



Fair Work  
Commission

# Characteristics of employees on the National Minimum Wage

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Josh Tomlinson  
Fair Work Commission

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All research undertaken or commissioned by the Fair Work Commission for the Annual Wage Review 2023–24 has been agreed by the Minimum Wages Research Group (MWRG). The MWRG comprises a Chair from the Fair Work Commission, and representatives nominated by:

- Australian Chamber of Commerce and Industry (ACCI);
- Australian Industry Group (Ai Group);
- Australian Council of Social Service (ACOSS);
- Australian Council of Trade Unions (ACTU);
- Australian Government; and
- State and territory governments.

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The contents of this report remain the responsibility of the author and the research has been conducted without the involvement of members of the Fair Work Commission.

# Abstract

This research paper aims to update our understanding of employees on adult rates of pay who have their pay set by the National Minimum Wage (NMW). Microdata from the May 2021 Survey of Employee Earnings and Hours is used to understand the characteristics of (1) employees who do not have their earnings set by an award or a collective agreement and are earning the NMW (NMW-reliant) and compare them to (2) modern award-reliant employees earning the NMW, (3) all employees on the *Miscellaneous Award 2020* and (4) employees on individual arrangements earning within 10 per cent above the NMW. The results generally show that employees in groups 1, 2 and 3 share more similarities than employees earning just above the NMW (group 4). Some differences are that employees in group 1 are more commonly employed by small businesses, particularly micro businesses. They are also found to be more evenly spread across occupations, with a smaller proportion classified as Labourers. The analysis also found that over one-third of all employees paid up to the NMW have hourly earnings at least 5 per cent below the NMW.

Overall, the research uses the data to present a range of characteristics of the employees found within each of the 4 groups to assist the Commission in its consideration of relevant major cases including the Annual Wage Review and the review of C14 rates in modern awards. Questions as to why a small proportion of low-earning employees persist as award and agreement free (and therefore NMW-reliant) remain unresolved.



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# Abbreviations

ABS	Australian Bureau of Statistics
ANZSCO	Australia and New Zealand standard classification of occupations 2013
ANZSIC	Australia and New Zealand standard industry classification 2006
COE	Characteristics of Employment
EEH	Employee Earnings and Hours
Commission	Fair Work Commission
HILDA	Household, Income and Labour Dynamics in Australia
LHS	Left-hand side
Melbourne Institute	The Melbourne Institute: Applied Economic & Social Research
NMW	National minimum wage
NMW-reliant employees	NMW employees on individual arrangements as defined in EEH survey
RHS	Right-hand side
RSE	Relative standard error
UK	United Kingdom

# 1. Introduction

This paper aims to update our understanding of the characteristics of employees who are earning the national minimum wage (NMW), particularly following a recent change to broaden modern award coverage,<sup>1</sup> and to explore the types of employees affected by adjustments to the NMW.

The NMW order applies to employees not covered by an award or enterprise agreement, and the NMW is the minimum rate of pay that applies other than for junior employees (under 21 years); employees to whom training arrangements apply; or employees with a disability.<sup>2</sup> Employees earning the NMW who receive an adult rate of pay<sup>3</sup> are a focus of this paper.

As stated by the Expert Panel in the *Annual Wage Review 2022–23 (2022–23 Review)* decision, “it is necessary for the [Fair Work] Commission in its conduct of the Review to first reach a conclusion about the rate of the NMW it proposes to set so that it may then take that proposed NMW rate into account in exercising its powers to set, vary or revoke modern award minimum wage rates.”<sup>4</sup>

The significance in understanding the characteristics of employees earning the NMW was highlighted in the 2022–23 Review decision. The Expert Panel further stated that “although any adjustment to the NMW is likely to have an effect upon a small segment of employers and employees, we are not in a position to be able to identify any particular characteristics of such employers and employees beyond stating that any employee reliant on the NMW will ... necessarily be low paid and likely to be experiencing difficulty in meeting day-to-day living expenses.”<sup>5</sup> The Commission considers such employees when taking into account the “relative living standards and the needs of the low paid” as part of both the minimum wages and modern awards objectives.<sup>6</sup>

The Expert Panel noted the challenges in identifying such employees, stating that “it is difficult to identify in practical terms any occupations or industries in which NMW-reliant employees are engaged. In previous

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<sup>1</sup> *4 yearly review of modern awards –Miscellaneous Award 2010 – coverage clause*, [2020] FWCFB 1589, 25 March.

<sup>2</sup> *Fair Work Act 2009*, s. 294(4).

<sup>3</sup> Payment at the full rate stipulated in an award, agreement or the minimum wage order in the relevant jurisdiction.

<sup>4</sup> *Annual Wage Review 2022–23*, [2023] FWCFB 3500 at [16].

<sup>5</sup> *Annual Wage Review 2022–23*, [2023] FWCFB 3500 at [47].

<sup>6</sup> *Fair Work Act 2009*, s. 284(1)(c) and s. 134(1)(a).



Commission proceedings, parties have not been able to identify with precision employees who may be award free. Further, the number of such low-paid, award free employees is likely to have diminished since the coverage of the *Miscellaneous Award 2020* was expanded effective from 1 July 2020.”<sup>7</sup>

The final point above refers to the increase in the coverage of the *Miscellaneous Award 2020* (Miscellaneous Award) to include any work that has historically been covered by awards—including state-based awards—regardless of the industry in which the work was performed.<sup>8</sup> In light of this and the Expert Panel’s decision to end the alignment of the NMW with the C14 rate, which is often an introductory or transitional rate found across multiple awards<sup>9</sup> in favour of alignment with the higher C13 rate,<sup>10</sup> the Expert Panel announced that “[a] wider review, including supporting research, concerning the needs and circumstances of low-paid award/agreement free employees is required”.<sup>11</sup>

The focus of this paper is therefore to provide some understanding of employees who are reliant on the NMW and paid according to the NMW order (NMW-reliant). This report uses data from the Survey of Employee Earnings and Hours (EEH) produced by the Australian Bureau of Statistics (ABS), to identify these employees and to report on their characteristics available in the survey. The survey is valuable because employees’ method of setting pay is captured, thereby the survey can be used to present characteristics on employees who are earning the NMW rate and are not paid according to an award or enterprise agreement (i.e. NMW-reliant). To understand their context, their characteristics are compared with the characteristics of other employees who also earn a rate equal to the NMW but are paid by a modern award (modern award-reliant), employees identified as being paid by the Miscellaneous Award and employees on individual arrangements earning within 10 per cent of the NMW.

This research is a descriptive study, with findings intended to assist the Expert Panel in its deliberations and may also be relevant in the Commission’s review of certain C14 rates in modern awards.<sup>12</sup> In particular, the

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<sup>7</sup> *Annual Wage Review 2022–23*, [2023] FWCFB 3500 at [47].


<sup>8</sup> *4 yearly review of modern awards –Miscellaneous Award 2010 – coverage clause*, [2020] FWCB 1589 at [59].

<sup>9</sup> The C14 rate is a rate of pay specified in the *Manufacturing and Associated Industries and Occupations Award 2020*. The same rate of pay is across 45 modern awards, however, it is not referred to as the C14.

<sup>10</sup> The C13 rate is a rate of pay specified in the *Manufacturing and Associated Industries and Occupations Award 2020*. The same rate of pay is across other modern awards, however, it is not referred to as the C13.

<sup>11</sup> *Annual Wage Review 2022–23*, [2023] FWCFB 3500 at [8].

<sup>12</sup> See [2023] FWCFB 168



findings of this paper may provide additional context on the Full Bench's *provisional* view that the review of C14 rates be guided by the principle that the lowest classification rate in any modern award applicable to ongoing employment should be at least the C13 rate.<sup>13</sup>

A review of previous research has found papers also focused on the proportion of employees earning less than the NMW.<sup>14</sup> This group of employees and their characteristics is also considered in this paper. Reasons for why employees earn below the NMW have been considered and include reasons such as, difficulties in effectively estimating NMW-reliant employees with the available data, measurement error in the survey data, derived earnings not reflecting non-cash remuneration and non-compliance.

The remainder of the paper is structured as follows. Chapter 2 outlines recent research on NMW employees, details of the methodology, and background information on the Miscellaneous Award. Chapter 3 presents an analysis of characteristics and compares the characteristics of employees who are on an individual arrangement and have their pay set by the NMW (group 1: NMW-reliant) with the characteristics of award-reliant employees who earn a rate equal to the NMW (group 2: modern award-reliant); all employees earning a rate in the Miscellaneous Award (group 3); and employees on individual arrangements earning just above the NMW (group 4). Chapter 4 considers why some employees are calculated to have earnings below the NMW and their effects on the results across the paper. Chapter 5 provides concluding remarks.

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<sup>13</sup> [2023] [FWCFB 168](#) at [8](1).

<sup>14</sup> See Chapter 2.1 and Table 1 below.

## 2. Research and data

This chapter reviews published research on the characteristics of employees earning the NMW or less and draws on previous estimates obtained from the Australian Government's submissions to the Annual Wage Review. The chapter also addresses how NMW employees are identified through survey data, the data sources used and the methodologies applied. It provides some insights for the approach adopted in this paper, particularly on NMW employees that have their earnings set by individual arrangements.

### 2.1 Research: estimates and characteristics

It is difficult to determine the precise proportion of employees earning the NMW from existing Australian data sources (Yuen et al. 2018: 3). Estimates for the number of employees earning the NMW are provided in the Australian Government's submissions to the annual wage review. Analysis of the EEH survey data for May 2021 indicates there are approximately 184 000 adult employees earning the NMW or less in May 2021, comprising 1.6 per cent of all employees (Australian Government submission 2023).<sup>15</sup> Less than half, or 79 200 employees, are estimated to be paid by individual arrangements. For the EEH 2021 survey reference period, the NMW was set at \$19.84 and the estimate by the Australian Government is based on all employees earning up to a rounded rate of \$20.00 per hour.<sup>16</sup> An estimate based on the EEH 2018 similarly found 180 200 adult employees (1.7 per cent of all employees) earning the NMW or less, with 79 400 employees paid by individual arrangements.<sup>17</sup>

In other recent estimates, Coates, Wiltshire and Raysenbach (2023) found between 3.5 per cent and 9 per cent of all employees were paid *below* the NMW in 2018 and between 1 per cent and 5 per cent were paid at least \$3 below. The higher estimates are based on data from the 2022 ABS Characteristics of Employment (COE) survey while the lower estimates are based on scaling the COE to reflect the EEH 2018.

Previous estimates for the size of the employee workforce earning the NMW are summarised in Table 1.

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<sup>15</sup> See Chart 4.1. These exclude workers paid junior, apprentice and disability rates of pay.


<sup>16</sup> Estimates for the number of employees earning the NMW in Australian Government submissions for the 2015–16 Review to the 2022–23 Review are always rounded up to the nearest 50 cents.

<sup>17</sup> Based on employees earning less than or equal to \$18.50. For the 2018 EEH survey reference period, the NMW was \$18.29. See Australian Government (2021) at Chart 2.1.

**Table 1: Recent estimates for employees earning the NMW or below**

Source	Description	2016	2017	2018	2021
Number of employees					
EEH	Earning the NMW or less (adult rate of pay for all methods of setting pay)	196 300		180 200	184 000
	Earning the NMW or less (on individual arrangements only)	66 100 (Australian Government submission 2017)		79 400 (Australian Government submission 2019)	79 200 (Australian Government submission 2023)
Proportion of employees (%)					
EEH	Earning the NMW or less (all employees)	1.9 (Australian Government submission 2017; Yuen et al 2018)		1.7 (Australian Government submission 2019)	1.6 (Australian Government submission 2023; Tomlinson 2024)
	Earning the NMW or less on an adult rate of pay	2.1 (Yuen et al 2018)			1.7 (Tomlinson 2024)
	Earning the NMW or less (on individual arrangements only)				0.7 (FWCFB 3500 [2023]#; Tomlinson 2024)
HILDA	Earning <u>less than</u> the NMW	9.6 (Wilkins et al 2020)	10.5 (Wilkins et al 2020)	9.9 (Wilkins et al 2020)	7.9 (Australian Government 2023)
EEH and COE	Earning <u>less than</u> the NMW				3.5–9 (Coates et al 2023)

Source: Australian Government submissions to Annual Wage Reviews 2016–17 to 2022–23; Yuen K, Ellis G & Nelms L (2018), *Characteristics of workers earning the national minimum wage rate and of the low paid*, Fair Work Commission research report 3/2018, February, p. 6; Wilkins R, Botha F, Esperanza V & Wooden M (2020), *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 18*, Melbourne Institute: Applied Economic & Social Research, University of Melbourne, for employees aged 21 years and over; Australian Government (2023), *Working future: the Australian government's white paper on jobs and opportunities*, September, p. 67, for adult employees; Coates B, Wiltshire T & Reysenbach T (2023), *Short-changed: How to stop the exploitation of migrant workers in Australia*, Grattan Institute, May, p. 14; Results of this research (Tomlinson 2024), as presented in Chapter 4. # Calculated from the estimated number of employees on individual arrangements using Australian Government submission 2023, as a share of all employees in the EEH survey for the 2021 release.



Some of the papers referred to in Table 1 not only provided estimates but also an analysis of the characteristics of NMW employees. Using the 2016 EEH survey, Yuen et al. (2018) found that employees on the NMW were:

- more likely to be female (58.7 per cent) than male;
- more likely to be younger, with over 4 in 10 under 25 years compared with over 10 per cent of all employees;<sup>18</sup>
- far more commonly employed part-time (77.2 per cent) compared with full-time, and on a casual basis (79.6 per cent) compared with permanent/fixed-term employment; and
- more often employed in businesses with fewer than 20 employees (6 in 10 employees).

By method of setting pay, Yuen et al. (2018) found that 47.2 per cent of NMW employees were award reliant, 18.5 per cent were paid by collective agreement and 34.3 per cent were paid by individual arrangement.

Analysis of NMW employees using the Melbourne Institute's Household, Income and Labour Dynamics in Australia (HILDA) survey has focused on employees earning below the NMW. Wilkins et al. (2020) found that across 2016 to 2018 employees earning less than the NMW:

- comprise a higher proportion of male employees (11.2 per cent) than female employees (8.9 per cent);
- are younger, with 26.6 per cent of employees aged 21–24 years;
- are more common among employees living outside major urban areas; and
- comprise a higher proportion of employees in Agriculture, forestry and fishing (40.5 per cent of employees) and Accommodation and food services (35.1 per cent).

This research also found, through regression analysis, that males have a lower probability of earning below the NMW, with educational attainment an important indicator. Job characteristics such as part-time employment, working long hours and casual employment were associated with earning below the NMW. Working for a small firm was also found to be a strong predictor of an employee earning below the NMW.

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<sup>18</sup> Some employees on junior rates of pay earning close to the NMW are included in this analysis. See Yuen, Ellis and Nelms et al. (2018 6).

## 2.2 Data

The EEH survey is often used to estimate employees earning the NMW because it collects detailed information on earnings from a large sample. It is also relevant for this analysis because it contains both demographic and employment characteristics by method of setting pay. However, there are unique complexities associated with research of NMW employees compared to studies of the broader employee workforce which present challenges for the analysis.

The EEH is a two-stage survey of employers. First, for the 2021 survey, approximately 8100 private and public sector employers are identified from the ABS Business Register. These employers are provided with instructions on how to select a random sample of employees from their payrolls (ABS 2022b), however, it is not possible to confirm whether they are randomly selected.<sup>19</sup> Given their access to payroll data, this type of survey is considered to be more reliable than surveys that rely on employees or households for this information (Nelms et al. 2011; Yuen et al. 2018). The 2021 survey has a sample of approximately 52 000 employees, aiding reliability of estimates.<sup>20</sup>

Responses to the EEH survey refer to work performed in the last pay period on or before the third Friday of May in the reference year. The survey is run every two years (the 2020 survey was postponed by one year due to the COVID-19 pandemic), however, it is not intended to be viewed as a time series and is referred to as a 'point in time' survey. Notably, the Agriculture, forestry and fishing industry is out of scope.<sup>21</sup>

The EEH 2021 release provided, for the first time, information on the individual modern awards that set pay for employees, through its microdata. This information and the calculation of hourly wage rates can only be accessed through the ABS DataLab environment with sufficient flexibility to perform the analysis. Approval from the ABS is required in order to communicate and publish results from analysis conducted within DataLab.<sup>22</sup> Data clearance requirements are based on statistical rules that protect the confidentiality and

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<sup>19</sup> In some instances, the ABS will contact providers if there are indications that the sample provided is not random.

<sup>20</sup> In comparison, the Survey of Average Weekly Earnings contains a sample of 5600 employers. See ABS, [Average Weekly Earnings, Australia methodology](#), November 2023.

<sup>21</sup> Other excluded groups include permanent Australian defence forces, private households employing staff, and foreign embassies and consulates: see ABS (2022), [Employee Earnings and Hours, Australia methodology](#), May 2021. For more information on scope in coverage in ABS business surveys, also see: ABS (2023), [Labour Statistics: Concepts Sources and Methods](#), 24 November.

<sup>22</sup> For more information on the ABS clearance requirements, see ABS (2021), [Input and output clearance](#), November.

quality of the data.<sup>23</sup> Data that do not meet these minimum requirements are likely to be less reliable and therefore not published.

The EEH classifies employees in one of the following three methods of setting pay (ABS 2022b):

1. award – legally enforceable determinations made by federal or state industrial tribunals that set the terms of employment (pay and/or conditions).
  - a) a subset of this category is *modern award*, which can identify award-reliant employees who are in the federal jurisdiction and directly affected by annual wage review decisions.
2. collective agreement – an agreement between an employer/group of employers and a group of employees (or unions or employee associations representing them) that outlines pay and/or conditions; and
3. individual arrangement – an arrangement between an employer and individual employee on the pay and/or conditions for the employee.

The survey does not include a category for employees who are paid according to the NMW order. Following analysis undertaken by the Australian Government, these employees who are award and agreement free are categorised as having their pay set by an individual arrangement in this report.

Employees whose pay is set by a modern award (modern award-reliant employees), including the Miscellaneous Award, are only identifiable in the microdata.<sup>24</sup> In order to classify employees according to their method of setting pay, the EEH survey questionnaire includes a series of questions that are sequenced in order to assist the employer to provide an accurate response.

The other major Australian data source containing data on both earnings and method of setting pay is the Melbourne Institute's HILDA survey. This survey considers a smaller sample of 17 000 individuals over the age of 15 years (Summerfield et al. 2021), including many who are not in the labour force. Given the number of employees earning the NMW is small, this leaves a very small number of observations to analyse. Additionally,

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<sup>23</sup> For example, the number of observations and the number of businesses contributing to a given statistic.

<sup>24</sup> For more information on this variable, see Yuen & Tomlinson (2023).

and as previously mentioned, the HILDA survey is considered less reliable for calculation of hourly wage rates given it obtains data from individuals rather than employers, as in the case of the EEH survey.<sup>25</sup>

Another important difference between the surveys is how hours worked are captured. In the EEH, it is 'hours paid for' as opposed to 'hours worked' found in household surveys like HILDA or the ABS Labour Force Survey.

### 2.2.1 Employees earning the NMW

As mentioned, there is no specific question in the EEH that asks employers whether the employee's wage is set by the NMW, and the NMW is not mentioned in any of the questions related to method of setting pay. In fact, actual hourly rates of pay for employees are not provided.<sup>26</sup> To determine if an employee is earning the NMW, studies have been required to derive hourly earnings based on information provided in surveys on weekly earnings and the number of hours worked.

The approach in this paper follows that of previous research and in the Australian Government submissions by restricting analysis to employees earning an adult rate of pay. Hourly earnings also exclude the casual loading.<sup>27</sup>

The variables used to calculate hourly earnings from the EEH are:

1. ordinary-time weekly cash earnings, which includes penalty payments and amounts salary sacrificed;<sup>28</sup>
2. ordinary-time weekly hours paid for;
3. whether the employee receives a casual loading; and
4. rate of pay (adult, junior, apprentice/trainee or disability).

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<sup>25</sup> In their analysis of employees earning less than the NMW Nelms, Nicholson & Wheatley (2011: 4) found that around 28 per cent of adult employees in their sample from the HILDA survey referred to a pay slip during their interview.

<sup>26</sup> This Annual survey of hours and earnings (conducted in the United Kingdom) is a similar employer-based survey, but also collects a stated hourly rate. A study on the differences between these two measures of hourly earnings from the same survey find that the derived rate is generally higher than the stated rate. The UK's Office of National Statistics uses the stated rate to validate the derived hourly rate, which they consider to be more accurate in the calculation of low-pay estimates. See Griffiths, Ormerod & Ritchie F (2007: 7).

<sup>27</sup> A casual loading of 25 per cent is provided as compensation to account for employees not receiving sick leave and annual leave. This is removed to make a casual employee's earning more comparable to employees who do receive these entitlements.

<sup>28</sup> Also includes allowance, payments by measured result and regular bonuses and commissions. Excludes non-cash components of salary packages, overtime payments, retrospective pay, pay in advance, leave loadings, severance pay, and termination and redundancy payments.





The rate of pay variable importantly allows for the exclusion of employees on training arrangements, certain employees aged under 21 years and those on a (reduced) disability rate of pay from the analysis. These groups have separate rates of pay in awards and in the NMW order and may be legally paid below the adult NMW rate of pay.

The approach taken by the Australian Government in its submissions to annual wage reviews has been to include all employees on adult rates of pay earning less than or equal to the prevailing NMW. However, rather than using the exact NMW rate as a threshold, the approach adopted has been to round-up the dollar figure (to the nearest 50 cents). In its submission to the 2022–23 Review, using the May 2021 reference period, the NMW was rounded up to an hourly rate of \$20.00 (Australian Government submission 2023). Using a margin above the prevailing minimum wage has been applied in other research because of the small proportion of employees earning the actual NMW rate and to allow for some measurement error in earnings and hours worked (Yuen et al. 2018).<sup>29</sup> This paper follows this approach. Additionally, these estimates were referenced by the Expert Panel in the 2022–23 Review decision.<sup>30</sup>

Employees on junior, disability or apprenticeship/traineeship rates of pay are, in general, not included in the analysis that follows.<sup>31</sup> The rate of pay variable (and not the age variable) determines who is paid an adult rate. There are circumstances where employees under 21 years must be paid an adult rate of pay, for example, if a modern award does not contain a junior rate of pay.

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<sup>29</sup> Similarly, when estimating the number of minimum wage employees in the United Kingdom, those earning up to £0.05 more than the applicable wage rate are considered to be earning the minimum wage. The LPC publishes estimates of the number of “minimum wage jobs”, defined as jobs paying up to five pence above the appropriate minimum wage rate (for all age groups, not just people aged 25 and over). See Francis-Devine B (2023), *National Minimum Wage Statistics*, House of Commons Library, 27 November, p. 13.

<sup>30</sup> [2023] FWCFB 3500 at [4].

<sup>31</sup> Appendix B contains data on the number of junior rate of pay employees earning less than the adult NMW, as well as estimates for the number of junior rate of pay employees earning their age-specific minimum rate of pay or less.

## 2.2.2 Limitations

Identifying and assessing a small cohort of employees from survey data can be problematic. This chapter outlines some points to consider when interpreting the results, given the methods, data source and nature of the cohort investigated.

There is no variable in the EEH survey that clearly identifies employees paid the NMW or to whom the NMW order applies and instead these group of workers are analysed by proxy through the reporting of their pay being determined by an individual arrangement, as they are defined to be award and agreement free. This is a limitation identified in previous research analysing employees earning around or below the NMW (see Yuen et al. 2018, Nelms et al. 2011). As discussed above, four different variables are analysed to derive hourly earnings and identify NMW employees. Inaccurate reporting of these variables is a form of non-sampling error and may result in an employee being incorrectly categorised as earning the NMW.

The EEH survey is not specifically designed to produce estimates for the number of employees, and the ABS caution that “[c]are should be taken in the interpretation and use of such estimates” (ABS 2022b). The two-stage sample selection of employees also increases the variability of estimates at finer classification levels, such as ‘modern award’ method of setting pay, but estimates are useful as an indicative measure. In this context, proportions are presented alongside employment estimates throughout the paper.


Employees earning the NMW rate and below constitute a very small proportion of all employees.<sup>32</sup> The characteristics of employees presented in this paper are therefore based on a small number of observations which can impact the accuracy of results.<sup>33</sup> In some instances, results have high relative standard errors (RSE) which indicate they may be less reliable and should be interpreted with caution.

Estimates for employees on the NMW are determined based on the timing of the survey—the last pay period on or before the third Friday in May of the reference year. However, it may be that the number of employees on the NMW fluctuate over the course of a year due to the seasonal nature of demand in some businesses or industries. Employees earning the NMW during other times of the year will not be captured in this analysis.

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<sup>32</sup> There are 619 adult rate of pay observations in the survey with casual loading adjusted, ordinary time hourly earnings of up to \$20.00 per hour. The entire survey contains approximately 52 000 observations.

<sup>33</sup> For an international example of research on minimum wage workers that also note this, see: Griffiths C, Ormerod C & Ritchie F (2007), *Measuring low pay: Measures and precision*, Office of National Statistics, p. 12.



Some of the variables available in the survey that are used in the analysis may also influence results. For example, hours actually worked by an employee may exceed ‘hours paid for’ as provided in the EEH survey, resulting in a derived hourly wage that is higher than its actual value. Although employer surveys are a more reliable source for information on wages, surveys of individuals or households such as the HILDA survey, may better capture hours worked among minimum wage employees (McGuinness et al., 2011: 8).

The adjustment of earnings to remove any casual loading involves a separate variable that indicates if a casual loading has been applied. If the response to the casual loading question is inaccurate, it would lead to an employee having lower calculated hourly earnings than actual earnings.<sup>34</sup>

Ordinary-time earnings data in the EEH include penalty rates, allowances and other payments such as bonuses which further complicates the identification of NMW employees, as the derived hourly earnings may not reflect the correct hourly rate of pay. This is likely to be more problematic for employees in Accommodation and food services and Retail trade who are more likely to work on weekends, which attract penalty rates.<sup>35</sup> Ideally, this premium and other additional payments received by employees would be removed from their earnings, as is done with the casual loading, to provide more accurate data on rates of pay. While penalty rates are not set out in the NMW order and are not required to be paid to award or agreement free employees, it is possible that some employees are paid penalty rates for working nights and/or weekends.

In the EEH survey questionnaire, employers are instructed to round earnings (at whatever frequency they are paid) to the nearest dollar. When combined with hours paid for, it may be possible for some low-paid employees to have derived hourly earnings below the threshold of \$20.00 per hour, whereas had their exact earnings been provided, their hourly earnings would have been above this threshold. Any impact of rounding is higher for employees that work few hours and likely to be small.

Employees earning ‘cash-in-hand’ wages are not likely to be included in the EEH sample (McGuinness et al. 2007). As a result, these employees will not contribute to the results and the total employee estimates will

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<sup>34</sup> In the survey, two different questions relate to casual employment. One asks about the employee’s employment type (fixed-term, permanent or casual) and the other asks if the employee is paid a casual loading. An employee is classified as casual based on their engagement type, independently of whether they are paid casual loading (e.g. an employee can be a casual and not paid casual loading), however, there is a strong correlation between the two. Given there is little variance between these two variables for employees earning \$20.00 per hour or less, the likelihood of an employee being misclassified as having a casual loading would be low as the survey respondent would need to have incorrectly responded to both questions in the survey.

<sup>35</sup> This is 60.8 per cent and 47.6 per cent, respectively, based on data from 2009–2016. See *4 yearly review of modern awards – Penalty Rates* [2017] FWCFB 1001 at [459] and Table 9.

likely be lower. This issue was considered to limit the effectiveness of the EEH survey in analysing low-wage employees (see McGuinness et al., 2007: 8-9).<sup>36</sup> However, the ongoing decline in the use of cash as a payment method (Mulqueeney and Livermore 2023) may indicate this is of lower concern than previously.

The threshold selected can also have implications for total estimates. For example, research on minimum wage employees in the UK has discussed how, given survey data is used to estimate population totals, a small number of observations moving to the other side of the hourly earnings threshold can result in large changes in the total number of estimated employees (Griffiths, Ormerod & Ritchie 2007).

Finally, hourly wage rates in the EEH are based on hours paid for and not actual hours worked. With employers providing the survey responses, it is possible total hours recorded by payroll systems do not fully reflect hours actually worked (McGuinness et al. 2007: 8).<sup>37</sup> Based on a higher number of hours actually worked than paid for, more employees in the survey may be earning the NMW.

The results for method of setting pay in the EEH reflect how pay is set and not actual award coverage. It is possible that an employee's pay may be indicated as being set by an individual arrangement even though their employment conditions may be like those covered by an award. Similarly, it is possible that based on an employee's job description they should be paid by an award, even if the employee's wages are set by the (often lower paying) NMW.

### **2.2.3 The *Miscellaneous Award 2020***

As noted earlier, estimates from the Australian Government indicate that there are 79 200 employees earning the NMW who have their pay determined by an individual arrangement. As the Expert Panel noted “the number of such low-paid, award free employees is likely to have diminished since the coverage of the *Miscellaneous Award 2020* was adjusted effective from 1 July 2020.”<sup>38</sup>

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<sup>36</sup> McGuinness, Freebairn & Mavromaras (2007: 8–9) consider cash-in-hand employment the most significant drawback of the EEH survey, and suspect it accounts for the largest component of the difference between estimates of low-waged employment (within 10 per cent of the (then) federal minimum wage), from the EEH survey with the HILDA survey. Nelms, Nicholson and Wheatley (2011: 10) used additional sources to report the characteristics of employees earning below the NMW over concern for the impact of this bias on the EEH results. Also see Bray J (2013: 17).

<sup>37</sup> S McGuinness, J Freebairn & K Mavromaras (2007), *Characteristics of minimum wage employees*, Melbourne Institute of Applied Economic and Social Research, Research Report No. 2/07, July, p.8

<sup>38</sup> *Annual Wage Review 2022–23*, [2023] FWCFB 3500 at [47].

The Miscellaneous Award was created to “cover employees not covered by any another modern award and who perform work of a similar nature to that which has historically been covered by awards”.<sup>39</sup> Amendments to the coverage clause were made following the *United Voice v Gold Coast Kennels Discretionary Trust t/a AAA Pet Resort* decision,<sup>40</sup> which resulted in a smaller list of exclusions for employees.

From 1 July 2020, employees are no longer excluded from coverage of the Miscellaneous Award in cases where the type of work is covered by another award (or performed in a different industry) but missing an appropriate classification.<sup>41</sup> Employees performing work that has not traditionally been covered by awards (including state-based awards) due to the nature or seniority of their role and those who perform work that is not of a similar nature to work that has traditionally been regulated by awards continue to be excluded from coverage of any modern award by virtue of s.143(7) of the *Fair Work Act 2009*.<sup>42</sup>

Potential gaps in award coverage are being considered in the Modern Awards Review 2023–24. The discussion paper on the Arts and culture sector outlined how the Commission had previously considered gaps in award coverage (Fair Work Commission 2023).<sup>43</sup> Employees in new and emerging occupations are the most easily identifiable group of employees who may lack modern award coverage. Solar installers, Social Media Specialists and Hazardous Materials Labourers (with employment estimates for each at 6000, 11 000, and 2000 employees for 2019, respectively) were the lowest paid occupations identified from a National Skills Commission list of emerging occupations (National Skills Commission 2020: 4).<sup>44</sup>

Chart 1 shows that there has not been a discernible drop in the number of NMW employees on individual arrangements (NMW-reliant employees) following the change in the coverage of the Miscellaneous Award.<sup>45</sup>

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<sup>39</sup> As specified in the initial ministerial request to create the award, see: *4 yearly review of modern awards –Miscellaneous Award 2010* [2020] FWCFB 754 at [5].

<sup>40</sup> [2020] FWCFB 128, *United Voice v Gold Coast Kennels Discretionary Trust appeal*

<sup>41</sup> Clause 4.3 of the 2010 award was removed following the review. It stated “[t]he award does not cover employees: (a) in an industry covered by a modern award who are not within a classification in that modern award; or (b) in a class exempted by a modern award from its operation, or employers in relation to those employees.”

<sup>42</sup> *Four yearly review of modern awards –Miscellaneous Award 2010* [2020] FWCFB 754, at [33]–[36]

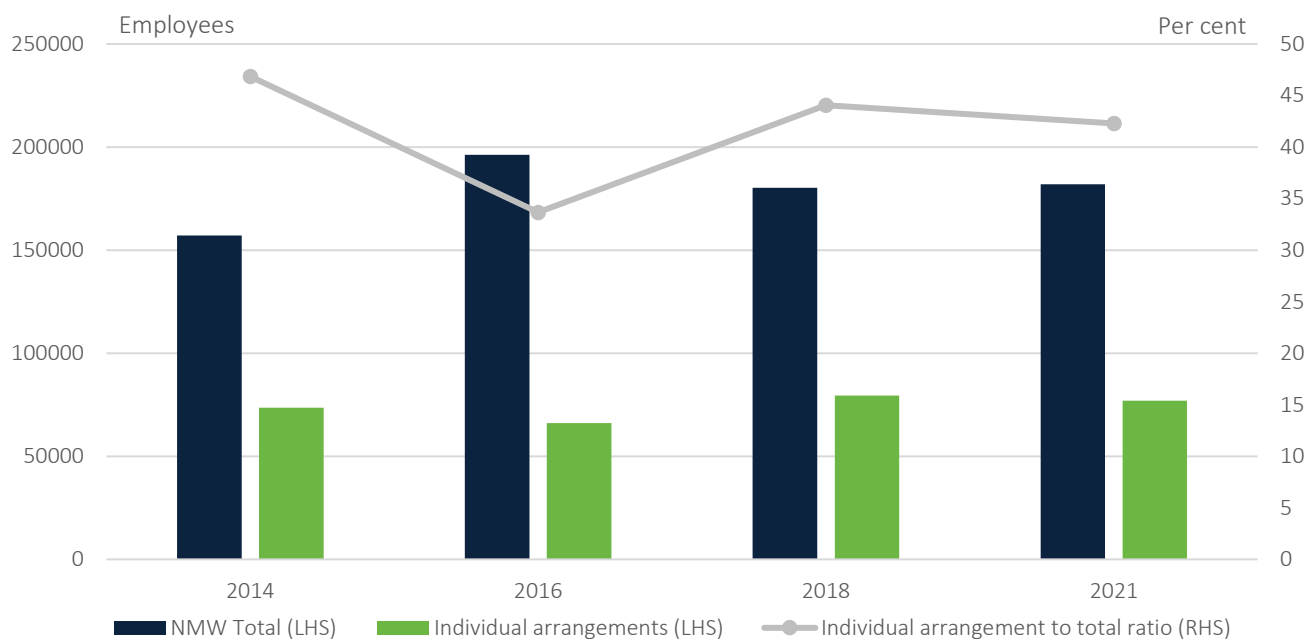
<sup>43</sup> See [99]–[118].

<sup>44</sup> However, even these three occupations have weekly earnings well above the NMW (at the 25<sup>th</sup> percentile). For example, solar installers have a median weekly wage of \$1200 per week, with the 25<sup>th</sup> percentile of earnings at \$1045, against a weekly NMW at the time of \$694.90. Earnings data obtained from an archived version of the National Skills Commission website: <https://trove.nla.gov.au/>

<sup>45</sup> The ABS caution that the EEH survey is not designed as a time series with finer levels of reporting more impacted than the aggregate. Refer to RSEs.

The chart shows that in May 2018, prior to the change in coverage, award or agreement free employees comprised 44 per cent of all NMW employees. This declined to only 42 per cent in May 2021, 10 months following the change.<sup>46</sup>

**Chart 1: Estimates of the number of employees earning the NMW, and on individual arrangements, 2014–2021**



Note: Hourly earnings are adjusted for casual loading.

Source: Australian Government submissions to Annual Wage Reviews 2015–16, 2017–18, 2020–21, 2022–23; ABS, *Employee Earnings and Hours*, various.

NMW employees who may not be covered by the Miscellaneous Award and are in a new or emerging occupation that is sufficiently dissimilar to work covered by existing modern awards would be classified as being on an individual arrangement.

The analysis in this report seeks to explore whether NMW employees identified as being on individual arrangements share similar characteristics to employees on the Miscellaneous Award and employees that are (modern) award-reliant earning the NMW.

<sup>46</sup> Given that total employment increases each year largely due to population growth, it is useful to analyse award or agreement free employees as a share of the total number of NMW employees.

## 2.2.4 Estimating employees earning the NMW

Across the employee workforce, an estimated 708 000 employees (6.4 per cent)<sup>47</sup> earned \$20.00 per hour or less in May 2021. The majority of these employees are not paid an adult rate, including around 388 000 (3.5 per cent) on junior rates of pay and 138 000 (1.2 per cent) on trainee/apprentice or disability rates of pay.<sup>48</sup> For those receiving an adult rate of pay, Table 2 shows there are approximately 181 500 employees (1.6 per cent of all employees) across all methods of setting pay, with 76 700 employees whose pay is set by an individual arrangement (0.7 per cent of all employees).<sup>49</sup>

**Table 2: Estimates for employees earning the NMW or less, adult rate of pay**

Method of setting pay	Number of employees	Proportion of all NMW employees (≤\$20.00/hr) (%)
Award only	88 900	49.0
Collective agreement	15 900	8.8
Individual agreement (NMW-reliant)	76 700	42.2
<b>Total</b>	<b>181 500</b>	<b>100.0</b>

Note: Owner managers of incorporated enterprises are excluded from these estimates. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered by 20 per cent.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia, May 2021*.

These estimates are sensitive to the hourly earnings threshold used. For instance, the total number of employees earning the NMW or less falls to 111 000 employees (1.0 per cent of all employees) when the hourly earnings threshold is reduced to the actual NMW of \$19.84 (or by 16 cents). The estimates for individual arrangements is the most sensitive to changes in the hourly earnings threshold. This falls to 37 400 employees (0.3 per cent of all employees) if the NMW threshold is lowered by 16 cents to the actual NMW.

The most common method of setting pay for employees earning the NMW or less is by award (49 per cent).


The most common modern awards for these employees can be found in Chart A1 in Appendix A.<sup>50</sup>

<sup>47</sup> Excluding owner managers of incorporated enterprises and employees in Agriculture, forestry and fishing. See further discussion in Chapter 2.3.

<sup>48</sup> See Appendix B for estimates of employees on junior rates of pay earning less than the applicable age-specific minimum wage and a breakdown of employees earning less than \$20.00 per hour by junior and adult rate of pay.

<sup>49</sup> Some of these results differ from those published in the Australian Government's submission to the 2022–23 Review which found higher estimates—79 200 employees on individual arrangements and 184 000 employees paid the NMW.

<sup>50</sup> Modern award-reliant employees earning the NMW or less account for 3.7 per cent of all modern award-reliant employees.



That NMW employees comprise a very small proportion of the employee workforce is highlighted in Chart 2, which shows the distribution of hourly earnings for all employees paid by an adult rate (excluding owner managers of incorporated enterprises). Employees earning the NMW or less are shown in blue and comprise 1.7 per cent of all employees receiving an adult rate of pay.<sup>51</sup> This proportion is smaller than the share earning more than \$100.00 per hour (2.5 per cent). The largest hourly earnings category among NMW employees is \$19.51 to \$20.00, which accounts for 52 per cent of all NMW employees.

The Expert Panel increased the NMW by 2.5 per cent following the Annual Wage Review 2020–21, to apply from two months of the survey’s reference period (1 July 2021).<sup>52</sup> Employees earning within 2.5 per cent above the (rounded) NMW are indicated by light blue (i.e., those earning up to \$20.50). These employees would also be impacted by the increase to the NMW, however, some may receive a more modest wage increase. If these employees are also considered, adult employees likely to be affected by the Review decision as a proportion of all employees, increases from 0.7 per cent to 0.9 per cent (Appendix Table B2). Individual arrangements employees earning up to 10 per cent more than the NMW account for 1.6 per cent of all employees.

As noted earlier, the scope of the EEH survey does not include employers in the Agriculture, forestry and fishing industry. Estimates on low-paid employment in this industry have previously been obtained from the HILDA survey. The most recent estimate identified that 40.5 per cent of employees in this industry were earning less than the NMW (Wilkins et al., 2020).<sup>53</sup> The HILDA survey is a household survey that generally finds much higher rates of below NMW and low-paid employment than estimates using EEH.<sup>54</sup>

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<sup>51</sup> This proportion is 1.6 per cent when including owner managers of incorporated enterprises. This is consistent with data cited by the Australian Government in its submissions to the Annual Wage Review 2021–22 and 2022–23.

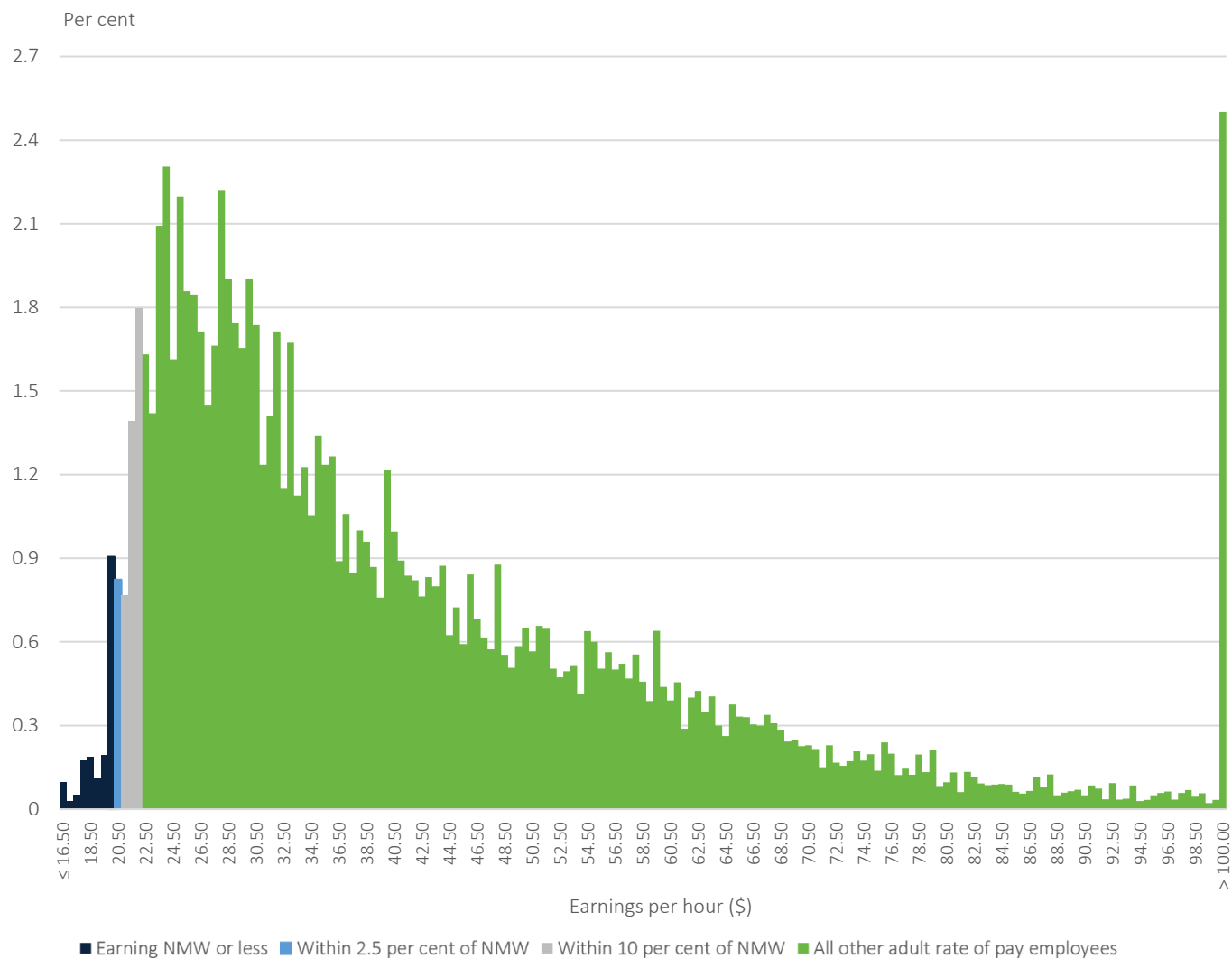
<sup>52</sup> The increase in modern award minimum wages following the Annual Wage Review 2020–21 decision was delayed for some modern awards, however, the NMW increased from 1 July. See *Annual Wage Review 2020–21 (2021)*, National Minimum Wage Order 2021, PR729671.

<sup>53</sup> Agriculture, forestry and fishing employed 309 700 employees, accounting for 2.4 per cent of all employed persons (May 2021, seasonally adjusted). ABS, *Labour Force, Australia, Detailed*, November 2023, Table 4. Yuen, Ellis & Nelms (2018) identified that 50.9 per cent of employees in this industry were low paid (earning less than two-thirds of median hourly earnings) in 2016.

<sup>54</sup> Wilkins et al. (2020: 77) found using the HILDA survey that 9.9 per cent of employees aged 21 years and over are paid *less than* the NMW.



**Chart 2: Distribution of ordinary time hourly earnings, employees on adult rates of pay, 2021**



Note: Each column represents a range of 50 cents. Dark blue shading refers to employees earning \$20.00 per hour or less, light blue refers to employees within 2.5 per cent above the NMW, and grey refers to employees within 10 per cent above the NMW. Horizontal axis labels refer to the top of the range (i.e., employees that earn between \$20.01 and \$20.50 contribute to “20.50”). Earnings excludes overtime hours paid for and are adjusted to remove the casual loading of 25 per cent.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia, May 2021*.

# 3. An analysis of characteristics

This chapter examines the characteristics of employees earning the NMW rate to explore the type of employees affected by adjustments to the NMW. It also compares characteristics between different groups of employees earning around the NMW to explore whether those paid by an individual arrangement share similar characteristics with other employees.

The characteristics of employees on the NMW receiving an adult rate of pay across all methods of setting pay show that they (see Appendix Tables C3 and C4)<sup>55</sup>:

- are more often female (than male);
- are younger than other employees, with a larger proportion 30 years or younger;
- overwhelmingly work part time and fewer hours on average;
- are more commonly engaged on a casual basis than on a fixed-term or permanent basis;
- work across a range of occupations, with Labourers being the most common;
- work for employers across a range of industries, with the Food and beverage services industry employing more than any other (Appendix Table C2).<sup>56</sup>

Compared with previous Commission research (Yuen et al. 2018) that analysed the 2016 EEH microdata, a lower proportion of NMW employees in the EEH 2021 microdata are female (54.6 per cent compared to almost 6 in 10) and more are commonly employed by small businesses (63.5 per cent compared to 59.4 per cent). The industry and occupation composition of NMW employees remained mostly similar, with only Other services accounting for a higher proportion and Sales workers accounting for a smaller proportion based on the 2021 EEH microdata.<sup>57</sup>


The next two sections of this chapter compare four groups of interest: (1) award and agreement free employees on an individual arrangement earning the NMW (NMW-reliant); (2) employees on a modern award (modern award-reliant employees) with earnings equivalent to the NMW; (3) all employees on the

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<sup>55</sup> The characteristics of all employees earning more than the NMW can be found in Appendix Tables C3 and C4.

<sup>56</sup> See Appendix Tables C1 and C2 for detailed (two-digit ANZSIC and ANZSCO) industry and occupation tables.

<sup>57</sup> Comparisons are somewhat limited by the slightly different scope of this previous paper, which included some junior rate of pay employees earning near the NMW. See Yuen, Ellis and Nelms (2018) at p.8.



Miscellaneous Award; and (4) award and agreement free employees indicated as being paid by individual arrangement and earning up to 10 per cent more than the NMW. The most common modern awards for employees earning the NMW or less can be found in Appendix A. With the exception of group 3, only employees on adult rates of pay are included. Group 3, which covers the Miscellaneous Award, is based on all employees (with no hourly earnings restrictions) so that the results meet ABS clearance requirements. Employees in this group therefore include employees on junior rates of pay, and employees earning more than the NMW. A chart showing the distribution of earnings for all employees on the Miscellaneous Award can be found in Appendix C (Chart C1).

A group of employees earning just above the NMW is also included, given an employee may have average hourly earnings higher than the NMW if they receive wage premiums for night and weekend work. While penalty rates do not apply to award/agreement free employees, employees earning a base rate of pay equal to the NMW and working in industries where penalty rates are common may still receive wage premiums for night and weekend work.

Tables 3 and 4 below compare the demographic and employment characteristics of the four groups of employees<sup>58</sup>.

### 3.1 Employee characteristics

The results in Table 4 generally show that three groups of workers—NMW-reliant employees (group 1), modern award-reliant employees (group 2) and employees on the Miscellaneous Award (group 3)—share more similarities than employees earning just above the NMW (group 4). The characteristics of groups 1, 2 and 3 are generally similar, with some differences discussed below.

NMW-reliant employees are less likely to be female than modern award-reliant employees (56.7 per cent), while those on the Miscellaneous Award are just as likely to be male or female. Employees earning up to 10 per cent more than the NMW are more commonly male (54.8 per cent).

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<sup>58</sup> The characteristics of all modern award-reliant employees earning up to \$20.50 per hour (approximately the C13 rate of pay<sup>58</sup>), as well as the characteristics of group 2 if excluding Awards that do not have a classification at the C14 rate, are located in Appendix Tables C3 and C4.

On average, NMW-reliant employees are older than modern award-reliant employees on the NMW, while those on the Miscellaneous Award are the youngest. Employees on individual arrangements earnings above the NMW are the oldest.

Casual employment is less common for NMW-reliant employees compared to modern award-reliant employees and those on the Miscellaneous Award. However, of all the groups, award/agreement free employees earning up to 10 per cent more than the NMW have the lowest proportion working on a casual basis.

While at least 4 in 5 employees work part time among three of the four groups, it is less than two-thirds of those earning above the NMW. Differences are found across hours paid for, with a high proportion of employees on the Miscellaneous Award working either 5 hours or less and 35 hours or more per week than the other two groups. NMW-reliant employees and modern award-reliant employees most commonly work 11 to 20 hours per week. Award/agreement free employees on individual arrangements earning up to 10 per cent more than the NMW work considerably longer hours than the other three groups, at 27 hours per week.

The four groups vary in their occupational composition. NMW-reliant employees are more evenly spread across occupations, but most commonly employed as Clerical and administrative workers and are relatively more likely to be employed as Machinery operators and drivers. Modern award-reliant employees and employees on the Miscellaneous Award are most commonly employed as Labourers (at least 40 per cent). Award/agreement free employees earning up to 10 per cent more than the NMW are also more likely to be Labourers, although a smaller proportion (32.7 per cent).

**Table 3: Characteristics of employees earning the NMW, by method of setting pay**

	Individual arrangement (NMW-reliant) (1)	Modern award-reliant (2)	Miscellaneous Award (3)	Above NMW (individual arrangement earning up to 10 per cent above the NMW) (4)
	NMW, adult rate of pay	C14, adult rate of pay	All employees	Adult rate of pay
<b>Sex (%)</b>				
Male	47.1	43.3	50.0	54.8
Female	52.9	56.7	50.0	45.2
<b>Average age (years)</b>	<b>36.7</b>	<b>34.6</b>	<b>31.3</b>	<b>37.7</b>
<b>Age group (%)</b>				
Less than 21	9.7*	18.4	36.2**	10.8

	Individual arrangement (NMW-reliant) (1)	Modern award-reliant (2)	Miscellaneous Award (3)	Above NMW (individual arrangement earning up to 10 per cent above the NMW) (4)
	NMW, adult rate of pay	C14, adult rate of pay	All employees	Adult rate of pay
21 to 30	39.9	29.9	22.6**	33.2
31 to 50	28.5	34.7	25.3*	29.4
51 to 60	10.9*	12.3*	15.9**	14.6
61 or older	11.0*	4.7*		11.9
<b>Full-time/part-time status (%)</b>				
Full-time	15.6*	13.3*	19.8	36.4
Part-time	84.4	86.7	80.2	63.6
<b>Average hours paid for (per week)</b>	<b>19.9</b>	<b>21.2</b>	<b>18.0</b>	<b>27.0</b>
<b>Average hours paid for (%)</b>				
Up to 5	10.8	4.7	30.3*	3.5*
6 to 10	15.7*	18.9	18.8*	9.0
11 to 20	37.1	33.1	12.4*	24.2
21 to 34	19.4	25.8	11.7*	23.2
35- 40	11.7*	13.6	26.7*	28.4
41+	5.4*	4.1*		11.8
<b>Employment type (%)</b>				
Casual	66.6	87.9	73.9	50.9
Permanent or fixed-term	33.4	12.1	26.1	49.1
<b>Occupation (%)</b>				
Managers	9.0*	np	np	3.7*
Professionals		np	np	
Technicians and trades workers	10.1*	6.7*	17.4**	11.5
Community and personal services workers	16.0*	27.6*	14.3**	11.0
Clerical and administrative workers	22.9	3.1*	18.0**	22.8
Sales workers	8.3*	11.8*	np	9.6
Machinery operators and drivers	13.5*	5.1*	np	9.4
Labourers	20.2	45.1	40.8*	32.7

Note: np = not published. \* Estimate has a RSE of between 25 per cent and 50 per cent and should be interpreted with caution. \*\* Estimate has a RSE of greater than 50 per cent and is considered too unreliable for general use. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with the magnitude of the 25 per cent casual loading. See Appendix Tables C1 for detailed (two-digit ANZSCO) occupations for employees on individual arrangements and all NMW employees.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2021; Yuen K & Tomlinson J (2023), [A profile of employee characteristics across modern awards](#), Fair Work Commission Research Report 1/2023, March.

## 3.2 Employer characteristics

Across all the characteristics, the largest difference between NMW-reliant employees and other employee groups relate to employer size, with a larger share (86.0 per cent) employed by small businesses, and particularly micro businesses (45.8 per cent), compared with the other groups (Table 4).

Education and training is the most common industry for employees on the Miscellaneous Award, and Accommodation and food services is the most common for NMW-reliant employees and modern award-reliant employees. However, employees in Other services<sup>59</sup> is relatively common among both NMW-reliant employees and employees on the Miscellaneous Award.<sup>60</sup> For the group of award/agreement free employees earning just above the NMW, Administrative and support services and Manufacturing are the most common industries.

**Table 4: Employer characteristics of employees earning the NMW, by method of setting pay, and the Miscellaneous Award 2020**

	NMW-reliant (Individual arrangement) (1)	Modern award-reliant (2)	Miscellaneous Award (3)	Individual arrangements, Earning within 10 per cent of the NMW (4)
	NMW employees, adult rate of pay	C14 , adult rate of pay	All employees	Adult rate of pay (\$20.01 – \$22 per hour)
<b>Business size (%)</b>				
Small (1–19 employees)	86.0	54.1	45.5*	62.0
<i>Micro (1–4 employees)</i>	45.8	11.0*	<i>np</i>	26.7
Medium (20–199 employees)	12.1*	38.0	43.4*	31.8
Large (200+ employees)	1.9*	7.9*	11.1**	6.2

<sup>59</sup> Other Services Division “includes a broad range of personal services; religious, civic, professional and other interest group services; selected repair and maintenance activities”. Private households employing staff are also included in this ANZSIC division however are not in scope for the EEH survey the results are based on. See ABS (2013).

<sup>60</sup> Comparisons are limited by the number of industries unable to meet ABS clearance requirements.

Industry (%)	NMW-reliant (Individual arrangement) (1)	Modern award-reliant (2)	Miscellaneous Award (3)	Individual arrangements, Earning within 10 per cent of the NMW (4)
	NMW employees, adult rate of pay	C14 , adult rate of pay	All employees	Adult rate of pay (\$20.01 – \$22 per hour)
Mining	np	np	np	np
Manufacturing	7.2**	14.8*	np	15.7
Electricity, gas, water and waste services	np	np	np	0.5*
Construction	8.5*	np	np	6.8*
Wholesale trade	3.1*	4.8*	np	8.3
Retail trade	7.8*	12.0*	np	8.2*
Accommodation and food services	21.3*	31.0	np	11.9*
Transport, postal and warehousing	2.9*	np	np	3.5*
Information media and telecommunications	np	np	np	0.9*
Financial and insurance services	np	np	np	np
Rental, hiring and real estate services	3.3*	np	np	3.1*
Professional, scientific and technical services	11.7*	np	np	5.2*
Administrative and support services	6.6*	7.3*	np	12.9
Public administration and safety	np	0.3**	np	np*
Education and training	6.9*	np	33.2*	3.9*
Health care and social assistance	5.3*	4.8**	np	6.3*
Arts and recreation services	1.5*	4.1*	5.5**	3.3*
Other services	12.1*	5.8	21.1**	8.1*

Note: np = not published. \* Estimate has a RSE of between 25 per cent and 50 per cent and should be interpreted with caution. \*\* Estimate has a RSE of greater than 50 per cent and is considered too unreliable for general use. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with the magnitude of the 25% casual loading. See Appendix Tables C1 for detailed (two-digit ANZSIC) industries for employees on individual arrangements and all NMW employees.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia, May 2021*; Yuen K & Tomlinson J (2023), *A profile of employee characteristics across modern awards*, Fair Work Commission Research Report 1/2023, March.

### 3.3 Discussion

In general, the characteristics of NMW-reliant employees resemble the characteristics of modern award-reliant employees on the NMW and all employees on the Miscellaneous Award more than employees on individual arrangements earning just above the NMW.

One area where the characteristics of NMW-reliant employees appear different to other groups is in the employer characteristics, in particular, employer size. The difference in the composition of employer size between NMW-reliant employees and modern-award reliant employees earning the NMW could be contributing to the contrasting results by industry. Table D1 in Appendix D presents small business employment by industry. It shows that four of the five industries with the highest proportions of employees in small business were Accommodation and food services, Other services and Professional, scientific and technical services and Construction. These are also the four most common industries for NMW-reliant employees. A similar link can be seen for occupations if higher-paid occupations such as Managers, and Technicians and trades workers are excluded (Appendix D, Table D2).

As noted in Chapter 2.2.4, applying the actual NMW rate as an upper threshold leads to a lower estimate for the number of NMW employees, and particularly fewer NMW-reliant employees. There are different approaches taken in the Australian literature and there is no clear best-practice regarding a margin or rounding of the legal minimum.<sup>61</sup> The characteristics in Tables 4 and 5 were reproduced to determine if the results were sensitive to the threshold used. Although this change resulted in mostly minor differences, the results found that a higher proportion of employees paid the actual NMW rate were employed on a casual basis (73 per cent compared to 67 per cent) and a lower proportion were employed in small businesses (80 per cent compared to 86 per cent).

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<sup>61</sup> Not all previous research on this topic has rounded the hourly earning rate threshold, with some studies considering employees earning as little as one or two cents below the prevailing NMW to be earning 'less than the NMW' (Coates, Wiltshire and Reysenbach 2003; Wilkins et al. 2020).



# 4. Employees earning below the NMW

A distribution of hourly ordinary time earnings (adjusted for casual loading) across employees paid an adult rate presented at Chart 2 shows that there is a proportion of employees earning less than the NMW. This chapter explores this group further by dividing the sample of NMW employees into two groups based on their hourly earnings. The characteristics of employees earning below the NMW are compared with those earning around the actual NMW rate to determine whether the two groups share similar characteristics. If the results are markedly different, this may indicate the results could be affected by some of the limitations discussed in Chapter 2.2.2.

## 4.1 Employees earning less than the NMW

Employees may be earning less than the NMW due to several reasons, such as non-wage remuneration, non-compliance, and measurement error (McGuinness et al. 2007).

Previous research has also identified that there are employees earning below the NMW. Nelms et al. (2011) analysed this by separating employees into three groups based on a proportion of the minimum wage: (1) equal to or greater than 100 per cent but less than 120 per cent, (2) more than 80 per cent but less than 100 per cent, and (3) less than 80 per cent. McGuinness et al. (2007) also examined the total number of NMW employees based on hourly wage thresholds of up to 5 per cent and up to 10 per cent below the NMW.

Similar to the approach of these earlier studies, characteristics are also reported on the following two groups of employees earning the NMW:

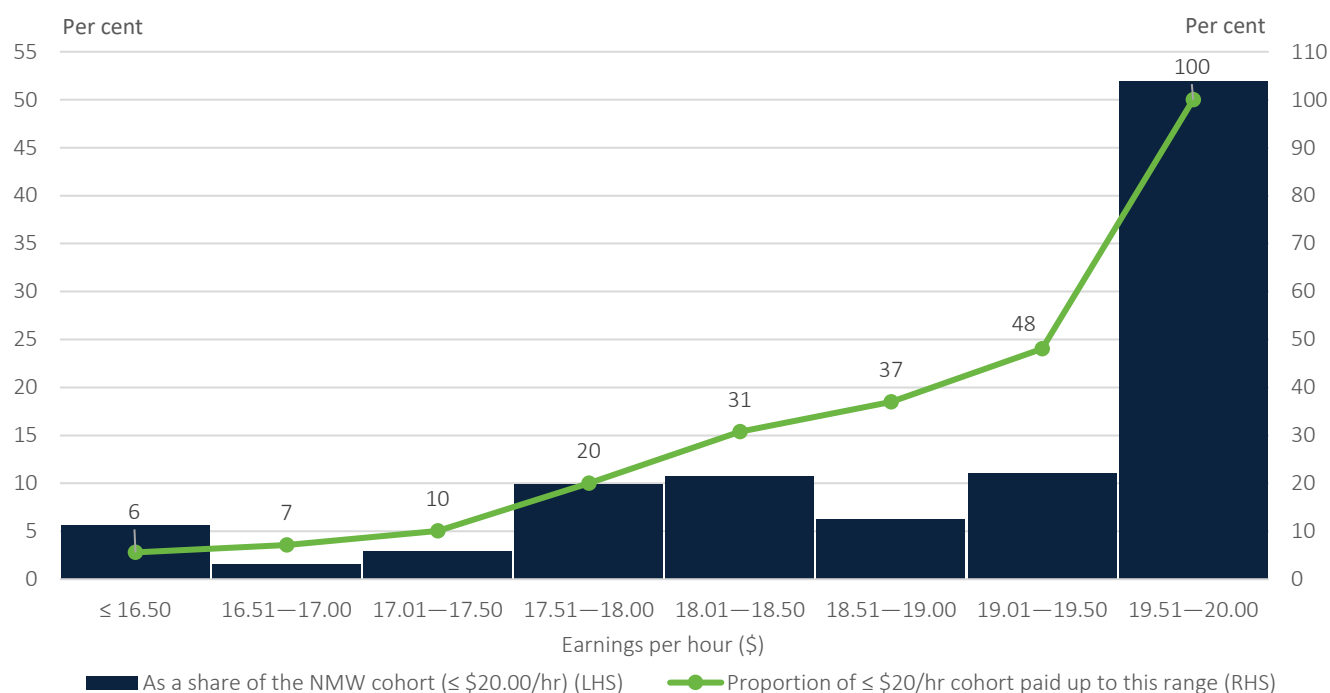
- around the NMW: employees earning more than 95 per cent of the NMW (\$18.86) and up to \$20.00 per hour), and
- below the NMW: employees earning equal to or less than 95 per cent of the NMW (\$18.85 per hour or less).

The thresholds selected for this analysis are also based on allowing for sufficient sample size to enable the publication of reliable results. Identifying the characteristics of employees earning below the NMW may assist with analysis of the results in Chapter 3 .

## 4.2 Data analysis

Chart 3 presents the earnings (in 50 cent categories) for those earning up to the NMW threshold of \$20.00 (as per Chart 2). It highlights that almost half of all NMW employees have ordinary time hourly earnings of \$19.50 or less. While 80 per cent of these employees have hourly earnings of more than \$18.00 (or above 90.7 per cent of the NMW), 20 per cent have earnings of \$18.00 or less.

**Chart 3: Employees on adult rates of pay earning less than \$20.00 per hour, by earnings range**



Note: Ordinary time hourly earnings, adjusted to remove the casual loading of 25 per cent. The hourly NMW at the time of the EEH 2021 survey reference period was \$19.84 per hour.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia, May 2021*.

Separating NMW employees into the two groups finds that over one-third of NMW employees (35.8 per cent or 65 000 employees) can be considered to be earning below the NMW rate (Table 5). Of these employees, almost half are identified as being paid by a modern award rate and 35.4 per cent are paid by an individual arrangement. Of those earning around the NMW rate, almost all are paid by a modern award rate or an individual arrangement.

**Table 5: Estimates for the number of employees earning below and around the NMW, adult rate of pay**

Method of setting pay	Below NMW (less than \$18.86)		Around NMW (\$18.86–\$20.00)	
	No. of employees	Per cent of cohort (%)	No. of employees	Per cent of cohort (%)
<b>Proportion (of all NMW employees)</b>	-	<b>35.8</b>	-	<b>64.2</b>
<b>Total<sup>#</sup></b>	<b>65 000</b>	<b>100</b>	<b>116 500</b>	<b>100</b>
Modern award	31 300	48.1	56 300	48.4
Individual arrangement	23 000	35.4	53 700	46.1

Note: <sup>#</sup>Total includes employees on collective agreements and those on state or enterprise awards. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered to remove the 25 per cent casual loading. The EEH survey is not designed specifically to produce estimates on the number of employees.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2021.

Looking at employees across each method of setting pay, the proportion of all NMW-reliant employees with earnings below the NMW is lower (30 per cent) than for NMW employees on modern awards (36 per cent).

Tables 6 and 7 below show that employees earning below the NMW are different to those earning around the NMW in several characteristics. In particular, these employees are:

- more commonly female, at almost two in three compare with one in two;
- younger, particularly under 21 years;
- more frequently employed on a casual basis, at almost nine in ten compared with three in four;
- more frequently classified as Community and personal service workers, and less often as Labourers;
- less likely to be employed by small businesses, at just over a half compared to over two in three; and
- more frequently employed in Accommodation and food services.

Similar results were found for average hours paid for between the groups.

**Table 6: Characteristics of employees earning around or below the NMW rate**

	Below NMW	Around NMW
	Up to \$18.85 per hour	\$18.86 to \$20.00 per hour
<b>Sex (%)</b>		
Male	35.3	51.0
Female	64.7	49.0
<b>Average age (years)</b>	<b>34.0</b>	<b>36.8</b>
<b>Age group (%)</b>		
Less than 21	28.8	8.4
21 to 30	22.6	39.7
31 to 50	28.1	30.8
51+	20.4	21.1
<b>Full-time/part-time status (%)</b>		
Full-time	9.1*	15.7
Part-time	90.9	84.3
<b>Average hours paid for (per week)</b>	<b>20.5</b>	<b>20.6</b>
<b>Average hours paid for (%)</b>		
Up to 5	9.6*	7.1
6 to 10	15.3*	18.0
11 to 20	28.2	37.9
21 to 34	33.6	18.3
35+	13.3*	18.7
<b>Employment type (%)</b>		
Casual	86.5	75.5
Permanent and fixed-term	13.5*	24.5
<b>Occupation (%)</b>		
Managers	np	np
Professionals	np	np
Technicians and trades workers	6.8*	8.1*
Community and personal services workers	34.1*	17.1
Clerical and administrative workers	10.1*	12.8*
Sales workers	15.3*	11.9*
Machinery operators and drivers	np	10.2*
Labourers	22.9*	36.9

Note: np = not published. \* Estimate has a RSE of between 25 per cent and 50 per cent and should be interpreted with caution. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with the magnitude of the 25% casual loading.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2021.


**Table 7: Below and around NMW employees, characteristics of their employers**

	Below NMW	Around NMW
	Up to \$18.85 per hour	\$18.86 to \$20.00 per hour
<b>Business size (%)</b>		
Small (1–19 employees)	54.1	68.8
<i>Micro (1–4 employees)</i>	23.2	26.1
Medium (20–199 employees)	28.1	21.9
Large (200+ employees)	17.8*	9.3
<b>Industry (%)</b>		
Mining	np	np
Manufacturing	np	13.8*
Electricity, gas, water and waste services	np	np
Construction	np	4.7*
Wholesale trade	np	4.1*
Retail trade	9.1*	12.2*
Accommodation and food services	35.1*	20.3
Transport, postal and warehousing	np	2.2*
Information media and telecommunications	np	np
Financial and insurance services	np	1.5*
Rental, hiring and real estate services	np	2.7*
Professional, scientific and technical services	np	7.9*
Administrative and support services	4.7*	7.8*
Public administration and safety	np	0.8*
Education and training	np	5.4*
Health care and social assistance	5.4*	5.7*
Arts and recreation services	4.1*	1.5
Other services	5.8*	12.1*

Note: np = not published. \* Estimate has a RSE of between 25 per cent and 50 per cent and should be interpreted with caution. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with the magnitude of the 25% casual loading.

Source: ABS, *Microdata: Employee Earnings and Hours*, Australia, May 2021.

Comparing these results to previous studies on employees earning the NMW and below is complicated by the different data sources used. Nelms et al. 2011 used the EEH survey for method of setting pay information only, relying on other ABS sources for the characteristics and employment information. Nelms et al. 2011 found significantly higher rates of full-time employment for employees earning less than the NMW, ranging from



45.2 per cent to 64.4 per cent (compared to 9.1 per cent).<sup>62</sup> While rates of casual employment are much lower in Nelms et al. 2011, (ranging from 34.3 per cent to 45.5 per cent), figures for earnings are unadjusted for casual loading. Finally, Accommodation and food services comprises a smaller share of all NMW employees (ranging from 12.6 per cent to 13.9 per cent) than presented above (35.1 per cent).

## 4.3 Discussion

The higher proportion of NMW employees aged under 21 years suggests some employees earning a junior or apprentice/trainee rate of pay may be incorrectly recorded as earning an adult rate of pay.<sup>63</sup> This could also be influencing other results, such as the lower average age and higher proportions of casual employees in Accommodation and food services.

One quarter of employees in both groups have 10 hours paid for or fewer per week. However, as discussed in Chapter 2, the margin of error for rounded earnings is low, and Chart 3 does not show a large cluster of observations at the threshold (\$18.85 per hour), suggesting that the impact of rounding on the results is likely to be low.

In light of the conclusions reached above, the results in Table 3 and 4 were re-generated after excluding all employees aged under 21 years. This reduced the total number of NMW employees to 153 000 (or 1.4 per cent of all employees), with NMW-reliant employees now comprising a larger share, increasing from 42 per cent to 45 per cent (Table 8). However, removing junior employees from the sample does not lead to significant changes to the results on characteristics presented in Chapter 3.

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<sup>62</sup> Results refer to the 'less than 80 per cent of the NMW' and the 'greater than 80 per cent of the NMW but less than 100 per cent' groups' respectively. See Nelms et al. (2011), Table 4.3.

<sup>63</sup> In some situations, employees aged under 21 years must be paid an adult rate of pay and therefore justifiably fall within the scope of this analysis. e.g. 'liquor service employees' under the *Hospitality Industry (General) Award 2020*, cl.13.5.

**Table 8: Estimates for employees earning the NMW or less, adult rate of pay, age 21 years and above**

<b>Method of setting pay</b>	<b>Number of employees</b>	<b>Proportion of all NMW employees (≤\$20.00/hr) (%)</b>
Award only	72 800	47.6
Collective agreement	10 900	7.1
Individual agreement (NMW-reliant)	69 300	45.3
<b>Total</b>	<b>153 000</b>	<b>100.0</b>

Note: Owner managers of incorporated enterprises are excluded from this estimate. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered by 20 per cent. The EEH survey is not designed specifically to produce estimates on the number of employees.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia, May 2021*.

## 5. Conclusion

This research is a descriptive study that provides an updated understanding of the characteristics of employees on the NMW and their employers. The results can assist the Commission's deliberations related to the Annual Wage Review and the review of C14 rates in modern awards.

Following an approach by the Australian Government that uses a threshold of \$20.00, the characteristics of NMW-reliant employees were compared with other similar cohorts. Estimates for the number of employees earning the NMW are sensitive to the hourly earnings threshold used, with estimates for total NMW-reliant employees (on individual arrangements) more sensitive to changes than other methods of setting pay. Looking at data previously published, changes in the coverage of the Miscellaneous Award do not appear to have made a significant decrease to estimates of the number and proportion of employees earning the NMW rate that are award and agreement free.


Almost half of all employees earning the NMW or less were paid by an award, with the majority of the remaining employees paid by an individual arrangement. Some characteristics of NMW-reliant employees were found to be similar to the characteristics of NMW employees whose pay is set by modern awards and all employees on the Miscellaneous Award. Greater differences arise in their occupations and the size of their employer, with a lower proportion of NMW-reliant employees classified as Labourers and a much higher proportion employed in small and micro businesses compared to the other two groups. Links between the two employer characteristics of business size and industry should be considered when trying to interpret these results.

Employees earning up to 10 per cent above the NMW were found to be less similar than the other groups, with the results showing they are older (on average), less often employed on a casual basis, work longer hours and for larger businesses and tend to work in different industries compared to NMW-reliant employees.

Given the limitations and scope of the data source used, some low-earning employees and their employers, as well as their characteristics (as discussed in Chapter 2.2.2) are not incorporated in the results.

Analysis of the EEH survey also identified that over one-third of NMW employees have hourly earnings below the NMW (i.e. earning equal to or less than 95 per cent of the NMW). The characteristics of these employees were compared with NMW employees who have hourly earnings around the NMW. There were several





differences identified, including a higher proportion of employees under 21 years earning below the NMW. However, removing these employees from the sample and reproducing the results did not lead to major differences in the main results reported in Chapter 3. An assessment of the remaining variables suggests any impact is minor.

Through the analysis of the characteristics of NMW employees, this research aimed to inform an understanding of those award or agreement free employees earning the NMW. However, despite the EEH survey being perhaps the best data source for this type of research given its large sample size and multiple survey questions related to method of setting pay, there are still limitations to the data. The EEH is not designed to specifically identify employees whose pay is set by the NMW order. There are no prompts for employers to respond to paying the NMW, which only exists for other methods of setting pay, such as modern awards, enterprise agreement and individual arrangements. While this paper provides a detailed analysis of the characteristics of employees who are on an individual arrangement and earning the NMW and therefore considered to be award/agreement free, the data in isolation cannot provide explanations for why this group of employees, albeit small, exists.

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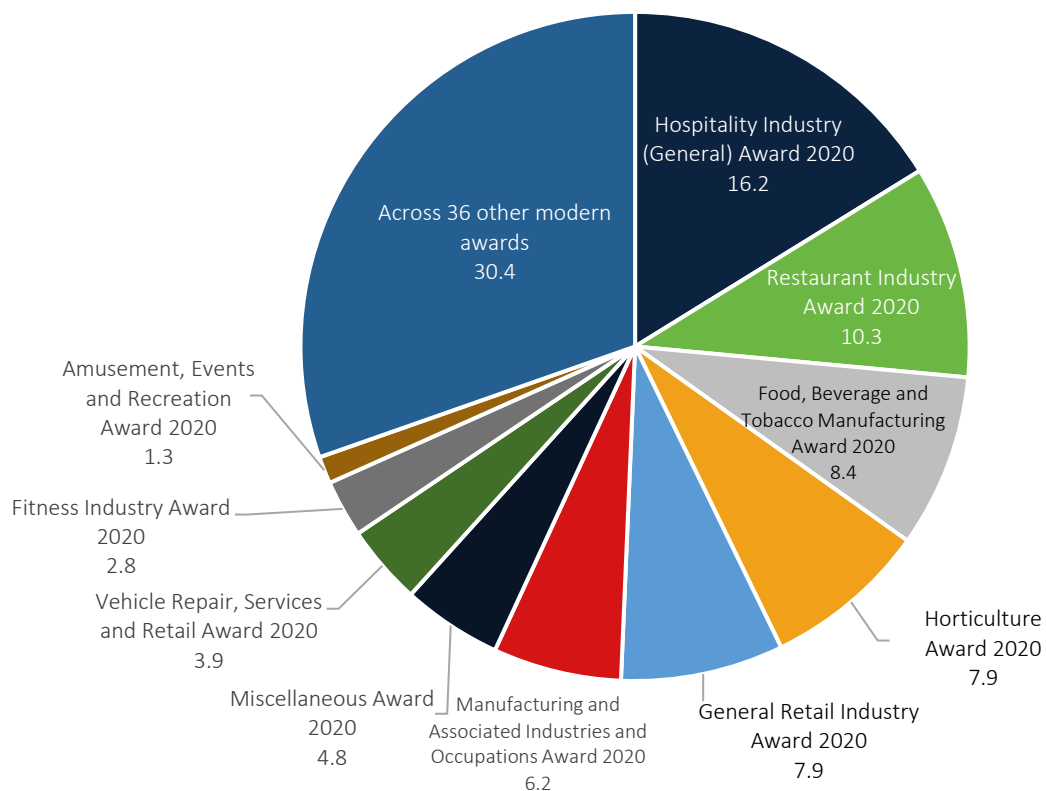
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# Appendix A: Most common modern awards for NMW employees

Chart A1 reports the proportions of modern award-reliant employees for each of the 10 most common modern awards for employees earning the NMW or less. Over one-quarter of these employees (27.2 per cent) are on modern awards that do not contain a classification rate equal to the NMW during the survey reference period. Of the 10 modern awards listed in Chart A1, only the *General Retail Industry Award 2020* does not contain a rate of pay equal to the C13 or NMW, however, all other modern awards have a classification rate equal to the NMW.

**Chart A1: Most common modern awards for employees earning \$20.00 per hour or less, per cent of total\***



Note: \*All estimates have an RSE of between 25 per cent and 50 per cent and should be interpreted with caution. Adult rate of pay employees only. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with a casual loading of 25 per cent.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia, May 2021*.

**Table A1: Modern awards with employees on the NMW where data do not meet clearance requirements**

<b>Modern award</b>	<b>Award contains adult classification(s) equal to the NMW</b>	<b>Awards with adult classification(s) below C13 level</b>
<i>Aged Care Award 2010</i>	No	No
<i>Animal Care and Veterinary Services Award 2020</i>	Yes	–
<i>Banking, Finance and Insurance Award 2020</i>	No	No
<i>Broadcasting, Recorded Entertainment and Cinemas Award 2020</i>	No	No
<i>Building and Construction General On-site Award 2020</i>	No	No
<i>Children's Services Award 2010</i>	No	Yes
<i>Cleaning Services Award 2020</i>	No	No
<i>Clerks—Private Sector Award 2020</i>	No	No
<i>Commercial Sales Award 2020</i>	No	No
<i>Concrete Products Award 2020</i>	Yes	–
<i>Dry Cleaning and Laundry Industry Award 2020</i>	Yes	–
<i>Educational Services (Schools) General Staff Award 2020</i>	No	No
<i>Fast Food Industry Award 2010</i>	No	No
<i>Funeral Industry Award 2020</i>	Yes	–
<i>Gardening and Landscaping Services Award 2020</i>	Yes	–
<i>Graphic Arts, Printing and Publishing Award 2020</i>	Yes	–
<i>Health Professionals and Support Services Award 2020</i>	No	No
<i>Horse and Greyhound Training Award 2020</i>	Yes	–
<i>Joinery and Building Trades Award 2020</i>	Yes	–
<i>Marine Tourism and Charter Vessels Award 2020</i>	No	Yes
<i>Market and Social Research Award 2020</i>	No	No
<i>Meat Industry Award 2020</i>	Yes	–
<i>Nursery Award 2020</i>	Yes	–
<i>Pastoral Award 2020</i>	Yes	–
<i>Pharmacy Industry Award 2020</i>	No	No
<i>Racing Clubs Events Award 2020</i>	Yes	–
<i>Racing Industry Ground Maintenance Award 2020</i>	Yes	–
<i>Real Estate Industry Award 2020</i>	No	No
<i>Registered and Licensed Clubs Award 2020</i>	Yes	–
<i>Road Transport and Distribution Award 2020</i>	No	No
<i>Salt Industry Award 2020</i>	No	No
<i>Security Services Industry Award 2020</i>	No	No

<b>Modern award</b>	<b>Award contains adult classification(s) equal to the NMW</b>	<b>Awards with adult classification(s) below C13 level</b>
<i>Social, Community, Home Care and Disability Services Industry Award 2010</i>	No	No
<i>Storage Services and Wholesale Award 2020</i>	No	No
<i>Timber Industry Award 2020</i>	Yes	–
<i>Waste Management Award 2020</i>	No	No
<b>Share of all employees earning the C14 rate or lower (\$20.00 or less)</b>	<b>27.2</b>	–

Note: The above awards all have one or more observations earning \$20.00 or less in the survey but do not meet requirements needed to publish the proportion. Awards presented in alphabetical order. Adult rate of pay employees only. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with a casual loading of 25 per cent.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2021; [Review of certain C14 rates in modern awards, \[2023\], FWCFB 168](#), 22 September; Attachments A and B.

# Appendix B: Additional employment estimates and employees on junior rates of pay

There are a small number of employees receiving a junior rate of pay and earning less than or equal to the outlined age-specific minimum rate of pay, or junior NMW employees (Chart B1). For those on individual agreements, this is estimated to be 6000 employees (0.05 per cent of all employees), with 19 400 for those on modern awards (0.17 per cent) and 4500 (0.04 per cent) for those on collective agreements (29 900 /0.26 per cent across all methods of setting pay).<sup>64</sup> This estimate is based on the age-based minimum hourly rate of pay that applies to award and agreement free junior employees, as shown in Table B1. Employees with a derived hourly rate of pay of up to 10 cents above the specified age-based minimum are considered a junior NMW employee. Chart B1 below shows the distribution of earnings for all adult and junior rate of pay employees earning less than \$20 per hour. Table B2 shows detail on individual arrangement employees at different earnings ranges around the NMW.

**Table B1: Age specific NMW wage rates for Junior rate of pay employees, effective at May 2021**

	Per cent of adult NMW	Effective hourly rate	Effective hourly rate, including 10c upper margin
15 years and under	36.8	7.30	7.40
16	47.3	9.38	9.48
17	57.8	11.47	11.57
18	68.3	13.55	13.65
19	82.5	16.37	16.47
20	97.7	19.38	19.48

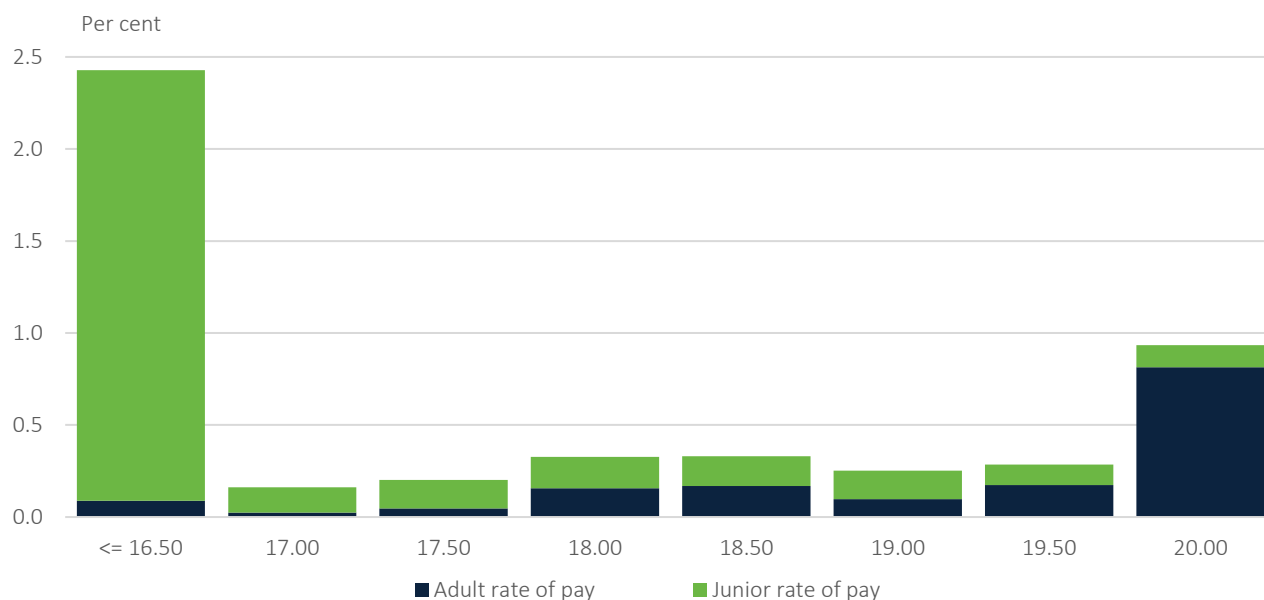
Note: Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered to remove the 25 per cent casual loading.

Source: Annual Wage Review 2022-23 (2023), [National Minimum Wage Order 2023](#), PR762107, cl. 4.1-4.2.

<sup>64</sup> Estimate for individual arrangements has an RSE of 25 per cent or greater.



**Chart B1: Distribution of earnings for junior and adult rate of pay employees earning less than \$20 per hour, proportion of all employees**



Note: Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with the magnitude of the 25 per cent casual loading.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia, May 2021*.

**Table B2: Employees on individual arrangements, by cumulative earnings range**

Earnings range	Top of range, compared to (rounded) NMW (%)	Individual arrangement employees	
		As a proportion of all adult rate of pay employees in earnings range (%)	Proportion of all employees/ all rates of pay and earnings (%)
Up to \$20 per hour (NMW-reliant)	100	42.2	0.7
Up to \$20.50 per hour	102.5	37.4	0.9
Up to \$22 per hour	110	28.1	1.6
Up to \$24 per hour	120	27.3	3.4

Note: Owner managers of incorporated enterprises are excluded from the denominator in the first column of results in this table and included in the denominator for the second column. Agriculture, forestry and fishing is not in scope of the EEH survey. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered by 25 per cent. The EEH survey is not designed specifically to produce estimates on the number of employees.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia, May 2021*.

# Appendix C: Additional characteristic results

Tables C1 and C2 list the most common 2-digit industries and occupations among NMW-reliant employees and across all employees earning the NMW or less. There are 80 ANZSIC industry subdivisions and 43 ANZSCO major occupations in scope of the EEH survey. For those on individual arrangements, 40 industry subdivisions and 33 major occupations had at least one observation. Across all NMW employees, 57 industry subdivisions and 35 major occupations had at least one observation.

**Table C1: Most common industry subdivisions and major occupations across NMW employees on an individual arrangement**

	(%)
<b>Industry subdivision:</b>	
Food and beverage services	20.8*
Personal and other services	9.7*
Professional, scientific and technical services (except computer system design and related services)	8.0*
Other store-based retailing	7.8*
Construction services	7.2*
Adult, community and other education	6.6*
Administrative services	3.7*
Sports and recreation activities	1.5*
Rental and hiring services (except real estate)	1.0*
<b>Occupation major group:</b>	
General Clerical Workers	10.1
Sales Assistants and Salespersons	7.1*
Other Labourers	6.8*
Numerical Clerks	5.3*
Sports and Personal Service Workers	4.9**
Cleaners and Laundry Workers	4.8*
Inquiry Clerks and Receptionists	2.8*

Note: \* Estimate has a RSE of between 25 per cent and 50 per cent and should be interpreted with caution. \*\* Estimate has a RSE of greater than 50 per cent and is considered too unreliable for general use. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with the magnitude of the 25 per cent casual loading.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2021.

**Table C2: Most common industry subdivisions and major occupations across all NMW employees**

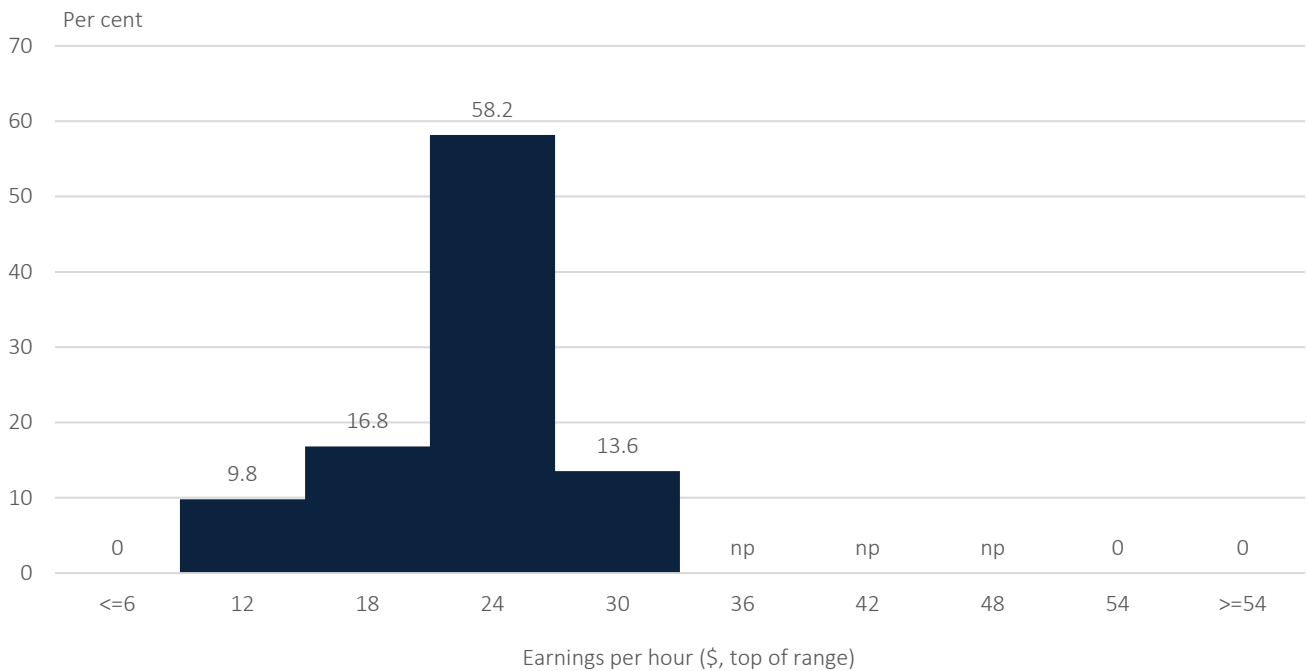
	(%)
<b>Industry subdivision:</b>	
Food and beverage services	25.4
Other store-based retailing	8.4*
Professional, scientific and technical services (except computer system design and related services)	5.7*
Administrative services	4.6*
Food product manufacturing	4.3**
Medical and other health care services	4.2*
Construction services	4.0*
Adult, community, and other education	3.7*
Sports and recreation activities	2.6
Repair and maintenance	2.2*
Building cleaning, pest control and other support services	2.1*
Food retailing	2.0*
Property operators and real estate services	1.7*
Grocery, liquor and tobacco product wholesaling	1.3*
Road transport	1.1*
Rental and hiring services (except real estate)	0.5*
Public order, safety and regulatory services	0.4*
<b>Occupation major group:</b>	
Hospitality Workers	14.4*
Sales Assistants and Salespersons	11.6
Cleaners and Laundry Workers	8.1
Factory Process Workers	7.1*
Other Labourers	6.8
Farm, Forestry and Garden Workers	5.4*
General Clerical Workers	5.2
Sports and Personal Service Workers	5.0*
Machine and Stationary Plant Operators	3.8*
Carers and Aides	3.3*
Food Preparation Assistants	3.3*
Food Trades Workers	3.1*

	(%)
Road and Rail Drivers	2.3*
Numerical Clerks	2.2*
Inquiry Clerks and Receptionists	2.1*
Education Professionals	1.6**
Skilled Animal and Horticultural Workers	1.6**
Sales Support Workers	1.4*
Storepersons	1.3*

Note: \* Estimate has a RSE of between 25 per cent and 50 per cent and should be interpreted with caution. \*\* Estimate has a RSE of greater than 50 per cent and is considered too unreliable for general use. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with the magnitude of the 25 per cent casual loading.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2021.

**Chart C1: Distribution of ordinary-time hourly earnings, adjusted for casual loading, all employees reliant on the *Miscellaneous Award 2020***



Source: ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2021.

**Table C3: Characteristics of employees, by cohort**

	NMW employees, all methods of setting pay	Modern award-reliant & C13	Modern award reliant & C14 (employees on awards containing a C14 classification only)	Employees earning more than the NMW
	(up to \$20.00 per hour)	(up to \$20.50 per hour)	(up to \$20.00 per hour)	(more than \$20.00 per hour)
<b>Sex (%)</b>				
Male	45.4	43.5	49.0	48.1
Female	54.6	56.5	51.0	51.9
<b>Average age (years)</b>	<b>35.8</b>	<b>35.3</b>	<b>34.4</b>	<b>41.1</b>
<b>Age group (%)</b>				
Less than 21	13.1	15.7	14.7*	2.2
21 to 30	29.0	31.5	32.8	23.5
31 to 40	17.2	19.2	22.9	25.4
41 to 50	14.0	14.4	12.2*	22.5
51 to 60	15.5	13.6	12.5*	18.3
61+	11.2	5.6	4.8*	8.3
<b>Full-time/part-time status (%)</b>				
Full-time	13.4	15.9	16.8*	61.7
Part-time	86.6	84.1	83.2	38.3
<b>Average hours paid for (per week)</b>	<b>20.6</b>	<b>22.5</b>	<b>22.3</b>	<b>32.4</b>
<b>Average hours paid for (%)</b>				
Up to 5	8.0	4.2*	4.5*	2.6
6 to 10	17.0	14.2	18.5	3.9
11 to 20	34.0	33.4	29.6	11.3
21 to 34	23.8	27.6	26.0*	18.6
35 to 40	12.2	15.5	16.3	52.0
41 to 45	1.9*	2.5*	5.1	6.2
46+	2.7*	2.6*		5.3
<b>Employment type (%)</b>				
Casual	79.4	82.1	84.1	18.8
Permanent and fixed-term	20.6	17.9	15.9*	81.2
<b>Salary sacrifice (%)</b>				
proportion with any earnings salary sacrificed	Less than 1.6	np		18.4

	NMW employees, all methods of setting pay	Modern award-reliant & C13	Modern award reliant & C14 (employees on awards containing a C14 classification only)	Employees earning more than the NMW
	(up to \$20.00 per hour)	(up to \$20.50 per hour)	(up to \$20.00 per hour)	(more than \$20.00 per hour)
<b>Occupation (%)</b>				
Managers	4.1*	0.7*	0.0	6.3
Professionals			np	26.5
Technicians and Trades Workers	7.6*	7.4*	9.1	10.8
Community and Personal Services Workers	23.2	24.0	30.6	14.5
Clerical and Administrative Workers	11.8	3.0*	np	17.2
Sales Workers	13.2	8.9	3.3	9.3
Machinery Operators and Drivers	8.2*	4.1**	5.5	6.2
Labourers	31.9	51.8	49.4	9.3

Note: np = not published. Adult rate of pay employees only. All columns excludes owner managers of incorporated enterprises. \* Estimate has a RSE of between 25 per cent and 50 per cent and should be interpreted with caution. \*\* Estimate has a RSE of greater than 50 per cent and is considered too unreliable for general use. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with the magnitude of the 25 per cent casual loading.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2021; [Review of certain C14 rates in modern awards, \[2023\], FWCFB 168](#), 22 September; Attachments A and B.

**Table C4: Characteristics of employers, by cohort**

	NMW employees, all methods of setting pa	Modern award-reliant & C13	Modern award reliant & C14 (employees on awards containing a C14 classification only)	Employees earning more than the NMW
	(up to \$20.00 per hour)	(up to \$20.50 per hour)	(up to \$20.00 per hour)	(more than \$20.00 per hour)
<b>Sector</b>				
Private sector	97.2	–	–	79.4
Public sector	2.8**	–	–	20.6
<b>Business size (%)</b>				
Small (1-19 employees)	63.5	45.8	55.4	21.1
<i>Micro (1-4 employees)</i>	25.1	9.7	10.9*	5.7
Medium (20-199 employees)	24.1	45.6	41.8	28.4
Large (200+ employees)	12.4	8.5	2.8*	50.5
<b>Industry (%)</b>				
Mining	np	np	np	1.7
Manufacturing	10.2*	17.5*	19.6*	6.1
Electricity, Gas, Water and Waste Services	np	np	np	1.1
Construction	5.0*	1.8*	np	6.1
Wholesale trade	3.8*	5.4*	5.7*	3.9
Retail trade	11.1	10.4	np	9.1
Accommodation and Food Services	25.6	24.7	37.7*	5.4
Transport, Postal and Warehousing	2.4*	np	np	4.3
Information, Media and Telecommunications	np	np	np	1.3
Financial and Insurance Services	1.2*	1.7**	np	4.3
Rental, Hiring and Real Estate Services	2.2*	1.7**	np	1.9
Professional, Scientific and Technical Services	7.3*	5.0**	np	8.5
Administrative and Support Services	6.7*	13.2	6.6*	6.6
Public Administration and Safety	0.5*	0.3*	np	7.3

	NMW employees, all methods of setting pa	Modern award-reliant & C13	Modern award reliant & C14 (employees on awards containing a C14 classification only)	Employees earning more than the NMW
	(up to \$20.00 per hour)	(up to \$20.50 per hour)	(up to \$20.00 per hour)	(more than \$20.00 per hour)
Education and Training	6.2*	1.8*	np	10.5
Health Care and Social Assistance	5.6*	5.2**	np	16.5
Arts and Recreation Services	2.9	4.5	5.6*	1.6
Other services	8.3	3.9*	7.4*	3.7

Note: np = not published. Adult rate of pay employees only. All columns exclude owner managers of incorporated enterprises. \* Estimate has a RSE of between 25 per cent and 50 per cent and should be interpreted with caution. \*\* Estimate has a RSE of greater than 50 per cent and is considered too unreliable for general use. Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with the magnitude of the 25% casual loading.

Source: ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2021; [Review of certain C14 rates in modern awards, \[2023\], FWCFB 168](#), 22 September; Attachments A and B.



# Appendix D: Industry and occupation detail – small businesses

**Table D1: Small business employment by industry**

	Share of all employees within industry employed in small businesses (1–19 employees)	Share of all employees in EEH
	(%)	(%)
Other services	56.1	3.9
Construction	55.4	6.5
Rental, hiring and real estate services	48.9	1.8
Professional, scientific and technical services	38.4	8.1
Accommodation and food services	37.4	7.5
Transport, postal and warehousing	28.7	4.1
Wholesale trade	28.2	3.8
Manufacturing	27.1	6.2
Arts and recreation services	26.0	1.7
Retail trade	25.3	9.8
Administrative and support services	22.8	6.5
Financial and insurance services	21.5	4
Information, media and telecommunications	16.8	1.2
Health care and social assistance	14.0	15.6
Electricity, gas, water and waste services	10.2	1.1
Education and training	8.1	10
Public administration and safety	1.5	6.8
Mining	np	1.6
<b>All industries</b>	<b>25.7</b>	<b>100.0</b>

Note: Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with the magnitude of the 25 per cent casual loading.

Source: ABS, *Microdata and TableBuilder: Employee Earnings and Hours, Australia, May 2021*; Annual Wage Review 2019-20 (2020), *National Minimum Wage Order 2020*, PR719660.

**Table D2: Small business employment by Occupation**

	Share of total employees with occupation employed in small business (1–19 employees)	Share of all employees in EEH
	(%)	(%)
Managers	34.4	7.1
Professionals	14.7	24.5
Technicians and trades workers	40.4	11.8
Community and personal service workers	20.6	13.8
Clerical and administrative workers	32.0	16.2
Sales workers	24.2	10.6
Machinery operators and drivers	26.1	5.9
Labourers	27.7	10.2
<b>Total</b>	<b>25.7</b>	<b>100.0</b>

Note: Hourly earnings are adjusted for casual loading, such that those receiving a casual loading have their earnings lowered in line with the magnitude of the 25 per cent casual loading.

Source: ABS, *Microdata and TableBuilder: Employee Earnings and Hours, Australia, May 2021*; Annual Wage Review 2019-20 (2020), *National Minimum Wage Order 2020*, PR719660.