

Labour Markets and Wages in Australia: 2011

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Abstract

In a context of international economic uncertainty and uneven domestic economic performance, labour market outcomes showed considerable diversity of outcomes. Wide ranging outcomes in both employment numbers, patterns of full-time and part-time work, labour utilization and changes in earnings were evident across and within industries. Men's full-time employment appears to be one labour market area that is experiencing particular decline as casualisation of the workforce continues and men's traditional industries of employment experience subdued economic growth. Women's employment appears to be faring relatively well in terms of growth but large and persistence gender pay gaps remain evident in particular feminized industries, including Financial and insurance services and Health and social assistance. Predictions made earlier this decade that population ageing might ensure relative stability in employment among younger workers have not yet been fulfilled. Younger workers continue to experience relatively high levels of unemployment and underutilization, with the immediate employment experiences of younger men being relatively unfavourable compared with younger women in the workforce.

Introduction

By the end of 2011 international concerns dominated media discussions about the economic context in which Australian firms and labour operated. Expectations of a second global financial crisis were fueled by heightened concerns about European sovereign debt default risks. Greece was increasingly at risk of defaulting and Portugal, Ireland, Spain and Italy were also considered at risk. Australia, however, continued to benefit from the surge in growth in Asia and its associated demand for resources. Notwithstanding the wealth effect from a strong terms-of-trade, consumers remained cautious and national spending modest. By the middle of the year fears of rising inflation began to ebb, allowing the RBA to cut interest rates in both November and December in an effort to boost demand in struggling sectors in trade-exposed sectors such as manufacturing and tourism.

As Australia undergoes structural shifts underpinned by continued strong demand for mineral and energy resources, some commentators have begun to question the downsides of the mining boom. Some warn of the Dutch disease (a term used to refer to the Netherland's experience of declining manufacturing following the discovery of natural gas and an associated surge in the terms of trade). Others believe this to be an unprecedented opportunity (Deloitte, 2011). Whether one agrees with the discussion of the Dutch disease or a two speed economy, there is little doubt that the outcomes in Australia's labour markets are far from consistent across all sectors or industries. Instead, movements in employment and wages outcomes varied between industries with some showing ongoing steady growth and other labour market areas experiencing anything from strong growth to declining employment and wage outcomes.

Macroeconomic Context 2011

An overview of key macroeconomic indicators provides insights into some of the specific challenges facing labour markets throughout the year. Table 1 lists selected key macroeconomic indicators for 2010-2011 including GDP growth, CPI, interest rate, retail turnover, housing approvals and business investment.

Annual growth in GDP in the year to June 2011 was a relatively low 1.4 per cent, suggesting a drop in aggregate economic activity from the 3.3 per cent recorded in the previous year

and a significant drop from the 4.3 per cent recorded in the 12 months preceding the financial crisis of September 2008 (ABS 2010a). The growth rate of 1.2 per cent in the June 2011 quarter may provide some optimism for a trend towards an increase in activity, although as mentioned above, considerable international uncertainty makes it difficult to predict future developments in this area.

Modest GDP growth was accompanied by an annual increase in the consumer price index of 3.5 per cent, higher than the 2.8 per cent recorded for the same period last year. This was accompanied by two reductions in the Reserve Bank of Australia's official interest rates of 25 points in November and December taking the cash rate to 4.25 per cent at the end of 2011. Turnover in the retail sector remained relatively subdued but was higher than 2010 indicators, while motor vehicle sales and business investment showed some improvements. Approvals for dwelling units declined by 12.0 per cent in the year to September 2011. This decline followed a decline 11.6 per cent in the previous year and represents a strong contrast with predictions over recent years for high housing demand (Lawless 2011). The lack of consistency across all these broad indicators suggests uneven outcomes across the economy. This is a theme that is mirrored in Australian labour market indicators, to which we now turn.

Table 1: Selected macroeconomic indicators 2010-2011

GDP growth	June quarter 2011	Year to June 2011	June quarter 2010	Year to June 2010
% change ^(a)	1.2	1.4	1.2	3.3
Consumer Price Index ^(b)	June – Sep Quarter 2010	Year to Sep 2010	June – Sep Quarter 2010	Year to Sep 2010
% change	0.6	3.5	0.7	2.8
RBA cash rate	7 Dec 2011	4 Nov 2011	3 Nov 2010	5 May 2010
% ^(c)	4.25	4.50	4.75	4.50
Retail Turnover	June to Sept 2011	March to June 2011	Dec 2010 to March 2011	Sept to Dec 2010
% Change (volume) ^(d)	0.6	0.3	0.0	-0.3
Motor vehicle sales	Month to Sep 2011	Year to Sep 2011	Month to Sep 2010	Year to Sep 2010
% change ^(e)	1.1	4.4	-0.6	3.3
Dwelling unit building approvals	Month to Sep 2011	Year to Sep 2011	Month to Sep 2010	Year to Sep 2010
% change ^(f)	-13.6	-12.0	-6.6	-11.6

Business investment	Year to June 2011	Year to March 2011	Year to Dec 2010	Year to Sep 2010
	10.5	9.2	0.2	5.2
% change (g)				

Sources: (a) Chain volume measure, seasonally adjusted, ABS (2011a) Catalogue 5206.0; (b) ABS (2011b) Catalogue 6401.0; (c) Selected rates, Reserve Bank of Australia (2011); (d) Seasonally adjusted, ABS (2011c) Catalogue 8501.0; (e) Seasonally adjusted, ABS (2011d) Catalogue 9314.0 (f) Seasonally adjusted, ABS (2011 e) Catalogue 8731.0; (g) Melbourne Institute (2011).

Employment Outcomes - Australia 2011

Despite some areas of modest growth in specific macroeconomic indicators, aggregate unemployment rose slightly from 5.2 to 5.3 per cent over the year to October 2011, as shown in Table 2. Men seeking full-time work were a major factor reflected in this increase. In the year to October 2011 the number of men seeking full-time work increased by 12.3 per cent, compared with 0.4 per cent among women. Employment growth was evident among women, with overall growth in employment numbers of 1.6 per cent reflecting similar rates of growth in both women's full-time and part-time employment. In contrast, a 0.1 per cent increase in the number of men employed reflected a decline in the number of men employed part-time and only modest growth of 0.3 per cent in the number employed of men employed full-time.

Table 2: Selected Indicators of Labour Force Status: October 2010 –October 2011

Australia

Month/year	Employed full-time '000	Employed part-time '000	Employed total '000	Unemployment - looking for full-time work	Unemployment rate (pt and ft) %	Participation rate %
Males						
Oct-10	5195.2	1021.2	6216.4	249.7	4.6	72.7
Oct -11	5211.8	1008.1	6219.9	280.3	5.1	72.3
% change Oct 10-11	0.3	-1.3	0.1	12.3		
Females						
Oct -10	2798.3	2351.3	5149.6	182.3	5.4	59.0
Oct -11	2842.6	2390.8	5233.4	183.0	5.3	59.1
% change Oct 10-11	1.6	1.7	1.6	0.4		
Persons						
Oct -10	7993.5	3372.5	11366.0	432.0	5.2	65.8
Oct -11	8054.4	3398.9	11453.3	463.4	5.3	65.6
% change Oct 10-11	0.8	0.8	0.8	7.3		

Source: ABS (2011f) Catalogue 6202.0 trend series.

Table 3: Unemployment rates by State, age and sex, November 2011

	Male unemployment rate %	Female unemployment rate %	Persons unemployment rate %
New South Wales	5.2	5.5	5.3
Victoria	5.5	5.4	5.4
Queensland	5.7	5.9	5.8
South Australia	5.6	4.9	5.3
Western Australia	4.3	4.1	4.2
Tasmania	5.7	4.9	5.3
Northern Territory	4.2	4.3	4.2
ACT	3.9	3.9	3.9
15 – 24 year olds Australia	12.0	10.6	11.4
Total	5.3	5.3	5.3

Source: ABS (2011f) Catalogue 6202.0 trend series

Table 3 provides a summary of unemployment rates by State, age and sex at November 2011 and shows that total unemployment is relatively low in Western Australia, the Northern Territory and the Australian Capital Territory (ACT). Male unemployment rates of 5.6 and 5.7 percent are considerably higher than the comparable female rates of 4.9 and 4.9 per cent in South Australia and Tasmania. Unemployment rates among 15 to 24 year olds are more than double the national average for all persons and we consider this section of the workforce in a later section of this article. Unemployment rates among young males are higher than for young females, reflecting higher male unemployment rates among men in the workforce generally.

The contrasting employment growth among men and women is likely to be the result of very different patterns of employment in the industry sectors in which their employment is concentrated. Table 4 shows the total change in the number of employees by industry and the shift *within* each industry in the year to August 2011 of the proportion of men and women employed full-time and part-time. This, for example, shows that there was an overall increase of 14.05 per cent in the number of employees working in the mining industry. Within this overall increase, there was a shift of 1.55 percentage points in the proportion of the mining workforce who are females working part-time and a corresponding small decline in the number of men and women working full-time and the number of men working part-time.

Full-time men’s employment as a percentage of overall industry employment declined in eight industries: Mining; Electricity, gas, water and waste services; Construction; Wholesale trade; Accommodation and food services; Information and telecommunications; Finance and insurance services; Administrative and support services; and Arts and recreation services. In some industries, growth in the number of employees suggests that while the share of industry employment undertaken by male full-time workers may have declined, the number of full-time male employees may have increased. This is the case with the mining industry, for example. In other industries, however, the decline in the share of employment in men’s full-time work has been accompanied by a decline in the overall number of employees. Such industries include: Electricity, gas, water and waste services; Wholesale trade; and Information median and telecommunications. These industries employ a larger proportion of men than women and appear to be part of the shift away from men’s full-time employment across the economy.

In terms of employee numbers, the fastest growing industries, with at least five per cent increases, were: Mining; Arts and recreation services; Finance and insurance services; Administrative and support services; and Accommodation and food services. The two smallest of the industries in terms of employee numbers, Mining and Arts and recreation services, have a majority of male employees, while the three larger industries have relatively feminized workforces. In contrast, the largest overall reductions in employment numbers were in Agriculture, forestry and fishing, Manufacturing and Construction, each of which have a majority of men employees. Again, this is a factor contributing to women’s relatively better aggregate employment outcomes discussed above.

Table 4: Employment by industry and sex (August 2011) and shifts between full-time and part-time employment by industry and sex (August 2010 to August 2011)

	Male			Female			Total
	Employed Aug 2011 ('000)	Change full-time (%point)	Change part-time (%point)	Employed Aug 2011 ('000)	Change full-time (%point)	Change part-time (%point)	Change in number employees % Aug 10 - 11
Agriculture forestry and fishing	222.11	0.98	-0.38	90.92	1.62	-2.22	-16.84
Mining	191.76	-0.22	-0.96	34.20	-0.37	1.55	14.05
Manufacturing	695.48	0.31	0.18	250.12	-1.06	0.56	-5.38
Electricity, gas, water and waste services	104.23	-8.11	3.73	37.45	1.50	2.88	-4.75
Construction	906.70	-1.01	0.21	125.09	0.60	0.20	3.10

Wholesale trade	272.01	-0.37	1.37	134.76	-0.41	-0.59	-2.81
Retail trade	542.15	1.45	0.22	677.81	-0.39	-1.27	1.33
Accommodation and food services	337.06	-1.34	2.23	443.11	-0.81	-0.08	5.78
Transport, postal and warehousing	459.01	1.29	-1.21	124.49	-0.49	0.42	2.22
Information media and telecommunications	114.14	-1.02	4.24	90.24	-2.01	-1.19	-3.16
Finance and insurance services	195.47	-2.74	2.37	235.63	-1.41	1.78	8.45
Rental, hiring and real estate services	101.00	0.75	0.03	92.95	0.27	-1.06	-5.34
Professional, scientific and technical services	509.39	0.82	-0.48	368.27	-0.82	0.48	2.56
Administrative and support services	196.01	-0.17	-0.52	211.21	0.50	0.20	6.02
Public administration and safety	394.58	1.48	-2.01	339.78	-0.05	0.57	4.81
Education and training	267.77	0.93	-3.92	599.12	0.60	2.39	-2.36
Health care and social assistance	285.41	1.04	0.25	1037.48	-0.44	-0.86	3.67
Arts and recreation services	105.65	-3.80	0.54	102.76	-0.31	3.57	12.73
Other services	265.38	0.76	0.25	183.99	-1.43	0.42	-0.41
Total Industry	6 165.32	-0.05	0.02	5 179.37	-0.28	0.31	1.22

Source: ABS (2011f) Catalogue 6202, original series.

Despite the apparent shift away from men's full-time employment, labour underutilization among both men and women remained relatively stable from August 2010 to August 2011, dropping just 0.1 per cent overall (Table 5). Thus, the increase in male unemployment and relative decline in male full-time employment noted in Table 1, above, have not translated into a similar increase in underutilization.

Table 5: Labour Underutilisation August 2004 - 2011

	All persons %	Males %	Females %
August 2004	12.4	10.3	15.1
August 2005	11.3	9.9	14.2
August 2006	11.3	9.5	13.5
August 2007	10.7	8.6	13.1
August 2008	10.3	8.2	12.8
August 2009	13.9	12.6	15.3
August 2010	12.3	10.5	14.5
August 2011	12.2	10.3	14.5

Source: ABS (2011f) Catalogue 6202.0, trend series.

The relatively stable rates of underutilization might be related to recent increases in the average number of hours worked since August 2009 when average hours among both full-time and part-time employees reached their lowest level since August 2004 (Table 6). This might suggest that most men in employment consider their hours to be sufficient and thus those in employment are not contributing to higher rates of underutilization through a wish to work more hours.

Table 6: Average Monthly Hours Worked by sex and full-time and part-time employment, Australia August 2004 - 2011

	Full-time employees			Part-time employees			All employees		
	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
Aug 2004	179.3	161.8	173.3	67.5	69.5	68.9	162.8	120.2	143.8
Aug 2005	179.2	162.1	173.4	68.8	70.5	70.0	163.0	120.3	143.8
Aug 2006	178.4	161.7	172.6	69.5	70.2	70.0	161.9	120.6	143.2
Aug 2007	176.9	160.2	171.1	68.5	70.1	69.6	160.7	120.0	142.3
Aug 2008	177.7	161.4	172.0	69.4	70.9	70.5	161.7	121.1	143.3
Aug 2009	175.1	159.4	169.6	68.0	69.9	69.4	157.5	118.6	139.7
Aug 2010	176.6	159.7	170.7	69.3	70.9	70.4	159.0	119.1	140.9
Aug 2011	177.5	160.7	171.6	69.6	71.1	70.7	159.9	119.7	141.6

Source: ABS (2011f) Catalogue 6202.0, trend series

Wages Outcomes – Australia 2011

Changes in average weekly earnings of persons employed full-time

Despite the ongoing and growing importance of part-time employment among men and women, our knowledge of wage outcomes in Australia’s labour markets is limited to data relevant to full-time employees. Our focus on the earnings of persons employed full-time stems from the relative lack of regular timely data on hourly earnings for both part-time and full-time employees. While the Household Income and Labour Dynamics Australia (HILDA) survey includes some data for hourly earnings of both part and full-time employees, a lag of almost one year between the completion of fieldwork and the release of data make this data more appropriate for the examination of longer term trends rather than annual reviewsⁱ. In order to make some comparison of earnings between 2010 and 2011, we use full-time earnings data and assume that these reflect wages for a relatively constant number of hours worked by full-time employees throughout this period. Given the ongoing shift from full-time to part-time employment across a range of industries, the focus on full-time earnings continues to provide a partial and declining sector of the workforce. This is an important limitation of earnings data.

Table 7 lists percentage changes in average weekly ordinary time earnings and total earnings for men and women full-time employees between August 2010 and August 2011, according to industry of employment. Again, there is no clear pattern of change across industries. Instead, changes in earnings ranged from a high of 14.6 per cent increase among women

employees in the Wholesale trade sector to a decline of -3.4 per cent among women in Administrative and support services. In this context, it is difficult to attach a specific interpretation of an average increase in ordinary time earnings of 5.7 per cent for men and 4.4 per cent for women, as only a small number of industries had earnings changes close to these levels.

One of the key difficulties with comparing annual average earnings data is that it does not account for possible changes in the composition of the workforce. We consider this issue further below, by examining wage price index data which addresses this issue. However, one of the disadvantages of wage price index data is that it does not allow for comparisons between men's and women's wages growth and, in this regard, average wage rates demonstrate some interesting contrasts. In the Health care and social assistance industry, men's ordinary time earnings increased by 10.9 per cent during the year to August 2011, while women's increased by a considerably lower 4.4 per cent. While the percentages are much lower, men's earnings in the Finance and insurance industry increased by 3.2 per cent, again more than double the increase in women's average earnings of 1.4 per cent. In other industries, the reverse was true, with women's average ordinary time earnings growing faster than men's, such as Retail trade (7.2 per cent compared with 0.3 per cent), Accommodation and food services (5.9 and 2.9 per cent) and Other services (6.3 and -0.3 per cent). The lack of consistency across industries suggests that analysis and policy based on national average earnings data for all industries are likely to neglect important differences between and within specific industry sectors. The AWOTE data provided above are adequate for identifying possible contrasts between different industries but also reinforce the need for further detailed industry level data and analysis.

An example of the need for detailed analysis within specific sections of the labour market was perhaps most evident in the equal remuneration case held before Fair Work Australia in 2011. In this case, historical, social, political and economic factors were all shown to be relevant factors to the patterns of work and pay among social and community care workers. In a context of changing patterns of working hours and diverse wage outcomes, there is an apparent for detailed industry and sub-industry level data and analysis. This, rather than the

percentage changes, might be one of the key conclusions to be drawn from the data in Table 7.

Table 7: Average weekly ordinary time earnings for full-time employees at August 2011 and changes in AWOTE and total full earnings between August 2010 and 2011; by industry and sex

	Males			Females		
	% change Aug10-Aug11		AWOTE \$ at Aug 11	% change Aug10-Aug11		AWOTE \$ at Aug 11
	ordinary	total		ordinary	Total	
Mining	4.6	4.8	2229.40	4.7	5.2	1727.10
Manufacturing	3.6	2.9	1229.10	-0.7	1.1	992.20
Electricity, gas, water and waste services	3.4	4.0	1532.70	5.8	5.7	1310.90
Construction	5.8	4.5	1387.70	7.2	6.4	1152.70
Wholesale trade	11.4	11.5	1388.10	14.6	14.0	1119.80
Retail trade	0.3	0.2	977.50	7.3	7.2	935.00
Accommodation and food services	2.9	3.9	994.70	5.9	6.7	895.50
Transport, postal and warehousing	6.6	5.7	1292.90	4.8	3.5	1173.70
Information media and telecommunications	4.1	3.5	1664.20	3.4	3.9	1354.30
Finance and insurance services	3.2	2.9	1853.10	1.4	1.3	1235.80
Rental, hiring and real estate services	1.8	3.4	1397.90	-1.3	-1.5	1020.90
Professional, scientific and technical services	5.8	6.4	1780.60	0.1	0.3	1256.80
Administrative and support services	-2.8	-1.9	1259.20	-3.4	-3.4	1032.90
Public administration and safety	2.0	2.4	1429.40	3.2	3.2	1326.60
Education and training	4.4	4.4	1486.90	3.9	3.8	1340.20
Health care and social assistance	10.9	10.5	1615.20	4.4	4.5	1107.60
Arts and recreation services	5.2	5.2	1283.80	4.7	4.8	1048.20
Other services	-0.3	-3.7	1086.30	6.3	6.0	970.60
Total Industry	5.7	5.4	1419.10	4.4	4.4	1165.00

Source: ABS (2011h) Catalogue 6302.0, tables 10 a, b, e and d, original series.

Over the past two years, ordinary time wages growth for women in the private sector has been relatively lower than that for men in the private sector and among public sector employees. In the year to August 2011, this has altered, with private sector earnings among women working full-time increasing by 4.4 per cent, the same percentage change as for men and relatively close to the 4.7 per cent and 4.5 per cent experienced by full-time public sector employees (Table 8).

Table 8: Annual Growth Rate of Average Ordinary Time Earnings (%) by Sex and Sector, August 2006 to August 2011

	Males; Full-Time; Private sector ;	Females; Full- Time; Private sector ;	Males; Full-Time; Public sector	Females; Full- Time; Public sector
Aug-06	4.9	2.7	4.7	5.1
Aug-07	3.8	4.2	3.6	3.7
Aug-08	5.3	5.8	3.0	3.7
Aug-09	6.4	4.4	5.2	5.5
Aug-10	6.3	4.2	6.5	5.8
Aug-11	4.4	4.4	4.7	4.5

Source: ABS (2011f) Catalogue 6202.0, tables 6 and 9, original series. Estimates computed on a four quarter moving average.

Table 9: Average Ordinary Time Earnings Wage Relativities of Public and Private Sector Employees by Sex; August 2006 to August 2011 (Benchmark – Males Employed Full-Time in the Public Sector)

	Males, Full-Time; Private sector	Females, Full- Time; Private sector	Females, Full- Time; Public sector	Males, Full-Time; Public sector
Aug-06	88.2	73.0	87.3	100
Aug-07	88.4	73.3	87.4	100
Aug-08	90.4	75.3	88.0	100
Aug-09	91.4	74.7	88.3	100
Aug-10	91.2	73.1	87.7	100
Aug-11	92.8	72.9	87.6	100

Source: ABS (2011f) Catalogue 6202, tables 6 and 9, original series.

As noted above, average earnings data do not take into account possible changes in the composition of the workforce that might lead to changes to average earnings within an industry. For example, if the profile of employees within an industry had shifted towards those with greater industry experience or education, for example, then the increased average earnings may reflect a shift in the characteristics of employees rather than an increase in pay for employees with a stable set of characteristics. The wage price index is designed to address such compositional issues.

The industry wage price index data in Table 10 demonstrate some differences in the changes of earnings suggested by average earnings data. For example, the growth rates of ordinary time earnings of full-time workers in the wholesale trade sector (11.4 per cent for men and 14.6 per cent women) are relatively high compared with the wholesale trade industry's WPI of 6.2. Similarly the increases in average earnings among men and women in Health care and

social assistance (10.9 and 4.4 per cent, respectively) give a different perspective than the 3.8 per cent increase in WPI. Again, however, there is considerable variability between industries and the average of 4.7 per cent. In general however, the WPI data suggest that the average earnings data for full-timers shown in Table 7 are not indicative of the increases in wage costs being borne by employers in the relevant industries but reflect other factors such as compositional change in their workforces.

Table 10 also contains information about the gender wage ratio for each industry in August 2009 and August 2011. While the overall respective gender wage ratios of 82.5 and 82.1 per cent for the two years show relatively little change, there were considerable variations within industry gender wage ratios in this period. In relatively lower paid, feminized industries such as Retail, Accommodation and food services, there were relatively large increases in the gender wage ratio of 11.2 and 4.9 percentage points respectively. In contrast, there were declines of 3.8 and 4.5 percentage points in Finance and insurance industry services and Transport, postal and warehousing, respectively. In August 2011 there is considerable variability, ranging from 66.7 percent in the Finance and insurance services industry to 95.7 per cent in retail trade. Such 'raw' estimates fail to take into account differences that might be due to factors such as different occupations, levels of education and experience and other factors that might be expected to influence individuals' earnings. However, it is perhaps noteworthy that industries such as mining and construction, sometimes associated with gender wage gaps have comparatively favourable ratios compared with the more highly feminized Finance and insurance services and Health care and social assistance industries. As shown above, these industries also demonstrated both a growth in their overall number of employees (Table 4) and much larger increases in the average earnings of male employees compared with females (Table 7). In addition, there appears to be considerable scope for further detailed study to understand the development and persistence of gaps in these and other industries. As with all areas of labour market analysis, this could be facilitated by the ready availability of regular and systematic collections of hourly earnings data together with other labour market data.

Table 10: Change in Wage Price Index (Hourly rates of pay excluding bonuses) (%) September 2010-11 and Gender Wage Ratio August 2011 by industry and sex

	WPI % change Sept10 to Sept11	GWR (AWOTE) (%) Aug11	GWR (AWOTE) (%) Aug09
Mining	4.4	77.5	77.7
Manufacturing	5.7	80.7	83.0
Electricity, gas, water and waste services	3.4	85.5	87.1
Construction	4.5	83.1	83.1
Wholesale trade	6.2	80.7	80.7
Retail trade	5.2	95.7	84.5
Accommodation and food services	5.3	90.0	85.1
Transport, postal and warehousing	4.4	90.8	95.3
Information media and telecommunications	6.5	81.4	81.1
Finance and insurance services	4.9	66.7	71.5
Rental, hiring and real estate services	5.7	73.0	69.4
Professional, scientific and technical services	4.1	70.6	72.4
Administrative and support services	5.4	82.0	82.1
Public administration and safety	3.6	92.8	92.8
Education and training	3.7	90.1	90.5
Health care and social assistance	3.8	68.6	67.4
Arts and recreation services	5.1	81.6	83.9
Other services	5.7	89.3	79.4
Total Industry	4.7	82.1	82.5

Source: ABS (2010i) Catalogue 6345.0 and Table 5.

Minimum Wage Decision 2011

In a context of widely diverging patterns of wage outcomes, it appears likely that those in with relatively low bargaining power may become relatively more reliant on minimum wage decisions in order to maintain some relativity with the other sections of the labour market. The Wage Review Panel of Fair Work Australia ruled that from July 1 2011, the national minimum wage was increased from \$569.90 per 38 week (\$15.00 per hour) to \$589.30 (\$15.51 per hour). Despite the relative unevenness of economic outcomes across the economy, the Wage Review Panel perceived that Australia's relatively favourable economic context meant that a uniform, percentage increase in award wage rates was warranted:

Labour productivity is growing, the profit share remains at historically high levels and underlying inflation is well within the RBA's medium-term target band. Employment is growing, unemployment is reducing and labour force participation remains high. In the circumstances a significant increase is appropriate which will

improve the real value of award wages and assist the living standards of the low paid. We have adopted a uniform percentage increase. The increase in modern award minimum wages we have decided on is 3.4 per cent. (Fair Work Australia 2011, http://www.fwa.gov.au/decisionssigned/html/Statement_10-11.htm).

The WRP’s 2011 decision to award a percentage increase rather than a dollar increase contrasted with its 2010 decision to award a flat dollar increase. In making this decision, the WRP referred to the compression of wage relativities and lower rewards to skill acquisition that arose from the implementation of flat dollar increases. Loss of relativity with non-award reliant employees was also cited as a reason for awarding a percentage increase in award rates. Submissions that argued for deferring an increase due to either economic conditions or the natural disaster of cyclone Yasi in Queensland were also rejected on the basis that Australia’s economic performance, while uneven, was “quite positive”.

The 3.4 per cent minimum wage increase was granted in the context of a Consumer Price Index in the year to June 2011 of 3.6 per cent (ABS 6401.0) and an increase in average weekly ordinary time adult earnings in the year to May 2011 of 4.3 per cent (ABS 6302.0, trend estimate). It would therefore appear that those reliant solely on award minimum rates of pay would not retain the real value of their wages and unlikely to retain relativity with those on other forms of agreement. In comparison, the average annualized wage increase was 4.0 per cent for all industries under Federal wage agreements (DEEWR 2011). This was the same estimated increase for single enterprise non-greenfield agreements, the largest category of agreement (in terms of number of employees covered). Other forms of agreement had estimated increases ranging from 1.5 per cent to 5.1 per cent, as shown in Table 11, although the majority of employees covered by Federal wage agreements received increases in excess of the 3.4 per cent increase granted to minimum wage workers.

Table 11: Federal Wage Agreements – Average Annualised Wage Increases (AAWI) per employee by agreement type, June 2010 and June 2011

	AAWI % June 2010	Employees '000	AAWI % June 2011	Employees '000
Enterprise Agreements (<i>Fair Work Act 2009</i>)				
Multi Enterprise Greenfields	4.7	0.1	5.1	0.2

Multi Enterprise Non-greenfields	3.7	38.1	3.8	61.2
Single Enterprise Greenfields	4.0	8.5	4.2	32.3
Single Enterprise Non-greenfields	4.1	649.2	4.0	1503.6
Collective Agreements (<i>Workplace Relations Act 1996</i>)				
Union Collective	4.2	946.1	4.1	447.0
Employee Collective	3.7	16.8	3.8	4.6
Union Greenfields	3.8	405.0	3.8	308.2
Employer Greenfields	3.2	29.2	3.5	21.5
Section 170LN	1.5	0.1	1.5	0.1
All Current Agreements	4.1	2362.8	4.0	2570.3

Source: DEEWR (2011), Table 3.

While the implementation of a percentage increase and the recognition of the historically high profit share were significant developments in 2011, it is also the case that the Annual Wage Review was somewhat overshadowed by the Equal Remuneration Case initiated early in 2011. The Equal Remuneration was initiated in March 2010 by five unions representing Social and Community Services (SACS) employees submitted. The unions submitted an application to FWA seeking an equal remuneration order under section 2.7 of the *Fair Work Act 2009* which gives the authority to “make any order it considers appropriate to ensure that, for employees to whom the order will apply, there will be equal remuneration for work of equal or comparable value.” The claim might be broadly described as encompassing two sets of related arguments. The first set argued that SACS employees are predominantly women and that SACS work is undervalued having regard to the nature of the work and the skills and responsibilities involved in performing the work. A second set argued that specific historical and institutional factors have contributed to the ongoing undervaluation of work by SACS employees. Relevant factors included the competitive tendering processes used by governments for providing the funds used to pay the wages of SACS employees and the history of wage regulation in the sector. A decision handed down on 16 May 2011 acknowledged the importance of both these arguments for wages in the sector and the need for further submissions to determine the appropriate quantum of possible wage increases. In November 2011, the Commonwealth Government announced that it would participate in a joint submission to FWA with the relevant unions and provide additional funding of \$2 billion to facilitate payment of increased wages as determined by FWA (Prime Minister of Australia Press Office 2011). This case was an important development that is likely to have ongoing implications in specific areas of Australia’s labour markets and is discussed in detail by Meagher and Cortis (this issue).

Younger Workers in the Labour Market

Earlier this decade it was suggested that young workers (15-24 years) would be increasingly in demand and that “No longer is it purely the case of employees selling themselves to employers; the situation has flipped to an extent” (Rich, 2004 cited in Tresize-Brown 2004, p. 1). One of the distinguishing features of younger workers’ employments is the prevalence of part-time work. Over the last two decades there has been a shift towards higher levels of part-time work amongst young workers, older men and women of prime age (25-44), such that part-time work now accounts for one third of all jobs. As shown in Table 12, part-time work is an important source of employment among younger workers with 39 per cent of young men and 56 per cent of young women working on a part-time basis. For many this might be a result of combining paid work with other activities such as education. Employment among young workers is concentrated in the Retail and Accommodation and food industries, which together account for over 40 per cent of employees aged between 15 and 24. The Health and social assistance and Manufacturing industries account for approximately seven per cent of employment of young workers (ABS 2011 6291.0). Perhaps because of the concentration of young employees in feminized sectors, the patterns of recent employment growth are markedly different for young men and women. The number of young women employed both full-time and part-time grew in the year to October 2011 by 2.2 per cent and 3.7 per cent respectively. In contrast, the number of young men employed full-time declined by 2.2 per cent and part-time employment fell by 1.6 per cent.

Table 12: Selected Indicators of Labour Force Status: October 2010 to October 2011, Persons Aged 15-24

Month/year	Employed full-time '000	Employed part-time '000	Employed total '000	Unemployment - looking for full-time work	Unemployment rate (pt and ft) %	Participation rate %
Males						
Oct-10	611.4	389.1	1000.5	83.6	11.7	69.9
Oct -11	598.1	382.7	980.8	92.1	12.4	69.5
% change Oct 10-11	-2.2	-1.6	-2.0	10.2		
Females						
Oct -10	403.1	515.3	918.4	64.4	11.6	67.2
Oct -11	412.0	534.2	946.2	57.2	10.1	68.3
% change Oct 10-11	2.2	3.7	3.0	-11.1		
Persons						

Oct -10	1014.5	904.4	1918.6	148.0	11.7	68.6
Oct -11	1010.1	916.9	1926.2	149.3	11.3	68.9
% change Oct 10-11	-0.4	1.4	0.4	0.9		

Source: ABS (2011f) Catalogue 6202.0 trend series.

The long-term unemployment rate is highest for people aged 15-24 years (1.5%, compared with around 0.8% for most other age groups) (ABS 2011, Australian Social Trends, 4102.0). Aggregate higher unemployment in the youth labour market appears to contribute to higher underutilization rates which were estimated to be approximately double those of the labour market generally (Table 13). Higher rates of underutilization among younger workers may also reflect a wish to work more hours in a population of many part-time employees.

Table 13: Labour Underutilization, All persons and persons aged 15 – 24 years, August 2004 - 2011

	All persons %	Aged 15- 24 (persons)	Aged 15- 24 (males)	Aged 15- 24 (females)
Aug-04	12.4	24.4	22.6	26.3
Aug-05	11.8	22.8	21.2	24.5
Aug-06	11.3	22.3	21.2	23.4
Aug-07	10.7	21.3	19.7	23.1
Aug-08	10.3	19.8	18.0	21.8
Aug-09	13.6	26.7	26.1	27.5
Aug-10	12.3	25.0	23.5	26.6
Aug-11	12.2	24.5	23.3	25.8

Source: ABS (2011f) Catalogue 6202.0 trend series.

There is limited data available on average earnings for younger workers. However, their concentration in traditionally low paying industries suggests that minimum wage rates for junior employees provide some indication of earnings among younger employees. Junior award rates and apprenticeship rates relevant to younger workers are also likely to represent substantially lower rates than the comparable adult wages.

Table 14: Minimum wage rates for Junior Employees, hourly and with casual loading (\$), July 2011

Percentage of adult minimum wage	Hourly rate \$	Hourly rate with 22% casual loading\$

Under 16	36.8	5.71	6.97
At 16 years	47.3	7.33	8.94
At 17 years	57.8	8.96	10.93
At 18 years	68.3	10.59	12.92
At 19 years	82.5	12.80	15.62
At 20 years	97.7	15.15	18.48

Source: Fair Work Australia (2011).

Despite predictions from earlier this decade, the outlook for younger employees in the current and foreseeable economic context looks relatively subdued, particularly for younger men. The industries in which they are largely employed are those experiencing subdued growth and are largely feminized. The continued unemployment and underutilization of the younger workforce in a context of specific current and predicted skill shortages in an area worthy of further investigation.

Conclusion

Uncertainties in both international and domestic economic contexts have contributed to diverse outcomes across Australia's labour markets. There are clear signs of employment and earnings growth in the mining sector which continues to benefit from strong regional demand. In other industries there is no clear pattern, although full-time employment for men appears to be declining as a result of both increasing casualisation in the workforce and low rates of employment growth in traditionally male industries such as Manufacturing and Construction. In comparison, women's employment numbers growing, although persistence gender pay gaps remain evident. Predictions made earlier this decade that population ageing might ensure relative stability in employment among younger workers have not yet been fulfilled. Younger workers continue to experience relatively high levels of unemployment and underutilization, with the immediate employment experiences of younger men being relatively unfavourable compared with younger women in the workforce.

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ⁱ The HILDA survey was initiated and is funded by the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and is managed by the Melbourne Institute of Applied Economic and Social Research: <http://melbourneinstitute.com/hilda/data/datafaq.htm>.