

Women's Earnings and Australian Workplace Agreements

by

Alison Preston

Therese Jefferson

Rob Guthrie



Women in Social & Economic Research

Working Paper No 49

November 2006

Working Paper Series of
Women in Social & Economic Research
Curtin University of Technology
Perth Western Australia
<http://www.cbs.curtin.edu/wiser>

Women's Earnings and Australian Workplace Agreements

Alison Preston
Therese Jefferson
Rob Guthrie

Women in Social and Economic Research
<http://www.cbs.curtin.edu.au/wiser>

November 2006

Women in Social and Economic Research can be contacted by:

Phone: +61 8 9266 7755

Facsimile: +61 8 9266 3026

Email: wiser@cbs.curtin.edu.au

Postal Address: Women in Social & Economic Research
Curtin Business School
Curtin University of Technology
GPO Box U1987
Perth, Western Australia, 6845

Women in Social and Economic Research

Women in Social and Economic Research (WiSER) is a research program that spans two divisions of Curtin University: the Curtin Business School (CBS) and the Division of Humanities. WiSER was founded in April 1999 in response to a growing void, both within the Australian and international contexts, in the gendered analysis of the economic and social policy issues that confront women. As such, WiSER is committed to producing high quality quantitative and qualitative research on a broad range of issues which women identify as impeding their ability to achieve equity and autonomy. The gender perspective generated through the work of WiSER has provided a number of key opportunities to inform the policy debates within numerous government departments. WiSER seeks to further its commitment to providing a meaningful gender analysis of policy through pursuing further research opportunities which focus on women's experiences of social and economic policies within the Australian context. The broad objectives of WiSER include:

- To identify the cases and causes of women's disadvantaged social and economic status and to contribute to appropriate policy initiatives to address this disadvantage;
- To demonstrate the way in which social factors, particularly gender, influence the construction of economic theory and policy;
- To extend current theory and research by placing women and their social context at the centre of analysis;
- To contribute an interdisciplinary approach to the understanding of women's position in society. In turn, this should enable the unit to better reflect the interrelatedness of the social, economic and political discourses in policy and their consequent implications for women;
- To foster feminist research both nationally and internationally;
- To expand linkages with industry;
- To establish and support a thriving Curtin University of Technology post-graduate research community with a common interest in feminist scholarship.

Abstract

This paper examines changes to the setting of minimum employment conditions under the *WorkChoices 2006* (Cth) legislation and considers the availability of data to adequately assess their effects on women's earnings. It identifies the need for shared understandings of the ways that existing Australian Bureau of Statistics (ABS) earnings data can be used to examine women's earnings under the *WorkChoices* regulatory regime. In order to explore the issue of shared understandings of data this paper will compare the earnings estimates reported in reports of the Office of the Employment Advocate (OEA) with unpublished ABS data relating to earnings. The need to disaggregate earnings by gender and occupation is demonstrated throughout the paper. It is concluded that earnings estimates for those on AWAs show that individual agreements give rise to winners and losers. There are specific areas of concern for those interested in gender equity within the labour market.

Table of Contents

1	Introduction.....	6
2	A Brief History of Australian Industrial Relations	8
2.1	Wage Fixing under the Australian Industrial Relations Commission.....	9
2.2	Some Preliminary Issues in relation to WorkChoices	11
2.3	The Australian Fair Pay Commission	12
2.4	Australian Workplace Agreements.....	14
3	Gender Equity and Workplace Regulation	15
4	Monitoring Earnings and Gender Equity Under AWAs.....	16
4.1	Comparing OEA Reports with ABS Unpublished Data	20
4.2	Comparing estimates across occupational groups.....	21
4.2.1	<i>ASCO Occupational Group 1: Managers and administrators.....</i>	<i>22</i>
4.2.2	<i>ASCO Group 2: Professionals</i>	<i>23</i>
4.2.3	<i>ASCO Group 3: Associate professionals</i>	<i>24</i>
4.2.4	<i>ASCO Group 4: Tradespersons and related workers.....</i>	<i>25</i>
4.2.5	<i>ASCO Group 5: Advanced clerical and service workers.....</i>	<i>26</i>
4.2.6	<i>ASCO Group 6: Intermediate clerical, sales and service workers</i>	<i>27</i>
4.2.7	<i>ASCO Group 7: Intermediate production and transport workers</i>	<i>28</i>
4.2.8	<i>ASCO Group 8: Elementary clerical, sales and service workers</i>	<i>30</i>
4.2.9	<i>ASCO Group 9: Labourers and related workers</i>	<i>31</i>
5	Summary of Key Findings	32
6	Conclusions.....	36
7	References	38

I Introduction

Much of the rhetoric surrounding the introduction of the Australian Governments so-called *WorkChoices* legislation speaks in terms of the opportunity to negotiate employment arrangements that are tailored to the local conditions. More specifically, the centrepiece of the *WorkChoices* legislation is the ability of individual workers to be able to negotiate “flexible” terms and conditions of employment with their employers (The Parliament of the Commonwealth of Australia 2004/05). *WorkChoices* specifically seeks to move the industrial landscape further away from the traditional Australian modes of industrial relations based on dispute resolution and centralised forms of conciliation and arbitration. Since the late 1980s and in particular since 1996, the role of centralised arbitration commission, the Australian Industrial Relations Commission (AIRC) has been reduced. At the same time, collective bargaining through union bodies has been diminished by restrictions on union input, declining union membership and the growth (albeit slow) of alternatives such as individual workplace agreements. *WorkChoices* moves this process further by reducing the powers of the AIRC to set wages and conditions, reducing the scope of those matters which can be included in industrial awards and promoting individual negotiation of workplace terms and conditions. What this means in practice is yet to be fully realised. However, it is apparent that in addition to any assumed opportunities, the new provisions are likely to generate a range of challenges for both those directly affected by the new regulations and those who attempt to monitor their effects. In this paper we focus on the latter, with special reference to the challenges faced by those who attempt to monitor the gendered nature of the effects of the *WorkChoices* legislation on employment related earnings, particularly amongst those on relatively low or minimum wages.

We focus on minimum wages because the new mechanisms for establishing minimum employment conditions are a key area of change under the new regulations. While “award only” provisions have traditionally defined minimum employment conditions, they have also effectively provided standard employment conditions for large sectors of the workforce, particularly those which have high proportions of women employees. The *WorkChoices* provisions operate to alter the process by which minimum employment entitlements are established. Most notably, the Australian Fair

Pay Commission (AFPC) is now responsible for five key conditions of employment defined under the legislation as: basic rates of pay and casual loadings; maximum ordinary hours of work; annual leave; personal leave; and parental leave and related entitlements. The official literature on *WorkChoices* tells us that these conditions are to be supplemented by employment agreements negotiated at the workplace or individual level. Australian Workplace Agreements (AWAs) have a relatively privileged role to play in this part of the new workplace regulatory regime (The Parliament of the Commonwealth of Australia 2004/05).

In the absence of meaningful information through the award system, there will be a need for data that can be used to monitor changes in the “minimum conditions” sectors of the labour market. However, relevant data are both fragmented and partial (Preston, Jefferson & Seymour 2006). As a result, monitoring the effects of new regulations on “minimum conditions” sectors or specific occupations will pose several challenges. The aim of this paper is to review existing reporting arrangements on wages specified in Australian Workplace Agreements and to identify the advantages and disadvantages of specific forms of earnings data from the Australian Bureau of Statistics.

The paper is divided into four parts. The first part sets out a brief history of the manner in which wages have been set in Australia through the centralised wage fixing system of National Wage Cases by the AIRC. The second part considers the role of the newly formed Australian Fair Pay Commission (AFPC) and discuss as how this will effect wage determinations in the future. The third part will consider earnings data by gender and occupation, comparing different estimates from the Australian Bureau of Statistics (ABS) and the Office of the Employment Advocate (OEA). Finally the paper will consider the outcomes of the data analysis and how *WorkChoices* might impact on future earnings patterns.

2 A Brief History of Australian Industrial Relations

Arbitration is a well known process in the Australian industrial relations landscape. Unlike most other mixed economies Australia, like New Zealand adopted a process in the early part of the 20th century which explicitly recognised and addressed inequalities between industrial stakeholders. The industrial arbitration process involves, at its most basic, the ability of an independent tribunal to be able to impose a decision, determination or award upon the parties to an industrial dispute. That decision, determination or award may be imposed whether or not the parties would have reached that outcome themselves. Both State and Federal tribunals have usually been guided by statutory provisions which promote informality in procedures, fair outcomes based on consideration of prevailing economic and workplace conditions and which have invited a collective rather than individual approach to fixing terms and conditions of employment. The positive outcomes of this approach have been a considerable degree of uniformity in terms and conditions across particular industries and protection of the more vulnerable in the community, who regardless of their industrial strength could seek recourse from an impartial tribunal. In this sense arbitration is the antithesis of a negotiated settlement. Negotiated settlements invite parties to reach settlement of dispute through informal processes without recourse to determinative powers. As such the outcomes are influenced by the relative power of the parties to the dispute. Traditionally, the relative strength of employers (based on their power to hire and fire) has been offset to some extent by the collective power of unions. It should be pointed out however, that the Australian industrial arbitration system has almost always been combined with pre-arbitration processes such as conciliation and negotiation which in many cases has reduced the need for industrial tribunals to impose awards by arbitration. In practice, up until the introduction of the *Industrial Relations Act 1993* (Cth) the predecessor of the current *Workplace Relations Act 1996* (Cth) many awards were made by consent; the product of negotiation by unions and employer groups. In effect the AIRC has played an active role not only as an arbitrator of disputes but also a facilitator of agreements.

2.1 *Wage Fixing under the Australian Industrial Relations Commission*

The AIRC and its predecessors (the Commission) have in the past had a significant role in setting minimum working standards that it considered the community should accept. Awards made by industrial tribunals have developed into comprehensive statements of conditions which include wages, working conditions, hours of work, holidays as well as procedures for termination of employment, probation and promotion or advancement. This was often referred to as a “floor” of rights. In many societies this floor of rights is put in place by legislation. While legislation can only be changed by Government, awards can be altered by an industrial tribunal on a more frequent basis depending on the nature of the cases which it determines. Allowing the floor of rights to be set by an independent tribunal removes it from political influence.

One of the major functions of the Commission was to conduct the National Wage Case (NWC). The NWC was generally been held annually although there were periods when wages were adjusted quarterly and six monthly. To commence the NWC the Commission considered the entire award structure not simply wages. This was done in context of an “industrial dispute” because until recently the making of an award is premised constitutionally on an industrial dispute. The Commission contrived this “dispute” by inviting the representative organisations of labour and management to seek a variation to significant national awards. As the parties would invariably not agree as the terms of the variation the Commission had jurisdiction to deal with NWC dispute. This somewhat unwieldy but nevertheless effective process had been in place since 1907 when the first basic wage concept was created by the Arbitration Court in the historic Harvester decision. Importantly, that early decision determined that wages should be paid at a level which would allow workers to live in “frugal” comfort. While largely neglecting the situation of women workers, the process notably determined wages having regard to the reasonable costs of living rather than the ability of the worker to negotiate. During the depression of the 1930's the Commission increasingly took into account the ability of industry to pay wage increases. In the 1950s other economic aspects were considered by the Commission, including production and productivity, employment and investment,

external trade and balances; the competitive position of secondary industry and related trade conditions.

By 1961 the Commission had adopted national productivity as a major determinant of wage increases. At about the same time the formal annual NWC was adopted. In time the Commission also adopted the practice of reviewing the basic wage and any margin (or additional payment) for skills doing this by consideration of the Metal Trades Award, using this as a benchmark to vary other awards. In 1967 the Commission abandoned the basis wage and margins adjustment for a 'total wage' adjustment process which allowed it to establish a minimum wage.

In addition to the NWC the Commission adjusted wages by periodic work value inquiries which involved the Commission in assessments of the relative value of work as against other jobs. Such a process tended to advantage those with greatest industrial bargaining strength and possibly contributed to gaps between men and women's wages. Gender earnings gaps were formally recognised in the early 1970s when the Commission was required to make awards which provided payment of wages for work of equal value. At least notionally, this approach required the Commission to attempt to provide some parity in wages. In 1993 the Federal Labor Government legislated to introduce the requirement that awards provide for payment of wages based on this principle. The Government also introduced provisions to allow for negotiation of enterprise based agreements outside of the award system. At around the same time award determinations became safety nets for workers as enterprise bargaining began to produce new wage rates. Enterprise negotiations in the early 1990's were still primarily the outcome of collective bargaining via unions and employer groups. From 1996 onwards with the enactment of the *Workplace Relations Act 1996* (Cth) the range of matters which could be arbitrated by the AIRC was reduced to 20 allowable matters, forcing parties to negotiate outside of the award system for those terms and conditions which were not covered as allowable matters. Notably most awards ceased to deal with constraints on the employment of casual and part-time workers. Australia has very high levels of casual, temporary and part-time workers compared with other OECD countries. Research indicates the growth of this form of employment has effects on

gender equality and skills development (Campbell & Burgess 2001; Pocock, Buchanan & Campbell 2004).

The importance of the NWC has been that the process of wages fixing has been public and transparent. Each year, for many years, the major industrial representatives were invited to make submissions on the variation of major industrial awards as a benchmark for the adjustment of other awards. The Commission hearings were open to the public and attracted national media attention. The submissions of the parties were public, witnessed were called to support submissions and the final determination of the Commission was also made public. Over time as has been noted the Commission evolved various wage setting principles and developed guidelines for enterprise bargaining. Finally and importantly, most State wage systems were aligned with the NWC so that whenever the Commission made a determination under the NWC the effects would flow-on throughout the State systems. As a consequence of the *WorkChoices* amendments to the *Workplace Relations Act 1996* (Cth) the NWC system has been abolished and replaced by the Australian Fair Pay and Conditions Standards (AFPCS) which will be overseen by the Australian Fair Pay Commission.

2.2 Some Preliminary Issues in relation to WorkChoices

Before addressing the likely processes of the AFPC it is important to deal with three preliminary issues. First, *WorkChoices* abolishes the no-disadvantage test. The no-disadvantage test was introduced in 1993 with the passage of the *Industrial Relations Act 1993* (Cth) and was retained in the *Workplace Relations Act 1996* (Cth) until 2006 with the introduction of *WorkChoices*. The essence of the test is that workers who step outside the award system because they have become a party to a registered collective agreement or an individual agreement retain the award as a safety net. That is, on balance a worker outside of the award system should not be worse off than those who continue under the comparator award. Although the test was not absolutely infallible it did provide a level of protection for workers, particularly the more vulnerable who might not have been members of unions. *WorkChoices* allows for agreements to be made which reduce or do away with award or statutory entitlements. A worker who seeks to protect award conditions must ensure that

their agreement does not specifically nullify preserved conditions under State awards or protected notional conditions under State or Territory statutes. Many individuals may not be aware of the need to protect these rights.

Second, *WorkChoices* introduces the concept of the Australian Fair Pay and Conditions Standard. The AFPCS covers wages, ordinary hours of work and annual, personal and parental leave. These minimum standards will apply to almost all workers regardless of their form of employment and can only be displaced by more favourable provisions. However, up to two weeks of annual leave may be 'cashed out', a provision that appears most to arise in the context of individual workplace agreements (AWAs). Most current individual agreements do not contain provision for wage increases during the term of the agreement, so that the ability to cash out annual leave may be used as a mechanism to obtain a wage increase. An allied concept under the previous section 170VPA (1) (e) of the *Workplace Relations Act 1996* (Cth) obliged an employer to offer similar employment provisions to employees doing the same work unless a distinction was made on reasonable grounds. This requirement no longer appears under *WorkChoices* so that there is greater potential for discrimination between workers doing similar work – thus putting in peril the concept of equal pay for work of equal value.

A third point to make about *WorkChoices* is that it focuses on AWAs as the primary vehicle for negotiation of terms and conditions of employment. This focus has been achieved in a number of ways and includes reduction union power by a general exclusion of unions from negotiations, reduction in the scope of the jurisdiction of the AIRC to arbitrate matters and removal of the no-disadvantage test which makes AWAs more attractive to employers particularly in non-union workplaces.

2.3 The Australian Fair Pay Commission

The AFPC has the responsibility of adjusting the Australian Pay and Classification Scale or the Federal Minimum Wage (FMW). The general objective of the AFPC under section 23 is to promote economic prosperity and provide a safety net for the low paid. However, a new objective has been introduced: 'the capacity for the unemployed and low paid to obtain and remain in employment'. There is not

requirement (as applied to the AIRC) to consider a fair and reasonable wage having regard for the living standards generally prevailing in the Australian community. The absence of a requirement to consider fairness coupled with the direction to consider whether wages are keeping others out of the workforce may remove or reduce the focus on ensuring that workers are provided with a wage which allows them to live with decency (Riley and Sarina 2006:344-345). The AFPC must however, under section 222, apply the principle that men and women should be receive equal remuneration for work of equal value, although as noted the requirement to disclose reasons for offering differential payments under AWAs has been removed. It is possible that the AFPC may focus on the Federal Minimum Wage (FMW) rather than the Australian Pay and Classification Scale. The FMW is set at \$12.75 by WorkChoices. This would mean that in time the minimum wage could encapsulate most award rates and create a single standard for lower paid workers in the federal system. The AFPC can also adjust special FMW's that apply to employees who are juniors, or have a disability or are undertaking traineeships. The AFPC can also adjust the default casual loading set under WorkChoices as 20%. Sections 187, 196 and 214 of the legislation require that the wages of employees do not fall below those rates to which they were entitled immediately prior the introduction of the legislation. There is no statutory guarantee that wages will rise.

Unlike the AIRC which consisted of officers appointed for life, the AFPC consists of a chair and four Commissioners with limited term appointments. Under section 24 the AFPC can inform itself as it sees fit and commission research and can consult with other bodies to monitor wage decisions. This may allow it to obtain reliable data, a problem which the AIRC noted. The AFPC can determine the timing frequency and scope of wage reviews and the manner in which they are conducted. The AFPC must present its decision without dissent, which must be in writing and must express its wage decisions in terms of amounts per hour and nominate when its decisions come into effect. As noted the AIRC was dependent on the submissions of the parties when hearing the NWC. However the AIRC was independent of government, whereas due to the limited term of office of the AFPC there is a perception it may be subject to political influences.

Significantly, while ordinary hours of work are set at a maximum of 38 hours a week, these may be averaged over an agreed period of up to a year. Employees may be required to work additional reasonable hours, although there is no statutory requirement to pay over-time.

2.4 Australian Workplace Agreements

WorkChoices provides that individual workplace agreements can be reached between workers and their employer and registered with the Office of Employment Advocate (OEA). When first introduced the AWA was novel to the Australian industrial landscape because it allowed the parties to contract out of the award system and unions did not generally speaking have any institutionalised role in the negotiation of such agreements. Until the introduction of the *WorkChoices* AWAs were subject to the no-disadvantage test. Some commentators assert that AWAs are not part of any bargaining process because usually the employer unilaterally determines employment conditions which are offered on a take it or leave it basis. (Owens and Riley 2006; 495 citing Mitchell). This is particularly the case under sections 329 and 330 with so-called greenfields agreements which allow an employer who is starting up a new business to enter into an agreement with themselves – that is, without any opposing party being part of the negotiations. Such agreements can operate for 12 months.

The OEA plays a role as the registry of AWAs but does not vet the agreements in relation to wage levels. It does play some role in removing any prohibited content from agreements, although this is by no means comprehensive (Senate Employment 2006). Prohibited content relates to any clauses which support union influence in the workplace; provide remedies for unfair dismissal; are discriminatory or are matters which do not pertain to the employment relationships such as provisions which require an employer to pay unions fees from wages.

3 Gender Equity and Workplace Regulation

The recent regulatory changes are particularly relevant to those with an interest in gender equity within the workforce for several specific reasons. They will play an important role in key aspects of Australia's legal requirements to ensure gender equity within the workplace. The Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW: to which Australia is a party and which is scheduled to the Commonwealth *Sex Discrimination Act 1984*) highlights that the right to work and right to equal opportunities in employment, the right to equal remuneration and the right to promotion, job security, training and other benefits and conditions of employment are key elements of equality between men and women. There are also a number of national legislative and international legal obligations that require Australia to further the goal of equity in employment¹.

Gender equity obligations are recognised as some of the Principle Objects of the *Workplace Relations Act 1996* (Cth), which include "assisting in giving effect to Australia's international obligations in relation to labour standards"; "assisting employees to balance their work and family responsibilities effectively through the development of mutually beneficial work practices with employers"; and "respecting and valuing the diversity of the work force by helping to prevent and eliminate discrimination on the basis of race, colour, sex, sexual preference, age, physical or mental disability, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction or social origin" (Section 3, (l) (m) (n)).

At the same, however, a range of studies have demonstrated important links between the size of the gender pay gap and prevailing employment bargaining arrangements. Generally, centralised wage determination systems have been

¹ We are grateful to Jo Tilley from the Human Rights and Equal Opportunity for her advice on relevant international conventions. The following national legislation and international legal obligations require Australia to further equity in employment: the *Workplace Relations Act 1996*, the *Sex Discrimination Act 1984*, the *Human Rights and Equal Opportunity Act 1986*, CEDAW, the International Labour Organization (ILO) Convention 100 on Equal Remuneration for Work of Equal Value, the ILO Convention 111 Concerning Discrimination in Respect of Employment and Occupation, the ILO Equal Remuneration Recommendation 90, the ILO Discrimination (Employment and Occupation) Recommendation 111, and the International Covenant on Social, Economic and Cultural Rights. The ILO Convention 156 concerning Equal Opportunities and Equal Treatment for Men and Women Workers: Workers with Family Responsibilities, further seeks to create equality of opportunity between men and women workers with family responsibilities, and between men and women with such responsibilities and workers without such responsibilities.

associated with smaller gender wage gaps (Blau and Kahn, 1992, Gregory and Daly, 1992, Gregory and Ho, 1985, Rubery, 1992, Whitehouse, 1992). That is, centralised wage fixing processes appear to be important in providing minimum conditions for those in relatively weak bargaining positions.² Women hold fewer positions of power and are lower paid than men and have fewer financial resources (Astor and Chinkin, 1992:109). Women are also less unionised than men are and, it has been argued that this has facilitated lower levels of access to one means of support and advocacy (Lee, 1994). There is evidence that the increasing trend in Australia towards individual employment contracts away from industry-based awards and collective agreements particularly disadvantages specific groups of women (Lee and Sheldon, 1997).

4 Monitoring Earnings and Gender Equity Under AWAs

Under section 358A of the *Workplace Agreements Act 1996* (Cth), the OEA is required by legislation to present biennial reports to parliament on developments in bargaining for the making of agreements. The reporting function is carried out jointly by the Department of Employment and Workplace Relations (DEWR), which reports on collective agreements and the OEA, who reports on Australian Workplace Agreements. Perhaps surprisingly, the OEA does not collect wage information directly from AWAs for reporting purposes. Their most recent report, *Agreement Making in Australia Under the Workplace Relations Act* (DEWR and OEA, 2004) uses ABS data from catalogue 6306.0 for the purpose of reporting average wage rates under AWAs and other forms of employment agreement. Although produced only every two years, the ABS publication *Employee Earnings and Hours 6306.0* may play an increasingly important role in this regard. It is a key data source that provides estimates of the average earnings, both total and ordinary time, for employees on different forms of employment contract, including AWAs.

Information about earnings under AWAs contained in the *Agreement Making* report occurs at two main points. Information for all employees is included in section 3.1

² An exception to this rule appears to occur when changes in institutional arrangements lead men's wages to decline and thus result in an apparent drop in gender earnings gaps (Preston 2003).

(pages 83-84) while earnings information for “designated groups” of employees (women, part-timers, youth and people from non-English speaking backgrounds) is contained in section 3.3. The earnings estimates used by the OEA are presented in a highly aggregated form and, as we discuss below, do not facilitate scrutiny of differences between different labour market sectors. This can be demonstrated by examining the OEA’s use of unpublished data that gives average wage rates for different occupational groups at the ASCO one digit level. In the following discussion we focus on the OEA’s reporting of information for “all employees” and for women as a designated group.

The ABS estimates reported by the OEA make some significant claims, among which is the statement that “most groups of non-managerial employees on AWAs ...had higher earnings than employees on federal CAs [collective agreements]. Intermediate and elementary clerical, sales and service workers, advanced clerical and service workers and associate professionals on AWAs earned more on average than equivalent employees on federal CAs.” The unpublished ABS data to support this claim is reproduced below as Table I.

Table I: Average hourly total earnings by occupation and type of agreement, May 2002

	Federal registered (\$)	CA	Federal registered individual (\$)	All pay setting methods (\$)
Professionals	29.10		31.70	30.00
Associate professionals	26.70		35.50	31.50
Tradespersons and related workers	23.70		21.90	20.30
Advanced clerical and service workers	22.70		26.00	21.40
Intermediate clerical, sales and service workers	19.20		20.20	18.60
Intermediate production and transport workers	21.50		21.00	20.20
Elementary clerical, sales and service workers	15.20		17.60	15.30
Labourers and related workers	18.60		16.20	16.60
All occupations	23.40		30.20	24.60

Source: (DEWR and OEA, 2004: Table 3.1.6, page 84)

There are several points about these estimates worth noting. Firstly, an estimated two per cent of employees were employed under individual registered agreements in May 2002 (ABS 6306.0, table 22. page 43). While this may be expected to increase in

coming months and years, the above wage rates apply to a relatively small proportion of employees. Secondly, there appear to be some differences between the OEA's definition of "non-managerial employees" and that used by the ABS. In the above table, the reference to non-managerial employees appears to mean that employees included in ASCO code I, "Managerial and administrative employees" have been omitted from the table. The ABS use of the term non-managerial employees differs from this approach. According to *ABS Catalogue 6306.0*: "employees have been classified as managerial if they have strategic responsibilities in the conduct or operations of the organisation and /or were in charge of significant numbers of employees". As a result of this approach, the ABS warns that:

Care should be taken when comparing survey estimates based on ASCO groups with estimates based on the managerial status of employees. Estimates for employees with managerial status include employees classified to ASCO categories other than the ASCO major group "Managers and administrators"; eg employees classified as "Professionals" according to ASCO may be categorised by employers as having managerial status. Conversely, tables in this publication which contained estimates for non-managerial employees (as defined by employers) will include some employees who would be classified to the ASCO major group Managers and administrators. (Australian Bureau of Statistics, 2004:44)

In this paper we are concerned with the availability of wage data for those who have traditionally been employed on minimum provisions. Therefore, we have used data that excludes managerial employees who have not traditionally been employed on an award basis but on some form of above minimum, individual contract.

Thirdly, the wage rates referred to in the above table are those for 2002. This is because there is a considerably time lag in the preparation of reports. Thus, the OEA's report covering the 2002/03 was released in 2004. At that stage the most recently available ABS estimates were those for 2002. Presumably, the next report, covering 2004/05, will use ABS 2004 estimates. The 2004 estimates are, however, already available directly from the ABS and we have purchased unpublished wage estimates for the purposes of comparison in this paper.

Table 2, below, utilises the same format as that used by the OEA (2004) but includes average wage estimates for employees who fit within the ABS definition of “non-managerial employee”. It also includes the corresponding estimates from the latest, 2004, survey. There are two key points of interest. Firstly, for two of the occupational classifications which appear to have relatively favourable hourly wages in 2002, (associate professionals and intermediate clerical, sales and service workers), the difference between AWAs and collective agreements is reduced when managerial employees are removed from the estimates. This is particularly the case for associate professionals, where hourly earnings estimates were reduced from \$35.50 (Table 1) to \$31.40 (Table 2).

Table 2: Average hourly total earnings by occupation and type of agreement for non-managerial employees, May 2002 and 2004

Occupation (ASCO 1 digit level)	Federal registered CA		Federal registered individual (\$)		All pay setting methods (\$)	
	2002	2004	2002	2004	2002	2004
Professionals	28.60	29.30	31.00	34.20	27.90	29.60
Associate professionals	25.20	26.30	31.40	29.30	24.60	25.10
Tradespersons and related workers	23.70	25.60	21.90	21.70	19.00	20.80
Advanced clerical and service workers	22.70	24.60	26.00	24.90	19.60	22.00
Intermediate clerical, sales and service workers	19.20	20.40	19.70	19.40	17.90	19.10
Intermediate production and transport workers	21.50	22.10	21.00	24.80	19.50	20.60
Elementary clerical, sales and service workers	15.20	16.60	17.60	16.20	15.20	16.20
Labourers and related workers	18.60	19.40	16.20	16.60	16.30	17.60
All occupations	22.10	23.40	24.80	23.20	20.40	22.00

Source: ABS unpublished data Catalogue 6306.0

Secondly, for five of the eight occupational groups, average earnings estimates for those on AWAs are lower in 2004 than they were in 2002. As an OEA report using 2004 estimates has not yet been released, there is currently no explanation offered as to why this may be occurring. We return to this aspect of the estimates later in our discussion.

As noted previously, women comprise one of the “designated groups” included in the OEA. Two tables that comprise significant parts of the OEA’s gender analysis have been combined to produce Table 3 below:

Table 3: Female earnings by type of agreement 2002

	Total weekly earnings (\$)	Total hourly earnings (\$)	
	Female	Female	Male
Federal registered collective agreement	600.40	21.30	25.00
Federal registered individual agreement (AWA)	889.20	28.10	31.50
State registered collective agreement	664.70	24.10	26.60
State registered individual agreement	420.70	16.70	22.90
Other	506.90	20.20	28.90
All female employees	554.00	21.10	27.50

Source: DEWR/OEA 2004 Table 3.3.1 and 3.3.2 page 99

The estimates included in Table 3 are used by the OEA to support two key claims. Firstly, the weekly wage rates are used to claim that “female employees on AWAs earned 32 per cent or more than counterparts on CAs”. Secondly, the hourly wage rates are used to support the statement that “female AWA employees earned 89 per cent of the male AWA employee hourly rate of pay. This compared to a female-male earnings ration of 85 per cent for employees on federal registered collective agreements, and 77 per cent for all employees.

4.1 Comparing OEA Reports with ABS Unpublished Data

In Table 4 we have used non-managerial hourly wage rate estimates to assess these claims. We have not used weekly earnings estimates as they include both part-time and full-time employees. The relatively high percentage of AWA employees who work full-time compared to other wage setting mechanisms, reduces the capacity of these estimates to provide meaningful comparisons. Again, we have also included estimates from the more recent 2004 ABS survey of employees' hours and earnings.

Table 4: Non-managerial Female and Male total hourly earnings by type of agreement May 2002 and May 2004

Type of agreement	Total hourly earnings (\$) 2002		Total hourly earnings (\$) 2004	
	Female	Male	Female	Male
Federal registered collective agreement	20.40	23.40	21.70	24.80
Federal registered individual agreement (AWA)	24.70	24.90	19.90	25.00
State registered collective agreement	22.70	24.60	23.80	25.70
State registered individual agreement	14.70	21.80	26.40	33.50
Other	17.50	19.80	19.10	21.60
All female employees	19.10	21.50	20.70	23.20

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

Using these estimates, women on AWAs in 2002 earn approximately 21 per cent more than women on federal collective agreements, rather than the 32 per cent reported above. Women on AWAs were, however, earning relatively favourable rates of pay and for non-managerial employees on AWAs in 2002 there is almost no gender gap. However, by 2004, the gender gap for those on AWAs is wider than for all other forms of agreement except individual state agreements. Further, by 2004 women on AWAs appear to have lost much of their advantage in terms of hourly earnings compared with women employed under alternative wage setting mechanisms. A comparison of the estimates from both 2002 and 2004 suggests that AWAs may operate quite differently in feminised sectors of the workforce, an aspect we investigate more fully by considering different occupational groups in more detail below.

4.2 Comparing estimates across occupational groups

Before moving to a discussion of different occupational groups, it is worth noting that an interesting aspect of the above estimates relates to individual agreements at the State level. These varied markedly, with large increases in hourly earnings estimates occurring between 2002 and 2004. While this is not a subject for analysis in this article, it appears related to the growing use of state-based individual agreements in the mining industry, particularly in Western Australia. When disaggregated data is used, there is a lack of reliable earnings estimates for state registered individual agreements and this area of the ABS data has a large proportion of empty cells. Individual State agreements are largely omitted from the remaining analysis.

For most of the following discussion we examine hourly ordinary time earnings estimates for non-managerial employees in each major occupational group at the ASCO one digit level. We focus on hourly earnings because this prevents the anomalous situation of comparing average weekly earnings for categories of employee comprised of different proportions of part-time and full-time workers. We have used ordinary time earnings to prevent comparisons being affected by possible changes in the patterns of working hours, for example, increased earnings due to additional overtime hours.

There is a key exception to the approach outlined above and this relates to the occupational classification of Managers and Administrators. For this occupational group we include managerial employees and due to the lack of statistical reliability of hourly wage estimates, use weekly ordinary time earnings estimates. On the assumption that most managers and administrators are likely to be full-time employees, the use of weekly earnings estimates appear unlikely to cause the same challenges posed by other occupational groups.

4.2.1 ASCO Occupational Group I: Managers and administrators

Table 5 and Figure 1 present previously unpublished estimates for earnings disaggregated by major occupational group, in this case for managers and administrators. The estimates demonstrate that women in this occupational grouping have done relatively well under AWAs, with higher weekly earnings than other women and relatively favourable increases in weekly earnings between 2002 and 2004. The relativity between women's and men's earnings remained almost steady – 84 per cent in 2002 and 85 per cent in 2004.

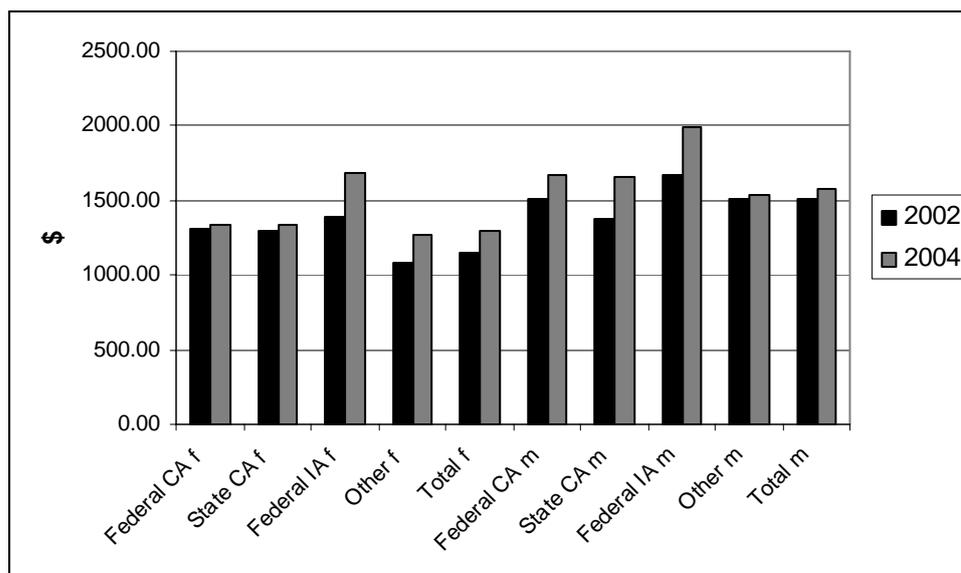
Table 5: Average Weekly Ordinary Time Earnings(\$) for Female and Male Managerial and Administrative Employees, May 2002 and May 2004

Type of Agreement	Females		Males		Female earnings as % of male	
	2002 (\$)	2004 (\$)	2002 (\$)	2004 (\$)	2002 %	2004%
Federal Collective	1,315.70	1,332.80	1,504.90	1,676.60	87	79
State Collective	1,299.10	1,343.50	1,371.30	1,651.10	95	81
Federal Individual	1,396.20	1,682.60	1,669.60	1,991.10	84	85
Other	1,084.70	1,276.70	1,511.20	1,531.60	72	83
Total	1,151.90	1,303.00	1,504.70	1,573.70	77	83

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

Notes: "Other" estimates for 2002 exclude some employees on individual state agreements.

Figure 1: Average Weekly Ordinary Time Earnings(\$) for Female and Male Managerial and Administrative Employees, May 2002 and May 2004



Notes: State Individual Agreements have been omitted from this analysis due to the number of missing cells in that data. 'f' denotes female earnings under each type of employment agreement and 'm' denotes male earnings.

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

4.2.2 ASCO Group 2: Professionals

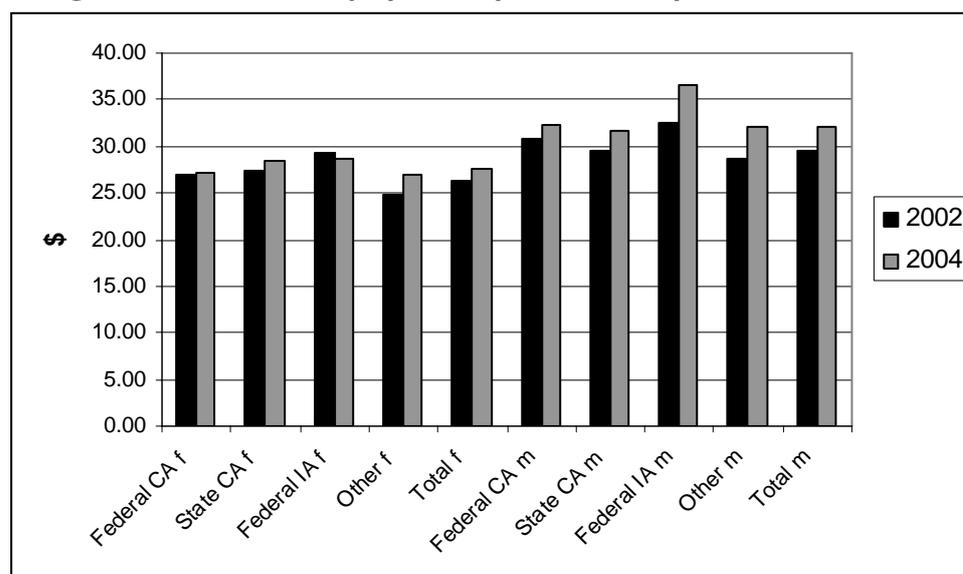
As noted above, estimates from this point on refer to hourly ordinary time earnings among non-managerial employees. Amongst professional employees, women on AWAs in 2002 had relatively favourable hourly earnings and a slightly lower gender earnings gap compared with federal collective and other forms of agreement. However, by 2004 this position had eroded. AWA women's average hourly earnings had dropped from \$29.40 to \$28.60 and the gender gap between AWA men and women was larger than that for other types of agreement. In 2004, women on AWAs were estimated to earn 78 per cent of the hourly earnings of males on AWAs.

Table 6: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Professional Employees, May 2002 and May 2004

Type of Agreement	Females		Males		Female earnings as % of male	
	2002 (\$)	2004 (\$)	2002 %	2004%	2002 %	2004%
Federal Collective	26.90	27.20	30.80	32.20	87	84
State Collective	27.40	28.40	29.60	31.60	93	90
Federal Individual	29.40	28.60	32.60	36.50	90	78
Other	24.90	26.90	28.60	32.00	87	84
Total	26.30	27.50	29.50	32.10	89	86

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

Notes: "Other" estimates for 2002 exclude some employees on individual state agreements

Figure 2: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Professional Employees, May 2002 and May 2004

Notes: State Individual Agreements have been omitted from this analysis due to the number of missing cells in that data. 'f' denotes female earnings under each type of employment agreement and 'm' denotes male earnings.

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

4.2.3 ASCO Group 3: Associate professionals

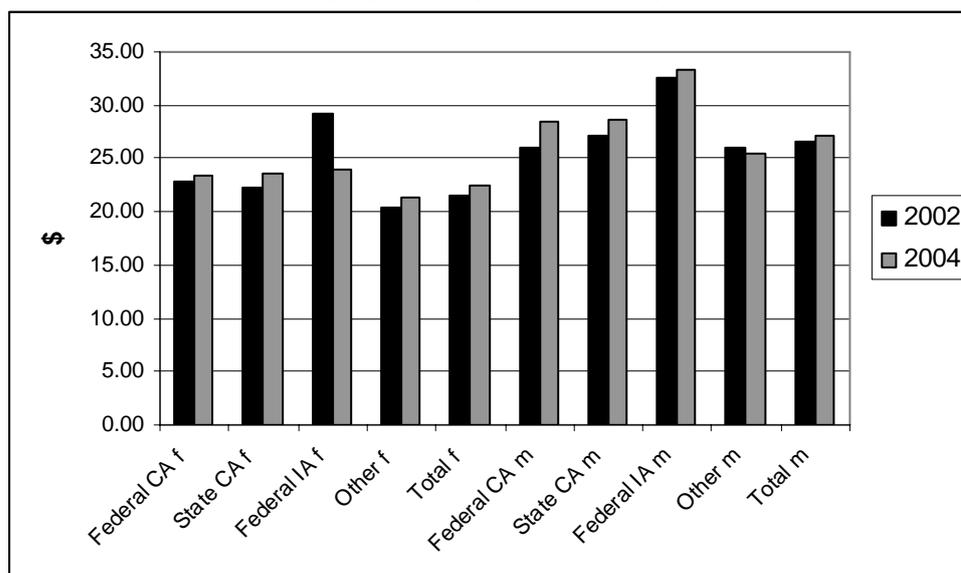
Women on AWAs in 2002 received highly favourable earnings compared with those on other types of employment agreement, earning about 35 per cent more than average earnings for women in this occupational group and 90 per cent of male earnings. This position had eroded significantly by 2004, with absolute earnings for women on AWAs dropping by over five dollars an hour and AWA women's earnings estimated at just 72 per cent of men's. Men on AWAs appear to have maintained their relatively favourable earnings position compared with employees on other forms of agreement.

Table 7: Average Hourly Ordinary Time Earnings (\$), Female and Male Non Managerial Associate Professional Employees, May 2002 and May 2004

Type of Agreement	Females		Males		Female earnings as % of male	
	2002 (\$)	2004 (\$)	2002 %	2004%	2002%	2004%
Federal Collective	22.80	23.40	26.10	28.40	87	82
State Collective	22.20	23.50	27.20	28.70	82	82
Federal Individual	29.20	23.90	32.60	33.30	90	72
Other	20.40	21.40	26.10	25.40	78	84
Total	21.50	22.40	26.50	27.10	81	83

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

Notes: "Other" estimates for 2002 exclude some employees on individual state agreements

Figure 3: Average Hourly Ordinary Time Earnings (\$), Female and Male Non Managerial Associate Professional Employees, May 2002 and May 2004

Notes: State Individual Agreements have been omitted from this analysis due to the number of missing cells in that data. 'f' denotes female earnings under each type of employment agreement and 'm' denotes male earnings.

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

4.2.4 ASCO Group 4: Tradespersons and related workers

Women in this category have fared quite poorly under AWAs. In 2002, women on AWAs were paid less than their counterparts on collective registered agreements and between 2002 and 2004, women on both AWAs and on state collective agreements have experienced a decline in average earnings. Both women and men on AWAs recorded declines in estimated hourly earnings between 2002 and 2004. Further, AWA women's earnings relative to men's dropped from 69 per cent to 67 per cent between 2002 and 2004.

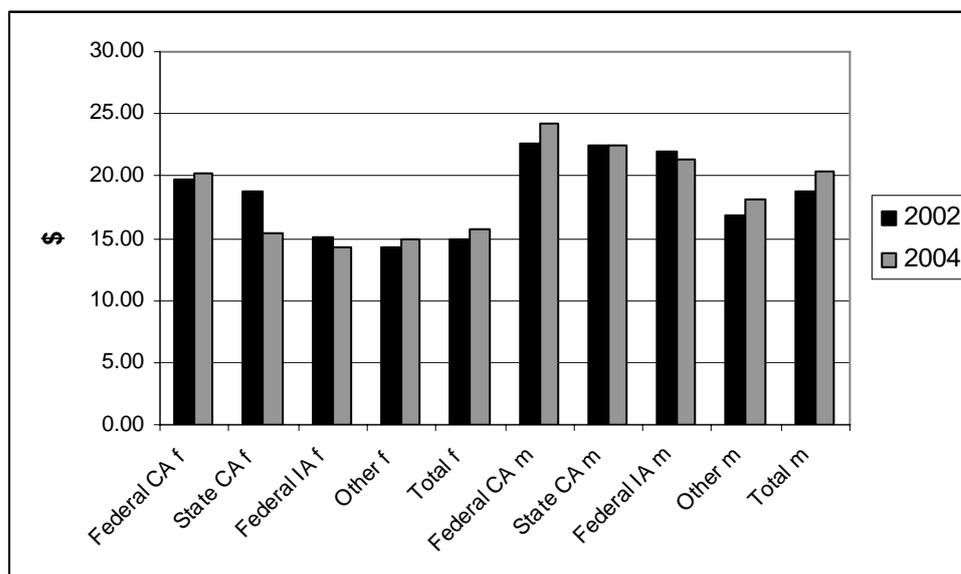
Table 8: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Tradespersons and Related Workers, May 2002 and May 2004

Type of Agreement	Females		Males		Female earnings as % of male	
	2002 (\$)	2004 (\$)	2002 (\$)	2004 (\$)	2002%	2004%
Federal Collective	19.80	20.20	22.70	24.30	87	83
State Collective	18.70	15.40	22.40	22.50	83	68
Federal Individual	15.10	14.30	21.90	21.40	69	67
Other	14.20	15.00	16.80	18.20	85	82
Total	15.00	15.80	18.70	20.30	80	78

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

Notes: "Other" estimates for 2002 exclude some employees on individual state agreements

Figure 4: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Tradespersons and Related Workers, May 2002 and May 2004



Notes: State Individual Agreements have been omitted from this analysis due to the number of missing cells in that data. 'f' denotes female earnings under each type of employment agreement and 'm' denotes male earnings.

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

4.2.5 ASCO Group 5: Advanced clerical and service workers

Women on AWAs in this occupational group received relatively favourable earnings in 2002, with relatively high earnings estimates compared with women on other forms of employment and with men on AWAs. However, their relative position eroded, so that by 2004 much of their advantage had been lost due to a fall in average earnings and a dramatic decline, from 108 per cent to 78 per cent, in their recorded earnings estimates as a percentage of men's. Men in this group experienced an increase in average earnings during the same period. This is shown in Table 9 and Figure 5.

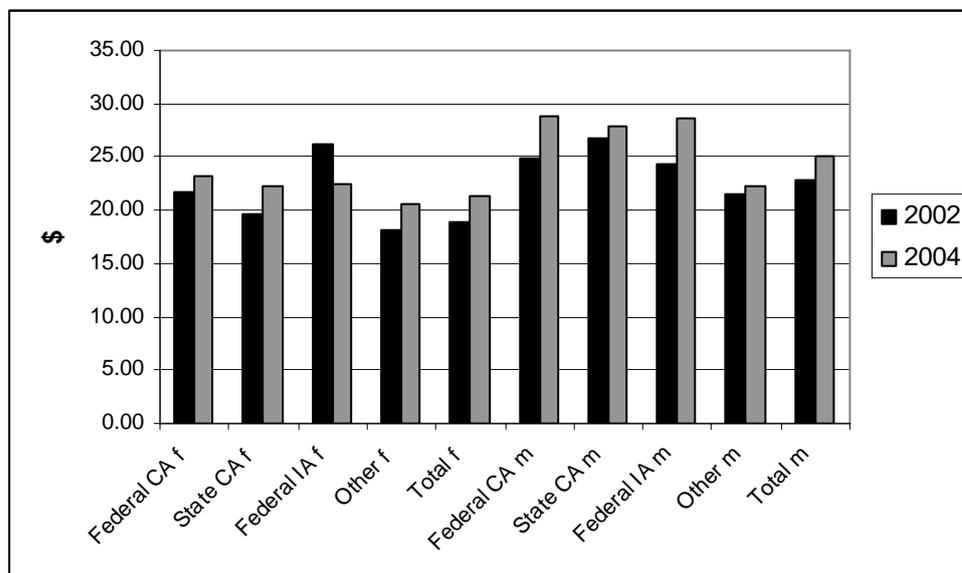
Table 9: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Advanced Clerical and Service Worker Employees, May 2002 and May 2004

Type of Agreement	Females		Males		Female earnings as % of male	
	2002 (\$)	2004 (\$)	2002 (\$)	2004 (\$)	2002 %	2004 %
Federal Collective	21.70	23.30	24.80	28.80	88	81
State Collective	19.70	22.30	26.80	27.90	74	80
Federal Individual	26.20	22.40	24.30	28.70	108	78
Other	18.10	20.50	21.60	22.20	84	92
Total	18.90	21.30	22.90	25.00	83	85

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

Notes: "Other" estimates for 2002 exclude some employees on individual state agreements

Figure 5: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Advanced Clerical and Service Worker Employees, May 2002 and May 2004



Notes: State Individual Agreements have been omitted from this analysis due to the number of missing cells in that data. 'f' denotes female earnings under each type of employment agreement and 'm' denotes male earnings.

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

4.2.6 ASCO Group 6: Intermediate clerical, sales and service workers

This group of employees shows as similar pattern to that above. Women on AWAs experienced some earnings advantage in 2002, compared with other women and compared with men on AWAs. However, that position had eroded by 2004, with declines in both absolute and relative recorded earnings estimates. Again, men on AWAs experienced an increase in earnings during the same period, although their position relative to those on collective agreements was unfavourable.

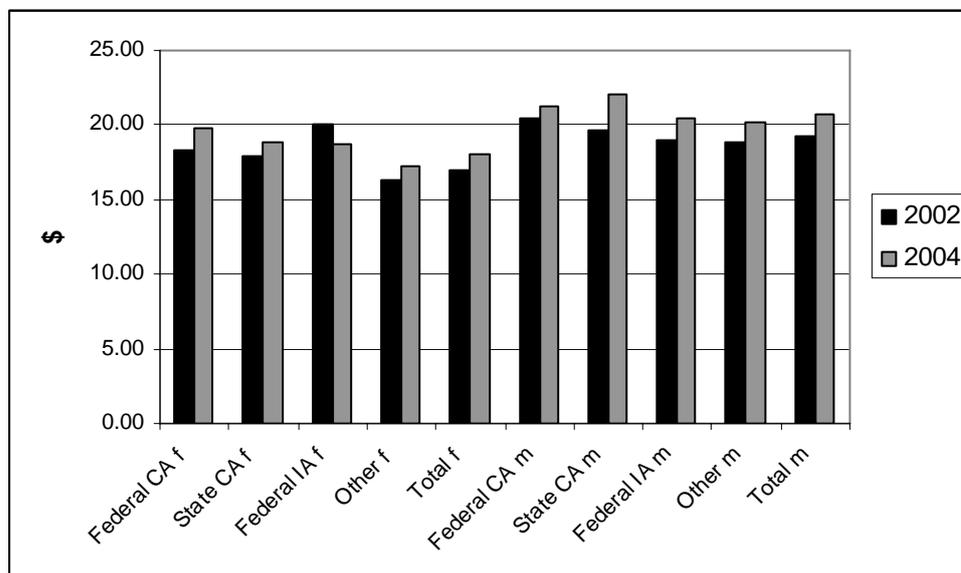
Table 10: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Intermediate Clerical, Sales and Service Worker Employees, May 2002 and May 2004

Type of Agreement	Females		Males		Female earnings as % of male	
	2002 (\$)	2004 (\$)	2002 (\$)	2004 (\$)	2002%	2004%
Federal Collective	18.30	19.80	20.40	21.20	90	93
State Collective	17.90	18.90	19.70	22.00	91	86
Federal Individual	20.00	18.70	19.00	20.40	105	92
Other	16.30	17.30	18.90	20.20	86	86
Total	17.00	18.10	19.30	20.70	88	87

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

Notes: “Other” estimates for 2002 exclude some employees on individual state agreements

Figure 6: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Intermediate Clerical, Sales and Service Worker Employees, May 2002 and May 2004



Notes: State Individual Agreements have been omitted from this analysis due to the number of missing cells in that data. ‘f’ denotes female earnings under each type of employment agreement and ‘m’ denotes male earnings.

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

4.2.7 ASCO Group7: Intermediate production and transport workers

Women on AWAs in this occupational classification have fared relatively well, receiving both higher hourly earnings and earnings increases between 2002 and 2004. They have, however, experienced relatively low increases in earnings compared with men on AWAs and this has resulted in a decline in AWA female earnings as a per cent of male’s, from 91 per cent in 2002 to 81 per cent in 2004.

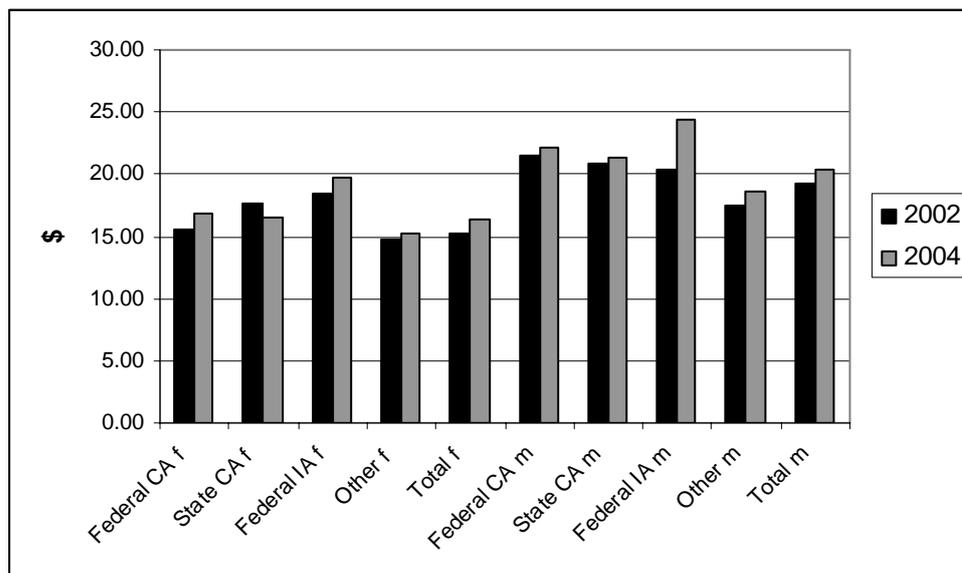
Table 11: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Intermediate Production and Transport Workers, May 2002 and May 2004

Type of Agreement	Females		Males		Female earnings as % of male	
	2002 (\$)	2004 (\$)	2002 (\$)	2004 (\$)	2002%	2004%
Federal Collective	15.50	16.90	21.50	22.10	72	76
State Collective	17.60	16.60	20.90	21.30	84	78
Federal Individual	18.50	19.80	20.30	24.40	91	81
Other	14.80	15.30	17.50	18.60	85	82
Total	15.30	16.40	19.20	20.30	80	81

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

Notes: “Other” estimates for 2002 exclude some employees on individual state agreements

Figure 7: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Intermediate Production and Transport Workers, May 2002 and May 2004



Notes: State Individual Agreements have been omitted from this analysis due to the number of missing cells in that data. 'f' denotes female earnings under each type of employment agreement and 'm' denotes male earnings.

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

4.2.8 ASCO Group 8: Elementary clerical, sales and service workers

In 2002, women on AWAs in this occupational group had earnings that exceeded those of women on other types of employment agreements and of men on all types of agreement. By 2004 however, this position had declined and women on AWAs were the lowest paid employees in this occupational group. Their position relative to men on AWAs had declined dramatically from 107 per cent of male AWA earnings to 79 per cent.

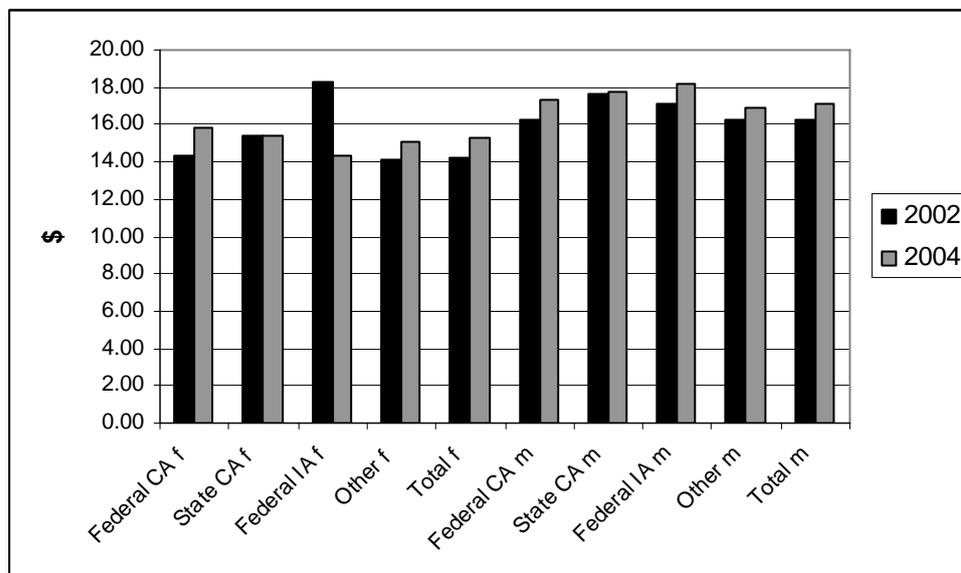
Table 12: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Elementary, Clerical, Sales and Service Workers, May 2002 and May 2004

Type of Agreement	Females		Males		Female earnings as % of male	
	2002 (\$)	2004 (\$)	2002 (\$)	2004 (\$)	2002%	2004%
Federal Collective	14.30	15.80	16.30	17.30	88	91
State Collective	15.40	15.40	17.70	17.80	87	87
Federal Individual	18.30	14.30	17.10	18.20	107	79
Other	14.10	15.10	16.30	16.90	87	89
Total	14.20	15.30	16.30	17.10	87	89

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

Notes: "Other" estimates for 2002 exclude some employees on individual state agreements

Figure 8: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Elementary, Clerical, Sales and Service Workers, May 2002 and May 2004



Notes: State Individual Agreements have been omitted from this analysis due to the number of missing cells in that data. 'f' denotes female earnings under each type of employment agreement and 'm' denotes male earnings.

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

4.2.9 ASCO Group 9: Labourers and related workers

In 2002 women and men on AWAs received relatively lower hourly earnings than those on collective registered agreements. Their position altered little between 2002 and 2004. In contrast to most occupational groups, women on AWAs improved their position relative to men and by 2004 were earning 98 per cent of estimated male AWA earnings.

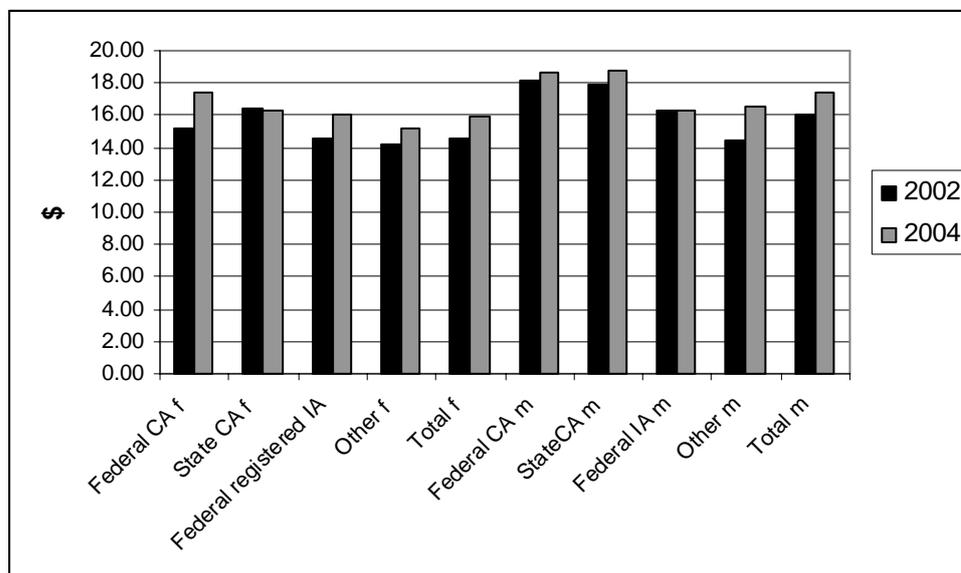
Table 13: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Labourer and Related Workers Employees, May 2002 and May 2004

Type of Agreement	Females		Males		Female earnings as % of male	
	2002 (\$)	2004 (\$)	2002 (\$)	2004 (\$)	2002%	2004%
Federal Collective	15.20	17.40	18.20	18.60	84	94
State Collective	16.40	16.30	17.90	18.80	92	87
Federal Individual	14.60	16.00	16.30	16.30	90	98
Other	14.20	15.20	14.40	16.60	99	92
Total	14.60	15.90	16.10	17.40	91	91

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

Notes: “Other” estimates for 2002 exclude some employees on individual state agreements

Figure 9: Average Hourly Ordinary Time Earnings (\$), All Female and Male Non Managerial Labourer and Related Workers Employees, May 2002 and May 2004



Notes: State Individual Agreements have been omitted from this analysis due to the number of missing cells in that data. ‘f’ denotes female earnings under each type of employment agreement and ‘m’ denotes male earnings.

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

5 Summary of Key Findings

Earnings estimates relevant to employees with AWAs are summarised in Table 14 and this clarifies the key findings from our investigation of disaggregated ABS data. While AWAs appear to be operating in a favourable manner for the earnings of those in managerial and administrative occupations, the story for non-managerial employees is quite different, particularly for women. For six of the eight occupational groupings shown in Table 14, average hourly ordinary time earnings for women declined between 2002 and 2004. This was not the case for men working under AWAs.

The available data provide some support for the claim that larger gender pay gaps are associated with decentralised wage-fixing and this poses some challenges for the extent to which AWAs can meet goals of gender equity within the workforce and the community more generally.

A second, perhaps more concerning aspect of these findings, however, is that WorkChoices, and particularly AWAs, have been promoted as an appropriate way of negotiating workplace level employment arrangements that allow “flexibility” in the way employment entitlements are structured. For example, annual leave may be traded for higher wages. However, a comparison of 2002 and 2004 earnings estimate indicates that there is little guarantee that such wage increases, once achieved, will be maintained through time. Thus the value of a wage increase may erode while at the same time, the traded benefit (such as annual) leave has been forfeited. The 2002 and 2004 estimates used in this study suggest that not only may the real value of average earnings erode but that the absolute levels of average earnings has fallen under AWAs.

Table 14: Average Hourly Ordinary Time Earnings for Non-Managerial Female and Male Employees with AWAs by occupation, May 2002 and May 2004

Occupational Group	Females		Males	
	2002 (\$)	2004 (\$)	2002 (\$)	2004 (\$)
Professional	29.40	28.60	32.60	36.50
Associate Professional	29.20	23.90	32.60	33.30
Tradespersons and related workers	15.10	14.30	21.90	21.40
Advanced clerical and service workers	26.20	22.40	24.30	28.70
Intermediate clerical, sales and service workers	20.00	18.70	19.00	20.40
Intermediate production and transport workers	18.50	19.80	20.30	24.40
Elementary clerical, sales and service workers	18.30	14.30	17.10	18.20
Labourers and related workers	14.60	16.00	16.30	16.30

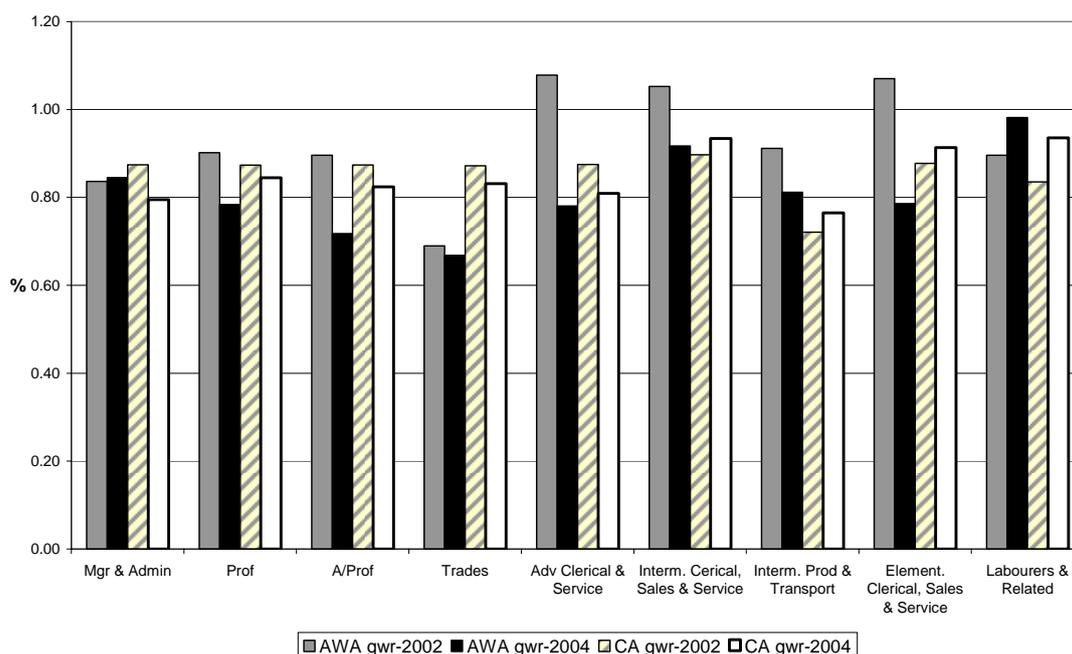
Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

Notes: "Other" estimates for 2002 exclude some employees on individual state agreements

A third and related concern is that earnings estimates such as those used throughout this paper provide no insights into the entitlements that may have been traded in order to secure particular wage rates. For example, it is possible that those who record increases in earnings under the new WorkChoices provisions will do so at the "cost" of forfeiting previous entitlements. Currently, there is no method of recording the cost of a loss of entitlements against data used to generate earnings estimates.

Figure 10 compares the gender wage ratio (common ratio of female AHOTE to male AHOTE) for AWAs and federally approved collective agreements over the period 2002 to 2004.

Figure 10: Gender wage ratio within AWAs and Federal Collective Agreements, 2002 and 2004, non managerial employees



The following features of the data are worthy of comment:

- With the exception of two occupational groups (Managers and Administrators and Labourers and Related Workers), the gender wage gap amongst non-managerial employees on AWAs deteriorated between 2002 and 2004.
- The gender wage gap across occupations is persistent, significant and varied.
- In 2004, the gender wage ratio amongst non-managerial Advanced Clerical and Service Workers was 78 per cent. The corresponding ratios for Associate Professionals, Professionals and Labourers and Related Workers were 72, 78 and 98 per cent, respectively.
- Relative to non-managerial employees covered by AWAs, the gender wage gap amongst those covered by federal collective agreements was generally smaller.

Research elsewhere has noted that observed stability in the gender wage gap is underpinned by deterioration in the relative wage outcomes of men rather than by improvements in female pay per se (Preston 2003). Table 14 shows the relative earnings of different occupational groups benchmarked to Professionals and

disaggregated by type of agreement. In 2002 the AHOTE for female non-managerial employees employed as Labourers and Related Workers and covered by an AWA was equal to 49.7 per cent of the corresponding rate for female non-managerial Professionals. By 2004 the relativity had improved by 6.3 percentage points to 55.9 per cent. Amongst male Labourers and Related Workers the story was markedly different, with the corresponding relativity falling 5.3 percentage points from 50 per cent to 44.7 per cent. In Figure 10 the observed convergence in the GWR amongst Labourers and Related Workers covered by AWAs is underpinned by deterioration in the relative pay of males.

Table 14: Non-managerial female and male average ordinary hourly earning relativities by occupation and type of agreement May 2002 and May 2004

	AWA-f 2002	AWA-f 2004	CA-f 2002	CA-f 2004	AWA-m 2002	AWA-m 2004	CA-m 2002	CA-m 2004
Prof	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A/Prof	99.3	83.6	84.8	86.0	100.0	91.2	84.7	88.2
Trades	51.4	50.0	73.6	74.3	67.2	58.6	73.7	75.5
Adv Clerical & Service	89.1	78.3	80.7	85.7	74.5	78.6	80.5	89.4
Interm. Clerical, Sales & Service	68.0	65.4	68.0	72.8	58.3	55.9	66.2	65.8
Interm. Prod & Transport	62.9	69.2	57.6	62.1	62.3	66.8	69.8	68.6
Element. Clerical, Sales & Service	62.2	50.0	53.2	58.1	52.5	49.9	52.9	53.7
Labourers & Related	49.7	55.9	56.5	64.0	50.0	44.7	59.1	57.8

Source: Australian Bureau of Statistics, Catalogue 6306.0, unpublished data

Notes: AWA denotes AWA; CA denotes coverage of federally approved collective agreements; 'f' and 'm' denote female and male, respectively. Professionals form the reference group.

6 Conclusions

Available data demonstrate that some employees on AWAs appear to receive benefits in terms of increased earnings. However, the effects of AWAs vary markedly between occupational groups and across time. It appears that longer term benefits in the form of higher earnings are restricted to those in relatively favourable labour market positions, most notably those in administrative and managerial roles. Those who have traditionally been reliant on minimum award conditions to provide their standard employment entitlements, particularly women in non-managerial roles are not maintaining their earnings position. Further, it is unlikely that current data sources will be adequate for monitoring their position if trade offs between earnings and other entitlements become prevalent under the new WorkChoices arrangements.

WorkChoices, and particularly individual agreements in the form of AWAs have been aggressively promoted as an appropriate way of negotiating workplace level employment arrangements that allow 'flexibility' in the way employment entitlements are structured. *WorkChoices* will also purportedly deliver increased productivity, increased wages and allow workers to better balance work and family life.

In this paper we review evidence with respect to earning outcomes and, using new unpublished data from the ABS, show that notwithstanding favourable claims from the Office of the Employment Advocate (OEA), women are likely to be significantly disadvantaged in a system where primacy is given to individual bargaining. Between 2002 and 2004 the gender wage gap amongst non-managerial employees on AWAs deteriorated by 19.6 percentage points to 79.6 per cent and was larger than the observed gender wage gap amongst non-managerial employees on collective (federally registered) agreements, equal to 87.5 per cent.

Aside from experiencing a widening gender wage gap, the data also show that female non-managerial employees on AWAs also experienced a deterioration in their real wage between 2002 and 2004 with absolute earnings (at current prices) falling over the period studied. Whilst it might be that earnings have been traded off for some

benefit (eg annual leave), research elsewhere suggests that the employment conditions under most individual agreements covering non-managerial employees are inferior to awards (Plowman & Preston 2005).

In short, available data demonstrate that some employees on AWAs appear to receive benefits in terms of increased earnings. However, the effects of AWAs vary markedly between occupational groups and across time. It appears that longer term benefits in the form of higher earnings are restricted to those in relatively favourable labour market positions, most notably those in administrative and managerial roles. Those who have traditionally been reliant on minimum award conditions to provide their standard employment entitlements, particularly women in non-managerial roles are not maintaining their earnings position. Further, it is unlikely that current data sources will be adequate for monitoring their position if trade offs between earnings and other entitlements become prevalent under the new *WorkChoices* arrangements. This may have significant implications for gender equity in the labour market as AWAs become more widely used. It is an issue that will require regular, appropriate data for monitoring future developments in order to encourage fairness and equity.

The new workplace regulations introduced under the *WorkChoices* legislation gives a relatively privileged position to the introduction of AWAs. However, national data for monitoring earnings under AWAs is produced relatively infrequently and can be interpreted in different ways. Our paper has contrasted the "story" told by the unpublished data used by the Office of the Employment Advocate with the "story" told by alternative readings of data from the same survey. The stories vary according to whether the earnings managerial employees are incorporated in average earnings estimates, occupation group and by gender. It is clear however, that for the small percentage of employees on AWAs in 2002 and 2004 there were winners and losers, with experiences varying greatly for different market sectors. Women are concentrated in the market sectors that have fared badly under AWAs so far. This may have significant implications for gender equity in the labour market as AWAs become more widely used. It is an issue that will require regular, appropriate data for monitoring future developments in order to encourage fairness and equity.

7 References

- Astor, H. and Chinkin, C. (2002) *Dispute Resolution in Australia*, Butterworths, Sydney.
2nd Edition
- Australian Bureau of Statistics (2004) *Employee Earnings and Hours Catalogue 6306.0*, Australian Bureau of Statistics, Canberra.
- Blau, F. and Kahn, L. (1992) *American Economic Review*, 82:302-328.
- Campbell, I. & Burgess, J. 2001, 'Casual employment in Australia and Temporary Work in Europe: Developing a Cross-national comparison', *Work, employment and society*, vol. 15, no. 1, pp. 171-184.
- DEWR, & OEA. (2004) *Agreement making in Australia under the Workplace Relations Act*. Canberra: Department of Employment and Workplace Relations and the Office of the Employment Advocate.
- Gregory, R. and Daly, A. (1992) In *Proceedings of the 9th World International Industrial Relations Association Congress*, Vol. 5 Sydney, pp. 79-106.
- Gregory, R. and Ho, V. (1985) Centre for Economic Policy Research, Australian National University.
- Lee, J. (1994) *Australian Journal of Public Administration*, 53:189.
- Lee, M. and Sheldon, P. (1997) *Workplace Relations*, Butterworths, Sydney
- Plowman, D. & Preston, A. 2005, 'The New Industrial Relations: Portents for the lowly paid', *Journal of Australian Political Economy*, vol. 56, no. 4, pp. 224-242.
- Pocock, B., Buchanan, J. & Campbell, I. 2004, 'Meeting the challenge of casual work in Australia: Evidence, Past Treatment and Future Policy', *Australian Bulletin of Labour*, vol. 30, no. 1, pp. 16-32.
- Preston, A. (2001). *The Structure and Determinants of Wage Relativities: Evidence from Australia*. Aldershot: Ashgate Publishing Limited.
- Preston, A. 2003, 'Gender earnings and part time pay in Australia, 1990-1998', *British Journal of Industrial Relations*, vol. 41, no. 3, pp. 417-433.
- Preston, A., Jefferson, T. & Seymour, R. 2006, *Women's pay and conditions in an era of changing workplace regulations: Towards a "Women's Employment Status Key Indicators" (WESKI) database*, Human Rights and Equal Opportunity Commission, National Foundation for Australian Women and the Women's Electoral Lobby, Sydney
- Riley J and Sarina T 2006 Industrial legislation in 2005 *Journal of Industrial Relations*, 48(3): 342-355

Rubery, J. (1992) "Pay, gender and the social dimension to Europe" *British Journal of Industrial Relations*, 30:605-21

Senate Employment, Workplace Relations and Education Legislation Committee (2006) *Budget estimates proceedings*, Monday 29 May 2006, Canberra (Proof Issue) downloaded from <http://www.aph.gov.au/hansard/hanssen.htm>.

The Parliament of the Commonwealth of Australia, House of Representatives. (2004/05). Workplace Relations Amendment (Work Choices) Bill: Explanatory Memorandum: Circulated by authority of the Minister for Employment and Workplace Relations, the Honourable Kevin Andrews MP

Whitehouse, G. (1992) "Legislation and labour market gender inequality: an analysis of OECD countries" *Work, employment and society*, 6:65-86.