

Earnings, employment benefits and industrial coverage in Victoria:

**A Report to the Victorian
Industrial Relations Taskforce**

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Volume 1: Survey Findings

Contents

- Key findings.....vi**
- Coverage in Victoria.....vi
- What industries?.....vi
- Demographics.....vi
- Earnings.....vii
- Workplace minimum rates.....vii*
- Rates for skilled occupations.....vii*
- Employment benefits.....viii*
- Background.....1**
- Introduction.....1
- The ACIRRT Victorian Employers’ Survey (AVES).....2
- Acknowledgements.....3*
- Findings from the ACIRRT**
- Victorian Employers’ Survey.....4**
- Descriptive overview.....4
- The industry picture.....6
- Coverage for full industry categories.....7*
- Industry and workplace size.....9*
- Industry and gender.....12*
- Industry and geography.....14*
- Demographics of employees.....15**
- Earnings situation.....16**
- Average minimum hourly rates.....16*
- Dispersion in minimum hourly rates.....18*
- Grouping minimum rates.....20*

<i>Geographical differences</i>	22
<i>How many workplace minimum rates employees are there?</i>	23
<i>Explaining the minimum rates picture</i>	24
<i>Occupational benchmarks</i>	25
Employment benefits for Schedule 1A employees	28
The use of labour hire and contractors in Victorian workplaces	31
Fairness in industrial relations—respondents’ opinions	34
Appendices	35
Appendix 1:	
Conduct of the ACIRRT Victorian Employers’ Survey (AVES)	35
Appendix 2:	
Comparability of results	37
<i>References</i>	37
Appendix 3:	
Materials used for the survey	38
<i>Cover letter</i>	38
<i>Survey instrument</i>	39

List of tables

Table 1: Industrial coverage of workplaces.....	4
Table 2: Industrial coverage of employees.....	4
Table 3: Coverage of workplaces by workplace size, column percentages.....	5
Table 4: Coverage of workplaces by workplace size, row percentages.....	5
Table 5: Coverage of employees by workplace size, column percentages.....	6
Table 6: Coverage of employees by workplace size, row percentages.....	6
Table 7: Coverage of workplaces by industry, numbers & column percentages.....	7
Table 8: Coverage of workplaces by industry, row percentages.....	8
Table 9: Coverage of employees by industry, numbers & column percentages.....	9
Table 10: Coverage of employees by industry, row percentages.....	10
Table 11: Coverage of workplaces by industry and workplace size, row percentages.....	10
Table 12: Coverage of employees by industry and workplace size.....	11
Table 13: Coverage of employees by industry and workplace size, column percentages.....	11
Table 14: Coverage of employees by industry and workplace size, row percentages.....	12
Table 15: Coverage of employees by industry and gender, row percentages.....	12
Table 16: Coverage of employees by industry and gender, column percentages.....	13
Table 17: Coverage of employees by industry and gender.....	13
Table 18: Coverage of employees by industry and location.....	14
Table 19: Coverage of employees by industry and location, row percentages.....	15
Table 20: Characteristics of employees within workplaces.....	15
Table 21: Characteristics of employees within workplaces, row percentages.....	16
Table 22: Mean minimum hourly rates by industry.....	16
Table 23: Median minimum hourly rates by industry.....	17
Table 24: Mean minimum hourly rates by workplace size.....	17
Table 25: Median minimum hourly rates by workplace size.....	18
Table 26 Dispersion in minimum hourly rates by industry (standard deviations).....	19
Table 27 Dispersion in minimum hourly rates by industry (inter quartile range).....	19
Table 28: Federal coverage - minimum hourly rates of pay by industry, percentage of workplaces.....	20
Table 29: Schedule 1A coverage - minimum hourly rates of pay by industry, percentage of workplaces.....	21

Table 30: Geographical location and coverage - minimum hourly rates of pay, percentage of workplaces.....	23
Table 31: Workplace minimum rates employees, column percentages.....	24
Table 32: Workplace minimum rates employees, row percentages.....	24
Table 33: Minimum rates employees - \$10.50 cut-off.....	24
Table 34: Average benchmark earnings for the most skilled occupation by industry (average ordinary time adult hourly rates of pay).....	26
Table 35: Dispersion in benchmark earnings for the most skilled occupation by industry (standard deviations for ordinary time adult hourly rates of pay).....	27
Table 36: Benefits paid by Schedule 1A workplaces by industry, percentage of Schedule 1A workplaces.....	29
Table 37: Benefits received by Schedule 1A employees by industry, percentage of employees.....	30
Table 38: Benefits paid by Schedule 1A workplaces according to minimum hourly rates category (percentage of Schedule 1A workplaces in each dollar bracket).....	30
Table 39: Use of labour hire by workplace size and coverage, percentage of workplaces.....	32
Table 40: Use of labour hire by industry and coverage, percentage of workplaces.....	33
Table 41: Changes in use of labour hire by coverage, percentage of workplaces using labour hire.....	33
Table 42: Respondents' opinions on whether IR system was fair to organisation percentage of workplaces.....	34
Table 43: Respondents' opinions on whether IR system was fair to employees percentage of workplaces.....	34
Table A1: Survey fieldwork outcomes.....	36

List of figures

Figure 1: Distribution of workplaces according to coverage and minimum hourly rates of pay.....	20
Figure 2: Workplaces where minimum hourly rates are under \$10.50 per hour, by industry.....	22
Figure 3: Benefits paid by Schedule 1A workplaces according to minimum hourly rates category (percentage of Schedule 1A workplaces in each dollar bracket).....	31

Key findings

Coverage in Victoria

- About 54 per cent of Victorian workplaces have Schedule 1A employees. Another 1 per cent have a combination of both Federal and Schedule 1A employees and the remaining 45 per cent of workplaces have employees with Federal coverage.
- About 33 per cent of Victorian employees come under Schedule 1A coverage and the remaining 67 per cent have Federal coverage. In absolute numbers, there are about 561,000 Schedule 1A employees and about 1.1 million Federally covered employees.

What industries?

- Schedule 1A employees are spread across most industries and workplaces but they tend to congregate in certain areas.
- The dominant industries where Schedule 1A workplaces are found are:
 - ◆ property and business services (23 per cent),
 - ◆ agriculture (14 per cent),
 - ◆ construction (13 per cent),
 - ◆ and retail (12 per cent).
- Those industries with the highest levels of Schedule 1A coverage are property and business services (73 per cent) and construction (64 per cent). The highest levels of Federal coverage are found in transport and storage (72 per cent), education (66 per cent) and mining (64 per cent).

Demographics

- In manufacturing Schedule 1A coverage is at higher levels for women than it is for men. The same applies in mining/construction. Men are more likely to have greater levels of Schedule 1A coverage in agriculture and in hospitality, recreation and personal services
- Overall, there is little in the way of over-representation by coverage for any particular groups of employee, whether by gender, ethnicity or status of employment.
- There is a very distinctive difference between metropolitan and non-metropolitan Victoria. Mining/construction and agriculture have particularly high levels of Schedule 1A coverage in the non-metropolitan areas.

Earnings

Workplace minimum rates

- On average Schedule 1A workplaces pay higher minimum hourly rates than do workplaces with Federal coverage. But there is far greater inequality between workplaces with Schedule 1A coverage.
- With the exception of agriculture and infrastructure, the mean minimum hourly rates are all higher for workplaces with Schedule 1A coverage than those with Federal coverage. However, in all industries (with the exception of agriculture) there is considerably greater dispersion in minimum hourly rates amongst Schedule 1A workplaces.
- There are also substantial pockets of disadvantage in some workplaces which come under Schedule 1A coverage. Whereas only about 10 per cent of workplaces with Federal coverage have minimum rates of under \$10.50 per hour, the comparable figure for Schedule 1A workplaces is 18 per cent. In some industries, such as agriculture and hospitality, more than one quarter of Schedule 1A workplaces are paying minimum rates of under \$10.50 an hour.
- There is also a very strong geographical dimension to this disadvantage. In non-metropolitan workplaces, for example, the differences in coverage are stark: 22 per cent of Schedule 1A workplaces are in the under \$10.50 bracket compared with just 8 per cent of Federal workplaces. This leads to the conclusion that the low wage dimension of Schedule 1A coverage is much more likely to surface in non-metropolitan areas.
- About 42 per cent of all Schedule 1A employees are sitting on minimum rates whereas the comparable figure for Federal employees is just 26 per cent
- Schedule 1A employees are over-represented in low wage work. While they make up only one third of all employees, Schedule 1A employees make up 52 per cent of employees who are in the under \$10.50 bracket.
- After controlling for a wide range of factors, it appears that industrial coverage is an important predictor of whether a workplace will pay low minimum rates.

Rates for skilled occupations

- In all industries except agriculture, Schedule 1A workplaces generally pay higher average hourly rates to their skilled workers than do workplaces with Federal coverage. However, in workplaces where labourers are the most common group of skilled workers the opposite is the case.
- As was the case for workplace minimum rates, when one looks at the earnings of skilled workers, there is greater inequality amongst workplaces with Schedule 1A coverage compared with workplaces with Federal coverage.

- In summary, the dispersions in earnings is greater amongst skilled workers than amongst minimum rates workers and Schedule 1A coverage makes this dispersion even greater.

Employment benefits

- The survey also examined whether Schedule 1A workplaces provided the following employment benefits:
 - ◆ higher rates of pay for overtime
 - ◆ penalty rates for working weekends
 - ◆ shift allowances
 - ◆ annual leave loadings
- While each of these benefits is standard amongst employees with Federal coverage, their availability to employees with Schedule 1A coverage was exceptionally limited. Just over one third of Schedule 1A workplaces paid annual leave loadings; about one quarter paid penalty rates for weekends; and about 41 per cent paid overtime rates.
- The survey also found that the lowest paying workplaces are also less likely to pay benefits.

Background

Introduction

This report has been written for the Victorian Industrial Relations Taskforce to assist with its review of the Victorian industrial relations system. That system is characterised by two main kinds of industrial coverage:

- **Federal coverage:** which includes employees coming under Federal awards and agreements;
- **Schedule 1A coverage:** which includes all other employees (the term derives from the schedule of minimum terms and conditions of employment which applies to those employees without Federal coverage).

Under the Kennett Government, industrial law was de-regulated in Victoria. Victorian awards ceased operation in 1993, though their conditions were rolled over into agreements for employees who continued with the same employer. The Employee Relations Act 1992 (Vic.) set out minimum terms and conditions of employment in its Schedule 1. These included things like minimum hourly wages and annual leave and sick leave provisions. In late 1996, the Kennett Government referred various industrial law matters to the Commonwealth Government. The Schedule 1 provisions were then incorporated into the Workplace Relations Act 1996 (Cth) and termed Schedule 1A provisions. These changes left Victoria with a dual system: those employees who were already under Federal coverage (or who subsequently transferred to Federal coverage) and those employees who remained subject to the Schedule 1A provisions. These were employees who had been under the old state award system, as well as employees who had signed various kinds of (non-Federal) agreements with their employers.

One of the key issues confronting the Taskforce is the question:

‘To what extent are employees covered by Schedule 1A disadvantaged in comparison with employees covered by federal awards and agreements?’
(Industrial Relations Taskforce, Review of the Victorian Industrial Relations System, Issues Paper, May 2000, p. 17)

In order to evaluate questions such as these it has been necessary to collect information which is relevant to these two key categories of coverage. As is well known, information on earnings and conditions of employment which would allow a straightforward comparison is not readily available. Consequently, a two-pronged research strategy has been employed to gather this information.

The first part of the strategy has been a survey of Victorian workplaces. The key research questions which the survey has addressed are:

1. how many workplaces and employees in Victoria have Schedule 1A coverage and how many have Federal coverage?

2. what are the characteristics of Schedule 1A workplaces and employees, and how do they differ from those workplaces and employees with Federal coverage?
3. what is the earnings situation in workplaces with Schedule 1A coverage, and is there any risk that a low wage sector is emerging amongst these kinds of workplaces?
4. when Schedule 1A employees are compared with Federal employees, is there evidence of systematic financial disadvantage?
5. what employment benefits are available to employees in Schedule 1A workplaces?
6. finally, in examining these issues, are there important geographical differences between metropolitan and non-metropolitan Victoria?

The second part of the research strategy has been the analysis of customised Labour Force Survey (LFS) data provided by the Australian Bureau of Statistics (ABS). It was envisaged that this kind of data could assist in corroborating some of the survey findings. While the ABS data was collected from households (not workplaces) and contained no information on industrial coverage, it was considered likely that the impact of the various changes in Victoria which took place during the 1990s would be highlighted by two kinds of comparisons:

- comparison with New South Wales and national figures;
- comparison with the pre-Kennett era.

The key questions informing this analysis of the LFS data have been:

1. how do the earnings and benefits of Victorian employees compare with those in other states, taking account of occupational and industry factors?
2. how does the earnings and benefits situation in Victoria in 1999 compare with the situation which prevailed in 1989?
3. how do the differences between the 1989 and 1999 situation in Victoria compare with relevant changes in the other states?
4. again, in examining these issues, are there important geographical differences between metropolitan and non-metropolitan Victoria?

The results from this analysis can be found in Volume 2.

The ACIRRT Victorian Employers' Survey (AVES)

The ACIRRT Victorian Employers' Survey (AVES) was conducted during the middle of June 2000 and was carried out by a Melbourne-based market research company by means of a telephone interview with the appropriate manager in each workplace. Workplaces in all industry categories were surveyed and a final sample of 835 workplaces was achieved. This sample was subsequently weighted using the Australian Bureau of Statistics Business Register of location counts for Victoria for September 1998. The weighting was based on a combination of industry category and workplace size category. The weighting meant that these 835 workplaces could be used to represent all workplaces in Victoria. In the tables analysed in this report, it is these weighted estimates which are used. In addition, estimates for employee numbers were also calculated by multiplying the actual employee numbers in each workplace by the workplace weight. Where a table refers to employees, rather than to

workplaces, this is always indicated. Finally, every table or figure contains a caption, indicating the relevant population for that data.

More detailed information on the conduct of the survey is provided in Appendix 1. The overall figures on coverage provided by the AVES are reasonably close to the findings of other research. More details are given in Appendix 2. Finally, the survey instrument used for the AVES is provided in Appendix 3.

Acknowledgements

The survey instrument was designed by Ron Callus and Ian Watson, with assistance from John Buchanan and Kristin van Barneveld. It was extensively field tested by Kristin van Barneveld. Janet Brookes and Tamara de Silva at *Fieldworks Market Research* were responsible for the conduct of the survey and the provision of the data. Additional coding of the data was carried out by a number of ACIRRT coders.

Findings from the ACIRRT Victorian Employers' Survey

Descriptive overview

Nearly 54 per cent of Victorian workplaces have Schedule 1A employees. Another 1 per cent have a combination of both Federal and Schedule 1A employees and the remaining 45 per cent of workplaces have employees with Federal coverage. These details are summarised in Table 1.

Table 1: Industrial coverage of workplaces

	Number of workplaces	Percentage
Federal coverage	118,850	45.1
Schedule 1A employees	142,080	53.9
Both	2,775	1.1
Total	263,705	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces

Turning now to employees, Table 2 shows that only **33 per cent of Victorian employees come under Schedule 1A coverage and the remaining 67 per cent have Federal coverage**. In absolute numbers, there are about 561,000 Schedule 1A employees and about 1.1 million Federally covered employees.

Table 2: Industrial coverage of employees

	Number of employees	Percentage
Federal coverage	1,126,124	66.8
Schedule 1A employees	560,779	33.2
Total	1,686,903	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

The vast majority of workplaces are, of course, very small workplaces. Nearly three quarters of workplaces are to be found in the under 5 employee band. Consequently, the majority of Federal and Schedule 1A workplaces are also in this category. Nevertheless, there are some distinctive patterns in coverage according to workplace size. Workplaces with Schedule 1A employees congregate in the smallest size band. These kind of workplaces are rare in the medium size band and are absent from the large band. Workplaces with Federal employees, on the other hand, are common in the medium and large size bands. Interestingly, those workplaces which have both Federal and Schedule

1A employees—while not a large group in itself—are concentrated in the medium size band. Table 3 provides further details.

Table 3: Coverage of workplaces by workplace size, column percentages

Work- place size	Federal coverage		Schedule 1A		Both		Total	
	No.	%	No.	%	No.	%	No.	%
Under 5	84,784	71.3	115,685	81.4	275	9.9	200,745	76.1
5 to 9	15,430	13.0	18,061	12.7	436	15.7	33,927	12.9
10 to 19	8,593	7.2	6,012	4.2	405	14.6	15,010	5.7
20 to 99	8,141	6.9	2,322	1.6	1,627	58.6	12,089	4.6
100 plus	1,902	1.6	0	0.0	32	1.1	1,934	0.7
Total	118,850	100.0	142,080	100.0	2,775	100.0	263,705	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces

The other perspective on workplace size is looking at the distribution of coverage within each size band. Table 4 presents this information and highlights just how pervasive Federal coverage is within medium and large workplaces. About two thirds of medium workplaces (20 to 99 employees) have solely Federal employees, another 14 per cent have a combination of Federal and Schedule 1A employees and only 20 per cent have Schedule 1A employees. When it comes to the large size band (100 or more employees), there are no workplaces with solely Schedule 1A employees. A tiny proportion (2 per cent) have both Federal and Schedule 1A employees, but the overwhelming majority (98 per cent) have Federal coverage.

Table 4: Coverage of workplaces by workplace size, row percentages

Workplace size	Federal	Schedule 1A	Both	Total
Under 5	42.2	57.6	0.1	100.0
5 to 9	45.5	53.2	1.3	100.0
10 to 19	57.3	40.1	2.7	100.0
20 to 99	67.3	19.2	13.5	100.0
100 plus	98.4	0.0	1.6	100.0
Total	45.1	53.9	1.1	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces

As one would expect, the size effect is even more accentuated when employees are examined. Table 5 shows that nearly 40 per cent of Federally covered employees are found in large workplaces and about 27 per cent are in medium size workplaces. By contrast, over half of all Schedule 1A employees are in very small workplaces (under 5 employees) and another 20 per cent are in small workplaces (5 to 9 employees). (The results in Table 6 correspond closely to Table 4 because the percentage breakdown is being applied within each size band so that switching from a workplace perspective to an employee perspective barely influences the percentages.)

Table 5: Coverage of employees by workplace size, column percentages

Work- place size	Federal coverage		Schedule 1A		Both		Total	
	No.	%	No.	%	No.	%	No.	%
Under 5	184,464	17.0	285,389	53.7	826	1.2	470,679	27.9
5 to 9	88,429	8.1	101,944	19.2	2,785	4.1	193,157	11.5
10 to 19	97,101	8.9	68,718	12.9	5,653	8.3	171,472	10.2
20 to 99	296,162	27.3	75,790	14.3	54,642	80.0	426,594	25.3
100 plus	420,621	38.7	0	0.0	4,380	6.4	425,001	25.2
Total	1,086,777	100.0	531,840	100.0	68,285	100.0	1,686,902	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

Table 6: Coverage of employees by workplace size, row percentages

Workplace size	Federal	Schedule 1A	Both	Total
Under 5	39.2	60.6	0.2	100.0
5 to 9	45.8	52.8	1.4	100.0
10 to 19	56.6	40.1	3.3	100.0
20 to 99	69.4	17.8	12.8	100.0
100 plus	99.0	0.0	1.0	100.0
Total	64.4	31.5	4.1	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

The industry picture

The industry location of workplaces has a profound influence on the characteristics of those workplaces and of the employees working there. Industry was the key variable used in the AVES for stratifying the sample. In the research design, we deliberately over-sampled in those industries where workplaces numbers tended to be low, and then corrected for this in weighting the sample. Consequently, the following estimates for *workplace numbers* closely match the ABS Business Register estimates because this was the benchmark used for the weighting. The estimates for *employee numbers*, on the other hand, rely on the accuracy of the respondents to the AVES and the reliability of the sample. Despite the over-sampling, some of the industry groups are still too small for closer scrutiny, so these have been combined into larger categories. This has been done in such a way that there is coherence to that category (with the exception of the 'other' category, which is just a miscellaneous category). For a useful overview, the first set of industry

tables show a breakdown using the full ANZSIC (Australian and New Zealand Standard Industry Classification) categories with unreliable estimates marked. All subsequent industry tables use the modified ANZSIC categories where grouping has taken place.

Table 7: Coverage of workplaces by industry, numbers & column percentages

ANZSIC industry category	Federal coverage		Schedule 1A		Both		Total	
	No.	%	No.	%	No.	%	No.	%
Agriculture	17,573	14.8	19,511	13.7	51	1.8	37,135	14.1
Mining	272	0.2	143	0.1	13	0.5	429	0.2
Manufacturing	9,109	7.7	9,578	6.7	331	11.9	19,018	7.2
Electricity, water, gas *	139	0.1	357	0.3	0	0.0	496	0.2
Construction	9,936	8.4	17,715	12.5	212	7.6	27,863	10.6
Wholesale *	7,500	6.3	9,734	6.9	621	22.4	17,856	6.8
Retail	21,528	18.1	16,966	11.9	344	12.4	38,838	14.7
Accom, cafes, restaur	4,833	4.1	4,185	3.0	0	0.0	9,018	3.4
Transport & storage	8,180	6.9	3,269	2.3	0	0.0	11,449	4.3
Communication *	1,202	1.0	567	0.4	0	0.0	1,769	0.7
Finance & insurance *	4,380	3.7	5,365	3.8	0	0.0	9,745	3.7
Property & bus services	11,950	10.1	33,156	23.3	347	12.5	45,453	17.2
Government *	572	0.5	7	0.6	194	7.0	1,556	0.6
Education	3,836	3.2	1,768	1.2	247	8.9	5,851	2.2
Health & com services	8,274	7.0	10,765	7.6	0	0.0	19,039	7.2
Culture & recreation	3,579	3.0	2,654	1.9	416	15.0	6,648	2.5
Personal & services	5,986	5.0	5,556	3.9	0	0.0	11,542	4.4
Total	118,850	100.0	142,080	100.0	2,775	100.0	263,705	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces

Note: * indicates the estimates are unreliable

Coverage for full industry categories

Looking at *workplaces* with Schedule 1A coverage (Table 7), the dominant industries are property and business services (23 per cent), agriculture (14 per cent), construction (13 per cent) and retail (12 per cent). Turning to Federal coverage, the most important industries are retail (18 per cent), agriculture (15 per cent), and property and business services (10 per cent). As one would expect, these figures largely reflect the dominance of these industries within the spread of all workplaces in Victoria (shown in the totals column). To gain insights into coverage *within industries* we need to examine the row percentages shown in Table 8. Here we find that those industries with the highest levels of Schedule 1A coverage are property and business services (73 per cent) and construction (64 per cent). The highest levels of Federal coverage are found in transport and storage (72 per cent), education (66 per cent) and mining (64 per cent).

Table 8: Coverage of workplaces by industry, row percentages

ANZSIC industry category	Federal	Schedule 1A	Both	Total
Agriculture	47.3	52.5	0.1	100.0
Mining	63.5	33.4	3.1	100.0
Manufacturing	47.9	50.4	1.7	100.0
Electricity, water, gas *	28.0	72.0	0.0	100.0
Construction	35.7	63.6	0.8	100.0
Wholesale *	42.0	54.5	3.5	100.0
Retail	55.4	43.7	0.9	100.0
Accommodation, cafes, restaurants	53.6	46.4	0.0	100.0
Transport & storage	71.5	28.6	0.0	100.0
Communication *	67.9	32.1	0.0	100.0
Finance & insurance *	45.0	55.1	0.0	100.0
Property & business services	26.3	73.0	0.8	100.0
Government *	36.8	50.8	12.5	100.0
Education	65.6	30.2	4.2	100.0
Health & community services	43.5	56.5	0.0	100.0
Culture & recreation	53.8	39.9	6.3	100.0
Personal & other services	51.9	48.1	0.0	100.0
Total	45.1	53.9	1.1	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces
 Note: * indicates the estimates are unreliable

Turning from the workplace picture to the *employee* picture we find a similar story. *Within Schedule 1A coverage* (column percentages) the dominant industry is property and business services. Nearly one quarter of employees in Schedule 1A workplaces are found in that industry. Retail is the next most important industry (accounting for 13 per cent of employees) and manufacturing comes close behind (12 per cent). *Within Federal coverage*, the employee story is slightly different to the workplace story. The most important industries are manufacturing (22 per cent of Federal employees), retail (14 per cent) and health and community services (13 per cent). Table 9 contains further details. As for coverage *within industries* (row percentages), the story is essentially the same. Table 10 shows that the industry with the highest levels of Schedule 1A coverage is again property and business services (69 per cent). There are several industries with very highest levels of Federal coverage: education (87 per cent); culture and recreation (85 per cent); health and community services (81 per cent) and manufacturing (79 per cent).

Table 9: Coverage of employees by industry, numbers & column percentages

ANZSIC industry category	Federal		Schedule 1A		Total
	No.	%	No.	%	No.
Agriculture	45,102	4.0	45,498	8.1	90,600
Mining	1,599	0.1	1,098	0.2	2,697
Manufacturing	249,994	22.2	65,993	11.8	315,986
Electricity, water, gas *	20,800	1.9	2,337	0.4	23,137
Construction	43,813	3.9	41,757	7.5	85,569
Wholesale *	43,601	3.9	59,578	10.6	103,179
Retail	155,251	13.8	71,300	12.7	226,550
Accommodation, cafes, restaurants	57,569	5.1	25,822	4.6	83,391
Transport & storage	32,769	2.9	14,633	2.6	47,402
Communication *	10,692	1.0	1,501	0.3	12,193
Finance & insurance *	25,183	2.2	17,184	3.1	42,366
Property & business services	62,614	5.6	139,355	24.9	201,969
Government *	67,552	6.0	6,937	1.2	74,488
Education	83,060	7.4	12,370	2.2	95,430
Health & community services	144,174	12.8	33,192	5.9	177,366
Culture & recreation	54,844	4.9	9,517	1.7	64,361
Personal & other services	27,509	2.4	12,710	2.3	40,219
Total	1,126,124	100.0	560,779	100.0	1,686,902

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces
 Note: * indicates the estimates are unreliable.

Industry and workplace size

Many of the key characteristics of workplaces are related to the size of that workplace and coverage is no different. We saw earlier that Schedule 1A coverage predominates in small workplaces while Federal coverage is much more common in large workplaces. The following tables summarise how industry and workplace size are related to coverage. The industry data has been aggregated in order to achieve greater reliability in the estimates. Micro workplaces are those with under 5 employees; small workplaces have between 5 and 19 employees; and medium/large (a combined category) are those workplaces with 20 or more employees.

While this section is mostly focussed on *employee* estimates, the first table in the set provides *workplace* estimates as row percentages. Table 11 illustrates that **in micro workplaces the highest levels of Schedule 1A coverage are found in mining/construction; education, health and community services; and in 'other' (mainly business and property services).** On the other hand, infrastructure has the highest level of Federal coverage in this sector. **In the small workplace sector, only 'other' (mainly business and property services) has high levels of Schedule 1A coverage** and the industries with the highest levels of Federal coverage are education, health and community services, infrastructure, and mining/construction. Finally **in medium/large workplaces there are no industries with high levels of Schedule 1A**

coverage. Rather, most industries have high levels of Federal coverage or a combination of Federal and Schedule 1A coverage.

Table 10: Coverage of employees by industry, row percentages

ANZSIC industry category	Federal	Schedule 1A	Total
Agriculture	49.8	50.2	100.0
Mining	59.3	40.7	100.0
Manufacturing	79.1	20.9	100.0
Electricity, water, gas *	89.9	10.1	100.0
Construction	51.2	48.8	100.0
Wholesale *	42.3	57.7	100.0
Retail	68.5	31.5	100.0
Accommodation, cafes, restaurants	69.0	31.0	100.0
Transport & storage	69.1	30.9	100.0
Communication *	87.7	12.3	100.0
Finance & insurance *	59.4	40.6	100.0
Property & business services	31.0	69.0	100.0
Government *	90.7	9.3	100.0
Education	87.0	13.0	100.0
Health & community services	81.3	18.7	100.0
Culture & recreation	85.2	14.8	100.0
Personal & other services	68.4	31.6	100.0
Total	66.8	33.2	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces
 Note: * indicates the estimates are unreliable

Table 11: Coverage of workplaces by industry and workplace size, row percentages

Industry	Micro (under 5)		Small (5 to 19)		Medium/large (20 plus)		
	Federal	Sched 1A	Federal	Sched 1A	Federal	Sched 1A	Both
Agriculture	47.2	52.8	46.0	49.1	78.5	10.7	10.7
Mining & construction	32.4	67.6	60.3	39.5	56.8	0.0	43.2
Manufacturing	40.5	59.5	47.6	50.7	73.7	18.4	7.9
Wholesale & retail	52.4	47.6	47.5	49.4	56.4	26.7	16.9
Hospitality, recreat & pers serv	50.0	48.6	50.0	47.5	90.5	9.5	0.0
Infrastructure	70.0	30.0	64.8	35.2	74.9	25.1	0.0
Educ, health & commun serv	32.8	67.2	72.1	26.9	88.6	4.6	6.9
Other	28.9	71.1	28.8	71.2	52.6	23.3	24.2
Total	42.2	57.6	49.1	49.2	71.6	16.6	11.8

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces
 Note: Totals are not shown because of space limitations. Breakdown for 'both' category not shown for micro and small workplaces because the numbers are so small.

The next set of tables focus on employee estimates. Table 12 provides head counts for industry by workplace size by coverage using the categories just discussed. In terms of overall numbers, the most interesting feature of Table 12 is to be found in the column totals. These show that by far the most Schedule 1A employees are to be found in micro workplaces and that most of these are working in the 'other' industry category (which is mainly property and business services). Notable also is the presence of large numbers of Schedule 1A employees in 'service jobs' (hospitality and retail in particular) in the micro and small workplace sectors. Despite their predominance in micro and small workplaces, a considerable number of Schedule 1A employees—just over 100,000—are still to be found in medium/large workplaces. In other words, **Schedule 1A employees are spread across most industries and workplaces but they tend to congregate in certain areas.** Tables 13 and 14 present this same story, providing column and row percentages respectively.

Table 12: Coverage of employees by industry and workplace size

Industry	Micro (under 5)		Small (5 to 19)		Medium/large (20 plus)	
	Federal	Sched 1A	Federal	Sched 1A	Federal	Sched 1A
Agriculture	38,307	42,340	2,697	2,811	4,098	347
Mining & construction	16,711	33,239	14,459	7,970	14,242	1,646
Manufacturing	7,792	12,896	24,523	23,516	217,679	29,580
Wholesale & retail	43,776	49,504	54,829	51,529	100,246	29,845
Hospitality, recreat & pers serv	21,196	21,466	22,072	21,340	96,655	5,242
Infrastructure	18,493	7,959	11,635	4,997	34,133	5,515
Educ, health & commun serv	12,222	25,570	38,191	13,542	176,821	6,450
Other	26,519	92,690	21,223	49,294	107,606	21,492
Total	185,015	285,664	189,629	175,000	751,480	100,115

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

Table 13: Coverage of employees by industry and workplace size, column percentages

Industry	Micro (under 5)		Small (5 to 19)		Medium/large (20 plus)	
	Federal	Sched 1A	Federal	Sched 1A	Federal	Sched 1A
Agriculture	20.7	14.8	1.4	1.6	0.6	0.4
Mining & construction	9.0	11.6	7.6	4.6	1.9	1.6
Manufacturing	4.2	4.5	12.9	13.4	29.0	29.6
Wholesale & retail	23.7	17.3	28.9	29.5	13.3	29.8
Hospitality, recreat & pers serv	11.5	7.5	11.6	12.2	12.9	5.2
Infrastructure	10.0	2.8	6.1	2.9	4.5	5.5
Educ, health & commun serv	6.6	9.0	20.1	7.7	23.5	6.4
Other	14.3	32.5	11.2	28.2	14.3	21.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: ACIRRT Victorian Employers' Survey 2000.
Population: Employees in all workplaces

Table 14: Coverage of employees by industry and workplace size, row percentages

Industry	Micro (under 5)		Small (5 to 19)		Medium/large (20 plus)	
	Federal	Sched 1A	Federal	Sched 1A	Federal	Sched 1A
Agriculture	47.5	52.5	49.0	51.0	92.2	7.8
Mining & construction	33.5	66.5	64.5	35.5	89.6	10.4
Manufacturing	37.7	62.3	51.1	49.0	88.0	12.0
Wholesale & retail	46.9	53.1	51.6	48.5	77.1	22.9
Hospitality, recreat & pers serv	49.7	50.3	50.8	49.2	94.9	5.1
Infrastructure	69.9	30.1	70.0	30.0	86.1	13.9
Educ, health & commun serv	32.3	67.7	73.8	26.2	96.5	3.5
Other	22.3	77.8	30.1	69.9	83.4	16.7
Total	39.3	60.7	52.0	48.0	88.2	11.8

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces.
 Note: Totals are not shown because of space limitations.

Industry and gender

Segmentation by gender is highly significant in Australian industry. Some industries are highly feminised (eg. education, health and community services, hospitality) while others are dominated by men (eg. agriculture, mining, construction). How does gender fit into the story of industrial coverage? Table 15, which shows coverage using row percentages, helps answer this question. At first glance, there seems to be a reasonable balance in the gender pattern, with about one third of men under Schedule 1A coverage and one third of women also under Schedule 1A coverage. However, looking more closely at the industry breakdown reveals some interesting variations. **In manufacturing Schedule 1A coverage is at higher levels for women than it is for men (by over 12 per cent).** The same applies in mining/construction. On the other hand, **men are more likely to have greater levels of Schedule 1A coverage in agriculture and in hospitality, recreation and personal services** (though the differences here are much slighter). No doubt occupational differences in employment within these industries have contributed to this pattern.

Table 15: Coverage of employees by industry and gender, row percentages

Industry	Male			Female		
	Federal	Schedule 1A	Total	Federal	Schedule 1A	Total
Agriculture	48.5	51.5	100.0	55.0	45.0	100.0
Mining & construction	54.4	45.6	100.0	40.5	59.5	100.0
Manufacturing	82.5	17.5	100.0	69.9	30.1	100.0
Wholesale & retail	59.0	41.0	100.0	61.7	38.3	100.0
Hospitality, recreat & pers serv	71.1	28.9	100.0	76.2	23.8	100.0
Infrastructure	78.9	21.2	100.0	75.2	24.8	100.0
Educ, health & commun serv	87.8	12.2	100.0	82.0	18.0	100.0
Other	47.8	52.2	100.0	49.8	50.2	100.0
Total	65.8	34.3	100.0	67.9	32.1	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

Where do most women who come under Schedule 1A coverage work? To answer questions like these Table 16 shows coverage using column percentages (the absolute numbers are shown in Table 17). Amongst women two industry categories contribute more than half of all Schedule 1A coverage: 'other' (mainly property and business services) and wholesale/retail. Three other industry categories are significant, though nowhere near as prominent: education, health and community services (15 per cent); hospitality, recreation and personal services (12 per cent) and manufacturing (10 per cent). The story is identical amongst men under Schedule 1A coverage in terms of the two most important industry categories ('other' and wholesale/retail). On the other hand, for the middle-ranking set of industries the picture amongst men is different to that for women. Agriculture is reasonably important (12 per cent), as is mining/construction (10 per cent), whereas education, health and community services are not significant at all. As noted earlier, this kind of pattern tends to reflect the overall gender composition of industry.

Table 16: Coverage of employees by industry and gender, column percentages

Industry	Federal			Schedule 1A		
	Male	Female	Total	Male	Female	Total
Agriculture	6.0	1.8	4.0	12.2	3.1	8.1
Mining & construction	6.4	1.4	4.0	10.4	4.4	7.6
Manufacturing	32.4	11.0	22.2	13.2	10.0	11.8
Wholesale & retail	17.1	18.3	17.7	22.8	24.0	23.3
Hospitality, recreat & pers serv	7.9	17.4	12.4	6.1	11.5	8.6
Infrastructure	7.5	3.8	5.7	3.9	2.6	3.3
Educ, health & commun serv	8.9	32.5	20.2	2.4	15.1	8.1
Other	13.8	13.8	13.8	29.0	29.3	29.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

Table 17: Coverage of employees by industry and gender

Industry	Federal			Schedule 1A		
	Male	Female	Total	Male	Female	Total
Agriculture	35,377	9,724	45,102	37,554	7,944	45,498
Mining & construction	37,868	7,544	45,412	31,779	11,076	42,855
Manufacturing	190,864	59,130	249,994	40,567	25,426	65,993
Wholesale & retail	100,763	98,089	198,852	70,003	60,875	130,878
Hospitality, recreat & pers serv	46,323	93,600	139,922	18,844	29,204	48,048
Infrastructure	44,034	20,227	64,261	11,811	6,660	18,471
Educ, health & commun serv	52,485	174,749	227,234	7,306	38,256	45,562
Other	81,460	73,888	155,348	89,032	74,444	163,476
Total	589,174	536,950	1,126,124	306,896	253,883	560,779

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

Industry and geography

The final issue in our industry overview of coverage is geography, specifically the effect of metropolitan/non-metropolitan location on employees. Table 18 shows the most important industries for employee coverage within this geographical split. As the column percentages show, the vast majority of Schedule 1A employees in the metropolitan area are found in just three industry categories: 'other' (mainly property and business services), wholesale/retail and manufacturing. This is slightly different to the pattern for Federal employees in the metropolitan area. Here they are spread across several other areas as well, notably education, health and community services and hospitality. For Federal employees, the 'other' category is not very significant whereas manufacturing is very significant.

Turning to the non-metropolitan areas we find a more diverse spread of industries with Schedule 1A coverage. About one quarter of Schedule 1A employees are in wholesale/retail and nearly 20 per cent are in agriculture. Significant pockets are also found in mining/construction, hospitality and education, health and community services. There is a similar diversity in the non-metropolitan employees with Federal coverage. The most important industry here is education, health and community services, followed by wholesale/retail and 'other'. Manufacturing and hospitality are also reasonably important. In contrast to the Schedule 1A employees, agriculture is not an important industry amongst the Federal employees (18 per cent compared to 8 per cent).

Table 18: Coverage of employees by industry and location

Industry	Federal coverage				Schedule 1A			
	Metropolitan		Non-metropolitan		Metropolitan		Non-metropolitan	
	No.	%	No.	%	No.	%	No.	%
Agriculture	3,867	0.6	41,235	8.4	8,344	2.3	37,155	18.3
Mining & construction	21,697	3.4	23,714	4.8	15,878	4.5	26,976	13.3
Manufacturing	189,777	30.0	60,217	12.2	58,551	16.4	7,442	3.7
Wholesale & retail	119,667	18.9	79,185	16.1	80,518	22.5	50,360	24.7
Hospitality, recreat & pers serv	74,081	11.7	65,842	13.4	22,520	6.3	25,528	12.5
Infrastructure	28,905	4.6	35,356	7.2	12,995	3.6	5,475	2.7
Educ, health & commun serv	118,741	18.7	108,493	22.0	21,195	5.9	24,367	12.0
Other	76,762	12.1	78,586	16.0	137,166	38.4	26,310	12.9
Total	633,497	100.0	492,626	100.0	357,166	100.0	203,613	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

Again, it is helpful to look at levels of coverage within each industry according to geographical location. Table 19 presents row percentages which show that **two industry groups have particularly high levels of Schedule 1A coverage in non-metropolitan areas: mining/construction and agriculture**. At 53 per cent and 47 per cent, this level of coverage is well above the all-industry average for non-metropolitan areas (29 per cent). Turning to metropolitan areas the highest Schedule 1A coverage is in the 'other' category, which is mainly property and business services (agriculture is ignored because the metropolitan numbers are so small). Most of the other industry groups are close to, or below, the all-industry average for metropolitan areas.

Table 19: Coverage of employees by industry and location, row percentages

Industry	Metropolitan			Non-metropolitan		
	Federal	Schedule 1A	Total	Federal	Schedule 1A	Total
Agriculture	31.7	68.3	100.0	52.6	47.4	100.0
Mining & construction	57.7	42.3	100.0	46.8	53.2	100.0
Manufacturing	76.4	23.6	100.0	89.0	11.0	100.0
Wholesale & retail	59.8	40.2	100.0	61.1	38.9	100.0
Hospitality, recreat & pers serv	76.7	23.3	100.0	72.1	27.9	100.0
Infrastructure	69.0	31.0	100.0	86.6	13.4	100.0
Educ, health & commun serv	84.9	15.2	100.0	81.7	18.3	100.0
Other	35.9	64.1	100.0	74.9	25.1	100.0
Total	64.0	36.1	100.0	70.8	29.2	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

Demographics of employees

When we look at the demographics of employees within workplaces we find both similarities and differences between Federal and Schedule 1A workplaces. In terms of the proportion of women and the proportion of NESB (non-English speaking background) there is little difference between the two categories of workplace. On the other hand, when it comes to casuals and part-time workers, Federal workplaces have somewhat greater proportions of these categories of worker. Table 20 summarises this data.

Table 20: Characteristics of employees within workplaces

	Federal coverage		Schedule 1A	
	Number	Percentage	Number	Percentage
Women	536,950	47.7	253,883	45.3
NESB	133,161	11.8	53,229	9.5
Casual	232,305	20.6	84,199	15.0
Full-time	650,960	57.8	381,272	68.0
Part-time	245,575	21.8	94,709	16.9
All workers	1,126,124	100.0	560,779	100

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

Looking now at coverage, it is clear that **there is little in the way of over-representation by coverage for any particular groups of employees** (Table 21). As we would expect from the preceding discussion, full-timers are somewhat over-represented amongst the Schedule 1A employees and part-timers and casuals are slightly under-represented.

Table 21: Characteristics of employees within workplaces, row percentages

	Federal	Schedule 1A	Total
Women	67.9	32.1	100.0
NESB	71.4	28.6	100.0
Casual	73.4	26.6	100.0
Full-time	63.1	36.9	100.0
Part-time	72.2	27.8	100.0
All workers	66.8	33.2	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

Earnings situation

The AVES explored the earnings situation in workplaces by examining two main issues: minimum rates of pay and occupational benchmarks. Workplaces were asked what the minimum hourly rate of pay was for adult ordinary hours earnings and how many employees were earning that rate. Secondly, they were asked for the most common skilled occupation in that workplace and what the adult ordinary hours rate of pay was for that occupation. In this section of the report the findings on earnings are presented for each of these two main issues, though discussion of the minimum rates issue is more extensive.

Average minimum hourly rates

When looking at averages it is useful to employ both the mean and the median, since the former is sensitive to extreme values. Looking first at mean minimum hourly rates, the most startling impression is the consistency in the industry pattern. **With the exception of agriculture and infrastructure, the mean minimum hourly rates are all higher for workplaces with Schedule 1A coverage than those with Federal coverage** (Table 22). The all-industry average shows that Schedule 1A workplaces pay nearly one dollar an hour more to their minimum hourly rates employees than do their Federal counterparts.

Table 22: Mean minimum hourly rates by industry

Industry	Federal	Schedule 1A	Total
Agriculture	\$13.72	\$11.45	\$12.53
Mining & construction	\$14.57	\$16.22	\$15.61
Manufacturing	\$12.64	\$14.47	\$13.57
Wholesale & retail	\$12.64	\$12.81	\$12.72
Hospitality, recreation & services	\$12.64	\$12.97	\$12.80
Infrastructure	\$14.23	\$13.51	\$14.01
Education, health & community services	\$14.40	\$15.90	\$15.16
Other	\$14.06	\$16.18	\$15.53
Total	\$13.47	\$14.40	\$13.98

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces

Note: workplaces with both Federal and Schedule 1A coverage have been defined into that category with the lowest minimum rates.

The story is essentially the same if median hourly rates are chosen instead (Table 23). There is still nearly a dollar difference across all industries, but agriculture and infrastructure are now joined by wholesale/retail as industries where Schedule 1A minimum rates are lower than Federal minimum rates.

Table 23: Median minimum hourly rates by industry

Industry	Federal	Schedule 1A	Total
Agriculture	\$13.50	\$12.50	\$12.50
Mining & construction	\$14.69	\$16.26	\$15.36
Manufacturing	\$12.80	\$14.86	\$13.16
Wholesale & retail	\$12.63	\$12.50	\$12.50
Hospitality, recreation & services	\$12.50	\$13.00	\$12.56
Infrastructure	\$14.00	\$13.50	\$14.00
Education, health & community services	\$13.16	\$16.00	\$15.00
Other	\$14.07	\$15.00	\$15.00
Total	\$13.13	\$14.00	\$13.48

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces
 Note: workplaces with both Federal and Schedule 1A coverage have been defined into that category with the lowest minimum rates.

Earnings are always sensitive to workplace size, so it is worth examining the situation for minimum hourly rates according to this factor. Tables 24 and 25 present mean and median minimum hourly rates according to workplace size. Again, there is a real consistency in the pattern of minimum earnings. **With the exception of workplaces in the 10 to 19 size band, Schedule 1A workplaces pay higher minimum hourly rates than do their Federal counterparts.** This applies using both mean and median measures (though using the median suggests that Federally covered 100 plus workplaces pay slightly more).

Table 24: Mean minimum hourly rates by workplace size

Workplace size	Federal	Schedule 1A	Total
Under 5	\$13.59	\$14.48	\$14.10
5 to 9	\$13.67	\$14.67	\$14.20
10 to 19	\$13.04	\$12.80	\$12.94
20 to 99	\$12.71	\$12.89	\$12.75
100 plus	\$12.46	\$12.50	\$12.46
Total	\$13.47	\$14.40	\$13.98

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces
 Note: workplaces with both Federal and Schedule 1A coverage have been defined into that category with the lowest minimum rates.

Table 25: Median minimum hourly rates by workplace size

Workplace size	Federal	Schedule 1A	Total
Under 5	\$13.50	\$14.00	\$13.70
5 to 9	\$13.00	\$14.00	\$13.70
10 to 19	\$12.83	\$12.00	\$12.65
20 to 99	\$12.07	\$13.00	\$12.30
100 plus	\$12.55	\$12.50	\$12.55
Total	\$13.13	\$14.00	\$13.48

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces
 Note: workplaces with both Federal and Schedule 1A coverage have been defined into that category with the lowest minimum rates.

Dispersion in minimum hourly rates

There is one major problem with averages: they often obscure more than they reveal. In particular, averages tell us nothing about how many workplaces congregate around the mean. When it comes to earnings, measures of dispersion are often more informative, and this proves to be the case with the minimum hourly rates data. Two measures of dispersion are used in this discussion: standard deviations and inter quartile ranges. The former provides a dollar figure which can be added (and subtracted) from the mean to give the earnings spread within which two thirds of all workplaces will be found. In Table 26, for example, the total row shows that two thirds of Schedule 1A workplaces will be spread between \$10.10 and \$18.70 (which is the mean, \$14.40, plus or minus \$4.30). By way of contrast, two thirds of Federal workplaces will be spread between \$10.36 and \$16.58.

One does not need to calculate dispersions around the mean to make use of standard deviations. They can be directly compared: the smaller the figure, the more compressed are the earnings; the larger the figure, the greater the dispersion. The results from Table 26 are quite dramatic. **With the exception of agriculture, in all industries there is considerably greater dispersion in minimum hourly rates amongst Schedule 1A workplaces.**

Table 26 Dispersion in minimum hourly rates by industry (standard deviations)

Industry	Federal	Schedule 1A	Total
Agriculture	\$4.96	\$2.81	\$4.12
Mining & construction	\$2.90	\$5.02	\$4.41
Manufacturing	\$2.37	\$3.38	\$3.05
Wholesale & retail	\$2.12	\$2.59	\$2.35
Hospitality, recreation & services	\$2.07	\$3.23	\$2.65
Infrastructure	\$2.31	\$3.74	\$2.80
Education, health & community services	\$3.97	\$4.39	\$4.23
Other	\$2.48	\$4.69	\$4.25
Total	\$3.11	\$4.30	\$3.83

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces

Note: workplaces with both Federal and Schedule 1A coverage have been defined into that category with the lowest minimum rates.

The second measure of dispersion mentioned above—the inter quartile range—shows the dollar difference between a workplace sitting on the 25th percentile and one sitting on the 75th percentile. In other words, the middle 50 per cent of workplaces will be found in this inter quartile range. Table 27 shows that **dispersion is far greater in Schedule 1A workplaces than in Federal workplaces, with only agriculture breaking from the pattern.**

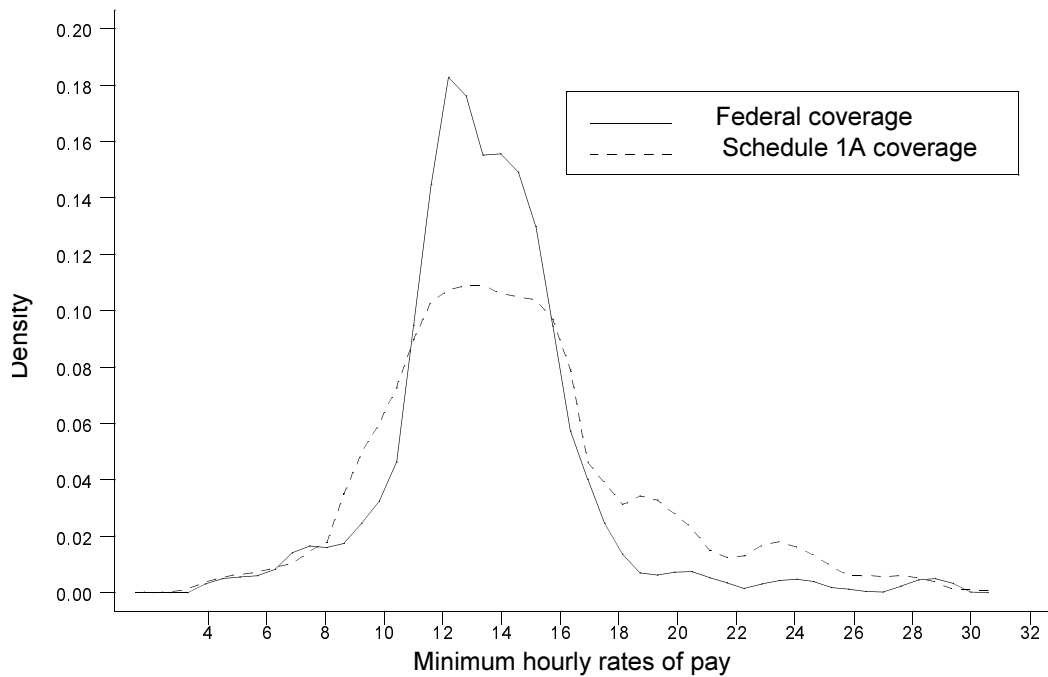
Table 27 Dispersion in minimum hourly rates by industry (inter quartile range)

Industry	Federal	Schedule 1A	Total
Agriculture	\$3.00	\$3.00	\$2.45
Mining & construction	\$1.09	\$8.00	\$3.79
Manufacturing	\$2.30	\$3.72	\$3.00
Wholesale & retail	\$2.30	\$3.62	\$2.55
Hospitality, recreation & services	\$1.50	\$4.90	\$2.63
Infrastructure	\$2.05	\$4.00	\$2.50
Education, health & community services	\$3.80	\$5.00	\$4.19
Other	\$4.00	\$6.73	\$5.14
Total	\$3.00	\$4.16	\$3.24

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces

Note: workplaces with both Federal and Schedule 1A coverage have been defined into that category with the lowest minimum rates.

Figure 1: Distribution of workplaces according to coverage and minimum hourly rates of pay



Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces
 Note: workplaces with both Federal and Schedule 1A coverage have been defined into that category with the lowest minimum rates.

These measures of dispersion can be captured quite simply in a graph. Figure 1 shows the distribution of minimum hourly rates for Federal and Schedule 1A workplaces. The story is quite stark: **the compression of minimum hourly rates within Federal workplaces is illustrated in the high peak of the graph while the much lower peak shows just how dispersed are minimum rates within Schedule 1A workplaces.** Moreover, the much greater proportion of Schedule 1A workplaces with high minimum rates is also evident and this provides the main explanation for why the Schedule 1A averages were so much higher in Tables 22 to 25. Finally, the bulge at the bottom of the Schedule 1A distribution also highlights where a potential low wage sector is to be found: workplaces where minimum hourly rates are set below \$10.50 per hour. This insight is particularly useful for quantifying the extent of a potential low wage sector.

Grouping minimum rates

Using three broad cut-off points (as suggested by Figure 1) we can measure the percentage of workplaces which fall into particular minimum hourly rates bands: under \$10.50 an hour; between \$10.50 and \$18.00 an hour; and over \$18.00 an hour. Table 28 and Table 29 summarise these percentages. The results are quite striking: **about 10 per cent of workplaces with Federal coverage have minimum rates of under \$10.50 per hour whereas the comparable figure for Schedule 1A workplaces is 18 per cent.** Turning to the top end of the distribution, we find that only 4 per cent of Federal workplaces have minimum rates above \$18.00 an hour whereas the figure for Schedule 1A workplaces is 16 per cent.

Table 28: Federal coverage - minimum hourly rates of pay by industry, percentage of workplaces

Industry	Minimum rates in workplaces			
	Under \$10.50 %	\$10.50 to \$18.00 %	Over \$18.00 %	Total %
Agriculture	17.3	71.2	11.6	100.0
Mining & construction	8.3	90.0	1.7	100.0
Manufacturing	15.8	83.4	0.8	100.0
Wholesale & retail	12.6	86.9	0.5	100.0
Hospitality, recreation & services	9.6	86.9	3.5	100.0
Infrastructure	1.4	96.5	2.1	100.0
Education, health & community services	10.1	76.2	13.8	100.0
Other	2.2	96.2	1.5	100.0
Total	10.2	85.6	4.2	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces with Federal coverage

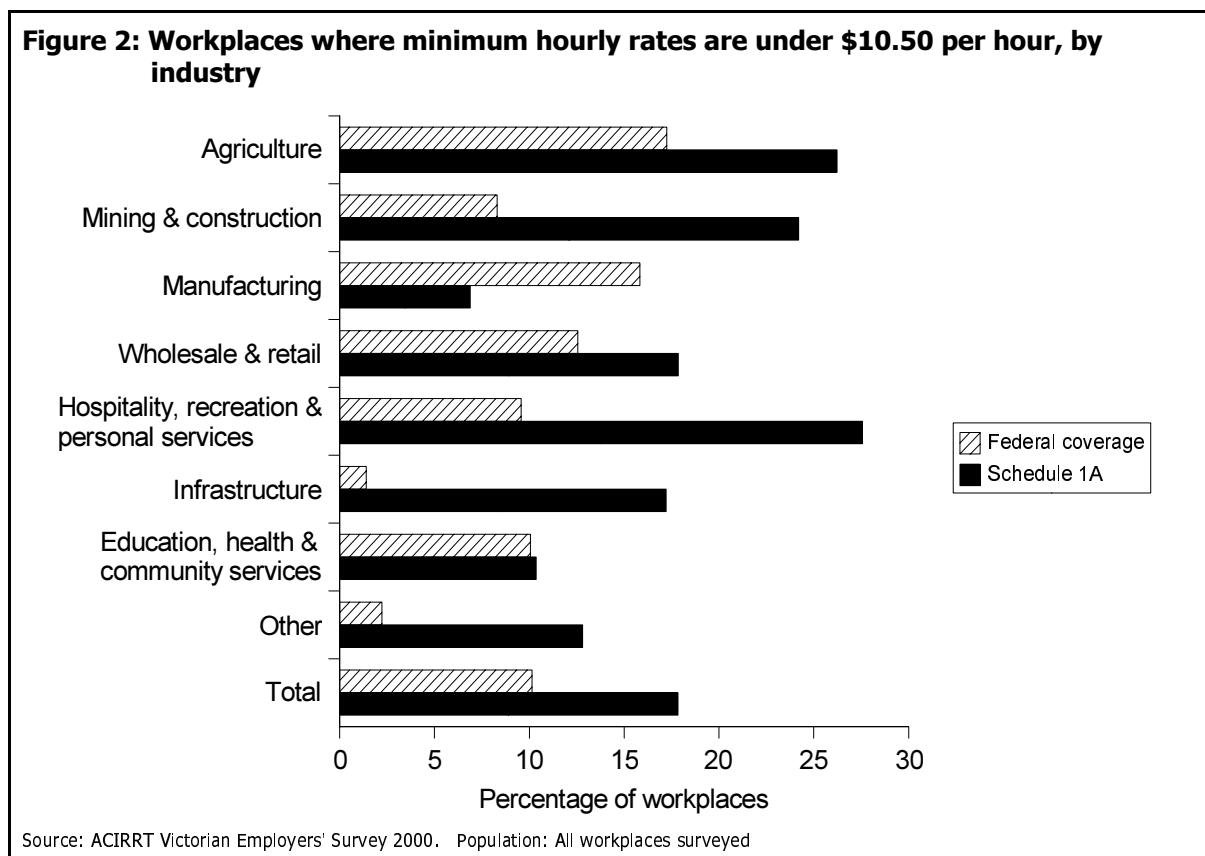
Note: workplaces with both Federal and Schedule 1A coverage have been defined into that category with the lowest minimum rates.

Table 29: Schedule 1A coverage - minimum hourly rates of pay by industry, percentage of workplaces

Industry	Minimum hourly rates in workplaces			
	Under \$10.50 %	\$10.50 to \$18.00 %	Over \$18.00 %	Total %
Agriculture	26.2	73.8	0.0	100.0
Mining & construction	24.2	40.9	35.0	100.0
Manufacturing	6.9	83.9	9.2	100.0
Wholesale & retail	17.9	81.3	0.9	100.0
Hospitality, recreation & services	27.6	65.9	6.5	100.0
Infrastructure	17.2	76.8	6.0	100.0
Education, health & community services	10.4	69.6	20.1	100.0
Other	12.8	56.7	30.5	100.0
Total	17.8	66.1	16.1	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces with Schedule 1A coverage

Note: workplaces with both Federal and Schedule 1A coverage have been defined into that category with the lowest minimum rates.



The industry differences are also stark. Figure 2 illustrates these differences in graphical form by showing the industry and coverage pattern for workplaces where minimum rates are under \$10.50 per hour. Three comparisons are noteworthy:

- in agriculture, 17 per cent of workplaces with Federal coverage pay minimum hourly rates under \$10.50 an hour whereas 26 per cent with Schedule 1A coverage pay under this rate;
- in mining and construction, 8 per cent of workplaces with Federal coverage pay minimum hourly rates under \$10.50 an hour whereas 24 per cent with Schedule 1A coverage pay under this rate;
- in hospitality, recreation and personal services, 10 per cent of workplaces with Federal coverage pay minimum hourly rates under \$10.50 an hour whereas 28 per cent with Schedule 1A coverage pay under this rate.

Geographical differences

The geographical differences in workplace minimum rates are quite pronounced. As Table 30 shows, in metropolitan workplaces there is little difference between Federal and Schedule 1A coverage for the lowest rates. By comparison, **in non-metropolitan workplaces the differences in coverage are stark: 22 per cent of Schedule 1A workplaces are in the under \$10.50 bracket compared with just 8 per cent of Federal workplaces.** To some extent this reflects the strong presence of agriculture in non-metropolitan areas, and, as we have just seen, agricultural workplaces are over-represented in the under \$10.50 bracket. Nevertheless, if we remove agricultural workplaces from the calculations, the overall pattern still remains: 18 per cent of Schedule 1A workplaces remain in the under \$10.50 bracket compared with just 6 per cent of

Federal workplaces. Clearly, the low wage dimension of Schedule 1A coverage is much more likely to surface in non-metropolitan areas.

Table 30: Geographical location and coverage - minimum hourly rates of pay, percentage of workplaces

Geographical location	Minimum hourly rates in workplaces			
	Under \$10.50 %	\$10.50 to \$18.00 %	Over \$18.00 %	Total %
Metropolitan				
Federal coverage	12.5	84.7	2.8	100.0
Schedule 1A	14.6	62.1	23.3	100.0
Total	13.6	72.1	14.4	100.0
Non-metropolitan				
Federal coverage	7.9	86.4	5.7	100.0
Schedule 1A	21.7	70.9	7.4	100.0
Total	15.1	78.4	6.5	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces surveyed

The other side of this coin is the presence of high wage workplaces, workplaces where the minimum hourly rates are over \$18.00. Again, geographical location plays a strong role here because it is primarily metropolitan workplaces where a sharp difference occurs between Federal and Schedule 1A coverage. As Table 30 shows, in the non-metropolitan workplaces there is little difference between Federal and Schedule 1A coverage for the over \$18.00 bracket. But a very striking difference emerges in the metropolitan workplaces: 23 per cent of Schedule 1A workplaces are in this high wage bracket compared to just 3 per cent of Federal workplaces. Again, there is a strong industry component to this: property and business services pay much higher minimum rates and this industry is more prevalent in metropolitan areas. However, even when property and business services are excluded from the analysis, the overall pattern is still reasonably strong. About 14 per cent of Schedule 1A workplaces remain in this high wage bracket compared to just 3 per cent of Federal workplaces.

How many workplace minimum rates employees are there?

The preceding analysis has focused on quantifying workplaces. Fortunately, it is also possible to quantify employees because the AVES asked employers how many of their workers were on these minimum rates of pay. Table 31 summarises this information and shows that there were just over half a million employees on workplace minimum rates. About 44 per cent of these—235,000 employees—were under Schedule 1A coverage. When we consider that there were only 560,779 Schedule 1A employees all together, it is evident that they are disproportionately represented amongst the workplace minimum rates population. **Indeed some 42 per cent of all Schedule 1A employees are sitting on minimum rates whereas the comparable figure for Federal employees is just 26 per cent** (Table 32).

Table 31: Workplace minimum rates employees, column percentages

	Employees on minimum rates	
	Number of employees	Percentage
Federal coverage	294,611	55.6
Schedule 1A employees	235,009	44.4
Total	529,620	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

Table 32: Workplace minimum rates employees, row percentages

	All employees	Employees on minimum rates	Min rates employees as % of all employees
Federal coverage	1,126,124	294,611	26.2
Schedule 1A employees	560,779	235,009	41.9
Total	1,686,903	529,620	31.4

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

A similar story emerges when we examine the situation for minimum rates employees in workplaces where the minimum hourly rates fall below the \$10.50 cut-off. Table 33 shows that there are about 69,000 employees on minimum rates of under \$10.50 per hour and that about 33,000 of these come under Federal coverage and 36,000 come under Schedule 1A coverage. **The over-representation of Schedule 1A employees in this low wage situation can be expressed in two ways. First, though they make up 44 per cent of all minimum rates employees, Schedule 1A employees make up 52 per cent of employees in this low wage situation (and we need to recall also that Schedule 1A employees make up only one third of all employees overall). Secondly, amongst minimum rates employees under Federal coverage, about 11 per cent are in this low wage situation. The comparable figure for minimum rates employees under Schedule 1A coverage is 15 per cent.**

Table 33: Minimum rates employees - \$10.50 cut-off

	Employees on minimum rates		Employees on minimum rates of under \$10.50 per hour		
	Number of employees	Percentage	Number of employees	Percentage	As % of min rates employees
Federal coverage	294,611	55.6	33,125	48.1	11.2
Schedule 1A employees	235,009	44.4	35,740	51.9	15.2
Total	529,620	100.0	68,865	100.0	13.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: Employees in all workplaces

Explaining the minimum rates picture

The last few tables have suggested that there is a low wage sector which is more serious amongst Schedule 1A employees. However, is this situation a reflection of their industry

location, their workplace size, or some other set of characteristics? Is it possible that the difference does not lie in the kind of coverage but in some of these other factors? To explore this line of questioning a logistic regression model was fitted to the data. This model set out to explain what factors were associated with this low wage sector. Specifically, the dependent variable (the outcome to be predicted by the model) was whether a workplace had minimum rates employees on under \$10.50 an hour or not. The independent (explanatory) variables were: industry, workplace size, metropolitan or non-metropolitan, the proportion of minimum rates employees in the workplace, the proportion of women employees in the workplace, the proportion of casual employees in the workplace, the proportion of part-time employees in the workplace, the proportion of NESB employees in the workplace, and whether the workplace had Schedule 1A coverage or not.

The results of this modelling showed that only two factors were good predictors of whether a workplace was in the low wage category: being an agricultural workplace and having Schedule 1A coverage. The odds of being in this low wage category were nearly three times greater for agricultural workplaces (compared with the base industry of manufacturing) and were two times greater for Schedule 1A workplaces (compared with Federal workplaces). **In other words, after controlling for a wide range of factors, it appears that industrial coverage is an important predictor of whether a workplace will pay low minimum rates.**

Occupational benchmarks

As well as asking about minimum rates of pay, the AVES also enquired into occupational benchmark earnings. Respondents were asked to nominate the occupation for the 'most common group of skilled workers' in their workplace and to provide the ordinary time rate of pay for that group. The average hourly rates provided are summarised by industry in Table 34. The blank cells indicate intersections between occupation and industry which do not occur very often (eg. professionals in agriculture or tradespersons in education).

Table 34: Average benchmark earnings for the most skilled occupation by industry (average ordinary time adult hourly rates of pay)

PART A	Professionals		Associate professionals		Tradespersons		Intermediate clerical, sales & service	
	Federal	Sched 1A	Federal	Sched 1A	Federal	Sched 1A	Federal	Sched 1A
Agriculture					\$16.56			
Min & constrn				\$31.49	\$18.24	\$19.28		
Manufacturing					\$16.37	\$17.37	\$14.87	\$17.95
Wholesale/retail					\$14.97	\$14.33		\$14.00
Hospitality etc	\$17.63		\$16.85	\$17.45	\$13.48	\$12.68	\$14.04	\$14.98
Infrastructure		\$20.62					\$16.80	\$15.98
Education etc	\$20.34	\$22.42	\$21.68				\$12.98	\$16.79
Other	\$17.62	\$21.69		\$17.25			\$15.65	\$16.15
Total	\$18.80	\$22.08	\$18.80	\$20.50	\$15.66	\$17.36	\$14.43	\$15.83

PART B	Intermediate production & transport		Elementary clerical, sales & service		Labourers		Total	
	Federal	Sched 1A	Federal	Sched 1A	Federal	Sched 1A	Federal	Sched 1A
Agriculture		\$11.75			\$16.48	\$12.92	\$15.80	\$13.36
Min & constrn	\$14.26				\$20.82	\$16.92	\$18.33	\$20.90
Manufacturing	\$15.56	\$12.79	\$13.10	\$15.19	\$13.46	\$12.94	\$14.96	\$16.95
Wholesale/retail	\$13.94	\$13.96	\$13.03	\$13.98	\$11.09		\$13.85	\$14.36
Hospitality etc			\$12.14	\$13.83	\$12.35	\$12.41	\$14.33	\$18.10
Infrastructure	\$14.09	\$15.88	\$15.93				\$15.90	\$16.01
Education etc							\$17.83	\$19.27
Other						\$14.80	\$16.74	\$18.86
Total	\$14.07	\$14.81	\$13.25	\$14.02	\$15.67	\$13.96	\$15.63	\$17.24

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces surveyed.
 Note: blank cells indicate cells where frequency counts were below 6 workplaces.

What does Table 34 tell us? If we ignore occupation for a moment and just examine the 'total' column, we find that in all industries except agriculture, Schedule 1A workplaces generally pay higher average hourly rates to their skilled workers than do workplaces with Federal coverage. There is, however, one interesting break in this pattern, but it does not overturn this general conclusion. In the case of workplaces where labourers are the most common group of skilled workers we find that workplaces with Schedule 1A coverage generally pay less than do workplaces with Federal coverage. The average difference across industries is \$1.71 per hour, but the differences are noticeably greater in agriculture and in mining/construction. In other words, across nearly all industries, in those workplaces where labourers are the most skilled group of workers, the wage outcomes for Schedule 1A workplaces are worse. To some extent, this break in the pattern is misleading because labourers are the least skilled group of workers in most workplaces. Indeed, in about two thirds of the workplaces

where labourers are the most common group of skilled workers, the *minimum hourly rate* is the same as the rate for this 'most skilled' group of workers. That is, the 'labourers' column is capturing more of the minimum rates picture than it is the occupational benchmark picture.

There are a few other niches where Schedule 1A workplaces pay less than Federal workplaces, and where the occupation is a more highly skilled one. For example, tradespersons in hospitality (eg. chefs) and in wholesale/retail receive slightly less if they work in Schedule 1A workplaces than if they work under Federal coverage.

In the discussion on minimum rates we saw that average hourly rates were less informative than were measures of dispersion. Does the same conclusion apply to occupational benchmarks? Table 35 summarises the same labour market cells used in Table 34 but presents standard deviations in hourly rates instead of means. As mentioned earlier, standard deviations can be directly compared and the larger the figure, the more dispersed are the wage rates. Compared with the minimum rates situation, there are two things which are particularly noticeable for occupational benchmarks:

- the absolute size of the standard deviations are consistently greater for occupational benchmarks than for minimum rates;
- the differences in standard deviations between workplaces with Schedule 1A coverage and those with Federal coverage are also greater for occupational benchmarks than for minimum rates.

What this suggests is that dispersion in earnings is greater amongst skilled workers than amongst minimum rates workers and that Schedule 1A coverage makes this dispersion even greater.

Table 35: Dispersion in benchmark earnings for the most skilled occupation by industry (standard deviations for ordinary time adult hourly rates of pay)

PART A	Professionals		Associate professionals		Tradespersons		Intermediate clerical, sales & service	
	Federal	Sched 1A	Federal	Sched 1A	Federal	Sched 1A	Federal	Sched 1A
Agriculture					\$3.69			
Min & constrn				\$9.53	\$2.64	\$8.95		
Manufacturing					\$3.33	\$3.33	\$2.17	\$3.83
Wholesale/retail					\$3.10	\$2.09		\$3.68
Hospitality etc	\$4.29		\$3.62	\$3.30	\$2.79	\$2.53	\$2.68	\$4.14
Infrastructure		\$8.10					\$5.88	\$3.67
Education etc	\$4.46	\$10.99	\$2.69				\$2.11	\$3.03
Other	\$7.50	\$6.98		\$4.80			\$4.04	\$4.00
Total	\$5.86	\$7.86	\$3.48	\$7.68	\$3.34	\$6.22	\$3.53	\$3.70

PART B	Intermediate production & transport		Elementary clerical, sales & service		Labourers		Total	
	Federal	Sched 1A	Federal	Sched 1A	Federal	Sched 1A	Federal	Sched 1A
Agriculture		\$1.46			\$5.90	\$1.62	\$4.83	\$2.48
Min & constrn	\$1.64				\$5.44	\$6.81	\$4.66	\$9.56
Manufacturing	\$4.72	\$1.95	\$2.37	\$5.65	\$2.81	\$1.56	\$3.33	\$5.57
Wholesale/retail	\$1.46	\$2.60	\$1.64	\$3.01	\$1.57		\$2.70	\$3.06
Hospitality etc			\$1.60	\$3.62	\$1.33	\$2.00	\$3.52	\$7.04
Infrastructure	\$2.77	\$3.28	\$5.16				\$4.68	\$4.93
Education etc							\$5.10	\$7.37
Other						\$1.00	\$5.15	\$6.37
Total	\$2.23	\$4.78	\$2.92	\$3.06	\$5.51	\$3.85	\$4.42	\$6.55

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces surveyed.
 Note: blank cells indicate cells where frequency counts were below 6 workplaces.

Employment benefits for Schedule 1A employees

As well as the hourly rate of pay, the other key dimension to employee remuneration is the payment of various employment benefits in the form of 'loadings'. These may be basic entitlements or they may be paid for variations in the working situation. Do employees working under Schedule 1A coverage enjoy the same benefits which are standard amongst employees under Federal coverage? The AVES examined this issue by focusing on four key areas:

1. the payment of higher rates of pay for working overtime;
2. the payment of penalty rates for working on weekends;
3. the payment of shift allowances; and
4. the payment of an annual leave loading.

While each of these benefits is standard amongst employees with Federal coverage, their availability to employees with Schedule 1A coverage is exceptionally limited. This is evident in Table 36 (the workplace picture) and Table 37 (the employee picture). Table 36 shows that across all industries only 41 per cent of Schedule 1A workplaces pay a higher rate of pay for overtime. The lowest proportion is found in hospitality, recreation and personal services (19 per cent) and the highest is in wholesale/retail (65 per cent).

Less than one quarter of Schedule 1A workplaces pay penalty rates for working on weekends. The proportion is higher in manufacturing (43 per cent) and mining/construction (39 per cent) and very much lower in hospitality, recreation and personal services (8 per cent) and education, health and community services (10 per cent).

Shift allowances are the least common form of benefit paid by Schedule 1A workplaces. Only 6 per cent of such workplaces paid their employees shift allowances.

The only industries in which more than 10 per cent of Schedule 1A workplaces paid this allowance were manufacturing (14 per cent), wholesale/retail (14 per cent) and mining/construction (11 per cent).

Finally, annual leave loading was paid in just over one third of Schedule 1A workplaces. Manufacturing had the highest proportion (54 per cent), followed by wholesale/retail (47 per cent) and mining/construction (45 per cent). The lowest proportion was found in hospitality, recreation and personal services (24 per cent).

Table 36: Benefits paid by Schedule 1A workplaces by industry, percentage of Schedule 1A workplaces

Industry	Higher rate of pay for overtime %	Penalty rates for working weekends %	Shift allowances %	Annual leave loading %
Agriculture	26.6	15.8	0.0	26.3
Mining & construction	49.3	38.8	10.7	45.2
Manufacturing	51.2	43.0	14.1	54.2
Wholesale & retail	64.5	27.8	13.6	46.8
Hospitality, recreation & services	19.0	7.7	1.2	24.0
Infrastructure	27.4	26.0	3.5	44.2
Education, health & community services	21.9	9.7	1.5	25.4
Other	39.3	23.3	2.3	28.2
Total	40.8	23.9	5.9	35.2

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces with Schedule 1A coverage

Turning to Table 37 we find that the overall rankings and proportions do not alter much when we switch focus from workplaces to employees because most Schedule 1A employees are in small workplaces. The one significant exception to this is infrastructure—which tends to have larger workplaces—where the relevant proportions for employees receiving benefits is much greater than the proportions for workplaces. For example, 47 per cent of employees (compared to 26 of workplaces) in Schedule 1A workplaces in infrastructure receive penalty rates for weekends and 62 per cent of employees (compared to 44 per cent of workplaces) receive annual leave loadings.

Table 37: Benefits received by Schedule 1A employees by industry, percentage of employees

Industry	Higher rate of pay for overtime %	Penalty rates for working weekends %	Shift allowances %	Annual leave loading %
Agriculture	29.3	14.6	0.0	30.8
Mining & construction	52.9	38.6	14.3	52.5
Manufacturing	46.1	43.8	14.4	53.0
Wholesale & retail	58.0	28.7	12.9	45.3
Hospitality, recreation & services	24.7	14.5	1.3	27.8
Infrastructure	46.5	47.0	17.6	62.0
Education, health & community services	25.3	11.8	11.6	31.1
Other	39.9	24.6	4.9	29.7
Total	42.7	26.9	8.8	39.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: All employees in workplaces with Schedule 1A coverage

How does the payment of benefits relate to the minimum hourly rates situation? It could be the case, for example, that Schedule 1A workplaces which don't pay benefits are paying higher minimum rates. In other words, employees in these workplaces have 'traded off' their benefits in return for higher hourly rates. On the other hand, it might be the case that Schedule 1A workplaces paying low hourly minimum rates are also not extending benefits to their employees, thereby compounding their financial disadvantage. Table 38 allows us to explore this question. It shows the percentage of Schedule 1A workplaces which pay benefits for each of the minimum hourly rates category. **These results suggest that, with the exception of shift allowances, the lowest paying workplaces are also less likely to pay benefits.** For example, whereas 41 per cent of all Schedule 1A workplaces paid overtime rates, the comparable figure for Schedule 1A workplaces in the lowest paying category was only 28 per cent. Similarly, about 24 per cent of all Schedule 1A workplaces paid weekend penalty rates, but the figure for the lowest paying workplaces was just 16 per cent. Finally, about 35 per cent of all Schedule 1A workplaces paid annual leave loading, but the figure for the lowest paying workplaces was also only 16 per cent. Figure 3 summarises these results in a graph.¹

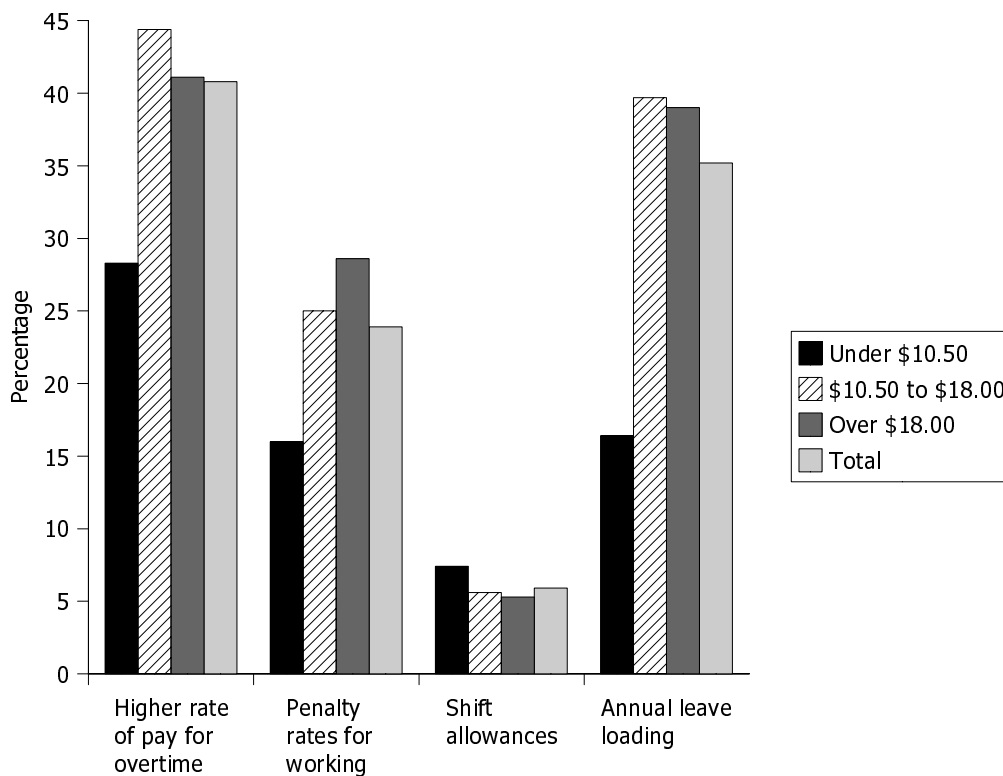
Table 38: Benefits paid by Schedule 1A workplaces according to minimum hourly rates category (percentage of Schedule 1A workplaces in each dollar bracket)

Benefits paid	Minimum hourly rates in Schedule 1A workplaces			
	Under \$10.50	\$10.50 to \$18.00	Over \$18.00	Total
Higher rate of pay for overtime	28.3	44.4	41.1	40.8
Penalty rates for working weekends	16.0	25.0	28.6	23.9
Shift allowances	7.4	5.6	5.3	5.9
Annual leave loading	16.4	39.7	39.0	35.2

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces with Schedule 1A coverage

¹ When the differences between the 'Under \$10.50' category and the 'Total' category were tested for statistical significance, the differences for annual leave loadings proved statistically significant, and the differences for overtime and penalty rates were very close to being statistically significant. The differences for shift allowances were not.

Figure 3: Benefits paid by Schedule 1A workplaces according to minimum hourly rates category (percentage of Schedule 1A workplaces in each dollar bracket)



Source: ACIRRT Victorian Employers' Survey 2000.
Population: All workplaces with Schedule 1A coverage

The use of labour hire and contractors in Victorian workplaces

Recent research by ACIRRT has suggested that there is considerable confusion in the terminology used for describing non-standard employment. Terms like ‘outsourcing’ and ‘contracting out’ are common, whilst workers are variously described as contractors, agency workers, labour hire workers, casuals and so forth. A short telephone interview (as used in the AVES) does not provide the opportunity to sort through this terminology in a careful or precise fashion. Nevertheless, by lumping together a number of common terms—agency workers, labour hire workers, contractors, subcontractors—the AVES did attempt to capture the extent to which workplaces were outsourcing some of their labour requirements. The one significant downside to this approach was that ‘labour hire’ dominated in the construction industry, largely because this industry makes such extensive use of subcontractors. Despite this skewed element, when the analysis was rerun with construction omitted, the results showed few differences.

As expected, the use of labour hire (the term used for the rest of this discussion) was closely related to the size of the workplace (Table 39). While 27 per cent of workplaces overall used labour hire, this figure was much higher (at 38 per cent) in workplaces with between 20 and 99 employees and higher still (at 54 per cent) in workplaces with 100 or more employees. When we look at coverage as well, two things stand out:

- overall, Schedule 1A workplaces are more likely to use labour hire (30 per cent compared to 24 per cent), a surprising outcome considering that Schedule 1A workplaces tend to be smaller workplaces;
- the 'size effect' also applies to Schedule 1A workplaces and indeed is even stronger in medium size workplaces (there were no large workplaces with Schedule 1A coverage). Whereas about 35 per cent of medium sized workplaces with Federal coverage used labour hire, the corresponding figure for medium sized workplaces with Schedule 1A coverage was 48 per cent.

Table 39: Use of labour hire by workplace size and coverage, percentage of workplaces

Workplace size	Currently using labour hire %		
	Federal	Schedule 1A	Total
Under 5	22.4	29.8	26.7
5 to 9	19.3	25.6	22.7
10 to 19	27.6	31.1	29.1
20 to 99	34.9	48.4	37.9
100 plus	53.6		53.6
Total	23.7	29.6	26.9

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces (except those with joint Federal and Schedule 1A coverage).

When Table 39 was redone with construction omitted, the percentage of workplaces using labour hire dropped to 20 per cent (for Federal) and 25 per cent (for Schedule 1A). This was largely the result of changes in the Under 5 category (where construction is mostly concentrated).

The use of labour hire also varies enormously by industry. As Table 40 shows, mining/construction workplaces make heavy use of labour hire; manufacturing and education, health and community services make considerable use of their services; and wholesale/retail and hospitality make very little use of their services. Where Schedule 1A workplaces appear to be distinctive is in the industry location of labour hire usage. Agricultural workplaces are *more* likely to use labour hire if they have Schedule 1A coverage and workplaces in the 'other' category (primarily property and business services) are almost *twice as likely* to use labour hire if they have Schedule 1A coverage. Also of interest in Table 40 is the fact that hospitality workplaces are much *less* likely to use labour hire if they have Schedule 1A coverage. Finally, coverage makes little difference to the use of labour hire in the retail/wholesale sectors.

Table 40: Use of labour hire by industry and coverage, percentage of workplaces

Industry	Currently using labour hire %		
	Federal	Schedule 1A	Total
Agriculture	17.9	26.1	22.2
Mining & construction	61.8	61.3	61.5
Manufacturing	33.5	27.9	30.6
Wholesale & retail	16.0	17.7	16.8
Hospitality, recreation & services	23.2	10.8	17.5
Infrastructure	9.6	17.3	11.9
Education, health & community services	32.1	28.1	30.0
Other	17.3	33.2	28.4
Total	23.7	29.6	26.9

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces (except those with joint Federal and Schedule 1A coverage).

How is the use of labour hire changing? To gauge the extent of change we asked workplaces to compare their usage of labour hire workers with the period two years previously. Amongst workplaces using labour hire, this practice had risen in about one quarter of workplaces and had declined in about 28 per cent of workplaces. The differences according to coverage, however, were quite distinctive. As Table 41 shows, there was little difference between Federal and Schedule 1A workplaces when it came to the decline in labour hire usage, but a greater difference in workplaces where labour hire had increased. About 31 per cent of Schedule 1A workplaces which used labour hire had increased this usage, compared with a figure of 17 per cent amongst the Federal workplaces.

Table 41: Changes in use of labour hire by coverage, percentage of workplaces using labour hire

	Federal	Schedule 1A	Total
Labour hire increasing	17.1	30.9	25.4
Labour hire on decline	28.1	27.3	27.6

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces with labour hire arrangements in place (except workplaces with joint Federal and Schedule 1A coverage).

The differences between Federal and Schedule 1A workplaces are quite small when it comes to usage of labour hire, and only moderately greater when it comes to changes in usage. Do these represent real differences between the two areas of coverage or are they simply the result of sampling variability? When these differences were tested for statistical significance they failed to hold up. **In other words, the differences between Schedule 1A workplaces and Federal workplaces which are implied in the above tables should not be relied upon.**

Fairness in industrial relations—respondents' opinions

All of the questions in the AVES sought factual answers from the respondents except on one issue. In the section at the beginning of the interview, respondents were asked for an opinion on the fairness of the Victorian industrial relations system. One question asked whether the system was seen as fair to the organisation, another asked if it was seen as fair to their employees. Tables 42 and 43 summarise the results for these questions according to coverage.

Several things stand out in these tables:

- the majority of respondents regard the industrial relations system as fair;
- there is little difference in opinion between workplaces which are solely Schedule 1A or Federal (for both questions). On the other hand, in workplaces which have both types of coverage, the 'no' sentiment is much higher;
- respondents are more likely to regard the system as being fairer to their employees than to their organisation, though the differences here are not large.

Table 42: Respondents' opinions on whether IR system was fair to organisation percentage of workplaces

	Fair to organisation?			Total
	Yes	No	Don't know	
Federal coverage	70.0	18.5	11.6	100.0
Schedule 1a	66.0	17.8	16.2	100.0
Both	48.4	35.2	16.4	100.0
Total	67.6	18.3	14.1	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces surveyed

Table 43: Respondents' opinions on whether IR system was fair to employees percentage of workplaces

	Fair to employees?			Total
	Yes	No	Don't know	
Federal coverage	81.2	8.5	10.3	100.0
Schedule 1a	80.5	5.3	14.2	100.0
Both	67.6	19.7	12.7	100.0
Total	80.7	6.9	12.4	100.0

Source: ACIRRT Victorian Employers' Survey 2000. Population: All workplaces surveyed

Appendices

Appendix 1: Conduct of the ACIRRT Victorian Employers' Survey (AVES)

The AVES was conducted during the middle of June 2000 and was carried out by a Melbourne-based market research company (*Fieldworks Market Research*). They were provided with two samples, a primary and a reserve, which had been drawn from the sampling frame. This frame itself was based on a electronic directory of telephone numbers provided by *Desktop Marketing Systems*. The samples were stratified by 19 industry groups (ANZSIC divisional categories and two additional categories: banking and hairdressing). Letters were mailed or faxed to every workplace in the primary sample prior to telephone contact being made. A copy of the letter can be found in Appendix 3.

The survey itself was conducted over the telephone using a CATI (computer aided telephone interview) system. The survey instrument used closed questions (a copy is included in Appendix 3) and the only verbatim replies that needed to be coded were occupational codes and some industry codes (where the original directory listing had proved inaccurate). Interviewers also filled in 'Feedback to researcher' sheets which assisted with corrections when cleaning the data.

Fieldworks Market Research reported some difficulties with co-operation from some respondents because of the impending introduction of the GST. Some respondents were uneasy about questions which probed into their own arrangements for paying their staff, suspecting that this might be a tax inquiry.

The other factor which affected the response rate was the limited time available for the survey. Because the deadline for completion was so tight, Fieldworks were forced to draw fresh sample to fill their quotas, rather than persisting with difficult to contact workplaces. Table A1 below provides a breakdown of the field work outcomes. The response rate of 53 per cent would have been higher if more time had been available for the field work. It is, incidentally, the same level of response which DEWRSB achieved with their recent workplace survey.

Because the CATI system screened the information at the point of data entry, little in the way of data cleaning was necessary. The main changes made were corrections to misplaced industry categories and some imputations of earnings. This was done where the feedback sheets showed that the respondent had not answered in a satisfactory fashion, or where the amounts shown were unrealistic. For minimum hourly earnings any dollar amounts over \$30 were replaced with imputed amounts (based on the average for their industry). Only a handful of cases were affected. Similarly, for the occupational benchmark earnings, any dollar amounts over \$50 and under \$8 were also replaced with imputed amounts (again using the average for their industry). Again, only a limited number of cases were affected.

Once the data were cleaned, the workplaces were weighted using the ABS Business Register of location counts for Victoria for September 1998. The weighting was based on a combination of ANZSIC category and workplace size category. The weighting meant that the final sample of 835 workplaces could be used to estimate population numbers for all Victorian workplaces. Population employee estimates were calculated by multiplying employee numbers in workplace by the workplace weight. This was the same approach used for employee estimates in AWIRS90 and AWIRS95.

Table A1: Survey fieldwork outcomes

Category	Details	No.	Final
Attempted contact		3,184	
Out of scope	Residential number	28	
	Dead	49	
	No answer	123	
	Sole trader	713	
	Company no longer exists	139	
	Duplicate number	7	
Total out of scope		1,059	
Unable to contact successfully	No person available to answer	234	
	Unobtainable	80	
	Language problems	8	
	Referred to other/head office	38	
	Quota full	129	
	Survey finished before appointment came up	62	
Total unsuccessful contact		551	
Contacted but survey not completed	Respondent unavailable for duration	210	
	Refused	529	
Total where not completed		739	
Successful completions			835
Total in scope			2,125
Total in scope & contacted			1,574
Response rate			53%
Refusal rate			34%

Appendix 2: Comparability of results

The estimates from the ACIRRT Victorian Employers' Survey (AVES) are reasonably close to other published data. The total number of employees shown in Table 2 is slightly below ABS Labour Force estimates, but this is because the method of estimation differs. The estimate that 67 per cent of employees come under Federal coverage is consistent with earlier research (Fox and Teicher 1993, p. 205) which suggested coverage ranged between 52 per cent and 61 per cent.

These AVES estimates are also reasonably close to AWIRS95 data. The AWIRS95 small workplace survey suggested that 46 per cent of workplaces (with between 5 and 19 employees) came under Federal coverage. The estimate from the AVES for this category is 49 per cent. When it comes to the number of employee, AWIRS95 found 38 per cent of employees in that size category came under Federal coverage. The comparable AVES figure is 44 per cent. For larger workplaces (20 employees or more), comparable estimates are harder to arrive at. The variables which make such estimates possible were not released with the data files and the AWIRS95 publication (Morehead et al 1997) only presents state level data for Federal award coverage. The figures provided by that publication suggest that 60 per cent of such workplaces have Federal awards only and another 20 per cent have a combination of both Federal and State awards (a total of 80 per cent). In the AVES, 72 per cent of workplace (with 20 employees or more) have Federal coverage and 12 per cent have both Federal coverage and Schedule 1A employees (a total of 84 per cent).

References

- Fox, C. & Teicher, J. (1994) 'Victoria's Employee Relations Act: The Way of the Future', *Australian Bulletin of Labour*, Vol. 20, No. 3, Sept.
- Morehead, A., Steele, M., Alexander, M., Stephen, K. & Duffin, L. (1997), *Change at Work: The 1995 Australian Workplace Industrial Relations Survey (AWIRS 95)*, Longman, South Melbourne.

Appendix 3: Materials used for the survey

Cover letter

Dear Sir/Madam,

As you may know the Victorian Government has recently appointed an independent tripartite Task Force to inquire into industrial relations in Victoria. The Task force is made up of representatives of employer associations (VECCI and AIG), employees and community groups and is Chaired by Professor Ron McCallum.

As part of its work, the Taskforce has commissioned research to provide a contemporary snapshot of the workforce in Victoria in order to better understand the needs of Victorian employers and employees.

To ensure that this research is based on accurate information, the Taskforce has commissioned the Australian Centre for Industrial Relations Research & Training (ACIRRT) at the University of Sydney to undertake a survey of approximately 900 randomly chosen employers in Victoria. The survey has the support and endorsement of the Victorian Employers Chamber of Commerce and Industry (VECCI) and the Australian Industry Group (AIG) and both bodies strongly encourage employers to co-operate with this survey.

Over the next week or so you may receive a call from a researcher from Field Works Market Research, who will take no more than about 5 minutes of your time in a phone interview. The questions ask about the numbers of employees at your workplace and some of their characteristics. We are particularly interested to find out how many employees in Victoria are covered by Federal awards or registered Agreements or some other arrangement.

The information you provide to the interviewer will be used only for aggregated statistical purposes that will give the Task Force a snapshot of employment in different industries in Victoria. Given the way we have designed the survey the identity of your organisation remains completely confidential and there is no possibility of anyone else tracing responses to the source of the information.

Thank you, in anticipation, for taking the time to participate in the survey and if you have any questions at all, please do not hesitate in contacting the project manager at Field Works Market Research (on 03 9427 1122) or myself.

Yours sincerely

Ron Callus
Director
ACIRRT
8 June 2000

*Survey instrument***Victorian Survey – Questionnaire**

UPPER CASE IS INSTRUCTIONS TO CATI INTERVIEWER.

lower case is words spoken and acceptable answers.
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ESTABLISH CORRECT WORKPLACE HAS BEEN CONTACTED: Is this (READ OUT FULL NAME AND SUBURB OF WORKPLACE FROM CONTACT SHEET)?

Hello, my name is _____ and I'm calling on behalf of the Australian Centre for Industrial Relations Research and Training at the University of Sydney. We have been asked by a Victorian Government Taskforce to do some research into employment issues in Victoria. A letter was sent out recently explaining this research to your senior manager or your human resource manager. May I please speak to the person who received that letter, or to the person most responsible for employment issues at this workplace?

REPEAT ONLY IF ANOTHER PERSON.

Hello, my name is _____ and I'm calling on behalf of the Australian Centre for Industrial Relations Research and Training at the University of Sydney.

We sent a letter to you recently, where we mentioned that a Victorian Government Taskforce has asked us to carry out a survey for them. The Taskforce is made up of employer, employee and community representatives. The employer bodies, like the Victorian Employers Chamber of Commerce and Industry (VECCI) and the Australian Industry Group (AIG) are both strongly supporting the survey and have encouraged employers to co-operate with this survey.

We selected your workplace at random from a phone directory, and all the information we collect is entirely confidential. We only report on averages across many workplaces and never report on anything which would identify a workplace.

We'd be very grateful if you could assist us for about five minutes over the phone. That's all the time that the survey takes. It asks basic organisational questions about issues such as number of full time, part time and casual employees, as well as how employment conditions are determined.

Do you have a few minutes to complete the survey now?

IF NO

Can I please make a time to call you back to conduct the survey?

Q1. Are you a sole trader or do you employ others to work here?

Yes (THEN EXIT).

No (CONTINUE)

Don't know (CONTINUE)

Q.2 What is your position in this company/agency?

Owner/manager

Senior manager

Human Resource Manager

Other

Q3. Could you please answer yes or no to the following question: Do you think that the industrial relations system, in general, is fair to your organisation?

Yes

No

Don't know

Q4. And do you think, overall, it is fair to your employees?

Yes

No

Don't know

Q.5. During the interview I will be asking you questions about your workplace, which means this address (READ OUT STREET ADDRESS). Is your workplace part of a larger organisation?

Yes

No

Don't know

(IF OBJECT THAT NEED TO CONTACT HEAD OFFICE, STRESS THAT YOU ARE INTERESTED IN THIS LOCAL WORKPLACE AND THAT THEY WILL KNOW THE INFORMATION YOU ARE SEEKING)

Q.6. I have your workplace recorded as part of the (READ OUT INDUSTRY CATEGORY FOR WORKPLACE) industry. Is that correct?

Yes

No

Don't know.

IF NO OR DON'T KNOW, ASK What is the main type of activity at your workplace, in other words what does it make or do? ACCEPT VERBATIM.

Q.7. I'm interested in finding out how many employees work at your workplace. That's including managers, full timers and part-timers and casuals, but not counting any contractors and agency workers. So, overall, how many employees are there at this workplace?

If number of employees is less than 20 (Q.7) and workplace is NOT part of a larger organisation (Q.5) then go to Part A.

If number of employees is 20 or more (Q.7) OR number if less than 20 BUT workplace is part of a larger organisation (Q.5), then go to Part B.

Part A. Decision rule 2 population

As I mentioned before, in 1996 the Victorian Government handed over its industrial relations laws to the Federal government. We would like to get a clear picture of how minimum wages and conditions are now set in Victoria.

We know that a lot of workplaces often pay above the minimum required, but we'd like to know what the minimum wages and conditions are based on in this workplace.

Q.8. Which of the following statements best describes what happens at your workplace for the majority of non-managerial employees:

1. Minimum wages and conditions at this workplace are based on a Federal award or federal agreement? (GO TO FEDERAL MODULE)
2. Minimum wages and conditions are based on what was contained in the former state award that applied to my workplace (GO TO Q.9.)
3. At this workplace we have our own arrangements for minimum wages and conditions. (GO TO NON-FEDERAL MODULE)

Q.9. In the past 4 years has your organisation or your employer association converted the state award into a federal award or agreement?

Yes (GO TO FEDERAL MODULE)

No (GO TO NON-FEDERAL MODULE)

Don't know

NB. PART A POPULATION CAN GO TO ONLY FEDERAL OR NON-FEDERAL MODULES, NOT TO BOTH

Part B Decision rule 3 population

Q.10 Do any of your non-managerial employees work under a Federal award or registered agreement such as a certified agreement? This includes the situation where a former state award has been converted to a Federal award or agreement.

Yes

No

Don't know

Q.11 Do any of your non-managerial employees work under other arrangements which are not part of a Federal award or registered agreement?

Yes

No

Don't know

IF YES ONLY TO Q.10, THEN DO FEDERAL MODULE

IF YES ONLY TO Q.11, THEN DO NON-FEDERAL MODULE

IF YES TO BOTH, THEN DO BOTH MODULES

**OTHERWISE (EG. IF ANSWER DON'T KNOW OR NO TO BOTH),
THEN DO NON-FEDERAL MODULE**

Federal Module

Q.12. How many employees work under a Federal award or registered agreement, such as a certified agreement?

NUMBER MUST BE GREATER THAN 0.

Q.13 How many of these are full-timers?

Q.14. How many are part-timers?

Q.15. How many are casuals?

Q.16. How many are women?

Q.17 How many, if any, speak English as a second language?

Q.18 Amongst **all** of the employees who work under Federal awards or agreements, what is the lowest rate of ordinary hours pay that a full-time **adult** might earn? Don't include apprentices or trainees when you give your answer. (CLARIFY IF HOURLY OR WEEKLY RATE. IF LATTER, ASK NUMBER OF HOURS WORKED. IF ONLY HAVE CASUALS OR PART-TIMERS, ASK FOR THE BASE HOURLY RATE OF PAY WITHOUT LOADINGS.)

Q.19. What work do employees on this lowest rate do?

Q.20. How many of your employees are on this lowest rate of pay?

Q.21. Amongst **all** of the employees who work under Federal awards or agreements what is the occupation of the most common group of skilled workers? ACCEPT VERBATIMS. (AIM FOR FULL DESCRIPTION OF OCCUPATION; PROMPT FOR TASKS CARRIED OUT)

Q.22. What is the most common ordinary time rate of pay which a full-time adult working in that occupation in this workplace would earn? (CLARIFY IF HOURLY OR WEEKLY RATE. IF LATTER, ASK NUMBER OF HOURS WORKED. IF ONLY HAVE CASUALS OR PART-TIMERS, ASK FOR THE BASE HOURLY RATE OF PAY WITHOUT LOADINGS.)

Non-Federal Module

Q.23. How many of your employees are in this category, that is, not on Federal awards or agreements?

NUMBER MUST BE GREATER THAN 0.

Q.24. How many of these are full-timers?

Q.25. How many are part-timers?

Q.26. How many are casuals?

Q.27. How many are women?

Q.28. How many, if any, speak English as a second language?

Do any of these employees receive:

Q.29. A higher rate of pay when they work overtime?

Q.30. Penalty rates when they work on weekends?

Q.31. Shift allowances?

Q.32. Annual leave loadings?

ACCEPT YES / NO / DON'T KNOW FOR EACH ITEM.

Q.33. Amongst **all** these employees who are not on Federal awards or agreements what is the lowest rate of ordinary hours pay that a full-time adult might earn in this workplace? Don't include apprentices or trainees when you give your answer. (CLARIFY IF HOURLY OR WEEKLY RATE. IF LATTER, ASK NUMBER OF HOURS WORKED. IF ONLY HAVE CASUALS OR PART-TIMERS, ASK FOR THE BASE HOURLY RATE OF PAY WITHOUT LOADINGS.)

Q.34. What work do employees on this lowest rate do?

Q.35. How many of these employees are on this lowest rate of pay?

Q.34. Amongst **all** these employees who are not on Federal awards or agreements what is the occupation of the most common group of skilled workers? ACCEPT VERBATIMS.

Q.35. What is the most common ordinary time rate of pay which a full-time adult working in that occupation in this workplace would earn? (CLARIFY IF HOURLY OR WEEKLY RATE. IF LATTER, ASK NUMBER OF HOURS WORKED. IF ONLY HAVE CASUALS OR PART-TIMERS, ASK FOR THE BASE HOURLY RATE OF PAY WITHOUT LOADINGS.)

WRAP UP - EVERYONE IS ASKED THIS

Labour hire questions

Q.36. Does this workplace currently make use of agency workers, labour hire workers, contractors or subcontractors?

Q.37. How many of these workers are currently at your workplace?

Q.38. Compared with this time two years ago, are the number of these kinds of workers now:

Higher?

The same?

Lower?

Call-back possibility

IF ANY ANSWERS TO ANY QUESTIONS WERE DON'T KNOW:

I notice that on some questions (SUCH AS) you did not know the answer. If I was to ring back at a later time, is there any chance you could find out the answers in the meantime, perhaps by speaking with someone else? (IF AGREES, MAKE DATE AND TIME FOR CALL BACK).

Thank you for your assistance. It has been a great help.