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

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RSRT & Minimum Wages Research Team, Tribunal Services Branch—Fair Work Commission

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

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All research undertaken by or commissioned by the Fair Work Commission for the Annual Wage Review 2012–13 has been agreed by the Research Group. The Research Group comprises a Chair from the RSRT & Minimum Wages Research Team, Tribunal Services Branch of the Fair Work Commission, and representatives nominated by:

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

This paper, *Higher classification/professional employee award reliance qualitative research: consolidated report*, is the work of Kim Maltman and Alice Dunn of the RSRT & Minimum Wages Research Team, Tribunal Services Branch, Fair Work Commission.

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List of abbreviations

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

Executive summary

This longitudinal qualitative study investigates the various factors that lead to and result from award reliance at higher classifications. The research was designed to elucidate the reasons for skilled worker reliance on awards through in-depth analysis of the decisions and actions of a collection of award-reliant employees. The research examines the persistence of award reliance and the reasons for remaining reliant on awards, including barriers to seeking and achieving over-award wages/arrangements. The findings draw on the experiences and views of 30 award-reliant employees in higher award classification employment over the period spanning October 2011 to November 2012, including six participants in professional classifications.

The findings depict the nature of award reliance at higher classifications, including participant views of the advantages and disadvantages of their award-reliant employment. The research examined intentions of participants to pursue an over-award arrangement, either through a change to their wage-setting arrangements in their current workplace or through seeking alternative employment. Overall, participants' views and actions were found to be largely shaped by their need to pursue higher wages/wage increases. How reliant participants were on their award wage income to meet their living costs and/or improve their lifestyle was the key factor that influenced their need to pursue higher (over-award) wages. Participants with no identifiable need to increase their wage income were content to maintain their award-reliant arrangement; whereas participants who felt they needed to increase their wage tended to be discontent with their award reliance and typically expected their tenure under their award-reliant arrangement would be relatively short.

Eligibility for inclusion in the study was determined according to the classification of employees identified by their base rate of pay; however, the views of award reliance expressed by participants were typically based on their earnings rather than on their hourly or weekly base rate of pay. Their earnings took account of other payments in addition to base rates that were provided for under award conditions. Some of the advantages of award-reliant employment (compared with over-award arrangements) expressed by participants included flexibility, compensation for additional and non-standard hours worked and allowances. The disadvantages expressed by participants included lower than ideal wage rates and limited opportunities for progression/promotion.

The analysis of reasons for commencing and remaining in award-reliant employment is underpinned by a detailed examination of participant knowledge and understanding of wage-setting practices. Knowledge and understanding demonstrated by participants was a more insightful indicator of intentions to pursue over-award arrangements than awareness they were paid an award wage. This included understanding of award wage determinants and award wage structures, informal over-award arrangements and formalised agreements. Awareness was not a reliable indicator of knowledge and understanding and was not a suitable proxy for these measures. Participant understanding of award reliance was linked to satisfaction—more evidently dissatisfaction—with opportunities and provisions for (wage) progression and ability to pursue over-award arrangements. It had influenced the expectations and plans of participants to achieve wage progression either through award provisions or through an over-award arrangement. The findings also demonstrate how perceptions of the accessibility and outcomes of over-award arrangements had informed participants' decisions to commence award-reliant employment, as well as their expectations for achieving over-award wages.

Inclination and actions to pursue over-award wages/arrangements was closely linked to how participants perceived their skills and value to their employer and/or prospective employers. Participants who demonstrated limited confidence in their abilities and their contributions had not considered seeking alternative wage-setting arrangements in a similar way to other participants who felt their performance and/or skills deserved additional recognition and financial reward. Another key factor was the perception that participants had about the willingness of their employer to engage with them in a discussion about wages and wage progression. The topic of wages was generally not considered to be a common or welcome discussion in the participants' workplaces.

Over the duration of the study, most participants experienced some form of change in their award-reliant employment. Only a small number of participants left their award-reliant employment over the course of the study, despite the intentions of several more to do so. About two-thirds of participants who remained with their employer had experienced a change to the number of hours they worked, commenced a different role or experienced a significant change to the role they performed or the site where they performed their work. Most participants were content to remain award-reliant or were optimistic about their prospects for improving their employment outcomes in the near future through securing alternative employment. At the conclusion of the study a small number of participants felt they had limited opportunities to improve their outcomes in the foreseeable future through wage progression in their workplace or through securing alternative employment.

1 Introduction

The Minimum Wage Panel (Panel)¹ of the Fair Work Commission is required under the *Fair Work Act 2009* (Cth) (Fair Work Act) to conduct an annual wage review. As part of the review, the Panel may set, vary or revoke one or more modern award minimum wages² and must make a national minimum wage order which sets specific wages for award/agreement free employees.³ In conducting the review, the Panel is required to establish and maintain a safety net of fair minimum wages in accordance with the minimum wages objective, as outlined in s.284 of the Fair Work Act.⁴

The Panel recognised that an understanding of award reliance is relevant to the minimum wage setting process, stating in its decision for the Annual Wage Review 2009–10 that to inform future reviews it was seeking research ‘directed to a more precise identification of the extent and composition of the award-reliant sector’.⁵ This statement has given rise to a research program currently being undertaken by the Fair Work Commission and external researchers that will examine and measure award reliance through three discrete projects.⁶

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

[307] The nature of increases to award rates in annual reviews over the last twenty years has compressed award relativities in the award classification structures and reduced the gains from skills acquisition. The position of the higher award classifications has also been reducing relative to market rates and to average earnings. Furthermore, while the real value of minimum wages has been maintained at the lower award classification levels, it is clear that the real value of minimum wages above those levels has fallen. On the information available to us at present we accept that many people have their wages set at award rates higher up the scale ...⁷

To address the Panel’s consideration of wage relativities for award classifications higher up the scales, two of the three award reliance projects have a particular focus on professional award-reliant employees and other award-reliant employees at higher award classifications. The two projects include this qualitative investigation of employees, and an investigation of award reliance across and within Australian workplaces through a survey of employers. These complementary projects have been designed to provide perspectives of both employees and employers of award-reliant workers that can address pertinent questions about higher classification award reliance.

¹ From 1 January 2013, the *Fair Work Amendment Act 2012* (Cth) amends the *Fair Work Act 2009* (Cth) to change the name of Fair Work Australia to the Fair Work Commission. In this report, a reference to the Panel is a reference to the Panel of Fair Work Australia for the period before 1 January 2013 and the Panel of the Fair Work Commission for the period from 1 January 2013.

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

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

⁴ *Fair Work Act 2009* (Cth), s.284(1) and s.284(2).

⁵ Fair Work Australia, *Annual Wage Review 2009–10*, Decision [2010] FWAFB 4000 (3 June 2010), para. 319.

⁶ Further information about the program of research is available on the Fair Work Commission website: <http://www.fwc.gov.au/index.cfm?pagename=wagereview2013&page=research>.

⁷ Fair Work Australia, *Annual Wage Review 2010–11*, Decision [2011] FWAFB 3400 (3 June 2011), para. 307.

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

Award Reliance survey research being undertaken on behalf of the Fair Work Commission by the Workplace Research Centre, University of Sydney in partnership with ORC International will investigate award reliance across and within Australian workplaces to identify the mix or 'categories' of award-reliant employees and their location on award classification wage structures. This survey research will examine wage-setting practices of employers and identify the reasons employers of higher classification employees set wages at award rates.

1.1 Objectives of the project

This project provides in-depth qualitative analysis of higher award classification/professional employment through an examination of the employment decisions and wage arrangement outcomes of a collection of award-reliant employees at higher award and professional classifications. The study comprised two distinct phases with varying objectives. The objective of the first phase was to identify why employees at higher award classifications commenced employment under an award-reliant arrangement, and why they remained under these arrangements. The objectives of the second phase of the study were to examine the nature of employment arrangements and conditions, and the persistence of award reliance over the research period. These objectives were met by tracking the employment and wage-setting arrangements of the research participants over 12 months, and closely examining decisions and actions taken by the research participants.

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

- What is the nature of award reliance at higher award classifications and why does it persist?
- Does employee knowledge and understanding of workplace relations issues affect award reliance? If so, how?
- How do employees view their award reliance and what is their frame of reference?
- How do mobility and personal circumstances affect award reliance?
- How do personal characteristics affect award reliance?
- What results from award reliance for higher classification—particularly professional—employees?

1.2 Structure of the report

The findings contained in this consolidated report primarily draw on the findings from the first phase of the qualitative investigations and are supplemented with the findings from the second follow-up phase of the study. The research findings elucidate various factors that lead to commencement of employment under an award-reliant wage setting practice and why employees continue to be reliant on awards at higher/professional classifications. Various barriers to seeking and achieving

over-award arrangements either within the enterprise or through alternative employment are also detailed in the report findings.

This report has two main Chapters:

- **Chapter 2** outlines the research design upon which the findings are based.
- **Chapter 3** presents the findings from the qualitative research undertaken between October 2011 and November 2012.

The appendices to the report contain supporting information:

- **Appendix A** contains a classification structure for defining wage-setting arrangements according to wage entitlements.
- **Appendix B** contains details of the higher classification and professional definitions.
- **Appendix C** contains detailed information about modern awards.
- **Appendix D** contains information about the participant recruitment methodology, including the limitations of the process, and a copy of the screening questionnaire.

2 Research design

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

- defining 'award reliance';
- defining 'higher award classifications'; and
- defining 'professional classifications'.

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

2.1 Defining award reliance

Under the Fair Work Act, the Panel may adjust minimum wages in certain minimum wage instruments, including modern awards.⁸ Its decisions cannot directly adjust other instruments such as enterprise agreements or common law instruments. It also cannot directly adjust over-award payments that may be paid to an employee. For this reason, research has focused on employees whose applicable instrument is a minimum wage instrument, and whose wages are directly determined by the instrument for their base rate of pay. These employees would receive no payments over the amount in their applicable minimum wage instrument.

A classification structure for defining wage-setting arrangements according to wage entitlements was developed by the then Minimum Wages and Research Branch of Fair Work Australia⁹ in consultation with the Workplace Research Centre, University of Sydney to promote consistency of terminology across research projects published in Fair Work Australia's research series. The classification structure which depicts the interaction between wage-setting practices and the Fair Work Act categories of 'award/agreement free', 'award covered' and 'award applies' is at Appendix A—Categories for classifying arrangements that define wage entitlements.

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

The categories for classifying arrangements that define wage entitlements (at Appendix A—Categories for classifying arrangements that define wage entitlements), adopted the term 'award-reliant' to characterise employees for whom an award applies who have their wage set as per the pay rate for the relevant classification contained in that award. Of note, the terms 'over-award

⁸ *Fair Work Act 2009* (Cth), s.285 (2)(b). The Panel must also set a National Minimum Wage Order for award/agreement free employees each year (s.285 (2)(c)).

⁹ Activities undertaken prior to 1 January 2013 were for and by the Commission's predecessor, Fair Work Australia.

(informal arrangements)' and 'over-award (common law contracts)' have been used to characterise employees to whom an award applies, although they receive a wage over the specified rate for the relevant award classification as per award classification definitions.

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

2.2 Defining higher award and professional classifications

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

2.2.1 Higher award classifications

The definition of 'higher classification' that has been applied in this research has used the *Manufacturing and Associated Industries and Occupations Award 2010* (Manufacturing Award) as a benchmarking tool. The benchmark adopted in the award reliance research for determining whether an employee was within the scope of higher classification analysis was the pay rate for the C10 classification in the Manufacturing Award.¹⁰

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

... Consistent with our decision last year, we consider the low paid to be those on award rates, particularly those paid at equal to or less than the C10 rate.¹¹

As each award has a unique classification structure and rates of pay, the C10 benchmark in the Manufacturing Award was applied as an award wage threshold measure. Each award classification—and where relevant, minimum wage pay point—with an applicable pay rate above the C10 rate¹² was considered within the scope of higher classification analysis.

Further detail about higher classifications in modern awards is at Section 2.3.2.

2.2.2 Professional classifications

The primary method for determining whether an employee was within scope of 'professional' classification analysis was whether the award that applies to the employee defined the classification as 'professional'. Where a definition was not contained in an award, or if there was ambiguity in the definition, the Australian and New Zealand Standard Classification of Occupations

¹⁰ See *Manufacturing and Associated Industries and Occupations Award 2010* (MA000010), cl.24.1.

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

¹² The threshold amount that was applied during the recruitment process undertaken in the second half of 2010 was \$18.06 per hour; \$686.20 per week; \$35,682.40 per annum.

(ANZSCO)¹³ was used to determine whether the occupation of the employee was classified as 'professional' under these guidelines.¹⁴ Where an occupation or (job) title was classified under the ANZSCO 'Professionals' Major group category, it was considered within the scope of professional classification analysis.

Professional classifications have been considered a subset of higher classification award reliance because all 'professional' classifications in modern awards, including entry-level professional classifications, have pay rates above the C10 threshold of higher classification award reliance.

Further detail about professional classifications in modern awards is at Section 2.3.2.

2.3 Information used to scope this project

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

2.3.1 Statistical data of earnings and industrial instruments

According to Employee Earnings and Hours (EEH) Survey data publications, as at May 2010, 15 per cent of the Australian labour force was award-reliant.¹⁵ This data publication did not provide any further information about earnings or classifications of the award-reliant workforce, and for this reason unpublished data largely informed the scope of this project.

Occupational characteristics were expected to guide decisions about the composition of the research sample due to the particular focus on 'professional' award reliance and the requirement to include participants in professional occupations. Other characteristics and employment factors including industry, award coverage, location on award classification structures and geographical

¹³ ABS, ANZSCO—*Australian and New Zealand Standard Classification of Occupations*, First Edition (Revision 1), 2009, Catalogue No. 1220.0.

¹⁴ An example of this is the classifications under the *Professional Diving Industry (Recreational) Award 2010* (MA000109) and the *Professional Diving Industry (Industrial) Award 2010* (MA000108). The names of these awards suggest that classifications under these awards may be professional; however, under the ANZSCO categories, the occupations covered by these awards can be classified under Technicians and trades workers and Community and personal service workers Major groups, not the Professionals Major group. Therefore, these classifications have not been considered to be 'professional' in the award reliance program of research.

¹⁵ The proportion of all employees whose pay was set by award only in May 2010 was 15 per cent. See ABS, *ABS feature article: Trends in employee methods of setting pay and jurisdictional coverage*, Australian Labour Market Statistics, [July 2011], Catalogue No. 6105.0. Since scoping this project more recent EEH data has been released, see: ABS, *Employee Earnings and Hours, Australia* [May 2012], Catalogue No. 6306.0. This data shows that 16 per cent of the labour force was award-reliant at May 2012.

location were considered highly relevant to the research, and to the extent possible would inform the composition of the research sample. Unpublished data was analysed to estimate the incidence of higher classification/professional award reliance for these variables. As the research was to concentrate on award reliance, analysis of existing data sources focused on the following measures of pay setting:

- employees defined as 'award-only' in the Australian Bureau of Statistics (ABS) EEH Survey;¹⁶ and
- employees who reported being 'paid exactly the award rate' in the Household, Income and Labour Dynamics in Australia (HILDA) Survey.¹⁷

The available data was analysed to determine whether award-reliant employees were concentrated in particular ANZSCO occupational classifications and Australian and New Zealand Standard Industrial Classification (ANZSIC)¹⁸ industry categories. Due to data limitations, this analysis provided broad approximations rather than precise estimates of award reliance. The limitations were due to over-reporting of award reliance by employees in the HILDA dataset (i.e., paid 'exactly the award rate'), particularly among workers employed in the public sector.¹⁹ The analysis of EEH data was limited due to ABS restrictions on the availability of data items.²⁰ The method for deriving hourly earnings also limited the analysis because these data could not be mapped to modern award classifications.²¹ The datasets did not contain award classification or base award wage data items, so proxy measures for the higher classification threshold were used to inform the analysis of higher classification award reliance. The analysis that is presented in the following sub-sections, which informed the project scope, was considered, and has been reported, as approximations only.

¹⁶ Employee Earnings and Hours survey reports on the composition and distribution of earnings and hours paid of employees and is collected from employers: ABS, *Employee Earnings and Hours, Australia*, [May 2010], Catalogue No. 6306.0. The latest release of this publication is for May 2012 which was not available at the time of scoping this project.

¹⁷ Melbourne Institute of Applied Economic and Social Research, *Household, Income and Labour Dynamics in Australia*. The analysis that informed the project scope used Wave 9 (2009) data. Subsequent waves of HILDA data are now available that had not been released at the time this project was scoped.

¹⁸ ABS, *Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006, (Revision 1.0)*, 2008, Catalogue No. 1292.0.

¹⁹ The proportion of employees who reported being paid 'Exactly the award rate' in the HILDA survey is 28.5 per cent. When public sector employees are removed, the proportion of employees who reported being paid 'Exactly the award rate' in the HILDA survey is approximately 22 per cent. These figures are significantly higher than published reports of award reliance derived from EEH data (15 per cent). This issue was identified in Wilkins, R and Wooden, M, (2011), *Measuring Minimum Award Wage Reliance in Australia: The HILDA Survey Experience*, Melbourne Institute Working Paper No. 11/11, Melbourne Institute of Applied Economic and Social Research, p11.

²⁰ Earnings data is available for ANZSIC categories and ANZSCO classifications separately, but cannot be cross tabulated.

²¹ The ABS measure earnings in the EEH data in such a way that ordinary time earnings can include penalty rate payments, shift allowances and regular bonus payments. The derived hourly earnings figures do not correspond with award classification pay rates because the pay rates that appear in award wage schedules are base pay rates and the earnings data is not base pay rates. As a result, the EEH hourly earnings data cannot be mapped to award classification pay rates.

2.3.1.1 Occupation

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

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

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

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

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

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

To estimate the proportion of award-reliant employees in higher award classifications, the distribution of earnings in the 2010 EEH data²² was analysed. The analysis of hourly ordinary time cash earnings (HOTCE) of adult award-reliant non-managerial employees was performed on

²² ABS, *Microdata: Employee Earnings and Hours, Expanded CURF, Australia*, [May 2010], Catalogue No. 6306.0.55.001.

earnings exceeding \$16.78 per hour (the C10 benchmark at May 2010).²³ This earnings data was not available at the two-digit level. The analysis of hourly earnings data provided the following estimates of the proportion of award-reliant employees at higher award classifications:

- while all professional classifications/occupations in modern awards have minimum wage rates above the C10 benchmark, the EEH earnings data includes a small proportion (approximately three per cent) of professional award only employees with hourly earnings that have wages below the C10 benchmark;
- among the adult Community and personal services workers, most (91 per cent) earnings estimates were in the scope of the higher classification benchmark;
- among the adult Clerical and administrative workers, most (87 per cent) earnings estimates were in the scope of the higher classification benchmark;
- among the adult Technicians and trades workers, over two thirds (70 per cent) of earnings estimates were in the scope of the higher classification benchmark; and
- high proportions of earnings estimates were above the higher classification benchmark for adult Sales workers (78 per cent), Machinery operators and Drivers (83 per cent) and Labourers (80 per cent). Most modern award minimum wage rates for these lower-skilled occupations are below the C10 threshold, indicating that the derived hourly earnings do not correspond with award wage rates. This analysis further demonstrates that caution is required when interpreting the derived hourly earnings data as it is an imprecise measure of award reliance in higher classifications.

2.3.1.2 Industry

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

According to ABS publications, in May 2010 almost two-thirds of award only employees were employed in either the Accommodation and food services (21 per cent), Retail trade (15 per cent), Health care and social assistance (14 per cent), or Administrative and support services (12 per cent) industries.²⁴ In contrast, each of the following industries comprised less than one per cent of employees paid by the 'award only' method of setting pay (and were excluded from further analysis): Information, media and telecommunications; Public administration and safety; Financial and insurance services; Electricity, gas, water and waste services; and Mining.

The distribution of earnings for the major ANZSIC industry divisions (one-digit level) in the 2010 EEH data²⁵ was analysed to estimate the proportion of 'award only' adult employees with derived

²³ The ordinary time hours paid is the award, standard or agreed hours work paid for at the ordinary time rate. It also includes that part of annual leave, paid sick leave and long service leave taken during the reference period. Ordinary time cash earnings are not measured for managerial employees in the EEH Survey, therefore, they were excluded from any analysis involving HOTCE. Earnings data for casual employees are deflated by 25 per cent.

²⁴ ABS, *ABS feature article: Trends in employee methods of setting pay and jurisdictional coverage*, Australian Labour Market Statistics, [July 2011], Catalogue No. 6105.0.

²⁵ ABS, *Microdata: Employee Earnings and Hours, Expanded CURF, Australia*, [May 2010], Catalogue No. 6306.0.55.001.

hourly earnings above the C10 benchmark for higher award classifications. The analysis of HOTCE of adult award-reliant non-managerial employees was performed on earnings exceeding \$16.78 per hour (the C10 rate at May 2010). This data was not available at the two-digit level. The analysis of hourly earnings data provided the following indications of the incidence of award reliance at higher award classifications:

- among the employees in the Health care and social assistance industry, almost all (94 per cent) of the earnings estimates were in the scope of the higher classification benchmark;
- among the employees in the Accommodation and food services industry, most (89 per cent) earnings estimates were in the scope of the higher classification benchmark;
- approximately two-thirds of earnings estimates for adult award-reliant employees in the Education and training industry (77 per cent), Administrative and support services industry (68 per cent), Transport, postal and warehousing industry (66 per cent), and the Other services industry (66 per cent) were in the scope of the higher classification benchmark;
- over half of earnings estimates for adult award-reliant employees in the Professional, scientific and technical services industry (58 per cent), Rental, hiring and real estate services industry (59 per cent), Construction industry (55 per cent), Arts and recreational services industry (54 per cent), and the Retail industry (51 per cent) were in the scope of the higher classification benchmark; and
- close to half of earnings estimates for adult award-reliant employees in the Manufacturing industry (48.5 per cent) and the Wholesale trade industry (46 per cent) were in the scope of the higher classification benchmark.

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

2.3.1.3 Location

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

Table 2.2: Location of employees for method of setting pay

Location	Proportion of employees reportedly paid 'Exactly the award rate' ^{**} (%)
Total	21.8
Major city	20.0
Inner regional Australia	27.7
Outer regional Australia	24.0
Remote Australia	17.4 ^{**}

Note: ^{*}Exactly the award rate figures exclude public sector due to over-reporting among these employees. ^{**}Interpret with caution due to small sample size (n=19).

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

2.3.2 Modern award classifications and provisions

As noted in Section 2.2, the C10 rate in the Manufacturing Award has been adopted as the threshold level for higher classification award reliance so that modern award wages above the C10 rate are within the scope of higher classification analysis. For the purpose of more detailed analysis of higher award classifications in modern award wage schedules, further benchmarks drawn from the Manufacturing Award²⁶ and the *Professional Employees Award 2010*²⁷ (Professional Employees Award) have been adopted to highlight the extent of modern award wage schedules and classification structures. These benchmarks include the C2(b) pay rate in the Manufacturing Award, which is the highest classification in that award, Level 1.1 in the Professional Employees Award, which is the first entry-level classification, and Level 4 which is the highest classification in that award. The pay rates are presented in Table 2.3 below.

Table 2.3: Modern award classification pay rates at 1 July 2012

Classification	Per hour	Per week	Per annum
NMW/C14	\$15.96	\$606.48	\$31,536.96
C10	\$18.58	\$706.04	\$36,714
Level 1.1	\$21.37	\$810.76	\$42,160
C2(b)	\$25.13	\$954.90	\$49,656.88
Level 4	\$31.03	\$1,178.96	\$61,306

Note: Pay rates not specified in the award have been derived based on a 38-hour week.

Table 2.4 presents an overview of the extent of wage schedules in modern awards by using the abovementioned benchmarks. Of note, 109 modern awards were within the scope of the higher classification threshold. Over half (60 per cent) of award wage schedules provide minimum rates that extended beyond the first entry-level wage for professional employees covered by the Professional Employees Award. Less than half (39 per cent) of modern award wage schedules contain pay rates at or beyond the highest classification in the Manufacturing Award, and one-

²⁶ *Manufacturing and Associated Industries and Occupations Award 2010* (MA000010), cl.24.1.

²⁷ *Professional Employees Award 2010* (MA000065), cl. 15.

quarter (25 per cent) of modern awards provide classifications at or greater than the highest classification in the Professional Employees Award.

Table 2.4: Extent of wage schedules in modern awards

Classification benchmark	Number of modern awards	Proportion of modern awards (%)
Contain pay rates at or below C10 rate only	13	10.7
Contain pay rates above C10	109	89.3
Contain pay rates at or higher than Level 1.1	73	59.8
Contain pay rates at or higher than C2(b)	47	38.5
Contain pay rates at or higher than Level 4	30	24.6

Of the 109 modern awards that contain higher classifications, 36 potentially provide coverage for professional employees. As outlined in Section 2.2.2, professional award classifications have been identified by referencing award coverage terms and award classification definitions, and by applying ANZSCO protocols for classifying occupations. See Appendix C—Modern award provisions and coverage, for a list of modern awards that potentially provide coverage for professional employees.

2.3.2.1 Wage-related award provisions

As highlighted in Section 2.3.1, earnings of award-reliant employees cannot be precisely mapped to modern award classifications because the pay rates contained in most award wage schedules are base rates, while earnings data is collected and presented inclusive of all wage-related allowances and payments. Of the 122 modern awards, 43 express pay rates as hourly base rates, 67 provide weekly or daily rates and 12 express minimum wages as annual amounts.

All but four modern awards contain separate provisions (in addition to wage schedules) for payments in addition to base rates to be made to employees according to hours worked and duties performed (i.e., penalty rate payments, allowances, overtime payments, etc.). Three modern awards provide annual wage amounts that expressly account for allowance payments and wage-related conditions of employment.²⁸ For this reason, earnings of employees reliant on these awards should not differ from the amounts expressed for each classification in those awards. One modern award does not contain specific provisions for wage-related payments, although it states that employees must be compensated for time worked in excess of ordinary hours and other provisions typically dealt with in modern awards. This award does not specify minimum requirements for compensation or the method for determining compensation amounts that are specified in other modern awards.²⁹ It would not be practical to derive a base pay rate that could be mapped to the applicable classification in cases where the compensation amount and method for calculation is not specified.

²⁸ *Hydrocarbons Field Geologists Award 2010* (MA000064), cl 14; *Maritime Offshore Oil and Gas Award 2010* (MA000086), cl 13; and *Seagoing Industry Award 2010* (MA000122), cl 13.

²⁹ *Professional Employees Award 2010* (MA000065), cl 18.

There are 20 modern awards that contain provisions for wage-related entitlements and also contain a provision to annualise salary arrangements for some or all employees. By using this provision to annualise an award wage, the salary paid to the employee accounts for various wage-related provisions otherwise calculated in addition to the employee's base pay. The awards typically list the provisions that may be accounted for by annualising the wage such as allowances, overtime, penalty rates and annual leave loading. Some awards list fewer entitlements and some awards list additional entitlements that no longer apply when an award wage is annualised. Of the 21 modern awards with annualised salary provisions, 17 include a guarantee clause that the employee not be disadvantaged by having an annualised wage. See Appendix C—Modern award provisions and coverage, for further information about modern awards with annualised salary provisions.

The use of annualised salary provisions under a modern award is broadly considered to be an award-reliant arrangement; however, the earnings of employees under this award-reliant wage-setting arrangement are difficult to map to award classifications except in circumstances where the application of annualised salary arrangements is restricted to specified classifications, such as management. Under the recruitment process adopted in this study, determining whether an award-reliant employee who had their wage set under an annualised salary provision was within the scope of the study was difficult. Where classification information could not be provided, the annualised salary arrangement could not be distinguished from an over-award arrangement that was not made under a specific award provision.

Similar to the complexity that annualised salary provisions have for mapping award-reliant employees to applicable classifications, wage-related allowances that are consistently paid to employees are difficult to distinguish from over-award arrangements. Examples of wage-related allowances that can be added to an employee's base pay (often calculated as a percentage of the 'standard rate' of an award wage schedule) include, but are not limited to, supervisory allowances, higher duties allowances, shift allowances and district allowances. Other allowances such as tool allowances for tradespersons may be paid to employees as a set amount each week or pay period. As detailed in the following Section of the report, applying the definition of award reliance through the recruitment process involved screening out employees who could not provide base wage and classification information because earnings that included wage-related allowances could not be mapped to award classifications.

2.4 Participant recruitment for the qualitative study

The approach for sourcing and recruiting participants sought the broadest range of employee characteristics and other relevant factors achievable. Due to the well-documented challenges of identifying award reliance,³⁰ the focus of the recruitment process was necessarily on determining whether employees were in-scope (i.e., were in higher classification/professional award-reliant employment). Including a range of the characteristics deemed relevant for analysis was a secondary objective of the recruitment exercise. The process of participant recruitment involved:

- selecting a consumer panel to source employees;
- screening panel members through an online, self-complete survey;

³⁰ Southwell, A, et al. *Consolidated Social Research Report*, Research Report 10/2010, TNS Social Research, research report commissioned by Fair Work Australia, June 2010, p. 2.

- validating survey responses against modern/transitional award wage rates and conditions of employment;
- inviting in-scope survey respondents to participate in the qualitative study; and
- arranging participation in the qualitative study.

The objective at the outset of the project was to recruit a minimum of 30 and a maximum of 60 higher classification award-reliant employees to participate in the qualitative study. Having the maximum number of participants was expected to support analysis of sub-groups for age, industry/sector and occupation, and the minimum number to allow for analysis across the collection of employees with limited sub-group analysis. As professional award reliance was a particular focus of the study, the aim was to recruit at least 12 professional award-reliant employees to facilitate detailed analysis and reporting of this sub-group.

Following the publication of the interim report, a supplementary recruitment process was undertaken to add participants to the study. This recruitment exercise was focused on professional award-reliant employees. The approach involved sourcing interested employees through professional associations, stakeholders and the Fair Work Ombudsman. This opt-in recruitment approach generated enquiries from employees; however, following administration of the screening survey to employees who had contacted Fair Work Australia about the research, and the validation of survey responses, no employees were eligible to participate in the study.

The information about sourcing and screening research participants that follows relates to the first phase of the study.

2.4.1 Methodology for sourcing and screening research participants

For the purpose of participant recruitment, the incidence of award reliance at higher award classifications across the adult Australian labour force was estimated to be less than 15 per cent.³¹ The incidence of professional award reliance was estimated to be less than one per cent of the Australian labour force. Consideration was also given to the incidence of award-reliant employees in higher award classifications agreeing to participate in the qualitative study. It was conservatively estimated that half of the higher classification/professional award-reliant employees sourced through the recruitment process would agree to participate in the qualitative research. These estimates indicated that a recruitment method and source that provided access to a large number of employees would be required for this project.

Employees were sourced through the Online Research Unit (ORU) Australian Consumer Panel.³² This consumer panel was selected as it is used only for survey research and is representative of the Australian population. To maximise the efficiency of the recruitment process, a more targeted approach than random sampling was adopted for the recruitment survey. Relevant information held on panel members facilitated pre-targeting of survey respondents in relation to age (i.e., panel

³¹ This estimate was based on the May 2010 EEH release. The most recent release of EEH shows that 16 per cent of the labour force was award reliant at May 2012.

³² The ORU Consumer Panel has over 200,000 active panel members. The panel is used for research purposes only and members are not exposed to direct marketing, advertising or promotions which can lead to sample bias. The panel has a strict invitation only recruitment method and holds the QSOAP Best Practice accreditation (Gold Standard).

members aged 21 years and over), employment status (employee) and self-reported occupational categories (managerial, supervisory, professional, skilled manual worker, unskilled and semi-skilled worker and general 'office' staff).

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

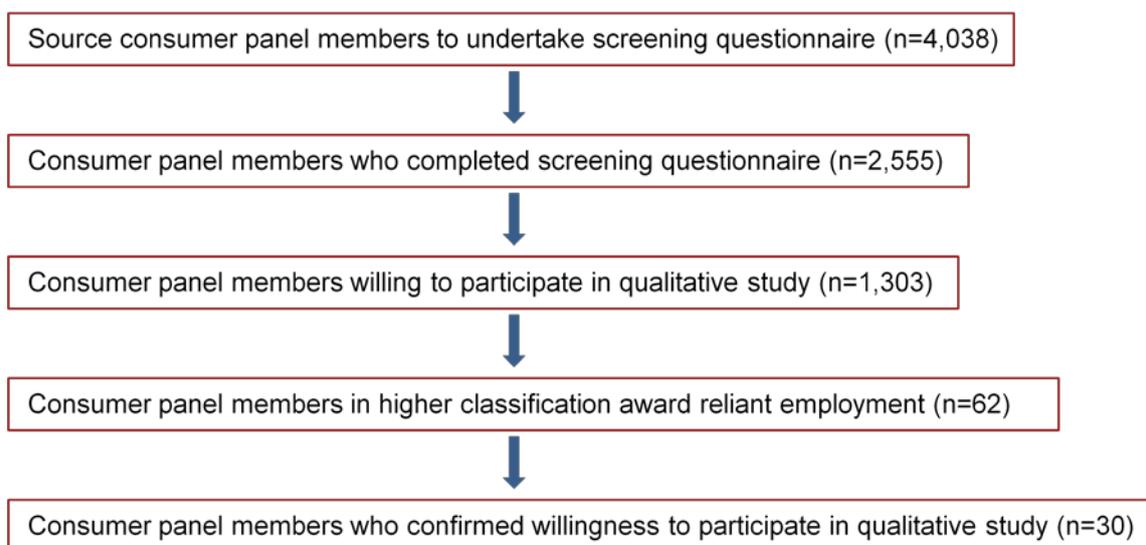
- screening questions that terminated the online survey where a selected response determined that the survey respondent was not in-scope for the qualitative research;
- screening questions that indicated whether a survey respondent was award-reliant; and
- other questions to collect relevant demographic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

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

The pre-targeting approach used to prepare the sample of survey respondents was of limited assistance. The employment status information for one-quarter of the panel members invited to undertake the recruitment survey was outdated and the occupational information in the consumer panel records that had been self reported by panel members (rather than coded using a consistent approach) did not align with ANZSCO classifications. These issues resulted in a larger than anticipated number of panel members being screened out of the recruitment survey (i.e., one-quarter were screened out of the survey as they did not identify as being an employee), and fewer professional employees (as defined under ANZSCO) than anticipated completing the recruitment survey as there was significant over-reporting of professional employment among the sample of completed surveys.

Figure 2.5 provides an overview of the screening process used in the study and the number of consumer panel members who qualified at each stage of the screening process. The following Section of the report explains the process.

Figure 2.5: Overview of participant recruitment screening process



2.4.1.1 Online recruitment survey

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

Of the 1,783 panel members that were screened out of the online survey, 58 per cent were not currently in paid employment or were self-employed. Almost 20 per cent of survey respondents were screened out of the survey when they reported being employed by a state or federal government department, agency or authority. These survey respondents were excluded because state and federal public servants/public sector workers are overwhelmingly subject to enterprise agreements and not in-scope for the qualitative study.³³ Almost 16 per cent of survey respondents reported having their wage and conditions of employment set by an enterprise agreement and reported a high level of understanding of employment matters. These survey respondents were screened out of the online survey as they were considered unlikely to be in-scope for the qualitative study due to their reported high level of understanding that their wage was set under an enterprise agreement. Less than one per cent of survey respondents were screened out of the online survey when they indicated that their hourly rate of pay was below the higher classification threshold measure of \$18.06 per hour.

2.4.1.1.1 Recruitment survey sample willing to participate in the qualitative study

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

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

³³ See, for example, ABS, *Employee Earnings and Hours, Australia*, [May 2010], Catalogue No. 6306.0, where it was found that the collective agreement method of setting pay was higher in the Public administration and safety industry (92.3 per cent) than all other industry groupings. Public administration and safety is defined in the ANZSIC to include federal, state and local government administration, justice, government representation, defence, and public order, safety and regulatory services.

2.4.1.2 Validation of recruitment survey responses

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

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

Approximately 30 per cent of survey respondents who were screened through the validation process claimed their wage was set by an award (Q5). Approximately 21 per cent believed that an award rate determined their wage (Q25). Following the validation of earnings, classification and other pertinent information provided in the online survey, the actual incidence of 'award reliance' as defined by the Fair Work Commission among the sample of 1,303 survey respondents was considerably less than the self-reported levels of award reliance.³⁴ Inconsistencies between self-reported wage-setting arrangements and the proportion of survey respondents who were classified as award reliant and within the scope of the study suggests that employees are not a reliable source from which to measure award reliance (as defined by the Fair Work Commission) due to inaccuracies in self-reporting.

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

2.4.1.2.1 Threshold measure of higher classification

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

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

Reported wage amounts were deflated where respondents were employed on a casual basis to account for 20–25 per cent casual loading.

³⁴ The sample of survey respondents invited to participate in the qualitative study did not include survey respondents who had not provided accurate wage data and/or classification information through the online self-complete survey because these pieces of information were critical to the validation process. As a result, it is unclear what proportion of the survey sample was award reliant.

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

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

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

2.4.1.2.2 Method of wage-setting and award classifications

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

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

Professional classifications were identified by comparing occupation and industry information provided by the employee with the definitions and classifications in relevant modern awards. Where the definitions in modern awards did not expressly identify a classification as 'professional', ANZSCO categories were used to determine whether survey respondents were within the scope of this analysis. Self-reported occupational category and details of the name of the occupation and/or the main tasks performed were used to determine the six-digit ANZSCO classification of occupation. Survey respondents were then categorised accordingly into 'professional' and 'other higher classification' categories.

2.4.1.2.3 Application of wage data to determine award reliance

The process of identifying award reliance involved matching relevant award classification wage rates to the reported or derived wage information of survey respondents. Where a precise match was not achieved, award wage rates were calculated manually taking into account any phased wage rates which may be applicable in the transitional provisions to modern awards. Some survey

respondents appeared to have their wage set by transitional minimum wage instruments.³⁵ In these cases, reported or derived wage information was matched to the relevant instrument.

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

2.4.1.3 Outcome of the validation process

The invitation protocols for the qualitative study required by the ORU restricted the scope of the invitation process to a maximum of 60 (later revised to 62) survey respondents. The rate of participation among survey respondents invited to participate was expected to be close to 100 per cent as they had previously indicated in the online survey that they wanted to participate in the follow-up research.

Following the validation of responses from 1,303 surveys, a total of 62 employees were classified as in-scope for the qualitative study and sent an email invitation by the the ORU, on behalf of Fair Work Australia. The survey respondents whose wage and classification information matched exactly with a modern award were prioritised over survey respondents who were reliant on a pre-modern award; however, the invitation process did involve contacting all employees who were deemed to be in-scope. A considerable proportion of survey respondents were not classified as in-scope as the wage information reported in the survey or derived from it did not exactly match an award wage.

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

³⁵ For example, employees covered by transitional minimum wage instruments working in the social, community, home care and disability sector's wages did not begin to transition to the rates in the *Social, Community, Home Care, and Disability Services Industry Award 2010* (MA000100) until 1 February 2012.

2.4.2 Invitations to participate in the qualitative study

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

Email invitation reminders were sent out over a period of three weeks and continually modified to provide further information about the objectives of the study, the payment for participation and the data collection methods. Up to three reminder emails were sent to survey respondents.

The outcome of the email invitation process was that just over half of survey respondents who were classified as in-scope for the qualitative study provided their contact details via a reply email and were then contacted by Fair Work Australia project team members.

Following contact by the Fair Work Australia project team, it transpired that some survey respondents had not provided correct contact details, were no longer in-scope or were not available to participate within the designated data collection period of 6 October 2011 to 8 November 2011. Consequently, in total, participation in the first phase of the study was successfully scheduled by Fair Work Australia project team members with 30 employees.

2.4.2.1 Invitations to participate in the second phase of the study

Of the 30 employees who participated in the first phase of the study, 29 expressed an interest and willingness to participate in subsequent phases of the research. All 29 participants were contacted by the ORU via email about participating in the second phase of the study between 3 April and 9 April for the first follow-up phase, and between 19 September and 25 September for the second follow-up phase. Participants were given the opportunity to opt out of the study before the Fair Work Australia project team was due to contact them. No participants opted out of the study through this process. However, two participants were not contactable during the second phase of the study. All participants who were contacted were invited to nominate a convenient time to participate in the study.

2.5 Characteristics of participants in the qualitative study

The findings presented in this report draw on the experiences and views of 30 employees in higher classification award-reliant employment, including six professionals.

2.5.1 Phase one

An overview of the characteristics of the 30 participants in the phase one component is presented in Table 2.6.

Table 2.6: Summary of research participant characteristics

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

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

Note: Age groups are categorised as follows: younger as 21–25 years; prime as 26–44 years; mature as 45–54 years and older as 55+ years.

Over one-third of study participants were living in a regional centre, including towns and satellite cities in Victoria, New South Wales, Queensland and South Australia. Analysis of HILDA data suggested there may be higher proportions of award reliance among employee populations in regional and rural areas compared to metropolitan areas (see Section 2.3.1.3). Differences between participants in regional areas and metropolitan areas have been highlighted throughout the findings.

Over one-third of participants in the study were employed by a private enterprise. The largest number of participants were employed in non-profit organisations, including: non-government service providers, local government, member-funded organisations and religious institutions. Comparisons have been made between employees of private enterprise and non-profit organisations throughout the findings.

Over two-thirds of participants were employed on a permanent basis. Half usually worked full-time. Notable differences between participants employed on a casual basis and those in permanent employment have been highlighted in the findings as well as according to the number of hours participants worked.

The participants were in a range of occupations and industries, with no more than three participants in any occupational group. This did not support detailed analysis of sub-groups throughout the findings. The occupations of participants represented in the findings include, but are not limited to, security service workers, child care workers, retail workers, allied health professionals, nurses, educators, disability support workers and administration workers. Most

participants were employed in a service sector, including relatively large proportions in the community services and health services sectors.

Most participants in the study were aware that their wage and/or conditions of employment were set by an award. Approximately half felt they had a high level of understanding about wage-setting matters; however, through discussions with these participants it was found that knowledge of some was incomplete or incorrect.

The collection of participants in professional classifications comprised less than one-quarter of the sample. This was less than anticipated. Almost half of the participants in the study had tertiary qualifications; however, not all of these participants were using their full qualifications in their award-reliant role. Limited comparative analysis appears in the findings for level of qualification held or used in participants' award-reliant employment, as other factors appeared to better explain any notable differences.

As the recruitment captured higher proportions of employees aged 45 years and over, the views and experiences examined in this study are primarily of mature working aged employees. Age was used as the basis for comparison in the analysis, and differences between the older employees who were winding down toward retirement and other employees appear throughout the findings. The perspective of younger, less experienced workers (i.e., aged 21–25 years) could not be presented in the findings because recruitment of this age group was not successful. The supplementary cycle of recruitment undertaken in the first quarter of 2012 attempted to target younger employees; however no additional participants were recruited to the study due to limitations of the recruitment process, which are addressed in Appendix D—Participant recruitment.

2.5.2 Phase two

The second phase of the study considered the experiences of 27 of the 30 employees who participated in the first phase of the study. The three participants whose experiences are not represented in the findings from the second phase of the study were female, prime-aged, mature-aged and older workers and were in non-professional occupations. Two worked for private enterprises in the Retail industry and one in Health care and social assistance in the non-profit sector. All were employed on a permanent basis, one in a regional location.

2.6 Data collection methodology

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

2.6.1 Phase one

The most appropriate data collection method to obtain the depth of information required to meet the objectives of the study was one-on-one interviews, conducted via telephone. An online discussion forum comprising 11 higher classification award-reliant employees was also conducted, where all

relevant information was collected for each participant in addition to their contributions to topical discussions. Data collection was undertaken from 6 October 2011 to 8 November 2011.

2.6.2 Phase two

The most appropriate data collection method for the follow-up phase of the study was one-on-one interviews, conducted via telephone at a convenient time for participants. Data collection was undertaken approximately six months after the first phase of the study, between 11 April 2012 and 21 May 2012, and approximately 12 months after phase one of the study, between 1 October 2012 and 30 November 2012.

2.6.3 Themes for analysis

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

Why are higher classification—including professional—employees award-reliant?

Further questions included:

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

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

2.7 Limitations of the research design

The limitations of the research design are presented in this report to highlight the learnings from the conduct of this study, which can inform the design of future research. The limitations of the scope of the project are summarised below and are further detailed in Appendix D—Participant recruitment.

Some of the research findings about why participants are reliant on awards have been attributed to decisions made by their employers. As the study did not examine higher classification award reliance from the perspective of employers, the findings are limited to the understanding of

employee participants about how and why wage-setting decisions are made by their employers. As outlined earlier in the report, research to examine higher classification employment from the perspective of employers of award-reliant workers has been commissioned by the Fair Work Commission and is being undertaken by the Workplace Research Centre, University of Sydney in partnership with ORC International. The projects include firm-level quantitative survey research of award reliance and a mixed methods examination of the role of minimum wages in the process of and as an incentive to bargain.³⁶

Despite the intention to include a broad range of relevant characteristics, circumstances and employment factors in the qualitative investigation, there were some analytical limitations due to deficiencies in sample characteristics. This was due to the participant recruitment process only meeting the minimum requirements for analysis of higher classification award reliance and not meeting the requirements for analysis of sub-groups such as professional award reliance.

The sample of participants upon which the research findings are based does not include any 'younger' employees who may have experiences and views that are typical of, or confined to, this group and not reflected by other groups. This exclusion may indicate that higher classification and professional award reliance may be relatively uncommon among workers under the age of 25 years; however, the absence of younger workers' experiences in this study can be explained as a limitation of the composition of the sample invited to respond to the screening questionnaire. See Appendix D—Participant recruitment for further detail.

The sample of participants could not support a detailed analysis of professional classification award reliance. A sub-section of the report highlights the experiences and attributes that appeared consistently among the professional employees in the collection of higher classification employees in the study; however, the data could not support in-depth analysis of professional award reliance for each theme addressed in the report.

As with any form of research inquiry, participation has—to some degree—influenced the views, decisions and behaviours of participants. The longitudinal research design facilitated an examination of the persistence of award reliance over time and provided opportunities to clarify and refine the analysis from the interim report; but it also may introduce a bias to the data. The process of data analysis and reporting of the study has been undertaken with consideration given to the effect that participation in the research has had on the interest in and knowledge of the topic for participants (i.e., generating interest and relevance to a topic where previously it did not exist), and the effect it may have had in changing views and behaviours. For example, the desire of research participants to inform themselves about the topic may have led to changes in how they viewed their award-reliant status and/or award wage. In a small number of cases, involvement in the study may have been the catalyst for participants' considering or pursuing changes to their award wage arrangements, most evidently where they had not attributed these decisions and actions to any events or needs. Where possible and relevant, the effects of participation have been highlighted to caution readers, particularly with relation to employment decisions and actions.

³⁶ Further information about the program of research is available on the Fair Work Commission website: <http://www.fwc.gov.au/index.cfm?pagename=wagereview2013&page=research>.

3 Research findings

The findings incorporate analysis from the first and second phases of the study and cover a period of 12 months. Where relevant, the observed changes in views and experiences from the first to the second phase have been highlighted in the report. The findings are presented under the following Sections in this Chapter:

- The nature of higher classification award-reliant employment;
- Commencing award-reliant employment;
- Employment decisions and actions;
- Summary of employment outcomes over the 12 months; and
- Conclusions.

The overarching research questions that guided the in-depth qualitative analysis were framed to investigate why the higher classification employees were award-reliant. The questions posed to research participants were developed and delivered so that enquiries involved a broad examination of workforce participation and training that progressively narrowed the focus to wage issues. This approach facilitated analysis of how wage considerations influence employment decisions, and the relative weighting of the identified factors.

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

3.1 The nature of higher classification award-reliant employment

Key findings

The nature and outcomes of employment and earnings observed in the study included both benefits and limitations of award reliance at higher classifications. Earnings was the key issue considered by participants rather than their base rate of pay. Scheduling of work hours to make the most financially beneficial use of penalties and loadings was widely considered to be a benefit of award reliance. Some negative sentiment about having a low base rate of pay was shared by study participants, although base rates were not the salient concern.

The views and actions of participants were found to be largely shaped by their need to pursue higher earnings/wage increases. The need to pursue higher earnings was closely linked to the reliance that participants had on their wage income to meet their living costs, including how their earnings from employment contributed to their household income. Some participants were content to pursue higher wages through the award provisions for progression, while others were seeking over-award arrangements.

Awareness that participants had about their award wage and employment conditions was found to be an unreliable indicator of understanding award provisions for wage progression. Knowledge and

understanding of award provisions for wage progression, informal over-award arrangements and formalised agreements were found to be insightful indicators of participant decisions and actions. They were closely related to satisfaction and, more evidently, dissatisfaction with opportunities and provisions for (wage) progression and capability to pursue over-award arrangements. Across the collection of participants there were examples of how understanding of award wage determinants and wage schedules had motivated wage progression through award classification structures (and skills acquisition), but for some participants it had effectively acted as a barrier to seeking over-award arrangements because they focused solely on the determinants prescribed in the award as the basis for wage progression. Not understanding award classification determinants had made it difficult for some participants to justify an (award or over-award) increase to their wage because they didn't feel they knew what was important to their employer, but it had also encouraged some participants to think creatively about what they could offer their employer as they weren't bound by prescribed determinants.

3.1.1 Views and experiences of higher classification award-reliant employment

This study sought to investigate the employment circumstances of the higher classification award-reliant employees, and the factors that have led to and resulted from award reliance for the collection of study participants. Although participant views have not been attributed directly or solely to their reliance on awards (because there may be an interaction of various factors for each individual circumstance), outcomes that participants had explained resulted from their employment circumstances have been noted throughout this Section.

There were mixed views expressed by participants about their experience of award reliance in higher classifications. The research focused on the intent of participants to pursue higher wages, and in particular over-award arrangements (which were described to be above the award rate that participants were earning), and how satisfaction or dissatisfaction shaped decisions and actions related to the pursuit of over-award wages. In this context the theme of need for higher wages/earnings was explored in order to understand expectations for reliance on awards and decisions participants had made. Two categories of participants emerged in the study whose differences centred on their need or desire to achieve higher incomes:

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

The needs of participants to achieve higher incomes was closely linked to their reliance on their wage income to meet their current and future living costs, including how their award wage earnings contributed to their household income. Of particular note for this study of higher classification award reliance was that considerations of how adequately the participants' award wage met their 'needs' were based on their earnings rather than specifically their base pay rate from which their higher classification status was determined. That is, the payments that participants' received in addition to their base rate as per their award conditions of employment (such as penalty rates, allowances and overtime payments) shaped their views about their award reliance and their need to pursue over-award arrangements. Few participants considered their base wage until prompted, instead focusing on their earnings over a pay period, which incorporated allowances, loadings, penalty rates and overtime payments. Salary sacrifice was also a factor that was mentioned by participants working in the non-profit sector:

I've got a really good salary sacrifice package where I am now. So that increases my wage a bit. Also I get the family tax benefit part A and B so I'm fairly comfortable. I'm only guessing, but I think it's around \$4000 a year better off with the salary sacrifice. [Male, aged 35–44 years, Disability support services, permanent, full-time, regional Victoria]

About one-third of the participants had additional employment which they explained was necessary to maintain or to improve their lifestyle. The earnings they received from additional employment was also a consideration for these participants, as well as how their award-reliant employment fit in with their other employment and vice versa. At the outset of the research, the participants' award-reliant employment was considered their main employment as this was a condition of recruitment. Over the duration of the study, some of these participants increased the number of hours worked in their other employment so that their award-reliant employment became their secondary income. In these cases, the differences in pay rates and wage-setting arrangements were not cited as the impetus for the changes, but simply the desire to increase hours worked where there was an opportunity to do so.

Just over one-third of participants received a base pay rate of \$25 per hour or more. These participants had Diploma and Tertiary qualifications. Roughly equal numbers of these participants worked standard business hours and shifts, and all but two were employed on a permanent basis. Although these participants received wages at the higher end of award wage provisions (i.e., approximately one-third of modern awards have wage structures at or in excess of the C2(b) rate in the Manufacturing Award), none felt that their wage was 'high'; nor did they consider their earnings to be 'low'. Their personal circumstances tended to frame their perceptions of how well they were remunerated, and the duties and tasks they performed generally framed their views of how appropriate their remuneration was. Few participants complained about the amount of their award wage, but these participants did express a feeling of 'restriction' in relation to their wage progression opportunities.

Of the participants who had an award wage of less than \$25 per hour (but more than \$18.58 per hour), most were classified at a wage level of less than \$22 per hour (i.e., lower than the entry-level for a professional classification). A couple of these participants received allowances for supervisory duties and most received penalty rates and loadings in addition to their base pay that increased their earnings considerably. All of these participants expressed a desire to be earning a higher base wage when prompted; but as they did not or seldom received only their base wage it was not a salient consideration for them.

Among participants who had variable earnings from one pay period to the next (due to casual or shift work) the increase was not discernable. The participants who were progressing through pay points in award structures had also experienced an incremental increase to their wage over the duration of the study that was said to have had a similarly muted impact to their earnings.

All participants in the study indicated that their income from their award-reliant employment was relatively predictable and secure. About one-third of the participants in the study were working what was considered to be standard business hours, and most were working shifts that attracted additional payments to compensate for early starts, late finishes or working on weekends.

Of the few participants who worked ordinary hours on a permanent full-time or part-time basis, their wage income was the same each pay period because they rarely worked overtime. The participants who were employed on a casual basis working standard hours or shifts also had

relatively predictable earnings as they chose the hours they wanted to work and had a strong relationship with their employer. Their casual arrangements were described as 'permanent casual' in relation to the consistency of hours provided, and they acknowledged a distinction between the casual arrangement they had and those of other employees who do not enjoy such surety of hours.

Of the participants who worked shifts on a permanent ongoing basis, only a couple worked rotating rosters and instead had set shifts that generally fitted in with their personal commitments. The participants who worked in health and community services on a part-time arrangement explained that they often worked additional hours up to and sometimes beyond 38 hours per week, and that some of the hours were compensated by overtime payments.

The difference between the permanent and casual award wage was raised by a number of participants as a reason to seek and maintain employment on a casual basis. One participant indicated that the income she would receive from her full-time base award wage could not meet her living expenses so she had negotiated a full-time casual arrangement with her employer to forego leave entitlements in order to boost her income through receipt of a casual loading. Her negotiations also included working extra hours over each pay period so that she had could bank up rostered days off in case she required time off:

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

Allowance payments were raised by participants as a very welcome boost to their earnings. Among the participants who received an allowance payment for supervisory duties and responsibilities there was, however, some dissatisfaction with the level of compensation provided for being on-call and not being able to disengage from work:

I have to go down there to resolve the problems that the team leader can't. It works out to be two to three times per week, all hours of the day and night, sometimes more it just depends what's going on at the time. I would have to say that the award allowance isn't sufficient compensation for the responsibility and accessibility required in the role. It should be at least doubled. [Male, aged 45–54 years, Security services, permanent, full-time, regional New South Wales]

Award-reliant employment arrangements were characterised by participants as being difficult to achieve recognition for greater efficiency, performance, skill and commitment. Participants compared their contributions with that of colleagues who they perceived to be underperforming, and expressed frustration that co-workers who only delivered the minimum requirement or less could be paid the same rate or more than them because their employer adhered to the award provisions without consideration of other factors. Some participants who required special employment arrangements indicated that their contributions were recognised and rewarded by their employer through provision of preferred shifts or flexible working arrangements, although they maintained that wage-setting arrangements should also take into account individual performance if/when their employer had capacity to pay more than the award rate.

Almost all participants had experienced wage progression through their applicable award wage structures for the role they performed. A small number of participants had reportedly changed roles

in the organisation prior to or during the study. For some participants employed by a larger organisation with a range of functions and departments, relying on an award with a limited classification structure had led them to seek different roles within their workplace. The limits of the classification structure and their employer's strict adherence to the award had in effect led them to multi-skill in various areas of the organisation, which they considered would benefit their career either with their current employer or in alternative employment:

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

Over the duration of the research, change to employment in some form to either suit the needs of the employees or the needs of their employer was a common theme. A relatively small portion of participants left their award-reliant employment in the 12 months of the study. However, about two-thirds of participants experienced a change to their working hours, the role they performed, the site where they performed their work and/or commenced or increased hours worked in additional employment to supplement their award wage income. Further detail about the experiences and outcomes of participants is presented in Section 3.4.

3.1.2 Knowledge and perceptions of wages and wage-setting practices

The qualitative investigations have examined how awareness and understanding of wages and wage-setting practices can affect how participants view their award reliance; including the varying levels of knowledge of award classifications, progression determinants and award wage structures.

Low levels of understanding of how wages are set have been consistent themes in qualitative research with award-reliant employees undertaken to inform annual wage reviews.³⁷ Qualitative research with lower paid employees and job seekers also identified varying levels of awareness and understanding among these groups.³⁸ The low levels of awareness and knowledge reported and demonstrated by employees can be broadly attributed to low interest in understanding how wages are set or an inability to seek out and (correctly) interpret the relevant information.

Throughout the research process, participants became more informed about how their wage was determined, the wages paid for performing similar work in other workplaces or sectors, and their prospects for improving their wage outcomes. The effect of participation on knowledge has been noted throughout the findings where relevant. It is difficult to identify the precise impact that participation had on knowledge levels; however, continued involvement in the study had at least

³⁷ See: Southwell, A, et al. *Consolidated Social Research Report*, Research Report 10/2010, research report commissioned by Fair Work Australia, June 2010, p. 70; and Evesson, J, et al. *Enterprise Case Studies: Effects of minimum wage-setting at an enterprise level*, Research Report 7/2010, research report commissioned by Fair Work Australia, February 2011, p. 148.

³⁸ Southwell, A, et al. *Report on Targeted Focus Group Public Consultations*, Research Report No. 1/07, TNS Social Research, report commissioned by the Australian Fair Pay Commission, Melbourne, 2007, p. 63.

sparked the interest of most participants to seek out information so that they had more to say about the topic of wages in follow-up interviews.

The investigations have provided some indications of how knowledge of wage-setting practices had influenced decisions to commence and remain in award-reliant employment. Awareness and understanding of over-award wages and wage-setting through informal arrangements and formalised agreement-making have been examined to elucidate the perceptions and knowledge of over-award wage outcomes that participants had and how these framed views and decisions about award-reliant employment.

Varying levels of knowledge and understanding of wage regulation (minimum wage regulation and over-award wage regulation) were observed among participants in the study. Detailed examination of awareness, knowledge and depth of understanding revealed some differences between how participants perceived their understanding of wage-setting mechanisms and their demonstrated understanding of wage-setting practices and determinants of award classifications and wages. Prior to participating in the study, self-reported levels of understanding were measured using rating scales that ranged from comprehensive to very limited understanding of how their wage and conditions of employment were set. Differences in perceived and actual understanding in the first phase of the study were obvious and, in some cases, acknowledged by participants. Not unexpectedly, the understanding that participants demonstrated over the duration of the study increased, although there were no further standardised measurements of perceived levels of understanding from which to draw comparisons.

Detailed examination highlighted the distinction between measuring awareness and measuring understanding, in that awareness was not a reliable proxy measure for understanding. Participants who were aware that their wage was an award rate did not necessarily understand the award provisions for wage progression that applied to them. The knowledge and understanding that participants demonstrated was a more insightful indicator of satisfaction with their award-reliant status and intentions to pursue over-award arrangements than simply being aware they were paid an award wage.

Three themes were examined with participants in relation to their knowledge and understanding of wage-setting matters:

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

3.1.2.1 Wage rates and wage-setting practices

Not all participants had well-formed views about the scope of wage-setting at the workplace level and how wage outcomes vary according to wage-setting practices adopted in an organisation. This was especially evident in the first phase of the study and, for some participants who were less engaged with the topic of wage-setting mechanisms, this theme continued.

The understanding that participants demonstrated was closely linked to how they perceived award wages. Overwhelmingly, the employees in the study understood that employers are not allowed to pay below award rates, but they did not necessarily consider their award wage as the minimum or

a safety net. Award wages were typically viewed by participants as the 'standard' rate for their role according to their responsibilities, experience and/or qualifications rather than the 'minimum' rate. As discussion evolved over the duration of the study, understanding of the role of awards grew and, in particular, award wages as a foundation for wage determination to occur at an enterprise or workplace level. However, for some participants, their view of award wages as the standard rate prevailed as there was no identifiable need or urgency for them to understand how wages are set at their workplace and their options for achieving an over-award wage. In the absence of other motivations such as seeking career progression and the provision of information by employers or other sources, these participants were not interested in understanding how wages are set and how they could influence their wage outcomes.

Some participants who had been working in the non-profit sector longer-term and had their wage set under an award with prescriptive classification structures (see Section 3.1.2.3 for further detail) demonstrated awareness and understanding of how their award wage was determined, but did not consider that their employer had discretion to set wages above the applicable award rate. They explained that awards set wages, and had not considered that there was any scope at the workplace level to modify practices above the award. These participants believed that all employees in their workplace were paid according to the award (award-reliant) and it hadn't occurred to them (prior to their involvement in the study) that they could or should enquire about opportunities to increase their wage above the applicable award rate. In the follow-up phase of the study, the opinion of these employees shifted and they began to recognise that some employment conditions, such as wages, could be determined at the workplace level. However, this knowledge did not translate into changing their views about whether achieving an over-award wage was possible in their workplace.

Participants who had experience of employment in a private business (contrasted with those who had experienced longer-term employment in the non-profit sector) generally understood that employers can set wages as they choose, although they cannot pay less than the relevant award wage. The issue of over-award wages/arrangements was raised in discussions by some participants in the study who were working or had previously worked in the private sector. The views expressed by participants in the first phase of the study had not been well researched or based on recent experiences. A small number of employees had used terms such as 'above award', 'over-award', 'enterprise agreement', 'collective agreement' or 'EBA' (enterprise bargaining agreement) to explain the range of wage-setting practices adopted by employers and employees (i.e., demonstrated a sophisticated awareness of wage-setting generally). Over the follow-up phase of the study, knowledge of wage-setting practices and outcomes under enterprise agreements and informal over-award arrangements, and comparisons between award rates and over-award wages became more sophisticated as participants made an effort to think and learn about the topic, or considered alternative employment. The participants who had not experienced alternative wage-setting arrangements had sourced information about wage-setting mechanisms through friends and colleagues, online research or through job seeking activities. By the final interviews, discussions about how other workplaces paid staff revealed a greater understanding that different wages could be paid for performing the same or similar tasks according to the mechanism used for setting wages. Knowledge of the differences between award rates and the rates that would be paid under different wage-setting arrangements was limited. Opinions about how favourably award rates compared with formal and informal over-award wages were largely based on assumptions and

estimates. It was generally perceived that the difference in pay rates between workplaces with over-award arrangements and their employer would be minimal.

The key factors that participants focused on to explain the different mechanisms for wage-setting and wage outcomes for employees were industry/sector and the type of organisation (profit/non-profit), rather than more detailed discussion of how employees can bargain collectively or individually with employers. Differences between award wages and over-award wage-setting practices were generally attributed to the capacity of the employer to pay higher (over-award) wages. Distinctions between higher wages and standard (award) wages were typically explained to be due to the type of organisation (private or non-profit). Wage outcomes in private enterprise were generally considered to be significantly higher compared with the non-profit sector:

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

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

Role-specific tasks and workplace factors, such as remoteness of the workplace and/or the degree of danger and discomfort in performing duties, were thought to explain significant differences in wages across industries and occupations rather than being attributed to wage-setting practices and the capacity of employees to bargain. Union density in particular sectors was also raised as relevant to wage levels and wage-setting practices by some participants.

Opinions of participants about salaries/wages in other sectors were not generally well-formed. In particular, the participants who had longer-term tenure in award-reliant employment who did not have recent, relevant experience to draw on did not appear knowledgeable about market rates in either the sector they were employed in or in other sectors.

3.1.2.2 Award classification structures and wage rates

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

3.1.2.2.1 Overview of award classification structures

Some awards contain extensive classification structures that, assuming an employee is willing and capable, would facilitate progression through numerous classifications and consequently wage

levels. These awards provide for, and define, the extent of wage progression across an occupational pathway. For example, the *General Retail Industry Award 2010*³⁹ provides eight classification levels for Retail employees to advance through; from entry-level to management.

Other awards have minimum wage classification structures that contain pay points (sub-levels) for each classification. These awards contain minimum wage structures which provide for incremental wage increases at each classification level. Some awards detail how or when employees become eligible for an incremental increase, and others provide limited detail of how or when progression is to occur. For example, the *Children's Services Award 2010*⁴⁰ contains a pay structure with multiple wage levels and pay-points that allow for wage increases between one classification and the next. There are six levels in the classification structure. Each level contains numerous pay points that employees are eligible to progress through when they have demonstrated competency at the existing level, an ability to acquire the skills necessary for advancement to the next pay point and have 12 months experience at the level. The highest classification in the structure is Level 6, which has up to nine pay points that depict commencement levels according to qualification held and two incremental pay points to advance through before reaching the wage progression ceiling under the award.

Some awards contain classification structures that are relatively limited. For example, the *Security Services Industry Award 2010*⁴¹ provides for five classification levels for Security services employees, from entry-level to team leader. This award does not explicitly provide for supervisory levels in the classification structure; instead supervisory remuneration is provided for through allowances.

Other awards contain minimum wage classification structures that provide one minimum wage rate for each corresponding classification level. Under this model there are no intermediate pay points between one classification and the next. This means employees are required to advance through the classification structure to achieve wage progression, for example, the *Hospitality Industry (General) Award 2010*⁴² provides for six wage levels expressed as hourly and weekly wage rates for general classifications and casino gaming classifications in the minimum wage structure. There are no provisions for incremental pay increases at each classification level so the main method of wage adjustment is through increases which may result through the Fair Work Commission's annual wage review process.

3.1.2.2.2 Findings from the qualitative study

Participant understanding of award wage structures and progression was generally limited to their recent experiences and the award that they relied on to set their wages. Not all participants were able to recall the name of the award that set their wage, but were able to explain that it applied to the industry/sector that they worked in. The levels of understanding among employees who demonstrated some knowledge about the award that they relied on ranged from awareness of their position on the award wage structure with limited knowledge of wage levels beyond their current

³⁹ *General Retail Industry Award 2010* (MA000004), cl 17.

⁴⁰ *Children's Services Award 2010* (MA000120), cl 14.

⁴¹ *Security Services Industry Award 2010* (MA000016), cl 14.

⁴² *Hospitality Industry (General) Award 2010* (MA000009), cl 20.1 and cl 20.2

position, to quite broad knowledge of the award classification structure. Participant understanding was linked to the extent and complexity of classification structures in the awards that applied to them and their engagement with the topic.

Participants who had their wage set under an award that contained extensive classification and minimum wage structures demonstrated their sophisticated understanding by providing information about their current classification level and pay point for their award wage, the next level or pay point, and often described the classification and pay points across the full minimum wage structure as it related to their skills-based career path. The pay point increases were said to be highly structured and took effect annually. These participants would receive both a pay point increase to the extent provided for in the minimum wage structure and an annual wage review adjustment over a 12 month period; although awareness of increases resulting from annual adjustments was not as prevalent as the pay point increases.

Participants who had their wage set under an award that contained a relatively brief classification and minimum wage structure typically demonstrated awareness of the next award classification and wage level in the structure by either identifying the next progression point or explaining that they were at the highest classification in the structure. Their understanding was not as sophisticated as that of participants covered by awards with extensive classification structures; particularly those who had progressed from lower to higher classifications under the respective awards, for example the *Children's Services Award 2010*. Participants who were covered by awards that contained multiple wage schedules, such as the *Social, Community, Home Care and Disability Services Award 2010*, typically demonstrated a sound understanding of the classifications that could apply to them in performing their role, but had not necessarily looked into the classifications that would apply to them if they were to perform a different role covered by that award — most evidently among the participants who were content with their award wage and saw no reason to compare their wages to those of co-workers.

Participants who were subject to a brief wage structure and not covered by an award with multiple wage schedules understood that they could no longer rely on award provisions for increases in their wage (beyond any increase arising from the annual wage review). These employees generally understood that to achieve wage progression they would need to either seek an over-award pay rate within their workplace or alternative (over-award) employment.

Similar to participants covered by awards with limited minimum wage structures, participants who had reached the highest classification level for the role they performed in their workplace demonstrated an understanding that they could not rely on award provisions for increases to their wage in their role, other than through an annual adjustment. Some of these participants were unwilling or not interested in pursuing higher classification levels for other, more senior roles in their workplace. These participants understood that if they wanted to achieve wage progression performing the same or a similar role they would need to either pursue an over-award arrangement in their workplace (although stressed that there was no procedure for pursuing such an arrangement) or seek alternative employment.

Some of the participants were in receipt of allowances paid in addition to their base classification rate. A teacher in the study covered by an award with an extensive wage structure explained that reaching the top of the classification structure had been a concern for her and her colleagues. However, she went on to explain how she had been paid an allowance for taking on responsibilities

in addition to her main duties in her previous employment, which she believed was under an award-reliant arrangement (e.g., a leadership allowance). She believed that allowances were the only mechanism for wage progression once she had reached the top of the classification structure:

Something that used to worry me when I was full-time and it worried a few of my colleagues is that once you reach the top of the scale unless you take on a leadership role that is it. Had I not taken two years out of the profession, I'd be at that top scale and that could be it. I've had a leadership role in IT so if I wanted to further my career that's the way to do it. I know if I took a leadership position again then I'd get the allowance ... Apart from my classroom duties I also took on extra responsibility within the school. That was ICT, so purchasing of computers, running the IT program, managing the website, managing email accounts, that sort of thing. To do that, I was released from class one day a week and given an allowance. So it was an extra top up in my pay as I was part of the leadership team. [Female, aged 35–44 years, Education professional, permanent, part-time, metropolitan Victoria]

Two participants covered by the *Security Services Industry Award 2010*, which contains a relatively limited award wage structure, explained that they were eligible for an allowance because they were performing higher/supervisory duties which supplemented their base rate:

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

While the allowance payments in addition to the base rate were welcomed by these participants, they expressed some concern about how appropriate the compensation was for higher levels of supervision/management that involved significantly increased responsibility and commitment:

For being a team leader I get the grand allowance of \$30 a week for that responsibility. [Male, aged 55+ years, Security services, permanent, full-time in phase one and part-time in phase two, metropolitan Victoria]

Participants subject to relatively brief classification structures typically felt that the award wage provisions had not adequately catered for the varying levels of skill and responsibility required to perform duties in their workplace (i.e., the classification structure is not workplace-specific) for each broad wage level classification. Although participants agreed it was not feasible for classification structures to provide for all scenarios, they did not recognise the role of awards as the safety net from which to generate bargaining. This was most strongly expressed among the participants subject to relatively limited wage structures who did not perceive any advantages in having a limited structure for encouraging wage progression through over-award arrangements in their workplace. The theme of reliance on the safety net without recognition of how it may operate to encourage over-award arrangements was not only expressed among employees covered by a limited classification structure, but among some participants who were subject to more extensive structures too. Most of the participants who had reached or were nearing the highest classification level in the award structure were fixated on the limit of wage/classification progression provided under the award rather than recognising it as an opportunity to establish an individual over-award arrangement.

Participants who demonstrated limited knowledge of the classification and minimum wage structures were not concerned with wage-setting matters, and indicated that they did not need to

understand the extent of award classification structures because they did not intend to pursue higher wages:

I never take much notice. It's hard to understand sometimes as to how they've worked it out. I don't know what the different rates are so I don't know whether they're diddling me or not. I just trust them to do it right. Basically I know how much work I've done a week and that I'm getting paid. As long as there's enough [money] to keep me going I'm happy. [Male, aged 55+ years, Charter bus services, casual, part-time, metropolitan Queensland]

3.1.2.3 Determinants for award classifications

The criteria that award-reliant employees are required to meet to advance through award classification structures varies widely across the modern awards that applied to participants in the study. This Section provides an overview of award classification determinants and presents findings related to the experiences and views of participants.

3.1.2.3.1 Overview of award classification determinants

Some modern awards 'prescribe' the determinants for employee classification. For example, classification under the *Pharmacy Industry Award 2010*⁴³ is a process of matching the certification level of an employee to the corresponding classification definition. There is limited discretion involved in determining the classification of an employee and their corresponding wage rate under this award, particularly where an employee has an Australian Qualification Framework (AQF) certificate qualification described in the classification definitions. This method of classification had enabled employee participants to identify the classification that applied to their role and understand how they can progress through classification structures and wage levels.

The process for classification of employees under modern awards where definitions do not precisely describe what is required is more discretionary. Consequently, the process is less transparent than more prescriptive determinants for classification. For example, classification of administrative roles under the *Clerks—Private Sector Award 2010*⁴⁴ requires an assessment of competency and skill against the characteristics described under each classification in the award. Principally, classification is based on matching the level of competency and skill that the employee is required to exercise in the work they perform. Typical skills and duties are provided as examples, although are not the basis for classification as explained in the award.

There is significant variation in the way modern awards provide for classifying multiple occupations. Some awards provide for multiple occupations by setting out separate classification structures and corresponding wage rates. For example, the *Nurses Award 2010* provides separate classification descriptors for each nursing occupation covered by the award.⁴⁵ Other modern awards include multiple occupations within broad classification descriptions which require a greater degree of discretion to be exercised in classifying employees. A relevant example is the *Higher Education Industry—General Staff—Award 2010*.⁴⁶ This award provides for a broad range of roles, including clerical/administrative roles, trades associated occupations, and management roles, to be

⁴³ *Pharmacy Industry Award 2010* (MA000012), Sch. B.

⁴⁴ *Clerks—Private Sector Award 2010* (MA000002), Sch. B.

⁴⁵ *Nurses Award 2010* (MA000034), Sch. B.

⁴⁶ *Higher Education Industry—General Staff—Award 2010* (MA000007), Sch. B.

classified according to a broadly applicable set of protocols. Classification under this award is based on seven dimensions upon which employees are to be assessed. The descriptors for each classification level include guidelines to classify according to training level and/or qualification, occupational equivalents, level of supervision, task level and organisational knowledge. As the requirement for qualification is not mandatory, this means it may not be clear to employees how they are classified and how they progress to the next classification.

The terminology used to express whether or not a qualification is explicitly required for a classification varies across awards. In awards where qualifications are required (definitions typically use the term 'must') the awards explain it to be a prerequisite or define the classification by the qualification required. For example, AQF qualifications are used in the Manufacturing Award as the titles for each classification in the award structure.⁴⁷ Awards that do not rely on qualifications for classification purposes use terminology such as 'may require' or 'typically require'. For example, the *Health Professionals and Support Services Award 2010*⁴⁸ definition states that support services employees may require formal qualifications and/or relevant skills training or experience to be classified at most levels in the support services award structure. Descriptors may also refer to multiple qualifications that may be relevant for classification purposes; however, classification does not necessarily require that an employee have any of the qualifications contained in the descriptors. For example, the *Health Professionals and Support Services Award 2010* states that formal qualifications at trade or Advanced Certificate or Associate Diploma level may be required for classification at level seven of the support services award structure.⁴⁹

3.1.2.3.2 Findings from the qualitative study

Understanding of how classifications and corresponding wage levels are determined was generally limited to recent experience of wage progression. Most participants demonstrated awareness that determinants were used to classify employees under an award and acknowledged that acquisition of skills, qualifications and/or responsibility was required to achieve a promotion to the next wage/classification. Participants who demonstrated limited awareness of how their wages were determined and the requirements for wage progression indicated that they did not need to know how their wages were set as they had no intention of pursuing higher wages.

Participants who had their wage set under an award where qualifications primarily determine classification levels were best able to articulate how their award wage was determined and the requirements to progress to the next classification. Some of these participants insisted that the award set their wage rather than their employer, as their employer was transparently following what had been prescribed in the award. In some cases participants had not recognised the importance of qualifications—gaining qualifications—for their progression through award classification structures and appeared to have made decisions about commencing and (not) completing training without considering how it would affect their wage progression.

Participants who did not clearly or correctly explain how their wage was determined, or admitted that they were guessing, did not have well-formed views of determinants of their current wage level

⁴⁷ *Manufacturing and Associated Industries and Occupations Award 2010* (MA000010), Sch. B.

⁴⁸ *Health Professionals and Support Services Award 2010* (MA000027), Sch. B.

⁴⁹ *Health Professionals and Support Services Award 2010* (MA000027), Sch. B, cl B.1.7.

and what was required of them to progress to the next classification level. This limited understanding about wage-setting determinants was more commonly observed among participants who had their wage set under an award that doesn't use such clear and categorical requirements as AQF qualifications (e.g., tasks performed, levels of autonomy and responsibility) to classify employees. These participants displayed difficulty understanding and then explaining how their award wage was determined.

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

Among the participants who did not demonstrate understanding of classification determinants, the most commonly assumed determinant was 'experience'. This assumption was not often qualified with an explanation of the skills or knowledge the experience related to; but was likely to be a reference to pay point increments that are applied periodically and assumed to be in recognition of unspecified experiences over time.

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

3.2 Commencing award-reliant employment

Key findings

Participants typically had an idea of what they would be paid for the roles they were applying for, but this was not an expectation to be remunerated at a certain rate but rather a 'ballpark' figure on which to base decisions. Past work experiences, views about their employability and the level of commitment they intended to make to an employer shaped the expectations and decisions of the participants.

None of the participants had considered any form of negotiation during the application process or when they received their employment offer. Few reported that they had been confident enough to raise the topic of wages, even just to enquire about remuneration. Few participants had thought to probe their employer about wage-setting arrangements and opportunities for progression to access higher (over-award) wages when they commenced employment.

Some participants considered the award wage offered to be a good, fair wage and deliberately sought out award-reliant employment. These participants had experience of being under-paid or under-classified in their former employment or had negative experiences of over-award

arrangements in their previous employment. Some participants who were employed in sectors with relatively low union presence believed their wage outcomes under award wages and conditions were more favourable than under over-award arrangements.

3.2.1 Expectations for wages and wage progression

The study examined why the skilled employee participants were award-reliant by exploring their decisions to commence award-reliant employment. Where possible and relevant, the findings are presented separately for participants who had progressed through numerous award classification structures since commencing their award-reliant employment and for participants who began their employment at a higher classification (including those who believed their classification had not changed since they commenced their award-reliant employment and those who were sure they had commenced their employment at a higher classification level).

The decisions of participants who indicated they had advanced through numerous classifications since commencing their award-reliant employment may relate to participants who commenced in lower-classification employment. However, analysis could not extend to identifying the reasons for decisions made to commence employment at lower classifications as defined in the study (i.e. at or below the C10 rate) due to difficulty in (correctly) recalling exactly how many levels they had advanced through, and in some cases differentiating between classification and pay point progressions.

Most of the participants who confirmed they had commenced their employment at a higher classification explained that they had made an 'informed' decision to commence award-reliant employment in that they were aware their wage was an award rate. The main exception to this theme was participants in professional employment who had many years of tenure who reportedly had not considered the method of wage regulation when they entered employment at a higher award classification:

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

The participants who had progressed through numerous classifications during their employment generally indicated that they were not aware of the mechanism that set their wage when they commenced their employment and/or did not have well-formed expectations about wage progression in award-reliant employment.

On the topic of expectations for wages and wage progression, participants typically explained that they had an idea of what they would be paid for the roles they were applying for, although this was not expressed as an expectation to be remunerated at a certain rate—more a 'ballpark' figure. Participants indicated that there was no established over-award 'market rate' that framed their expectations for the wage they would receive and their opportunities for wage progression. Instead, their expectations were generally linked to the level of commitment they intended to make in their employment (i.e., their role in the organisation) and their interest in advancement and skills development. None of the participants had considered any form of negotiation during the application process or when they received their employment offer, with some indicating that they

were not confident to even raise the topic with potential employers due to concerns about how their interest in wages would be perceived.

Although participants indicated that wages were relevant to their decision-making, it was not considered in isolation of other employment factors. To this extent, over-award wages and/or wage-setting arrangements were not a primary consideration for participants' employment decisions, but rather an important consideration among many factors that determined how appealing an employment opportunity was.

Motivations for participating in the workforce were relevant factors that shaped expectations. Participants whose principal motivation for working was remuneration were generally more engaged and concerned about wage rates than participants who were motivated to participate in the workforce for reasons other than, or in addition to, remuneration (e.g., community engagement and personal development benefits). Younger and prime working aged participants (i.e., aged 21–45 years) who were building their skills generally demonstrated greater interest in wage rates and expectations for wage progression than the older participants in the study who were 'winding down' their workforce participation as they neared retirement.

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

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

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

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

Participants who had experienced under-payment or misclassification in a different workplace or sector had a distinct point of reference for considering wages. For these participants, an award wage signifies being paid correctly and fairly. These participants expressed appreciation that an employer 'chooses' to do the right thing and follow an award (wage rates and determinants for classification), and considered award wages favourably compared with being under-paid or under-classified:

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

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

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

3.2.2 Awareness of award reliance upon commencing employment

Participants who had commenced employment without knowledge of how their wage would be set indicated that they did so due to low interest or need to understand these matters rather than an inability to understand how wages are set and provisions of wage increases. These participants did not enquire about the applicable wage-setting practice at the workplace prior to commencing employment as it was not critical for their decision-making.

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

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

I was interviewed and tested prior to my current employment. HR was very pleased at the time along with my current account manager and they put me on a grade five rate, which is the top rate for security officers. They told me at the time that my answers and ability had determined my award rate. I believed that with hard work and commitment and professionalism I would progress. I have been in my current

position for over two years now and I have been promised by my account manager twice that I would be put through certain courses to further develop my skills and so on, but at this stage disappointment is what I feel. [Male, aged 35–44 years, Security services, permanent, full-time, metropolitan New South Wales]

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

Participants who knowingly commenced award-reliant employment and were not concerned about wage progression were seeking employment that they would enjoy, and claimed that intrinsic factors (e.g., satisfaction with the work they perform and/or the outcome of the work they perform) and other employment factors such as the work schedule (e.g., flexibility to choose hours of work) were more important considerations than remuneration.

Among other participants who knowingly commenced award-reliant employment, opportunities for skills development and progression through training and experience or an expectation to receive a performance-based (over-award) wage in the near term were prevailing factors. These participants felt that training and skills development would be provided in recognition of their award reliance to facilitate wage progression through award structures. This was evident among participants who were aware of, or had experienced, this practice in other workplaces or sectors.

Participants who considered that the role they had applied for involved duties that were less complex and involved a relatively lower level of responsibility also knowingly commenced employment being paid an award rate. These roles included assistance with running community programs for elderly citizens, educational support for children with disabilities and administrative work for a small non-profit organisation:

I do fairly menial clerical jobs like collecting mail, compiling a weekly newsletter. I have to go into the office to distribute mail and use the photocopier and things like that but essentially I'm home-based so I can do the hours whenever. It's very convenient. I've really enjoyed being in a workplace where it's been very clear expectations of what I am to do and what I'm not expected to do. I don't think I'm doing a very hard job. It's made other people's jobs easier, but it's a pretty good rate for what is not a very hard job and is very convenient for me. [Female, aged 35–44 years, Administration services, casual, part-time, regional New South Wales]

Similarly, participants who commenced part-time employment were generally happy to receive an award rate as they felt that their wage reflected the extent of responsibility they had in performing their duties on a part-time/casual basis. The participants who had worked in a professional or higher-skill capacity in previous employment and had chosen to work in a casual or part-time role, some in an unrelated field that was not drawing on their full skill-set, were happy to be paid an award rate as they were winding down their workforce participation and were pleased to be working and being paid correctly for their contributions. These participants were not seeking wage progression from their award-reliant employment.

Participants who had experience of being under-paid or under-classified considered the award wage offered to be a good, fair wage and willingly commenced employment being remunerated at award rate with application of award provisions for penalties and loadings. Similarly, some participants who had experience of over-award arrangements where they were required to work

hours (that were not compensated) in addition to their agreed hours explained that they had made a conscious choice to pursue award wage employment.

3.3 Employment decisions and actions

Key findings

A wide range of themes emerged in the study to explain why participants remained in employment under an award and why they wanted to pursue over-award arrangements. Not all participants who wanted or expressed a preference for higher wages had planned or taken mitigating action. Despite a preference for over-award wages/arrangements, some participants expected that their reliance on award wages would continue long term as they would not pursue over-award arrangements in their current workplace nor seek alternative (over-award) employment. Inclination and actions to pursue over award wages/arrangements was closely linked to how participants perceived their skills and value to their employer and/or prospective employers. Participants who demonstrated limited confidence in their abilities and their contributions had not considered seeking alternative wage-setting arrangements in a similar way to other participants who felt that their performance and/or skills deserved additional recognition and financial reward.

Another key factor that explained participants' inaction were the perceptions that participants had about the willingness of their employers to engage with them in a discussion about wages and wage progression and whether the topic was discussed in the participants' workplace. It was generally not considered to be a common or welcome discussion in their workplaces.

Most participants were unwilling to change employers solely to pursue an over-award wage. Few participants had considered seeking alternative employment for this purpose. Typically participants felt that cumulative dissatisfaction with wage and other aspects of employment would prompt them to seek an improved wage outcome through alternative employment.

Among participants who were content with their award-reliant status and expected their employment tenure to be longer-term, the positive aspects of their work outweighed any benefits they could envisage from pursuing over-award arrangements in alternative employment. They expressed limited or no interest in negotiating a higher (over-award) wage and were happy with their award wage earnings.

3.3.1 Expectations for longer-term award reliance

Participants who expected their tenure under an award-reliant arrangement to be longer-term included those who had made a deliberate decision to do so and participants who had not given the issue much or any consideration beyond their contributions to this study. The reasons for not pursuing over-award arrangements have been addressed throughout this Section, some of which are barriers and some of which are choices. For participants who did not feel they needed wage progression, any 'ideal scenario' changes to wage-setting practices were generally not considered to be worth pursuing.

3.3.1.1 Engagement

Through careful and persistent probing over the duration of the study, participants were able to explain the decisions they had made about their employment even in circumstances where they had not consciously chosen to remain in award-reliant employment and/or given the topic much or

any consideration prior to their participation in the study. For these employees, a number of factors covered in this Section apply to their circumstances. Participants who had not made a conscious choice to remain in their employment did not rely on their award wage to meet their living costs. These participants were generally happy in their role and explained that wage/skills advancement was not necessary to maintain or increase their satisfaction in their role. They were aware (or made aware through their participation in the study) that their wage and conditions are set by an award, but despite this awareness they did not have a detailed understanding of how their wage was determined and what was required to achieve a wage level progression. Furthermore, they did not demonstrate interest in understanding award wage determinants. Their lack of engagement in wage-setting matters was generally attributed to, yet also resulted from, their willingness to maintain the status quo as they did not intend to actively pursue over-award arrangements. This category of participants had not initiated any discussion with their employer to increase their wage or alter their wage-setting practice. Few of these participants had considered that employees can play a role in wage-setting in their workplace or had considered that over-award wages may be paid for a similar role in other workplaces.

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

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

3.3.1.2 Accessibility and desirability of over-award arrangements

Inaccessibility of over-award arrangements was raised by most participants and across both phases of the study. Some participants explained that there was no procedure for pursuing an alternative wage-setting practice in their workplace, so it was not something that they had really contemplated or felt was possible. These participants were primarily employed in the non-profit sector delivering services to clients/patients in need and had their wage set under a transparent process that they believed was applied to all or most staff across the workplace. Over the course of the study, these employees did not express an intention to pursue over-award wages for performing their role, even those who were discontent with their award wage earnings. While their attitudes about employees not having any role in the wage-setting process softened over the duration of the study, they did not believe their employer would welcome a request they made for an over-award wage or could accommodate an over-award arrangement for the role they perform. In addition, participants were concerned about negative consequences arising from initiating a discussion with their employer/manager about their wage. Participants who believed they had a strong, positive relationship with their manager did not feel they could leverage that relationship to secure themselves a higher wage and were concerned about how an unfavourable reception could affect their employment conditions, such as rostering.

There was acknowledgement among participants that different wage-setting practices could be adopted for varying levels of the organisational hierarchy in their workplace. These participants were typically in higher-skill and professional roles. They explained that roles that were more critical to the functioning of the organisation than their own, including roles that had a greater level of responsibility, were paid according to a different award wage structure/schedule or wage-setting arrangement (e.g., individual over-award arrangements). They felt that there was a possibility in their workplace to achieve an over-award wage, but that it required them to perform a different role. The additional responsibility, the duties and/or the expected level of commitment associated with the higher-level (management) roles that were believed to be subject to over-award arrangements had deterred participants from pursuing this means of achieving an over-award arrangement. Many participants preferred the type of roles that were remunerated at award rates and so prioritised intrinsic factors related to their employment ahead of achieving an over-award wage in their workplace:

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

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

Other participants who had progressed through award classification structures indicated they felt that a higher-level/management position that would be remunerated through an individual (over-award) arrangement was in their employment path. While not satisfied with their current earnings, they were determined to remain with their employer and await an opportunity to progress to higher levels of the organisation hierarchy.

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

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

Opportunities to access over-award wages/arrangements was considered by some participants in the study to be about who you know as much as what you know and what you can do. These participants were alluding to individualised wage-setting practices that benefit employees who are well-connected within an industry sector or workplace and were subject to different wage determinants than other staff. This practice was considered to be unfair by participants who had been award-reliant longer-term or dedicated to work in the non-profit sector (and unlikely to benefit from such a practice). Participants who had experienced over-award wage-setting practices acknowledged that wage-setting was at the employer's discretion and this practice could be common in some sectors or workplaces. Views about the prevalence of this wage-setting practice

(particularly in private enterprise) had undermined the expectations of participants to achieve a higher (over-award) wage in alternative employment; particularly those who did not feel they were well-connected or were averse to such arrangements:

... private industry is generally better paid. In a previous position I negotiated my wage and then found out later that I was getting paid more than another worker that had been there longer and was more qualified than me. It helped that I knew the boss. This is another aspect that is unfair but still a big influence; it's not what you know but who you know. [Male, aged 35–44 years, Disability support services, permanent, full-time, regional Victoria]

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

The views of participants did not necessarily equate over-award arrangements with improved wage outcomes and a common theme was having to compromise aspects of their award-reliant employment that they valued in order to achieve an over-award wage. There were also views expressed by participants that having their wage and employment conditions set under an enterprise agreement could result in unfavourable outcomes. This outcome was attributed to working in sectors that did not have a strong union presence where employers did not negotiate with employees, and/or the productivity and efficiencies necessary to accommodate the (potentially) higher wages results in unfavourable rostering practices such as split shifts:

A lot of us have been involved in EBAs before and because we're not unionised a lot of us have been burned ... We don't want to have the situation where we're working weekends and only getting paid an extra two or three dollars an hour to work on Saturday and Sunday instead of Monday to Friday and that sort of thing. [Male, aged 45–54 years, Security services, permanent, full-time, regional New South Wales]

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

Similarly, views expressed by participants who had experienced individual over-award arrangements in their past employment suggested that they would carefully consider such an arrangement in relation to the effect it has on hours worked. The assumption was that higher wages would mean greater expectations to work additional hours without remuneration in all or most workplaces:

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

3.3.1.3 Capacity to change employers

Most participants in the study felt they could attain employment in a similar role in a different workplace if the need arose, although few had considered that their wage outcomes would be significantly improved if they did. Participants generally considered that a move to a different

workplace (to perform similar duties) would be prompted by cumulative dissatisfaction with their award reliance and other aspects of their employment (e.g., workplace environment, colleagues, management). Few participants considered that wage issues, including dissatisfaction with award reliance, would be the only catalyst for change, especially where other employment factors (e.g., convenience of the workplace location, favourable work schedules) would placate mild discontent with their award reliance.

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

A range of reasons that would inhibit or deter participants from changing employers were raised in discussions by both participants who expressed a desire to pursue higher (over-award) wages and those who did not.

Participants who had been unsuccessfully seeking employment over the duration of the study remained hopeful that they could eventually secure suitable employment. Their experience was that the supply of the kind of jobs they wanted was limited and the market was very competitive. These participants expected that they would remain in their award-reliant role for the foreseeable future until there was a shift in the labour market and the types of jobs (permanent, full-time) they were seeking were in more ready supply.

Some participants who had considered or had experience seeking alternative employment did not believe they would be able to secure an over-award wage at the same level in another workplace. These participants were generally cautious or deterred by the prospect of entering new employment at a lower level (with a view to progressing through classifications/levels to eventually achieve a comparable level of responsibility and/or authority) as they were not in a financial position to sustain any reduction in their income or were unwilling to experience what they considered would be a 'demotion' in their employment.

Some participants explained that employers in the sector they were working in would not pay any more than they had to and this was depicted by the practice of setting wages at the lowest applicable classification and pay point of the award structure through very strict interpretation of experience requirements. This was most clearly expressed by participants who worked in the disability care sector. They believed that when they commenced employment with a new organisation, their previous experience of delivering disability care services was not recognised when their classification and pay point had been determined because their employer did not recognise experience in any other workplace. These participants felt they would be disadvantaged by changing employer:

There's no prior experience recognised across the industry when you change from job to job. No recognition of prior experience. I'm not sure what it is under the new award, but you go back to year nought because the award doesn't recognise that you've got prior experience. I guess they want to train

you in their way, even if you're experienced. I mean they recognise your experience when you go for the interview, but they don't recognise it on any pay scale. Every person I talk to in the industry that's been their experience too. I mean I haven't been in contact with every NGO, but that's how I understand it to be. [Male, aged 45–54 years, Disability support services, permanent, part-time, metropolitan New South Wales]

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

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

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

Workplace factors were raised by numerous participants in the context of the discussions. The proximity of their workplace to home or other needs for convenience and workplace environment and culture were generally said to be equally or more important than an over-award arrangement, most evidently among those whose wage income was a secondary or non-essential income to their household. Participants appeared reluctant to leave a workplace with a good culture:

You have to rationalise that decision. I mean my manager is great, she's probably way brighter and more effective than the job that she's in. She's really fair. She's able to make everyone feel special, which is a real feat in itself. Everyone has their own relationship with her that's special and that makes them feel worthwhile and creates a great atmosphere. I don't just work for money. I think it all boils down to the people in the end, the people you're working with, as to whether you stay or go and whether you're happy in the long run. That's what I've kind of decided. [Female, aged 35–44 years, Administrative services, permanent, full-time, metropolitan New South Wales]

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

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

Some participants who were employed on a permanent, full-time basis and/or working shifts that they perceived to be in demand in the sector were concerned about their prospects of securing a similar arrangement in alternative employment. They believed that the trend in the sector was toward casual arrangements as this was the practice of their employer and were not confident about their prospects for attaining employment that would suit their needs:

They are heading increasingly towards a casual workforce. They are not employing any more full time people. I guess I'm finding that a little bit threatening. [Male, aged 35–44 years, Disability support services, permanent, full-time, regional Victoria]

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

A few participants had briefly contemplated moving inter/intrastate to pursue an employment opportunity which appeared to be an over-award wage/arrangement. However, these participants explained this option would only be pursued if they had exhausted their prospects due to the effects this would have on their family and lifestyle:

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

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

3.3.1.4 Personal characteristics and traits of employees

Various personal characteristics shaped decisions about employment, including the propensity and capacity of participants to seek over-award wage outcomes. The findings presented here explain how the aspirations, motivations for workforce participation and confidence of participants had affected their decisions to continue employment under an award.

Motivations to participate in the workforce framed the way participants viewed their award reliance and depicted motivations to pursue over-award wage outcomes. Some participants clearly articulated that their primary motivation for working was income, while for other participants the most important aspect of being employed was the intrinsic satisfaction they got from the work itself. Participants who indicated that they would give 100 per cent effort to their employer no matter what their wage-setting arrangement and feeling about their wage, attributed their strong and

unwavering commitment to work to values instilled in them from their past employment experiences. These participants valued positive feedback and genuine expressions of appreciation from their clients and employer as much as, if not more than, receiving wage increases:

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

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

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

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

Participants who believed that factors other than, or in addition to, skills and experience determined their prospects of achieving over-award arrangements were quite pessimistic about their capacity to improve their wage outcomes if they were to seek alternative employment, because they were not well-connected in a sector. These participants did not express any intent to raise their profile in the sector as they did not agree with this practice or feel confident to do it.

3.3.1.5 Satisfaction with award wage and award reliance

The findings in this Section explore the reasons for satisfaction with award wages and award reliance. Most participants could recount advantages of their award-reliant employment, although among participants who relied on their wage income, wage progression was a higher priority than the other benefits experienced. Notably, the themes were mainly related to the experiences and views of participants who did not solely rely on the income from their award-reliant employment to meet their living expenses, or from those who were (still) progressing through award classification structures, as these participants were most positive about their award-reliant employment.

Participants who worked shifts and/or were paid an hourly wage considered penalties and loadings to be a benefit of the award system that they wanted to retain. This was raised in discussions as a benefit of being reliant on awards, in that all hours of work are remunerated and when working anti-social hours this was compensated through additional earnings:

It doesn't bother me that other people are getting more money than me. I basically earn that extra money by doing weekend work. [Female, aged 55+ years, Medical services professional, permanent, full-time, regional South Australia]

The highest paying shifts are Saturday night shift, Sunday day shift and Sunday night shift and Friday night shift and I get Sunday which is a 12 hour shift. [Male, aged 55+ years, Security services, permanent, full-time in phase one and part-time in phase two, metropolitan Victoria]

Opportunities for skills acquisition and development were considered to be benefits of award reliance for participants whose employers encouraged and facilitated training. These participants were subject to awards that comprise relatively extensive classification structures and were reportedly encouraged by their employer to develop their skills and progress through classification structures. Some participants had commenced or been encouraged to undertake training such as a diploma. Of note, there were also participants, including those who were subject to awards that comprise limited classification structures, who felt that skills development was not encouraged under their applicable award or workplace practices.

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

Participants who felt that award reliance provided more transparent and equitable method of wage-setting when compared with individual arrangements, expected to remain with their current employer long-term. These participants appreciated that the determinants of wage/classification were easy to interpret and that they, and their colleagues, could understand how their wage was determined and what was required to progress to the next classification. Having opportunities for promotion, particularly where this was facilitated by their employer, was a benefit that these participants associated with being award-reliant. It also provided them with a sense of control over their employment outcomes as they were aware of their prospects for skills development and wage progression.

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

3.3.2 Decisions to seek alternative wage-setting arrangements or employment

For most participants in the study, aversion to initiating wage negotiation that characterised the experience of commencing employment (i.e., the absence of negotiation) had continued throughout their employment. A range of views about wage negotiation emerged in the discussions which tended to focus on the capacity of the employer to pay higher (over-award) wages rather than how employees may be able to influence their wage outcomes. A small number of participants, however, had attempted to achieve over-award wages/arrangements. This detailed discussion appears in Section 3.3.3.

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

Participants who reported that wage was a very important consideration in their employment decisions and were critical of their award-reliant status (most evidently their opportunities for progression within the award wage structure) expected that their tenure would be relatively short. In the first phase of the study, these participants indicated that they had exhausted their prospects of over-award wages in their current role or had no reason to believe they could achieve an over-award wage without changing roles or employment. Over the duration of the study, most of these participants had persevered in their award-reliant role while attempting to achieve an individual over-award arrangement; but a more viable option for seeking progression was to aim for

progression within the parameters of the award wage structure or to seek alternative employment where they had reached the highest classification in the applicable award.

This collection of participants who expected their tenure would be relatively short included participants who had believed when they commenced their award-reliant employment that they would have more scope for wage progression than the award provisions provided. It also included participants who had expected to achieve an over-award arrangement when they commenced their current employment, but hadn't. These participants did not understand that their award would provide for incremental wage increases based on a measure of experience (e.g., time served at a classification level) and wage level increases as they met the requirements for higher classifications rather than the measures they had expected. Some of these participants had attempted to 'negotiate' an over-award wage/arrangement through requests to their employer and felt they had been misled about their prospects for wage progression because their attempts had been unsuccessful. These participants had sought alternative employment within the duration of the study with some success.

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

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

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

Some participants who wanted wage progression had framed their expectations within the parameters of the award provisions in relation to the determinants of the classification and wage. These participants wanted their employer to classify them at a higher level (i.e., potentially over-classify them) to recognise additional skills or experience they had. The participants who felt that their award wage did not reflect all skills and qualifications that they were utilising to perform their role expressed similar frustrations about their employer's adherence to award provisions and a desire to be remunerated through over-award arrangements. These participants were frustrated by the classification parameters that allowed employers to benefit from their skills and qualifications without having to remunerate above the standard rate. This was clearly expressed by participants who were performing duties that would be remunerated at a higher level if they held a requisite qualification, and among participants who were over-qualified for the classification level they were working to:

I have had over twenty years experience in the human services field but where I work now was only prepared to acknowledge six of those years as these years were specifically with disabilities. However,

there is not a day goes by that I do not draw on my other years of experience and these are very relevant to my position. As a result they can pay me on a band that is much lower. [Male, aged 35–44 years, Disability support services, permanent, full-time, regional Victoria]

Some participants wanted to ‘leapfrog’ through minimum wage pay points where they felt their performance warranted this and generally expressed frustration that they were being paid under the same structure as colleagues who they perceived to be under-performing. They wanted their competency to be recognised in their current workplace rather than what they considered to be an arbitrary timeframe determinant that did not accurately measure their ability and commitment to perform tasks for their employer. These participants had plans to seek alternative employment in a different workplace, occupation or industry sector and were overwhelmingly focused on their future rather than their present employment.

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

I am in the security industry and I believe I do great job but I am paid the same as people who are average, if not below average. [Male, aged 35–44 years, Security services, permanent, full-time, metropolitan New South Wales]

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

Some participants who had advanced through extensive classification/wage structures from lower to higher classifications over their award-reliant employment path expected their tenure in their current role or workplace to end in the near future; however, they remained with their employer over the duration of the study. These participants had reached the highest classification level in their applicable award and had no further opportunity for award wage progression (other than adjustments to the award, such as adjustments made via an annual wage review). They were keen to continue building their skills to improve their wage outcomes and generally felt they had high employability; however, their intentions had not translated into actions over the 12 months of the study.

These participants were relatively optimistic about how their skills would transfer into a different workplace or sector. Their opinions of award reliance diverged from the more favourable opinions of others currently progressing through award structures. Although these employees had experienced skills development and wage progression over their award-reliant employment path, they expressed frustration as their wage outcomes in their current workplace were now restricted by the bounds of award provisions due to their employer's adherence to award wage-setting parameters. These participants were knowledgeable about award wage structures and classification determinants and did not expect to achieve an over-award wage if they remained in their existing role as they had either made enquiries or unsuccessful requests about these matters.

They were planning to seek alternative employment or considering how their skills would transfer into different sectors and what training would be required:

I'm coming to the peak of my career where I'm thinking that there is more out there than just childcare. I will be seeking something else. Something that I guess is privy to all the experience that I've had ... A couple of weeks back I applied for a job as an administration manager within [the public sector] and that was working alongside trainers and facilitators to organise workshops and professional development for people within the childcare industry. I guess too from that role in itself, you know that once you're in the public service, the scope is there to do whatever you want to do then. Whereas, I've done everything that I can in childcare and I guess I look at it and think well, there's nothing else for me to do in here. [Female, aged 45–54 years, Child care services, permanent, part-time, metropolitan Victoria]

3.3.3 Pursuit of over-award arrangements

This Section outlines how participants attempted to achieve wage progression through pursuing a higher wage in their award-reliant employment and through seeking alternative employment. Among the participants who explained that they had or would pursue higher wages in their award-reliant role, interpretation of 'pursuing' ranged from asking a colleague for their opinion about the prospect of achieving a higher wage to making a request of an employer for information about wage-setting practices or for an over-award arrangement.

Few participants in the study felt they were in a strong bargaining position and all expressed concern about the consequences that raising the topic could have for their employment if it was not well-received by their employer:

I talked to a few people before I raised it with my boss and they said I should probably just leave it alone. In their experience it had damaged the relationship more than it had done any good, So I guess I could have just left it but I ended up looking at other jobs that are around and looked up some government websites, so did some research about the minimum requirements for the job, and decided that it was worth it [pursuing a wage progression]. [Male, aged 26–29 years, Web design services, casual, variable hours, metropolitan Queensland]

Overwhelmingly, participants who were reliant on their award wage income felt that they needed to have alternative employment secured before they were comfortable and prepared to initiate a discussion with their employer about their wage. This was primarily because they expected negative consequences if a discussion they initiated was not well-received by their employer. They expected that the relationship with their employer would sour or feared that they would be sacked:

I'm going over and above my classification yeah. I'm doing sales and I'm doing all sorts of other stuff that doesn't really come under my classification. So I'm not very happy about that. I'm not enjoying the work but I'm just not really appreciating that I'm not being paid what I should be paid. I'm going to raise it with my boss because I've now been shown interest by another company so I'm going to put it to them [my employer] and just see what they say. I probably wouldn't have a good negotiating position if that opportunity wasn't there. It's like a bargaining chip I suppose. If I didn't have another option to go to I'd probably be reluctant to say it because he could say "well, see you later" and I wouldn't have a job at all. So I can't afford to do that obviously. I have a mortgage to pay and a family to support. He would probably be open to discussions but I'd say more than likely he wouldn't offer me a pay rise. I think if he knew that I'd been offered something somewhere else he probably would. [Male, aged 45–54 years, Manufacturing, permanent, full-time, regional New South Wales]

Unsurprisingly, plans to initiate discussions with their employer had infrequently translated to actions and participants remained in the planning phase longer than they wanted or expected. A more appealing means to achieve a higher wage or wage progression was to seek and secure

alternative employment so as to avoid initiating a discussion about wages with their employer or to have that discussion in the context of what their employer could offer to retain their services.

Pursuing alternative employment was not feasible for all participants who wanted to achieve wage progression. The barriers detailed in Section 3.3.1.3 applied.

The least contentious way that participants felt they could attempt to secure a higher (over-award) wage was by making wage-related enquiries to their employers that were prompted by a desire to understand the award provisions for wage progression and how a promotion could be achieved. These enquiries had been made by participants who wanted to understand the prospect of achieving a wage level progression without the requisite qualifications for the next classification, and by participants whose progression through award classifications was determined by loosely defined parameters (i.e., based on a range of dimensions of work) that they did not understand in the context of their workplace. They sought to understand (precisely) how they could influence their wage outcomes under the existing wage-setting mechanism because accelerated progression within the parameters of the applicable award structure was considered to be a more achievable objective and means to increase their wage than an individualised over-award arrangement that introduced new determinants. However, the reality was that participants found their employers' interpretation of these determinants difficult to interpret or understand (i.e., their employer had exercised a level of discretion to determine their classification that was not well communicated to them).

The unsuccessful attempts of participants to improve their wage outcomes through alternative (over-award) arrangements included suggestions that other dimensions of their work be used as determinants that would recognise and reward their higher performance; or recognise all of the skills and/or qualifications utilised in their role that were not recognised through the award classification determinants:

I asked if management would acknowledge my commitment and contribution and all I have achieved at the site. I said to my manager that [the organisation] doesn't seem to recognise people who are highly committed and motivated. I said maybe they should consider the responsibilities I have with building management, supervising of staff, organising contractors, reports, problem solving and as an aid to the site manager. But they don't listen. The site I work at has forwarded on many positive remarks about my performance, from the CEO down. But still nothing, I have contacted my account manager about what is happening and it seems that the care factor is very little. [Male, aged 35–44 years, Security services, permanent, full-time, metropolitan New South Wales]

Some participants had requested a promotion to a higher classification within the award wage structure as they were unsure how to derive a suitable over-award wage amount to request, and others had not suggested an amount to their employer. The participants were seeking ongoing changes to the method by which their wages were set rather than arbitrary amounts or one-off increases.

Participants could not be sure about why their employer had not granted their requests. They may have been too subtle. By minimising the potential for a negative outcome, what they perceived to be a request may not have been interpreted in this manner by their employer. Other participants were not refused outright, but instead told by their employer to 'leave it with me', or that the discussion would have to be postponed until a certain time, such as after the outcome of a tender was known or after a busy period had passed. These participants remained hopeful that they would (eventually) secure some form of higher wage:

I asked the CEO why they were only prepared to recognise some of my experience. I mentioned the extra stuff that I'd been doing and the skills that I'd utilised here that I thought should be recognised. He said yeah. He kind of agreed on that and that he would look into it. But then he never got back to me. He certainly didn't give me any guarantee that anything would happen, but he seemed to agree that it was worth looking into. I guess he hasn't taken it seriously though. [Male, aged 35–44 years, Disability support services, permanent, full-time, regional Victoria]

I sent an email off to my boss mid-year and just stated how my role has changed. So we had a chat about it and at the end of year they're going to re-assess my role. So nothing has really happened yet, but they've acknowledged it and they want to talk more about it when I go back onto full-time [hours]. I mean it was something: to be acknowledged. It would have been nice to have it discussed right then and there but I guess I can understand their position that during Uni time I'm not really available to them so I guess I can understand why they want to wait, but it would have been better to do it then and there so that it's done, [Male, aged 26–29 years, Web design services, casual, variable hours, metropolitan Queensland]

Of the few participants who had experienced some success in negotiating with their employer, non-wage issues were raised in addition to their wage claim which were explained to be the catalyst for initiating the discussions. These participants suggested that having other issues to raise and focus on mollified their discomfort of raising the issue of pay with their employer:

I met with management today regarding my issues. I chose to meet with someone in particular because he is very professional and follows through with resolving issues if at all possible. He said that he did not want me to get to the stage where I just threw in the towel and he was confident he could work something out. The person I spoke to previously did not help at all. The issues I have are mainly a troublesome colleague and the fact that I should be recognised for all of the work that I do or she should be recognised for what she doesn't do because we work together and we receive the same increment. I said this may sound selfish, but I have supported her for nearly seven months now and that I'm done. I need to look out for me. I said I would consider moving, if no other outcome could be reached. It's not just about the wage and I have made that clear. I could be quite content with my wage if my colleague, who receives the same wage, performed the required duties. [Female, aged 55+ years, Community services, permanent, full-time, metropolitan Victoria]

The participants who had made unsuccessful requests for higher wages expected their tenure would be relatively short; and for some participants that plan was enacted. They expressed an intention to seek over-award arrangements through alternative employment. Some of these participants were at the planning stage (and had been for some time), while others had—in their opinion—initiated action to improve their wage outcomes by undertaking study or training that would broaden their employment prospects in other sectors. Other participants who had not translated plans to actions over the duration of the study were planning to undertake self-funded training or had commenced study or training as they expected it would broaden their progression opportunities through employment in a different field or occupation. These participants were no longer fulfilled by their current employment or satisfied with their prospects for progression through award structures and were keen to move on from their current employment. Some suggested that they were seeking over-award arrangements, and others were focused on securing employment in a different sector where they expected to have (better) wage progression opportunities regardless of the wage-setting arrangement used in the workplace

Only a small number of participants left their award-reliant employment over the course of the study (a greater number secured additional employment). Securing alternative employment with better wages and conditions than they experienced in their award-reliant employment was more difficult than participants had expected in the first phase of the study. As addressed in Section 3.3.1.3, a

range of factors were taken into account by participants to determine whether they would be better off in alternative employment. The reality was that other workplace factors had just as much if not more influence over the decisions made by these participants to leave their award-reliant employment as the wage and wage progression opportunities in alternative employment.

3.4 Summary of employment outcomes over the 12 months

Less than one-third of participants maintained the employment arrangements that they had in the first phase of the study without any changes to the hours they worked, the duties they performed or the additional employment they undertook. For the rest of the participants a range of experiences were observed over the duration of study, some which improved their wage outcomes and others that did not. Of the few participants who had experienced improved wage outcomes over the duration of the research, the changes to employment and wage-setting arrangements were not solely motivated by achieving a higher (over-award) wage but rather it was one of numerous factors that prompted action.

Most participants employed by private enterprises had experienced significant changes to their employment arrangements over the duration of the study. Some of these changes were voluntary and resulted in improved wage outcomes for the participants and some had been imposed upon the participants and had resulted in reduced earnings. The changes experienced by those employed by non-profit enterprises had generally been initiated by the participants and resulted in improved wage outcomes.

Over the duration of the study around one-third of participants had taken on or increased their hours of work in additional employment. A number of these participants had been seeking alternative employment so that they could leave their award-reliant position, but had not (yet) secured a suitable alternative. A few of these participants were transitioning out of their award-reliant employment as they increased their commitments and hours in the other jobs which they considered to be more enjoyable, paid more and/or had greater opportunities for progression, and reduced their hours in their award-reliant employment. One of these participants was only working a couple of shifts per month in her casual award-reliant employment at the conclusion of the study and another was on the verge of resigning once her alternative employment had become more secure and predictable.

Of the participants working in Security services, all experienced concerns over the duration of the study that their award conditions of employment or their employment itself was insecure. One participant in a team leader role who was nearing retirement sacrificed his full-time hours and moved to a part-time arrangement when the site where he worked was downsized. He also had concerns that the shift arrangements that he considered to be quite favourable would be changed in the near future so that his employer could further reduce their costs.

A participant who was in a supervisory role had similar concerns about split shifts being introduced. At the conclusion of the study, the enterprise he worked for had lost the contract to provide security services at the site where he worked and he expected that he would have to gain employment through the new contractor. He did have intentions to request an over-award wage or allowance, but had held off until the outcome of the tender was known. Once he learned the outcome of the tender his focus had shifted from pursuing an over-award arrangement to just gaining employment through the new contractor with the hope of retaining his award conditions. Having made some

enquiries of co-workers he believed that the new contractor paid employees under an enterprise agreement and that those conditions involved working split shifts and other unfavourable working conditions.

The other participant who worked in Security services experienced similar upheaval as his employer lost the contract for the site where he worked. He too had intended to pursue an over-award arrangement and had made attempts to engage his manager on the topic; but over the duration of the study his focus shifted from pursuing a higher wage to securing daytime shift work at a new site. He remained with the same employer over the duration of the study, but at the new site he believed he was under an 'EBA' and had effectively experienced a reduction in his pay because he was classified differently to his classification under the award.

Two of the three participants who worked in Child care had changed employer over the duration of the study to join a workplace with a better culture/environment and improved opportunities for progression, although they were both travelling further to their new workplaces. The other participant had taken a step down one classification to relinquish her supervisory duties as she needed to reduce her work commitments for family reasons. Since stepping back she had been seeking employment in Education services (for which she is qualified) and was hopeful that she would not be working in Child care in 2013.

Of the participants working in Community and disability services, all were concerned about lack of permanent, full-time positions and that the trend seemed to be toward casual, less secure employment. One participant who had a permanent full-time position had tempered his pursuit of higher wages due to his concerns about the level of demand for a position like his if he were to lose favour with his employer. The other participants were (unsuccessfully) seeking such employment for the duration of the study.

There were some positive outcomes experienced by participants in the study where they had increased the number of hours they worked in their casual arrangement or had secured alternative employment. One participant, who had been working in the hospitality industry for many years and had grown tired of her additional efforts going unrewarded and the restrictions of her award-reliant arrangement, had successfully gained employment in a different sector under an over-award arrangement. Another participant, depicted in the following case study, experienced a significant improvement to his employment circumstances over the course of the study.

Paul*

Paul worked in a regional area in the Manufacturing industry and was covered by the *Joinery and Building Trades Award 2010* as a level 6 tradesperson. Over the course of the study, Paul moved off award rates of pay through acquiring alternative employment. Paul has various trade qualifications and licenses related to past work experience as a carpenter and joiner. He built on his trade qualifications for over 30 years through working in a various roles in the building industry, civil construction industry, and as a cabinet maker. Paul had been working for his employer for three years in different positions over that time including manufacturing kitchens, sales and design work. Over the course of the study the business had downsized and about half the workforce had been made redundant. As a result of the downsizing, Paul was required to perform a broader range of duties and had greater responsibility than he believed were applicable for his classification level. He expressed intent to pursue an over-award arrangement that better reflected his contributions in

the workplace or to gain alternative employment.

Paul's approach to achieving an improved wage outcome was to firstly seek alternative employment. Paul initially had some doubts about his prospects of securing alternative employment due to the economic climate. He observed that many manufacturing businesses in the area had closed down and few were prospering. As there were no advertised roles for Paul to apply for he sought advice from friends and former co-workers about employment opportunities. He sent his resume to an employer who he had heard was experiencing growth and he followed up the correspondence with a phone call. Paul was invited to attend an interview and was offered a position as foreman shortly after. Once he had been formally offered the position, Paul approached his employer to advise him that he had been offered another job at a higher rate of pay. He asked his employer if they would be willing recognise that the duties he was performing should be graded as a foreman and that his wage should increase. His employer refused. At the time of the final interview, Paul had resigned from his award-reliant employment and secured an over-award arrangement. He was very happy with his new workplace, for a range of reasons not limited to his earnings. The only downside that Paul noted was the travel required to get to and from work, which he was prepared to do for a higher wage. Overall Paul felt that he'd made a good decision:

I said if he didn't want to let me go would he be prepared to pay me more money and he said no, absolutely not. He said take the job. He said he wasn't interested in paying me any more money so I took the job and it's all been fantastic. It's a much better company. It's all set up properly. The wage is better. I've got a higher position. I work as a foreman. Yeah, it's all transpired very well. [Male, aged 45–54 years, Manufacturing, permanent, full-time, regional New South Wales]

*Name changed

3.5 Conclusions

The objectives of the study sought to examine why participants who were employed on higher classifications of awards had become and remained award-reliant and, in particular, to explore why skilled employees do not pursue informal or formal over-award arrangements.

The study found that not all participants expressed a need or interest in having an over-award arrangement. Some participants were happy to maintain the status quo and some had deliberately chosen to commence and remain in award-reliant employment. Participants noted a range of advantages of award-reliant employment, such as access to penalty rates, overtime payments and allowances as well as favourable rostering practices and flexibility provided by their employers. Among the participants who wanted to achieve higher wages/wage progression (including over-award arrangements), a range of barriers emerged from examining their views and experiences.

A major contributing factor to participants' continued reliance on awards was their perception of the willingness of their employers to engage with them in a discussion about wages and wage progression and how acceptable the topic was in the participants' workplace. No participants indicated that they perceived their employer would encourage discussion about wage and wage-setting; more likely they felt they would discourage such discussion.

Of the experiences of participants who had tried to initiate a change to their wage-setting arrangements, the approach most had taken was to minimise the chance of disgruntling their

employer as all participants expected that there would be short-term or lasting negative consequences if their claim was not well-received. Typically participants did not feel they were in a strong bargaining position to be able to demand an improved outcome for themselves, and favoured more subtle approaches that could be mistaken by their employer as simply a request for information or could be deferred or ignored.

A related factor was how participants perceived their chances of securing alternative employment. Participants really only felt confident to make firm 'demands' for an over-award wage/arrangement when they had secured alternative employment and were ready to leave. This was most evident for the participants who had pre-existing injuries or perceived inadequacies that restricted their ability to secure alternative employment. It was also observed among participants who valued job (income) security ahead of wage progression.

Another key factor was the perceived capacity of their employer to pay more than the applicable award rate. Participants empathised with their employers where they believed they were operating under restrictive funding arrangements or where they were experiencing tough or very competitive business environments. This shaped their expectations and inclination to pursue a higher (over-award) wage in terms of what they thought was fair to expect and what they thought would be the outcome of such a request.

3.5.1 Professional and other higher classification comparisons

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

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

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

3.5.2 Employee attribute comparisons

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

Many of the themes that appear in the findings have been attributed to the reliance participants had on their wage to meet their living costs according to their personal circumstances. A key difference between participants was the degree to which they needed to achieve higher incomes to meet their living costs. Some participants who were content with their award reliance typically did not need a higher income, or felt that their need was adequately met by progression according to the applicable award provisions. They would welcome any wage increase that was offered or provided (e.g., incremental pay point increases, annual wage review adjustments) but expressed no interest or need to get involved in wage-setting matters or to seek out alternative employment. This category of participants included those who had reached the highest classification in the award wage structure and were content to remain at this level as there was no compelling need to pursue over-award arrangements. It also included participants who did not want to pursue over-award wages because they did not want to perform the role that would pay over-award wages in their workplace, or were concerned about the (higher) expectations of employers if their wage was set under an informal over-award arrangement.

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

Participants who were discontented felt restricted by the wage progression opportunities provided for in the award in terms of the number of classifications they could progress through. They were not prepared to meet the requirements for an award wage level progression where this required attainment of a qualification they were not able or prepared to acquire.

Most of the participants in this study who were working part-time and casually did so by choice. Their experiences aligned most closely with the category of participants who did not express a want or need to pursue over-award wages/arrangements (with the exception of participants working in the Community and disability services sector where reportedly full-time employment opportunities were scarce). The older participants in the study who were nearing retirement are in this category. Whereas, the younger and prime working aged participants who were working part-time or casually while they studied or met their caring responsibilities expected their employment to change as their personal circumstances changed. These participants intended to commence or return to full-time employment and explained that their wage and wage income would become a salient concern.

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

arrangements. Some discontented participants had unsuccessfully sought over-award arrangements in their workplace through enquiries or requests to their employer/manager. Some participants had been seeking alternative employment for some time and did not have the financial capacity to self-fund training that would broaden their employment opportunities and prospects of achieving an over-award wage.

Over the duration of the research, change to employment in some form to either suit the needs of the participants or due to requirements of their employers was a common theme. Fewer participants left their award-reliant employment in the 12 months of the study than expected to do so at the beginning of the project. About two-thirds of participants had increased or reduced the number of hours they worked in their award-reliant employment, commenced a different role with their employer or experienced a significant change to the role they performed, or had experienced a change to where they performed their work. Most participants were content with their award-reliant status or were hopeful that they would secure the employment outcomes they were seeking in the near term within their workplace or through alternative employment. A relatively small proportion of participants were discontented with their award reliance and felt they had limited opportunities to improve their outcomes in their workplace or through alternative employment in the foreseeable future.

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Hospitality Industry (General) Award 2010 [MA000009]

Manufacturing and Associated Industries Award 2010 [MA000010]

Pharmacy Industry Award 2010 [MA000012]

Professional Employees Award 2010 [MA000065]

Security Services Industry Award 2010 [MA000016]

Appendix A Categories for classifying arrangements that define wage entitlements

Classification: legislation	Sub-classification: wage-setting practice	Examples of workplace practice
Award/agreement free (Defines an employee to whom neither a modern award nor enterprise agreement applies (s.12))	Reliant on the National Minimum Wage Order to set minimum rates of pay/casual loading.	Pay rate is set according to the relevant rate specified in the National Minimum Wage Order. Pay rate may be set above this level.
Award applies (Would define employees to whom a modern award applies (within the meaning of s.47 of the FW Act). This category would thus exclude employees whose wages are determined by an enterprise agreement and 'high income' employees (within s.329 definition of Fair Work Act) but could include employees on over-award payments or on common law contracts.)	Award-reliant	Pay rate is set according to the relevant award rate specified for the classification of the employee. Conditions set by the award.
	Over-award (informal arrangements)	Pay rate is set above the relevant award rate specified for the classification of the employee. Pay rate is not determined by an enterprise agreement and employee is not a 'high income' guaranteed employee.
	Over-award (common law contract)	Pay rate is set above the relevant award rate specified for the classification of the employee. Pay rate is not determined by an enterprise agreement and employee is not a 'high income' guaranteed employee. Pay rate above the award rate is specified in a common law contract.
Award covered Would define employees who are covered (within the meaning of s.48 of the Fair Work Act) by a modern award. Predominantly those under formal agreements but also individuals who earn over the high income threshold.	Over-award (covered by a formal enterprise agreement)	Covered by a formal enterprise agreement.
	Over-award (high income employee with guarantee of earnings⁵⁰)	High income employee (as of 1 July 2011) is a full time employee not covered by an enterprise agreement, covered by a modern award but earning \$118,100 plus superannuation or over with a guarantee of earnings with their employer (note that amount will be indexed 1 July 2012). Note that

⁵⁰ See Division 3, Part 2-9, Ch 2 of the Fair Work Act. Extract of Para 11.61 of Creighton, B and Stewart, A (2010) Labour Law: Fifth Edition, The Federation Press, NSW:

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

under s.329 an employee to be defined as a 'high income employee' must be subject to a guarantee of earnings with their employer for a period of at least 12 months. See ss.329-333A. Guarantee means that modern award provisions will not apply to the employee for the life of the guarantee.

Note: transitional instruments may also cover or apply to employees: see *Fair Work (Transitional Provisions and Consequential Amendments Act 2009)* (Cth), Schedule 3, Part 2 and Part 5; and Dunn, A and Bray, G, *Minimum wage transitional instruments under the Fair Work Act 2009 and the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009*, Research Report 6/2010, Fair Work Australia, June 2010.

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

Background of 'award reliance' research for the Annual Wage Review

In the Annual Wage Review 2009–10 Decision, the Panel noted that it considered research into the composition of the award-reliant workforce would be useful.⁵¹

The research program, which included a component of research exploring the composition of the award-reliant workforce, including a focus on higher paid and professional award-reliant employees, was subsequently confirmed by the Panel in a Statement by Justice Giudice, (then) President, on 1 October 2010 after submissions and consultation with parties.⁵²

Definitions for research

The award reliance research will investigate, among other matters:

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

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

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

Background

Previous Panel consideration of 'low paid' employees as referenced in the Manufacturing Award:

"... we find it more helpful to think in terms of lower award classifications, rather than a percentage above the national minimum wage."⁵³

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

"... Consistent with our decision last year, we consider the low paid to be those on award rates, particularly those paid at equal to or less than the C10 rate."⁵⁴

⁵¹ FWA, *Annual Wage Review 2009-10 Decision*, [2010] FWA FB 4000 (3 June 2010) at para. 428.

⁵² FWA, *Annual Wage Review 2010-11 Statement*, [2010] FWA 7546 (1 October 2010).

⁵³ FWA, *Annual Wage Review 2010-11 Decision*, [2011] FWA FB 3400 (3 June 2011) at para. 216.

⁵⁴ FWA, *Annual Wage Review 2010-11 Decision*, [2011] FWA FB 3400 (3 June 2011) at para. 215.

- **Professional classification award-reliant employee:** an employee defined by their applicable modern award to be in a 'professional' classification.

Background

Where this information is deficient or a classification structure in a modern award does not expressly identify a classification to be 'professional', the Australian and New Zealand Standard Classifications of Occupations (ANZSCO)⁵⁵ will be used to identify whether an occupation is classified as 'professional'. The award classification minimum requirements will be cross-referenced with the relevant qualifications and/or experience for the ANZSCO 'professional' classification so that the qualification corresponds with the role described in the modern award.

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

Award wage rates for 'professional' classifications are typically higher relative to trade or technical classifications; however, this is not the rule as award rates for classifications covering less experienced 'professional' employees can be lower than some trade or technical classifications. For example, the classification structure contained in the Manufacturing Award⁵⁶ provides that graduate professional engineers and scientists without experience are classified at L1. This classification has the equivalent award wage of the C5 trade or technical classification in the Manufacturing Award. This award wage rate was set at 130 per cent relativity to C10.⁵⁷

For example this definition would include the *Professional Employees Award 2010*⁵⁸, covering employees performing professional engineering, professional scientific duties and employees principally engaged in the information technology industry, the quality auditing industry or the telecommunications services industry.

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

One gets a sense from a reach of the Full Bench's decision that a primary purpose of the definition [in the *Professional Employees Award 2010*] was to distinguish professional engineers from persons with technical skills acquired from trade training or through what may be described as sub-professional courses.⁵⁹

⁵⁵ ABS, ANZSCO—*Australian and New Zealand Standard Classification of Occupations, First Edition, Revision 1*, Catalogue No. 1220.0, Canberra, 2006.

⁵⁶ *Manufacturing and Associated Industries and Occupations Award 2010*, (MA000010).

⁵⁷ The *Metal, Engineering and Associated Industries (Professional Engineers and Scientists) Award 1998* [AP787948CRV] grouped the L1 classification for graduate engineers and scientists with the C5 wage level in the *Metal, Engineering and Associated Industries Award 1998* [AP789529CRV]. These awards have since been superseded by the *Professional Employees Award 2010* and the *Manufacturing and Associated Occupations and Industries Award 2010* respectively.

⁵⁸ *Professional Employees Award 2010* (MA000065).

⁵⁹ *Sanjay Halasagi v George Weston Foods Limited* [2010] FWA 6503 at para. 20.

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

Appendix C Modern award provisions and coverage

Modern award coverage for professional employees

Table C.1 below lists the modern awards that potentially provide coverage for professional employees.

Table C.1 Modern awards with professional classifications

Air Pilots Award 2010
Aboriginal Community Controlled Health Services Award 2010
Ambulance and Patient Transport Industry Award 2010
Animal Care and Veterinary Services Award 2010
Architects Award 2010
Banking, Finance and Insurance Award 2010
Black Coal Mining Industry Award 2010
Book Industry Award 2010
Broadcasting and Recorded Entertainment Award 2010
Dredging Industry Award 2010
Educational Services (Post-Secondary Education) Award 2010
Educational Services (Teachers) Award 2010
Electrical Power Industry Award 2010
Graphic Arts, Printing and Publishing Award 2010
Health Professionals and Support Services Award 2010
Higher Education Industry—Academic Staff—Award 2010
Higher Education Industry—General Staff—Award 2010
Hydrocarbons Field Geologists Award 2010
Journalists Published Media Award 2010
Legal Services Award 2010
Live Performance Award 2010
Local Government Industry Award 2010
Manufacturing and Associated Industries and Occupations Award 2010
Marine Towing Award 2010
Maritime Offshore Oil and Gas Award 2010
Medical Practitioners Award 2010
Nurses Award 2010
Pharmacy Industry Award 2010
Port Authorities Award 2010
Ports, Harbours and Enclosed Water Vessels Award 2010
Professional Employees Award 2010
Seagoing Industry Award 2010

Social, Community, Home Care and Disability Services Industry Award 2010
State Government Agencies Administration Award 2010
Surveying Award 2010
Water Industry Award 2010

Annualised salary provisions in modern awards

In the Award Modernisation Decision of 19 December 2008,⁶⁰ the Full Bench of the Australian Industrial Relations Commission (AIRC) discussed annualised wages and salaries. The AIRC noted that, although annualised salaries are common in workplace agreements, they would not adopt a standard provision for annualised wages and salaries in modern awards because of the potential for employee disadvantage and the practical problems which could arise in industries where short hour employment is common and working hours may vary unpredictably:

Although annualised wage and salary provisions are a common feature of workplace agreements they are very rare in the Commission's awards. By far the predominant method of calculating entitlements is weekly, based on ordinary hours, penalties, overtime etc. This is a system with which employees, particularly employees who are safety net dependent, are familiar. No doubt many employees arrange their affairs on that basis. While employers invoked the need for flexibility there is always the potential for employee disadvantage which through fear of reprisal or ignorance employees are unable to correct. There are also some practical problems associated with the concept in industries in which short hour employment is common and in which working hours may vary unpredictably. While flexibility might be important, when safety net entitlements are at issue employers would be required to keep a record of hours in any event to ensure that the annualised pay was sufficient to meet those entitlements. Finally, in some industries employers may be able to implement annualised pay arrangements without breaching the award. We assume that this occurs in many areas of employment already.⁶¹

While the AIRC decided not to adopt annualised wage and salary provisions as a standard provision, they did accept that where provisions already existed in pre-modern award instruments they would be included in the relevant modern award.⁶²

At present there are 38 modern awards with annualised wage or salary arrangements. There are 12 awards where wage rates in the wage schedules are expressed as annual amounts. There are 20 that include a provision for wages to be annualised as a salary that accounts for various provisions otherwise included in the modern award. A further three modern awards contain annual wage amounts in the wage schedules that account for most or all conditions of employment⁶³ and one that states the employer must compensate for various wage-related provisions but does not provide minimum requirements for compensation.⁶⁴ A provision for salary packaging in the *Social, Community, Home Care and Disability Services Industry Award 2010* may also be relevant for annualising wage arrangements as it provides that employers and employees may agree to a

⁶⁰ AIRC, *Award Modernisation Decision*, AM2008/1–12, [2008] AIRCFB 1000 (19 December 2008).

⁶¹ AIRC, *Award Modernisation Decision*, AM2008/1–12, [2008] AIRCFB 1000 (19 December 2008), para. 69.

⁶² AIRC, *Award Modernisation Decision*, AM2008/1–12, [2008] AIRCFB 1000 (19 December 2008), para. 70.

⁶³ *Hydrocarbons Field Geologists Award 2010* (MA000064), cl 14.2; *Maritime Offshore Oil and Gas Award 2010* (MA000086), cl 13; and *Seagoing Industry Award 2010* (MA000122), cl 13.

⁶⁴ *Professional Employees Award 2010* (MA000065), cl 15.

remuneration packaging arrangement where the terms and conditions of employment must not be less favourable than the entitlements otherwise available under the award.⁶⁵ Table C.1 lists the modern award with annualised salary provisions and the entitlements that would otherwise be available under the award that the annualised salary is to take into account and whether the provision includes a guarantee that the employee must not be disadvantaged.

Table C.1: Modern awards with provision for award wage to be annualised

Modern award	Provides guarantee clause	Allowances	Overtime	Penalty rates	Annual leave loading	Excludes other entitlements
Banking, Finance and Insurance Award 2010 Clause 14	Yes	Yes	Yes	Yes	Yes	No
Broadcasting and Recorded Entertainment Award 2010 Clause 44	Yes	Yes	No	Shift penalties only	Yes	Yes
Clerks—Private Sector Award 2010 Clause 17	Yes	Yes	Yes	Yes	Yes	No
Contract Call Centres Award 2010 Clause 18.5	Yes	Yes	Yes	Yes	Yes	Yes
Hospitality Industry (General) Award 2010 Clause 20.2	Yes	No	Yes	Yes	No	No
Hydrocarbons Industry (Upstream) Award 2010 Clause 14.2	Yes	Yes	Yes	Yes	Yes	No
Legal Services Award 2010 Clause 30	Yes	Yes	Yes	Yes	Yes	No
Manufacturing and Associated Industries and Occupations Award 2010 Clause 21.4 (g)	Yes	Yes	Yes	Yes	Yes	No
Marine Towing Award 2010 Clause 13.2	Yes	No	Yes	Yes	No	No

⁶⁵ *Social, Community, Home Care and Disability Services Industry Award 2010* (MA, cl 14. Salary packaging is not defined in the award.

Modern award	Provides guarantee clause	Allowances	Overtime	Penalty rates	Annual leave loading	Excludes other entitlements
Market and Social Research Award 2010 Clause 14.5	No	Yes	Yes	Yes	Yes	No
Mining Industry Award 2010 Clause 16	Yes	Yes	Yes	Yes	Yes	No
Oil Refining and Manufacturing Award 2010 Clause 20	Yes	Yes	Yes	Yes	Yes	No
Pharmacy Industry Award 2010 Clause 27	Yes	One only	Yes	Yes	Yes	Yes
Rail Industry Award 2010 Clause 18	Yes	Yes	Yes	Yes	Yes	No
Registered and Licensed Clubs Award 2010 Clause 17.3	No	Not all: Allowances listed	Yes	Yes	No	Yes
Restaurant Industry Award 2010 Clause 28	Yes	Yes	Yes	Yes	Yes	No
Salt Industry Award 2010 Clause 18	Yes	Yes	Yes	Yes	Yes	No
Supported Employment Services Award 2010 Clause 18.7	Yes	No	Yes	Yes	No	Provisions associated with roster cycle
Telecommunications Services Award 2010 Clause 15	No	Yes	Yes	Yes	Yes	Yes
Wool Storage, Sampling and Testing Award 2010 Clause 19	Yes	Yes	Yes	Yes	Yes	No
	17	17	19	20	16	6

Appendix D Participant recruitment

This appendix provides supplementary material about the recruitment process to that provided in the body of the report at Section 2.4.

Characteristics of recruitment survey sample

The 2,255 employees who completed the online survey were split evenly according to gender. The composition according to age did not represent the Australian labour force, as presented in Table D1, and is unlikely to represent the award-reliant workforce, primarily because junior employees (aged less than 21 years) were excluded. The research sample under-represented younger workers aged 21–25 years and workers aged 45–54 years as demonstrated by approximate labour force figures presented in Table D.1.

Table D.1: Age spread of recruitment survey respondents compared to Labour force survey

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

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

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

The composition of the participant survey sample according to state and territory was close to representative of the labour force, as demonstrated in Table D.2.

Table D.2: Location of recruitment survey respondents compared to Labour force survey

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

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

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

The composition of the recruitment survey sample according to metropolitan and regional location somewhat under-represents non-metropolitan areas compared with workforce data from the HILDA survey as presented in Table D.3.

Table D.3: Location of recruitment survey respondents compared to HILDA survey

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

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

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

Recruitment screening questionnaire for online survey

A copy of the screening questionnaire used in this research appears below. See Section 2.4 for information about how the screening questionnaire was administered.

Introductory script for survey

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

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

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

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

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

Q1. Are you currently in paid employment?

[S/R]

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

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

[S/R]

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

IF CODE 2 AT Q2:

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

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

[ROTATE RESPONSES FOR CODES 2–5]

[S/R]

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

government, charity/foundation, associations that provide services to members)		
Other, please specify.....	96	

Q4. How are your conditions of employment set?

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

[M/R]

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

Q5. How is your wage (salary) determined?

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

[ROTATE RESPONSES FOR CODES 1–5]

[M/R]

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

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

[S/R]

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

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

[M/R]

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

ASK IF CODE 3 AT Q7

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

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

[S/R]

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

Q9. Which of the following categories best describes your employment?

[M/R accepted if code 1 or 2]

Managerial (including senior and mid-level management)	1	
Supervisory/first level management (e.g. supervisor, section officer, foreman, etc.)	2	Combined quota
Professional (i.e. specialised knowledge and skills in a vocation that may require registration. Examples include: accountant, artist, chemist, engineer, nurse, social worker, teacher, etc.)	3	Quota

Trade/technician (i.e. qualified tradesperson, craftsperson, technician. Examples include: bricklayer, electrical engineering technician, fitter and turner, ICT support technician, mechanic, quarantine officer, safety inspector, etc.)	4	Combined quota
Skilled work (i.e. trained to perform skilled duties including manual and/or non-manual tasks. Examples include: book keeper, legal secretary, protective service worker, travel consultant, etc.)	5	Combined quota
General work (i.e. semi-skilled or unskilled, without specialised knowledge, includes those in-training for skilled work. Examples include: cleaner, delivery driver, labourer, product assembler, sales assistant, storeperson, etc.)	6	Combined quota

ASK IF CODE 3 AT Q9 – PROFESSIONAL

Q10. Which of the following categories is most relevant for your occupation?

[S/R]

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

ASK IF CODE 4 AT Q9 – TRADE/TECHNICIAN

Q11. Which of the following categories is most relevant for your occupation?

[S/R]

Agricultural, Medical and Science	1
Building and Engineering technicians	2
Automotive trades	3
Engineering trades	4
Wood Trades (crafts)	5
Building and construction trades (e.g. carpentry, bricklaying, plumbing)	6
Electrotechnology and Telecommunications trades (e.g. electricians, refrigeration mechanics, telecommunications linesworker)	7

Printing trades	8
Textile, Clothing and Footwear trades	9
Food trades (e.g. butcher baker, chef/cook)	10
Other, specify	96

Q12. What is your occupation called or what are the main tasks you perform that best describe your occupation?

OPEN ENDED RESPONSE

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

OPEN ENDED RESPONSE

Q 14. How is your level of seniority (responsibility, skill and/or experience) expressed in your workplace?

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

This information should be on your pay slip.

[JPEG of example pay slip]

[M/R]

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

Q15. What level are you currently at?

Note: This information should be on your pay slip.

OPEN ENDED RESPONSE

Q16. What is the next progression level?

OPEN ENDED RESPONSE

Q17. Which of the following best describes your employment?

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

[S/R]

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

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

[M/R]

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

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

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

OPEN ENDED RESPONSE

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

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

[M/R – unless code 1]

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

ASK IF CODE 2–4 AND 96 AT Q20

Q21. How many hours per week are you paid for?

OPEN ENDED RESPONSE

ASK IF CODE 3 AT Q7 – know their wage as an hourly rate

Q22a. What is your ‘base’ hourly rate of pay?

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

\$

ASK IF CODE 2, AND NOT CODE 1 OR 3 AT Q7 – only know their wage over a pay period

Q22b. What is the total gross amount of your earnings over a pay period before tax or anything else is taken out?

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

\$ Per week / Per fortnight / Per month

ASK IF CODE 1, AND NOT CODE 3 AT Q7 – know their wage as an annual salary

Q22c. What is your annual salary?

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

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

\$

Q23. Have you received an increase to your wage since 1 July this year?

[S/R]

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

ASK IF CODE 1 AT Q23

Q24. Why did you receive the increase to your wage? Please select all that apply.

[ROTATE RESPONSES FOR CODES 1–5]

[M/R]

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

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

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

[S/R]

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

ASK IF CODE 3, 4 OR 5 AT Q25

Q26. Which award(s) play a role in setting your wage?

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

OPEN ENDED RESPONSE

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

[S/R]

Accommodation	1
Administrative services (e.g. employment, travel , call centre, clerical and related services)	2
Agriculture, forestry and fishing	3

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

Q28. How long have you worked for your current employer?

[S/R]

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

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

[S/R]

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

Unsure: 20 - 199	8
Unsure: 200 or more	9

Q30. Which of these age brackets are you in?

[S/R]

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

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

[S/R]

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

Q32. What is your the postcode where you live?

OPEN ENDED RESPONSE

Q33. Please indicate your gender

[S/R]

Male	1
Female	2

Qualitative study participation script

Thank you for answering those questions.

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

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

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

[S/R]

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

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

[S/R]

Yes	1
No	2

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

Closing script:

Thank you for your time and contributions to this research.

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

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

Limitations of the recruitment process

As with all approaches to recruitment of research participants, the methods adopted in this study had some limitations. Due to the low levels of awareness and understanding among employees, information provided by employees in some of the online survey responses was incomplete or incorrect. The project team attempted to mitigate this problem through the survey administration by stating upfront that respondents should have their payslip handy to assist them to provide correct information. A 'mock-up' payslip was also included as a JPEG image in the online survey to assist survey respondents to record the correct details in their survey responses. These measures are likely to have improved the accuracy of some information provided through the self-complete survey. However, missing and inaccurate data identified during the validation process suggests that those survey respondents had either not consulted their payslip (or that their payslip did not contain the relevant information) or that they have recorded this information incorrectly in their survey responses. While it was considered advantageous for employees to refer to their payslip when providing data about their wage and classification, given the study was a self-complete methodology it was considered to be detrimental to response rates to impose this mandatorily. The screening questionnaire also did not record whether survey respondents referred to their payslip to answer questions about their wages and classification, so it is not possible to draw conclusions about the effectiveness of the measures on the accuracy of information provided by survey respondents.

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

Another limitation of the recruitment approach adopted in this research was that not all survey respondents who were in-scope for the qualitative study wanted to participate. If the recruitment approach used for this study is adopted in future research, consideration will be given to screening survey respondents about their interest in participation in qualitative research prior to collection of information for the purpose of screening, and/or to provide more information about the follow-up study and how participation in qualitative research would be rewarded. The email invitation process that was imposed by the consumer panel provider (to preserve the integrity of their consumer panel by restricting access to contact details to a limited number of their panel members) resulted in a lower than optimal response rate for participation in the qualitative study. In future research, a more advantageous approach could be to collect contact details through the screening questionnaire so that Fair Work Commission research staff could directly contact all survey respondents who express interest in participation and qualify for the study.

A strength of the recruitment approach for the precision of identifying award reliance as defined in this study was the process of validating survey responses against award wage information; however, it also had limitations. As raised in Section 2.3.2.1, the screening process did not allow for employees with award wages that had been annualised under a provision of a modern award or for employees who were in receipt of wage-related allowances that could not be distinguished from base pay rates to be included in the study. In cases where employees could not provide base pay

and classification information, the validation process screened them out because it required that a reported wage amount match the applicable rate in a modern award wage schedule or a transitional award wage amount.

The consumer panel sample was prepared so that it loosely represented the Australian labour force rather than comprising equal numbers of each age group that were considered to be of relevance to the analysis of higher classification/professional award reliance. An alternative approach to compiling the sample of consumer panel members to be screened through the online recruitment survey would be to have equal numbers of each age group (or any characteristic relevant to the research), regardless of the composition of the labour force. This approach may have resulted in a greater number of younger workers completing the online survey. A further step to ensure relevant characteristics are represented would be to set quotas for age groups so that equal numbers for each relevant age group (or any characteristic relevant to the research) are screened through the recruitment survey. As the proportion of younger workers who consented to participate in the follow-up research was similar to the proportion in the whole sample, interest in participation in the qualitative study was unlikely to be a primary contributing factor of this analytical limitation. The low number of younger consumer panel members being screened through the online survey led to the deficiency in the analysis.⁶⁶

At the outset of the recruitment process, it was expected that award-reliant professionals would comprise approximately one-third of the research sample—for a sample of 36 participants that would equate to 12 professionals. As the available data suggested that award-reliant professionals comprise less than one per cent of the Australian labour force (see Section 2.3.1) a large sample of consumer panellists were screened through the online survey to achieve the sample expectations. Consideration was also given to the willingness of survey respondents to participate in qualitative research. Had all of the 62 survey respondents deemed to be in-scope for the qualitative study participated, the sample would have comprised 12 participants in professional classifications; however, the actual sample for the qualitative research comprised six professionals, as half of survey respondents invited to take part in the qualitative study did not participate.

The alternative sources for recruitment of professional award-reliant participants used in the supplementary recruitment process did not yield any participants once the recruitment survey had been administered and validation processes undertaken. For this reason, detailed analysis of the professional employee sub-group of higher classification award reliance was not possible from this study.

⁶⁶ Demographic data of panel members who screened out of the survey, such as age, was not retained so it is not possible to identify the proportion of younger workers that screened out of the survey. It can be derived from the sample characteristics that completed the survey that roughly equal proportions of age groups were screened out of the survey and having fewer younger workers commencing the survey has caused the sample characteristic deficiency.