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AVERAGE WEEKLY EARNINGS, AUSTRALIA, AUGUST, 1985, PRELIMINARY

PHONE INQUIRIES *for more information about these statistics—contact Patrick Stakelum on Canberra (062) 52 6572 or any of our State offices.*

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MAIN FEATURES

Preliminary estimates of average weekly earnings for August 1985 and the respective quarterly and annual changes are shown below:

	Full-time adult ordinary time earnings (\$)	Change (%)	
		Quarterly	Annual
Males	410.90	+1.6	+4.7
Females	338.80	+1.3	+6.2
Persons	388.80	+1.6	+5.4

	All employees total earnings (\$)	Change (%)	
		Quarterly	Annual
Males	404.10	+1.7	+4.6
Females	264.30	+0.3	+3.2
Persons	348.10	+1.2	+4.1

NOTE: Average weekly earnings may be affected by changes in the composition of the labour force (see paragraph 12 below).

EXPLANATORY NOTES

Introduction

This publication contains preliminary estimates of average weekly earnings for August 1985 based on information obtained from a sample survey of employers.

2. Final estimates will be published in *Average Weekly Earnings, States and Australia, August 1985* (6302.0).

3. Background information about the average weekly earnings series is provided in *Information Paper: New Statistical Series: Employment, Average Weekly Earnings, Job Vacancies and Overtime* (6256.0) published on 21 June 1984, copies of which are available on request.

Scope of the survey

4. All wage and salary earners who received pay for the reference period are represented in the survey, except:

- (a) members of the Australian permanent defence forces;
- (b) employees of enterprises primarily engaged in agriculture, forestry, fishing and hunting;
- (c) employees in private households employing staff;
- (d) employees of overseas embassies, consulates, etc.;
- (e) employees based outside Australia;
- (f) employees on workers' compensation who are not paid through the payroll;
- (g) directors who are not paid a salary;
- (h) proprietors/partners of unincorporated businesses;
- (i) self-employed persons such as subcontractors, owner/drivers, consultants and persons paid solely by commission without a retainer.

Survey design

5. A sample of approximately 4,000 employers is selected from the ABS register of businesses to ensure adequate State and industry representation. The sample is updated each quarter to take account of new businesses, those which have ceased operation and structural changes such as takeovers and mergers. The statistical unit for the survey comprises all activities of an enterprise in a particular State or Territory. Each statistical unit is classified to an industry which reflects the predominant activity of the enterprise in the State or Territory. In a small number of cases where an enterprise has significant employment in more than one industry, a separate statistical unit is created for each industry. The statistical units are stratified by State, government/private, industry and size of employment and a simple random sample is selected from each stratum.

Definitions

6. *Reference period* for the survey refers to the last pay period ending on or before the third Friday of the middle month of the quarter. The reference date for the current survey is 16 August 1985.

7. *Employees* refers to all wage and salary earners (as defined in paragraph 4) who received pay for any part of the reference period.

8. *Full-time employees* are permanent, temporary and casual employees who normally work the agreed or award hours for a full-time employee in their occupation and received pay for any part of the reference period; if agreed or award hours do not apply, employees are regarded as full-time if they ordinarily work 35 hours or more per week.

9. *Adults* are those employees 21 years of age or over and those employees who, although under 21 years of age, are paid at the full adult rate for their occupation.

10. *Weekly ordinary time earnings* refers to one week's earnings of employees for the reference period attributable to award, standard or agreed hours of work. It is calculated before taxation and any other deductions (e.g. superannuation, board and lodging) have been made. Included in ordinary time earnings are award payments, over-award payments, penalty payments, shift and other allowances; commissions and retainers; bonuses and similar payments related to the reference period; payments under incentive or piecework; payments under profit sharing schemes normally paid each pay period; payments for leave taken during the reference period; all workers' compensation payments made through the payroll; and salary payments made to directors. Excluded are retrospective pay, pay in advance, leave loadings, severance pay, termination and redundancy payments and other payments not related to the reference period.

11. *Weekly total earnings* is equal to weekly ordinary time earnings plus overtime earnings.

12. *Average weekly earnings* statistics represent average gross (before tax) earnings of employees and do not relate to average award rates nor to the earnings of the 'average person'. Estimates of average weekly earnings are derived by dividing estimates of weekly total earnings by estimates of employment. Changes in the averages may be affected not only by changes in the level of earnings of employees but also by changes in the overall composition of the labour force. There are several aspects which can contribute to compositional changes such as variations in the proportions of part-time, casual and junior employees, variations in the occupational distribution within and across industries and variations in the distribution of employment between industries. As an example, some assessment of the impact of this latter aspect has been made by calculating weekly total earnings in February 1985 using employment at the State by industry level in February 1984 as weights and comparing the result with the outcome actually observed in February 1985. The increase recorded in weekly total earnings between February 1984 and February 1985 was 5.9 per cent, but after taking into account the limited adjustment for compositional change described above the rise was 5.1 per cent. This analysis may be repeated from time to time.

Comparability of results

13. When comparisons are made between period-to-period movements in average weekly ordinary time earnings (AWOTE) for full-time adults and movements in the Award Rates of Pay Indexes (ARPI) it is important to recognise the different coverage, scope, definitions and methodology used in the construction of each series. In particular, the AWOTE series includes a number of payments additional to award rates of pay used in compiling ARPI. Allowances covered under awards which are not industry or occupation-wide in their application such as site, travelling, height and dirt allowances are excluded from ARPI but included in AWOTE. The AWOTE series also includes other payments, such as shift penalty payments and over-award pay. A significant number of employees are not covered by awards but are included in AWOTE. The AWOTE series is affected by compositional change in the labour force. However ARPI is not, because it is a fixed-weight index constructed from a representative 'basket' of occupations selected from the May 1976 Survey of Employee Earnings and Hours and subject to re-selection and re-basing at infrequent intervals. Other factors affecting comparisons of the two series include seasonal influences on earnings and differences between the two series in the treatment of retrospective pay increases. A detailed description of the methodology, scope and definitions used in ARPI is published in *Award Rates of Pay Indexes, Australia* (6312.0).

Historical Series

14. The series was introduced in August 1981 when it replaced the average weekly earnings series based principally on information from payroll tax returns. Revised estimates of average weekly earnings for the period August 1981 to November 1983 were included in *Average Weekly Earnings, States and Australia, March Quarter 1984* (6302.0) published on 12 July 1984. Users who need a measure of the movement in earnings for a period which spans both the payroll tax based and employer survey series should refer to Table 3 in that publication which presents both series linked to a common index base (August 1981 = 100).

Reliability of estimates

15. As the estimates in this publication are based on information relating to a sample of employers rather than a full enumeration, they are subject to sampling variability. That is, they may differ from the figures that would have been produced if the information had been obtained from all employers. This difference, called *sampling error*, should not be confused with inaccuracy that may occur because of imperfections in reporting by respondents or in processing by the ABS. Such inaccuracy is referred to as *non-sampling error* and may occur in any enumeration whether it be a full count or sample. Efforts have been made to reduce non-sampling error by careful design of questionnaires, detailed checking of returns and quality control of processing.

16. The sampling error associated with any estimate can be estimated from the sample results. One measure of sampling error is given by the *standard error* which indicates the degree to which an estimate may vary from the value that would have been obtained from a full enumeration (the 'true' figure). There are about two chances in three that a sample estimate differs from the

true value by less than one standard error, and about nineteen chances in twenty that the difference will be less than two standard errors.

17. An example of the use of a standard error for August 1985 estimates is as follows. Table 1 shows the estimate of average weekly total earnings for all employees in Australia for August 1985 as being \$348.10. The estimated standard error associated with this figure is \$1.80. Therefore, there are about two chances in three that a full enumeration would give a figure in the range \$346.30 to \$349.90 and about nineteen chances in twenty that it would be in the range \$344.50 to \$351.70.

18. An example of the use of a standard error for a quarterly change estimate is as follows. Table 1 shows the estimated standard error for the quarterly change estimate of average weekly total earnings for all employees in Australia as being \$1.10. The quarterly change estimate between May 1985 and August 1985 is \$4.00 (\$348.10 minus \$344.10). Therefore there are about two chances in three that a full enumeration would give a quarterly change figure in the range \$2.90 to \$5.10 and about nineteen chances in twenty that it would be in the range \$1.80 to \$6.20.

Related publications

19. Users may also wish to refer to the following publications which are available on request:

Average Weekly Earnings, States and Australia (6302.0)—issued quarterly

Average Earnings and Hours of Employees, Australia (6304.0)—issued annually

Distribution and Composition of Employee Earnings and Hours, Australia (6306.0)—issued biennially

Job Vacancies, Australia (6231.0)—issued quarterly

Overtime, Australia (6330.0)—issued quarterly

Employed Wage and Salary Earners, Australia (6248.0)—issued quarterly

Information Paper: New Statistical Series: Employment, Average Weekly Earnings, Job Vacancies and Overtime (6256.0)

Award Rates of Pay Indexes, Australia (6312.0)—issued monthly

The Labour Force, Australia (6203.0)—issued monthly (\$1.10, \$1.90 incl. postage).

20. Current publications produced by the ABS are listed in the *Catalogue of Publications, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

Unpublished statistics

21. In some cases, the ABS can also make available information which is not published. This information may be made available in one or more of the following forms: microfiche, photocopy, data tape, computer print-out, clerically-extracted tabulation. Generally, a charge is made for providing unpublished information. Inquiries should be made to the officer whose name appears in the *Phone Inquiries* section of the Inquiries box at the front of this publication, or to Information Services in the nearest ABS Office.

Symbols and other usages

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22. The estimates of average weekly earnings are rounded to the nearest 10 cents.

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