

BRIEFING NOTE



Employees paid below the National Minimum Wage or minimum junior rates of pay

Summary

Over one million Australian employees are paid below the National Minimum Wage (NMW) or the lowest junior or casual rate of pay in the Award system according to a new ACTU analysis of ABS data.

This includes 875,000 casual workers or just over 1 in 3 casuals. 538,200 permanent workers or 5.9% of all permanents are also paid below minimum rates of pay. Excluding apprentices, trainees or workers on a supported wage, this would cover 9.2% of all employees.

Table 1: Employees paid above or below minimum rates of pay

| | Paid below minimum (000's) | Paid above minimum (000's) | % paid below |
|----------------------------------|----------------------------|----------------------------|--------------|
| Permanent | 538.2 | 8633.1 | 5.9% |
| Casual | 875.0 | 1626.9 | 35.0% |
| TOTAL | 1413.2 | 10260.0 | 12.1% |
| Excluding apprentices etc | 1045.0 | 10260.0 | 9.2% |

Source: ABS Characteristics of Employment, August 2024, ACTU Calculations.

The only way this would be legal is if those workers were on apprentice, trainee or supported employee rates of pay, which cannot be determined within the ABS dataset used. There are currently about 348,635 people completing apprenticeships or traineeships¹ and an estimated 19,574 employees covered by the *Supported Employment Services Award 2010*.² They are excluded from the calculations in Table 1 (above) on the conservative assumption that all of them are paid below the NMW.

¹ NCVER Apprentices and Trainees: 2024 June Quarter page 12.

² Kelvin Yuen & Josh Tomlinson, *A profile of employee characteristics across modern awards*, Fair Work Commission, March 2023 page 41

BRIEFING NOTE



A very small proportion of employees may also be covered by lower rates of pay set under state industrial relations systems.

Discounting for those two factors would still leave well over 1 million employees potentially underpaid on a conservative estimate.

Casual work and minimum rates of pay

Over 1 in 3 casual employees³ or 875,000 are paid below minimum rates of pay, including the 25% loading they should receive for foregoing job security and paid leave entitlements.

Table 2: Casual employees paid below or above minimum rates of pay by age.

| Age | Minimum pay rate for casuals | Paid below minimum (000's) | Paid above minimum (000's) | % paid below |
|-------------|------------------------------|----------------------------|----------------------------|--------------|
| 15 | \$12.83 | 13.8 | 65 | 17.5% |
| 16 | \$16.04 | 34.1 | 72.9 | 31.9% |
| 17 | \$19.24 | 55.9 | 65 | 46.2% |
| 18 | \$22.45 | 57.8 | 58.6 | 49.7% |
| 19 | \$25.65 | 78.9 | 41.2 | 65.7% |
| 20 | \$28.86 | 44.9 | 68.7 | 39.5% |
| 21-24 | \$30.13 | 158.5 | 192 | 45.2% |
| 25-29 | \$30.13 | 111.3 | 202.6 | 35.5% |
| 30-34 | \$30.13 | 75.1 | 132.4 | 36.2% |
| 35-39 | \$30.13 | 52.4 | 128.5 | 29.0% |
| 40-44 | \$30.13 | 36.6 | 116.8 | 23.9% |
| 45-49 | \$30.13 | 43 | 90.2 | 32.3% |
| 50-54 | \$30.13 | 30.1 | 107.1 | 21.9% |
| 55-59 | \$30.13 | 30.6 | 102.6 | 23.0% |
| 60-64 | \$30.13 | 17.2 | 89.7 | 16.1% |
| 65 and over | \$30.13 | 34.8 | 93.6 | 27.1% |
| | TOTAL | 875 | 1626.9 | 35.0% |

Source: ABS Characteristics of Employment, August 2024, ACTU Calculations

³ A casual worker is defined by the ABS as not having paid leave entitlements.

BRIEFING NOTE



The rates of pay from ages 15 to 20 are the lowest possible junior rates of pay in the *Fast Food Award*, one of the lowest paid Awards. These rates are typically short-term introductory rates that few workers are actually on. Many awards do not have junior rates of pay at all.

The rate used for employees 21 years and older is the current National Minimum Wage of \$24.10 with a 25% casual loading. While apprentice and trainee rates of pay are lower than the National Minimum Wage, they are not engaged on casual arrangements, and therefore not included in this table.

Permanent work and minimum rates of pay

An estimated 538,200 permanent employees or 5.9% of all permanents report being paid below the National Minimum Wage or the lowest available junior rate of pay for their age. These later rates are again taken from the *Fast Food Award*, as one of the lowest paid awards.

Table 3: Permanent employees paid below or above minimum rates of pay by age.

| Permanent workers | | | | | |
|-------------------|--------------------------------|----------------------------|----------------------------|--------------|--|
| Age | Minimum pay rate for permanent | Paid below minimum (000's) | Paid above minimum (000's) | % paid below | |
| 15 | \$10.26 | na | na | na | |
| 16 | \$12.83 | na | 15 | na | |
| 17 | \$15.39 | 7.4 | 20.5 | 26.5% | |
| 18 | \$17.96 | 17.5 | 45.1 | 28.0% | |
| 19 | \$20.52 | 30.5 | 72.4 | 29.6% | |
| 20 | \$23.09 | 27 | 89.5 | 23.2% | |
| 21-24 | \$24.10 | 99 | 548.1 | 15.3% | |
| 25-29 | \$24.10 | 71.5 | 1121.6 | 6.0% | |
| 30-34 | \$24.10 | 60.1 | 1168.8 | 4.9% | |
| 35-39 | \$24.10 | 50.4 | 1148.4 | 4.2% | |
| 40-44 | \$24.10 | 37.1 | 1083.7 | 3.3% | |
| 45-49 | \$24.10 | 29.9 | 904.3 | 3.2% | |
| 50-54 | \$24.10 | 35 | 912.7 | 3.7% | |
| 55-59 | \$24.10 | 32.2 | 707.5 | 4.4% | |
| 60-64 | \$24.10 | 22.5 | 516 | 4.2% | |
| 65 and over | \$24.10 | 18.1 | 279.5 | 6.1% | |
| | TOTAL | 538.2 | 8633.1 | 5.9% | |

BRIEFING NOTE



Source: ABS Characteristics of Employment, August 2024, ACTU Calculations. “na” = sample size is too small to provide reliable estimates.

About this data

This analysis is based on the latest release of the ABS Characteristics of Employment survey. The questionnaire for the survey asks respondents to provide a dollar amount of their last pay before tax or anything else is taken out, and then how many hours of work they completed covering that pay period.

This produces effectively a “rolled up” hourly rate that would be inclusive of any allowances, or overtime or penalty rates. This implies that the estimates above for the number of workers paid below these minimum rates will be significant underestimates. The tables in this briefing note have been constructed using the microdata from this ABS release via ABS Tablebuilder.

A likely underestimate of the extent of wage theft?

The data presented here is likely a significant underestimate of the extent of wage theft in Australia for the following reasons.

Firstly, the analysis is using absolute minimum rates of pay. The vast majority of employees in Australia are entitled to higher rates of pay. For example, the lowest rates in the *Fast Food Award* which are mostly temporary, introductory rates, selected for the analysis here, would clearly not apply to most juniors.

Secondly, the hourly rate of pay that respondents have provided would be inclusive of any allowances, overtime or penalty rates they receive. These additional payments are not included in the minimum rates used in this analysis.

On the other hand, this analysis does not consider state-based rates of pay which would apply to a small number of employees. There is also a small risk that some employees misclassify their employment status. Neither factor would be significant.