

Earnings, employment benefits and industrial coverage in Victoria:

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

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Key Findings

Earnings

Low wage workers

- In 1999 over 140,000 Victorian adult non-managerial employees earned under \$10 per hour and nearly 330,000 earned under \$12 per hour.
- Victoria has a greater proportion of its workforce in low wage jobs compared with NSW and with the national average. About 24 per cent of Victorian employees earned under \$12 per hour in 1999, compared with 19 per cent in NSW (and 21 per cent nationally). When it comes to very low wage employees, the differences are much weaker. About 10 per cent of Victorian employees earned under \$10 per hour, compared with 8 per cent in NSW (and 9 per cent nationally).
- Part of Victoria's disadvantage arises because a considerable proportion of elementary clerical, sales and services workers (eg. sales assistants) are in the under \$10 bracket, and a considerable proportion of intermediate production and transport workers (eg. machinists and truck drivers) are in the under \$12 bracket.
- There are several industries in Victoria which are notable for their concentrations of low wage workers:
 - ◆ retail trade: where 39 per cent of employees earn under \$12 per hour;
 - ◆ accommodation, cafes and restaurants: where 45 per cent of employees earn under \$12 per hour (and 19 per cent earn under \$10 per hour); and
 - ◆ personal and other services: where 32 per cent of employees earn under \$12 per hour (and 22 per cent earn under \$10 per hour).

Sub-populations of interest

- Non-metropolitan employees fare worse than their metropolitan counterparts. Nearly 30 per cent of non-metropolitan employees earn under \$12 per hour, compared with just 23 per cent of metropolitan employees.
- Casuals are more likely than permanents to be found in the lowest earnings brackets. About 18 per cent of casuals earn under \$10 per hour, compared with just 9 per cent of permanents.
- There is some evidence of non-English speaking background NESB disadvantage in the under \$12 per hour bracket but not in the under \$10 per hour bracket and the differences are not large.
- Over 38 per cent of employees in small workplaces earn under \$12 per hour, compared with about 22 to 27 per cent in the medium sized workplaces. Nearly one fifth of employees in small workplaces earn under \$10 per hour.

- Differences in earnings between Victoria and NSW become greater as the workplaces become smaller, and it is in this sector of the labour market that Victoria's earnings disadvantage is most evident.

Changes since 1989

- The proportion of low wage workers in Victoria declined between 1989 and 1999 but not to the same extent as elsewhere. The percentage decline in the under \$10 per hour bracket was 25 per cent in Victoria, but 37 per cent in NSW and 34 per cent nationally. In the under \$12 per hour bracket, the Victorian decline was 16 per cent, compared with a NSW figure of 30 per cent and a national figure of 24 per cent. Whilst the situation for low wage workers in Victoria improved during the 1990s, the improvement was not as great as in NSW or nationally. In relative terms, Victoria went backwards.

Average hourly earnings

- Hourly earnings are on average lower in Victoria than in NSW and nationally. Hourly rates are between \$1 to \$1.50 per hour lower in Victoria than in NSW and about 50 cents per hour lower than the national averages. Amongst less skilled white collar male workers in Victoria, the differences are even greater: \$2 per hour lower than NSW and \$1.20 per hour lower than nationally. The interstate comparisons for women are much less pronounced.
- Overall Victorians earn just 93 per cent of what NSW employees earn. In wholesale trade they earn just 81 per cent of the NSW average; but in construction they earn 13 per cent more than the NSW average.
- Less skilled blue collar occupations in agriculture, wholesale trade, retail trade and accommodation, cafes and restaurants earn average rates of under \$13 per hour.

Employment benefits

The 1999 situation

- In 1999 there were no differences between Victoria, NSW or nationally in the number of standard benefits received by employees or the type of benefits.
- Access to superannuation is almost universal, with over 90 per cent of employees receiving this benefit. Long service leave is the least common entitlement, with about two thirds of employees receiving it. There are no differences between Victoria and NSW (or nationally) but there is gender variability in all of these geographical areas. With the exception of superannuation, males are more likely to receive these various employment benefits compared to females.

Changes since 1989

- The most dramatic change is the greater access to employment benefits for female employees in 1999 compared to their situation in 1989. For example, only 45 per cent

of Victorian female employees had four benefits in 1989, compared with a figure of 61 per cent a decade later. In the same period, the proportion receiving no benefits declined from 16 per cent to 7 per cent.

- For male employees, on the other hand, the decade has seen declines in their receipt of employment benefits, and these tend to be sharper in Victoria than elsewhere. In 1989 Victorian male employees enjoyed a slight lead over their interstate colleagues and this had been lost by 1999.
- For example, in 1989 about 71 per cent of Victorian male employees received four benefits; the 1999 figure had dropped to 65 per cent. In 1989, 80 per cent of Victorian male employees received long service leave; by 1999 the figure was down to 67 per cent. Again, in 1989 about 91 per cent of Victorian male employees received holiday leave; by 1999 this had dropped to 79 per cent. Finally, sick leave dropped from 90 per cent coverage to 79 per cent. A possible reason for these declines is the greater casualisation of the workforce over the last decade.

Conclusion

- In summary, the findings reported in this volume are consistent with the story which emerged in Volume 1. Victoria does appear to have a problem with a low wage sector, particularly in small workplaces and in certain industries. While this problem is shared with other States, the situation in Victoria compares unfavourably. Finally, over the last decade there has been a deterioration in relative terms between the earnings situation in Victoria compared with NSW, and to a lesser extent, with national figures. A similar erosion over time is evident with regard to employment 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. Volume 1 examined differences between employees in Victoria who came under federal coverage and those who came under Schedule 1A coverage. A survey of Victorian employers was used for that analysis.

In this volume there is no discussion of industrial relations coverage. Rather, the purpose of this volume is to compare the Victorian figures for earnings and employment benefits with the NSW and national figures, and to compare the 1999 situation in Victoria with the situation in 1989. The data used for these comparisons are unpublished Australian Bureau of Statistics (ABS) Labour Force Survey data, which have been provided by the ABS as customised frequency tables.¹ This data was collected from households (not workplaces) during August 1999 and August 1989 as part of the August 'Supplementary Survey' which is carried out as part of the monthly Labour Force Survey.

The key questions addressed in this volume are:

1. Does Victoria have a low wage sector and, if so, what are its characteristics?
2. How do the earnings and employment benefits of Victorian employees compare with interstate figures, taking account of occupational and industry factors?
3. How does the earnings and benefits situation in Victoria in 1999 compare with the situation which prevailed in 1989?
4. How have particular sub-populations fared in Victorian, particularly casuals and non-English speaking background (NESB) migrants; employees in non-metropolitan areas; and employees in small workplaces?

As just noted, two main comparisons have been chosen: an interstate comparison and an historical comparison. For the former, the main comparisons are with NSW and with national figures.² While the choice of NSW may seem an unfair one, given the dynamic labour market in that State, it is still the most appropriate benchmark for Victoria. The structure of the Victorian economy is closer to that of NSW than to any other State. Furthermore, historically the two States have always compared themselves. As well as this comparison, figures for Australia are also used so that the Victorian situation can be compared against the national averages.³

The choice of 1989 for the other comparator is based on two reasons. First, both 1999 and 1989 are at similar points in the business cycle which makes the comparisons

¹ These tables have been processed by way of aggregation and conversion to percentages by the author.

² It was envisaged that comparisons with Queensland would also be carried out, but this was not possible because of delays at the ABS in providing the data.

³ Sometimes the expressions used for these comparisons may sound strange. While it makes sense to compare Victorians with their NSW counterparts (or colleagues), it is hard to visualise a similar comparison with their national counterparts (since they are themselves part of that national average!). Despite this visual difficulty, I resort to this form of expression because of the convenience which it offers.

more reliable. While some of the key economic indicators differ between the two years, both these points in time have, nevertheless, followed in the wake of solid economic growth and reasonable jobs growth. Secondly, 1989 predates the Kennett era in Victoria and is therefore a useful base period for examining the situation in the labour market prior to radical changes in the industrial relations system.

Analysis of the ABS Labour Force Survey data

Choice of population and earnings measures

There are many factors which influence earnings and which make comparisons difficult to carry out. Some of these factors can be dealt with by restricting the population of interest to a subgroup which does not contain exceptional cases. Other factors can be controlled for by a careful choice of the earnings measures used. In this volume the population analysed is non-managerial employees aged 21 and over. This eliminates the extremities caused by high managerial salaries on the one hand, and junior rates of pay, on the other. Non-employees are excluded because the main concern in this report is the industrial relations system and its wage-fixing outcomes. This population is the same one used by the ABS for its own earnings series (such as Average Weekly Earnings). For convenience of expression, the term ‘employees’ (or ‘workers’) will be used throughout this volume to refer to this population.

The earnings measure used in this volume is hourly rates of pay. This eliminates problems caused by differing hours of work, particularly between full-timers and part-timers. It does not, however, take account of unpaid overtime. While it is a useful comparative measure, the hourly rate of pay does not automatically reflect living standards. It reveals nothing about access to work, such as whether full-time hours or year-long work are available. Given current developments in the labour market, particularly the growth of casual work and under-employment, these issues are serious ones. Nevertheless, for the purposes of this report, the focus on the hourly rate of pay is appropriate.

A note on the accuracy of the estimates

As with all sample surveys the estimates in the ABS Labour Force Survey are subject to sampling variability. Every estimate from this survey has a ‘standard error’ associated with it, which allows us to calculate a margin of error (or confidence interval) around that estimate. The size of this standard error partly hinges on the number of persons in the sample on which the estimates are based. Larger numbers of people in the sample mean a smaller standard error around the estimates.

Similarly, *differences* between estimates also have a confidence interval attached to them. For example, differences in the earnings between Victorian and NSW male labourers may not be ‘real’ differences because the margin of error may be too great. A conventional way of expressing this is to note whether a difference between two estimates is ‘statistically significant’ at a particular level of confidence. A 95 per cent confidence level means that there are 19 chances in 20 that the true value of the estimate lies within

the confidence interval. A 66 per cent confidence level means that there are 2 chances in 3 that the true value of the estimate lies within the confidence interval.

In analysing the ABS Labour Force Survey data I have made use of the conventional 95 per cent confidence level as well as the less stringent 66 per cent confidence level. The use of the latter has been necessary because many of the tables in this volume refer to sub-populations (such as occupational or industry groups) whose outcomes are of considerable interest to the Taskforce. To have used the more stringent 95 per cent confidence level at all times would have run the risk of ignoring potentially important differences. Nevertheless, the cost in using the less stringent confidence level is that there is a greater cloud of uncertainty around some of the differences at this level which are discussed in this volume. Greater certainty can be attached to differences which are significant at the 95 per cent level. Footnotes in the text indicate where differences are statistically significant and the confidence level used. Finally, the ABS recommends not relying on population estimates which are below 5,000. In the following analysis I have been more stringent than this, and have used 30,000 as my cut-off point when reporting on cell count estimates, and 10,000 as the cut-off point in reporting cells in which dollar averages have been calculated.

When the trends in any analysis all point in the same direction, one can be reasonably confident that the estimates are reliable. On the other hand, if the substantive results of the analysis hinge on whether some differences are statistically significant and others are not, then caution is warranted. Fortunately, in the following analysis there is reasonable consistency in all of the results, and the trends over time all point in the same direction. This suggests that the findings of this volume are reasonably robust.

Low wage employees

Introduction

What level of wages were Victorians earning in 1999? How does this compare with other States, and with the situation of a decade ago? Where do low paid workers fit into the story? These are some of the key questions examined in this volume. Two approaches to earnings are used: average hourly earnings and earnings brackets, based on two broad categories:

- under \$10 per hour; and
- under \$12 per hour (which includes the under \$10 per hour category).

The first category captures the very lowest paid workers, while the second category is useful for referring to low wage workers in general. In this section of the report I focus on the issue of low wage workers, while in the next section I examine average hourly earnings. The earnings brackets employed in this section can also be used to gain some idea of the distribution of earnings. By simply subtracting the under \$12 per hour percentage from 100, the proportion of employees earning \$12 and over per hour can be calculated. And by subtracting the under \$12 per hour percentage from the under \$10 per hour percentage, one can arrive at the proportion of employees earning between \$10 and \$12 per hour. While doing such mental exercises may appear onerous, to have used more earnings brackets in the following tables would have produced unnecessary clutter and distracted from the key focus on low wage workers.

Overview

What proportion of Victorian workers can be regarded as low paid, and how does this compare with other States and with the situation a decade ago? The following tables answer these questions. As with Volume 1, most of the tables in this volume make use of percentages because these are most convenient for comparisons. Nevertheless, it is useful to have some idea of the magnitude of the numbers involved in this analysis before we examine the percentages. Table 1 shows that **over 140,000 Victorians earned under \$10 per hour and nearly 330,000 earned under \$12 per hour.**⁴

⁴ The figures for the under \$10 per hour bracket (about 140,000) are much higher than the AVES estimates for workplace minimum wage earners reported in Volume 1 (about 70,000). The reasons for this (apart from the different dollar cut-off points) are the different populations involved and the different approach to generating the estimates. These figures include everyone under \$10 per hour, whether or not they were on the minimum rate, whereas the AVES only counted the number who were on the workplace minimum rate. In the AVES a considerable number of employees may have been earning under \$10.50 per hour but not been on the workplace minimum rates. The survey approaches are also quite different. As mentioned earlier, the ABS data was based on a household survey and was therefore able to estimate the number of employees directly. The AVES, on the other hand, was based on workplaces and the number of employees had to be calculated indirectly by multiplying the number of workplaces by the number of employees in those workplaces.

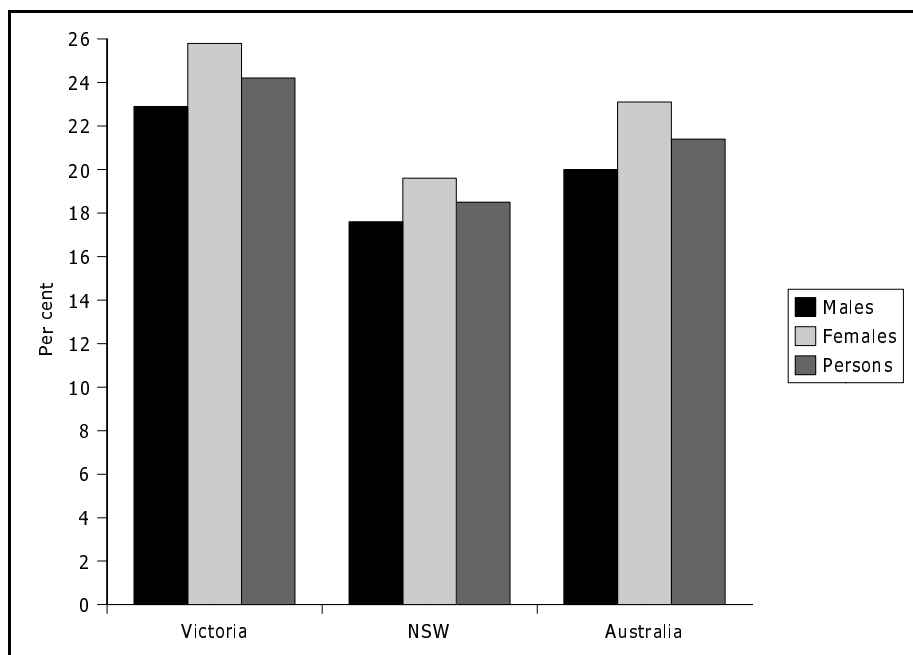
Table 1: Overview of earnings in Victoria, 1999
(numbers in each earnings bracket)

	Under \$10 per hour	Under \$12 per hour	All earners
Males	75,358	164,656	720,097
Females	66,681	164,921	640,178
Persons	142,039	329,577	1,360,275

Source: Unpublished ABS Labour Force Survey data, August 1999
Population: Non-managerial employees aged 21 or over.

Victoria has a greater proportion of its workforce in low wage jobs compared with NSW and with the national average. About 24 per cent of Victorian employees earned under \$12 per hour in 1999, compared with 19 per cent in NSW (and 21 per cent nationally). When it comes to very low wage employees, the differences are much weaker. About 10 per cent of Victorian employees earned under \$10 per hour, compared with 8 per cent in NSW (and 9 per cent nationally).⁵ These results are summarised in Table 2 and the figures for those earning under \$12 per hour are graphed in Figure 1.

Figure 1: Employees earning under \$12 per hour, Victoria, NSW & Australia 1999
(Percentage of each group earning under \$12 per hour)



Source, population and notes as per Table 2.

⁵ For the under \$12 per hour bracket, all of the Victorian/NSW comparisons are statistically significant at the 95 per cent level. The Victorian/Australia comparisons are statistically significant at the 95 per cent level for persons, and at the 66 per cent level for males and females. For the under \$10 per hour bracket, all of the Victorian/NSW comparisons are statistically significant at the 66 per cent level. The Victorian/Australia comparison for persons is significant at this level as well.

Table 2: Low wage employees in Victoria, NSW and Australia, 1999
(percentage in each earnings bracket)

	Victoria		NSW		Australia	
	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr
Males	10.5	22.9	7.8	17.6	8.7	20.0
Females	10.4	25.8	7.7	19.6	9.2	23.1
Persons	10.4	24.2	7.8	18.5	8.9	21.4

Source: Unpublished ABS Labour Force Survey data, August 1999
Population: Non-managerial employees aged 21 or over.

The occupational situation

Table 3 shows occupational breakdowns for persons in each geographical area. It appears that **part of Victoria's disadvantage arises because a considerable proportion of elementary clerical, sales and services workers (eg. sales assistants) are in the under \$10 bracket, and a considerable proportion of intermediate production and transport workers (eg. machinists and truck drivers) are in the under \$12 bracket.** Specifically, 15 per cent of elementary clerical, sales and services workers in Victoria earn under \$10 per hour. This is nearly half as much again as the all-occupation average. By way of interstate comparisons, the NSW figure is 10 per cent (and the national figure is 13 per cent). About 30 per cent of intermediate production and transport workers in Victoria earn under \$12 per hour. The NSW figure is considerably lower at 18 per cent (and the national figure is 24 per cent).⁶

Table 3: Low wage employees by occupation, 1999
(percentages in each bracket)

Occupation	Victoria		NSW		Australia	
	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr
Professionals	4.7	9.9	4.1	8.4	4.6	9.0
Associate professionals	12.7	23.2	10.0	18.1	10.6	20.0
Tradespersons and related workers	9.7	24.7	7.4	18.8	8.3	20.9
Advanced clerical and service workers	4.2	12.1	4.5	9.5	6.6	14.6
Intermediate clerical, sales and service workers	11.7	24.8	7.1	19.3	8.9	22.6
Intermediate production and transport workers	13.0	30.0	7.1	18.4	9.2	24.1
Elementary clerical, sales and service workers	15.1	37.7	10.0	30.2	12.7	35.1
Labourers and related workers	13.9	43.2	14.8	33.7	15.0	38.0
Total	10.4	24.2	7.8	18.5	8.9	21.4

Source: Unpublished ABS Labour Force Survey data, August 1999
Population: Non-managerial employees aged 21 or over.

⁶ The differences for intermediate production and transport workers are statistically significant at the 66 per cent level. The differences for elementary clerical, sales and service workers are not statistically significant.

In the following analysis we look at how gender fits into this story of occupational earnings. Table 3 is now reproduced for males and females. Table 4 shows the male occupational situation. Some notable features are:

- **Intermediate production and transport workers (eg. machinists and truck drivers) in Victoria do not fare as well as their interstate counterparts.** Over 13 per cent of them are in the under \$10 per hour bracket and the proportion earning under \$12 per hour is as high as 28 per cent. The NSW figures are below this (at 8 per cent and 19 per cent respectively) whilst even the national figures are lower (at 9 per cent and 23 per cent respectively).⁷
- **Labourers are disadvantaged compared to other occupations.** Their presence in the under \$12 per hour bracket is nearly double the all-occupation average. Moreover, their presence is greater in Victoria (41 per cent) than elsewhere. The comparable NSW figure is 34 per cent and the national figure is 36 per cent.⁸
- In one occupational group—advanced clerical and service workers—Victoria is ahead of the national average. About 12 per cent of these workers earn under \$12 per hour, compared with a national figure of 15 per cent.⁹

Table 4: Low wage male employees by occupation, 1999

(percentages in each bracket)

Occupation	Victoria		NSW		Australia	
	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr
Professionals	4.7	9.0	5.2	7.9	5.2	8.8
Associate professionals	13.2	22.2	8.6	15.3	10.6	19.2
Tradespersons and related workers	9.6	23.9	7.0	17.6	8.0	19.5
Advanced clerical and service workers					4.3	8.3
Intermediate clerical, sales and service workers	8.6	21.9	6.5	15.5	7.2	18.2
Intermediate production and transport workers	13.1	28.0	8.1	19.4	8.9	22.8
Elementary clerical, sales and service workers	14.0	28.7	5.8	25.9	11.1	30.4
Labourers and related workers	15.0	40.5	14.6	33.5	14.7	35.7
Total	10.5	22.9	7.8	17.6	8.7	20.0

Source: Unpublished ABS Labour Force Survey data, August 1999

Population: Non-managerial employees aged 21 or over.

Note: Blank cells indicate cells where the estimate fell below 30,000 (estimates below 30,000 have relative standard errors greater than about 10 per cent).

The occupational earnings situation for women is shown in Table 5. **Victoria emerges as a State with earnings disadvantages for women in comparison with NSW.** However, when compared with the national figures, Victoria’s situation is not that dissimilar. It appears, therefore, that NSW is something of an exception, albeit a positive one. Two of the notable contrasts between Victoria and NSW are:

- Female labourers are particularly disadvantaged. Their presence in the under \$12 per hour bracket is nearly double the all-occupation average. The Victorian situation for

⁷ The differences between Victoria and NSW in the under \$12 per hour category are statistically significant at the 66 per cent level. The other differences are not statistically significant.

⁸ These differences are not statistically significant at either level.

⁹ This difference is not statistically significant.

female labourers also compares unfavourably to NSW. **Some 47 per cent of female labourers in Victoria earn under \$12 per hour, compared to 34 per cent in NSW.**¹⁰

- Female elementary clerical, sales and service workers (eg. sales assistants) are also disadvantaged in Victoria compared to NSW. **Over 43 per cent of these workers in Victoria earn under \$12 per hour, compared to 33 per cent in NSW.**¹¹

Table 5: Low wage female employees by occupation, 1999
(percentages in each bracket)

Occupation	Victoria		NSW		Australia	
	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr
Professionals	4.7	10.8	3.2	8.8	4.0	9.2
Associate professionals	11.8	25.1	12.6	23.3	10.7	21.4
Tradespersons and related workers					12.1	35.1
Advanced clerical and service workers	4.8	13.9	5.1	10.7	7.0	15.5
Intermediate clerical, sales and service workers	12.8	26.0	7.4	20.9	9.5	24.3
Intermediate production and transport workers					11.0	32.3
Elementary clerical, sales and service workers	15.8	43.4	12.8	33.0	13.5	37.9
Labourers and related workers	12.3	47.0	15.0	33.9	15.5	41.4
Total	10.4	25.8	7.7	19.6	9.2	23.1

Source: Unpublished ABS Labour Force Survey data, August 1999

Population: Non-managerial employees aged 21 or over.

Note: Blank cells indicate cells where the estimate fell below 30,000 (estimates below 30,000 have relative standard errors greater than about 10 per cent).

The industry situation

As Table 6 shows, there are several industries in Victoria which are notable for their **concentrations of low wage workers**:

- **retail trade**: where 39 per cent of employees earn under \$12 per hour;
- **accommodation, cafes and restaurants**: where 45 per cent of employees earn under \$12 per hour (and 19 per cent earn under \$10 per hour); and
- **personal and other services**: where 32 per cent of employees earn under \$12 per hour (and 22 per cent earn under \$10 per hour).

In all cases, these industries have much greater proportions of employees earning under \$12 per hour than the all-industry average of 24 per cent. In the case of the last two industries in this list, the proportions of employees earning under \$10 per hour are particularly high—about double the all-industry average.

¹⁰ This difference is statistically significant at the 66 per cent level.

¹¹ This difference is statistically significant at the 66 per cent level.

Table 6: Low wage employees by industry, 1999
(percentages in each bracket)

Industry	Victoria		NSW		Australia	
	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr
Agriculture, forestry and fishing					20.5	47.7
Mining					0.0	6.1
Manufacturing	10.3	23.6	6.6	20.1	7.7	21.3
Electricity, gas and water supply					2.3	5.3
Construction	9.4	24.6	7.4	15.7	8.3	18.4
Wholesale trade	10.3	24.4	5.0	14.5	8.0	20.6
Retail trade	15.4	38.7	11.1	31.6	12.6	34.9
Accommodation, cafes and restaurants	19.0	45.2	17.3	31.3	16.5	36.8
Transport and storage	10.4	20.9	8.1	16.4	9.3	19.6
Communication services			0.0	0.0	1.9	8.4
Finance and insurance	6.1	11.9	4.5	9.1	5.3	11.5
Property and business services	10.3	21.5	8.9	17.7	9.7	20.6
Government administration and defence	5.5	14.8	0.0	0.0	3.1	8.2
Education	6.3	17.0	4.8	11.2	5.3	12.9
Health and community services	5.1	15.8	8.5	19.4	8.4	19.3
Cultural and recreational services	8.6	25.4	4.7	16.9	12.0	26.1
Personal and other services	22.1	31.9	10.2	24.4	14.8	28.0
Total	10.4	24.2	7.8	18.5	8.9	21.4

Source: Unpublished ABS Labour Force Survey data, August 1999

Population: Non-managerial employees aged 21 or over.

Note: Blank cells indicate cells where the estimate fell below 30,000 (estimates below 30,000 have relative standard errors greater than about 10 per cent).

Retail trade has high proportions of low wage employees in Victoria, NSW and nationally. However, for accommodation, cafes and restaurants and for personal and other services—the Victorian proportions are higher. In personal and other services, for example, the proportion earning under \$10 per hour (22 per cent) is double the NSW figure and 8 percentage points higher than the national figure.¹² In the case of accommodation, cafes and restaurants the proportion earning under \$12 per hour is 14 percentage points higher in Victoria than in NSW.¹³ Finally, there is one other industry where there is a difference between Victoria and NSW. In wholesale trade the proportion earning under \$12 per hour is 10 percentage points higher in Victoria than in NSW.¹⁴ On the other hand, in health and community services Victoria has less low wage employees (in the under \$12 per hour bracket) than the national average (16 per cent compared with 19 per cent).¹⁵

The full details of these comparisons are shown in Table 6. (A gender breakdown is not provided because the cell counts would become too small). Figure 2 shows the three

¹² These differences are statistically significant at the 66 per cent level.

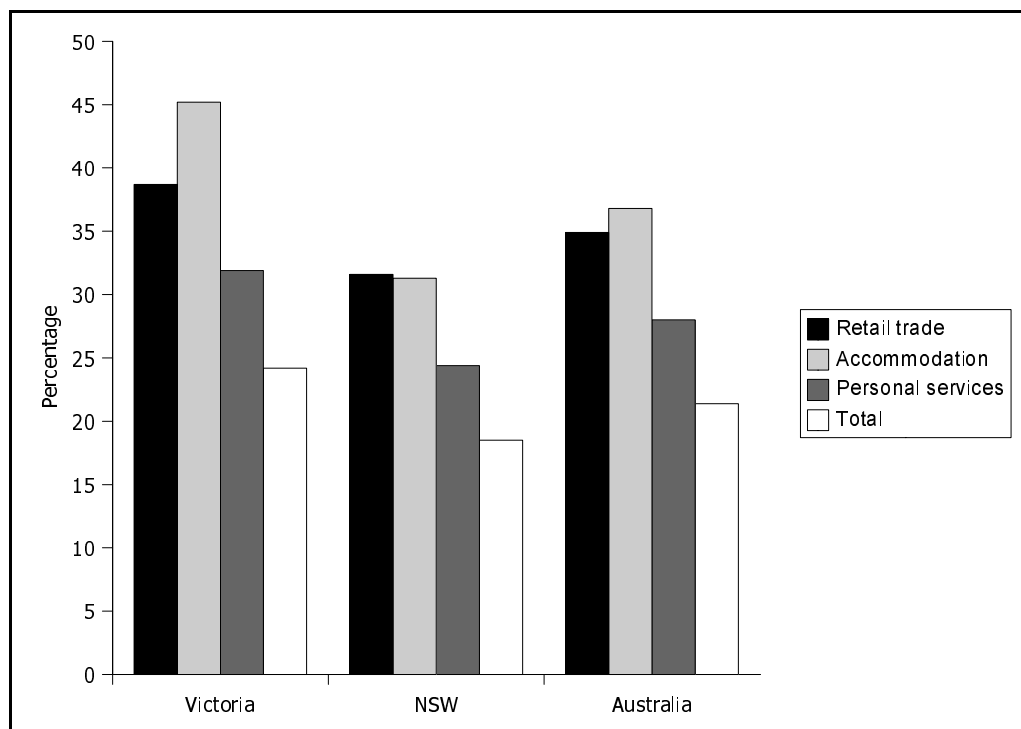
¹³ This difference is statistically significant at the 66 per cent level.

¹⁴ This difference is statistically significant at the 66 per cent level.

¹⁵ This difference is not statistically significant.

main industries where low wage workers are particularly concentrated and includes the all-industry average (the total) as a point of comparison.

Figure 2: Industries with large concentrations of low wage workers
(percentage of employees earning under \$12 per hour in each category)



Source, population and notes as per Table 6.

Sub-populations of concern

Metropolitan/non-metropolitan

In Volume 1 it was evident that the metropolitan/non-metropolitan division was an important aspect of the Victorian earnings profile. Workplaces in non-metropolitan areas with Schedule 1A coverage tended to have lower minimum rates of pay than other kinds of workplaces. While the data used in this volume cannot distinguish coverage, it is nevertheless feasible to examine the metropolitan/non-metropolitan distinction. This is done in Table 7 which shows that **non-metropolitan employees do indeed fare worse than their metropolitan counterparts**. While the differences are not significant in the under \$10 per hour bracket, they are in the under \$12 per hour bracket.¹⁶ **Nearly 30 per cent of non-metropolitan employees are earning under \$12 per hour, compared with just 23 per cent of metropolitan employees.**

¹⁶ The differences for persons are statistically significant at the 95 per cent level; for females they are statistically significant at the 66 per cent level; and for males the differences are not statistically significant.

Table 7: Low wage employees by metropolitan/non-metropolitan,Victoria 1999
(percentages in each bracket)

	Metropolitan		Non-metropolitan	
	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr
Males	9.8	21.6	12.9	27.4
Females	10.0	24.0	12.0	32.2
Persons	9.9	22.7	12.5	29.6

Source: Unpublished ABS Labour Force Survey data, August 1999
Population: Non-managerial employees aged 21 or over.

Casuals

Traditionally, casual employees have earned higher hourly rates by virtue of their penalty loadings. However, recent research has shown that this earnings premium has declined. Such a decline is evident in Table 8, which shows that **casuals are more likely than permanents to be found in the lowest earnings brackets than are permanents.** About 18 per cent of casuals earn under \$10 per hour, compared with just 9 per cent of permanents. This over-representation of casuals is also found in the under \$12 per hour bracket, where 33 per cent of casuals earn this amount or under, while the comparable figure for permanents is 22 per cent. While women have always been over-represented amongst the casual workforce—largely because of their greater part-time participation in the labour market—Table 8 shows that there are greater proportions of low wage workers amongst male casuals, particularly in the under \$10 per hour bracket where over one fifth of all male casual workers are to be found.

Table 8: Low wage employees by job status,Victoria 1999
(percentages in each bracket)

	Permanent		Casual	
	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr
Males	8.2	20.0	20.5	35.4
Females	9.0	24.0	15.1	31.5
Persons	8.5	21.8	17.7	33.4

Source: Unpublished ABS Labour Force Survey data, August 1999
Population: Non-managerial employees aged 21 or over.

Non-English speaking background (NESB) migrants

Historically, NESB migrants have fared badly in the Australian labour market. In recent years the composition of the NESB migrant intake has changed towards more highly educated workers and, at the same time, an older generation of less skilled NESB migrant workers has been withdrawing from the labour market. The result of these changes has been to dilute the numerical measures which capture labour market disadvantage amongst NESB migrants. Consequently, such disadvantage is no longer as likely to show up when the NESB sub-population is taken as a whole. The labour force data on NESB migrants

cannot be further disaggregated due to sample size constraints, so we are left with a category which is no longer as strongly associated with labour market disadvantage as it used to be. This is apparent in Table 9 which shows the distribution of earnings for NESB migrants and for Australia-born workers in Victoria. **There is some evidence of NESB disadvantage in the under \$12 per hour bracket, but not in the under \$10 per hour bracket and the differences are not large.** In this higher bracket, there is about a 5 percentage point disadvantage for NESB persons and about a 7 percentage point disadvantage for NESB women.¹⁷

Table 9: Low wage employees by birthplace, Victoria 1999
(percentages in each bracket)

	Australia born		NESB	
	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr
Males	10.7	22.7	10.3	25.7
Females	10.7	25.0	11.1	31.7
Persons	10.7	23.8	10.7	28.4

Source: Unpublished ABS Labour Force Survey data, August 1999
Population: Non-managerial employees aged 21 or over.

Small workplaces

Volume 1 showed that Schedule 1A employees were congregated in small workplaces. Is there an earnings difference in the ABS data between small, medium and large workplaces? Table 10 shows that there are indeed substantial differences between small workplaces (those with under 10 employees) and other workplaces.¹⁸ **Over 38 per cent of employees in these small workplaces are earning under \$12 per hour, compared with about 22 to 27 per cent in the medium sized workplaces.** There is another sharp difference between these medium sized workplaces and the largest workplaces (those with 100 or more employees).¹⁹ Less than 14 per cent of these large workplaces have employees earning under \$12 per hour. Turning to the lowest paid workers—those on under \$10 per hour—the situation in Victoria is also quite striking. **Nearly one fifth of employees in small workplaces in Victoria are earning under \$10 per hour.**

Given the size of these differences, it is worth exploring this issue further by comparing these results with the NSW and national situations. Table 10 shows that the same pattern is evident in NSW and nationally—that is, larger workplaces pay better wages. Despite commonality, Victoria stands out as a State in which the smallest workplaces are more disadvantaged. As noted earlier, some 38 per cent of employees in small workplaces are earning under \$12 per hour and 20 per cent are earning under \$10 per hour. The NSW figures are 30 per cent and 14 per cent, respectively. The comparable

¹⁷ These differences are statistically significant at the 66 per cent level.

¹⁸ All of the differences between small and the others in the under \$12 per hour bracket are statistically significant at the 95 per cent level (as are the differences in the under \$10 per hour bracket).

¹⁹ The differences between the largest workplaces and the others in the under \$12 per hour bracket are statistically significant at the 95 per cent level except for the 10 to 19 / 100 plus difference (which is statistically significant only at the 66 per cent level).

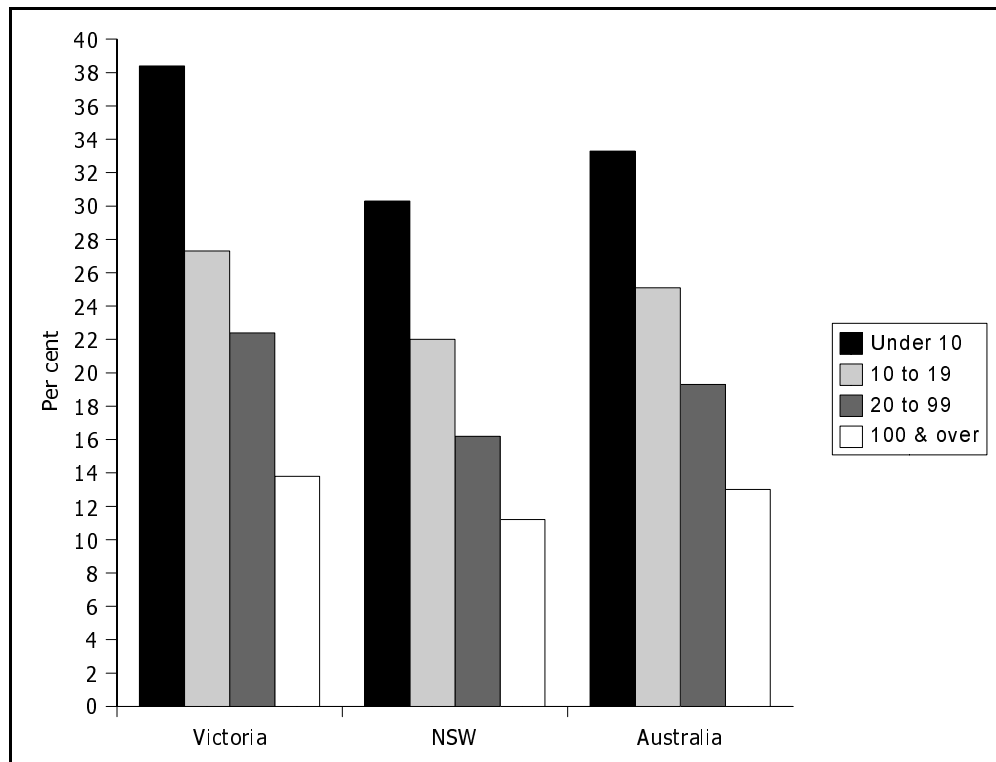
national figures are 33 per cent and 16 per cent.²⁰ Medium sized NSW workplaces also fare better than their Victorian counterparts.²¹ When it comes to the largest workplaces, there is little difference between the two States. Figure 3 presents these findings in a graphical form. **In summary, State differences between Victoria and NSW become greater as the workplaces become smaller, and it is in this sector of the labour market that Victoria's earnings disadvantages are most evident. This finding is consistent with the findings of Volume 1, which suggested that a low wage sector existed amongst Schedule 1A employees in small workplaces.**

Table 10: Low wage employees by workplace size, 1999
(percentages in each bracket)

Workplace size	Victoria		NSW		Australia	
	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr
Under 10	20.3	38.4	13.6	30.3	16.4	33.3
10 to 19	8.7	27.3	9.9	22.0	9.5	25.1
20 to 99	8.4	22.4	6.7	16.2	7.2	19.3
100 plus	5.7	13.8	4.2	11.2	4.8	13.0
Total	10.4	24.2	7.8	18.5	8.9	21.4

Source: Unpublished ABS Labour Force Survey data, August 1999
Population: Non-managerial employees aged 21 or over.

Figure 3: Persons earning under \$12 per hour, by workplace size, Victoria, NSW & Aust 1999
(Percentage of each category earning under \$12 per hour)



Source, population and notes as per Table 10.

²⁰ All these differences are statistically significant at the 95 per cent level.

²¹ These differences are statistically significant at the 66 per cent level.

Changes since 1989

How has the situation of low wage workers changed over time? Has there been an improvement or a deterioration in the earnings situation for low wage workers since the end of the 1980s? To answer these questions, data from 1989 was compared with the 1999 data. The 1989 dollar amounts have been adjusted using the consumer price index so as to allow comparisons based on real earnings. The results are shown in Table 11 which indicates an improvement in earnings for low wage workers in Victoria between 1989 and 1999. The proportion of workers earning under \$10 per hour declined from 14 per cent to 11 per cent, whilst the proportion earning under \$12 per hour declined from 29 per cent to 24 per cent. Figure 4 illustrates these results for the under \$10 per hour bracket and Figure 5 shows results for the under \$12 per hour bracket. The most likely reason for these improvements is the series of Industrial Relations Commission 'safety net' adjustments which occurred during the 1990s and which targeted the lowest paid workers.

These improvements in earnings for low wage workers in Victoria are, nevertheless, less than the comparable improvements in NSW and nationally. As Table 11 also shows, the percentage decline in the under \$10 per hour bracket was 25 per cent in Victoria, but 37 per cent in NSW and 34 per cent nationally. In the under \$12 per hour bracket, the Victorian decline was 16 per cent, compared with a NSW figure of 30 per cent and a national figure of 24 per cent. **In summary, whilst the situation for low wage workers in Victoria improved during the 1990s, the improvement was not as great as in NSW or nationally. In relative terms, Victoria went backwards.**²²

Table 11: Low wage employees, Victoria, NSW and Australia, 1989 & 1999
(percentage in each earnings bracket for years data; per cent change for decline row)

	Victoria		NSW		Australia	
	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr
Males						
1989	11.8	24.9	9.8	21.8	11.3	24.0
1999	10.5	22.9	7.8	17.6	8.7	20.0
% decline	11	8	20	19	23	17
Females						
1989	16.6	33.2	15.7	32.0	16.4	33.1
1999	10.4	25.8	7.7	19.6	9.2	23.1
% decline	37	22	51	39	44	30
Persons						
1989	13.9	28.7	12.4	26.3	13.5	28.0
1999	10.4	24.2	7.8	18.5	8.9	21.4
% decline	25	16	37	30	34	24

Source: Unpublished ABS Labour Force Survey data, August 1989 & 1999

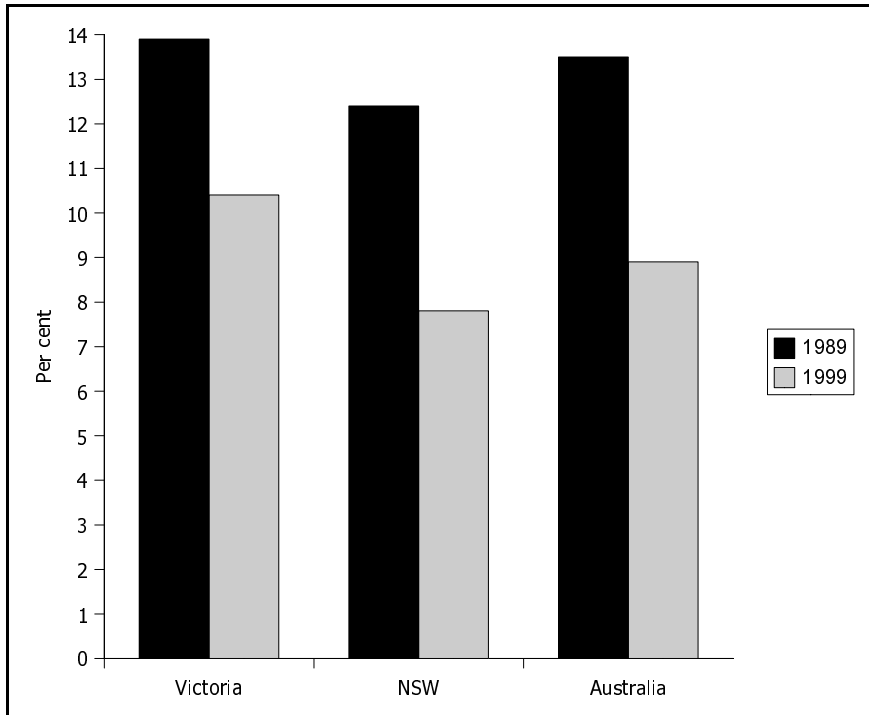
Population: Non-managerial employees aged 21 or over.

Note: Per cent decline is not the same as change in percentage points. For example, a drop from 13.9 per cent to 10.4 per cent is a 3.5 percentage point drop, but a 25 per cent decline.

Earnings brackets for 1989 were calculated to match equivalent 1999 brackets by using the CPI.

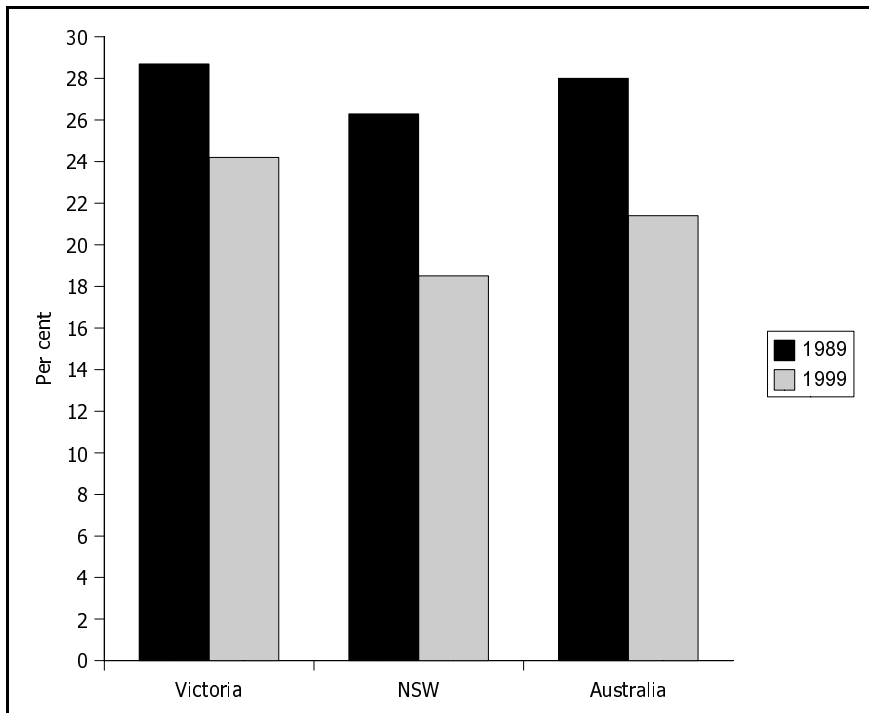
²² All differences between 1989 and 1999 (for both brackets and for all areas and for males, females and persons) are statistically significant at 95 per cent level. The two exceptions to this are: Victorian males 1989 to 1999 (not statistically significant) and NSW males in under \$10 bracket 1989 to 1999 which is statistically significant at the 66 per cent level.

Figure 4: Persons earning under \$10 per hour, 1989 and 1999
 (percentage in each group earning under \$10 per hour)



Source, population and notes are per Table 11.

Figure 5: Persons earning under \$12 per hour, 1989 and 1999
 (percentage in each group earning under \$12 per hour)



Source, population and notes are per Table 11.

Industry changes

We have seen that there was an overall decline in the proportion of low wage workers in Victoria during the 1990s. Did some industries contribute more to this than others? To answer this question we need to compare earnings brackets between 1989 and 1999 for particular industries. While the coding scheme which the ABS uses for industry classification changed during this interval, it is feasible to regroup the data into roughly comparable categories. This is done in Table 12 (which omits those industries with low population estimates).

Looking first at the under \$10 per hour bracket, it appears that there was one industry where the decline in low wage workers was least impressive—finance, property and business services—which showed a decline of just 14 per cent. On the other hand, two industries showed very large declines in their proportions of under \$10 per hour employees: community services (49 per cent); and recreation, personal and other services (39 per cent). A number of other industries had declines in the mid-30 per cent range.

Turning to the under \$12 per hour bracket, we find that in construction there was an *increase* rather than a *decline* in the proportion of low wage workers (14 per cent). Amongst other poor performers were finance, property and business services, where the decline was just 8 per cent, and wholesale and retail trade (a decline of 13 per cent). On the other hand, transport and storage showed very good results with a decline of 37 per cent in the proportion of low wage workers. Manufacturing, with a 32 per cent decline, also did well.

Table 12: Low wage employees in Victoria by industry, 1989 and 1999
(percentage in each earnings bracket for years data; per cent change for decline columns)

Industry	1989		1999		1989-1999 % decline	
	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr	< \$10 per hr	< \$12 per hr
Manufacturing	14.3	34.8	10.3	23.6	28	32
Construction	14.5	21.5	9.4	24.6	35	-14
Wholesale & retail	18.0	38.7	13.7	33.8	24	13
Transport and storage	15.9	33.3	10.4	20.9	35	37
Finance, property & business services	10.8	21.1	9.3	19.4	14	8
Government administration and defence	8.7	20.2	5.5	14.8	36	27
Community services	11.1	19.7	5.7	16.4	49	17
Recreation, personal & other services	28.5	46.2	17.3	35.3	39	24
Total	13.9	28.7	10.4	24.2	25	16

Source: Unpublished ABS Labour Force Survey data, August 1989 & 1999

Population: Non-managerial employees aged 21 or over.

Earnings brackets for 1989 were calculated to match equivalent 1999 brackets by using the CPI.

Average hourly earnings

Overview

The major focus in both volumes of this report has been on earnings disadvantage. For this reason, the extensive discussion of low wage workers in the last section has been central. In this section information on average hourly earnings is presented. We saw in Volume 1 that average earnings can be misleading without additional information on the dispersion of earnings. Unfortunately, such information is not available for the ABS data used in this volume.²³ Nevertheless, even without data on dispersion, it is still useful to examine average earnings for historical and interstate comparisons. These can indicate whether a particular State's labour market is either progressing or moving backwards in providing good earnings and benefits to its workforce. Averages can also identify potential labour market 'black spots', since low average hourly rates suggest large numbers of employees may be concentrated well below those rates.

By way of caution it must be kept in mind that aggregated results can be misleading because of 'compositional effects'. Sharp differences between two group averages on one characteristic may be misleading because of the uneven presence of other characteristics in each of the groups. One group may have greater proportions of older or younger workers, for example. This kind of problem is particularly pronounced with average earnings, because gender, occupation and industry play such an important role in determining hourly rates of pay. For this reason, the following tables are all presented as either occupational or industry breakdowns, and gender figures are always provided as well.

Table 13, which used broad occupational groupings, shows that **hourly earnings are on average lower in Victoria than in NSW and nationally. Hourly rates are between \$1 to \$1.50 per hour lower in Victoria than in NSW** and about 50 cents per hour lower than the national averages. **Amongst less skilled white collar male workers in Victoria, the differences are even greater: \$2 per hour lower than NSW and \$1.20 per hour lower than nationally.** The larger differences are, however, not just amongst the less skilled workforce since there is a \$2.40 per hour gap amongst skilled white collar males. The interstate comparisons for women are much less pronounced.

²³ Because of this absence of information on earnings dispersion significance testing has not been carried out on the average earnings reported in this section. Instead, only sizeable differences are reported and whenever the number of persons in the cell contributing to the estimate falls below 10,000, blank cells are presented.

Table 13: Average hourly earnings by occupation in Victoria, NSW and Australia, 1999
(mean hourly rate in main job)

Industry	White collar		Blue collar		Total
	Skilled	Less skilled	Skilled	Less skilled	
VICTORIA					
Males	\$22.70	\$15.20	\$17.30	\$15.50	\$18.50
Females	\$20.20	\$15.30	\$13.40	\$13.40	\$17.10
Persons	\$21.40	\$15.20	\$17.00	\$14.90	\$17.90
NEW SOUTH WALES					
Males	\$25.10	\$17.20	\$18.70	\$16.10	\$20.00
Females	\$21.20	\$16.10	\$15.10	\$14.50	\$18.20
Persons	\$23.10	\$16.50	\$18.40	\$15.70	\$19.20
AUSTRALIA					
Males	\$23.40	\$16.40	\$17.70	\$15.90	\$19.00
Females	\$20.60	\$15.60	\$14.00	\$13.60	\$17.50
Persons	\$22.00	\$15.90	\$17.40	\$15.30	\$18.30

Source: Unpublished ABS Labour Force Survey data, August 1999

Population: Non-managerial employees aged 21 or over.

Note: Definition of white collar skilled is ASCO categories of professionals, associate professionals, advanced clerical & service. Definition of white collar less skilled is ASCO categories of intermediate clerical, sales & service; elementary clerical, sales & service. Definition of blue collar skilled is ASCO category of tradespersons. Definition of blue collar less skilled is ASCO categories of intermediate production & transport and labourers.

The industry situation

A similar picture emerges from an industry breakdown of hourly earnings. Table 14 shows the situation for persons, and Table 16 shows the same data for men and women. **There are three industries where low rates of pay prevail and where the comparisons between Victoria and NSW are noteworthy:**²⁴

- **wholesale trade:** where Victorians earn on average \$16.10 per hour whilst their NSW counterparts earn \$19.80 per hour (the national average is \$17.30);
- **retail trade:** where Victorians earn on average \$13.80 per hour whilst their NSW counterparts earn \$15.20 per hour (the national average is \$14.50);
- **accommodation, cafes and restaurants:** where Victorians earn on average \$13.10 per hour whilst their NSW counterparts earn \$14.70 per hour (the national average is \$13.80).

A convenient way of expressing these various industry differences is to calculate relativities between Victoria and NSW and between Victoria and Australia. These relativities are shown in Table 15 and can be interpreted in percentage terms as follows: **overall Victorians earn just 93 per cent of what NSW employees earn; in wholesale trade they earn just 81 per cent of the NSW average; but in construction they earn**

²⁴ I have omitted agriculture from this analysis because both the NSW and Victorian figure need to be treated with caution. The number of persons contributing to the NSW agriculture average is about 28,000 (which gives a relative standard error of about 10 per cent) and the number contributing to the Victorian average is 21,000 (which gives a relative standard error of about 12 per cent).

13 per cent more than the NSW average. Viewed in this way, the data again reinforces the picture of relative earnings disadvantage in Victoria.

Table 14: Average hourly earnings by industry in Victoria, NSW and Australia, 1999
(mean hourly rate in main job)

Industry	Victoria	NSW	Australia
Agriculture, forestry and fishing	\$12.80	\$17.50	\$14.40
Manufacturing	\$16.80	\$17.50	\$17.10
Electricity, gas and water supply	\$22.50	\$23.80	\$22.00
Construction	\$21.40	\$19.00	\$19.10
Wholesale trade	\$16.10	\$19.80	\$17.30
Retail trade	\$13.80	\$15.20	\$14.50
Accommodation, cafes and restaurants	\$13.10	\$14.70	\$13.80
Transport and storage	\$19.30	\$19.80	\$19.70
Communication services	\$21.90	\$20.50	\$21.10
Finance and insurance	\$19.10	\$22.70	\$20.80
Property and business services	\$19.50	\$20.10	\$19.30
Government administration and defence	\$18.60	\$21.80	\$21.30
Education	\$18.80	\$21.20	\$20.00
Health and community services	\$20.40	\$19.20	\$19.50
Cultural and recreational services	\$20.00	\$21.40	\$18.70
Personal and other services	\$16.00	\$19.70	\$17.70
Total	\$17.90	\$19.20	\$18.30

Source: Unpublished ABS Labour Force Survey data, August 1999

Population: Non-managerial employees aged 21 or over.

Note: Blank cells indicate cells where the number of persons contributing to the estimates fell below 10,000.

Table 15: Relativities in hourly earnings by industry, Victoria/NSW and Victoria/Australia, 1999
(Victoria to NSW ratio & Victoria to Australia ratio)

Industry	Vic/NSW	Vic/Aust
Agriculture, forestry and fishing	0.73	0.89
Manufacturing	0.96	0.98
Electricity, gas and water supply	0.95	1.02
Construction	1.13	1.12
Wholesale trade	0.81	0.93
Retail trade	0.91	0.95
Accommodation, cafes and restaurants	0.89	0.95
Transport and storage	0.97	0.98
Communication services	1.07	1.04
Finance and insurance	0.84	0.92
Property and business services	0.97	1.01
Government administration and defence	0.85	0.87

Industry	Vic/NSW	Vic/Aust
Education	0.89	0.94
Health and community services	1.06	1.05
Cultural and recreational services	0.93	1.07
Personal and other services	0.81	0.90
Total	0.93	0.98

Source: Unpublished ABS Labour Force Survey data, August 1999
Population: Non-managerial employees aged 21 or over.

Turning now to the gender breakdown shown in Table 16, it appears that it is the gap between Victorian males and NSW males which contributes to the differences just discussed. This is evident in wholesale trade: the male difference between the two States is \$4.10 per hour, whereas the female difference is \$2.70 per hour. Similarly, in retail trade the male difference is \$1.90 per hour whereas the female difference is 90 cents per hour.

Table 16: Average hourly earnings by industry in Victoria, NSW & Australia, 1999
(mean hourly rate in main job)

Industry	Victoria		NSW		Australia	
	Males	Females	Males	Females	Males	Females
Agriculture, forestry and fishing	\$12.20		\$17.80		\$14.40	\$14.60
Mining			\$33.10		\$28.40	
Manufacturing	\$17.90	\$14.40	\$17.80	\$16.60	\$17.60	\$15.70
Electricity, gas and water supply	\$23.30		\$25.10		\$22.40	\$19.90
Construction	\$18.50		\$18.80	\$20.90	\$18.30	\$24.80
Wholesale trade	\$16.20	\$16.10	\$20.30	\$18.80	\$17.60	\$16.70
Retail trade	\$13.60	\$14.00	\$15.50	\$14.90	\$14.60	\$14.50
Accommodation, cafes and restaurants	\$12.80	\$13.30	\$14.20	\$15.20	\$13.80	\$13.80
Transport and storage	\$20.40	\$15.80	\$19.30	\$21.10	\$20.00	\$18.80
Communication services	\$22.10	\$21.50	\$21.00	\$19.80	\$21.90	\$19.50
Finance and insurance	\$20.40	\$18.10	\$27.60	\$19.00	\$24.30	\$18.50
Property and business services	\$21.30	\$17.50	\$22.30	\$17.80	\$21.10	\$17.40
Government administration and defence	\$20.40	\$17.30	\$21.80	\$21.70	\$21.60	\$20.90
Education	\$22.70	\$17.10	\$23.60	\$20.00	\$22.40	\$18.80
Health and community services	\$22.40	\$19.90	\$20.80	\$18.80	\$21.90	\$18.90
Cultural and recreational services	\$19.90	\$20.00	\$22.00	\$20.90	\$18.60	\$18.80
Personal and other services	\$17.20	\$14.50	\$22.30	\$16.50	\$19.50	\$15.40
Total	\$18.50	\$17.10	\$20.00	\$18.20	\$19.00	\$17.50

Source: Unpublished ABS Labour Force Survey data, August 1999

Population: Non-managerial employees aged 21 or over.

Note: Blank cells indicate cells where the number of persons contributing to the estimates fell below 10,000.

Again, relativities are useful for simplifying the complexity of a table like this. Table 17 shows gender relativities (male to female) for each of the geographical areas under

discussion. At the all-industry level, there is little difference between Victoria and NSW or Victoria and Australia: males have about a 10 per cent advantage over females in their hourly earnings. However, within particular industries, the story changes. **In Victorian manufacturing, for example, the male advantage is about 24 per cent, compared with just 7 per cent in NSW and 12 per cent nationally. In education there is another large imbalance between Victoria and NSW. In Victoria males gain a 33 per cent advantage over females compared to an 18 per cent advantage operating in NSW.** In several other large industries, such as health and property and business services, the relativities still favour men but the State differences are negligible.

Table 17: Gender relativities in hourly earnings, 1999
(male to female ratio)

Industry	Victoria	NSW	Australia
Agriculture, forestry and fishing			0.99
Mining			
Manufacturing	1.24	1.07	1.12
Electricity, gas and water supply			1.13
Construction		0.90	0.74
Wholesale trade	1.01	1.08	1.05
Retail trade	0.97	1.04	1.01
Accommodation, cafes and restaurants	0.96	0.93	1.00
Transport and storage	1.29	0.91	1.06
Communication services	1.03	1.06	1.12
Finance and insurance	1.13	1.45	1.31
Property and business services	1.22	1.25	1.21
Government administration and defence	1.18	1.00	1.03
Education	1.33	1.18	1.19
Health and community services	1.13	1.11	1.16
Cultural and recreational services	1.00	1.05	0.99
Personal and other services	1.19	1.35	1.27
Total	1.08	1.10	1.09

Source: Unpublished ABS Labour Force Survey data, August 1999

Population: Non-managerial employees aged 21 or over.

Note: Blank cells indicate cells where the number of persons contributing to the estimates fell below 10,000.

Industry and occupation

With all comparisons such as those just discussed, there is always the prospect that 'compositional effects' are still operating. In other words, the education 'imbalance' between Victoria and NSW might be due to a different occupational mix, or a different age mix within each State's educational workforce. Only a multivariate analysis of the data (such as a regression model) with sufficient additional information could help determine this. Unfortunately, the ABS labour force data used in this volume is only available in tabulated form, so such a strategy is not possible. However, where feasible, additional cross-tabulations can be done and in this way more factors can be controlled for. The

main constraint on this strategy is the diminishing cells counts in the tables. The smaller they become, the larger are the standard errors attached to the estimates.

There is an additional advantage to further cross-tabulation, in this case, industry by occupation. The intersection of less skilled occupations with low-paid industries is likely to indicate potential 'black spots' in the labour market, niches where the lowest paid workers are likely to be found. Interstate comparisons of these black spots should also be illuminating. Table 18 shows these comparisons for persons in Victoria and NSW, with the focus solely on *the less skilled occupations*. This makes direct comparisons easier. (Those readers who wish to see the full details can find the remaining data in Tables 19 and 20.)

Table 18: Average hourly earnings for less skilled occupations, Victoria & NSW 1999
(mean hourly rate in main job)

Industry	Less skilled white collar		Less skilled blue collar	
	Victoria	NSW	Victoria	NSW
Agriculture, forestry and fishing			\$12.10	\$13.00
Mining				
Manufacturing	\$14.50	\$16.90	\$15.50	\$15.20
Electricity, gas and water supply				
Construction			\$16.90	\$17.70
Wholesale trade	\$15.50	\$18.70	\$12.80	\$15.50
Retail trade	\$13.70	\$13.80	\$12.20	\$15.40
Accommodation, cafes and restaurants	\$13.20	\$15.20	\$12.70	\$15.10
Transport and storage	\$15.50	\$17.50	\$17.70	\$16.80
Communication services	\$19.20	\$17.90		
Finance and insurance	\$15.20	\$17.40		
Property and business services	\$16.20	\$15.90	\$13.20	\$14.60
Government administration and defence	\$15.50	\$21.20		\$15.90
Education	\$14.60	\$15.90		
Health and community services	\$15.30	\$15.20		\$11.50
Cultural and recreational services	\$17.90	\$19.20		
Personal and other services	\$14.20	\$18.20		
Total	\$15.20	\$16.50	\$14.90	\$15.70

Source: Unpublished ABS Labour Force Survey data, August 1999

Population: Non-managerial employees aged 21 or over.

Note: Blank cells indicate cells where the number of persons contributing to the estimate fell below 10,000. Definition of white collar skilled is ASCO categories of professionals, associate professionals, advanced clerical & service. Definition of white collar less skilled is ASCO categories of intermediate clerical, sales & service; elementary clerical, sales & service. Definition of blue collar skilled is ASCO category of tradespersons. Definition of blue collar less skilled is ASCO categories of intermediate production & transport and labourers.

This table is useful for identifying potential 'black spots'. **Some of them are serious problems in absolute terms: such as the less skilled blue collar occupations in agriculture, wholesale trade, retail trade and accommodation, cafes and restaurants. In all these examples, the average hourly rates are under \$13 per hour.** Being averages, this means a sizeable number of these employees are on considerably lower hourly wages than this.

Some of these 'black spots' are also problems in relative terms. The following comparisons are worth noting:

- In manufacturing, the interstate comparison is favourable to Victoria in the less skilled *blue collar* occupations but not so in the less skilled *white collar* occupations (where Victoria is behind by as much as \$2.40 per hour). This might reflect the role of trade unions in the blue collar sector of manufacturing.
- We saw earlier that wholesale trade is one industry where Victoria compares very unfavourably with NSW. Table 18 shows that this carries over equally into both blue collar and white collar less skilled occupations (where the differences are as much as \$3 per hour).
- By contrast, in retail trade, the unfavourable interstate comparisons are restricted to the blue collar sector (where the difference is as much as \$3.20 per hour). This sector mainly covers occupations like shelf stackers, labouring jobs and truck drivers. Amongst the less skilled white collar workers (such as the check out operators and sales assistants) there is no difference.
- Finally, in accommodation, cafes and restaurants the less favourable Victorian situation applies to both white collar and blue collar sectors (where the differences are over \$2 per hour).

Table 19: Average hourly earnings by industry and occupation, Victoria 1999
(mean hourly rate in main job)

Industry	White collar		Blue collar		Total
	Skilled	Less skilled	Skilled	Less skilled	
Agriculture, forestry and fishing				\$12.10	\$12.80
Mining					
Manufacturing	\$21.30	\$14.50	\$17.20	\$15.50	\$16.80
Electricity, gas and water supply					\$22.50
Construction	\$31.70		\$18.00	\$16.90	\$21.40
Wholesale trade	\$18.70	\$15.50		\$12.80	\$16.10
Retail trade	\$15.70	\$13.70	\$13.10	\$12.20	\$13.80
Accommodation, cafes and restaurants	\$13.00	\$13.20		\$12.70	\$13.10
Transport and storage		\$15.50		\$17.70	\$19.30
Communication services	\$26.80	\$19.20			\$21.90
Finance and insurance	\$21.40	\$15.20			\$19.10
Property and business services	\$22.10	\$16.20		\$13.20	\$19.50
Government administration and defence	\$21.80	\$15.50			\$18.60
Education	\$20.20	\$14.60			\$18.80
Health and community services	\$23.50	\$15.30			\$20.40
Cultural and recreational services	\$23.30	\$17.90			\$20.00
Personal and other services	\$18.10	\$14.20	\$15.90		\$16.00
Total	\$21.40	\$15.20	\$17.00	\$14.90	\$17.90

Source: Unpublished ABS Labour Force Survey data, August 1999
Population: Non-managerial employees aged 21 or over.

Note: Blank cells indicate cells where the number of persons contributing to the estimate fell below 10,000. Definition of white collar skilled is ASCO categories of professionals, associate professionals, advanced clerical & service. Definition of white collar less skilled is ASCO categories of intermediate clerical, sales & service; elementary clerical, sales & service. Definition of blue collar skilled is ASCO category of tradespersons. Definition of blue collar less skilled is ASCO categories of intermediate production & transport and labourers.

Table 20: Average hourly earnings by industry and occupation, NSW 1999
(mean hourly rate in main job)

Industry	White collar		Blue collar		Total
	Skilled	Less skilled	Skilled	Less skilled	
Agriculture, forestry and fishing				\$13.00	\$17.50
Mining					\$32.30
Manufacturing	\$22.40	\$16.90	\$17.70	\$15.20	\$17.50
Electricity, gas and water supply					\$23.80
Construction	\$24.70		\$18.30	\$17.70	\$19.00
Wholesale trade	\$23.40	\$18.70	\$21.40	\$15.50	\$19.80
Retail trade	\$18.50	\$13.80	\$15.40	\$15.40	\$15.20
Accommodation, cafes and restaurants	\$13.50	\$15.20		\$15.10	\$14.70
Transport and storage	\$27.00	\$17.50		\$16.80	\$19.80
Communication services	\$23.40	\$17.90			\$20.50
Finance and insurance	\$27.60	\$17.40			\$22.70
Property and business services	\$23.00	\$15.90		\$14.60	\$20.10
Government administration and defence	\$26.50	\$21.20		\$15.90	\$21.80
Education	\$22.50	\$15.90			\$21.20
Health and community services	\$22.90	\$15.20		\$11.50	\$19.20
Cultural and recreational services	\$27.00	\$19.20			\$21.40
Personal and other services	\$22.70	\$18.20	\$16.30		\$19.70
Total	\$23.10	\$16.50	\$18.40	\$15.70	\$19.20

Source: Unpublished ABS Labour Force Survey data, August 1999

Population: Non-managerial employees aged 21 or over.

Note: Blank cells indicate cells where the number of persons contributing to the estimate fell below 10,000. Definition of white collar skilled is ASCO categories of professionals, associate professionals, advanced clerical & service. Definition of white collar less skilled is ASCO categories of intermediate clerical, sales & service; elementary clerical, sales & service. Definition of blue collar skilled is ASCO category of tradespersons. Definition of blue collar less skilled is ASCO categories of intermediate production & transport and labourers.

Employment benefits

Introduction

In Volume 1 of this report some of the employment benefits received by employees in Victoria were examined. These benefits were essentially 'loadings' which employees received on top of their hourly rate of pay in return for things like working overtime or working on weekends. The ABS Labour Force Survey data used for this volume does not contain these items. It does, however, provide information on the provision of standard benefits, things like sick leave and holiday leave. In this section, these standard benefits are examined to see if there are any differences between the Victorian situation and interstate, and between 1989 and 1999.

Overview

In 1999 there were no differences between Victoria, NSW or nationally in the number of standard benefits received by employees or the type of benefits. Looking first at the number of benefits, Table 21 shows that nearly two thirds of employees receive four benefits, and only about 6 per cent receive no benefits at all. When it comes to gender, there is little variability between males and females in Victoria, but a slightly greater difference in favour of males in NSW and nationally.

Table 21: Number of standard benefits received, 1999
(percentage of each category receiving that number of benefits)

	No benefits	One benefit	Two benefits	Three benefits	Four benefits	Total
Victoria						
Males	6.1	12.4	3.5	13.4	64.6	100.0
Females	7.0	16.4	2.9	12.7	61.0	100.0
Persons	6.5	14.2	3.2	13.1	62.9	100.0
New South Wales						
Males	6.4	11.0	3.5	13.2	66.0	100.0
Females	6.5	18.0	4.4	12.2	58.9	100.0
Persons	6.4	14.2	3.9	12.8	62.7	100.0
Australia						
Males	5.9	12.7	3.7	13.1	64.6	100.0
Females	6.8	19.2	3.9	11.8	58.4	100.0
Persons	6.3	15.7	3.8	12.5	61.7	100.0

Source: Unpublished ABS Labour Force Survey data, August 1999
Population: Non-managerial employees aged 21 or over.

Turning to the type of benefits received, superannuation is almost universal, with over 90 per cent of employees receiving this benefit. Table 22 also shows that long service leave is the least common entitlement, with about two thirds of employees receiving it. There are no differences between Victoria and NSW (or nationally) but there is gender variability in all of these geographical areas. With the exception of superannuation, males are more likely to receive these various benefits compared to females. This reflects the greater concentration of female employees in casual jobs, where such benefits are sometimes incorporated into a higher rate of pay.

Table 22: Type of standard benefits received, 1999
(percentage of each category receiving that benefit)

	Super annuation	Sick leave	Long service leave	Holiday leave
Victoria				
Males	92.5	78.9	67.4	79.3
Females	91.2	74.7	63.9	74.4
Persons	91.9	76.9	65.8	77.0
New South Wales				
Males	91.7	80.1	68.8	80.8
Females	91.3	72.8	62.8	72.0
Persons	91.5	76.8	66.1	76.8
Australia				
Males	92.4	78.8	67.4	79.2
Females	91.6	71.4	62.0	70.8
Persons	92.0	75.4	64.9	75.3

Source: Unpublished ABS Labour Force Survey data, August 1999
Population: Non-managerial employees aged 21 or over.

Changes since 1989

While the Victorian situation is comparable with NSW and national figures in 1999, has this always been the case? We saw with earnings that the situation of low paid employees in Victoria improved between 1989 and 1999, but in relative terms—when compared to NSW for example—Victoria actually went backwards. Is there a similar story when it comes to employment benefits? It is also worth asking how the situation for males and females compares in 1999 with the situation prevailing in 1989.

Tackling this last question first, Tables 23 and 24 show some quite dramatic differences. **Probably the most startling change is the greater access to benefits for female employees in 1999 compared to their situation in 1989. For example, only 45 per cent of Victorian female employees had four benefits in 1989, compared with a figure of 61 per cent a decade later. In the same period, the proportion receiving no benefits declined from 16 per cent to 7 per cent.** Similar improvements are evident in NSW and nationally. When it comes to type of benefit received, the improvements for female employees in access to superannuation is dramatic: for Victorians it went from 42 per cent to 91 per cent in those 10 years (and the improvements in NSW and nationally were even greater).

For male employees, on the other hand, the decade has seen declines in their receipt of benefits, and these tend to be sharper in Victoria than elsewhere. In 1989 about 71 per cent of Victorian male employees received four benefits; the 1999 figure had dropped to 65 per cent. In 1989, 80 per cent of Victorian male employees received long service leave; by 1999 the figure was down to 67 per cent. Again, in 1989 about 91 per cent of Victorian male employees received holiday leave; by 1999 this had dropped to 79 per cent. Finally, sick leave dropped from 90 per cent coverage to 79 per cent.

Table 23: Number of standard benefits received, 1989
(percentage of each category receiving that number of benefits)

	No benefits	One benefit	Two benefits	Three benefits	Four benefits	Total
Victoria						
Males	4.8	2.7	7.1	14.8	70.7	100.0
Females	16.0	6.4	8.5	24.1	45.2	100.0
Persons	9.8	4.3	7.7	19.0	59.2	100.0
New South Wales						
Males	5.8	3.4	8.8	17.5	64.5	100.0
Females	16.6	7.2	11.7	24.0	40.6	100.0
Persons	10.5	5.1	10.0	20.3	54.1	100.0
Australia						
Males	6.1	3.3	7.8	16.9	65.9	100.0
Females	17.5	8.0	10.0	22.9	41.7	100.0
Persons	11.1	5.3	8.7	19.5	55.3	100.0

Source: Unpublished ABS Labour Force Survey data, August 1989
Population: Non-managerial employees aged 21 or over.

Table 24: Type of standard benefits received, 1989
(percentage of each category receiving that benefit)

	Super annuation	Sick leave	Long service leave	Holiday leave
Victoria				
Males	63.8	89.7	79.5	90.6
Females	42.0	74.9	62.5	75.0
Persons	48.5	77.8	67.2	78.5
New South Wales				
Males	57.6	88.0	72.8	89.0
Females	36.9	73.5	58.1	73.7
Persons	44.5	77.6	60.6	78.7
Australia				
Males	59.1	87.8	74.8	88.6
Females	39.1	71.3	59.2	71.4
Persons	44.1	72.9	60.4	73.7

Source: Unpublished ABS Labour Force Survey data, August 1989
Population: Non-managerial employees aged 21 or over.

While all of these declines were shared by male employees in NSW and nationally, the declines were much steeper in Victoria. For example, looking at the figures for four benefits received, in 1989 Victorian male employees enjoyed a 6 percentage point advantage over their NSW counterparts (and a 5 per cent lead over the national figures). By 1999, this lead had been eroded. (Table 21 above showed parity between the States in that year.) Similarly, with respect to benefits like long service leave, Victoria was also out in front in 1989, with male employees enjoying about a 7 percentage point lead over their NSW counterparts. Again, by 1999 that lead had been eroded in favour of a parity across the States. (It is also worth noting that the same pattern applied for Victorian female employees: they were ahead of their interstate counterparts and lost that lead as all female employees crept up.) A possible reason for these declines is the greater casualisation of the workforce over the last decade.

In summary, the access by Victorian male employees to standard benefits has declined over the last decade and this decline has been much sharper in that State than elsewhere. For all Victorian employees, there has been a decline—in relative terms—over the last decade. The lead they enjoyed over their interstate colleagues in 1989 has been lost.²⁵

²⁵ All of the differences discussed in this section are statistically significant at the 95 per cent level.