tax cuts so they have more disposable income and achieve the same objective, and it wouldn’t hurt business so badly in terms of the cost.” [Employer of low-paid workers focus group participant, retail trade industry, Hobart]

Junior employees

Approximately half of juniors said that they would leave wages as they are, while the other half expressed that they would increase the minimum wage. Juniors who felt the minimum wage should be increased tended to be those living independently with greater financial or family responsibilities and those completing an apprenticeship. While those who indicated they would leave the minimum wage as it is tended to have less financial responsibilities (e.g. living at home in higher-income household) and often viewed their current position as a stepping stone or short-term situation. The arguments presented by those who believed the minimum wage should remain unchanged were diverse, ranging from potential negative economic impacts to perceptions that juniors aged under 18 years have comparatively less need for increased wages:

“… everyone getting a pay rise isn’t the best thing for the economy …” [Junior employee, bulletin board participant, 15–17 yrs, Melbourne]

“I believe the people who earn minimum wages also have easier jobs.” [Junior employee, bulletin board participant, 15–17 yrs, Brisbane]
“Simply increasing the minimum wage is not the answer as this may have a detrimental effect on Australia’s currently quite low unemployment rate. Instead, the government should offer more benefits to those who are on minimum wages to more easily cover their costs of living.” [Junior employee, bulletin board participant, 18–20 yrs, NSW regional]

“Like an apprentice, for example, they might go to work and they might be 16, just come out of school, like, in reality, how much expenses do they have to pay for? A 16-year-old living at home with their parents and there is food on the table. Whereas someone who has just finished school and is 18 or 19 and has moved out of home, like, has a few more things to pay for so like the wage should be higher.” [Focus group participant, 18–20 yrs, Brisbane]

Many juniors were aware that they may not have found it as easy to get their start in the labour market if they were not being paid less than adult wage rates (see also section 3.3.2 Moving from unemployment to working). These juniors were against raising junior rates to be so high as to limit the opportunity for young people to get a job when they have no experience:

“I think for entry level jobs there should be a youth wage. Especially when you’re first starting off because you don’t have experience. If there wasn’t that sort of wage then I don’t think that it would work for the people who have been doing it for a while because they’d be getting the same as someone who’s just started off.” [Focus group participant, 18–20 yrs, Melbourne]

“Why would they employ a 14-year-old if they had to give them $20 an hour; they may as well just hire the 18-year-old.” [Focus group participant, 18–20 yrs, Brisbane]

Others felt that the labour market was such that they would easily find a job given demand for labour, even if junior rates were increased. Juniors who felt the minimum wage should be increased provided similar justification to the low-paid group, namely that wages should be increased to keep pace with the increased cost of living:

“It could help people survive more easily and would allow them to pay bills, etc. without worrying about running out of money for things like food.” [Junior employee, bulletin board participant, 18–20 yrs, Adelaide]

 “[A pay rise] would help struggling families to help make ends meet, especially with the consecutive interest rate rises and other economic pressures.” [Junior employee, bulletin board participant, 18–20 yrs, Brisbane]

“I reckon we should increase the minimum wage … Like, with the cost of housing, groceries, petrol, education – all that stuff is getting so high, especially recently, the wages can’t keep up.” [Focus group participant, 18–20 yrs, Brisbane]

“If we are 18 and are being expected to be adults, then why not pay us as adults so we don’t feel discriminated against?” [Focus group participant, 18–20 yrs, Brisbane]

Employers

The majority of employers supported the concept of a minimum wage and, in principle, felt there was a need to increase the minimum wage to keep pace with the increased cost of living. However, when employers considered the reality of the impact of an increase in wages on their business there was less support, particularly among employers of juniors. Differences in the opinions of employers related to a range of factors, most notably labour market factors and industry. For example, those operating in less buoyant labour markets
and industries with tight margins were less likely to support an increase in the minimum wage.

The rationale proposed by those employers supporting increasing the minimum wage included improving workers’ capacity to meet the increasing cost of living, as well as supporting the principles of fairness and equity and the tightness of the labour market:

“So increase, definitely; we have to increase a bit the income for people because it’s the basis of social justice.” [Employer of low-paid workers, focus group participant, hospitality industry, Brisbane]

“It is important that everyone has the opportunity to live comfortably and remain out of poverty.” [Employer of low-paid workers, bulletin board participant, communications industry, Perth]

“The minimum adult wage should rise. It needs to keep pace with the cost of living and the cost of working . . . I would raise the adult minimum wage to $15 per hour.” [Employer of low-paid workers, bulletin board participant, business services industry, Adelaide]

“We live in a very competitive employment market and if wages are not set to reflect this, I think employees will become even more disgruntled and employers will find it even more challenging to obtain employees.” [Employer of low-paid workers, bulletin board participant, health services industry, SA regional]

While some employers believed that the minimum wage should be increased, there were other employers who thought that wage increases should be merit-based:

“I think there maybe should be a compulsory review of pay rates within a company, like an appraisal I guess, where you are forced to sit down and go, ‘Well, this is how much you’ve been earning. I’d like to keep you on but I don’t feel that you deserve a pay rise, so you can choose to stay or not.’ Or ‘I’m going to keep you on because you are a really valuable member of the team. I’m going to keep you on and I’m going to give you 50 cents extra an hour’ – if it’s an apprentice, and they’d love that.” [Employer of low-paid workers, focus group participant, manufacturing industry, Newcastle]

And further, some employers felt that wages should not be fixed at all. Employers, they said, should be able to pay less than the existing minimum if they considered the worker is not “worth” the minimum. In one group, a number of employers advocating the abolition of minimum wage:

“Well, it needs to be abolished so people can be paid for what they’re worth, e.g. if they’re useless they’re worth nothing and if they’re skilled they’re worth plenty. Simple.”

“. . . I agree with that. I wrote ‘abolish’. People should be able to bargain or discuss their potential for their earnings, not for it to be decided by government.” [Employers of low-paid workers, focus group participants, manufacturing and trade industry, Sydney]

However, the majority of employers endorsed the concept of the minimum wage, feeling it plays an important role in protecting low-paid workers from exploitation and unscrupulous employers:

“I just feel you want to try to protect those employees from employers who will take advantage of them.” [Employer of junior workers, focus group participant, retail and hospitality industry, Qld regional]
“You’ll have someone abusing it and unfortunately, as a human being, we need someone watching over us.” [Employer of low-paid workers, manufacturing and trade industry, Sydney]

While the results are qualitative in nature and should be interpreted within that context, fewer employers of juniors felt the minimum wage should be increased:

“The Commission seems to be making no increase to the wages at this point in time; the reasons being it’s only going to feed inflationary pressures which then impact on interest rates – you’ve got to break that nexus. Interest rates are such a killer to business and at the end of the day everyone loses because unemployment goes back up again and we are going to end up in a lousy situation. I think it should be minimal to no increase and I’m tempted to say forget minimal because what is the point in giving someone an extra five or ten cents per hour. Is it really going to make a change to their quality of life?” [Employer of junior workers, focus group participant, retail and hospitality industry, Qld regional]