SENATE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION LEGISLATION COMMITTEE

2005-2006 SUPPLEMENTARY BUDGET SENATE ESTIMATES HEARING 2 and 3 NOVEMBER 2005

EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO

QUESTIONS ON NOTICE

OFFICE OF THE EMPLOYMENT ADVOCATE

Question Number: W540-06

Question:

Senator McEwen asked at *Hansard* pages 42 and 45:

Can the OEA provide a copy of their analysis of the ABS employee earnings and hours and survey data?

Answer:

A portion of the OEA's analysis of the ABS Employee Earnings and Hours Survey data is already provided in other Question on Notice responses, namely W552-06 and W553-06.

The ABS data used in this analysis is drawn from the same dataset used in responding to questions on notice from the June 2005 Senate Estimates, namely W259-06 and W273-06, where it was shown that overall, AWA employees had, on average, earnings 13 and 100 per cent higher than Certified Agreement and Award employees respectively.

Other aspects of the data have been analysed, and this is summarised below:

- Male wages across all industrial instruments, sectors, industries and occupations are consistently higher than female wages;
- The gender wage gap between male and female appears to be more influenced by occupation and industry rather than industrial instrument of employment;
- Overall, there is a greater proportion of AWA employees earning higher wages than Certified Agreement i.e. Federal registered collective agreements (CA) employees especially at income bands greater than the median;
- AWA employees earned an extra $352 a week more than CA employees at the highest income band;
- 13 per cent of AWA employees earned greater than $1500 per week as opposed to only 5 per cent of CA employees;

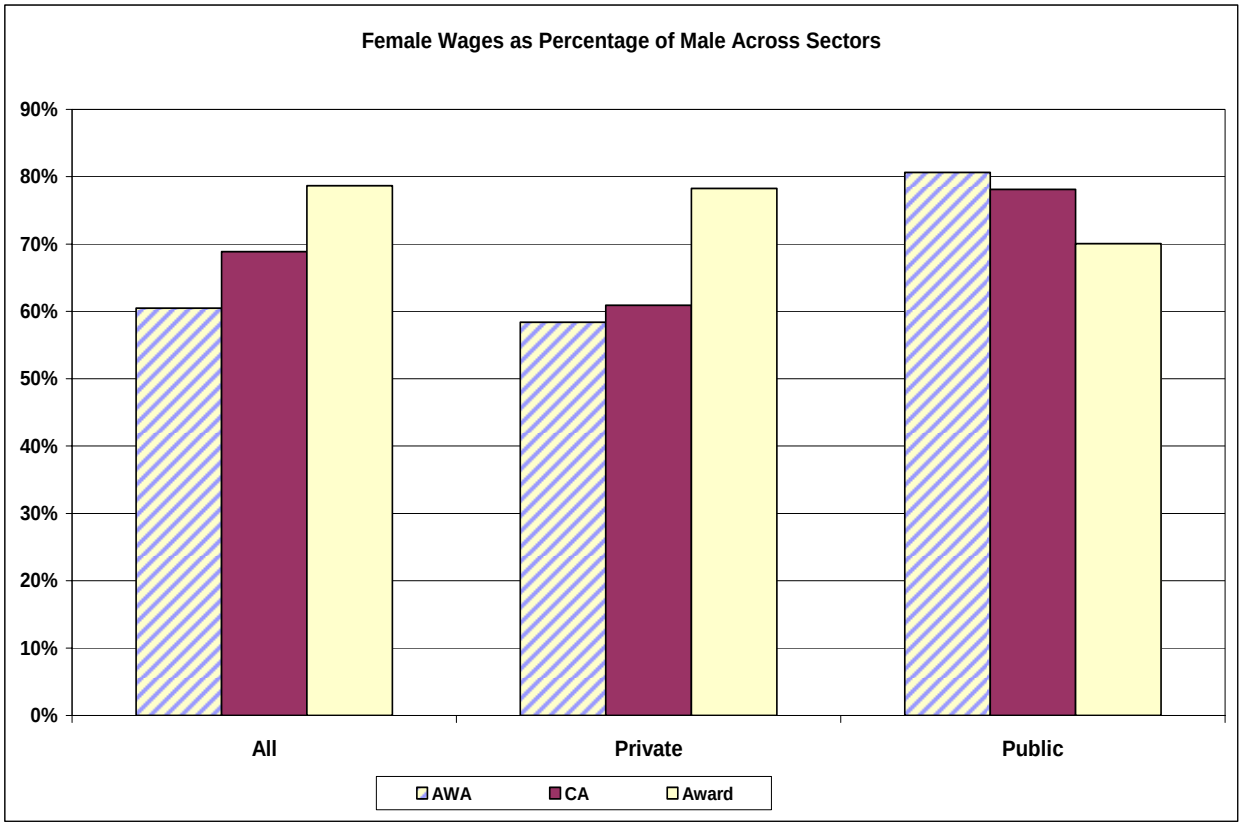
- The distribution for both AWA and CA females is skewed right indicating an over proportionate representation of female employees in income bands lower than the median; and
- CA females had higher weekly wages than AWA females in a majority of income bands especially at the lower end.

Attachment 1 – Gender Wage Gap Analysis

Sector

Overall, Graph 1 shows that AWA females earned approximately 60 per cent of their male counterparts whilst CA and Award female percentages were higher at approximately 70 and 80 per cent. This outcome was the same in the private sector, however, in the public sector the situation was reversed; AWA females' percentage of male earnings was higher than for CA and Award employees.

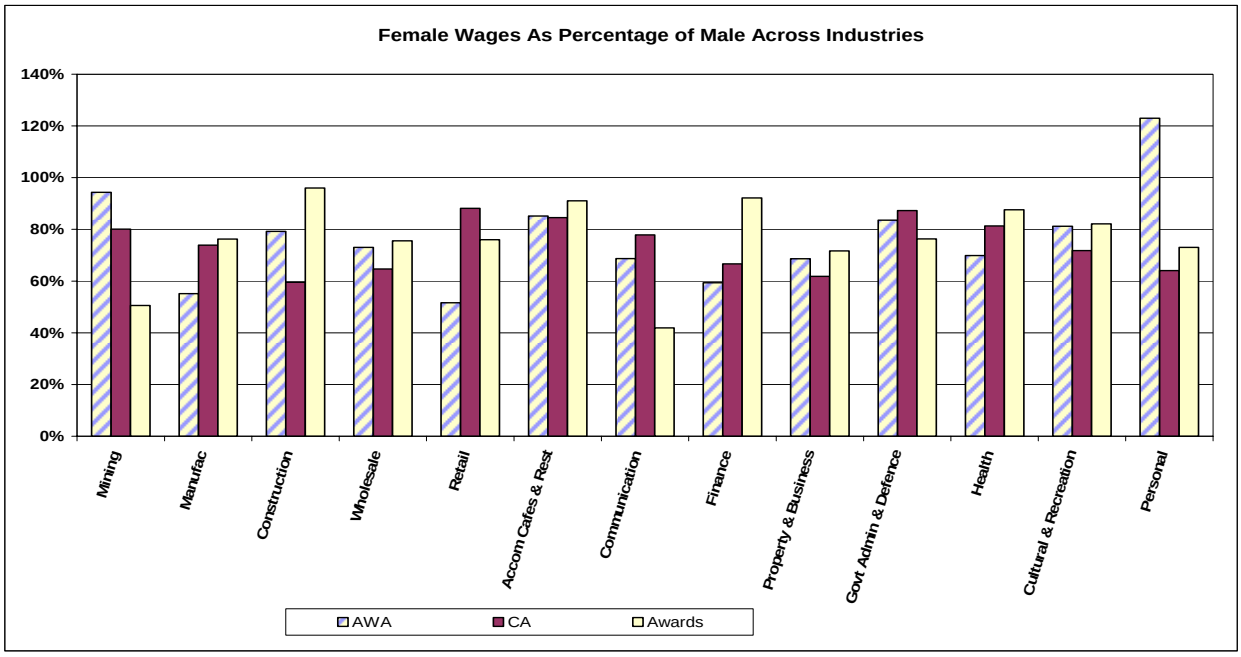
Graph 1 – Percentage of Female to Male Wages Across Sectors



Industry

On an industry basis there appears to be no one type of industrial instrument which provides consistently better outcomes for female employees with respect to the gender pay gap. Graph 2 shows a mixed result, which is industry dependent rather than wage setting dependent. The average percentage of female to male wages for AWA, CA and Award employees are 76, 74 and 76 per cent respectively, indicating gender wage differential is not biased towards any particular wage setting method.

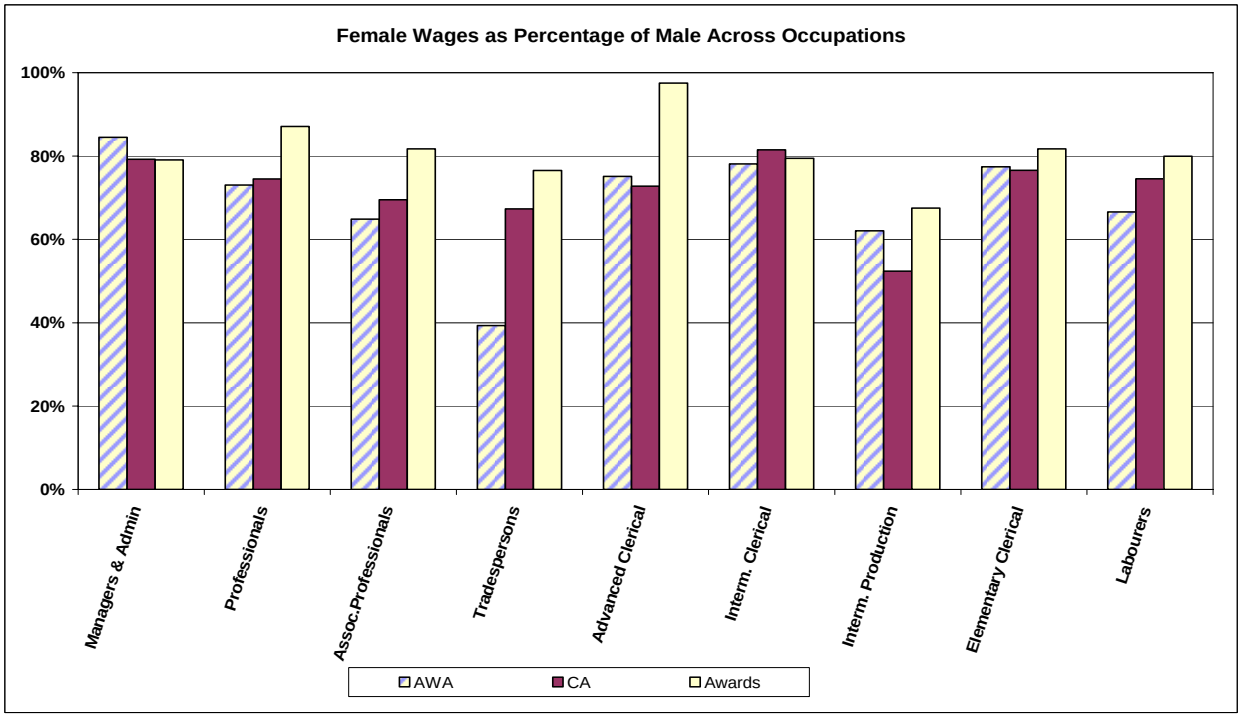
Graph 2 – Percentage of Female to Male Wages Across Industries



Occupation

Compared to both AWA and CA employees, Award females had smaller wage gaps in seven of nine occupational groups (shown in Graph 3). A direct comparison between AWA and CA employees shows a more even result, with AWA females having a higher percentage of male earnings than CA females in four out of nine occupational groups. The average wage gap percentage for AWA, CA and Award female to male wages were 69, 72 and 81 per cent respectively.

Graph 3 - Percentage of Female to Male Wages Across Occupations



Attachment 2 – Wage Distribution for AWA and CA Employees

On an overall basis, the distribution of wages for both AWA and CA employees is marginally skewed right as shown in Chart 1 below. This means that, a greater proportion of employees are earning less than the median income band than in the higher half of the income distribution curve.

It also appears to be evident from the chart below, that a higher percentage of AWA employees are earning higher wages than CA employees. This is best reflected by the cumulative percentages, where 13 per cent of AWA employees earn weekly wages greater than $1500 per week as opposed to only 5 per cent of CA employees.

The wage percentile bands as shown in Chart 2, also shows that, AWA employees have higher wages in the upper half of the income band percentiles whilst CA employees tended to have higher wages in the lower half. At the highest income band, AWA employees earned $300 more per week than CA employees. This reinforces that AWA employees not only tend to earn more but also have a higher percentages of employees earning more than CA employees.

Chart 1 – Overall Wage Distribution

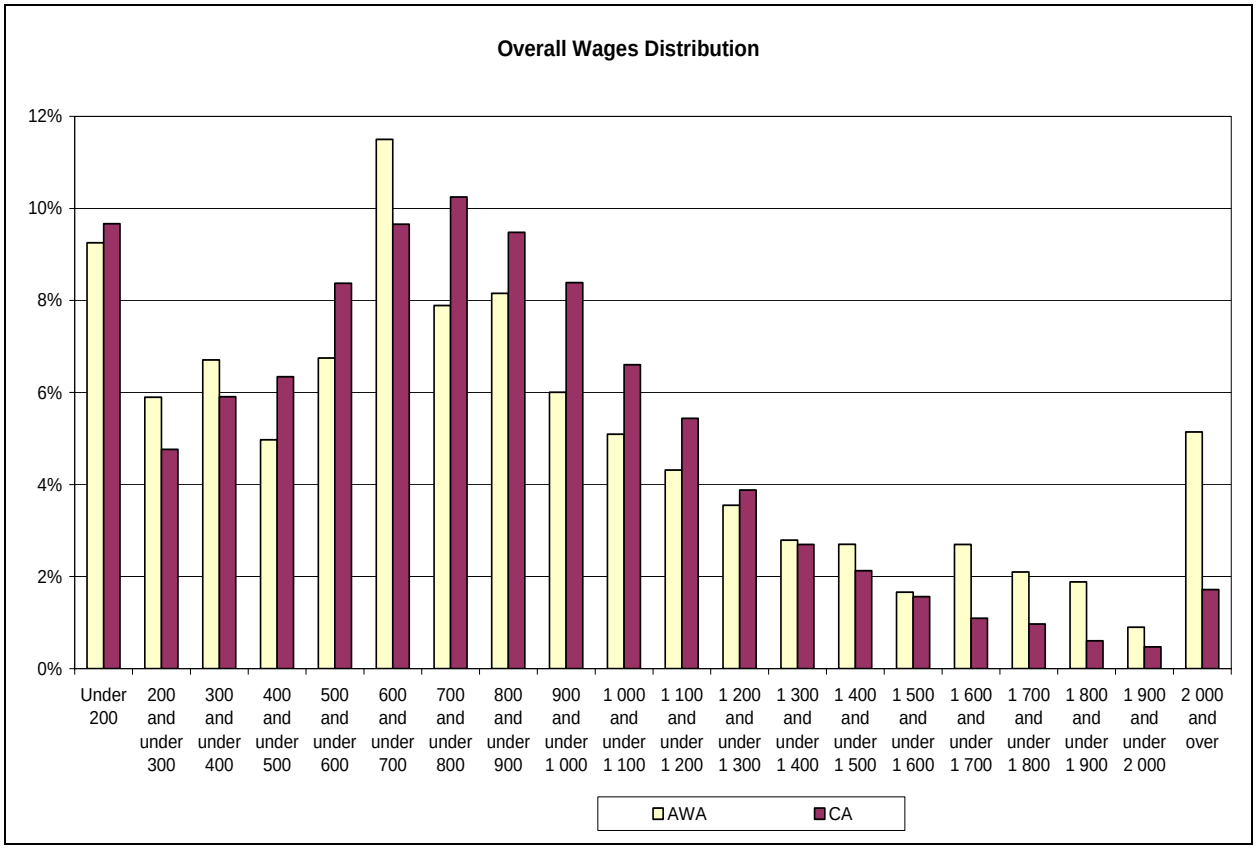
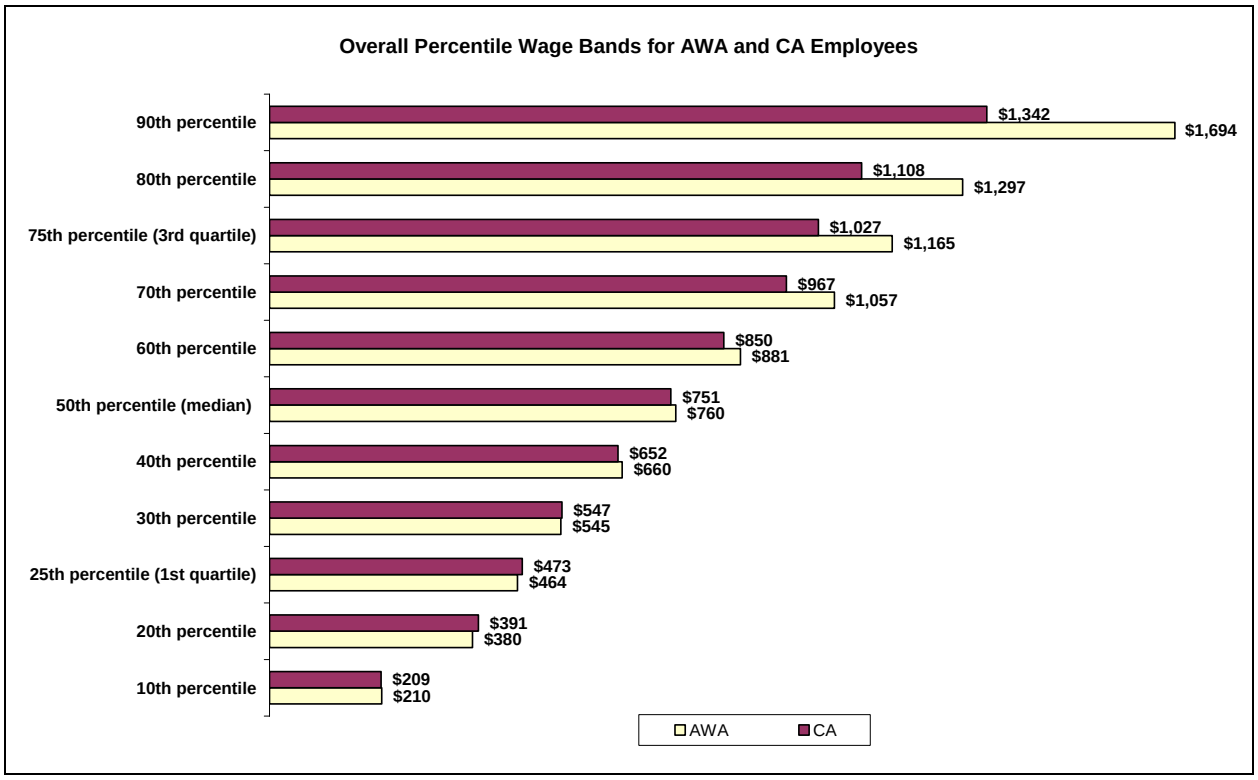


Chart 2 – Overall Percentile Wage Bands



Male Wages Distribution

The wages distribution for AWA and CA males is detailed below in Chart 3 indicating a fairly "normal" distribution of wages i.e. fairly even proportion of male employees in each half of the income distribution curve. The cumulative total does show that a greater percentage of AWA males earn higher wages than their CA counterparts. For example, 19 per cent of AWA males earn greater than $1500 gross per week compared to only 9 per cent of CA males.

Chart 4 graphs the wage percentile bands for male AWA and CA employees, clearly showing that AWA male wages tend to be higher for median income values and above. This indicates the superiority of male AWA wages over CA wages and is especially prominent in the highest income percentile band. For example, at the 90th percentile band, AWA males earned $300 more per week than CA males.

Chart 3 Male Wages Distribution

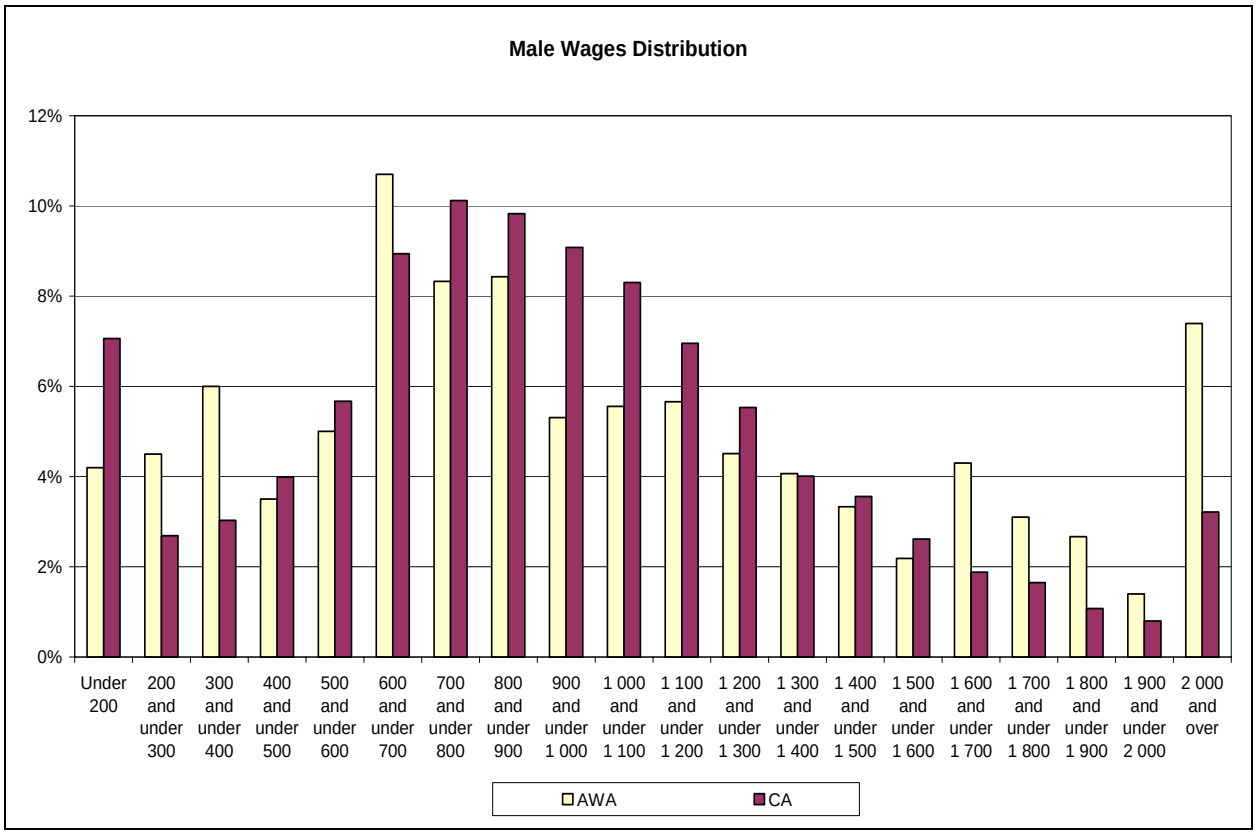
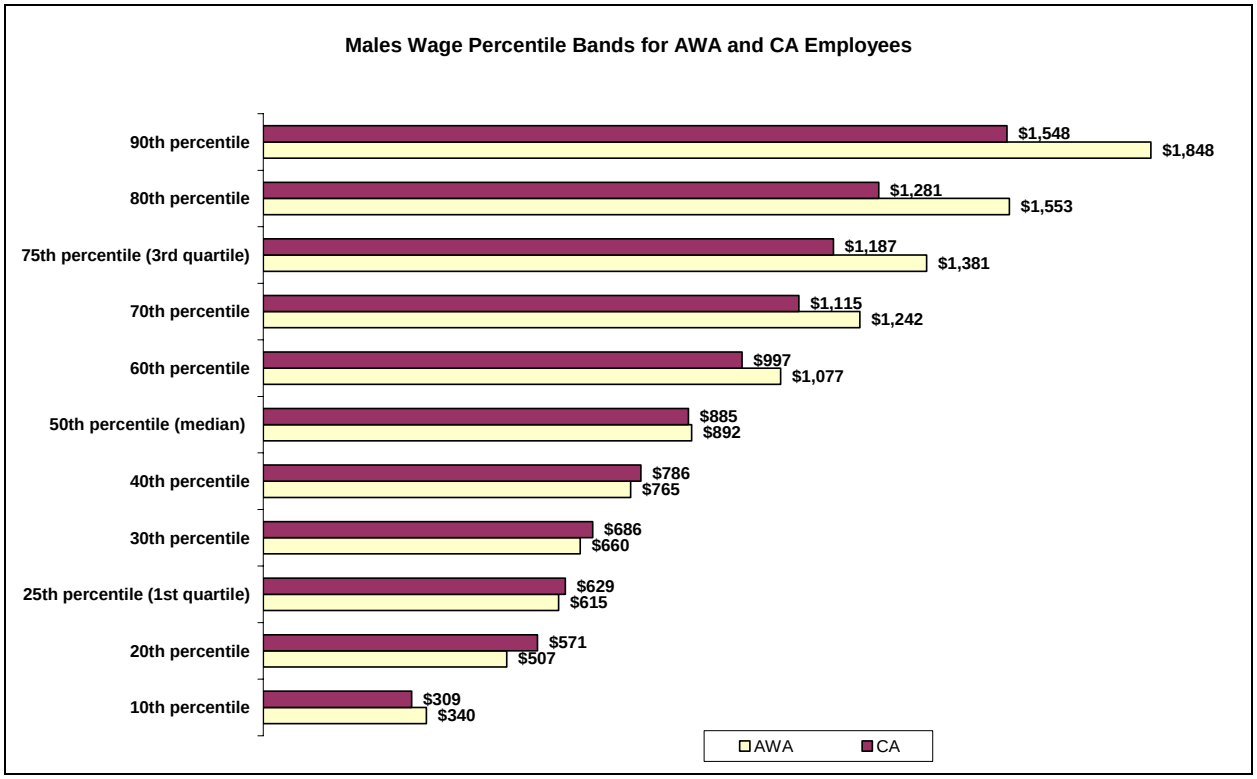


Chart 4 – Male Percentile Wage Bands



Female Wages Distribution

There appears to be limited difference between AWA and CA females in the distribution of wages and this is further substantiated by the fact that 85 per cent of both AWA and CA females earn less than $1000 per week gross.

Chart 6 also shows marginal difference between AWA and CA females towards the higher income bands but this is likely due to the fact that there are such a small percentage of females in these bands and the level of wage variability is lower than would be for males. Whilst the wage distribution of female AWA and CA wages are fairly even, the amount of weekly wages in each respective band clearly shows that, AWA females earn less. The greatest difference appears to be at the lower bands, for example, in the 25th and 30th percentile bands.

Chart 5 – Female Wages Distribution

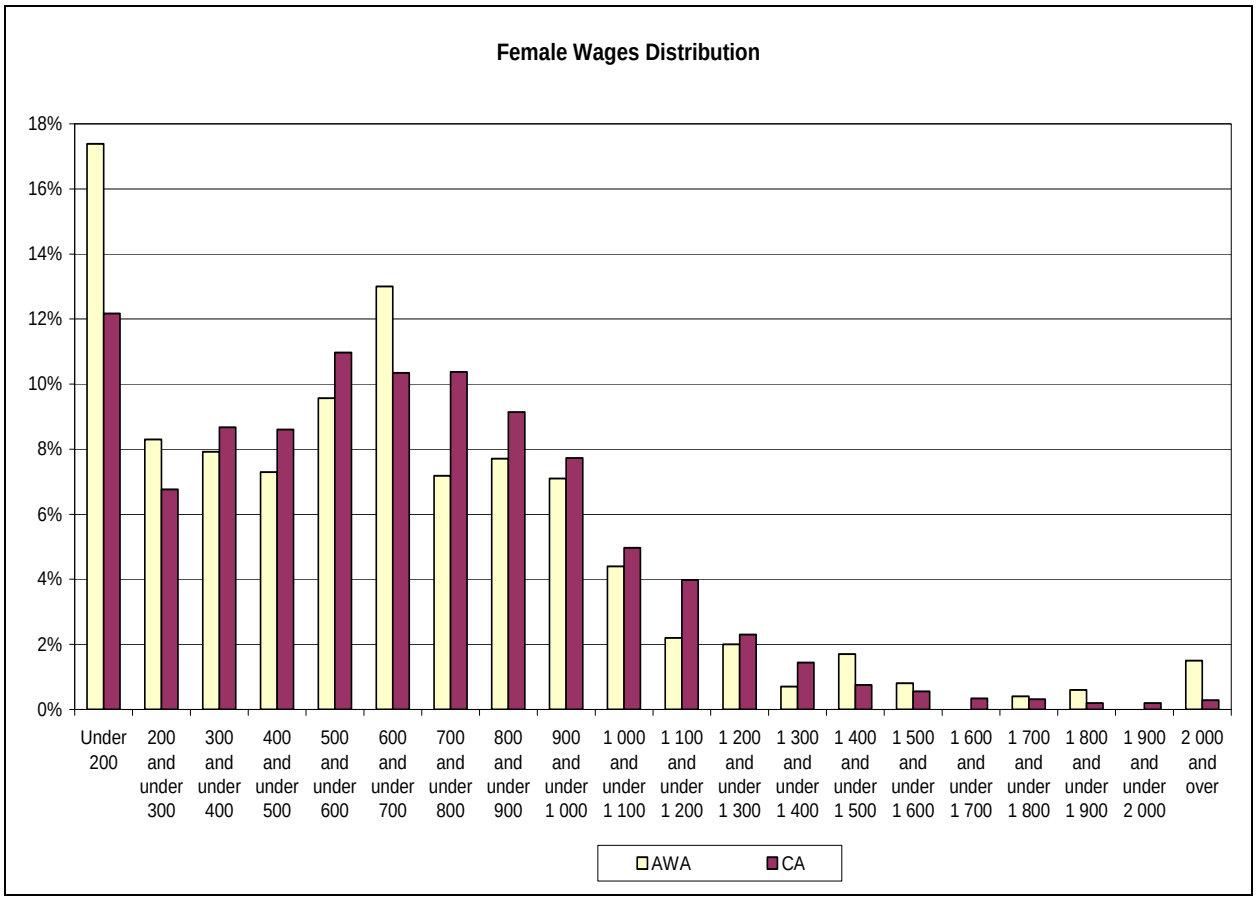


Chart 6 - Female Percentile Wage Bands