

# **WAGE COST INDEX**

**AUSTRALIA**

EMBARGO: 11:30AM (CANBERRA TIME) THURS 17 SEP 1998

## **JUNE QUARTER 1998 KEY FIGURES**

<b>Total hourly rates of pay, excluding bonuses</b>	<b>% change Mar Qtr 1998 to June Qtr 1998</b>
Australia	0.4
Sector	
Private sector	0.4
Public sector	0.5
States and Territories	
New South Wales	0.3
Victoria	0.5
Queensland	0.5
South Australia	0.4
Western Australia	0.6
Tasmania	0.3
Northern Territory	0.4
Australian Capital Territory	0.3

## **JUNE QUARTER 1998 KEY POINTS**

### **QUARTERLY CHANGES**

#### **INDEXES OF TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES**

- The index of total hourly rates of pay excluding bonuses for all employee jobs in Australia increased by 0.4%.
- The increases in the indexes at the industry level ranged from 0.2% for Accommodation, cafes and restaurants, Property and business services, and Personal and other services to 0.8% for Construction.
- The increases in the indexes at the occupation level ranged from 0.3% for Advanced clerical and service workers, and Intermediate clerical, sales and service workers to 0.7% for Elementary clerical, sales and service workers.

#### **OTHER INDEXES**

- The index of total hourly rates of pay including bonuses for all employee jobs in Australia increased by 0.4%.
- The index of ordinary time hourly rates of pay excluding bonuses for all employee jobs in Australia increased by 0.4%, while the index of ordinary time hourly rates of pay including bonuses increased by 0.5%.

- For further information about these and related statistics, contact Denise Carlton on Perth 08 9360 5166, or any ABS office shown on the back of this publication.

# NOTES

## FORTHCOMING ISSUES

### ISSUE (Quarter)

### EXPECTED RELEASE DATE

September 1998

17 December 1998

December 1998

11 March 1999

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## FORTHCOMING CHANGES

The content and format of tables in this publication will change from the September quarter 1998 issue. The tables will be reformatted to enable indexes for five quarters to be presented, and changes in content will be made based on a recent user review of the publication. The tables will be renumbered after these changes have been made.

All indexes of total hourly rates of pay excluding bonuses which are published in this issue will be retained.

Indexes of ordinary time hourly rates of pay excluding bonuses for Australia by sector (private/public/total) and State/Territory by total sector will be retained. The State/Territory by private sector and State/Territory by public sector indexes will no longer be published. Industry by sector indexes will be provided for the first time.

For the indexes that include bonuses, the Australia by sector indexes will be retained, but the State/Territory by sector indexes will no longer be published.

The indexes no longer published will be made available on request.

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## DATA AVAILABILITY

Statistics published in this issue are available on PC Ausstats, the ABS's on-line data service.

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## UNPUBLISHED STATISTICS

Indexes are compiled for various combinations of State/Territory, sector (private/public), broad industry group and broad occupation group. Indexes not included in this publication may be made available on request by telephoning Perth 08 9360 5166.

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## REVISIONS

Index numbers will be released as final figures at the time they are first published. Revisions will only occur in exceptional circumstances.

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## FURTHER INFORMATION

More detailed information on the Wage Cost Index is available in *Information Paper: Wage Cost Index, Australia* (Cat. no. 6346.0).

T. J. Skinner  
Acting Australian Statistician

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## TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES, Sector—States and Territories

State or Territory	INDEX NUMBERS(a).....				PERCENTAGE CHANGE.....		
	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr 1997	Dec Qtr 1997	Mar Qtr 1998
	1997	1997	1998	1998	to Dec Qtr 1997	to Mar Qtr 1998	to Jun Qtr 1998
PRIVATE							
New South Wales	100.0	100.7	101.7	102.0	0.7	1.0	0.3
Victoria	100.0	100.7	101.7	102.1	0.7	1.0	0.4
Queensland	100.0	101.1	101.6	102.2	1.1	0.5	0.6
South Australia	100.0	100.9	101.5	101.9	0.9	0.6	0.4
Western Australia	100.0	101.0	102.2	102.7	1.0	1.2	0.5
Tasmania	100.0	100.3	101.2	101.6	0.3	0.9	0.4
Northern Territory	100.0	100.5	101.2	101.7	0.5	0.7	0.5
Australian Capital Territory	100.0	100.5	101.3	101.6	0.5	0.8	0.3
<i>Australia</i>	<i>100.0</i>	<i>100.8</i>	<i>101.7</i>	<i>102.1</i>	<i>0.8</i>	<i>0.9</i>	<i>0.4</i>
PUBLIC							
New South Wales	100.0	101.0	102.1	102.4	1.0	1.1	0.3
Victoria	100.0	100.8	101.5	101.9	0.8	0.7	0.4
Queensland	100.0	100.5	102.1	102.4	0.5	1.6	0.3
South Australia	100.0	100.7	101.8	102.0	0.7	1.1	0.2
Western Australia	100.0	100.5	101.1	101.9	0.5	0.6	0.8
Tasmania	100.0	100.5	100.7	101.1	0.5	0.2	0.4
Northern Territory	100.0	102.4	102.9	103.0	2.4	0.5	0.1
Australian Capital Territory	100.0	100.1	100.9	101.3	0.1	0.8	0.4
<i>Australia</i>	<i>100.0</i>	<i>100.7</i>	<i>101.7</i>	<i>102.2</i>	<i>0.7</i>	<i>1.0</i>	<i>0.5</i>
PRIVATE AND PUBLIC							
New South Wales	100.0	100.7	101.8	102.1	0.7	1.1	0.3
Victoria	100.0	100.7	101.6	102.1	0.7	0.9	0.5
Queensland	100.0	100.9	101.7	102.2	0.9	0.8	0.5
South Australia	100.0	100.8	101.5	101.9	0.8	0.7	0.4
Western Australia	100.0	100.9	102.0	102.6	0.9	1.1	0.6
Tasmania	100.0	100.4	101.1	101.4	0.4	0.7	0.3
Northern Territory	100.0	101.2	101.8	102.2	1.2	0.6	0.4
Australian Capital Territory	100.0	100.2	101.1	101.4	0.2	0.9	0.3
<b>Australia</b>	<b>100.0</b>	<b>100.8</b>	<b>101.7</b>	<b>102.1</b>	<b>0.8</b>	<b>0.9</b>	<b>0.4</b>

(a) Base of each index: September Quarter 1997 = 100.0

## TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES, Sector—Industry

Industry	INDEX NUMBERS(a).....				PERCENTAGE CHANGE.....		
	Sep Qtr 1997	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998	Sep Qtr 1997 to Dec Qtr 1997	Dec Qtr 1997 to Mar Qtr 1998	Mar Qtr 1998 to Jun Qtr 1998
PRIVATE							
Mining	100.0	100.7	101.4	101.8	0.7	0.7	0.4
Manufacturing	100.0	101.0	102.2	102.8	1.0	1.2	0.6
Electricity, gas and water supply	100.0	100.7	101.8	102.4	0.7	1.1	0.6
Construction	100.0	101.0	102.4	103.0	1.0	1.4	0.6
Wholesale trade	100.0	100.3	101.2	101.6	0.3	0.9	0.4
Retail trade	100.0	101.0	101.3	101.8	1.0	0.3	0.5
Accommodation, cafes and restaurants	100.0	100.7	101.7	102.0	0.7	1.0	0.3
Transport and storage	100.0	101.0	101.5	101.8	1.0	0.5	0.3
Communication services	100.0	100.3	100.5	100.7	0.3	0.2	0.2
Finance and insurance	100.0	101.0	102.2	102.9	1.0	1.2	0.7
Property and business services	100.0	100.7	101.9	102.0	0.7	1.2	0.1
Education	100.0	100.4	101.2	101.5	0.4	0.8	0.3
Health and community services	100.0	100.6	101.0	101.3	0.6	0.4	0.3
Cultural and recreational services	100.0	100.5	101.2	101.7	0.5	0.7	0.5
Personal and other services	100.0	100.3	101.0	101.4	0.3	0.7	0.4
<i>All industries</i>	<i>100.0</i>	<i>100.8</i>	<i>101.7</i>	<i>102.1</i>	<i>0.8</i>	<i>0.9</i>	<i>0.4</i>
PUBLIC							
Government administration and defence	100.0	100.4	101.3	101.7	0.4	0.9	0.4
Education	100.0	100.8	102.0	102.4	0.8	1.2	0.4
Health and community services	100.0	101.5	102.6	103.1	1.5	1.1	0.5
Cultural and recreational services	100.0	100.5	101.2	102.3	0.5	0.7	1.1
Personal and other services	100.0	100.4	101.8	101.8	0.4	1.4	0.0
<i>All industries (b)</i>	<i>100.0</i>	<i>100.7</i>	<i>101.7</i>	<i>102.2</i>	<i>0.7</i>	<i>1.0</i>	<i>0.5</i>
PRIVATE AND PUBLIC							
Mining	100.0	100.7	101.4	101.8	0.7	0.7	0.4
Manufacturing	100.0	101.0	102.2	102.8	1.0	1.2	0.6
Electricity, gas and water supply	100.0	101.2	102.2	102.6	1.2	1.0	0.4
Construction	100.0	101.0	102.3	103.1	1.0	1.3	0.8
Wholesale trade	100.0	100.3	101.2	101.6	0.3	0.9	0.4
Retail trade	100.0	100.9	101.3	101.8	0.9	0.4	0.5
Accommodation, cafes and restaurants	100.0	100.7	101.7	101.9	0.7	1.0	0.2
Transport and storage	100.0	100.8	101.5	101.8	0.8	0.7	0.3
Communication services	100.0	100.7	100.8	101.3	0.7	0.1	0.5
Finance and insurance	100.0	101.0	102.2	102.9	1.0	1.2	0.7
Property and business services	100.0	100.7	101.8	102.0	0.7	1.1	0.2
Government administration and defence	100.0	100.4	101.3	101.7	0.4	0.9	0.4
Education	100.0	100.7	101.7	102.1	0.7	1.0	0.4
Health and community services	100.0	101.0	101.7	102.1	1.0	0.7	0.4
Cultural and recreational services	100.0	100.5	101.2	101.9	0.5	0.7	0.7
Personal and other services	100.0	100.4	101.4	101.6	0.4	1.0	0.2
<b>All industries</b>	<b>100.0</b>	<b>100.8</b>	<b>101.7</b>	<b>102.1</b>	<b>0.8</b>	<b>0.9</b>	<b>0.4</b>

(a) Base of each index: September Quarter 1997 = 100.0

(b) Includes Mining, Manufacturing, Electricity, gas and water supply, Construction, Wholesale trade, Retail trade, Accommodation, cafes and restaurants, Transport and storage, Communication services, Finance and insurance, Property and business services.

## TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES, Sector—Occupation

Occupation	INDEX NUMBERS(a).....				PERCENTAGE CHANGE.....		
	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr 1997	Dec Qtr 1997	Mar Qtr 1998
	1997	1997	1998	1998	to Dec Qtr 1997	to Mar Qtr 1998	to Jun Qtr 1998
PRIVATE							
Managers and administrators	100.0	101.1	102.3	102.8	1.1	1.2	0.5
Professionals	100.0	100.8	101.9	102.2	0.8	1.1	0.3
Associate professionals	100.0	101.1	101.8	102.3	1.1	0.7	0.5
Tradespersons and related workers	100.0	100.8	101.9	102.5	0.8	1.1	0.6
Advanced clerical and service workers	100.0	100.7	101.4	101.7	0.7	0.7	0.3
Intermediate clerical, sales and service workers	100.0	100.7	101.4	101.7	0.7	0.7	0.3
Intermediate production and transport workers	100.0	100.7	101.5	102.0	0.7	0.8	0.5
Elementary clerical, sales and service workers	100.0	100.7	101.0	101.6	0.7	0.3	0.6
Labourers and related workers	100.0	100.8	101.7	102.1	0.8	0.9	0.4
<i>All occupations</i>	<i>100.0</i>	<i>100.8</i>	<i>101.7</i>	<i>102.1</i>	<i>0.8</i>	<i>0.9</i>	<i>0.4</i>
PUBLIC							
Managers and administrators	100.0	100.9	101.6	101.9	0.9	0.7	0.3
Professionals	100.0	100.7	101.7	102.1	0.7	1.0	0.4
Associate professionals	100.0	100.5	101.8	102.1	0.5	1.3	0.3
Tradespersons and related workers	100.0	100.9	102.0	102.4	0.9	1.1	0.4
Advanced clerical and service workers	100.0	101.5	102.8	103.1	1.5	1.3	0.3
Intermediate clerical, sales and service workers	100.0	100.6	101.7	102.1	0.6	1.1	0.4
Intermediate production and transport workers	100.0	100.7	101.8	102.4	0.7	1.1	0.6
Elementary clerical, sales and service workers	100.0	101.3	101.9	103.3	1.3	0.6	1.4
Labourers and related workers	100.0	101.5	103.1	103.6	1.5	1.6	0.5
<i>All occupations</i>	<i>100.0</i>	<i>100.7</i>	<i>101.7</i>	<i>102.2</i>	<i>0.7</i>	<i>1.0</i>	<i>0.5</i>
PRIVATE AND PUBLIC							
Managers and administrators	100.0	101.1	102.1	102.6	1.1	1.0	0.5
Professionals	100.0	100.8	101.8	102.2	0.8	1.0	0.4
Associate professionals	100.0	100.9	101.8	102.2	0.9	0.9	0.4
Tradespersons and related workers	100.0	100.8	101.9	102.5	0.8	1.1	0.6
Advanced clerical and service workers	100.0	100.8	101.6	101.9	0.8	0.8	0.3
Intermediate clerical, sales and service workers	100.0	100.7	101.5	101.8	0.7	0.8	0.3
Intermediate production and transport workers	100.0	100.7	101.6	102.0	0.7	0.9	0.4
Elementary clerical, sales and service workers	100.0	100.8	101.2	101.9	0.8	0.4	0.7
Labourers and related workers	100.0	100.9	101.9	102.3	0.9	1.0	0.4
<b>All occupations</b>	<b>100.0</b>	<b>100.8</b>	<b>101.7</b>	<b>102.1</b>	<b>0.8</b>	<b>0.9</b>	<b>0.4</b>

(a) Base of each index: September Quarter 1997 = 100.0

## TOTAL HOURLY RATES OF PAY INCLUDING BONUSES, Sector—States and Territories

State or Territory	INDEX NUMBERS(a).....				PERCENTAGE CHANGE.....		
	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr 1997	Dec Qtr 1997	Mar Qtr 1998
	1997	1997	1998	1998	to Dec Qtr 1997	to Mar Qtr 1998	to Jun Qtr 1998
PRIVATE							
New South Wales	100.0	100.5	101.8	102.2	0.5	1.3	0.4
Victoria	100.0	101.0	101.9	102.3	1.0	0.9	0.4
Queensland	100.0	101.1	101.3	101.8	1.1	0.2	0.5
South Australia	100.0	100.9	101.4	101.9	0.9	0.5	0.5
Western Australia	100.0	101.0	102.3	102.9	1.0	1.3	0.6
Tasmania	100.0	100.4	101.4	101.8	0.4	1.0	0.4
Northern Territory	100.0	100.3	101.2	101.8	0.3	0.9	0.6
Australian Capital Territory	100.0	100.7	101.2	101.3	0.7	0.5	0.1
<i>Australia</i>	<i>100.0</i>	<i>100.8</i>	<i>101.8</i>	<i>102.2</i>	<i>0.8</i>	<i>1.0</i>	<i>0.4</i>
PUBLIC							
New South Wales	100.0	101.0	102.1	102.5	1.0	1.1	0.4
Victoria	100.0	100.8	101.5	101.9	0.8	0.7	0.4
Queensland	100.0	100.5	102.1	102.4	0.5	1.6	0.3
South Australia	100.0	100.7	101.8	102.0	0.7	1.1	0.2
Western Australia	100.0	100.5	101.2	102.0	0.5	0.7	0.8
Tasmania	100.0	100.5	100.8	101.1	0.5	0.3	0.3
Northern Territory	100.0	102.4	102.9	103.0	2.4	0.5	0.1
Australian Capital Territory	100.0	100.1	100.9	101.3	0.1	0.8	0.4
<i>Australia</i>	<i>100.0</i>	<i>100.8</i>	<i>101.8</i>	<i>102.2</i>	<i>0.8</i>	<i>1.0</i>	<i>0.4</i>
PRIVATE AND PUBLIC							
New South Wales	100.0	100.6	101.9	102.3	0.6	1.3	0.4
Victoria	100.0	101.0	101.8	102.2	1.0	0.8	0.4
Queensland	100.0	100.9	101.5	102.0	0.9	0.6	0.5
South Australia	100.0	100.8	101.5	101.9	0.8	0.7	0.4
Western Australia	100.0	100.9	102.0	102.7	0.9	1.1	0.7
Tasmania	100.0	100.4	101.2	101.6	0.4	0.8	0.4
Northern Territory	100.0	101.1	101.8	102.3	1.1	0.7	0.5
Australian Capital Territory	100.0	100.3	101.0	101.3	0.3	0.7	0.3
<b>Australia</b>	<b>100.0</b>	<b>100.8</b>	<b>101.8</b>	<b>102.2</b>	<b>0.8</b>	<b>1.0</b>	<b>0.4</b>

(a) Base of each index: September Quarter 1997 = 100.0



## ORDINARY TIME HOURLY RATES OF PAY EXCLUDING BONUSES, Sector—States and Territories

State or Territory	INDEX NUMBERS(a).....				PERCENTAGE CHANGE.....		
	Sep Qtr 1997	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998	Sep Qtr 1997 to Dec Qtr 1997	Dec Qtr 1997 to Mar Qtr 1998	Mar Qtr 1998 to Jun Qtr 1998
PRIVATE							
New South Wales	100.0	100.7	101.7	102.0	0.7	1.0	0.3
Victoria	100.0	100.7	101.6	102.1	0.7	0.9	0.5
Queensland	100.0	101.1	101.6	102.2	1.1	0.5	0.6
South Australia	100.0	100.9	101.5	101.9	0.9	0.6	0.4
Western Australia	100.0	101.0	102.3	102.8	1.0	1.3	0.5
Tasmania	100.0	100.3	101.3	101.6	0.3	1.0	0.3
Northern Territory	100.0	100.5	101.2	101.8	0.5	0.7	0.6
Australian Capital Territory	100.0	100.5	101.3	101.5	0.5	0.8	0.2
<b>Australia</b>	<b>100.0</b>	<b>100.8</b>	<b>101.7</b>	<b>102.1</b>	<b>0.8</b>	<b>0.9</b>	<b>0.4</b>
PUBLIC							
New South Wales	100.0	101.0	102.1	102.4	1.0	1.1	0.3
Victoria	100.0	100.8	101.4	101.9	0.8	0.6	0.5
Queensland	100.0	100.5	102.1	102.4	0.5	1.6	0.3
South Australia	100.0	100.7	101.8	102.0	0.7	1.1	0.2
Western Australia	100.0	100.5	101.0	101.9	0.5	0.5	0.9
Tasmania	100.0	100.5	100.7	101.1	0.5	0.2	0.4
Northern Territory	100.0	102.4	102.9	103.0	2.4	0.5	0.1
Australian Capital Territory	100.0	100.1	100.9	101.3	0.1	0.8	0.4
<b>Australia</b>	<b>100.0</b>	<b>100.7</b>	<b>101.7</b>	<b>102.1</b>	<b>0.7</b>	<b>1.0</b>	<b>0.4</b>
PRIVATE AND PUBLIC							
New South Wales	100.0	100.7	101.8	102.1	0.7	1.1	0.3
Victoria	100.0	100.7	101.6	102.1	0.7	0.9	0.5
Queensland	100.0	100.9	101.7	102.2	0.9	0.8	0.5
South Australia	100.0	100.8	101.5	101.9	0.8	0.7	0.4
Western Australia	100.0	100.9	102.0	102.6	0.9	1.1	0.6
Tasmania	100.0	100.4	101.1	101.4	0.4	0.7	0.3
Northern Territory	100.0	101.2	101.8	102.2	1.2	0.6	0.4
Australian Capital Territory	100.0	100.2	101.1	101.4	0.2	0.9	0.3
<b>Australia</b>	<b>100.0</b>	<b>100.8</b>	<b>101.7</b>	<b>102.1</b>	<b>0.8</b>	<b>0.9</b>	<b>0.4</b>

(a) Base of each index: September Quarter 1997 = 100.0

## ORDINARY TIME HOURLY RATES OF PAY INCLUDING BONUSES, Sector—States and Territories

State or Territory	INDEX NUMBERS(a).....				PERCENTAGE CHANGE.....		
	Sep Qtr 1997	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998	Sep Qtr 1997 to Dec Qtr 1997	Dec Qtr 1997 to Mar Qtr 1998	Mar Qtr 1998 to Jun Qtr 1998
PRIVATE							
New South Wales	100.0	100.5	101.8	102.2	0.5	1.3	0.4
Victoria	100.0	101.0	101.9	102.3	1.0	0.9	0.4
Queensland	100.0	101.1	101.3	101.9	1.1	0.2	0.6
South Australia	100.0	100.9	101.4	101.9	0.9	0.5	0.5
Western Australia	100.0	101.1	102.3	102.9	1.1	1.2	0.6
Tasmania	100.0	100.4	101.4	101.8	0.4	1.0	0.4
Northern Territory	100.0	100.3	101.2	101.9	0.3	0.9	0.7
Australian Capital Territory	100.0	100.7	101.2	101.3	0.7	0.5	0.1
<b>Australia</b>	<b>100.0</b>	<b>100.8</b>	<b>101.7</b>	<b>102.2</b>	<b>0.8</b>	<b>0.9</b>	<b>0.5</b>
PUBLIC							
New South Wales	100.0	101.0	102.1	102.4	1.0	1.1	0.3
Victoria	100.0	100.8	101.5	101.9	0.8	0.7	0.4
Queensland	100.0	100.5	102.1	102.4	0.5	1.6	0.3
South Australia	100.0	100.7	101.8	102.0	0.7	1.1	0.2
Western Australia	100.0	100.5	101.1	102.0	0.5	0.6	0.9
Tasmania	100.0	100.5	100.8	101.1	0.5	0.3	0.3
Northern Territory	100.0	102.4	102.9	103.0	2.4	0.5	0.1
Australian Capital Territory	100.0	100.1	100.9	101.3	0.1	0.8	0.4
<b>Australia</b>	<b>100.0</b>	<b>100.8</b>	<b>101.8</b>	<b>102.2</b>	<b>0.8</b>	<b>1.0</b>	<b>0.4</b>
PRIVATE AND PUBLIC							
New South Wales	100.0	100.6	101.9	102.3	0.6	1.3	0.4
Victoria	100.0	101.0	101.8	102.2	1.0	0.8	0.4
Queensland	100.0	101.0	101.5	102.0	1.0	0.5	0.5
South Australia	100.0	100.8	101.5	101.9	0.8	0.7	0.4
Western Australia	100.0	100.9	102.0	102.7	0.9	1.1	0.7
Tasmania	100.0	100.4	101.2	101.6	0.4	0.8	0.4
Northern Territory	100.0	101.1	101.8	102.3	1.1	0.7	0.5
Australian Capital Territory	100.0	100.3	101.0	101.3	0.3	0.7	0.3
<b>Australia</b>	<b>100.0</b>	<b>100.8</b>	<b>101.7</b>	<b>102.2</b>	<b>0.8</b>	<b>0.9</b>	<b>0.5</b>

(a) Base of each index: September Quarter 1997 = 100.0

## EXPLANATORY NOTES

### INTRODUCTION

**1** This publication contains indexes measuring quarterly changes in wage and salary costs for employee jobs. These indexes were compiled for the first time for the December quarter 1997 (with a base of September quarter 1997 = 100.0).

**2** The methodology used to construct the component indexes of the Wage Cost Index (WCI) is similar to that used for other price indexes such as the Consumer Price Index. In the WCI, index numbers are compiled from hourly wage and salary costs for a representative sample of employee jobs within a sample of employing organisations. Individual indexes are compiled for various combinations of State/Territory, sector (private/public), broad industry group and broad occupation group. For more detailed information on the methodology used in the construction of the WCI, refer to *Information Paper: Wage Cost Index, Australia* (Cat. no. 6346.0).

### PUBLISHED INDEXES

**3** There are four sets of quarterly base-period weighted indexes published in this bulletin:

- ordinary time hourly rates of pay—excluding bonuses;
- ordinary time hourly rates of pay—including bonuses;
- total hourly rates of pay—excluding bonuses; and
- total hourly rates of pay—including bonuses.

The four component sets of indexes together comprise the WCI.

### DESIGN OF THE INDEXES

#### BROAD DESCRIPTION

**4** The indexes that *exclude* bonuses are ‘pure’ price indexes: i.e. they aim to measure changes over time in the wage and salary cost of a representative ‘basket’ of jobs, unaffected by changes in the quality or quantity of work performed. This is referred to as ‘pricing to constant quality’. By following a ‘basket’ of jobs over time, and by maintaining a fixed weighting pattern, these indexes will be unaffected by, for example, shifts in the distribution of employees across occupations and industries, and between full-time and part-time jobs. Thus, unlike other ABS earnings measures such as the quarterly Average Weekly Earnings series, these indexes will *not* measure changes in average (per employee) wage payments.

**5** Every effort is made to price to constant quality in these indexes, in spite of difficulties in defining the quality of job performance in a measurable sense. Characteristics of the jobs being priced (e.g. title, grade, location, tasks) are specified in detail, and a range of quality adjustment procedures have been put in place which are designed to prevent any significant long-term bias in the indexes. For example, pay changes due to age increments, change in qualification level, change in apprenticeship year, successful completion of training, and completion of probationary periods do not affect the indexes. Likewise, the effects of salary increments, paid for length of service and work performance of individual employees, are removed from the indexes provided there is no change in the underlying salary range. A change in the salary range for a selected employee job is treated as a genuine price change, whereas incremental pay movements *within* fixed salary ranges, and pay changes related to training and qualifications, are treated as proxies for measurable quality change and are, therefore, precluded from measures of price change.

**6** The *ordinary time* indexes that exclude bonuses measure quarterly changes in ordinary time hourly wage and salary rates. Changes in rates of pay reflected in these indexes (i.e. genuine price changes) arise from a range of sources including award variations, enterprise and workplace agreements, centralised wage fixation, individual contracts and informal arrangements.

**BROAD DESCRIPTION** **7** These indexes are not affected by changes in penalty payments (which fluctuate depending on the number of hours paid at penalty rates), changes in allowances (which fluctuate according to how much work is performed under special work conditions e.g. height, dirt, heat allowances) or changes in bonus payments (which may, or may not, relate to an individual's work performance). Specifically, the following costs are excluded when computing ordinary time hourly wage and salary rates:

- penalty payments for overtime, shifts, weekends and public holidays;
- ordinary time and overtime allowances; and
- bonus payments.

The effect of rolling ordinary time penalty payments and allowances into ordinary time hourly rates is excluded from these indexes. However, when overtime penalty payments are rolled into ordinary time hourly rates, the ordinary time indexes will increase accordingly.

**8** The *total hourly* indexes that exclude bonuses are based on a weighted combination of ordinary time hourly rates (described in paragraphs 6 and 7) and overtime hourly rates. The combined hourly rates reflect changes in ordinary time hourly rates as well as changes in overtime hourly rates. The effect of changes in the amount of overtime paid at each overtime rate is not shown in these indexes except when overtime penalty payments are rolled into ordinary time hourly rates. When this occurs, the increase in the ordinary time hourly rate will tend to be offset by the elimination of the higher overtime hourly rate, leaving the total hourly indexes largely unchanged.

**9** The indexes that *include* bonuses reflect the changes in wage and salary rates shown in the pure price indexes (described above), as well as changes in bonus payments; hence they tend to be more volatile than the pure price indexes. Bonus payments are converted to an 'hourly rate' based on the relevant period of work. This hourly rate is then added to the respective hourly wage and salary rates (ordinary time and total hourly) to construct the indexes that include bonuses.

**SCOPE AND COVERAGE** **10** The target population of employers for the WCI is all employing organisations in Australia (private and public sectors) except:

- enterprises primarily engaged in agriculture, forestry or fishing;
- private households employing staff; and
- overseas embassies, consulates etc.

**11** All *employee* jobs in the target population of employers are in scope of the WCI, except the following:

- Australian permanent defence force jobs;
- 'non-maintainable' jobs (i.e. jobs that are expected to be occupied for less than six months of a year); and
- jobs for which wages and salaries are not determined by the Australian labour market: e.g. working proprietors of small incorporated enterprises; most employees of Community Development Employment Programs; jobs where the remuneration is set in a foreign country.

**12** As such, full-time and part-time, permanent and casual, and managerial and non-managerial jobs are in scope of the WCI. Costs incurred by employers for work undertaken by *self-employed* persons such as consultants and subcontractors are out of scope of the WCI, as they do not relate to employee jobs.



**DATA COLLECTION 13** Information for the WCI is collected each quarter by mail questionnaires from a sample survey of approximately 3,500 private and public sector employers selected from the ABS Business Register. In the first quarter they participate in the survey, each employer selects a small sample of jobs from their workplace(s) using sampling instructions provided by the ABS, and provides information for these jobs, including job descriptions. In subsequent quarters they are asked to provide updated information about the same jobs, using tailored forms containing the preprinted job descriptions previously provided. It is essential that the same *jobs* are compared in successive quarters, whether the individual employees occupying the designated jobs are the same or not. Approximately 19,000 matched jobs are surveyed each quarter from the selected employers.

**14** The sampling scheme retains the highest possible common sample of employers over time, and retains the same sampled jobs within those selected employers in the sample, where possible. However, it is also necessary to maintain representativeness of the index over time, as well as to limit the length of time that small businesses are included in the sample. For these reasons, the employer sample is reselected annually (for the September quarter) in a way that ensures a high proportion of common selections while allowing new employers to be represented in the index sample.

**15** Between annual reselections of the employer sample, a small number of employee jobs will be lost from the index sample because of the closure of some (mainly small) organisations. In addition, some jobs in continuing organisations will be replaced in the sample because of restructuring and other job changes.

**WEIGHTING 16** In the WCI, as with other price indexes, base period 'expenditure' weights are used to combine elementary aggregate indexes into publication indexes. The fixed expenditure weights are derived from independent estimates of total weekly wages and salaries relating to the base quarter (September 1997).

**17** The WCI will be reweighted approximately every five years to take account of changing wage and salary expenditure patterns among the elementary aggregates. These changes result from changes in the distribution of the number of employee jobs among occupation groups, industries, States and sectors, as well as changes in wage rate relativities.

## PERCENTAGE CHANGE AND ROUNDING

**18** The published index numbers have been rounded to one decimal place, and the percentage changes (also rounded to one decimal place) are calculated from the rounded index numbers. In some cases, this can result in the percentage change for the total level of a group of indexes being outside the range of the percentage changes for the component level indexes.

## INTERPRETATION OF INDEX NUMBERS

**19** Index numbers measure changes in hourly rates of pay between the base quarter (September 1997) and a later quarter. Differences in index numbers across States do not provide comparative information on hourly rates of pay for the States. Similarly, index numbers cannot be compared across sectors, across industries, or across occupations.

## REVISIONS TO INDEXES

**20** Index numbers will be released as final figures at the time they are first published. Revisions will only occur in exceptional circumstances.

## RELIABILITY OF THE INDEXES

**21** Since the index numbers are based on information relating to a sample of employee jobs, they are subject to *sampling error*. That is, they may differ from figures that would have been produced if all employee jobs had been included. Estimates of the magnitude of sampling error of index numbers will not be available until the WCI has been operating for a number of quarters.

## RELIABILITY OF THE INDEXES *continued*

**22** Inaccuracies may also occur because of imperfections in reporting by respondents or in processing by the ABS. Inaccuracies of this kind are referred to as *non-sampling errors*. Every effort has been made to reduce non-sampling error, for example:

- by careful design and testing of questionnaires and processing systems;
- by providing instructions to employers on how to select a sample of employee jobs;
- by detailed checking of completed survey forms; and
- by instituting a range of procedures for ensuring constant quality pricing of employee jobs.

## RELATED PUBLICATIONS

**23** Users may also wish to refer to the following publications which are available on request:

*Information Paper: Wage Cost Index, Australia* (Cat. no. 6346.0)

*Average Weekly Earnings, Australia, Preliminary* (Cat. no. 6301.0)—issued quarterly

*Average Weekly Earnings, States and Australia* (Cat. no. 6302.0)—issued quarterly

**24** Current publications produced by the ABS are listed in the *Catalogue of Publications and Products* (Cat. no. 1101.0). The ABS also issues, on Tuesdays and Fridays, a *Release Advice* (Cat. no. 1105.0) which lists publications to be released in the next few days. The Catalogue and Release Advice are available from any ABS office.

## UNPUBLISHED STATISTICS

**25** As well as the statistics included in this publication, the ABS may have other relevant unpublished data available. This information may be made available in one or more forms: photocopy, data tape, floppy disk, computer printout or clerically extracted tabulation. Generally, a charge is made for providing unpublished information. Inquiries should be made to Denise Carlton on Perth 08 9360 5166 or Information Services in the nearest ABS office.

## G L O S S A R Y

<b>Bonuses</b>	Payments made to an employee that are in addition to regular wages and salaries and which generally relate to the employee's, or their organisation's, performance.
<b>Elementary aggregates</b>	The finest aggregations of jobs, in terms of State, sector, industry group and occupation group, for which base period expenditure weights are available.
<b>Employee job</b>	A job for which the occupant receives remuneration in wages, salary, payment in kind, or piece rates.
<b>Employer</b>	Organisation with one or more employees.
<b>Index number</b>	Measures change in hourly rates of pay between the base quarter and a later quarter. The index number for the base quarter = 100.0.
<b>Industry</b>	Classified according to the <i>Australian and New Zealand Standard Industrial Classification (ANZSIC), 1993</i> (Cat. no. 1292.0).
<b>Occupation</b>	Classified according to ASCO — <i>Australian Standard Classification of Occupations, Second Edition</i> (Cat. no. 1220.0).
<b>Ordinary time hourly rates of pay index</b>	Measures quarterly change in ordinary time hourly rates of pay (see Explanatory Notes paragraphs 6 and 7).
<b>Ordinary time hours</b>	Award, standard or agreed hours of work paid for at the ordinary rate.
<b>Overtime hours</b>	The number of hours paid for in excess of ordinary time hours, based on the first quarter's data.
<b>Sector</b>	Public sector comprises local government authorities and all government departments and agencies created by, or reporting to, the Commonwealth, or State/Territory Parliaments. The private sector comprises all organisations not classified as public sector.
<b>Total hourly rates of pay index</b>	Measures quarterly change in combined ordinary time and overtime hourly rates of pay (see Explanatory Notes paragraph 8).

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