



THE BENCHMARK REPORT

Brigid van Wanrooy
Sarah Oxenbridge
John Buchanan
Michelle Jakubauskas

Funded by:
Unions NSW
Australian Research Council

This report was published by the Workplace Research Centre at The University of Sydney, September 2007.

Workplace Research Centre
Storie Dixson Wing H10
The University of Sydney NSW 2006
Ph: 02 9351 5626

Copyright

© September 2007 of the Workplace Research Centre

This material, intended to serve as a guide only, is provided without charge. The content of this report may be dealt with in conformity with the provisions of the Copyright Act 1968. Any further publication is protected by copyright, but broad dissemination, particularly by individuals and organisations is strongly encouraged. This content may be used for private, non-commercial or school use and its content may be subsequently published provided that such content is acknowledged as sourced from this report.

Disclaimer: Though all due care has been taken in its preparation and the information is believed to be correct at the date of publication, it is intended to be a guide only. The report is not to be taken as constituting independent legal advice. Responsibility or liability can not be accepted for any loss or damage which may arise as a result of accessing or using the content.

Table of Contents

Executive Summary	vi
Acknowledgements	x
1. Introduction to Australia at Work	12
Methodology	15
2. The Labour Force	18
3. Awards, Agreements and Contracts at Work	28
Self-employed and Employees: Contracts 'for' and 'of' service.....	28
Employees' labour contracts	30
Change in instruments.....	36
Individual common law contracts.....	38
Characteristics of workers with different industrial instruments	39
Negotiating pay.....	49
Non-negotiated AWAs.....	51
State of play: Awards, Agreements and Contracts at Work	55
4. Earnings at Work	57
Differences in employees' earnings	58
Changes in income	59
Earnings, work hours and unpaid hours	61
Living standards	63
5. Hours at Work	65
Configuration of working hours	70
Working hours preferences	71
6. Employees' Attitudes at Work	73
Job and labour market security	75
Management and employee relationships	77
Safety in the workplace	80
Working hours: control and intensity	81
Conclusion	85
7. Unions at Work	86
Characteristics of union members	86
Unrepresented workers: potential union members?	88
Union workplaces.....	90
Union delegates	91
8. Conclusion: Beyond Black and White	92
Key findings	92
Implications for policy.....	95
Australia at Work: moving forward	98
References	99
Appendix A Technical Report.....	102
Appendix B Summary data on industrial instrument coverage.....	109

Tables and Figures

Figure 2.1 Labour market status, 2006-2007	18
Table 2.1 Same job or business, 2006-2007	19
Figure 2.2 Employment status, employed persons, 2007	20
Table 2.2 Employment status by gender and age, 2007, per cent	21
Table 2.3 Part-time and full-time in main job by age and gender, 2007, per cent	21
Table 2.4 Workplace characteristics by employment status, 2007	23
Table 2.5 Employed persons by industry (ANZSCO6), 2006 & 2007	24
Table 2.6 Employed persons by occupation, 2006 & 2007	25
Table 2.7 ANZSCO Skill level by age and gender, 2007, per cent	26
Table 2.8 Change in occupation or skill level, 2006-2007	27
Table 3.1 Self-employed business arrangements, 2007	29
Table 3.2: Indicative estimates of employee coverage of different type of instruments, Australia, 1990-2006, per cent	32
Table 3.3 Coverage: award role in main job, 2007, per cent	33
Table 3.4 Employees' self-reported instrument type, 2006 & 2007	34
Table 3.5 Employees' self-reported instrument type by change in job, 2007, per cent	36
Table 3.6 Change in instrument type by change in job, 2006-2007, per cent	37
Table 3.7 Employee characteristics by self-reported instrument type, 2007, per cent	40
Table 3.8 Occupation by self-reported instrument type, 2007, per cent	41
Table 3.9 Change in percentage of self-reported instrument type by skill level, 2006-2007	42
Table 3.10 Industry by self-reported instrument type, 2007, per cent	43
Table 3.11 Change in percentage of self-reported instrument type by industry, 2006-2007	44
Table 3.12a Employees' average earnings in main job by self-reported instrument and skill level, 2007	45
Table 3.12b Employees' average hours in main job by self-reported instrument and skill level, 2007	46
Table 3.12c Employees' hours preference by self-reported instrument and skill level, 2007	47
Table 3.13 Employees' self-reported instrument type by yearly salary in main job, 2007..	48
Table 3.14 Full-time employees' self-reported instrument type by average hours, 2007...	49
Table 3.15 Employees' self-reported instrument type by basis of wage increase, 2007, per cent	50
Table 3.16 Employees' self-reported instrument type by opportunity to negotiate pay with employer, 2007, per cent	51
Table 3.17 Individual contracts by change in job, March 2006-2007	52
Table 3.18 Employees' individual contracts by skill level, 2007, per cent	53
Table 3.19a Employees' average earnings by individual contracts and skill level, 2007	54
Table 3.19b Employees' average hours by individual contracts and skill level, 2007	54
Figure 4.1 Average total yearly earnings from work by age and sex, 2007	57
Table 4.1 Employees' average wage rates by sex and skill level, 2007	58
Table 4.2 Employees' average hourly rate by skill level and change in job, 2006-2007, \$.	59

Table 4.3 Employees' change in pay in main job by change in work characteristics, 2006-2007, per cent	60
Table 4.4 Employees' average usual and paid hours, 2007, per cent.....	62
Table 4.5 Employees' unpaid hours by occupation, 2007.....	62
Table 4.6 Full-time employees' average wage rate and hours by occupation, 2007	63
Table 4.7 Living standards by labour force participation, 2007, per cent	64
Figure 5.1 Average usual hours worked by sex, April 2001-July 2007	66
Figure 5.2 Distribution of total working hours, 2007	67
Table 5.1 Work hours by sex and self-employment status in main job, 2007	68
Table 5.2 Change in hours (main job) by change in self-employment, 2007, per cent	68
Table 5.3 Employees' average usual hours in main job by occupation, 2007	69
Figure 5.3 Employees' working time arrangements, 2007, per cent.....	71
Table 5.4 Employees' working hours preference by status in main job, 2007, per cent	71
Table 5.5 Full-time employees' average usual hours in main job and preference by industry, 2007	72
Table 6.1a Attitudinal questions by managerial employees, 2007, per cent	74
Table 6.1b Attitudinal questions by managerial employees, 2007, per cent	75
Table 6.2 'There is a good chance I will lose my job or be retrenched in the next 12 months' by job tenure, 2007, per cent	76
Table 6.3 Employees' attitudes towards job and labour market security by skill level, 2007, per cent.....	76
Table 6.4 'If I left this job it would be difficult for my employer to replace me' by sex and part-time/full-time, 2007, per cent	77
Figure 6.1 Manager and employee relations by union membership, 2007, per cent	78
Table 6.5 Manager & employee relations by Job tenure, 2007, per cent	79
Figure 6.2 Manager & employee relations by Age, 2007, per cent	80
Table 6.6: Disagree: 'I am confident that I am not going to get injured or sick as a result of my work' by union membership and occupation, 2007, per cent	81
Table 6.6: 'I have control over my working hours' by hours status and sex, 2007	82
Table 6.7: Working hours control and preferences by occupation, 2007, per cent	83
Table 6.8: Agree: 'More and more is expected of me for the same pay' by union membership and occupation, 2007, per cent.....	84
Table 6.9: 'More and more is expected for the same pay' by job tenure, 2007, per cent..	85
Table 7.1 Characteristics of union members, 2006 and 2007	87
Table 7.2 Average hourly rate of union members and non-union members, 2007, \$.....	87
Table 7.3 Change in union density by age, 2006-2007, per cent	88
Table 7.4 Union membership and willingness to be a member, 2007, per cent	89
Table 7.5 Disposition towards union membership by age, 2007, per cent	89
Table 7.6 Disposition towards union membership by instrument type, 2007, per cent.....	90
Appendix Table 1 Age and sex of respondents by location sample counts, 2007	103
Appendix Table 2 Fieldwork outcomes and response rate.....	104
Appendix Table 3 Population weights for Australia at Work wave 1	105
Appendix Table 4 Weighted and non-weighted sample, 2007, per cent	107

Appendix Table 5 Cell sizes for key units of analysis, 2007, count	108
Appendix Table 6 The Spread of Enterprise Agreements: 1989 to 1995.....	110
Appendix Table 7 Incidence of different industrial instruments, estimates from different sources, Australia 1990, 1995, 2000, 2006	111

Executive Summary

Australian working life is being transformed. While many people have benefited, change is also creating challenges. These include skill shortages, declining birth rates, an aging workforce, wage inequality and work-life imbalances. Within this context, it is vital that reliable data about people's experiences at work feeds into policy development and debate. Australia at Work is a five year study of 8,343 participants in the Australian labour market which will assess the impacts of these changes and their perceptions of working life. It has been funded by the Australian Research Council and a network of unions coordinated by Unions NSW. *Australia at Work: The Benchmark Report* provides an overview of results from the first survey that gathered data on working conditions in March 2006 (before the implementation of the *WorkChoices* legislation) and 2007. The findings should be considered within an economic context of almost full employment, a booming economy and skill shortages.

The key research questions are:

1. How, if at all, has Australian working life changed since the implementation of *Work Choices* in March 2006?
2. How, if at all, has the lived reality of the labour contract for Australian changed since March 2006?

Awards, agreements and individual contracts

Of all employees, the majority (40 per cent) report that their pay and conditions are reliant on the award system; more than one-fifth (22 per cent) report they are covered by collective agreement; 19 per cent believe they are on award-free common law contracts; and 6 per cent are covered by Australian Workplace Agreements (AWAs).

For high skilled workers, those on common law contracts earn the highest average hourly rates. Among the low skilled, the highest hourly rates go to those on collective agreements. Low-skilled employees on AWAs earn only slightly more per hour than those on awards.

Although the year following *WorkChoices* has not seen seismic shifts in Australians' working conditions, some potential trends for the coming years have emerged, if the legislation remains intact. The proportion reporting they were covered by awards fell by 2.3 percentage points. Although Australian Workplace Agreement (AWAs) only comprise 6 per cent of all instruments there has been notable growth since the implementation of *WorkChoices* (an increase of 1.7 per cent). There are now 110,000¹ more employees covered by AWAs, which accounts for one-quarter of all current AWAs. The growth in individual arrangements (both AWAs and individual common law contracts) has been offset by a decrease in the proportion of employees who are reliant on awards. Employees from

¹ The report provides population estimates.

certain industries report a greater than average increase in AWA coverage. This is most notable in the union heartlands of manufacturing, utilities and construction.

The crucial group to examine are those who changed jobs and/or agreements. Over a million employees (13 per cent) changed the instrument that governs their pay and conditions. Most of these (72 per cent) did this as a result of changing jobs. People who commenced a new job in the new *WorkChoices* environment are indicative of the new agreement-making culture that is evolving in Australia. Most of this group moved onto non-union arrangements such as AWAs, non-union agreements or common law contracts.

A key objective of *WorkChoices* was to promote individual negotiation between employer and employee through greater use of AWAs. However, many of the AWAs made are characterised by a lack of negotiation. Almost half (46 per cent) of employees covered by an AWA feel that they do not have the opportunity to negotiate their pay with their employer; more than 200,000 AWAs in operation in 2007 have not provided opportunities for individual negotiation. The *WorkChoices* environment has enabled the creation of more of these types of AWAs. Young and low-skilled workers are more likely to be on these non-negotiated AWAs, which provide the lowest earnings outcomes.

Bargaining position

Australia at Work data indicates that the earnings and hours outcomes of particular bargaining arrangements are governed by the degree of bargaining *power* held by employees. High-skilled workers on individual common law contracts have the highest earnings. Collective bargaining produces the best pay outcomes for low-skilled workers. Those on AWAs work the longest hours, contributing to the higher weekly wage outcome. While all full-time employees reliant on award arrangements work the shortest hours (around 40 hours per week on average).

Employees with power in negotiations (i.e. higher skilled and higher paid employees such as managers and professionals) are more likely to be on common law contracts generally, and there has been no movement of this group onto AWAs. Most of the growth in AWAs appears to be occurring in the lower skilled occupations (i.e. those in poorer negotiating positions). Employees in these occupations (e.g. labourers and sales assistants) are receiving worse outcomes, in terms of pay and hours, under AWAs. It appears that AWAs are being used as a tool for reducing employees' conditions to the statutory minima.

This report shows that the distinction between collective and individual workplace negotiation is not clear cut; most employees experienced elements of both. For employees on AWAs, their pay is often determined on a group basis. Equally, many of those on collective agreements and awards have individual factors that shape their pay outcome.

Working hours

Australia still has some of the longest working hours compared to other developed countries, with over a fifth of all workers working 50 hours per week or more. Despite this

sustained trend, there appears to be an alarming level of acceptance of long hours. Only 40 per cent of men working 50 hours or more each week stated a preference for fewer hours. There is also an apparent paradox when it comes to working hours and choice. The majority of employees said they had control over their working hours, but some of these employees stated a preference to change the number of hours they work.

The Australia at Work research makes a distinction between paid hours and usual hours worked. Two-fifths of full-time employees are working unpaid hours. Unpaid hours are commonly found among white-collar professionals, with the result of reducing their effective hourly rate by around \$5 per hour.

Attitudes

Except for perceptions of high work intensity and workload, Australian workers are generally a happy bunch. This supports a large body of research on workers' attitudes.

There are however a number of key findings which point to potential problems:

- one-third of employees want to change their hours of work;
- over half of employees report 'more and more is expected of them each year'; and
- workers are evenly split between who are 'just coping' and 'finding it difficult to get by' and those who are 'living comfortably'.

Union membership

Despite the low levels of union density (20 per cent), another one in ten (820,000) employees wish to become a union member. If potential union membership was fulfilled, union density would reach 30 per cent. Initial analysis suggests that unions are achieving higher wage outcomes for their members.

Beyond black and white

This study reveals that contemporary Australian working life is not a clear case of good or bad developments. Our main conclusions include:

- There is a need to think more carefully about the inequality of bargaining power in the labour market: it is not uniform among employees.
- Greater attention needs to be given to workers on individual contracts. Individual common law and over-award arrangements are of far greater labour market significance than AWAs. While common law contracts tend to cover more highly paid employees, they are not exclusively confined to such workers.
- Individual and collective arrangements often co-exist and are better seen as complementary rather than rival industrial arrangements. The formal instruments are defined as individual or collective, but this does not necessarily reflect the actual process of setting wages and conditions.
- While many employees report they are generally satisfied with working life, it is clear that underlying frustrations remain, particularly with regard to issues around workload or work intensity and working hours.

The Australia at Work study concludes by noting that there are four challenges for contemporary working life policy.

1. Further fragmenting bargaining units and reducing the wages and conditions of low skilled workers will not boost skill levels or expand labour supply. The challenge is to engage creatively with the major problems requiring policy attention in an open way that learns from previous Australian and overseas experience.
2. In doing this we need to cultivate the pre-existing legacy of labour standards and flexibility. The core features of Australia's industrial relations system represent an example of what is termed 'coordinated flexibility'. Such arrangements ensure that the benefits of coordination (such as efficient skill formation structures and practices) can co-exist with arrangements that can adapt common standards to local circumstances (e.g. such as customised working time arrangements).
3. There are major opportunities for change and leadership, especially around the issues of working time and work intensification.
4. A major problem with recent Australian debate on 'workplace reform' has been that it is couched in unhelpful 'black and white' terms. There is a need to ensure future reforms engage with the research evidence.

Acknowledgements

The authors would like to express our immense gratitude to the 8,343 people from all around Australia who took part in the Australia at Work survey and have graciously agreed to participate for the next four years. The Australia at Work participants are making an important contribution to the debate on working life: the perspective of working Australians.

Australia at Work is a large undertaking and is supported under Australian Research Council's *Linkage Projects* funding scheme (project LP0775306). The views expressed herein are those of the authors and are not necessarily those of the Australian Research Council.

Australia at Work would not be possible without the financial support of our 'industry partner', Unions NSW. We would like to acknowledge Unions NSW Secretary John Robertson for his open-mindedness and foresight in recognising the need for large scale, quality research to help raise the level of debate on Australian working life. Special thanks are due to Amanda Tattersall and Alison Peters for their support and facilitation. Unions NSW have actively facilitated the contribution of other unions, in particular, the Mining and Energy Division of the Construction, Forestry, Mining and Energy Union (CFMEU), the ACT Branch of the Construction Division of the CFMEU, the National office of the Communication, Electrical, Plumbing Union, the Police Federation of Australia, the NSW Nurses Association, the Victorian Branch of the Australian Nursing Federation and the Shop Distributive and Allied Employees Association. While all have taken an interest in the project, none has endeavoured to dictate the research questions or analysis arising from the project. The involvement of these, and hopefully other unions, is indicative of deepening commitment to advance policy on the basis of evidence and to ensure their own practice is based on robust information and analysis.

Studying the evolution of the labour contract is a matter of immense complexity. We have received a very high level of intellectual support from the Australia at Work advisory board. All members have provided extensive comments on the questionnaire and this report, greatly enhancing the final outcome. Their generosity has been inspiring as well as immensely helpful. The academic advisory Board members are:

- Professor Mark Wooden, Director of the Household, Income and Labour Dynamics in Australia (HILDA) Survey, the Melbourne Institute, University of Melbourne
- Professor Barbara Pocock, Director of the Centre for Work + Life, University of South Australia
- Professor David Peetz, Griffith University
- Professor Alison Preston, Curtin University
- Dr Iain Campbell, RMIT University

Ken Phillips, from the Independent Contractors Association provided very helpful comments on how gather data on the self-employed workforce. Shaun Wilson (Macquarie University) and Sean Scalmer (Melbourne University) have also been supportive of the project and will be building on it with an Australia at Work qualitative study.

Additional funding for undertaking extra interviews was provided by the industrial relations Departments of the Northern Territory, the Australian Capital Territory and South Australia and the Department of State Development in Tasmania. This will allow us to produce a report on developments across all States and Territories in the near future.

The Australia at Work fieldwork was undertaken by SurveyTalk. All staff who have been helpful and enthusiastic, in assisting with the survey design and completing the interviews. Samuel Condello, Project Leader, is always responsive and accommodating. Our relationship with Samuel and his team has been integral to the quality and success of this project. We look forward to working together again on future waves of this study.

This project has been undertaken within the Workplace Research Centre based in the Faculty of Economic and Business at the University of Sydney: a strong and positive working environment has been integral to the success of this project. We would particularly like to thank Gillian Considine for her contribution in the initial stages, the sample design and weighting of the data.

As is clear from this acknowledgement, this project has been a massive collective endeavour. We look forward to sharing the finding with the largest audience possible and drawing more people into the research process in future waves of the study.

1. Introduction to Australia at Work

Australian working life is being transformed. While many people have benefited, change is also creating challenges. Prime among these are unemployment co-existing with employer reports of skill shortages, declining birth rates coupled with a rapidly aging workforce and deepening concerns over wage inequality and work-life imbalances. Effective responses to these challenges will not be possible without quality evidence and rigorous analysis of the current situation. The Australia at Work study has been undertaken to provide such evidence and analysis.

Closely associated with and often underpinning many work life changes has been the recasting of the legal arrangements governing relations at work. At the core of these is the evolution of the labour contract – that is the collection of enforceable rights defining wages and conditions for workers. For most Australian workers their ‘labour contract’ is not conveniently contained in one document. On the contrary, its content is derived from several sources. These include the common law, statute, delegated legislation like awards and agreements, which can be formal and informal, individual and collective. In recent times the principles defining the role of each of these sources of enforceable rights has been dramatically changed. On 27 March 2006 the *WorkChoices* legislation came into force. This legislation embodies a completely new approach to governing relations at work in Australia and deserves special attention from researchers and analysts. Commentators and practitioners alike have observed that legislation of this significance has not been seen in this country for over a century

This report is the first of a series we plan to release over the next five years. The research underpinning it has been guided by two questions:

1. How, if at all, has Australian working life changed since the implementation of *WorkChoices* in March 2006?
2. How, if at all, has the lived reality of the labour contract for Australian workers changed since March 2006 changed?

Questions of this nature are never easy to answer. They are especially difficult when controversy as intense as that surrounding *WorkChoices* exists. The Federal Government, employers and unions have spent tens of millions of dollars propagating their views. In this context, information and ideas are seen by some involved as simply another political campaigning tool. This is damaging to the valuable contribution that knowledge can make to policy development.

Australia at Work has three defining features: our unit of analysis, our funding and our organisational arrangements. The first, and most important, is our source of information.

The study is based on accounts of working life provided by individuals who will be tracked over a five-year period. Our primary motivation is to enable Australian workers and jobseekers to tell their stories. Much data is already collected on the broader contours of the labour market. What is distinctive about this study is that it allows us to understand the links between different aspects of working life at one point in time and how they change over time. We are especially interested in how different labour contracts, forms of employment, earnings, working time arrangements and attitudes to work are interlinked. These issues are being examined by annually surveying 8,343 workers and following these up with 50 in-depth qualitative life histories over five years. This research is being conducted at a crucial time in Australia's labour market history. Whether *WorkChoices* flourishes or is replaced by alternative legislation, a better understanding of these issues are vital to develop more effective working life policies.

Our funding arrangements are the second distinctive feature of this project. A study of this scope requires significant investment. A consortium of unions, coordinated by Unions NSW, supported a proposal we devised for the ARC's Linkage Scheme. After rigorous scrutiny the ARC recommended the proposal for funding. The research design was approved by the University of Sydney's Human Ethics Committee. These arrangements have meant that as researchers we have enjoyed complete autonomy in devising research objectives and questions, and conducting the research (see Appendix A for more details on the role of the Linkage Projects Partner Organisation).

The third feature of our project has been the contributions made by a large group of experts. The Australia at Work Advisory Group, comprising some of Australia's leading working life researchers, has assisted us on issues of sample design, prioritising data items, the survey instrument and providing critical commentary on our initial analysis of the data. Beyond the Advisory Group we have drawn on people with expertise in particular areas, such as members of the Independent Contractors Association. While it cannot be assumed that these individuals will endorse our findings, they have all played a key role in honing the design and execution of this project.

The defining feature Australia at Work is that the material is based on an extremely large sample of people who were either employed or looking for work in March 2006. This is one of its greatest strengths. On technical issues such as forms of employment or the type of arrangements determining wages such as awards and agreements, employers and unions are often a better source of information. What workers can report are their perceptions or understanding about technical issues of the labour contract. This is valuable information in its own right: for while it may not provide exact data on the actual legal status of arrangements, it does inform us about what they believe the legal situation to be. This is a critical social phenomenon: what people perceive (for example, that they are protected by an award) is very useful information for making sense of their views of the factors shaping their working lives. This is important for policy makers and gives researchers important leads about how Australians think policy is influencing their working lives.

Australia at Work is not an evaluation of *WorkChoices per se*. It is an ongoing evaluation of working life in Australia. That said, in undertaking the project we have gone to considerable lengths to capture information that would be helpful for anyone interested in understanding the impact of the new laws. This legislation is long and complex, and understanding what has changed as a matter of law requires significant analytical and legal expertise. Given the comprehensiveness and depth of change, many of the new law's implications will not be understood for quite some time. Initiatives will have to be taken, challenged and tested in court before clarity concerning new rights and obligations at work are settled. That said, the core changes contained in the law are clear. The role of awards and industrial tribunals has been significantly downgraded. The capacity for unions to function has been profoundly circumscribed. People are expected to take greater responsibility for settling their own employment arrangements. A considerable range of legal instruments are available for codifying these including collective agreements (with and without unions), and individual contracts (based on statute or the common law). There are very few requirements regarding what an agreement must cover – just five minima are stipulated in Statute. On the other hand, there are extensive limitations on what cannot be included in agreements and how they can be negotiated. While Australia at Work cannot give a comprehensive analysis of all the dimensions of change associated with *WorkChoices*, we can give useful information on the core issues of concern. Prime among these are the reach of different industrial instruments such as awards and agreements, forms of employment, changes in earnings and hours, and the reality of unionism for Australian workers and attitudes to work. But more broadly, the research seeks to look beyond *WorkChoices* and its impact to provide a picture of working life changes at both the level of the individual and the wider labour market. Australia at Work will generate a wealth of information of great use to policy and practitioner audiences, and has the potential to shape key debates on the nature of working life in Australia.

The purpose of *Australia at Work: The Benchmark Report* is to provide an overview of the current state of play in working life. As our study progresses we expect new insights will be uncovered. For example, we are gathering data on broader life course issues, especially those concerning transitions between work on the one hand and education, family formation, unemployment and retirement on the other. The issue of labour market transitions is best explored after more information has been collected in future waves of the survey. *The Benchmark Report*, therefore, focuses on issues central to the labour contract – forms of instrument and employment, earnings, hours, attitudes and unionisation.

Methodology

The Australia at Work study was conducted by researchers at the Workplace Research Centre (WRC) at The University of Sydney. The research team established an external advisory board of prominent labour force and industrial relations researchers to provide advice and input into the design and reporting of the study. The Advisory Board consists of:

- Professor Mark Wooden, Director of the Household, Income and Labour Dynamics in Australia (HILDA) Survey, University of Melbourne
- Professor Barbara Pocock, Director of the Centre for Work + Life, University of South Australia
- Professor David Peetz, Griffith University
- Professor Alison Preston, Curtin University
- Dr Iain Campbell, RMIT University

The initial survey instrument was developed by the WRC research team. The Advisory Board and research team then workshopped the instrument and overall research design. A refined instrument was tested with workers through a series of cognitive interviews. The cognitive interview participants were gathered through a series of advertisements and networks. Workers who were thought to have less knowledge of industrial relations issues, such as young workers and non-union members, were targeted to ensure the questions were reliable and valid.

The survey was conducted by telephone with individual workers from randomly selected households. The fieldwork was conducted in Sydney by SurveyTalk, a market and social research company. A pilot study of $n=52$ was conducted in February 2007. The fieldwork period was from March to July 2007. The interview time was an average of 22 minutes.

To be in scope, respondents had to be participating in the labour force in March 2006, aged between 16 and 58 years of age, with the intention of remaining attached to the labour force within the next three years. As the study examines workers over the next five years, respondents who were planning to permanently retire from the workforce or leave the country for a period of more than two years were excluded from the study.

Respondents were asked about their current working conditions at the time the survey was being conducted. They were also asked to report on their working conditions directly prior to 27 March 2006.

Proportional quotas were set for age groups by gender and location (each capital city, and balance of state and territories), as well as minimum quotas for age by gender by location. A total sample size of 8,343 was achieved. The data was weighted by gender, age, location, and union membership. For more details see the Technical Report in Appendix A.

There are some limitations of the methodology that are worth noting. The Australia at Work data is a study of the labour force as of 2006. The scope excludes individuals who joined the labour force subsequent to March 2006 such as students and parents who were not working or others who may have taken an extended break from work for any other reason such as an illness or sabbatical. However, the purpose of Australia at Work is not to comment on the overall labour market statistics such as employment and unemployment rates. The ABS time series data performs this function. Rather, Australia at Work presents a new opportunity to examine how change occurs for individuals, as opposed to measuring aggregate change through cross-sectional time series data. The population estimates presented for March 2006 are thus a good representation of the labour force at this time.

Respondents were asked about their working lives at the current time and were also asked if they had changed jobs and employers since March 2006. If participants were in the same job they were asked whether certain aspects of their job had changed since this time. If they were not in the same job they were asked about their current situation in 'March last year'. These questions resemble the questions asked about the current situation. Thus, a limitation of this methodology is the reliance on participant recall and possible recall bias. Attempts were made to minimise this by conducting the survey as close to one year from March 2006 as possible.

In future waves of the research, change will be measured by collecting data at that point in time and comparing it to previous responses. Therefore, the way change is measured in this first report will not be the same as the way it is measured in subsequent years, and future data will not be at risk of recall bias in the same way that the 2006 data might be.

There are also the limitations of the data that are common to all telephone surveys of a reasonable length. Response bias has been managed by setting quotas for age, sex and location to ensure that men and young people (who are less likely to respond to social research surveys) are represented in the survey. Another issue is that the survey was conducted of households and took an average of 22 minutes to complete. This means that respondents who are not often at home, such as time-poor or long-hours workers, would have been less likely to respond to the survey.

The Australia at Work data could be argued to be one of the most authoritative datasets on working life in Australia outside of the ABS labour force data. There are other longitudinal datasets in Australia that collect work-life data. One such study is the Household Income and Labour Dynamics Survey of Australia (HILDA), a longitudinal survey of 13,000 respondents.² However, Australia at Work provides the most comprehensive information on the dynamics of working life.

² While HILDA collects data on working hours, income, occupation and industry, it does not collect detailed information on agreement making, attitudes at work, and union membership.

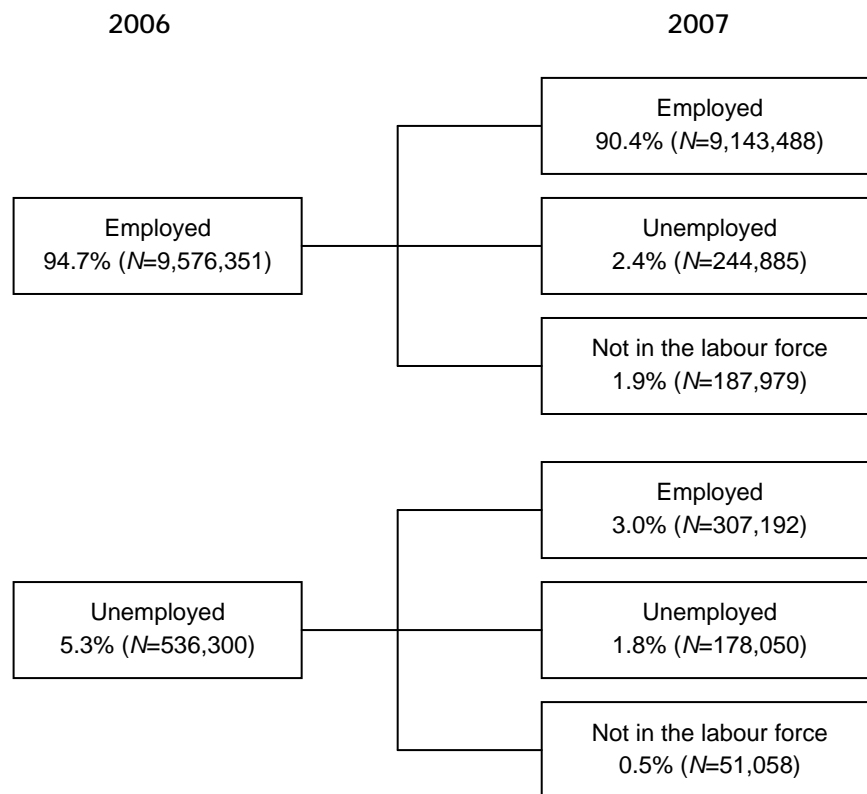
The sample size of 8,343 has enabled us to disaggregate the data to examine subgroups or detailed phenomena while still producing representative and reliable data. Where data in tables are reporting on cell sizes of $n < 30$ (thus calling into question the statistical significance of findings), this has been noted. Data has not been reported in the text where there is insufficient sample size. Where percentages have been reported in the text, the sample size is no smaller than $n = 80$. Therefore, the data in this report is intended to be representative of the 2006 labour force, and all findings may be assumed to be statistically significant (unless small cell sizes are indicated).

The data provided in the report are population estimates derived using the population weights (see Appendix A). The sample has been weighted according to ABS 2006 Labour Force data.

2. The Labour Force

The population of the Australia at Work survey is individuals within the Australian labour force in March 2006. That is, they were either employed or looking for work. Those who were looking for work in March 2006 make up 5.3 per cent of the sample. In the following year, at the time the study was conducted, 2 per cent were no longer participating in the labour force and another 4 per cent were looking for work. A large majority of the sample, 90 per cent, were employed at both points in time. Figure 2.1 illustrates the labour force movements of the respondents. This figure shows that a small percentage of respondents went from being unemployed to employed (3 per cent) and vice versa (2 per cent). The unemployment rate of the sample in 2007 is 4.3 per cent.³

Figure 2.1 Labour market status, 2006–2007



Note: Weighted figures are provided
 Source: Australia at Work W1

A hypothesis of this study is that changes to the workplace relations system will have less of an impact on people who remain in the same job that they were in before the legislation came into place. It is harder to enact change where there are already systems and

³ Whether a person is unemployed in 2007 has been derived using data from the following two questions: 'In the last 7 days were you working in a paid job of any kind?' and 'Did you actively look for work in the last 4 weeks?'

practices in place. It is predicted that employers are more able to take advantage of the new laws where a person is entering into a new job. Therefore a key aspect of the analysis will be comparing those who have remained in the same job over 2006 and 2007 and those who have changed jobs, Table 2.1. A change in job is where the worker has either changed business or employer.⁴ Promotions or movements within the organisation are not considered a change in job. Of the 9.1 million people who were employed at both points in time, 17 per cent had changed jobs. Those who have changed jobs will be examined in terms of whether their working conditions have changed compared to those who remained with the same employer.

Table 2.1 Same job or business, 2006–2007

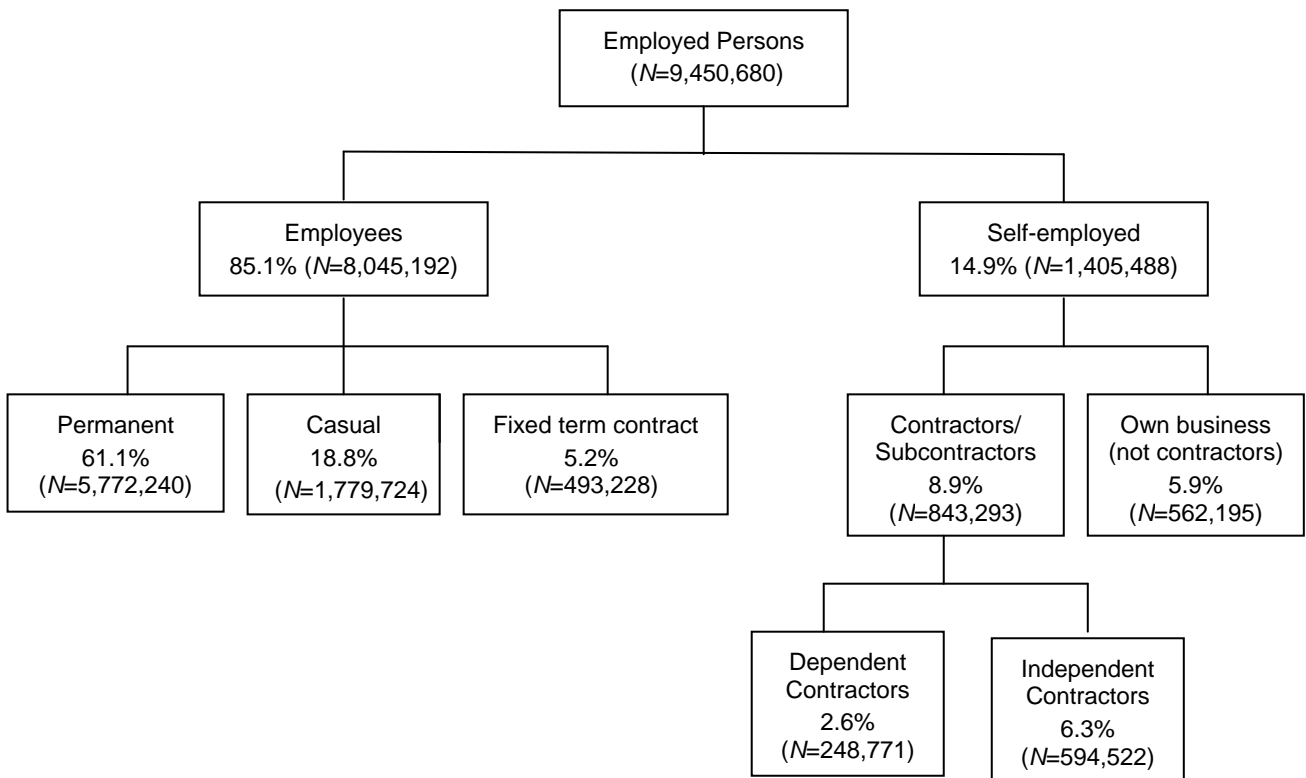
	<i>N</i>	Weighted %
Same job or business (including promotion)	7,632,368	75.5
Different job or business	1,511,120	14.9
Employed in 2007 not in 2006	307,192	3.0
Employed in 2006 not in 2007	432,863	4.3
Not employed in 2006 and 2007	229,108	2.3
Total	10,112,651	100.0

Source: Australia at Work W1

Australia at Work is a study of *all* workers and the movements they make between different types of employment, in and out of the workforce and the various life course transitions. Therefore, this is a study of both employees and the self-employed. In 2007, respondents who were self-employed accounted for 15 per cent of all workers, Figure 2.2. The self-employed workers include those who run their own business as well as contractors and subcontractors who are working for another business or employer (and are paid on invoice). This is illustrated in the following diagram. We have also distinguished between dependent and independent contractors. Dependent contractors are those who rely on one client for 80 per cent or more of their income, that is, they are almost quasi-employees.

Employees account for 85 per cent of people working in 2007. Employees are those who said they are working for an employer and are not paid on a contractor or subcontractor basis. We have distinguished between people employed on a permanent or ongoing basis, a casual basis, or employed on a contract for a specific period or task. Some respondents identified themselves as casual while other workers did not identify themselves as casual but have been allocated casual status if they are not entitled to both paid annual leave and paid sick leave. Of employees only, 22 per cent are casual. The Australia at Work study has an under-representation of casual employees. According to the ABS, 25 per cent of all employees do not have paid leave entitlements (ABS Nov 2006 FOE).

⁴ For the majority of questions, multiple job holders were asked about their main job, determined by the job they worked the most hours in (and in the case of equal hours, the highest paid). To establish change of job multiple job holders were asked if their current main job was the same job they had in March 2006.

Figure 2.2 Employment status, employed persons, 2007

Note: the definition of contractors/subcontractor.⁵ The material disaggregating different categories of self-employed workers are preliminary estimates only.

Population: Employed persons

Source: Australia at Work W1

In 2006 there was a similar distribution of employees (86 per cent) and the self-employed (14 per cent). Among those employed in both 2006 and 2007, there was very little transition between self-employment and being an employee (3 per cent). Table 2.2 shows that women are more likely to be employed on a casual basis (28 per cent compared to 16 per cent of men) while men have higher rates of self-employment (17 per cent compared to 10 per cent of women). The majority of young workers, aged 16 to 20, are employed casually, while the middle aged groups, 25 to 44, have the highest rates of permanent employment.

⁵ The survey asked about contractor/subcontractor status in two ways: 1) respondents were asked: 'What are your payment (and working) arrangements? For example, wage and salary, commission or are you a contractor/subcontractor?' 2) Self-employed respondents (i.e. those who said they work in their own business or answered contractor/subcontractor to the previous question) were then asked 'Do you contract to do work for another business(es)?' The latter question has been used to determine contractor/subcontractor status and provides a greater estimate. Using the former question contractors/subcontractors are estimated at $N=417,116$ with dependent contractors $N=163,092$ and independent contractors $N=254,024$.

Table 2.2 Employment status by gender and age, 2007, per cent

Age group	Women				Men			
	Permanent	Casual	Contract	Self-employed	Permanent	Casual	Contract	Self-employed
16 – 20	19.9	74.8	1.0	4.2	28.4	63.0	4.1	4.6
21 – 24	44.2	41.4	5.6	8.7	39.9	38.3	7.5	14.3
25 – 34	64.3	18.7	6.8	10.1	70.1	10.9	5.8	13.2
35 – 44	61.3	20.3	6.2	12.2	69.2	7.3	3.6	19.9
45 – 54	64.1	20.3	5.2	10.4	65.1	10.3	4.2	20.4
55 plus	62.7	20.0	4.2	13.1	65.2	9.3	4.2	21.3
missing	52.1	29.4	6.8	11.7	63.4	10.2	-	26.4
Total	56.8	27.5	5.4	10.3	61.8	16.4	4.6	17.2

Population: Employed persons

Source: Australia at Work W1

Table 2.3 illustrates whether employees are employed on a part-time or full-time basis⁶. This does not necessarily indicate the type of hours they usually work but rather the number of hours they are employed or paid to work. Over half (53 per cent) of female employees are employed on a part-time basis, while less than a fifth of males are employed part-time. Among men, most of the part-time employment is among the younger employees (i.e. 25 years and younger). For women, apart from a high concentration of part-time employment among 16 to 20 year olds, there is a wide distribution of part-time employment among all ages. A more in-depth look at working hours is undertaken in Chapter 5.

Table 2.3 Part-time and full-time in main job by age and gender, 2007, per cent

Age group (years)	Women		Men	
	Part-time	Full-time	Part-time	Full-time
16 – 20	76.1	23.9	61.0	39.0
21 – 24	40.4	59.6	35.9	64.1
25 – 34	48.0	52.0	10.5	89.5
35 – 44	52.9	47.1	7.3	92.5
45 – 54	53.6	46.4	8.5	91.5
55 plus	49.1	50.9	17.2	82.8
missing	54.2	45.8	23.8	76.2
Total	53.0	47.0	17.3	82.7

Population: Employees only

Source: Australia at Work W1

⁶ Employees were asked 'Are you employed on a full-time or part-time basis?' with a note reminding the interviewer that full-time is a minimum of 35 hours per week. Responses to this question were then assessed in terms of the hours workers are usually paid for. If both paid and usual hours were greater than 35 hours a week and the answer was recorded as 'part-time' this was corrected to 'full-time'. In correcting the 'full-time' answers a benchmark of 30 paid and usual hours was used to account for school teachers and similar types of occupations where they may be considered full-time without completing the full 35 hours per week.

Our definition of part-time employment differs to that used by the ABS. The ABS uses number of hours usually worked in *all* jobs to calculate part-time/full-time categories. However, the part-time/full-time distinction is important in determining an employees' status in their main job. Research has shown that part-time employees are often not entitled to the same opportunities and benefits that full-timers are (Junor 2000). The Australia at Work definition centres on the number of hours employees are *paid* to work in the main job as well as the employees' understanding of whether they are employed on a full-time or part-time basis. This definition provides a more accurate indication of employees' job status and access to benefits and opportunities at work. Using the ABS definition, the Australia at Work sample has over-represented the percentage of employees in part-time employment. In Australia at Work, 49.1 per cent of female employees are usually working less than 35 hours per week but according to the ABS, in May 2007 it is only 43.2 per cent. For male employees, Australia at Work has 16.5 per cent usually working less than 35 hours in all jobs, whereas ABS reports 13.1 per cent (ABS 2007). This over-representation is likely to skew the data on working hours.

As expected the majority (67 per cent) of respondents work in the private sector, Table 2.4. One-quarter of employees work in the public sector.⁷ A very small percentage of the self-employed are working in the public sector; these workers are likely to be contracted to this sector. Of the self-employed surveyed 33 per cent have employees. The majority (93 per cent) of the self-employed are working in small businesses of less than 20 employees. Employees are fairly evenly spread across small, medium and large workplaces, with 15 per cent of respondents working in very large workplaces of more than 500 employees.⁸ Enterprise size was measured in terms of whether there were 100 people employed to determine how many employees are potentially affected by the changes to the unfair dismissal laws in the *WorkChoices* legislation.⁹ One-third or 2.7 million employees do not have unfair dismissal protection.

⁷ Employees working in the public sector are over-represented in the Australia@Work sample. The most recent data available, as at August 2005, around 19 per cent of employees work in the public sector in their main job, while the remaining 81 per cent are classified as working in the private sector (ABS 2005).

⁸ Compared with ABS figures, the Australia@Work data has under-represented the percentage of employees working in small workplaces and over-represented employees in medium enterprises. In August 2005, ABS has 37 per cent of employees working at locations which employed less than 20 employees; around one-quarter (26 per cent) worked in workplaces of 20-100 employees; and 34 per cent worked in large (100+) workplaces (ABS 2005).

⁹ Under *WorkChoices*, employers who employ up to and including 100 employees are exempt from unfair dismissal laws. For businesses with over 100 employees, those covered will be required to have been employed for six months before they can pursue an unfair dismissal remedy. An employee may lodge an unfair dismissal claim with the Australian Industrial Relations Commission (AIRC) if he or she has worked for the employer for six months or more.

Table 2.4 Workplace characteristics by employment status, 2007

Workplace characteristics	Employees		Self-employed (including contractors)	
	N	%	N	%
<i>Sector</i>				
Private	5,402,150	67.1	1,340,606	95.4
Public	2,009,276	25.0	35,077	2.5
Not for profit	554,814	6.9	23,245	1.7
Don't know	78,952	1.0	6,560	0.5
<i>Workplace size</i>				
Less than 20	2,621,052	32.6	1,308,025	93.1
20–100	2,755,874	34.3	60,056	4.3
More than 100	2,523,821	31.4	31,381	2.2
Don't know	144,445	1.8	5,888	0.4
<i>Enterprise Size</i>				
100 or less	2,735,957	34.0	1,342,448	95.5
More than 100	5,051,027	62.8	54,594	3.9
Don't know	258,208	3.2	8,446	0.6
Total	8,045,192	100.0	1,405,488	100.0

Population: Employees only

Source: Australia at Work W1

The Australia at Work research uses the latest occupational and industry categories established by the ABS: Australian and New Zealand Standard Classification of Occupations 2006 (ANZSCO) and Australian and New Zealand Standard Industrial Classification 2006 (ANZSIC). This data was coded to the 4-digit level. However, due to sample size constraints we will report mostly at the 1-digit level.

Compared to ABS data, the Australia at Work sample is a relatively good representation of workers across industry. Table 2.5 shows that the 2006 sample is generally only around one percentage point difference from the ABS data (add ref). There are only two discrepancies worth noting: education and training is over-represented, with ABS at 7.2 per cent of workers and Australia at Work at 10 per cent of respondents in 2007; and construction is under-represented with only 6 per cent from Australia at Work and 8.9 per cent from the ABS. In terms of employees' location by industry, Australia at Work reflects ABS data: the largest industries are health care and social assistance (12 per cent), manufacturing (11 per cent), and the retail trade (10 per cent). Between 2006 and 2007 there has been no notable movement of workers across industries, Table 2.5.

Table 2.5 Employed persons by industry (ANZSIC06), 2006 & 2007

Industry	2006			2007		
	A at W		ABS	A at W		ABS
	N	%	%	N	%	%
Agriculture, Forestry & Fishing	272,345	2.9	3.5	263,894	2.8	3.3
Mining	122,933	1.3	1.3	133,980	1.4	1.3
Manufacturing	1,019,941	10.8	9.9	1,013,784	10.8	9.9
Electricity, Gas, Water & Waste Services	143,845	1.5	1.0	154,317	1.6	1.0
Construction	565,419	6.0	8.9	561,714	6.0	8.9
Wholesale Trade	289,194	3.1	4.0	272,522	2.9	3.9
Retail Trade	988,730	10.4	11.4	899,678	9.6	11.2
Accommodation and Food Services	531,142	5.6	6.6	452,190	4.8	6.7
Transport, Postal & Warehousing	385,111	4.1	5.0	390,553	4.2	5.2
Information, Media & Telecommunications	260,333	2.8	2.4	284,218	3.0	2.4
Finance & Insurance Services	392,611	4.1	3.7	386,664	4.1	3.9
Rental, Hiring & Real Estate Services	151,761	1.6	2.0	137,975	1.5	2.0
Professional, Scientific & Technical Services	767,340	8.1	7.4	802,304	8.6	7.0
Administrative & Support Services	318,009	3.4	3.5	298,578	3.2	3.4
Public Administration & Safety	583,798	6.2	6.1	610,346	6.5	6.2
Education & Training	943,301	10.0	7.2	962,971	10.3	7.4
Health Care & Social Assistance	1,112,633	11.8	10.3	1,120,127	12.0	10.3
Arts & Recreation Services	213,025	2.3	1.7	219,907	2.3	1.8
Other Services	376,984	4.0	4.0	374,707	4.0	4.2
Unclassifiable	24,499	0.3	-	26,095	0.3	-
Total	9,462,954	100.0	100.0	9,366,524	100.0	100.0

Missing: 2006 N=113,397; 2007 N=84,156

Population: Employed persons

Sources: ABS 2007 and Australia at Work W1

Table 2.6 shows the distribution of occupation. Compared to ABS data, Australia at Work over-represents the higher skilled occupations of managers and professionals and under-represents the lowest-skilled occupation of labourers, as well as technicians and trades workers. It is possible that because of this occupational bias towards higher-paid, higher-skilled professionals that Australia at Work may over-estimate positive outcomes for workers since 2006. Between 2006 and 2007 there was a slight increase in the proportion of professionals from 23.7 per cent to 25.1 per cent in the Australia at Work sample. Otherwise, the proportion of the different occupational categories remained relatively static.

Table 2.6 Employed persons by occupation, 2006 & 2007

Occupation	2006			2007		
	A at W		ABS	A at W		ABS
	N	%	%	N	%	%
Managers	1,427,513	14.9	12.6	1,449,771	15.4	12.6
Professionals	2,270,753	23.7	20.1	2,367,697	25.1	20.2
Technicians & trades workers	1,254,077	13.1	15.3	1,206,784	12.8	15.3
Community & personal service workers	907,888	9.5	8.5	874,441	9.3	8.9
Clerical & administrative workers	1,435,495	15.0	15.8	1,457,292	15.5	15.6
Sales workers	954,035	10.0	9.9	877,999	9.3	9.4
Machinery operators and drivers	508,085	5.3	6.6	478,435	5.1	6.8
Labourers	768,555	8.0	11.4	704,508	7.5	11.0
Unclassifiable	47,605	0.5	-	7,590	0.1	-
Total	9,574,006	100.0	100.0	9,424,516	100.0	100.0

Missing: 2006 N=2,345; 2007 N=26,164

Population: Employed persons

Sources: ABS 2007 and Australia at Work W1

The level and type of skill employed in an occupation can determine a worker's position in the labour market, which is often reflected in the income they earn, the level of job security they feel and possibly their bargaining position in negotiations with their employer. The ANZSCO skill level categories, as devised by the ABS, have been used in this report and indicate the skill level which all 4-digit ANZSCO occupations fall into. Under the ABS classification, skill level is not a reflection of qualifications obtained by the worker but is predicated on their occupation. Table 2.7 illustrates the distribution of skill level among men and women workers of different ages, where skill level 1 is the highest and level 5 is the lowest. Over a third of workers are employed at the highest skill level.

Not surprisingly, there is a relationship between skill level and age. The youngest workers are more likely to be in the lower skilled groups while older workers are more commonly in the higher skilled groups. Where the relationship is linear for men, there appears to be more a bell-shaped relationship for women. Women workers aged 25 to 44 years are working in the highest skilled occupations while women aged above 44 years are slightly more likely to be in the lowest skilled occupations (apart from the youngest workers).

Table 2.7 ANZSCO Skill level by age and gender, 2007, per cent

Age group	Women <i>Skill Level</i>					Men <i>Skill Level</i>					Total
	1	2	3	4	5	1	2	3	4	5	
16 – 20	1.4	5.4	6.6	36.0	50.5	5.5	5.7	24.7	17.8	46.3	100.0
21 – 24	24.8	12.5	10.3	31.3	21.1	21.8	9.5	22.8	21.8	24.1	100.0
25 – 34	43.0	11.6	9.9	25.1	10.4	38.4	11.5	18.6	20.6	10.8	100.0
35 – 44	43.4	14.0	7.9	24.7	10.0	46.1	12.0	16.8	17.1	8.0	100.0
45 – 54	40.2	11.0	7.4	25.5	15.8	45.8	7.9	16.5	21.2	8.5	100.0
55 plus	37.9	13.3	8.4	26.8	13.6	49.2	8.4	15.8	17.7	8.9	100.0
Total	36.1	11.8	8.4	26.9	16.8	39.1	9.8	18.2	19.3	13.6	100.0

N=9,415,830

Population: Employed persons

Source: Australia at Work W1

In some parts of the report, for the benefit of simplified analysis, we have distinguished between high and low skilled workers. High skilled workers have been defined as those employed in the top three skill levels and low skilled workers are employed in the remaining bottom two levels. This distinction was made due to the obvious difference in outcomes and experiences for these two clusters. These two groups are aligned to competencies equivalent to education qualification levels. The low skill group is indicative of Year 12 while the high skill group reflects above Year 12 skills. Women are more likely to be in the low skilled group (44 per cent) compared to men (33 per cent).

For those people who were employed in 2006 and 2007, most remained in the same occupation and skill level in both years, Table 2.8. Less than one-fifth (18 per cent) changed occupation but this translated into a substantive change in skill level for only 11 per cent of employees. An increase in skill level was slightly more common than a decrease (7 per cent and 5 per cent, respectively). The change in occupation has come about mostly as a result of a changing employers or businesses. More than three-quarters (78 per cent) of workers who changed employers also changed their occupation title or tasks, compared to only 6 per cent of those who were with the same employer or in the same business.

Table 2.8 Change in occupation or skill level, 2006–2007

	Same job or business (including promotion)		Different Job or business		Total	
	<i>N</i>	%	<i>N</i>	%	<i>N</i>	%
<i>Change in 4-digit ANZSCO</i>						
Change	475,158	6.2	1,171,757	77.5	1,646,915	18.0
No change	7,121,251	93.3	328,074	21.7	7,449,325	81.5
Missing	35,959	0.5	11,289	0.7	47,248	0.5
<i>Change in skill level</i>						
Increase in skill level	177,601	2.3	439,513	29.1	617,114	6.7
No change	7,339,017	96.2	734,136	48.6	8,073,153	88.3
Decrease in skill level	89,698	1.2	336,262	22.3	425,960	4.7
Missing	26,052	0.3	1,208	0.1	27,260	0.3
Total	7,632,368	100.0	1,511,119	100.0	9,143,487	100.0

Population: Employed in 2006 and 2007

Source: Australia at Work W1

This chapter has set out the key data items and units of analysis for this benchmark report. A sample size of 8,343 enables the data to be disaggregated into meaningful categories that will elicit insights into the factors that are shaping Australians' working lives. In the next chapter we focus on the significant aspects of working life that help determine employees' pay and conditions: their form of employment, the labour contract, and how pay is determined.

3. Awards, Agreements and Contracts at Work

One of the primary issues of interest to this project is the nature of the labour contract. For most workers in Australia there are several dimensions to such contracts. A threshold concern is determining whether workers are involved in a commercial or employment relationship: that is, the distinction between the self-employed and employees. For employees, wages and many employment conditions are determined by a variety of instruments, especially awards and agreements. Ascertaining which instrument is used and how the content is determined are important for understanding how workers' labour standards change over time. We deal with each of these issues in turn.

When reading this chapter it is important to remember that the statistics are based on people's perceptions of the formal instruments governing their earnings and employment conditions. More accurate information on the actual legal arrangements governing workers is best obtained by an analysis of the awards, agreements and contracts themselves. Estimates of employee coverage based on accounts provided by managers will differ from those provided here because these respondents have a better understanding of the instruments involved. Discrepancies in material obtained from these different sources does not mean data obtained from workers are 'wrong' while data provided by others is 'correct'. The utility of data depends on the purpose for which it is used. One of the two primary questions informing this project is:

How, if at all, has the nature of the lived reality of employment contracts for Australians employed at or since March 2006 changed?

Only workers themselves can provide the raw material necessary for answering this question. Making sense of their understanding of awards, agreements and contracts is important in its own right. It is also important for policy. If some employees are technically wrong, what they perceive to be the case will affect their behaviour at work and their likely responses to various workplace relations 'reform' initiatives. Information gathered from workers can also round out analyses of the dynamics of wage determination — analyses that have, to date, only been informed by material obtained from employers and legal instruments themselves.

Self-employed and Employees: Contracts 'for' and 'of' service

The primary issue when making sense of the labour contract for Australian workers is to determine whether they are self-employed or work for someone else. The former are said to be involved in contracts *for* the provision of a particular service, so-called contracts for service. Employees, on the other hand, are held to work on the basis of *a contract of* service for another. This report has distinguished between the self-employed, who include contractors and subcontractors, and employees who work for an employer (as illustrated in Figure 2.2 earlier).

The self-employed are not a homogeneous group. Some produce goods or services that are sold directly to consumers, for example the corner store and some family farms that deal direct with the public. Others provide specialised goods and services as intermediate inputs to other firms who sell the final product to the ultimate consumer. Electricians working in their own business on a construction site or IT programmers working on an invoice for services basis in a large bank are typical examples of contracting and sub-contracting arrangements. The self-employed were asked a sequence of questions to help classify them appropriately. The threshold question is whether they had their own business and/or whether modes of payment to them were based on contractor/sub-contractor arrangements. If they identified themselves as either, they were then asked for details about the form of legal personality used by their business, their taxation arrangements and the nature of their client base. Respondents' answers to these questions are summarised in Table 3.1.

Table 3.1 Self-employed business arrangements, 2007

Business arrangements of self-employed	N	%
<i>Incorporation</i>		
Incorporated/limited liability	489,790	35.3
Unincorporated/unlimited liability	813,706	58.6
Don't know/refused	85,971	6.2
<i>Taxation</i>		
Completes a Business or Income Activity Statement	1,151,945	82.9
Does not complete own tax statements	211,559	15.2
Don't know	25,964	1.9
<i>Contractor/Subcontractor</i>		
Contracted by another business	832,250	59.9
One client provides 80% or more of income	244,342	17.6
Does not rely on one client for 80% of income	572,270	41.2
Don't know	15,637	1.1
Not contracted by another business	554,406	39.9
Refused	2,811	0.2
Total	1,389,467	100.0

Missing N=16,021

Population: Self-employed only

Source: Australia at Work W1

As noted in Figure 2.2, there are just under 1.4 million self-employed workers – approximately 15 percent of the paid workforce. Of these just over a third (35 per cent) operate on the basis of incorporated businesses, while 59 per cent are unincorporated, Table 3.1. The bulk (83 percent) completes an income or business activity statement: a very strong *prima facie* indicator of genuine self-employment. Just over one in six (18 per cent) report that they are contracted to work with another business and that their largest client provides 80 per cent or more of their income. This item was collected as an indicator of dependence. While all self-employed relying on one client for the bulk of their income

are not necessarily 'quasi-employees', this information is useful in gaining an insight into the nature of the contractor and sub-contractor population.

Employees' labour contracts

The great bulk of Australian workers are engaged by firms as employees. Australia has always had a distinctive way of governing wages and conditions for such workers. Traditionally this has involved a combination of common law, statute, awards and local arrangements. *WorkChoices* has added to this complexity by increasing the role of statutory based standards that enable agreements to dramatically change award standards. As a result of the most recent changes Australia now has an extremely complex system for determining employees' wages and conditions. There are three dimensions to this complexity.

First, the **range of formal instruments** now available for codifying wages and conditions is vast. The formal instruments available to (and sometimes imposed upon) employers and employees to govern their relations include:

- a) common law arrangements;
- b) statutory rights and obligations, including direct standards that must be honoured (e.g. Australian Fair Pay and Conditions Standard) as well as standards devised by industrial tribunals (e.g. awards). Award standards may or may not be honoured depending on the issue concerned (e.g. protected award matter) and the form of agreement between the parties; and
- c) agreements covering the parties. These can be individual or collective, formal and informal. If collective, they may or may not involve a union.

The formal instruments for codifying wages and conditions should not be taken as symptomatic of bargaining arrangements between employees and employers. This is the second dimension of complexity: **power relations between the parties governed by particular instruments varies profoundly**. While some jobs involve employees negotiating with the employer, many do not. Consequently, while some workers may have wages and employment conditions set out in what is formally called an agreement, there may have been no negotiations surrounding this instrument. Such 'agreements' are offered on a take it or leave it basis.

The third dimension of complexity arises from the fact that **wages and conditions are rarely governed by one instrument and rarely subject to the same degree of bargaining**. For example, while there may be no negotiation over wages, there may be some give and take between the parties on conditions. Wages may be set by the award, but hours of work may be governed by local rosters and pay administration arrangements. On the other hand, all conditions may be as specified in an award but a higher hourly rate may be paid to keep workplace wages in line with local going rates.

We explore these dimensions of complexity in the remainder of this chapter. First we examine the array of instruments that codify employees' pay and conditions. This is followed by an analysis of how negotiations concerned with the setting of pay and conditions actually occur. The chapter finishes with an analysis of whether individual contracts actually promote direct negotiation. This underlines the need to carefully distinguish form from substance. Even though an instrument may be called an agreement it may be in fact a means for moving workers off comprehensive award standards and onto a lower level of entitlements specified in legislation.

Before examining employees' perceptions of the instruments that govern their wages and conditions at work it is useful to appreciate how the labour market reach of awards and agreements has changed in the last decade and a half. This is provided in Table 3.2. The first six columns provide estimates of coverage of the different instruments. They fall into two categories: registered and unregistered arrangements. The former consists of awards and agreements. These can be defined with a fairly high degree of precision because, by definition, they are governed by registration requirements that result in them having legal force. Registered individual contracts take the form of AWAs which were introduced in 1996. Unregistered arrangements cannot be so precisely defined; none-the-less they remain a major part of the system. They are commonly classified as taking the form of unregistered collective agreements, over-award arrangements, and individual common law contracts. To get a feel for the relative reach of different regulatory structures two summary measures are provided in the last two columns. The first concerns the reach of the Award system. Given that most agreements up until 2006 were still built on awards, this figure encompasses workers solely reliant on awards, those on registered collective and individual agreements and those involved in over-award arrangements. The last column estimates the proportion of employees whose employment arrangements are governed, at least in part, by unregistered arrangements. Many of these arrangements operate in conjunction with awards and registered agreements, that is why the last two columns do not sum to 100 percent.

Table 3.2: Indicative estimates of employee coverage of different type of instruments, Australia, 1990–2006, per cent

Year	Type of instrument						Summary measures	
	Registered			Unregistered			Underlying award coverage (1+2+3+5)	Coverage of unregistered arrangements (4+5+6)
	Award only (1)	Collective (2)	Individual (3)	Collective (4)	Over-Award (5)	Individual common law (6)		
1990	45	20	–	11	15	20	80	45
1995	40	30	–	3	15–20	10–15	85–90	30
2000	25	35	2	2	20	15	80	35
2006	20	40	3	3	15–20	15–20	80	35

Note: Because these are indicative estimates only, most percentages have been rounded to the nearest 5 percent. The estimates convey an order of magnitude as opposed to precise estimates of actual coverage of each instrument.

Source: Full details of estimates summarised in this table are provided in Appendix B.

The key issues to note about the trends summarised in this table are as follows:

- Over the last 15 years the proportion of workers covered by awards and registered agreements has been stable, as has the proportion of those covered by some kind of unregistered arrangement. Underlying this stability are significant changes occurring within these domains.
- Within registered agreements there has been a dramatic decrease in the percentage of employees relying solely on awards, from around 45 to 20 per cent. Most of this change has been associated with more workers being covered by registered collective agreements. Registered individual agreements account for only a small proportion of the change and up until 2006 the overwhelming bulk of these registered agreements operated in conjunction with an award.
- Data on unregistered agreements is murkier. What data are available indicate that there has been a dramatic fall in the proportion of employees covered by unregistered collective agreements. These have probably been formalised into registered enterprise agreements or disappeared as a result of changes at workplace or industry levels. From the evidence available, the balance between over-awards and individual common law contracts has been fairly stable, with both covering between 15 and 20 per cent of employees.

What is clear from Table 3.2 is that Australia's system for defining enforceable rights at work is complex. Accurate information is hard to come by due to the complexity of the system and the imprecise definitions of the instruments often used. It is little surprise then that the estimates provided by respondents in our study do not align perfectly with data gathered from employers by the ABS and other sources.

It is not unusual for a worker to be vague about which industrial instrument(s) governs their pay and conditions (Jefferson et al 2007). With this in mind, the survey asked respondents about the type of agreement that sets their pay and conditions using up to 12 questions,

which allowed us to cross-validate data and build an accurate picture of the nature and coverage of labour contracts.

The Australia at Work data on self-reported agreement type must be considered within the context of the complex Australian industrial relations system. For example, there is considerable scope for overlap in the type of instruments that cover individual employees. It is not uncommon for an employee to have some of their conditions set by a collective agreement or an award but also have an individual contract in place. Many workplaces have several instruments in place to cover the whole array of workers and it is likely that the conditions in one instrument will influence those set in another. Awards, in particular, contribute to the diversity of arrangements within the system.

It is important to distinguish between concepts of award coverage and award dependence. Many occupations, but not all, are covered by specific awards. However, some of these employees may have other instruments in place on top of the award. Thus, there is the large group of employees who are covered by an award while a smaller group may be dependent upon it to determine all their terms and conditions. The first question respondents were asked regarding their industrial instrument was whether their pay and conditions were set out in an award or agreement of some sort. If they said yes, they were then asked whether an award plays a role in their conditions. The results from these two questions are displayed in Table 3.3. Almost half (46 per cent) or 3.7 million employees said that they are covered by an award. The group least likely to be aware of the Award system is young people. One in five of those aged 16 to 20 years did not know if an award plays a role in their conditions. Unfortunately, it is young workers in low skilled and low paid jobs who are most likely to be reliant on the Award system for their pay and conditions. This is evident in examining occupational distribution: sales workers were the least likely to report award coverage (36 per cent) or to know whether an award played a role in their terms and conditions. Employees across all occupations reported considerable award coverage. Even 38 per cent of managerial employees reported being covered by awards; these occupations included policy and planning managers (typically, public servants), retail managers and corporate services managers.

Table 3.3 Coverage: award role in main job, 2007, per cent

'Does an Award play a role in your pay and conditions?'	%	N
Award plays a role	46.2	3,718,803
No Award role, but there is an agreement	20.2	1,622,940
No agreement	23.7	1,909,186
Don't know	9.9	794,263
Total	100.0	8,045,192

Note: responses to this question are the first take and not reflective of final instrument reported

Population: Employees only

Source: Australia at Work W1

In looking at the data on industrial instrument it must be remembered that the reality, and therefore the data, is incredibly messy. Less than one in ten employees were unable to define the major type of formal instrument that sets their working conditions. Most (over 90 percent) were able to report whether 'any parts of [their] pay or conditions are set out in an agreement, award or contract of some sort'. If they were not solely dependent on an award they were classified as falling into the other major instrument that operated in conjunction with the award. This, if anything, results in an under-estimate of the reach and impact of awards. Their perceived broader significance has, however, been noted in Table 3.3. This convention for categorising employees was adopted so that we could map where the different types of instruments are operating and the characteristics of the workers covered by them. Table 3.4 summarises, at the most disaggregated level, how employees can be categorised on this basis.

Table 3.4 Employees' self-reported instrument type, 2006 & 2007

Self-reported instrument type	2006		2007	
	N	%	N	%
Award only	2,717,824	33.2	2,454,574	30.5
Over-Award ¹⁰	687,059	8.4	731,068	9.1
Collective agreement with a union	1,166,546	14.2	1,114,015	13.8
Collective agreement without a union	459,483	5.6	459,466	5.7
Collective agreement – union unknown	127,562	1.6	167,919	2.1
AWA	340,851	4.2	452,757	5.6
Individual (common law) contract	1,538,881	18.8	1,521,580	18.9
Industry or multi employer agreement	4,581	0.1	4,581	0.1
Employer Greenfield	-	-	1,711	0.0
Other	12,362	0.2	10,792	0.1
No agreement	500,485	6.1	401,808	5.0
Don't know/refused	634,302	7.7	720,541	9.0
Total	8,189,936	100.0	8,045,192	100.0

Population: Employees only

Source: Australia at Work W1

In 2007, two-fifths of employees (3.2 million) believe that their conditions are dependent on an award. This is similar to the findings presented in Table 3.2. This perception among employees is an important finding: if a large proportion of employees believe their conditions are set by the award, this is likely to mean that a greater proportion of workers will be concerned if the Award system deteriorates. The initial version of the *WorkChoices* legislation significantly reduced the role of awards in determining the safety net conditions. The subsequent addition of the 'Fairness Test' to the legislation now means that the awards are still relevant in determining some elements of the safety net for many employees.

¹⁰ An employee is recorded as being on an over-award arrangement if they specified this arrangement or if they said they were on an individual contract and an award plays a role in their pay and conditions.

As a whole, collective workplace agreements are the next most reported instrument in place for employees (22 per cent). Of the collective agreements reported, union agreements outnumber non-union agreements: for every two employees covered by non-union agreements there are five who are covered by union agreements. Employees who reported agreements classified in the 'other' category included, for example, defence force employees and senior public servants, whose terms and conditions were set by remuneration tribunals.

Unregistered individual common law contracts set the conditions of just under one-fifth (19 per cent) of employees, that is, almost 1.5 million employees. It is only since 1996 that arrangements defined on an individual basis could also occur through AWAs. Individual common law contracts still outnumber AWAs by three to one. While individual common law contracts were made where an award does not exist, AWAs allow individual arrangements to be made without complying with the relevant award in place. One of the aims of the *WorkChoices* legislation was to increase accessibility to and the incidence of AWAs. The changes appear to have boosted the number of employees on an AWA by more than 100,000. The other notable change pre and post the implementation of *WorkChoices* is the number of employees who report being solely reliant on the award, which decreased by around 170,000.

We would not expect the statistics provided by the Workplace Authority (formerly the Office of the Employment Advocate) on the number of AWAs to correspond with the Australia at Work statistics. To begin with, our study does not capture information from people who were not in the labour force in March 2006 who had joined subsequently. Such new entrants are likely to be unemployed and, as will be shown later, this group are more likely to be engaged on an AWA. In addition, our unit of analysis is different to that of the Workplace Authority. We have provided statistics on the number of employees who report being covered by AWAs. The Workplace Authority only reports the number of AWAs that have been lodged, including a substantial number of AWAs that are waiting for approval. The number of AWAs that have been lodged since the commencement of *WorkChoices* up until the end of June 2007 is 398,516.¹¹ More recently, the Department of Employment and Workplace Relations (DEWR) estimated AWA coverage of the Australian Workforce at 7.7 percent in 2006 (DEWR 2007). This estimate of 'live' AWAs is provided by the Employment Advocate and is based on total number of AWAs approved in the three years prior to the date of the estimate (as the nominal expiry date of AWAs can be no longer than three years). However, this figure is likely to inflate AWA coverage, as some 'live' AWAs may no longer be in use, for example, where employees have since left the job. In sectors such as retail and hospitality, the sectors in which DEWR reports the largest proportions of AWA coverage, a high degree of employee movement between jobs (and successive AWAs) has the potential to inflate estimates of AWA coverage across the board.

¹¹ See: <http://www.oea.gov.au/graphics.asp?showdoc=/news/researchStatistics.asp>

Change in instruments

Table 3.5 examines the factors leading to change in industrial arrangements, and in particular, whether people who commenced new jobs in the *WorkChoices* environment are employed under different instruments to those who remained with the same employer. People who have started a new job under the new system give an indication of the direction of agreement-making. The table shows that those who started a new job since the implementation of *WorkChoices* are more likely to be on individual contracts and AWAs, while those who remained in the same job are more likely to be covered by collective agreements. These results indicate quite a dramatic rate of change: those in a different job are more likely to be covered by an individual arrangement (30 per cent) compared to those who remained with the same employer (23 per cent).

Table 3.5 Employees' self-reported instrument type by change in job, 2007, per cent

Self-reported instrument type	Same job	Different job	Unemployed in 2006
Award based	39.8	38.1	42.1
Collective	23.7	13.7	12.6
Individual (common law) contract	18.3	22.1	17.1
AWA	5.0	8.2	8.6
Other	0.2	0.0	0.6
No agreement	4.8	5.6	7.0
Don't know/refused	8.2	12.3	11.9
Total	100.0	100.0	100.0

N=8,045,191

Population: Employees only

Source: Australia at Work W1

Of all the people who were employees in 2006 and 2007, 13 per cent, or nearly 1 million employees, experienced a change in the type of instrument that determines their pay and conditions. Most of this change in instrument type came about by people changing jobs, but 28 per cent changed their type of instrument while remaining with the same employer. This specifically refers to those who changed the type of instrument, say, from an Award to an AWA or collective agreement with a union to a collective agreement without a union. But it is also possible that a person changed jobs but did not change instrument type, for example, a bar attendant who changed employer but is still reliant on the award for their conditions. Table 3.6 illustrates the type of instruments that employees changed to in 2007. First, if we look at those who did not have a change in instrument, we see that the majority are on award-based arrangements – 32 per cent who remained in the same job and 44 per cent who were in a different job. Among those who kept the same type of instrument after *WorkChoices* was implemented, the rate of AWAs is relatively low (4 per cent and 3 per cent).

Table 3.6 Change in instrument type by change in job, 2006–2007, per cent

Self-reported instrument type, 2007	No change in instrument		Change in instrument	
	Same job	Different job	Same job	Different job
Award only	31.8	43.8	15.5	17.5
Over-award	8.8	7.6	8.0	13.2
Collective agreement with a union	16.1	5.7	9.8	6.2
Collective agreement without a union	5.5	2.9	11.5	8.6
Collective agreement union not known	2.0	0.2	4.7	3.4
AWA	4.2	2.9	21.6	10.3
Individual (common law) contract	18.2	28.0	20.2	18.0
Other	0.3	-	-	-
No agreement	4.9	3.2	2.8	7.5
Don't know/refused	8.2	5.7	5.8	15.3
Total	100.0	100.0	100.0	100.0

Note: the subpopulation of change in instrument is 13 per cent (1 million) of employees. Of this group 28 per cent were in the same job, 72 per cent changed jobs.

N=7,632,609

Population: Employees in 2006 and 2007.

Source: Australia at Work W1

By looking at those who changed the type of instrument in the *WorkChoices* environment we get an indication of trends in instrument-making brought about by the new legislation. We can see that the rate of AWAs is much higher among those who changed instruments after March 2006. Of those who remained in the same job but changed their instrument, more than one-fifth (21 per cent) moved to an AWA. This indicates that where a new instrument was negotiated within the same job, in many cases this was an AWA. There is also a high incidence of collective agreements without a union (12 per cent of instruments) among those who changed instruments but stayed in the same job. Among those who changed instrument type by changing employers, compared to the population as a whole reported in Table 3.4 and reproduced in the last column, there is a relatively higher incidence of AWAs (10 per cent), over-awards (13 per cent), collective agreements without a union (9 per cent) and lack of knowledge of the type of instrument (15 per cent).

Of those who reported that their instrument had changed to an AWA, almost two-thirds (64 per cent) had moved onto an AWA from a collective instrument of some type: award-based arrangement (43 per cent) or collective workplace agreement (21 per cent). Another 21 per cent of employees who changed to an AWA had previously been on unregistered individual contracts. Most of the action is occurring in the industry sectors of manufacturing (17 per cent of employees who changed to an AWA) and retail trade (16 per cent); while the occupations experiencing this change are mainly clerical and administrative workers (21 per cent); technicians and trades workers (17 per cent) and sales workers (17 per cent).¹² Of employees reporting a new type of instrument, clerical and administrative workers are also more likely to have changed to individual common law contracts (30 per cent), along with

¹² n=98

professionals and sales workers (both 16 per cent). Change to individual common law contracts is much more dispersed across industry.

Individual common law contracts

One of the more notable findings from this research is that a large number of people reported they were on an individual common law contract that was award-free. This is not a *WorkChoices* trend but rather seems to have been the case for some time. Further analysis was undertaken to see just where and for whom these individual common law contracts are occurring. Individual common law contracts are more likely to occur in smaller workplaces – 38 per cent of employees on common law contracts were employed in workplaces with less than 20 employees compared to 32 per cent of employees on other arrangements. Thus it seems that this has been the instrument-making solution for employers who may not have the capacity to develop their own collective arrangements. This association is more pronounced when we look at enterprise size - 41 per cent of those on individual contracts come from enterprises of 100 employees or less compared to 32 per cent of the other employees. Industries where common law contracts are more prevalent include: finance and insurance services (9 per cent compared to 4 per cent of employees not on common law contracts); professional, scientific and technical services (17 per cent compared to 5 per cent of the remaining employees) and manufacturing (15 per cent compared to 11 per cent). Some of these industries are more likely to have a higher level of employees in professional and managerial occupations, and it is in these occupations that the majority (54 per cent) of common law contracts are found (compared to 35 per cent of those on other arrangements). The majority of employees on common law contracts are in permanent positions (73 per cent), but they are also more likely to be on fixed-term contracts (9 per cent compared to 6 per cent of employees on other arrangements); and 75 per cent are employed on a full-time basis (compared to 64 per cent of the other employees). Long hours are also prevalent among common law contract employees: 48 per cent are working more than 40 hours per week compared to 30 per cent of other employees.

It is often assumed that individual contracts are primarily the domain of highly-skilled, highly-paid employees in managerial or professional positions, as it is these employees who need more flexibility beyond collective arrangements, for example, higher remuneration, performance-related pay arrangements or other entitlements. However, it is clear that for nearly one-fifth of employees covered by common law contracts, these arrangements extend beyond the top-end of the labour market. To understand the reach of common law contracts, employees on these contracts were analysed in terms of whether they are employed in high-skilled or low-skilled positions. The majority (74 per cent) of employees on common law contracts are in the top three ANZSCO skill levels, leaving 403,000 low-skilled employees on this individual arrangement¹³. High-skilled employees on common law contracts fit the stereotype: they are generally men (66 per cent), aged 25 to 44 (59 per cent), in managerial and professional positions (73 per cent); in permanent positions or on

¹³ n=293

contract (81 per cent and 9 per cent respectively); and working 50 hours or more per week in their job (35 per cent). Among high skilled employees, there are much greater percentages on common law contracts in the industries of professional, scientific and technical services (21 per cent), manufacturing (15 per cent); and finance and insurance services (10 per cent).

The low-skilled employees on individual common law contracts are a more diffuse group. Compared to other low-skilled employees, men were slightly more likely to be on common law contracts (51 per cent compared to 47 per cent on other arrangements), although females account for half of the low-skilled employees on these contracts. Low-skilled employees on individual contracts are more likely to be clerical and administrative workers (34 per cent) and sales workers (25 per cent). Compared to their high-skilled counterparts, they are less likely to be in permanent jobs, but rather casual (42 per cent), and similar to the high-skilled employees, on contract (9 per cent). Compared to other employees in low-skilled positions, those on individual common law contracts are more likely to be working longer hours (i.e. 40 plus hours) in their main job (27 per cent compared to 19 per cent) and working unpaid hours (23 per cent of those on common law contracts compared to 15 per cent of those on other arrangements). The retail industry is where almost one-fifth (18 per cent) of low-skilled common law contracts occur, with another 8 per cent in health care and social assistance. However, in terms of low skilled employees more generally, those on common law contracts are more likely to be in construction (6 per cent compared to 2 per cent of remaining low skilled employees) and wholesale trade (9 per cent compared to 4 per cent).

It must be remembered that these data rely on employees' own reports of instrument coverage. Thus, it may be that they are covered by an Award or over-Award arrangement but may be unaware of this, instead believing that they simply have an individual arrangement with their employer. However, in the analysis that follows (in particular, Table 3.11a) we find that low-skilled employees on individual contracts receive higher earnings than those on awards. Generally, therefore, individual contracts tend to provide more than just the statutory standard.

Characteristics of workers with different industrial instruments

The analysis now focuses on those workers who can be classified as being covered by one of the four main types of instrument: an award (this includes those on over-awards), a collective agreement, an AWA and an individual common law contract. Table 3.7 shows that female employees are more likely to be on award arrangements only (46 per cent), whereas men are more likely to be on collective workplace agreements (24 per cent) or individual contracts (22 per cent). Young employees are less likely to know how their pay and conditions are set: nearly one-fifth (18 per cent) did not know. This is also the case for casual employees: 17 per cent did not know which industrial arrangement they were covered by. Young employees are also more likely to report having an AWA in place (8 per cent), while older people are more likely to report being covered by a collective

arrangement (25 per cent of people over the age of 44 years). More than one fifth (22 per cent) of employees aged 25 to 44 years report being covered by an individual common law contract.

Table 3.7 Employee characteristics by self-reported instrument type, 2007, per cent

Employee characteristics	Award based	Collective agreement	Individual contract	AWA	None	Don't know	Total
<i>Sex</i>							
Male	34.4	23.5	22.2	6.6	5.1	8.2	100.0
Female	45.7	19.9	15.3	4.6	4.9	9.6	100.0
<i>Age</i>							
16–24	38.9	14.0	15.2	7.8	5.7	18.3	100.0
25–44	38.6	23.0	21.7	5.4	4.3	7.0	100.0
45+	42.0	25.2	17.3	4.6	5.5	5.5	100.0
<i>Employment status</i>							
Permanent	39.0	25.3	19.2	5.9	4.1	6.5	100.0
Casual	42.0	11.4	15.8	4.8	8.8	17.1	100.0
Contract	39.9	18.4	28.0	5.2	1.3	7.0	100.0
<i>Sector</i>							
Private	35.4	17.3	24.3	6.6	6.3	10.1	100.0
Public	48.8	34.6	5.1	3.6	1.7	6.2	100.0
Not for profit	50.4	20.0	16.0	3.9	4.5	5.2	100.0
Total	39.7	21.9	18.9	5.7	5.5	8.8	100.0

N=8,022,195

Missing: Refused N=10,494; Other N=10,792

Population: Employees only

Source: Australia at Work W1

Individual arrangements such as common law contracts and AWAs are more likely to occur in the private sector (24 per cent and 7 per cent respectively). In contrast, the public and not for profit sectors tend to rely on collective arrangements such as awards (49 per cent and 50 per cent respectively) and collective agreements (35 per cent and 20 per cent respectively).

Table 3.8 shows the distribution of employees across the four types of self-reported instruments by occupation. The blue-collar occupation of machinery operators and drivers is more likely to be covered by collective agreements (34 per cent compared to 25 per cent overall). The higher skilled occupations of managers and professionals are more likely to be covered by common law contracts. This is particularly the case for managers: 39 per cent are covered by this type of arrangement with another 6 per cent covered by AWAs.

Three-fifths (60 per cent) of community and personal service employees are reliant upon award-based arrangements, with over half of labourers (53 per cent) and sales workers (51 per cent) also on awards. While the higher skilled white collar occupations are more likely to have individual contracts, it seems the blue collar occupations of technicians and trades

workers, and machinery operators and drivers are more likely to be on AWAs (11 per cent and 10 per cent respectively). A relatively high percentage of sales workers are also on AWAs (8 per cent).

Table 3.8 Occupation by self-reported instrument type, 2007, per cent

Occupation	Award based	Collective	Individual contract	AWA	Total
Managers	34.6	20.3	38.6	6.4	100.0
Professional	46.8	25.5	24.3	3.4	100.0
Technicians and Trades workers	45.3	27.5	16.2	11.0	100.0
Community and personal service workers	59.5	23.1	13.1	4.3	100.0
Clerical and Administrative workers	42.7	28.6	21.6	7.2	100.0
Sales workers	51.3	19.2	21.1	8.4	100.0
Machinery Operators and Drivers	44.0	34.3	11.6	10.0	100.0
Labourers	53.1	27.0	12.3	7.6	100.0
Total	46.2	25.2	22.1	6.5	100.0

N=6,887,962

Population: Employees covered by the four main instrument types

Source: Australia at Work W1

Compared to March 2006, the distribution of instruments across occupation is broadly the same and follows the overall trend of a slight decrease in the reliance on awards and a slight increase in AWAs, except for a few notable findings. The percentage of both sales workers and labourers on AWAs has increased from 5 per cent in 2006 to 8 per cent (above the average for all employees). The percentage of technicians and trades workers on AWAs has increased from 7 per cent to 11 per cent. The percentage of sales workers reliant on award arrangements also decreased notably from 58 per cent in 2006 to 51 per cent in 2007. Award reliance has also decreased among community and personal services workers from 65 per cent in 2006 to 60 per cent in 2007.

The change in the distribution of instruments across skill level is illustrated in Table 3.9. Overall the proportion of employees on award arrangements has decreased by 2 percentage points, while those on AWAs has increased by 2 percentage points. Employees in the lowest skill levels have experienced the most change in their industrial arrangements since *WorkChoices* was implemented. Among employees working at the lowest skill level, award arrangements have decreased by 6 percentage points and individual agreements have increased by 4 percentage points, with AWAs increasing the most. There is also a surprising increase in the percentage of these employees on collective workplace agreements. We suspect that these are non-union collective contracts. The highest skilled employees have experienced relatively little change in industrial arrangements.

Table 3.9 Change in percentage of self-reported instrument type by skill level, 2006-2007

Skill Level	Award	Collective	Individual contract	AWA
Level 1	0.8	0.1	-1.7	0.8
Level 2	-1.3	-2.0	1.6	1.7
Level 3	-2.8	0.4	0.1	2.3
Level 4	-3.7	0.9	0.8	2.1
Level 5	-5.8	1.9	0.6	3.3
Total	-2.2	0.3	0.1	1.7

2006 N=7,012,298; 2007 N=6,887,806

Population: Employees covered by the four main instrument types

Source: Australia at Work W1

Particular types of instruments are more popular in certain industries, Table 3.10.

Collective arrangements feature heavily in public administration and safety (43 per cent); transport, postal and warehousing (41 per cent); electricity, gas, water and waste services (36 per cent); and mining (35 per cent). More than half of employees in accommodation and food services (66 per cent); health care and social assistance (63 per cent); and education and training (57 per cent); retail (55 per cent); and administrative and support services (54 per cent) are reliant on the award system.

There are high levels of AWAs in specific industries. More than one in ten employees is on an AWA in information, media and telecommunications (19 per cent); mining (17 per cent); and construction (13 per cent). The majority (53 per cent) of employees in professional, scientific and technical services are on individual contracts.

Table 3.10 Industry by self-reported instrument type, 2007, per cent

Industry	Award based	Collective	Individual contract	AWA	Total
Agriculture, Forestry & Fishing	47.7	12.7	35.0	4.6	100.0
Mining	24.7	34.5	23.5	17.3	100.0
Manufacturing	36.1	25.2	28.9	9.8	100.0
Electricity, Gas, Water & Waste Services	37.2	35.6	21.5	5.7	100.0
Construction	36.2	21.8	29.3	12.6	100.0
Wholesale Trade	39.8	14.6	40.6	5.0	100.0
Retail Trade	55.0	20.1	18.0	6.9	100.0
Accommodation and Food Services	65.7	12.1	16.8	5.4	100.0
Transport, Postal & Warehousing	41.4	40.8	11.4	6.4	100.0
Information, Media & Telecommunications	29.7	20.5	31.1	18.8	100.0
Finance & Insurance Services	22.6	29.0	41.4	7.0	100.0
Rental, Hiring & Real Estate Services	34.8	14.1	41.4	9.6	100.0
Professional, Scientific & Technical Services	26.8	14.4	53.3	5.5	100.0
Administrative & Support Services	53.6	19.1	21.1	6.2	100.0
Public Administration & Safety	43.0	43.2	7.2	6.7	100.0
Education & Training	57.1	32.9	7.9	2.1	100.0
Health Care & Social Assistance	63.2	22.5	11.2	3.1	100.0
Arts & Recreation Services	51.9	19.2	21.9	7.0	100.0
Other Services	53.7	13.6	28.5	4.2	100.0
Unclassifiable *	18.6	42.2	33.0	6.2	100.0
Total	46.1	25.4	22.0	6.5	100.0

* $n < 30$

N=6,835,757

Population: Employees covered by the four main instrument types

Source: Australia at Work W1

Overall, the change in the distribution of formal instruments, and particularly AWAs, has come at the expense of award coverage. There have been various changes in the instruments governing employees' pay and conditions across industry, Table 3.11. The most significant changes have occurred in rental, hiring and real estates services. After *WorkChoices* was implemented, over one-sixth (15 per cent) of workers were removed from award arrangements, with the majority going to individual contracts (the proportion of employees on these arrangements increased by 15 percentage points). The occupations that are most commonly found in this industry are real estate agents, personal assistants and retail managers.

Other industries that have seen a noticeable decline in the proportion of employees reliant on award arrangements are wholesale trade; accommodation and food services; and health care and social assistance. Mining and construction have seen noticeable declines in the percentage of employees covered by collective agreements. Industries that have experienced greater percentages of employees on AWAs are manufacturing; electricity, gas and water; and construction (all with an increase of 4 percentage points). The trend towards individual contracts was strongest in rental, hiring and real estate; and mining. A

pronounced shift towards collective agreements was evident in the arts and recreation sector. Thus the data indicates that AWAs may not be finding favour with employers in all industry sectors.

Table 3.11 Change in percentage of self-reported instrument type by industry, 2006–2007

Industry	Award	Collective	Individual contract	AWA
Agriculture, Forestry & Fishing	-1.9	2.4	1.0	-1.5
Mining	-0.7	-5.4	3.1	2.9
Manufacturing	-1.8	-1.8	0.1	3.5
Electricity, Gas, Water & Waste Services	-1.4	0.8	-3.3	3.9
Construction	0.0	-3.2	-0.6	3.7
Wholesale Trade	-4.2	1.6	1.1	1.5
Retail Trade	-1.7	1.2	-1.5	1.9
Accommodation and Food Services	-3.9	1.0	1.0	1.8
Transport, Postal & Warehousing	0.4	0.8	-3.2	2.0
Information, Media & Telecommunications	0.7	-2.7	-1.4	3.5
Finance & Insurance Services	-3.3	0.5	1.1	1.7
Rental, Hiring & Real Estate Services	-15.4	0.7	9.7	5.0
Professional, Scientific & Technical Services	-3.0	0.0	0.0	2.9
Administrative & Support Services	1.8	-0.2	-1.6	0.0
Public Administration & Safety	-2.6	-0.4	1.9	1.1
Education & Training	0.5	-0.2	-0.8	0.4
Health Care & Social Assistance	-3.9	1.1	2.5	0.3
Arts & Recreation Services	-1.7	3.9	-2.9	0.6
Other Services	-3.1	1.2	1.8	0.1
Unclassifiable	-2.1	-4.7	7.5	-0.7
Total	-2.3	0.5	0.1	1.7

2006 N=6952437; 2007 N=6,835,757

Population: Employees covered by the four main instrument types

Source: Australia at Work W1

We now examine whether there is a difference in the wages and hours outcomes of high and low skilled employees on different industrial instruments in part-time or full-time positions. High and low skill employees have been included in the analysis as it can be argued that high skill employees are in a better bargaining position and therefore may generate a better monetary outcome through individual bargaining arrangements. However, it is not just the monetary outcomes that are important when looking at the outcomes of the different instruments. It is also important to examine how many hours are being worked to achieve the monetary outcomes, and whether or not employees are happy with the hours they are working. These three aspects are examined in Tables 3.12a to 3.12c.

Table 3.12a shows that full-time employees who are reliant on award arrangements receive the lowest hourly rates and weekly wages, regardless of skill level. This is not unexpected as the Award system has traditionally performed the role of providing a basic safety net for

employees. These employees also work and are paid for the shortest working hours, on average. But these workers also work the shortest weekly hours on average, indicating that the award may also be providing some sort of hours safety net.

Table 3.12a Employees' average earnings in main job by self-reported instrument and skill level, 2007

Instrument	Basic hourly rate (\$)			Weekly wage (\$)		
	High skill	Low skill	Total	High skill	Low skill	Total
<i>Full-time employees</i>						
Award based	29.01	20.06	26.23	1129.70	833.49	1038.70
Collective	32.82	22.68	29.35	1294.47	950.25	1175.97
Individual common law contract	42.87	22.36	38.53	1753.79	934.24	1584.29
AWA	29.58	20.29	25.86	1217.37	852.10	1069.57
Total	33.59	21.29	29.85	1342.06	888.59	1205.36
<i>Part-time Employees</i>						
Award based	27.39	17.46	21.53	585.47	322.04	429.91
Collective	30.32	19.34	24.15	674.14	378.90	508.26
Individual common law contract	34.78	17.80	25.81	681.75	292.59	475.25
AWA	30.10*	16.78	19.61	581.06*	321.68	373.94
Total	29.50	17.87	22.73	624.27	329.09	452.43

* $n < 30$

$N=6,124,820$

Population: Employees covered by the four main instrument types

Source: Australia at Work W1

Across the instrument types there is roughly a \$10 per hour differential between high and low skill employees, except for employees on unregistered individual contracts. Full-time employees on common law contracts in high skilled positions have managed to negotiate \$20 per hour more, on average, than those in low-skilled jobs.

Overall, across full-time and part-time jobs, employees on common law contracts earn the most in high-skilled jobs, while employees on collective workplace agreements earn the most in low-skilled jobs. This indicates that where an employee is in a valued highly skilled job, optimal earning outcomes can be individually negotiated through common law contracts. However, in lower bargaining positions indicated by low-skilled jobs, the best outcomes are achieved through collective bargaining.

Among full-time employees, high skilled employees on common law contracts earn the highest weekly wages, but also work the longest usual hours (Table 3.12b). On the other hand, low-skilled full-time employees on collective agreements are earning the highest hourly rate and weekly wages but they are working some of the shortest hours on average. The higher weekly wage for low-skilled part-time employees on collective agreements might be partially explained by the fact that they are paid for the most hours, Table 3.12b.

Table 3.12b Employees' average hours in main job by self-reported instrument and skill level, 2007

Instrument	Average paid hours			Average usual hours		
	High skill	Low skill	Total	High skill	Low skill	Total
<i>Full-time employees</i>						
Award based	40	40	40	44	42	43
Collective	40	41	40	44	43	44
Individual contract	41	42	41	47	45	47
AWA	42	43	42	45	44	45
Total	40	41	41	45	43	44
<i>Part-time Employees</i>						
Award based	21	18	19	23	19	20
Collective	22	20	21	24	21	22
Individual contract	20	15	18	22	16	19
AWA	22*	19	20	22*	19	20
Total	21	18	20	23	19	20

*n <30

N=6,812,751

Population: Employees covered by the four main instrument types

Source: Australia at Work W1

The ABS released data on earnings across pay setting methods for May 2006 (just two months after the implementation of *WorkChoices*). The data, while not directly comparable, are largely in support of our findings¹⁴. The ABS statistics show that while those on individual agreements may earn more on a weekly basis, this is because they are working the longest hours. Across all non-managerial employees, those on registered individual agreements (primarily AWAs) have the highest average weekly wages (\$949.60) but they are also working the longest hours on average (36 hours per week). This compares to those on registered collective agreements who are earning \$871.20 but working 32 hours per week on average. Again, the clearest picture is provided by looking at average hourly cash earnings: those on registered collective agreements are earning 90 cents more per hour than those on registered individual agreements.¹⁵

Full-time employees who have their conditions determined by collective arrangements (i.e. either awards or collective agreements) are working the shortest hours, Table 3.12b. Employees on individual contracts are working the longest hours on average: 47 hours per week among the high-skilled and 45 hours per week among the low-skilled. While collective agreements are associated with the shortest full-time hours, they are also associated with some of the longest part-time hours.

¹⁴ Table 20, page 33, *Employee Earnings and Hours*, Catalogue 6306.0, May 2006 (Reissue). Australian Bureau of Statistics.

¹⁵ This corresponds with Peetz and Preston's (2007) analysis of ABS data which shows that the median AWA worker earned \$4.00 less per hour in 2006 than the median worker on registered collective agreements.

Table 3.12c examines whether employees are happy with the hours they are working, which are likely to have been influenced by the type of instrument they have. Working hours preferences are mixed across the instrument types, with skill level affecting the outcome. Among high skill full-time employees, those on AWAs appear to be the happiest with their current hours (78 per cent of full-time employees and 91 per cent of part-time employees). The remaining full-time high-skilled employees have a strong preference for fewer hours with just under one third of each group wanting to work fewer hours. This relationship with preferences and compensation is supported by the findings for low-skilled employees. We know that low-skilled employees on AWAs are receiving relatively low hourly rates but also working some of the longest hours on average, and the discontent with this situation seems to be expressed in their working hours preferences. Full-time employees on AWAs in low-skilled jobs are the least likely to be happy with their current hours of work (65 per cent compared to 75 per cent overall), with almost one-third (31 per cent) desiring fewer hours of work. Full-time employees on collective agreements in low-skilled positions are the most likely to be content with their hours of work (78 per cent). We also know that these workers achieve relatively better earnings outcomes. Part-time employees on AWAs in low-skilled positions also do not appear to be able to negotiate their preferred working hours, with only 66 per cent working their desired hours.

Table 3.12c Employees' hours preference by self-reported instrument and skill level, 2007

Instrument	High Skill				Low Skill			
	Same	Fewer	More	Total	Same	Fewer	More	Total
<i>Full-time employees</i>								
Award	67.8	29.7	2.5	100.0	76.4	19.7	3.9	100.0
Collective	68.9	28.6	2.4	100.0	78.1	17.8	4.1	100.0
Individual contract	67.0	30.9	2.1	100.0	70.9	25.5	3.6	100.0
AWA	78.3	20.7	1.1	100.0	64.7	31.4	3.9	100.0
Total	68.5	29.2	2.3	100.0	74.9	21.2	3.9	100.0
<i>Part-time Employees</i>								
Award	78.5	8.4	13.1	100.0	72.0	3.8	24.2	100.0
Collective	80.5	6.5	13.0	100.0	71.6	4.5	24.0	100.0
Individual contract	80.3	3.5	16.3	100.0	72.6	5.3	22.2	100.0
AWA	91.1	8.9	0.0	100.0*	66.4	8.8	24.7	100.0
Total	79.6	7.0	13.4	100.0	71.7	4.4	23.9	100.0

* $n < 30$

N=6,881,207

Population: Employees covered by four main instrument types

Source: Australia at Work W1

Both the Federal Government's and the Opposition's industrial relations policies use income as a benchmark to determine whether an employee is covered by certain regulations. In the Federal Government's amended *WorkChoices* legislation, employees who are on AWAs and earn less than \$75,000 per year are eligible to have the Fairness Test applied to their agreement. In the Australian Labour Party's (ALP) recently announced *Forward with*

Fairness Policy Implementation Plan, workers who earn more than \$100,000 per year will no longer be covered by the Award System. Using these salary delineations the following table indicates how many employees are affected by these cut-off points. Table 3.13 indicates that of those who have AWAs, 17 per cent will not have their agreement assessed against the Fairness test. There has been slightly higher growth in AWAs among employees earning less than \$75,000 per year. Of those who changed to an AWA in 2007, 88 per cent earned less than \$75,000, compared to 79 per cent who were on an AWA in March 2006.

Table 3.13 Employees' self-reported instrument type by yearly salary in main job, 2007

Self-reported instrument type	Less than \$75,000		\$75,000-100,000		More than \$100,000	
	%	N	%	N	%	N
Award based	90.5	2,582,204	7.0	198,423	2.6	74,027
Collective	82.8	1,320,775	12.7	201,897	4.5	71,584
Individual contract	66.2	861,378	14.8	192,820	18.9	246,152
AWA	83.3	317,860	9.9	37,885	6.8	25,780
All employees	84.3	6,003,057	9.5	676,806	6.2	439,152

Population: Employees only

Source: Australia at Work W1

Only 3 per cent of those employees who rely entirely on the award for the setting of their pay and conditions are earning more than \$100,000. Therefore, this aspect of the ALP's policy proposal appears to only affect a little more than 70,000 employees, Table 3.12. However, the Award System has historically played a more important underlying role than just affecting the conditions of those on award and over-award arrangements. Award conditions also set the base for collective bargaining either through building on current conditions or creating flexibilities on top of the award. There are another 70,000 employees who may be affected as their collective agreement may use the Award as a foundation. The number of employees excluded from the Award System under Labor's policy is small but strategic. It will include occupations such as emergency department staff (i.e. doctors), public sector engineers and school principals. Excluding these higher earning and higher skilled employees from awards will also reduce the collective bargaining power of those who remain on them. Including high-skilled and well-paid employees is critical for setting standards that will filter down to the rest of the labour market.

Another important point to remember is that the Award system creates a safety net not only for income but for other conditions such as working hours. Full-time working hours have increased since the early 1980s and stabilised at high levels in the last decade as the only form of regulation, overtime penalties, has become relatively scarce. The rationale for the ALP's policy proposal appears to be that workers who are earning more than \$100,000 do not need collective assistance in bargaining for an appropriate wage; regardless of the validity of this argument, they will lack the potential for much needed working hours protection offered by awards. Table 3.14 shows the average hours that are currently being paid for and worked by instrument type and the salary cut-off points used in both the

Government and the ALP's industrial relations policies. The focus is on full-time employees as it is these workers who are affected by the growth in extended hours and any related protection.

Table 3.14 Full-time employees' self-reported instrument type by average hours, 2007

Self-reported instrument type	Paid hours			Usual hours		
	<\$75k	\$75k-\$100k	>\$100k	<\$75k	\$75k-\$100k	>\$100k
Award based	40	40	43	43	46	50
Collective	39	42	45	42	48	52
Individual contract	41	42	43	44	49	51
AWA	41	45	49*	44	48	55*
All full-time employees	40	42	43	43	48	51

* n<30

N=4,659,534

Population: Full-time employees only

Source: Australia at Work W1

Overall, full-time employees covered by award arrangements are working some of the shortest hours. This is evident among the group of workers that the ALP wish to remove from award coverage. Removing employees earning more than \$100,000 from award coverage could see their hours increase further. It is also clear that employees earning more than \$100,000 on awards are working well above the 'standard' working week of 35 to 40 hours a week, and are in need of more working hours regulation than is provided in awards.

Negotiating pay

As mentioned previously, the industrial relations reality in Australia is complex. There are formal and informal arrangements in place, and in some case multiple arrangements in the same workplace or for the same worker. The industrial instrument in place is not always a good indicator of what is really happening at the workplace level. Even though most employees have a formal industrial instrument in place that sets out their working conditions, this is not always a direct reflection of the day to day relationship employees have with their employer. One example of this is the setting of pay. While rates of pay are often established in the instrument there is still scope for employees to renegotiate their rate of pay with their local workplace manager. This might occur through general pay increases, by renegotiating their classification (which will lead to a higher pay level), or negotiating some type of bonus. Respondents were asked whether any pay increases they receive apply to themselves individually or to their whole workplace or a group of workers (collectively). It must be remembered that the answers are indicative of the perceptions of employees. Results are presented in Table 3.15. Overall, the majority of employees (61 per cent) believe that their pay is set collectively. Under one-fifth (18 per cent) of employees who are reliant on the award say that their pay is set individually. This could mean that these employees are in fact on over-award arrangements. Again this measure is not precise and relies on employees' experiences to date in pay setting and can depend on how long

they have been in their position and whether there are other employees in the organisation. On the other hand, there are some employees who are on individual arrangements who reported that pay increases apply to their whole workplace: 26 per cent of those on common law contracts and 56 per cent of those on AWAs. This suggests that pattern AWAs are occurring: that is, despite the opportunity to set pay individually through AWAs, pay is being set on a collective basis. We return to the issue of pattern AWAs later in this chapter. Union workplace agreements are strongly associated with collective pay setting while non-union collective agreements appear to provide more scope for individual pay setting at the workplace level.

Table 3.15 Employees' self-reported instrument type by basis of wage increase, 2007, per cent

Self-reported instrument type	Individually	Collective	Both individual and collective	Don't know	Total
Award only	18.3	76.8	3.4	1.5	100.0
Over-award	48.1	47.1	4.7	0.2	100.0
Collective with a union	5.7	90.0	4.1	0.1	100.0
Collection without a union	35.6	60.1	3.9	0.5	100.0
Collective (union unknown)	15.6	78.9	3.7	1.8	100.0
AWA	40.5	55.7	3.0	0.7	100.0
Individual common law contract	69.5	25.9	3.0	1.6	100.0
Other	12.4	87.6	-	-	100.0
No agreement	51.3	43.2	2.6	2.8	100.0
Don't know/refused	31.6	62.8	3.0	2.6	100.0
Total	33.9	61.3	3.5	1.3	100.0

Note: The question asked: 'Any wage increases you may receive – will they apply to you only or to your whole workplace?' Answer of 'you only' coded as 'individually', 'whole workplace' coded as 'collective'.

Population: Employees only

Source: Australia at Work W1

Proponents of AWAs argue that this type of agreement provides the opportunity for employers and employees to negotiate pay and conditions that suit their individual circumstances, whether it is family-friendly arrangements or to reward unique and required skills. Employees were asked if they felt they had the opportunity to negotiate their pay with their employer. There was a strong link between the way pay is set and employees' feelings about the opportunities to negotiate their pay. Three-quarters (74 per cent) of those who have their pay set individually felt they had the opportunity to negotiate pay; 62 per cent of employees who have their pay set collectively felt they did not have opportunity to negotiate their pay; while those who have their pay set by both individual and collective methods were divided. It was evident that some employees who have their pay determined for them individually do not think they have input into this process through negotiation. Table 3.16 illustrates that nearly half (46 per cent) of employees on AWAs feel that they do not have the opportunity to negotiate their pay with their employer. Therefore, it appears that despite the rhetoric, AWAs do not always provide opportunities

for employees to negotiate individually tailored pay outcomes with the employer. In fact, it appears that employees on individual common law contracts are more likely to have opportunities to negotiate pay, with 72 per cent reporting that this was the case. The next group most likely to report having opportunities to negotiate pay are those on over-award arrangements – 63 per cent said this was the case. Again, we should bear in mind that the data are based on workers' perceptions. It could be that these workers did not realise there was opportunity to negotiate as it may not have been made clear to them by their employer.

Table 3.16 Employees' self-reported instrument type by opportunity to negotiate pay with employer, 2007, per cent

Self-reported instrument type	Yes, opportunity to negotiate	No opportunity to negotiate	Don't know	Total
AWA	51.3	46.1	2.7	100.0
Individual common law contract	72.0	24.8	3.2	100.0
Award only	37.0	61.2	1.8	100.0
Over award	63.1	35.9	1.0	100.0
Collective	39.7	59.0	1.3	100.0
Other	15.4	84.6	0.0	100.0
No agreement	60.2	36.6	3.2	100.0
Don't know/refused	44.7	50.8	4.5	100.0
Total	49.2	48.6	2.2	100.0

Note: Question asked: 'Thinking about your pay in main job, do you feel that you have the opportunity to renegotiate this with your employer?'

N=8,045,192

Population: Employees only

Source: Australia at Work W1

Somewhat unexpectedly even employees on collective arrangements still feel that they can negotiate their pay with their employer: two out of five employees on collective arrangements say they can negotiate their pay. Those on collective workplace agreements may have performance pay arrangements in place which also enable them to negotiate elements of their pay. Whatever the case may be, this data indicates that despite collective arrangements some employees perceive there still to be some individual flexibility available.

Non-negotiated AWAs

The espoused purpose of AWAs is to create an opportunity for the employee and employer to negotiate individually. Therefore, where an employee is on an AWA but they do not feel they have the opportunity to negotiate their pay with their employer, the AWA could be considered to be negating the purpose of its existence. Among employees on AWAs, those who reported no opportunity to negotiate pay were distinguished from those who reported opportunities to individually negotiate pay with their employer. There are more than 200,000 AWAs in 2007 that have not provided opportunities for individual pay negotiation. We already know that people who have changed jobs in the *WorkChoices* environment are

more likely to be on AWAs. Table 3.17 shows us that AWAs that do not provide opportunities to individually negotiate pay ('non-negotiated AWAs') are twice as likely to have occurred among employees who changed jobs in the past year, compared to those who remained in the same job.

Table 3.17 Individual contracts by change in job, March 2006–2007

Instrument	Same job		Different job		Unemployed, 2006	
	N	%	N	%	N	%
Not an individual agreement	4,962,389	76.7	906,804	69.6	201,662	74.3
AWA – opportunity to negotiate	189,879	2.9	42,739	3.3	11,499	4.2
AWA – no opportunity to negotiate	132,409	2.0	64,429	4.9	11,802	4.3
Individual common law contract	1,186,862	18.3	288,247	22.1	46,471	17.1
Total	6,471,539	100.0	1,302,219	100.0	271,434	100.0

Note: cell sizes are provided in Appendix A.

Population: Employees only

Source: Australia at Work W1

There were almost 177,000 people who did not have an AWA in 2006 but were employed under one in 2007. Of these new AWAs, 56 per cent have been created in an environment where the employee does not feel they have the opportunity to negotiate their pay. On the other hand, of those employees who were in the same job and had been on an AWA since March 2006, 41 per cent felt they did not have the opportunity to negotiate pay with their employer. Thus, it seems that the new *WorkChoices* environment has created more AWAs with no real negotiation. Evesson et al (2007) in their analysis of mainly non-union collective agreements made under *WorkChoices* in the retail and hospitality sectors showed that these were used to reduce standards of workers by moving them off award entitlements and onto much lower legislative minima. We suspect non-negotiated AWAs are performing the same role.

Young workers are more likely to be on non-negotiated AWAs: almost two in five (38 per cent) of employees on these AWAs are below the age of 25 years (compared to 21 per cent of young employees overall). There are no notable differences among gender: men are more likely to be on individual contracts in general. Of employees with non-negotiated AWAs they are more likely to be in the occupations of: clerical and administrative workers (20 per cent of non-negotiated AWAs), technicians and trades workers (19 per cent); sales workers (16 per cent); and labourers (13 per cent). In fact, among labourers, these types of AWAs outnumber AWAs where negotiation occurs by more than two to one. Highly skilled and higher paid managerial employees are more likely to be on individual common law contracts (35 per cent) compared to AWAs with negotiation (4 per cent) or AWAs without negotiation (2 per cent).

Particular industries have a higher prevalence of non-negotiated AWAs. They are especially common in industries with high numbers of AWAs. For example, 16 per cent of employees

in the information, media and telecommunications industry have AWAs, with over a third of these being non-negotiated (6 per cent). Mining is another industry that has a higher concentration of AWAs (13 per cent), however more than half of these (8 per cent of all agreements) are AWAs that don't provide negotiation opportunities. In the industries of retail and rental, hiring and real estate non-negotiated AWAs outnumber AWAs that provide negotiation opportunities by three to one.

The distribution of AWAs without negotiation opportunities among certain groups of employees is clearly evident in Table 3.18. It shows that more than half (58 per cent) of the non-negotiated AWAs are among employees in the bottom two skill levels. Employees engaged at the highest skill level, who are often rewarded for their higher skills through specially negotiated pay arrangements, dominate individual contracts (50 per cent) and AWAs with negotiation (35 per cent).

Table 3.18 Employees' individual contracts by skill level, 2007, per cent

Skill level	No individual agreement	AWA – negotiation opportunity	AWA – no negotiation opportunity	Individual contract	Total
Level 1	33.4	35.2	15.0	49.6	36.1
Level 2	10.6	9.5	12.4	11.4	10.7
Level 3	12.3	20.6	14.9	12.4	12.6
Level 4	25.7	23.4	31.5	17.5	24.2
Level 5	17.9	11.3	26.2	9.1	16.3
Total	100.0	100.0	100.0	100.0	100.0

Note: report on cell sizes and statistical reliability of these estimates is provided in the technical appendix.

N=8,015,788

Population: Employees only

Source: Australia at Work W1

Employees with an AWA but no opportunity to negotiate their pay earn the lowest hourly rates regardless of skill level, Table 3.19a. Among low-skilled employees, those on non-negotiated AWAs earn 82 cents an hour less than those on the negotiated AWAs, and \$1.48 an hour less than those on individual contracts. Employees engaged in low-skilled work who are not on individual agreements earn 34 cents an hour more than those on non-negotiated AWAs. The picture is the same for the higher skilled employees but the monetary values are greater. The hourly rates of higher skilled employees on individual contracts are almost \$10 more per hour than their counterparts on any other agreement.

Table 3.19a Employees' average earnings by individual contracts and skill level, 2007

Instrument	Basic hourly rate (\$)			Weekly wage (\$)		
	High skill	Low skill	Total	High skill	Low skill	Total
Not an individual agreement	29.46	19.10	24.87	1,024.72	586.33	832.91
AWA – opportunity to negotiate	31.53	19.58	27.01	1,236.30	794.49	1,066.36
AWA – no opportunity to negotiate	26.67	18.76	22.04	1,057.73	590.74	782.35
Individual common law contract	41.42	20.24	33.10	1,566.31	626.98	1,291.84
Total	32.04	19.24	26.67	1,151.18	596.99	922.05

N=7,115,486

Population: Employees only

Note: report on cell sizes and statistical reliability of these estimates is provided in the technical appendix.

Source: Australia at Work W1

Hourly earnings give an indication of the basic rate that an employee is paid while weekly earnings are a reflection of the hours worked and any penalty rates or allowances that are paid. Among high skill employees those on individual contracts receive the highest weekly wages, while those on collective instruments earn the lowest average weekly wage. Among low-skilled employees, those on negotiated AWAs earn the highest weekly wage, but they also work significantly longer hours than low-skill employees on other instrument types, Table 3.19b. Employees on non-negotiated AWAs earn less than those on other individual contracts. High skill employees on non-negotiated AWAs are working more paid and unpaid hours than those on individual contracts, but earning an average of \$398 per week less. Similarly, low-skill employees on non-negotiated AWAs work around the same number of paid and unpaid hours as employees on individual contracts, but earn \$56 less on a weekly basis. Employees on collective instruments, regardless of skill level, work the shortest hours on average.

Table 3.19b Employees' average hours by individual contracts and skill level, 2007

Instrument	Average paid hours			Average usual hours		
	High skill	Low skill	Total	High skill	Low skill	Total
Not an individual agreement	35	29	32	38	30	35
AWA – opportunity to negotiate	39	41	40	42	42	42
AWA – no opportunity to negotiate	42	31	36	45	32	37
Individual common law contract	37	30	35	42	32	39
Total	36	30	33	40	31	36

N=7,923,712. Note: cell sizes are provided in Appendix A.

Population: Employees only

Source: Australia at Work W1

State of play: Awards, Agreements and Contracts at Work

The overwhelming bulk of the employed labour force (85 per cent) are employees. Nearly half (46 per cent) of these report that awards play a role in governing their wages and conditions. Around one in five (22 per cent) report they are covered by collective agreements; just 6 per cent are on AWAs; and 19 per cent report common law employment contracts are determining their pay and conditions.

During the first twelve months of *WorkChoices* the proportion of employees reporting they depend primarily on awards has fallen by 2.3 percentage points. This loss has been primarily offset by an increase in those covered by AWAs, up 1.7 percentage points. Over a million employees (13 per cent) changed the form of instrument governing their pay and conditions between 2006 and 2007. The primary basis for change has been workers moving between jobs. The change has overwhelmingly involved moving onto non-union arrangements such as AWAs, non-union collective agreements or award-free common law contracts. In 28 per cent of cases where the instrument had changed, however, it involved workers remaining in their established position. Among this group, over 40 per cent of the changes were to an individual agreement, and this was evenly split between AWAs and common law contracts.

Certain industries have experienced an increase in the proportion of employees covered by AWAs in the past year, most notably the union heartlands of manufacturing, utilities and construction. However, in around half the industry categories studied, the decline in employees reporting they are covered by awards has been offset by an increase in common law contracts and collective agreements.

There is evidence that not all AWAs are providing real opportunities for direct negotiation between the employer and employee. Nearly half (46 per cent) of employees covered by AWAs reported that they did not feel they had the opportunity to negotiate their pay with their employer. This compared with almost three quarters of those on individual common law contracts who reported opportunities to negotiate pay. Ironically, many workers covered by collective agreements (40 per cent) and awards (37 per cent) reported they had the opportunity to negotiate their pay with their employer.

Workers who have changed jobs in the last year were twice as likely to be covered by 'non-negotiated' AWAs than those who remained in the same job. Young employees and those working in lower-skilled and lower-paid occupations are more likely to be covered by non-negotiated AWAs. Employees on these type of 'agreements' earn the lowest hourly rates of those on any type of instruments, regardless of their skill level.

Low-skilled employees achieve the highest hourly rates when on collective agreements and common law contracts. But they receive the highest weekly wages when covered by

collective agreements and AWAs. Those on AWAs also work the longest hours, contributing to the higher weekly wage outcome.

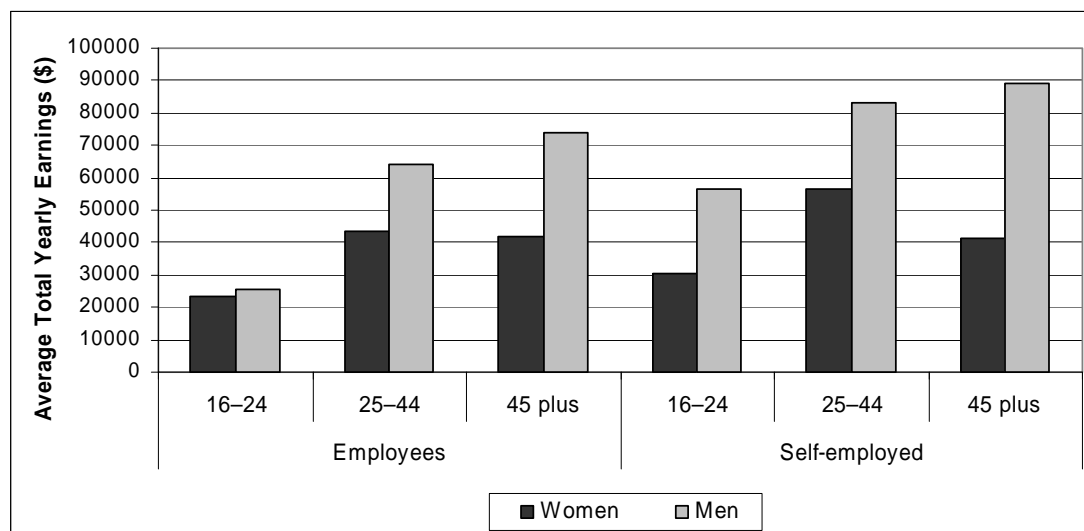
The data in this report provides strong evidence in support of recently released research that indicates for low skill, low paid workers, non-union statutory agreements such as AWAs have little to do with tailoring employment arrangements to the unique circumstances of the parties. Rather they appear to provide a pathway for moving those in weak bargaining positions off comprehensive award standards and onto lower legislatively based standards. Further research is, however, needed to substantiate preliminary findings on this point.

4. Earnings at Work

Australian workers are considered to be more financially prosperous than at any other time. Current levels of economic growth, in a context of relative global stability and a local resources boom, is widely held to have had a positive impact on employees' earnings. This chapter considers the income earned from employment across different groups in the labour force.

Figure 4.1 gives a broad picture of average earnings among all workers. It indicates that, on average, self-employed people have greater earnings from employment than people who work for an employer. However, as the next chapter will show, the self-employed tend to work longer hours and are the most dissatisfied with their work hours.

Figure 4.1 Average total yearly earnings from work by age and sex, 2007



Note: Self-employed women age 15-24, $n < 30$

Population: Employed persons

Source: Australia at Work W1

Except for young employees, there are relatively large gaps between the yearly earnings of men and women. The biggest gap occurs between older self-employed men and women: the difference is \$47,746. This could be a result of the different hours worked by these groups. To get to the bottom of this gap we explore the hourly rates of male and female employees across different skill levels, in the next section, to determine whether there is in fact a gendered wage differential. While for men there is a linear relationship between earnings and age with the youngest earning the least and the eldest earning the most, for women this is not the case. Women in the middle age group are earning the most. This is likely to be due to the changing nature of women's career paths over the last few decades. Women are increasingly likely to defer child rearing and also have less children which gives them a chance to establish careers and also limits the level of interruption to their labour force

participation. Older women are more likely to have had larger disruptions to their working life which may have prohibited them from fully establishing careers.

Differences in employees' earnings

Table 4.1 reveals some interesting information about the gender differential in employees' earnings. Apart from the highest skilled employees, female part-time employees receive higher hourly rates and weekly wages than male part-time employees. However, among full-time employees men earn higher hourly rates and weekly wages than women. The gap between men and women's earnings among full-time employees is considerable, apart from the hourly rate of those in skill level 3.

Table 4.1 Employees' average wage rates by sex and skill level, 2007

Skill	Basic hourly rate (\$)				Weekly wage (\$)			
	Part-time		Full-time		Part-time		Full-time	
	Women	Men	Women	Men	Women	Men	Women	Men
Level 1	32.83	39.45	33.97	41.21	663.10	782.95	1,291.23	1,638.55
Level 2	22.45	20.48	23.48	28.42	491.95	445.49	914.91	1,156.13*
Level 3	21.39	18.38	23.03	23.47	453.80	385.17	884.41	1,011.56
Level 4	19.53	19.40	20.11	22.57	376.71	369.12	780.40	938.43
Level 5	16.33	15.45	16.93	19.89	276.36	261.10	630.28	840.97
Total	22.65	21.05	26.58	30.35	442.36	398.70	1022.64	1254.29

* $n < 30$

$N=7,377,008$

Population: Employees Only

Source: Australia at Work W1

If we ignore the gender differences and compare the hourly earnings of women and men separately in part-time and full-time jobs, it appears that there is an earnings premium for employees working in full-time jobs. Among women this premium is smaller compared to that for men, and diminishes with skill level. So that at skill level 5 female full-time employees are earning 60 cents more per hour than their part-time counterparts; whereas there is a \$4.44 per hour difference between male full-time and part-time employees at the same level. Thus, it seems that men appear to be relatively more financially disadvantaged by taking on part-time employment compared to women. This is likely to be a reflection of the form of part-time employment undertaken by men. Overall, men's part-time jobs are more likely to be casual (67 per cent) compared to women (46 per cent); while there is a greater rate of permanent part-time employment among women (48 per cent) compared to men (26 per cent).

One of the objectives of the research is to determine whether employees who start a new job in the *WorkChoices* environment are subject to different working conditions compared to those who remain in their same pre-*WorkChoices* jobs. Table 4.2 examines average hourly rates among different skill levels for those who started a new job after March 2006 compared to those who stayed in the same job. To better understand the relationship

between hourly rates and change in job we have also included a basic indicator of job tenure. This tells us that although those who changed jobs since March 2006 are earning less than those who remained in the same job, earnings for those in the same job appear to be influenced by length of time in the job. However, this is not the case among employees who are working at the lowest skill level. Those who changed jobs in the last year are receiving 57 cents more per hour compared to those who have been in the same job for one to five years. This could be a product of employees forgoing penalty rates in order for a higher basic hourly rate. We saw in the previous chapter that although employees on AWAs were earning higher hourly rates they were receiving relatively lower weekly wages and working the longest hours.¹⁶

Table 4.2 Employees' average hourly rate by skill level and change in job, 2006–2007, \$

Skill Level	Not employed, 2006	Different employer, 2006	Same employer: Tenure 1–5yrs	Same employer: Tenure >5 yrs
Level 1	31.92	35.18	36.46	39.14
Level 2	19.20*	23.10	24.12	27.93
Level 3	14.84*	19.31	21.97	25.85
Level 4	18.39	19.21	20.28	22.84
Level 5	14.32	17.10	16.53	19.23
Total	18.47	23.41	25.25	30.66

* $n < 30$

$N=7,379,423$

Population: Employees Only

Source: Australia at Work W1

Among employees who commenced a new job, we have distinguished between those who were unemployed in March 2006 and those who changed jobs. Employees who were unemployed in 2006 are earning the lowest hourly rates, indicating that they are in a poorer bargaining position due to their period of unemployment.

Changes in income

Of respondents who were employed in 2006 and 2007, the majority (60 per cent) of employees reported an increase in their salary since March 2006. This means that the remaining employees experienced a decrease in their real wages, either through no change in their salary (32 per cent) or a decrease in salary (8 per cent). Naturally, employees who changed job were most likely to experience a change in their earnings. Of those who were in a different job, 62 per cent had an increase in income and 25 per cent experienced a decrease. However, those who changed jobs only account for 17 per cent of employees whose income did not change or decreased. Change in working hours is more telling: of those who said their salary decreased, 66 per cent also said their work hours had

¹⁶ Moreover, workers in the same job in 2006 and 2007 may be earning lower hourly rates because they are less likely to realise that they are able to negotiate an increase in pay. Jefferson et al's (2007) study of low-paid workers found that interviewees had not received pay increases either because they felt unable to negotiate an increase, or because they were unaware of their entitlement to pay increases handed down by the Fair Pay Commission.

decreased, Table 4.3. The remaining 34 per cent were decidedly worse off in 2007 as they had seen a decrease in their real income at the same time as their hours had increased (15 per cent) or had not changed (19 per cent). Table 4.3 also illustrates whether a change in occupational characteristics is associated with a decrease in pay. Just under half (47 per cent) of employees whose pay had decreased had changed their occupation tasks, however for most (70 per cent) this did not result in a substantial change in the skill level they are employed in. Worryingly, 11 per cent of those who had a decrease in income saw an increase in the skill level of their job. For another 19 per cent, their decrease in income may be attributable to the decrease in skill level in their job – these employees may have made a deliberate decision to ‘downshift’ to a lower skilled job. Those who experienced a decrease in their pay were also the most likely to report a change in their industrial instrument (35 per cent) compared to those who had an increase in their income (13 per cent) and those who reported no change in income (5 per cent).

Table 4.3 Employees’ change in pay in main job by change in work characteristics, 2006–2007, per cent

	Change in pay in main job			Total
	Increase	No change	Decrease	
<i>Change in usual hours</i>				
Increase	20.1	7.0	15.3	15.5
No change	72.4	84.8	19.0	72.2
Decrease	7.5	8.2	65.7	12.3
Total N	4,488,571	2,416,439	585,323	7,490,333
<i>Change in paid hours</i>				
Increase	15.9	4.6	15.6	12.2
No change	77.7	88.4	23.4	76.8
Decrease	6.5	7.0	61.0	10.9
Total N	4,460,332	2,386,376	587,786	7,434,994
<i>Change in skill level</i>				
Increase	8.7	2.6	11.2	6.9
No change	87.4	95.3	70.1	88.6
Decrease	3.9	2.1	18.7	4.5
Total N	4,492,720	2,413,240	595,043	7,501,003
<i>Change in 4-digit occupation</i>				
Change	20.1	8.2	46.9	18.4
No change	79.9	91.8	53.1	81.6
Total N	4,486,117	2,409,672	593,267	7,489,056
<i>Change in self-reported instrument type</i>				
Change	13.3	5.4	35.4	12.5
No change	86.7	94.6	64.6	87.5
Total N	4,498,824	2,421,105	595,044	7,514,973
Total	100.0	100.0	100.0	100.0

Population: Employees in 2006 and 2007

Source: Australia at Work W1

Employees who had no change in pay also experienced the most stability in their work and working conditions: more than 90 per cent of these employees did not change their occupation, skill level or the type of instrument they are employed under.

There is a notable segment of employees who gained an increase in their income while also encountering a change in their working conditions. The biggest change was in the number of hours usually worked: 28 per cent saw a change in this area, with most experiencing an increase in their usual hours of work. Just over one in ten (13 per cent) employees who received an increase in pay also had a change in their type of instrument.

Earnings, work hours and unpaid hours

As touched on earlier, employees' earnings are very difficult to separate from the number of hours they work. Traditionally, labourers were paid by the hour so there was a very direct relationship between pay received and number of hours worked. This type of arrangement is related to shift work where an employee is paid for the time that they have 'clocked in' to work. These simple time-based employment contracts have been slowly giving way to more task-based arrangements where an employee is engaged to complete specific tasks. These arrangements have been traditionally found in managerial and professional white-collar jobs where the worker is paid a yearly salary rather than being paid for the number of hours worked. However, these pay arrangements have more recently spread into other occupations. Although the work hours in these jobs are not prescribed, a standard number of hours are usually specified in agreements.

All workers in the survey were asked about the number of hours they usually work per week and employees were asked how many hours they are usually paid for. It was expected that to answer these questions, salaried employees would state their standard hours (if known). However, some respondents specifically replied that they are paid for all the hours they work. In fact, 4 per cent of employees who are not paid an hourly rate answered in this way. The results for usual and paid hours are displayed in Table 4.4. We can see that the percentage of employees working and paid for part-time hours is almost the same. The most obvious discrepancies are among full-time employees. Nearly half (49 per cent) of employees report being paid for 'standard hours' (between 35 and 40 hours per week); however only one third of employees usually work these hours. The percentage of employees working more than 50 usual hours is more than double those who report being paid for these hours.

Table 4.4 Employees' average usual and paid hours, 2007, per cent

Hours	Paid hours		Usual hours	
	%	N	%	N
1–15	13.0	1,031,055	12.2	977,446
16–34	22.8	1,815,354	21.0	1,684,081
35–40	48.9	3,885,792	33.1	2,645,234
41–49	8.2	650,808	16.4	1,310,814
50 or more	7.1	561,771	17.3	1,384,996
Total	100.0	7,944,781	100.0	8,002,570

Population: Employees only
Source: Australia at Work W1

Using this data on paid and usual hours we have derived the number of unpaid hours usually worked by individual employees. Table 4.5 shows that the majority (69 per cent) of employees do not report working unpaid hours. The traditionally salaried white-collar jobs of managers and professionals are more likely to work unpaid hours (58 per cent and 47 per cent, respectively). Almost one in six (14 per cent) employees are working a small number of unpaid hours: one to five per week. Overall, 9 per cent of employees are working more than 10 unpaid hours per week, but this is common among managers (25 per cent). Almost one-third of professionals are working between one and 10 unpaid hours per week.

Table 4.5 Employees' unpaid hours by occupation, 2007

Occupation	No unpaid hours	1–5	6–10	11–20	More than 20	Total
Managers	42.3	17.8	15.2	20.7	4.1	100.0
Professionals	52.8	18.2	14.1	11.5	3.4	100.0
Technicians & trades workers	80.3	12.2	4.8	2.4	0.2	100.0
Community & personal service workers	83.4	9.6	4.1	2.1	0.8	100.0
Clerical & administrative workers	72.4	18.3	5.7	3.4	0.3	100.0
Sales workers	83.6	9.0	2.6	4.3	0.5	100.0
Machinery operators and drivers	87.5	6.7	2.6	2.6	0.7	100.0
Labourers	90.5	6.3	1.3	0.9	0.9	100.0
Total	68.8	14.1	8.0	7.4	1.7	100.0

N = 7,924,812

Population: Employees only
Source: Australia at Work W1

Most employees (60 per cent) could report their basic hourly rate of pay. For those who were unable to give this figure we calculated an hourly rate of pay from their stated paid hours. If employees said that they were paid for all the hours they work, we divided their pay by their usual hours of work. Otherwise, their pay was divided by their paid hours of work. To get a better handle on the impact of unpaid hours we can use the hours and earnings information to determine the standard hourly rate (using paid hours) and the effective hourly rate (using usual hours). Table 4.6 displays the results of this analysis,

focusing on full-time employees (for whom unpaid hours are most common). Managers and professionals have the largest gap between their nominated hourly rate and their effective hourly rate (which takes into account the hours they actually work). Where managers are contracted to be paid \$39.89 per hour on average, their hourly rate is effectively \$33.36 when accounting for the hours they work. Professionals work an average of 45 hours a week, bringing their effective hourly rate down to an average of \$31.27. Although adjusting hourly rates for usual hours worked reduces the amount of the hourly rate, it does not change the relativities across occupation. For example, technicians and trades workers are still paid the fourth highest (effective and standard) hourly rate.

Table 4.6 Full-time employees' average wage rate and hours by occupation, 2007

Occupation	Hourly rate (\$)	Paid hours	Usual hours	Effective hourly rate (\$)	N
Managers	39.89	41	48	33.36	844,865
Professionals	36.09	39	45	31.27	1,237,483
Technicians & trades workers	23.20	42	44	22.46	709,377
Community & personal service workers	21.43	40	42	21.15	263,936
Clerical & administrative workers	23.98	39	41	22.63	747,022
Sales workers	21.63	40	43	20.70	273,943
Machinery operators and drivers	21.69	47	48	21.10	316,478
Labourers	19.99	42	43	19.50	290,116
Total	29.20	41	44	26.33	4,683,220

Population: Full-time employees

Source: Australia at Work W1

Living standards

Whether earnings from employment are considered to be 'sufficient' by employees will depend on a range of other factors such as number of dependents, number of earners in the household, debt commitments, consumption patterns, and income from non-work related sources. To gauge perspectives on overall material living standards all respondents were asked 'How are you managing on your current household income?' The results are displayed in Table 4.7. Approximately 1.5 million people who are or have recently been attached to the labour force are finding it difficult to get by on their current household income. The majority (39 per cent) of respondents say they are living comfortably, while 7 per cent consider themselves to be 'doing really well'.

Table 4.7 Living standards by labour force participation, 2007, per cent

Managing on current household income	Employed	Unemployed	Not in the labour force	Total	N
Finding it very difficult to get by	4.7	22.8	12.2	5.6	570,603
Finding it difficult to get by	9.6	14.6	12.4	9.9	1,001,949
Coping	37.4	37.7	38.4	37.5	3,789,438
Living comfortably	40.3	20.6	30.1	39.2	3,965,358
Doing really well	7.5	2.8	5.9	7.3	735,293
Can't choose/refused	0.4	1.4	1.1	0.5	50,009
Total	100.0	100.0	100.0	100.0	10,112,650

Population: All respondents

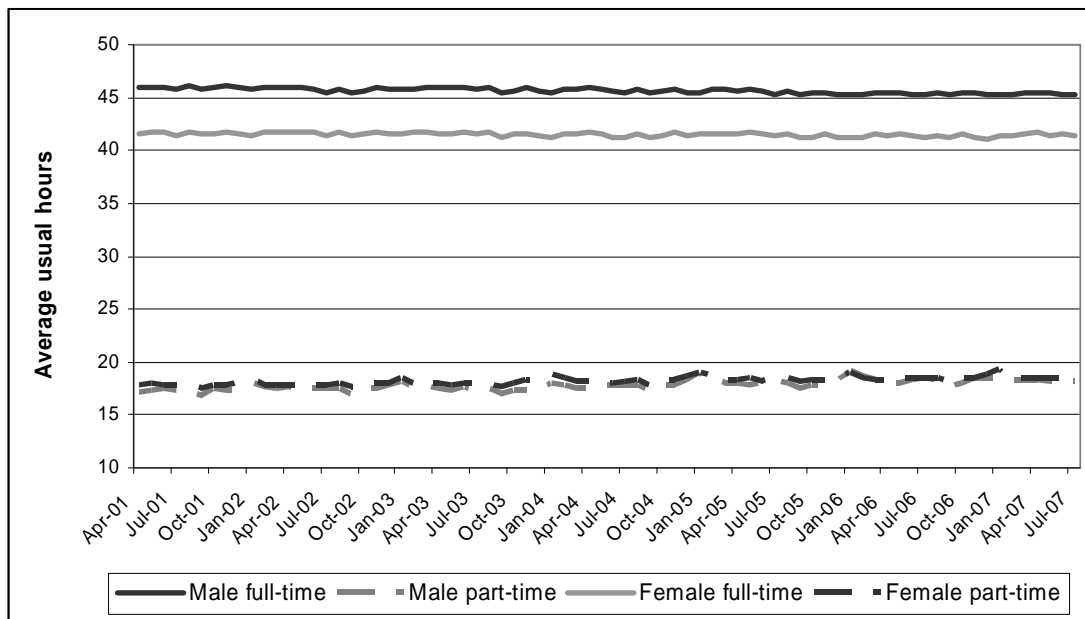
Source: Australia at Work W1

Unsurprisingly, unemployed people are more likely to say they were finding it very difficult to get by (23 per cent compared to 6 per cent of all respondents). People who are not currently in the labour force said they are finding it very difficult to get by (12 per cent), but not to the same degree as the unemployed. This indicates that these people are feeling the impact of their reduced work-related income but may have other sources of financial support. More than one-third of workers feel they are coping on their current household income.

5. Hours at Work

The divergence of working hours away from the 'standard' working week has been well documented in Australia (Campbell 2002b; Pocock 2003; ACIRRT 1999; Wooden 2002). The statutory standard working week is 38 hours per week. The proportion of workers working part-time hours has increased along with the rise in female participation in the labour force. On the other hand, extended hours of work have also risen. Despite the fact that Australia paved the way for the 8-hour working day, the level of working time regulation has been weak, compared to other developed countries (Lee 2004:41-3). Traditionally, working time has been regulated through the use of overtime payments. Standard working hours would be defined as a certain length, usually 38 hours, with core hours also set (say, 8am to 6pm) and any hours worked beyond these specifications would be paid at penalty rates. Overtime payments had been on the decrease over the last decade or so and the incidence of unpaid overtime has been rising (Campbell 2002c). This phenomenon could be partly attributed to the rise in white-collar salaried jobs that are task-based rather than time-based employment, as discussed in the previous Chapter. *WorkChoices* has removed the last remaining means for regulating working time in Australia. Penalty rates have been removed from the minimum conditions. Of the five minimum conditions that do exist, standard hours are still specified. However, this seems futile if there is no means to compensate or deter employment beyond these 'standard' hours. This chapter will explore these trends in working hours.

Figure 5.1 provides some background to average working hours in Australia since 2001, using ABS data. Australians are generally working well above the standard 38-hour working week. It has recently been argued by some Government sources that working hours have been on the decrease. However, the diagram shows that this is only a minor decline and it is has occurred from a relatively high base. On average, men's average full-time hours have decreased from 46 hours in 2001 to 45 hours in 2007. If working hours continued this trend it would be roughly another 35 years before men's full-time hours reached an average of 38 hours per week. Women working full-time have had relatively stable working hours, remaining at an average of 42 hours per week. Both male and female part-time workers have had a slight increase of one hour per week over the 2001 to 2007 period.

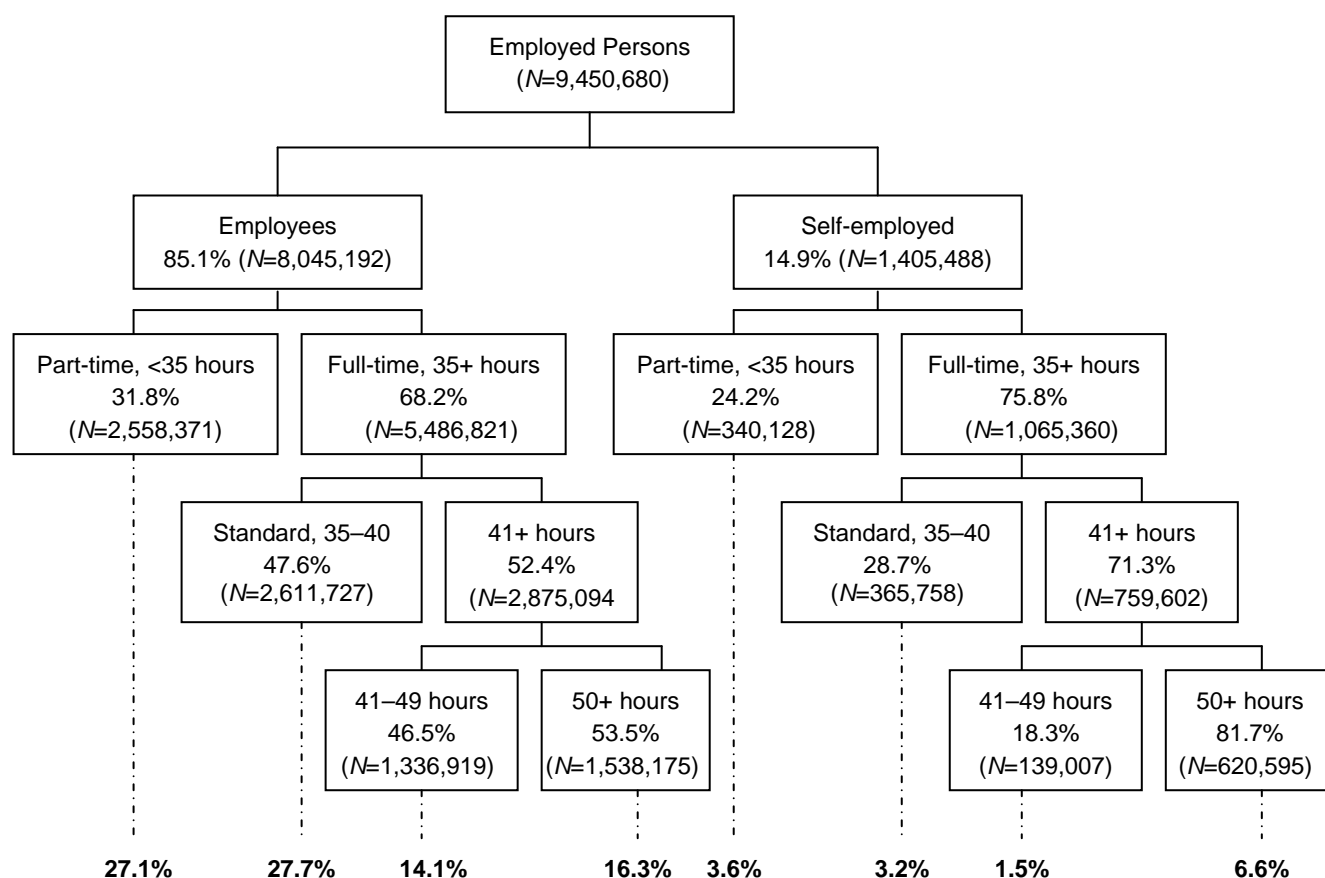
Figure 5.1 Average usual hours worked by sex, April 2001–July 2007

Population: Employed persons

Source: ABS 2007

Using Australia at Work data, Figure 5.2 (overleaf) illustrates the distribution of total working hours in 2007. The proportions of employees working part-time and full-time hours are similar to those reported by the ABS. As at November 2006, the ABS reported 2.2 million part-time employees (27 per cent) and 5.8 million full-time employees (73 per cent) (ABS 2006). Working hours are considerably dispersed, with roughly one-third of the workforce each working part-time, standard and long hours of work. In fact, nearly two in every five workers (39 per cent), are working longer than standard hours. The International Labour Organisation (ILO) has set 50 hours per week as a benchmark of *excessive* hours, in relation to workers' preferences as well as health and safety assessments (Lee 2004:41). More than one-fifth (23 per cent) of workers are working 50 hours a week or more. This is roughly 2.2 million workers, or 1.5 million employees. There are only a few other OECD countries, such as the UK and USA, where more than one-fifth of workers are working these extended hours. What makes this extraordinary for the Australian context is that these countries do not match the high levels of part-time workers that we have in Australia. Later, we explore whether Australian workers have a preference for long working hours.

Figure 5.2 Distribution of total working hours, 2007



Population: Employed persons
 Source: Australia at Work W1

The next table displays the length of all hours worked by men and women. So for multiple job holders, the figure encompasses hours worked in all jobs. People who are working in more than one job account for 8 per cent of all employed people. This compares with ABS data, which reports 6.2 per cent of employees as multiple job holders as at November 2006 (ABS 2006). Multiple job holders are more likely to be women (56 per cent); young people (24 per cent are under the age of 25 years); and employed casually or on fixed term contracts. Community and personal service workers are also more likely to hold more than one job: they account for 14 per cent of multiple job holders and 9 per cent of single job holders.

Table 5.1 shows that women are more likely to work part-time hours while men tend to work standard or extended hours of work. Of the men that do work part-time hours, they tend to be in the younger age groups and also studying. Among women, there are large proportions working part-time hours who are aged 25 to 34 years: they are most likely balancing care responsibilities as well as work. Self-employed workers are more likely to work long hours of work: over half (55 per cent) of self-employed men work 50 hours a

week or more. Male employees have the best chance of working standard hours (35 per cent); however 47 per cent are working longer than standard hours.

Table 5.1 Work hours by sex and self-employment status in main job, 2007

Total hours usually worked	Employees				Self-employed			
	Women		Men		Women		Men	
	%	N	%	N	%	N	%	N
1–15	16.2	609,162	6.3	265,341	19.8	95,443	2.3	21,146
16–34	32.9	1,237,570	10.2	430,957	27.7	133,368	9.6	87,788
35–40	29.9	1,125,659	34.8	1,473,560	24.0	115,613	20.5	187,744
41–49	11.0	413,185	21.6	915,132	5.1	24,686	12.4	113,732
50 plus	10.1	378,601	27.2	1,151,111	23.3	111,858	55.1	504,084
Total	100.0	3,764,177	100.0	4,236,101	100.0	480,968	100.0	914,494

Population: Employed persons

Source: Australia at Work W1

Overall, there does not appear to be much movement in the length of hours worked between 2006 and 2007. Individually, however, more than one-quarter of workers' hours changed in their main job: 16 per cent of workers who were in a job in both years reported an increase in hours, while 13 per cent reported a decrease. We know that self-employment is associated with longer hours. Table 5.2 examines whether the change in hours can be linked to a change in employment status. People changing from being an employee to self-employed and vice versa was uncommon. Only 286,000 people made the change in either direction. People who remained in self-employment in both years were less likely to experience a change in their hours, while those who changed employment status were most likely to experience either a decrease or increase in their hours. Of those who were employees in both years, 15 per cent experienced an increase in hours while 12 per cent experienced a decrease.

Table 5.2 Change in hours (main job) by change in self-employment, 2007, per cent

Change in self-employment status	Increase	No change	Decrease	Total
Employee 2006 & 2007	15.4	72.4	12.2	100.0
Self-employed 2006 & 2007	10.2	81.3	8.5	100.0
Employee 2006, Self-employed 2007	45.3	11.4	43.2	100.0
Self-employed 2006, Employee 2007	36.7	13.9	49.4	100.0
Total	15.6	71.7	12.8	100.0

N=9,093,643

Population: Employed in 2006 and 2007

Source: Australia at Work W1

Women and young workers are more likely to experience change in their working hours, while men and older workers are less likely to have changed their hours of work. One-third of female workers experienced a change in hours: 18 per cent had an increase and 15 per cent had a decrease in hours. More than a quarter (29 per cent) of workers aged 16 to 24

years increased their hours of work, while 19 per cent decreased their hours. These findings could be due to life course transitions. That is, as young workers make the move from education to either part-time or full-time work (and vice versa) their hours change; or as women adjust their working hours to accommodate their caring responsibilities.

There is also a relationship between changes in occupation¹⁷ and changes in working hours. A change in occupation could have resulted from changing the occupation title and task due to a promotion or moving jobs. Those who did not change their type of occupation were more likely to experience no change in their hours (81 per cent) compared to those who changed occupation (28 per cent). Of those who changed their occupation, 40 per cent had an increase in hours and 32 per cent had a decrease. We now turn to average hours worked in the main job to look for any patterns across occupation.

Overall, managerial employees work the longest hours on average, regardless of whether they are in full-time or part-time positions, Table 5.3. Among part-time employees the lower-skilled positions of sales workers and labourers work the shortest hours on average. This maybe related to the high proportion of young people and students in these occupations. Among full-time employees, long average hours are not the sole domain of white-collar professionals. Indeed, the blue-collar occupation of machinery operators and drivers have the second longest full-time hours on average at 47 hours per week. The shortest full-time hours are worked by the more female-dominated occupation of clerical and administrative workers.

Table 5.3 Employees' average usual hours in main job by occupation, 2007

Occupation	Part-time	N	Full-time	N
Managers	23	106,665	48	977,558
Professionals	23	624,683	45	1,373,989
Technicians & trades workers	22	127,851	44	809,867
Community & personal service workers	19	509,207	42	293,098
Clerical & administrative workers	21	475,244	41	841,247
Sales workers	17	514,544	43	302,444
Machinery operators and drivers	20	59,006	47	349,465
Labourers	18	308,650	43	311,583
Total	20	2,725,849	44	5,259,252

Population: Employees only

Source: Australia at Work W1

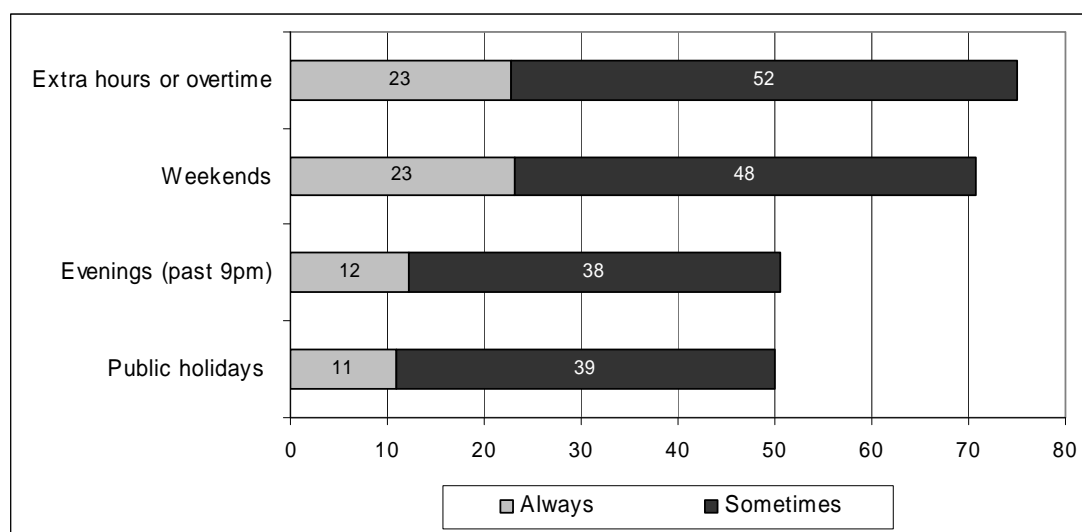
¹⁷ Change in occupation was measured at the 4 digit ANZSCO level.

Configuration of working hours

The length of working hours in Australia has generated a considerable amount of debate over the last two decades or so. Recently, data released by the ABS drew attention to the increase in unsociable hours worked by employees (those hours outside of weekday, daytime hours). Australia at Work has found that one-third of employees work hours are set by a roster. Female employees are slightly more likely to work rostered hours: 36 per cent compared to 31 per cent of male employees. Almost half (49 per cent) of part-time employees have their hours rostered compared to 25 per cent of full-time employees. Respondents were asked about the nature of their working schedule, that is, the times of the day and type of days (i.e. weekdays or weekends) they normally work. Nearly two-thirds (63 per cent) of employees report a 'standard' work schedule of weekdays, during daytime hours. A further 18 per cent of employees work a daytime schedule but also on weekend days. Another 5 per cent of employees are scheduled to work evenings or night times only. In terms of shiftwork, rotating shifts are the most common (8 per cent of employees). Overall 14 per cent of respondents reported working shifts, while ABS figures show 17% of employees usually working shift work (ABS 2006). Split shifts are relatively uncommon with just over 50,000 employees being scheduled to do this type of work. Work schedules did not differ noticeably among men and women. Part-time employees tend to be scheduled on to more unsociable hours of work compared to full-time employees; this is mainly in the form of evening shifts.

In addition to their regular schedules respondents were also asked whether they work at particular times such as weekends, evenings or public holidays and whether they work these hours always, or only on some occasions¹⁸. The results are displayed in Figure 5.3. Three-quarters of employees work extra hours in their main job, 23 per cent said that this is always the case. This compares with working time arrangements surveys carried out by the ABS, which ask whether employees *usually* work extra hours or overtime. At November 2006, 37 per cent of ABS respondents reported having usually worked extra time or overtime (ABS 2006). More than 70 per cent of Australia at Work employees work on the weekend, either sometimes or always; while half of employees work in the evening or on public holidays. The proportion of weekend workers is higher according to the ABS, which reports 29 per cent of employees usually work both weekdays and weekends (ABS 2006), compared to 23 per cent of Australia at Work employees always working both weekdays and weekends.

¹⁸ Respondents were asked these questions in relation to their current job. For those who had been in the job longer than a year their reference point was in the last year.

Figure 5.3 Employees' working time arrangements, 2007, per cent

Population: Employees only
Source: Australia at Work W1

Working hours preferences

Many Australians are working long and unsociable hours of work. However, employees may be content with this arrangement. Employees may not feel that working beyond standard hours is a problem, or may feel that working what might be considered unsociable hours of work can help balance work and family responsibilities. Respondents were asked if they would like to change the number of hours they currently work. Overall, 21 per cent of all workers, that is roughly 2 million workers, said they would like to work fewer hours of work. Another 9 per cent, about 800,000 workers, are underemployed: they want more hours of work.

Table 5.4 displays the working hour preferences of employees only. More than one-quarter (27 per cent) of full-time employees would like to work fewer hours. And one in every five part-time employees want more hours of work. In fact there is a direct relationship between hours worked and preferences. The preference to work fewer hours was greatest among those working extended hours: 55 per cent of female and 40 per cent of male employees working 50 hours or more per week wanted fewer hours.

Table 5.4 Employees' working hours preference by status in main job, 2007, per cent

Working hours preference	Part-time		Full-time		Total	
	%	N	%	N	%	N
Happy with current hours	74.0	2,028,229	70.6	3,737,453	71.8	5,765,682
Would like to work fewer hours	5.4	146,758	26.5	1,401,628	19.3	1,548,386
Would like to work more hours	20.6	564,085	2.9	152,611	8.9	716,696
Total	100.0	2,739,072	100.0	5,291,692	100.0	8,060,764

Population: Employees only
Source: Australia at Work W1

Table 5.5 focuses on full-time employees to examine what industries the long hours are occurring and whether these hours are preferred. By far, the longest hours occur in the mining industry, with an average working week of 55 hours. Long average working hours appear to be common across numerous industries. For example, half of the listed industries have average full-time hours between 45 and 47 per week. And these industries are both blue collar industries such as manufacturing and construction, as well as white collar industries of education and training, and professional, scientific and technical services. The more distinguishing working hours feature among these industries is the employees' preferences. More than one-quarter (27 per cent) of full-time employees (approximately 1.4 million) would like to work fewer hours. This preference is more prevalent among employees in education and training (35 per cent); rental, hiring and real estate services (31 per cent) and professional, scientific and technical services (31 per cent). Despite having some of the longest average working hours, this preference for fewer hours is not as widespread in mining (25 per cent) and agriculture, forestry and fishing (22 per cent). This may be a result of compensation received for hours worked.

Table 5.5 Full-time employees' average usual hours in main job and preference by industry, 2007

Industry	Average usual hours	Prefer fewer hours (%)	Prefer more hours (%)	N
Agriculture, Forestry & Fishing	47	22.3	1.5	84,260
Mining	55	25.4	1.6	116,973
Manufacturing	46	25.9	2.9	806,912
Electricity, Gas, Water & Waste Services	45	27.2	4.3	133,903
Construction	45	21.2	5.1	279,052
Wholesale Trade	44	29.9	4.1	199,853
Retail Trade	42	22.3	4.1	321,750
Accommodation and Food Services	44	29.5	7.1	135,078
Transport, Postal & Warehousing	46	26.5	6.8	264,293
Information, Media & Telecommunications	43	27.7	1.1	198,189
Finance & Insurance Services	44	28.7	0.9	281,039
Rental, Hiring & Real Estate Services	46	31.0	1.1	81,966
Professional, Scientific & Technical Services	45	31.2	1.5	410,887
Administrative & Support Services	42	18.5	7.1	121,182
Public Administration & Safety	43	21.6	1.7	508,280
Education & Training	46	34.9	1.4	544,993
Health Care & Social Assistance	42	26.0	2.9	456,181
Arts & Recreation Services	43	23.1	3.4	76,386
Other Services	44	21.4	2.9	184,237
Total	44	26.6	2.9	5,205,414

Population: Employed persons

Source: Australia at Work W1

6. Employees' Attitudes at Work

A series of attitudinal questions were asked of employees in order to assess their perceptions of working life one year after the implementation of *WorkChoices*. The topics covered by the attitudinal questions range from perceptions of the global context such as broader labour market and job security, to the cultural climate within the workplace, down to more individual perceptions of the workplace reality.

For the purposes of understanding the attitudes of employees self-employed persons are not included this analysis and most of the findings in this chapter have been disaggregated by managerial and non-managerial employees. Managerial employees include all persons in ANZSCO group 1. Findings show that managerial employees have a more positive attitude towards the workplace which is likely to be a result of their involvement in setting workplace agendas and either making, or assisting in making, major decisions which will affect others in the workplace. The focus of this chapter is on non-managerial employees and their attitudes towards their working lives.

Table 6.1a outlines the questions asked of employees to determine their perceptions of the labour market and broader workplace issues. Questions about relationships between management and employees such as fairness, trust and consultation indicate perceptions of the general workplace culture. Table 6.1b presents the attitudinal questions asked of employees to assess their perceptions of their working reality. These questions are more tangible, asking not merely about employees' feelings, but also their level of safety and control over their working hours and work intensity. These tables include the proportion of responses to each question disaggregated by managerial and non-managerial employees. The tables can be referred back to throughout the chapter to give a broad picture of the attitudes of employees. It can be seen in the tables that as well as managerial employees being more likely to have positive attitudes at work, they are also more likely to report stronger positive feelings than non-managerial employees.

Table 6.1a Attitudinal questions by managerial employees, 2007, per cent

Attitudinal Question	Managerial Employees	Non-managerial employees
<i>There is a good chance I will lose my job or be retrenched within the next 12 months</i>		
Strongly Agree	1.9	2.6
Agree	7.0	6.8
Neither agree nor disagree	5.5	4.4
Disagree	31.5	39.8
Strongly disagree	53.6	45.7
<i>If I left this job it would be difficult for my employer to replace me</i>		
Strongly Agree	16.6	11.0
Agree	35.7	29.5
Neither agree nor disagree	8.9	9.0
Disagree	32.5	39.0
Strongly disagree	5.4	10.7
<i>Managers at my workplace consult employees about issues affecting staff</i>		
Strongly Agree	26.5	19.6
Agree	51.3	51.4
Neither agree nor disagree	6.4	6.5
Disagree	11.1	15.6
Strongly disagree	4.4	5.5
<i>Managers at my workplace can be trusted to tell things the way they are</i>		
Strongly Agree	23.3	18.0
Agree	54.8	52.7
Neither agree nor disagree	7.3	7.9
Disagree	9.6	14.8
Strongly disagree	4.9	5.6
<i>I feel that employees are treated fairly at my workplace</i>		
Strongly Agree	28.7	19.7
Agree	56.1	58.5
Neither agree nor disagree	6.2	7.0
Disagree	6.7	11.2
Strongly disagree	2.2	3.2
Total N	1,086,935	6,956,837

Population: Employees only

Source: Australia at Work W1

Table 6.1b Attitudinal questions by managerial employees, 2007, per cent

Attitudinal Question	Managerial Employees	Non-managerial employees
<i>I am confident that I am not going to get injured or sick as a result of my work</i>		
Strongly Agree	43.1	26.7
Agree	41.7	44.6
Neither agree nor disagree	4.6	8.8
Disagree	6.7	15.3
Strongly disagree	3.5	3.5
<i>I have control over my working hours</i>		
Strongly Agree	19.5	14.1
Agree	52.2	46.2
Neither agree nor disagree	8.5	7.1
Disagree	15.7	25.3
Strongly disagree	4.0	7.1
<i>More and more is expected of me for the same amount of pay</i>		
Strongly Agree	18.7	15.8
Agree	36.6	35.9
Neither agree nor disagree	10.4	9.8
Disagree	29.0	33.2
Strongly disagree	5.1	4.9
Total N	1,086,935	6,956,837

Population: Employees only
Source: Australia at Work W1

Job and labour market security

In order to assess job security respondents were asked to assess the likelihood they would be retrenched within the next 12 months. Job security is generally considered to be related to the stability of the organisation or industry an employee works within, rather than the skills an employee possesses. In the current economic climate, job security is high. Only 9 per cent of all employees agree that they are likely to lose their job within the next 12 months. Men and women exhibit similar levels of job security (10 and 9 per cent respectively).

The length of time a non-managerial employee has spent in their job is a good indicator of feelings of job security, Table 6.2. Those who have been employed in the same job for more than five years are most likely to feel secure, with only 7 per cent agreeing that they are likely to be retrenched in the next 12 months. Those who were unemployed in March 2006 feel the least secure, with 18 per cent agreeing that they are likely to lose their job in the next 12 months.

Table 6.2 'There is a good chance I will lose my job or be retrenched in the next 12 months' by job tenure, 2007, per cent

Job Tenure	Agree	Disagree	N
Unemployed in March 06	17.6	76.9	260,734
Changed job/business in March 06	12.6	81.1	1,155,710
Employed 1 to 5 years	9.5	86.0	3,087,663
Employed more than 5 years	7.1	89.4	2,403,529

Population: Non-managerial employees only

Source: Australia at Work W1

Table 6.3 demonstrates the relationship between job security and skill level. The higher an employee's skill level, the more secure they feel in their job. Although managerial employees have similar overall levels of job security to non-managerial employees, when this is disaggregated by skill level a more interesting picture can be seen. Although all managerial occupations are considered to be in skill levels 1 or 2, they do not display the same high levels of job security as their non-managerial counterparts in skill levels 1 and 2. This could be because managerial employees feel that if the organisations they work for were to be down-sized, it would be the managerial jobs most likely to be cut. Further, although managerial employees have relatively high levels of job insecurity, they are still more likely than non-managerial employees to feel they would be difficult to replace, therefore placing a higher value on their skill set.

Table 6.3 Employees' attitudes towards job and labour market security by skill level, 2007, per cent

Skill level	There is a good chance I will lose my job or be retrenched in the next 12 months		If I left my job it would be difficult for my employer to replace me		N
	<i>Agree</i>	<i>Disagree</i>	<i>Agree</i>	<i>Disagree</i>	
<i>Managerial employees</i>					
Skill Level 1	8.5	85.6	52.8	38.1	874,261
Skill Level 2	11.5	85.3	52.6	39.0	198,227
<i>Non-managerial employees</i>					
Skill Level 1	6.3	89.6	45.2	44.6	1,967,581
Skill Level 2	7.2	87.7	48.8	40.2	653,093
Skill Level 3	8.5	87.4	51.1	40.2	1,000,829
Skill Level 4	11.7	83.6	35.7	56.3	1,918,789
Skill Level 5	12.5	83.0	30.2	61.7	1,285,369

Population: Employees only

Source: Australia at Work W1

The second variable of interest, labour market security, was collected via a question on whether employees felt it would be difficult for their employer to replace them. The intention of this question is to understand how valuable an employee feels their skill set to be in the current labour market. Over half (53 per cent) of managerial employees believe

they would be difficult to replace, compared with 41 per cent of non-managerial employees.

While we saw earlier that similar levels of managerial and non-managerial employees feel at risk of losing their job, managerial employees are more confident of the value of their skills in the broader labour market. So, should a managerial employee lose their job, they feel more confident that their skill set would be valuable in the current labour market, enabling them to find other work. A linear relationship between skill level and labour market security does not exist (Table 6.3). Non-managerial employees in skill level 3 are the most likely to feel they would be difficult to replace. It is possible that the current skills shortage in trade jobs could be leading to more confidence among the technicians and trade workers in this skill group.

The level of engagement in the labour market is also related to feelings of labour market security. Full-time non-managerial employees feel more secure in the labour market than part-time employees, with 45 per cent agreeing that they would be difficult to replace, in comparison to 34 per cent of part-timers, Table 6.4. Men in full-time positions are more secure in their jobs, with 48 per cent of male non-managerial full-time employees agreeing they would be difficult to replace compared to only 37 per cent of women. This was evident in most skill levels, with men generally displaying higher levels of labour market security. This discrepancy between the sexes does not exist among part-time employees.

Table 6.4 'If I left this job it would be difficult for my employer to replace me' by sex and part-time/full-time, 2007, per cent

Non-managerial employees	Agree	Disagree	N
<i>Part-time employees</i>			
Men	33.7	57.5	712,591
Women	33.9	57.5	1,908,644
<i>Full-time employees</i>			
Men	47.7	43.2	2,798,040
Women	40.5	49.5	1,481,999

Population: Non-managerial employees only

Source: Australia at Work W1

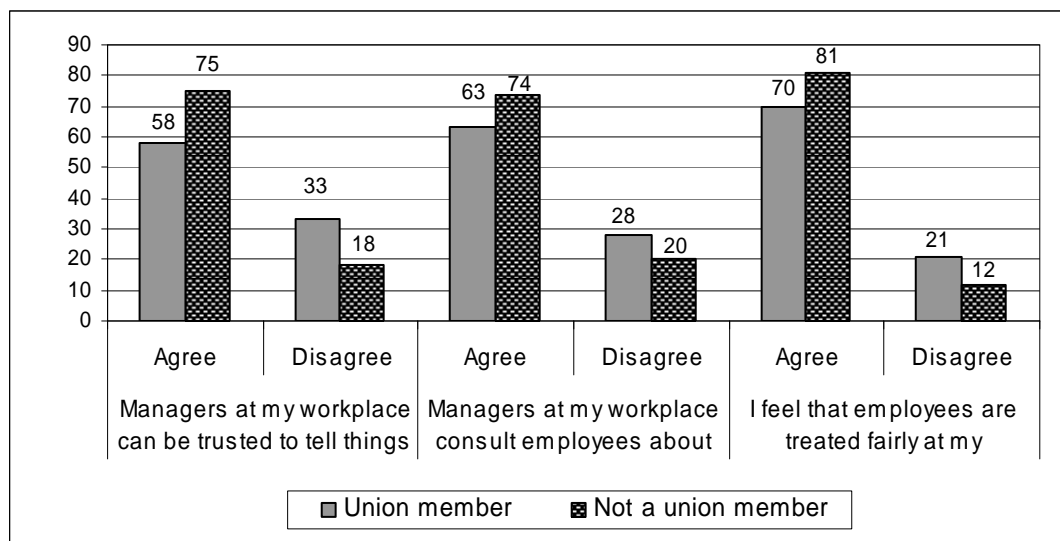
Management and employee relationships

It is not surprising that managerial employees have more positive perceptions of workplace relations than non-managerial employees. However, non-managerial employees generally have positive attitudes towards management. The majority of non-managerial employees agree that employees are treated fairly in their workplace (79 per cent), that they can trust management (71 per cent), and that management consults them about issues affecting staff (72 per cent).

Female non-managerial employees have more positive feelings towards management: they are more likely than men to feel they can trust management (74 per cent compared to 69 per cent), and that management consult with employees about issues affecting staff (74 per cent compared to 70 per cent of male non-managerial employees). Men and women both agree employees are treated fairly (78 per cent and 79 per cent, respectively).

Non-managerial employees who are also union members are more likely than non-members to feel negatively towards management, Figure 6.1. More than one quarter (28 per cent) of union members disagree that management consult with them about issues affecting staff, compared to 20 per cent of non-members. Similarly, 21 per cent of union members disagree that employees are treated fairly, compared to 12 per cent of non-members. But the largest discrepancy between non-managerial employees who are union members and those who are not union members is exhibited in their feelings of trust towards management. One third of union members disagree that they trust managers to tell things how they are, compared with 18 per cent of non-union members. It is difficult to know the direct causation of this relationship. Either employees may become union members because they don't trust management; or as a union member they may be exposed to more information and issues which leads to this distrust.

Figure 6.1 Manager and employee relations by union membership, 2007, per cent



N=6,420,208

Population: Non-managerial employees only

Source: Australia at Work W1

The type of instrument that sets out an employee's pay and conditions is related to their attitude towards management. Those on individual contracts are more likely to have positive views of management, while those on collective agreements are the least likely to have a positive attitude towards management. The majority of non-managerial employees who are union members are on collective Agreements (46 per cent), which may be contributing to this result.

More non-managerial employees who have been employed for less than one year display positive attitudes towards management than those who have been with their employer for longer, Table 6.5. Generally, the longer a non-managerial employee has been employed the more likely they are to report having negative attitudes towards management.

Table 6.5 Manager & employee relations by Job tenure, 2007, per cent

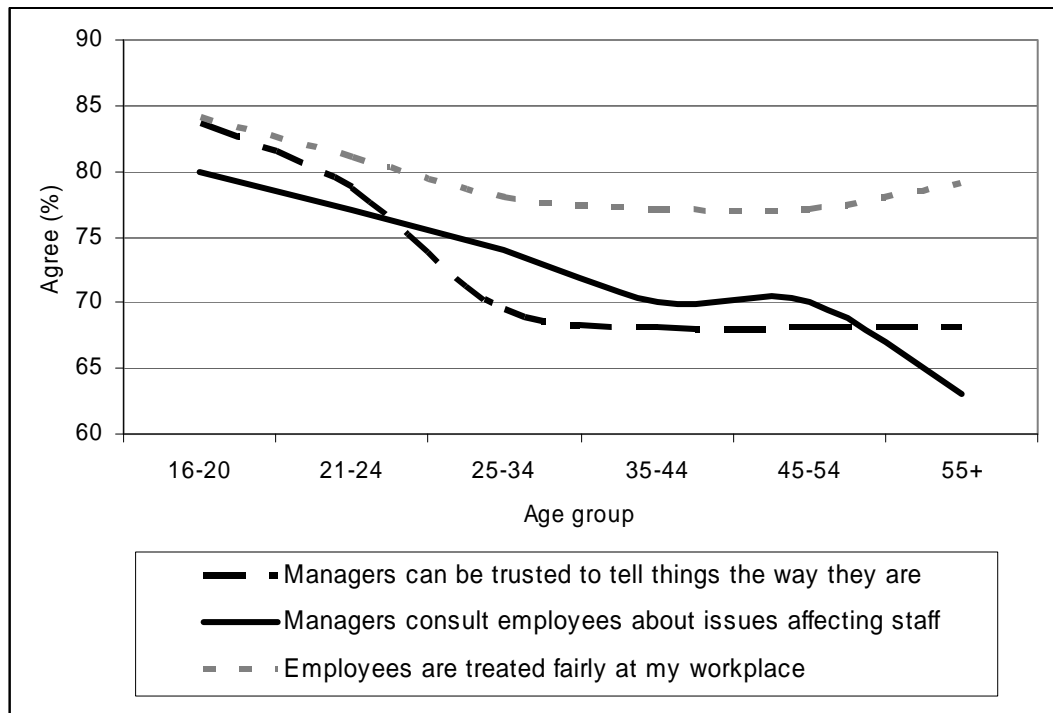
Job tenure	Agree: Managers can be trusted to tell things the way they are	Agree: Managers consult employees about issues affecting staff	Agree: Employees are treated fairly at my workplace
Less than one year	80.3	79.1	84.7
1 < 5 years	74.7	74.6	78.5
5 < 10 years	66.4	66.4	75.3
10 < 15 years	59.8	59.7	72.4
15 < 20 years	59.6	71.1	76.6
20 years or more	64.0	69.6	78.5
Total	70.7	71.0	78.2

N=6,927,014

Population: Non-managerial employees only

Source: Australia at Work W1

The length of time that someone has been in a job may also be indicative of their age, and as figure 6.2 indicates, there is a correlation between age and attitudes towards management. Non-managerial employees who are 16 to 20 years old are the most likely to feel positively about management. The proportions of respondents who report feeling positively towards management gradually decline as employees age, though this either plateaus or displays only slight changes for those aged over 35 years.

Figure 6.2 Manager & employee relations by Age, 2007, per cent

N=6,860,562

Population: Non-managerial employees only

Source: Australia at Work W1

Safety in the workplace

Overall, most employees feel safe in the workplace: 72 per cent of non-managerial employees are confident that they will not get sick or injured as a result of their work. Managerial employees are even more likely to feel safe, with 85 per cent agreeing they are confident that they will not get sick or injured. Predictably, non-managerial employees who usually work 50 hours a week or more feel the least confident in their safety, 22 per cent disagree that they are confident they're not going to get sick or injured as a result of their work.

Union members are more likely to feel that they are going to get sick or injured in the workplace compared to non-union members, 26 per cent compared to 15 per cent of non-union members. This is true across all occupations, Table 6.5. Machinery operators and drivers are the least certain about their safety, with over one-third disagreeing that they will not get injured or sick as a result of their work. The largest disparity between union and non-union members is in the community and personal service industry. Nearly half (42 per cent) of union members feel at risk of getting sick or injured, only 25 per cent of non-union members feel the same. Again, it is difficult to know the exact causation of this relationship between union presence and feelings about safety. It is possible that the union is making members aware of all the health and safety risks involved in their job.

Alternatively, employees who perceive their occupation to be dangerous may be more likely to see the benefit of being a member of the union.

Table 6.6: Disagree: 'I am confident that I am not going to get injured or sick as a result of my work' by union membership and occupation, 2007, per cent

Occupation	Union member	Not a union member	Total
Managers	18.6	9.4	10.8
Professionals	23.5	10.9	14.8
Technicians and Trades workers	25.3	19.8	20.4
Community and Personal Service workers	41.3	24.6	26.9
Clerical and Administrative workers	18.4	10.3	11.6
Sales workers	23.4	13.1	14.3
Machinery Operators and Drivers	43.8	32.0	36.5
Labourers	32.2	25.7	27.3
Total	26.4	15.1	17.6

N=7,405,175

Population: Employees only

Source: Australia at Work W1

The industries with the lowest proportion of non-managerial employees confident about their safety are health care and social assistance, and transport, postal and warehousing (with only 58 per cent in each industry agreeing they are not likely to get sick or injured as a result of their work). This supports the data for occupation, as the majority of employees in community and personal service occupations work within the healthcare and social assistance sector, while the majority working as machinery operators and drivers work in the transport, postal and warehousing sectors. The highest levels of confidence in their safety of all non-managerial employees are found in the white collar industries of finance and insurance services (90 per cent), and professional, scientific and technical services (88 per cent). Non-managerial employees on fixed term contracts and managerial employees on permanent contracts feel the most confident in their safety, with 81 and 86 per cent agreeing that they are not going to get injured or sick as a result of their work, respectively. This is compared to only 70 per cent of non-managerial casual employees.

Working hours: control and intensity

Overall, the majority of people feel that they have control over their working hours: 61 per cent of all non-managerial employees agree they do, and 32 per cent disagree. Despite the fact that managerial employees work some of the longest hours, they are more likely to report that they have control over their hours (72 per cent).

Women feel that they have more control over their working hours than men, with 64 per cent of women employed in non-managerial occupations agreeing they do, compared to 58 per cent of men, Table 6.6. This is influenced by the large proportion of women working part-time. Non-managerial employees working part-time are more likely to feel that they have control over their working hours than full-time employees (70 per cent compared to

58 per cent). When disaggregated by part-time and full-time employment, both sexes exhibit similar levels of feelings of control over their work hours. More than one-third of non-managerial full-time employees do not feel they have control over their working hours.

Table 6.6: 'I have control over my working hours' by hours status and sex, 2007

Non-managerial employees	Agree		Disagree	
	%	N	%	N
<i>Part-time employees</i>				
Male	68.3	486,882	26.0	185,301
Female	70.2	1,350,489	23.9	549,836
<i>Full-time employees</i>				
Male	55.1	1,553,432	36.4	1,026,331
Female	55.5	830,499	37.2	555,566
<i>Total non-managerial employees</i>				
Male	57.7	2,040,314	34.4	1,214,048
Female	63.8	2,180,988	29.7	1,015,402

Population: Non-managerial employees only

Source: Australia at Work W1

Of the non-managerial employees who agree that they have control over their working hours, 79 per cent also reported being happy with the hours they work. Thus, there are some employees who despite the fact that they would like to change their hours do still feel they control their hours. Of the 21 per cent who want to change their hours but feel they have control, 13 per cent would like to work fewer hours, and 8 per cent would like to work more. This shows that employees differentiate between overt control over working hours and preferences regarding the length of hours.

When control over working hours is disaggregated by occupation machinery operators and drivers, as well as labourers are the least likely to feel that they have control over their working hours. Managers are the most likely to agree they have control (72 per cent), Table 6.7. Although more managers report having control, more also report that they are dissatisfied with their working hours, with 36 per cent wanting to work fewer hours. This could mean that although they have the ability to choose the hours that they put in to their job, this choice may be confined to when they choose to work, rather than how many hours they work. Alternatively, it could mean that although they have control over the hours they work, they place more pressure on themselves to fulfil expectations of the hours a manager 'should' be working.

Table 6.7: Working hours control and preferences by occupation, 2007, per cent

Occupation	Agree: I have control over my work hours	Working hours preference		
		Same	Fewer	More
Managers	71.7	61.7	35.8	2.4
Professionals	59.1	69.2	24.7	6.0
Technicians & trades workers	56.7	72.5	19.8	7.5
Community & personal service workers	61.3	73.1	9.2	17.7
Clerical & administrative workers	67.6	75.7	17.4	6.8
Sales workers	67.9	69.4	12.7	17.7
Machinery operators & drivers	48.1	68.4	21.2	9.4
Labourers	53.1	72.0	12.3	15.4

N=6,922,017

Population: Employees only

Source: Australia at Work W1

Only 37 per cent of non-managerial employees in the mining industry feel they have control over their working hours; in the previous chapter we saw full-time employees in this sector work the longest hours by far. Joining the mining industry with less than half the respondents feeling that they have control over their working hours, are non-managerial employees in the education and training industry (50 per cent) and transport, postal and warehousing (43 per cent). While employees in the rental, hiring and real estate services industry are most likely to feel they have control of their working hours (82 per cent).

Another aspect of control over work is whether an employee feels that their work is becoming more intense. This data was collected by asking respondents whether they agree or disagree with the statement: 'More and more is expected for the same amount of pay'. Reports of work intensity are notably high. Over half of non-managerial employees (52 per cent) and managerial employees (55 per cent) feel that more is expected of them for the same amount of pay. There was little to differentiate managerial employees from non-managerial employees, while 55 per cent of full-time workers felt that more was expected of them in comparison to 47 per cent of part-time workers.

Overall, union members show more dissatisfaction with workload expectations, Table 6.8. Sales workers exhibit the lowest levels of work intensity, and there is little difference between whether they are a union member or not. On the other hand, under half (48 per cent) of professionals who are not union members agree that more and more is expected of them for the same pay, compared to three quarters (74 per cent) of all professionals who are union members. Employees in higher skilled positions, and particularly the white-collar occupations, are more likely to report higher levels of work intensity. This could be a result of these salaried occupations not being specifically rewarded for the number of hours work, as opposed to the blue-collar or lower skilled jobs that are often paid on an hourly basis. More specifically, secondary school teachers feel a great degree of work intensification, with 80 per cent agreeing that more and more is expected of them for the same amount of pay. Over two thirds (67 per cent) of registered nurses feel their work is intensifying. Of all

the industries, managerial and non-managerial employees in the education and training industry were the most likely to feel that more was expected of them for the same pay, with 69 and 64 per cent agreeing, respectively.

Table 6.8: Agree: 'More and more is expected of me for the same pay' by union membership and occupation, 2007, per cent

Occupation	Union member	Not a union member	Total
Managers	76.6	52.5	55.5
Professionals	74.2	48.4	56.8
Technicians and Trades workers	60.9	49.6	52.9
Community and Personal Service workers	68.8	49.4	53.1
Clerical and Administrative workers	62.6	49.1	51.2
Sales workers	49.2	47.6	46.4
Machinery Operators and Drivers	59.2	43.6	45.9
Labourers	56.2	46.8	42.5
Total	67.1	49.0	52.5

N=7,478,205

Population: Employees only

Source: Australia at Work W1

The length of time an employee has been in their job, and also whether they were recently unemployed is related to whether they feel their work is becoming more intense, Table 6.9. Both managerial and non-managerial employees who were unemployed in March 2006 are the least likely to feel that more is expected of them for the same amount of pay (38 and 42 per cent respectively). The highest reported levels of work intensity are among managerial and non-managerial employees who have been in the same job for more than 5 years: 60 per cent and 62 per cent, respectively, feel that more is expected of them for the same amount of pay. This could be result of higher levels of seniority, responsibility and organisational knowledge, which lead to more demands for these employees. These demands may materialise into activities such as training and advising other staff members or simply a larger workload.

Table 6.9: 'More and more is expected for the same pay' by job tenure, 2007, per cent

Job tenure	Agree	Neither	Disagree
<i>Managerial Employees</i>			
Unemployed in March 2006	37.9*	24.1*	38.0*
In a different job in March 2006	44.3	17.1	38.6
Employed in job for 1 to 5 years	54.4	7.7	37.9
Employed for more than 5 years	59.9	10.6	29.5
<i>Non-managerial employees</i>			
Unemployed in March 2006	41.5	8.3	50.2
In a different job in March 2006	45.1	11.9	43.0
Employed in job for 1 to 5 years	47.8	10.1	42.1
Employed for more than 5 years	62.1	8.4	29.5

* $n < 30$

N=8,013,970

Population: Employees only

Source: Australia at Work W1

Conclusion

The attitudes of Australia at Work respondents towards work differ little from those reported in other surveys of employees' attitudes: workers are generally happy with their work and working environment. As expected, those in managerial positions are more likely to perceive their workplace in a more positive light. Young workers also tend to report more positive perceptions of their working environment.

The attitudinal questions about working hours brought to light the nuanced feelings employees have towards their working hours. Employees reported different perceptions about control over their work hours, and preferences regarding the length of hours they work. The strongest example is managers: of the 35 per cent who would prefer to work fewer hours, 58 per cent report that they have control over the hours they work. This apparent contradiction may indicate that it is employees placing pressure on themselves to work long hours, possibly due to expectations they have imposed on themselves or that have been imposed on them.

The other main finding is that over half of all employees feel subjected to work intensification. That is, they feel that more is expected of them for the same amount of pay. The more highly skilled an occupation that an employee is working in, and the longer an employee has been in their job, the more likely they are to feel the pressures of work intensity.

7. Unions at Work

Union membership has dwindled to one-fifth of Australian employees (ABS 2005). There are a range of reasons for the decline in union membership which has occurred in Australia and in most other industrialised nations. Factors contributing to the decline include sectoral shifts, whereby employment in traditional union heartlands has declined, while at the same time increasing in harder-to-organise service sector industries; and generational factors, as older workers retire and unions face difficulties recruiting younger workers (Griffin & Svensen 1996; Mason and Bain 1993). The introduction of the *WorkChoices* legislation, while largely deleterious to unions, has presented the union movement with an opportunity to step forward into the debate about Australian working life. The Australian union movement launched an unprecedented campaign around the *WorkChoices* legislation that has been conducted through the media, on-line and through community-based campaigning. On a practical level, unions are facing more legislative barriers, through restrictions on 'rights of entry', balloting, and industrial action that have been implemented by the Federal Government and retained in the ALP's industrial relations policy proposal. This chapter examines who union members are; in what type of workplaces unions are still present; and where pockets of potential members exist.

Characteristics of union members

Table 7.1 shows the characteristics of union members in both 2006 and 2007. Male employees are marginally more likely to be union members than female employees, and union density was found to increase with age. The average age of union members was older than that of non-members (41 years compared with 37 years), and union members had longer average job tenure than non-members (an average of 10 years compared to 5 years tenure for non-members). Permanent employees are more likely than contract or casual workers to be members, as are higher-skilled employees. In 2007, 42 per cent of public sector employees are union members, along with 14 per cent of private sector workers, and 24 per cent of employees working in the not-for-profit sector. Almost one-quarter (24 per cent) of full-time employees are union members in 2007, compared with 18 per cent of part-time employees. Union membership rose across the board by 1 per cent between 2006 and 2007. Unpacking this further, there was a consistent 1 per cent increase in membership among both genders; among permanent workers, and among workers of all five skill levels. Among casual and contract workers, however, membership levels remained static.

Table 7.1 Characteristics of union members, 2006 and 2007

Characteristics	2006		2007	
	N	%	N	%
<i>Sex</i>				
Male	940,239	21.7	955,906	22.5
Female	756,045	19.6	806,055	21.2
<i>Age</i>				
16–24	201,787	12.2	206,116	12.5
25–44	774,991	20.1	810,882	21.4
45+	713,697	27.2	739,167	28.7
<i>Employment status</i>				
Permanent	1,434,309	25.2	1,502,578	26.0
Casual	180,479	8.8	163,869	9.2
Contract	81,496	18.5	95,514	19.4
<i>Skill level</i>				
Level 1	708,939	25.5	774,180	26.7
Level 2	166,092	18.7	167,939	19.7
Level 3	220,803	20.7	219,759	21.6
Level 4	367,700	18.3	370,024	19.0
Level 5	224,426	15.9	219,663	16.8
<i>Total union membership</i>	<i>1,696,284</i>	<i>20.7</i>	<i>1,761,961</i>	<i>21.9</i>

Population: Employees only
Source: Australia at Work W1

Table 7.2 profiles the difference in average hourly earnings of male and female union and non-union members within each skill level. Excluding the highest skilled employees, there was a substantial 'union wage premium' for all male employees. The hourly union wage premium was highest for male employees in skill level 3, standing at over \$6.00 per hour. Women who are union members consistently earned higher hourly rates than non-union employees across all five skill levels. The union wage premium was most marked for those women in skill level 2, where union members earned \$2.76 more per hour than non-union employees at the same skill level. Further analysis of earnings data is needed to test whether sectoral or occupational factors have a bearing on these findings.

Table 7.2 Average hourly rate of union members and non-union members, 2007, \$

Skill level	Men		Women	
	Union member	Non-union member	Union member	Non-union member
Skill level 1	40.87	45.15	33.83	33.18
Skill level 2	29.45	27.04	25.29	22.53
Skill level 3	27.84	21.80	23.17	22.28
Skill level 4	24.85	21.03	20.19	19.88
Skill level 5	19.57	17.25	16.89	16.46

N=7,379,581

Population: Employees only
Source: Australia at Work W1

Table 7.3 shows some fluidity in terms of movement in and out of union membership. Overall, three per cent of people who are employed in both 2006 and 2007 joined a union in 2007. This represents close to 190,000 employees who joined a union after March 2006. One per cent of employees ceased being a union member in 2007. It seems that employees in the two younger age groups are slightly more likely than those in the 45+ age group to have joined a union in 2007. One explanation for this might be that older workers have a higher incidence of union membership *per se*, and so the rate of growth among new members in this group might be expected to be lower.

Table 7.3 Change in union density by age, 2006–2007, per cent

Union membership	Age in years			Total	
	16-24	25-44	45-58	%	N
Union member – no change	10.7	19.3	26.9	20.3	1,513,927
Not a union member – no change	85.4	77.2	70.0	76.3	5,692,660
Union member 2006, not in 2007	1.1	0.9	0.8	0.9	68,472
Union member 2007, not in 2006	2.9	2.6	2.3	2.5	188,798
Total	100.0	100.0	100.0	100.0	7,463,856

Population: Employees in 2006 and 2007

Source: Australia at Work W1

Unrepresented workers: potential union members?

Employees were asked whether they are currently a member of a trade union, no longer a member, or have never been a member. As described above, a total of 22 per cent of employees are union members in 2007. Another one-fifth (21 per cent) had belonged to a union in the past, but are no longer members, and over half of employees (56 per cent) had never been union members. Participants were then asked whether they wanted to be a member.

Table 7.4 indicates that the vast majority of employees who are current union members are willing members, stating that they wanted to be a union member. But substantial minorities of non-members are also predisposed towards union membership: just over one-fifth of former union members indicated that they wanted to be a member, as did around one in ten of those who had never been union members. A small minority of current members (7 per cent) stated that they did not want to be a member.

Table 7.4 Union membership and willingness to be a member, 2007, per cent

Union membership	Want to be a member		Do not want to be a member		Don't know/unsure	
	N	%	N	%	N	%
Current union member	1,595,987	90.6	117,882	6.7	48,093	2.7
No longer a member	347,374	21.0	1,188,909	71.9	117,147	7.1
Never a member	475,534	10.5	3,603,906	79.8	434,499	9.6
Don't know	21,500	18.6	53,644	46.3	40,717	35.1
Total	2,440,395	30.3	4,964,341	61.7	640,456	8.0

Population: Employees in 2007

Source: Australia at Work W1

This data was used to examine employees' disposition towards union membership. Table 7.5 shows that overall, one-fifth of *all* employees are willing union members; 2 per cent are reluctant members; and three-fifths are satisfied non-members (who stated that they did not want to be a member). Another one in ten are unrepresented workers who expressed an interest in membership; and a similar proportion - 9 per cent - are unsure as to whether they wanted to be a member or not. Younger workers are slightly more likely than non-unionised workers in other age groups to state a preference for union membership, but they are also more likely to be unsure as to whether they wanted to be a union member.

Table 7.5 Disposition towards union membership by age, 2007, per cent

Union membership	Age in years			Total	
	16-24	25-44	45-58	%	N
Willing member	10.8	19.5	26.3	19.9	1,590,190
Reluctant member	1.2	1.4	1.8	1.5	117,882
Unrepresented worker	13.2	9.3	9.8	10.2	819,213
Satisfied non-members	56.9	62.4	56.9	59.5	4,760,408
Don't know	18.0	7.4	5.2	8.9	712,298

Population: Employees only

Source: Australia at Work W1

The group of 'unrepresented workers' might be considered potential targets for union organising, as they represent a population of around 820,000 workers. Around two-fifths (37 per cent) of unrepresented workers are located in workplaces in which unions are already present, inferring that there is significant potential for union 'infill' or internal organising to occur in already unionised workplaces. Additionally, many unrepresented workers are not strangers to unions, with over two-fifths (42 per cent) having been union members in the past. Unrepresented employees are equally likely to be found in all skill groups. Looking at occupation, they are most likely to be found among community and personal service workers (12 per cent) and least likely among managers (7 per cent). There is relatively little variation in the percentages of unrepresented workers by industry, although they are found in the highest proportions in the accommodation and food services, and health care and social assistance (13 per cent in each). Female employees are only marginally more

likely to be unrepresented workers than male employees (11 per cent compared with 10 per cent); contract workers are more likely than casual and permanent workers to be unrepresented while favouring union membership; and unrepresented workers are equally likely to be working in small and larger workplaces.

Table 7.6 shows that those on collective agreements are more likely to be willing union members, while employees on individual contracts are more likely than those on other arrangements to be satisfied non-members. There was a marked difference, however, in the preferences of employees on AWAs and individual contracts towards membership, with employees on AWAs significantly more likely than employees on individual contracts to state a preference for membership.

Table 7.6 Disposition towards union membership by instrument type, 2007, per cent

Instrument type	Willing member	Reluctant member	Unrepresented workers	Satisfied non-members	Don't know	Total
Award	24.6	1.7	11.4	53.5	8.8	100.0
Collective agreement	39.3	2.6	9.1	42.3	6.7	100.0
Individual contract	5.4	0.7	8.5	77.7	7.6	100.0
AWA	12.5	0.8	13.8	62.1	10.8	100.0
Total	22.1	1.6	10.1	58.2	8.0	100.0

Population: Employees only

Source: Australia at Work W1

Union workplaces

Near-equal proportions of employees stated that a union was represented at their workplace (42 per cent) as those in non-union workplaces (48 per cent). A further one in ten employees (11 per cent) are unsure as to whether or not a union was represented at their workplace. The majority of union members worked in workplaces represented by unions (79 per cent), while 17 per cent of union members worked in workplaces not represented by a union. Of those employees who are *not* union members, almost one-third (31 per cent) are located in unionised workplaces. We might expect that employees in this group gain some benefit from union representation while not paying union fees, and might be considered 'free-riders'. This is particularly likely where union-negotiated collective agreements are in place.

The incidence of union workplaces by private or public sector reflected union density patterns: 76 per cent of public sector workplaces are unionised, as are 29 per cent of private sector workplaces, and two-fifths (41 per cent) of not-for-profit workplaces. The proportion of unionised workplaces increased with the size of workplaces: 16 per cent of small workplaces of less than 20 employees are unionised, while 64 per cent of workplaces of 100 or more employees are represented by unions. Employees in professional occupations are more likely than those in other occupational groups to work in a unionised workplace, while sales employees are the least likely to do so. Unionised workplaces are to be found in

the highest proportions in four industry sectors: Education and training (with 76 per cent of employees reporting that a union was represented at their workplace); public administration and safety (70 per cent are union workplaces); utilities (63 per cent are union workplaces); and healthcare/social assistance (54 per cent are union workplaces). Unionised workplaces are least likely to be found in the agriculture, rental hire and real estate services, and wholesale trade sectors, where only around one in ten employees reported working in a unionised workplace.

Union delegates

Employees working in union workplaces were asked whether a union delegate was present at their workplace. It would appear that unions are well represented in union workplaces: over three-quarters of employees (77 per cent) reported the presence of a union delegate. Altogether, over one-third (36 per cent) of all employees worked in a workplace in which a delegate was present. In terms of their prevalence, almost 7 per cent of union members are delegates in 2007: a total of one per cent of *all* employees (representing 115,374 employees in the population).

What did the average delegate look like, in terms of their characteristics? In short, they tended to be older, male workers, of long standing in their jobs. Two-thirds (66 per cent) of delegates are male to one-third (34 per cent) female. The average delegate was the same age as the average union member (41 years), with only five per cent aged between 16 and 24, and almost half (46 per cent) aged 45 years or older. Union delegates tended to have been employed in their jobs for slightly longer than non-delegate union members, and significantly longer than non-union employees. Delegates had an average tenure of 11 years, compared with average tenure of 10 years among union members and 5 years among non-members.

A slight majority of delegates are located in the public sector (48 per cent), compared with 43 per cent in the private sector, and 9 per cent in the not-for-profit sector. Almost two-thirds are drawn from five traditionally unionised sectors: healthcare and social assistance; education and training; manufacturing; transport; and public administration and safety.

Delegates were asked, on a five-point scale, whether they agreed or disagreed with the statement "Managers at my workplace make it difficult for me to carry out my delegate tasks". The majority (60 per cent) disagreed with the statement, while almost one-third (31 per cent) agreed or strongly agreed. Private sector delegates are more likely to agree with the statement than those in the public and not for profit sectors; however, small sample sizes did not permit closer analysis by industry sector or occupation. Male and female delegates are equally likely to agree with the statement, as are delegates in smaller and larger workplaces.

8. Conclusion: Beyond Black and White

Current controversies about Australian working life are often couched in black and white terms. The past is portrayed as 'rigid' and the future as 'flexible'. 'Individual freedom' is pitted against 'collective uniformity' and provides the rationale for totally recasting labour law. Evidence of success and failure of such initiatives is equally crude. Summary indicators like average weekly earnings and the unemployment rate are regularly invoked as the final word on matters of immense complexity.

Research analysis is most powerful when it generates simple yet profound explanations of complex issues. Unfortunately many public debates are structured around simplistic – not usefully simple – generalisations. Compounding the problem is excessive reliance on statistics that summarise aggregate trends, which are misleading. Going behind the aggregates is essential for understanding what is really happening. The large scale of the Australia at Work research has given us the capacity to generate simple but robust insights about what is really happening in Australian working life.

Key findings

Our study reveals that contemporary Australian working life is not a clear case of positives and negatives, or good and bad. Understanding this is vital for anyone interested in making sense of a complex and rapidly changing reality.

The inequality of bargaining power: neither uniform nor non-existent

The assumption underpinning most western systems of labour law is that there is an inequality of bargaining power between most workers and their employers. It is for this reason that collective bargaining is promoted and why individual agreements can only ever improve upon but never undermine publicly defined labour standards. *WorkChoices* is built on a different foundation. It assumes that all workers are equally free to choose how they will determine their pay and conditions. It is for this reason there are few prescriptions on what must be included in agreements and that an individual agreement prevails over a collective one. According to the Government the best protection for workers is low unemployment.

This study has highlighted the need for a more nuanced understanding of unequal bargaining power in the labour market. Our study occurred at a time of strong labour demand. Indeed, the standard indicators of macroeconomic performance show that Australia has performed very well over the last decade and a half. Recent increases in real wages and falls in unemployment have been among the best in the world. However, to understand the impact of changes in economic and industrial relations policies close attention needs to be paid to the different reality of power for different groups of workers. While strong economic growth and skill shortages have strengthened many workers'

bargaining power, for many others a lack of power in negotiation remains a grim reality. Throughout our study we have highlighted the significance of distinguishing between high and low skilled workers, men and women, full-time and part-time employees and those in different occupational groups. We saw, for example, in Chapter 3 that different earnings relativities were produced from the same instruments depending on employees' skill level (a proxy for bargaining position). It is evident that individual bargaining is optimal for those with bargaining power, but an inadequate solution for employees without bargaining power as it can be used to undermine labour standards. An increase in labour demand has not overcome deep-seated inequalities of bargaining power that are still a defining feature of the Australian labour market. Researchers and policy makers who focus primarily on the aggregates miss this simple, but profound reality. But equally an undifferentiated view of the inequality of bargaining power needs to be reconsidered. The issue that needs to be grasped is not just that there is inequality of bargaining power between employers and employees – there are also significant differences in the form this inequality takes among different groups of workers. This reality is clearly apparent among workers on all types of industrial instruments, including the most controversial, Australian Workplace Agreements.

Understanding individual contracts: Common law arrangements are superior to Australian Workplace Agreements

The centrepiece of the Government's industrial relations policy are statutory individual contracts – Australian Workplace Agreements. These are commonly portrayed as offering individuals the ability to transcend the 'rigidities' that have allegedly constrained freedom at work for generations of Australians. One of our most interesting findings is that individual common law and over-award arrangements are of far greater labour market significance than AWAs. While they tend to cover more highly paid employees, they are not exclusively confined to such workers. These arrangements have evolved as an integral part of the award system and have not been stifled or over-shadowed by it. They have, however, had to respect the standards contained within them. An understanding of this pre-existing form of individual flexibility highlights what is distinctive about AWAs. Unlike common law arrangements these statutory individual contracts allow employers to undermine award standards. However, not all AWAs do this. Confirming earlier research, our analysis highlights the importance of distinguishing between up market and down market AWAs (Peetz 2006; Peetz 2007; Peetz and Preston 2007). For those in high-skilled positions there are opportunities to bargain. Down market, in low-skilled positions, this is not often the case. Our analysis of the reality of these statutory individual contracts for those with little labour market power is very important. Evesson et al (2007) have shown, in a detailed analysis of non-union collective *WorkChoices* agreements in the retail and hospitality sectors, that such collective contracts for lower paid, low skilled workers are not really agreements at all. They are merely a means by which comprehensive standards outlined in awards are replaced by lower statutory standards. It is difficult to believe that negotiation is a part of this process. In fact, our research shows that just under half of those on AWAs had no opportunity to negotiate their pay. Given this reality, it is unsurprising that many AWA workers are unhappy with their hours of work and are often

interested in joining unions. This is indicative of the fact that *WorkChoices* fosters unhelpful distinctions when thinking about employment arrangements. The issue is not whether one has an individual *or* collective arrangement. Rather, the issue is how individual and collective arrangements *co-exist*.

Individual and collective arrangements: complements not substitutes

The insights about AWA workers support a crucial finding: contemporary Australian working arrangements are governed by a subtle blend of collective and individual arrangements. Too often in public debate it is asserted that workers' individualistic outlook is incompatible with allegedly outdated collectivist arrangements. *WorkChoices* has gone further than any other set of labour laws in the western world to allow individual agreements to override collectively determined and publicly enforceable labour standards. This conflict between individualism and collectivism is an artefact of the legislation – not modern life. The key finding in our chapter on instruments is clear. In understanding pay determination we need to distinguish between the formal instruments codifying enforceable rights and the processes involved in setting and improving pay and conditions. The formal instruments are defined on an individual or collective basis, but the formalities should not be assumed to reflect the actual process involved in setting wages and conditions. Pay and conditions for employees on AWAs are often determined on a group or collective basis involving commonality across the workplace. Equally, many of those on collective agreements and awards have individual factors shape the final level of their pay and conditions. In short, elements of individual and collectively based arrangements co-exist and work as complements, not rivals, in shaping structures, practices and outcomes in working life.

Employees are generally satisfied with working life, but underlying frustration remains

It has long been recognised in the literature on employee attitudes that most workers are satisfied with their jobs most of the time. Our findings are consistent with this literature. Satisfaction is not, however, universally shared on all issues. As we noted in Chapter 6 opinions differed between managerial and non-managerial workers, new and longer tenured employees, unionists and non-unionists. More importantly, a majority of employees reported that more and more is expected of them for the same amount of pay. More than any other issue, work intensity appears to be a matter of potential concern. Chapter 6 also revealed the anomalous situation where the group that was least happy with the span of their weekly working hours (namely managers) was also the group reporting they had most control of them. Furthermore, satisfaction at work does not necessary mean satisfaction with living standards. The population is evenly split between those reporting that they are living comfortably and those just coping or having difficulty getting by. There are clearly pockets and issues around which discontent is smouldering.

Unions weakened but prospects for growth remain

It is commonly asserted that unions are relics of a by-gone era: declining membership levels are assumed to be terminal. Fewer workers, we are regularly told, are interested in joining unions. There is no denying that unionisation of the workforce is at historically low levels. This is especially the case among young employees and those working in the private sector. Our findings do not, however, portray a movement without strengths and opportunities for growth. While density rates are low, around half the workforce reports that there are union members (and often delegates) at their workplaces. At various points in our analysis we found that union members are, almost universally, better off than their non-union counterparts. This was especially the case with hourly wage rates. Potential benefits such as these are likely to be the reason for our finding that there are major opportunities for union growth. Over 800,000 employees are non-members who are interested in joining. If they were all signed up membership levels would increase by 50 percent and the movement would represent just under one-third of employees. Many of these potential members are at workplaces which already have a union presence and are not necessarily covered by collective agreements.

Implications for policy

Australia faces a number of significant working life challenges. Prime among these are unemployment coexisting with regular employer reports of skill shortages. In addition, the Federal government frequently warns of looming labour shortages as the workforce ages. And problems of inequality and work-life balance are raised frequently by workers and their representatives. The Australia at Work study offers insights into how policy could better mitigate these issues. Our ideas for policy below are based on the assumption that the key objectives of any new laws or programs are to simultaneously improve efficiency and fairness in the labour market.

When introducing *WorkChoices*, the Prime Minister argued that it was needed to ensure sustained economic growth by continuing on the path of labour market reform. In the 1980s and 1990s leading international economic agencies like the World Bank and the International Monetary Fund (IMF) promoted and imposed a similar doctrine. Free market regimes were considered the only serious policy option for a wide range of problems, especially in the labour market. However, last year leading analysts from the World Bank noted in a key IMF publication that free market reform prescriptions had serious problems. In particular, they noted that '... expectations about the impact of reforms on growth were unrealistic ...' and that 'governments should abandon formulaic policymaking in which "any reform goes" ...' (Zagha et al 2006). They concluded by noting:

our knowledge of economic growth is extremely incomplete. This calls for more humility in the manner in which economic policy advice is given, more recognition that an economic system may not always respond as predicted, and more economic rigor in the formulation of economic policy advice (Zagha et al 2006:10).

Institutions like the World Bank and the IMF now recognise that 'one size fits all' deregulation approach is not the key to economic development and that more consideration

needs to be given to nuances of the local economy and labour market. To date, market mechanisms have proved incapable of solving the key problems afflicting Australian working life. This is especially the case with issues associated with skills and a declining birth rate. These problems are often a legacy of market pressures that result in a focus on short-run cost controls. This in turn results in insufficient allocation of resources for the reproduction of economic and social life.

Given the key problems policy has to deal with and the need for a more open approach to thinking about how to respond to them, it seems that *WorkChoices* is part of the problem, not part of the solution. Overcoming major coordination failures requires a very different approach, one that often requires agreements arising from genuine negotiations over differences and multi-employer arrangements. Further fragmenting bargaining units and weakening the ability of agents capable of improving coordination (such as unions) are likely to be particularly counter-productive. Given these considerations, and the empirical findings of this study, our analysis indicates that there are four major challenges that must be addressed if working life in Australia is to improve.

Challenge 1: Are we heading in the right direction?

Many employers have been quick to use the new opportunities created by the *WorkChoices* legislation. This has been especially apparent where workers have changed jobs and/or moved on to new industrial instruments or agreements. While the sky has not fallen in on labour standards, the undermining of standards is now well underway. The speed of change is, however, a second order issue compared to its direction. Further fragmenting bargaining units and reducing the wages and conditions of low skilled workers will not boost skill levels or expand labour supply. Much of the current policy debate is couched as if reform can only move in two directions: forward or backwards. This is not the case. In reflecting on our research it is clear that the challenge is not simply to slow down or go back. Rather, the challenge is to engage creatively with the major problems requiring policy attention in an open way that learns from previous Australian and overseas experience.

Challenge 2: Cultivate the pre-existing legacy of labour standards and flexibility

To date much of the debate on *WorkChoices* has focussed on new 'flexibilities' promoted by the legislation. Initiatives such as reduced unfair dismissal rights for workers in organisations with less than 100 employees and individual statutory agreements subject to minimal legislative requirements (AWAs) have received particularly close attention. It is time Australian policy makers recognised a more complex reality. It simply was not the case that past arrangements were outdated, collective and rigid. Equally, the emerging ones are not necessarily new, individually based and flexible. Rather, our industrial relations system was built around awards, collective agreements, over-awards and common law contracts. This system evolved in response to changing realities over the last 100 years. One of our most interesting findings is that individual common law and over-award arrangements are of far greater labour market significance than AWAs. While they tend to cover more highly paid employees, they are not exclusively confined to such workers. These arrangements

have evolved as an integral part of the award system and have not been stifled or overshadowed by it. They have, however, had to respect the standards contained within them. As such the core features of Australia's distinctive industrial relations system represent a good example of what overseas researchers have termed 'coordinated flexibility'.¹⁹ Such arrangements ensure that the benefits of coordination (such as efficient skill formation structures and practices) can co-exist with arrangements that can adapt common standards to local circumstances (e.g. such as customised working time arrangements).

Challenge 3: Opportunities for change

Considered as a whole the Australia at Work research confirms that most of the major trends underway in the Australian labour market over the last three decades are continuing and possibly accelerating. The key dynamic at work is labour market fragmentation (Watson et al 2006). This is clearest in highly segmented hours arrangements, the fracturing of forms of employment and bargaining, and wage inequality. These developments are neither inevitable nor necessarily undesirable. Increased diversity in working time arrangements provides a good example of why this is so. Part-time work can allow people with different interests to reconcile work with their involvement in education, family and community life. But the current fragmentation of employees into part-time, standard and extended hours of work does not necessarily reflect people's preferences. Around a third of the workforce wants either more or fewer hours. Clearly new arrangements are needed if people's working time practices are to correspond more closely with their preferences.

The connection between structures, practices and preferences is complex. New laws create opportunities and close off others. For the last 20 years industrial relations policy has been reducing the role of collectively determined and publicly enforced labour standards. If the objective is to balance flexibility with fairness, any change in policy development is going to have to break this trajectory. This will require new policy leadership as nothing in the current policy mix is prepared to confront Australia's major labour market problems, like those associated with working time. In the past, progressive leadership on matters such as this came from unions. In today's world the leadership may come from a range of interested parties coming together, to identify the best way of achieving a better balance between flexibility and standards in this and other domains of working life. Achieving standards for flexibility will be especially important if the challenges of skill formation and an aging workforce are to be overcome (Buchanan et al 2006).

Challenge 4: Ensure future reforms are evidence based

A particularly disappointing feature of the recent industrial relations policy debate in Australia has been that the more dramatic the change, the flimsier the evidence on which it is based. The exhaustive Hancock Report of the mid 1980s resulted in modest legislative changes (Committee of Review into Australian Industrial Relations Law and Systems 1985). The modifications in 1991 and 1993 amendments reflected, in part, the work of the BCA on

¹⁹ A review of this literature is provided in Buchanan et al (2002) and an application of it to Australian wages policy in Briggs et al (2006).

enterprise based bargaining (BCA 1989). Debate and data informing the *Workplace Relations Act* of 1996 occurred *before* the release of the last AWIRS study (Morehead et al 1997). And the *WorkChoices* changes were preceded by no systematic study, involved only a week's consideration in Parliament, and have since not been subject to any systematic evaluation strategy. Change introduced under such conditions is bound to produce many unforeseen and unintended consequences. The purpose of Australia at Work is to change this state of affairs. It is part of a wider research agenda designed to generate systematic data on which to evaluate and formulate policy on industrial relations in the future (Considine and Buchanan 2007; Elton et al 2007; Evesson 2007; Gahan 2007; Peetz 2007; Peetz and Preston 2007). As noted earlier, a major problem with recent Australian debate on 'workplace reform' has been that it is couched in unhelpful 'black and white' terms. Only a close engagement with the evidence offers any hope of moving the debate onto a higher, more useful level. It is hoped that as we move forward to overcome the deepening labour market problems in the future we will do so on the basis of evidence.

Australia at Work: moving forward

This benchmark report has focused on matters associated with the lived reality of employment contracts for Australians employed at or since March 2006. Special attention has been devoted to their instruments, earnings, working hours, attitudes and engagement with unions. But there is far more to our project than these matters. We are interested in the lives of our respondents more broadly. We are especially interested in how work intersects with people's involvement in education, family and social arrangements, any spells of unemployment they might have and how they move from paid employment and into retirement from the labour market. We know from earlier research that these labour market transitions are being navigated in very different ways to those which prevailed in the past. No matter who wins the next election, the evolution of these transitions as well as the recasting of labour contracts, wages and working hours will continue. Subsequent reporting will explore these broader dimensions of Australians at work.

References

- ABS (2005) *Employee Earnings, Benefits and Trade Union Membership*, Catalogue 6310.0, August 2005, Canberra.
- ABS (2006) *Working Time Arrangements*, Catalogue 6342.0, November 2006, Canberra.
- ABS (2007) *Labour Force Australia*, Supercube data - 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, July 2007
- ACIRRT (1999). *Australia at Work: Just Managing?* Prentice Hall, Sydney.
- Briggs, C. Buchanan, J. and Watson, I (2006) *Wages Policy in an Era of Deepening Wage Inequality*, Academy of the Social Sciences in Australia Policy Paper No 4, 1/2006, Canberra.
- Buchanan, J. B. Briggs, C. and Wright, C (2002) *A Critique of the Productivity Commission's Review of Automotive Assistance*. ACIRRT research report, Sydney
- Buchanan, J., Watson, I., Briggs, C., and Campbell, I. (2006) 'Beyond Voodoo Economics and Backlash Social Policy: Where next for Working Life Research and Policy', *Australian Bulletin of Labour*, 32(2), pp.183 - 2001.
- Buchanan, J. (2004) *Paradoxes of Significance: Australian casualisation and labour productivity*. ACIRRT working paper 93. ACIRRT, Sydney.
- Business Council of Australia (1989) *Enterprise-based bargaining units, a better way of working: report to the Business Council of Australia*. Business Council of Australia, Melbourne.
- Campbell, I. (2002a) *Cross-National Comparisons - Work Time Around The World*. Centre for Applied Social Research RMIT University, Melbourne
- Campbell, I. (2002b) "Extended working hours in Australia". *Labour and Industry*, 13(1): 91-110.
- Campbell, I. (2002c) "Snatching at the wind? Unpaid overtime and trade unions in Australia". *International Journal of Employment Studies*, 10(2): 109-156.
- Committee of Review into Australian Industrial Relations Law and Systems (1985). *Report of the Committee of Review into Australian Industrial Relations Law and Systems (Hancock Report)*. Parliamentary Paper 236/1985. AGPS, Canberra.

Considine, G. and Buchanan, J. (2007) *Workplace Industrial Relations on the Eve of WorkChoices: A report on a survey of employers in Queensland, NSW and Victoria*. Report prepared for the Queensland Department of Employment and Industrial Relations, NSW Office of Industrial Relations and Industrial Relations Victoria. Workplace Research Centre, Sydney.

DEWR (2007) *Agreement making in Australia under the Workplace Relations Act 2004 to 2006*. Commonwealth of Australia, Canberra.

Elton, J. Bailey, J. Baird, M. Charlesworth, S. Cooper, R. Ellem, B. Jefferson, T. Macdonald, F. Oliver, D. Pocock, B. Preston, A. and Whitehouse, G. (2007) *Women and WorkChoices: Impacts on the Low Pay Sector: Summary Report*. Centre for Work + Life, Adelaide.

Evenson, J. Buchanan, J. Bamberry, L. Frino, B. Oliver, D. (2007) *"Lowering the standards: From Awards to WorkChoices in Retail and Hospitality Collective Agreements: Synthesis Report"*. Report prepared for the Queensland, New South Wales, and Victorian Governments. Workplace Research Centre, Sydney.

Gahan, P. (2007) *Employer Greenfields Agreements under WorkChoices: Interim Report*. Office of the Workplace Rights Advocate, Melbourne.

Jefferson, T. Preston, A. Chapple-Fahlesson, S. and Mitchell, S. (2007) *A Study of Low Paid Work and Low Paid Workers in Western Australia*. Women in Social & Economic Research, Perth.

Junor, A. (2000) "Permanent Part-Time Work: Rewriting the Family Wage Settlement?" *Journal of Interdisciplinary Gender Studies*, 5 (2): 94-113

Knox, A. (2006) "The Differential Effects of Regulatory Reform: Evidence from the Australian Luxury Hotel Industry". *Journal of Industrial Relations*, 48 (4): 453-474

Lee, S. (2004) "Working-hour gaps: trends and issues" in Messenger, J. C., (ed.) (2004) *Working Time and Workers' Preferences in Industrialized Countries: Finding the Balance*. Routledge Studies in the Modern World Economy. Routledge, New York.

Morehead, A. Steele, M. Alexander, M. Stephen, K. and Duffin, L (1997) *Change at Work: The 1995 Australian Workplace Industrial Relations Survey*. Longman, Melbourne.

Peetz, D. (2006) *Brave New Workplace: How Individual Contracts are Changing our Jobs*. Allen & Unwin, Sydney.

Peetz, D. (2007) *Assessing the Impact of 'WorkChoices' - One Year On*. Report to the Department of Innovation, Industry and Regional Development Victoria. Industrial Relations Victoria, Melbourne.

Peetz, D. and Preston, A. (2007) *AWAs, Collective Agreements and Earnings: Beneath the Aggregate Data*. A report prepared for Industrial Relations Victoria. Industrial Relations Victoria, Melbourne.

Pocock, B. (2003) *The Work/Life Collision: What Work Is Doing To Australians And What To Do About It*. The Federation Press, Sydney.

Tiffen, R. and Gittins, R. (2004) *How Australia Compares*. Cambridge University Press, Cambridge.

van Wanrooy, B. (2007) "A desire for 9 to 5: Australians' preference for a standard working week", *Labour and Industry*, 17 (3): 71-95.

Watson, I. (2004) *Contented Casuals in Inferior Jobs? Reassessing Casual Employment in Australia*. ACIRRT Working Paper 94. ACIRRT, Sydney.

Watson, I. Buchanan, J. Campbell, I. and Briggs, C. (2003) *Fragmented Futures - New Challenges in Australian Working Life*. The Federation Press, Sydney.

Wooden, M. (2002) "The changing labour market and its impact on work and employment relations", in Callus, R. & Lansbury, R. D. (eds) *Working Futures: The Changing Nature of Work and Employment Relations in Australia*. The Federation Press, Sydney.

Zagha, R. Nankani, G. and Gill, I. (2006) "Rethinking Growth", *Finance & Development*, 43, 1

Appendix A Technical Report

This technical report contains the following sections:

- A1 The role of the Linkage partner: Unions NSW
- A2 Sampling
- A3 Response Rates
- A4 Weighting
- A5 Comparisons with ABS data
- A6 Cell sizes and statistical significance

A1 The role of the Linkage Projects Partner Organisation: Unions NSW

ARC Linkage Grants require the financial support of an external partner who is also expected to play an active role in the use and conduct of the research. In addition to their financial contribution Unions NSW representatives have:

- helped arrange meetings/phone conferences of the Australia at Work Advisory Board;
- helped identify the cognitive interviewees in the early stage of questionnaire design, through their networks of community-based organisations;
- commented on early drafts of the questionnaire and report; and
- assisted with the dissemination and communication of the findings.

Unions NSW are interested in the policy implications of our research, which will eventually contribute to an assessment of current union strategies and formulating an alternative approach.

The Linkage partnership has been characterised by a very high level of trust. Unions NSW have played no role in influencing the data items to be collected or analysis and reporting of the data. They are interested in understanding changing realities and realise that this is best done by not seeking to influence the research. Our partner's involvement in the project helped deepen a research culture within the union movement rather than have us as researchers legitimate pre-existing ideas or policies.

A2 Sampling

The survey population is people who were working or looking for work in March 2006, aged 16 to 58 years. The sampling strategy set proportional quotas for age by sex, and geographical region. The sample achieved is displayed in Appendix Table 1. Analysis is based on a weighted version of this sample to reflect the total population (see A4).

Appendix Table 1 Age and sex of respondents by location sample counts, 2007

	Males				Female				Total
	16–24	25–44	45–58	missing	16–24	25–44	45–58	missing	
Sydney	102	353	350	8	109	499	280	18	1719
Balance of NSW	70	175	212	1	70	231	230	7	996
Melbourne	82	378	237	1	122	286	107	5	1218
Balance of Vic	56	149	112	1	53	125	173	1	670
Brisbane	70	217	121	2	79	154	60	2	705
Balance of QLD	70	264	98	0	71	131	101	2	737
Adelaide	50	117	110	0	44	115	49	0	485
Balance of SA	22	54	42	0	20	57	59	1	255
Perth	68	185	75	0	62	82	71	0	543
Balance of WA	30	70	38	0	30	50	32	0	250
Hobart	11	35	18	1	10	22	22	0	119
Balance of Tas	15	44	23	0	14	29	29	0	154
NT	25	53	36	0	25	45	28	1	213
ACT	25	128	34	0	20	44	28	0	279
<i>Total</i>	<i>696</i>	<i>2222</i>	<i>1506</i>	<i>14</i>	<i>729</i>	<i>1870</i>	<i>1269</i>	<i>37</i>	<i>8343</i>

Source: Australia at Work W1

A common experience in social research is that young people are less likely to agree to take part in surveys. We incentivised the participation of young people by creating a lucky draw of 10 iPods. Respondents were told about this draw at the time of the interview and a notification of the draw was posted on the website.²⁰

A3 Response Rates

SurveyTalk, the fieldwork company, used Computer Assisted Telephone Interviewing (CATI) and employed random digit dialling to select households. A summary of response rates for first wave of the fieldwork is provided in Appendix Table 2. The table shows that a substantial number of calls elicited no response. A further 22,580 households were out of scope. There is high degree of respondent fatigue in relation to telephone surveys generally, evidenced by recent legislation passed by the Federal Government regarding the 'Do not call register'²¹ and by the high number of households that refused immediately to the Australia at Work survey. The calculation of the response rate should be based on those on the population. Not having the necessary information about the people who refused

²⁰ <http://www.wrc.org.au/auswork/part.asp>

²¹ <https://www.donotcall.gov.au/>

immediately difficult to calculate an accurate response rate. We have included all those refused in the base of calculation but note that this renders the 36 per cent response rate a conservative estimate. The Australia at Work sample is compared to ABS population estimates in A5.

Appendix Table 2 Fieldwork outcomes and response rate

Sample outcome	Total Calls	Response Rate
<i>Non-response</i>		
Engaged	11,577	
No answer	96,312	
Answer machine	32,500	
Disconnected number	9,704	
Fax modem	1,340	
Away for duration	147	
Language	217	
Dead numbers	2,201	
<i>Ineligible</i>		
Intentions to leave work	135	
Not working 06	103	
Not in Australia Mar 06	36	
Not aged 16-58	10,796	
Not in the workforce	5,593	
Quota full	5,917	
<i>Response rate</i>		
Refused Immediately	13,516	58.8
Refused but eligible	1,108	4.8
Partial interview	6	0.0
Completed interviews	8,343	36.3
<i>Total</i>	<i>22,973</i>	<i>100.0</i>

A4 Weighting

Weights were developed to correct for over-sampling of sub-populations and differential response rates. This is a widely used and accepted approach to weighting (e.g. Morehead et al 1997). For example, union members were over-represented in the original sample, accounting for 23 per cent of all respondents. This made it necessary to develop weights for employees who are union members, employees who are non-union members, self-employed and the unemployed.

Appendix Table 3 Population weights for Australia at Work wave 1

Males	Union member			Not a union member			Self-employed			Unemployed		
	16-24	25-44	45-58	16-24	25-44	45-58	16-24	25-44	45-58	16-24	25-44	45-58
Sydney Metro	2308.444	1141.229	836.404	2244.335	2205.511	1295.643	5323.221	1109.733	708.908	1070.833	1627.273	1377.778
NSW Regional	3459.863	1371.361	703.939	1421.585	1557.881	1377.539	11999.875	1571.273	938.927	1638.462	3120.000	744.444
Mel Metro	1623.544	1210.351	1013.801	2492.118	1500.965	1938.098	2780.325	1087.404	670.294	1684.615	1130.000	1240.000
VIC Regional	835.071	870.994	838.247	1251.292	1112.997	1499.961	3918.026	1161.325	776.704	950.000	1566.667	657.143
Bri Metro	1023.234	930.830	997.960	1630.867	1208.111	1790.541	7723.734	1148.518	716.842	1163.636	718.182	1100.000
QLD Regional	3144.016	715.071	1253.352	1616.568	1314.283	2972.148	3292.988	805.312	1483.356	1183.333	1180.000	1033.333
Ade Metro	796.085	1006.197	631.343	1437.489	1271.131	1197.600	1002.721	903.293	546.821	841.667	3900.000	1650.000
SA Regional	517.525	862.006	1554.351	936.400	1168.442	908.424	818.901	817.496	613.365	850.000	400.000	900.000
Perth Metro	1133.115	824.384	1098.999	1322.034	1218.805	2651.247	3677.380	897.862	1289.394	691.667	712.500	
WA Regional	606.058	447.271	993.920	1196.037	1010.012	1843.880	790.372	2691.316	1025.190	600.000	1300.000	
Hobart	0.000	412.549	824.445	745.701	857.393	1557.766	2299.794	445.957	488.530	700.000	600.000	600.000
Tasmania Regional	868.845	399.517	548.497	929.320	856.604	1253.805	469.113	659.725	1475.858	1100.000	1300.000	#DIV/0!
NT	270.805	289.782	211.505	323.679	413.918	502.474	2243.425	3227.966	721.676	550.000	800.000	600.000
ACT	946.700	158.337	584.772	741.256	475.119	925.521	227.161	185.056	1342.211		350.000	400.000
Females												
Sydney Metro	1085.505	514.735	747.585	1907.586	1096.843	1211.282	6073.966	1082.214	1142.580	1461.538	631.034	570.000
NSW Regional	1135.262	760.473	562.766	1219.074	1019.364	1066.869	11409.865	858.722	468.807	1190.909	1711.111	662.500
Mel Metro	1068.654	699.980	1701.432	1474.585	1776.395	2775.410	5754.656	1393.624	1600.190	850.000	1280.000	2033.333
VIC Regional	1628.061	776.846	534.000	1229.440	1213.848	717.240		714.215	375.575	941.667	1700.000	600.000
Bri Metro	908.434	1027.620	1955.896	1725.400	1557.891	2732.365	1217.820	541.424	1030.977	600.000	5750.000	1375.000
QLD Regional	889.795	1255.471	889.279	1554.574	1897.175	1795.412		1527.530	1480.308	1172.727	2033.333	6000.000
Ade Metro	770.776	705.733	1507.417	1734.254	1141.651	2109.748	3970.148	566.582	1521.052	522.222	1440.000	900.000
SA Regional	1695.238	515.426	384.708	793.450	707.177	544.747		517.497	400.886	180.000	1150.000	1100.000
Perth Metro	1073.686	930.516	1816.256	1570.134	2259.077	1554.944	1202.899	1856.859	1447.961	690.909	2833.333	833.333
WA Regional	722.367	548.824	869.614	785.182	1502.956	1204.514	2840.824	819.860	1478.405	480.000	1800.000	1400.000
Hobart	660.221	984.882	639.638	1142.008	947.649	815.627		461.808	1201.307	400.000		250.000
Tasmania Regional		677.663	601.606	795.635	961.136	811.838	273.924	2180.828	788.375	750.000	400.000	600.000
NT		254.923	338.140	345.851	468.019	539.919		1358.058	786.575	125.000	1300.000	600.000
ACT	457.888	793.373	996.074	1128.961	994.214	1141.924	1508.081	1638.994	265.156	1100.000	366.667	

The weights were derived by comparing the sample counts for sub-populations with corresponding sub-population counts as determined by the ABS using the *Employee, Earnings and Hours, 2006* and *Labour Force, 2006* surveys. The population counts were then divided by the sample counts, establishing a weight for particular populations. The weights adjusted for age, sex, location and union membership combined with labour force participation. Missing age data was imputed by a regression using job tenure, occupation, marital status, presence and age of children and income. The population weights used in reporting are provided in Appendix Table 3.

The impact of the weighting is illustrated in Appendix Table 4. To give an indication of how the weighting has affected the proportion of location we have provided a summary of geographical region using State. The table shows that union members over the age of 25 have been weighted down, in line with known union membership rates.

A5 Comparisons with ABS data

Estimate discrepancies are expected in surveys which do not include the whole population. Chapter 2 has gone into some detail in comparing Australia at Work data with ABS data. On an industry basis, workers from education and training are over-represented, while people working in construction are under-represented. All other industries are within a 1 per cent range from ABS data. Blue-collar workers are therefore likely to marginally under-represented. Australia at Work over-samples managers and professionals, and under-samples technicians & trade workers. Casual employees are under-represented, with a weighted sample size of 22 per cent of employees, compared to the ABS figure of 25 per cent. Australia at Work also under-represents private sector workers, with 67 per cent of employees working in the private sector, compared to the ABS estimate of 81 per cent.

Australia at Work uses some alternative definitions to the ABS, which can result in differing data. For example, Australia at Work defines part-time and full-time employment differently to the ABS (see Chapter 2). Using the ABS definition the Australia at Work sample has over-represented part-time employment. This may have led to the underestimation of full-time workers. This is likely to have impacts on the results regarding long hours of work and working hour preferences. Household telephone surveys are likely to exclude time poor respondents.

Appendix Table 4 Weighted and non-weighted sample, 2007, per cent

Non-weighted	Males			Female			Total
	16-24	25-44	45-58	16-24	25-44	45-58	
<i>Location</i>							
New South Wales	24.8	23.9	37.4	24.7	39.5	40.2	32.5
Victoria	19.6	23.7	23.2	24.0	21.8	22.2	22.6
Queensland	20.2	21.6	14.5	20.5	15.2	12.6	17.3
South Australia	10.4	7.7	10.1	8.8	9.1	8.5	8.9
Western Australia	10.4	7.7	10.1	8.8	9.1	8.5	9.5
Tasmania	3.7	3.6	2.7	3.3	2.7	4.0	3.3
Northern Territory	3.6	2.4	2.4	3.4	2.4	2.2	2.6
ACT	3.6	5.7	2.3	2.7	2.3	2.2	3.3
<i>Union membership 2006</i>							
Union member	12.5	22.2	28.7	10.7	24.0	31.0	23.3
Non-union member	66.2	54.5	39.0	70.5	60.0	50.6	54.6
Self-employed	4.6	19.6	28.9	2.5	12.4	14.8	16.2
Unemployed	16.6	3.7	3.4	16.3	4.5	3.5	6.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Weighted							
<i>Location</i>							
New South Wales	31.4	32.9	31.2	29.8	32.7	32.3	37.0
Victoria	23.6	25.3	23.3	25.0	25.4	24.6	22.3
Queensland	21.8	19.5	18.5	21.9	20.0	19.3	15.4
South Australia	7.4	7.2	7.3	7.4	7.0	8.0	8.8
Western Australia	11.0	10.4	10.1	11.0	9.8	10.3	8.8
Tasmania	2.2	2.0	7.2	2.0	2.1	2.6	3.2
Northern Territory	1.0	1.0	0.9	0.8	1.1	1.0	2.5
ACT	1.6	1.7	1.6	2.1	1.9	1.9	2.4
<i>Union membership 2006</i>							
Union member	11.6	16.7	20.5	8.0	15.4	23.9	16.8
Non-union member	67.0	62.1	56.3	75.4	68.5	61.9	64.2
Self-employed	9.2	17.3	20.3	6.3	11.0	11.2	13.7
Unemployed	12.1	3.9	2.9	10.3	5.1	2.9	5.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Australia at Work W1

A6 Cell sizes and statistical significance

A sample size of 8,343 has enabled the data to be disaggregated during analysis while still providing large enough sub-population sample counts to be considered statistically significant. Statistics referred to in the text of the report have been based on analysis of cells with no less than $n=80$. It has been indicated in the tables where the cell size is $n<30$. Appendix Table 1 gives some indication of the broad cell sizes for age, location and gender. More detail is in Appendix Table 5, detailing the cell sizes for key variables of analysis used in the report, to provide an indication of representativeness of the data.

Appendix Table 5 Cell sizes for key units of analysis, 2007, count

Non-weighted	Males	Females	Total
<i>Same job or business</i>			
Same job or business (incl. promotion)	3421	2970	6391
Different job or business	599	530	1129
Job in 07 not in 06	139	147	286
Job in 06 not in 07	169	155	324
No job in 06 and 07	110	103	213
Total	4438	3905	8343
<i>Self-employment status</i>			
Self-employed	900	449	1349
Employee	3259	3198	6457
Total	4159	3647	7806
<i>Skill level</i>			
Level 1	1658	1399	3057
Level 2	422	431	853
Level 3	764	297	1061
Level 4	763	937	1700
Level 5	532	577	1109
Total	4139	3641	7780
<i>Occupation</i>			
Managers	773	430	1203
Professionals	1004	1068	2072
Technicians and Trades workers	834	163	997
Community and Personal Service workers	216	518	734
Clerical and Administrative workers	337	839	1176
Sales workers	250	390	640
Machinery Operators and Drivers	356	33	389
Labourers	369	201	570
<i>Self-reported agreement type</i>			
Award	861	1203	2064
Over-award	285	297	582
Collective agreement	889	679	1568
Individual (common law) contract	656	443	1099
AWA	210	141	351
– with negotiation opportunity	122	70	192
– without negotiation opportunity	88	71	159
Other	10	4	14
No agreement	138	145	283
Don't know/refused	241	302	543
Total	3290	3214	6504

Source: Australia at Work W1

Appendix B Summary data on industrial instrument coverage

There has been no consistent time series of statistics summarising trends in agreement and award coverage in Australia. The material summarised in Table B 2 consolidates material collected from a variety of sources. These have been as follows:

- *ABS material collected as a by-product of its annual and sometimes biennial collection of detailed data on the distribution of hours and earners.* Data on award coverage was collected in 1990, 2000 and subsequent years. Earlier versions of this survey (i.e. in the 1980s) also collected data on over-award payments.
- *Data collected by the Federal Department of Workplace Relations, previously known as Industrial Relations.* This material was collected as part of the first two AWIRS surveys (Callus et al., 1990 & Morehead et al., 1997). The Department also commissioned occasional surveys to monitor workplace bargaining in 1995, and the incidence of Safety Net Adjustments in 1999/2000.
- *Data collected by State Governments as part of their State Workplace Industrial Relations Surveys (SWIRS).*

Each of these sources used different units of analysis and reporting.

- The ABS material collects data from a random sample of all employers paying pay roll tax, primarily from their pay roll clerks. It is collected to gather data on pay rates for particular occupations. Aggregated estimates of coverage of different modes of pay determination are collected as an adjunct to this primary purpose.
- The AWIRS surveys were collected from random sample of workplaces (i.e. not enterprises) generated by the ABS with five (and sometimes only twenty) or more employees. The data was gathered from the person with the most responsibility for human resources and industrial relations within the workplace.
- The other surveys collected samples of employers from registers like Dunn and Bradstreet, as well as Telstra's Yellow Pages directory. The size of the organisations varied between surveys. The WPB survey gathered data from workplaces with ten or more employees. The state WIRS gathered data from workplaces with five or more employees, and the respondent was similar to that for the AWIRS study (i.e. the person with the most responsibility for human resources and industrial relations within the workplace).

No matter what the unit of analysis or who responded, the data collected allowed estimates of employee coverage of different modes of wage determination to be generated. Surveys that were not strictly comparable were also examined. Prime among these was the award and agreement coverage data collected as part of the Business Longitudinal Survey conducted by the Bureau of Industry Economics/Industry Commission/Productivity Commission in the late 1990s. Details on where the findings of

these surveys were published are provided in the reference list at the end of this attachment.

A factor that renders the construction of a time series particularly difficult is the fact that different surveys have used different categories when reporting their findings. The key problem here has been the different conventions followed in reporting on workers covered by over-awards and individual common law contracts. The ABS, the most widely quoted source of information on this topic, used to gather data on over-awards but no longer does so. Rather, it uses the catch all term 'individual arrangements.' This combines the number of employees free of awards and registered agreements, along with those on over-awards - a highly heterogeneous combination of approaches to wage determination. In contrast, the surveys conducted by the Federal Industrial Relations and Workplace Relations Department and by State Government agencies have always tried to capture and report separately on information about over-awards. A consolidation of all the relevant data is provided in Appendix Table 7. This has been laid out so that the reader can easily compare data from a cross section perspective, as well as over time. Additional material on the spread of registered agreements over a more irregular period is provided in Appendix Table 6.

Appendix Table 6 The Spread of Enterprise Agreements: 1989 to 1995

Year	% of employees covered
1989	23 ^(a)
1992	28^(b)
1994	35 ^(c)
1995	35 ^(d)
2000	35-40 ^(e)

- a) This estimate is derived from unpublished information available in the Australian Workplace Industrial Relations Survey (AWIRS). That survey collected data on the situation prevalent in Australian workplaces in late 1989. The statistic refers to the proportion of employees covered by what were then known as 'Certified or Registered Agreements'. Data on unregistered agreements have been excluded because at that time they generally did not contain wage increases. The population for this estimate consists of all employees working in locations with 20 or more workers, in all industries other than agriculture and defence. The sample size was 2004 workplaces. For more details on AWIRS see Callus et al., 1991.
- b) This statistic has been taken from Short et al., 1993, Table 6. It refers to the proportion of employees covered by local written agreements, both ratified and unratified, in late 1992. The population for this survey was the same as for AWIRS. The sample was 700 workplaces.
- c) This statistic is taken from data collected from the Department of Industrial Relations' (DIR) 1994 workplace bargaining survey. It refers to the proportion of employees covered by registered and written unregistered agreements. The population consisted of employees working in workplaces with 10 or more employees. The sample size was 1060 workplaces. More details about this source can be obtained from DIR. See also Agreements and Data-base Monitor (ADAM) Report No. 7, December 1995: 10 and ADAM Report No. 9, July 1996: 20.
- d) Details similar to those for note (c) above. See especially DIR's report on enterprise bargaining for 1995. A summary of all relevant material is provided in Buchanan et al., 1997.
- e) Estimates derived from splicing information from ABS, Employee Earnings and Hours, Australia, May 2000 Cat No 6305.0 and Joint (Coalition) Governments' Submission, Safety Net Review – Wages, 1999-2000, Commonwealth Department of Employment, Workplace Relations and Small Business, Canberra, 2000 p. 96

Appendix Table 7 Incidence of different industrial instruments, estimates from different sources, Australia 1990, 1995, 2000, 2006

Year	Type of Instrument						Other				Summary Measures			
	Award Only (1)		Enterprise Agreements (2)		Over Award (3)		Unregistered Individual Agreements (4)		Registered Individual Agreements (5)		Underlying Award Coverage (1 +2 +3)*		'Individualised' Arrangements (3+4+5)	
	ABS	Other	ABS	Other	ABS	Other	ABS	Other	ABS	Other	ABS	Other	ABS	Other
1990			-											
ABS	66.6			-	13.4		20.0		NA		80		34.4	
AWIRS		45		23		31		1		NA		99		32
1995														
ABS	-				-		-			NA			-	
AWIRS		33		44								100		
WBS				35		13-23		9				81		32(37)
														22
2000														
ABS	23.2		36.7		-		30.6 ²²		1.8		59.9		32.4	
DEWR (SNA)		22		42		22		14		-		86		36
2006														
ABS	19.0		41.1		-		31.7		3.1		54.1		34.8	
SWIRS		15		29		24		30		3.4		64		57.4

Sources: ABS, *Incidence of Awards Survey*; ABS, [May survey for over-award data] *Employee Earnings and Hours*; AWIRS: Callus et al., 1990 and Morehead et al., 1997; WBS (Workplace Bargaining Survey) as reported in DIR, Report on Enterprise Bargaining, 1995; DEWR (Department of Employment and Workplace Relations) *Joint (Coalition) Governments' Submission, Safety Net Review – Wages, 1999-2000*, Commonwealth Department of Employment, Workplace Relations and Small Business, Canberra, 2000 p. 96.

²² Excludes owner managers of incorporated entities.

The material summarised in Appendix Table 6 has been used to generate indicative estimates of agreement and award coverage based on a blend of information from the best available sources. The reasoning behind the blending for each year can be summarised as follows:

1990: Start with the ABS estimate of award coverage of 80 per cent and award-free coverage at 20 per cent. From the estimate of award coverage, subtract the number of employees getting over-awards. According to unpublished ABS data released for a Human Rights and Equal Opportunity Study into over-awards, these arrangements covered 13.4 per cent of employees in 1990. According to AWIRS 1990 data reported in Morehead et al, in workplaces with five or more employees 31 per cent of these employees were reported by managers as being on over-awards. Based on this, we propose raising the estimates of those on over-awards to 15 per cent. It is then necessary to separate out the number of employees in 1990 covered by collective agreements. While the ABS noted that in very few cases these collective agreements operated independently of awards, it is worth separating these figures in order to generate an estimate of those totally reliant on awards. In the AWIRS 20+ sample, those on certified or registered agreements numbered 23 per cent. Given that such agreements rarely existed in smaller workplaces, and this is probably an over-estimate for the entire population of employees, we rounded this estimate down to 20 per cent. Subtracting over-award (15%) and registered/certified agreement (20%) employees results in a total of 45 per cent of employees most likely to be totally dependent on awards. From AWIRS 90 data it appears that workplaces on unregistered collective agreements also had either over-awards or registered agreements as well. These have, therefore, not been separately deducted from the aggregate award coverage number.

1995: There are no ABS estimates to work with in this year. We started our calculation with the AWIRS 95 sample, particularly in relation to the coverage of enterprise agreements. The AWIRS 20+ estimates put employee coverage at 44 per cent, but the Workplace Bargaining Survey of the same year with a 10+ population put the estimate at 35 per cent. For the population of employees as whole we set designated certified agreement coverage at 30 per cent. The AWIRS 20+ sample estimated award coverage at 33 per cent. Given the size effect we increased this proportion to 40 per cent because the smaller the workplace the greater the likelihood of reliance primarily on awards. This left a residual of 30 per cent encompassing over-awards and common law contracts. AWIRS reported 13 per cent of employees covered by over-awards in 20+ workplaces and 23 per cent coverage in 5+ workplaces. In 20+ workplaces individual contracts were reported as covering 9 per cent of employees. We then estimated over-awards at 15-20 per cent and individual contracts at 10 to 15 per cent.

2000: Start with the ABS estimates. Award only employees equalled 23.2 per cent, those on registered enterprise agreements at 36.7 per cent and on AWAs at 1.8 per cent. We subtracted OMIE results in 66.7 per cent of covered formal arrangements. This left 33.3 per cent of employees on awards and common law arrangements. We then took the DEWR

estimates for determining the ratio of over-awards to common law contracts. That ratio was 22:14. Applying this to ABS residuals gave an estimate of over-awards at 21 per cent and common law contracts at 13 per cent. These estimates should be checked against Iain Campbell's work in Labour and Industry which applies a different mode of reasoning.

2005/06: Start with the ABS data for estimates of award only, registered enterprise agreements and registered individual agreements. Then take ESWIRS to apportion ABS 'individual arrangements' between over-awards and individual common law contracts. This means 60 per cent on awards and certified agreements. From ESWIRS get the ratio of 24:30, assuming OMIE are in other individual arrangements. We simplified and made the ratio 1:1 and therefore split the ABS residual evenly at between 15 and 20 per cent each for over-awards and individual common law contracts.



For Further Information

Workplace Research Centre

Storie Disxon Wing H10

The University of Sydney NSW 2006

Website: www.wrc.org.au

Ph: 02 9351 5626

Fax: 02 9351 5615