

Junior wage rates in context

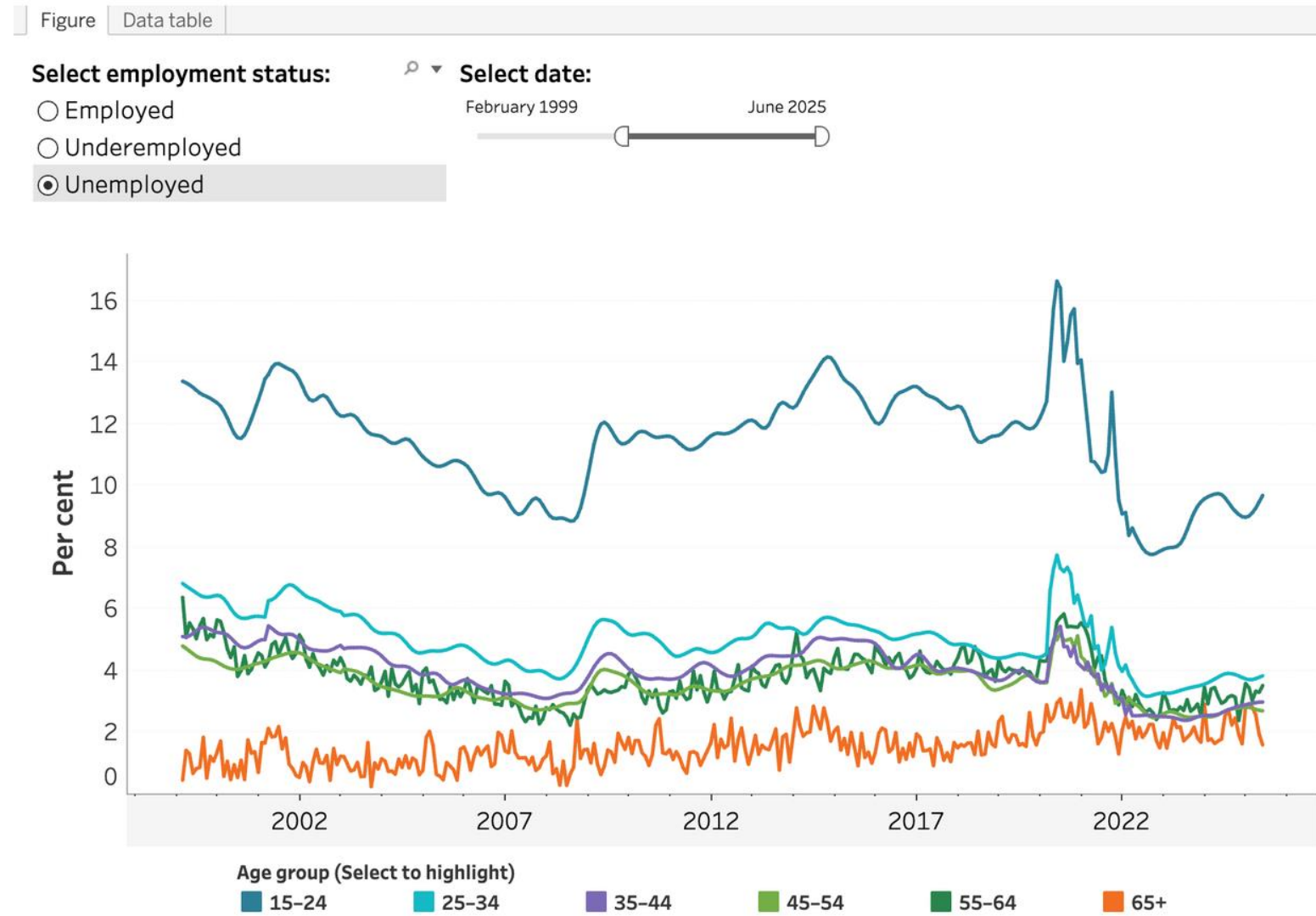
An ecosystem approach to youth employment in Australia

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**9th JILPT Tokyo Comparative
Labour Policy Seminar**

Youth employment in Australia

Figure 2: Employment, underemployment and unemployment rates, by age, 1978 to 2025



- Youth employment rate is 9.6% compared to the national average of 4.1%
- NEET ~8% in 2025
- Educational attainment is on the rise - more young people forego work for full-time study
- Underemployment, wage theft and job insecurity are prominent issues for young workers

Source: AIHW

Arguments For Removing

- Work value - young workers to substantially the same work at the same level of skill as older workers (SDA)
- Lower wages risk entrenching inequality (YWC)
- The link between junior wages and youth employment is not well established however to the extent that data exists it suggests the impact of removing junior wages would be small



ADULT AGE
=
ADULT WAGE

Arguments Against Removing

- Young workers tends to be less skilled or experienced than older workers
- They may also be less reliable or less mature (see, eg, AIG)
- Junior wage rates are a 'useful bridge to full time employment' (1999 Enquiry)
- Young workers do not work primarily to support themselves (Printing Trades)

Junior wages? —————> Increased youth employment rates?

There is considerable debate about the causal relationship between youth employment and junior wage rates

- Data from NZ shows a small substitution effect towards 18–19 yo employment but this may be attributable to other factors (e.g. Hyslop and Stillman, 2021 cf van der Westhuizen 2022)
- A study of 30 OECD countries between 2000–2014 found a link between introducing lower wages for youth and higher rates of labour force participation for those under 25 (Marimpi and Koning, 2018)
- HOWEVER, Borland (2024) warns against generalising other contexts to Australia due to the unique nature of Australia's Award system

Youth employment is the product of interacting social, institutional and economic factors

The legal context

| Age | % of national minimum wage | Hourly rate |
|------------------------------|----------------------------|----------------|
| National minimum wage | 100% | \$24.95 |
| Under 16 | 36.8% | \$9.18 |
| At 16 | 47.3% | \$11.80 |
| At 17 | 57.8% | \$14.42 |
| At 18 | 68.3% | \$17.04 |
| At 19 | 82.5% | \$20.58 |
| At 20 | 97.7% | \$24.38 |

National Minimum Wage Order 2025

- Minimum wages, including junior wage rates, are set by the FWC during the Annual Wage Review
- Young workers are more award-reliant as opposed to covered by a collective agreement
- 61.5% of workers who are paid junior wage rates are award reliant
- Young workers tend to work in
 - Retail
 - Fast food
 - Accommodation

The historical context

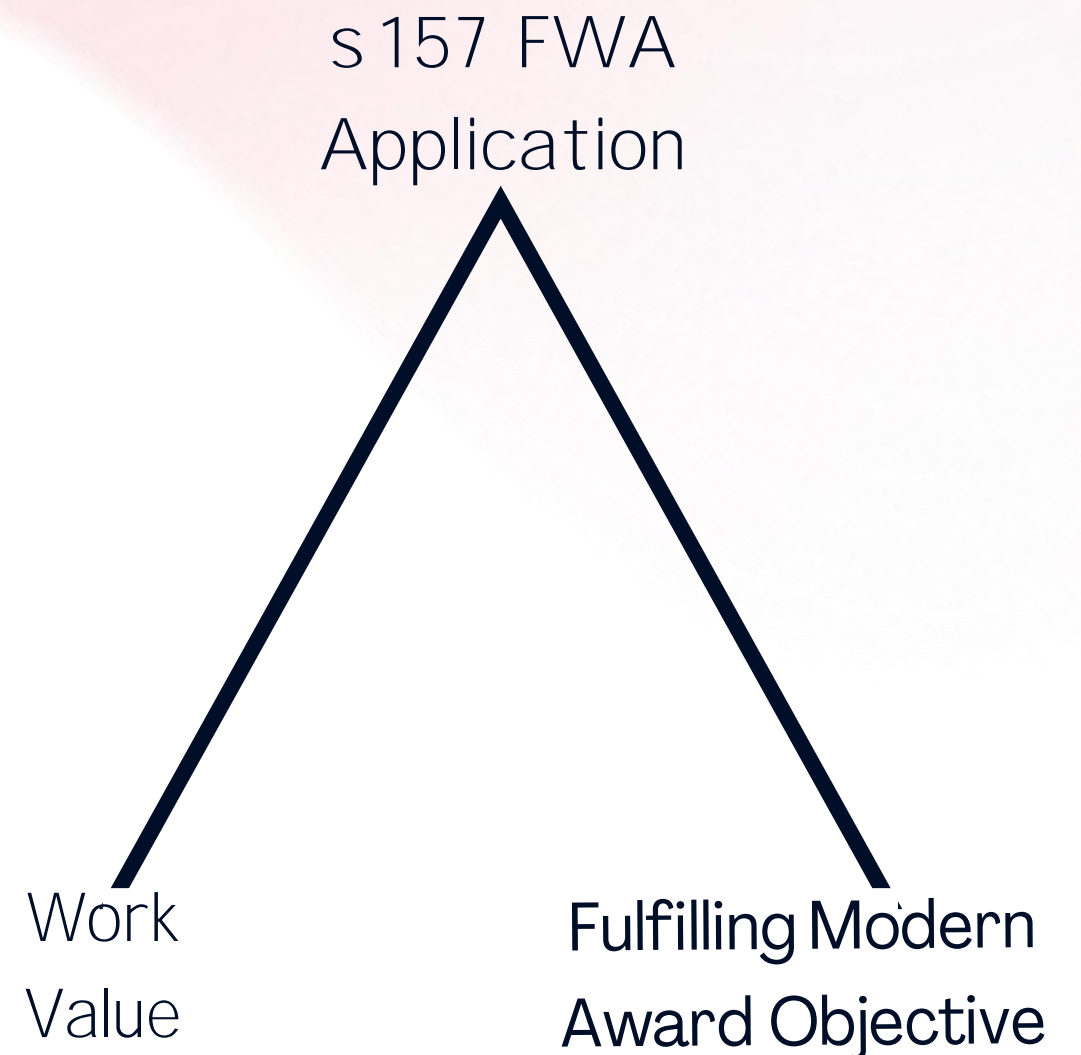
Rates for juniors should be high enough to maintain them, but not high enough for extravagance; high enough to attract juniors to an industry, but not so high as to discourage employers from engaging them... the most advanced junior had not as a rule any family responsibilities and his rate should be materially less than the basic wage.

Printing Trades Case (1934)

SDA application

- Limited scope – remove junior wage rates for workers under the age of 18 from 3 modern awards covering workers in the retail and fast food sectors
- Reform the level of junior wage rates for workers aged 15–17
- Both parties called expert evidence from economists who estimated the economic impacts of the SDA's proposal

The youth employment argument remains central to the junior wages debate but there is considerable debate about the employment impact of junior wage rates



SDA Application - Summary of expert evidence

| Borland | <ul style="list-style-type: none">• 'Minimal' to 'small' impact• Hyslop and Holden's data sets are broader than the group covered by the Awards, are an overestimate |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hyslop | <ul style="list-style-type: none">• Employment loss between 1.9% (GRIA) and 2.1% (FFIA)• No estimate for Pharmacy Award |
| Holden | <ul style="list-style-type: none">• Employment loss 7.5% to 12.5% |
| Lewis | <ul style="list-style-type: none">• Modest employment losses• Estimates a substitution of 17-19 year olds in favour of workers aged over 20 (not eligible for junior wages) or under 16 (lower pay rates) |

See also [FWC Summary of Expert Evidence](#)

Ecosystem framework

(Karanikolas and Qian-Khoo, 2025)

Macro level
structural
conditions

Meso level
workplace power dynamics and
workplace culture

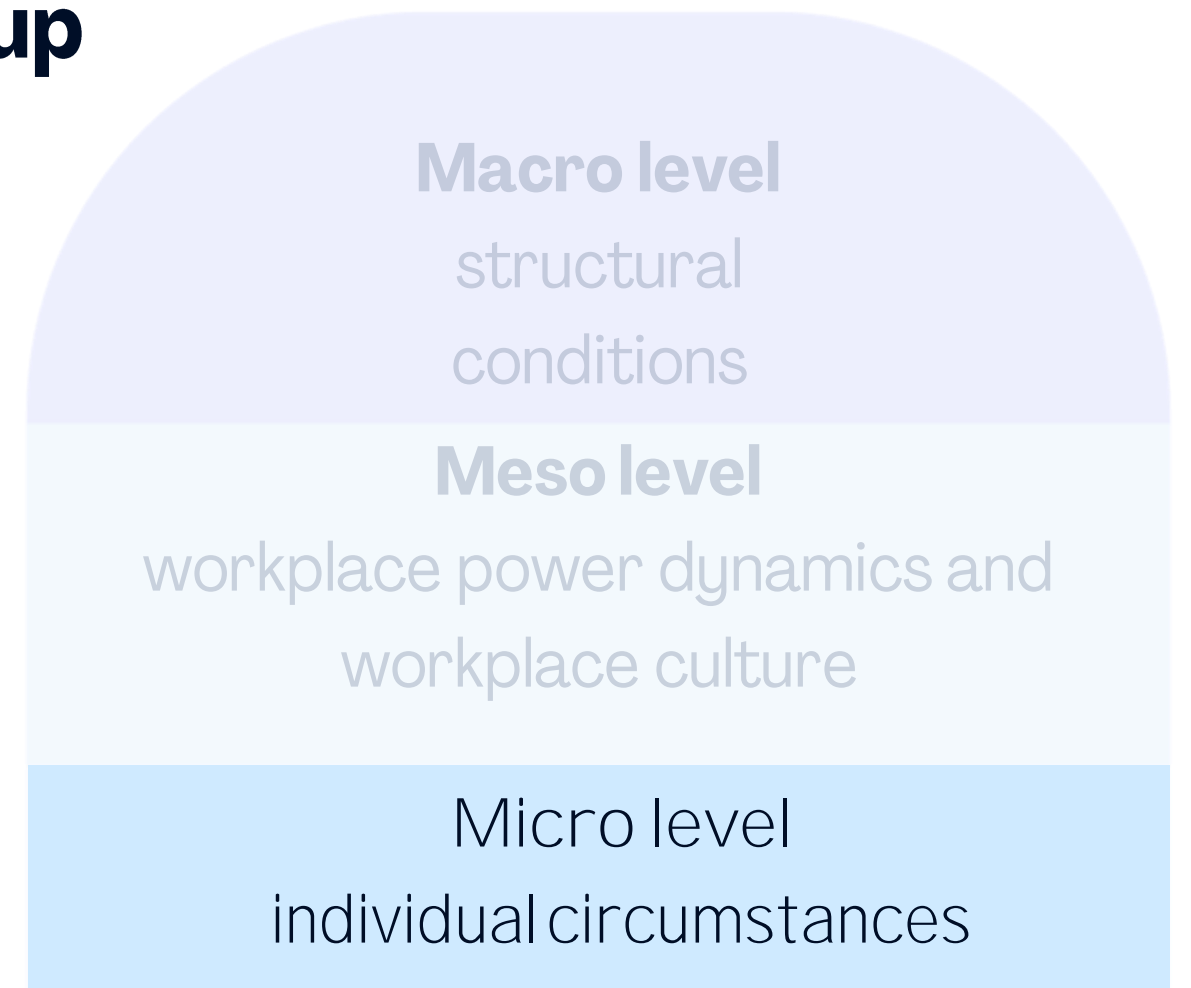
Micro level
individual circumstances

Micro level

“Youth” are not a homogenous group

Individual circumstances shape youth employment through:

- Socio economic background
- Access to education and training
- Geographic location



Meso level

Workplace power dynamics shape young people's relationship to work

- There is a strong link between support systems in employment and the likelihood that a young person will remain employed (see Karanikolas and Qian-Khoo, 2025)
- Young workers in Australia often report bullying, harassment and age discrimination



Macro-level

Policy debates which focus on employment effects
risk missing broad impacts

- Access to secure housing is linked to youth employment
- There is a generational wealth gap in Australia, with young people increasingly locked out of the housing market
- Minimum wages form one part of a broader debate about the cost of living



Where to?

- The current junior wages debate relies on a simplified assumption that junior wage rates are directly linked to youth employment
- Youth employment is the product of complex interacting factors
- An ecosystem model is a useful analytical framework for undertaking a holistic analysis that recognises the limitations of relying on minimum wages in isolation