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Administrative and Support Services industry profile

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Workplace Research Centre

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The contents of this paper are the responsibility of the authors and the research has been conducted without the involvement of members of the Minimum Wage Panel of Fair Work Australia.

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- Australian Chamber of Commerce and Industry (ACCI);
- Australian Industry Group (Ai Group);
- Australian Council of Social Services (ACOSS);
- Australian Council of Trade Unions (ACTU);
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List of Abbreviations

ABS	Australian Bureau of Statistics
ANZSCO	Australian and New Zealand Standard Classification of Occupations
ANZSIC	Australian and New Zealand Standard Industrial Classification
A&SS	Administrative and Support Services
EBIT	Earnings Before Interest and Tax
FOES	Forms of Employment Survey
FWA	Fair Work Australia
LFS	Labour Force Survey
NESB	non-English speaking background

Executive summary

This report provides a profile of the Administrative and Support Services (A&SS) industry in Australia. In particular, it answers the following questions:

- What is the economic and employment profile of the industry sector?
- What are the defining features of employment practices and conditions in the sector?
- How do wage-setting arrangements work alongside other internal and external factors in determining business performance in the sector?

The industry analysis combines statistical analysis that draws on a diverse range of Australian Bureau of Statistics (ABS) survey data and stakeholder and employee interviews. The industry analysis is further divided into three sections: industry context, employment practices and employee experiences.

The A&SS industry is best defined by 'nature of business engagement', rather than by the actual operations performed by businesses within the industry. A&SS provides day-to-day support services, which are often outsourced by other organisations (from all sectors of the economy). As such, A&SS can be characterised as having 'commonality without cohesion'. Most businesses in the sector are at the end of the supply chain, often resulting in higher-than-normal levels of risk being placed on the business, and consequently, the employee. The nature of such outsourcing has significant flow-on effects for the businesses in the A&SS industry. Specifically, the highly competitive and therefore tenuous nature of revenue streams affects both the nature of the engagement of labour and standards of service delivery.

The core services provided by the A&SS sub-sectors are vastly different, ranging from packaging services to employment services. For the most part they do not share labour, markets, institutional structures (such as peak bodies or interest group representation), and award or wage systems. In many cases the sub-sectors share greater similarity with the industry sectors they service, rather than having internal cohesion. This creates complexity in the analysis.

Where A&SS sub-sectors exhibit the most similarity is in the provision of services, and the nature of being the outsourced service provider. There is a direct relationship between competition in tendering and the industry's labour-intensive structure (i.e. its reliance on labour to deliver services). The A&SS industry has the greatest proportion of costs (51 per cent) going towards wages and salaries, in comparison with the Australian industry average (17 per cent). However, hourly wage rates are well below the Australian average (the average hourly wage for men in A&SS is \$27.90 compared to the Australian average of \$31.00; the average hourly wage for women in A&SS is \$25.40 compared to the Australian average of \$27.60). Interviews indicated that this combination of heavy reliance on tendering and a high proportion of costs dedicated to wages was important to understanding the sector.

Interviews also revealed a high degree of competition in nearly all sectors of the A&SS industry, and a corresponding need to drive costs down. In light of the two important factors discussed previously—tendering and wages costs—a picture of low wages or work intensification for employees in the sector emerges.

A&SS relies more on subcontracted and casual full-time labour than most other industries. Subcontracting allows employers to pass on certain costs, including superannuation and leave entitlements, to workers. Stakeholders as well as employees indicated that these factors are particularly present during economic downturns, creating greater labour market uncertainty for employees in the industry and making it a less-than-attractive industry to work in. Employment on commission-based pay regimes was also found to be in existence in the industry, particularly in the travel sector. It should be noted, however, that such

experiences are disparate, depending on the occupation one is employed in within the sector. Job security was found to be less of a problem for professionals and managers, who make up just under a quarter (24 per cent) of employees in the industry.

There is less occupational mobility for employees in A&SS than might be expected for low-wage workers. Many research participants in low-skilled occupations were found to have remained in the industry sector they are currently employed in for long periods. Further, many also anticipated remaining in the industry for reasons, including knowing their job, being close to retirement, or not feeling that they have the skills or experience to move to other industries. Research participants in higher skilled occupations (Managers and Professionals) were also less likely to move between industries, as they were hesitant to drastically change career paths. This was particularly true for professionals working in employment services and travel and tour operations.

Employees' occupations also influenced their experiences of the cost of living. Those employed in higher skilled occupations were more likely to receive higher pay and to have less trouble meeting living costs—although nearly all participants thought they could do with extra income. Persons employed in lower skilled occupations were often paid minimum wages, and some provided extreme examples of difficulty meeting living expenses. In general, most people agreed that the cost of living was going up. Groceries, electricity, and petrol were all cited as contributing to increasing costs.

1 Introduction

In 2009, Australia's new *Fair Work Act 2009* (2009: s284) established a Minimum Wage Panel. The Minimum Wage Panel in Fair Work Australia undertakes an annual review of, and may vary, minimum wages. Minimum wages include the national minimum wage for award/agreement-free employees; special national minimum wages for award/agreement-free employees who are juniors, to whom training arrangements apply and employees with disability; modern award minimum wages and minimum wages in transitional minimum wage instruments not otherwise terminated by Fair Work Australia.

In reviewing minimum wages the Minimum Wage Panel must consider the minimum wage and modern award objectives of the *Fair Work Act 2009*.

The minimum wage objective requires Fair Work Australia to establish and maintain a safety net of fair minimum wages, taking into account:

- the performance and competitiveness of the national economy, including productivity, business competitiveness and viability, inflation and employment growth
- promoting social inclusion through increased workforce participation
- relative living standards and the needs of the low paid
- the principle of equal remuneration for work of equal or comparable value
- providing a comprehensive range of fair minimum wages to junior employees, employees to whom training arrangements apply and employees with a disability.

The modern awards objective requires Fair Work Australia to ensure that modern awards, together with the National Employment Standards, provide a fair and relevant minimum safety net of terms and conditions, taking into account:

- relative living standards and the needs of the low paid
- the need to encourage collective bargaining
- the need to promote social inclusion through increased workforce participation
- the need to promote flexible modern work practices and the efficient and productive performance of work
- the principle of equal remuneration for work of equal or comparable value
- the likely impact of any exercise of modern award powers on business, including on productivity, employment costs and the regulatory burden
- the need to ensure a simple, easy to understand, stable and sustainable modern award system for Australia that avoids unnecessary overlap of modern awards
- the likely impact of any exercise of modern award powers on employment growth, inflation and the sustainability, performance and competitiveness of the national economy.

This report profiles the sector in the Australian economy defined as the Administrative and Support Services (A&SS) industry (Division N), according to the Australian and New Zealand Standard Industrial Classification (ANZSIC, 2006). This report examines the composition and nature of the sector, with a particular focus on the organisations and the workforce, to inform minimum wage-setting.

The A&SS industry is defined by the most recent Australian and New Zealand Standard Industrial Classification (ANZSIC) as 'units mainly engaged in performing routine support activities for the day-to-day operations of other businesses or organisations' (ANZSIC 2006: 72). The classification breakdown is presented in Table 1.1, below. A more detailed description taken from ANZSIC of each of the sub-sectors is provided in Appendix B.

Table 1.1: ABS industry classification: A&SS

Administrative Services	
	Employment Services
	Employment Placement and Recruitment Services
	Labour Supply Services
	Travel Agency and Tour Arrangement Services
	Travel Agency and Tour Arrangement Services
	Other Administrative Services
	Office Administrative Services
	Document Preparation Services
	Credit Reporting and Debt Collection Services
	Call Centre Operation
	Other Administrative Services
Building Cleaning, Pest Control and Other Support Services	
	Building Cleaning, Pest Control and Gardening Services
	Building and Other Industrial Cleaning Services
	Building Pest Control Services
	Gardening Services
	Packaging Services
	Packaging Services

Source: ABS 2006, cat. no. 1292.0

2 Methodology

Using a combination of qualitative and quantitative research, this report provides a profile of the Administrative and Support Services (A&SS) industry. The three main research questions and associated research methods are: provided below.

1. What is the economic and employment profile of the industry sector?

Method—primarily dealt with via stakeholders and statistical analysis

2. What are the defining features of employment practices and conditions in the sector?

Method—employee interviews and statistical analysis

3. How do wage-setting arrangements work alongside other internal and external factors in determining business performance in the sector?

Method—analysis based on stakeholders, employee interviews and statistical analysis

Research was divided into a three-stage process. A literature review was undertaken to provide researchers with an in-depth understanding of wider sectoral issues, as well as the effects of minimum wages and movements. This was followed by a statistical analysis, which looked at the industry in greater detail. The final stage, in which qualitative research was undertaken, was divided into two sections: stakeholder interviews and employee interviews.

Statistical data can be generally divided into two data types: economic statistics and population statistics. This report most often presents economic statistics as data where businesses are the primary unit of analysis: for example, revenue share and profit margins relate directly to businesses.

The second type of statistics used throughout the report is population statistics. These data are collected directly from people, and the primary unit of analysis is people themselves: for example, industry of employment or part-time/full-time status relate to individuals.

Where possible, the report divides population statistics relating to labour into two sub-populations: employees and non-employees. Employees are those who are directly employed by a business. Non-employees may be independent contractors or other business operators, if the 'form of employment' variable is used; or an employer, own account worker, contributing family worker, or unpaid voluntary worker, where the 'status in employment' variable is used. The use of either variable is dependent on which Australian Bureau of Statistics (ABS) survey the data presented came from.

This report uses employment data on 'all persons employed'¹ for the most part, as there is not as much readily available data on the category of 'employees'. Compounding this problem are the varying definitions of what makes up an 'employee' within ABS collections. There are two ways in which ABS surveys define an employee—the *Labour Force Survey* (LFS) definition, and the *Forms of Employment Survey* (FOES) definition. Both are described in detail in Appendix B.

Collecting reliable information on form of employment or legal mode of engagement is often difficult. For most labour market statistics, interest in the precise form of employment is of secondary importance. The monthly LFS is primarily concerned with the level and degree of economic activity contributed by the population.

¹ The category of 'all persons employed' includes employers and employees, as well as own account workers.

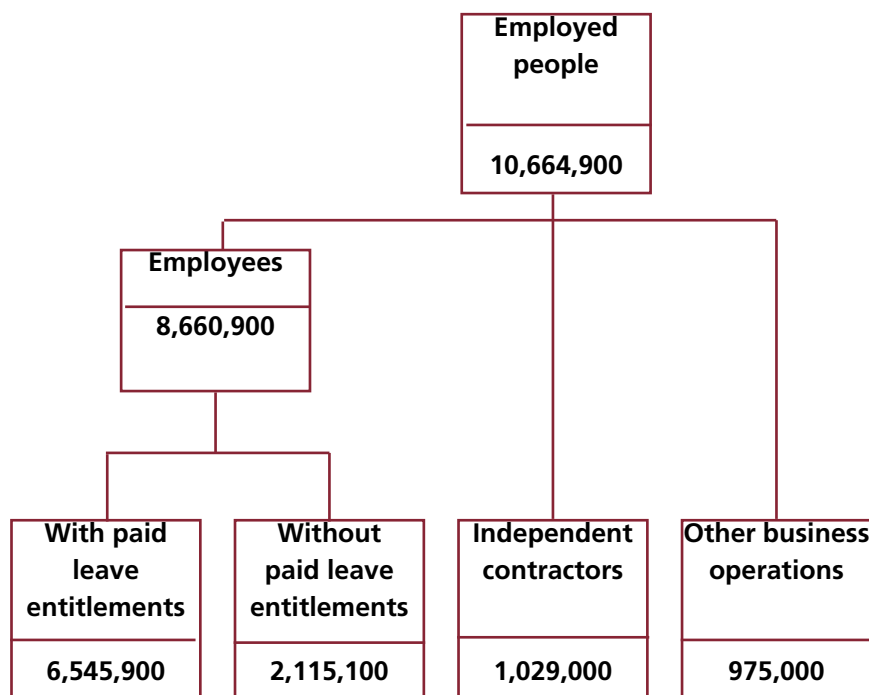
The primary matters of interest for the LFS are:

- whether people are in the labour market or not
- if they are in the labour market, whether they are employed or not
- if they are employed, how many hours they work and in what industries and occupations.

To the extent that the LFS distinguishes between various forms of employment the categorisations it separates out are: employees, own-account workers and employees. The fact that many self-employed workers operate through incorporated entities has meant that in the LFS framework they are classified as employees, even though they are more accurately characterised as own-account workers.

In recognition of problems such as these, over the last ten years the ABS has devoted special attention to more accurately capturing details on the proportion of workers falling into various forms of employment through the FOES (cat. no. 6359.0) which provides the benchmark in providing estimates of the number of workers falling within various forms of employment. This way of classifying the labour force is relatively new and not commonly used in statistical studies of the workforce. A summary of ABS' 2007 estimates is provided in Figure 2.1.

Figure 2.1: Forms of employment, 2009



Population: All persons employed
 Source: ABS, 2009g, cat. no. 6359.0

As is clear from the figure, of Australia's 10.7 million employed workers aged 15 years and over in November 2009:

- just over 6.5 million (or 61 percent) are employees with leave entitlements
- just over two million (or 20 per cent) are employees without leave

- just over one million (10 per cent) are independent contractors
- just under one million (or 9 per cent) are other business operators.

Although the definition of 'employee' used in the FOES would have been beneficial to use in this analysis, the level of industry detail available in the survey has meant that it is not been of use to this report. Most employment statistics, particularly those looking at the sub-industry and sub-sectoral levels, use the quarterly LFS, as it is only this survey release where detailed industry information is available. Where other ABS survey sources have been used, it is not possible to distinguish between 'employees' and other persons employed. Consequently, much of the employment data provided in this report looks at the whole industry workforce, rather than isolating employees. Table 2.1 catalogues the ABS sources used in this report.

Table 2.1: ABS statistical sources

Publication Name	Catalogue Number
<i>Australian Industry</i>	8155.0
<i>Australian Labour Market Statistics</i>	6105.0
<i>Employee Earnings and Hours, Preliminary</i>	6305.0.55.001
<i>Employee Earnings and Hours</i>	6306.0
<i>Forms of Employment</i>	6359.0
<i>Labour Force, Australia</i>	6202.0
<i>Labour Force, detailed</i>	6291.00.55.003
<i>Labour Mobility</i>	6290.0
<i>Survey of Education and Work</i>	6227.0
<i>Survey of Employment Arrangements, Retirement and Superannuation</i>	6361.0.55.002

Ten stakeholder interviews were undertaken with people in industry associations, unions, and large employers. Details of these interviews are presented in Table 2.2, below. An interview was also undertaken with an employee of the Fair Work Ombudsman to provide further contextual information.

Table 2.2: Stakeholder matrix

	Administrative Services	Building Cleaning, Pest Control and Other Support Services
Union	2	1
Industry group/peak body	3	2
Large employer	2	0
Total	7	3

Stakeholders were asked questions on the following topics:

- industry overview, examining factors currently affecting the industry and business performance
- business operations, examining business performance, and specifically issues of recruitment and retention
- the impacts of increased minimum wages

- how wages and conditions are set
- whether bargaining occurs, and the nature of bargaining
- the direct and indirect, or flow-on, effects of minimum wages on the enterprise and the industry.

Following the stakeholder interviews, 30 employees were sampled from the Australia at Work database (for the purpose of ease of sampling—only employees who had indicated they were willing to be involved in qualitative research were approached). Table 2.3 presents the distribution of employees in the sample. The number of people interviewed in each sub-sector was chosen according to the relative distribution of employees in the industry as a whole. For example, as the employment services sub-industry accounts for 22 percent of employees in the industry, six people were interviewed, making up 20 percent of the sample.

Table 2.3: Employee interview matrix

	Sample N	Sample %	Actual %
Administrative Services			
Employment Services	6	20	22
Travel Agency and Tour Arrangement Services	3	10	9
Other Administrative Services	7	23	17
Building Cleaning, Pest Control and Other Support Services			
Building Cleaning, Pest Control and Gardening Services	12	40	47
Packing Services	2	7	4
	30	100	100

Employee interviews focused on:

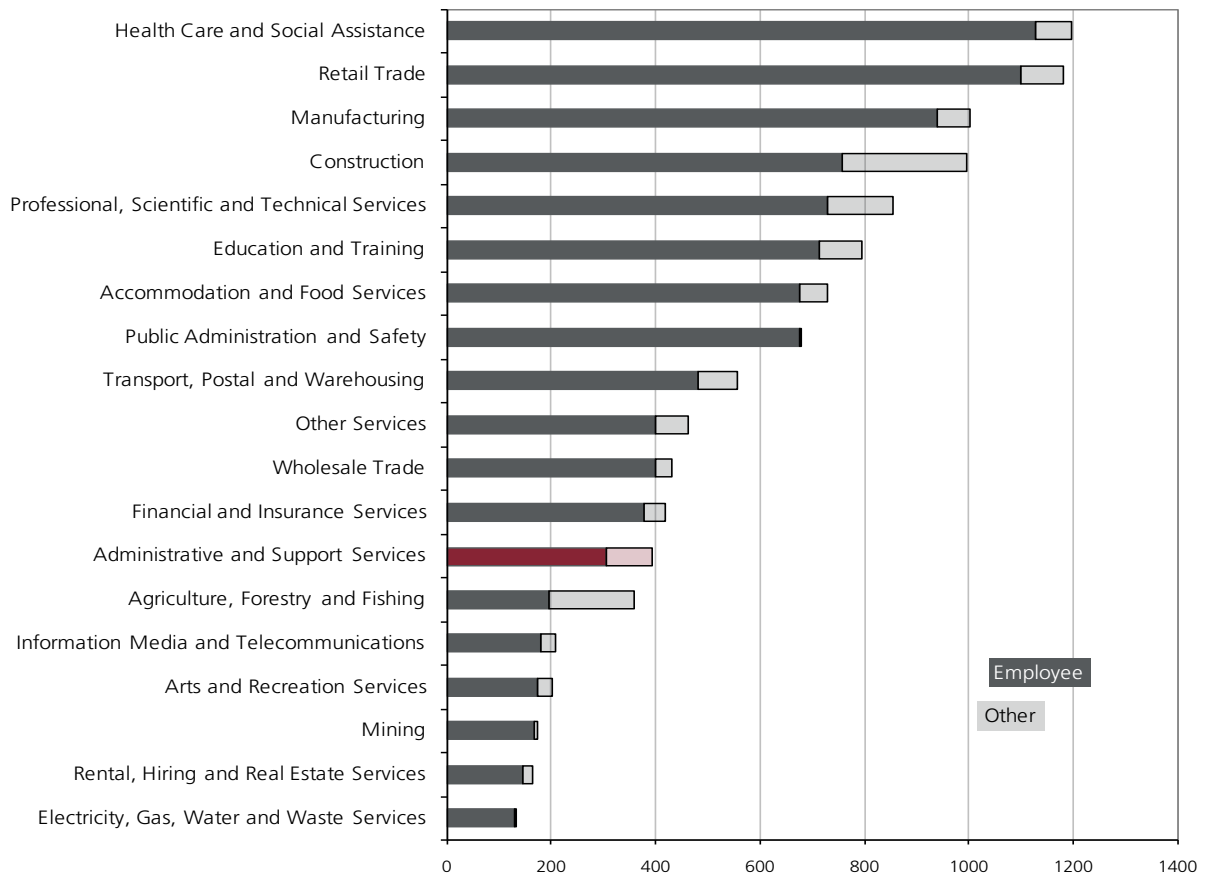
- work histories and job mobility, particularly in low-paid work; how employees came to work in the sector
- how employees see their future in the sector
- matters relating to conditions, hours and wages
- prevalence of multiple jobs and precarious forms of employment
- experiences of past wage movements and the impact on conditions, hours and wages
- experiences of past wage movements and impact on living standards
- experiences of bargaining and involvement in wage-setting.

3 The sector

3.1 Industry context

Although the A&SS industry is not one of Australia’s largest industries, it makes a substantial contribution to national account revenue and employment. As a \$65 billion revenue industry, A&SS contributes around five per cent of Australian Gross Domestic Product (ABS 2008a). It generates around 351 000 jobs, or 3.4 per cent of total employment (ABS 2010b)—see Figure 3.1.

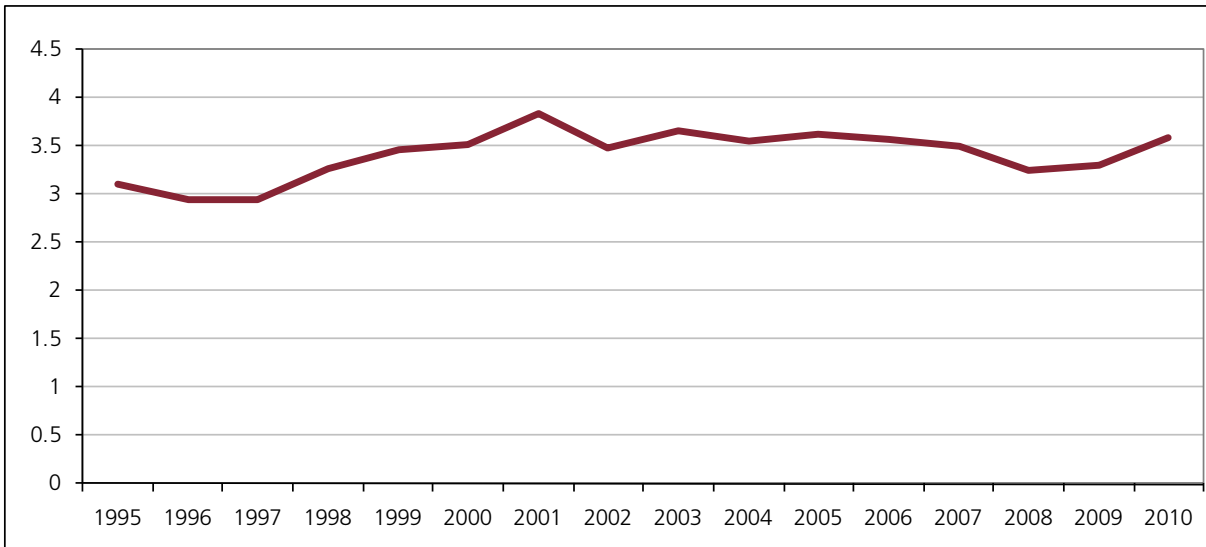
Figure 3.1: Distribution of persons employed by industry and employee and other, February 2010 ('000)



Population: All persons employed
 Source: ABS 2010b, cat. no. 6291.0.55.003

As Figure 3.2 shows, A&SS contributed to between three and four per cent of total Australian employment between 1994 and 2010. In absolute terms, the industry has grown from employing 251 000 people to employing 392 000. It is not advisable to look at the distribution of employees compared to all other persons employed over time, as there is a break in ABS data collection which has resulted in a greater divergence than would be expected for the industry in 2006. This is likely to be related to the introduction of a new standard industry classification in this year.

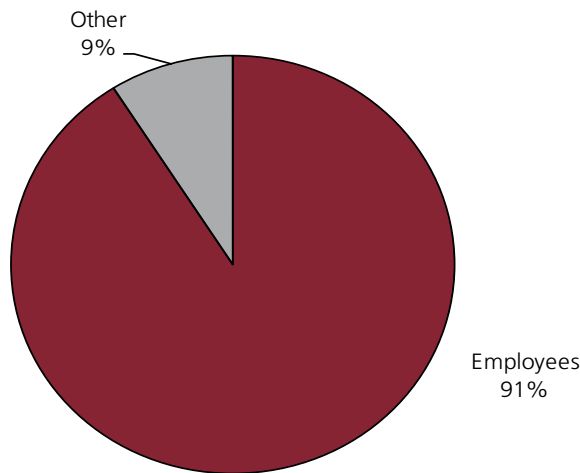
Figure 3.2: Proportion of all persons employed in A&SS, 1994–2010, (%)



Population: All persons employed in Administrative and Support Services
 Source: ABS 2010b, cat. no. 6291.0.55.003

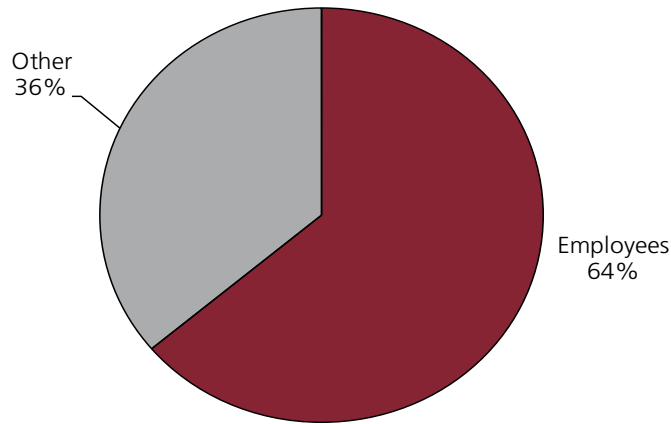
When the sector is disaggregated between Administrative Services and Building, Cleaning and Other Support Services, divergences emerge. Figures 3.3 and 3.4 display the distribution of persons employed by employment status for both Administrative Services and Building and Other Support Services. Administrative Services has a much larger share of employees (91 per cent) in comparison to Building and Other Support Services (64 per cent). Further discussion of the nature of employment, wages, and sub-contracting is undertaken in depth in the later sectoral analysis.

Figure 3.3: Employees compared to all other persons employed in Administrative Services, 2010, (%)



Population: All persons employed in Administrative Services
 Source: ABS 2010b, cat. no. 6291.0.55.003

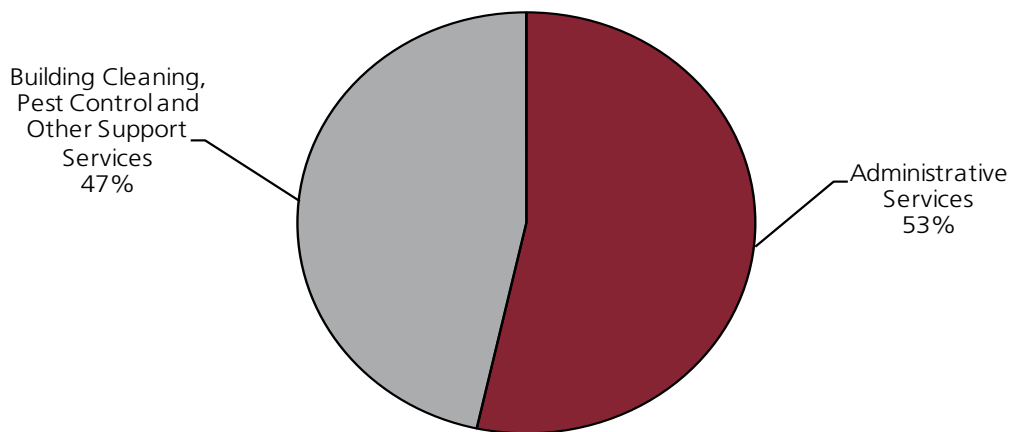
Figure 3.4: Employees compared to all other persons employed in Building and Other Support Services, 2010, (%)



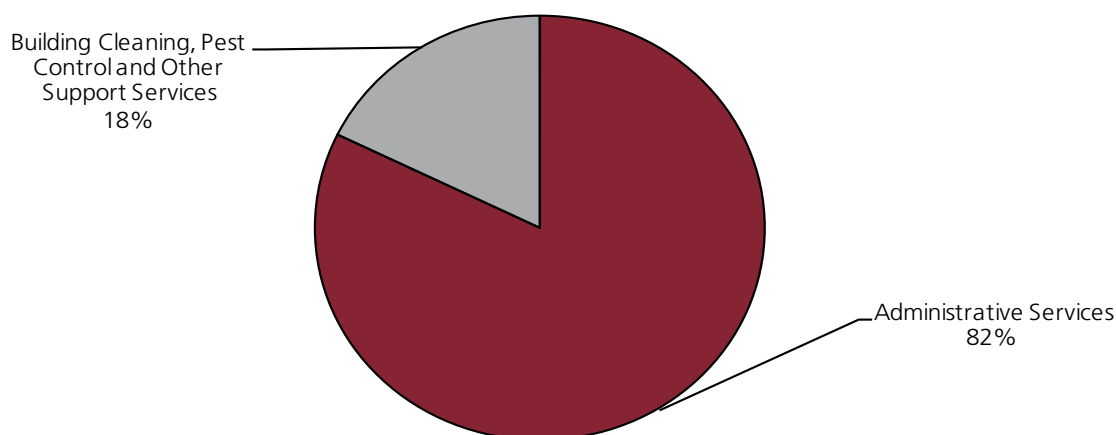
Population: All persons employed in Building and Other Support Services
Source: ABS 2010b, cat. no. 6291.0.55.003

Figures 3.5 and 3.6 indicate the dominance of Administrative Services within the wider A&SS in terms of both total employment share and industry revenue share. Again, the nature of service delivery is likely to affect the way revenue is generated. However, as will be shown later, the nature of engaging employees (that is, whether employees are engaged through outsourcing via subcontracting) is also related to revenue.

Figure 3.5: A&SS sub-sector employment share, 2009, (%)



Population: All persons employed in Administrative and Support Services
Source: ABS 2009c, cat. no. 6291.0.55.003

Figure 3.6: A&SS sub-sector revenue share, 2008, (%)

Source: ABS 2009a, cat. no. 8155.0

Figures 3.3, 3.4, 3.5 and 3.6 highlight that although Administrative Services may have a slightly larger share of total employment (53 per cent) than Building and Other Services (47 per cent), it generates significantly more revenue (82 per cent, compared to 18 per cent). The why and how of this is explored in the next section, which analyses the sub-industries separately, as well as their sub-sectors.

3.2 Business context

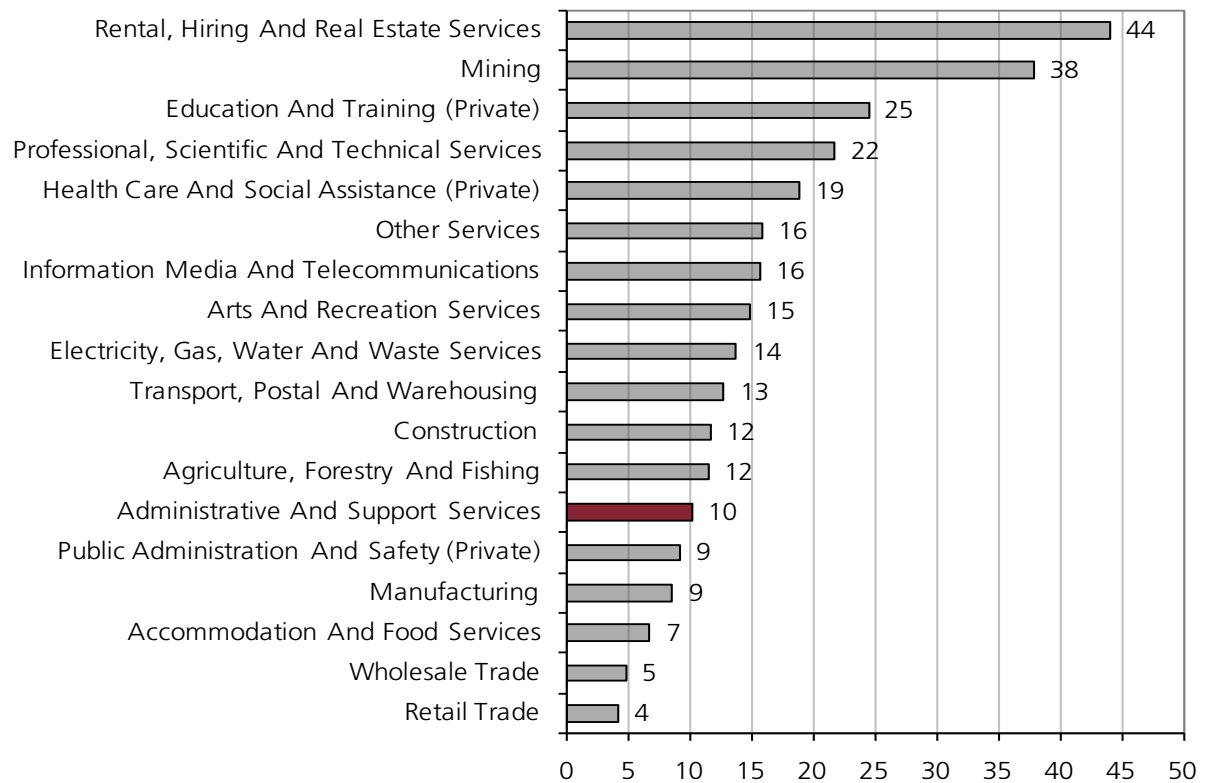
The A&SS industry can be described as having 'commonality without cohesion'. In Australia, most industries' natures are defined by their place in the greater economic product or service network. The nature of the A&SS sector is best described in the most recent Australian and New Zealand Standard Industry Classification (ANZSIC 2006), which defines it as including:

'... units mainly engaged in performing routine support activities for the day-to-day operations of other businesses or organisations ... The activities undertaken by units in this division are often integral parts of the activities of units found in all sectors of the economy. Recent trends have moved more towards the outsourcing of such non-core activities (ANZSIC 2006: 321).'

Most work being done in the A&SS industry has been outsourced by other organisations. A business typically outsources work for one of two reasons—to save on costs, or to have work done that the business cannot, or is not willing, to do. When outsourcing is conducted for the purposes of reducing costs there are flow-on effects on the nature of contracts, competition, profit margins and employment relations in the industry, as well as on the experiences of employees working in the industry, whether in respect to their pay, tenure or career paths.

Figure 3.7 highlights profit margins in the Administrative and Support Services industry. At 10 per cent, this is low in comparison to other industries.

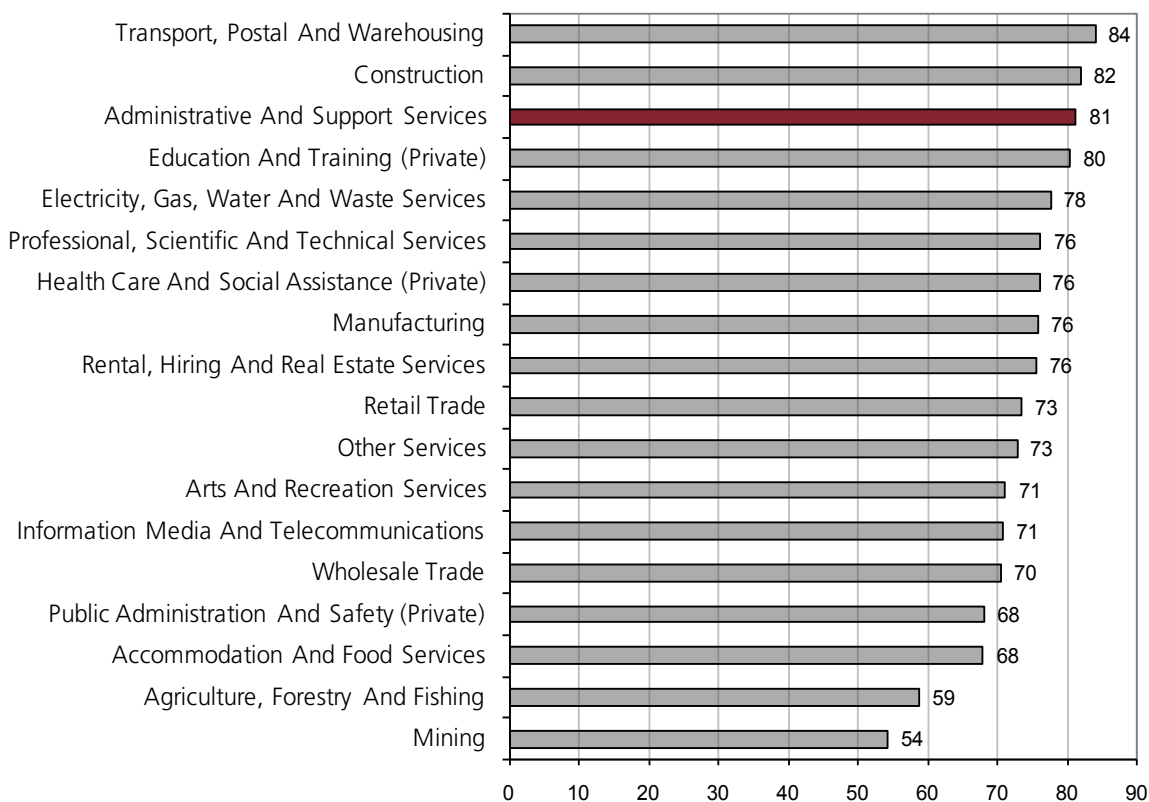
Figure 3.7: Profit margins by industry, 2007–08, (%)



Source: ABS 2008a, cat. no. 8155.0

Although the total profit margin in the A&SS sector was low in 2007–08, businesses in the industry were more likely to make a profit in comparison to most other industries, as Figure 3.8 shows. Only two industries had a larger proportion of businesses that made a profit in the 2007–08 financial year: the Construction and Transport, Postal and Warehousing industries.

Figure 3.8: Proportions of businesses that make a profit by industry, 2007–08, (%)



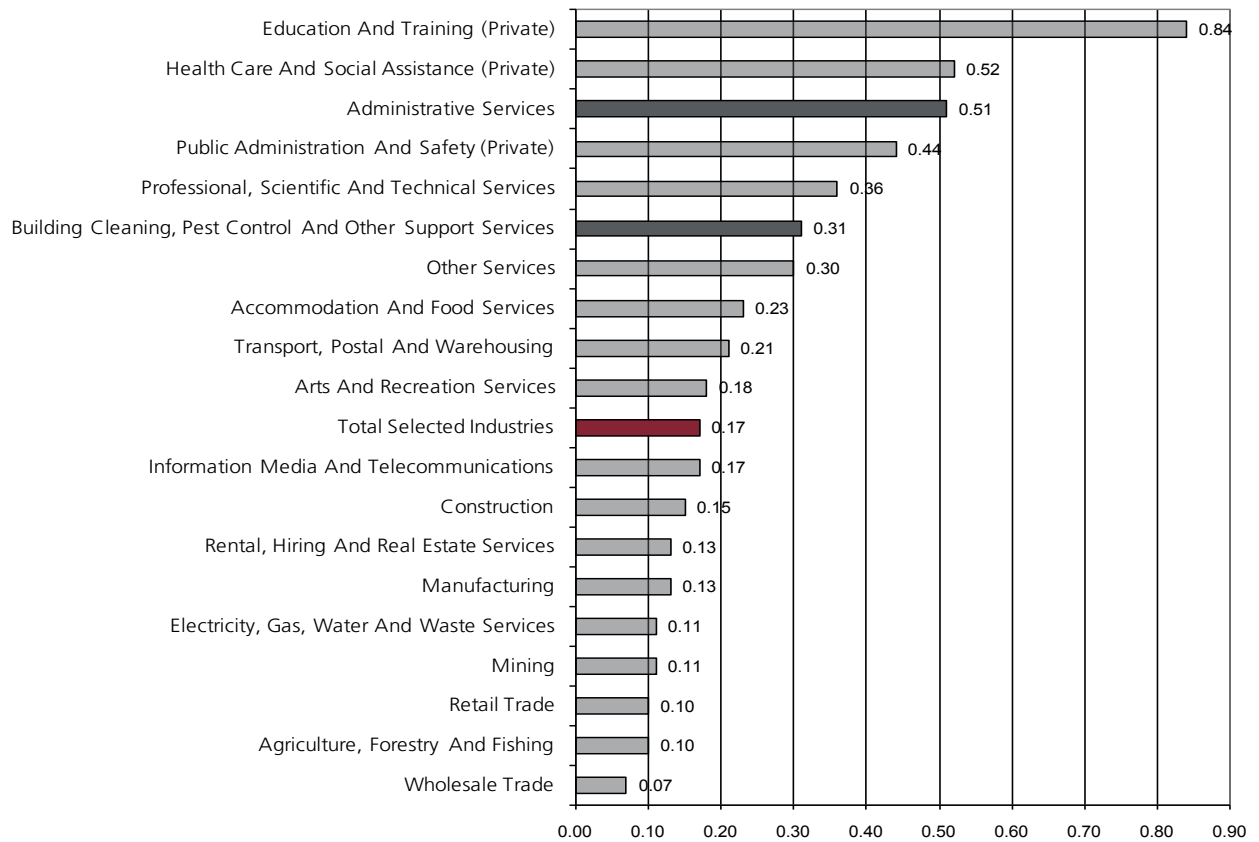
Source: ABS 2008a, cat. no. 8155.0

Figures 3.7 and 3.8 indicate that whilst profit margins in A&SS are tight, the ways in which these businesses operate may allow for a higher than average proportion of those enterprises to make profits, at least in the short term.² There are a number of strategies used by A&SS operations that enable this. As an example, qualitative interviews, as typified by the quote below, identified that a business strategy common to the industry’s sub-sectors is to accept contracts or offer services at low prices, and pay labour correspondingly lower average wages:

‘... I think they’re [company] so successful because they pay the low rate, like it’s a base wage and they’re able to sell that to companies because it’s an outsource call centre so we take on the role of the company and do it for them at a cheaper rate.’ [Employee, Call Centre, Office Manager]

Figure 3.9 shows that the ratio of wages/salaries to income is 0.51 in Administrative Services compared to 0.31 in Building Cleaning, Pest Control and Other Support Services. In comparison, the average ratio of income to wages for all industries is 0.17.

² The results in Figures 8 and 9 should be treated with caution, as they are only results for one financial year. For example, while only 54 per cent of businesses in Mining made profits in the financial year 2007-08, a larger percentage of these businesses may make profits over a longer horizon.

Figure 3.9: Ratio of wages and salaries to sales and service income, 2007–08, (ratio)

Source: ABS 2008a, cat. no. 8155.0

The above data indicates that business in the A&SS industry is dependent on labour. This is unlike manufacturing, where costs of materials comprise a high proportion of expensive inputs; or retail, in which the high costs of prime rental space dominate; or construction, in which the costs for building materials are substantial. A&SS businesses have either been able to eliminate most of these input expenditures, or did not require them to begin with. Findings were supported by qualitative interviews, as indicated by a stakeholder in travel services:

‘Labour is the number one most expensive thing and probably the second is rent in the travel business. Because your cost of sale is only applicable when you sell it.’ [Stakeholder, Travel Agency and Tour Arrangement Services, Industry Association]

The transferral of immediate costs to employees—whether through subcontracting, commission or piece rates—was identified as a further cost-saving strategy in many sub-sectors. In this way, the wage bill is the key lever for adjustment, as other costs are more likely to be fixed. For example:

‘... the first thing they’re going to try and do is minimise their staff costs, which is probably almost the only variable they’ve got unless they pack up shop and move to a cheaper premises, which is unlikely because they’ve probably got a lease. And the rest of a travel agency is lights and computers.’ [Stakeholder, Travel Agency and Tour Arrangement Services, Union]

Like the travel sector, Employment Services and Other Administrative Services (which mostly comprises call centres) are dependent on labour to deliver services. These services do not require operational space in retail areas to attract foot traffic, which reduces high rental and other operational costs. Like the Building Cleaning, Pest Control and Other Support Services sub-industry, call centres, travel agencies and

employment services contract services to provide support to other organisations. Businesses contract to a diverse range of clients, from government agencies and schools to blue chip companies.

In the building cleaning sector, contracts are commonly won through a tendering process. This process often results in considerable competition. Businesses tendering, or otherwise seeking, services may be small and local, medium to large national companies, or large multinationals. Multinationals that tender often subcontract the work to local companies. This was found in a number of interviews with employees and stakeholders in the building cleaning sector:

'In [location] there's a lot of [companies]. You only go for a government tender and on one job probably 32 companies turned up. So it just gives you an idea [of the level of competition].' [Employee, Building and Industrial Cleaning Services, Supervisor]

'Yeah, I think the competition is fairly fierce. There's a fair few cleaning companies, and you'll get other people from other companies will come into the shop and have a look around and give the managers their card and go, "We do a better job", or whatever.' [Employee, Building and Other Industrial Cleaning, Cleaner]

'... you have a large multinational company driving the price down—you see it all the time ... Company A may tender for the job the same as every other, 50 other employers may also tender for the same job. Company A wins it on the lowest tender, then turns around and subcontracts it to Company B, C or D. It drives the price down for the employee, so the shortcuts are never taken with the employer, they're always taken with the employee.' [Stakeholder, Building and Other Industrial Cleaning Services, Industry Association]

The practice of subcontracting in a highly competitive business environment affects business strategies in each of the sub-sectors. Participants in the research identified some business strategies that are common to some sub-sectors of the A&SS industry, although not necessarily common to all. Stakeholders as well as employees reported that a common business strategy is under-bidding other organisations, which has a number of repercussions. It was found that in order to win contracts, some organisations would not factor in anticipated increases in wages, resulting in a combination of the following factors: the company being unable to pass on wage movements (which may result in non-compliance, though was more likely to be linked to a lack of flow on for employees receiving over-award wages), work intensification, understaffing, and low-quality service provision. From interviews it appeared that within the building cleaning industry, contracts that do not factor in wage movements over a series of years may be relatively common:

'Very few people are paid over [the minimum wage]. The reason for that is there is a contracted amount for that particular tender, and it's done on the fact that it requires so many hours clean per building, per day, per year, and that's worked out on a figure. So if you have an increase in wages and you don't have a variable built in you've got a problem, so you decrease your cleaning hours.' [Stakeholder, Building Cleaning, Industry Association]

When contracts are won through under-bidding there may be a need to increase productivity. One way of increasing productivity is work intensification, whereby labour is made to do more work in the equivalent or less time. A number of research participants raised experiences of work intensification. For example, an interviewee in the building cleaning industry reported:

A: 'Today I cleaned nine rooms.'

Q: 'Is the nine rooms a standard thing? Is that what would be expected every time you go out to work for three and a half hours?'

A: 'Yes, basically.'

Q: 'Does [company] or the hotel keep track of that productivity?'

A: 'Oh yes. They're rather keen on productivity.'

Q: 'And what happens if you do eight rooms?'

A: 'Nothing really, but it's monitored.'

Q: 'Has that nine rooms been pretty standard in the three years that you've been working or has it gone up or down?'

A: 'It's increased.'

Q: 'What has it increased from?'

A: 'We used to do about six or seven.'

Q: 'Three years ago?'

A: 'Yeah.'

Q: 'And do you know why that changed? Did they just add that to your daily tasks?'

A: 'They want us to work quicker and smarter and faster.'

Q: 'How do they expect you to work quicker and smarter and faster?'

A: 'They expect us to spend less time in the rooms, to be actually cleaning. Obviously when you go into a hotel room the bed's made and things like that and everything looks clean and tidy but we are sort of told to be quicker. So things don't get done probably as meticulously as we used to.' [Employee, Building and Other Industrial Cleaning Services, Room Attendant]

In the employment services sub-sector, interviewees indicated that pressure for immediate results resulted in longer work hours, as the example below shows:

A: 'If something had to be done it had to be done. It was just very much a very deadline-driven job. So if I'd been out to a client in the afternoon at 4.30, getting back in traffic, getting into the office and I've picked up a job and that expectation is that once you've picked that job up you need to make sure that that job's up on Seek or whichever search engine you're putting it up on. So however long that took you to formulate the ad and get up was when you got home, plus everything else you needed to do when you got back to the office. You could choose to leave at the end of the day but it would jeopardise, I guess, your position.'

Q: 'How many hours did you work a week?'

A: 'Probably anywhere between fifty and sixty.' [Employee, Employment Services, Human Resource Professional]

Qualitative research indicated that a direct relationship between low levels of revenue, work intensification, and poor quality service delivery in a number of sectors. In the example provided below, a supervisor worked for a cleaning company until it was under-bid by a rival firm. As a consequence of the under-bidding, the work was done by three staff, rather than ten, as previously:

A: '... the reason the cleaning contract finished was because...the boss lost the contract. She was under-cut by \$110,000. The contract was cut in half.'

Q: 'Was that the school that wanted less work done, or was that just, there was another company that just under-cut?'

A: 'Well, the school's governing body said that they needed a lower contract fee. They offered, the company came to them and said, "We can do it for \$110 000 less." ... The boss was offered, she could keep the contract if she cut it by \$110 000. She said ethically no, she could not do that, because she had nine to ten staff members. That was looking at cutting it down to four and keeping the same hours, so she did not want to do that to her staff. So we all understood and we all went our merry ways.'

Q: 'So that would have been the only way that she could have saved money, by cutting the number of staff?'

A: 'Definitely.'

Q: 'Do you think that that's what the other contractor had done?'

A: 'Yes. We found out that the contractor had done that. He's got four, ah, three people working with one manager. I'm not sure if their manager actually works, but they work, and they only work three and a half hours a night and the job, all the teachers are up in arms and just rather angry because they were told that they would do the same job that we did, and they don't. They can't. I feel sorry for the poor cleaners getting abused by them, because we did a lovely, beautiful, dusting cobwebs, emptying bins, I mean, the teachers trusted us, but we'd been there for ten years. I just feel sorry for them, that's all.' [Employee, Building and Other Industrial Cleaning Services, Supervisor]

In the call centre industry, work intensification is felt as pressure to meet set targets and established call rates:

'... I think the request for people to make far more calls and that kind of thing can be difficult.'
[Employee, Call Centre, Account Manager]

Work intensification was also experienced in the Employment Placement and Recruitment Services sub-sector, where funding is provided by the federal government. Another interviewee noted that competitive subcontracting and the resulting low levels of funding have consequences for quality of service delivery:

A: 'We're under a new contract arrangement with [funding body] ... The easiest way to sum this up is basically we do more with less. We take on more clients, have less time to work with them and less funding to do so.'

Q: 'Does [company] say, "Okay, you get this much money, and you must service this many clients"? Is that the way it is?'

A: 'That's pretty much it, "In this amount of time for these sorts of payments", yes.' [Employee, Employment Placement and Recruitment Services, Labour Supply]

'... there's some things [that can be done] to make it cheaper for the government but that doesn't help the individuals [clients] or the people providing services to them.' [Employee, Employment Services, Contract Program and Project Administrators]

Low levels of funding may also result in poor support services for employees. This is exacerbated in businesses reliant on specific types of funding (e.g. government funding) requiring high levels of paperwork to simply maintain contracts:

'... we almost need just an administrative person to do all the paperwork that we're required to do, not that, there's no funding for it, not that there's any way of actually getting anyone to do that.' [Employee, Employment Services, Contract Program and Project Administrators]

Study participants indicated that a business strategy invoked by organisations is to pass on costs to the business they are servicing. How this works is often dependent on the sub-sector involved, as certain

sectors are likely to be contracted to businesses that are willing and/or able to absorb extra costs, while others are not. Businesses in call centre operation and employment services (particularly those servicing the private sector) may be more able to pass on costs than those in the building and other industrial cleaning services.

'As with labour hire, I mean, the unique element is that it's a service industry and as a result of that a lot of it comes back to can they pass their costs on to their client? So the impact is not just about, well, "can we afford to do this?" It's not only "can we afford to do it?" That will be determined by "can our client—are they able to pay us more?"' [Stakeholder, Employment Services, Industry Association]

Another strategy to ensure that contracts won at very low prices can be delivered is to pay below minimum wages: this was found most commonly among cleaners. While there were only occasional incidents of 'black market' employment found during qualitative interviewing, other research has found this is widespread in the cleaning industry (Walsh 2004). Further, research into the building cleaning industry carried out by Campbell & Peeters (2008) identified three ways in which standards are lowered in the sector:

'First is the circumvention of award standards through other industrial instruments, including in particular registered individual contracts ... Second is circumventing award standards through use of "independent contractors" ... Third is the traditional approach to lowering standards by illegal practices such as underpayments, cash-in-hand payments, avoidance of superannuation payments, and avoidance of leave entitlements.' [Campbell & Peeters 2008: pp.12–14]

The qualitative research provided the researchers with some examples of these lowering of standards. Although no participants identified being on a registered individual contract, low levels of industrial awareness preclude the conclusion that no participants were on such contracts. Examples of independent contracting were not found in any of the employment practices experienced by qualitative participants either. However, the approach of under-paying workers was found anecdotally a number of times. One respondent noted that he is competing with multinational firms in the cleaning industry that have won contracts and then employed workers at (possibly) sub-standard wage levels:

'The problem with the cleaning industry, we do everything by the book. If we employ people they get paid the proper rate of pay. Standard award wages, whatever the case may be. I compete with larger companies who actually they employ overseas students, they bring labour from overseas. They pay them at rates which are well below the standard rate of pay. And these people are winning the jobs because they are paying their labour staff very low wages. So it makes it quite difficult.' [Employee, Building and Other Industrial Cleaning Services, Supervisor]

'The cleaning industry, it will always be there. But it is very competitive ... There's a lot of migrants, a lot of students coming here and unfortunately some companies, larger companies not like this [company], take advantage of that. I don't know how they get away with it.' [Employee, Building and Other Industrial Cleaning Services, Supervisor]

Another cost-saving measure identified by participants is increased use of technology/integrating technological advancement into the workplace. Technological changes, and their implications, have important consequences for the carrying out of work in sub-industries, such as call centres. In the examples below an employee mentions technological change affecting client advertising and a stakeholder relates that changing technology affects where a business can operate from:

'... I think I guess it's just a changing market as far as with advertising, the mediums are changing so people might no longer want print, they might want online and things like that. So [we're] just dealing with the shift towards digital.' [Employee, Call Centre, Account Manager]

'I think it's been found in the call centre industry that technology allows you to perform the work anywhere basically and I think a wages break in the sector is unlikely because of the ability to perform the work in other locations outside of Australia.' [Stakeholder, Call Centre, Large Employer]

Research participants indicated that for some companies, the practice of under-bidding in order to win contracts sometimes threatens their very existence. When passing on costs, work intensification, decreasing staff numbers, low levels of wage payouts or poor quality service provision no longer work, companies can cease operating as a result of losing contracts. A supervisor in the building and industrial cleaning services sector provided an example:

A: 'I've known companies, much larger companies than ourselves, close doors because, they were winning contracts, but winning them on price and then all of a sudden they thought well, geez, they've invested money in equipment and everything else, and all of a sudden they can't do their job for the price, they're losing money. So what do you do? You walk away from it.'

Q: 'And aside from competition, are there any main pressures on the industry at the moment, would you say?'

A: 'There's always pressures. With clients, everybody wants a Rolls Royce and they want to pay for a Holden. That's the problem. And trying to convince the person, OK any task that you undertake, it takes x amount of time to do. Now if you expect a job to be done properly, you've got to pay the workers for their time. Somebody to work for four hours and you pay them for two and a half, it's not going to work. Everybody, whether it's a cleaner, everybody's got to make a living.' [Employee, Building and Industrial Cleaning Services, Supervisor]

In contrast to the majority of interviewees, some reported business pressures moving income up, rather than down. This occurred when companies were servicing a niche market by offering a quality service for a greater cost. For example:

A: '... there's been more new [tenders] coming on than people leaving so that's always good.'

Q: 'What do you think is driving that?'

A: 'For us personally, we're a family-owned company, and we pride ourselves in the quality of service. We charge a lot more than a lot of the other companies around like your [company] and [company] and things like that. But the job you get is much better as well.'

Q: 'That's really interesting, because other people I've talked to in the industry [say] when they're applying for tenders everyone's driving the cost down and then that's getting passed onto poorer wages for the cleaners themselves.'

A: 'Yeah where we go, where we tender, we're very choosy with what we tender for. We don't do government work like local government or anything like that because it is all money, money, money. We basically concentrate on—what would you call it—probably the blue chip companies. If they want a particular job done they know what they want done. If they want to pay peanuts they're not going to get the job done properly. If they want a particular job done they want it done properly well they've got to look at spending the difference.'

Q: 'So it's a matter of the business strategy driving the expansion of the company.'

A: 'More so, yes and reputation. Like I said, it's with mainly the blue chip. Even if we go for a tender for a company that probably is more money-orientated, the references that we've got with companies we currently do, our work ethic and things like that, is strong enough that sometimes where we're tendering [potential clients] think, "Well hey, why don't we pay a little bit more and get the job done and not have problems," and things like that.' [Employee, Building and Industrial Cleaning Services, Manager]

The nature of outsourced service work, combined with general reliance on contracts within certain sub-sectors, has consequences for business in times of economic stress; however, these consequences are dependent on the end date of contracts. While some firms may lose contracts due to clients bringing services in-house or putting contracts on hold, other businesses found that the long-term nature of their contracts was able to get them through downturns. This diversity of experience is illustrated in the following quotes:

'If they're servicing things like infrastructure, then I don't think that the economy has such a big impact on whether they're doing well or not, so they might (continue) the call centre that deals with chasing people's traffic fines, so those things just keep ticking along really.' [Stakeholder, Union, Services Industry]

Q: 'And did you lose them [contracts] to bigger companies or the people just didn't put the contracts out?'

A: 'Well some of the smaller contracts we had, they did their own cleaning. But some of the larger ones I think that we just can't compete with some of the bigger companies.' [Employee, Building Cleaning, Commercial Cleaner]

The pest control industry differs markedly from other sub-sectors due to the nature of the services provided. Consequently, pest control businesses do not face many of the business pressures that other sub-sectors face. Unlike other services, where excess work which is outsourced can be returned in-house during times of economic upheaval, pest control requires a particular skill set and therefore a trained workforce. The work often needs to be carried out immediately meaning pest control services are always in demand:

'The GFC doesn't really affect business, as termites are termites, and if they need to be gotten rid of, they will.' [Stakeholder, Pest Control, Industry Association]

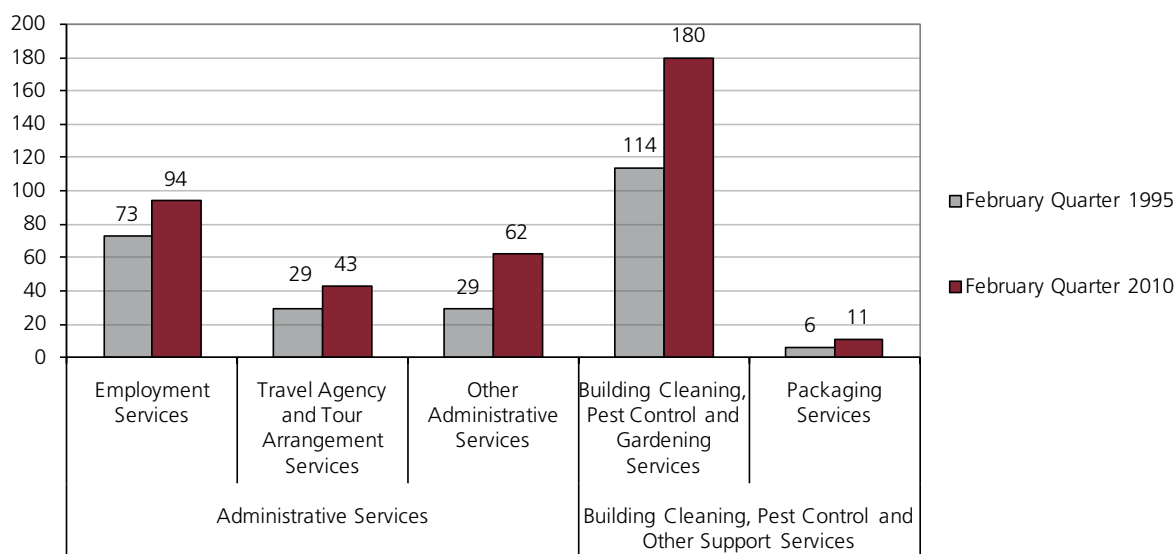
Overwhelmingly, the major business strategy issue for organisations in the A&SS sector identified by research participants is the tension between reliance on labour and necessary cost-cutting. The need to retain labour in times of skill or labour shortages was dwarfed by the need to maintain competitive pricing in an industry dominated by subcontracting.

4 Work and employment in the sector

4.1 The workforce

Employment in the A&SS industry grew from 250 000 to 390 000 in the 15 years between 1995 and 2010. Growth was most dramatic in the Building Cleaning, Pest Control and Gardening Services sub-sectors, with an increase of 66 000 (from 114 000 to 180 000, or 58 per cent). The second largest growth in employment was observed in Other Administrative Services, with an increase of 33 000 (from 29 000 to 62 000, or over 100 per cent). Figure 4.1, below, shows this growth.

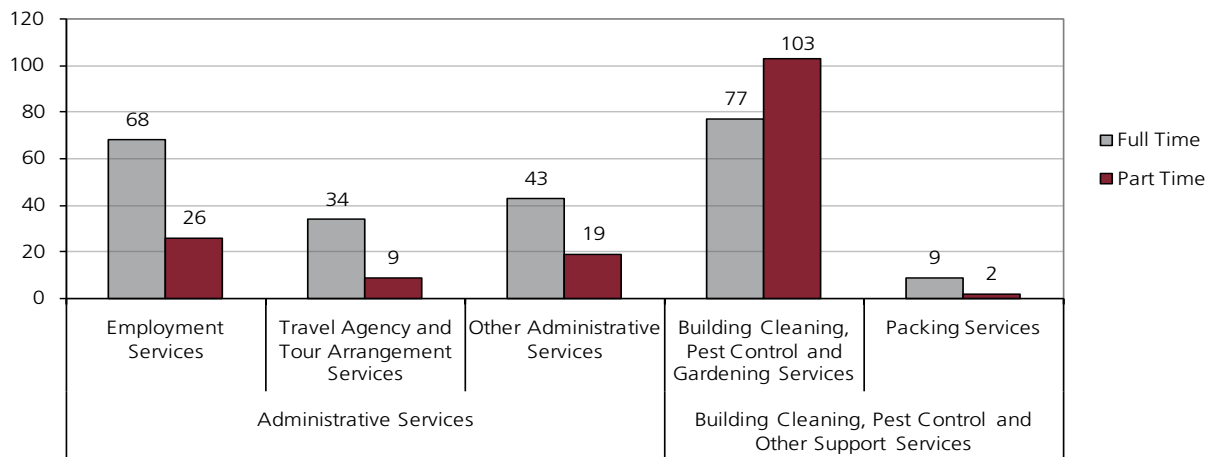
Figure 4.1: Change in A&SS sub-sector employment, 1995–2010, ('000)



Population: All persons employed in Administrative and Support Services
 Source: ABS 2010b, cat. no. 6291.0.55.003

Figure 4.2 displays the breakdown of the A&SS sub-industry sectors and their employment of full-time and part-time workers. Building Cleaning, Pest Control and Gardening Services employs the most workers, with around 180 000 people employed in February 2010 (77 000 full-time employees and 103 000 part-time employees). This is followed by employment services with 94 000 people employed (68 000 full time, and 26 000 part time). Packing services makes up only a small proportion of the industry, with just 11 000 people employed (9000 full time and 2000 part time). Most industries consist of a far greater proportion of full-time workers than part-time workers, except for Building Cleaning, Pest Control and Gardening services, where the number of part-time employees is around one third (33 per cent) more than full-time employees (103 000 compared to 77 000).

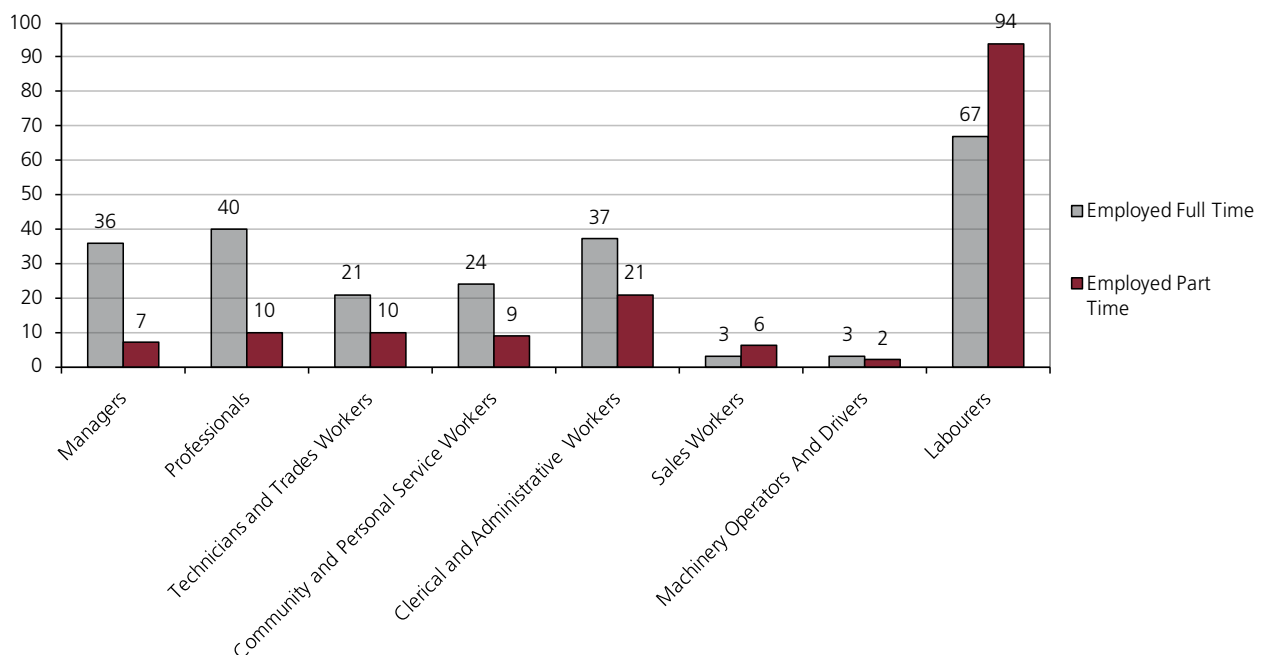
Figure 4.2: Part-time/full-time status by sub-industry, 2010, ('000)



Population: All persons employed in Administrative and Support Services
 Source: ABS 2010b, cat. no. 6291.0.55.003

The largest occupational grouping in A&SS is Labourers (see Figure 4.3), likely reflecting a high degree of those working in Building Cleaning, Pest Control and Other Support Services. There are very few Sales Workers and Machinery Operators and Drivers, while the other occupations are roughly evenly spread throughout the industry. Significantly, Labourers is the only group in which more people are employed on a part-time basis rather than a full-time basis. Again, this reflects the higher degree of those working in Building Cleaning, Pest Control and Other Support Services, where many cleaners are employed on a part-time basis.

Figure 4.3: Occupational distribution by part-time and full-time status, A&SS, 2010, ('000)



Population: All persons employed in Administrative and Support Services
 Source: ABS 2010b, cat. no. 6291.0.55.003

Table 4.1 (below) lists the top ten occupations in A&SS. The largest occupational grouping is Commercial Cleaners, with around 60 000 or nearly one-fifth (18 percent) of those in the industry employed in this occupation. Around half of the workforce is employed in occupations that lie outside of the top ten list, indicating considerable occupational diversity within the industry.

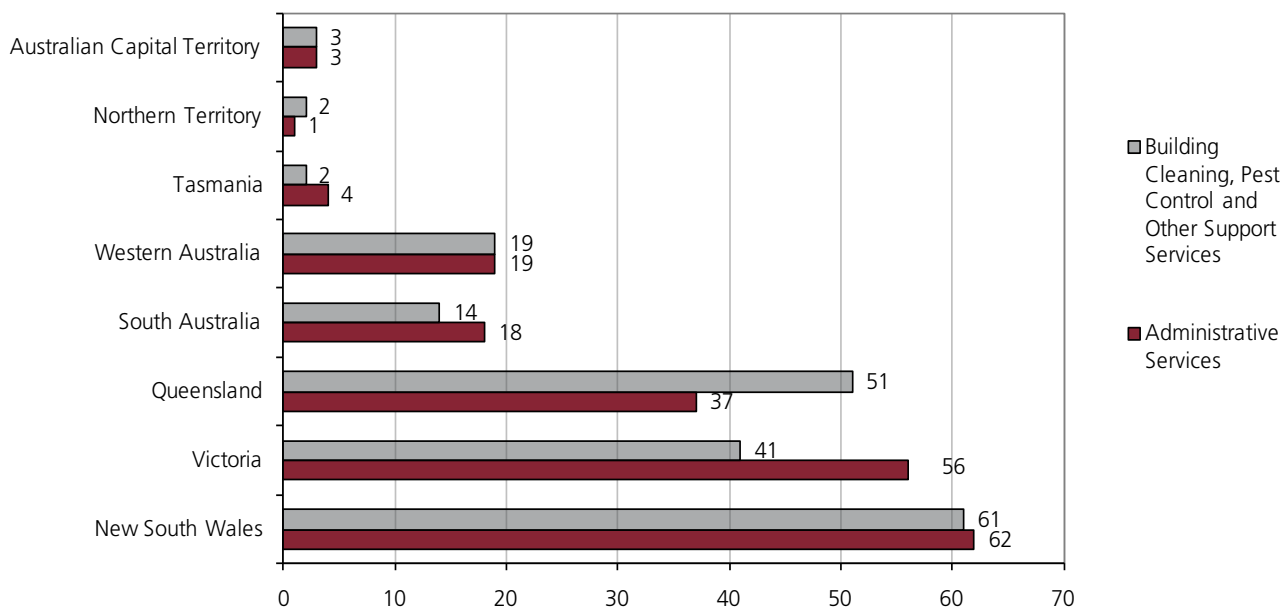
Table 4.1: Top 10 occupations within A&SS, 2009

Top Occupations	'000	%
Commercial Cleaners	61.1	18.1
Human Resource Professionals	26.7	7.9
Tourism and Travel Advisers	21.5	6.4
Domestic Cleaners	20.6	6.1
Gardeners	12.9	3.8
Garden and Nursery Labourers	10.8	3.2
Call or Contact Centre Workers	8.0	2.4
Packers	5.9	1.7
Other Cleaners	5.6	1.7
General Clerks	5.1	1.5
Other	159.8	47.3
Total	338	100.0

Population: All persons employed in Administrative and Support Services
 Source: Australian Government, Job Outlook (2010)

Distribution of employment in the industry by state is consistent with population distribution: New South Wales employs the largest proportion of workers, followed by Victoria and Queensland. Figure 4.4 shows that Victoria has a larger employment of Administrative Services workers, while Queensland employs a larger proportion of Building Cleaning, Pest Control and Other Support Service workers.

Figure 4.4: A&SS sub-industry employment distribution by state, 2010, (%)

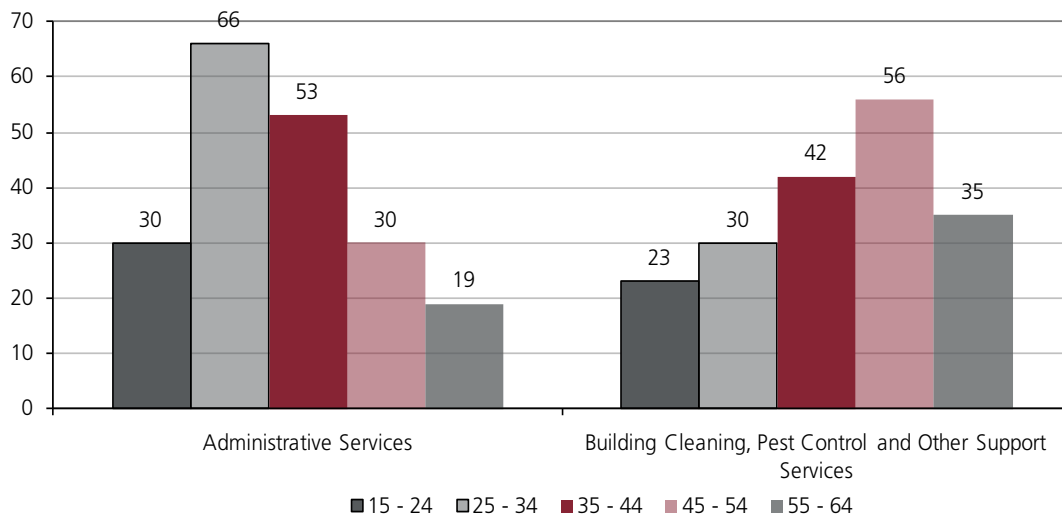


Population: All persons employed in Administrative and Support Services
 Source: ABS 2010, cat. no. 6291.0.55.003

The younger age profile of the Administrative Services and older age profile of Building Cleaning, Pest Control and Other Support Services can be largely attributed to two occupational groupings, one within each sub-industry: call centre workers and industrial cleaners. As the two occupations dominate each of the sub-industries, they have a greater representation in overall statistics. The large number of call centre staff in Administrative Services makes for a younger workforce overall, whilst the large number of cleaners in Building Cleaning, Pest Control and Other Support Services makes for an older workforce overall. The A&SS workforce includes a larger than average proportion of women, people with few or no qualifications, students, and people from non-English speaking backgrounds (NESB).

The age profile of A&SS is broken down by sub-industry in Figure 4.5, below. The Administrative Services age distribution curve is skewed to the left, indicating a younger workforce profile than the Building Cleaning, Pest Control and Other Support Services distribution curve.

Figure 4.5: Age distribution by A&SS sub-industry, 2010, ('000)



Population: All persons employed in Administrative and Support Services
 Source: ABS 2010b, cat. no. 6291.0.55.003

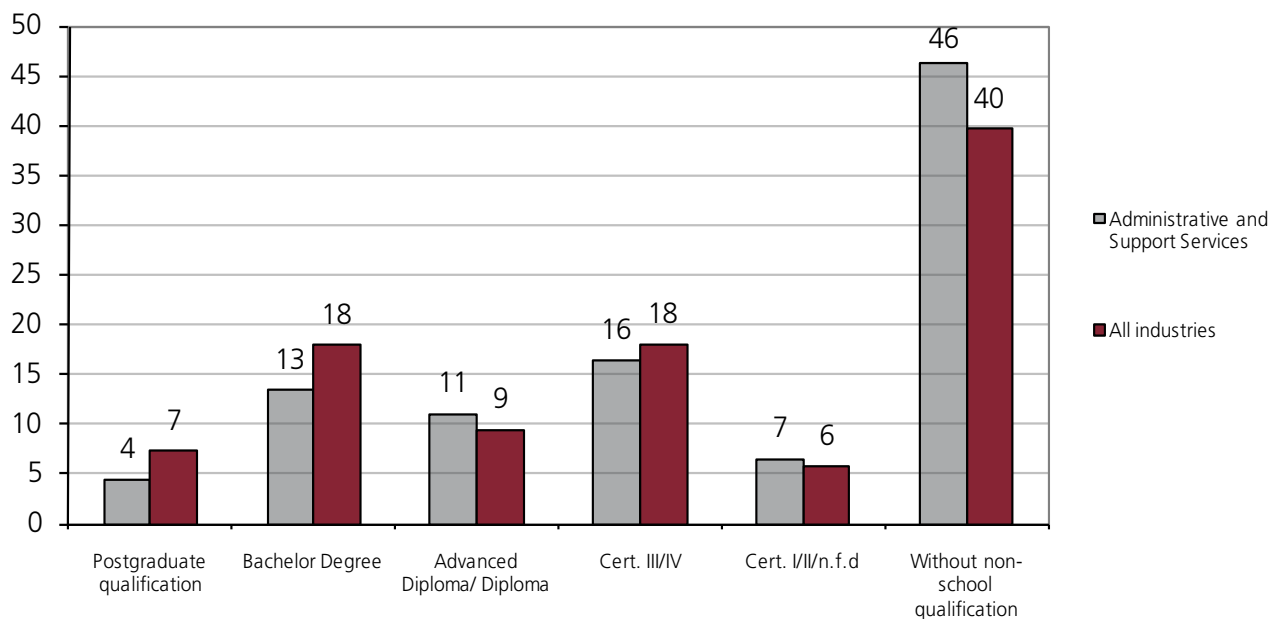
Call centre employment, the third largest occupation in Administrative Services, was seen by most stakeholders and employees as 'transitional employment' rather than a 'career'. The median age for call centre workers is 33, with the occupation over-represented by younger people aged between 20 and 34. Given the relatively young workforce, there is a reasonable expectation that these workers are students and/or secondary earners within their households. This corresponds to information gleaned in qualitative research, where call centre work was seen as something done by students, or those just starting out in the workforce. One stakeholder offered that call centre work was seen as an alternative to hospitality for students. Indeed, while almost 54 per cent of call centre workers do not possess post-school qualifications, many are likely to be enrolled in further studies, given that a large proportion of Australians aged between 20–34 are enrolled in some form of post-school education (ABS 2008g).

The cleaning workforce has a higher average age profile than the overall workforce. The median age for commercial cleaners is 45, and more than half the workforce (58 per cent) is aged over 45.

The higher levels of older workers, combined with the physical nature of the work, can lead to issues related to occupational health and safety. As remarked by one cleaning employee '... at the end of the shift your back and your hips know about it.'

Figure 4.6, below, shows the distribution of educational attainment levels of people employed in Administrative and Support Services compared to all people employed. A larger proportion of people employed in Administrative and Support Services have no non-school qualification than the rest of the employed population (46 per cent compared to 40 per cent). They are also less likely (17 per cent) to have a bachelor degree or higher, compared to the rest of the employed population (25 per cent).

Figure 4.6: Proportional distribution of employees in A&SS compared to all persons employed by educational attainment, 2008, (%)

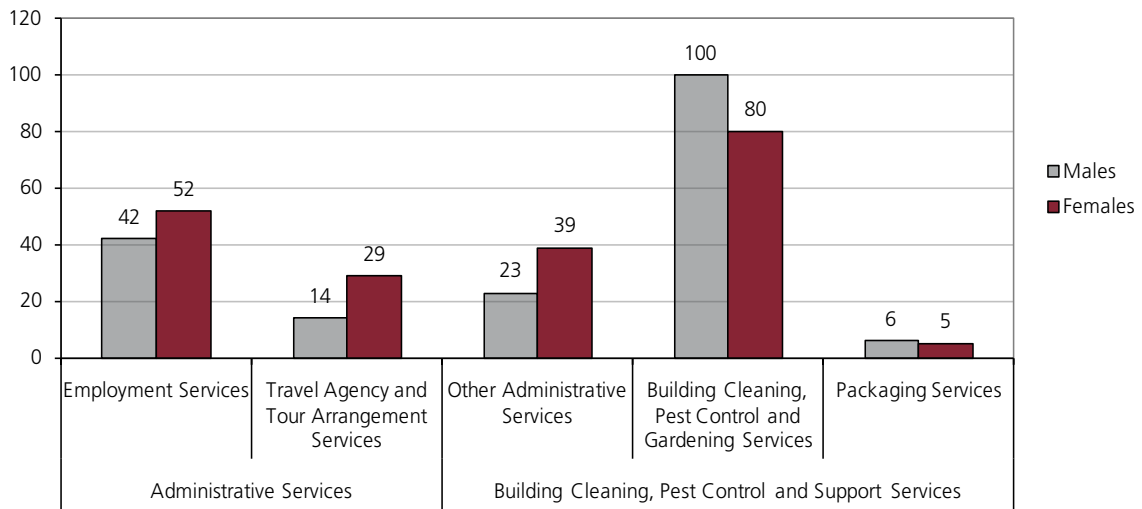


Population: All persons employed
 Source: ABS 2008g, cat. no. 6227.0

The A&SS industry comprises persons traditionally found to be socially and economically marginalised. For example, according to analysis of 2006 Census data by the Queensland Department of Education, Training and the Arts (2008), around one-tenth (11 per cent) of those employed in Administrative and Support Services are from a non-English speaking background (NESB). This is the second largest employer of NESB persons after Accommodation and Food services (14 per cent). The Administrative and Support Services sub-sector also employs a number of students in both the call centre sub-sectors and the building and industrial cleaning sub-sectors.

The A&SS industry employs a slightly greater number of females than males, with women comprising 52 per cent of the industry (205 000 compared to 187 000) (see Figure 4.7). The only industries that employ a greater proportion of women are Health Care and Social Assistance (80 per cent); Education and Training (69 per cent); Retail (57 per cent); and Accommodation and Food Services (55 per cent). Nearly all sub-industries in the A&SS sector employ more women than men, except for Building Cleaning, Pest Control and Gardening Services (which employ around 25 per cent more men—100 00—than women 80 000).

Figure 4.7: Distribution of sex by A&SS sub-industry, 2010, ('000)



Population: All persons employed in Administrative and Support Services
 Source: ABS 2010b, cat. no. 6291.0.55.003

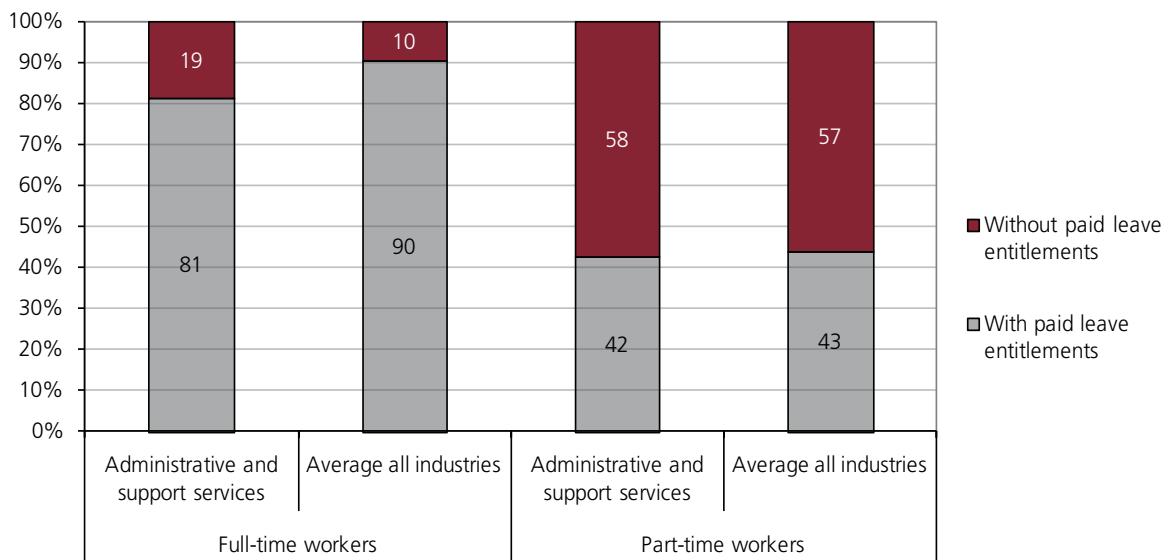
4.2 Structure of work

The nature of service industries has a distinctive impact on ways in which people are employed within them. As indicated in the sectoral analysis section, the nature of competition for contracts in the A&SS industry often results in fewer workers completing more work (work intensification) for less remuneration. Compounding this, competitive forces often drive labour to be outsourced through subcontracting arrangements.

This section shows that there is more casualisation among full-time employees, and a greater number of independent contractors, compared to the average across all industries and that many of these trends can be isolated within the Building Cleaning, Pest Control and Gardening Services sub-sector.

Figure 4.8 represents both the quality of working entitlements received by employees and the degree of casualisation in the industry. The proportion of full-time employees in A&SS who do not receive paid holiday and sick leave entitlements is around one-fifth (19 per cent). This figure is nearly double the industry average of 10 per cent. Part-time workers receipt of paid leave entitlements reflects the Australian average.

Figure 4.8: Proportion of employees with paid leave entitlements, by part-time / full-time status, 2008, (%)



Population: Employees only
 Source: ABS 2008d, cat. no. 6359.0

Whilst the ABS does not collect data on the number of casual employees by industry, the proportion receiving neither holiday nor sick leave provisions can be taken as an indicator of casual employment. Part-time employment, in accordance with the Australian average, is highly casualised in the A&SS industry; however, it appears that full-time employment has a much higher degree of casualisation than the Australian average.

One interviewee noted that casuals are often used as ‘buffer’ employment, kept around in case business picks up, but easily removed if it dries up:

‘... casual employees who are coming in to do what I call the additional work, or they’ve no doubt employed people on a casual basis in some circumstances to just see whether they have enough work. And once they feel there’s enough work coming in and they have the confidence, they’ll then probably start putting people on permanently on a salary basis as well.’ [Stakeholder, Employment Services, Industry Association]

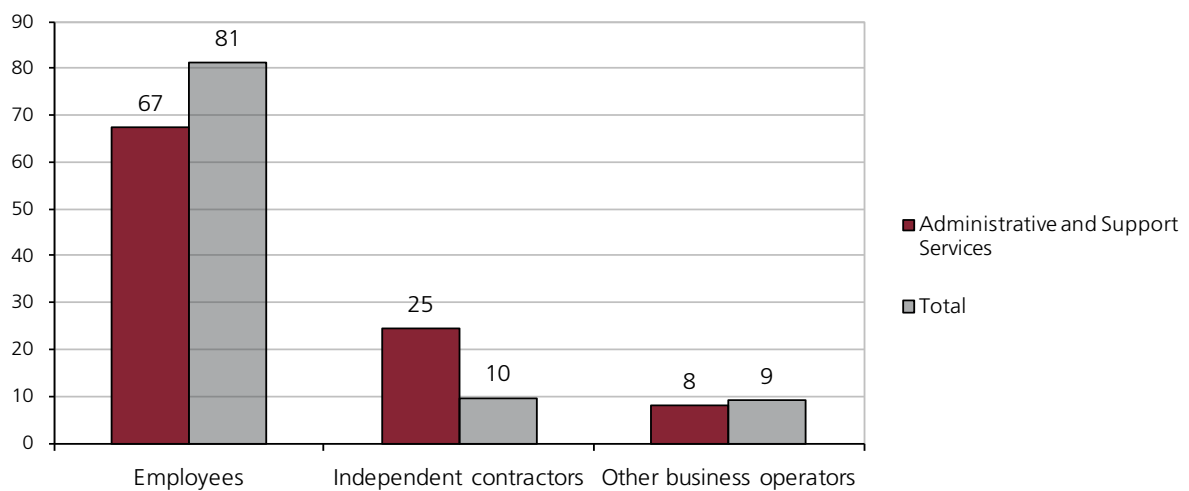
However, in another section of the industry, a stakeholder indicated that the opposite was occurring:

‘... the industry is trying to remove the casual into a part-time or a permanent position where possible, because of the costs associated with employing casuals. It’s not recoupable by the owner of a business usually. Casuals are usually your back-up support.’ [Stakeholder, Building Cleaning, Industry Association]

Of the call centre employees interviewed, those not employed on a casual basis were more likely to be employed on fixed-term contracts (rather than permanently). Other interviews indicated that working conditions are regarded as flexible, but also precarious, with a high level of casualisation contributing to both insecure hours and insecure tenure. The transient nature of call centre work is evidenced by estimates that over 55 per cent of job vacancies in call centres are attributed to workers leaving the occupation entirely (Australian Government 2010). It is difficult to tell whether it is the make-up of the call centre workforce that has repercussions for employment relations, or the type of employment in call centres that attracts certain workers. These features of the workforce (flexibility and transience) are likely to be explained by the business model associated with the particular subsection of the industry.

Some industries save costs by outsourcing and subcontracting labour, rather than moving casuals to permanent positions. Figure 4.9, below, indicates that A&SS has a far lower proportion of workers engaged as employees (67 per cent) than the average of all industries (81 per cent). This difference can be accounted for by a higher proportion of independent contractors (25 per cent in A&SS, compared to 10 per cent in all industries). As was seen in the sectoral analysis, Building Cleaning, Pest Control and Other Support Services has a greater proportion of non-employees than Administrative Services. This indicates that the majority of independent contractors are likely to be found in Building Cleaning, Pest Control and Other Support Services. Literature on the cleaning industry (Campbell & Peeters 2008) and evidence provided by stakeholders in the qualitative research stage indicates that the independent contractors are likely to be cleaners and pest control workers.

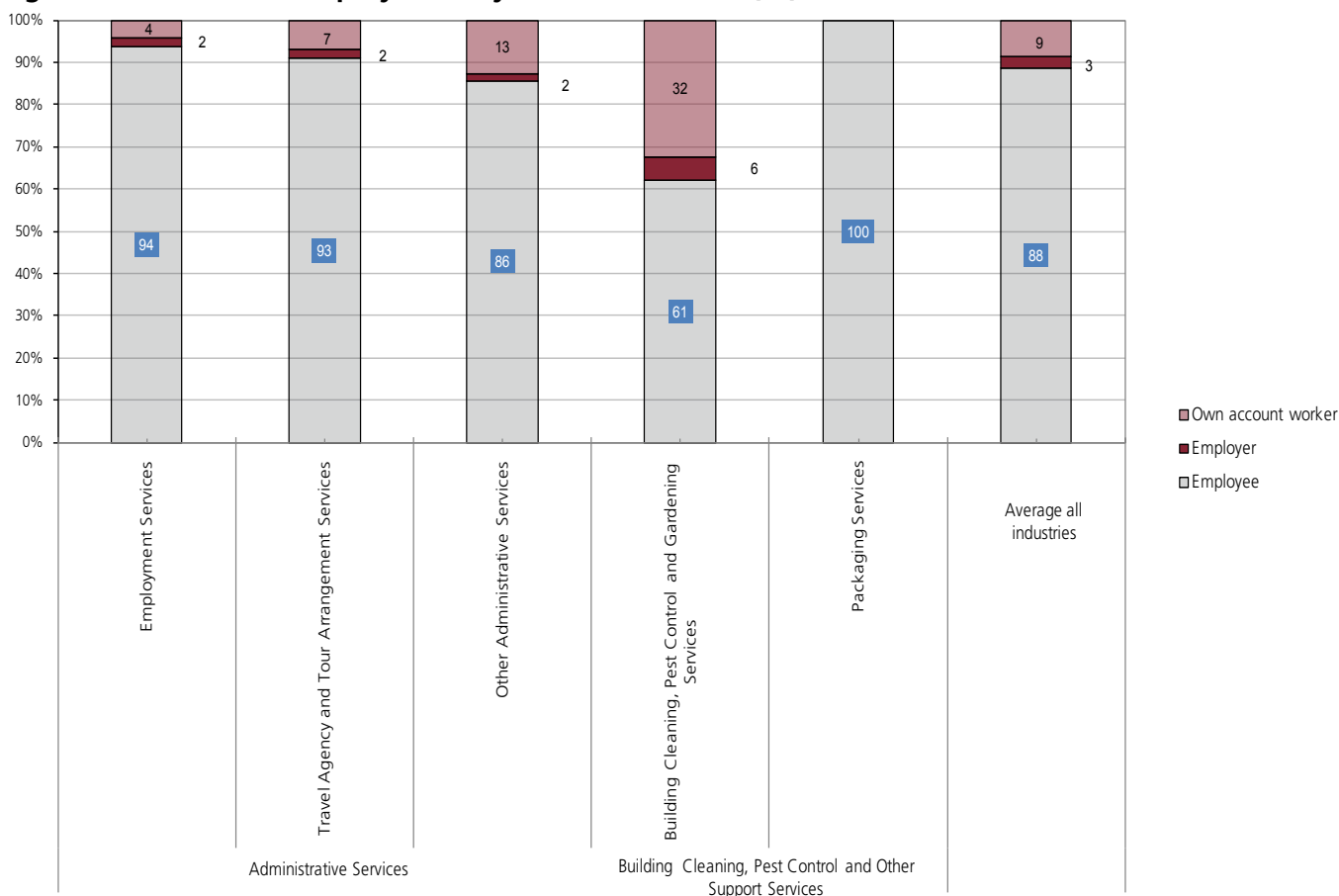
Figure 4.9: Form of employment, A&SS and all industries, 2009, (%)



Population: All persons employed
 Source: ABS 2008d, cat. no. 6359.0

Although more detailed industry data is not available for form of employment, it is possible to look at status in employment at the sub-sectoral level. Figure 4.10 shows that sub-sectors within the Administrative Services sub-industry have a similar distribution of persons employed as employees (88 per cent of people work as employees across all industries compared to 94 per cent in employment services, 93 per cent in travel agency and tour arrangement services and 86 per cent in Other Administrative Services). However, the Building Cleaning, Pest Control and Gardening Services has a much smaller proportion of employees at just 61 per cent. According to the data, all people employed in packaging services are employees; however, with such a small number of workers there may be sampling error.

Figure 4.10: Status in employment by sub-sector, 2010, (%)



Population: All persons employed in Administrative and Support Services

Source: ABS 2010b, cat. no. 6291.0.55.003

Qualitative research indicated that sub-contracting is more common in some A&SS industry sub-sectors than others. In the Pest Services sub-sector, for example, the year is divided into a high season during summer and a low season during winter. The low season, according to one stakeholder, means:

‘... working at 100 per cent [while the high season requires] working at 150 per cent.’ [Stakeholder, Pest Services, Industry Association]

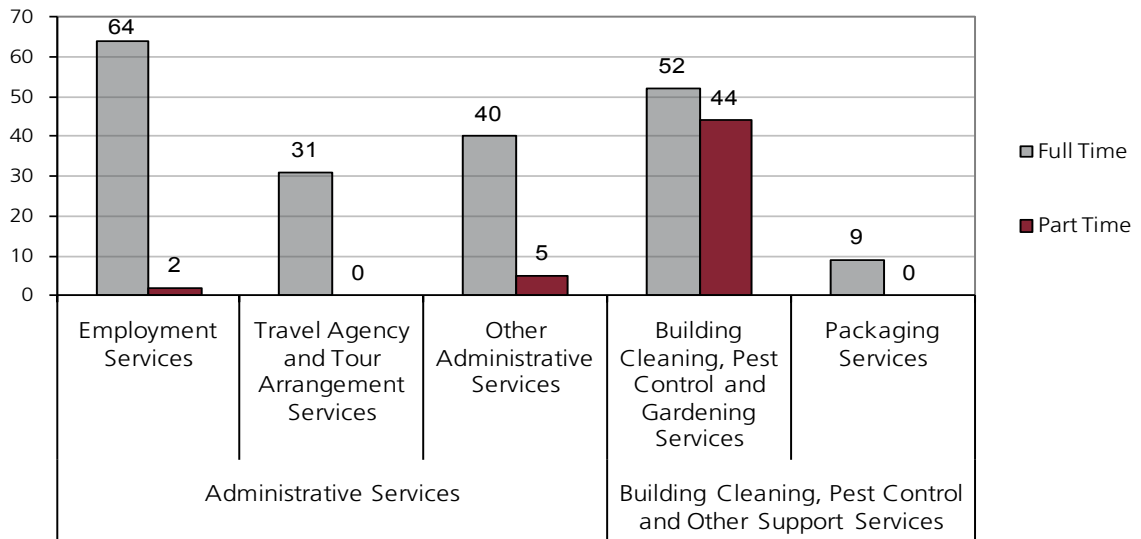
Companies deal with such fluctuation by subcontracting most of their work. Contractors are required to supply their own vehicles and chemicals. Call centres and building and industrial cleaning services were other sub-sectors reported by research participants to be using sub-contracting as a business strategy, as the quotes below indicate:

‘[We’re] using labour to deal with fluctuating economy. We try and maintain a mix of permanent employees plus then an outsourced component to basically deal with fluctuations in demands or particular campaigns, say in the call centre campaign area. So by having a mixture of permanent and contract outsourced labour we’re able to meet those sort of changes in demand (75/25 split).’ [Stakeholder, Call Centre, Large Employer]

‘The great thing with subcontractors, if anybody steps out of line, you can terminate them on the spot, as opposed to employees where you’ve got to give them three warnings, which I’ve had. I’ve had to do warning letters to employees, give them an opportunity to smarten up. Everybody from time to time gets complacent.’ [Employee, Building and Industrial Cleaning Services, Supervisor]

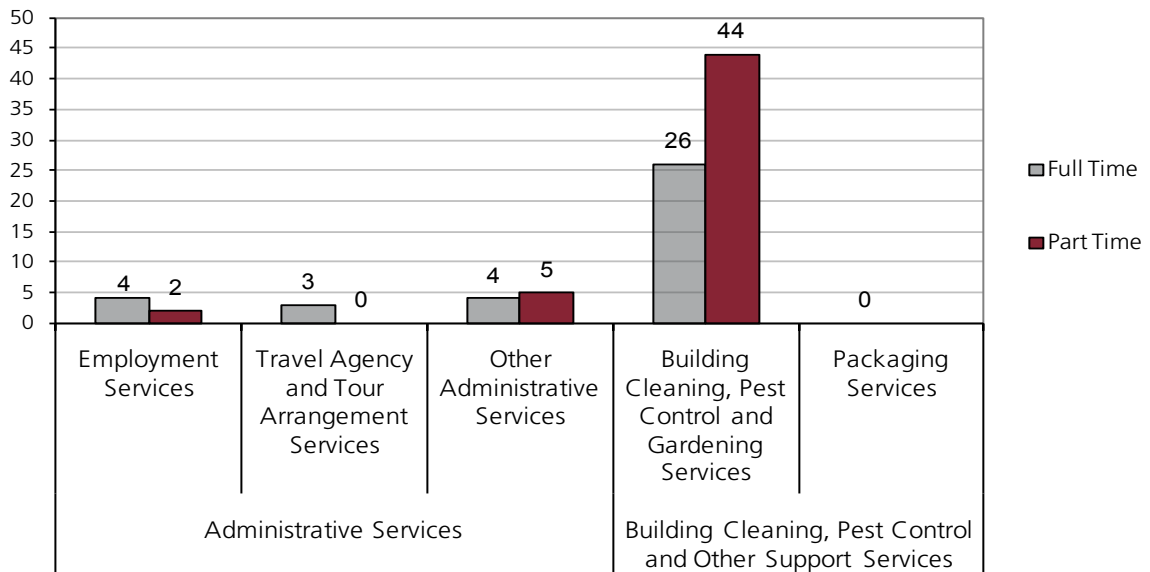
As there are so few employees in sub-sectors other than Building Cleaning, Pest Control and Gardening Services the workforce profile of employees and non-employees mirrors much of the earlier analysis. The majority of employees work on a full-time basis, with a greater number of part-time employees in the Building Cleaning, Pest Control and Garden Services sub-sector (see Figure 4.11). Persons employed on a non-employee basis were more likely to be working part-time in the Building Cleaning, Pest Control and Gardening Services sub-sector, Figure 4.12.

Figure 4.11: A&SS employees by sub-sector and part-time / full-time status, 2010, ('000)



Population: All persons employed in Administrative and Support Services
 Source: ABS 2010b, cat. no. 6291.0.55.003

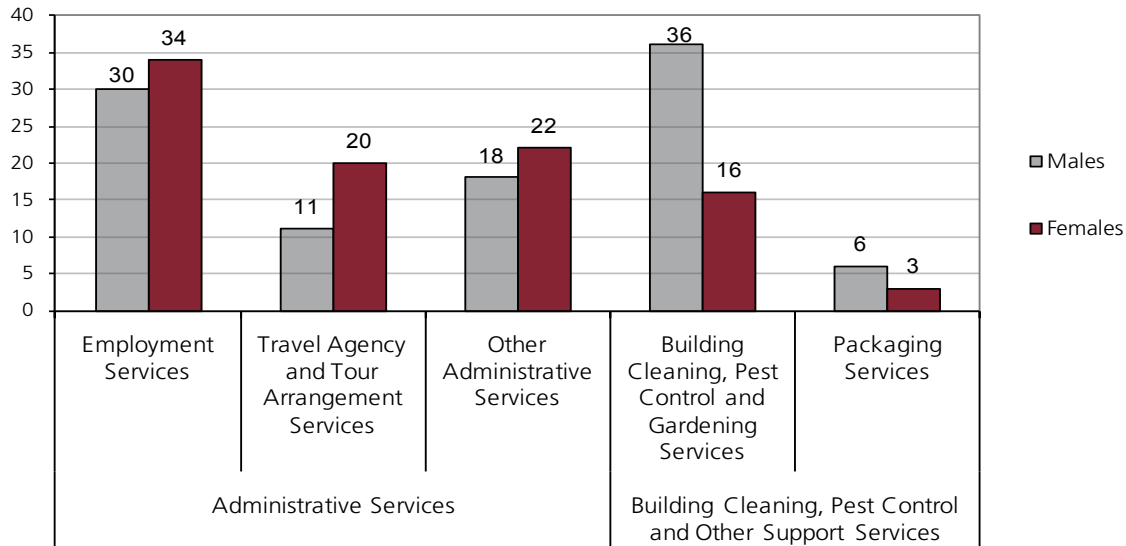
Figure 4.12: A&SS non-employees by sub-sector and part-time / full-time status, 2010, ('000)



Population: All persons employed in Administrative and Support Services
 Source: ABS 2010b, cat. no. 6291.0.55.003

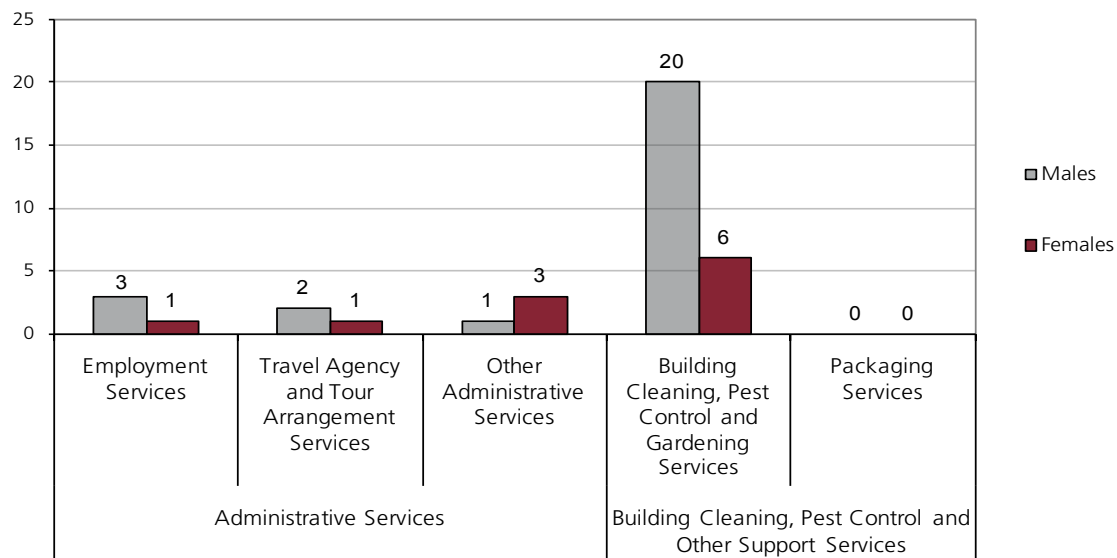
As Figure 4.13 shows, the sex distribution of employees in the A&SS sector reflects the total distribution of all persons employed. More females are employed in Administrative Services, while more men are employed in Building Cleaning, Pest Control and Other Support Services. Figure 4.14 shows that there is a far greater number of men (20 000) working as non-employees in Building Cleaning, Pest Control and Gardening Services, compared to women (6000).

Figure 4.13: A&SS employees by sub-sector and sex, 2010, ('000)



Population: All persons employed in Administrative and Support Services
 Source: ABS 2010b, cat. no. 6291.0.55.003

Figure 4.14: A&SS non-employees by sub-sector and sex, 2010, ('000)



Population: All persons employed in Administrative and Support Services
 Source: ABS 2010b, cat. no. 6291.0.55.003

The majority of those employed in A&SS are employees. Of those that are working as non-employees, most are found in the Building Cleaning, Pest Control and Gardening Services sub-sector. Of these, a larger number are male and employed part-time. It is likely that they are employed as independent contractors, given the higher than average proportion of independent contractors in the A&SS industry.

4.3 Labour mobility

The nature of the service sector and the business strategies engaged by many organisations discussed earlier have flow-on effects for employment relations, and consequently, job security. As previously mentioned, the use of casual labour and contract workers may improve business flexibility, but can result in a lack of security for these workers. It was also found that, contrary to the common perception of employees in low-wage industries as highly mobile, many workers stayed in their occupations for long stretches. Although they may have moved between jobs, there appeared to be a high degree of attachment to industries, though this was not always the case.

One stakeholder noted that minimum wage-setting practices acted as an employment standard of importance; as the degree of competition in the sector resulted in under-bidding through the tendering process. The importance of minimum standards not only related to wages, but also to job security:

‘The other key about minimum wage-setting is it sets the floor for competitors within a sector, and we didn’t have that under Work Choices, and you had a lot of companies under cutting one and other and that I think has a dramatic impact on job security. So having that level playing field again is extremely important for job security.’ [Stakeholder, Union, Services industry]

The perception of job security among interviewed employees appeared to depend on the organisation they work in, rather than their sub-industry or sector. Some employees reported feeling a clear sense of security, whilst others stated the opposite. When talking about reasons for intending to move out of a private sector job and into the public service, one employee within employment placement and recruitment stated job security was a reason that the public service was appealing (despite having a sense of security in her current job):

Q: ‘So just they’ve got a lot better conditions and pay and all that kind of stuff?’

A: ‘Yeah, and security too, I guess. I mean, I do feel very secure in my job ...’ [Employee, Employment Placement and Recruitment Services, Accounting Clerk]

At the other end of the spectrum, an employee working as a commercial cleaner indicated that he had been made aware that he is replaceable. In this case, security is aligned to business strategy, where he could be replaced by cheaper labour:

A: ‘Well, I’ve got to basically be keeping the store over ninety per cent all the time or the big boss will replace me with a couple of Koreans. I don’t know how it works because I always thought there was supposed to be an award, but apparently there’s some deal that they’ve got with the government where they can basically afford to replace me with two Koreans and it will cost them less.’

Q: ‘Who told you that?’

A: ‘My boss in [company], and he told me that because he wants to keep me here.’ [Employee, Building and Other Industrial Cleaning Services, Commercial Cleaners]

Job insecurity is not always felt as strongly as in the previous example. The following example illustrates the nature of uncertainty of an employee in the call centre sub-sector. Although aware that his contract is to run out, he is hopeful that it will be renewed:

Q: 'How long do you think you'll stay in the current job, have you got an idea of that?'

A: 'As long as I can I guess, because this is supposed to finish in May but I'm happy to stay there for at least until the end of the year if I can. Further than that I don't know, I guess I'll be assessed as it goes on but I'm happy to stay there as long as I can.' [Employee, Call Centre Operation, Call or Contact Centre Workers]

An indicator aligned to job security is job control. Table 4.2 shows that job control can be related to whether an employee has paid leave entitlements or not. Employees in the A&SS industry with leave entitlements are more likely to have a say in start and finish times (43 per cent compared to 36 per cent for employees *without* paid leave entitlements); to choose when to take holiday leave (93 per cent compared to 70 per cent); and to accrue time in-lieu (44 per cent compared to 27 per cent). However, employees without paid leave entitlements are more likely to have a say in the days they worked (41 per cent compared to 24 per cent). This is likely related to the higher levels of casual workers who do not receive leave, and are consequently able to choose their weekly working arrangements.

Table 4.2: A&SS employee perceptions of job control, by whether has paid leave entitlements, 2007, (%)

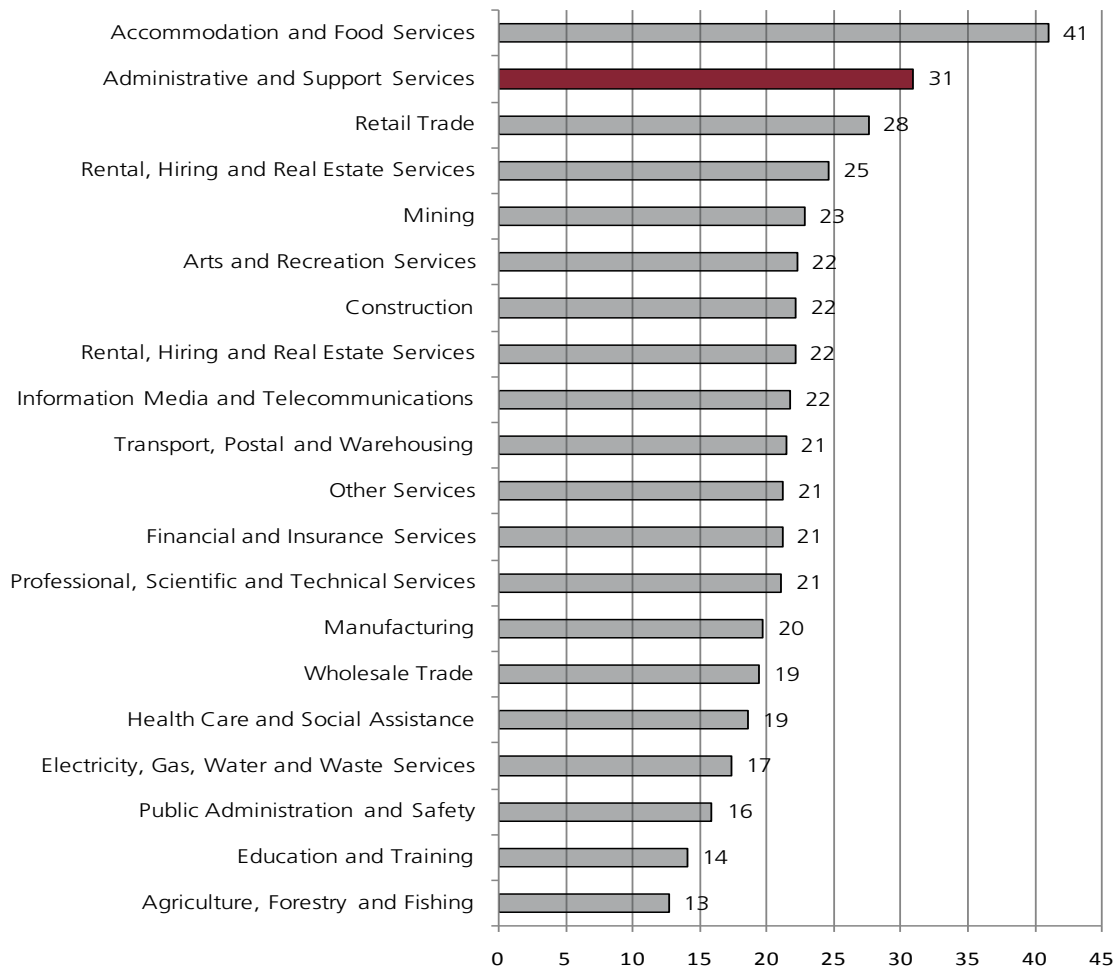
	Without leave	With leave
Had some say in start and finish times	36.0	43.1
Could choose when holiday leave is taken	70.3	92.5
Could work extra hours to take time off	26.5	43.8
Some say in days worked	41.4	24.3

Population: A&SS employees only

Source: ABS 2008h, cat. no. 6361.0.55.002

Quantitative data indicates there are high levels of turnover in the A&SS industry. Figure 4.15 shows that the A&SS industry has the second highest rate of turnover in a one-year period (31 per cent). The only industry with a higher turnover is Accommodation and Food Services (41 per cent). However, this only indicates the prevalence of people moving in and out of jobs, not in and out of the industry.

Figure 4.15: Employed for less than 12 months by industry, 2008, (%)



Population: All persons employed
 Source: ABS 2008f, 6290.0

A number of employees in the study had been in their industry for a long period, moving in and out of different jobs. This was found in nearly all the major sub-sectors including employment services, call centres and building cleaning. The following are examples from across the spectrum of sub-sectors where employees were found to move within jobs but remain within the industry:

Q: 'How long have you been there for?'

A: 'Three years.'

Q: 'What were you doing before that?'

A: 'I was a team leader looking after a call centre team in [company].'

Q: '[Were] there any jobs before that?'

A: 'Team leader again at [company], looking after corporate business and [as] part of that I was on the phones.'
 [Employee, Labour Supply Service, Office Manager]

A: '... I worked in other laundries before that.'

Q: 'Maybe you can tell me about that. How long have you been working in the sector for?'

A: 'I worked at [company] laundry and I worked at [company] a long time ago. And I worked at [company] at [location] which is closed down now. It's gone ages ago.'

Q: 'How long ago [was] the first one that you worked in? How long ago would that have been?'

A: '[Company]? Probably about two or three years.'

Q: 'So you started working laundries about two or three years ago?'

A: 'Oh no, much longer than that. I can't remember. Probably about ten years ago.' [Employee, Building and Industrial Cleaning Services, Laundry Worker]

Q: 'And how long have you been working there for?'

A: 'Three years. But I've been in [industry] for 28, practically doing the same thing but just keep on calling it something else and the computer system varies.' [Employee, Other Administrative Services, Filing and Registry Clerk]

Reasons for anticipating remaining in the industry varied between the workers interviewed and between sub-sectors they were employed within. Some employees reported staying because they did not know what else they could do. Others appeared to have found a niche and to enjoy their work. Still others had invested time and/or money in training or education, and felt a commitment to the industry as a result. Several workers stated they were coming to the end of their career and felt no need for change:

Q: 'And how long do you think you'll stay in this role for?'

A: 'I'm happy there at the moment so I can't see myself going anywhere.'

Q: 'The next question is what do you think you'll do next?'

A: 'Retire.'

Q: 'So you'll probably stay here until the end of your career?'

A: 'Yeah. Anything can happen day by day. Anything can change in your life so, at the moment, yes, not looking at shifting, but down the track, you never know.'

Q: 'If someone offers you \$25,000 more you might just move?'

A: 'No I probably wouldn't actually, not for that little.' [Employee, Building and Industrial Cleaning Services, Program and Project Administrator]

Not all workers interviewed showed commitment to their occupation or industry. Reflecting findings in literature on low-wage workers, employees had moved through a number of occupations in a number of different industries. The following are examples of the career paths some interviewees had moved through:

'Prior to this job, like leaving school I worked for [industry 1] for 11 years. And then moved back home to be with my family because that was in [industry 2]. And then I did a tech course. Then I got a job with [industry 3] as quality control. And then I did some cleaning in a pet shop, did a bit of volunteer work at a school. I basically started this job (working in industrial cleaning). It's a supermarket. And I basically once a week scrubbed the

floors with a buffer and then buffed them up. And then once a month I scrub-buffed the floors. And then once every six months, I think it was, we stripped floors and resealed.’ [Employee, Building and Other Industrial Cleaning Services, Program and Project Administrator]

‘I worked for another company doing very similar work for 14 years. But before that I was working in factories, vineyards, just doing like bits and pieces.’ [Employee, Building and Other Industrial Cleaning Services, Commercial Cleaners]

‘When I started work I worked in a [company] for—well, since I left school. I worked for about one and a half years there and then I went from the top of the juniors list to the bottom of the seniors list, and I went, “Oh well,” so I went and did about 10 months of an office traineeship and then I went back to the meatworks again, and I stayed there until ‘97 or so, ‘98 and I got carpal tunnel syndrome in both my wrists, so I thought, “Well I’ll give that up then,” that is a bit heavy, and I went and drove cabs for a couple of years and that was interesting, but not really that flash.’ [Employee, Building and Other Industrial Cleaning Services, Commercial Cleaners]

Opportunity for promotion and perceived career paths for the most part depended on the sector workers were in. A laundry worker who had been in the industry her entire career indicated that she did not want a promotion to a leading hand role. Her reasons did not have to do with the job role, but rather the tasks involved. In this case, she felt she did not have the basic literacy and numeracy skills required. When asked why she wouldn’t desire a promotion, her response was that ‘there’s a lot of reading and writing and spelling involved’.

Employees in Administrative Services were found to be more likely to have career opportunities available to them. An employee working in Employment Services mentioned that moving into human resources was a common career path for her peers when they wanted to leave the stress of Employment Services. A number of employees in call centres reported being able to access career development services within their organisations. In the response below, the employee talks of having a great deal of career development support.

Q: ‘Do you feel like you have development opportunities available at [company]?’

A: ‘Yes, definitely. For example, they’ve actually got something called a career development program. So that’s something that ... you have to apply to, I guess, go in it and they’ve got I think across our centre they had about 14–15 spots. So that’s something that I went for. Most that went for it, got it. That just started last week, so basically you work through kind of that personality test, that kind of thing, so you can see where your career path wants to go. They have a designated career development officer so she is actually a career counsellor outside of the thing, and she works with you individually. So that is so I know exactly where I might want to go in the company and if you want to go towards management or you want to go to I guess a higher sales role, there’s two other programs that you can go for those.’ [Employee, Call Centre, Account Manager]

More reflective of the overall nature of tenure in the A&SS industry were the employees looking to leave the industry all together.

‘[In future] I’d like to finish my university course. I studied youth work. I haven’t completed it. I don’t think I can finish the youth work aspect, I can go into uni and do a social science [degree] just to get a degree or I could just do that. I would be exempt for at least three-quarters of the course because I’ve done the youth work component, but it’s just a matter of actually applying again and just finishing it off. I was so close to finishing and I just failed right at the end unfortunately. I just lost interest. At the end I didn’t have that much to do, I had one or two subjects. I had just finished school so I was only around 22–23, so I was still young so maybe now I’ve matured a bit more I’m pretty keen to finish it off.’ [Employee, Call Centre Operation, Call or Contact Centre Worker]

4.4 Wages

There are a diverse range of employee experiences within the industry. Discussion of living expenses reflected this diversity, with some workers in the study stating they were struggling to meet their day-to-day costs, some stating they would prefer more income, while still others reported being comfortable on their wages or salaries.

The average hourly full-time cash earnings rate for employees is lower in the Administrative and Support Services than in the overall economy. Average hourly earnings for men are \$31.00; A&SS the average is \$27.90. For women average hourly cash earnings are \$27.60; in A&SS the average is \$25.40. A more detailed breakdown of hourly earnings is provided in Table 4.3, below. Although those people employed in Administrative Services earn close to the national average, Building Cleaning, Pest Control and Other Support Service workers are earning far less on average.

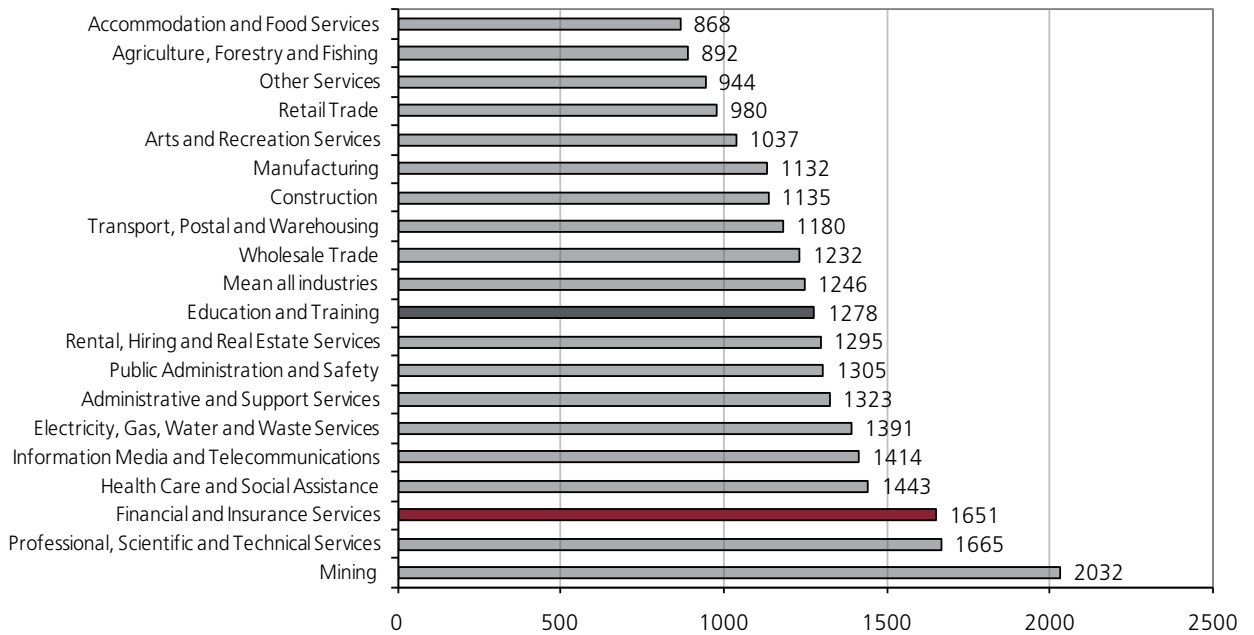
Figure 4.3: Average full-time hourly cash earnings by sex, A&SS, 2008, (\$)

Industry	Male	Female
Administrative Services Total	29.80	25.70
Employment Services	28.20	27.00
Travel Agency and Tour Arrangement Services	29.70	23.50
Other Administrative Services	33.90	25.20
Building Cleaning, Pest Control and Other Support Services Total	21.80	21.30
Building Cleaning, Pest Control and Gardening Services	21.80	21.50
Packaging Services	21.60	18.50

Population: Administrative and Support Services employees only
Source: ABS 2008c, cat. no. 6306.0

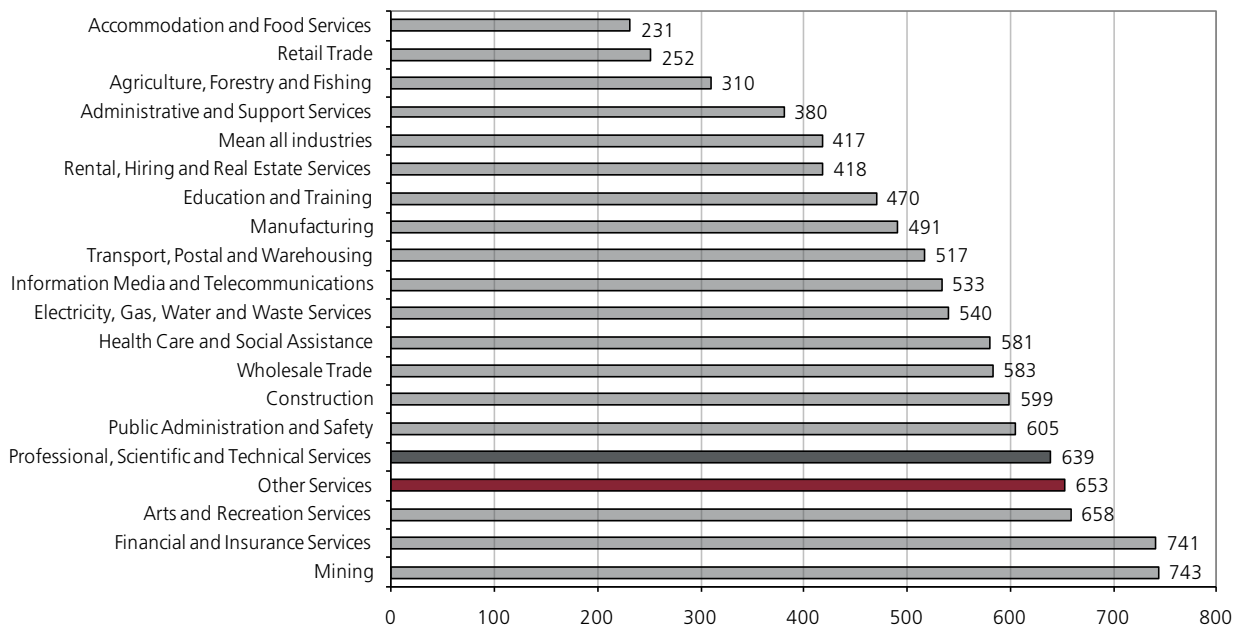
When weekly earnings are disaggregated by sex and part-time/full-time status, it is once more seen that A&SS is characterised by low levels of pay. The only exception is full-time male employees who, at \$1323, earn above the weekly average of \$1246 (see Figure 4.16). Figures 4.17–4.19 establish that part-time male employees, and female employees regardless of part-time or full-time status, earn well below the industry average.

Figure 4.16: Industry mean weekly earnings, full-time male employees, by industry, (\$)



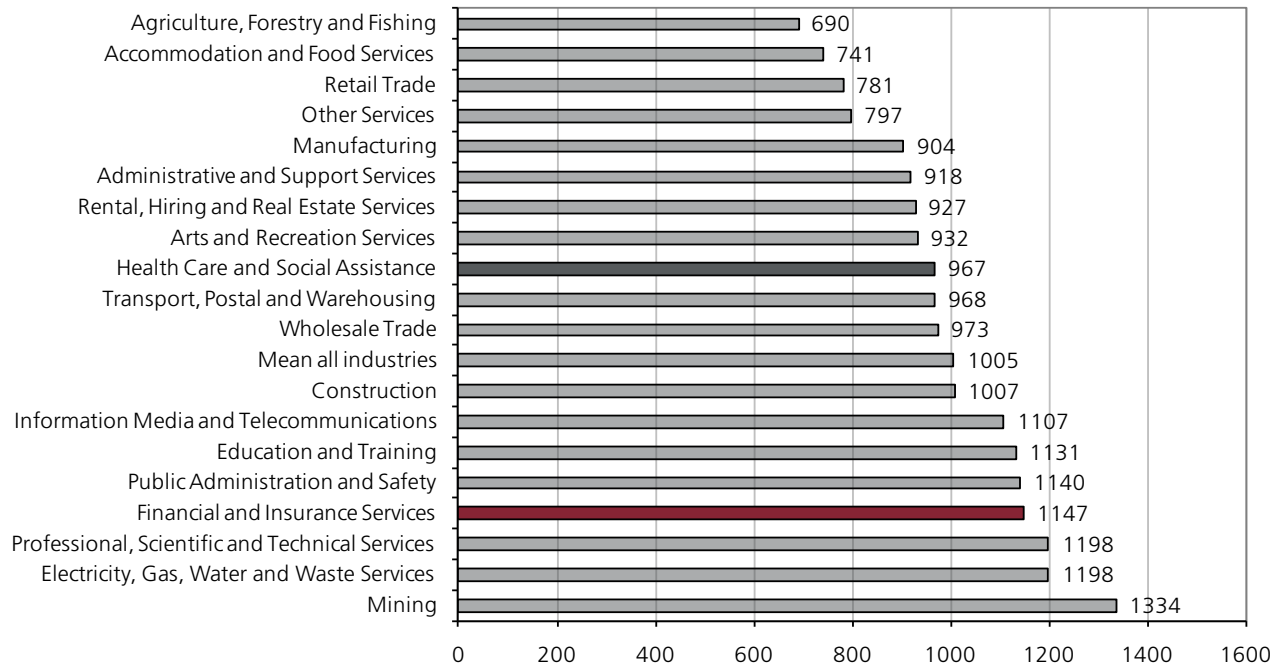
Population: All full-time male employees
 Source: ABS 2008c, cat. no. 6310.0 and ABS 2008b, cat. no. 6291.0.55.003

Figure 4.17: Average weekly earnings, part-time male employees, by industry, (\$)



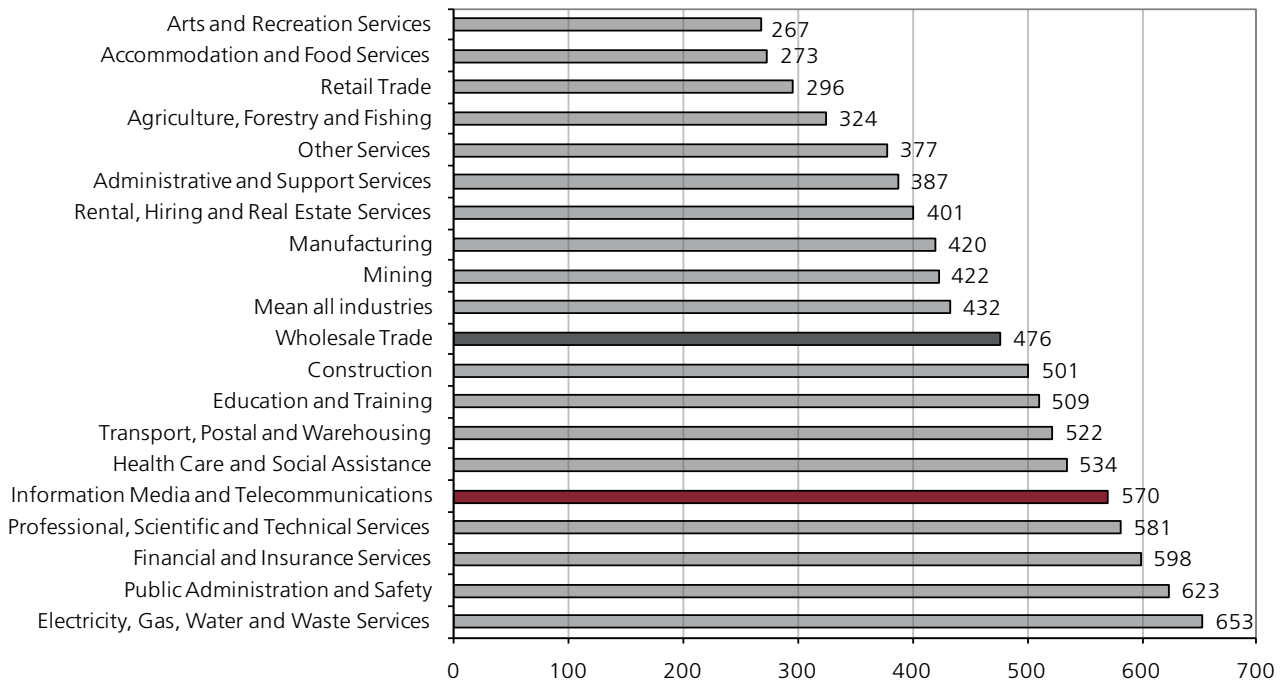
Population: All part-time male employees
 Source: ABS 2008c, cat. no. 6310.0 and ABS 2008b, cat. no. 6291.0.55.003

Figure 4.18: Average weekly earnings, full-time female employees, by industry, (\$)



Population: All full-time female employees
 Source: ABS 2008c, cat. no. 6310.0 and ABS 2008b, cat. no. 6291.0.55.003

Figure 4.19: Average weekly earnings, part-time female employees, by industry, (\$)



Population: All part-time female employees
 Source: ABS 2008c, cat. no. 6310.0 and ABS 2008b, cat. no. 6291.0.55.003

Diversity of earnings was observed not just across sub-sectors, but even within occupations in single sub-sectors. A base wage figure that mentioned by a number of travel agents interviewed was \$26 500, although it was indicated that even those with poor sales made some commission, pushing earnings sometimes as high as \$70 000 to \$80 000. The use of wages by smaller travel agencies is also indicative of the tight labour market that exists in the travel services. For example:

'... what tends to happen is the market tends to determine what people should get paid. As in [person 1] applies for the job and the owner of the travel agent says, "oh, we pay \$40,000 for that job," and [person 1] says, "hmm, I'm already on 50 and down the road's offering 55," even though the award may say he only has to pay 38.' [Stakeholder, Travel Agent, Industry Association]

Some businesses explicitly used higher wages to retain staff, or to ensure they provided a good service to clients. A number of stakeholders noted that minimum wage increases were factored in by businesses each financial year, and consequently, any increase would have negligible impact on business profits:

'I think the key challenges would be just to secure employment I think, to ensure that jobs are not shared. But having said that, I don't actually think that a minimum wage increase has a dramatic impact on those sorts of employment decisions. I think that a lot of companies factor in a minimum CPI [Consumer Price Index]-type increase to their wages costs annually anyway, so I don't think that having a minimum wage increase is going to really impact the economy that severely.' [Stakeholder, Services Industry, Union]

'I think it's another factor that needs to be considered which is where you actually have a situation where employers are entering into longer term fixed-price contracts—it might be up to three years—a lot of those contracts will cater for the adjustments in national minimum wages or minimum award wages. In some cases they may not have chosen to do so, or they may not have had the foresight.' [Stakeholder, Employment Services, Industry Association]

Other stakeholders disagreed, stating that increases in minimum wages would result in the laying off of staff. This is seen in examples provided below from the Building Cleaning, Pest Control and Gardening Services, as well as the travel industry:

'[In] business, the difference is, can the contractor pass that rise on to his client, and in most cases the answer's going to be no. That being the case there is a set clean, so what happens is hours get reduced, people lose the number of hours that they're going to clean within. They have to have increased productivity ... It also brings in uncertain work practices where people may be forced to look at subcontracting out rather than providing permanent or permanent part-time employment.' [Stakeholder, Building Cleaning, Pest Control and Gardening Services, Industry Association]

'For instance in tourism ... [person 1] said last year the single biggest thing that will send his members out of business is the nationalisation of the minimum wage. The GST isn't going to do it but it will send 10 per cent of my members out of employment, out of a job. And he got [person 2] out to say that at the press conference and all this sort of stuff.' [Stakeholder, Travel Agencies and Tour Operators, Industry Association]

'The employers end up totally undercutting each other, and sign the most ridiculous contracts I've ever seen. There is no protection of employees, because if you have a look at some of the state government tenders it doesn't make provision for wage increases. So if you have a three-year contract, there may be no provision in that tender document to allow the staff to receive what I call a "legislative pay increase" each year for the next three years. That being the case, when there is a change in an award or something, if the employer cannot pass that on, or cannot receive that from the client, if it's a fixed contract and say it's a million dollars over three years, what happens, you talk to your client, say, "Sorry, we're going to reduce your hours, we're going to reduce the staff." That's what happens. It loses jobs.' [Stakeholder, Building Cleaning Pest Control and Gardening Services, Industry Association]

While wages are important for business and business strategy, they were also cited by most workers as their main reason for working. However, not every employee is the sole or equal breadwinner in their household. In some instances a secondary earner described their pay as 'pocket money', or their reason for working as to relieve them from boredom. For example:

'My reasons for working? I get bored staying home. For some spending money.' [Employee, Packaging Services, Packer]

'Well, mine basically is just like pocket money for my son. My husband's got a pretty good job. Mine's just sort of like a bonus. I pay a couple of bills every now and then. I get general day-to-day items that are required. If I want something fancy for tea that's not in the fridge I can go and buy it.' [Employee, Building and Other Industrial Cleaning Services, Commercial Cleaner]

For the majority of employees interviewed, wages and living expenses were found to be a problem. This was a dominant theme. Although some employees appeared satisfied with their income, others (regardless of income levels) felt they deserved more. For those earning towards the lower end of the wage spectrum it was found that income often didn't match living expenses:

'Yeah, I was [earning enough to meet my living expenses] but I was living at home. But if you had to move out or anything, I know there's Centrelink and stuff, but if I wasn't at home, no way, three-forty a week, you couldn't really afford to move at all, like live anywhere—if you were moving out of home.' [Employee, Gardening Services, Gardener]

Many interviewees identified rising costs in the previous 12 months. For the most part these were due to increased utility bills and grocery costs. Some participants identified public transport and petrol as increasing costs, although more emphasis was placed on electricity, water and food:

'Yeah, well, the gas has gone up like double, yeah, in the last 12 months. My first bill for a quarter was \$40, my second one was \$75, and then they just had an increase. It's now \$150 for a quarter. I think the electricity has gone up, but I'm pretty good with that. But yeah, groceries are just unbelievable, especially in the last 12 months. Yeah, I'd have to say it's almost doubled as well in price, yeah.' [Employee, Employment Placement and Recruitment Services, Program and Project Administrator]

It was anticipated by a number of research participants that living expenses would increase in the coming 12 months. Again, this was most often related to utility bills, such as electricity and water, as well as food costs. Workers with dependants and those on minimum wages tended to be the ones who noticed the increases:

A: 'Oh, yes, blimming electricity has gone up. I'm not happy with that.'

Q: 'Have you noticed that that has changed over the past 12 months?'

A: 'Yeah, it's just steadily increased. The last bill was quite a lot more than expected and I don't think it had anything to do with winter. I think just the bills are getting higher and the food is getting higher as well.'

Q: 'Food's getting higher, so your grocery bills ... ?'

A: 'Yeah.'

Q: 'What do you, do you think that that's going to continue over the next 12 months?'

A: 'Oh, definitely.' [Employee, Building and Other Industrial Cleaning Services, Commercial Cleaner]

Some interviewees stated concern about the effects of minimum wage variation. In particular, study participants felt the lack of minimum wage movements, combined with a lack of CPI increase, in 2009 (depending on whether the lack of movement in minimum wages or prices) resulted in some workers not receiving any pay increase:

‘Well, if the minimum wage remained constant and there was no inflation it wouldn’t be a problem. But the problem is you go down the grocery store every day and your normal food items seem to go up. Only a few cents here, a few cents there but by the time you fill your trolley it makes quite an impact.’ [Employee, Building and Other Industrial Cleaning, Cleaner]

In the following example, a supervisor notes the effects of a lack of minimum wage movements on the staff below him, most of who were on minimum wages:

Q: ‘Now the most recent minimum wage increase was in 2008. Do you know how it impacted—either on your staff, or was it noticeable, the impacts that it had on other staff?’

A: ‘Probably minimal. It was probably more last year where it didn’t go up because of the financial thing.’

Q: ‘Can you tell me about that?’

A: ‘Just talking with my staff and things like that. Sometimes they find it hard to make ends meet. If they’ve over-committed themselves, I know that’s not our problem as such, but just talking with them.’

Q: ‘Any examples?’

A: ‘One of my girls was going to get a car loan. I don’t know the ins and outs of her financial situation but because of her wages she was knocked back on it at the last minute.’ [Employee, Building and Other Industrial Cleaning Services, Supervisor]

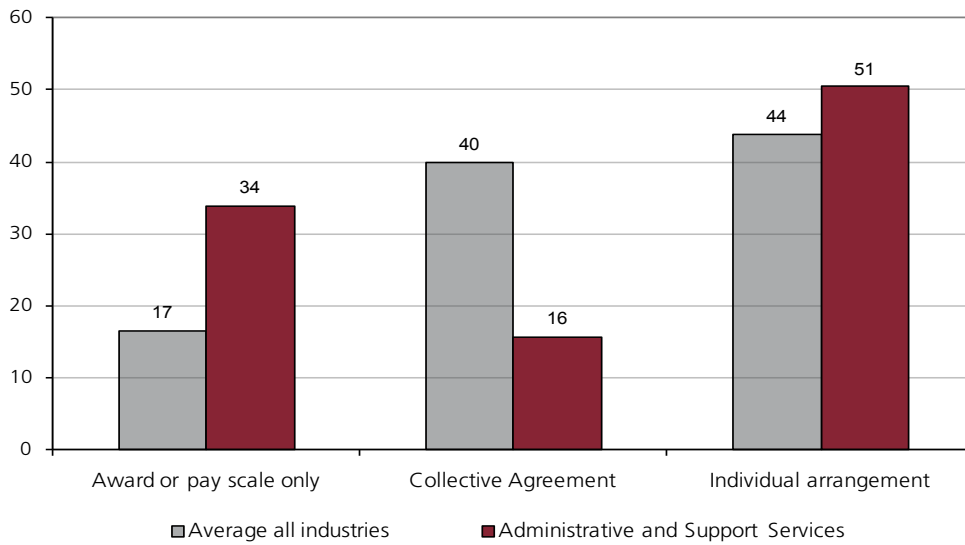
For the most part, wages paid to employees are dependent on whether their occupations are classified as professional, administrative, or labouring. Professionals are least subject to wage increases influenced by minimum wage adjustments. Administrative and clerical staff providing support services in the A&SS industry are reported as having wage levels most influenced by minimum wages adjustment. As specific occupational examples, commercial cleaners were most typically reported to be dependent on minimum wages as a floor for their wage, while pest control workers were reported to have a higher wage that was set according to market demand.

4.5 Wage-setting

There is a much greater reliance on awards and Pay Scales in order to determine wages in A&SS than there is overall in the Australian economy. The difference is accounted for in the low proportion of employees whose wages are set by collective agreements. There is also a generally low degree of knowledge about industrial instruments and wage-setting practices in the A&SS sector. This can result in workers feeling that they have nowhere to turn when confronted with a problem with their pay or other working arrangements.

A&SS is dominated by a larger than average proportion of employees whose pay is determined by the award system (see Figure 4.20). In 2008, almost 34 per cent of wages in A&SS were set by award or Pay Scale determinations, compared to an average of 17 per cent across the Australian economy. Collective agreements made up a further 16 per cent, compared to 40 per cent in the broader economy. The high level of workers with pay determined by award or Pay Scale clearly reflects the relatively high incidence of lower than average wage workers in the A&SS sector.

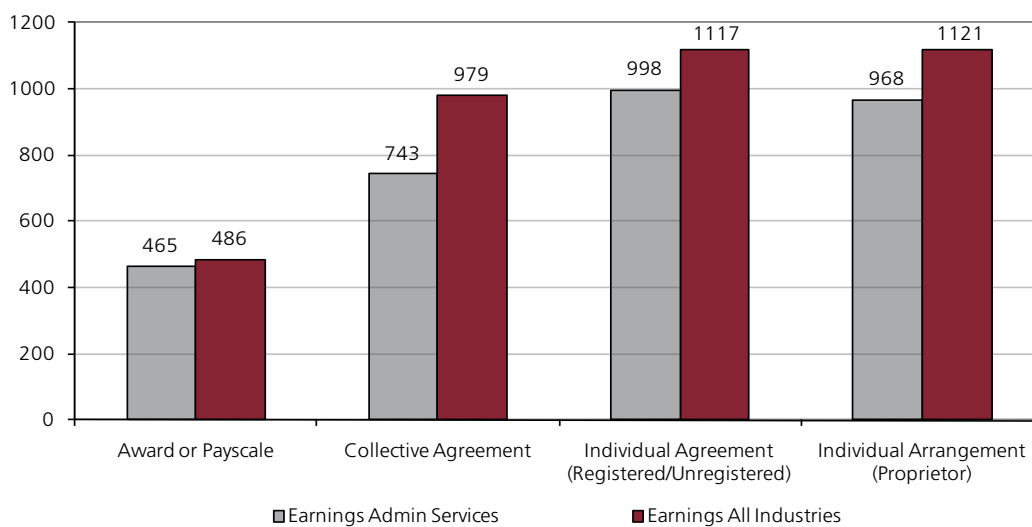
Figure 4.20: Method of setting pay, A&SS and all industries, 2008, (%)



Population: Employees only
 Source: ABS 2009a, cat. no. 6105.0

It has already been established that weekly earnings are low within the A&SS industry; however, as Figure 4.21 shows, earnings are below the industry average in the sector regardless of which wage instrument is relied on. Those who are earning on-award have the most parity with the rest of the economy although they still have low earnings compared with those whose wages are determined by other wage instruments. Earnings determined by collective agreements are much higher than those determined by award, although below those of other employees whose wages are determined by collective agreements. Reasons for this have been discussed in the opening analysis of the wider industry context: as labour is the greatest cost to the industry, employers are likely to use pay as a cost-saving mechanism.

Figure 4.21: Average weekly total cash earnings by method of pay-setting, A&SS, 2008, (\$)



Population: All persons employed
 Source: ABS, 2009b

Within the Administrative Services sub-industry, it was widely agreed among stakeholders and employees in management or supervisory roles that the employees most reliant on minimum wages were administrative and clerical staff. Those employees engaged in professional tasks, such as travel agents and human resources practitioners, or those with managerial tasks, are not directly affected by movements in minimum wages. Employees in the Building Cleaning Services were more likely to have their pay guided by minimum wages. In Pest Control, while administrative and clerical staff were likely to earn minimum wages, practitioners were more likely to earn a higher rate. As an example of a response regarding this issue from employment services:

'Those who are going to be most affected by the minimum wage are clearly going to be those at the clerical and administrative end. It might be junior consultants to some degree, but even then they're probably more likely to be engaged as clerical workers, [and] will be on a salary. But let's say that probably, I would imagine—if I were to guess, and it's purely a guess—I would say probably about 25 per cent of those clerical and administrative-type employees working in-house within labour hire recruitment firms would be employed whilst possibly under a salary. That salary would be determined very much by the minimum wage. There are those who are engaged on a direct hire casual basis to perform those functions, and then there are those who are engaged on salary as well. [In comparison] most of those who are working in a [professional] role as a recruitment consultant, they are award-free anyway. So really the national minimum wage is—they're going to be paid well above that. Furthermore, because they don't receive penalty rates and the like because they're award-free in the main.' [Stakeholder, Employment Services, Industry Association]

Despite stakeholders indicating that minimum wages do not directly affect the bulk of the Administrative Services workforce (and in contrast to industry award-reliance data to the contrary), participants reported that increases have a flow-on effect on other wages. One industry association stakeholder suggested that increasing the wage of those at the bottom of the wage scale would mean businesses that paid just above minimum wage to attract workers would consequently have to increase wages. Some supervisors and employees indicated that an increase in wages would not only be beneficial for employees, but also for businesses:

'I don't think [raising minimum wages] would really affect, [if] anything it would probably improve things because the staff would, if they're getting higher wages obviously they'd be happy, be willing to put in that little bit extra.' [Employee, Building and Other Industrial Cleaning Services, Supervisor]

'... if you compare [the pay] to other call centres it's quite a low rate to be honest. It could be a lot better. But if they were to increase how much the pay per hour it will keep people intending to stay. If someone gets a better offer somewhere else, well, they're stupid not to take it, aren't they really.' [Employee, Call Centre Operation, Call or Contact Centre Worker]

The nature of the competitive labour market in call centres was also reported as a reason for paying above minimum wages. While many employees interviewed were hovering just above minimum wages, there were opportunities for greater income. In some cases this was through opportunities for commission, while in others it was due to a higher base wage (paid in order to attract workers). This appeared to be dependent on two factors: the company the call centre was providing services for, and the services the call centre operator was providing. Call centre workers could be taking inbound calls, making outbound calls, and in some cases engaged in sales:

'I'd only be guessing, but in most circumstances we're actually seeing, especially in call centres, we see on hire the casual employees' hourly wage rates being set by the wage rate that the client pays to their own employees. In a lot of cases there will be client EBAs [enterprise bargaining agreements] that they'll or they'll pay them a higher than award rate in order to attract them, given that sometimes it's hard to attract the right people within the marketplace depending on whether it's inbound, outbound or a specialist area.' [Stakeholder, Employment Services, Industry Association]

How employees are engaged differs between most of the A&SS sector and the Travel Agency and Tour Arrangement sub-sector. In this sub-sector one or two large companies dominate and there are a large number of small operations. Employees in the study who were employed, or had been employed, with large companies indicated that they were employed on a retainer and then provided with commission for sales. Workers are offered incentives such as holidays, competitions and gift vouchers, which are dependent on the sales of particular flights or packages. Receipt of such incentives was found to be dependent on how the person was employed, as indicated by a woman who had transitioned from full-time to part-time employment:

'Like there's different, if we book certain companies or whatever, we've got like "membership numbers" I guess you call it. And if you book certain companies, you give them your membership number and they give you points and then those points you can redeem for I don't know toasters or whatever, which was really actually quite good. When I was full time I got heaps of stuff ... And now I'm back to just working the Saturdays I was putting my little password number in or whatever it was, my membership number and I wasn't getting any points and so I rang head office and I said why am I not getting points and they said no, because you're only working part time now, you don't get that anymore. I was like that's not fair, but anyway.'

[Employee, Travel Agency and Tour Arrangement Services, Travel Agent]

Employees in the study who are employed with small travel companies typically stated they are provided with a larger retainer as the companies are unable to compete with the commission and other incentives that larger organisations can offer. This is best described by one employee who had moved from a large operation to a smaller one in the previous year:

A: 'In the travel industry—travel agents are (I think) 80 percent work on retainer plus commission. Maybe if you're a few private-owned travel agency you probably don't have to pay yourself commission.'

Q: 'So the other 20 percent would be on like a package sort of arrangement?'

A: 'Yeah I think so.'

Q: '... And what do you mean by "on retainer"?''

A: 'So it's a basic salary per year, for [company] it's \$26 500 per year. And on top of that you'll get your commission every month.'

Q: 'In terms of the leave entitlements, how does that work with the retainer?'

A: 'You get 20 days a year and you get superannuation on the \$26 500.'

Q: 'That's the conditions you were under at [company].'

A: 'And yes at the moment it's just package so it's \$40 000 plus superannuation on top of that.'

[Employee, Travel Agency and Tour Arrangement Services, Travel Agent]

Commission on top of a retainer is also a commonly used wage strategy in the employment services sub-sector, as competition for labour is more intense than in other areas of the labour market.

'Basically for any permanent placement I make, or sorry, my account manager makes, with the candidate I've given her I get \$200, if I make more than five I get \$300 for each one and more than ten you get, I think, \$350.' [Employee, Employment Services, Human Resource Professional]

It appeared that in some sub-sectors there was a greater capacity to negotiate wages than in others. Workers talked to in Building Cleaning, Pest Control and Gardening Services as well as Packaging Services

generally did not feel that they were able to negotiate wages. In Administrative Services, more workers in Employment Services and Travel Agency and Tour Operations indicated being able to negotiate wages than people working in call centres:

'It was just five steps of the interview process and on the fifth interview that's when they put the offer, and they gave me a 50 package and I said, "Look ..." because I was hoping for 50 plus super, and that was a bit of a drop from what I'd had previously, so I put to them that perhaps parking could be added on, because we were based in the city, it's sort of nine dollars a day. So that's something that they took away and then they came back and they agreed that that would be fine. Yeah, so that was the negotiation I had with them, but they weren't able to budge on the dollars.' [Employee, Employment Services, Human Resource Professional]

A common theme throughout the interviews was limited awareness of wage-setting practices and of employee rights. Industrial relations awareness in A&SS appears to be very low. Most people interviewed were unable to identify the wage instrument on which they were employed:

Q: 'And so why don't you have commission now in your job on a Saturday?'

A: 'Don't know actually. I guess the hourly rate is higher I guess than the normal base wage, I'm not too sure. It'd be good though. I mean I still sell but there are some other temps out there that don't. They know they're getting an hourly rate so they don't really try that hard which I don't think is good for the individual shops or whatever. But yeah I don't know, I don't really know, I never really asked. It's just the thing.' [Employee, Travel and Tour Arrangement Services, Travel Agent]

Even individuals with some knowledge of awards were not necessarily able to explain the relevance of awards to their wage or salary:

'We have a federal award that we currently run under within the industry and depending on the level of experience that you've got will determine the award rate. So I suppose yeah I do have it. But in terms of my salary, I don't actually know if there is an award. If it's the same award or if it's a different one, I just know that it's above it.' [Employee, Other Administrative Services, Conference and Event Organiser]

Many of those workers who had issues with their pay or conditions reported reluctance to discuss this with their managers. This was more commonly found in those working at the lower end of the occupational skill spectrum (rather than professionals or managers), for example:

Q: 'Would you feel comfortable approaching your supervisor and asking about the time in lieu?'

A: 'No.'

Q: 'Why is that?'

A: 'I just let it go.'

Q: 'Why don't you feel comfortable?'

A: 'Because I know the answers I will get because our bosses make excuses and so does the leading hand, because the leading hand's supposed to sign our timesheet. Now when [person] is on, she doesn't sign mine. And as I heard, if she doesn't sign it, we don't get paid. But when I 'front her about that, she goes, "Oh, you still get paid". And when I 'front [person], [person] reckons I still get paid but the rumour goes around, if she doesn't sign it, we don't get paid.' [Employee, Building and Other Industrial Cleaning Services, Commercial Cleaner]

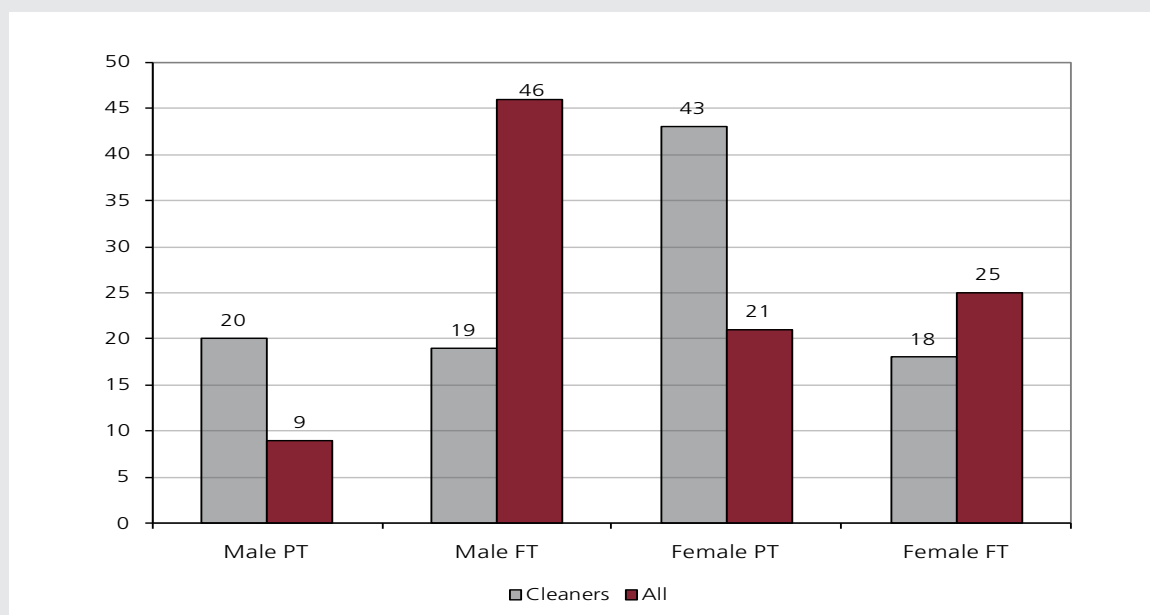
Study participants in A&SS were, for the most part, wage 'takers' rather than wage 'makers'. Although some professional workers felt that they could negotiate their pay and conditions, the majority accepted the employment conditions that were offered to them—regardless of whether they felt that they were fair. In the same vein, many research participants did not feel that they could approach their supervisor or manager if they had an issue in the workplace (although some workers stated they felt comfortable approaching more senior workers with questions regarding work practices or pay and conditions).

Occupation focus point A—cleaners

The Australian Government estimates that commercial, domestic and other cleaners, housekeepers and laundry workers make up over 235 000 jobs, or around two per cent of total employment. While not all of these belong in the Building Cleaning, Pest Control and Other Services sub-industry, the occupation makes up a large component of the workforce. The focus here is exclusively on commercial cleaners, which account for over 166 000 (71 per cent) of these jobs (Australian Government 2010).

Cleaners are more likely to be working part time than full time, a factor correlated with the higher proportion of women working in the industry. Figure 4.22 shows that just over one-third (37 per cent) of commercial cleaners work full time, compared to an average of around two-thirds (70 per cent) across the Australian economy (ABS 2010a). In addition, over 60 per cent of the workforce is female (including over 40 per cent working part time), compared to a broader Australian benchmark of around 46 per cent.

Figure 4.22: Commercial cleaners by gender and part-time/full-time status, 2009, %



Source: ABS 2010a, cat. no. 6202.0

ABS estimates of occupational earnings for cleaners and laundry workers indicate that these workers earn an hourly rate just 69 per cent of the average Australian rate (ABS 2008c). In response to a question relating to the adequacy of earnings in her main job, one employee (an administrative assistant during the day) replied:

‘Not in that particular job, that’s why I’ve got two other jobs ... after-hours commercial cleaning—a morning one on Monday, Tuesday, Thursday, and I’ve got another one that I do in the evenings, on Tuesday night and Friday night.’ [Employee, Building Cleaning Services, Cleaner]

Interviews with several workers employed as cleaners showed limited understanding of wage-setting mechanisms, and their direct and indirect effects on take-home pay. Further, interviewees indicated they had very little control over their tasks, limited ability to negotiate hours and conditions, and limited training and development opportunities.

Over three-quarters of commercial cleaners have no post-school qualifications, compared to around 46 per cent of the broader Australian workforce. Only one-tenth have attained a Certificate III or Certificate IV qualification.

Occupation focus point B—call centre workers

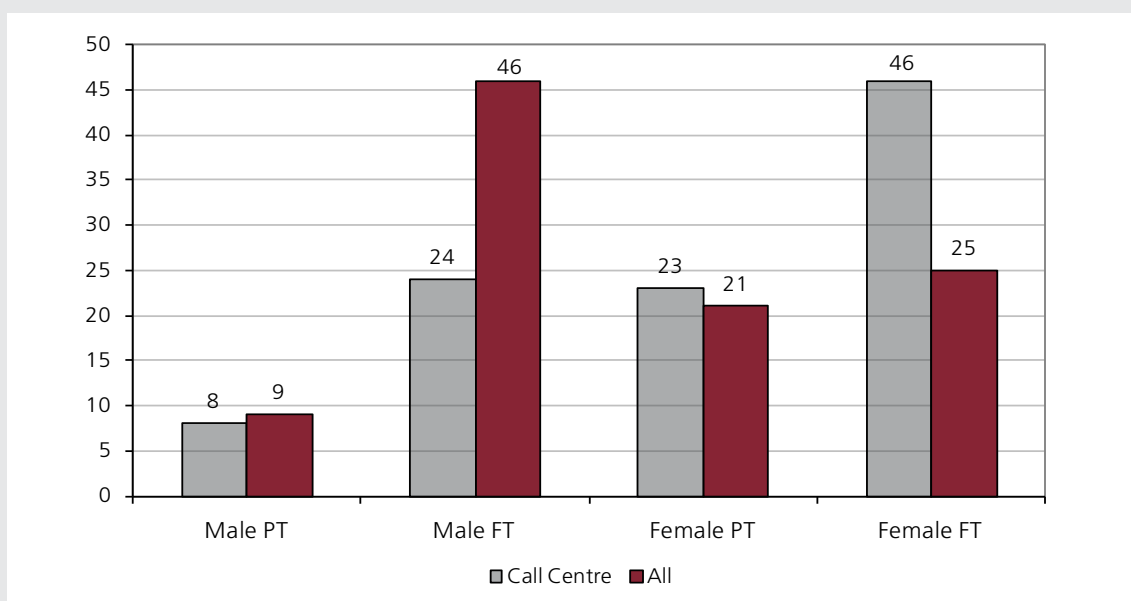
Call centre workers are employed in any number of fields. During the qualitative research, call centre employees working for industries as diverse as sales, telecommunications, charity services and transport were interviewed. Thus, evidence was found of a number of awards governing the sector. For example:

‘Rather than contract call centre employees it’s going to be in accordance, in most situations, under the Clerks—Private Sector Award. There’s also of course going to be other industry-based modern awards that will actually cover call centre workers; for example, the Banking, Finance and Insurance Industry Modern Award. [Stakeholder, Call Centres & labour Hire, Industry Association]

The Australian Government estimates that call centre workers number more than 35 000 (Australian Government 2010), and this number has grown at an average 3.9 per cent per annum over the last ten years. The ABS estimates that the hourly ordinary wage for call centre clerks was \$24.60 in August 2008—approximately 88 per cent of the Australian average rate.

The proportion of full-time workers reflects the Australian average, though the proportion of female workers is much larger than the Australian average. Just over two-thirds (70 per cent) of call centre workers are employed full time, comparable to the Australian average of 70 per cent (see Figure 4.23 below). However, female workers are over-represented, constituting over 68 per cent of the workforce (including over 46 per cent working full time), compared to a broader Australian benchmark of around 46 per cent.

Figure 4.23: Call centre workers by gender and employment status, 2009, %



Population: All persons employed

Source: Department of Education, Employment and Workplace Relations, 2010

A large proportion of employment is on a casual basis. As stated by one stakeholder:

‘... probably around about 70 per cent, 75 per cent of those employees—I would say more, probably closer to actually 85 per cent or 90 per cent of those [call centre] employees would be employed on a casual basis.’

[Stakeholder, Call Centres & Labour Hire, Industry Association]

5 Conclusion

The A&SS industry is a diverse sector. Although there exists cohesion in that most employers are involved in the provision of outsourced services to other businesses, the nature of these services varies dramatically both between and within the sub-industries of Administrative Services, as well as Building Cleaning, Pest Control and Support services. A&SS is labour-intensive—for most of the industry, labour is the largest cost to individual employers. This has significant implications for the nature of engagement of employees, and for the effects on employers of increasing minimum wages.

The workforce profile reflects those characteristics which define many low-paid sectors of the economy. Although the workforce comprises roughly equal proportions of men and women, there are greater numbers of younger employees in Administrative Services, and older employees in Building Cleaning, Pest Control and Other Support Services. There are low levels of educational attainment and higher than average levels of people who identify as culturally and linguistically diverse.

The nature of engaging employees differs dramatically from the wider norm within Australia. There are significantly higher than average levels of workers employed as independent contractors in A&SS. Most of these workers are in the Building Cleaning, Pest Control and Other Services sub-industry. It is likely that these figures represent a large number of building cleaners, who are often hired as contract cleaners (rather than employees) in an effort to keep costs down for employers. The sector also has higher than average numbers of part-time employees who do not receive paid sick and holiday leave entitlements, indicating a larger than normal number of casual employees in the workforce.

Wages in the sector are below the average in the wider economy. Average weekly earnings for female employees (both part-time and full-time) are lower than the overall averages for other industry categories. This is also the case for males working part time, although not for males working full time. Regardless of whether pay is determined by award, collective agreement, or individual arrangement, average earnings are below the Australian average. Yet the average does not reflect the diversity of earnings in the industry. Although there is a high proportion of low-paid workers in the sector, qualitative research found that there are also high-paid workers who are satisfied with their earnings. These were mainly those employed in a professional or managerial occupation. Reports provided by employees whose pay tended towards the lower end of the wage spectrum indicated that the increasing cost of living, including the cost of groceries and utilities, was making it harder for their pay to meet their everyday needs.

This report provides a summary of quantitative and qualitative research pertaining to the Administrative and Support Services industry. While some factors have been identified which allow for an aggregation of analysis at the industry level, more detailed analysis may be provided by looking at specific occupations or sub-sectors within the industry. Although there are some similarities between businesses and employees across sub-sectors, there exist a greater amount of differences. This diversity can be highlighted by comparing the experiences of professionals in Employment Services with those of labourers in Building Cleaning, Pest Control and Other Services. Their experiences of employment arrangements, methods of pay-setting, tenure and job mobility are diverse. Consequently, it is difficult to generalise findings on the whole industry, besides stating that A&SS can be characterised as having 'commonality without cohesion'.

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Appendix A: Definitions of sub-sectors

Administrative and Support Services

Employment Services

Employment Placement and Recruitment Services

This class consists of units mainly engaged in listing employment vacancies and in referring or placing applicants for employment in any field. The services are provided to either employers or potential employees, and include the formulation of job descriptions, the screening and testing of applicants and the investigation of references. Also included in this class are units that provide executive search services.

Labour Supply Services

This class consists of units mainly engaged in supplying their own employees to clients' businesses on a fee or contract basis. Assignments are usually temporary and performed under the supervision of staff of the client unit, at the client's work site.

Travel Agency and Tour Arrangement Services

Travel Agency and Tour Arrangement Services

This class consists of units mainly engaged in acting as agents in selling travel, tour and accommodation services as well as units providing travel arrangement and reservation services for airlines, cars, hotels and restaurants. Also included are units mainly engaged in arranging, assembling, wholesaling and retailing tours.

Other Administrative Services

Office Administrative Services

This class consists of units mainly engaged in providing a range of day-to-day office administrative services such as clerical, billing and record-keeping, and payroll services on a contract or fee basis. These units support the operation of a business but do not provide operating staff to carry out the complete operations of an organisation.

Document Preparation Services

This class consists of units mainly engaged in providing document preparation services that include typing and word processing; letter or resume writing, document editing or proofreading; and stenographic, transcription and other document preparation services. Also included in this class are units that provide desktop publishing services.

Credit Reporting and Debt Collection Services

This class consists of units mainly engaged in compiling information such as a vehicle's legal status and credit or employment histories on individuals or businesses. Also included in this class are units mainly engaged in collecting payments for claims, remitting payments collected to their clients and providing repossession services.

Call Centre Operation

This class consists of units mainly engaged in answering telephone calls and relaying messages to clients

and/or in providing telemarketing services on a contract or fee basis for others. Units engaged in providing telemarketing services promote clients' products or services; take orders; solicit contributions or donations; and provide information. Units engaged in providing telemarketing services do not own the product or provide the service they represent.

Other Administrative Services n.e.c.

This class consists of units mainly engaged in providing administrative services not elsewhere classified.

Building Cleaning and Other Industrial Support Services

Building Cleaning, Pest Control, and Other Services

Building and Other Industrial Cleaning Services

This class consists of units mainly engaged in the interior cleaning of buildings or transportation equipment, and the exterior cleaning of buildings (except steam, sand and other abrasive blasting). Also included are units mainly engaged in providing other industrial cleaning services such as street cleaning or road sweeping.

Building Pest Control Services

This class consists of units mainly engaged in providing commercial and domestic pest control services. Such services include exterminating and controlling mosquitoes, birds, rodents, termites and other insects and pests (except agricultural or forestry pest control services). Also included in this class are units providing fumigation and weed control services (except agricultural and forestry).

Gardening Services

This class consists of units mainly engaged in providing gardening services only.

Packaging Services

Packaging Services

This class consists of units mainly engaged in packing goods in bottles, cans, cartons, collapsible tubes, plastic sachets, plastic film or bags or other containers or materials on a contract or fee basis.

Appendix B: Definitions of employees

The ABS *Labour Force Survey* (cat.no 6202.0) defines persons employed as:

All persons aged 15 years and over who, during the reference week:

- worked for one hour or more for pay, profit, commission or payment in kind in a job or business, or on a farm (comprising employees, employers and own account workers), or
- worked for one hour or more without pay in a family business or on a farm (i.e. contributing family workers), or
- were employees who had a job but were not at work and were:
 - away from work for less than four weeks up to the end of the reference week, or
 - away from work for more than four weeks up to the end of the reference week and received pay for some or all of the four week period to the end of the reference week, or
 - away from work as a standard work or shift arrangement, or
 - on strike or locked out, or
 - on workers' compensation and expected to return to their job, or
- were employers or own-account workers, who had a job, business or farm, but were not at work.

The LFS definition of employee refers to those who:

- worked for a public or private employer, and
- received remuneration in wages, salary, or who are paid a retainer fee by their employer and worked on a commission basis, or for tips or piece-rates or payment in kind, or
- operated their own incorporated enterprise with or without hiring employees.

The ABS *Forms of Employment Survey* (cat.no 6359.0) defines the following categories of employment:

- **Employees:** people who work for a public or private employer and receive remuneration in wages or salary. Employees are engaged under a contract of service (an employment contract) and take directions from their employer/supervisor/manager/foreman on how the work is performed.
- **Independent contractors:** people who operate their own business and who contract to perform services for others without having the legal status of an employee, i.e. people who are engaged by a client, rather than an employer. Independent contractors are engaged under a contract for services (a commercial contract), whereas employees are engaged under a contract of service (an employment contract). Independent contractors' employment may take a variety of forms, for example, they may have a direct relationship with a client or work through an intermediary. Independent contractors may have employees; however, they spend most of their time directly engaged with clients or on client tasks, rather than managing their staff.
- **Other business operators:** people who operate their own business, with or without employees, but who are not operating as independent contractors. Other business operators are distinguished from independent contractors in that they generally generate their income from managing their staff or from selling goods or services to the public, rather than providing a labour service directly to a client. Other business operators spend little time working on client tasks with most of their time spent on managing their employees and/or business.

