

**Submission  
No 19**

## **INQUIRY INTO IMPACT OF COMMONWEALTH WORKCHOICES LEGISLATION**

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**Date Received:** 26/05/2006

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**Theme:**

**Summary**



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*YAPA: Assisting young people in NSW  
to achieve a more equitable social  
status  
in terms of government actions and  
decisions and access to social  
resources*

26 May 2006

Standing Committee on Social Issues

## **Inquiry into Impact of Commonwealth WorkChoices Legislation**

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**(a) The ability of workers to genuinely bargain, focusing on young workers, and the impact upon wages, conditions and security of employment.**

YAPA is the peak community group working in the interests of young people and youth services in NSW. YAPA strives to achieve social justice for young people, including the appropriate provision of services for young people.

YAPA is profoundly concerned with the impact of the WorkChoices legislation on young people. In response to this legislation, YAPA has recently conducted a survey to assess the experiences and perceptions of young people in relation to workplace negotiation, wages and conditions. The results of this survey demonstrated that young people are in a weak bargaining position in the workplace. The full report and appendices are attached to this letter.

In summary, the YAPA report, which surveyed over 400 young workers, showed that:

- The majority of young people thought they would be better off under an award
- Less than 1 in 5 young people thought they would be better off negotiating their own pay and conditions
- The majority of young people are not confident to negotiate their own pay and conditions
- Young people are more likely to put up with poor pay and conditions than to quit and look for another job

- Over 40% of young people under 18 were unsure about the conditions of both the award system and individual

The Federal Government claims that it is patronising to say that young people cannot negotiate their own pay and conditions. This report, however, clearly shows that young people are not confident to negotiate and would prefer to work under an award. This is not patronising to young people, it is simply realistic. Similarly, this report debunks the myth that people who are unhappy with their pay and conditions will simply quit their job to find another one.

The working environment for young people consists of high rates of casual employment combined with full time study. By reducing the overall pay and conditions for young people, it will have a detrimental impact on their education. This could occur via a heightened level of stress, a greater sense of insecurity and extended working hours, resulting in less time and energy for their ongoing education.

The new industrial relations system for young people is less about negotiation and more about desperation. With youth unemployment so high and a diminishing welfare system, employers will have the power to hire the young people most desperate for work. For young people trying to secure work in competition with others, it will be a race to the bottom in terms of pay and conditions. They feel powerless due to the fact that an employer can easily find someone else, particularly another young person who is willing to work for less.

These findings were consistent across age, gender, education and location, further emphasising the breadth of which individual negotiation is not beneficial for young people. It is grossly unfair to expect a young person to negotiate their livelihood with people who are 2 or 3 times their age and with many more years of experience. In conclusion, the new workplace looks increasingly bleak whereby young people will become even more powerless and more at risk of exploitation, bullying and harassment.

## **Recommendations**

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### **Introduce a Young Workers Advisory Service in New South Wales, similar to those already established in other states**

This survey clearly demonstrates the need to offer information, support, and legal advice to young people regarding this issue. There are a number of young people unsure about their rights in the workplace, particularly in relation to the negotiation of contracts, wages and conditions.

### **Call on the Federal Government to ban individual work contracts for young workers**

Young workers under the age of 20 should be exempt from the new industrial relations system. This study has found strong support for the award system in preference to individual negotiation. This is further exacerbated by a lack of experience and confidence in negotiating pay and conditions.

For further information on any of the issues raised in this submission please contact YAPA on 9319 1100 – extension 5.

Regards

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# Young People, Industrial Relations and Workplace Negotiations: Not a Young Person's Choice

## Introduction

Young people in Australia are a diverse group in our community, but they will all be impacted upon by the new Industrial Relations system. In response to the Federal Government's new *Workplace Relations Amendment (Work Choices) Bill 2005*, the Youth Action and Policy Association (YAPA) conducted a survey titled 'Negotiating at Work,' to address the changing nature of the industrial relations system. With particular emphasis on young people, it was necessary to address these reforms that will have a dramatic effect on the way people negotiate their pay and conditions. To understand the potential impact of this new piece of legislation, the survey would focus on the experiences and perceptions of young people in relation to workplace negotiation.

Previous studies have provided valuable insights into the working environment for young people. In 2005, the NSW Commission for Children and Young People found 48% of working young people aged between 12 and 16 had experienced verbal harassment, while 23% had experienced physical harassment. Also in 2005, the Australian Centre for Industrial Relations Research and Training (ACIRRT) found that some young people work unpaid overtime, 12% had worked unpaid work trials, and 23% had experienced bullying at work. A similar report, published by the SA Unions in 2004, again showed that young people experienced bullying, pressure and exploitation in the workplace. As well as these issues, these studies also highlighted that young people suffer unacceptably high rates of work related injury and illness. These findings illustrate the risks and inadequate working conditions that some young people already face.

The 'Negotiating at Work' survey aimed to:

1. Document young people's satisfaction and confidence with the workplace environment prior to the new Industrial Relations system
2. Assess what the workplace characteristics that are the most important to young people
3. Document young people's views on award structures and individual negotiations
4. Ascertain young people's confidence in relation to workplace negotiations
5. Investigate the factors that young people feel increase the power to negotiate in the workplace
6. Explore young people's perceived reactions to poor workplace conditions

## Methodology

The methodology of this survey aimed to allow a broad cross-section of young people to participate. To distribute the survey, a variety of methods were employed to target as many young people as possible from a diverse range of backgrounds, thus providing a representative sample from which to analyse. Respondents had various options to complete the survey, including a web form via the internet, downloading the survey from the YAPA website, as well as hard copies that were posted to YAPA members. The surveys were also completed at the Sydney Big Day Out in January 2006. Finally, the surveys were also distributed via YAPA emails and networks. Due

to this, it is assumed that the majority of surveys were completed by young people living in New South Wales, however, there were a small number of surveys completed by young people living interstate. The survey closed in March, 2006.

## Results

Demographically, the methodology of the survey was successful in accessing a representative sample of young people. There was a consistent distribution of the age of the respondents, ranging from 12 to 25 years. Around 85% of respondents were born in Australia, while 6.8% identified as Aboriginal or Torres Strait Islander. More than half of the participants lived in a capital city, while 23.5% lived in a regional city and 13.8% lived in a country town. Regarding education, a number of participants were currently studying at school, TAFE or university, while other young people indicated that they had completed Year 12, a diploma or a bachelor degree. Exact percentages for all questions in the survey can be found in the appendix.

### *The Working Environment for Young People*

The results of the survey provided an overall view of the workplace for young people. For example, young people are most commonly employed in the industries of retail and hospitality. Furthermore, they are more likely to be working in casual positions than other types of employment. While working in these types of jobs, the vast majority of young people are also attending school, full time TAFE or University.

The survey also found that more than half of the respondents were working under an award, compared to nearly 20% who indicated that they were not. However, close to 1 in 4 young people were unsure and did not state whether they were working with an award or not. Similarly, close to 30% did not know whether or not they were a member of a union. Nearly 50% of respondents said that they were not members, with around 20% indicating that they currently belonged to a union.

Relating to the current workplace environment, while more than half of young people are happy with their pay and conditions, nearly one in five are not. Correspondingly, when asked about their confidence in getting the work they want, the majority of young people indicated they were confident, while around 30% indicated that they were neutral or unconfident. On further analysis of these two questions, these patterns remained similar across gender, geographic location, age and education level.

This survey also attempted to ascertain the workplace characteristics that are the most valued by young people. The results showed that a good hourly rate of pay and a friendly workplace atmosphere are very important to young people. These two workplace characteristics were clearly favoured when ranked against others options such as a reasonable time to travel to work and working in your preferred job.

### *Looking Ahead into the New Workplace Environment*

When faced with the two options of an award, with standard pay and conditions, versus individual negotiation, less than 1 in 5 young people said that they would be better off negotiating their own pay and conditions, while approximately 50% thought they would be better off with an award. Again, this pattern remained similar across gender, geographic location and education level. However, the percentage of

young people who were unsure under which system they would be better off was much greater for those under 18 (43.74%) than those aged 18 to 25 (19%).

To assess young people's experiences of negotiation, the survey found the respondents have most commonly negotiated aspects of their work such as normal hours or days worked, and temporary changes to these hours or days. Fewer young people had negotiated leave arrangements and considerably fewer had negotiated pay and other conditions. When asked specifically about pay and conditions, only two in five young people said they felt 'very confident' or 'confident' to negotiate these aspects in the workplace.

Following on from the experiences of young people with negotiation, it was also necessary to determine the factors or characteristics that increase people's power to negotiate. Young people felt that basic job skill requirements, and the ease of which an employer would find someone else, were the two main factors that give the employer more power to negotiate. Other factors, such as a desire to not be unemployed and a high level of financial commitments, were perceived to not be as influential in increasing the boss's power to negotiate. However, when considering what characteristics increase their own power to negotiate, young people felt that having specific job skills that the employer wants was the most influential characteristic to possess. The possession of specific job skills were considered by young people to be more influential than other factors such as their own perceived skills at negotiation or the difficulty for the employer to find another employee.

Finally, the survey explored the reactions of a young person when experiencing poor pay and conditions in a future job. The findings showed that young people are considerably more likely to put up with these poor pay and conditions (77.2%) than to simply quit and look for another job (22.8%). They are more likely to stay in these positions until they finish studying, get more skills and experience, or find a better job. Again, this pattern remained similar across gender, geographic location, age and education level.

## Conclusions and Recommendations

Proponents of new Work Choices legislation state that it is patronising to young people to assume that they cannot negotiate for themselves. Moreover, they also state that if someone is unhappy in their job, or not satisfied with their pay and conditions, they can simply quit and get another job. It is clear from this survey that these statements are ill founded and that young people will be one of the most disadvantaged groups that will be impacted upon by the new Industrial Relations system.

When evaluating the workplace for young people, the characteristics most valued by young people should not be underestimated. Firstly, through valuing a friendly workplace atmosphere, young people have indicated that working in a job and interacting with other people in this environment is an important aspect of their social development. Secondly, not only is the actual monetary amount important to young people, but the hourly rate of pay also signals a sense of worth to a young person. With a reduction in overall pay, and possibly the minimum youth wage as well, young people will become further entrenched into powerlessness and worthlessness.

Compounded by high youth unemployment, there will be downward pressure on young people to accept inferior wages and conditions. When young people are in competition with others, applying for an entry level position for example, they understand that the job requires basic skills and that the employer would easily find someone else to do the job. In a situation where there is more than one person going for the job, the employer will have the power to employ the young person offering the cheapest pay and conditions. Hence, a sense of desperation, rather than skills of negotiation, will determine employment prospects.

One of the most pertinent findings of this survey is the indication that young people will not just quit their jobs if they are experiencing poor pay and conditions. Too often used as a response to a person not happy with their job, quitting a job is something that does not happen easily. Young people will stay until they are in a better position to secure another job, for example, through more education or training. Particularly with the high youth unemployment rate, these alternative options do not happen easily and take considerable time. Moreover, if a young person has any knowledge of the welfare system, they will know that leaving a job of their own volition will result in serious financial penalties from Centrelink. Therefore, to the detriment of their overall health and even their education, young people will continue to endure inferior pay and conditions.

The new workplace environment and its reliance on individual abilities, is inherently unsuited to young people. Young people by definition, and through no fault of their own, do not have the skills and abilities to exist on an even playing field as their potential employer. This survey has demonstrated a preference for the award system, due to a lack of power and confidence regarding negotiation. Young people need the time to accumulate the time, knowledge and experience in the workforce, and they need to be able to do this in an environment where their pay, conditions and overall livelihoods are not greatly diminished.

From a service provision perspective, it is evident that a Young Workers Advisory Service is needed in New South Wales. While services of this nature exist in other states, New South Wales has yet to actualise such a service. From this survey, there are significant numbers of young people unsure about awards and their rights regarding pay and conditions. With the new Industrial Relations system relying on



individual negotiation, young people will need even more information and support to guard against exploitation and coercion.

This survey has clearly demonstrated that a significant number of young people will be greatly disadvantaged in the new workplace environment. In combination with previous studies, these findings reveal that young people are now placed at further risk of exploitation, injury and harassment. The reduction of pay and conditions will exacerbate these issues, but unfortunately, it is unlikely that young people will have the confidence to speak up for themselves.

## Appendix A

Selection of quotes from survey participants:

- Some boss' e.g. my old boss at a restaurant, are very intimidating, I know if I had to negotiate everything around my job with him I wouldn't have gone for the job. (18, female)
- It took me many years to get confident and I am still nervous about negotiating, I could not have negotiated when I was a new employee in my 1st job. (25, female, completed bachelor degree)
- I do not think negotiating is fair to youth, in particular females, as most are not good at bargaining and are submissive. I feel that a set wage should be made and not based on your ability to have confidence to bargain. (21, female)
- Younger people feel intimidated by employers. They often feel that what they are paid is what they deserve. They do not have experience in financial/business negotiations. (19, female)
- When the employer holds all of the power in negotiating it is difficult to get what you need. An award at least gives workers some power. (young female)
- I was given an employment condition & had little input into it, and it was told to sign it or not sign it. (15, female, student)
- Young employees cannot possibly be expected to have the same negotiating skills as their boss. (21, male, completed bachelor degree)

## Appendix B

### Survey Questions with breakdown of responses

#### **Your current or last job is in:**

<input type="checkbox"/> Retail (eg. supermarket, shop)	145	36.3%
<input type="checkbox"/> Hospitality (eg. accommodation, cafe)	71	17.8%
<input type="checkbox"/> Communication (eg. phone co., ISP etc)	21	5.3%
<input type="checkbox"/> Bank, Finance or Insurance company	9	2.3%
<input type="checkbox"/> Education	19	4.8%
<input type="checkbox"/> Health & Community Services	35	8.8%
<input type="checkbox"/> Cultural & Recreational Services	3	0.8%
<input type="checkbox"/> Personal & Other Services	12	3%
<input type="checkbox"/> Government	10	2.5%
<input type="checkbox"/> Agriculture, Forestry or Fishing	4	1%
<input type="checkbox"/> Mining	3	0.8%
<input type="checkbox"/> Manufacturing	8	2%
<input type="checkbox"/> Construction / building	36	9%
<input type="checkbox"/> Other: _____	28	6%

#### **Your current or last job is:**

<input type="checkbox"/> permanent fulltime / permanent part time	121	30.3%
<input type="checkbox"/> temporary / fixed term (eg. 12 months)	32	8%
<input type="checkbox"/> casual	205	51.3%
<input type="checkbox"/> commission: paid a % of sales	4	1%
<input type="checkbox"/> piecework: paid by work done (eg. fruit picking)	8	2%
<input type="checkbox"/> not sure	30	7.5%

#### **At your current or last job, how many employees are there (at all branches):**

<input type="checkbox"/> less than 20 employees	185	46.3%
<input type="checkbox"/> 20-100 employees	104	26.0%
<input type="checkbox"/> over 100 employees	109	27.3%
(not stated)	2	0.5%

#### **At the same time as your current or last job, are you:**

<input type="checkbox"/> at school	175	43.8%
<input type="checkbox"/> full time at TAFE / uni	86	21.5%
<input type="checkbox"/> part time at TAFE / uni	57	14.3%
<input type="checkbox"/> working a 2nd job	36	8.8%
<input type="checkbox"/> a primary carer	12	3%
(not stated)	34	8.7%

#### **(In your current or last job) How happy are you with your pay and conditions?**

<input type="checkbox"/> very happy	88	22%
<input type="checkbox"/> happy	168	42%
<input type="checkbox"/> not sure	70	17.5%
<input type="checkbox"/> unhappy	56	14%
<input type="checkbox"/> very unhappy	18	4.5%

**(In your current or last job)**

**Are you:**

<input type="checkbox"/> a union member	84	21.0%
<input type="checkbox"/> not a union member	195	48.8%
<input type="checkbox"/> not sure	119	29.8%
(not stated)	2	0.5%

**(In your current or last job)**

**Is there an Award (standard pay & conditions for that job everywhere)?**

<input type="checkbox"/> Yes	215	53.8%
<input type="checkbox"/> no	78	19.5%
<input type="checkbox"/> not sure OR not stated	107	26.8%

**Do you think you would be better off:**

<input type="checkbox"/> with an Award (standard pay/conditions)	201	50.3%
<input type="checkbox"/> negotiating pay and conditions yourself	76	19%
<input type="checkbox"/> not sure	118	29.5%
(not stated)	5	1.3%

**(In your current or last job) What have you negotiated with your boss:**

<input type="checkbox"/> normal hours or days worked	183
<input type="checkbox"/> temporary changes to hours/days (eg. for exams, appointments etc)	165
<input type="checkbox"/> leave (holidays, sick leave, maternity leave etc)	94
<input type="checkbox"/> pay	51
<input type="checkbox"/> other conditions	32
(nothing ticked)	22

**(In your current or last job)**

**What increases the BOSS'S power to negotiate?**

<input type="checkbox"/> the job requires only basic or common skills	127
<input type="checkbox"/> the employer would easily find someone else to do the job	114
<input type="checkbox"/> the employer is good at negotiating or expressing their wishes	81
<input type="checkbox"/> you have a lot of financial commitments or debts so you badly need the job	39
<input type="checkbox"/> you don't want to be unemployed	86
<input type="checkbox"/> other:	27

**(In your current or last job)**

**What increases YOUR OWN power to negotiate?**

<input type="checkbox"/> you have specific skills that the employer wants	179
<input type="checkbox"/> the employer would have trouble finding someone else to do the job	78
<input type="checkbox"/> you are good at negotiating or expressing your wishes	92
<input type="checkbox"/> you don't have many financial commitments or debts so you don't badly need the job	60
<input type="checkbox"/> other	27

**In a future job, if your pay and conditions turned out to be really bad, would you?**

<input type="checkbox"/> put up with it	31	7.8%
<input type="checkbox"/> put up with it until I finish studying	47	11.8%
<input type="checkbox"/> put up with it until I get more skills and experience	70	17.5%
<input type="checkbox"/> put up with it until I get a better job	165	41.3%
<input type="checkbox"/> quit and then look for another job	91	22.8%

**How confident are you to negotiate your pay and conditions with a boss?**

<input type="checkbox"/> very confident	56	14%
<input type="checkbox"/> confident	105	26.3%
<input type="checkbox"/> neutral	138	34.5%
<input type="checkbox"/> unconfident	46	11.5%
<input type="checkbox"/> very unconfident	29	7.3%
(not stated)	26	6.5%

**How confident are you that you can get the work you want?**

<input type="checkbox"/> very confident	91	22.8%
<input type="checkbox"/> confident	164	41%
<input type="checkbox"/> neutral	90	22.5%
<input type="checkbox"/> unconfident	18	4.5%
<input type="checkbox"/> very unconfident	8	2%
(not stated)	29	7.3%

**Rank these in order of importance to you (1= most important, 2 = 2nd most important...)**

(number of participants ranking option as 1 OR 2)

<input type="checkbox"/> a friendly workplace atmosphere	248
<input type="checkbox"/> good hourly rate of pay	215
<input type="checkbox"/> flexible or negotiable hours / rosters	89
<input type="checkbox"/> good leave (holidays, sick leave etc)	62
<input type="checkbox"/> job security - permanent not casual	73
<input type="checkbox"/> laws against unfair dismissal	53
<input type="checkbox"/> working in your preferred city/ town	51
<input type="checkbox"/> reasonable travel time to work	40
<input type="checkbox"/> working in your preferred job or industry	82

**Sex**

<input type="checkbox"/> female	206	51.5%
<input type="checkbox"/> male	164	41%
(not stated)	30	7.5%

**Years of age**

<input type="checkbox"/> under 12	1	0.3%
<input type="checkbox"/> 12-14	4	1%

<input type="checkbox"/> 15-17	124	31%
<input type="checkbox"/> 18	39	9.8%
<input type="checkbox"/> 19	27	6.8%
<input type="checkbox"/> 20	27	6.8%
<input type="checkbox"/> 21	29	7.3%
<input type="checkbox"/> 22	17	4.3%
<input type="checkbox"/> 23	9	2.3%
<input type="checkbox"/> 24	17	4.3%
<input type="checkbox"/> 25	8	2%
(not stated)	98	24.5%

**Born in:**

<input type="checkbox"/> Australia	338	84.5%
<input type="checkbox"/> other country: _____	31	7.8%
(not stated)	31	7.8%

**Aboriginal or Torres Strait Islander**

<input type="checkbox"/> yes	27	6.8%
<input type="checkbox"/> no	335	83.8%
(not stated)	38	9.5%

**Where do you live**

<input type="checkbox"/> capital city (eg. Sydney)	220	55%
<input type="checkbox"/> other regional city	94	23.5
<input type="checkbox"/> country town	55	13.8%
(not stated)	31	7.8%

**Education**

<input type="checkbox"/> none completed	32	8%
<input type="checkbox"/> still at school or TAFE	119	29.8%
<input type="checkbox"/> still at uni	59	14.8%
<input type="checkbox"/> completed HSC / Year 12	77	19.3%
<input type="checkbox"/> completed certificate / diploma	36	9%
<input type="checkbox"/> completed HSC/Year 12/certificate/diploma	13	3.3%
<input type="checkbox"/> completed bachelor degree	31	7.8%
<input type="checkbox"/> completed postgraduate degree	2	0.5%
(not stated)	31	7.8%